A Structure for Impact

Using benchmarking to revise the organization structure of an INGO

Julia Johansson
Abstract

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This thesis investigates what the possible benefits and challenges are with different organization structures from the perspective of an international non-governmental organization (INGO). Based on learnings from other organizations it is examined what a revised structure could look like for Organization X in order to maximize their use of internal resources. The aim of the study is to achieve a structure more aligned with the strategic priorities of Organization X. As well as contribute to the field of organization theory from an INGO perspective. To achieve this benchmarking against other organizations is used to collect learnings in relation to organizational design. The learnings are analyzed in relation to organization theory and common challenges for INGOs. The result and analysis show that benchmarking can be used to gather valuable learnings regarding organizational design for INGOs in general and Organization X in particular. Two options for structural revisions for Organization X are presented. It is suggested that the second option should be implemented, at least as a first step, due to the current strategic priorities of the organization and the larger risks associated with option one. If implemented, the revisions proposed in this thesis should enable increased flexibility and the freeing up of resources, resulting in increased capability for fundraising and increased impact.

Key words: organization structure, organizational design, improvement, INGO, flexibility, impact, strategy
Preface
I would like to sincerely thank my supervisor at Organization X, without whom this study would not have been possible, for never-ending support and always-valuable input. Furthermore, I would like to thank Magnus Larsson who has continuously offered me academic advice and with a positive attitude guided me through the jungle that is thesis writing.

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1. Introduction

From the first organizations in human history to the modern organizations of today we can find divisions of resources, tasks and responsibilities, known as organization structures. In the early human clans, the structures provided a way to operate around those with extra knowledge and experience; the elders. For most of history, the pyramidal structure with a leader at the top and an increasing number of people with a lower degree of authority and a higher degree of specialization as you move towards the bottom, has been the dominant way to organize. The modern organizations of today vary dramatically in size and the tasks that they perform and to survive in environments with high levels of uncertainty and competition they need well adapted organization structures (Eapen, 2010, p.35).

The basic rule of quality development is “There is always a way to achieve higher quality at a lower cost” (Bergman and Klefsjö, 2012, p.47). The past has continuously shown us that organizations that actively work with quality development are more successful than organizations that do not (Ebrahimi and Sadeghi, 2013, p.5637; Liker, 2009, p.35). Yet, it is not uncommon for people to refer to quality costs i.e. the cost of quality development. Quality development projects are often well motivated if you instead look at the flawed quality costs, the costs relating to flawed processes and/or results. The essence of quality development is actively preventing, revising and improving, not controlling or repairing (Bergman and Klefsjö, 2012, p.38).

In this thesis, the concepts of preventing, revising and improving from quality development are put in relation to organization structures. The design of the organization structure includes some of the most important decisions that the management of modern organizations has to make (Jacobsen and Thorsvik, 2014, p.60). In general the organization structure can be said to have three effects: specialization, coordination and stability. The trade-offs of different design choices result in complex dilemmas in relation to these effects and it is a constant consideration of cost vs. benefit. When an organization grows, so does its complexity along with an increased need for a conscious approach to the organization design. The perceived benefits or problems of different organizational structures are connected to internal and external circumstances such as: size, complexity, strategy and environment. If these circumstances change, a change in organization structure might also be required (Jacobsen and Thorsvik, 2014, pp.92-99; Baligh, 2006, p.26).

There is extensive literature on the subject of organization structures (see for example, Mintzberg, 1979; Baligh, 2006; Jacobsen and Thorsvik, 2014). However, it is a vast and quite complex theoretical field (Child, 2015, p.27), additional learnings from organizations in practice can aid organizations in their decision-making (Andersen and Pettersen, 1995, p.14). Furthermore, common business theories do not always apply to impact-driven international non-governmental organizations (INGOs) (Mohammed, 2018; Trivedi and Stokolos, 2011). INGOs often have a limited budget for administration and quality improvement. Nevertheless, continuous work with improvements are important for INGOs in order for them to make the most of their resources and achieve quality impact (Ronalds, 2010, pp.143-147).

1.1 Problem Description

Organization X is a small INGO working towards sustainable development. The organization has grown quickly and become largely dependent on a few funding partners. In order to be financially sustainable and create possibilities for growth, Organization X has undergone a shift in their strategic focus, towards diversified funding and a strong fundraising team. Organization X uses a matrix structure to govern their work, with functional managers on one side and regional managers on the other side. In order to achieve a strong fundraising team and financial
sustainability there is a need to be as efficient as possible and reallocating internal resources, mainly in terms of time spent, towards fundraising. However, matrix structures are not known for enabling time efficiency as they often come with a lot of meetings, a large need for information sharing and somewhat unclear responsibilities (Jacobsen and Thorsvik, 2014, p.67). There is hence a need for a review of the organization structure, to make sure it is aligned with the organization's size, complexity, strategy and environment. It is not uncommon that INGOs in general struggle with this type of problem relating to lack of funding, limited resources for administration and high demand on flexibility (Ronalds, 2010, pp.143-147; Brands and Elam, 2013, p.163).

1.2 Purpose and Research Questions
The purpose of this thesis is to achieve more effective use of internal resources in Organization X and an organization structure more aligned with their strategic priorities. The thesis further aims to contribute to the field of organization theory with practical learnings from an INGO perspective. The research questions examined in this thesis are:

1. What are possible benefits and challenges of different organization structures, from the perspective of an INGO?

2. What could a revised structure look like for Organization X in order to maximize their use of internal resources, based on learnings from other organizations?

1.3 Delimitations
The focus of this thesis is centered around report lines, division of tasks and responsibilities and coordination. The analysis is centered around organization structures on a high level. Hence, controls, tools, ways of working and processes lie outside of the scope of this thesis. All of these elements are arguably connected to the organization structure, however, due to time limitations, the focus of this thesis is on possible ways that the high-level formal organization structure affects and is affected by different strategic decisions.

2. Theory
This section aims to describe the theoretical discourse and previous research related to organization structures. The section begins with a presentation of a theoretical definition of organization structures as well as a breakdown of the different components that together form the organization structure. Thereafter, theories regarding the process of organizational design and theoretical typologies of organization structures are presented. Lastly, arguments concerning defining characteristics of INGOs are displayed.

2.1 Organization Structure: Definition and Components
In order to compare and discuss different organization structures, it is necessary to first define what an organization structure actually is. Modern organizations differ from each other in many ways, yet they all consist of a set of people ordered in a pattern of logical relations. These relations of logical dependence of people can be seen as the organization structure (Baligh, 2006, p.1). In other words, an organization structure determines the way the subgroups of smaller tasks contributing to an organization's purpose are coordinated. Ideally the organization structure should hence describe how tasks are divided and grouped and answer to the question: who coordinates what, how, and with what? (Jacobsen and Thorsvik, 2014, p.59; Olson et al., 2005, p.49). A broader definition of organization structures sometimes includes additional concepts and features of the organization such as the information structure and culture. The
culture of an organization can even be referred to as the informal organization structure (Jacobsen and Thorsvik, 2014; Hunter, 2016: p.79). The culture of an organization can be strongly connected to the organization structure and should not be overlooked in discussions regarding the formal structure, in this thesis however the term organization structure itself is used to refer to the formal organization structure.

According to Jacobsen and Thorsvik (2014, p.62) each organization structure can be said to be made up of several components, including at least the following:
1. Division of tasks and specialization on an individual level.
2. Division of tasks and specialization on a group level.
3. Coordination
4. Authority and decision rights

The division of tasks and specialization on an individual level mainly concerns the number and variation of activities that an individual in the organization should have. Specialization enables the development of expertise within a specific area. Specialization in the extreme can be seen in production lines in factories using assembly lines where each co-worker performs a very specific task (Jacobsen and Thorsvik, 2014, p.64). Since co-workers become very specialized on a single task it can lead to increased stability in the production, however too much focus on specialization has received critique for creating monotone, unmotivating work and possibly resulting in workers missing out on learnings that come from having a variety of tasks (Jacobsen and Thorsvik, 2014, p.64; Narayanan, 2009, p.1861). A high degree of specialization can further compartmentalize risk and create inflexibility with human resources (Eapen, 2010, p.35).

The division of tasks and specialization on a group level instead concerns who should work together in functional units, which tasks can be grouped together. Organizations commonly group tasks together based on one of two principles: function-based or market-based grouping. Basing the grouping on function entails that tasks that relate to a similar part of a process, or alternatively tasks that are based on similar knowledge and/or technology, are grouped together. Market-based grouping is generally done by grouping together all tasks that are aimed at the same customer segment, that relate to a specific product or based on geographical area. Recognized benefits of grouping based on function are the avoidance of double work, facilitation of specialization and large-scale standardization (Jacobsen and Thorsvik, 2014, p.65-66). However, grouping tasks based on function carries a high risk for developing silos and problems relating to coordination (Dell, 2005, p.34). Grouping tasks based on market tends to give a stronger connection to the market and facilitates coordination and an aligned approach in relation to a customer segment or product. On the other hand, it comes with risks for double work and it is hard to achieve a high level of specialization in different functions. It is not uncommon to choose different principles for grouping tasks on different levels of an organization e.g. a market-based grouping on a higher level and a function-based grouping on a lower level (Jacobsen and Thorsvik, 2014, p.67).

When it does not seem to make sense to group the tasks on neither function nor market, some organization combine the two approaches in what is known as a matrix structure, see Figure 1. Egelhoff and Wolf (2017, p.1) define a matrix structure as an overlaying of two elementary divisions e.g. a combination of grouping based on geographical area and function. Matrix structures are most common in quite large and highly complex organizations that are often international. It creates opportunities to leverage the benefits from both grouping principles and enables flexibility and coordination. Co-workers have at least two equal managers, that need to agree or compromise on decisions, or take it up to a higher level. Therefore, matrix structures are often considered prone to conflict. Egelhoff and Wolf (2017, p.123) found that the combination of product division and geographical region division seemed to be more connected to conflict than the combinations of functional division and geographical
region division or functional division and product division. Furthermore, the complex nature of matrix structures can make the benefits hard to achieve in practice. They can create loyalty issues, confusion and are in general time consuming as they require a lot of meetings and information sharing (Jacobsen and Thorsvik, 2014, p.68).

Figure 1. Organization chart displaying an example of a matrix structure.

The next component of an organization structure is coordination (Jacobsen & Thorsvik, 2014, p.69). When the tasks are divided into different groups, the need for coordination emerges. Without coordination that aids an overall perspective on the progress of the organization, separate individuals and groups can focus on their specific tasks at the expense of the bigger picture. The need for coordination grows with increased horizontal differentiation i.e. an increased amount of specialties, departments, offices, etc. There are several different ways to achieve horizontal coordination and organizations typically use a combination but mainly depend on one or two approaches. It is however important to keep in mind that the more of these arrangements for horizontal coordination an organization uses, the more complex it tends to become (Jacobsen and Thorsvik, 2014, p.76).

