

## **ORGANIZATIONAL STRUCTURE, A TOOL FOR EFFECTIVE ORGANIZATION MANAGEMENT.**

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### ***Abstract***

*This work examines the relationship between organizational structure as a tool for effective management of an organization. Descriptive survey research design was adopted for the study. The source of data collection was through primary source using questionnaire as instrument of data collections and four point Likert scale was used to analyzing the research questions. The research questionnaires were administered on a population sample of 250 respondents. The data collected were presented in tables and analyzed using simple percentage of frequencies. The result of the study affirms that organizational structure adopted by an organization or firm to a greater extent determines the effectiveness of the organization.*

**KEY WORDS:** Organizational Structure and Effectiveness

### **Introduction**

Organization structure is the formal system of task and jobs reporting relationship that determines how employees use resources to achieve organizational goals (Jones and George 2003). “Organizational structure differs greatly for enterprise operating in the global environment. The kind of structure depends on variety of factors, such as degree of international orientation and

commitment. Organizing is the process by which managers establish the structure of working relationship among employees to allow them achieve organizational goals efficiently and effectively. The purpose of organizing is to make human cooperation effective, and the reason for structure of organization is the limitation of the span of management. In other words, organizational structure exists because there is a limit to define the number of persons a manager can supervise effectively. Thus, the essence that defines the hierarchical relationship that exist between the different strata of the organization. Grouping activities and people into departments make it possible to expand organizations to an indefinite degree. Department, however differ with respect to the basic patterns used to group activities. hence, we have departmentation by enterprise function, departmentation by territory or geography; departmentation by customer group; departmentation by product and matrix organization. The word department designates a distinct area, division of branch of an organization. The word department has authority for the performance of specific activities (Weirich, Cannice and Koontz, 2008). A department, as the term is generally used, may be the production division sale, market research section, human resources, or accounts. In some business enterprise, departmental terminology is loosely applied in others, especially large organizational structure (Jones and George 2003), according to the contingency theory, managers design organizational structure to fit the factors or circumstances that are affecting the company the most and causing the most uncertain (Organ, 1986). There is no way to design an organization that reflects each organization's specific situation, researchers have argued that in some situations stable mechanistic structure might be effective". The viability and growth of every organization depends to a great extent on the organization's structure. (Weirich, Cannice and Koontz, 2008).

The performance of organizations depends mostly on the organizational structure. "No one thinks about an organizations structure until something goes wrong and conflict arises or customers complain. That is when reporting relationships, operational metrics and business culture come under scrutiny. Departmental conflicts occur in many organizations in Nigeria because there are no proper structures in place. Organizational policies and procedure are not fully enforced causing employee dissension and confusion where there is no organizational structure. Approvals take longer, because no one knows who is in charge when multiple departments interact. Lack of structure or an inflexible structure can impede the work force from achieving desired results, also, poor communication among the departments heads/leaders could filter down into the rest of the organization (Weirich et al 2008)". This work thus, tends to investigate the impact of organizational structure as a tool for effective management of organizations

The purpose of this study is to examine the importance or impact of organizational structure as a tool for effective management of business organizations in Nigeria. Specially, therefore, the study will.

5. Identify factors inherent in the organizational structure that could impede the attainment of organizational goals.
6. Determine how organizational structure and their levels facilitates the attainment of organizational goals.
7. Determine the influence of communication flow between the various hierarchies of management in the organization effectiveness.

The following research questions will guide the researcher in achieving the purpose of study:

1. What are factors inherent in the organizational structure that could impede the attainment of organizational goals?
2. How do organizational structure and their levels facilitates the attainment of organizational goals?
3. What are the flaws of communication between the various hierarchies in the organization?

The work is limited to organizational structures of business organization and its impact on the effective management of such organizations. “This is mainly in the medium and large scale organizations, as most micro and small scale organizations are without defined structure but rather, the work examined the organizational structures of Federal College of Education (Technical) Omoku and its impacts on the effective management of the organization.

