Public Organization and Management
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Lecture – 26
Structure of Public Organizations – I

Hello, dear learners. In this week, we are going to start another module in the course entitled Public Organizations and Management. And the title of this module is Structures of Public Organization. Just I want to once again tell you that we are discussing about the theme three in this course. And the focus of the theme three is on three important modules. We started with accountability and control as the module four.

Then we discussed the module five on organizational goals, effectiveness, and performance. And this is the session number three in that particular theme where we are going to talk about structure of public organizations. The content of this course are largely based on the text entitled Structures of Organizations mentioned in the textbook prescribed for the course Malatesta, Fernandez and Rainey and some of the other research studies and papers are also been referred to and the citations of which you will find in the due course during our deliberations on the discussions on the various contents that I have put in the session here. So, if we look at the contents of this particular session and module, we will talk about the structures of organization in general and we'll talk about the structures of public organizations, what are the purposes of the organizational structures, what are the various dimensions of the structure and how these dimensions are influenced by various factors that we are going to look into in the module.

We will also look into the aspects of organizational design strategies and design alternatives. We'll look into the various types of organizational structures and I will also give a lot of examples of the organizations which are following these kind of structures. We will also look into the framework proposed by Henry Mintzberg in a classical title on organizational design published in Harvard Business Review and we will try to look into the applicability of various structures in the public sector organizations and we try to see that which kind of structures are more prevalent and becoming more effective in terms of the context of public organizations and what is prevalent in private organizations. and we try to also see that whether there exist any differences in terms of the structure in public and private organizations. There will also be a discussion on the research insights from the various researchers who try to differentiate the structures of public organizations and there are also research insights from the researchers which do not highlight such differences.

It's all contextual, depending upon what works for organization, depending upon that particular thing, the organizations start grouping their activities irrespective of whether they are working in public sector or private sector organizations. Finally, we will conclude the module on discussion on reorganization, why organization they go for reorganization, changing their structures, what are its uses, what are the costs which are attached to the organizations, and various decisions to reorganize, why organization they reorganize their structures in order to become more effective, what are the challenges which are there. So this particular session we are going to focus on the meaning of the structure and we'll look into some of the dimension and its related influences and we'll continue our discussion in the various sessions in times to come. Let us begin our discussion on, first of all, meaning and purpose of organizational structure. Let's first of all look at the meaning.

What is an organizational structure? Configuration of the hierarchical levels and specialized units and positions in an organization and to the formal rules governing these arrangement. Now, organizational structure has been defined as a configuration. Configuration means a kind of a design, right? Which looks into how many hierarchies are there in the organization, how the hierarchies looks like when they are put together in the shape, how many specialized units are being there in the organization specialized units mean that number of activities which are being conducted by the organization for example the organization can be related the activities can be related to the engineering function, the production function, accounting as a function, management of human resources as a function, quality assurance as a function, so various specialized units are being created in the organization to in order to achieve the goals of the organization so this configuration basically look into the hierarchical levels and the units which are created and the positions which are created in the organization and also the formal rules which governs these arrangements. Now, what about these formal rules? What is the meaning of rules here? Rules mean how the coordination among the various activities and various specialized units will take place.

What about communication in the specialized units, whether it is informal or formal what kind of rules applies to an organization in terms of governing the arrangements of the configuration of hierarchical levels, specialized units and position in the organization so we need to see that how organizations are grouping their activities on one or the other basis which we will look into in time to come and I'll give you the examples of various types of organizational structure so organizations they keep on doing many activities There are a lot of activities which are to be done. So these activities are somehow similar or different from each other. So similar kind of activities are to be put together and they are grouped together so that the people in that particular group they share the common the interest of working in that particular area and simultaneously other specialized units are being created to increase the functioning of the organization. So, we will look into all

these arrangements, the hierarchical levels, the specialized units, how the grouping is being done, how positions are created and what about the formal rules which actually governs all these arrangements. Now, the other way of looking at it is structure is a design. how Koontz and Weihrich in the book entitled Essentials of Management described it.

