

Management services —

Part 1: Guide to organization study

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Committees responsible for this British Standard

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- Civil Service College
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- GAMBICA (BEAMA Ltd.)
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- Institute of Management Services
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Foreword

This British Standard has been prepared by Technical Committee MS/1. It is a revision of BS 3375-1:1984, which is withdrawn.

BS 3375 is a series of standards published in response to a demand for information and guidance on how the various terms contained in BS 3138 *Glossary of terms used in management services* interrelate. This revision of BS 3375 results from the publication of the fourth edition of BS 3138 in April 1992.

In recent years there has been considerable development of the techniques and broadening of the areas of application of work study and organization and methods. The revision of this standard reflects the fact that these methodologies are now used across the entire spectrum of commercial, industrial, governmental and voluntary activities and are applied to all types of work and work situation. This sphere of activity and practice of techniques has become known as “management services” and consequently it has also been decided to retitle BS 3375 as *Management services*.

This series of standards comprises the following Parts.

- *Part 1: Guide to organization study;*
- *Part 2: Guide to method study;*
- *Part 3: Guide to work measurement;*
- *Part 4: Guide to work performance control;*
- *Part 5: Guide to determination of exposure limits, recovery times and relaxation times in work measurement* (in preparation).

When using this Part of BS 3375, it is also important to refer to the terms listed in BS 3138:1992.

Additional guidance on specific topics is given in Annex A to Annex D and a bibliography is given in Annex E.

Acknowledgement is made to the Civil Service College for Figure 1 and Figure 2 in this Part, which are reproduced by permission of the Controller of HMSO.

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Summary of pages

This document comprises a front cover, an inside front cover, pages i and ii, pages 1 to 24, an inside back cover and a back cover.

This standard has been updated (see copyright date) and may have had amendments incorporated. This will be indicated in the amendment table on the inside front cover.

Introduction

The guidance given in this Part of BS 3375 transcends current fashions in organization and promotes a systematic and timeless approach to the process of organization study.

The purpose of this standard is to give information and guidance to management services practitioners who may be required, as part of their job, to carry out studies on organizational structures from time to time and should be read and used in conjunction with BS 3138:1992. BS 3138:1992 defines organization study as “the systematic and critical analysis of organizational structures and relationships in order to make improvements”.

The term “organization” is commonly used to mean the structure of an enterprise as a whole and also the activity of organizing it. The sense in which the word is used in any particular instance should be clear from the context in which it is set. Any organization, whether commercial, industrial, governmental or voluntary, usually incorporates a variety of responsibilities, authorities, roles and relationships directed towards achieving corporate objectives.

Changes in both organizational structure and corporate objectives are inevitable if survival is to be sustained and growth is to be achieved.

The degree of success or failure of changes in organizational structure to some extent depends upon the thoroughness, experience and knowledge of the individual or team charged with deriving, planning and implementing the reorganization. This guide explores some of the theories and difficulties of organization study and offers practical guidance in layperson’s terms to those who may be called upon to become involved in this kind of work.

1 Scope

This Part of BS 3375 gives guidance on the objectives and procedures to be used for organization study. It provides an understanding of organization study to all those who may be involved in investigations of the organizations in which they work.

The guidance given in this standard should be of particular value to those practising or training in the field of management services.

2 References

2.1 Normative references

This Part of BS 3375 incorporates, by dated or undated reference, provisions from other publications. These normative references are made at the appropriate places in the text and the cited publications are listed on the inside back cover. For dated references, only the edition cited applies; any subsequent amendments to, or revisions of, the cited publication apply to this Part of BS 3375 only when incorporated in the reference by updating or revision. For undated references, the latest edition of the cited publication applies, together with any amendments.

2.2 Informative references

This Part of BS 3375 refers to other publications that provide information or guidance. Editions of these publications current at the time of issue of this standard are listed on the inside back cover, but reference should be made to the latest editions.

3 Definitions

For the purposes of this Part of BS 3375, the definitions given in BS 3138 and BS 7802 apply.

