# IMPACT OF ORGANIZATIONAL STRUCTURE ON EMPLOYEES JOB PERFORMANCE: A CASE OF AMREF HEALTH AFRICA, ETHIOPIA

A Thesis Submitted to the School of Graduate Studies of Jimma University in Partial Fulfillment of the Requirements for the Award of the Degree of Master of Business Administration (MBA)

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# JIMMA UNIVERSITY- ABH CAMPUS

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# DECLARATION

I declare that the research Report entitled "<u>Impact Of Organizational Structure On Employees Job</u> <u>Performance: A Case of Amref Health Africa, Ethiopia</u>" **submitted** to Research and Postgraduate Studies' Office of Business and Economics College is original and it has not been submitted previously in part or full to any university.

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# CERTIFICATE

We certify that the Research Report entitled "Impact of Organizational Structure on Employees

Job Performance: A Case of Amref Health Africa, Ethiopia"

was done by Mrs. Meseret Solomon for the partial fulfillment of Master's Degree under our Supervision.

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# ABSTRACT

There is a growing recognition to align the success of employees' performance with organizational structure. It is widely believed that organizational structure influence the overall organizational performance and employee's performance. The main objective of the study is to examine the impact of organizational structure aspects (formalization, centralization and specialization) on employees' job performance in the case of Amref Health Africa in Ethiopia. The study was guided by three main research questions and adopted a descriptive research design. The total population of the study were all full-time employees of the organization and census techniques were applied. Both primary and secondary sources of data were used. The primary data was obtained from structured survey questionnaires while secondary data was obtained from various desk reviewing and publications. The results indicate that organizational structure (structural aspects) has a significant negative effect on job performance of employees in an Amref Health Africa Ethiopia. The result of the study revealed that there are intensive formalization work structure, more centralization and low levels of staff development and promotion efforts in the organization. That means, as regulations and complexity in the level (vertical, horizontal, geographical), formality and organizational concentration is more, employees' job performance reduces. Furthermore, the findings of the study showed that there are limited employee's participation in organizations decision making in addition to poor work structure and platform for employees development and growths in the organizations. The study recommended the management of the organization to give emphasis on designing or restructuring the current structure plus should bringing employees onboard in decisions making, since it helps the organization to success and creating a good work structure and platform which support employee's career development.

Keywords: Organizational work Structure, Employees Job Performance, Employee Development, and Amref Health Africa Ethiopia.

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# List of Acronyms

Amref-E	Amref Health Africa in Ethiopia	
AMRF	African Medical Research Foundation	
CD	Country Director	
CSO	Civil Society Organizations	
НО	Head Office	
NGO	Non-Governmental Organization	
OS	Organizational Structure	
SLOT	Strengths, Limitations, Opportunities and Threat	

# **CHAPTER ONE: INTRODUCTION**

This chapter briefly introduces general research background comprises of six sections. These include: background of the study, problem statement, objectives, significance, scope and limitation of the study and organization of the paper.

### 1.1. Background of the study

Organizations are formed by groups of people to achieve to achieve results that one person cannot achieve individually (Quangyen and Yezhuang, 2013). To achieve these results organizations create inner order and relations among organizational parts that can be described as Organizational Structure. According to Kariuki et al. (2011), define Organizational Structure as "the network of relationships and roles existing throughout the organization". The structure of the organization outlines how activities including task allocation, supervision and coordination are directed towards its individual aims. Prior research finds organizational structure to be significantly related to employee job performance (Campion and McClelland, 1991; Dipak, 2011).

It is generally expected that employees that are satisfied with their jobs are motivated and committed to the organization and will do better on the job (Mitchell, Holtom, and Lee, 2001). It is argued that the structure of organization would generally affect organizational performance and employee work outcomes as it is ensured that required tasks are performed effectively and efficiently (Katsikea et al, 2011). If the individuals are placed into right positions of responsibility, the organization is more likely to be get benefited from it this is due to that fact they will happy with his job and show a positive attitude towards the job; if the employee placement is not appropriate then preferably the organization gets suffer (Essays, UK, 2013).

According to Colquitt et al (2009), job performance is described as the value of the set of employee's behaviors that contributes either negatively or positively to achieve the organizational targets. The definition of job performance contains behaviors that are within the control of employees, but it places a border on the behavior are related to job performance. To get things done in effective and efficient manner personnel of a given organization need to willingly and happily perform their duties (Azar and Shafighi, 2013). This imply that organizations should have appropriate structures and processes which are necessary if the organization is to function. The

key point here is that a sound organizational structure will enhance the success of an organization by making employees dedicated to the achievement of its vision and objectives (Grawe et al., 2012). It is through organizational structure that the operations and activities inside the organization are coordinated and the responsibilities and authorities are determined (Felipe, 2011). OS has a great influence on the people working for the organization. The way the employees are organized and dealt with has a noticeable influence on each employee of the organization. The surveys and researches done so far have proved that organizational productivity and the employee job performance, in particular, is dependent on the various dimensions of organizational structure.

According to Liu and Hu (2014), among various dimensions of organizational structure such as formalization, centralization, specialization, span of control and hierarchy of authority will have a significant influence on employee job performance. The result of the study revealed that the nature of formalization and hierarchical layers have a significant positive effect on the employees' performance; that specialization, span of control and centralization significantly affect employees' performance negatively. Based on this findings, the study concludes that adopting an appropriate structure is the fulcrum on which employee's performance of in a given firm revolves. Some researchers opine that organizational structure dimensions (formalization, centralization and specialization) have a negative relationship with job performance of people (Martin, 2005 and Jacob, 2008) and some researchers like Daniel (2006) and Victor (2008) reported negative and positive relationships. This controversy relating to the relationship between structure and performance rages on and will continue in the near future until a more universally accepted empirical evidence is provided through a study and analysis of the two concepts.

Therefore, taking this issue as a present gap in knowledge, it is so important to explore the impact of organizational structure on performance of employees. Organizational structure across the world has attracted widespread attention in terms of research and debate among organizational managers and academia as it is a critical to organizational failure and success (Zheng et al, 2010; Auh and Menguc, 2007). In this view, attention to the employees and their job performance, in particular, is the biggest and most important capital of the organization. Hence, if an organizational structure influences the employees' job performance, organizations should study these problems and make use of new structures to improve employees, to give them a productive and innovative working team to achieve the competitive edge and advantage. Given the mentioned information, this study is conducted majorly aiming to examine the impact of organizational structure (structural aspects) on job performance of employees in Amref Health Africa Ethiopia.

### **1.2. Background of the Organization**

Amref Health Africa which is formerly known as the African Medical and Research Foundation (AMREF), founded in 1957, is the oldest and largest health organisation based in Africa. Amref Health Africa is one the prominent International NGO's dedicated to bring lasting health change within Africa. The basics for the foundation and existence of Amref Health Africa, emanates from the basic facts of universal health access to all population in general and vulnerable groups in particular. The vision of Amref Health Africa is to see better health for the people of Africa. Amref Health Africa works to achieve better health for Africa by supporting the development of stronger African health systems, working to ensure all Africans have access to affordable, quality health care.

Amref Health Africa today carries out pioneering health interventions in six countries including Ethiopia, South Africa, South Sudan, Somalia, Tanzania and Uganda with headquarters in Kenya. Amref health Africa in Ethiopia (Amref-E) is a registered international NGO under the Societies and Charities Agency of Ethiopia as per the new proclamation 621/2009 as international foreign charity organization. The presence of African Health Africa in Ethiopia dates to the 1960s. As one of registered foreign charity organization, Amref Health Africa in Ethiopia (Amref-E) is committed to improve the health of most vulnerable communities. In order to materialize this objective, Amref Ethiopia is developing and implementing health education and training for midlevel and community health workers, training health workers among the nomadic pastoralist groups, training specialist health workers in hospitals around the country, supporting women affected by HIV/AIDs by providing loans and business trainings, reducing malaria in the remote region of Afar, and improving health education, awareness and promotion of trachoma prevention.

Currently, the organization implements 28 projects from donation funded by international donors. Amref especially target disadvantaged communities that lack access to adequate healthcare and that have little opportunity to engage with policy and decision-makers to decide their health priorities. It reached more than 75,000 (mostly women and children under five) people directly and more than 15 million indirectly through its partners and grassroots media networks in Addis Ababa, Oromia, Afar and Southern Nations. The Head Office of Amref health Africa Ethiopia is

based in the capital city of Ethiopia, Addis Ababa. In addition Amref-E has field based offices in five regional hubs in Amhara, Somali, SNNPR, Oromia regional sates. Country Office of Amref-E is headed by the Country Director (CD), who is an organ entrusted with managing the day to day operations of the organization and managing the overall program implementations. The CD is functionally accountable to the General Director (of Amref Health Africa headquarters found in Kenya) and General Assembly at National level. Under the CD, there is Head of program, Program Mangers, project managers, Monitoring and Evaluation Manager, Business Development and PR Manager, Administration and Human Resource Manager, Finance Manager, and other respective senior advisors. There is also area program coordination office in targeted regions. According to Human Resource and Administration manual, currently, there is about 160 staff members with some staffs based in field offices.

### **1.3. Statement of the Problem**

The problem of organizations and even small businesses are the organizational structure they adopt and work with. The structure has an influence on the employee performance and organization performance. An organizational structure is one of the few tools an organization can use to coordinate and manage all employees, Business Essays, UK. (November 2013). Prior research finds organization structure to be significantly related to performance of human resources. Scholars pointed out that structure of organization is one of the most important factors can limit the current and future level of efficiency of organizations through affecting the behavioral performances of their employees.

Several studies have been conducted in different industries in related to organizational structure and performance (Martin, 2005 and Jacob, 2008; Daniel (2006) and Victor (2008); Colquitt et al. (2009) ; Shoa'i (2011) ; Jehanzeb and Beshir (2013);Torrington *et al.*, (2005), and most of them argued that there is a positive relation between OS and job performance.

The fundamental challenge of organizational structure is to coordinate action from an organization comprising of many different individuals in a bid to achieve organizational success. Current structure of Amref-E has varying effects on its employee performance. As per existing evidence workers have suffered from challenges of growth, employees isolated and limited to performing small, repetitive, and at times, boring tasks, specialized workers have a smaller skill sets than who

are not specialized, employees are rarely challenged to do anything more than what they have always done, leading them to burn out resulting in affect overall performance and Efficiency.

Organization should design and adopt an appropriate structure that best fit with organizational performance. However, according to the researcher assessment and observation, in the context of Amref-E, there are several elements of the problem associated with current structure include discouraged creativity and innovation, lesser cooperation and team work, job satisfaction and promotion, lesser commitment and output, employees are unstable and they have sense of being unwanted in the organization in terms of decision making processes, to be accepted and lack of ownership. More importantly, managers pay close attention in the organizational structures that they adopt. This is particularly so because the choice of an organizational structure has important outcome on the overall performance of organization in terms of projects deliverables.

Current Amref-E structure has been largely criticized for its limitations to ensure effective management and coordination, lack of empowerment to make on the spot decisions among staff and, unequal work load (i.e. unequal distribution of work to workers), work rotation, unclear role and lines of communications, slow decision making which might results in conflict and the like. Perceiving of such sort of problems, which have been anticipated to have a correlation with existing organizational structure has become impressive. Moreover, as per the researcher knowledge, there are no prior researches on this topic locally in NGO sectors.

It is against this backdrop that this research seeks to explore first-hand among other issues, the impact of organizational structure on job performance of employees in Amref Health Africa.

### **1.4. Research Questions**

### This research sought to answer the following major research questions.

- To what extent nature of *Formalization* influence the performance of employees in Amref Health Africa in Ethiopia?
- To what extent *Specialization* work structure affecting the performance of employees in Amref Health Africa in Ethiopia?
- To what extent *Centralization* work structure affecting the performance of employees in Amref Health Africa in Ethiopia?

## 1.5. Objectives of the Study

### 1.5.1. General Objective of the Study

The main objective of the study was to examine the impact of organizational structure on employee's job performance by taking Amref Health Africa-Ethiopia as a study point.

### 1.5.2. Specific objectives of the Study

The specific objectives of the study include the following:

- **4** To examine the impacts of Formalization work structure on employees Job performances.
- **4** To examine the impacts of Specialization work structure on employees Job performances.
- **4** To examine the impacts of Centralization work structure on employees Job performances.

