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# THE RELEVANCE OF LINE AND STAFF ORGANIZATIONAL STRUCTURE IN SMALL AND MEDIUM ENTERPRISES (SMEs)

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**Abstract**
*This paper examined line and staff organizational structure in Small and Medium Scale Enterprises (SMEs). The line organization is the simplest organizational structure. It is the "doing" organization, in that the work of all organizational units is directly involved in producing and marketing the organization's goods and services. The paper is of the opinion that line authority makes a manager instruct subordinates on what to do. Here, authority flows vertically down through the structure. Thus, there is a direct relationship between superior and subordinate officers. Staff organization performs advisory and supporting function here. The paper found that except in situations where there is delegated authority and assignment of responsibility for some specific functions, there naturally exists no formal relationship between the line organization and staff organization structure members. The paper recommended that there should be spelt out roles and duties of the line and the staff personnel in the organization to avoid conflict among them. Also recommended by the paper is that a general overseer should be appointed to coordinate and integrate the operations and functions of both the line managers and staff managers to ensure effectiveness and efficiency in the organization*.

**Keywords**: Line, Line authority, Line-staff authority, Organizational structure

## Introduction

The line organization is the simplest organizational structure found in most organizations (Damaris, 2000). It is the "doing" organization, in that the work of all organizational units is directly involved in producing and marketing the organization's goods and services. There exists direct vertical links between the different levels of the scalar chain. Since there is a clear authority structure, this form of organization promotes greater decision-making and is simple and easy to understand (Montana, Charnov and Liyel ., 2006). This is mostly seen in SMEs that are entrepreneurial or possess one-man organizational structure.

Since the aim of any business enterprise is to make profit, then there must be division and specialization of labor to create a product that has value to consumers. Indeed, the activities of different people involved in a business must be coordinated (Malton,2016). So, there is the need for an organizational structure that brings this coordination about, one that harmonizes it. People in an organization must know first what their activity is and where it fits into the product as a whole. Secondly, they must know their roles, what responsibilities they have and to whom they are answerable (Caitan, 2000). Line and staff organization is the medium for achieving this. It is, thus, the combination of line organization and functional organization structure respectively (Nwuanyanwu and Nwuke 2022; Loyald, 2000). It is a type of organization in which there are two sets of officers for administration, viz., line officers who have the authority and command over the subordinates and are responsible for the accomplishment of the results and the staff officers who perform the advisory and supportive role (Omolaja, 2015).

A good illustration is depicted in a bakery firm organization structure (an SME) which produces bread and other confectioneries. The marketing officer or sales person is to supply the firm's products to its various clients and the clients are to make payments to the accounting officers. The accounting officers who know those clients defaulting in payments can now advise the marketing officer not to supply them their products again. Since both are working for the progress of the organization, the marketing/sales person would heed to it and look for other clients who are credit worthy and prompt in making payment for goods. Staff organization thus ensures that a conducive environment is created and assistance is given to line employees to work most effectively in order to accomplish the primary objectives of the enterprise (Boomer, 2000).

Staff members perform advisory role to line employees in order of authority within the organization structure. Meena and Bairwa (2013) attested that many of the difficulties and frictions encountered in the daily life of an organization are due to line and staff problems. To them, misconceptions, distrust, conflict of personalities, disunity and duplication of effort arising from line and staff conflict inflict upon organizational ability to operate efficiently and effectively (Andrews and Zarmes, 2006).

Malton (2006) classical study of line and staff conflict maintains that power struggle plays a significant role in the process of adjustment to changes in an organization, arising from complex working relationship in line and staff organizations.

Most small and medium enterprises (SMEs) are companies with fewer than fifty (50) employees, and medium-sized enterprises are ones with fewer than two hundred and fifty (250) employees. In addition to the small and midsized companies, there are micro-companies, which employ up to ten (10) employees. These can be said to be the companies with a total capital base of over N1.5 Million Naira, including working capital, but excluding the cost of land and having a labour size of 11-100 workers. Most Chief Executive Officers (CEOs) of SMEs are often the founders, owners and managers of the enterprise. These account for 17% of GDP in most African countries, (MSME Finance Gap ,2017)

Line and staff organizational structure can be found in SMEs that range from service industry to production industries. They include such outlets as hairdressing and barbers' shop, restaurants, tailor/seamstress shop and provisions.

## Conceptual Review

### Line Organization

As earlier mentioned, the line organization is the simplest organizational structure. There are direct vertical links between the different levels of the scalar chain. Since there is a clear authority structure, this form of organization promotes greater decision-making and is simple in form to understand and operate (Montana *et al.*, 2006). In a line organization, top management has complete control, and the chain of command is clear and simple. Examples of line organizations are small businesses ownerships (SMEs) in which the top manager, often the owner, is positioned at the top of the organizational structure and maintains clear "lines" of distinction between him and his subordinates. A line organization is a structure that distributes work responsibilities from upper management to lower-level employees.