4 Organization study and change

4.1 General

Organization study is a prerequisite to making effective changes to an enterprise. If done well, subsequent reorganization should avoid unexpected ramifications that increase costs and the vulnerability of the enterprise to the point where the level of risk is unacceptable. Allowance should be made for the continuing increase in the pace of change; this factor and the need for organizations to keep up-to-date and compete more efficiently and effectively in the marketplace has added to the relevance of organization study as an effective technique. Change is a continual process, therefore organization study should also be a continual process rather than simply a one-off activity. This is the philosophy behind the concept of organizational development.

4.2 Reasons for change

The need for change can be triggered by factors that are internal or external to the organization and by major developments in techniques for achieving greater efficiency. Examples of external factors are as follows:

- competition;
- change of ownership;
- cost of borrowing money;
- labour rates and availability;

- changes in labour practice;
- cost and availability of materials, equipment and particularly energy;
- changing levels of demand;
- economic climate;
- market size;
- new legislation.

Any one of these factors can force organizations to review their processes when considering structures that can handle better and faster decision making. The increased emphasis on schemes for productivity improvement and a redistribution of management functions among fewer personnel has in many areas reduced the ratio of management to other personnel. The pressure for change from within an organization may be stimulated by changes such as the following:

- a) planned expansion or rationalization, product changes, penetration of new markets, better use of resources or acquisition of new ones;
- b) changes in the social climate, such as involvement by personnel in their jobs, a more questioning approach, greater need for motivation;
- c) internal factors such as low morale, high rate of staff turnover or sickness, industrial relations problems and the need to be better informed;
- d) spontaneous change in people's attitudes, which is often a weak or delayed reaction to changes in the environment and external pressures on the organization.

Any of these factors might trigger change within an organization. The view from within an organization should be two-fold: to improve the quality of working life and to improve the effectiveness of the organization.

4.3 Changes in technology and techniques

Technology, especially information technology, has made dramatic advances in recent years and the ability to produce enormous volumes of information has led organizations to attempt to identify objective information needs, those who need it and the purposes for which it is needed. The pressures from within have led organizations to relay more information to personnel to increase commitment, involvement and motivation. Distribution of information has to be paid for financially and there is a limit to how much information may be absorbed by the organization.

Although techniques that improve efficiency can be seen as external pressures, they are different from those already described. First, they are optional, because managements can choose to introduce them. Second, their nature is different and they may need to be developed to cope with pressures for change or, when introduced, be a stimulus for change.

Techniques intended to improve design, production, marketing, management, accounting, objective setting or training, separately or in combination, may affect any or every part of an organization and not always beneficially.

5 Objectives of organization study

5.1 General

The objectives of organization study may include the following:

- a) creating a new organization or justification for the continued existence of the organization;
- b) ensuring that there is an effective and efficient organization to carry out all the functions necessary for the survival, continuation and development of the enterprise;
- c) improving an organization's ability to meet its objectives;
- d) developing the management personnel to deal with changing circumstances.

5.2 Priority tasks

All organizations are faced with a set of priority tasks. Some factors that need to be taken into account when undertaking such tasks, with associated problem areas, are described as follows.

- a) The responsibility for given tasks needs to be allocated so that each person within the organization has an equitable load. It is common to find areas in organizations where responsibility is not clearly defined; this can and often does lead to duplication of activity, disputes about who does what and work being handled at the wrong levels of management. Such confusion makes the establishment of adequate control systems particularly difficult.
- b) Decisions should be delegated to those qualified and competent to make them. No organization can work effectively without adequate delegation, therefore management has an obligation to ensure that the process of delegation is furthered. This process can be assisted by providing opportunities for the development of qualified and competent personnel and by giving individuals responsible and rewarding jobs.

c) Specialist skills should be deployed where they can be used economically and are needed most. The development of specialist skills and the growth of specialists has posed many problems to management, none of which has been more freely debated than that of their place and the role they should play. The problem has been two-fold, first in building up the credibility of the specialists and second in educating management in the proper use of specialists. Managers are generally suspicious of anything offered for nothing and tend to guard jealously their prerogatives. The answer lies in knowing what help is available, being able to diagnose what is needed and being prepared to call in an expert.