### **1.6. Significance of the Study**

The outcome of this research would be a working tool for managers of AMREF in Ethiopia, particularly human resources managers to have a clear understanding on the impact of the organizational structure on employee's job performance in Amref Health Africa's in Ethiopia and their effect. This helps them to design the appropriate strategies to minimize improper work structure on employee's and organization's performance. Furthermore, it is expected that the findings of this study is used to policymakers in understanding factors that enhance employee performance with regard to work structure in the organizations, so that effective human relation policies and regulations can be created to increase strong and positive relationship with their employees and direct them towards task fulfilment. Besides, it can contribute its own part to the existing body of knowledge in terms of providing a valuable information to those researcher who will be interested to conduct deep investigation in this area of concern.

### 1.7. Scope of the Study

The study focused on Amref Health Africa Ethiopian Head Office found in Addis Ababa with regional office under it. This study attempts to impact of organizational structure dimensions (including formalization, centralization, and specialization) on employees' job performance in the organizations.

### **1.8. Limitation of the Study**

Amref Health Africa, is the largest African led international organization on the continent, provides training and health services to over 30 countries in Africa. With regard, to assess the

impact of the organizational structure on employee's job performance on overall Africa countries is not practicable within this period as well as cost perspectives.

# **1.9.** Organization of the Paper

This study was organized under five chapters. Chapter one begins with the introduction of the study. It involves and highlights the background, problem statement, the research objectives, hypothesis, and scope and limitation significance of the study. Chapter two is concerned all about the related literature on the research objectives and has parts that define some concepts in the research, and other empirical related to organizational structure impacts and relevant topics and finally develop a conceptual frame work. The third Chapter explores the methodology used for the research including research design, target population description, sample procedures and sample size determination, and procedures of data analysis. Chapter four discussions of the study, the data analysis result and findings of the study. Chapter five introduces the conclusion, recommendations of the study and finally suggestions for further study.

# **CHAPTER TWO: REVIEW OF RELATED LITERATURES**

## 2. Introduction

The purpose of this chapter is to review the literature, to obtain detail information's and knowledge in the area of impact of organizational structure on employee's job performance. This review of literature establishes a framework, which can guide the study. This section comprises the theoretical review, empirical review and conceptual framework of the study

## **2.1. Theoretical Literature**

The theoretical framework is the "blueprint" for the entire dissertation inquiry and serves as the guide on which to build and support the study of a subject being under consideration. It provides a clue on overall structure of a given study in terms of how to define it in a philosophical, epistemological, methodological and analytical way of approaches. Grant & Osanloo, (2014) Further the authors stated that the importance of theory-driven thinking and acting should be emphasized in relation to the selection of a topic, development of research questions, focus of the literature review, the design approach and analysis plan for the dissertation study and this could be facilitated by reviewing relevant types of theoretical literatures before one embarks upon the actual process of conducting a new research.

Theories on organizational structures started with the identification of organizing as a distinct managerial function. They took formal shapes upon results from studies on organizational structures which covered many widely different industries. With the emergence of the systems and contingency theories, the importance of the organizational structure as a critical component of a formal organization had finally gained position in research.

### 2.1.1. Definition of Organization and Organizational Structure

According to Ivanko (2013), an "Organization" is a system of two or more persons, engaged in cooperative action, trying to reach some purpose. An organization in its simplest form is a systematically and purposefully organized body of knowledge, data, people, things, or other elements, to accomplish a mission or set goal. The way an organization transforms its resources into results through work processes is what people call "systems". Organization consists of four key independent elements namely structure, work processes, people and tools. According to Henri

Fayol (1949) the more an organization structure reflect "the tasks or activities necessary to attain goals and assist in the.ir coordination, and the more roles are designed to fit the capabilities and motivations of people available to fill them, the more effective and efficient an organization structure will be".

Jones (2013) considers organizational structure as the formal system of authority relationships and tasks that control and coordinate employee actions and behavior to achieve organizational goals and objectives. Johatch (2014) and Arabi (2007) on the other hand, defined "Organizational structure "as the framework of the relations on jobs, systems, operating process, people and groups making efforts to achieve the goals. Similarly, Gholam et al (2016) defines "Organizational Structure" as the set of methods dividing the task to determined duties and coordinates them. Furthermore, organizational structure can be defined as how job tasks are formally divided, grouped, and coordinated (Sablynski, 2012; Tran and Tian, 2013). Others also display that organizational structure is considered as formal and rational distribution of jobs, responsibilities, powers and the way of coordination and communication help to achieve aim of firms. In simple term, it is the way in which a company or organization is organized, including the types of relationships that exist between the directors, managers and employees. Taking these definitions into account, we conceptualize Organizational Structure as a way or method by which organizational activities are divided, organized and coordinated. Organizational structure is shown in organizational chart. It is how job tasks in the project are formally divided, grouped, and coordinated within an organization. Thus, throughout the paper, this definition would be applied as a leading definition of organizational structure.

### 2.1.2. Employee Job Performance

Depends upon the objectives of the particular organization, the term performance is a broaderbased concept which includes effectiveness, efficiency, economy, quality, consistency behavior and normative measures. According to Sonnentag (2012), Performance is defined as: behavior or action that is relevant for the organization's goals and that can be measured in terms of the level of proficiency and time that is represented by a particular action or set of actions. According to Davoudian (2014), Employee Job performance is defined as organizational values of employees' job behaviors in various job occasions and times. *Employee Job performance* is simply defined by Hale (2004) as: doing meaningful work in effective and efficient ways. In simple term, Employee Job Performance can be defined as: The achievement of quantified objectives as per the job descriptions. Job performance is a result or a creation from values of behavior shown by employees in conducting their jobs and responsibilities during their contractual agreement.

### 2.1.3. Historical Underpinnings of Organizational Structure

According to Wikipedia, organizational structures developed from the ancient times of hunters and collectors in tribal organizations through highly royal and clerical power structures to industrial structures and today's post-industrial structures. As pointed out by Lawrence B. Mohr, the early theorists of organizational structure, Taylor, Fayol, and Weber "saw the importance of structure for effectiveness and efficiency and assumed without the slightest question that whatever structure was needed, people could fashion accordingly. Organizational structure was considered a matter of choice. In the 1930s, the rebellion began that came to be known as human relations theory, there was still not a denial of the idea of structure as an artefact, but rather advocacy of the creation of a different sort of structure, one in which the needs, knowledge, and opinions of employees might be given greater recognition. However, a different view arose in the 1960s, suggesting that the organizational structure is "an externally caused phenomenon, an outcome rather than an artefact. In 21<sup>st</sup> century, organizational theorists such as Lim, Griffiths, and Sambrook (2010) are once again proposing that organizational structure development is very much dependent on the expression of the strategies and behavior of the management and the workers as constrained by the power distribution between them, and influenced by their environment and the outcome.

### 2.1.4. Descriptions of dimensions of organizational structure

To fulfil its mission effectively, any business organizations need to be operating within a structure best suited to its purposes. Traditionally large businesses divide the organization up into functional areas. Organizational structure is manifested in an organizational chart. Authors have argued that dimensions of organizational structure are key tools help to measure employee job performance in the organizations. Meaningful impact of organizational structure on a firm should be measured in terms of the relationship with the firm's effective performance.

Researchers, however, are not yet agreed on the numbers of organizational aspects (dimensions), rather they continued to mention and recommends different types of organization structure aspects

with the same definitions. According to (Nelson and James, 2006; Robbins and Coulter, 2007 and Jones, 2013) organizational structure has six dimensions:

**White A Section A Section** 

States the degree of the role of employees in the form of formal documentation such as procedures, job descriptions, guidelines and rules,

4 Centralization

A level of decision made by the leaders of the organization

- Specialization
  - A narrowly defined job level and depends on the unique expertise
- 4 Standardization:

A level of work and the activity completed in a routine manner.

**Complexity and Hierarchy of authority.** 

As suggested by other authors, there are also different organizational structure variables such as centralization, formalization, stratification, complexity, and span of control, standardization, specialization, hierarchy, communication flows, defined tasks and organizational inflexibility Colquitt et al., (2009). By the same token, Hage (1965) identifies eight key dimensions or variables: Complexity, centralization, formalization, stratification, Adaptiveness, production, efficiency, and job satisfaction Lunenburg, (2012).

#### Adaptiveness

Adaptiveness, or flexibility, refers to the use of professional knowledge and techniques to respond to environmental demands. The more advanced the knowledge base, instructional techniques, and environmental response, the more adaptive the organization Lunenburg, (2012).

#### Centralization

Centralization refers to the concentration of decision-making authority at the upper levels of an organization (Jones, 2013; Al- Qatawneh, 2014). In a centralized organization, decision making is kept at the top level, whilst in a decentralized organization; decisions are delegated to lower levels (Daft, 1995; Al-Qatawneh, 2014). Centralization is composed of a hierarchy of authority and participation (Hage and Aiken, 1967; Al-Qatawneh, 2014). Hierarchy of authority refers to the concentration of decision-making authority in performing tasks and duties (Jones, 2013; Al-Qatawneh, 2014). If the employees are allowed to make their own decisions when performing tasks, there is a low reliance on the hierarchy of authority (Hage and Aiken, 1967). Participation

in making decisions refers to the employee participating in decisions in an organization (Hage and Aiken, 1967; Al-Qatawneh, 2014). Decentralization is found to be related to many work-related attitudes and behavior (Subramaniam and Mia, 2001). The organic structure of organizations in terms of complexity characterizes an organization as being divided (Daft, et al., 2010; Robert and Olive, 2013) into various subparts that are appointed different responsibilities and assignments within an organization. This means that these organizations have high complexity (Tolbert and Hall 2009; Robert and Olive, 2013). Various kinds of people performing diverse jobs in different locations are involved, be it in departments within the organization or in different geographical areas. Employees in this kind of structure have high job specialty and as such undergo long periods of training (Hage, 1965; Robert and Olive, 2013).

### 4 Formalization

Formalization refers to "the amount of written documentation in the organization" (Daft, 1995). It indicates the extent to which job tasks are defined by formal regulations and procedures (Michaels, Cron, Dubinsky and Joachimsthaler, 1988; Al-Qatawneh, 2014). These rules and procedures are written to standardize operations in organizations. Formalization measures the extent to which an organization uses rules and procedures to prescribe behavior (Liao et al., 2011). The nature of formalization is the degree to which the workers are provided with rules and procedures (Nahm, et al., 2003) that deprive versus encourage creative, autonomous work and learning. In an organization with high formalization, there are explicit rules which are likely to impede the spontaneity and flexibility needed for internal innovation (Chen and Huang, 2007).

### **4** Standardization

Standardization is the extent to which employees work according to standard procedures and rules in an organization (Hsieh and Hsieh, 2001). It ensures employees complete their duties and tasks in the required manner, and therefore, ensures that an employee's actions and behaviors are routine and predictable (Jones, 2013) and that similar work activities are performed in a uniform manner at all locations (Daft, 1995; Al-Qatawneh, 2014). Formalization and standardization are control mechanisms which seek to ensure that employee behaviors contribute to the achievement of goals in organizations. Price (1997) stated that formalization and standardization often coincide. However, rules and procedures may not embody in written document in a small organization (Al-Qatawneh, 2014). When formalization and standardization are extensive in an organization; employees are accountable for their actions, and have no authority to break rules (Jones, 2013; AlQatawneh, 2014). Formalization or standardization refers to the proportion of codified jobs and the range of variation that is tolerated within the parameters defining the jobs. The higher the proportion of codified jobs in organizations and the lesser range of variation allowed, the more formalized the organization (Lunenburg, 2012).

### **4** Specialization /Complexity

Complexity or specialization refers to the number of occupational specialties included in an organization and the length of training required of each. The greater the number of person specialists and the longer the period of training required to achieve person specialization (or degree held), the more complex the organization (Lunenburg, 2012). It refers to the degree of division which exists in organizations. Complexity can be measured in three dimensions: horizontal separation, vertical separation and geographic separation (Taheri, 2006; Sarboland, 2012). Tolbert and Hall (2009) document that mechanistic organizations are not sub-divided into numerous departments that perform various tasks but rather are concentrated into a few departments within the organization (Robert and Olive, 2013).