The first and most basic way to coordinate is through mutual adaptation based on closeness and overview. This form of natural adaptation is only possible in close settings and with a small number of people. For example, it is possible if two people are rowing a rowboat together but hardly appropriate if twenty people are attempting to row a large boat (Jacobsen and Thorsvik, 2014, p.69).

Next there is direct supervision, which entails that a formal authority gives orders to people on ‘lower levels’. This kind of vertical supervision has a limited scope, there is a limit to how many people one leader can supervise. It is usually considered difficult for a leader to effectively supervise more than eight people. A higher degree of vertical differentiation with more hierarchical levels to enable direct supervision are hence needed if the organization grows. This approach requires that a lot of resources are spent on supervision and decisions tend to be slow since they have to travel through many different levels (Jacobsen and Thorsvik, 2014, p.70).
Coordination can further be achieved through the standardization of tasks. This entails steering the work by using rules and routines, creating what is commonly known as bureaucracies. Standardization creates predictability and reduced decision and production costs. However, it is not well suited to handle unforeseen situations, it makes coworkers passive actors which obstructs flexibility and adaptation (Jacobsen and Thorsvik, 2014, p.71).

Another, more flexible, approach to standardization as a means of coordination is standardization of results. This approach entails specifying what the result should be and letting the road to getting there be decided by the co-workers (Greenwood, 1981, p.225-230). Standardization of results facilitates flexibility, initiative and creativity. However, there is a risk that co-workers get so caught up in the specific aspects that are measured that the important bigger picture and context can get lost (Jacobsen and Thorsvik, 2014, p.72).

Furthermore, coordination can be achieved through standardization of knowledge. If the nature of the tasks varies a lot from time to time it can be helpful to clearly standardize the knowledge each role should have. This type of coordination is, for example, common in hospitals. Each patient is different and there is not always time to sit down and discuss, then it is important that everyone knows what is expected from the doctors and what is expected from the nurses through rigorous education and training. Standardization of knowledge encourages professional development and a competent team. However, rivalry and strong divisions between roles can occur as well as lost focus on social competence (Jacobsen and Thorsvik, 2014, p.72).

It is further possible to coordinate work through the standardization of norms. Norms can, much like formal rules and routines, prescribe appropriate behavior when it comes to decisions and information sharing. Through systematic work with attitudes, standardized norms can be created, facilitating a strong organization culture and motivation (Mintzberg, 1979). Active work with norms and culture can further enable a common language among coworkers (Chatman and Spetaro, 2005, p.321). There is however a need to be careful to avoid that a complacent or self-righteous culture is developed (Jacobsen and Thorsvik, 2014, p.73).

The last type of coordination according to Jacobsen and Thorsvik (2014, pp.73-75) is called horizontal cooperation. In complex situations standardization might not be sufficient. When a high level of cooperation between people with very different competencies is needed, structured coordination between different functions on the same level in the organization is necessary. This horizontal cooperation can be achieved through: physical closeness, formal teams made up from individuals from different functions, special integrator roles with the purpose to coordinate different functions, rotation of staff between different functions or information networks to enable horizontal communication (Jacobsen and Thorsvik, 2014, p.74).

In addition to the previously mentioned ways to coordinate, organizations can choose to coordinate their work in projects. If this is their main way to coordinate it creates a project-based organization, which can look in different ways depending on the rest of the organizational design but the basic principle is displayed in Figure 2. The projects can be more or less formalized depending on whether the organization uses a standardized project model defining how a project should be executed (see for example Tonquist, 2014). Projects have proven to be a superior way to achieve cross-functional coordination (Jacobsen and Thorsvik, 2014, p.74). However, project-based organizations are associated with several difficulties as well, especially from a human resource management perspective. It is hard to achieve proper competence tracking and development as well as evaluating performance and deciding on salaries. Intense projects with short time frames risks putting increased pressure on the coworkers and negatively affects the possibility of building trust and confidence between coworkers. Furthermore, it is not uncommon for the division of responsibilities to be unclear,
especially between the project manager and the line manager (Bredin, 2006, pp.9-11; Stulgiene, 2012, p. 1214).

**Figure 2.** Project organization for cross-functional coordination.

The third component of an organization structure can be said to be made up of the division of authority and decision rights. The central question is whether the decisions should be centralized or decentralized, the extremes being that all decisions are formed by the highest manager or by each co-worker for themselves on how to perform tasks and solve problems (Jacobsen and Thorsvik, 2014, p.77-79). Generally recognized benefits and challenges associated with centralization and decentralization are displayed in Table 1. The degree of (de)centralization can vary between different types of tasks within the same organization. Research has shown that more centralized organizations make fewer faulty decisions than a decentralized one. This is a result of that each decision is discussed in multiple settings in a centralized organization, however, this takes time which means that the organization instead can miss out on opportunities (Csaszar, 2012, p.611). If there are high demands on similar practice and predictability, centralization usually occurs naturally while organizations that prioritize flexibility and innovation usually opt for a more decentralized approach (Eapen, 2010, p.36).

**Table 1.** The benefits and disadvantages with centralization and decentralization, based on original figure by Jacobsen and Thorsvik (2014, p.78).

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Centralization</th>
<th>Decentralization</th>
</tr>
</thead>
<tbody>
<tr>
<td>+ Clear steering</td>
<td>+ Clear responsibilities</td>
<td>+ Locally adapted</td>
</tr>
<tr>
<td>+ Similar practice</td>
<td>+ Predictability</td>
<td>+ Flexibility</td>
</tr>
<tr>
<td>+ Predictability</td>
<td></td>
<td>+ Motivating</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ Fast/responsive</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Disadvantages</th>
<th>Centralization</th>
<th>Decentralization</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Loss of local information</td>
<td>- Inflexible</td>
<td>- Lack of steering and sub optimization</td>
</tr>
<tr>
<td>- Inflexible</td>
<td>- Unmotivational</td>
<td>- Unclear responsibilities</td>
</tr>
<tr>
<td>- Unmotivational</td>
<td>- Slow</td>
<td>- Unclear practice</td>
</tr>
<tr>
<td>- Slow</td>
<td></td>
<td>- Unpredictable</td>
</tr>
</tbody>
</table>
2.2 Organizational Design
In order to create an organization structure, the components defined in the previous section need to be combined together like a puzzle. What the optimal combination, i.e., organization structure, looks like for an organization depends on several internal and external factors and requires careful analysis of benefit versus cost (Baligh, 2006, p.21). The design of the organization structure involves some of the most crucial decisions that leaders of modern organizations have to make (Jacobsen and Thorsvik, 2014, p.60). There are two typical dilemmas leaders commonly face when it comes to designing the organization structure. The first dilemma is diversity versus unity, the more diverse and specialized the different groups in the organization become, the more fragmented it tends to become and more resources are required for coordination. The second common dilemma is stability and predictability versus flexibility and innovation. In most organizations there is a natural drive towards stability and predictability in order to become more effective, however flexibility and innovation is important in order to seize opportunities and embrace change. All organizations emphasize different strengths when they design the organization structure, for a company like McDonalds stability and predictability is key while flexibility and innovation is crucial for a company like Apple (Jacobsen and Thorsvik, 2014, p.61). Before diving further into the realm of organizational design it is important to recognize that all types of changes require work to be successful. It is easy to underestimate the effort required when attempting to achieve long-term improvement through redesign and end up with a less than optimal result. Always be sure that you recognize the time and energy needed to implement a change before initiating it (Jansson, 2017, p.1).

What is judged to be an appropriate formal structure for an organization is typically affected by the organization’s basic characteristics such as size and type of tasks, the strategy, co-workers and environment (Baligh, 2006, p.21; Child, 2015, p.53; Jacobsen and Thorsvik, 2014, p.92). The size of an organization limits what is feasible structurally. In very small organizations experts are rare as many diverse tasks such as marketing, procurement and accounting etc. often need to be handled by one person. Increased size means stronger vertical and horizontal specialization i.e. more hierarchical levels and increased number of separate departments or offices. When an organization grows the complexity increases which gives an increased need for formalization (Nadler et al., 1997, p.50). The nature of the main tasks of the organization also has a large effect on the organization structure, more specifically to what degree standardization is possible and how dependent different tasks are of each other. A sequential dependency between the tasks where one task needs to be finished before the other one can start, tends to favor a functional grouping whilst a mutual dependency between tasks where different tasks are closely knit together tends to favor a market-based grouping (Jacobsen and Thorsvik, 2014, p.100).

It is important to consider the relationship between strategy and structure. For example, if an organization chooses a strategic focus on competitive costs it should have a structure focused on effective production, enabling production at the lowest possible cost. However, if an organization has a strategic focus to be uniquely adapted to a specific customer segment it should have a structure that enables local responsiveness and a changing market. Nevertheless, it is important to consider that several different structural arrangements can result in similar functions. Cost effectiveness through standardization can for example both be achieved through formal rules and routines and through rigorous training. Hence it is important to not only consider strategy but the other factors affecting the formal structure as well (Jacobsen and Thorsvik, 2014, pp.90-94).

It is further important to make sure the structure is well adapted to the people working in the organization. This is especially important in service organizations where the co-workers make up the most important resource. Therefore, it is important to consider what type of
competence the co-workers of an organization have, as well as what type of co-workers the organization is trying to attract and retain. The formal organization needs to enable motivation, effective coordination between co-workers with different skills and adapt the grouping of tasks and decision rights to the degree of training and specialization that the co-workers possess (Jacobsen and Thorsvik, 2014, p.222).

Last but not least, the design of the organization structure is affected by the environment in which the organization exists. All organizations are completely dependent on their environment and continuously have to adapt when changes occur (Baligh, 2006, p.25). How sensitive an organization is to changes in the environment differs but in general two major aspects have an impact on the organization structure. Firstly, the degree of complexity: whether the environment is relatively uniform and the organization mainly interacts with actors that are few in number and similar to each other, or if the environment is very complex. Secondly the rate of change: whether the environment is considered stable or highly dynamic. The more complex and dynamic the environment is the more flexible and innovative the organization needs to be (Jacobsen and Thorsvik, 2014, p.190; Cosh et al., 2012, 301).

Through consideration of these different aspects, the goal with organizational design is to achieve a structure that effectively allows an organization to achieve the outcomes they consider to be the right ones. However, the focus cannot only be on the outcome as all structures also have a cost. The structure’s effect on performance must hence be combined with the cost of the structure to give the net value of the structure (Baligh, 2006, p.25).

2.3 Typologies
Due to the complex nature of organizational structures and variety of factors affecting the design process described above, typologies can be useful as theoretical categorizations of different design options, i.e. ways to match up the different dimensions of an organizational structure and possible implications. Mintzberg (1979) presented such typologies as what he called the different structural configurations. These typologies are long-established and carry an analytical value as their purpose is not to describe every possible design in reality but rather a theoretical framework describing the most common and influential types of organizational structures (Meyer et al., 1993, p.1175).

