



## FACT SHEET

# ORGANIZATIONAL STRUCTURE FOR FARMER ASSOCIATIONS

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Organizations can be extremely complex with several hundreds of people working in various roles to keep the organization functioning. In order to manage resources and meet their bottom line, organizations need to have clear organizational structures in place. Organizational structure includes the different relationships within the organization. It defines how information flows between people in the organization, as well as outlines roles, responsibilities, and how certain decisions are made in order for the organization to achieve its goals. Organizations that work effectively are able to define and communicate how each individual role in the organization fits within the overall structure.

Hierarchies, often captured in an organizational chart, are different levels within the organization. A hierarchy occurs when individuals are given a certain rank/title in the organization that signifies their importance in the organization. Most organizations have some sort of hierarchical structure with people working a varying levels of responsibilities. Individuals at the bottom depend on the middle level management for leadership, while folks at the top provide leadership to middle management and the organization. The number of individuals at each level of management depends on the size and structure of the organization.

Organizational charts should also demonstrate who is responsible for decision making, who reports to whom, and who is accountable for when things go wrong/well.

There are three types of organizational structures:

- **Hierarchical/Vertical:** Each individual report upwards and have limited control. It can cause communication issues and affect decision making processes.
- **Flat/Lateral:** Has less levels of hierarchy and wider span of control. More people take responsibility for decision making. This structure is often used in smaller organizations or startups.
- **Matrix:** Gather individuals with relevant expertise from different roles/levels in the organization to participate in decision making. Used in both hierarchical and flat organizations. The matrix is disbanded once the project is completed.

### Why organizational structure is important

Organizations are inherently complex. They are made up of people and entities that are generally different from each other. There are competing needs, limited resources, personal agendas, and culture that influence how that

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organization operates. Bolman and Deal (2017) identify in four different organizational frames: political, human resources, symbolic, and structural. Their work draws on management science, sociology, and economics. While it is important to examine an organization through each of these frames, this publication focuses on the structural frame.

The structural frame emphasizes goals, specialized roles, and formalized relationships. It is concerned with division of labor, hierarchies, governing rules, and procedures that are established within the organization. The assumptions of the structural frame are that putting people in the right roles will enhance job performance and organizational success.

The six assumptions that support the structural frame are:

1. Organizations exist to achieve established goals and objectives.
  - *What are the goals and objectives of the organization? Think about the bottom line and what the organization was created to accomplish.*
2. Organizations increase efficiency and enhance performance through specialization and appropriate division of labor.
  - *Is work within the organization divided into units based on expertise or goals? An organization, for example, may have individuals responsible for farming and others for sales.*
3. Suitable forms of coordination and control ensure that diverse efforts of individuals and units mesh.
  - *Once people have been placed in units, it is critical to think about whether the units are working effectively together. Are the folks who work focus on sales for the organization setting and meeting clear/specific sales goals?*
4. Organizations work best when rationality prevails over personal agendas and extraneous pressures.
  - *It is important that leaders of the organization are on the same page and working towards a common goal.*
5. Structures must be designed to fit an organization's current circumstances (goals, technology, workforce, and environment).
  - *How is current structure of the organization aligned with current goals? As organizations continue to change and evolve, they may have to re-examine the structural frame to make sure goals and structure are still aligned.*
6. Problems arise and performance suffers from structural deficiencies, which can be remedied through analysis and restructuring.
  - *Is there a need to change or restructure roles and relationships? Is the current structure getting maximized results? It is possible that an organization may have to take people out or add people in various roles to optimize impact.*

The tensions that arise when organizations are examined through the structural frame are differentiation and integration. We need to (1) look at how to allocate the work and (2) how to coordinate the various efforts once you have allocated roles and responsibilities.

Here are some factors to consider when allocating work and getting people into different units:

- Based on knowledge or skill (units such as marketing, fundraising, etc.)