#### Stratification

Stratification, or status system, refers to the difference in status between higher and lower levels of the organization's hierarchy. Differentials in salary, prestige, privileges, and mobility usually measure this status difference. The greater the disparity in rewards between the top and bottom status levels and the lower the rates of mobility between them, the more stratified the organization (Lunenburg, 2012).

### **4** Efficiency

Efficiency, or cost, refers to financial as well as human resources and several idle resources. For example, class size ratios of one teacher to 30 students are more efficient than one-to-ten ratios. Lunenburg (2012), states the lower the cost per unit of production, the more efficient the organization.

### 🖊 Job Satisfaction

Job satisfaction or morale refers to the amount of importance an organization places on its human resources. Measures of job satisfaction include feelings of wellbeing, absenteeism, turnover, and the like. Lunenburg (2012), states the higher the morale and the lower the absenteeism and turnover, the higher the job satisfaction in the organization Moreover, Stephen and Timothy (2009) defining organizational structure as how jobs tasks are formally divided, grouped, and coordinated,

and according to them elements of organizational structure are working specialization, departmentalize, chain of command, the level of supervision, centralization and decentralization, and formalization.

### 2.1.5. Types of organization structures

Recent organization theorists consider mostly two types of structures: first is physical structure, and second social structure. Meanwhile physical structure refers to the relations between physical elements of organizations as buildings and geographical places in which the works are done; social structure refers to the relations between social elements as people, positions and organizational units (e.g. departments and sectors).

### **4** Simple structure

This is a set of flexible relations happened due to limited separation, and low complexity. The members of such organization can design organization chart with focusing on leaders and there is no need to formality. Considering the duties or management order is done by mutual agreement and coordination and supervision are direct and informal.

### Functional structure

The organization with increased complexity is managed based on simple structure. Normally, functional structure is used as a tool to fulfill the increasing needs of separation. This is called function as in this structure; the activities are classified based on logical similarity of work functions. The functions that are created based on dependent duties and shared goals. In a functional structure, re-work of activities is limited and this structure is efficient. The aim of this plan is maximizing saving of specialization scale.

### **4** Multidivisional structure

In organizational development path, if the functional structure is developed, it is turned into the multidivisional structure as a tool to reduce the decisions responsibility by top manager. The multidivisional structure is a set of separate functional structures reporting a central center. Each functional structure is responsible for management of daily operation. The central staff is responsible for supervision and management of organization relation with environment and strategy.

### 🖊 Matrix structure

This structure is created with the aim of creating a type of structure composed of functional and multidivisional structures. The aim of matrix structure is combining the efficiency of functional structure with flexibility and sensitivity of multidivisional structure not only based on product logic, customer or geographical region, but also based on functional logic in multidivisional structure. In matrix organization, functional specialized employees work in one or some project teams. This delegation of activities to employees is done via negotiation between functional and project managers and sometimes with the presence of people of teams or potential members.

### **Hybrid structure**

In hybrid structure, one part is dedicated to the type of structure and another part to another type of structure. The reason of formation of hybrid structures is combination of advantages of two structures by designers or the organization is changing. As in hybrid structure, by moving from one section of structure to another structure, the relations basis is changed and hybrid forms can be unclear. On the other hand, hybrid structure enables the organization in which the best and flexible structure is used.

### Network structure

The networks are formed when the organizations are faced with rapid changes of technology, short life cycles of product and dispersed and specialized markets. In a network, required assets are distributed among some network partners as there is no unified organization in a network to generate the products or services and the network is producer or supplier. In a network structure, the partners are associated via customer supplier relations and a type of free market system is created. It means that the goods are traded among network partners as in a free market, they are traded (Johatch, 2014).

### **4** Bureaucracy

Generally, determining criterion, forming, unifying the work methods as called standardization is key concept or foundation of machine bureaucracy. If you're visit banks, chain stores, tax offices, health office, firefighting, these institutions and offices rely on standardization of methods and work methods for coordination and good supervision. According to Rabbinz, (2012), five features of machine bureaucracy are recognized, as indicated below are:

- $\checkmark$  High volume of uniform and continuous executive works
- $\checkmark$  Dealing with regular and formal regulations

- $\checkmark$  The presence of separated units with definite classified duties
- ✓ Centralization of power and taking decisions via a commanding hierarchy
- ✓ Having complete administrative structure by defining the boundary between staff and queue activities

According to Shtub et al. (2004), in the formal organizational, the following structures are common which is believed to have different features notably, line organizational structure; staff or functional authority organizational structure; line and staff organizational structure; committee organizational structure; divisional organizational structure; project organizational structure; matrix organizational structure and hybrid organizational structure. According to contemporary organization literatures, organizational structure has given high attention as it provides a foundation within which organizations function. More importantly, organizational structure became an important aspect of organizational theory due to the increasing complexities of multinational organizations and the need to more quickly and efficiently reach the market. Projectfocused structures enable a greater responsiveness to market demands than purely functional or bureaucratic structures. Project based organizational structures focus on the project manager or project management office for information and activities related to business projects.

The matrix organizational structure features vertical hierarchies of functional departments that facilitate projects along a horizontal axis. The continual exchange of information and energy characterizes the relationship between organizational structure and environment. As indicated earlier, organizational structure is the sum of total in which its labor is divided into distinct tasks and then its coordination is achieved among these tasks. There is no such thing as a best organizational structure. An organization can however make use of a mix of the different structures in alignment with the organization's situation. In addition, recent literature of organizational structure defines two models of structure namely mechanic and organic structures.

### I. Mechanic structures

The mechanic structure is characterized by authority and control, where decision-making is made at higher levels, indicating a centralized organization. Written rules and regulations are common, as the formalization in a mechanical organization is stressed. There are also clear role-descriptions including authority, responsibilities and prestige associated to each specific role. Each employee commonly answers to the person seated one level higher in the hierarchal pyramid (Hatch, 2006). The work processes are usually very standardized and the employees working in such structure knows exactly their individual well-delimited task, what they are expected to do and how it should be done.

### **II.** Organic structures

An organic structure has the same decision-making process as a decentralized organization where the ones possessing the right knowledge and experience regarding the decision at hand make the decisions. Expertise is how prestige is acquired as authority is based on knowledge and competences rather than level in the hierarchy (Hatch, 2006). In an organic structure problem solving and interaction allow for redefinition of tasks and work methods. The responsibilities and roles are redefined over time depending on situation, it thereby enables for the use of personal expertise and creativity. An organic structure uses formalization to a smaller extent than a more mechanic structure, and uses horizontal communication and consulting between departments rather than vertical instructions. In an organic structure allows for innovation and is thus more suitable and beneficial when used in a changing environment with high requirement on adapting to the surroundings (Hatch, 2006). Summary of the two structures and their characteristics disclosed on the following table 2.1

Mechanic structure	Organic Structure
High degree of formalization	Low degree of formalization
Centralized decision-making	Decentralized decision-making
Standardization according to work	Standardization according to work
Process	knowledge & end result
Vertical differentiation rather than	Horizontal differentiation rather than
horizontal differentiation	vertical differentiation
Integration in the form of vertical	Integration in the form direct
instructions and regulation	informal communication

*Table: 2.1: Summary of two structures and their characteristic* 

Source: Adestam & Gunnmo (2008)

From the above observations, researchers theorized that the change in the organizational structure, through its shape in terms of width and height, would affect organizational performance, and even vice versa.

### 2.1.6 Overview of organizational Design Theory

Organization theories comes from organization practices and in turn serve practices. Ivanko (2013) explains them as a series of academic viewpoints which attempt to explain the multiplicities of organizational structure and operating process. Organizational theory attempts to explain the workings of organizations to produce understanding and appreciation of organizations. Although there are numerous theories, some types of organizational theories include classical, neoclassical, contingency, systems and organizational structure will be discussed as follows.

### I. Classical Organizational Theory

The classical perspective of management originated during the Industrial Revolution. It focuses primarily on efficiency and productivity and does not take into account behavioral attributes of employees. Classical organizational theory combines aspects of scientific management, bureaucratic theory and administrative theory. Scientific management involves obtaining optimal equipment and personnel and then carefully scrutinizing each component of the production process, states Stat Pac Inc., an international software development and research company.

The central idea of the classical theory is that, regardless of the nature of the organization, there are certain universal principles that should be followed to obtain a successful performance (Haxand Maglf, 1984). The most significant exponents of this theory are the *Bureaucratic Model of Weber*, *the Principles of management Fayol, and the Scientific Management School of Taylor*.

### A. The Bureaucratic model of Weber

Organizations that rely primarily on the formalization of behavior to achieve coordination are generally referred to as bureaucracy (Mintsbergs 1979). The results of the study (Riemann, 1973) imply that bureaucratic structure may conform to the equality principle. It was Max Weber who presented what he thought was an ideal organization structure called a bureaucracy. The main features of a bureaucracy, according to Weber: - are as follows:

- $\checkmark$  Here are fixed and official jurisdictional area which are generally ordered by rules.
- ✓ A hierarchical arrangement of offices (jobs) that is where one level of jobs is subject to control by the next higher level.
- $\checkmark$  Administration is based on written documents known as the files.
- ✓ Employment and promotion decisions based on merit and technical competencies
- ✓ Division of labor practiced along functional specialties.
- ✓ Impersonal relationships.
- $\checkmark$  Separation of officials from the ownership of the organization.

## **B.** The Principles of Management of Henri Fayol.

Cole (1990) stated that Fayol listed the following fourteen so-called "principles of management" as precepts which he applied most frequently during his working life.

- Division of work Reduces the span of attention or effort for any one person or group.
   Develops practical and familiarity.
- ✓ Authority ·- The right to give orders should not be considered without reference to responsibility.
- ✓ Discipline: Outward marks of respect in accordance with formal or informal agreements between firm and its employees.
- ✓ Unity of Command One man one superior
- ✓ Unity of Direction: One head and one plan for a group of activities with the same objective
- ✓ Subordination of individual interest to the general. The interest of one individual or one group should not prevail over the general good. This is difficult area of management.
- $\checkmark$  Remuneration Pay should be fair to both the employee and the firm.
- ✓ Centralization Is always present to a greater or lesser extent, depending on the size of company and quality of its managers.
- $\checkmark$  Scalar Chain The line of authority from top to bottom of the organization.
- $\checkmark$  Order A place for everything and everything in its place, the right man in the right place.
- ✓ Equity A combination of kindliness and justice towards employees
- ✓ Stability of tenure Employees need to be given of personnel time to settle into their jobs, even though this may be a lengthy period in the case of managers.
- ✓ Initiative Within the limits of authority and discipline, all levels of staff should be encouraged to show initiative.

✓ Esprit de corps - Harmony is a great strength to an organization; team work should be encouraged.

### C. The Principles of Scientific Management of Frederick Taylor

The most widely known ideas of the scientific management school of organization design include the following (Hax and Majluf, 1984)

- ✓ Develop a science for each elements of an individual's work.
- ✓ Scientifically select, train, teach, and develop each worker.
- Closely cooperate with the worker to insure that the work is performed in accordance with the scientific principles.
- ✓ Assure an appropriate division of work and responsibility between labor and management.

### **Criticisms of Classical Theories**

Despite various criticism of classicist principles, many managers still think that they constitute the fundamental foundations in which a sound organizational structure should be based. The most important critics of the classical theory are Karl Marx, Drucker (1954), Merton (1957), Gouldner (1954) and Selznick (1953). "' Karl Marx believed that bureaucracies are used by the dominant capitalist class to control the other, lower social classes (Luthans, 1985). Or Drucker (1954) pointed out the common misuses of rules that require reports and procedures. He thus, suggested that every procedural rule be put on trial for its life at least every five years. Merton (1957) identified one major behavioral consequence of bureaucratic structuring as the disruption of overall goal attainment. He argues that the rules required or the bureaucratic organization make people ignore the actual objectives that these rules are supposed to advance. This affects people's personalities to the point where the rules and discipline become ends in themselves. Selznick (1953) finds that the units in a bureaucratic organization tend to develop their own .goals which are not necessarily coincident with the goals of the organization. He was convinced that more enlightened organizational concepts, such as delegation of authority, must be incorporated into bureaucratic structures in order for them to become workable, cooperative systems. Gouldner (1954) points to a perverse behavior that induces conflict between chief and subordinate. He identified three bur bureaucratic patterns: mock, representative, and punishment-centered. Evidence from his research indicated, that a punishment-centered bureaucracy creates the most tension and generates the most complaints about dysfunctions such as red tape and impersonality.