The first typology is the simple structure, also known as the entrepreneurial organization, which is common in small and very new organizations. It mainly consists of two parts, strategic leadership and an operative core. There is often a strong leadership, and the small size enables direct supervision and results in a low degree of specialization. This type of structure is very flexible and has low administrative costs, however it is prone to ‘messy’ administration and unclear responsibilities (Mintzberg, 1979, p.305; Jacobsen and Thorsvik, 2014, p.84).

The organization structure known as the machine bureaucracy is a form of pyramidal structure with highly centralized decision rights (Mintzberg, 1979, p.314) Similar versions of pyramidal structures have been the dominant organization structure throughout human history (Eapen, 2010, p.35). In addition to centralized decision rights modern machine bureaucracies often put a high emphasis on formal rules and routines which gives a large technostructure and enables a high degree of functional specialization. Old and large organizations who mass produce relatively simple products in somewhat stable markets commonly resemble machine bureaucracies. The benefits of a machine bureaucracy are stability, clear responsibilities and predictability. Disadvantages include that it is slow to change, rigid and can be unmotivating (Mintzberg, 1979, p.314). Eapen (2010, p.36) argues that these are serious flaws as flexibility is crucial for most modern organization, which is why pure bureaucratic machines has decreased in popularity.
The professional bureaucracy is characterized by a high degree of professional specialization, standardization of knowledge and decentralized decision rights enabling co-workers to use their professional judgement. Organizations that typically use professional bureaucracies are hospitals and universities. This type of structure usually gives a high professional standard and quick problem solving. However, rivalry between different groups can occur leading to problems with coordination. Problems relating to unclear practice, such as special treatment, can also arise (Mintzberg, 1979, p.348).

The next organization structure is named the innovative organization. The main features of this structure are very few formal rules and routines and decentralized decision rights. It is very loosely formulated and has a high emphasis on innovation, why it is also known as an adhocracy. It is common for innovative organizations to use matrix structures, works a lot in projects and have very loosely defined job descriptions. This type of structure enables a high degree of flexibility, coordination and leveraging the innovative skills of the co-workers. However, it often comes with unclear authority, insecurity and possible frustration with leadership as well as problems with steering (Mintzberg, 1979, p.431).

The last typology is called the divisionalized organization but is also known as franchise. The divisions are run as separate organizations with their own leadership and the main method for coordination is standardization of results. This approach exposes the economic contribution of each division and enables market adaptation. However, the lack of a ‘big picture perspective’ risks leading to sub optimization (Mintzberg, 1979, p.380).

2.4 International Non-Governmental Organizations
An international non-governmental organization (INGO) is often simply defined as an independent and non-profit-making organization (Jönsson, 2012, p.125; Ronalds, 2010, p.3). Most organizational theory is based on profit-driven businesses (Mohammed, 2018; Trivedi and Stokols, 2011). Therefore, it is for the purpose of this thesis important to define in which aspects INGOs can be considered different from profit-driven businesses. Non-profit organizations can be seen as a reaction to both capitalism and governments repeated failure to address the most pressing socio-environmental problems. Where corporate entrepreneurs use their entrepreneurial talent to create wealth and invest in issues that make more ‘economic sense’, entrepreneurs of non-profit organizations’ main aim is to achieve positive social impact and invest in ideas that make more ‘social sense’ (Trivedi and Stokols, 2011).

Two, not unique, but common characteristics of many INGOs are limited resources and a double client system with funders and beneficiaries (Brière et. al., 2015, p.116). Furthermore, legitimacy is at the core of an INGO’s ability to raise funds. An INGO’s legitimacy is often fragile, hence it is very important that leaders ensure that the source of legitimacy of decision making is clear and transparent (Ronalds, 2010, p.113).

There is an increasing pressure on INGOs to demonstrate the effectiveness of their solutions, at the same time values are often very important to people working in INGOs which tends to result in a strong focus on the way in which something is done not only the result. This is important to keep in mind in order to keep co-workers motivated (Ronalds, 2010, p.143). For most INGOs the co-worker’s capability is key to achieving the mission and often makes up the largest part of the organization’s operating costs. It is therefore crucial to maintain cost-effective management of their human resources. Talent attraction and retention is of key strategic importance (Brewster et. al., 2017, pp.1-13).

For INGOs to develop as organizations they must, as any other organization, invest in their own development. The difference however, is that INGOs might not have access to much ‘unrestricted’ funding i.e. funding that they are free to spend however they see fit. INGOs need to invest in strategy development, human resource management and strong accountability systems but this yields higher overhead costs that cannot be attributed to specific programs.
Both private and public funders alike are not likely to contribute to this type of cost. Some donors even judge the effectiveness of INGOs based on their administration ratio instead of achieved impact (Ronalds, 2010, p.144). This system risks starving INGOs of resources that are taken for granted in the business world. It is hence important that INGOs educate donors in the importance of investing in organizational capacity-building and long-term effectiveness. As well as avoid positive reinforcement of donor’s reluctance to funding overhead costs by using it as a selling point and instead strive to present other accountability measures relating to impact. It is crucial that INGOs do not waste money but fixation on administration ratios results in INGOs being less efficient and effective than they could be through limiting their possibility to invest in people and processes (Ronalds, 2010, p.146).

There is no one-size-fits-all when it comes to organization structures for INGOs. Ronalds (2010, p.114) argued that in order to achieve international influence INGOs need to be viewed as global organizations, however the effectiveness of their programs is often closely related to local knowledge and contextualization. Together with a fast-changing environment this results in complex challenges to governance and management. While franchise-like setups have proven effective to encourage a networking culture and local adaptation, centralized decision rights are required to be able to implement organization-wide changes in relation to the changing environment. In small non-profit organizations the lack of resources often requires a specific management style with decentralized decision rights and a low level of formalization and specialization. It is common to structure the work in projects and that co-workers have versatile responsibility areas (Brière et. al., 2015, p.116). As for other organizations, there are plenty of possible structural approaches with different benefits and disadvantages. However, limited administrative resources and the pace of change in the globalized environment require emphasis on flexibility and participation rather than command and control (Ronalds, 2010, p.114). It is further crucial that the formal structure supports a highly normative organization culture and accountable behavior, as this is something many INGOs are scrutinized on and they often work with vulnerable target groups (Brière et. al., 2015, p.122).

3. Research Design

In this section the research design of the thesis is described. First the chosen method is presented and discussed. Thereafter, the case selection and interview guide are described. Lastly, the validity and reliability of the method is discussed.

3.1 Choice of Method

In order to examine the research questions, benchmarking was used through the method of qualitative informant interviews. This deductive approach aims to examine in what way previous theory and benchmarking can result in learnings connected to organization structure for Organization X and INGOs in general. A benchmark can be defined as an in advance decided point used as reference to compare something else against (Andersen and Pettersen, 1995, p.12). Benchmarking is hence a method to achieve improvements through comparisons and entails a search for superior ways of working that enables superior results. The core of benchmarking is to perform a meticulous comparison of two different parties or processes and leverage the learnings to make improvements (Bergman and Klefsjö, 2012, p.476). Benchmarking was chosen as the method in this thesis since it complements continuous work with improvement by offering new perspectives and can therefore result in breakthroughs (Andersen and Pettersen, 1995, p.13). Another strength that benchmarking has is that it can enable transitions from thought to action. Arguments or conclusions based solely on theory or analysis of the own organization can be easy to challenge by the leadership. Benchmarking can
help give a more concrete picture and transform feelings or theories about possible areas of improvements into tangible arguments by having something to compare it to (Karlöf, 1997, p.53). Furthermore, benchmarking tends to require a bigger effort than other quality development tools in terms of time and resources spent (Andersen and Pettersen, 1995, p.26). Hence, the method holds the possibility to allow the thesis to contribute with knowledge that the organization would otherwise not make the effort to acquire.

There are however several risks relating to the effective use of benchmarking. First of all, benchmarking inherently carries a risk of being used as a ‘copy machine’ which gives less than optimal results. The key is rather reflection on why certain solutions work in a certain context and in what way this can be translated to the own organization, this requires careful analysis (Andersen and Pettersen, 1995, p.26). Furthermore, effective benchmarking can be difficult to achieve due to fear of revealing information or lack of interest to participate. The exchange of information builds on trust between participants and a common view on how sensitive information should be handled. However, in general organizations do not have a particular interest in hiding information from other organizations than those that they perceive to be direct competitors (Bergman and Klefsjö, 2012, p.477). To manage possible difficulties relating to trust or sensitive information, all interview subjects contributing to this thesis were offered anonymity. However, it can be presumed that the ‘competitors obstacle’ is not as prominent in the non-profit sector; as the objective is impact rather than profit, non-profit organizations frequently overcome traditional obstacles to form partnerships with organizations they would normally perceive as competitors (Mendel and Budney, 2018).

The benchmarking process used in this thesis is displayed in Figure 3. The first step is to plan, meaning identifying and studying the subject of the benchmarking. This was done in the feasibility study for this thesis. The second step is to search, which includes finding one or several benchmarking partners. The search for and selection of benchmarking partners in this thesis is further described under case selection. The third step is to observe, meaning conducting research with the aim of understanding the benchmarking partner’s ways of working. The fourth step is to analyze, which entails identifying differences in ways of working, capability and context as well as possible causes for these differences. The last step is to adapt, meaning identifying best practice and adapting it to the own organization (Andersen and Pettersen, 1995, p.29).

In order to collect material and deepen the understanding for the organizations participating the benchmarking, qualitative informant interviews were conducted. Three separate interviews were held i.e. one with every organization participating in the benchmarking. Interviews with a representative for Organization X were held on a more ongoing basis. Key benefits of using interviews is the opportunity to capture information that is unexpected and ask follow-up questions. Interviews are arguably appropriate to unveil the workings of a certain circumstance, how something is constructed (Esaiasson et. al., 2017, p.261). Informant interviews entail that the subjects are used as witnesses or ‘truth tellers’, giving information concerning the workings of a situation. Hence, the interview subjects were trusted to provide information regarding the workings of their organization, which makes up the material for analysis in this thesis rather than the interview subjects themselves.

In the analysis of the material the benchmarking approach described by Andersen and Pettersen (1995, p.29) was used, entailing focus on identifying differences in ways of working, capability and context as well as possible causes for these differences. To guide the analysis Mintzberg’s (1979) typologies and the theoretical components of an organization structure described in the theory section were used.
3.2 Case Selection
In this thesis benchmarking is used to compare different organizational structures. The aim has been to use strategic selection to decide which organizations to benchmark against, with emphasis on variation. The scope of this thesis is not sufficient to aim for maximal variation and theoretical saturation, as explained by Esaiasson et al. (2017, p. 270). Yet, the case selection was made strategically to acquire a variation of learnings based on the following key characteristics: similar sector, similar tasks and recognized high performance in ways of working. Due to the limited time for search and selection, the final case selection was largely influenced by where the author could leverage her professional network to initiate contact and who was willing to participate. This does not mean, however, that the results of the benchmarking are not valuable.

