Examining the Literature on Organisational Structure and Success

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Organisations in the twenty-first century need to be efficient, flexible, innovative and caring in order to achieve a sustainable competitive advantage. If innovation, flexibility and a caring culture are part of the requirements of a successful organisation in the twenty-first century, then organisations should not simply have a hierarchical structure that tends to favour efficiency at the expense of innovation, flexibility and a caring culture. In this article, we will explore three alternative views to a hierarchical organisational structure, namely the community model, the ambidextrous model and the phenotype model.

I. The Community Model

Arguing against hierarchy and scientific management in 1961, Likert pointed out that while it is capable of increasing production, it may have problems of inconsistent quality, excessive waste, absenteeism and increased worker turnover in the long term, due to the lack of a caring culture at the workplace resulting in workers' dissatisfaction. He described a new organisational structure, communal in nature, consisting of a tightly knitted, effectively functioning social system made up of interlocking work groups with a high degree of group loyalty among the members and favourable attitudes and trust between superiors and subordinates. His choice of co-ordinating mechanism for such an organisational structure is that of supportive relationships in a caring culture contributing to the sense of personal worth and importance of the individuals involved.

In the 1960s, Burns and Stalker conducted a study of the electronics industry in Britain. They suggested that the mechanistic (bureaucratic) organisational structure of the electronic firms was only appropriate for stable conditions and therefore not suitable for the electronics industry in the twentieth century with its rapid changes. They observed three problems that surfaced in the companies that they were studying as a result of this mismatch. In some companies, they noted the development of an alternative clandestine or open hierarchy which was ambiguous. In other companies, they observed a proliferation of more branches to the bureaucratic hierarchy. And in still other companies, there was an emergence of multiple committees to supplement the mechanistic organisational structure. They recommended that companies in a rapidly changing environment should change their organisational structure from mechanistic to organismic (community), because the latter is more appropriate for changing conditions. They described the organismic (community) organisational structure as a network of control, authority, and communication which was more horizontal than vertical, existing as a continual redefinition of the individual's responsibilities, functions, methods and powers through interaction with one another in the company.

Since the latter half of the twentieth century, it has generally been accepted by Organisation Theory researchers that the initiation of innovations flourish better in an organisational structure consisting of less hierarchy and less formal rules. Researching eight new biotechnology firms in the United States in 1997, Judge and his fellow researchers found that a goal-directed community type of organisational structure is more conducive for innovation as compared to traditional hierarchies. Their idea of a community was a group of individuals who have learned how to communicate honestly with each other, whose relationships go deeper than their masks of composure, and who have developed

some significant commitment to make others' conditions their own. They pointed out that creativity emerges in the safe place of working in a community as the members of the group learn and innovate together in a circle of trust and care.

II. The Ambidextrous Model

Some researchers in the late twentieth and early twenty-first centuries believed that it was necessary for organisations to be ambidextrous in order to achieve sustainable competitive advantage and be successful over the long term. Organisational ambidexterity refers to the ability to both exploit old certainties and explore new possibilities; to be efficient with today's business demands and yet to be capable of adapting to a changing environment or to change its environment through its innovations. Levinthal and March (1991) pointed out that an organisation needs to engage in sufficient exploitation to ensure its current viability and, at the same time, devote enough energy to exploration to ensure its future viability. They observed that exploitation is associated with activities such as refinement, selection and implementation, and that exploration on the other hand is associated with search, experimentation, and discovery. They noted that there is a general tendency for firms to favour exploitation over exploration activities as the former tends to generate more positive returns in the near term and therefore garner more positive feedback.

III. The Phenotype Model

Dougherty (2001) noted that the hierarchical organisational structure was still the prevalent structure in large firms today despite its many incompatibilities to the new expectations of the twenty-first century, because the concepts of alternative organisational structures were not yet fully viable. As pointed out by Drucker in 1999, in large organisations, we cannot simply abandon the hierarchical structure – there has to be a final authority, someone who can make the final decision and who can expect them to be complied with.

Therefore a competitive organisational structure for a changing environment should be one which contains both a hierarchy and a community structure. Current models that incorporate this idea have generally utilised project teams, committees or specialised departments which have more community-like features to supplement the overall hierarchical infrastructure. The weakness of such an

approach is that the work of the community-like units are usually considered by the other workers to be of secondary significance to the activities of the main hierarchy, and these units are at times isolated from the main hierarchical structure in form and function.

The third model we will discuss here is the Phenotype Model which was created by Lim, Griffiths and Sambrook in 2010 (Figure 1). It is an effective tool for helping managers make the paradigm shift towards understanding their organisations' intertwined hierarchical and community structures. This model was derived by transposing the understanding of genetics to organisational structure. In genetics, phenotype refers to the observable characteristics of an organism which comes about from the expression of an organism's genes and the influence of the environment. In the Phenotype Model of organisational structure, each worker's formal, hierarchical participation and informal, community participation within the organisation, as influenced by his or her environment, contribute to the overall observable characteristics (phenotype) of the organisation. In other words, just as each pair of alleles within the genetic material of an organism contributes to the physical characteristics of the organism, the combined expressions of all the workers' formal hierarchical and informal community participation within an organisation give rise to the organisational structure. Due to potentially different combinations of the workers' formal hierarchical and informal community participation, each organisation is therefore a unique phenotype along a spectrum between a pure hierarchy and a pure community organisational structure.

