

Organizational Structure and Employee Efficiency in Family-Owned Businesses in Nigeria

¹Dr (Mrs) Erigbe, Patience Ajirioghene, ²Prof. Sanda Olumuyiwa .A. &

³Dr (Mrs) KabuohMargret N

¹*Department of Business Administration, College of Management and Social Sciences, Oduwa University, Ipetumodu, Ile-Ife, Osun State, Nigeria*

^{2&3}*Department of Business Administration and Marketing, Babcock Business School, Babcock University, Ilisan-Remo, Ogun State. Nigeria*

Abstract

Establishment, growth and development of family-owned businesses (FOB) are integrated into Nigeria's economy. They contribute to the reduction of unemployment in Nigeria. However, there are observed deviations in human resource management practices in these ventures. Owners of family businesses organizations demonstrate more interest in profit maximization than investment in employee capacity for better performance. Hence, the thrust of this study was an examination of the effect of organizational structure on employee efficiency and management of FOB. Cross-sectional descriptive survey design was adopted. The population was 4,820 family businesses in selected sectors of the Nigerian economy. Multistage sampling techniques was used to select sample of 595, adopting Saunders, Lewis and Thornhill formula. Organizational Structure and Employee Efficiency Instrument was administered among the selected sample while the response rate was 99.1%, to obtain primary data which were validated using content validity, while a Cronbach Alpha value of 0.899 was derived to establish reliability of the questionnaire. Organizational structure highlighted formal communication lines, employee efficiency remained its function. In conclusion, organizational structure affected employee efficiency of FOB. Managers and operators of family business organizations should create a forum for suggestions from employees.

Keywords: *Family business, Employee Efficiency, Organizational Structures, Performance.*

Background to the Study

Organizations are human constructs, which react to changes and opportunities in the environment of operation. They are entities that enable society to pursue accomplishments that cannot be achieved by individuals acting alone (Gibson, Invanchevich & Donnelly, 1997). They are structured in such a way that labour is assigned distinct tasks and coordination is achieved among these tasks (Mintzberg, 2003). For their continued existence and relevance to the specific public, organizations need to fall back on some principles and decision-making in which case strategic management or corporate strategy is important. There is no organization that is not faced with challenges of taking advantage of new market opportunities, facing threats, cost implications and unforeseen contingency. Certain measures are therefore necessary to be adopted so as to check organizations from being derailed from their set objectives. This therefore serves as a reason why successful organizations are guided by vision and mission statements.

Ogundele, Idris, and Ahmed-Ogundipe (2012) defined family business as any organization in which members of a family [be it monogamous, polygamous or extended households], hold controlling shares and which does not separate ownership from management. Family businesses in Nigeria, as in other parts of the world, come in virtually all sizes [small, medium and large] and exist in virtually all sectors of the economy (Ogundele et al., 2012). It is crucial that family enterprises should have good mission and vision statements. A company's mission is a key reason for its existence. A mission statement conveys a sense of purpose to employees and projects the company's image to the customer(s) (Onuoha, 2012). Family owned businesses (FOBs) add about 45%-70% of Gross Domestic Product (GDP) and provide employment opportunities in several economies around the globe (Arnoff, 2006). It is observed internationally that the percentage of businesses that have the ownership or management under family control is between 65% and 80% (Gersick, 2009). However, estimates show that about 90% of Nigeria's businesses are family owned and controlled (Singhry, 2010). Furthermore, available data from some African countries show that in 2003 SMEs in Kenya employed 3.2 million people and accounted for 18% of the national GDP. In Nigeria, SMEs account for 95% of formal manufacturing activity and 70% of industrial jobs. In South Africa micro and small firms provided more than 55% of total employment and 22% of GDP in 2003 (OECD, 2005) cited in Woldie, Leighton and Adesua (2008). This huge representation suggests the interest that many students of business and management have developed in FOBs in recent times.

It is, however, remarkable to observe that over the last decade, there has been an alarming rate of high mortality of family owned businesses (FOBs), which can be traced to, but not limited to the difficulty in the management of employee-attitude and productivity (Cabrera-Suarez, 2005). In most developing countries, including Nigeria, ownership and membership of family enterprises are limited to nuclear and sometimes, the extended family, coupled with conflict that may also account for the reason why family businesses have high mortality rate in Nigeria (Onuoha, 2012).

In organizational theory, succession is the process of transferring management control from one generation of leaders to the next generation including the dynamics before, during and after the actual transition [Zacharakis, 2000 cited in Ukaegbu, 2003]. Erven (2007) referred to it as 'management succession' (Ogundele, et al, 2012). The heartbreaking information is that very few family businesses survive to the second generation. A variety of factors might be responsible, but a large number of family businesses fail because they have no plan for business succession (Liroff, 2008; Merwe, 2009; Yan & Sorenson, 2006). The survival of family owned business is good for the economic stability of their communities.

Organizational structure is generally designed to facilitate tasks performance, but without a periodic review and redesign of organizational structure according to the dictates of business and environment, it will hinder employees' efficiency. Corporate restructuring is inevitable where an organization operates below industry levels. Restructuring involves re-design of the structure of the organization hierarchy. But it should be a direct response to environmental changes in the specific industry in which an organization operates. There is failure by many organizations in Nigeria to respond promptly by re-designing their hierarchy as management is more conscious of the profit target (Ogunbanjo, 2000). To achieve the goals of restructuring, fundamental changes should be effected in company's structure, technology, culture, values and policies, but such changes may be resisted by many members of the workforce through their attitude. These ideals generally play a role in employees' efficiency, depending on the extent to which management has integrated the various sub-systems. Also, changing a company's structures involves a re-arrangement of its internal systems such as workforce, lines of communication and managerial hierarchy. For as long as employees are part of the organization, the attributes, size, structure and design of such an organization will either facilitate or impinge their work performance (Ayeni, 2009). An understanding of the interaction between organizational structure and its immediate environment tends therefore to dictate that a periodic review should be undertaken.

