# ORGANISATIONAL STRUCTURE AS A TOOL FOR EFFECTIVE MANAGEMENT (A STUDY OF CREATIVEXONE LIMITED - LAGOS)

BY

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BEING A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF BUSINESS ADMINISTRATION, MOUNTAIN TOP UNIVERSITY, OGUN STATE, NIGERIA IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF BACHELOR OF SCIENCE (B.SC) DEGREE IN BUSINESS ADMINSTRATION AT THE COLLEGE OF HUMANITIES, MANAGEMENT AND SOCIAL SCIENCES

**NOVEMBER, 2020** 

## **DECLARATION**

I hereby declare that this project report written under the supervision of Dr. Patience Erigbe is a
product of my own research work. Information and data obtained from various sources have
been rightly acknowledged in the text and list of references provided.
ADEGBOLA, DAMILOLA DATE

# **CERTIFICATION**

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### **DEDICATION**

This research project is dedicated to God Almighty who saw me throughout my academic period in MTU, my lovely parent Late Mr. Adegbola, Mrs. Adegbola who happens to be the pillar of my educational pursuit and also my sponsors for their unrelented support and assistance.

#### ACKNOWLEDGEMENTS

It is often said that no matter how long a journey takes, there comes a time it all comes to an end. All lasts only for a period of time. I commenced my journey November, 2016, four years ago this very year, it is with great joy I would be completing this chapter of my life.

I want to give all glory and honor to God Almighty for the successful completion of my academic pursuit and this research project. I am eternally grateful to him for endowing me with the intelligence and brilliance to successfully carry out this research work and to bring it to a completion as it won't have been possible without him.

My warmest appreciation goes to my parents, Late (Mr.), and Mrs. Adegbola for your support financially, morally and spiritually. I also appreciate my relatives in person of Mr. Adebayo Adegbola, Mr. Biodun Adegbola, Abayomi, Uncle Kb, Uncle Ramon, Nurse Kenny and my siblings for their supportive and encouraging words and assistance in making sure that I earned a degree. All of your prayers made me pull through the hardest times of this journey to the finish line successfully.

I also want to express my gratitude to my supervisor Dr Patience Erigbe for her unrelenting and motherly support in making sure that this research work was completed and brought to a final stop. She is the best person I could ever have asked for. Thank you very much ma!!!

With my heart full of gratitude, I would like to give my sincere appreciation to my lecturers and members of staff of Mountain Top University: Dr. Ojo Olanipekun, Dr. Patience Erigbe, Dr. Ogundele, Dr Saheed Adedeji, Mr. Majekodunmi Samuel, Dr. Ademola Young, Dr. Ologundundu, Mr. Attah, Mr. Olurin, Pastor Olumide Adesina etc. the knowledge and impact

you have established in me all this years has made me the person that I am today and being able to tackle life problems and to prosper in all my endeavors.

To my fellow course mates and friends too especially Ayomide Scott, Philips Mosopeoluwa, Onyeberechi Glory, Omonfonma Favour, Akpan winner, Adedigba Abraham etc., your conditional love and care kept me strong and focused throughout my study at Mountain Top University, we all went through the phase together and by his grace conquered. It is my prayer that we all shall be victorious in every aspect of our lives in Jesus name.

To everyone who contributed to this project in one way or the other, I say a very big THANK YOU and may God bless you abundantly.

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**ABSTRACT** 

Effective management requires proper planning, controlling, coordinating, directing and

organizing in the work organization. Past studies on effective management have not been able to

fully recognize organizational structure as a platform. In view of this, the study investigated

organizational structure as a tool for effective management in Creativexone- Limited- Lagos.

The combination of Max Weber and Henry Fayol administrative theories provided the

framework. Research design was purely survey and a simple random sampling technique was

used to select the sample size. The sample size was 60 from the total population of study which

was 70.

In respect of factors that promoted management effectiveness in the organizational structure, 75%

of the respondents agreed strongly that organizational structure was instrumental to effective

management, while 20.0% agreed, 3.3% disagreed & 1.7% strongly disagreed. In respect of

organizational structural design of department, 40.0% of the respondents strongly agreed that the

design has been of good help and 28.3% agreed with the view, while 28.3% disagreed with this

view, in respect of hypothesis 1 the null hypothesis was rejected, while the alternative hypothesis

was rejected, while the alternative hypothesis was accepted that stated that recognition of

organizational structure has impact on management effectiveness. Hypothesis 2 also showed the

acceptance of alternative hypothesis that stated achieving a better structural design is a function

of organizational structure. It is also recommended that organizations should endeavor to have

well-structured organization, in order to achieve the set-up objectives.

Keywords: Organizational structure and effective management

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#### **CHAPTER ONE**

#### INTRODUCTION

#### 1.1 Background of the study

Organizational structure determines how tasks, powers and responsibilities are delegated, managed and organized and how knowledge flows between the various levels of management (Grawe, 2012). A structure relies on the purpose and strategy of the organization. Different companies use the organizational structure as a control mechanism to ensure that employees work well, to ensure that the necessary activities are performed effectively and efficiently, and to assist in the achievement of organizational goals and objectives (Katsikea, 2011). Management's main function is to determine the best strategy to optimize the organizations resources. It is a means of achieving a positive result from transformed actions, coordinating people and their relationships Chughtai and Zafar, 2006; Sinclair, 2005.

According to Akpala (2001) Organization is a management process of dividing facilities into entity units for promoting activity or grouping the unit into larger sub systems called departmental branches or divisions and putting individuals or decision makers in the units created to develop a functional or accountable relationship and authority between the different units and offices.

The internal characteristics receive attention since they are in larger sub systems called department division and placing people or decision allows the units generated to determine functional responsibility and relationship of authority between the different units and the person holding offices (Daft, 1995). Such attributes are noted for being essential to organizational failure and success (Zheng, 2010).

Organization includes assigning roles and organizing activities between all organizations to ensure maximum productivity in achieving pre-determined objectives. Hurky (2002) has described structure as a blueprint for the relationship between the different people to hold positions in an organization. Organization structure is defined as a formal system of relationships and tasks of authority that controls and manages employee and behaviors to accomplish the goals in an organization (Jones, 2013).

According to Yode (2003), he said that organizational structure that provides a structured arrangement of task assignment in which compound component has defined duties, all contributing presumably to the overall goals. The composition of the organizations gives it the shape to carry out its environmental purpose (Nelson & Quick, 2011). Tall structure is an organizational permutation where in a vertical context, with the resemblance to a pyramid, the various positions and strata are installed. In this type of organizational structure, it's common to have a larger number of subordinates with less responsibility at the bottom rungs and a growing sequence of rung each with greater influence and responsibility, yet less staging at the highest positions in the number of personnel. This has some influence of the organization and management (Rao, 2008). The different positions, ranks and obligations all form a contact network through which knowledge is exchanged, likely filtered, and distributed to specific hierarchical levels. This is vulnerable to more straightforward, concise lines of interaction between different strata (Yull, 2004). This helps all organizations in several ways, one of which is the participant context in which knowledge is exchanged and disseminated because there are less links and fewer obstacles to transmitting information. Another way is to strengthen organizational solidarity through closer communication and engagement between subordinates and management, as well as a sense of impact on an organization and its course (Coleman,

2011). The phrase organizational structure refers to the formal nature of the allocation of duties, responsibilities and powers between individuals and groups within an organization (Oliveira & Takahashi, 2012). The foundation of the matrix organization crossed these two directions (Galbraith, 2009; Kuprenas, 2003). Some went beyond these early approaches and looked at the relationship between structure and strategy (Brickley, Smith, Zimmerman, & Willett, 2002). This approach began with Alfred Chandeliers (1962, 2003), pioneering work, which traced the historical development of such American Corporations as DuPont, Sears, and General Motors. From his analysis he concluded that a strategy for organizations appears to affect its structure. He suggests that strategy implicitly defines variables such as organizational activities, technology, and environments, each affecting the organizations structure (Greenberg, 2011). Thus organization is a means of achieving the best outcome of cooperative effort, organization deals with individuals and their relationship within a corporation. Structure refers to the relationships between an integrated whole part. Thus, the idea of structure can be extended to everything. A house, for example, is a structure of the connection between base, skeleton, ceiling, and wall. A human body is a structure consisting of the relationships between bones, organs, blood and tissues (Jo. Hatch, 2014). Organizational structure is the basis for working relationships, programs, organizational procedures, individuals and community efforts to achieve the desired goal. Organizational structure is a collection of methods which divide the task and organize tasks (Monavarian, Asgari and Ashna, 2007). The organizations create the mechanisms for organizing work factors activities and monitoring the actions of the members (Rezaylan, 2005).

A structure depends on purpose and scheme of the organizations. The top layer management has the majority of decision making authority in a centralized system, and has close control over departments and divisions. The decision making power is distributed in a decentralized structure, and the departments and divisions may have different degrees of independence Henry Mintzberg (1992).

The organizational structure that may apply to the hierarchy not only of a corporation but also of any institution such as a charity, government agency or educational establishment is designed to decide how an entity functions and helps the organization achieve its goals and objectives (Gill, 1975). The organizational structure outlines how tasks are oriented towards their individual goals including task selection, supervision and planning. It is also a viewing glass or viewpoint that helps workers to see their company and community better. Simply put, this refers to how a company arranges its personnel and employees so that its mission can be completed and its goals and objectives achieved (Sofia, 2013). There are different ways of structuring a corporation or an organization depending on why it exists and what its goals are, I will use the word "company", "business" or "company" for the rest of this project when referring to an entity. Communication is face to face in a typical small company and a formal structure is probably not necessary (yang, 2013).

However, in larger corporations, decisions need to be made about the credibility of several tasks. So processes are set up that delegate roles and obligations for a number of functions. It is these decisions that decide the organizational structure of the company (Berry, 1984). Nwachukwu (1995) opined that organization structure involves the division of activities into departments, divisions, units and sub units which define the relationships between the heads and the members of the unit. Employee descriptions of jobs in any medium or large enterprise are usually described by what they do, their immediate superiors (to whom they report), and who reports to them if they are managers or directors whose classification is ultimately allocated to the position within the enterprise rather than to specific individuals. It is against this background the study

examines organizational structure as a tool for effective management in Creativexone Limited-Lagos.

MASCOW (1995) explained that in business, an organizational structure establishes the relationships of obligation and authority among people. They went on to describe the key word as follows: responsibility refers to the collection of responsibilities to fulfill, the condition to which one is liable or accountable in order to achieve a goal. Authority is the right or authority to advise other persons to perform tasks and requires those views to be consistent with the backland which defines the structure of the organization as the pattern or network connection between the positions and the holders of position (Daft, 1995). Sometimes, in an organizational diagram, it shows how the various roles are interrelated. The characteristics of all organization, including many factors:

How large it is, how many people work there, its profits, where it is and what it does and how many different markets it works in some scholars have argued the impact of the organization structure in a corporate structure. This introduction is accompanied by methods in section 2 and section 3. The result and review in part 4 is clarified by the findings and suggestions in section 5.

#### 1.2 Statement of the Problem

Organizational structure and its impact on companies are still not adequately studied, even though scholars are increasingly paying attention to this subject (Birkinshaw, 2001). The negative results can be caused by overlapping of functions in the organization. The importance of organizational structure in management effectiveness cannot be utilized if the best organizational structure is not adopted (Drucker, 1991). This problem has caused a haphazard and unobjective structure which is mostly due to management neglect of the importance of

organizational structure. There is effect on the profitability index as a result of the structure chain

in the organization (Mooney, 2001). The study therefore will seek to highlight deeply, the

importance of organizational structure in order to draw the attention of management to it. This

study will also help to identify different patterns of structure and their characteristics so that the

management can be well informed towards choosing the best structure that will suit the

operations of creativexone limited (McNamera, 2018).

The structure of any work organization determines how individuals are placed in various

positions and how their functions are interrelated in order to accomplish the lofty objectives of

such organization (Shield, 2016). Different techniques have been used like the organizational

chart, styles to share duties. The organization must determine what type of structure will work

for them as an advertisement company. In this case the type of structure to be used must be in

line with objective of the organization (Maquire, 2003). As educative as that is there has been

little explanation on how organizational structure really affects the effectiveness of the

organization, hence a gap is affected this study hopes to fill with empirical investigation. This

study also provides a new insight into the historical work of working life equilibrium and

provides particular suggestions for organizations willing to adapt the culture that can promote the

implementation of organization structure which enhances effectiveness at work.