Three different types of organizations were willing to participate, allowing for three different types of benchmarking to be used: competitive benchmarking, functional benchmarking and generic benchmarking. First interviews were held with Organization X to gather data around their current situation which was used as the basis for benchmarking. Then the three different types of benchmarking was performed.

Competitive benchmarking was performed against Organization A, that have chosen to remain anonymous. Competitive benchmarking entails comparing the subject for benchmarking with an organization with similar tasks and customers that could be considered competitors (Andersen and Pettersen, 1995, p. 19). Organization A is an NGO with similar tasks and customers to Organization X and can arguably be placed in the competitor’s category, however they are much smaller with only a handful of employees. They were chosen to benchmark against as they could provide valuable learnings relating to similar customers and tasks.

Functional benchmarking was performed against Save the Children Sweden. Functional benchmarking entails comparisons against actors within the same sector (Andersen and Pettersen, 1995, p.19). Save the Children Sweden is a membership-based NGO with nearly 60,000 members in 150 local associations, organized through 11 regional offices. Save the Children Sweden is part of Save the Children that has 28 members in 120 countries. Save the Children was founded 1919 and their objective is to realize the UN’s children convention for children in the whole world. This is done through long term development aid, campaigning and disaster relief (Rädda Barnen, 2019). They were chosen to be benchmarked against as they are a large and established actor in the development NGO sector, and with experience from one hundred years of operations they could have valuable learnings.

Generic benchmarking was performed against Qvartz. Generic benchmarking involves benchmarking against an organization that is completely different than one’s own organization. Benchmarking against an organization that is drastically different might seem strange to some, however when performed successfully, generic benchmarking has great potential to result in real breakthroughs by providing new perspectives and untried solutions. For example, the barcode system was adopted by the retail businesses from its original use in shipping processes (Andersen and Pettersen, 1995, p.19). Qvartz is an international management consultancy company (Qvartz, 2019). They were chosen to benchmark against due to the fact that INGOs often work with projects (Miterevab, 2017, p.479), and consultancies are often known to structure their work in projects (Blindenbach-Driessen and Ende, 2006, p.545).
3.3 Interview Guide

The interviews were semi-structured and based on an interview guide centered around certain themes, see Table 2. These themes are based on the different aspects of organization structures described in the theory section together and the interview with Organization X regarding their current situation and strategic challenges. For informant interviews there is no intrinsic value in asking the exact same questions to all subjects (Esaiasson et al., 2017, p.274). Since the studied organizations are quite different it became logical to have slightly different focuses in the interviews. In the interview with Qvartz the focus was mainly project-based structures, with Save the Children it was structure in relation to being a large established INGO and with Organization A it was structure and ways of working in relation to being a small NGO with similar tasks to Organization X. Hence, the same interview guide was used in all three interviews, but it was used freely, allowing for a focus and follow-up questions that appeared natural depending on the direction of the conversation. Since the same questions were not asked to all the organizations the results are not presented in comparison to each other, the analysis rather focuses on analyzing the results using the theoretical concepts and identifying different types of learnings from the different organizations.

All interviews were held in Swedish, for a translated version of the interview guide see Appendix 1. The choice of interview subjects was based on centrality, as described by Esaiasson et al. (2017, p.267). However, it was largely affected by availability and where it was possible to use professional networks to establish initial contact. At Save the Children Sweden the HR manager, who is a member the management team, was interviewed. At Qvartz a consultant was interviewed and for Organization A the previous CEO was interviewed.

Table 2. Interview guide that the interviews were based on.

<table>
<thead>
<tr>
<th>Question</th>
<th>Purpose/Theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Could you describe your role? Do you have a role in forming strategy?</td>
<td>Basics, division of tasks, how they are structured</td>
</tr>
<tr>
<td>Could you please describe your organization structure in Sweden? (i.e. starting with the management team and moving down by sections, what does the organization chart look like?)</td>
<td></td>
</tr>
<tr>
<td>Could you please describe your organization structure for the international organization?</td>
<td>Project related, when and in what way do they work in projects</td>
</tr>
<tr>
<td>2. Would you say that you work more in a line organization or a project oriented one?</td>
<td></td>
</tr>
<tr>
<td>How much would you say that you work in projects? (i.e. structure your work in projects with their own teams, budget and management for a set period of time) Give options if needed: Never, rarely, quite often, all the time.</td>
<td></td>
</tr>
<tr>
<td>When/if you work in projects, how would you describe the difference between the responsibility of the project manager and the line manager of the different functions?</td>
<td></td>
</tr>
<tr>
<td>How formalized do you feel that your projects are? Do you have routines for roles and tasks that should be included in</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
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<tr>
<td>Each project or does the way the project is carried out, and the team is structured, vary a lot from time to time?</td>
<td></td>
</tr>
<tr>
<td>To the extent that they have functional and local/regional teams, what in their experience has worked best in terms of responsibility split?</td>
<td></td>
</tr>
<tr>
<td>Have you experienced any challenges when it comes to team set up? What?</td>
<td></td>
</tr>
<tr>
<td><strong>3.</strong> Would you say that your structure is more centralized or more decentralized? Is the focus more on clear goals and responsibilities and similar practice or on local adaptation, flexibility and decentralized decision rights?</td>
<td>Centralization vs. decentralization</td>
</tr>
<tr>
<td>Do you deliver services even where you don’t have local presence? Why/why not?</td>
<td></td>
</tr>
<tr>
<td><strong>4.</strong> Do you have a process for evaluating your programs (the support you give to children)? In broad strokes, what does that look like?</td>
<td>Impact and flexibility</td>
</tr>
<tr>
<td>Do you feel like you often change the way you deliver your programs? Has there been major changes since you started? Do you often change focus areas or start up new projects or do you have more of a “core” that you tend to stick to over time?</td>
<td>Information sharing and virtual teamwork</td>
</tr>
<tr>
<td>Do you feel like the initiative to change normally comes from above or below? i.e. do you perceive that it is decided on a higher level that something should change because of a changed strategy or goal, or that it is an opportunity for development that is identified by someone delivering the program that is then “scaled up”?</td>
<td></td>
</tr>
<tr>
<td>How do you share learnings across the organization? (If something is discovered during a local program that could be useful for others in the organization to know, nationally and internationally, how would they spread that information?</td>
<td></td>
</tr>
<tr>
<td>Since you’re an international organization, do you work virtually? If yes, in what way? Do you feel that this has affected your structure?</td>
<td></td>
</tr>
<tr>
<td><strong>5.</strong> What do think can be typical challenges for Non-profit NGOs? Do you think these challenges also apply to your organization? (e.g. fundraising, talent retention, agility, communication, how to increase your impact etc.)</td>
<td>Structure related to strategic challenges</td>
</tr>
<tr>
<td>Have you adapted your structure in any way to face those challenges? Why/why not?</td>
<td></td>
</tr>
</tbody>
</table>
During your time with the organization, has there been a restructure? i.e. a big or small change in how tasks or authority is divided? If yes, what did you experience was the result of this change? Do you think it had an impact on the quality of your programs? Strengths/weaknesses?

Have the roles included in the Sweden management team ever changed? Why/why not?

Have you had an active discussion around which roles should be included in the Sweden management team? If so, how did that go? What was the result?

What is the relation between the Sweden management team and the international management team?

How does the international management team ensure that they get the input they need from the different countries?

How do you ensure that the global strategy is implemented?

### 3.4 Validity

In general, the method of benchmarking through the use of qualitative informant interviews can be argued to be a valid method to examine the benefits/challenges of different organization structures for INGOs in general and for Organization X specifically. Esaiasson et al. (2017, p.261) notes that qualitative interviews are especially useful when the subject of the study is relatively unknown. It would be difficult to design surveys or observation studies, for example, without risking loss of information due to presumptions and lack of insight into the organization. By the use of the interview guide the interview subjects would touch upon the relevant themes, described in the theory section, enabling a high-level understanding for their organization. At the same time, it allowed for a flexibility enabling focusing on challenges, changes, strengths or characteristics that could not be foreseen from an outside perspective.

Furthermore, Andersen and Pettersen (1995, p.16) argued that the key to benchmarking is not to compare results or numbers but underlying ways of working and processes. Hence, a qualitative approach appears valid to acquire learnings about organization’s structures. If there were more time, the validity could have been improved through more careful integration with an internal analysis of the current organization structure to ensure the right material was collected in the benchmarking.

### 3.5 Reliability

The most serious flaw when it comes to the reliability of this method is the risk of interviewer-effect. The interviewer effect entails that the answer may differ depending on who is asking the questions. For example, an old professor might receive a more formal, complex or edited answer than a younger student. However, the risk for interviewer-effect should not be overstated, it is mainly considered an issue if the subject discussed is considered sensitive (Esaiasson et al., 2017, p.277). Since the topic of this thesis does not touch on sensitive social norms, the risk for a strong interviewer-effect is not considered all too serious. Arguably, there is also a risk that the interview subjects only want to highlight the positive aspects of their organizations and do not want to disclose serious challenges. However, benchmarking is built on trust and organizations do typically not have a reason to hide information other than from
direct competitors (Bergman and Klefsjö, 2012, p.477). Furthermore, this risk could be considered lessened by that all interview subjects were offered anonymity in case they felt like any of the information discussed would reflect badly on the organization or could be considered sensitive.

The reliability of the results might further have been improved if the thesis allowed for more time to be spent on search and selection of benchmarking partners. If maximal variation, as described by Esaiasson et al. (2017, p.271), had been achieved on the chosen characteristics for selection it would have enabled generalizations of the results to a further extent.

3.6 Ethical Standpoints
All the participants in the benchmarking were offered anonymity. It was offered at the time when the interview subjects were first contacted with a request to participate and again when the interview took place. One participant chose to remain anonymous, hence neither the name of the organization nor the interview subject are included in this thesis. This organization is referred to as Organization A and no detailed information about the organization is disclosed to protect the anonymity. Prior to each interview, the intended use of the material was explained and permission to record was asked of the interview subject. The organization used as a case which the learnings of the benchmarking is applied to in this thesis, Organization X, is also kept anonymous. All the information disclosed about Organization X is consensual. The ethical requirements regarding anonymity, information, usage and consent are hence fulfilled in this thesis.

4. Result
In this section the results of the interviews are presented. Since everyone was not asked the same questions the result is presented in the form of relevant information about each organization that surfaced during the interviews, which in the following section will be analyzed and adapted to form learnings for INGOs in general and Organization X in particular.

4.1 Organization X
Organization X has about 75 employees spread out over 14 countries. They have a matrix structure with one side being Africa, Northern Europe (NE) and Central Europe and Kazakhstan (CE&K). The other side is made up of program and impact, communication and fundraising and partnership. In addition, there is the finance department and the HR department which also includes legal and governance functions. Each function or region is headed by a functional director or regional director, except for the fundraising and partnership function that is currently managed by the CEO. The management team consists of the CEO, CFO, COO, three regional directors and two functional directors.