Barnard (1938) described it as too descriptive and superficial. He was especially dissatisfied with the classical bureaucratic view that authority should come from the top down.

All these critics contradict the priori expectation of the classicist universal principles which is linked with superior performance. However; Mansfield (1973) maintained that the conclusion of the Aston researcher's (Pugh et al 1968) that bureaucratic type is no longer-useful is somewhat premature.

### **II. The Human Relations Theory**

The human relations school proposed that the performance of an organization depends exclusively on the human characteristics and behavior in an organizational setting. The emphasis is on people as the most crucial factor in determining organizational effectiveness. Management can achieve high performance. When employees see their membership of a work group to be supportive.

That is to say when they experience a sense of personal worth and importance from belonging to it. Important subject in the Human Relations School are individual needs, motivation, perceptions, attitudes, values, leadership, informal group behavior, communications and so forth (Cole, 1990, Hax and Maij: luf, 1984; Likert, 1961, 1967) Likert concludes from his study that the maximum performance is attained by means of a participative structure This idea is built into Likert's view of the ideal organization structure.

### III. The Organizational Decision-Making Theory

The organizational decision-making theory proposed that individual behavior must be analyzed within the decision making framework provided by the organization in the rational pursuit of its objectives. Under this perspective, the organizational structure is seen as a set of decision making units in a communication network, and the emphasis is on the actual decision making process, the resolutions of conflict, the coordination among units, and the information flow (Simon, 1976; March and Simon, 1958; Cyert and March, 1963). According to Cyert and March (1963) there are four basic principles of decision making which are; quasi resolution of conflict, uncertainty avoidance~ problematic search and organizational learning.

### **IV. The Contingency Theory**

Contingency theory accepts that there is no universally ideal leadership style because each organization faces unique circumstances internally and externally. In contingency theory, productivity is a function of a manager's ability to adapt to environmental changes. Managerial authority is especially important for highly volatile industries. This allows managers the freedom to make decisions based on current situations. The contingency theory reveals situations that require more intense focus and takes account of unique circumstances.

This approach reacts against the extreme positions of the earlier schools. The contingency approach does not turn its face against earlier approaches, but adapt them as part of a 'mix' which could be applied to an organization in a particular set of circumstances. That is to say, the best organizational design is contingent upon the environmental conditions that the organization faces. Major contributions toward a contingency, or situational theory of organizing have been made by different researchers: Burns and Stalker (1961) investigated relationship between management practices and characteristics of the external environment. They came up with the mechanistic and organic forma of organization.

The mechanistic system is characterized by, among other things, specialized differentiation of tasks, by individuals viewing their tasks as being distinct from the whole, by precisely defined rights and obligations, by a hierarchical structure, by vertical interactions between the superior and the subordinates, and by having instructions and decisions come from the superior. These correspond to the formal organization of classical theory.

The organic system, on the other hands is characterized by individual performance based on knowledge of the task of the whole concern, continued redefinition of tasks, through interaction with others, and a great deal of lateral interaction and consultation. This roughly correspond to the informal-participative form of the human relations school (Gannon, 1977; Kontz et al, 1983 ;)

(Hax and Majluf, 1984)They conclude from the study, that the mechanistic structure seems to perform better under a relatively stable environment, while the organic structure appears to be superior in a turbulent dynamic one.

The study by Lawrence and Lorsch (1967) gave another support to the contingency theory. The study focused on the relative stability of environments. They also examined that the performance

of firm goes up when the level of differentiation and integration are responsive to changes in the environment and if the environment is uncertain and heterogeneous, then the organization should be relatively unstructured and have widely shared influence among the management staff. If the environment is stable and heterogeneous, a rigid organization structure is appropriate, if the external environment is very diverse and the internal environment is highly differentiated, then there must be very elaborate integrating mechanisms in the organization structure.

### **4** Centralization and Decentralization

Mintzberg (1979) refer to Centralization as a situation when all the power for decision making rests at a single point in the organization ultimately in the hands of a single individual. It is the rightest means of coordinating decision making in the organization. Decentralized structure, on the other hand, refer to the extent that the power is dispersed among many individuals. According to Koontz et al (1980) to the extent that authority is not delegated it is centralized

### 2.1.7 Measurement of independent and dependent variables

Organizations have goals and objectives which could be achievable only within an existing framework of the organizational structure. Organization structure affects the way in which people at work are organized and coordinated. An extensive literature deals with the measurement of organizational structure and employee performance. There are many factors have been mentioned to determine structural aspects and these factors are of a great variety given the attitudes of scholars. If the researchers notice that why these factors are of structural aspects, their variety may be reduced. Among these factors, administrative components, independence, concentration, complexity, a delegation of authority, separation, formalism, integration, professionalism, monitoring, specialization, standardization and the number of vertical hierarchy levels can be mentioned. Most of organizational theorists have an agreement on three aspects of complexity, formalism and concentration among the abovementioned factors (Fariza*et al.*, 2009; Feizi and Rahime, 2011).

Most of extant studies on organizational structure focus on centralization, formalization, and standardization only to determine the impact of organizational structure on its performance of the employees. On the other hand, different dimensions have been adopted by authors to determine overall organizational performance and employees job performance in particular. A good performance by employee is necessary for the organization, since an organization's success is

dependent upon the employee's creativity, innovation and commitment (Ramlall, 2008). Organizational performance is one of the most important variables in the management research and arguably the most important indicator of organizational performance. According to Kostiuk et al (1989) most organizations performance is measured by supervisory ratings, supervisory ratings quality, and quantity, dependability and job knowledge and goal accomplishments even though they are highly subjective.

Based on related literature review, this study however, adopt five variables of measurement of employee's performance include supervisor's ratings, quality, effectiveness, efficiency and job knowledge. Each variable described as follows.

### • Assessing the performance of employees

According to Seidenfeld, (2007), assessing employee performance and providing feedback to employees is a task most supervisors fear. Consequently, they tend to put it off, or worse still, avoid it all together. Yet providing feedback to employees is a crucially important management function. The psychology behind the fear of providing feedback usually has to do with the early learned rule that we should not judge other people. In the supervisory role however, this generally good idea of not being judgmental is sadly misplaced. Supervisors should understand that, properly given, when they offer feedback, they are not judging people; they are objectively assessing performance. Seidenfeld (2007). Employees need and want frequent feedback on their performance. In fact, feedback is something we make use of constantly. It's known that, employees will perform without feedback. But without feedback from their supervisors, employees will make their own work assessments or try to get feedback from their friends and co-workers. Such selfassessment, by its nature, cannot be objective, and it is not likely to be very accurate Seidenfeld, (2007). What supervisors must be concerned about when giving feedback are accuracy and objectivity, and how much it will help the employee do a better job. Only the employee's supervisor can give this kind of feedback. Lack of training, so employees do not know how to do certain things. Failure to understand why thing must be done a certain way (Seidenfeld, 2007), But whatever the reason for the poor performance, a meaningful performance assessment will help to identify problems so they can be addressed.

Typically, formal assessments are on a fixed schedule, usually annually or semi-annually. But employees need feedback much more frequently. Of course, some employees will need more attention than others. But no employee should go without frequent periodic assessments. Providing frequent feedback is one of the most constructive things a supervisor can do to maintain high level performance Seidenfeld (2007). Deciding when to give informal performance assessments will depend on the nature of the job and on the type of relationship that the supervisor has with employee.

### • Supervisor's ratings

The most effective supervisors meet regularly and frequently with each of their employees, on a one-to-one basis, in order to be aware of what's going on to get early warning of possible developing problems. By scheduling frequent, regular brief meetings with each employee the supervisor can be sure that no employee goes for very long without feedback and, by keeping simple notes on each meeting, the supervisor can be sure of knowing about each employee 's performance and can spot problems or offer positive reinforcement for an observed improvement. All performance assessments should have specific objective standards against which an employee's 'performance can be evaluated. Such evaluations must be based on facts, on specific behaviors, and on direct observations. Performance assessments should not focus only on negative performance. Positive feedback from supervisors & promotion is a very important reinforcement of positive performance and therefore a major booster of employee morale. Effectively implemented, performance assessments serve to establish and maintain high levels of productivity and motivation among employees Seidenfeld, (2007).

Supervisors must carefully consider whether the same standards are being applied fairly to all employees doing the same job. Despite a supervisor's attempts to be scrupulously fair and evenhanded, there is always a danger of applying easier standards to well-liked employees. Supervisors are equally likely to apply stricter standards to their best employees. Assessments that concentrate only on weaknesses and ignore strengths damage self-confidence and lower morale. A vague, general assessment or none may lead to confusion, discouragement, and frustration. But a clear, specific, objective assessment that covers both employee strengths and weaknesses will foster improved performance Seidenfeld (2007). Keeping in mind that you are not judging people, but only objectively assessing performance can help change this dreaded task into a looked-forward-to, ideal opportunity to help your employees grow.

### • Quality of work

The quality of work performed can be measured by several means. The percentage of work output that must be redone or is rejected is one such indicator.

### • Effectiveness

The cost of work performed should be used as a measure of performance only if the employee has some degree of control over costs.

### • Efficiency

It can be defined as fundamental reduction in the amount of wasted resources that are used to produce a given number of goods or services (output).

### • Work Knowledge

Is skills and methods pertinent to assign areas of responsibilities in organization?

### 2.1.8 Factors affecting organizational structure

Organizational structure with its factors, being the structure, selected by management for the organization, introducing the type and features of that organization, and its selection is directly related to the size of organization and the number of employees, can be also effective on employees' job performance. This structure should be appropriate for the position of the organization, in other word, structure is the clear mirror of rules, regulations, procedures, standards, decision making position, the manner of communications, separation of sections and job and also merging them and hierarchy of authorities. Relatively simple and tangible concept of structure is emerged as organizational graph which is a visible symbol of all organizational activities, communicational methods and procedures so it can be said that organizational graph is a summary of actual organizational structure (Hatami et al., 2013).

Organizational structure can be affected by goals, strategy, environment, technology, organization size. These variables are key and content-based and indicate the entire organization and its position between the organization and environment. Content variables can be important as they show organization and the environment in which there are structural variables. Structural variables indicate internal features of an organization and present a basis by which the organizations can be measured and their structure features can be compared with each other. The content variables affect structural variables. Complexity, formality and centralization are important examples of content

variables. Content variables affect structural variables and by their combination, different types of structural designers are created (Rabinz, 2012).

### 2.2. Empirical Literature

The success or failure of any organization depends upon the level of people efforts in the organization and especially organizational structure in order to achieve aims of that firm, Bridges (2017). In this regard, ability of the management to motivate and create the desire to work hard on employees has a major role, so management structure of the organization is mentioned as a vital link between management and staff. Abdul Hameed et al. (2012) in their work investigated impact of structural dimensions (formalization, centralization and organizational size) on employee performance and they found formalization and centralization were related and positively affect job performance, while organizational size was found to have a moderate relationship with performance of employee.

### 2.2.1 Impact of Organizational Structure on Employee Outcomes

Organizational behaviorists and human resources professionals have long been curious about the impact of organizational structure on employee outcomes and job satisfactions. Most of extant studies consider various organizational structure dimensions with focusing on (centralization, formalization, and standardization) to investigate its impact on the organizational performance especially in terms of improving the productivity, quality, satisfaction and commitments. The result of their studies have shown that organizational structure is one of the most important factors affecting organizational efficiency both now and in the past.