Previous studies on effective management have laid emphasis on issues like effective

management and small firms

(Henning, B and Thomas, N; 2017), effective management teams

(Qurratulain, N; 2015), effective management on growth

(Srinivasa, R; 2007), performance management system

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(Clayton, M; 2017), managerial effectiveness

(Stamatis, K; 2015), change management

(Robert, G; 2006), coaching etc.

Although these works are impressive, yet little or nothing has been done in intellectual discourse on organizational structure as a tool for effective management. It is on this basis; the study examines organizational structure as a tool for effective management in Creativexone ltd- Lagos.

#### 1.3 Objectives of the Study

The general objective of the study is to examine organizational structure as a tool for effective management in Creativexone Limited. The specific objectives are:

- > Identify factors that can impact the management effectiveness in the organizational structure
- > Determine whether there is an issue with the organizational structural design of the department
- Find out if a supervisor manages his/her department by the level of education of subordinates

#### 1.4 Research Questions

There should be questions in every research project that makes the study practical. The following are the relevant research questions that require answers:

- What are the factors in the organizational structure that can affect managerial effectiveness or performance?
- ❖ That there is an issue in the structural design of the departments?

❖ To what degree does the level of education of the subordinates influence the way in which the manager manages his departments?

#### 1.5 Research Hypotheses

Hypothesis 1

H0: Recognition of organization structure does not have an effect on management effectiveness.

H1: Recognition of organization structure has an effect on management effectiveness

Hypothesis 2

HO: Achieving a better structural design is not a function of organization structure

H1: Achieving a better structural design is a function of organization structure

Hypothesis 3

HO: Follow up on the level of education of the subordinates does not determine how the manager structures his departments.

H1: Follow up on the level of education of the subordinates determines how the manager structures his departments.

#### 1.6 Significance of the Study

- 1. In various aspects, this research is significant. It adds the existing literature on the effect on emerging organizations of the organizational structure.
- 2. The study will promote a framework for good performance and proper coordination of task among employees in work organizations.
- 3. This study will create platform for allocation of responsibilities, grouping of functions, decision making and effective control.

4. This study will provide a framework for harmonizing the activities of the organization with its goals and objectives.

#### 1.7 Scope of the Study

This area of research and reporting aspects is based solely on the impact of organizational structures of companies in Nigeria. The research is restricted to the managing director, department head, creativexone supervisors and its depth which include:

- ✓ Description and clarification
- ✓ General success of creativexone

#### 1.8 Limitations of the Study

- 1. Necessity of organizational structure: Several recent organizational ideas, models and values. The study was based on secondary data collection and thus error in the original data could be avoided. All data collected by the organization is however accurate. These are also potential drawbacks.
- 2. Financial restraints: Considering the state of the economy the cost involved in the research project are very high. The little amount of pocket money my parents have given me is not enough to carry out an extensive research project.
- 3. Limited time: The most important to note is the time limit, the combination of lecturers, tasks, chapel, analysis and also term paper makes it difficult to procure materials for the research project.
- 4. Data confidentiality: The majority of the information used in this research work has been derived from the case study. Because of the organizations values, some knowledge was preserved and used after much effort.

5. Lack of academic know how: Being the first time submitting a research project and I lack the skills to do a research project.

6. Unavailability of textbooks and papers: The information collected in writing research project must come from several textbooks and journals, but most of the textbooks were difficult to find and the ones found were outdated.

#### 1.9 Definition of Terms

➤ Organization: Defined as a formally organized group of individuals who have established tasks and work together to accomplish a particular purpose. Organization is restricted as an economic and technical gadget consisting of people and natural relevant factors requiring the processing of certain variables and the execution of systems and obligations leading to the realization of a particular objective (Olum, 2004).

> Structure: It is the structure and relationship between parts or components of something complex. It also includes the creation or organization of a program, pattern or organization.

- ➤ Organizational structure: It provides a framework within which there can be complete delegation and transfer of responsibility. It clearly shows the relationship of authority within an organization Taylor (1916). It is a mapped pattern or a relationship between individual positions and an organizations duty and authority in achieving its goals.
- ➤ Management: It is the efficient use of both human and material resources in order to achieve the goals and objectives set.
- Authority: This is the legal delegated authority.

- ➤ Delegation: It is the mechanism by which an individual manager supervisor transfers part of his authority or power of action to a subordinate to a particular work but without relinquishing the ultimate responsibility that his own superior entrusted to him (Offe, 1966).
- > Formalization: The degree to which workers are structured within the organization.
- > Departmentalization: the basis upon which workers are classified
- ➤ Centralization: The degree to which decision making is centered within the company at a single point.
- ➤ Decentralized: The degree to which decision making is dispersed to employees at lower levels.

#### **CHAPTER TWO**

#### LITERATURE REVIEW

#### 2.0 Introduction

There are many different views and interpretations on structure of the organizations. Structure is the architecture of entrepreneurial competence, leadership, expertise, functional connections and arrangements. Walton (2014) identified structure as the basis for organization, including hierarchical levels and scope of responsibility, duties and positions and coordination and problem solving mechanisms. Thompson (1995) said that structure is the internal identifying and relationship patterning. He referred to structure as the means by which the company sets limit and conditions for its member's efficient performance by specifying responsibilities, resource management and other matters. Karts and Kahn (1985) said that structure is an interrelated series of events that complete and renew an operation cycle. Jackson and Morgan (1993) used a modified concept, the structure was defined as a relatively long term allocation of job roles and administrative processes, forming a pattern of interrelated work activities and allowing the organization to plan and regulate its activities. Lawrence and Lorsch (1967) describe structure as the technique that differentiates and integrates the organization. Differentiation is linked to the extent in which executives behave as quasi entrepreneurs, while integration is defined in such a way that each member of the company, including managers will do their best to attain organizational goals. An organization is likewise a collection of elements in the units of interaction, structured level and decision making (Nahm, 2003). Identifying these components has always been one of the most critical problems facing researchers at the organization. Hage and Aiken, (1967), Organizational structure is characterized as the established pattern of relationships between the components of a firm's part (the way a business is set up) according to

dictionary organizational behavioral. Sablynski (2001) succinctly defined organizational structure as the division of job tasks within an organization. An organizational structure is a framework which outlines how certain activities are directed toward achieving an organizations goal (Mowday, 1982). These could include rules, tasks and obligations. The organizational structure also determines how the information flows within the enterprise from level to level (Nava, 2011). It can happen through intentional action, spontaneous improvisation, or some combination of the two, but it always depends on coordinated efforts. For example, decisions come from the top down in a centralized system, while decisions are taken at different levels is a decentralized structure. Systems by itself is neutral, it's neither good or bad. Yet for many members of the organization, organizational structure has functions that limit innovation of individuals (Menguc, 2007). Many also think of structure as synonymous with bureaucracy, as a replacement for preparation, planning or reasonable action, there is no need to apply any of these negative definitions to the structure. Structure is what policy makers; administrator or designers of organizations make or allow to happen. Argyris, C (2002). Personality and organization. Harper and Row, (1957), Armstrong, M. (2002).

#### 2.1 Conceptual Review

#### THE CONCEPT OF ORGANIZATIONAL STRUCTURE

If two or more entities are working together to achieve a community outcome, it is an organization (Abdul Hameed, 2012). The roles that must be performed are decided after the aims of an organization are defined. Personnel specifications and the physical resources necessary to achieve the targets determined are evaluated success (Fayol, 1949). It is then necessary to coordinate these elements into a structural design that will help achieve the objectives. Finally, suitable roles are allocated (Arrow 1974). Determining the activities to be performed requires

taking into account the division of labor: this is typically achieved through a departmentalization process (Irefin&Bwala, 2012).

#### 2.1.1 Division of Labor

Job division involves determining the scope and content of divided work. Specialization is the most important consideration in dividing task (Ambler, 2000). It was implemented by the use of motion and time experiments by scientific management theorists. They reasoned that greater productivity was brought about by specialization. The concept of many was criticized by this view. For example, Bensis Likert (1995) mentioned that over specialization can lead to a low level of morality and low production. Donnelly (2001) shared this view when they reported that it appears that many employees are becoming increasingly satisfied and irritated with the mechanically poked role of motivation and responding negatively. We can also see specialization in contemporary organizations (Nicholson, 1995). Some scholars have suggested how the unpredictable outcome of over specialization can be minimized. Work enrichment has been proposed as a solution to the problem. As defined, job enrichment seeks to enhance both productivity and human satisfaction by creating employment for people, in particular, greater scope for personal achievement and appreciation, more demanding and responsible work, and more individual advancement opportunities (Stewart, 2008).

Basically, what this actually means is that range and complexity should be taken into account in job arrangements. Scope refers to the number of tasks carried out in the job, which is why depth refers to the responsibility for anatomy and independence or control over the job (Nasrullah, (2014). They are the spectrum defined in the job assignment, essential work, autonomy and feedback. These are what Hackman (2001) and his partner claim must be altered to accomplish

that it only works for people who are looking for job fulfillment. They also argued that the positive effects on the quality of life at work can only benefit from management asking the individual employee what they want and fulfilling them accordingly. Akan (2002), Formalization refers to the degree to which job requirements, rules, strategies and other tools have been put in writing to explain anticipated behavior (Zhu, 1999). It is commonly accepted that there is a close association between the formulation and specialization of an organization. Since regular and specialized organizations face the problem of identifying the employee who is more likely to have a greater formalization of roles (Dogan, 2011). Sample and routine manufacturing and administrative tasks are lending themselves to extenuative formalization, whereas complicated and non-routine scientific tasks are not appropriate for formalization mechanistic structure may definitely be because, on the other hand, a small degree of formalization may be its impact charges that will face the need for sound management decision, aimed at a minimal charge (Laggard&Bindsley, 2006).

From the point of view of subordinate satisfaction, some mistaken choice that spells out for management effectiveness may also be considered (Ivanko, 2013)

#### 2.1.1.1 Departmentalization

This is the grouping of different tasks into manageable units to accomplish the enterprise goals in the most productive and efficient way (McNamara, 2009). To this end, a variety of means may be used. By feature, method, product, sector, consumer, geographic region, and also matrix (also called project organization) are key types of departmentalization. A variation of these is used in many organizations (Cole. 1998).

#### **2.1.1.2** Function

(Wikipedia, 2013), maybe the oldest and most common form of grouping similar functions, such as marketing, finance, and development (for operations) is by specialized functions. This type of departmentalization can often cause problems if people with specialized positions become more concerned with their own specialized field than with the overall business (Chunxia, 2013).

#### **2.1.1.3 Process**

Departmentalization can also occur by procedures

#### **2.1.1.4 Product**

Departmentalization by product may be better when specialized knowledge of certain goods or service is required (Singh, 1983). This typically happens in large corporations that are diversified.

#### 2.1.1.5 Market

Departmentalization by business might be the best method when there is a need to provide better service to different types of markets (Merkle, 1980).

#### **2.1.1.6** Customer

Key or big clients often warrant customer departmentalization. In banks this is the case.

#### 2.1.1.7 Geographic Area

Departmentalization by geographic region can offer better service to consumers and be more cost effective when companies are distributed worldwide or have territories in many parts of a country (Ambler, 2000). This form of departmentalization is a typical example

#### 2.1.1.8 Matrix (project organization)

In recent years, departmentalization by matrix or project has received significant use, particularly in industries such as aerospace (e.g., NASA). In this process, workers with diverse backgrounds and experiences relevant to the project are gathered and assigned the particular project to be carried out within a certain period of time (Scott, 1987). These specialist workers return to their daily job duties when the project is finished.