Team members continuously coordinate with both regional and functional managers but only have one line-manager who is responsible for their professional development. Quite a lot of time is perceived to be spent on meetings and information sharing. Much of Organization X’s work with delivering programs are performed in ongoing processes but they sometimes work in projects relating to a specific initiative or, for example, an event. They do not have a formalized project model. Since they are spread out over the world, a fair amount of the internal work is done virtually. However, they do not deliver programs outside countries where they have offices since they value local presence and knowledge.

The organization has grown quickly and become largely dependent on a few funding partners. In order to be financially sustainable and create possibilities for growth Organization X has undergone a shift in their strategic focus, towards diversified funding and a strong
fundraising team. In order to achieve a strong fundraising team and financial sustainability there is a need to free up resources by being as efficient as possible and reallocating internal resources.

4.2 Save the Children

Save the Children has a federation structure on an international level, with 28 member countries that deliver programs in 120 countries. The 28 member-countries each have their own leadership and organization. On a global level there is a common implementation organization separate from the global management team: Save the Children International. The global management team is made up of the leaders from the largest countries, not to be confused with Save the Children International that have their own management team. Each country organization has their own decision rights. However, they have a common global strategy and hence strive to coordinate and learn from each other as much as possible. All international programs are implemented in cooperation with Save the Children International.

Save the Children Sweden has six main departments: International Program, Sweden Program, Communication and Fundraising, Funding and Partnerships, Internal Support and Child Rights and Business. The International Program department has three subsections: Humanitarian, Award Management and Thematic; which is further divided by the different themes. The Sweden Program department is divided into four regions: South, West, North and East. Save the Children Sweden has recently founded a new corporation within the Sweden Program department through which they sell services. The Communication and Fundraising department is divided into Communication, Market and Digitalization. The department for Funding and Partnerships is further divided into Institutions and Corporate partnerships. In the department for Internal Support they have gathered Human Resources, Finance, Procurement and IT Support. Support functions such as HR mirror the set-up of the rest of the organization, with, for example, one person that acts as a specialist and contact person for the humanitarian function within the International Program. The last department, Child Rights and Business, is also a corporate founded by Save the Children with the main mission to document the child right principles of corporates. Coworkers within Child Rights and Business are often employed halftime by the corporate and halftime by Save the Children Sweden. Within a few functions, such as the Humanitarian department, matrix structures are used where co-workers for example can have one functional manager and one geographical area manager. The geographical area managers then fall within the Humanitarian sections own support function.

Save the Children Sweden works both in their functional teams and to some extent in projects. Co-workers commonly have their regular tasks and ongoing processes within their function and a portion of tasks in projects or other types of cross-functional cooperation. The setup of the projects depends on the situation and does not follow a general project model. Since they have a global strategy setting out regarding which children they are targeting, and where etc., they strive to work closely with other countries. For example, they enable international knowledge exchange through different groups and networks, such as a network for exchanging HR learnings and discuss between the different member countries. They further have cross-functional and cross-country committees and cooperation groups around, for example, current priorities such as effectivization.

One strategic challenge for Save the Children Sweden is that it can be difficult to manage large grants if they do not cover overhead costs. Therefore, they are continuously striving to find alternative revenue streams to cover overhead costs. In general, the interview subject expressed that a lack of access to deliver programs to certain areas, a fast digitalization and competition for funding could be viewed as strategic challenges for many INGOs.

In 2011 to 2013, Save the Children went through a reorganization where the international implementation organization was formed to increase coordination and
knowledge-sharing between countries. In 2016 Save the Children Sweden developed their strategy for 2017 to 2021. After a thorough analysis of the environment they decided to implement a few changes. For example, to work with more direct support, work more with partnerships and increased focus on knowledge and proven impact. Among other things, this resulted in new programs being initiated and new talent being recruited. Save the Children Sweden continuously strives to be flexible as they need to be able to adapt to a dynamic environment. For example, they recently restructured the way they work with communication. The reason for this change was mainly a changed environment with digitalization and tougher competition. They saw that the communications function would not be able to reach their goals and hence implemented changes to their ways of working. The interview subject noted that they, in general, try not to get too caught up in the formal structure as it risks increasing formalization and creating inflexibility. Save the Children Sweden actively strive to focus more on the organization culture and values.

4.3 Qvartz
At Qvartz the operative core is divided into five hierarchical levels: consultant, senior consultant, project manager, junior partner and partner. The partners together own the company. All of Qvartz’s work in the operative core is structured in projects. Every project has a structure with a partner at the top, a project manager below and then a few consultants. The sizes of the project teams vary; sometime there is no project manager, sometimes there are two project managers and several consultants. As a consultant or project manager you are 100 percent in one project at the time, while junior partners and partners sometime take part in several projects at once. The project team reports to the current project manager. Additionally, everyone has a mentor for professional development purposes. It is up to the co-worker and the mentor to structure the mentorship. The interview subject met his mentor once every month and had more formal development talks/performance reviews three times a year. At the end of each project a formal evaluation is performed including evaluations of the other team members, the mentor and HR has access to these evaluations. The interview subject did not mind switching teams often as it can give a nice variety.

Recently Qvartz introduced a new approach to divide their projects into different functional focus areas such as operations, strategy, transactions etc. By doing this they hope to build functional expertise. In large, it does not affect the day to day work for the consultants or the way projects are structured but rather relates to packaging and making sure the right expertise is attracted and retained.

Qvartz offer consulting services in countries where they do not have offices. However, they avoid doing so online as they highly value the possibility to build a relationship, which is hard to achieve through Skype. Therefore, they fly to the client if they consult in countries where they do not have offices. The same principle applies to internal cross-country work. When they have internal exchanges, i.e. that a consultant is joining a project that is not taking place in their home office, they fly to the relevant location. Knowledge sharing between countries might at a greater extent take place virtually but this applies more to the partner level of the organization. The interview subject has experienced that the information sharing between countries has been quite ad hoc and spontaneous but they are formalizing it more as they grow.

The management team at Qvartz is made up of a few of the partners. The management team owns and drives prioritized initiatives but everyone in the organization is welcome to contribute with input. The interview subject experiences a very open and decentralized atmosphere. Final decisions are quite centralized but experiences an active approach from the management team to ensure that input from all of the regions and all levels of the organization are included. Co-workers are encouraged to act as if they owned the company and to use their common sense. At Qvartz they further work actively with culture and values to create a
common sense of direction, since much else is quite fluid due to the project-based structure. Therefore, the management continuously strives to inspire around their common values. They have a global strategy with global objectives. In addition, the different country offices have their specific objectives. In Stockholm they have monthly office meetings to discuss progress on these objectives.

Qvartz has recently started to divide their projects by different functional practices depending on the focus area of the project such as operations strategy etc. The aim is to attract and retain the right expertise in relation to the different areas. This is a change that Qvartz attempted earlier but they were smaller then and the initiative didn’t result in a lasting change. This time the interview subject judges it to be more likely that the initiative with divisions by functional practices will result in lasting change as the organization is larger and they have taken the time needed to achieve a good result. This change was initiated by the management team. However, input is valued from all levels of the organization and can result in changes. For example, Qvartz recently increase their focus on being environmentally sustainable. This was an observation that was brought up by the consultants who pointed out that Qvartz needed to take their responsibility and take climate action seriously as an organization, and within two weeks this was one of the new top priorities for Qvartz. The interview subject further experiences the strive for ‘One Qvartz’ to be important and effective as he doesn’t experience that there is a hierarchy between the offices or that the central office in Copenhagen is considered more important than the Stockholm office.

At Qvartz they value flexibility highly and strive to have a flexible approach to their projects. Part of their strategy is differentiating themselves from the competition by being flexible when it comes to team set-up and approach and to tailor it to the current situation. To encourage similar ways of working in the different countries’ offices, the management works continuously with highlighting the organization culture. They strive to have a similar approach, but the interview subject believes that there will always be some variation between the countries due to cultural differences.

4.4 Organization A
Organization A has a very small team with just a handful of co-workers that are all working directly under the CEO. In other words, they have a very simple structure due to their size. When they deliver programs, they take in experts as consultants from a talent pool.

Since Organization A is a very small organization, they are all part of the same team, however they often work individually to a high degree. They have a set structure for information sharing and feedback. Information and feedback that is not urgent is posted on a web platform. All coworkers are then responsible for reading the information when it suits their schedule, reducing the time spent daily on emails. They have weekly meetings for coordination but also weekly reflections, a meeting time that they try to keep sacred, when they celebrate successes, discuss challenges and give feedback.

They mainly deliver their program support in Sweden, with the only virtual work within the program being contact between gatherings in Sweden and evaluation after a program is finished. However, even the evaluations are sometimes done in-person when a team member from Organization A travels to follow up on the program in-person. The interview subject argued in favor of the importance of in-person contact in order to build a relationship and an understanding for the context.

Organization A changed the set-up of their programs from a continuous longer period to two shorter periods with time in between. These changes were made as a reaction to what was discovered in evaluations of the programs. Furthermore, they started to deliver programs outside of Sweden. They would then travel to the relevant location and deliver the programs in
corporation with a local partner, with the aim to develop the partner’s capability to continue using their methodology as well as to deliver support to the participants of the programs.

The interview subject from Organization A experienced that the largest strategic challenges is the inability to build up a buffer to manage periods of time with lower funding. They therefore sell consultant services to make additional revenue, decrease the dependence on project grants and increase flexibility.

5. Analysis

*In this section the results are first analyzed in relation to theory regarding the different structural components, and Organization X to form learnings. Thereafter, possible learnings for INGOs in general are presented. Lastly, a summary of learnings for Organization X specifically, a proposed revised structure and an implementation plan is presented.*

5.1 Typologies

Through the application of Mintzberg’s (1979) typologies, it can be identified which of these theoretical models the studied organizations bare similarity to and whether there are aspects in practice that differentiate them from the standard perception of that organization structure.

Organization A arguably makes up a clear example of what Mintzberg (1979, p.305) called the simple structure, also known as the entrepreneurial organization (Jacobsen and Thorsvik, 2014, p.84). As a very small organization all employees are part of the same team with one leader enabling direct supervision and low administrative costs. Qvartz could arguably be said to resemble the innovative structure the most, meaning loosely formulated and quite ad hoc. However, they have additional characteristics that are not typically associated with the innovative structure such as pyramidal features and clear vertical divisions of responsibilities and authority. This could be an effect of that the organization is growing (Jacobsen and Thorsvik, 2014, p.84). Save the Children is arguably similar to what Mintzberg (1979, p.380) described as the divisionalized structure, since they have a global strategy, but each country has their own decision rights and leadership. Save the Children Sweden arguably bears similarities to a machine bureaucracy, with quite specialized functions. However, they could also be said to be characterized by professional knowledge, decentralization and as strategic focus on flexibility; all features that are not typical for the machine bureaucracy. The more detailed structure for each department further appears to vary substantially. Save the Children might hence be too complex to be described by a single one of the typologies but rather resembles a combination of the features described in the typologies at different levels of the organization. The results are hence in line with Meyer’s et al. (1993, p.1175) notion that reality does not always fit within the theoretical typologies but that they can be useful as a starting point in order to clarify the key characteristics of the formal structure. The following sections aim to further analyze and compare the different components of the organization structures.

