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Studying the relationship between organizational structure and effectiveness in Kerman province Red Crescent

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ABSTRACT

The extent of success by organization can be considered in their effectiveness and this would not achieve unless a proper structure. Informing organizational effectiveness and measuring its relationship with organizational structure as an affecting factor on organizational effectiveness, one can identify an ideal extent of structural elements relevant to organizational internal and external conditions. By revising and modifying such elements and by making structure effectiveness, one can accelerate moving toward aims and can increase organizational effectiveness. Present study evaluates the relationship between organizational structure and effectiveness in Kerman province Red Crescent. Research method is survey-type and questionnaire is the tool to gather data. Its population consists of managers and staff of Kerman province Red Crescent. The statistical sample included 189 managers and employees of the organizational and sampling method is an objective one. The studied variables include organizational effectiveness, organizational structure, concentration, formalization and complexity. The findings show that there is a relationship between organizational effectiveness and organizational structure. Such relations are as follow: the relationship between effectiveness and complexity is directly significant, it is adverse significant between effectiveness and concentration and it is directly significant between effectiveness and formalization.

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Introduction

The expansion of organizations and their domination over all aspects of human life are obvious to everyone. Contemporary human needs an establishment called organization and organizations are all made by human. Therefore, it is necessary to study organizations in order to know them better and to identify and resolve their problems and pave the ground for their effectiveness. Organizational recognition of various aspects does not limit to any time and organizations should be always evaluated for making the results of the activities effectiveness and their responsiveness to spatial needs. What make it more necessary are ongoing and rapid changes in our time. An important factor which can have a paramount impact on achieving organizational aims is organizational structure. Without an effective structure relevant to their aims as well as their internal and external conditions, organizations can not achieve their aims and, in other words. They won't be effectiveness. Present study attempts to study the organizational structure of Kerman Red Crescent in terms of structural elements (complexity, formalization, concentration) and identifies current structural problems, the ways of treating the problems, determining the rate of its impact on organizational effectiveness and the extent of organizational elements ideality which are necessary for structural effectiveness.

Organizational structure

One can consider the structure of an organization as a set of methods by which organizational operations are divided into

identified tasks and to make coordination among tasks (Mintzberg, 1983). Hall says that we define structure as "assigning people in different points of organizational charts as well as in social positions which impact on the organizational relations of such people" (Hall, 1997). Organizational structure can be an organizing and designing process which shows the way of assigning the work, power and authority in organization (Ellis, 2003). In a categorization, one can name the types of organizational structures with stable ambience compared with organizational structures in a dynamic environment differently as mechanical structure (maximum complexity, formalization and concentration) and organic structure (minimum complexity, formalization and concentration) respectively (Burns and Stalker, 1996). In other words, it the organizational environment that determines which structure is suitable and should be used (Mirsepasi, 2005). According to Hall, organizational structure plays three main tasks: the first and the most important one is that organizational structure should contribute in achieving organizational outcome (return) and aims (effectiveness). Then, it should be effective in maximizing (efficiency) and finally coordinating the roles if different people in organization (Hall, 1996). As main pillars of the organization, organizational structure addresses to the pattern of inter-organizational relations, authorities and communications (Fredrickson, 1998). And is defined in terms of three basic elements: complexity, formalization and concentration.

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Complexity

Complexity means the number of works or subsystems inside an organization. One can consider complexity in three aspects: vertical, horizontal or spatial. Vertical means the number of levels in authority hierarchy. Organizational horizontal complexity means the number of jobs or divisions which exist in the organization horizontally. Organizational spatial complexity refers to geographical boroughs and areas (Arabi and Parsian, 2003: 20).

Concentration

In some organizations, senior managers make all decisions and lower managers are the implementers of commands issued by top management. Concentration refers to the degree of decision making concentrated in a single section of the organization. It only consists of official authority namely rights existed in the position. It is said that organization is concentrated if top management makes key organizational decisions with little or no information from lower level staff (Robbins, 1991).

Formalization

It refers to documents and evidences in the organization. In such documents, methods, terms of reference, rule and policies are written which organization should execute them. Such documents show the behaviors and activities. Often, the extent of formalization is determined by computing the pages of documents in an organization (Deft, 1994). There are two methods for organizational formalization: 1. Inter-organizational formalization, 2. Intra-organizational formalization.

The first method standardizes employees' behaviors by devising rule, regulations, policies, procedures and written (and sometimes unwritten and common law) recipes. In the second method, organization inserts internalized standards and minimizes the need to the first method by employing specialized and professional individuals.

Effectiveness

It means a degree by which organizations achieve their needed aims namely organizational aims (Deft, 2001: 103). Likely, the first attitude on effectiveness was provided in 1950s which was too simplistic. Effectiveness was defined as an extent or level by which organizational aims were met. As to management connoisseur, Peter Drucker was the first author who discussed effectiveness scientifically about 50 years ago. Various studies were begun in 1970s continued so far (Najaf Beigi, 2000: 73). Effectiveness is a level or extent by which multiple aims are supplied, measured and judges (Rezaeian, 1993).