### Line and Staff Organization

When staff specialists are added to a line organization to "advise; "serve;" or "support" the line managers in some way, we have a line and staff organization (Bassey *et al.,* 2019). These specialists contribute to the effectiveness and efficiency of the organization. Their authority is generally limited to making recommendation to the line organization.

Several advantages and disadvantages are present within a line-and-staff organization. An advantage of a line-and-staff organization is the availability of technical specialists. These specialists are also known as functional staff. A disadvantage of a line-and-staff organization is the conflict and tension created between the line and staff personnel. However, such conflict can be reduced by having staff specialists obtain some line experience, which will tend to make them understand the challenges facing the line managers that they are supporting. Such functions as Human Resources Management and Research and Development are typical staff functions (Montana *et al.,* 2006).

A line-staff organization is more flexible than a line structure. Instead of one professional leading the entire company alone, they appoint qualified supervisors to manage associates with related functions, while still maintaining the authority of the leadership. They also hire industry experts to complement the work of the line managers. Small and medium-sized organizations (SMEs) and large corporations often use line-staff formats to stabilize the chain of command with large organizational membership. The managers establish standards for the quality of the work and deadlines for employees to finish their tasks, and they communicate their expectations to the team. It is the team's responsibility to meet those expectations at the assigned time.

As the line and staff organization is a combination of line organization and functional organizational structure respectively for the achievement of one purpose, the distinguishing characteristic between simple line organization and line-and-staff organization is the multiple layers of management within the line and-staff organizations structure.

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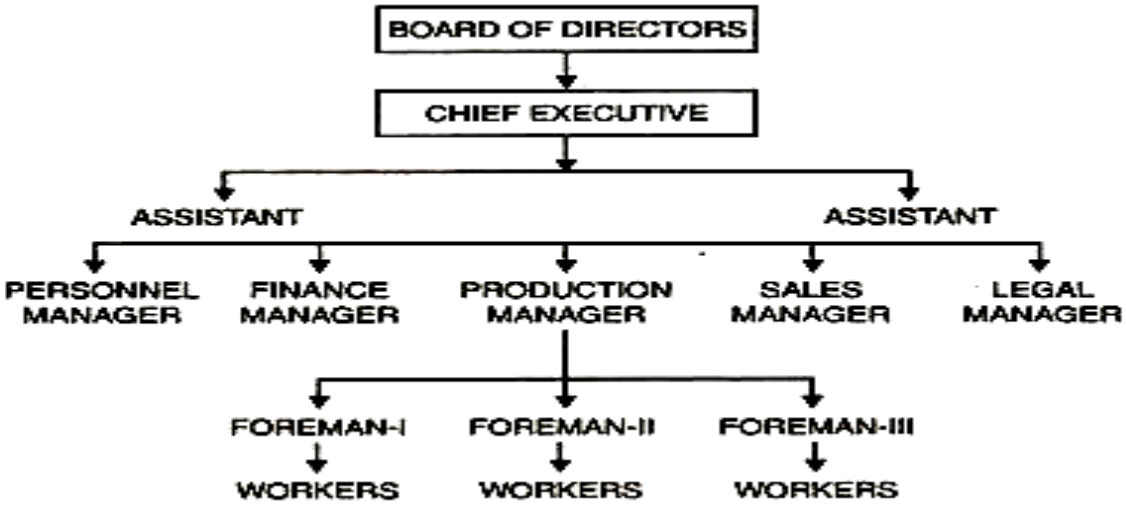
**Figure: 1 Line and Staff Organizational Structure**.




**Source: Montana *et al.,* 2006.**

**Relevance of Line and Staff Organizational Structure**

Line and Staff organizational structure is relevant and significant in many ways. Omolaja (2015) identified some of the benefits as follows:

- Encourages independence in the workplace: Professionals in staff roles can be self-sufficient in the work environment. Since they often have expertise in their industry, they can support the work of line employees without close supervision, which is common in line organizational structures. The independence can enable staff employees to be more productive, allowing them to increase their confidence in their roles and lead their line counterparts in the right direction.
- Provides expertise to occupational tasks: There is the presence of experts in the company. Line employees can handle their workloads under the qualified advisement of professionals with industry knowledge. The expertise can enhance the business's operations. An example of a staff professional is a human resources manager. He may understand employment law, organizational budgeting and company policies more than any other employee in the organization. Human resources managers can advise line managers on best practices for communicating with line personnel, addressing their needs and recruiting new employees to the department. Their guidance enables the line supervisors to adopt a better management style. Public relations practitioners represent another example of staff managers. They are experts at building relationships with the media and preserving a company's reputation. They can work with the marketing division, a group of line employees, and recommend ways to attract positive publicity and improve the company's standing with the public. Their advice improves the promotional strategies the line employees release.
- Relief to line executives: In a line and staff organization, the advice and counseling which are provided to the line executives divides the work between the two. The line executive can concentrate on the execution of plans and they get relieved of the burden of having to direct their attention to many areas.
- Expert advice: The line and staff organization facilitates expert advice to the line executive at the time of need. The planning and investigation which is related to different matters can be done by the staff specialist and line officers can concentrate on execution of plans.
- Benefit of Specialization- Line and staff, through the division of the whole concern into two types of authority, divides the enterprise into parts and functional areas. This way every officer or official can concentrate on its own area.
- Better co-ordination- Line and staff organization, through specialization, is able to provide better decision making and concentration of control remains in few hands. This feature helps in bringing co- ordination in work, as every official is concentrating in his own area.
- Benefits of Research and Development: Through the advice of specialized staff, the line executives, have time to execute plans, by taking productive decisions which are helpful for a concern. This gives a wide scope to the line executive to bring innovations and go for research work in those areas. This is possible due to the presence of staff specialists.
- Training- Due to the presence of staff

specialists, their expert advice serves as ground for training to line officials. Line executives can give due concentration to their decision making. This, in itself, is a training ground for them.