5.2 Division of Tasks and Authority

Save the Children arguably serves as good example of how organizations can choose to use different principles of grouping tasks for different levels of the organization, as described by Jacobsen and Thorsvik (2014, p.67). On a global level, Save the Children can be said to have a market-based grouping, in Sweden they have a function-based grouping and then market based or even a matrix groupings on lower levels. Based on Save the Children one could argue that it is useful or even necessary to mix the two principles for such large and complex organizations. As a very large organization, Save the Children might have the resources required to manage complex divisions of tasks (Jacobsen and Thorsvik, 2014, p.68; Egelhoff
and Wolf, 2017, p.123). As a relatively young and small organization it does however not appear strategic for Organization X to have such a complex division of tasks.

When it comes to the top management, both Save the Children and Qvartz seem to have aimed for geographical area representation on a global level. The management team at Qvartz is made up of a number of partners from different countries. Save the Children’s management reflects the fact that they have used different principles for grouping tasks on different levels. Their global management team is made up of the secretary generals of the largest countries. Global cooperation around functions is achieved through international committees and networks rather than participation in the management team. In Sweden however the management team is made up of the managers of the different functions and market-based division is introduced at a lower level, i.e. as subsections to the Sweden program.

The results further show that Save the Children Sweden has a quite diverse and specialized structure enabling expertise, it does not explicitly say anything about whether this has been accompanied with a perceived fragmentation and silos as predicted by Dell’s (2005, p.34). However, the notion that they actively strive to not ‘get stuck’ in the formal structure implies that this might be a negative side effect that they actively need to counter. Save the Children further divided their department for funding and partnerships into two subsections: institutions and corporate partnerships. This approach could be relevant for Organization X and INGOs in general in order to facilitate specialization within these areas and develop superior competence within, for example, pitching or proposal writing (Jacobsen and Thorsvik, 2014, p.64). However, due to Organization X’s size, it does not seem appropriate to increase specialization at the moment as it might influence the flexibility of putting most of the fundraising and partnership resources where there are plausible leads for the moment (Eapen, 2010, p.36). If the organization grows however, it could be a suitable division to mimic. The results do not reveal any situation were specialization is applied to such a degree that it would risk affecting learning or motivation as described by Narayanan (2009, p.1861). This could be seen as implicit support for the theory that this is uncommon in organizations that produce services (Jacobsen and Thorsvik, 2014, p.64).

At Qvartz they aimed for a unified structure. The recent initiative of introducing functional divisions to some extent in order to develop expertise aligns with Jacobsen and Thorsvik’s (2014, p.61) theory about a trade-off between diversity and unity. When it comes to the dilemma between stability and predictability versus flexibility and innovation described by Jacobsen and Thorsvik (2014, p.61), all the organizations studied appear to have prioritized flexibility and innovation. Organization X would arguably benefit from prioritizing flexibility as well, as they, much like all the other analyzed organizations, produce services in dynamic environments.

Regarding (de)centralization of authority, the results show that Save the Children Sweden and Qvartz have both adopted a centralization of strategy and important decisions but in general a decentralization of day-to-day work. Both of them prioritized flexibility over stability and predictability (Jacobsen and Thorsvik, 2014, p.68). The reason for this similarity could be that they both produce services in quite uncertain environments (Cosh et al., 2012). However, the flexibility due to decentralized day-to-day work is arguably more noticeable in Qvartz. Save the Children has more vertical levels by necessity due to their size which results in a higher degree of centralization, but their decentralization of daily work presumably makes them more flexible than other large organizations with a completely centralized approach (Eapen, 2010, pp.35-39).
5.3 Coordination and Change

In line with Jacobsen and Thorsvik (2014, p.78) the result shows that all organizations used a multitude of approaches to coordinate their work and all of the organizations worked with projects to some extent. The results further exemplify the range from a very small organization like Organization A who can rely mainly on mutual adaptation and direct supervision to Save the Children Sweden that more or less use a complex combination of many of the principles, adapted to the needs of the different functions and their larger more horizontally diverse structure. On a global level, standardization of results appears to be Save the Children’s main approach for coordination, allowing prioritization of local adaptation and flexibility (Greenwood, 1981, pp.225-230). Organization X is small in size but extremely horizontally diverse which speaks in favor of them needing more formalized and complex coordination than an organization of their size typically would (Jacobsen and Thorsvik, 2014, p.78).

Based on the results, Qvartz seem to dominantly rely on projects to coordinate their work together with standardization of norms as defined by Jacobsen and Thorsvik (2014, p.74), described by the interview subject as active work with culture and values. Arguably, Qvartz has managed to evade several of the struggles normally associated with project-based structures such as career planning, unclear responsibilities, professional development and performance reviews (Bredin, 2006, pp.9-11; Stugiene, 2012, p.1214), through the use of mentors and formalized evaluations. Standardization of the responsibilities of the different roles included in the projects such as partner, project manager and consultant further seem to have enabled them to overcome the possible problem of unclear responsibilities that Bredin (2006, pp.9-11) described. The mentorship approach could be a useful structure for other project-based organizations that struggle with issues relating to professional development and performance reviews. As compared to Qvartz it might not be suitable to structure all of Organization X’s work in projects as their programs are quite repetitive. However, it could be a relevant option in relation to special themed programs and in some cases in relation to their communication and partnership functions.

In loosely formulated structures information sharing often takes up a lot of time (Jacobsen and Thorsvik, 2014, p.68). Organization A serves as a good example of how a proper structure for information sharing can save time. However, it seems that rigorous work with standardization of norms is probably needed in order to achieve the same effectiveness as Organization A, especially if it is a larger organization. Active work with norms can further increase the chances of more efficient information sharing by enabling a common language among co-workers (Chatman and Spetaro, 2005, p.321).

The results clearly align with Baligh’s (2006, p.21) and Child’s (2010, p.53) argument that the optimal organization structure depends on several internal and external factors such as size and type of tasks, strategy, co-workers and environment. For example, Save the Children’s structure would not fit any of the other organizations as it is much larger, and crucially, more diverse (Nadler et al., 1997, p.50). Although Qvartz is an international organization their tasks are not as diverse and they do not face the strategic challenge of a need for diversified revenue streams. Therefore, they can use a formal structure that is much less complex than Save the Children’s. All of the organizations further show that a change in size, type of tasks, strategy, co-workers and environment can cause a need for changes in the structure. Save the Children’s reorganization in 2013, when the international implementation organization was formed, can be seen as a response to a strategic shift towards increased coordination between countries. Similarly, Organization A’s decision to start delivering programs outside of Sweden and change the structure of their program delivery in Sweden appears to be a reaction to a strategic focus on improving their programs. Qvartz’s recent initiative to divide their projects by function in order to build expertise can be seen as reaction to their growth.
Jacobsen and Thorsvik (2014, p.92) noted that the size of the organization limits what is feasible structurally. Organization A makes up a representative case of a small and simple organization as defined by Mintzberg (1979, p.305). Save the Children, on the other hand, can be seen as a classic large INGO as defined by Jönsson (2012, p.125) and Ronalds (2010, p.3). However, Organization X is more difficult to place in a single theoretical category as they are small but very horizontally diverse. This implies that Organization X needs a slightly more complex structure than many other organizations of their size.

Interestingly, all three organizations participating in the benchmarking highlighted a focus on flexibility even though this was not expressly asked for in any of the questions. This supports Eapen’s (2010, p.37) argument that flexibility is important for modern organizations. For Save the Children flexibility was described as important in relation to a fast-changing environment with digitalization and increased competition. An active focus on flexibility appeared important for them as it did not seem to be a natural characteristic of their quite complex structure. For Qvartz flexibility was rather highlighted in relation to their strategy to differentiate themselves from the competition by being more flexible in their ways of working. In Organization A’s case, flexibility was discussed as something hard to achieve because of a large dependency on grants.

5.4 What are the possible benefits and challenges with different organization structures, from the perspective of an INGO?

It is here worth repeating that there is no blueprint, single typology or one-size fits all when it comes to organization structures for INGOs. Like other organizations, INGOs vary dramatically in size, tasks and strategy (Ronalds, 2010, p.3). However, based on the common characteristics of many INGOs (Jönsson, 2012, p.125; Ronalds, 2010, p.3) what learnings can the analysis of the organizations participating in the benchmarking offer? How can these cases from practice inspire efficient approaches that enable resources to be directed towards impact and organizational development as well as sufficient flexibility to succeed in a very dynamic environment?

First of all, many INGOs can be considered quite complex organizations with a double client system (Brière et al., 2015, p.116), and an international presence (Jönsson, 2012, p.125). Complex organization require complex organization structures (Egelhoff and Wolf, 2017, p.123). However, overly complex and formalized structures tend to swallow resources and time (Jacobsen and Thorsvik, 2010, p.68), which are usually scarce in INGOs (Ronalds, 2010, p.146). Hence, it appears important for INGOs to keep an eye on the complexity of the organization structure. If the organization requires a quite complex structure, one could follow Save the Children Sweden’s example and aim for design principles that have the possibility to balance each other out. They have a highly horizontally diverse organization and a combination of market based and functional groupings of tasks which they counter with a low degree of formalization and a strong focus on norms and a unifying culture. To avoid the complexity of possible conflicts and high administrative costs of matrix structures (Egelhoff and Wolf, 2017, p.123), organizations can, like Save the Children, use different types of principles for divisions of tasks for different levels of the organization. If input is still needed from another perspective such as a geographical area, specific product or function, a network or committee can be formed around a certain topic.

Furthermore, flexibility should arguably be a priority for all INGOs (Ronalds, 2010, p.114). Flexibility can be achieved in several ways but on a high level, aiming for a simple and loosely formulated structure stands out (Mintzberg, 1979, p.305). Qvartz’s use of a single operative core without traditional departments or line managers can be used as inspiration. Although project-based structures are usually thought to be connected to unclear responsibilities and problems relating to competency development (Bredin, 2006, pp.9-11;
Qvartz seem to have effectively overcome these challenges by clear standardization of their roles and their mentorship approach together with formal evaluations. A specific challenge for INGOs that can make flexibility difficult is the dependency on grants or partnerships and inability to build a buffer. Both Organization A and Save the Children Sweden sold consultancy services to diversify their funding. This could be a useful approach for INGOs in general in order to generate more flexibility.