To mention few of them, Shoa'i (2011) in his research titled "*Examine the relationships between* organizational structure "concluded that there is association between organizational structure (formality), organizational structure (complexity), organizational structure (focus) and knowledge creation. He shows that structure has a significant positive effect on employee performance and productivity; whatever structure be more concentrated, formal and complex productivity is lower. Colquitt et al. (2009) also finds organizational structures have a substantial impact on financial performance and ability to manage employees. For him, organizational structure is a major contributor to delivery good results through coordination of tasks between individuals and groups within the company. As described by Stephen and Thimoty, (2009), strong organizational structure

accordance with the needs of the organization and in line with the existing circumstances and conditions directly affects the performance of the organization. Williams and Bolonz (2009) showed that deconcentrating improves organization performance but cannot compensate differences and organizational complexity and knowledge. This means in places where there is a need for professional skills and complexity cannot be said that concentrating can completely solve problems. Subramanian et al, (2002) examined the relationship between decentralized structure and organizational commitment in the Australian Hotel Industry. They found that centralization had a positive relationship with organizational commitment. Similarly, Auh and Menguc (2007) investigated the roles formalization and centralization play on customer orientation within leading industrial production firms. The results indicated that, about customer orientation, centralization had a negative effect while formalization was found to have a positive effect.

#### 2.2.2 Impact of Profestional development (Specialization) on Organizational Performance

Development refers to the capacity and capability building on an employee, and thus as of whole organization, to meet the standard performance. Career development is the ongoing acquisition or refinement of skills and knowledge, including job mastery and professional development, coupled with career planning activities. Job mastery skills are those that are necessary to successfully perform one's job. Professional development skills are the skills and knowledge that go beyond the scope of the employee's job description, although they may indirectly improve job performance. Since career development is an ongoing, dynamic process, employees may need encouragement and support in reviewing and re-assessing their goals and activities. They are in a key position to provide valuable feedback and learning activities or resources.

Armstrong (2009) stated in his book that organizations could benefit from training and development through winning the "heart and minds of" their employees to get them to identify with the organization, to exert themselves more on its behalf and to remain with the organization. If employees are to experience flexibility and effectiveness on the job, they need to acquire and develop knowledge and skills, and if they are to believe that they are valued by the organization they work for, then they need to see visible signs of management's commitment to their training and career needs. Jehanzeb and Beshir (2013), confer the general movement towards downsizing, flexible structures of organizations and the nature of management moving towards the devolution of power to the workforce give increasing emphasis to an environment of coaching and support.

Staff that is technically and socially competent and capable of career development into specialist departments or management positions. There is therefore a continual need for the process of staff development, an important part.

According to Cole (2011), staffs training, and development have several benefits that is high moral and confidence of trainees, lower cost of production: by eliminate production related risks and develop skill to use resources in efficient and effective way, brings a sense of security at work place this results lower turnover, helps to manage changes and help to maintain compatible staff. Staff development needs may occur at three organizational levels namely; where top management determine the need , where needs are determined with middle management and where needs are determined with lower executive management (operational level) (Wognum,2011), In order to enable an organization formulate human resource training and development goals that will enable both formal and informal human resource training and development methods and programs create a workforce that enables effectiveness and competitiveness, it is worth giving consideration to, providing proper coordination as well as proper incorporation of the needs within the three levels (Torrington *et al.*, 2005).

#### 2.3. Summery

The vast body of literature, partially touched upon in the preceding text, makes tremendous efforts to define and propose the means by which Organization, organization structure employees, managers and authority figures can attempt to improve performance of employees.

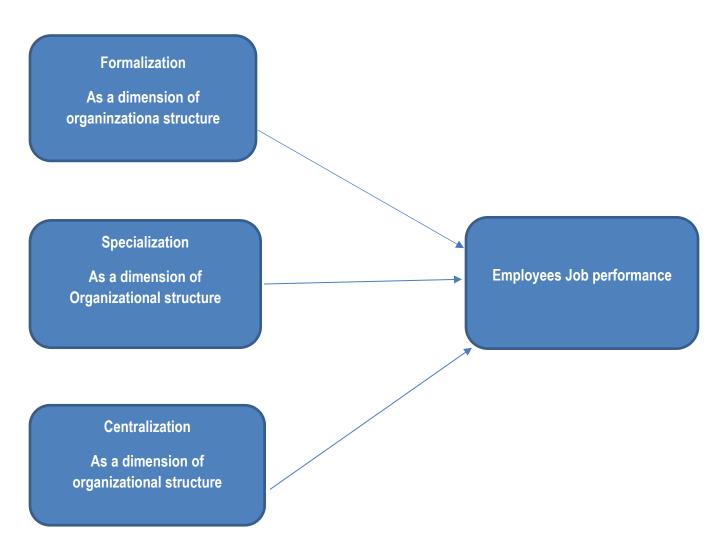
This chapter has looked at different types of organizational structures, organization theories, meanings and factors of organization structure and employee's performance, performance indicators and a relation between organizational structures with employee's performance, mainly highlighted impact of work structure on employee performance. Also, different empirical evidences by different scholars on similar title has reviewed. Most studies concerned on the factors what affect employee's performance and has been involved on profit making industries like manufacturing, banks, schools etc. Despite of the previous studies the concern of this study will focus on organizational structure on three aspects Centralization, Specialization & Formalization affect employee's performance.

# 2.4. Conceptual Framework of the Study

Organizational structure has great influence on job performance. Given the importance of structure to the performance survival, and sustainability of companies and contributions of the brewing sector to the economy, this research therefore deems it necessary to investigate whether appropriate structure is a critical success factor for success of Amref Ethiopia and the extent it has helped in the performance of its employees. In simple term, it tries to investigate the impact of organizational structure on employees' job performance for the case of Amref Health Africa Ethiopia. The logic behind this framework is based on two major concepts, organizational structure and employees' job performance, set the frame works of this study. It therefore becomes mandatory to discuss through referring literatures that has attempted to relate the two. As it is clearly described in the conceptual model of the study, independent variables (organizational structure) are on left and dependent one *employees' job performance*, to meet the ultimate goals of the study, the study develops a research framework that examines impact of structural dimensions they have on employees' job performance.

# **Independent Variables**

# **Dependent Variables**



*Figure: 1 Conceptual framework of the study (source the researcher based on literature reviews)* 

# **CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY**

# **3. Introduction**

This section aims to highlight the overall methodological considerations of the thesis showing the logical framework that discusses the overview of the methodology, research purpose, research design, research approaches, research strategy, target population, sampling technique, source of data, data collection methodology, data collection instrument, data analysis method and ethical considerations for the study.

# 3.1. Research design

The study employed both quantitative and qualitative descriptive research approaches, aimed at examining the Employee job performance in AMREF in Ethiopia. In additiona the researcher used explanatory approach to examine the *Impact of Organizational Structure on Employees Job Performance in the case of Amref Health Africa in Ethiopia*. The reason for the researcher adopted a case study was that, a case study is the comprehensive, descriptive and analysis of situation. It is flexible in respect to data collection, it relatively saved time & money and it enabled to study deeply and thoroughly different aspect of the events. Furthermore, it provides qualitative results for data analysis and interpretation (Sekaran, 2003). Also case study can be a worthwhile way of exploring existing theory (Saunder, et al., 2003). Descriptive research involves gathering data, describes occurrence or facts and then organizes, tabulates, depicts and describes data collection, in the form of graphs and charts, to help the reader understand the distribution of data (Cooper and Schindler, 2011).

# 3.2. Source of Data and data collection techniques

### 3.2.1. Source of Data

In an attempt to assess Impact of Organizational Structure on Employees Job Performance in the case of Amref Health Africa in Ethiopia and provide possible recommendations, the researcher used both primary and secondary data sources.

**Primary data source:** The study employed primary data (first hand data) was collected by the help of research instrument survey questionnaires.

**Secondary data Source** was sourced from pertinent documents used in recent year's Human resource records to know the target population. An annual report of **Amref Health Africa in Ethiopia** information was collected from the internet and websites of the organizations.

# **3.2.2. Data Collection Techniques**

In this study, the primary data were collected from target populations of the study by using *survey questionnaires* from the respondents through *face to face and email communications* channels. The questionnaire was designed using a Likert scales (five scale) ranging from strongly agree to strongly disagree. For discussion and interpretation of the results of the research, the researcher relied on computing the range through the following equation which was taken from Ali Smadi (2016). The secondary data which used to achieve the major objectives of the study was collected from the aforementioned sources, including from different books, published and unpublished documents, journals, articles and from the companies websites.

# 3.3. Target Population & Sampling Methods

# **3.3.1. Study of population**

The target population for this study includes all employees of Amref Health Africa Ethiopia who are working in Head Office (HO) and Field Office working under program operation, finance & administration, business development and field office. According to recent Human Resource Management report as of July 2019, there are 160 employees who are working in Amref Health Africa in Ethiopia.

Target Population of the study								
No	Categories	Frequency	percentage					
1	Program	74	46%					
2	Finance	26	16%					
3	HR and Administration	25	16%					
4	M&E	5	3%					
5	5 Field office 30 19%							
Tota	Total staff160100%							

Table 3.1. Target Population of the study

Source: Own Baseline survey

#### 3.3.2. Sampling Technique

According to AMREF in Ethiopia Human Resource Management report (2019), a total of 160 full time staffs and all the full-time staffs were the target population of the study. As per Glenn, (2012), there are several approaches to determine the sample size, this includes using a census for small populations, imitating a sample size of similar studies using published tables and applying formula to calculate a sample size. Among all these alternatives, in this study, the researcher *employed census* method as the population size is relatively small.

#### **3.4. Method of Data Analysis**

The purpose of data analysis is to reduce accumulated data to a manageable size, developing summaries, looking for patterns, and applying statistical techniques (Cooper and Schindler, 2011). In this study, the first-hand questionnaires collected from respondents were first checked to identify any missing questionnaires and each questionnaire was sorted with a unique number. After checking and sorting process was completed, each questionnaire's response was analyzed by using SPSS version 21 and the result was presented by using tabulation, using descriptive statistics and frequencies. Percentage mean, and standard deviation are applied to interpret the data. Also, selected variables were tested using inferential statistics such as correlation coefficient (r) and regression

#### **3.5.** The validity of the Research Instruments

To achieve the main goals of the study, the researcher sought the opinions of experts in the field of study especially the researcher's supervisors and Lecturers which was helped in the modification of the research instrument to enhance validity. And pilot test were conducted to see whether the instrument measures what it intended to measure and accordingly appropriate measures were taken such as language improvement, item change, the improvement I doublebarreled and leading questions.

#### **3.6. Reliability of Research Instruments**

Regarding to Reliability of Research Instruments of the study, Furthermore, reliability of the scales checked with the application of the Cronbach Coefficient Alpha for the computations to check for the internal consistency of the scales. According to Cherry (2019), a benchmark alpha of 0.70 was set as an acceptable and good measure of reliability and Cronbach alpha coefficient of the finding

indicates the consistency of responses to items. Accordingly, the Cronbach Alpha test of the study implies that the instrument's internal consistency of the study is 74 % which is above the acceptable percentage.

The table below summarizes the values of Cronbach's alpha

Description	No of	Cronbach's Alpha Based
	Items	on standardized Items
Impact of work specialization structure	12	0.78
Impacts of formalization work structure	10	0.72
Impacts of Centralization work structure	12	0.73
Amref Health Africa in Ethiopia Organizational work	5	0.72
Structures		
Total	39	0.74

Table 3.2. Cronbach's Alpha

Source: Own survey result

# **3.7. Ethical Consideration**

The management of AMREF in Ethiopia was requesting permission to carry out the research. Also, the respondents were willing to participate in the survey. As the data collection method used was a structured questionnaire it's self-administered one. The questionnaire was also pre-tested with selected respondents before it administered to all the employees. A letter addressed to the respondents, assuring anonymity was also attached to the questionnaire. To improve returns (response rate), the researcher was distributed and collected in person & through email with daily follow-ups.

# **CHAPTER FOUR: RESULT AND DISCUSSION**

# 4. Introduction

The primary focus of the study was assessing the Impact of Organizational Structure on Employees Job Performance in the case of Amref Health Africa Ethiopia. This chapter presents the results of the study and interpretation of the findings including questionnaire response rate, the profile of respondents showing gender, age group, level of education, work experience, position, and department of respondents using cross-tabulation while the last section presents the analysis of the study and the findings were analyzed, interpreted and discussed according to research objectives and research questions by using descriptive & inferential analysis method inform of tables and figures based on the responses got from the respondents without any partiality.

# 4.1 Summary of Questionnaire Response Rate

According to Mugenda and Mugenda (1999) stipulation, a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. In this study the researcher collected data from 152 (95%) respondents which were very good with regard to Impact of Organizational Structure on Employees Job Performance. The questionnaires that were not returned were due to respondents not being available to fill them in time and due to that some parts are not filled as per the expected.