#### 2.1.1.9 Delegation- The Art of Managing

As mentioned earlier, the management process starts with the setting of targets. If the targets have been defined, the tasks that must be performed are taken into account (Stewart, 2008). Then it decides the job to be done or the duties to be assigned. This implies that the workers and physical resources required to achieve the enterprise goals need to be known (Dickson, 1939). Thus, when the tasks, workers, and other resources are brought together in a conceptual system or organizational structure through some way of departmentalization, the delegation process begins (Mohr, 1971). The mechanism that makes management possible is delegation. About why? Because management is a method of achieving results through others, Delegation process, Authority, Accountability, (Armstrong, 2008).

Packard (1995), the need for delegation emerges at the moment when a job becomes too complicated, too diverse or too voluminous for one person. Imagine, in its simplest form, the sole administrator with ambitions and with little time to achieve them (Shafritz, 2005). The manager will create a new job, appoint an employee, and delegate the achievement of the goals to the new employee (Hage's, 1965). The new employee must also have the capacity to accomplish them in order to fulfill these obligations. Thus, along with the duty, power is delegated. However, the boss is also eventually liable. The manager transfers or establishes

responsibility by transferring some of his or her duties (Ornstein, 2012). If the employee does not properly exercise the liability, the manager may always revoke the power. Abdication is delegation without control. In practice, the management process operates in conjunction with the delegation process (Ollie, 2014). Since management is the process of achieving outcomes through others, delegation facilitates the process by assigning duties, delegating authority, and exacting employee accountability (Krenn, J, 2017). The process of delegation works as follows. At the end of the budget cycle, the manager has some specified targets (i.e., results) to achieve. The centralization and decentralization problems include the delegation of authority concept (Schminke, 2002). It is generally defined as centralized when a small amount of authority is assigned to an entity. When a large amount of power in the organization is transferred to lower levels, the corporation is defined as decentralized (Zeffane, 1994). There are opposites of centralization and decentralization, and there are varying degrees to each. Employees at lower levels have a restricted spectrum of decision making authority in a highly centralized organization (Auh and Menguc, 2007). In contrast, for lower level employees, the scope of authority to make decisions in decentralized organizations is very broad. All forms of centralization cannot be classified as effective or ineffective (Mohammad, 2003).

Menguc, B. (2007), for decentralization, the same holds. Each type has its benefits and drawbacks and is influenced by a variety of considerations. The size and complexity of the organization, for example, may influence the delegation of authority. If a company is very broad and diversified, the limitations of competence would usually lead to the heads of these various organizations decentralizing authority (Hofstede, 2001). If the organization characterizes speed and adaptability to change, it tends toward decentralization. Geographic dispersion also supports authority decentralization. Some organizations, on the other hand, have excellent and speedy

communication networks that appear to support authority centralization (Michigan, 2012). The company attempts to centralize power in circumstances in which sufficient resources are inaccessible.

#### 2.1.1.10 Merits of Centralization

Closer Operations Power, Uniformity of rules, protocols and processes, Better use of centralized, trained experts

#### 2.1.1.11 Merits of Decentralization

Faster decision making without higher level consultation, excellent experience in preparation for advancement to higher level management, Decisions best suited to local circumstances.

#### 2.1.2 Organizational structure

As discussed earlier, the key structured organizing relationships are responsibility, control and accountability. They allow us to put roles, people and other resources together for the purpose of achieving goals. The system is known as the hierarchical structure for coordinating these formal relationships (Shokouhi, 2012). It provides the means for the lines of obligation, control, and transparency to be explained and communicated. While there are varieties of differences in the organizational structure, we will address functional structure and divisional structure.

#### • Functional structure

Owolabi and Kingsley, (2007) the functional form separates work by sort, e.g. marketing, finance, manufacturing, and management. Although the tasks which vary from industry to industry, the coordinating principles of the system are the abilities necessary to execute task clusters; plants are allocated to the manufacturing role, sales may be in their own 'arm', and marketing may be a separate division. In a functional framework, the fundamental presumption

is that the main strategic organizational skills lie in the various functional abilities and are thus emphasized and essential (Blessing, 2008). Functional organizations tend to be centralized such that the merging of the operations of the different functions happens only at the senior level, hence the term general management (Ojokuku, 2008).

Advantages: The primary benefit of the functional type is its functional specialist expertise. In these positions, individuals who begin their careers in research and development, or production, or sales, and work their way up through career ladders become practiced and trained in their area of competence (Nwugballa, 2011). The role of management is to integrate the functions and ensure that they are managed to provide the market with their product or services. It is also a vital requirement to recruit and maintain functional specialists (Robbins, 2005). Functional types make it easier for individuals to know who to call for unique needs inside and outside the organization (kuye, 2004). In the use of the various specialties, they avoid the duplication of resources and allow economies of scale. Finally, the functional organization is simple. Each department has clear tasks so that accountability is easier to track. Many smaller organizations start with functional organizations and then grow into one or more other kinds of organization Droege (2013).

Disadvantages: The functional type, on the other hand, also appears to support empire building and behavior defense, in that functional managers also find it hard to relate to or endorse their counterparts'ambitions (Muo&Muo, 2007). Boundaries between departments are becoming increasingly difficult to penetrate in a functional organization. Customers and staff can hear people say. 'I'm sorry, that's not my department', what well known speaker and author calls' bureaucratic quackery'. In a functional organization, it can be easy to lose sight of customers. Employees tend to focus on their "jobs" rather than their customers (Rajaeepour, 2012). As units

develop their own jargon and incentive schemes, the functional type often creates barriers to teamwork and communication among the functional units. Each functional group also tends to create its own subculture (Naveed 2010). A major challenge could be finding integrative structures and processes large enough to resolve functional barriers. Ultimately, Functional types do not contribute to the early growth of general management abilities (Csazar, 2012)

#### Divisional structure

In many large American firms today, perhaps the most common structure is the divisional type. The classic book, strategy and structure, by Alfred Chandler (1995), describe the production of this type at DuPont and General Motors in the early 20<sup>th</sup> century. More recently, in his book, The M-Form Society, Williams G. Ouchi (2001) wrote about the form in detail. The divisional structure may be considered an extension of the product form, but for the general manager with much greater responsibility and scope of control (Robins, 2000). In this type, a person is placed in charge of a "company" that can be specified by product group or product locations or product clusters. From start to finish these divisions will usually be responsible for their own business, including funding, raw materials, manufacturing, promotion and sales (Oyende, 2009). They will also have the power to structure their departments in the way they want, and that may be reasonable since different organizations may face different environments.

Advantages; Ouchi (2002) argued that among organizational units, the M-form strikes a balance between independence and interdependence. He claimed that, as the functional form or totally separate as the product form (where there are benefit and expenditure centers), the company does not have units fully dependent on each other. Organizational units will increase income by striking a balance between those extremes, but still share in the allocation of common expenses from product divisions. Ouchi believed that through shared resources, all units should be

interdependent. Hewlett-Packard (1996), for example, conforms well to the pure M-Form. H-p was split into almost fifty semi-autonomous divisions in the late 20<sup>th</sup> century: one developed oscilloscopes, another, hospital equipment, a third, and computers and so on. Each department sold to a slightly different group of customers: each employed various production techniques. However, all shared a common background in the electrical engineering profession and used some similar production methods, and most relied on an ongoing process of innovation from central laboratories to complement their study. The structured framework of the divisional type depicts the conflict in organizations between dependency and interdependency and offers a way to achieve a balance between the divisions' autonomy and the corporation's central control (Child, 1977).

Disadvantages; the divisional form is dynamic and needs to be well handled by experience and judgment. It may result in humiliating redundancies and customer service breakdowns (Woodward, 1965). At Hewlett-Packard (1996), for example, three separate divisions developed computer machines that were incompatible with each other at one point in the early 1980s. This fragmented the ability of H-P to dominate the market and provided the purchasing public with a confusing selection of goods. The M-form generates enormous requirements for cautious and considerate integration systems and mechanisms.

#### 2.1.2.1 Importance of organizational structure

Organizational structure is an invaluable tool, according to Peter Ducker (2001), and a wrong structure would significantly impair business efficiency and may even kill it. The organizational structure must therefore be structured to allow the achievement of business goals for five, ten or fifteen years. An organizational structure should be structured to explain who is responsible for what needs to be done and who is responsible for what outcomes, to eliminate barriers to success

created by misunderstanding and task ambiguity, and to provide decision making and communication networks that represent and support business goals (Urwick, 1947). The relevance of organizational structure is as follows:

- Clear concept of jurisdiction, services for liability relationships, clearer understanding of the company's goals and policies (Mayo, 1933). The organizational framework defines both networks and communication patterns. Proper administration is facilitated.
- It helps to coordinate the activities of the components in order to facilitate the implementation of the organizations objectives (Simon, 1960). It assists in the development and diversification of an organization activities. Workers involvement in the company increases their cooperation and strengthens their ability to work. Initiation and imaginative thinking are stimulated. Policy execution and the accomplishment of targets become easier (Pugh, 1968)
- It prevents duplication of functions and makes it possible, with minimal effort, to achieve maximum efficiency. An organizational structure should therefore be well built with care to achieve these advantages (Argyris, 1960)

#### 2.1.2.2 Factors for Designing Organizational Structure

In this regard, attention should be given to the following factors in the design of an efficient organizational structure:

- **Environment**
- > Technology
- > Size of the organization
- Strategy

#### **Environment**

It is an important element that influences the design of organizations. The impact of customers, suppliers, rivals, legal and political changes and cultural and economic circumstances would be considered (Morgan, 1986).

#### Technology

Technology is a mixture of instruments, techniques and knowhow and has a significant effect on the organizational structure. The design of the organizational structure will rely on whether there are few repetitive tasks needed for the technology to be easy and routine (Cole, 1994). In the early 1960s, Joan Woodward studied the correlation between technology and organizational structure among some English manufacturing firms. She concluded that technology is a significant influence on the nature of organizations.

#### Size of the organization

The size of the organization also determines the structure of the organization. The number of functional divisions, number of management levels, and number of employees with diversified roles will increase with a broad organizational size (Mintzberg, (1979)

#### Strategy

Alfred D. Chandler (1996) said that there is a definite influence of the strategy on structure. R.A. Pitts (2001) thinks the policy is strongly affected by the structure. Two techniques are mainly present, Stability strategy and strategy for development. An expected climate and a limited risk of external modifications are included in the stability strategy (Gilbreths, 1911). The growth strategy includes expansion, thus adding the complexity and uncertainty portion.

#### 2.1.2.3 CENTRALISED AND DECENTRALISED ORGANISATIONAL STRUCTURES

Structural experts and industrial engineers have identified numerous instances where the implementation of the organizational structure interface has resulted in increased effectiveness for organizations (March, 1993). Another source of organizational structure studies comes from researchers interested in how the relationship between organization of environmental technologies and variables affects organizational efficiency (Scott, 1967). There are only two primarily used types of systems that are centralized and decentralized. Apart from delegation, the degree of centralization or decentralization of authority is another important factor leading to successful organization (Sofer, 1972). The two terms CENTRALIZATION DECENTRALIZATION apply to an organizational and management theory that focuses on either the selective consolidation (centralization) or the dispersal (decentralization) of power within an organizations structure (Gouldner, 1955). In general, centralization refers to the degree to which individuals delegate authority and responsibility to individuals reporting directly to them, on the other hand, decentralization generally refers to the extent to which top level management delegates authority to branches of divisions or organizational units of lower level (Gill and Johnson, 2002). Centralization refers to the degree of hierarchy which has decision making authority. If decisions are delegated to lower levels, the organization will be decentralized and the decision making authority will remain at the highest level (Tom Burns, 1950). Centralization also creates a non-participatory environment that reduces the participant's commitment to communication and involvement with tasks (G.M. Stalker, 1961) Organizational control is a cycle which, at its highest level, is either centralized or traditionally decentralized; organizations have been structured with centralized leadership and a defined chain of command (Bedeian, 2004). For example, the military is an institution known for its highly centralized