d) The necessary communications need to be provided upwards, downwards and laterally within the management structure. Perhaps the most overworked and least understood word in the organization dictionary is communication. Too much communication can be as detrimental as too little and the aim should be to achieve the right balance. Communication in organizations comes in many forms, for example from staff suggestion schemes to worker councils, through formally and informally established channels of communication; but communication is limited.

e) Groups of personnel involved in common tasks need to be able to cooperate effectively and adapt wisely to meet change. It is commonly assumed that cooperation exists, that it does not have to be gained and that any lack of it is due only to minor causes. Experience shows that effective group cooperation is hard to achieve, requires investment in training and facilities and needs careful nurturing. It should be noted that, depending on the circumstances, group cooperation can pay considerable dividends. An example of such cooperation can be found in the application of total quality management, see also BS 7850-1 and BS 7850-2.

5.3 Recognition of environment and requirements

An essential feature of the ability of an organization to survive is that it should recognize the characteristics of the external and internal environments and decide appropriate responses. Procedures should be developed within an organization to gather information on the external conditions, the internal situation and the effect of previous responses.

Where the success of an organization is highly dependent on competition, the economy, or the level of demand, there will be a need for a well-developed structure for gathering information. Most organizations need a procedure for gathering information on the internal deployment of personnel and other resources to make management decisions on the best use of resources. To reduce the inherent risk in decision-making, organizations should also keep precise information about previously implemented decisions. The resources deployed on information gathering and information processing, including the use of information technology, should be tailored to suit the various levels of the organization's management. Elaborate systems should be avoided where simple ones will suffice. Generally there is an increasing awareness of the importance of information management to the survival of organizations.

5.4 Response to environment and requirements

The structure through which an organization responds to the information it receives, including how a response is formed and communicated and how effective that communication is, should form part of the organization study. An objective of organization study should be to improve the management of the organization. The same objectives should pertain in circumstances of cut-backs and redundancy.

Such responses should be easier to achieve where communication is effective and efficient and where decisions are made and actions are taken quickly. Good communication is not enough and structures for handling research and development and perhaps operational research are essential.

Successful change may require encouragement of the development of an entrepreneurial management style and processes of organization that encourage flair and innovation. The climate for change needs to be nurtured before the stages of evaluation, closer scrutiny and cost justification.

If stability is the proper response, quite different characteristics may be needed, such as paying attention to monitoring, control and consolidation of past changes.

6 Uses of organization study

6.1 General

Top management should call for organization studies regularly, as part of a routine programme. Such studies are needed to help ensure the health of an enterprise's organization structure, in much the same way that a management audit programme may ensure the financial probity of the enterprise. More frequently, organization studies are called for when the organization feels distress. An emergency programme has advantages; it recognizes that something is wrong and creates a climate of expectancy and a commitment to change. Against these advantages need to be set some disadvantages. Wider implications may be examined inadequately or deferred. The resulting solution may contain faults that become apparent only later.

6.2 The routine programme

The routine programme needs to focus on the roles and responsibilities of people within the organization. The responsibility for achieving the objectives of the organization should ultimately rest with top management and this needs to be reflected clearly and unambiguously within all roles of management. Although these responsibilities are discharged by top management, certain duties may be delegated and should continue to be passed downwards in the organization to an appropriate level. The roles and status of the personnel within the organization should reflect their responsibilities for delegated duties and their accountabilities to higher levels of management. Responsibility for delegated duties needs to be shown clearly and unambiguously within the roles of higher levels of management. The accountability to higher levels of management should also be made clear.

The achievement of the organization's objectives, while relying on personnel to perform their delegated duties, is also bound up with the organization's operational systems. An organization study should include an examination of these systems and, in particular, the interfaces between systems should be investigated with the objective of reducing any sources of interference and incompatibility. Each system should be made as independent as its structure will allow; there should be clear and unambiguous responsibilities at the interface and the clean and controlled transfer of responsibilities as work moves from one system to another across the interface.

The interdependence of systems should also be examined and reduced wherever possible. The greater the interdependence between systems the more difficult they are to manage because management decisions relating to one system will affect another. An organization study should determine whether the management style is compatible with the degree of interdependence.

An organization study should examine the spans of control and the chain of command. The shorter the chain of command the greater the effectiveness and efficiency of the organization, but this needs to be balanced with an appropriate span of control.