No	Response	Frequency	Percentage
1	Responded	152	95%
2	Non responded	8	5%
Total		160	100

Table 4.1. Questionnaire Response Rate

# Demographic Characteristics of the Respondents

This section presents the background characteristics of the respondents, including gender, age group, education level, work experience, and position and department of respondents by using frequencies, percentage and tabulation.

# Gender distribution of the respondents

The study asked the respondents to indicate their gender it was found that 112 respondents (74%) were males while 40 (26%) respondents were females.

# Age distribution of the respondents

The study examined the age of the respondents and it was found out that 45(30%) employees were between 18 and 25 years, 81(53%) of the respondents belonged to (26-35) years, 23(15%)respondents fell in (36-45) years age bracket whereas 3(2%) respondents were above 45 years.

# Education level of the respondents

The study explored the education levels of respondents and the respondents belonged in four major levels namely; Post Graduate (34%), Undergraduate (51%), Diploma (11%) while 4% were had less than diploma as their higher education level. This means that majority of employees working in Amref Health Africa in Ethiopia are good enough for responding the survey.

# Department/Section/ of Respondents

The respondents were asked to indicate the department they worked in and the results are shown below. The result shows that most (46%) of the respondents were working as Program, 15% were working as finance, 16% were serving as HR staffs, while 3% and 20% were working as M& E and Field office respectively.

# Working Experience of Respondents

The respondents were asked to indicate the number of years they had worked in the organization, the study findings shows, 57% had worked for a period of 1-5 years, 34% had worked for a 6-10years, 7% of the respondents had worked in the organization for a period of above 11-15 years, while the rest (3%) had served in the organization for above 16 years. This implies that half of the respondents of this study had worked for more than 6 years within the organization and they are familiar enough with the topic of the study.

Variable	Category	Frequency	Percentage
Gender	Male	112	74%
	Female	40	26%
Age distribution	18-25	45	30%
-	26-35	81	53%
	36-45	23	15%
	Above 45	3	2%
Level of education	Post Graduate	52	34%
	Undergraduate	78	51%
	Diploma	16	11%
	Other	6	4%
Department/Section/ of	Program	70	46%
Respondents	Finance	23	15%
-	HR and Administration	24	16%
	M&E	5	3%
	Field office	30	20%
Working Experience of	1-5 years	86	57%
Respondents	6-10 years	52	34%
_	11 - 15 years	10	7%
	Above 16 years	4	3%

Table 4.2. Summery of Demographic Characteristics of the Respondents

Source: field survey data

### 4.2. Summary of Descriptive Analysis.

This section presents the result of statistical analysis and interpretation of the data by using mean and standard deviation.

The respondents were asked to rate various motivation factors using the scale; 1= 'SD (Strongly Disagree)', 2='D (Disagree)', 3='N (Neutral)', 4= 'A (Agree)', 5= 'SA (Strongly Agree)'.So the analysis has done based on those scales.

The central tendencies measurement of those organizational factors were rated as; High mean score stands for high level of agreement; whereas low mean score indicates high level of disagreement. This study is therefore used the criteria designed by Best (1977:174), i.e. score between 1.00 -1. 80 mean lowest, 1.81-2.61 mean low, 2.62-3.41 mean average, 3.42-4.21 mean good (High), 4.22-5.00 mean very good (Highest) agreement or satisfaction level. The standard deviation, on the other hand, presents the degree of dispersion of responses from the mean score.

### 4.2.1 Impact of work specialization structure on employee's job performances

The study sought to identify the major impacts of specialization work structure on employee's job performances. From the findings, most of the respondents have agreed that workers' specific skills will be improved (4.2%), Workers' skills may suffer as they are only doing one job (4.1%), workers become quicker at producing goods (more productive) (4.0%), specialized workers tend to get higher pay(3.9%), quality may suffer if workers become bored by the lack of variety in their job (3.8%), Production levels are increasing (3.8%), more motivation from job satisfaction. (3.7%), the greater cost of training workers (3.6%), more expensive workers (3.6%), boredom for the worker as they do the same job everyday (3.5%) and an increase in productivity causes the cost of production to decrease (lower average costs) due specialization structure. The result incongruent with the argument by Williams and Bolonz (2009) improves organization performance but cannot compensate differences and organizational complexity and knowledge. This means in places where there is a need for professional skills and complexity cannot be said that concentrating can completely solve problems.

No	Impacts of work Specialization structure on employees job performances	Ν	Mean	Std. Deviation	Rank
1	Workers' specific skills will be improved.	152	4.2	0.9	1
2	Workers' skills may suffer as they are only doing one job	152	4.1	0.7	2
4	Workers become quicker at producing goods (more productive)	152	4.0	1.1	4
5	Specialized workers tend to get higher pay.	152	3.9	0.8	5
6	Quality may suffer if workers become bored by the lack of variety in their job	152	3.8	0.8	6
7	Production levels are increased.	152	3.8	0.9	7
8	More motivation from job satisfaction.	152	3.7	0.9	8
9	More expensive workers	152	3.6	0.7	9
10	Greater cost of training workers	152	3.6	0.5	10
11	Boredom for the worker as they do the same job everyday	152	3.5	1.2	11
12	An increase in productivity causes the cost of production to decrease (lower average costs)	152	3.4	0.8	12
	Average Mean		3.78	0.85	

Table 4.3.Influence of work Specialization structure on employee's job performances

Source: field survey data

#### 4.2.2 Impacts of formalization work structure on employee's job performances

Moreover, the study sought to identify the major influence of formalization work structure on employee's job performances. From the findings, most of the respondents have agreed that formal organization structure mostly results in the systematic and smooth functioning of an organization, achievement of organizational objectives, defines superior-subordinate relationship that is who reports to whom, and does not give importance to psychological and social need of employees which may lead to de-motivation of employees due to formalization work structure as represented by a mean score of 4.6%, 4.2%, 4.1% and 4% respectively.

Further, the study explored that due to formalization work structure there is no overlapping of work and no chance of duplication of work as represented by a mean score of 3.9%. There is a general consensus that positive changes will require for all organizations to learn how to solve the problems and be creative because gradually non-creative organizations will phase out or will have to modify their system. A very interesting finding here that formalization gives importance to work only; it ignores human relations, creativity, and talents. As it can be noticed in table 4.4, formalization significantly affect the performance of workers through discourage of innovations and a new way of doing things with mean score of 2.3%. This finding is consistent with Hamidi (2007), Fouladi (2002), Azizinejad and Abbaszade(2009). The implication here is that employees is becomes to simply follow the rules and there are less utilization of the knowledge and competence of the employees, which can cause unmotivated and dissatisfied workers.

No	Impacts of work formalization structure on employees	Ν	Mean	Std.	Rank
	job performances			Deviation	
1	Formal organization structure results in the systematic and smooth functioning of an organization.	152	4.6	0.5	1
2	Formal organizational structure is established to achieve organizational objectives	152	4.2	0.8	2
3	Formal organizational structure clearly defines superior subordinate relationship	152	4.1	0.9	3
4	Formal organizational structure does not give importance to psychological and social need of employees which may lead to de-motivation of employees	152	4	0.7	4
5	No overlapping of work and no chance of duplication or overlapping of work.	152	3.9	1.1	5
6	Formal organizational structure gives importance to work only; it ignores human relations, creativity and talents.	152	2.3	0.9	6

Table 4.4.Impacts of work formalization structure on employee's job performances

7	Co-ordination: Formal organizational structure results in coordinating the activities of various departments.	152	3	1.1	7
8	Delay in Action:	152	2.9	0.8	8
9	While following scalar chain and chain of command actions get delayed in formal structure	152	2.7	1.1	9
10	Tall standardization procedure are focusing only to delivery my work according to existing procedure and rules	152	2.2	1.6	10
	Average Mean		3.31	0.95	

Source: field survey data

In addition, the result from this table reveals that formalization structure results in well coordination of activities in various departments and it do not delay to delivery outputs. Tall standardizations are only to delivery work as per written rules and regulations, also minimizae effectiveness of performance.

### 4.2.3. Impact of Centralization work structure on employee's job performances

The study sought to identify the major influence of centralization work structure on employee's job performances. From the findings, weak project performance reported, adheres to standard procedures and methods that guide the organization, reduce office and administrative costs, clear chain of command because every person within the organization knows who to report to, decision-making is concentrated at the top rather than shared with lower levels of the organization, lower staffs participation in decision making on matters relating to day to day operations of the organization, no or little action can be taken by staff on any matter without supervisor permission were the major and principal influences of centralization work structure as represented by mean score 4.4, 4.3, 4.2, 4.1, 3.8 and 3.7 respectively and the finding of the study supported(Jones, 2013; Al- Qatawneh, 2014),(Subramaniam and Mia, 2001), Tolbert and Hall 2009; Robert and Olive, 2013) and Hage, 1965; Robert and Olive, 2013) which states Centralization employees job performances. Also the Human Relations Theory Subramanian et al, (2002) found that centralization had a positive relationship with organizational commitment.

No	Impact of Centralization on employees job performances	No	Mean	Std. Deviation	Rank
1	Weak project performance reported as result of centralized decision	152	4.4	1.3	1
2	Adheres to standard procedures and methods that guide the organization, help reduce office and administrative costs	152	4.3	1.0	2
3	clear chain of command because every person within the organization knows who to report to	152	4.2	0.7	3
4	Decision-making is concentrated at the top rather than shared with lower levels of the organization	152	4.1	1.4	4
5	Lower staffs participate in decision making on matters relating to day to day operations of the organization	152	4.1	1.3	4
6	Engaging lower employees in the decision making facilitate	152	3.8	1.3	5
	employee empowerment and sense of belongingness	152	3.7	1.3	6
7	Centralized mgt resembles dictatorial form of leadership	152	3.6	0.5	7
8	Operational decisions must be approved by different managers before implementing organizational activities	152	2.2	1.6	8
9	The management of the organization is supportive to employees	152	2.1	1.3	9
10	Employees are asked to give their inputs on the adoption of new policies and procedures	152	1.9	0.8	10
11	· ·				
12	The management makes change based on my suggestion & feedback	152	1.6	0.4	12
	Average Mean		3.00	0.99	

Source: Field survey data

# 4.2.4. Assessment of some performance indicators

Respondents were also asked about employee's perception about their own performance by assessing some performance indicators like the level of commitment, knowledge of organizational policies procedures and objectives stands for, punctuality, willingness to take additional tasks and support by supervisors and the summery of the result showed below;

Table 4.6.Assesment of performance indicater

No	Factors	Ν	Mean	Std. Deviation	Rank
1	Meat Dead line-I exert maximum effort to meet the deadlines	152	3.03	0.84	1
2	Commitment-I am committed to have continuous quality improvement in my work.	152	2.83	0.96	2
3	Policy & procedures -I know well the organization policies and procedures and objectives to attain	152	2.78	0.86	3
4	Add task-I'm willing to accept additional tasks in time when needed	152	2.52	0.73	4
5	Punctuality-I never absent and late from work unless I have very critical reason	152	2.48	0.68	5
6	Production levels are increased.	152	2.35	0.67	6
	Average Mean		2.604	1.09	

Source: field survey data

The overall mean of employee's perception on own performance as showed in table 4.8 it's below average (mean = 2.604 and standard deviation = 1.09) indicates that employees were not happy with the performance level.

# 4.3. Correlation and Regression Analysis

### 4.3.1. Correlation between the variable

According to Getamesay (2016), the sign of a correlation coefficient (+ or -) indicates the direction of the relationship between -1.00 and +1.00. Variables may be positively or negatively correlated. A positive correlation indicates a direct positive relationship between two variables. A negative correlation, on the other hand, indicates an inverse, negative relationship between two variables. The Correlation result is determined by the relationship between employee job performances and organizational work structure. Accordingly, Correlations result confirmed that Formalization work structure affects Employee job performances at a correlation result 0.698 and 690 respectibly.