structure, with a lengthy, complex hierarchy of superiors and subordinates. Nevertheless, as is the case for other technology startups, there has been a rise in decentralized organization (Trist and Bamforth, 1940). Peters and Waterman (1982), it allows businesses to remain flexible and adaptable quickly with almost every employee having a high level of personal agency. There are merits to both centralized and decentralized strategies of significant responsibilities (Schein, 1970). The most effective solution would be based on the specific situation. Identifying the appropriate variable and the given value to each will decide which strategy is best (Handy, 1993). Some essential considerations about results are included. The approach that could theoretically enhance any issue inside a system is defined. In the traditional view, the negative flavor often attributed to the structure is not without foundation (Silverman 1970). Organizing member generation has been exposed to theory or organizational structure which has meant some subordinate ratios to supervisors centralizing the specified channel of communication obligations and fixed lines of relationship of authority (Emery, 1995). Many members of the organization witnessed adherence to institutional standards which, if they ever did, would no longer produce values efficiency. Seeing the latest analysis, many social and environmental factors combined to reduce reliance on solely institutional output approaches (Clegg and Hardy, 1996). The most contemporary designer of organizational structure is that structure that can promote both institutional and social processes (Alderfer, 1972). Thus the evaluation of the organizational structures effectiveness will involve different metrics of economic performance (e.g. benefit cost return on investment efficiency and human performance indicators e.g. (task related satisfaction (Hammond, 1981). The common forms of organizational structure are also applied in the real world. The first and the most popular is a functional structure which is also referred to as a bureaucratic organizational structure, it breaks up a company depending on its workforce's

specialization (A. Y. Nahm, 2003). Employees within an organization functional unit tend to perform a specific set of tasks. Within that category this contributes to operational efficiencies. However, this could also lead to a lack of communication between the functional groups within an organization which makes the organization slow and inflexible in terms of efficient and predictable products or services (Child, 1972). In addition, flexibility will be further realized as functional companies vertically integrate their operations such that goods are marketed and delivered rapidly and at a low cost (Clifford, 1985). For example, a small business might produce components used in the production of its goods instead of buying them. The downside of functional groupings is that people with the same skills and experience can build a narrative (Thakur, 1978). In addition, coordination of work across functional boundaries can become a challenging management task particularly as the organization grows in size and spreads to several geographical locations. Typically, efficient institutions are best suited as a manufacturer of standardized goods and services at high volume and low cost (Stalker, 1961). Coordination and differentiation of activities is organized in a functional structure most small to medium sized business adopt a functional structure (Garnett, 1973). Dividing a company into a department consisting of marketing and service is the act of using a bureaucratic organization (A. G. Bedeian1986). The second type is popular among large companies with many business units called the divisional or multi- divisional structure, a company that uses this system structure and is the leadership team based on the product, project or subsidiaries that they run. Johnson & Johnson provides a clear example of this structure (Gibson, 1994). The corporation structures itself with thousands of goods and business lines, such that each business unit functions as its own organization with its own president. The divisional structure groups each organizational role into a division often called a product structure. In a divisional structure, each division includes

all the requisite resources and functions. From various perspectives, sections can be classified (Barrie G. 2003). One could make distinctions on a geographical basis (for example, a US division and an EU division, or on a product/service basis (specific goods for different customers, households or companies). In another example, an automotive company with a divisional structure could have some division for SUVs (sport utility vehicle), another division for subcompact cars and another division for sedans. Each division should have its own divisions for sales, engineering, and marketing. Organizations that are spread across a wide area can find benefits in organizing along regional lines so that all of a regions activity is coordinated together (Fox, 1974). Simple physical separation in a broad organization makes organizational management more difficult. Equally important features of an area can make it beneficial to encourage a local perspective (Pugh, 2001). For example, marketing a product may have different criteria in Western Europe than marketing the same product in south East Asia. Often companies which market products globally adopt a geographic structure. In addition to the experience gained in a regional division, management training at the higher levels is also excellent, big, diversified companies are often organized by product (Davies, 1975). All activities required to manufacture and market a product or group of similar products are grouped. The product group's top manager usually has significant control over the process in such an arrangement. The benefit of this type of structure is that the group's workers will concentrate on their product lines specific needs and become specialists in its development, production and distribution. A drawback, at least in terms of larger organizations, is the duplication of resources (Massie, 1965). Each brand segment includes most of the functional fields, such as marketing, finance and other functions. The top management of the company will determine how much redundancy it can afford.

**Flatarchy** is a new structure and is used among many startups. As the name eludes it flattens the hierarchy and chain of command and gives a lot of flexibility to its employee. Companies using this type are extremely speedy in implementation (Donnelly, 1975). The fourth structure of the organization is a matrix structure, and it is also the most complicated and least used. These structure matrixes employees across various superiors, divisions or departments where integrated managers and representatives of the product (project or business group) are present. The matrix structure groups workers by both product and function (Jaques, 1990). The best of both different systems can be merged in this system. A matrix organization frequently uses staff teams to conduct work to take advantage of the strengths and to compensate for the shortcomings of functional and decentralized terms (Moorhead, 1981). An example would be a company that manufactures two products, "product a and b. The company will coordinate functions within the business using matrix structure as follows: "product a" sales team, "product a" client service, "product a" accounting department, "product b" sales department, "product b" customer service department, "product b" accounting department. Matrix structure is a plain lattice emulating order and regularity that is exhibited in nature among the purest of organizational structures (Terry, 1977). It is also relatively centralized, because the matrix system is often used in organizations using the lines and workers set up (Sherman, 1984). The chain of command, however, is different in that an employee can report to one or more managers but usually one manager has more control over the employee than the other manager(s). Decision making can occur faster within the project or team unit than in aline and personnel structure but perhaps not as quickly as in a line structure (Brief, 1983). Functional managers are responsible for specific resources, such as inventories, scheduling and promotion of production quality control, while product or business group managers are responsible for one product and are allowed to plan

product strategies or business group strategies and call on the various function managers for the necessary resources (Downey, 1983). An employee working for a matrix corporation may have responsibilities in both sales and customer services that he or she may be multi divisional at work, and may also be seen as a permanent group designed to achieve specific results by using teams of professionals from the organizations different functional areas (Grinyear, 1980). Only the line organization has a vertical relationship between different levels within the group. There is only one staff, personnel directly involved in the accomplishment of the organizations primary goal (Ardekani, 1980). For example, production and marketing are included in a standard firm line department. Authority follows the chain of command in a line organization. A vertical relationship between the levels in the organization, also helps to simplify and explain the relationship between authority, responsibility and accountability, but can also ignore planning specialists which can sometimes lead to disarray in the execution of the structure (Hickson, 1976). Crozier (1964), a project organizational structure is a temporary organization that uses teams of professionals from various functional areas within the organization to achieve specific results. The project team concentrates all of its time, resources and results on the project being assigned. Upon completion of the project, team members from various cross functional departments can return to their previous positions or be assigned to a new project. Some of the project examples are research and development project, the construction of new plant housing complex as a product development. The direction of the work flow depends on the organizations distribution of talents and skills and the need to apply them to the existing problem (Selnick, 1966). As suggested, the ideology of top management of the acceptable organizational model will lead to structural changes, often affecting overall organizational features (Frost, 1974). One technique that assumes nearly drastic proportion is to build tall or flat structures. In the flat

structure there is an attempt to reduce the number of levels of authority and a substantial burden is laid at the middle management entrance (Harvey, 1968). Withy (1983) in the tall system, authority levels tend to be reduced, decision making more centralized and upper management exercises increased power. SEARS, ROEBUCK ANDCO is probably the best known example of systematic strategy as an outgrowth of organizational ideology in the hands of its field of major operational obligations and store managers facilitate managerial improvement and shorten the coordination gap (authority level) between customer, store management and top management (Charles, 1970).

Managers at the middle level were encouraged to develop self-reliance, and run their own show (Merton, 1968). The systematic approach was a contributing factor in sears growth as it outstripped its early competitor, Montgomery ward, in sales by far. But the decentralization of accountability and authority building are currently being enforced. In fact, when the organizational objective is reconsidered, an incremental approach is now being followed to increase the potential for profit (Organ, 1981). Traditionally, hierarchy, specialization and control are among the key principles, by which the organization has been formed in the past, distinction divides the group, division or functional unit grouped by product, operation process or location (Hatch, 1997). Horizontal distinction suggests that the best way to achieve organizational effectiveness is by grouping like talents, skills, or tasks (Whyte, 1956). Hierarchy is essentially pyramidized into overall shape, with a declining authority and responsibility gradient from top to bottom. An enterprises performance can be measured based on its production and/or the method and feedback that this output generates, this can only be accomplished through a strong organizational structure (Lusaato, 1976). In today's competitive environment, the capacity to improve production efficiency has become a critical factor in the

survival of organizations (Hult, ketchen, 2002). The composition of the organizational structure is one of the most important factors that influence the response of organizations to their external environment (Schein, 1985). Research suggests companies that concentrate on internal stability and rigid results without an open approach to the system to cope with today's rapidly moving world, technology driven external environment has a major competitive disadvantages as they lack the capacity to achieve meaningful productivity (Senge, 1990).

#### 2.2 Theoretical Framework

There are many different concepts and theories that have given the world today a better understanding of how an organization is handled or run (Edward, 1979). Many of which were created by various people in the early 1900's without the implementation of certain theories, it would be difficult for a company to succeed to its full potential. Most businesses showed poor leadership in capitalizing on technological breakthroughs. (Hartman, 2004), a company must do whatever it takes to allow long term operation of its organizational structure. Organization is generally seen as an instrument for achieving objectives and goals. While this approach is clever, it appears to obscure the organizations own inner workings and internal goals (Carlisle, 1974). Another fruitful way of moving an organization as a mechanism is having the ultimate aim of offsetting those forces which undermine human collaboration (Kerr, 1964). Few segments of society have pursued organizing more strongly than business. The explanation for this is clear; business depends on what the enterprise provides. Business requires a network of work interactions; it requires consistency and predictability of stability in its internal operations and external connections (Reiley, 1939). In other words, a business organization must be relatively free from destructive tendencies that may emerge from divergent interests (Scott, 1961). While the first organizational behaviors like the scientific management of Henri Fayol, the bureaucracy

of Max Weber, and the pieces' rate system of Frederick W. Taylor has shown us some great concept that we are using today, their emphasis has been on the organization as a whole (Kast, 1979). One downside of Taylor's clipboard and way of thinking was that he put efficiency ahead of ethic. Within the classical school, Max Weber designed a bureaucratic branch of administration that adapted widely but also its critics. Hartman, (1955) the acceptability theory and ideas of Chester Barnard are that communication flows from the bottom then up. This is contrary to the bureaucratic approach of top down by Weber.

This chapter will describe in depth three key theories of organizational theory, which are: the theory of classical, the administrative and scientific theory.

## 2.2.1.1 The Classical Theory

The writer of classical theory saw organization as a machine and human being as components of that machine. They were seen to be able to increase organizational efficiency by making people efficient (Fayol, 1916). Their focus was on activity specialization and coordination. The classical approach was all about psychological and mechanical variables with little regard for behavioral dimension and this is why classical approach is also called psychological theory whereas neoclassical is also known as behavioral theory (Sheldon,1983). Many authors stressed the effectiveness at the top levels and a few at the organizations lower level. The efficiency by which these activities are performed will access the organizations effectiveness (Lusaato, 1976). Such observations made by the organizations classical scholars concentrate their attention on the laying down of corporate philosophies and on the organizations official characteristics (Davies, 1977). In the most part, the organizational researchers discuss the philosophies and propose the explanation that the heads like the advice supporting successful management should take into account (Kanter, 1983). With insight through the organizations classical scholar we can see very

few experiments and administrative observations to try out the viability of the projected philosophies and proposals (Ivanko, 2012). Classical management is very important in that it provides the source for all other management concepts (Mahmoud, 2012). Classical theory is divided into three modules: Scientific Management, Administrative Management, and Bureaucratic Management (Sofia, 2013). Frederick Taylor, Henri Fayol, and Max Weber developed the structure and context for the development of classical organization theories (Yang, 2013). Taylor's scientific management approach is based on the principle of job preparation to achieve efficiency, standardization, specialization, and simplification. Taylor was the first person to attempt using a systematic approach to study human behavior at work. For the impact of his famous contribution Frederick W. Taylor (1856-1915) is generally known as the father of scientific management (Sarker&Khan, 2013). The era of modern management was introduced by Frederick Taylor. He was condemning the uncooperative, unproductive, or ill focused behaviors of men as state loss in the latter part of the nineteenth and initial stage of the twentieth century's (Perrow, 1967). Reliably, Taylor wanted to take over management by thumb rule and switch it over with definite timed clarifications leading to the one best exercise. In addition, he promoted organized workplace training in the one best practice rather than sanctioning them in their roles with specific preference (Stopford, 1972). He also assumed that the workforce and management assignment would be constantly pooled through management, science and tutoring, and the workforce performing the work, with each group performing the task for which it was well matched (Olum, 2004). He has introduced four concepts in his theory of Scientific Management to increase proficiency. In addition, he forecasts that these principles are suitable for all types of human deeds, ranging from a simple individual deed to complex organizational tasks (Mahmoud, 2012). Taylor considers management as the way things are achieved by the initiative of the

individuals who work individually or in sets. Taylor's core idea is that affluence to society can just come from the management and worker's cooperative effort in using scientific methods (Watson, 1994). He emphasized on both the management and the labor side for mental revolution, so that they could work together in the essence of work coordination with a vision to cultivate their particular lots achieving high labor pay and improved output at low management expenses (Nichole, 2001). Taylor perceives that management lacks its responsibilities and places on labor the burden of processes and development. He believes that management should commit to job preparation, process description, structure, direction and the like for which it is ideally suited (Sapru, 2008). Taylor built on Smith and McCallums research by concentrating on increasing efficiency by using experimental methods to discover the quickest, most reliable, and least fatiguing methods of production (Shafritz, 2005).