It is a design to clarify. In simple terms, it is a design. They say configuration here, Koontz and Weihrich, they talked about the design. It's a design to clarify who is to do what task. who is responsible for doing what kind of task, which activities are supposed to be done by whom and who is responsible for what kind of results. So simple in terms of this is a design which tells us who is going to do what kind of activities, what kind of results these people are going to be responsible for and also to remove obstacles to performance caused by confusion and uncertainty of assignments. structure also take care of who is reporting to whom, who are the managers who are coordinating the efforts of their subordinates, subordinates should look for the resources from whom if there is any confusion or uncertainty about the assignment this design also tries to remove the obstacles people are not in confusion to whom to ask for when something is not clear something is unclear or ambiguous, so in that case this particular design also takes care into consideration to remove obstacles to performance caused by confusion and uncertainty of assignment and to furnish decision making and communication network reflecting and supporting enterprise objectives now it's very very important the design will also talk about how decision making will happen in the organization. So, it's very important like who have the power to take decisions, how the communication is going to take place, right. So, these are the kind of processes which are important in the consideration of organizational structure. So, design clarify.

Who has the decision-making authority? We'll talk about the concept of centralization and decentralization. Where is the decision-making power? Where is the control of power and resources? Is it at the center or it has been delegated to the lower levels? Everything is a part of the organizational structure. So in simple terms, it is a design which clarify how decision-making will take place, how communication networks will be put in place in order to you know, increase the efficiency of the department in terms of enhancing the coordination amongst them. It should also reflect and support the enterprise objective. See why first of all structures aren't put in place? Why do we need structures? So we have talked about that, you know, the organizations have goals to achieve.

Objectives to achieve and they have to also justify their, you know, purpose of existence. In the previous module, we have talked about that. So, when organizations have goals, right, when organizations have goals and in order to achieve these goals, various activities and tasks are to be performed, various activities and tasks are to be performed and for that, we also need to put in place various processes in terms of means, to achieve the ends. So in that way, in order to take care of how the goal accomplishment will

happen, how the purposes and objectives will be achieved, we need to coordinate the effort of the various activities and tasks being done by the employees. So hence, we will need this structure so that the coordination is effective, the results can be enhanced, the performance can be enhanced, productivity can be enhanced, people do not have any kind of confusion with respect to what is expected out of them.

So, this is in terms of definition of the structure. When we move ahead with the discussion in this session, these things will become little more clear in terms of its meaning. Moving on, what purpose does organization structure have? What is the purpose of the organizational structure? First of all, identification and classification of the required activities. As I have just mentioned that in order to achieve goals, objectives of the organization various tasks are to be completed done so structure will also help in identifying what tasks are to be done and classify them according to some or the other criteria which task will be part of which particular aspect so first of all identification of the task and of course then classifying into the classification of the required activities depending upon some or the other criteria. Now, once the classification and identification is done, we have already identified the tasks which are important that are to be done in order to achieve the goals and we have also classified, it is time to grouping the activities.

Grouping means we have to group similar kind of tasks and activities for which similar kind of skills are required, similar kind of expertise and knowledge is required and those required similar kind of resources to be taken care of. So, those activities will be grouped in one particular group. So, structure also help in grouping of activities on one or the other basis. Some criteria will be used to group the activities. In some time, we use simply grouping of the activities depending upon the functions they serve.

For example, engineering. all the engineering activities related or production related activities will be grouped together because they have been identified and classified and they are focusing on the productions and operation let's say for example assembly line activities in the manufacturing unit or let's say automobile sector organization if you're talking about the assembly related activities engineering operation production related activities we say that we are grouping those activities based on the kind of purpose they they are actually helping the organization achieve. So we are grouping those activities depending upon one or the other criteria, depending upon the functions, depending on the tasks, which are of similar nature. Then the structure also talks about the delegation. Managerial authority for groupings.

Delegation of the task to the lower levels of the organization. It also talks about the delegation of the work. Then it also talks about the horizontal and vertical coordination. What is the meaning of horizontal and vertical coordination? So you see that If we look at the typical organizational structure, I will give you one example here in terms of let's say if at the top of the organization we have top management, right? Top management is

responsible for achieving the overall mission and vision of the organization. For that, the various tasks of the organizations have to be identified.

Let's say top management is dividing the organization various jobs and identification and classification of required activities depending upon the function. We say we have engineering function as one function okay which the organization has to take care of another we say that marketing is another function that has to be taken care of, right then there could be finance and accounts related function, there is function related to human resource processes and others right now within engineering if you look at the function there will be lot of people who will be working down in the hierarchy For example, within the engineering, we will have multiple subunits being created. In the marketing, similarly, we have some of the functions being sub-functions will be created. In finance, somebody will be looking at the account, somebody will be looking at the investment, somebody will be looking at the other thing. In ways of HR, somebody will be looking at recruitment, somebody will look at training, performance appraisal and so on and so forth.