The results further show that it is important that the structure enables a common global direction and unity without hindering flexibility. Like Save the Children, some form of divisionalized structure is common among large INGOs to achieve this (Ronalds, 2010, p.114). Large INGOs could however take further inspiration from Save the Children’s formation of the international implementation organization to facilitate further global coordination. Small to medium sized INGOs could take inspiration from Qvartz and Save the Children who arguably applied a similar approach with a common strategy and centralization of larger decisions but decentralized day-to-day work and active work with culture and values, i.e. standardization of norms, to give direction and open up for participation and innovation. Given the need for flexibility, it is important for INGOs to be aware of the natural drive-force towards formalization and consciously find ways to encourage flexibility and innovation as the organization grows (Nadler et al., 1997, p.50).

Arguably, INGOs of all sizes can learn from Organization A’s approach to information sharing. Based on the results, a proper structure for where, when and how information should be shared together with strong norms enabling trust that co-workers will receive the information, reduces time spent on coordination and emails.

5.5. What could a revised structure look like for Organization X in order to maximize their use of internal resources, based on learnings from other organizations?

Organization X currently has a matrix structure with a combination of groupings based on functions and geographical areas in line with the definition by Egelhoff and Wolf (2017, p.1). This is further reflected by their management team that includes both functional and regional directors. The reason for using a matrix structure could be their quite small size combined with a strong horizontal diversity. Much like Save the Children and Qvartz, they have centralized strategy and important decisions but quite decentralized day-to-day work. In addition to the quite large amount of information sharing due to the matrix structure, they arguably use a multitude of approaches for coordination with emphasis on standardization of results in combination standardization of norms and processes, as described by Jacobsen and Thorsvik (2014, p.69). The organizations grow together with their shift in strategic focus towards diversified funding and a strong fundraising team gives reason to reconsider whether these structural arrangements are optimal. In this section the previous analysis is adapted to form learnings for Organization X, two possible structural revisions are discussed, and conclusions are drawn regarding the recommended way forward based on this thesis.

The first, and arguably most prominent, learning relates to Save the Children’s use of different principles for grouping tasks on different levels. This approach could be used as inspiration in order to simplify the current matrix structure and free up resources, but still staying in touch with the necessary perspectives. Normally using different principles for grouping tasks on different levels might also be considered complex for Organization X given their small size but a certain degree of complexity is arguably needed due to their drastic horizontal diversity.

Save the Children further grouped communications and fundraising together in one department and had one department for funding and partnerships further divided into different subsections, aiding specialization. If Organization X should grow, one could argue that specialization within different sections of the fundraising and partnership function would be
beneficial in order to build expertise. However, given Organization X’s current need to reallocate resources towards fundraising, the key take-away is rather the close relation between communication and fundraising. Currently, Organization X has separate departments for communication and fundraising with separate, quite small teams. Given the current need to increase flexibility, it seems natural to merge these two closer together, as their tasks are already highly interconnected. Through a joint management of communication and fundraising, increased coordination, ability to prioritize and flexibility with allocation of time and funds could be achieved. Based on these learnings, combining different principles for grouping tasks and merging communication and fundraising closer together, two possible options appear for high-level revision in order to simplify the current matrix structure.

**Figure 4. Revised version of high-level organization structure for Organization X, option one.**

The two options both include breaking up the matrix structure and that communication and fundraising are merged into one department. However, the first entails a more drastic change than the other. The first suggested option is displayed in Figure 4. This suggestion entails that the matrix structure is turned into a simple structure with two main departments; program and impact and communication and fundraising together with a common support function. Inspired by Save the Children Sweden, the highest-level-grouping of tasks would hence be based on function. Program and impact could then be broken down into four subsections, as displayed in Figure 5, one each for the three geographical areas for program delivery and one for impact and program development. This would result in a structure, similar to Save the Children, with different grouping principles for different levels in the organization. In this set-up the impact and program development function would focus on supporting and consulting the teams delivering programs in the geographical areas but there would be no managerial relationship between the two. By keeping impact and program development as a separate subsection they could further follow Organisation A’s example and sell consultancy services from this function to diversify their funding. If Organization X grows, they could further take inspiration from Save the Children Sweden and start their own company to sell consultancy services and employ co-workers half-time by Organization X and half-time by the new company.
Figure 5. Proposed grouping of tasks for Organization X, option one.

As displayed in Figure 6, this suggestion further entails reducing the number of people in the management team as the regional directors would instead report to the program and impact director. This change could have two desirable implications: it would free up time for the CEO as she would directly manage less people and it could enable the management team to make faster decisions. Cross functional/regional input and collaboration would instead be encouraged around prioritized initiatives and especially important topics through committees. If the regional directors’ contribution is important for fundraising it is suggested that a committee is created for fundraising. In the end, the aim of this structure would be to reduce time spent on information sharing and coordination as compared to the current matrix structure by having a clearer division of responsibilities and centering cooperation around the most relevant topics. It would further aid flexibility with resources by merging communication and fundraising.

Figure 6. Proposed high level management division for Organization X, option one.

The second option for a revised structure proposed in this thesis aims for the same outcome but entails a less drastic revision. The high-level structure of this option is displayed in Figure 7. The main revision proposed in this option is the merging of communication and fundraising departments inspired by Save the Children, which was also included in the first suggestion. The difference however is that different principles for grouping of tasks on different levels is
not proposed. Instead, three regional divisions for delivering impact is proposed at the same level as the functional divisions for program, communication and fundraising. This means that even though it is not technically a matrix structure, the need for horizontal coordination and information sharing will still be significant, hence this revision is not likely to result in a large shift in ways of working for program and impact as compared to the current structure. Furthermore, the members of the management team would remain unchanged, as displayed in Figure 8. Therefore, this second option for revision is much less drastic than the first one. It is thus also likely that the effect of the change would be smaller. However, the merging of communication and fundraising could enable increased flexibility with resources. The aim to clarify the responsibility of each division could further result in time being saved due to less constant information sharing and coordination in comparison to the current structure, although likely to a lesser extent than in the first proposal.

**Figure 7.** Revised version of high-level organization structure for Organization X, option two.

**Figure 8.** Proposed high level management division for Organization X, option two.

When it comes to (de)centralization it is, in both suggested options for revision, proposed that Organization X apply the learnings from Save the Children Sweden and Qvartz i.e. strive for a centralization of strategy and important decisions but decentralization of day-to-day work. However, the first option would naturally tend to be more centralized due to the increased vertical diversity and a stronger effort would consequently be required to avoid rigidity. It is further suggested that Organization X, like Save the Children and Qvartz, should actively strive to use culture and values to steer and encourage participation. However, standardization of norms can be a bit harder to achieve in Organization X given their horizontal diversity. This highlights the importance of ambitious focus on culture and values if common direction and
coordination is going to be achieved by this principle. Furthermore, Organization X might need to accept a slightly more formalized approach than other organizations of a similar size.

In relation to coordination and norms it is further recommended that Organization X takes inspiration from Organization A regarding information-sharing. This applies to both options for the revised structure. When a revision is implemented, structured information-sharing becomes especially important in order not to cause confusion. A clear structure for what information is relevant for whom, and possibly a place to post information that is relevant for a larger number of people but not urgent, together with enforcement of norms matching this structure could reduce the time spent on emails and meetings as a result of oversharing. It is further argued in this thesis that Organization X could benefit from standardizing their roles. It might not be possible to the same extent as for Qvartz due to a larger variety of roles. Yet a conscious attempt to do so could, like Qvartz, counter the risk of unclear responsibilities in an otherwise quite loosely formulated organization.

Which revision would then be most appropriate for Organization X given the current situation? Option one or option two? The arguments favoring option one are that it is a stronger simplification of the current structure which is likely to have a larger effect. Fewer people in the management team, clearer responsibility areas with less need for horizontal coordination and closer cooperation between communication and fundraising should free up resources and enable flexibility. However, it is here worth remembering the advice given by Jansson (2017, p.1). All types of changes require work to be successful and it is easy to underestimate the effort required to achieve long term improvement through redesign. As the revision proposed as option one entails quite large changes it would reasonably also require a large effort to be successful. This is especially important to take into consideration given the current situation when a strong focus on fundraising is required. It is arguably unlikely that Organization X has the resources to implement such a large revision that option one entails and simultaneously keep a strong strategic focus on fundraising.

Furthermore, the revision proposed in option one comes with a risk of losing talent. The risk especially applies to the regional directors that would be excluded from the management team but also to team members in general due to loyalty conflicts. The risk could be considered higher than it would be in a profit driven organization based on Ronald’s (2010, p.114) argument that the value driven workers of INGOs tend to have a strong focus on the way something is done, not only the result. The risk of loss of talent should be considered serious as talent retention is of key strategic focus in organizations where coworkers make up the most important resource (Brewster et. al., 2017, pp.1-13). Having to spend resources on attracting and training new talent would additionally distract from the strategic focus on fundraising. Additionally, such a large revision risks distracting the management team and the whole team in general from focusing on the current strategic priorities.

It is therefore proposed in this thesis that Organization X revises their structure in line with option two. This entails the following actions:

- Merging communication and fundraising into one department with joint management to facilitate increased coordination, ability to prioritize and flexibility with resources.
- Clarifying the responsibilities of the regional divisions as well as program development and impact.
- Actively use culture and values to steer and encourage participation to avoid that flexibility is lost due to the natural tendency to become increasingly formalized.
- Defining a clear information structure for what information is relevant for whom, and possibly a place to post information that is relevant for a larger number of people but not urgent, together with enforcement of norms matching this structure in order to reduce time spent on emails and meetings as a result of oversharing.
These actions would hopefully free up resources and time to put towards fundraising, as well as increase the flexibility of Organization X, without draining a large amount of resources for implementation. The implementation of the smaller revision, option two, could further be viewed as a step towards the larger revision defined in option one. If option two is implemented successfully the next step will not be as large because the communication and fundraising department will already be restructured. Given the current strategic priorities of Organization X it appears natural to start with the revision that would have the largest direct impact on their fundraising capability.

5.5.1 Implementation Plan
This section contains recommendations for how Organization X can use the results and analysis presented in this thesis moving forward. See Figure 9 for a summary of the implementation plan. First of all, the results from the benchmarking and the proposed revision should be discussed in the management team. If problems are identified based on their inside knowledge of the organization the revision should be tweaked. It is important that cost versus benefit and the effort anticipated for successful implementation is discussed (Baligh, 2006, p.21; Jansson, 2017, p.1).

If action is decided, time should be scheduled to reflect on related initiatives such as what the information sharing structure should look like, which actions should be undertaken relating to encouraging norms that support the revision and how to communicate the revision to the team. It is recommended that this step is allowed sufficient time to allow for a smoother implementation. The teams most affected by the revision are communication and fundraising. Hence, it is recommended that the following step is to discuss with them. It is advised that the connection to strategy and aim to simplify the structure is highlighted. It is further important to open up for input, both since they can offer important input and because it increases the chance of making the revision a common effort rather than something that is implemented by the management.