The Hierarchy-Community Phenotype Model of Organisational Structure views an organisation as having both a hierarchy and a community structure, both equally well established and occurring extensively throughout the organisation. On the practical level, it utilises the organizational chart to study the hierarchical structure which brings across individuals' roles and formal authority within their designated space at the workplace, and social network analysis to map out the community structure within the organisation, identifying individuals' informal influences which usually do not respect workplace boundaries and at many times extend beyond the workplace. By acknowledging the presence of the "hidden" community within an
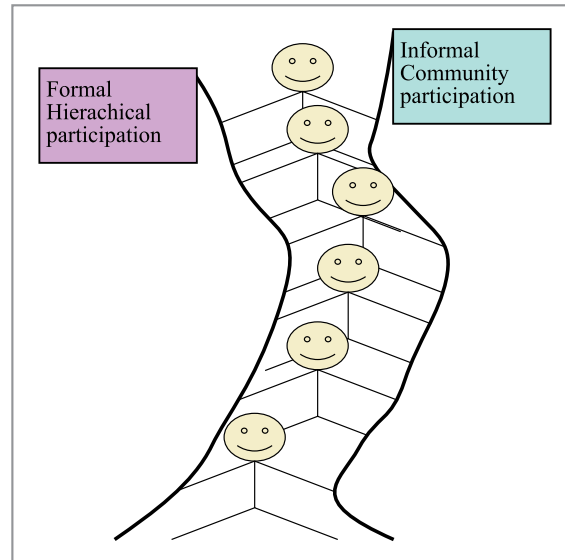

Figure 1.
The Hierarchy-Community Phenotype Model of Organisational Structure

Formal Hierarchical participation

Informal Community participation

organisation, managers truly understand and better steer their organisations toward not just being efficient, but also caring, flexible and innovative.

Conclusion

As pointed out by Butler (1986), in today's understanding of organisational structures, even though most, if not all, organisations are not of a pure hierarchical structure, many managers are still blind-sided to the existence of the community structure within their organisations. In other words, the community structure is present within the organisations but they are usually ignored, either consciously or sub-consciously, by the management. Frequently, management regards the community structure within the organisation as simply "the informal organisation" and consequently leaves it alone. This blindness towards the organisation's informal community structure is one reason why top-down initiatives are frequently met with resistance from informal groups and their leaders that have not been identified, understood and won over. Inherent in every organisation is the Hierarchy-Community structure which, when acknowledged, understood, appreciated and developed, could bring about not just a successful organisation but also a caring and sustainable one.

With more than 100 years of theoretical and empirical studies on formal hierarchical organisational structure, we have made considerable progress in our understanding of its contribution to the exploitation of existing capabilities. Perhaps the challenge today is to consider how the informal community structure of an organisation can be delicately activated to help the organisation meet the social and innovative expectations of its workers and the customers of the twenty-first century, while preserving the integrity of the hierarchy and its purpose, bearing in mind that the informal community and the formal hierarchy of the organisation are inter-twined as one, held together by all the individuals within the organisation who have a sense of personal worth, need and voice, and a desire to be acknowledged as such.

Application

In mergers and reconfiguration of organisational structures, such as in the recent restructuring of the public healthcare sector in Singapore from six regional health systems to three integrated clusters, it may be useful for the management to recall the Phenotype Model and bear in mind that other than the altering of the formal hierarchical organisational structure, the informal community organisational structures have also been affected. Staffs within each previous regional health system have developed trust, camaraderie and loyalty as they work together, and at times even compete together against other regional health systems so as to improve on their own standards. Each previous regional health system was able to motivate and care for its staff and stay flexible and innovative, delivering excellent healthcare services to the public largely through the strength of the relationships within their community (community organisational structure) and the commitment of their leaders (hierarchical organisational structure).

For those of us familiar with change management, we know that it takes one to two years to get the buy-in to any major change within an organisation. How then can we exercise care and concern to help the staffs who are affected by this restructuring? Some suggestions include firstly mapping out how different groups of people are affected by the restructuring; secondly, giving individuals and groups the opportunity to voice their concerns through town hall meetings and small group discussions akin to the SG50 Conversations; and finally, keeping an open channel with the concerned individuals and helping them to adjust, giving those who are still not able to adjust after a reasonable period of time the option to transit to another cluster without penalty. We need to appreciate that organisations are made up of communities of people who desire to be heard, understood and given a choice to respond when faced with major changes in their lives even when those changes are as a result of decisions already made by managers higher up in the organisational hierarchy.

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FAMILY PRACTICE SKILLS COURSE

Cardiovascular Disorders 2

The College of Family Physicians Singapore would like to thank the Expert Panel for their contribution to the Family Practice Skills Course #68 on "Cardiovascular Disorders 2", held on 07 – 08 January 2017.

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