Taylor (1916) approach emphasizes scientific management and its use to make the worker more productive and thereby to produce more income for themselves and the world. Taylor sought to find the most advantageous vehicle within the organizations design to get the work done. Webers (1998) view on the organization was more macro focused on studies of ancient organizations in Egypt, Rome, China, and the Byzantine Empire (Shafritz, 2005). Weber (1922) defines a bureaucracy as a set of structural arrangements and how those function within the organization. Fayol focused his study on the management theory within the organization, believing that his management concept was also universally applicable (Shafritz, 2005). His primary contributions were his 14 principles which led to clear success in the organization (Fayol, 1949). Through using each other's work every one of these people built up their theories. Such theorists were looking for organizations as machines that demanded boundaries between units (Kieser, 1979). They are based on predictability and precision, achieved by control, specialization, vertical

information flow and restricted exchange with the external environment (Kuk, 2012). Max Weber viewed the company as a division or a boarder. He looked at organizations structure and participant conduct management (Grenier, 1972). Fayols administrative structure element is related to task fulfillment and includes management principles, the concept of line and staff committees, and management function (Irefin&Bwala, 2012). **The essay by Max Weber (1978)** on bureaucracy reflects the beginning of organizations in modern theory. By Bureaucracy Weber meant the following characteristics to organizations:

- Jobs are organized into a formal division of labor
- Workers are chosen and rewarded based on their professional and technical skills
- Positions and job descriptions are set in a hierarchy
- Written rules set out best practice guidelines and work performance
- Administrative decisions, rules and guidelines and organizational activities are kept in records.
- Officers are entrusted with duties and receive a paycheck in exchange, but the positions
  and offices that they hold cannot be appropriated.

Classical theory of organization is founded on **four key pillars**. They include **labor division**, **scalar and functional processes, structure, and control san**. In view of these main elements it is possible to derive just above all of the classical theory of organization.

• Without a doubt the division of labor is the cornerstone among the four elements. The other elements flow out of it like corollaries (Jablin, 1988). Scalar and functional development, for example, requires specialization and functional departmentalization. The structure of an organization is naturally dependent on the direction that specialization of activities travels in

- the creation of a business (Blau, 1971). Lastly, the period of control issues emerges from the specific number of complex functions within a manager's authority (Peter M, 1971).
- The scalar and functional processes, respectively, deal with the organizations vertical and horizontal development (Klatt, 1978). The scalar cycle implies the development of the chain of command, transfer of authority and accountability, unity of command, and reporting responsibility (Lawler, 1976). The organizations divisions are into different components and the regrouping of the components into compatible units are elements of the functional phase (Rhode, 1976). This process focuses on the horizontal evolution of the line and personnel within a formal organization.
- Structure is the abstract relationships of an organizations activities, structured to effectively execute the company's objectives (Evans, 1975). Structure implements pattern and method. Classical theory of organization works mostly with two basic structures, the line and the personnel (Burell, 1979). Such operations as committee and liaison roles, however, fall very readily within the remit of institutional considerations. Once again, structure is the conduit for implementing rational and consistent relationships among the various functions that the organization comprises (Roy, 1952).
- The definition of period or control refers to the amount of subordinates that a manager can efficiently oversee (Lupton, 1963). Regardless of interpretation, the span of control has, in part, importance for the organizational form that evolves through growth (Emmanuel, 1985). Broad span yields a flat structure, tall structure results in short span. In addition, the span definition focuses attention on the dynamics of human and functional interrelations in an organization (Otley, 1985). The significance of these works is their collective development which explains work efficiency and organizational meaning (Silverman, 1970). The maturation of the classical

theory of organization parallels the growth of student affairs organizations in that both have evolved over time (Shotter, 1975). Individual deans of men and women grew into staff departments and ultimately divisions devoted to student services (Amber, 2000). As these new organizations evolved, they used technical management and administration to support students more effectively, while increasing and diversifying their demands for service (Mead, 1934). Structures are seen as the fundamental intermediaries to achieve the bounded rationality of organizations. The key focus of classical theory of organization is the rationalization of organizational structure (Blumer, 1969). Organizational problems are approached from a static structure legal viewpoint with rationalization at the heart. The philosophy of classical organization stresses that the organizational specialties are impersonal and rational, focuses on the organizational structure nature, the basic concept and the organizations basic management role (Goodyear, 1980). The classical theory of organization is the traditional philosophy of management in the human relationship sense, and is based on the economic individual hypothesis (Jones, 1984). In culture, people lost their dignity, into a machine and lost interest in the work. Classical theory emphasizes that the organizational specialties are impersonal and rational, focuses on the organizational structure design, the basic concept and the organizations basic management roles (Blau, 1981). Fayol explored personal efforts and created ideal organization with team dynamics. He was a productive French mining engineer and a senior executive before writing the ideals of Scientific Administration, in the United States in 1911. Fayol believed that management theories could be developed, and taught for the greater good of organizations and society (Louis, 1956). He argued that if a manager wishes to be effective, he must know his key roles-functions of management: predicting and planning, arranging, directing, managing and controlling (Stan, 1978). Fayol claimed his ideas would be beneficial

to all forms of managers, indeed 90 years ago his six key management positions are still being actively implemented today. Max Weber and Henri Fayol were popular theorists known for their work in the classical perspectives to organizational structure. Today there are plenty of their innovations around it. **Max Weber (1864-1920)**, who pioneered the contemporary sociological analysis of bureaucracy, liberated the term from pejorative connotations and emphasized the necessary role of bureaucracy to accomplish the organizations goals rationally. Weber called his invention ideal form, an ideal form is what attempts chosen by any organization (Mili& Nasrullah, 2014). He argued about three ideal forms of authority in order to figure out why a person follows his/her boss's orders in a hierarchical structure in an organization. (Khan, 2013). Diverse views of authority put forward by Weber:

- Traditional authority: It focused on the legitimacy historically formed where authority is inherited and based on dependent subordinates.
- Rational legal authority: Hierarchical form of authority, focused on traditional work procedures, chain of command etc.
- Charismatic authority: The basic authority based on a form of seduction and hence follower's devotion (Laggard &Bindslev, 2006).

Organizations need a command chain which is shaped like a pyramid. Supervisors and subordinates are in class. Each employee must respond to their respective superior. This would help to provide a clear contact line and improve operational efficiency (Jeff, 1976). All decisions, rules, regulations, and behaviors are registered. This knowledge and correspondence must be communicated in terms of the chain of command (Robert, 1955). And it is recorded and accounted or what needs to be done is not uncertain, as it is written down. Three forms of power can be found in organizations according to Max Weber's bureaucratic theory, conventional

power, charismatic power, and legal power. He refers to the latter as a bureaucracy in his bureaucratic theory (Mamoria, 1995). Max Weber's bureaucratic theory, bureaucracy is the foundation for every organizations systemic structure and is configured to guarantee productivity and economic performance (Peterson, 1948). To reflect on the power structure of an organization it is an excellent model for management and its administration. He lays down the fundamental concepts of governance with these observations and stresses the division of labor, hierarchy, laws and impersonal relationships (Ghosh, 1991). All aspects of a democracy are structured on the basis of rules and regulations, giving priority to the concept of existing jurisdiction (Keith, 1978). In general, the word bureaucracy has a negative impact and connotation and often correlated with government departments and large organizations. Nonetheless, a bureaucracy's great advantage is that vast organizations with several hierarchical levels can become centralized and functions efficiently (March, 1958). It is precisely the rules and procedures developed that allow all employees to perform highly efficiently and to be consistent on the job (Miller, 1959). All this makes the management easier to retain control and make changes as necessary. In organizations where legislature plays an important role in producing a consistent production, bureaucracy is particularly unavoidable (Gerth and Mills, 1958).

Administrative Management Henri Fayol (1841-1925) was a French engineer and mining director. When Constance Storrs published her translation of Fayols, 1916 Administration Industrielle ET Generale, he was barely remembered outside France until the late 1940s. This monograph was published in the year 1916 after he retired, needed to improve its management practices and expertise. His administration theory was based on personal observation and experience in what operated in the organizations he was familiar with (McNamara, 2009). He based on his own interpretation and application of this theory. This principle is about the

management of companies along with the management as a whole. The main focus is on management. In his philosophy, he gave six functions, and fourteen management concepts. The main six management roles are:

- 1. Planning
- 2. Organizing
- 3. Coordinating
- 4. Commanding
- 5. Forecasting
- 6. Monitoring (Mahmoul, 2012)

## 2.2.1.2 Organization Effectiveness

The arrangement of the organizations suggests a permanent system of tasks and activities. In other words, organizational structure is a set of methods that divide the organization into separate tasks and then create a harmony between different tasks (Jay Lorsch, 1967). Underdown (1995) said organizational structure is the formal system of task and reporting relationships which control, coordinates and motivates employees to work together to achieve the goals of an organization. Andrews (2001) claimed that the organizational structure represents workers, their relationships with each other and responsibility for the outcomes of the process and sub process. Organizational structure drives the expertise of the workers, the excitement of the staff and the communication between the top management and subordinates for the flow of strategies and priorities in the company to formulate future plans (Allen, 1955). Organizational structure is a way of assigning responsibility and power, and work procedures are carried out among members

of the organization (Martin, 1956). Zheng (1985) mentioned that formalization, centralization, and control are the most important components of organizational structure. The extent to which an organizational uses rules and procedures to prescribe behavior is measured by formalization (Guetzkow, 1965). The nature of formalization is the degree to which rules and procedures are provided to workers that deprive versus encourages creative, autonomous work and learning (Kaufman, 1970). There are explicit rules in organization with high formalization which are likely to impede the spontaneity and flexibility required for internal innovation (Seidman, 1970). Centralization refers to the level of hierarchy which has decision making authority. If decisions are delegated to lower levels, the organization will be decentralized and the decision making authority will be centralized at the top levels (Dalton, 1959). Centralization also creates a nonparticipatory environment that reduces communication, engagement among the participants with tasks (Van de Ven, 1976). Organizational control is a cycle comprising the three stages of target setting, measuring or monitoring and feedback (Holstein, 1970). Bureaucratic control can be composed of rules, standards, and internal procedures. Developing and enforcing performance control and compliance requirements improve decision making and increase performance predictability (Mansfield, 1973). Chen and Huang (1975) believed that higher output would result in decentralized and informal structure. Germain (2000) have studied the impact of structure on the performance mediating supply chain management and found that formal structure has a positive effect on output in stable environments while negative effects are observed in volatile atmospheres. Thus, Zheng (1997) concluded that structure has a negative effect on organizational efficiency. Researchers have concluded that focus should be put on organizational effectiveness and its influencing factors if organizational theory's to be applicable

to practitioners (Pugh, 1964). The substantive influence of organizational structure on a company

should be evaluated in terms of the relationship with the successful output of the company, in the light of this statement (Hinings, 1976). In addressing the difficulties of assessing organizational effectiveness, Bedeian (1985) said, while efficiency is a central theme in organizational research, it remains one of the most frequently cited but least understood principles in the theory of organization. Bedeian went on to suggest that failure to understand organizations objectives, characteristics and constituents leads to incorrect performance assumptions. If an organization determines how it wants its members to act, what attitudes it wants to encourage and what it wants its members to achieve, it may design its structure and facilitate the production of cultural values and norms to achieve these desired attitudes, behaviors and objectives (Jen, 1974). Sablynski (2001), found no association between employee performance and span of control, but higher levels of job satisfaction were evident in decentralized organizations because span of control portion of organizational structure determines the quantity of employees responsible for an authority figure. The control of span is represented in one of two ways: a broad control span where managers supervise several employees, and a narrow control span where managers supervise a few employees (Crozier, 1964). Sablynski et al says the organization structure eliminates uncertainty among employees and helps clarify and predict behavior. Brown (1990) claimed that the foundation for organizational structure is compatibility of the purpose of the organization with the resources available. Rapidly growing businesses are the ones that make the best use of their capital, including the talent for management (Mans, 1976). As an organization expands, the organizations structure is greatly affected. This can be particularly true as the company starts to extend into other geographic areas, and the organizations structure extends across several miles (Pettigrew, 1972).