The relationship between organizational structure and effectiveness

Organizational shape is not created automatically but it is created by decisions made for organization. Therefore, one should consider the factor of strategic choice of organizational shape. Determinant aims are missions, wants or ideals which show status quo or future ideal status. Effectiveness shows to what extent organization has determined its missions and has achieved to ideal status or purpose. Organizational structure is dynamic. Organization changes in terms of size or greatness, accepts new technologies and faces with changing ambiances. National cultures change continuously and adopt new or old strategies. It makes decision-making system focused or unfocused. Therefore, organizational structure is an important achievement for the members of social system who are a part of it. It is inside such structure which power processes, conflict, leadership, decision making, communications and administrative

transformation adopts actions and reactions (Arabi and Parsian, 2002).

Adam Smith was the first connoisseur who proved right organization leads into product increase via understanding the advantages of specializing and dividing the jobs horizontally and vertically. By providing a bureaucratic model, Max Weber (1920) clarified an example of an ideal organization in which he had designed such traits as job division, hierarchy and impersonal treatments. Chandler (1962) proved that structure is the result of strategy and structure alters along with changes in strategy and aims. Regarding the impacts of size on structure, Peter Blow (1969) found that increase in organizational size promotes organizational separation. Pog et al (1969) and Lawrence and Lorsch (1973) divided ambience in terms of turbulence, change and stability and found that organizations operate in more complicated and changing environments face with more vertical separations in their own divisions (Robbins, 1990: 188). Evaluating organizational structure of University of Tehran by Ziaei indicated that 76% of managers emphasize on the necessity of structural changes. Also, 52% of faculties emphasize on the same issue. 30% of employees also emphasize on the necessity of structural changes. Another research showed that 80% of managers, 68% of faculties and 32% of employees believe that structural formalization is excessive. Studying organizational structure effectiveness in Arak Water Organization by Hamzehlu concluded that (1) this organization lacks organizational structure effectiveness (2) its employees lack motivation, creativity, contribution and have low technical and scientific capability, (3) improved services by employees is in high level, (4) concentration and complexity are high and formalization is low in surveyed organization. In a research by Fahami, it was revealed that effectiveness in Ministry of Science and Student Welfare Fund is not satisfactory and it needs restructuring due to non adoption of current old structures and new missions of such organizations. Regarding researches on the relationship between organizational structure and effectiveness, present study attempts to investigate the impact of organizational structure factors on effectiveness. Therefore, research hypotheses are as follow:

Major hypothesis: there is a significant relationship between organizational structure and effectiveness in Kerman Red Crescent Organization.

Hypothesis 1: there is a significant relationship between organizational structure complexity and effectiveness in Kerman Red Crescent Organization.

Hypothesis 2: there is a significant relationship between organizational structure formalization and effectiveness in Kerman Red Crescent Organization.

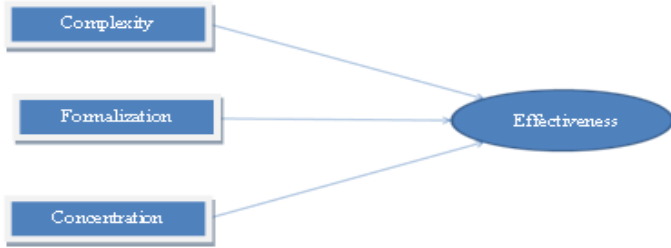
Hypothesis 3: there is a significant relationship between organizational structure concentration and effectiveness in Kerman Red Crescent Organization.

Methodology

The conceptual framework of the research is based on Stephen Robbins' theoretic attitude on expounding the aspects of organizational structure and their relations with each other and studying the effectiveness and its relevant models and milestones. On this basis, research analytical model was shaped as shown in below figure (Alvani and Daneifard, 2004: 43):

Two library and field methods are used to gather information. Data gathering method is a 37-item questionnaire with Likert's five-scale (1 = very low, 5 = very high). The questionnaire is a standard one devised by Robbins and it is extracted and localized. To measure reliability, 25

questionnaires were distributed and collected. By using SPSS software, Chronbach's alpha is 0.91 for all questions. Objective sampling method is utilized in this research. Its population includes 215 employees and managers as Kerman Red Crescent Organizations. All individuals received questionnaire and 189 questionnaires were returned. For data analysis, descriptive and deductive statistical methods (Pearson's correlation coefficient, linear regression and multivariable regression) were used.