From the researcher's survey observation, many owners of indigenous family businesses in Nigeria focus more on profit-making and survival of the business than investing in the organizational structure which may promote employees' personal development for organizational efficiency.

Objective of the Study

The main objective of this study is to establish the correlation between organizational structure and employees' efficiency.

Literature Review

Conceptual Review

Organizational Structure

A clear understanding of the purpose and meaning of an organization is seen as essential to understanding how the organization works and how its methods of working can be improved. Therefore, attention is given to the division of work, clear definition of duties, maintaining of specialization and co-ordination with much emphasis on hierarchy of management and formal relationships. The above typically defines organization (Mirallic&Stalonilov, 2003).

Organizations rely on a long-term direction and take decisions about the scope of activities, how best to achieve advantage over competitors and assume correct positioning in the market environment. Creating opportunities for development and growth is also a fundamental issue, which must of necessity consider resources and competences presently available to the organization. While an organization considers the above issue, it must not be oblivious of other environmental forces such as the values and expectations of its various stakeholders. All organizations have some functions to perform as they exist to achieve corporate objectives and to provide satisfaction for their members. Organizations enable objectives to be achieved which ordinarily cannot be achieved by the efforts of single individuals. But specifically, organizations are seen as structures of people (Mullins, 2007). It is the interaction of the people in the process of attempting to achieve objectives that forms the basis of organization. However, a form of structure is required by which people's interactions and efforts are directed and coordinated. Khan (2010) has asserted that the actual effectiveness of an organization is dependent on the quality of its people, its objectives, structure and the resources available to it.

Organizations cannot exist in isolation of employees. Both employers and employees have some basic expectation from one another. If any of the parties is demotivated, especially the employees, it would result in decline in performance particularly when the employer is unable to fulfill obligations (Smith & Brian, 2001). Thus, the strength of any organization's management, objectivity and sincerity of purpose gives fillip to a better organizational performance. The earlier these policies and structures are put in place, there is tendency for effective performance.

Significantly, the purpose of structure is to help define the division of work among members of the organization as well as achieve the coordination of organizational activities. Mackenzie (2000) has reported that structure gives employees and managers a direction towards goals and objectives of the organization. Indeed, structure is the formal pattern of relationships among positions within the organization and among members. Shaw (2002) avers equally that the application of management process creates the framework for order and command through which the formal activities of an organization are planned, organized, directed and controlled.

Moorcroft (2000) and Child (2005) both conclude that structure defines tasks, responsibilities, work roles, channels of communication and relationships. Structure is important for any organization irrespective of its size. In smaller organizations, there may be a low level of structure and fewer problems arise from structures. With increasing economic and managerial activities, the size of the organization is bound to increase thereby necessitating a new structure. This implies that there is regular need for a carefully designed and purposeful structure. While the classical school of management acknowledges the imperative of a structure, modern environmental changes or the dynamics of the business environment dictate regularity of the review of the structure of organization in response to the demands of its specific public and the competitive threat posed by rivals.

A link has been made between structure and organizational performance. According to Drucker (1989:223):

“Good organization structure does not by itself produce good performance. But a poor organization structure makes good performance impossible, no matter how good the individual managers may be. To improve organization structure... will therefore always improve performance.”

It is the appropriate design of structure that is of significance in determining organizational performance as Child (2005:6) equally lays emphasis on structure:

“A basic structure distributes responsibilities among the members of a company. Its purpose is to contribute to the successful implementation of objectives by allocating people and resources to necessary tasks and designing responsibility and authority for their control and coordination.”

From the foregoing, the structure of an organization affects not only productivity and economic efficiency but also the morale and job satisfaction of the members of the workforce. When organizational problems arise, the structure is least examined, but that is where crisis is most often hidden (Tangen, 2005). Therefore, getting the structure right is the first step in organizational change. However, structure, from the studies of Chu (2009) and Mario (2005) indicate that it should be designed to encourage the full participation and willingness of members of the workforce as well as evoke effective organizational performance.

A number of studies have shown that management system or organizational structure is the main key element for the improvement of efficiency in all organizations (Kheyrollah, 2012). In fact, economic growth and industrial advancement of societies are due to proper management techniques with a proper and desirable structure in the communities (Kazemi, cited in Kheyrollah, 2012). In consideration of the key role of organizational structure for productivity improvement, certain issues are necessarily given attention by managers and practitioners. Those issues are complexity, formality, concentration and human resource management efficiency.

Appropriate organizational structure, efficient procedures, safe instruments and equipment, balanced work environment and, above all, competent and qualified manpower are essentials that should be considered by managers to achieve optimal efficiency. Organizational structure which is inappropriate regarding the objectives of the organization is complex bureaucracy, and it hinders organizations from achieving their goals. Indeed, it misleads them. Organizational structure clarifies how duties are determined and what formal coordination mechanisms as well as organizational patterns of interaction need be incorporated.

Employee Efficiency

One particular approach to the improvement of organizational performance and effectiveness is the application of the concept of total quality management (TQM). TQM cannot be effective without the involvement and commitment of all employees. Indeed, the effectiveness of an entire organization implies that levels of employees play their role as mandated. TQM is viewed as a way of life for an organization as a whole, committed to total customer satisfaction through a continuous process of improvement, and the contribution and involvement of all organizational members (Mullins, 2007). Implementation of TQM requires a management process which addresses the three notions of expressed quality, planned quality and carried out quality. (Erigbe, 2015).