An organization can start small; however, as time goes by and more workers can be recruited, a management structure needs to be created by the departmental managers (Rose, 1970). In addition, it will include an executive team to oversee the different facets of the company, and there may be a need for middle managers to report to the managers. Penguin (1960) claimed that organizational efficiency and its relationship to structure is defined by the fit between the requirements of information processing so that people do not have too little or too much information. The flow of knowledge is therefore important to the success of an organization. The structure of an organization should be structured to ensure that communication lines are built into the framework for individuals and departments who need to coordinate their efforts (Likert, 1961). Companies can use different organizational structures for the purpose of communication. Large organizations have several management levels. Hence, the most efficient way of communicating is from top down the company (Fiedler, 1966). CEO's establish such operating processes that they communicate to managers and executives. In exchange, supervisors explain these operating processes to subordinates or to hourly workers. Wolf (1995) said structure directly affects the performance of an organizational plan in an organization. Good structure of organization affects a company's execution behaviors (Harlord, 1961). Structure forms not only the organizations competence but also the processes that shapes results. Therefore, Clemmer (2002) supported the idea that organizational structure forms performance: Successful performers would take on the shape of the system in a badly structured system (Shaw, 1962). Many organizations caused helplessness in learning. People become victims of the scheme in them. This also stems from the perception that they have little to no influence over their work processes, policies and procedures, infrastructure, support, systems etc. (John, 1977). These feelings are also compounded by a culture of performance management that unfairly punishes

people for actions like the framework, structure or processes through which they were pushed. Walton related the framework to productivity, arguing that management reform is intended to improve not only the performance but also the organizations effectiveness (Kimberly, 1976). Walton (1876) correlated faster responses to challenges, improved organizational consistency, common goals, enhanced skills, and job satisfaction with systemic alignment performance benefits. A provided structural arrangement can only underline some of the interdependencies between activities (Leblebici, 1973). Reasonable systems therefore need to ensure the most critical forms of coordination occur. Organizational framework involves decision making, consumer expectations and knowledge harnessing (Holdaway, 1975). The power to make decisions is affected by the structure of the organization. Front line workers in decentralized organization are also encouraged to make on the sport decisions to meet consumer needs (William, 1969). One example is the clothing store clerk, who may give a refund or swap without authorization of the management. Low level workers in hierarchical systems transfer vital information on to supervisors, who make most decisions (Chandler, 1962). Companies may organize their businesses through unique functions like marketing, accounting, finance, and engineering. For example, marketing and advertising managers may better determine the possible impact of a community introduction to a new product (Scott, 1971).

When professional workers with similar skills work together as a whole, there is a certain synergism (Goggin, 1974). The future success of a new product launch as a group can be best measured by marketing and advertising managers, for example.

## **2.2.1.3** The Influencing Factors

The influencing variables we considered in this study are among the variables defined by contingency theory and by integrating elements of the approach to strategic choice (Job hunt,

1972). The effect of these influences and elements on organizational structures has been noted by several scholars. Indeed, the organizational structure is conditioned, in response to various environmental conditions, by decisions about the internal organizational level in general and explicitly configured variables (centralization, formalization and control), all of which are regulated by the expectations and desires of organizational leaders in response to external factors (Pennings, 1975). In this analysis, the factors taken into account are:

## 2.2.1.4 Decentralization of Decision Making

Memon and Varadarajan (1985) argued that centralization fosters a hierarchical organizational structure by concentrating ultimate power and decision making at top rather than sharing it with the organizations lower levels. Hollenbeck (1978) argued that one of the organizational structures most commonly studied dimensions is centralization, which deals with the vertical structure component and refers to the degree to which decision making authority and communication obligation are top of the organizational chart as opposed to being spread through lower levels.

#### 2.2.1.5 Customer Interaction

Auh and Mengue (1996) attempted to link this aspect to centralization and concluded that it needs more decentralized and less hierarchical systems as customer engagement needs a broad emphasis of authority and organization wide involvement. Similarly, Jabnoun (2001) tried to describe the organizational framework that facilitates complete quality control of customer interaction implementation. The results show that the process network and organic structure dimensions support the execution of customer interacted total quality management, while it is impeded by risk aversion, mechanistic structure and complexity (Harvey, 1968).

## 2.2.1.6 Intensifying Competition

Vroom (1860) attempted to elucidate how the features of organizational design are connected to the competitive actions of companies. While previous research indicates that companies prefer to choose organizational structures and compensation systems in cases of strategic substitutability that engage the business to act aggressively in the product market, thereby reducing company and industry income, he argued that simultaneous determination of organizational structure and compensation systems will enable companies to tactically collaborate and accurately.

## 2.3 Empirical Review

Özgür Önday (March 2016), in his research concluded that the classical thinkers of the late nineteenth and early twentieth century made numerous significant contributions to management theories and practices. However, in the conditions that were growing in the twentieth century, their ideas did not always produce desired results. Shifts were arising in the fields that produced new perspectives on management. Not only in the past, the classical theory of management was vital, but it also continues to be important in the present, both in the design of modern day buildings. Successful management includes a comprehensive understanding of the basic concepts of efficient strategies and principles of management. Managers must have an understanding of previous management concepts, models and philosophies in order to obtain some knowledge and operate effectively and efficiently. The need for a systematic management philosophy became increasingly apparent from the turn of the 19<sup>th</sup> century that organizations needed a framework to direct managers in an effort to increase employee morale and performance. (Ehiobuche and Tu, 2012)

Nedal M. Elsaid, Ahmed E. Okasha& Abdalla A. Abdelghaly (2013, they gave their own views on organizational structure in their book. Through research we found that solving the structure

problem is the most helpful way to continue improving organizations efficiency. To maximize the efficiency of an organization by effectively solving problems that cause internal or external customer frustration, and to ensure that problem solvers do not leap to solutions before analyzing the causes of the problems. To solve the issue in the company, we need to choose the way teams choose. We should set up the organizations normal organized problem solving mechanism. And the teams are also the main fact that the formal problem solving approach implies progress.

## Mintzberg Framework, Fred C. Lunenburg (2009)

Henry Mintzberg (1992) implies that organizations can be differentiated into three fundamental dimensions: (1) the key component of the organization, that is, the part of the organization that plays the major role in deciding its success or failure; (2) the primary organizing mechanism, that is, the organizations main method of managing its operations; and (3) the type of decentralization used, that is, the degree to which the organization includes subordinates. Mintzberg argues that the strategy an organization adopts and the degree to which it practices that strategy results in five institutional configurations: simple structure, machine bureaucracy, technical bureaucracy, divisionalized form, and adhocracy, using the three basic dimensions: main part of the organization, prime coordination mechanism, and type of decentralized.

Sunday C. Eze, Adenike O. Bello and Anthony T. Adekola (2012), this research has shown that one of the null hypothesis was rejected because there is a correlation between organizational centralization between organizational centralization (independent variable) and customer satisfaction of organizations (dependent variable), but this relationship is a weak positive one, so the findings suggest that the two variables do not complement each other so well. Therefore, this

research had proposed that another organizational dimension should be looked at to improve organizational efficiency.

## 2.4 Summary of Gap in the Literature

In this research in-depth knowledge on the topic has not been recorded especially in Nigeria. There have been different school of thoughts about organizational structure but the researcher is looking at it in respect to the case study. The organizations structure needs to be thoroughly reviewed with the researcher's experience in the company. Various research gaps are evident in the study. First, the study population only involves the employees at Creativexone Limited, Lagos, Nigeria, it is important for them to think about the meaning of a good organizational structure. Therefore, there is a dire need of more research, in both the industry and national level.

#### **CHAPTER THREE**

#### RESEARCH METHODOLOGY

#### 3.0 Introduction

This chapter is intended to clarify the procedures and processes involved in the execution of the reports objectives. The chapter therefore describes the research design, the population of the study, the sample size and sampling procedure, the source of data collection, the description of the research instrument, the validity and reliability of the research instrument, and the method of data analysis used.

## 3.1 Research Design

For this analysis, the survey research design was the most suitable because it used questionnaires for a population's data collection while studying organizational systems such as the one in question. Survey research design, theoretically, requires a clearly defined problem and definite goals that are represented in the analysis. A descriptive analysis was used in this research, which is a qualitative approach

## 3.2 The Study Organization

Creativexone is a privately owned advertisement company that specializes in branding, advertisement, copyrighting. It is a creative agency that fuses an understanding of integrated marketing communications with brand values, putting brands at the heart of conversations while commanding good returns on communication investments. It is situated at 14, Ramat Street, Ogudu, GRA, Lagos. It carries out advertising services to many work organizations like Dangote, Simas, Spectra net, Coca-Cola and other products.

# 3.3 Population of the Study

The study population is composed of workers of Creativexone Ltd which was ...70

## 3.4 Sample Size

The sample size was 60.

## Sample size determination

Using the formula Taro Yamane to determine the sample size, the formula is stated below:

 $n = N/1 + N (e)^2$ 

Where,

N = 70

n=?

e = 0.05

 $n = 70/1 + 70(0.05)^2$ 

n = 70/1 + 70(0.0025)

n = 70/1 + 0.175

n = 70/1 + 1.175

n = 59.57 = 60

The sample size is sixty (60) employees of CREATIVEXONE LIMITED.

## 3.5 Sampling technique

A sample is a population subject, but an aspect of which has common features. It also applies to any part of the population chosen for the research and to the information necessary for the study to be collected. However, simple random sampling technique will be used out of the target population to pick samples for the analysis, 60 respondents will be randomly sampled to confirm or disprove my hypothesis: the individuals will provide the requisite responses.

#### 3.6 Sources of Data

In the course of this analysis, the primary and secondary data were used. Primary data came from questionnaire while secondary data was obtained from the record of the company from Personnel department.

# 3.7 Description of the Research Instrument

A survey questionnaire was the main study method. The instrument includes questions that are organized. A five-point liker style scale ranging from Strongly Agree, Agree, Undecided, Disagree, and Strongly Disagree was used for the structural questions.

## 3.8 Validity of the Research Instruments

To produce the necessary data, this study adopted the survey research style. The questionnaire containing standardized questions was the instrument for data collection. A five-point liker style scale ranging from Strongly Agree(SA)-5 points, Agree(A)-4 points, Undecided(UN)-3 points, Disagree(D)-2 points and Strongly Disagree(SD)-1 point was used in the structure questions.

## 3.9 Reliability of the Research Instruments

The reliability of a research instrument is the extent to which the same outcomes are produced by repeated trials. Cronbach's alpha will be calculated to ensure that the instrument used in the analysis was accurate. Sekaran (2004) argues that a reliability factor of 0.70 is appropriate, whereas 0.80 and above is considered strong.