## **Reviews of Related Literate**

### **Conceptual Review**

An organizational structure: is a system that outlines how certain activities are directed in order to achieve the goals of an organization. These activities include rules, roles and responsibilities. Organizational structure also determines how information flows between levels within the organization. It can also be described as a typical hierarchical arrangement of lines of authority, communications, right and duties of an organization. Organizational structure determines how the roles, power and responsibilities are allocated to various member of the organization. According to Alison, walker and Rekert in su, chen and Wang. (2018) organizational structure reflects the formal design of roles and administrative mechanisms to control and integrate work activities and resource flows. According to the authors, organizational structure could be organic which is characterized by decentralized decision-making, open communication, a deemphasize on rules and procedures, as well as organizational addictiveness and flexibility or mechanistic which is characterized by centralized decision making, tight control on information flows, strict adherence to rules and procedures, the choice of which of the organizational structure depends on both the task its conducts and the environment it faces. In development (2014) described structure of organization is the set of functions, task and authorities of the departments, individual employees

and the relationships between them through the line of command, span of control and communication procedure. In other words, structure of organization divides and allocates tasks among employees and coordinates these tasks through its rules and regulation based defined line of command to achieve goals of the organization.

### **Types of organizational structures**

There are various organization structures adopted by different organizations to suit their needs and achieve their goals. These include:

1. **Hierarchical structure:** this is the most popular type of organizational chart in this model, employees are grouped with every employee having one clear supervisor. The grouping is done based on a few factors, hence many models derived from it. The factors include, (a) function- this defines the function or product – this is based on the product or services they offer. This is the dominant mode of organization among large organization for example. Government and institution of learning are hierarchical organizations with different levels of management, power of authority.
2. **Matrix structure:** in this organization structure, the reporting relationship is set up as a grid or matrix. Unlike the traditional hierarchical type, this structure pool people with similar skills for work assignments, resulting in an employee reporting to more than one manager. For example, all lecturers may be in one faculty and reporting to a Dean, but these same lecturers may be assigned to different courses and might be reporting to those course department heads as well. Therefore, some lecturers might have to work with multiple head of department in their job roles.
3. **Horizontal/Flat structure:** this is mainly adopted in a small business enterprise where many levels of middle management exist and decisions are quickly reached. The fact is that decision making power is shared and employees are held accountable for their decisions.
4. **Network structure:** this structure helps visualize both internal and external relationship between managers and top level management. This structure is less hierarchical and more decentralized and more flexible than other structures. This structure is based on social networks. It relies on open communication and reliable partners both internal and external. This type of organizational structure is sometimes disadvantageous because of its complexity”.

### **Management**

According to “Weirich et al. (2008), management involves the process of designing and maintaining an environment in which individuals working together in groups efficiently accomplish organizational goals. In this case, management is about people carrying out the managerial functions of planning, organizing, staffing, leading and controlling. Koontz described management as the art of getting things done through and with people in formally organized group.

Management could also be defined simply as the process of decision making and control over action of human beings for the express purpose of attaining pre-determined goals (Vance 2019). Management according to Terry and Franklin (2018) is a distinct process consisting of planning, organizing, activating and controlling to determine and accomplish the objectives by the use of people and resources. In a nutshell, management is an individual or group of persons that accept responsibilities to run an organization. This individual or group of persons brings together, men, materials, money, method, machine and market in order to achieve their goals.