#### Table 4.8 .Correlation Analysis

		Correlations			
		Specialization work structure	Formalization work structure	Centralization work structure	Employee's Performance
Specialization work structure	Pearson Correlation	0.9	0.32	0.65	.421*
	Sig. (2- tailed)		0	0	0
	Ν	152	152	152	152
Formalization work structure	Pearson Correlation	.658**	1	.617**	.698**
	Sig. (2- tailed)	0	0	0	0
	Ν	152	152	152	152
Centralization work structure	Pearson Correlation	.711**	.617**	0.01	.690**
	Sig. (2- tailed)	0.16	0	0	0
	Ν	152	152	152	152

\*\*. Correlation is significant at the 0.01 level (2-tailed).

Source: Own survey result

# 4.4. Inferential Statstics Result and Explanation

This section exhibits an extensive data analysis and the results of the statistical tests. The researcher used inferential statistics to determine the validity of the data on the different tests of importance for normality, autocorrelation, and multi collinearity. The data were classified according to each variable into a group of questions. Finally, the study analyzed the correlation between variables and their effect by Pearson correlation and multiple regressions, hypothesis were tested as well as the model fitness.

### 4.4.1 Examining several assumptions prior to running multiple regression

To conduct multiple regression analysis, several main assumptions were considered and examined in order to ensure that the multiple regression analysis was appropriate (Hair et al., 2006). The assumptions to be examined disclosed as follow.

### Test for existence of outliers -

Outliers can influence the values of the estimated regression coefficients so, it should be removed before running the regression analysis. Hence the first assumptions is testing of outlier's existence (extreme high or low value of data's). As Field (2005), noted Multivariate outliers can be detected

by using, Cook's distance as recommended by (Hair et al., 2006). In addition in order to check normality weather, the residuals or error terms were normally distributed or not & linearity, a graph is plotted using SPSS regression graph.

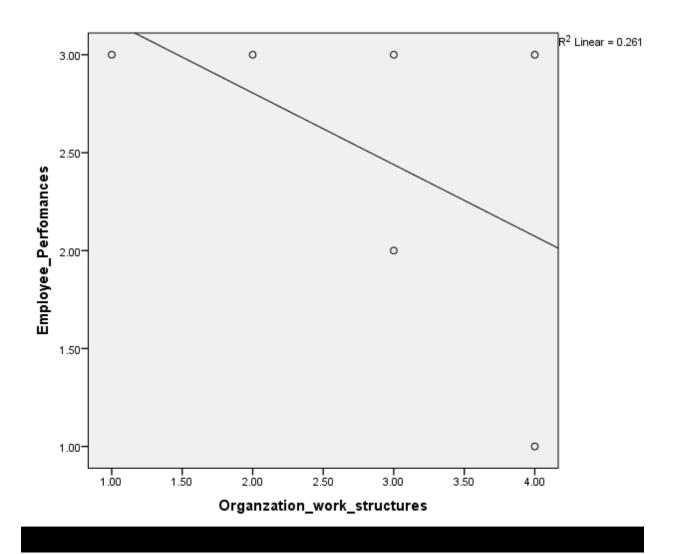


Figure 4.1 Shows Normal probability plot standardized residuals

The above graph shows the assumption of linearity and normality is accepted, moreover most of the data were in homogenized pattern. Thus, no outliers were detected.

### **Test for Multicollinearity**

As suggested by suggested by Hair et al. (2006), to test existence of multi co-linearity or weather the independent variables are correlated each other need to see tolerance and VIF Values, When VIF

(Variance Inflation Factor) is simply the reciprocal of tolerance. Therefore, when VIF is higher than 10, there is high multi co-linearity and instability of the B and Beta coefficients. VIF indicators range from "1 to  $\infty$ " and signal the extent of non-orthogonality among the predictors; i.e., the higher the VIF score for a predictor, the more it is correlated with other predictors. All values were in the range of 3.39 and 3.89, well below the cut-off value of 10. Hence, multi co-linearity is not a threat to the substantive conclusions of this study and the B and Beta coefficients are stable.

### 4.5. Regression Analysis

Regression analysis is a systematic method that can be used to investigate the effect of one or more predictor variables on dependent variable and it helps to make statements about how one or more independent variables will predict the value of a dependent variables. As a Regression analysis indicated the result F is greater than 1 which is 78.84 and P<0.01. Based on the Regression analysis result the study concluded that organizational work structure have a positive impacts on Employee job performance in the organization.

ANOVA <sup>a</sup>							
Model	Sum of	df	Mean Square	F	Sig.		
	Squares						
1 Regression	118.22	4.0	28.63	78.84	.010 <sup>b</sup>		
Residual	111.80	312.0	.329				
Total	230.00	316.0					
a. dependent Variable: En	nployees job perfor	mance					
b. Predictors: (Constant),	Organization struct	ure: Specializ	ation, Centralization	& Formalization	on		
Regression analysis, Source SPSS							
Moreover based on the	Beta analysis the	study confi	rmed that Formali	zation & Cen	tralization		

Table 4.9. ANOVAs tests

Moreover based on the Beta analysis the study confirmed that Formalization & Centralization work structure have a positive impacts on Employee job performance (Beta=0.451 & 0.422) makes the highest impacts while, Specialization structure impacts on employee performance would lead to beta 0.238.

#### Table 4.10.Beta analysis

	Coefficients											
	Model	Unsta	indardized	Standardized Coefficients	t	Sig.						
		Coefficients										
		В	Std. Error	Beta								
1	(Constant)	0.346	0.167		0.41	0.61						
	Specialization work structure	0.238	0.761	0.251	0.31	0.46						
	Formalization work structure	0.451	0.213	0.432	0.85	0.69						
	Centralization work structure         0.422         0.263         0.376         0.23											
<b>a.</b> 2	Dependent Variable: Employee	Job Perfo	rmance									

Source: SPSS Regression analysis

# 4.5.1 Regression Mathematical Model

According to Faizal (2015), the basic objective of using regression equation is to make the study finding more effective at describing, understanding, predicting, and controlling the stated variable and the author explored below mathematical model for regression analysis. *Mathematically*,

### $Yi = \beta 0 + \beta 1X1 + \beta 2X2 + \beta 3 X3 + B3$

Where Y is the dependent employees' job performances performance, X1 = Specialization work structure, X2 = Formalization work Structure, X3 = Centralization work structure are the independent variables;  $\beta0$  is the intercept term- it gives the mean or average effect on Y of all the variables excluded from the equation, although its mechanical interpretation is the average value of Y when the stated independent variables are set equal to zero. B1,  $\beta2$ , and  $\beta3$  are also referring to the coefficient of their respective independent variables which measure the change in the mean value of Y, per unit change in their respect4tive independent variables. Hence, the mathematical formula becomes;

### y = 0.346 + 0.238X1 + 0.451X2 + 0.422X3

From the analysis, all independent variables (X1 = Specialization work structure, X2 = Formalization work Structure, X3= Centralization work structure) have positive impacts on improvement of employee job performance and the study confirmed that Specialization work structure, Formalization work Structure, Centralization work structure are the main attributes for good and improved employees job performances.

### 4.5.2 Model Summery

Table 4.11. Model summer

				Std.	Change Statistics					
			Adjusted	Error of	R				Sig. F	
Mod		R	R	the	Square	F			Chang	Durbin-
el	R	Square	Square	Estimate	Change	Change	df1	df2	е	Watson
1	.728ª	.531	.522	.52480	.531	62.543	3	166	.000	1.749

Model Summary<sup>b</sup>

a. Predictors: (Constant), Specialization, Formalization & Centralization work structure.b. Dependent Variable: E. PERF

source; SPSS

Model summary that show regression, or the coefficient of multiple determination R-square value is 0. 522.therefore about 52.2% of the variation in employee's performance is explained by Specialization, Formalization & Centralizatio work structure. Which implies, there are other 57.8 % contributing factors that contribute for variation in employee's performance. This is left for other researchers to find out these factors.

If R-square is 1, there exists a perfect linear relationship between the predictors and dependent variable. An R-square of 0 indicates no linear relationship. In this research, since adjusted R square of all the three components is 0.522, we can say that the strength of relationship between predictors and dependent variable is significant.

#### 4.6. Discussion of the study

### 4.6.1. Impact of specialization work structure on employee's job performances

The study requested the respondents to indicate their level of agreements on the Impact of specialization work structure on employee's job performances in the organizations. The study findings confirmed that that organization employee specific skills will be improved, Workers' skills may suffer as they are only doing one job workers become quicker at producing goods (more productive) specialized workers tend to get higher pay, work quality may suffer if workers become bored by the lack of variety in their job, Production levels are increasing, more motivation from job satisfaction, high cost of training for workers, more expensive workers ,boredom for the worker as they do the same job every day and an increase in productivity causes the cost of production to decrease (lower average costs) are the Impact of specialization work structure on employee's job performances and the finding of the study is incongruent with the argument by Williams and Bolonz (2009) which states organization structures improves organization

performance but cannot compensate differences and organizational complexity and knowledge. In addition the study finding confirmed that the work structure and platform existing in Amref Health Africa, Ethiopia is not well supporting employee's teamwork and cooperation's in the organizations. This result is incongruent with McCourt & Eldridge (2013), who encouraged within the organization & job transfer and rotation helped to develop employee skills, involves movements of employees from one official responsibility to another.

#### 4.6.2. Impacts of formalization work structure on employee's job performances

Regarding to Impacts of formalization work structure on employee's job performances, the respondents were asked to indicate their level of agreements and the finding of the study disclosed that formal organization structure mostly results in the systematic and smooth functioning of an organization, achievement of organizational objectives, defines superior-subordinate relationship that is who reports to whom, and does not give importance to psychological and social need of employees which may lead to de-motivation of employees. In additions, the study explored that due to formalization work structure there is no overlapping of work and no chance of duplication of work and there is a general consensus that positive changes will require for all organizations to learn how to solve the problems and be creative because gradually non-creative organizations will phase out or will have to modify their system. This finding is consistent with Hamidi (2007), Fouladi (2002), Azizinejad and Abbaszade (2009). The implication here is that employees is becomes to simply follow the rules and there are less utilization of the knowledge and competence of the employees, which can cause unmotivated and dissatisfied workers.

### 4.6.3. Impacts of Centralization work structure on employee's job performances

Regarding to the Impacts of Centralization work structure on employee's job performances, the study finding explored that weak project performance reported, adheres to standard procedures and methods that guide the organization, reduce office and administrative costs, clear chain of command because every person within the organization knows who to report to, decision-making is concentrated at the top rather than shared with lower levels of the organization, lower staffs participation in decision making on matters relating to day to day operations of the organization, no or little action can be taken by staff on any matter without supervisor permission were the major and principal influences of centralization work structure and the finding of the study supported(Jones, 2013; Al- Qatawneh, 2014),(Subramaniam and Mia, 2001), Tolbert and Hall

2009; Robert and Olive, 2013) and Hage, 1965; Robert and Olive, 2013) which 4.6.4. Regarding to BPR IT infrastructural Impacts

# **CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS**

### **5. Introduction**

Chapter five summarizes the whole study and based on the main objective of the study discussed the findings from chapter four then based on the discussed findings conclusion have been drown finally the research proposes recommendations for improvement and those for additional studies.

#### **5.1 Summary of findings**

The purpose of the study was to examine the impact of the organizational structure on an employee's job performance in the case of Amref Health Africa Ethiopia (Amref-E). The study was guided by three research questions: The study was guided by what are the major impacts of organizations structure (Specialization, Formalization, and Centralization) on employee's job performances in Amref Health Africa in Ethiopia? The subject of the study were full- time employed workers of Amref-E currently working in different departments, based on the organization 2019, Human resource department employee's list the sampling frame was developed. The census technique was used to select the respondents which helped to capture the entire population; thus, all 160 employees were included. Primary data for the study was collected using a structured questionnaire and 95% (n=152) were collected and 5% (n=8) were not available to fill them in time and due to that some parts are not filled as per the expected. So a total of 152 or 95% were used for analysis. Descriptive analysis was used to determine the proportions and frequency of the variables. Pearson correlation, regression analysis, were used to draw inferences about the population. The assumptions in linear regression model were also tested. Statistical Package for Social Sciences (SPSS) version 21 was used to facilitate the data analysis.