## 3.10 Method of Data Analysis

Descriptive statistics were calculated to illustrate the study respondent's demographic characteristics and presented in the form of frequency and percentage tables. Inferential statistics such as the correlation coefficient for Pearson Product Moment, simple regression were used.

The relationship and magnitude of influence between the study variables was calculated using the Pearson Product Moment Correlation Coefficient. The statistical analysis was conducted using version 22.0.0. of the Statistical Package for Social Sciences (SPSS) at a 95 per cent confidence standard, all hypotheses were subjected to a two tailed test (A standard of importance, alpha= 0.05).

According to the research question presented earlier in this report, the presentation and review of data has been carried out.

#### **CHAPTER FOUR**

#### DATA ANALYSIS AND RESULT FINDINGS

## 4.0 Introduction

This chapter is dedicated primarily to the analysis and presentation of data obtained from the field using various statistical techniques discussed earlier in the methodology. All data collected were presented, analyzed and discussed. Apparently, 60 copies of questionnaire were carefully administered on respondents; however, all copies were correctly filled and returned at the stipulated time. This is 100% per cent response rate. Thus, 60 copies of questionnaire received from respondents were presented and analyzed using software package for social science (SPSS) for easy understanding.

# 4.1 Sociodemographic Characteristic

**Table 4.1 Sociodemographic Characteristic** 

Variable	Frequency N=60	Percentage
Sex	1	
Male	30	50.0
Female	30	50.0
Age group M=34.0±7.6		<u> </u>
20-27	11	18.3
28-34	19	31.7
35-40	13	21.7
41-46	11	18.3

47-52	3	5.0
53 and above	3	5.0
Marital Status		
Single	16	26.7
Married	32	53.3
Divorced	7	11.7
Widow	3	5.0
Widower	2	3.3
<b>Educational Qualification</b>		
A'Level/OND/NCE	5	8.3
HND/BSc	16	26.7
MBA/MSc	24	40.0
PhD	5	8.3
Professional Qualification	10	16.7
Years of Experience		
1-5	32	53.3
6-10	20	33.3
Above 10	8	13.4

Table 4.1 depicts sociodemographic characteristic of the respondents; half (50%) were male and 50% were female. The mean age of the respondents is 34.0±7.6 with highest frequency of 19 fall between range of 28 and 34 years of age. More than half (53.3%) were married, 26.7% single, 11.7% divorced, 5.0% widow and 3.3 widower. Sizeable number of the respondents (40.0%) had MBA/BSc, 26.7% had HND/BSc, 8.3% each were A 'level/OND/NCE and PhD holder; and

16.7% had one professional qualification or other with more than half (53.3%) had between 1 and 5 years working experience, 33.3 % 6-10 years and 13.4% had more than 10 years of working experience.

# **4.2** Identify factors that can impact the management effectiveness in the organizational structure

Table 4.2: factors impact the management effectiveness in the organizational structure

Organizational Structure	SD	D	U	A	SA	Mean	SD	Decision
Organizational structure is a	1	2	-	12	45	4.67	0.87	Accepted
building fort of a well-	(1.7)	(3.3)		(20.0)	(75.0)			
established company								
The structure of an organization	1	1	2	29	27	4.33	0.77	Accepted
needs to be suitable for the kind	(1.7)	(1.7)	(3.3)	(48.3)	(45.0)			
of goal the company has set								
down								
Rechecking the structure of an	-	2	4	25	29	4.35	0.75	Accepted
organization helps to detect any		(3.3)	(6.7)	(41.7)	(48.3)			
inefficiency								
Simplifying our organization		1	7	30	22	4.20	0.77	Accepted
structure helps to speed up		(1.7)	(11.7)	(50.0)	(36.7)			
decision processes								

Scoring: cut off for is Mean of 2.5 with Likert scale of 5, value above 2.5 is significantly accepted while the value below 2.5 is rejected.

From table 4.2, it can be deduced that organizational structure building on a well-established company; the structure of an organization needs suitable for the kind of the company goal;

detecting inefficiency through rechecking organization structure and simplifying organization structure that speed up decision process are factors that significantly impact the management effectiveness in the organizational structure.

# 4.3 Determine whether there is an issue with the organizational structural design of the department

Table 4.3: organizational structural design of the department

<b>Better Structural Design</b>	SD	D	U	A	SA	Mean	SD	Decision
Has the organizational		17	2	17	24	3.80	1.25	Accepted
design in use been of good		(28.3)	(3.3)	(28.3)	(40.0)			
help								
The role of the design team	-	2	6	26	26	4.27	0.78	Accepted
is to select a structure that		(3.3)	(10.0)	(43.3)	(43.3)			
will work in line with the								
objectives								
Monitoring an	2	1	5	21	31	4.30	0.94	Accepted
organizational design from	(3.3)	(1.7)	(8.3)	(35.0)	(51.7)			
time to time								
helps the company								
The design an organization	1	4	5	21	29	4.21	0.97	Accepted
decides to use depends on	(1.7)	(6.7)	(8.3)	(35.0)	(48.3)			
how the organization is								
being structured								

Scoring: cut off for is Mean of 2.5 with Likert scale of 5, value above 2.5 is significantly accepted while the value below 2.5 is rejected.

Table 4.3 revealed that there is strong consensus among the respondents on issue with organizational structure design. The role of the design team in selecting well structure objectives  $(M=4.27\pm0.78)$ ; time to time monitoring organizational design  $(4.30\pm0.94)$  and organizational design being depend on organizational structure  $(4.21\pm0.97)$  were strongly consented as issue with organizational structure design while there is no strong consensus among the respondents on organizational design currently use been helpful  $(3.80\pm1.25)$ .

# 4.4 Find out if a supervisor structures his/her departments by the level of education of subordinates

**Table 4.4** 

Level of Education	SD	D	U	A	SA	Mean	SD	Decision
Is this a critical factor that has	1	6	4	28	21	4.0	0.9	Accepted
to be studied before the	(1.7)	(10.0)	(6.7)	(46.7)	(35.0)			
organization is structured								
A manager will structure his		5	4	32	19	4.1	0.8	Accepted
department according to the		(8.3)	(6.7)	(53.3)	(31.7)			
level of education of the								
subordinates for better								
understanding								
If there is a change in the	1	17	6	23	13	3.5	1.2	Accepted
educational level of the	(1.7)	(28.3)	(10.0)	(38.3)	(21.7)			
subordinates, the manager will								
have to restructure his								

department.								
Follow up on the educational	2	3	4	31	20	4.1	0.9	Accepted
level of the employees helps to	(3.3)	(5.0)	(6.7)	(51.7)	(33.3)			
determine how and what type								
of structure would work within								
their limit								

Table 4.4, 81.7% agreed that education a critical factor that has to be studied before the organization is structured, 85.0% agreed a manager will structure his department according to the level of education of the subordinates for better understanding, 60.0% agreed change in the educational level of the subordinates, the manager will have to restructure his department; and 85.0% agreed that follow up on the educational level of the employees helps to determine how and what type of structure would work within their limit.

## **Hypothesis testing**

## **Hypothesis 1**

H0: Recognition of organization structure does not have an effect on management effectiveness.

H1: Recognition of organization structure has an effect on management effectiveness

## **Model Summary**

Mode	R	R	Adjusted R	Std. Error of
1		Square	Square	the Estimate
1	0.555	0.308	0.296	2.30180

## **ANOVA**

Mode	I	Sum of Squares	Df	Mean Square	F	Sig.
1	Regressio n	136.883	1	136.883	25.835	0.000
	Residual	307.300	58	5.298		
	Total	444.183	59			

# Coefficients

	Unstand	dardized	Standardized			95.0% Confi	dence
	Coefficients		Coefficients			Interval for B	
Model	В	St	Beta	Т	Sig.	Lower	Upper
		error				Bound	Bound
(Constant)	7.227	1.292		5.595	.000	4.642	9.813
Organization	.530	.104	.555	5.083	.000	.321	.739
Structure							

The Model Summary table showed that organization structure had positive correlation with management effectiveness (R=0.55). R square of 0.308 showed that organization structure had effect on by 30.8%.

Anova table showed organization structure and management effectiveness is statistically significance as calculated p-value (P<0.0001; F=25.835) is less than 0.05. Therefore, null hypothesis is rejected.

# Hypothesis 2

HO: Achieving a better structural design is not a function of organization structure

H1: Achieving a better structural design is a function of organization structure

## **Model Summary**

Mode	R	R	Adjusted R	Std. Error of
1		Square	Square	the Estimate
1	0.590	0.348	0.337	2.70815

## **ANOVA**

M	Iode		Sum of	Df	Mean	F	Sig.
			Squares		Square		
1		Regressio	227.358	1	227.358	31.000	0.000
		n					
		Residual	425.375	58	7.334		
		Total	652.733	59			

## Coefficients

Unstandardized	Standardized		95.0% Confidence
Coefficients	Coefficients		Interval for B

Model	В	St	Beta	T	Sig.	Lower	Upper
		error				Bound	Bound
(Constant)	4.199	1.520		2.763	.008	1.157	7.241
	.683	.123	.590	5.568	.000	.438	.929
Organization							
Structure							

The Model Summary table showed that better structural design had positive correlation with organization structure (R=0.59). R square of 0.348 showed that organization structure had effect on by 34.8%.

ANOVA table showed organization structure and better structural design is statistically significance as calculated p-value (P<0.0001; F=31.000) is less than 0.05. Hence, null hypothesis is rejected

## **Hypothesis 3**

HO: Follow up on the level of education of the subordinates does not determine how the manager structures his departments.

H1: Follow up on the level of education of the subordinates determines how the manager structures his departments.

## **Model Summary**

Mode	R	R	Adjusted	R	Std. Error of
1		Square	Square		the Estimate
1	.569	.324	.312		2.70851

## **ANOVA**

Model		Sum of	df	Mean	F	Sig.
		Squares		Square		
1	Regression	203.845	1	203.845	27.787	0.000
	Residual	425.489	58	7.336		
	Total	629.333	59			

## Coefficient

	Unstandardized		Standardized			95.0% Confidence	
Coefficients		Coefficients			Interval for B		
Model	В	St	Beta	Т	Sig.	Lower	Upper
		error				Bound	Bound
(Constant)	5.081	1.297		3.916	0.000	2.484	7.678
Organization	0.606	0.115	.569	5.271	0.000	0.376	0.836
Structure							

The Model Summary table showed that level of education had positive correlation with manager structures his departments (R=0.57). R square of 0.324 depicted that organization structure had effect on by 34.8%.

ANOVA table showed level of education and departmental structure are statistically significance as calculated p-value (P<0.0001; F=27.787) is less than 0.05.

Therefore, null hypothesis is rejected.

# 4.5 Discussion of the Findings

This chapter presents discussion of the findings, summary, conclusion, and recommendation.

The main drive of this study is to examine organizational structure as a tool for effective management. The mean age of the respondents is 34.0±7.6 with highest frequency of 19 fall between range of 28 and 34 years of age. Sizeable number of the respondents (40.0%) had MBA/BSc, 26.7% had HND/BSc, 8.3% each were A 'level/OND/NCE and PhD holder; and 16.7% had one professional qualification or other with more than half (53.3%) had between 1and 5 years working experience, 33.3 % 6-10 years and 13.4% had more than 10 years of working experience.

# 4.5.1 Identify factors that impact the management effectiveness in the organizational structure

Successful management needs a wide understanding of the fundamental concepts of effective management techniques and principles. In order to gain such insight, and manage effectively and efficiently, managers must have an awareness of past management principles, models and theories.