The generic areas of performance that most business organizations aim to improve are cost, speed of operation, quality, flexibility and dependability (Slack et al., 2001). These areas relate to organization's ability to compete and meet customer expectations; they provide some insights into the overall performance of an organization. In order for a firm to succeed, it is critical that the company can control and manage its operations effectively. The better the controllability is, the better the company's ability to react to changes will be. In order to have good controllability, a company must have access to indications of past, present and future trends from the operative environment (Haapasalo et al., 2006). Opportunities for creating value are shifting from the management of tangible assets to the management of knowledge-based strategies that develop an organization's intangible assets (Anderson & McAdam, 2004). These intangible assets are important elements when developing lead measures for a proactive performance measurement system.

Theoretical Review

The classical approach to management and organizational studies characterizes organization as a purposeful and structural design (Simon, cited in Murray, 2007). However, organizational design is not unlike architectural design. It involves creating large, complex systems having multiple goals. Studies have expressed criticisms about the effectiveness of the principles of organization (Hills & Hugh, 2002). The emergence of the classical approach to management prompted the start of a more scientific view of management and attempted to provide some common principles applicable to all organizations. These principles are still relevant as they offer a valuable guide in attempts to analyze the effectiveness of the design of organizational structure. Indeed, the mechanism of an organization has impact on the initiative of the persons employed to perform within the organization.

In furtherance of the drive towards productivity is the recommendation of adequate span of control. Again, it is necessary for every supervisor or manager to have a number of employees (subordinates) that can be effectively supervised or controlled to ensure that standard specifications and objectives are realized. The theory highlights that span of control is relative, but it is a necessary measure against irresponsibility. It is also a measure to check waste. Where employees are not fully integrated, or where they are not working as a team, it may be difficult to realize corporate objectives. They may not flow together in terms of work requirements. Scientific management theory identifies the application of team spirit. Team spirit unites the group thus creating a friendly atmosphere. The theory of scientific

management is a work methodological approach which tends to discourage managers' use of rule of the thumb. There is a new trend in the study of organizational phenomena. It is associated with the view that the internal functioning of work organizations must be consistent with the demands of organizational tasks. This approach has led to the development of the contingency theory of organization (Lorsch, 1980; Cannel, 2004). Nonetheless, Koontz, Donnelly and Wehreich (1980) have indicated that management theory and science cannot advocate one best way of doing things in the light of diverse situations, especially as internal states and processes of organizations are contingent upon external factors and needs of members.

However, Onuoha (2000) has submitted that the best way of managing depends on the specific circumstances and environment. In the light of the above, productivity and employee-motivation are all internal factors and variables which are affected by other factors. Yet, all the internal factors mentioned are anchored on motivation.

The essence of management is productivity within an organizational structure. From the scientific management theory, there are major highlights of what the organization must do. The theory emphasizes distinct central authority, delegation of authority and a clear division between line and staff management. These are essential ingredients for productivity, as they tend to create work order.

Elton Mayo's work is considered by researchers as critical to a philosophical understanding of Taylorism and scientific management. Taylorism which evolved from the work of F W Taylor, seeks to apply science to the management of employees at the workplace in order to gain economic efficiency through labour productivity. Elton Mayo's work has made it evident to see workers as individuals rather than viewed as robots designed to work towards productivity expectations. However, this theory has been contested as Mayo's role in the human relations movement has been questioned. Nonetheless, Taylorism attempts to justify scientific management as a holistic philosophy rather than a set of principles. The human relations movement is parallel to the notion of scientific management and aims at addressing workers' social welfare needs. Therefore, it elicits co-operation from members of the workforce.

The theoretical goals of human relations are not different from those of Taylorism. In essence, both points of view seek to make the workplace a more efficient and worker-friendly place to be in. Albeit, more specific goals and outcomes of each movement are different. Each aims to advance the workplace and create a coherent group of individuals, whilst attempting to maintain a hierarchical system with managers in control. The notion of Taylorism is supportive of improvement in pay and conditions in workplaces under the proviso that workers are paid in accordance to their output. However, human relations claim to eliminate such demands thus entirely suggesting a radical and unrealistic idea.

The Classical Management Theory

The classical management theory usually referred to as scientific management school, as presented by Fredrick Taylor, Henri Fayol, Lyndall Urwick and Joan Woodward, believes that scientific management is not only about technological development of industries, it is more to do with maximum output with minimum (optional) human effort through a means of avoiding waste. What managers attempt to do is to achieve more output with less input or at the least cost. This implies that productivity is concerned with the objective of getting things done more effectively and efficiently. The implication is that with increased productivity comparatively, the cost of production is less, and management is interested in lower cost of production (Yesufu, 1984). Indeed, improving productivity is one of the most important objectives that managers are employed to achieve. Of significance is the place of productivity in the classical management theory.

The scientific management school is interested in productivity, considering the definition of productivity as given above, management is involved with planning, organizing, motivating, directing and controlling. Even though productivity is a function of management, it also involves a measure of planning, motivation and control. The original aim of the classical or scientific management school was to find a standard time for performing tasks such that a unit product could be produced at a standard of efficiency and cost (Cole, 1967). This was achieved through experimentation. Scientific management theory provided that basis for instructing and guiding employees on the best methods for achieving a standard. In essence, productivity cannot be achieved if there are no good methods work. Similarly, employees must be instructed and guided on the standards already set. Scientific management theory asserts that while managers can focus on planning and control, subordinates should be provided with the necessary conditions that would enable them meet work targets. Indeed, motivation, through good salaries, wages and incentive system, will help improve employees' efficiency.

