

## **4. Understanding organisations, their structures and their values**

**Are you aware of the different types of organisational structures found in the UK?**

**How can you find out whether an organisation's values will match your own?**

If you are planning on joining a major organisation, how the company is structured and its key values will probably have a significant impact on your role and responsibilities, and ultimately how happy you are working there. For those seeking to start their own business, it is useful to consider what your key business aims might be.

This leaflet explains the different types of organisations, their structures and their values. Topics covered are:

- ✓ The different types of structures
- ✓ The different types of organisations
- ✓ The different values found in both private and public sector organisations

The leaflet concludes with self assessment questions.

## 4. Understanding organisations, their structures and their values

### What are the different types of organisational structures?

An organisation's structure can depend on its size, the sector it operates in (public, private, or 'third sector' i.e. voluntary or charitable), the number of people it employs and its physical resources.

A classic example of organisational structure is the pyramid, which clearly highlights a hierarchical (or vertical) structure where communication generally has to move through each level.

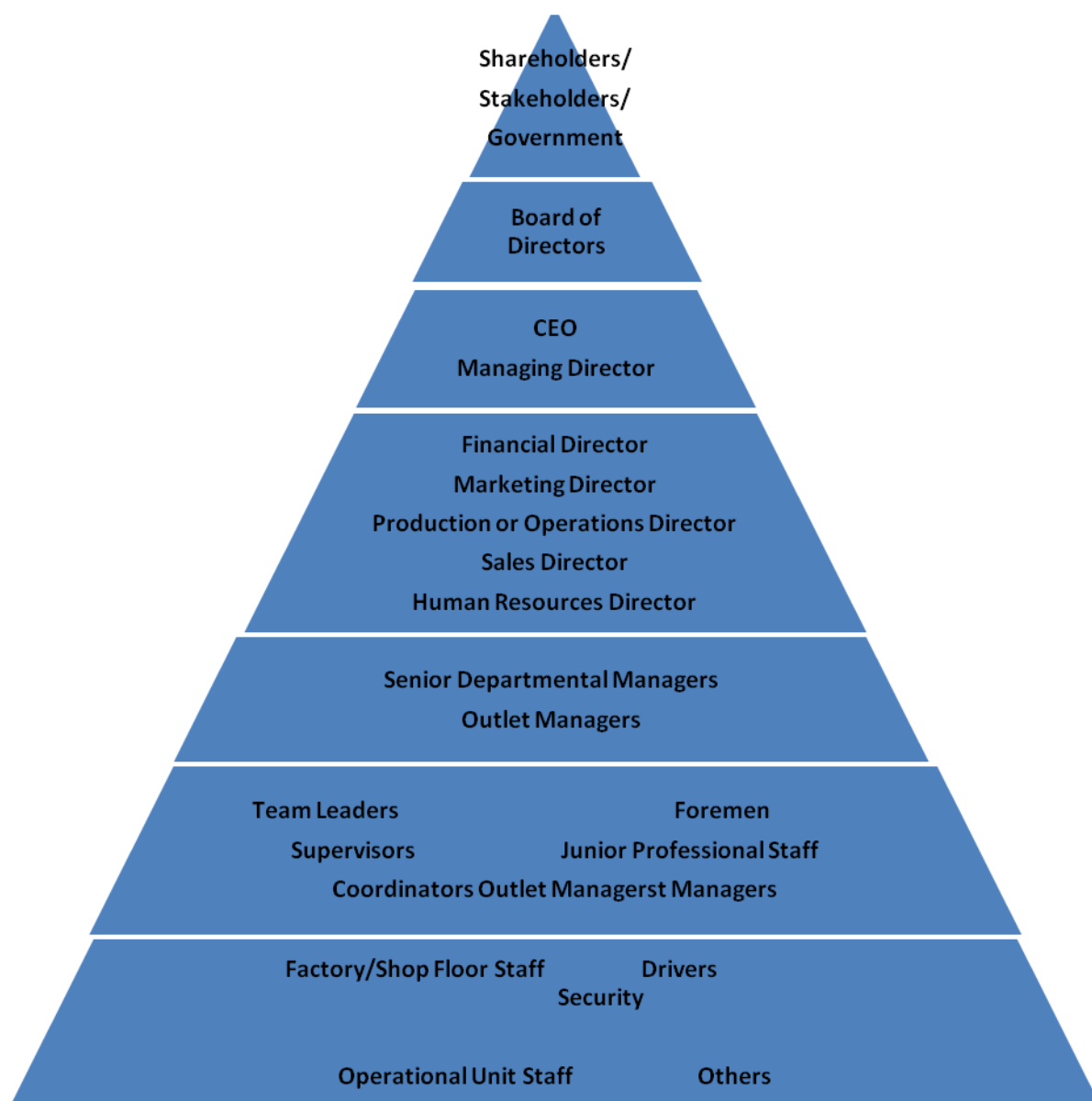


Figure 1 Hierarchical or pyramid organisation structure

The **hierarchical structure** (see figure 1 above) is very common in major public companies, nationalised industries or government departments or agencies.