Engineering perhaps we're talking about various kind of processes, process one, process two and process three similarly. So that's how the activities are identified, classified and grouped. Now, horizontal coordination means how the coordination will take place between the various units being created and also how coordination happens vertically from top to bottom. So, the structure also takes care of the various aspect of horizontal and vertical coordination amongst the various units, department and subunits and departments being created by the organization. So, in this particular slide we have seen that the meaning of organizational structure and also we have looked into the purpose of organizational structure in terms of identification and classification, grouping of activities, the delegation and horizontal and vertical coordination.

Now, let's look into the aspect of the structures of public organizations. What do you think? Do you think the public organizations have distinctive structures? Like from the beginning of this particular course, in the very first module, we have talked about something called as a generic theme, if you can recall. Like we are actually mostly building on the research literature from the management and organizational literature. If you can recall, I have talked about this. We are building this content on the basis of management and organizational literature, which also the textbook by Rainey, Fernandez and Malatesta talks about.

That in case of management and organizational literature, some of the researchers do not perhaps, you know, propound certain theoretical frameworks or the concept on the basis of how they are differentiated in public and private sector organizations. So, all these concepts in the management and organizational literature have perhaps more generic theme. do not classify literature on the basis of whether those concepts are applicable to

the private sector organization or public sector organization but there are researchers which by their research findings concluded that something worked well in public organization versus private sector organization so in this particular you know the session we will talk about how this particular distinction is being created in public organization, Whether there are distinctions or no distinction, we are going to look into this now. Now, there are variations. Variations mean some people agree with the idea that the public organizations, because of their distinctive character, they should have a different kind of structures which should be different from what private organization or non-profit organization should follow.

So there is a difference in the thoughts of the different group of researcher depending upon what their research insights are to offer. Some researchers focused on structural matters especially in the case of public sector organization they say that because of structural matters such as rigid rules and hierarchies, public organizations are always trapped in the rigid rules and hierarchies. One of the reason this could be because the organizations are controlled by larger you know the group of people outside for example public organizations are controlled by the political authority, there are larger kind of influences which are happening outside the organization there are citizens who are you know asking questions to the public organizations there are authorities political authorities there are agencies there are courts there are so many stakeholders which are asking questions to the public organization with respect to their functioning and the public organizations are getting influenced So, because of which sometime what happen is all organizations which are public they do is show adherence to the rules and procedures. And for that to happen they end up getting into the concept of something which is called as inevitable bureaucracy we have seen in the previous module also, wherein the effectiveness of the organization you know in terms of if you look at the structure the effectiveness through structure will come by following the rigid rules hierarchy in the organization and try to convince or try to express it to the outside world that the control mechanisms are put in place to ensure that the public organizations are working effectively right now Downs in 1967 talks about laws of hierarchy specifically for public organizations, government organization. He talked about they have elaborate and centralized hierarchies, elaborate and centralized hierarchies, complex rules, red tape in comparison to the private sector organizations.

Red tape is basically slowing the activities that are being done in the public sector organization, it's a lot of burden, administrative burden is there, it's very slow in terms of work activities. So it's a cumbersome process that the people have to follow. The citizens sometimes also feel or perceive or experience difficulty in getting the services from the public sector organization because of the red tape existence. So laws of hierarchy says that government organization in particular they have very elaborated and centralized hierarchies means control lies in the centre, the control of power and resources in terms

of decision making has not been delegated to the lower levels in the organization so it's a strong control which lies in the centre, this complex rule I told you about the rigid rules complexity sometimes they have to follow complex rule because there is a accountability issue who is to be held accountable. And in case of accountability and control mechanism, we have seen in the module number 4, we talked about this, right? So, complex rules they have to follow to ensure that the accountability is being taken care of.

But there exists also the opposite perspective in the literature which talks about the generic theme of structures without any distinction with public and private context. For example, in the module 2, we talked about the concept of bureaucracy. We talked about this, that when this concept has come into the picture, the bureaucracy was not initially linked with the public sector organization. Bureaucracy was one of the way of functioning in the organization to increase their efficiency and effectiveness. Later on, what happened is because of this rigid rules and hierarchies, perhaps bureaucracy is more than started getting linked with the public sector organization, how organizations they were trying to function.

But if you look at the generic theme, it never proposed that the bureaucracy was more of a particular aspect or more aligned with the public sector organization. So, opposite perspective says that there is a generic theme, there is no distinction, structures are based on various factors and depending upon the various contexts of the organization a structure can take a shape of different types depending upon what solves the purpose of the organization, what helps the organization achieve their objectives and goals effectively and efficiency. Now, organizational size, complexity of the environment and technology, all these factors, how big is the organization in terms of number of employees? If I look to the size, in case of size, we can say the number of employees are directly proportional to the complex structure. So the more number of employees, the larger the scope of the organization, the more complexity in the structure. Then complexity of the environment, whether the organization in a simple environment, working in a simple environment which doesn't change much, or it is functioning in the uncertain environment, it will tend to impact how the organizational structures will take shape.