One other significant highlight of scientific management theory is the co-ordination of work efforts. It is a managerial function to co-ordinate work as well as employees. Co-ordination is essential if unity of purpose is to be achieved. Without co-ordination, organizational resources will be wasted. In productivity management, because management attempts to avoid waste, co-ordination helps to ensure that focus is placed on work target. Organizations are viewed as being effective and efficient when they are able to meet targets and render good returns. There is a relationship between the scientific management theory and productivity. Indeed, the theory is in furtherance of productivity as it spells out what the management of organization ought to do.

According to Bernolak (1997) productivity is making good production with available resources whereas The European Association of National Productivity Centres (EANPC, 2005) defines productivity as "*how efficiently and effectively products and services are being produced.*" Efficiency in this context is doing things right and utilizing resources to accomplish desired objectives (Grünberg, 2004). Effectiveness, on the other hand, is described as doing the right thing. It is the extent to which customer requirements are met (Neely et al., 1995). Thus, effectiveness highlights the importance of reaching a desired objective whereas efficiency focuses on the process and means involved.

Productivity, according to Prokopenko as cited in Badmus (2002), is the relationship between outputs and input in an economic system. Productivity describes the efficient use of resources such as labour, capital, land and materials in the process of production of goods and delivery of services. Most scholars have viewed productivity as the ratio of output to input in any organization (Redding, 2009). The concept of output in productivity refers to all goods and services, tangible, intangible, visible and invisible, produced with the intention of satisfying specific wants.

Organizations that are conscious of their stock of human resources adopt a systematic human resource utilization scheme which appropriately ensures the placement of only the right employees in the right jobs at the right time and place, irrespective of their origin (Fajana, 2002). Such organizations motivate employees through appropriate management techniques.

The pursuit of organizational goals is encapsulated in efficiency, effectiveness and productivity (Egungwu, 1992). It is imperative to understand how management practitioners view these concepts. The efficiency of an employee or a group of employees is assessed by the degree to which they produce high quality goods or services during the shortest time possible. Consequently, efficiency involves doing things right. But the effectiveness of an employee or an organization is assessed by the degree to which organizational goals are achieved (Egungwu, 1992). Productivity is thus a measure of management efficiency.

Firstly, scientific management aims to reduce inefficiency through a study of time and motions in work tasks. The object of time studies was to determine how fast a job should and could be done. Secondly, Frederick Taylor, purported to have introduced specific quantitative goals in order to provide challenging time restraints, focused attention on how to increase productivity (Rue & Clannes, 2010). Most importantly, Taylor sought to increase productivity through organization of behaviour.

Methodology

Survey design was adopted. Questionnaire was the instrument used. Multistage sample technique was used. The minimum sample sizes required for different sizes of population at 95 per cent level of certainty are shown in Saunders, Lewis and Thornhill (2007), and for a population of between 4, 800 and 5,000 at 5% margin of error, the minimum sample size is 357. The actual sample size formula given by Saunders, Lewis and Thornhill (2007) is adopted as follows:

$$n^a = \frac{n \times 100}{re\%}$$

Where:

n^a is the actual sample size

n is the minimum sample size for a given population

$re\%$ is the estimated response rate

The estimated response rate for the research questionnaire was given as 60%.

$$\begin{aligned}
 & \frac{357 \times 100}{n^a} = \frac{60}{60} \\
 & n^a = \frac{35700}{60} \\
 & n^a = 595 \\
 & \text{sample size is 595 respondents.}
 \end{aligned}$$

Since twenty family-owned business organizations are involved in the study, the average number of questionnaires administered in each is $595/20 = 29.75$. This is practically rendered as 30 questionnaires. However, the absence of a total of 30 respondents in one organization compelled the application of convenience sampling method in order to incorporate the available representatives of the organization. This method equally made it possible for the researcher to obtain a sizeable sample proportion.

Analysis of Result

Table 1: Organizational Structure

| Items | Response Variables | | | | | | % Responses | | | | | |
|-------|--------------------|-----|-----|-----|----|-------|-------------|----|-----|----|----|-------|
| | SA | A | PAD | D | SD | TOTAL | SA | A | PAD | D | SD | TOTAL |
| 1 | 112 | 175 | 50 | 150 | 13 | 500 | 22 | 35 | 10 | 30 | 3 | 100 |
| 2 | 75 | 213 | 75 | 125 | 12 | 500 | 15 | 43 | 15 | 25 | 2 | 100 |
| 3 | 112 | 138 | 75 | 138 | 37 | 500 | 22 | 28 | 15 | 28 | 7 | 100 |
| 4 | 88 | 237 | 75 | 100 | - | 500 | 18 | 47 | 15 | 20 | - | 100 |
| 5 | 88 | 162 | 138 | 100 | 12 | 500 | 18 | 32 | 28 | 20 | 2 | 100 |

Source: Field Survey, 2015

Table 2: Employee Efficiency

| Items | Response Variables | | | | | | % Responses | | | | | |
|-------|--------------------|-----|-----|-----|----|-------|-------------|----|-----|----|----|-------|
| | SA | A | PAD | D | SD | TOTAL | SA | A | PAD | D | SD | TOTAL |
| 1 | 68 | 170 | 138 | 96 | 28 | 500 | 14 | 34 | 28 | 19 | 5 | 100 |
| 2 | 150 | 88 | 88 | 125 | 50 | 500 | 30 | 18 | 18 | 25 | 19 | 100 |
| 3 | 138 | 200 | 75 | 88 | - | 500 | 27 | 40 | 15 | 18 | - | 100 |
| 4 | 75 | 186 | 163 | 75 | - | 500 | 15 | 37 | 33 | 15 | - | 100 |
| 5 | 100 | 175 | 112 | 88 | 25 | 500 | 20 | 35 | 22 | 18 | 5 | 100 |