A **horizontal organisational structure** (or flat structure) represents an organisation with relatively few tiers of management and, typically, more open channels of communication. These open channels often influence its systems, culture and strategy. There is much less managerial intervention in this type of company with employees generally having more responsibility and decision-making power. This type of structure is more common within small to medium-sized businesses (SMEs) or within smaller independent business units of larger companies. Organisations can also be divided into either functional or divisional structures.

**Functional organisations** are organised according to technological disciplines. Senior functional managers are responsible for allocation of resources but

the responsibility for the total product is not allocated to one person but rather to a senior management group.

Coordination occurs through agreed organisational procedures, detailed specifications and regular meetings both ad hoc and structured. Generally products that require a high level of specialist knowledge require a functional structure.

**Divisional organisations** are commonly divided into smaller units of operation with each division being aligned to a sales or production unit with supporting sales, production, finance, HR, and marketing resources operating under a departmental manager but responsible to the unit manager and then upwards.

Charities and not-for-profit organisations, as well as SMEs, may operate a mixture of divisional and functional structures as they have often have to be very responsive to their particular market place.

**Some examples of mission and value statements from the public and private sector organisations.**

**Organisational values** exist in nearly every workplace, whether formal and written in the form of a published mission statement or business aim, or hidden yet practised. These values determine the culture of an organisation. The structure of the organisation frequently determines how those values are embedded.

Fundamentally an organisation's mission is its reason for existing. It defines, within its value system:

- What the organisation does
- How it does it
- Why it does it
- What it hopes to achieve in the future

The presentation of mission statements can vary between organisations and often there is a broad statement of mission supported by a series of core values or ideals. Some examples are shown below:

### **Royal Liverpool Hospital NHS Trust (NHS Acute Hospital Trust)**

#### **Mission**

To provide excellent, safe and accessible health care, supported by teaching and research, which improves the quality of

life for patients and to be the hospital of choice for the people of Merseyside, Cheshire and further afield

#### **Values/Ideals**

- To ensure patients are at the centre of everything we do
- To maintain the highest standards of behaviour
- To implement new approaches to improving the quality of health care
- To develop our staff and promote equality of opportunity and diversity
- To work together, involving others in the design and delivery of services
- To act decisively to achieve important goals: doing the right thing for the right reasons
- To take pride in delivering quality and value for money services

### **KPMG LLP (One of the world's top 4 professional services providers)**

#### **Mission**

To turn knowledge into value for the benefit of our clients, our people and our capital markets.

#### **Values**

- We lead by example
- We work together
- We respect the individual
- We seek the facts and provide insight
- We are open and honest in our communication
- We are committed to our communities
- Above all we act with integrity

### **Edge Hill University**

**(One of the newer UK universities with a reputation for widening participation)**

#### **Mission**

EHU provides an innovative, high quality and inclusive learning experience underpinned by a commitment to the advancement, dissemination and application of knowledge. As a 'learning led' university, Edge Hill is dedicated to developing students as skilled

autonomous learners in challenging and supportive environments.

### Values

The EHU community will:

- Respect and value diversity
- Be distinctive, influential, entrepreneurial and socially responsible
- Expect and celebrate excellence
- Be professional, challenging and supportive
- Act with integrity
- Demonstrate courtesy in its dealing

### Tesco Plc (Leading UK supermarket chain and the largest private sector employer in the UK)

**Mission** - To create value for our customers to earn their lifetime loyalty.

### Values

- Understand customers
- Be first to meet their needs
- Act responsibly for our communities
- Work as a team
- Trust and respect each other
- Listen, support and say thank you
- Share knowledge and experience

It can be seen that two of the four organisations, the two private sector businesses, have quite brief but broad, unrestricting, mission statements supported by very similar value statements.

The two public sector/quasi-public sector bodies have much tighter mission statements although their value statements are not dissimilar to those of the private sector organisations.

### Self assessment questions

1. What is the essential feature of a flat organisational structure?
2. Has any organisation that you have worked for, or institution that you have studied at, had a mission statement supported by a set of values? If so, can you outline one of the key elements of the statement or values that particularly appeals to you?