This study found that organizational structure building on a well-established company. This conforms to the claim of Yen and Tian (2012) that achieving organizational goals create inner order and relations among organizational parts that can be described as organizational structure. All organizational parts together with relations and mechanisms of their coordination are important for proper functioning of any organization. Organizations are influenced by many factors which come from their dynamic surrounding or from the organization itself. The study also found that the structure of an organization needs suitable for the kind of the company goal;

detecting inefficiency through rechecking organization structure and simplifying organization structure that speed up decision process are factors that significantly impact the management effectiveness in the organizational structure. Yen and Tian (2012) explained that the organizational structure is conditioned by decisions regarding the internal organizational level in general and designed variables in particular (centralization, formalization and control), both of which are governed by organizational leaders' perceptions and preferences in response to external factors

# 4.5.2 Determine issue with the organizational structural design of the department

Finding from this study revealed strong consensus among the respondents on issue with organizational structure design. The role of the design team in selecting well structure objectives; time to time monitoring organizational design and organizational design being depend on organizational structure were strongly consented as issue with organizational structure design. Carucci (2019) identified four most common issues arise as a result of ineffective organization design. These are: competing priorities, unwanted turnover, inaccessible bosses and crossfunctional rivalry. Worren, Bree and Zybach (2019) also identified four challenges in organizational design which are (1) creating realistic estimates regarding the time and resources required to complete the project, (2) understanding patterns of collaboration or information exchange across units in the organization, (3) handling political aspects of the re-design process and helping participants "see the bigger picture" (as opposed to "protecting their own turf"), and (4) evaluating whether the new organizational model has had the intended effects.

Similarly, Root (2019) found that Conflict caused by departmental loyalty, Changes Brought on by New Management, Effective Communication Keeps a Business Running Smoothly, Communication about Company Goals as challenge within organization structure design.

# 4.5.3 Conflict Caused by Departmental Loyalty

One of the dangers of creating departments is the appearance of an "us versus them" mentality between different groups. Sales may feel in conflict with accounting because new customers are not getting approved for credit terms. Logistics is at odds with manufacturing because products are not being built fast enough to meet shipping deadlines. Departments tend to get competitive and feel that their work is more important to the success of the company than the work of the other groups. This can cause breaks in communication that affect productivity.

# 4.5.4 Changes brought on by New Management

If there have not been changes in management for many years, then the company will start to settle into a way of doing things that is efficient and comfortable for the existing management team. Changes in management, for whatever reason, can put a strain on the organizational structure of an organization. The new manager, or managers, may be unfamiliar with the way the organizational structure has been run for years and try to put a new spin on how things should be run. There is an adjustment period for employees and other managers.

#### 4.5.5 Effective Communication Keeps a Business Running Smoothly

Effective communication is required to keep an organizational structure running smoothly. Without communication, new ideas and processes can get confused. Managers may begin to redouble efforts in an attempt to claim certain parts of a process as their own. This is why executive communication to the rest of the company is critical to the success of any organizational structure. If departments are not clear on precisely what their responsibilities are, then the ensuing confusion can slow production down.

#### **4.5.6** Communication About Company Goals

An organizational structure is only effective when the entire company uses it properly. When upper management creates departmental goals for the rest of the company without first consulting with the managers of those departments, the company runs the risk of not making its goals. In order for an organizational structure to be effective, goal-making needs to be a two-way process. When upper management does not seek the input of the rest of the company to create company goals, then resentment can set in and morale begins to drop.

# 4.5.7 Extent in which the Level of Education of the Subordinates Influence the Way in Which the Manager Manages his Departments

Findings from this study revealed that most respondents agreed that (1) Education a critical factor that has to be studied before the organization is structured (2) A manager will structure his department according to the level of education of the subordinates for better understanding, (3) change in the educational level of the subordinates, the manager will have to restructure his department; and (4) follow up on the educational level of the employees helps to determine how and what type of structure would work within their limit.

Structural experts and industrial engineers have identified numerous instances where the implementation of the organizational structure interface has resulted in increased effectiveness for organizations.

#### 4.5.8 Effect of Organization Structure on Management Effectiveness

This study found that there is correlation between organization structure and effective management. This is in line with Oden (2017) who found that organizational structure has great impact in the effective management of organizations. Oden (2017) expatiated that an

organizational structure is a mostly hierarchical concept of subordination of entities that collaborate and contribute to some one common aim. Organization structure allows the expressed allocation of responsibilities for different entities ordinary description of such entities is as branch, site, department, workgroup, and single people.

This study also conforms to the study of Nwachukwu (2012) who found that organizational structure has a great impact in the effective management of organizations.

#### **CHAPTER FIVE**

# SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.0 Introduction

This chapter which is the final chapter entails the summary of the study from the start of the study to the last chapters. It then concludes from its findings and recommends to those involved based on the conclusion derived from findings.

# 5.1 Summary

The broad objective of the study was to study organizational structure as a tool for effective management (A study of Creativexone limited). The study adopted a descriptive design (survey) aims at assessing the organizational structure as a tool for effective management among 60 staff of Creativexone Limited. The study reviewed extensive literature on the concepts under study, and pinned the study theories of organizational framework (Classical theory of organizational framework by Max Weber and the Neo-classical Theory). The study setting was Creativexone Limited, Lagos State. Self-administered questionnaires were administered to the respondents and data collected were analyzed using SPSS version 23. The finding of the study is as presented in the last chapter and the summary of the finding is presented thus;

Organizations are influenced by many factors which come from their dynamic surrounding or from the organization itself. The study also found that the structure of an organization needs to be suitable for the kind of the company goal; detecting inefficiency through rechecking organization structure and simplifying organization structure that speed up decision process.

- ❖ The role of the design team in selecting well-structured objectives; time to time monitoring organizational design, and organizational design being depend on organizational structure were strongly consented as issues with organizational structure design.
- The study found that education is a critical factor that has to be studied before the organization is structured. A manager will structure his department according to the level of education of the subordinates for better understanding, and change in the educational level of the subordinates, the manager will have to restructure his department. Also, follow up on the educational level of the employees helps to determine how and what type of structure would work within their limit.
- ❖ The study found that recognition of organization structure have significant direct effect on management effectiveness (p<0.001, R=0.56).
- ❖ The study also discovered that achieving a better structural design is a function of organization structure (p<0.001, R=0.59)
- ❖ Finally, the findings of this study showed that follow up on the level of education of the subordinates significantly determines how the manager structures his departments (p<0.001, R=057).

#### 5.2 Conclusion

An effective organizational structure that takes into consideration the educational qualifications, professional competency as well as its organizational uniqueness will produce commanding benefits in both visible and invisible ways. Square pegs will not be put in the round holes and the organization is structured to suit both the organizations needs and the employees' needs, organization performance will be enhanced profoundly. This will enhance synergism, block duplication of efforts and enhance organizational profitability. It is obvious that managerial

process will not become a success unless properly structured. This study concludes that; appropriate organizational structure is a potent managerial tool to enhance organization performance.

#### **5.3** Recommendations

Base of the findings, this study make the following recommendations as follow:

- 1.Managers should try and develop a structure that will be suitable to the organizations need at that particular time. The mangers should also structure the organization to suit both the organizations needs and the employees' needs. Managers must also try and change the structure of the organization after a certain period of time. This will help to keep up with the pence at which technology is increasing.
- 2.From the finding of this study it is recommended that organizations should endeavor to have well-structured organization, in order to achieve the set up objectives.
- 3.It should be properly and carefully designed to meet with the needs of the organization, employees and its environment.
- 4. The structure to the designed must into cognizance all variables be size, environment, technology strategy and other factors that are necessary and important since failure and success of an organization is to an extent determined by its structure.
- 5.Suggested to other researcher to consider the organizational structure with effectiveness by other tools such as interview and observation and compare the own results with the present research results.

# 5.4 Contribution to knowledge

- 1.The research work has been able to contribute to knowledge through the gap created has evidenced from the statement of the problem. i.e., past studies have examined effective management from the dimension of (Clayton, M; managerial effectiveness, 2017), (Srinivasa, R; effectiveness of performance management systems, 2007), (Stamatis, K; effective change management in modern enterprise, 2015). However, little or nothing has been done on organizational structure as a tool for effective management.
- 2. The study provided a framework for good performance and proper coordination of task among employees in work organization.
- 3. The study created platform for allocation of responsibilities, grouping of functions, decision making and effective control
- 4. The study provided a framework for harmonizing the activities of the organization with its goals and objectives
- 5.Apart from promoting communication among employees in the work organization, the study helps organization to identify departments or units that may be deficient and apportion blame accordingly.

# 5.5 Suggestion for further studies

- 1. Future studies can focus on effective management through organizational structure in large public organizations.
- 2. Future studies can focus on effective management through organizational structure in public sector relative to private sector.
- 3. The study made use of questionnaire for data collection; future study can involve the use of questionnaire and interview so as to get more robust data on the respondent.

4. Future studies can focus on bigger organizations with larger sample size in order to elicit more
facts from the respondents that could aid data analysis and policy recommendations.

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# **QUESTIONNAIRE**

# ORGANIZATIONAL STRUCTURE AS A TOOL FOR EFFECTIVE MANAGEMENT

Dear Respondent,

I am a final year student of Mountain Top University. I am writing a project on the above topic in partial fulfillment of the requirements for the Bachelor of Science degree. I will appreciate it if the questionnaire is completed to the best of your knowledge with utmost sincerity so as to achieve credible results. The information provided will only be used for academic purpose, and will be treated with utmost confidentiality.

Please answer the following questions by ticking the one you consider most appropriate among the alternatives.

Thank you for your sincere cooperation.

Yours faithfully,

Adegbola Oluwadamilola Deborah

#### **SECTION A**

#### DEMOGRAPHIC DATA

1.	Sex Male( ) Female( )
2.	Age group 20-27 ( ) 28-34 ( ) 34-40 ( ) 40-46 ( ) 46-52 ( ) 52 and above ( )
3.	Marital status: Single ( ) Married ( ) Divorced ( ) widow ( ) widower ( )
4.	Educational qualification: A'LEVELS/OND/NCE ( ) HND/B.Sc ( ) MBA/M.Sc ( ) P.HD ( ) CIBN/ICAN/NIMN/ACCA ( ) others (please specify)

5.	Years of Work Ex	perience: 1-5	vears ( )	6-10 years ( )	10 years a	and above (	)

# SECTION B

Please read the question below carefully and choose your option by ticking the appropriate answer for each question. Please do not tick two answers for the same question.

SA- Strongly Agree A- Agree UN- Undecided D- Disagree SD- Strongly Disagree

S/N	ITEMS	SA	A	UD	D	SD
	ORGANIZATIONAL STRUCTURE					
Α	RECOGNITION OF ORGANIZATION					
	STRUCTURE					
1	Organizational structure is a building fort of a well					
	established company					
2	The structure of an organization needs to be suitable					
	for the kind of goal the company has set down					
3	Rechecking the structure of an organization helps to					
	detect any inefficiency					
4	Simplifying our organization structure helpsto speed					
	up decision processes					

В	BETTER STRUCTURAL DESIGN			
1	Has the organizational design in use been of good help			
2	The role of the design team is to select a structure that will work in line with the objectives			
3	Monitoring an organizational design from time to time helps the company			
4	The design an organization decides to use depends on how the organization is being structured			
C	LEVEL OF EDUCATION			

1	Is this a critical factor that has to be studied before the			
	organization is structured			
2	A manager will structure his department according to			
	the level of education of the subordinates for better			
	understanding			
3	If there is a change in the educational level of the			
	subordinates, the manager will have to restructure his			
	department.			
4	Follow up on the educational level of the employees			
	helps to determine how and what type of structure			
	would work within their limit			

# **SECTION C**

S/N	ITEMS	SA	A	UD	D	SD
	EFFECTIVE MANAGEMENT					
A	ORGANIZATIONAL EFFECTIVENESS					
1	A company's success totally depends on the structure being used in the organization					
2	The structure used in the organization will determine how far the company will go					
3	Organization effectiveness can drive as a force to increase productivity					
4	Do you agree that the better the structure of the organization the higher chance of effectiveness					

В	ORGANIZATION STRUCTURE			
1	A better structure can help the organization achieve			
	their goals			
2	The structure of the company helps to set up a			
	structural design that will move the organization			
	forward			
3	The design being used in the organization must be in			
	line with the objectives			
4	An effective design takes a long period of time to			
	establish in an organization depending on the structure			
	used			
C	DEPARTMENTAL STRUCTURE			
1	The level of education of the employees go in line with			
	the structure being used			
2	The manager considered the educational level of the			
	employees before deciding what structure to use			

3	The level of education of employees yield a negative			
	result towards the departmental structure			
4	The level of education of employees yield a positive			
	result towards the departmental structure			

Thank you for your time.