Source: Field Survey, 2015

Organizational Structure

The table 1 depicts data in response to issues on organizational structure. Item 1 drew 112 respondents (22%) who strongly agreed that staff arrangement and positioning in their organization enable them to respond easily to task problems. 175 other respondents (35%) confirmed their view. However, 50 other respondents (10%) provided a partial response while 150 respondents (30%) expressed disagreement, implying that the staff arrangement and positioning in their organizations do not enable them to respond easily to task problems. This view was also reported by 13 other respondents (3%). Item 2 attempted to establish if

there is any hindrance to communication along staff positions to which 75 respondents indicated strong agreement.

Another 213 respondents acknowledged that there is no hindrance to communication because staff positions are properly linked, but 75 others neither totally agreed nor disagreed. While 125 respondents disagreed, 12 others strongly disagreed. The sample proportion can be observed in Table 2 accordingly. With reference to item 3, 112 respondents (22%) were strong in agreement that their organizations are not adequately staffed thereby creating excess work load for available staff. 138 others (28%) affirmed this view whereas 75 other respondents (15%) were either partially in agreement or disagreement.

Item 4 was directed at establishing whether employees perform their job well because their job position is not hindered. A total of 325 respondents (88 respondents acknowledging Strongly Agree; 237 others indicating Agree) are able to perform their job well because their job position in the organization is not hindered. 75 other respondents were not completely sure of their response as 100 others are unable to perform their job well because their job position is hindered.

On the other hand, 138 respondents (28%) indicated disagreement implying that their organization is adequately staffed and does not create excess work load for the available staff. This same view was also held by 37 other respondents (7%). Item 5 was designed to address control and autonomy for decision making in the office as features of organizational structure. In response, 88 respondents (18%) expressed strong agreement that they are still under control but have been given some autonomy for decision making in their office. 162 other respondents (32%) are in a similar situation. For 138 other respondents (28%), it was an uncertain response (PAD). However, 100 respondents (20%) by their choice of 'Strongly Disagree' have no autonomy for decision making.

Table 3: Weighted Mean for Organizational Structure and Employees Efficiency

| Items | SA (5) | A (4) | PAD (3) | D (2) | SD (1) | TOTAL | MEAN (X) |
|------------------|-------------|-------------|------------|------------|-----------|-------|-------------|
| 1 | 180(5)=900 | 345(4)=1725 | 188(3)=564 | 246(2)=492 | 41 | 3723 | 3.723 |
| 2 | 225(5)=1125 | 301(4)=1505 | 163(3)=489 | 250(2)=500 | 65 | 3684 | 3.684 |
| 3 | 250(5)=1250 | 338(4)=1690 | 150(3)=450 | 226(2)=452 | 37 | 3879 | 3.879 |
| 4 | 163(5)=815 | 423(4)=2115 | 238(3)=714 | 175(2)=350 | 0 | 3994 | 3.994 |
| 5 | 180(5)=900 | 337(4)=1685 | 250(3)=750 | 188(2)=376 | 37 | 3748 | 3.748 |
| Total Mean Score | | | | | | | 19.028 |

Weighted Mean Score = $19.028/5=3.8056$

The Weighted Mean score for organizational structure is 3.8056. This suggests that organizational structure is critical to employee efficiency in the organizations. Although diverse organizational structures exist and are determined by business objectives, organizational interaction and influence of the large business environment; the layers of structure are entirely a product of managers' intuition (Bordrel, 2011). The importance of

organizational structure is underscored in terms of clear lines of communication, delegated autonomy and removal of bureaucratic bottlenecks (Rajib, 2010). A well-linked organizational structure guarantees access to information and facilitates efficiency.

Table 4: Hypothesis for Family-Owned Business

| Construct Association | R | T | | p-Value | Significant Yes/No | Hypothesis |
|--|-------|-------|------|---------|--------------------|-----------------------|
| Organizational Structure and Employee Efficiency | 0.210 | 4.792 | 0.05 | 0.0005 | Yes | Reject H ₀ |

R=Correlation Coefficient

t=Calculated t-value of the Correlation coefficient

Interpretation

The Table 4 shows that the p-value is 0.0005. The result suggests that we reject the null hypothesis at 5% level of significance and thus conclude that significant relationship exists between organizational structure and employee efficiency in family-owned businesses.

Discussion

In conclusion, a test of the relationship between organizational structure and employee efficiency produced a statistically significant coefficient. Thus, a positive relationship was established confirming the a-priori expectation. Every organization is characterized by a structure whether formally documented or operationally by the interaction among organizational members.

However, there appears some paucity of findings on the correlation between organizational structure and employee efficiency in family owned organizations. Generally though, organizational structure lays down the hierarchical dimension and formal communication liens for employees. From a study by Roberts and Bea (2001), poor organizational structure affects employees' efficiency if there is no mutually defined procedure of obtaining order and feedback as at when due.

Empirical evidence (Mullin, 2007) gives credence to the positive correlation between organizational structure and employee efficiency.

This correlation is consistent with findings from Mejud and Albativ (1999), indicating that employee efficiency is a function of several organizational factors one of which is organizational structure. The emerging diversity of modern organizations, which have more affinity for information communication technology, has attracted more attention among researchers to investigate the contribution of organizational structure to corporate efficiency. In a study by Brown and Heywood (2005), a statistically significant relationship was established between organizational structure and employee efficiency. Several elements such as union density, number of workers and control propensity were factored into organizational structure. In consonance with the above, Medline (2013) has shown that structure is the relationship among individuals in a work organization, and such structure

can either be formal or informal or both. Medline also confirmed that the absence of relationship at work could stifle productive capacity (efficiency). Consequently, structure is imperative and significant for efficiency. This tends to support the result of the present study which has shown a significant positive correlation between organizational structure and employee efficiency.