- Unity of action- Unity of action is a result of unified control. Control and its affectivity take place when co- ordination is present in the concern. In the line and staff authority, all the officials have some degree of independence to make decisions. This serves as effective control in the whole enterprise.
- Allows greater focus on core responsibilities: The flexibility of a line-staff organization can decrease the workload of line employees. In a traditional organizational structure, leaders may depend on line professionals to apply industry knowledge to their work, while satisfying the company's core needs. Yet, a line-staff structure alleviates the need to do both. Instead, the staff employees share the responsibility of gathering information about the field, which allows line members to focus on attaining the company's purpose. For instance, the purpose of a law firm is to provide legal counsel to clients. The lawyers represent the line, since they are the professionals who research the cases and present their arguments in the courts. Thanks to the addition of staff, the lawyers have legal aides to assess the quality of their arguments and help them improve them. The lawyers can concentrate on their core tasks.

**Demerits of Line and Staff Organizational Structure**

Though relevant, line and staff organizational structure suffers certain deficiencies. Some of such deficiencies are discussed below.

- Lack of understanding- In a line and staff organization, there are two authorities flowing at one time. This results in the confusion between the two. According to Andrews and Zarmes (2006), who posit in their research, that the workers are not able to understand as to who is their commanding authority. Hence, the problem of understanding can be a hurdle in effective running.
- Lack of sound advice- The line official gets used to the expertise advice of the staff. At times, the staff specialist also provides wrong decisions which the line executive has to consider. This can affect the efficient running of the enterprise (Fatter, 2001).
- Line and staff conflicts- Line and staff are two authorities which are flowing at the same time. The factors of designations, status influence sentiments which are related to their relation, can pose a distress on the minds of the employees (Ford, 2010). This leads to minimizing of coordination, which hampers a concern's working.
- Misuses the expertise of staff members: Another disadvantage of a line-staff organization is misusing the expertise of staff professionals. Companies may hire industry experts to complete the work of line employees and not give field advice, which can defeat the purpose of the line-staff structure. During recruitment process, organizational leaders can discuss details of the position and hire professionals accordingly.
- Causes authorities' overlap: A drawback of a line-staff organization is the possibility that personnel would be unable to differentiate between the authority of staff supervisors and line supervisors. The overlapping leadership can cause confusion in task assignments and work expectations. To remedy the disadvantage, businesses can inform lower-level employees of the identity of their direct managers. They can also advise staff managers to provide recommendations only to their line counterparts, allowing the line managers to direct entry-level staff without interference.
- Costs more money to fund two types of employees: Paying the salaries of both line and staff professionals can be a costly endeavour. Managerial positions often garner higher wages, which requires more money to attract qualified candidates (Cursev and Ermer, 2002). Likewise, staff employees may request greater salaries due to their industry knowledge. The more employees companies hire, the more funds they may need to allocate toward salaries and benefits packages. This proves to be costly for a concern with limited finance.
- Assumption of authority: The power of concern is with the line official but the staff dislikes it as they are the one more in mental work.
- Staff steal the show: In a line and staff concern, the higher returns are considered to be a product of staff's advice and counseling.

**Conclusion**

From the discussion so far, it would be observed that line authority makes a manager instruct subordinates on what to do. Here, authority flows vertically down through the structure. This is said to be a direct relationship between superior and subordinate officers. Also, each subordinate is made responsible to only one person (that is, unity of command).

Again, a staff relationship subsists from the appointment of personal aids to senior members of staff. Such category of staff, however, usually have little or no direct authority in their own right, except as an extension of their superior. This implies that, except in situations where there is delegated authority and assignment of responsibility for some specific functions, there naturally exists no formal relationship between the personal assistant or aid and other staff members.

Functional relationship refers to relationship which subsists between people in advisory or specialist positions and between the managers and their subordinates. The specialist renders a common service to all divisions of the firm, but has no direct authority over the people making use of the services. The specialist, however, has a line relationship with his own superior as well as the subordinate staff working with him (Cursev and Ermer, 2002).

Meanwhile, lateral relationships are the ones which subsist between people on the same level along the ladder of responsibility in the hierarchical structure of the enterprise, but in different divisions or departments. Although such relationships may be formally defined in practice, they are of the informal type, which are usually based on contact and consultation, and are necessary for the maintenance of coordination, control and effective corporate performance in the organization.

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