### **Empirical literature**

Su et al (2018), in their work on organizational structure and managerial innovation, examined the linkage or organization structure to managerial innovation, examined the effect of cross-functional integration on the linkage. The finding of the study shows a positive relationship between organic structure and managerial innovation. Further studies by Mol and Birkin Shaw (2009) on the relationship of managerial innovation to performance outcome, found evidence of a positive in his studies found that centralization has negative effect on managerial innovation significant impact. Dam pour and Schneider (2006), in their work reported a positive linkage of organizational structure to managerial innovation. Coven and Slevin (2019), examined the implication of organizational structure on firms performance, according to the authors, the choice of organic structure or mechanistic one depends on both the task it conducts and the environment the firms faces. Specially, they asserted that organic structure improves organizations performers when the tasks are non-routine and the environment is uncertain. While the organization performs better with a mechanisms structure when the tasks are routine and the environment is certain. Hao kasper and Muelhlbacher (2012), in their study on the relationship between organizational structure impacts on organizational learning indirectly impacts on performance through innovation. Secondly, innovation and organizational learning influences performance in knowledge intensive or technological driven organizations, whereas, innovation affects organizational performance in labor-intensive or capital-intensive organizations. Lastly, the study affirmed that learning and understanding the organization structure of a firm is more important. In view of the above, it is certain that organizations' performance. Firms' performance is a product of effective management". The above studies confirm the importance or relevance of organizational structure as a tool for effective management of a firm.

### **Methodology**

"This section describes the design of the study and sampling technique and method of data analysis.

Nwogu (2001) describe research design as a plan or blue print, which specifies how data relating to a given problem should be collected and analyzed. This design provides the procedural outline for the conduct of any given investigation.

The study explained the structure of organization and its impact on effective management. Population for the study was seven hundred and fifty-four (754) members of staff of the college with a sample size of two hundred and fifty (250) stratified random sample technique was used, questionnaire was administered with simple percentage as basis of data analysis.

**Data presentation/analysis**

Research question 1: what are the factors inherent in organizational structure that impede the attainment of organizational goals?”

Table 1: response from respondents on research question one

S/N	ITEM DESCRIPTION	S/A	A	D	S/D
1.	Organizations attain their goals when manager work alone	10	20	40	180
2.	Organizations achieve their goals when managers delegates responsibility.	120	43	47	40
3.	Organizations achieve their goals when responsibilities are centralized	70	60	40	80
4.	Organizations achieve their goals when responsibilities are decentralized	94	46	27	83
5.	Lack of communication impedes organizational goals	160	30	35	25

“Response to question 1a shows 180 respondents representing 72% strongly disagree, 40 respondents representing 16% disagreed, 20 respondent representing 8% agreed while 10 respondent representing 4% strongly agreed. Response to question to question 1b shows that 120 respondent representing 48% disagreed while 40 respondents representing 16% strongly disagreed, 47 representing 18.8% disagree, 42 represent 17.2 agree. Response to question 1c shows 70 respondents representing 28% strongly agreed, 60 respondents representing 24% agreed, 40 respondents representing 16% disagreed while 80 respondents representing 32% strongly disagreed, response to question 1d shows that 94 respondents representing 37.6% strongly agreed while 46 respondents representing 18.4% agreed, 27 respondents representing 10.8% disagreed while 83 respondents representing 33.2 strongly disagreed. Responding to question 1e shows that 160 respondents representing 64% strongly disagreed, 30 respondents representing 12% disagreed, 35 respondent representing 14% agree and 25 respondents representing 10% strongly agreed”.

**Research question 2:** how do organizational structure and their levels facilitates the attainment of organizational goal?

**Table 2:** response from respondents on the research question two:

S/N	ITEM DESCRIPTION	S/A	A	D	S/D
6.	Organizational goals are attained when each structure performs its complementary role	180	32	20	18
7.	Organizational goals are attained when work is decentralized	88	61	47	54
8.	Organizational structure are attained when the structure are maintained and upheld.	130	80	30	10
9.	Organizational structures enhance when quick decision making and implementation	102	31	27	90
10.	Division of labour promotes efficiency	140	50	35	25

“Question 2a shows that 180 respondent representing 72% strongly agree, 32 respondents representing 12.8% agreed, 20 respondents representing 8% disagreed while 18 respondents representing 7.2% strongly disagreed. For question 2b, 88 respondents representing 35.2% strongly agreed. 61 respondents representing 24.4% agreed, 47 respondents representing 18.8% disagreed while 54 respondents representing 21.6% strongly disagreed. Question 2c shows 130 respondents representing 52% strongly agreed, 80 respondents representing 32% agreed, 30 respondents representing 12% disagreed while 10 respondents representing 4%. On question 2d, 102 respondents 40.8% strongly agreed, 31 respondents representing 12.4% agreed, 27 respondents representing 10.8% disagreed while 90 respondents representing 36% strongly disagreed. Response to question 2e shows that 140 respondents representing 56% strongly agreed, 50 respondents representing 20% agreed, 35 respondents representing 14% disagreed while 25 respondents representing 10% strongly disagreed”.