Furthermore, the test of organizational efficiency within small firms was conducted by Kato and Morishima (2002). That notwithstanding, a strong correlation was observed between the informal organizational structure and firm efficiency. While it is possible that employees are more relaxed in performing their duties with the pressure of stringent rules and strict conditional relationships with supervisors and managers, an informal structure tends to generate some liberty for communicative interaction (Lok & Crawford, 2001). Kato and Morishima (2002) only considered the totality of the small firms selected for the study. The correlation between organizational structure and firm efficiency is suggestive of the significance of organizational structure as already indicated in scientific management theory.

Formal organizational structures are more universally acknowledged even though their patterns differ significantly. Kalz (2006) investigated the role of elasticity of formal organizational structures in the private sector of selected African states. The results of the study which included three variables are indicative of the role of formal organizational structures.

Considering the above studies with another study by Atmanguh (2012), a disparity is observed in the results. Arising from examination of the civil service structure of selected English-speaking West African countries, Atmanguh's (2012) study revealed a significantly negative correlation between the civil service structure and efficiency of civil servants. It may be valid to indicate that organizational structure (irrespective of size) is not sufficient to generate a positive correlation with employee efficiency (Kalz, 2006). Indeed, other factors which include staff monitoring, evaluation, close supervision, appraisal of performance and span of control are significant instruments that can effectively generate the desired employee efficiency if properly integrated into the management of both work and workforce (Kalz, 2006; Chau, 2008; Brech, 2005).

A study by Anjan (2011) viewed the organizational structure of the Indian banking industry in terms of size and efficiency (higher profit). This is a deviation from relating organizational structure with employee efficiency. The study only focused on examining the relationship between the structure of a bank and cost efficiency, the result of which has no significant relationship. The theory of organizational structure identifies communication as an integral and critical feature which binds both functional and operations staff together. In a study on the effectiveness of communication among horizontal line staff, Gbenu (2008) explored the efficiency of staff through the use of horizontal communication (a feature of organizational structure). The study reported no correlation between organizational structure and staff efficiency but highlighted a strong relationship between vertical and horizontal lines of communication within the structure of a public corporation.

The focus of this analysis is not on the latter result of Gbenu's study, but it is significant to assert that the result is a product of operations of which organizational structure is critical as a contributory factor. Lack of correlation between organizational structure and staff efficiency in a public corporation could be traced to the non-responsive nature of managers and directors to the dictates of the changing environment in which public corporations are established to serve (Almanguh, 2012). Again, public corporations and other establishments that are funded by the government have been observed to be highly inelastic in their structure, size and response to the needs of the public (Kalz, 2006).

On the other hand is formalization of rules with the communication process (Kheyrollah, 2012). Culloir (2006) has also confirmed the assumption that structure creates order, showing responsibilities and lines of discipline which ultimately guide employees to attain the expected efficiency level. To this extent, Culloir's result is consistent with the finding of the present study on the relationship between organizational structure and employee efficiency, which is a positive correlation.

Wellington (2012) tested the relationship between centralization and organizational efficiency and found a statistically insignificant relationship between the two variables. The observed disparity between Wellington's study and the present study is the incorporation of organizational efficiency while the present study focused on employee efficiency. However, it can be argued that employee efficiency translates to organizational efficiency. Organizational structure can be viewed as the way responsibility and power are allocated inside the organization and work procedures are carried out by organizational members (Germain, 1996; Walton, 1986). It is organization's internal pattern of relationships, authority, and communication (Goldhaber, 1984)

A well structured organization circumvents job conflict and hindrances thereby leading precision and swiftness of task executive and employee efficiency. *"A firm's competitive advantage potential depends on the value, rareness, and imitability of its resources. However, to fully realize this potential, a firm must also be organized to exploit its resources and capabilities."* (Barney, 1995: 6). Organizational structure should therefore be organized and structured in away that they are geared towards deployment, maintenance and development of organizational resources especially the human resources. Fiol and Lyles (1985) points to organizational structure as especially important for the probability of learning to occur. An organizational structure that encourages organizational learning among employees will bring about increase employee efficiency.

Interestingly, the outcome of the hypothesis in table 4. is indicative of a significant association between organizational structure and employee efficiency as shown by the probability value of 0.000. Likewise, the static regression analysis indicates that employee efficiency is an important consideration when designing the structure of an organization. The association between organizational structure, efficiency and performance has been variously researched. Researchers have made various corroborating statements that evidence the positive relational value between organizational structure, employee efficiency and organization performance. Underdown (2003) claimed that an organization decides how it wants its members to behave, what activities it want to encourage, and what it

want members to accomplish; it can then design its structure and encourage the development of the cultural values and norm to obtain these desired activities, behaviours and goals.

Sablynski (2003) found no relationship between employee performance and span of control, but high levels of job satisfaction were evident in decentralized organizations. Organizational structures decrease employee ambiguity and help explain and predict behaviours (Sablynski, 2003). Penguin (2003) claimed that organizational effectiveness and its relation to structure is determined by fit between information processing requirements so people have neither too little or too much irrelevant information. According to Wolf (2002), organizational structure has direct effect on the success of an organizational operational efficiency. Good organizational structure influences the execution behaviours of a company. Structure not only shapes the competence of the organization, but also the process that shapes performance. The work of Worf (2002) was corroborated by Clemmer (2003), that suggest the idea that organizational structure shapes performance: good performers in a poorly designed structure, will take on the shape of the structure.