The next step would be to communicate the upcoming change to the whole team. It is arguably important to be mindful of the balance between emphasizing the strategic benefits of the change and not making it seem like a bigger change than it is and cause unnecessary stress. Assuming that everything has gone according to plan thus far, it is proposed that the high-level revision is implemented together with the relevant prioritized initiatives from October. It is important that sufficient time is given to planning, yet it would arguably be good to achieve the desired impact on fundraising as soon as possible. Implementation in October is hence proposed, in spite of it being a quite short timeframe for a revision of the organizational design.

By the end of the year it would be appropriate to evaluate the implementation and analyze whether there is a need for and possibility of further quality improvement related to the revision such as more detailed processes, tools etc.

Figure 9. Implementation plan with suggested timing.
6. Discussion

In this section reflections on the result and contribution of the thesis is presented. Followed by a discussion around alternative methods.

6.1. Reflection on Result and Analysis

In this thesis learnings have been collected from different organizations to develop our understanding for different design options for Organization X and INGOs in general. The result arguably shows examples of benefits and strategic challenges that can be connected to different organization structures. Furthermore, the result and following analysis shows how benchmarking can be used to make perceived problems and solutions more concrete. For example, the matrix structure of Organization X was previously thought to be complex but by comparing it to others clear that it is complex and possible alternatives to simplify it appears. It can furthermore be easier to get a proper understanding of organization theory by applying it to cases in practice. The cases in this study provide insight on how different organizations have attempted to conquer negative side-effects of certain design choices as described by theory and whether they have been successful.

Three different types of benchmarking were performed: competition, function and general. They all provided valuable learnings, however it could be argued that the functional benchmarking against Save the Children provided the most valuable learnings when it comes to simplifying the structure for Organization X. As it gave insight into how they have used different principles for grouping tasks on different levels of the organization.

In sum, the thesis makes up a case study of how benchmarking can be used together with organization theory to improve the structure of Organization X and form learnings for INGOs in general. In general the results are aligned with, and hence support, previous organization theory. The result and analysis mainly contribute to solving a problem in practice for Organization X but nevertheless contribute to the theoretical field by using the perspective of INGOs, which is not as common in organization theory as the for-profit perspective. From an INGO perspective in general, the most valuable learning identified in this thesis is arguably Qvartz’s mentorship approach. It is not uncommon that INGOs work in projects (Ronals, 2010, p.114). Using the mentorship approach Qvartz seem to have effectively overcome several of the issues usually connected to project-based structures such as unclear responsibilities and problems relating to competency development (Bredin, 2006, p.9-11; Stulgiene, 2012, p.1214).

6.2 Method Discussion

The method of benchmarking through qualitative informant interviews arguably worked well to identify learnings related to organization structures for INGOs in general and to inspire actions to improve the organization structure of Organization X. However, stronger generalizations, and hence a more relevant theoretical contribution could have been made if maximal variation was achieved on the chosen criteria for case selection. Furthermore, more definitive conclusions would have been enabled if there was a possibility to follow the organizations over time and examine the connection between changes in the structure to changes in the achieved impact.

A possible alternative approach could have been to focus on a single desired effect from the organizational design and a single design feature and perform a quantitative study examining the possible causal relationship between the two. However, there are quite a number of such studies already (see for example, Cosh et al., 2012; Olson et al., 2005; Narayanan, 2009) and one could question to what extent such a narrow study would have contributed to solving the problem in practice of a revised high-level structure for Organization X.
The second research question of this thesis relating to a revised structure for Organization X could further have been examined through an entirely internal study, through interview or surveys with the coworkers at Organization X. However, this is easier for the organization to achieve by themselves, the benchmarking contributes with new perspectives and concrete situations that Organization X can be compared to.

7. Conclusions

In this final section the conclusions formed in the analysis are restated. The implications for future research are discussed and some final remarks are presented.

7.1 Conclusions

The purpose stated in this thesis was to achieve more effective use of internal resources in Organization X and an organization structure more aligned with their strategic focus on fundraising. Based on learnings that have been identified through benchmarking and adapted to the current situation of Organization X, it is advised that Organization X undertake the following actions:

- Merge communication and fundraising into one department with joint management to facilitate increased coordination, ability to prioritize and flexibility with resources.
- Clarify the responsibilities of the regional divisions as well as program development and impact.
- Actively use culture and values to steer and encourage participation, to avoid flexibility being lost due to the natural tendency to become increasingly formalized.
- Define a clear information structure for what information is relevant for whom, and possibly a place to post information that is relevant for a larger number of people but not urgent, together with enforcement of norms matching this structure in order to reduce time spent as a result of oversharing.

The thesis further aimed to contribute to the field of organization theory from an INGO perspective, by presenting learnings from the benchmarking in relation to common challenges for INGOs. Based on the results, the following learnings could be relevant for INGOs in general:

- Overly complex and formalized structures tend to swallow resources and time (Jacobsen and Thorsvik, 2014, p.68), which are usually scarce in INGOs (Ronalds, 2010, p.114). Hence, it appears important for INGOs to keep an eye on the complexity of the organization structure. If the organization requires a complex structure, Save the Children Sweden’s example could be followed through aiming to use design principles that balance each other out.
- To avoid the possible conflicts and high administrative costs of matrix structures (Egelhoff and Wolf, 2017, p.123), INGOs can, like Save the Children, use different types of principles for divisions of tasks for different levels of the organization. If input is still needed from another perspective such as a geographical area, specific product or function, a network or committee can be formed around a certain topic.
- The result supports that flexibility seems to be of key strategic importance for INGOs, in line with Ronalds argument (2010, p.114). The results further show that it is important that the structure enables a common global direction and unity without hindering flexibility. Like Save the Children, some form of divisionalized structure is common among large INGOs to achieve this (Ronalds, 2010, p.3). Large INGOs could however take further inspiration from Save the Children’s formation of the international implementation organization to facilitate further global coordination. Small to medium sized INGOs could take inspiration from Qvartz and Save the Children. They arguably
applied a similar approach with a centralization of larger decisions and strategy but decentralized day-to-day work and active work with culture and values to give direction and open up for participation and innovation. Given the need for flexibility, it is important for INGOs to be aware of the natural inclination towards formalization and to consciously find ways to encourage flexibility and innovation as the organization grows.

- Qvartz’s use of a single operative core without traditional departments or line managers can further be used as inspiration. Project-based structures are usually connected to unclear responsibilities and problems relating to competency development (Bredin, 2006, p.9-11; Stulgiene, 2012, p.1214). Qvartz seem to have effectively overcome these challenges by clear standardization of roles and their mentorship approach together with formal evaluations.

- A specific challenge for INGOs that can make flexibility difficult is the dependency on grants or partnerships and inability to build a buffer. Both Organization A and Save the Children Sweden sold consultancy services to diversify their funding. This could be a useful approach for INGOs in general in order to generate more flexibility.

- Arguably INGOs of all sizes can learn from Organization A’s approach to information sharing. Based on the results, a proper structure for where, when and how information should be shared together with strong norms enabling trust that co-workers will receive the information reduces time spent on coordination and emails.

7.2 Implications for Future Research
Based on the result of this thesis, two opportunities for future research stand out. The first relates to the mentorship approach adapted by Qvartz. Project-based structures are typically thought to be connected to problems with unclear responsibilities and problems relating to competency development (Bredin, 2006, pp.9-11; Stulgiene, 2012, p.1214). At Qvartz their mentorship approach together with standardized roles and formal evaluations seem to have effectively overcome these problems. It would be interesting to study whether this approach could aid other project-based organizations to overcome these challenges as well.

Furthermore, it would be interesting to conduct a larger study, where a number of INGOs would be followed over time to collect data on how structural changes relate to changes in their achieved impact. This would arguably be a great deal easier if organizations made sure to evaluate structural revisions that are made and how they in the end effect their achieved impact. This type of continued research is arguably of high importance since INGOs often have limited resources to invest in quality development. They are important actors contributing to solving the most pressing issues of our time and it is crucial to determine effective approaches to achieve that.

7.3 Final remarks
This thesis began with the importance of quality development and will end on the same note. Implementing structural changes can be perceived as daunting, however as this thesis has shown, the organizational design can have a large impact on the organization’s work and continuous improvements are necessary to stay aligned with changes in size, team, environment and strategy. This thesis shows how benchmarking can be used to collect learnings regarding how the organization structure can be improved. It is also worth noting that a key component of every initiative for quality improvement is evaluation (Bergman and Klefsjö, 2012, p.47). If Organization X or INGOs in general implement revisions based on the learnings identified in this thesis it is important that they are followed up. Proper evaluations of implemented structural revisions will guide correct decision making in the future and further enable research on the connection between different structural designs and the achieved impact.
Furthermore, this thesis showed that it is important to not get lost in the realm of theoretical possibilities. It is vital to consider cost versus benefit (Baligh, 2006, p.21) and being aware of the fact that all types of change require effort to be successful (Jansson, 2017, p.1). Two options for structural revisions for Organization X have been presented. The first one might result in a more ideal structure theoretically. However, it is suggested that the second option is implemented, at least as a first step, due to the current strategic priorities of the organization and the larger risks associated with option one. If implemented, the revisions proposed in this thesis should enable increased flexibility and the freeing up of resources, resulting in increased capability for fundraising and increased impact.
References


Qvartz, 2019. *Include*. [online] Available at: https://qvartz.com/include/ [Accessed 26 April 2019]
## Appendix 1. Interview Guide in Swedish

<table>
<thead>
<tr>
<th>Fråga</th>
<th>Tema</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Skulle du säga att er struktur är mer centraliserad eller decentraliserad? i.e. är det starkare fokus på tydliga mål och ansvarsområden och liknande arbetssätt eller på lokal anpassning, flexibilitet och decentraliserat ansvar? Leverar ni någonsin stöd/program där ni inte har något lokalt team? Varför/Varför inte?</td>
<td>Centralisering vs. decentralisering</td>
</tr>
<tr>
<td>Enhet</td>
<td>Fråga</td>
</tr>
<tr>
<td>-------</td>
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</tr>
<tr>
<td>Hur delar ni lärdomar i organisationen? i.e. om något upptäcks under ett program lokalt som skulle kunna vara till nytta för andra i organisationen, nationellt eller internationellt, hur skulle de sprida den informationen?</td>
<td></td>
</tr>
<tr>
<td>Under din tid med organisationen, har ni någon gång genomgått en omorganisation? i.e. en stor eller liten förändring i hur uppgifter och auktoritet är fördelat i organisationen? Om ja, vad tänker du har varit resultatet av den här förändringen? Styrkor/Svagheter? Tror du att det har påverkat kvaliteten av det ni levererar?</td>
<td>Har ni ändrat er struktur för att bemöta dessa utmaningar på något sätt? Varför/varför inte?</td>
</tr>
<tr>
<td></td>
<td></td>
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</tbody>
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