6.3 The emergency programme

The emergency programme starts by identifying the problem area and extends radially outwards only as far as necessary to resolve the problem. The procedures described in 6.2 should be used. Ideally, when an emergency programme has been completed, a longer term routine programme should be developed and implemented.

7 Procedures for carrying out an organization study

7.1 General

The procedures for carrying out an interactive organization study should be separated into phases, in much the same way as the management activities of the organization being appraised. The principal management activities are planning, organizing, directing, coordinating and controlling. The phases of an organization study should consist of planning, organizing and carrying out the study and need also to include criteria and check-points for evaluation and control. The most important part of the study should be planning for action and the implementation of any changes. The range of application of organization study is considered in Annex A.

The normal procedure should be an iterative approach consisting of the following stages:

- a) awareness of symptoms;
- b) analysis and diagnosis;
- c) identification of problem;
- d) development and strategy;
- e) action plans;
- f) evaluation and review;
- g) constant feedback of selected or significant factors.

7.2 Initial examination

The starting point for a review of an organization should be the organization chart, from which can be deduced the formal relationships between grades and levels of management and the jobs undertaken. It should be noted that organization charts normally show only the division of work/labour plus the delegation of authority; they rarely give any details of the actual working relationships or methods of coordinating efforts that are essential for the functioning of a successful organization. The organization chart should therefore be supplemented with background research sufficient to understand these other aspects. The principle forms of organization structure are considered in Annex B; and in Annex C the formal and informal elements of organizations are described.

7.3 Steps to be taken

The steps that should be taken after the initial examination are summarized as follows:

- a) note and understand fully the aims, objectives, aspiration and methods of operation of the organization as a whole and of each of its major units;
- b) determine the functions that need to be undertaken in order for the organization to achieve its objectives and operate efficiently and effectively;
- c) evaluate the constraints imposed by the requirements of organizations with which it interfaces, for example customers, suppliers, the law, government regulations and competitors;
- d) determine the key linkages required for:
 - 1) the various units of the organization to work in harmony;
 - 2) policy making to be effective;
 - 3) a balanced appraisal process;
- e) assess the current predominant management style;
- f) obtain a knowledge of the cultural climate and test the strengths and weaknesses of the informal organization;
- g) compare the advantages and disadvantages of each main form of organization to the situation of the work being undertaken, taking account of factors external to the organization; examine the key elements and choose those that should be incorporated in or rejected from the study;
- h) determine the key factors that are critical to the fundamental design of the structure, see also Annex B;

i) appraise the strengths and weaknesses of the possible solutions and choose those solutions that should give the best result;

j) prepare detailed documentation covering structure relationships, decision-making points, job and personnel specifications, etc.

7.4 Strategies available

The person responsible for undertaking an organization study should use the following strategies.

- a) Endeavour to develop an organization that is oriented towards solving its own problems; this usually requires the encouragement of the right personnel to face problems and a structure that allows appropriate freedom of action.
- b) Study and learn from the work of behavioural scientists. A belief should be developed within the organization that there is value in giving personnel interesting, creative and valued jobs and that there is a benefit in satisfying at least some needs of personnel during their working life. It is important to recognize the stultifying effect of over-exposure to the rigid management regimes to which many people are subjected.
- c) Encourage long-term planning to be taken seriously. Planning for and influencing the future should increase the level of confidence, encourage personnel to take the initiative and enable closer control of events. A short planning horizon may increase the risk of unplanned events controlling the organization.
- d) Examine the process and movement, collectively known as organization development; this will inevitably involve personnel development. There is ample evidence of the need to revalue and take stock of the human element in an organization. Organization development, with its wide and varying concepts, should involve the development of a strategy aimed at changing the beliefs, attitudes, values and structures of an organization, so that it can better adapt to change and new challenges.
- e) Conduct regular reviews of the organization to identify, diagnose and correct any weaknesses. Sampling of the organization's climate should enable early identification of weakness and may prevent the situation from deteriorating.
- f) Plan the structure of the organization according to the concept of a good fit. The objective of this plan should be to balance the organization's capacity and expectations with those of its personnel whose potential should be fully used.