Walton (1986) tied structure to effectiveness asserting that management restructuring is designed to increase not only the efficacy but also the effectiveness of the management organization. He associated quicker responses to problems, increased unity of functions, coherent and consistent priorities, enhanced abilities, and career satisfaction with the performance benefits of organizational structural arrangement.

Conclusion

Conclusively, a significant relationship exists between organizational structure and employee efficiency. Employee efficiency is a function of organizational structure, availability of working materials, cooperation from colleagues and supervisors, work environment and other environmental factors. Essentially, employee efficiency is centered on, and around individual employees.

Recommendations

- a) Managers and operators of family business organizations should create a forum for suggestions from employees. There should be an effective communication process that allows employees to express their views and make suggestions for work improvement. This process is directly linked to the organizational structure. The structure of any organization provides the hierarchy for interaction, release of information and feedback. However, depending on the dictates of the business environment in which the organization is located and its interaction with customers, the organizational structure could be reviewed to make it more flexible for employee efficiency and effective communication. Owners of business should not be rigid about the structure of their business organizations.
- b) Indeed, management experts may be invited to help examine and review the organizational structure. Such a step would help to improve overall corporate performance. Managers in family-owned business organizations should define

parameters for handling performance management. Performance management is systematic. It is procedural and employees should be aware of what is expected from them. Because of the varied characteristics of different family-owned business organizations, each organization can set its own performance control measures with the input and support of an experienced or trained human resource officer.

Reference

- Allen, K. (2005). *Organizational psychology*. New Delhi: Prentice-Hall.
- Anderson, L., & McAdam, T. (2004). Measuring organizational commitment. *Journal of Vocational Behaviours* 14(7).
- Andre, A. D. W., & Vincent, P. (2007). The effect of performance management on the organizational results of a Bank. *International Journal of Productivity and Performance Management*. 14 (5), 56-78
- Anjan, R. (2011). Strategic positioning and capacity utilization: factors in planning for profitable growth in banking. *Journal of Performance Management*, 16, (5), 23-58
- Armstrong, M. (2006). *A handbook of human resources management practice*. London: Kogan Page Limited.
- Atmanguh, V. (2012). Civil service of west African states: input of efficiency. *Journal of Public Administration* 6 (4), 82-104
- Ayeni, O. (2009). *Downsizing in Nigeria: the restructuring view*. Business Today(2 &3), 4
- Badmus, A. (2002). *Productivity and the Industry Man*. Ikeja: Forecast Partners Ltd.
- Barney, J. (1995). *Looking inside for competitive advantage*. The Academy of Management Executive, 9 (4), 49
- Bernolak, C.N. (1997). Determining the parametrics of productivity in public sector establishments. *Journal of Work Study* 16(10).
- Bordrel, M., (2011). Structure review of business processes. *Journal of Business Management* 16 (5), 197-210
- Brech, N. (2005). *Principles and practice of management*. London: Longman Publishers.
- Brown, M., & Heywood, J.S. (2005). Performance appraisal systems: determinants and change. *British Journal of Industrial Relations* 43(4), 364-381
- Cabrera-Suarez, M. (2005). *Business ownership strategies*. London: Harper & Row.

- Cannel, M. (2004). *Management development*. London: CIPD.
- Child, J. (2005). *Organization: contemporary principles and practice*. London: Blackwell Publishing.
- Chuk, L. (2009). Appraisal feedback as catalyst for employee motivation and performance improvement. *Performance Review Series C*, 3 & 4.
- Cole, G., (2007). Personnel resources and motivation from structure. *International Journal of Strategic Management*.11(6).
- Culloir, D. (2006). Sustainable development through employee and business owner empowerment. *South African Journal of Economic Development* 4(1).
- Damanpour, F. (1991). *Organizational innovation: a meta-analysis of effects of determinants and moderators*". *Academy of Management Journal*, 34(3), 555-590.
- Drucker, P.F. (1989). *The practice of management*. London: Heinemann.
- Egungwu, V. (1992). *Human resources development and utilization in Nigerian private enterprises*. Yahaya, A.D. and Akinyele, C.I. (eds.) *Human Resources Development and Utilization*. Badagry: ASCON Press.
- Erigbe, P. (2015). Total quality management as a service-efficiency tool in the Nigerian banking industry. *International Journal of Advanced Studies in Economics and Public Sector Management*. 3(1), 140-150.
- Fajana, S. (2002). *Human resource management: an introduction*. Akoka: Laboju and Company Publishers.
- Fiol, M.C., & Lyles, M.A. (1985). Organizational learning. *Academy of Management Review*. 10(4) 803-813
- Frederickson, J. W. (1986). The strategic decision process and organizational structure. *Academy of Management Review*, 11(2), 280-297.
- Germain, R. (1996). The role of context and structure in radical and incremental logistics innovation adoption. *Journal of Business Research*, 35, 117-127.
- Gersick, P. (2009). *Strategizing with attitude survey*. *The Human Resource Guide*.9(3),109.
- Gibson, M., Ivancevich, K., & Donnelly, K. (1997). *Management*. New York: McGraw-Hill