**Research question 3:** what is the flow of communication between the various hierarchical in the organization

**Table 3:** responses from respondent on the research question 3:

S/N	ITEM DESCRIPTION	SA	A	D	SD
11.	For attainment of organizational goals, subordinates are to report to their superiors.	180	30	25	15
12.	For attainment of organizational goals, there should be free flow of information from head to base and vice versa.	190	40	10	10
13.	Communication flow is key to the attainment of organizational goals.	200	40	06	04
14.	Communicational inflow impede attainment of organizational goals.	12	28	40	180
15.	Lack of feedback could be an impediment to the attainment of organizational goals.	180	40	25	05

“On question 3a, 180 respondents representing 72% strongly agreed, 30 respondents representing 12% agreed, 25 respondents representing 10% disagreed while 15 respondents representing 6% strongly disagreed. Response to question 3b shows 190 respondents representing 76% strongly agreed, 40 respondents representing 16% agreed, 6 respondents representing 4% each disagreed and strongly disagreed respectively question 3c shows 200 respondents representing 80% strongly agreed, 40 respondents representing 16% agreed, 6 respondents representing 2.4% disagreed while 4 respondents representing 1.6% strongly disagreed. Response to question 3d shows that 12 respondents representing 4.8% strongly agreed, 28 respondents representing 11.2% agreed, 40 respondents representing 16% disagree while 180 respondents representing 72% strongly disagreed. Finally, on question 3e, 180 respondents representing 72% strongly agreed, 40 respondents representing 16% agreed, 25 respondents representing 10% disagreed while 5 respondents representing 2% strongly disagreed.

Response to question on show that organizational structure are important tools in the attainment of organizational goals, depending on the building blocks of the structure: be if formalized, centralized, hierarchical or departmentalized. Specifically, response to question one show that over 80% of respondent agree that organizations with decentralized and delegated responsibility (structure) are better tools for effective management. This finding is in line with Damanpour (1991) which argued that centralization has a negative effect on managerial innovation, wherever functional differentiation (decentralized and delegated responsibility) has a positive effect. In response to question two, the respondent affirm that organizational structure helps organizations to attain their goals when each structure performs complementary roles. Also, 60% of respondent agreed that a decentralized structure enhances the attainment of effective management. Well over



80% affirmed that organizations achieve effective management when organizational structures are maintained and upheld. In the same vein, well over 52% agreed that organizational structure enhances quick decision making. Finally, 76% of respondent agreed that organizational structure promotes effective management through division of labor. The second finding of the work is in tandem with covin and Slevin (1989) and McDonough and Leifer (2013) which examined the implications of organizational structure on managerial innovation and concluded that organizational structure whether organic or mechanistic improves organization's performance. In response to question 3, 84% of respondents agreed that organizational structure enhance easy communication, thus efficient management. Whereas, 72% agreed that absence of structure impedes communication, as channels of communication and feedbacks are distorted.

### **Conclusion**

It is often said that good people can make any organizational structure work however, the success or failure of any organization depends to an extent on the structure of the organization. If an organization is well structured with well-defined activities, job specification, inter relationship command structure, rules and procedures, it is bound to produce good results. It therefore follows that one important tool at the disposal of any organization for effective management is the type of organizational structure it adopts.

### **Recommendation**

It has been observed that all structures do not produce same results. The type of structure an organization adopts should depend on the task and activities of the organization as well as the environment it faces. In view of the above, the study recommends thus:

5. Organizations should adopt structure to suit their needs and environment
6. The leadership style should determine the structure to be adopted.
7. The size of the organization also determine the type of structure to be adopted"

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