Based on the analysis of the data, the following major findings were summarized:

The study found that that 112 respondents (74%) were males while 40 (26%) respondents were females. Much aged of respondents dominated by age category (26-35) with 81(53%) followed by 45(30%) employees were between 18 and 25 years. Regarding respondents educational level, the considerable numbers falls in post graduate (34%) and under graduate (51%). Majority of respondents have worked in program department (46%), Finance (15%), (16%) Administration and HR and the rest staffs served as supporting staffs. Most respondents (57%) had worked for a period of 1-5 years, 34% had worked for a 6-10 years in Amref.

- For descriptive analysis purpose, The central tendencies measurement of those organizational factors were rated as; High mean score stands for high level of agreement whereas low mean score indicates high level of disagreement. To this effect, the study used the criteria between 1.00 -1. 80 mean lowest, 1.81-2.61 mean low, 2.62-3.41 mean average, 3.42-4.21 mean good (High), 4.22-5.00 mean very good (Highest) agreement or satisfaction level as per recommended by Best (1977:174).
- The results of the study clearly revealed that organizational structure aspects including formalization, specialization and centralization significantly affects job performance of employees in AMREF Ethiopia.
- Correlations analysis result confirmed that the organizational work structure has an optimal impact (Specialization Formalization & Centralization work structure), on Employee job performances at a correlation result of 0.421, 0.698 and 0.690 respectively.
- Based on the regression analysis result the study concluded that organizational work structure (Specialization Formalization & Centralization work structure), have positive impacts on Employee job performance in the organizations.

# **5.2** Conclusion

The focus of the study was to assess the impact of organizational structure on job performance using Amref Heal Africa Ethiopia as a case study.

The study concluded that organizational structure is a major contributor to delivery good results through coordination of tasks between individuals and groups within the company since organizational performance depends on the nature of organizational structure. This means, appropriate structure will motivate employees; promotes good performance; improves on employee/supervisor relations, efficiency and effectiveness and determines how information flows between levels within the organization.

From the regression analysis, we found that Centralization work structure has an optimal impact on employee job performances in the case of AMREF.

With regard to work specialization structure the study found that, workers' specific skills will be improved and workers become quicker at producing goods (more productive) production levels increase (project). However; workers' skills may suffer as they are only doing one job and quality of work might be suffer due to the fact that workers become bored by the lack of variety in their job. The study also indicated there is achievement of organizational objective, defines superiorsubordinate relationship, no overlapping of work as main advantages of formalization work structure. Formalization also eroded away creativity and innovations among employees. There is high degree to which activities and relationships are governed by rules, procedures and contracts within AMREF.

The study also confirmed that the work structure and platform exist in AMREF is not well supporting employee's teamwork and cooperation's in the organizations. The current structure highly eroded team sprit among the entire staff.

The findings of the study revealed that centralization work structure reduce office and administrative costs, clear chain of command as a major advantage of centralization work structure and decision-making is concentrated at the top rather than shared with lower levels of the organization. This is reflected through lower staff's participation in decision making and weak project performance reported, as a main disadvantage of Centralization work structure.

The result of the findings indicated that organizational structure and platform existing in organizational Amref-E is not appropriate and convenient for employee growth and development. The effort have made to promote and upgrade staff into new positions/upgrading is almost none. Based on this paper, the study concluded that current work structure of AMREF is not adequately address and meet the needs of most workers.

The key factor contributing for the performance of employees in AMREF is centralization & formalization structure, employees believed that it's very necessary for them to have flexable regulations or reducing some rules employes will motivate and and innovate also in addition part of the decision making process will appreciated for the work well done.

#### 5.3. Recommendations

According to the results and findings of this study, the following recommendations can be made as ways to maximize employee job performances with regard to organizations' work structure especially in Amref Health Africa in Ethiopia.

✓ In today's every changing world, it is paramount important to build tailored organizational structure support both employees to perform well their work and organization to meet its ultimate goal. Therefore, much more should be done to reduce long procedures and rules

(extensive formalization) in the current AMREF to make the organization more productive and competitive firm.

- ✓ The solid foundation of any successful organization is its people. Involving employees in relevant decision making process not only empowers then to contribute to the success of an organization, but also saves time and money in increased productivity and reduced outsourcing. Hence, AMREF be strongly advised to work on and change to decentralized structure, it`s very important to participates employees in decision making process to strengthen the relationship with each employee and move the organization forwards.
- ✓ Employees who give their heart and soul to the organization also expect something in return currently; employee development is the number one factor for employee retention, especially among Millennia's. Top employee development methods used by organizations most frequently include training programs and leadership development programs. Investments in employee learning and development directly impact employee engagement and productivity, improving overall business success metrics. It is therefore recommended that the organization management should critically analyze the needs of staffs to promotion and strategies.
- ✓ In generally, given the significant, negative and reverse relationship between organizational structure (formalization, centralization and specializations) and job performance of employees, so the researcher recommended AMREF to revise its current organizational structure and design it so that it is more flexible against changing needs of environment, reduce the rules and regulations that are cumbersome for employees and give them more freedom to create new ways of doing things , and decentralized work structure support employees participate in decision making and create the conditions in which the relationships are transparently and reciprocally (top down and bottom up).

### **5.4. Suggestions for Future Studies**

The researcher encourages future researchers and scholars who need to study in-depth about the Impacts of organizations work structure on employee Job performances. Under listed points are the major study areas.

- ✓ Attributes of well-designed organizations work structure and employees.
- $\checkmark$  The impacts of organizations work structure on employees motivations.
- $\checkmark$  The impacts of organizations work structure on employees commitments.

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#### Annexes

Appendix One: Research questions

#### **Introduction:**

This study is conducted under college of business and economics, graduate studies program (MBA program), Jimma University ABH Campus for academic year 2018/2019. The objective of the paper is to examine the impact of organizational structure on employee's job performance. This questionnaire is designed to generate information for the study with a particular focus on the effect of organizational dimensions (Formalization, Work specialization and Centralization) on employee's job performance in the case of Amref Health Africa in Ethiopia. Participation is voluntary and your genuine replies to the research questions are very important. All provided information shall be kept very confidential and any information shall not be used for other purpose without your knowledge and in advance consultation.

### Thank you very much for the time taking to complete this questionnaire!!

#### Key Note to participants

Please take notes on the following key concepts as are applied in the context of this study.

- Organizational structure:- It defines how individuals and groups are organized or how their tasks are divided and coordinated
- Formalization :- The degree to which workers are provided with rules and procedures that deprive versus encourage creative, autonomous work and learning;
- © Standardization:-The level of variety or range of actions in a job or job series
- Work specialization: The degree to which departments and workers are functionally specialized versus integrated in their works, skills, and training
- Centralization vs. Decentralization:- The degree to which decisions are made high versus low in the organizational hierarchy

Ŧ	Employee job performance:- The achievement of quantified objectives (time, cost and quality) as per
	the job descriptions

Span of control:-The number and functional diversity of employees reporting to a manger

# A. General and Demographic information

- 1. Date of interview: Data----- month ----- year (in G.C).
- 2. Respondents address: Filed office ------ town ------
- 3. Sex of the respondent:

	L
	Male Female
4.	Age of the respondent:
	18-25 26-35 36-45 46-55 56+
5.	Education level of the respondent. Please tick $(\sqrt{)}$
	Diploma First Degree Master's Degree PhD Other Specify
6.	What department are you working in? Please tick ( $$ )
	Finance Program HR and Admin M&E Field office
7.	How long have you been working in this organization? Please tick ( $$ )
	1-5 6-10 10+

### Impacts of work structure related questions

#### I. Influence of Formalization on Employees performance

Understanding how formalization (rules and regulations) do affect performance of employees Please put " $\sqrt{}$ " in the block that most accurately represents your opinion concerning your experience at work using the following indicative scale:

1:	Strongly disagree 2: Disagree 3	: Neutral	4: Agre	ee 5	: Strong	ly agree
No.	Impacts of work formalization structure on employees job performances	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	Formal organization structure results in systematic and smooth functioning of an organization.					
2	Achievement of Organizational Objectives: Formal organizational structure is established to achieve organizational objectives					
3	Formal organizational structure clearly defines superior subordinate relationship, i.e., who reports to whom.					
4	Formal organizational structure does not give importance to psychological and social need of employees which may lead to demonization of employees					
5	No Overlapping of Work and no chance of duplication or overlapping of work.					
6	Formal organizational structure gives importance to work only; it ignores human relations, creativity, talents, etc.					
7	Co-ordination: Formal organizational structure results in coordinating the activities of various departments.					
8	Delay in Action:					
9	While following scalar chain and chain of command actions get delayed in formal structure					
10	Tall standardization procedure are focusing only to delivery my work					

1		

# II. Impact of Specialization on employees performance

Understanding how works Specialization does affect performance of employees please put " $\sqrt{}$ " in the block that most accurately represents your opinion concerning your experience at work using the following scale:

1: Strongly disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly agree

No	Impacts of work Specialization structure on employees job performances	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	Workers' specific skills will be improved.					
2	Workers' skills may suffer as they are					
	only doing one job					
4	Workers become quicker at producing goods (more productive)					
5	Specialized workers tend to get higher					
	pay.					
6	Quality may suffer if workers become					
	bored by the lack of variety in their job					
7	Production levels are increased.					
8	More motivation from job satisfaction.					
9	More expensive workers					
10	Greater cost of training workers					
11	Boredom for the worker as they do the					
	same job everyday					
12	An increase in productivity causes the					
	cost of production to decrease (lower					
	average costs)					
III.	Impact of Centralization on Employees	Performa	nce			

III. Impact of Centralization on Employees` Performance

Understanding how Centralization do affect performance of employees Please put " $\sqrt{}$ " in the block that most accurately represents your opinion concerning your experience at work using the following scale: 1= strongly disagree, 2= disagree 3= Neutral, 4= agree, 5: strongly agree

No	Impacts of work Centralization structure on employees job performances	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
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1	Weak project performance reported as			
	result of centralized decision			
2	Adheres to standard procedures and			
	methods that guide the organization,			
	which help reduce office and			
	administrative costs			
3	clear chain of command because every			
	person within the organization knows who			
	to report to			
4	Decision-making is concentrated at the			
	top rather than shared with lower levels of			
	the organization			
5	Lower staffs participate in decision			
	making on matters relating to day to day			
	operations of the organization			
6	No or little action can be taken by a staff			
	on any matter without supervisor			
	permission			
7	Centralized management resembles a			
	dictatorial form of leadership			
8	Operational decisions must be approved			
	by different managers before			
	implementing organizational activities			
9	The management of the organization is			
10	supportive to employees			
10	Employees are asked to give their inputs			
	on the adoption of new policies and			
11	procedures			
11	Engaging lower employees in the decision			
	making facilitate employee empowerment			
12	and sense of belongingness		+	 
12	The management makes change based on			
12	my suggestion and feedback			 
13	My supervisor & I work well together			

# IV. Types of organization work structure related questions

A. What types of Amref structure looks like

**B.** 1= strongly disagree, 2= disagree 3= Neutral, 4= agree, 5: strongly agree

No	Impacts of work structure on employees job performances	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	Currently Amref Health Africa in Ethiopia is practicing Formalization Organizational Structures					
2	Currently Amref Health Africa in Ethiopia is practicing Standardization Organizational Structures					

3	Currently Amref Health Africa in Ethiopia is practicing specialization Organizational Structures			
4	Currently Amref Health Africa in Ethiopia is practicing Centralization Organizational Structures			
5	Currently Amref Health Africa in Ethiopia is practicing Decentralization Organizational Structures			

# V. Employees Perception about own Performance

Using the following key (1= 'strongly disagree', 2= 'disagree', 3='neutral', 4='agree', 5='strongly agree'), how would you agree with the following statements about your performance-perception

No	Employees performance-perception	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	I am committed to have continuous quality improvement					
	in my work.					
2	I know well the organization policies and procedures and					
	objectives to attain					
3	I exert maximum effort to meet the deadlines.					
4	I never absent and late from work unless I have very					
	critical reason					
5	I'm willing to accept additional tasks/responsibilities in					
	time when needed					
6	I have good support from my supervisor in handling my					
	tasks. So that can perform my tasks easily					
7	I am satisfied with my performance at workplace.					
8	My performance is better than that of my colleagues with					
	similar qualifications.					

# **Comments and Suggestions**

1. In your opinion, what are the main factors that have a major influence or ion employees job performances?

2. From your experience, what are the possible solutions to the organizations working structure in relation to employee's job performances?