- Grunberg, C. N. (2004). *Leveraging human capital development for firm performance improvement*. Human Capital Development Update.2(4).
- Hill, G. & Hugh, C. (2002). Systems analysis of work contents. *Review of Job Analysis* 8 (4&5)
- Jeminson, D.B. (1981). Organizational vs. environmental sources of influence in strategic decision making. *Strategic Management Journal*. 2, 77-89.
- Kalz, N. (2006). Elasticity of organizational structure and corporate productivity. *Journal of Bureaucracy* 10 (4), 109-127
- Kato, T., & Morishima, I. (2002). *The productivity effects of participatory employment practices: evidence from new Japanese panel data*. Industrial Relations 41, 487-520
- Khan, M.A. (2010). Effects of human resource management practice on organizational performance – an empirical study of oil and gas industry in Pakistan. *European Journal of Economics, Finance and Administrative Sciences*. 24, 64-71
- Kheyrollah, S. (2012). Effect of different levels of organizational structure on the productivity of human resource management (a case study: electricity distribution company in ardabil province). *Journal of Basic and Applied Scientific Research*. 2 (6), 35-52
- Kim, S. (2005). Occupational therapy arising from work stress. *Journal of Stress Management* 24(6).
- Koontz, H. Donnely, C. O., & Wehreich, H. (1980). *Management 7thed*. New York: McGraw-Hill Publishing Company.
- Koufteros, X.A., Cheng, T.C. E., & Lai, K. (2007). Black-box and gray-box supplier integration in product development: antecedents, consequences and the moderating role of firm size. *Journal of Operations Management*. 25, 847-870.
- Lok, P., & Crawford, J. (2001). Antecedents of organizational commitment and the mediating role of job satisfaction. *Journal of Managerial Psychology* 16 (8), 594-613
- Lorsch, J.W. (1980). *Studies in organizational design*. London: Richard and Irwin.
- Mackenzie, T. (2000). Technological change and knowledge workers' productivity. *Journal of Organizational Development*. 16 (9)
- Mario, C.Y. (2005). Strategic management and employee of the future. Blackburn: Stephanson Publications.

- Mejud, A., & Albativ, K. (1999). *Quantification of service process: Time as efficiency management. Journal of Productivity Science* 14 (2), 88
- Miralic, N., & Stalonilov, M. (2003). Perception modeling in manufacturing organization. *Journal of Behavioural Sciences*. 16(3).
- Mintzberg, R. (2003). Training the personnel staff. *Journal of Administration* 2(7), 54-68
- Moorcroft, E. (2000). Strategies for HRM operations in service organizations. *Journal of Business Strategy* 10(3).
- Mullins, J. L. (2007). *Management and organizational behaviour eighth edition*. London: FT Prentice Hall.
- Neely, A., Kennerley, M., & Martinez, V. (2004). Does the balanced scorecard work: an empirical investigation. A. Neely, M. Kennerly, & A. Waters, (eds.) *Performance Measurement and Management: Public and Private*, pp (117). Cranfield, Centre for Business Performance, Cranfield University.
- Ogunbanjo, D. (2000). *Corporate strategy*. Union Digest. 5(1), 13-2
- Ogundele, O.J.K., Idris, A.A., & Ahmad-Ogundipe, K.A. (2012). Entrepreneurial succession problems in Nigeria's family businesses: a threat to sustainability. *European Scientific Journal* 8 (7), 208-227
- Onuoha, B.C. (2000). *Fundamentals of business and management in Nigeria*. Aba: Unique Printing and Packaging Company Limited.
- Onuoha, B.C. (2012). Professionalizing family businesses in the South-East Region of Nigeria. *International Journal of Academic Research in Business and Social Sciences* 2 (9), 199-215
- Osemwegie, A. (2012, July 31). *Employee happiness and performance*. The Guardian, 49
- Osemwegie, A. (2012, June 25). *Feelings in the workplace*. The Guardian. 51
- Penguin D. (2003). Fundamentals of organizational structure: *Available Internet*: <http://www.up.only.fr/~wlaglea/topic2.htm>
- Porter, L., & Roberts, K.. (1976). *Communication in organizations*. Dunnette, M. (ed.) *Handbook of Industrial and Organizational Psychology*. Chicago: Rand McNally and Company.
- Quincy, A. (2003). How to develop employees. *Journal of Industrial Relation*., 19(2), 49-61

- Rajib, J. (2010). Role of organizational structure and process in performance management. *Online Journal of Organizational Structure*. www.structure.mgt Accessed August 27, 2013
- Redding, S. (2009). Product development by strategic methods. *Journal of Strategic Management Issues* 8(1), 41
- Roberts, K.H., & Bea, R.G, (2001). Group performance as the factorial core organizational competence. *Journal of Organizational Dynamics*. 10(2&3), 41
- Sabylnski, J. (2003), Foundations of organizational structure. *Available Internet*: <http://www.csus.edu>
- Shaw, C. (2002). Employee retention from managers' perspective and posture. *Journal of Employee Relations* 21(7).
- Slack, N., Chambers, S., & Johnston, R. (2001). *Operations Management 3rd ed*. London: Pearson Education Limited.
- Smith, Z. & Brian, L. (2001). *Behavioural Management 2nd Edition*. New Jersey, Foundations Publishers.
- Tangen, S. (2005). Demystifying productivity and performance. *International Journal of Productivity and Performance*. 12(3).
- The European Association of National Productivity Centres (EANPC, 2005). *A report on productivity*. Brussel
- Underdown, F. (2003). Organizational Structure. *Available Internet*: http://deptedu/industrial/underdown/org_structure_george.htm
- Wellington, N. (2012). Policy to family-business re-structuring. *Journal of Entrepreneurial Development* 6(4).
- Wolf, D. (2002). Execution and Structure. *Available Internet*: <http://www.dewasloan.com>
- Yesufu, T. M. (1984). *The Dynamics of Industrial Relations: The Nigerian Experience*. Ibadan: Oxford University Press.