Structural Dimensions of an Organization

There are two approaches to the structural design of an organization, either it is hierarchical or flat. During an organizational design, this is one of the most critical aspects since it governs how the information and control flows throughout the organization, its trade-off between efficiency vs. innovation.

Hierarchal Structure

It is the most traditional form of the organization; the management is organized in layers of managers and supervisors who are being lead by the top visionary organizational leaders. The control flows vertically, the strategies are decided by the higher layer in the hierarchy and each lower layer executes it.

Some of the characteristics of hierarchical structure are

1. **Centralized Decision Making**: The higher layer has more decision making authority than the lower hierarchy, hence the problems, issues or conflicts need to be channeled through the hierarchy till it reaches the level that has appropriate authority to solve the problem. The proposed solution is then communicated down to the concerned employees.
2. **Superiors lead**: The strategic planning or breakdown of task is the responsibility of the superiors; they are the ones who delegate the tasks to the subordinates.
3. **Strict Rules**: There is high degree of formalization, especially for frequently occurring problems, thereby reducing the involvement of management for resolution.
4. **Clear Reporting Lines**: The lines in the organization chart forms the clear reporting structure, it creates an unambiguous control of task delegation, tracking and control. The entire operations are well documented via periodic reports that are generated at each level of hierarchy.
5. **Large size**: Deep hierarchal organizations are usually very large in size, they consist of large number of employees. It is a natural progression of any organization as it grows in size; each supervisor can only effectively manage a limited number of employees. For this reason more employees require more superiors and the hierarchy grows naturally.

Advantages

1. **High Efficiency**: The high degree of task specialization, clear roles & responsibilities, predefined conflict management, all makes the operations very predictable and easy to control.

Disadvantages

1. **Strength depends upon leaders**: The strength of the organizational structure depends upon the abilities of the superiors. If lead by a weak leader, the entire hierarchy below suffers leading to lot of frustrations, break-room gossips, attrition etc.
2. **Culture of Politics**: Each hierarchical layer acts as a translucent mask for the information, each causing some form of distortion of the actual facts. The deeper the hierarchy, harder it is to find the root cause of the observed organization’s inefficiencies. To counter this effect, higher levels tend to keep most critical decision making power related to budgets, promotions etc, while they have least visibility of the
actual facts. This promotes a culture of politics and deception in the organization. **De-motivational:** Strict rules and regulations, lack of decision making power, culture of pleasing and following the boss is inherently detrimental to young innovating employees. It is to a certain extent, such organizations attract employees that are seeking professional stability rather than growth.

## Horizontal Organization

In a horizontal organization, the hierarchies are minimized; the reporting structure is not the primary control or decision making authority. The role of hierarchy is limited to strategic planning, resource allocations, resolving conflicts, interacting with external environment etc. Across the departments or team communication is encouraged, employees are empowered with decision making and independence; and a culture of collaboration is promoted.

Horizontal organizations utilize the following tools as methods to avoid deep hierarchical structure.

1. **Information System:** The information technology is actively used as a means of exchanging knowledge within the organization. A searchable database about individual expertise, products and technologies, common problems, an online community for exchanging ideas etc are some of the 21st century tools that can be applied within the organization.

2. **Task Force:** It is a temporary team that is created by collecting the experts in different departments or units. The task force is assigned a charter of solving a particular project or problem, the task force is dissolved once its objectives are accomplished or it’s determined that objectives cannot be achieved.

3. **Project Managers:** A project/program manager is appointed who has the primary responsibility to coordinate between employees in different departments. The role can also include that of a technical leader who is responsible for innovation and is the chief architect of the project.

4. **Teams:** A cross functional team in conjunction with a project manager is a solution to long term collaboration, especially when a task force is not sufficient. The project is usually a large scale, requires extensive innovation over a period of time that can only be achieved by harnessing the collective expertise that is currently departmentalized.

### Advantages

1. **Learning Organization:** It is best suited for research organizations that require to continuous innovation; it maximizes the usage of organizations collective intelligence for attaining its vision and goals.

### Disadvantages

1. **Difficult to implement:** Horizontal coordination’s success and effectiveness is very much dependent upon the cultivation of organization culture that promotes and rewards collaborations. It is also hard to transform an existing hierarchical organization to horizontal, the existing management layers needs to be removed, resulting in either downsizing or new roles of managers. In the new roles, managers need to be leaders, coach and mentors and have to learn to desist positional power for getting things done, their roles get changed from boss to peers, this shift from traditional is usually not welcomed. It is viewed as a socio-economic decline of management, even though the real salaries might be more but definitely managers will have less authority.

2. **Enforcement:** Although information technology can be deployed, it’s hard to buy in the commitment of employees for its adoption. The online system raises several doubts
about their hidden purpose, their benefit to the employees, or simply to justify the extra effort required for its usage.

**Lack of Authority:** The project managers or coordinators have no positional power but a lot of responsibility; hence by definition it’s a thankless job that tends to be very frustrating in the long run.

**Unclear Roles:** Decentralization of decision making introduces its own set of problems; it results in a lot of blame game and finger pointing when things go bad.

**The Right Mix**

Both hierarchical and horizontal structures have their strengths and weaknesses, the organizational leaders have to use their abilities and experience to formulate an effective model. The distinction made in this article should be used as a tool to analyze any proposed organizational structure; there is no single remedy for organizational issues; but that’s what makes the job of a leader interesting!