- *The person's expertise determine where they end up in the organization. For example, a new professor with a degree in plant science will likely not end up in the economics department.*
- On the basis of time (day, graveyard)
  - *It is possible that individuals need to be working during various hours for the organization to properly operate. The cleaning staff, for example, may need to come in earlier than the rest of the staff.*
- Organized by product (rice vs corn)
  - *Maybe the organization needs units to focus on different deliverables. Think about the produce and meat section at the grocery store. There are a team of people working together who focus on each product group. They probably have different vendors, goals, needs, etc.*
- Around customers/clients (diary vs soybean farmers)
  - *Who is the target market/clientele? Does the organization need people to focus on sub-populations? Think about extension agents in one office who may have to work with youth, small farmers, and the elderly. Their work is focused on serving specific populations who have different needs.*
- Around place or geography (North/South regional offices)
  - *The organization may need people in various regions of the country to represent it or facilitate business in those areas. One person might be responsible for one to two regions. Think about people who work in sales and are responsible for clients based on regions.*
- By process (order fulfillment process from order to delivery)
  - *Organizations sometimes need units responsible for the beginning, middle, and end of the process. The people that take the orders are like not the ones making the delivery.*

Once the organization has allocated the work (differentiate), it needs to coordinate (integrate). There are two main types of coordination: vertical and lateral.

Vertical Coordination: Higher levels coordinate the work of subordinates. Vertical coordination rests on top-down command and control. It is efficient, but not always effective. It depends on employees' willingness to follow directives from above:

- Authority (executives, managers, supervisors, etc.)
  - *This is the traditional structure that people are most accustomed to. It is the hierarchy. There is someone at the top and then levels below that person.*
- Rules and Policies (Standard Operating Procedures, also known as SOPs)
  - *There are rules in place that tells people at each level what they can and cannot do.*
- Planning and Control Systems (forecasting and measuring)
  - *There are the actions that need to occur to keep the organization running long term. Think about the number of new members an organization might need to recruit in a fiscal year to be in good standing.*

Lateral Coordination: It is less formal and more flexible than authority-bound systems and rules. Often simpler and quicker, lateral coordination is a more decentralized and interactive form of coordination. Lateral coordination is often needed to keep top-down control from stifling initiative and creativity. It is more effective, but costlier than vertical.

- Meetings: Formal gathering and informal exchanges
  - *Formal and informal exchanges (cornerstone of lateral corporation)*

- Task Forces: Assembling when new problems or opportunities require collaboration across the organization
  - *Often assembled when organizations get more complex, and new threat/opportunities call for collaboration across the organization*
- Coordinating Roles: Overseeing functions, such as a Farm Coordinator
  - *Often someone is overseeing different areas of an organization (across specialized turfs). There might be a board member of the organization who is over marketing, fundraising, and outreach.*
- Matrix Structures: Lateral linkage and integration
  - *People/units reporting to more than one person/unit. For example, reporting to a regional manager and product manager*
- Networks: Key stakeholders within and outside of the organization (commodity groups)
  - *What are some other groups/organizations that influence the work you are trying to do in your organization? Think about different universities and industries working together to address deforestation, for example.*

When discussing which structure is best suitable for an organization, there are a few factors that merit examination. The needs of the organization and the structural imperatives are two of those factors.

What to consider:

- The end goal
- Nature of the environment
- Talents of the workforce
- Resources (time, budget, etc.)
- Matrix structures provide lateral linkage and integration, but are notorious for creating conflict and confusion
- Networks are inherently difficult to manage
- Effectiveness of coordinators depend on they are perceived and their ability to navigate politics in the workplace
- Meetings can be draining, ineffective, and unnecessary
- Task forces can take away attention from ongoing needs

What organizations need:

- A use of both procedures
- Vertical – when environment is stable, tasks are well understood and predictable, and uniformity is essential
- Lateral – when tasks are complex and environment is turbulent and fast changing
- Matrix structures provide lateral linkage and integration, but are notorious for creating conflict and confusion. Networks are inherently difficult to manage

Structural Imperatives:

**Dimension**

Size and age

**Structural Implications**

Complexity and formality increase with size and age.

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Core process	Core processes or technologies must align with structure.
Environment	Stable environment rewards simpler structure; uncertain, turbulent environment requires a more complex, flexible structure.
Strategy and goals	Variation in clarity and consistency of goals requires appropriate structural adaptations.
Information technology	Information technology permits flatter, more flexible, and more decentralized structures.
Nature of the workforce	More educated and professional workers need and want greater autonomy and discretion.

As an organization looks for ways to increase performance within the organization, it is worth using the structural frame to examine the role and relationships in the organization. The structure of an organization should help it achieve its organizational goals, not hinder its success.

### **References**

Bolman, L. G., & Deal, T. E. (2017). *Reframing organizations: Artistry, choice, and leadership*. John Wiley & Sons.