And what is the impact of technology? All these factors, they influence structure more than the context of being public or private sector organization. He said perhaps the context of public organizations or private sector organization doesn't influence much how structure should take shape, but the factors such as size, complexity and technology will definitely influence the structure, how the structures will take shape in the organizations. I hope the things till here are clear. We just discussed about the meaning of the structure and the purpose the structure solved and what about the distinctive character of the structures in public organizations. Of course, there would be some structure would be more appropriate and applicable to the public sector organization than the private sector

organization but we will not kind of conclude here that this structure will only be applicable into the public sector organization or private sector organization.

We change in time, we change in the dynamics of the environment in which the organizations are working, how the environment is changing, how expectations of people are changing, the structures will also undergo reorganization. That also is the part of our discussion here when we talk about the concept of reorganization. Okay, now we are going to talk about the dimensions of organizational structure and their influence. What are the dimensions of structures which gives structure a shape and how they influence the structure of the organizations? First of all, we will look into the aspect of organizational size. Now, meaning of organizational size is usually equated with the total number of people in the organization, more number of people sometime it is also to do with the the kind of activities the business organizations or the organizations are doing what is the scope of the business, what is the expansion of the business, that's also sometime is related to the size but largely say that number of people working in the organization decide the size of the organization wherein large number of people will lead to larger organizations.

If the organization have more number of people, they will be considered bigger in size than the others. So, if the organizations are large organizations, big organizations. They will have more complex structures because they will have more departments, units and levels and the coordination amongst these units become difficult, so that's why it leads to more complexity in the structure, now let's look at the relationship between size and the rate of increase in the complexity now there also are the two views present in the literature here some researchers says that that with the increase in size there will be also a rate of increase in complexity meaning that Are we saying that with each number of employee entering into the organization, increasing the size, will it also lead to the complexity, meaning that adding more departments and units and levels? Some research says that no, it is not like such. For example, Blau. It says that to the point, the number of employees increases in the organization, the structural complexity will also increase.

But after the point, the addition of number of departments or units and levels will not be dependent upon the people entering in the organization. So, this is the you know relationship between the size and rate of complexity, are we saying that with each increase in the number of the size, number of the people in the organization as size increases will the complexity will also increase? no it should be basically complexity will increase till the level and then after people keep on adding the complexity perhaps not will increase because people will be adjusted into the departments now what will happen is with this The administrative responsibility to the people in the organization in the large structures, complex structure would be lesser because there are more and more number of people will be taking work. So everybody cannot be given the administrative work. Some of the people will have administrative work and which will also be divided. Then comes

the relationship between organizational size, division of labor and horizontal and vertical differentiation. This we will talk about. If the size of the organization is bigger, larger organization, how the division of labor will take place and what about horizontal and vertical differentiation. We talked about just now, horizontally the specialization, according to the specialization of the task, how the various departments are being created and then within the level of difficulty, how the departments and sub-departments are created. So, it talks about the vertical differentiation. Now some researchers argued that size has little influence on structure. Size has nothing to do with the structure of the organization.

This is another research point. But there are other people say that the more is the size of the organizational structure, more complex is the structure because of more departments and units and other things. There's an interesting hypothesis called as Schumpeterian Hypothesis talks about that innovation and technical change in an organization is directly proportional to the size of the organization. There is a research being done by which is mentioned in the text of Rainey. It talks about that giant organizations, the organizations which are big organization they are more known for innovation and technical change but there are also a counter argument to this it says that the small medium-sized firm also for example the entrepreneurs you know the budding entrepreneurs can always have innovation and technical change become more innovative and so So that also is one particular research insight on relationship between organization size and how it is taking care of the various process and activities in the organization. So as the organization size is bigger, can we say that more innovation and technical change happen or if the size is small, we are saying that there is no innovation happening.

So, we cannot say it with the full confidence that there is no innovation taking place in the smaller organization. So, depending upon organizational size, there are some research insights which says that it can lead to more complex structures depending upon the larger sizes or some says that there is no direct relationship between the size and the structure of the organization because perhaps there are number of other variables which we are going to discuss now we'll talk about will impact and influence the structure in taking a different kind of a shape. We will continue this discussion on dimension and the influences on organizational structure in the next session.