Data analysis

Descriptive statistical indicators show the age of individuals as follow: 6.3% of individuals are in 20-25 year-old, 38.1% in 26-35 year-old, 49.2% in 36-45 year-old and 6.3% in 46-55 year-old ranges. Their educational level is: 33.6% high school diploma, 14.3% associate of arts, 41% graduates, 6.3% postgraduates and 4.8% Ph. D. The average of effectiveness is 53.6% which shows a relative medium rate (95 and 19 as the maximum and minimum scores). The average of formalization is 16.2% which shows a relative low rate (30 and 6 as the maximum and minimum scores). The average of complexity is 11.3% which shows lower than medium rate (20 and 4 as the maximum and minimum scores). The average of concentration is 26.85% which shows a relative high rate (40 and 8 as the maximum and minimum scores).

Variables	Average	Quantity
Effectiveness	53.6	189
Complexity	11.3	189
Formalization	16.2	189
Concentration	26.85	189

Descriptive statistics obtained from questionnaire

Hypothesis tests

To examine hypotheses 1, 2 and 3, Pearson's correlation test is used. The results are shown in below table. As tables show, there is a significant relationship between organizational complexity and effectiveness (0.72) and there is a significant relationship between organizational formalization and effectiveness (0.46). In the meantime, the correlation between concentration and effectiveness is a negative and adverse significant relationship (-0.35). Thus, hypotheses 1, 2 and 3 are confirmed according to the results.

Variables	Job satisfaction	Recognizing the aims and committing to them	Flexibility	Efficiency	Organizational growth and development	effectiveness
Complexity	0.451	0.527	0.456	0.356	0.581	0.721

Correlation coefficient between complexity, effectiveness and its aspects

Variables	Job satisfaction	Recognizing the aims and committing to them	Flexibility	Efficiency	Organizational growth and development	effectiveness
Formalization	0.354	0.512	0.715	0.615	0.214	0.468

Correlation coefficient between Formalization, effectiveness and its aspects

Variables	Job satisfaction	Recognizing the aims and committing to them	Flexibility	Efficiency	Organizational growth and development	effectiveness
Concentration	-0.4821	-0.245	-0.687	-0.567	-0.254	-0.357

Correlation coefficient between concentration, effectiveness and its aspects

Variables	Average	Quantity
Effectiveness and complexity	0.721	0.000
Effectiveness and formalization	0.468	0.019
Effectiveness and concentration	-0.357	0.005

Pearson's correlation test

A linear regression is used in present study to express that a change in a deviation from predictor variable, several standard deviations would occur in independent variable.

The results of research linear regression variables

Independent variable	Depended variable	Beta standard ratio	Beta substandard ratio	Beta significance
Complexity	Effectiveness	0.52	0.775	0.000
Formalization	Effectiveness	0.41	0.30	0.019
Concentration	Effectiveness	0.34	0.47	0.005

The results of above table show that there is a linear relationship between complexity and effectiveness and a change unit in complexity causes 0.52 change units in effectiveness. In the meantime, one unit change in formalization causes 0.41 change units in effectiveness and one unit change in tendency to centralization causes 0.34 change units in effectiveness. By utilizing multivariable regression and inserting variables simultaneously, we conclude that there is correlation (0.71) between the variables of organizational structure and effectiveness. 0.51% of changes (R2) in effectiveness relates to changes in 3 complexity, formalization and concentration variables. 0/7% of changes are the results errors in sampling and model.

Discussion and conclusion

According to Burns and Stalker (1964), organization X which is located in a stable public sector and environmental changes do not impact it considerably has a more official and structured and their structure type is mechanical. According to Franco's theory (1974), since public organizations do not experience competition-based pressures, they retain their current structure despite of their improper efficient and effectiveness structure. Then, by considering above data and results, one can conclude that Kerman Red Crescent Organization is a mechanical structure bureaucracy. In his study, Guy (1978) indicated that large companies are more complex. Daft and Bradshaw (1994) concluded that the relationship between greatness and complexity is too clear. Often, additional specialties (or more specialized groups) should exist in large organizations. For example, in a research on emerging new divisions, it was shown that in responding to problems at large organizations, one should create new managerial positions. Owing to the fact that surveyed organization is, *inter alia*, large organizations, attained results indicate that there is a strong positive relationship between complexity and effectiveness. Mowrand (1995) claimed that in large organizations, the existence of official laws makes it possible for senior managers to control and monitor alternative rules and laws directl. Mintzberg (1983) concluded that more external monitoring on

organization, more concentrated concentration. One can conclude that in public organizations which face with more monitoring than private ones, the existence of more concentration is predictable. As seen, the results of the research confirm it. Aiken and Hage (1967) indicated that by enlarging the organization and increasing the number of employees, units and divisions, one can not refer all decisions to top manager or the load of decision making achieves to a level in which one top manager cannot endure it. Thus, the results of researches on large organizations clarify that non concentration phenomenon should more respected in large organizations. Mintzberg (1979) indicated that there is an adverse concentration and complexity while the relationship between concentration and formality is uncertain and the evidences show contradictory results. In this research, one can find it and the adverse relationship between complexity and concentration. The results of a research by Abbassi and Zahraeian indicate that the organizational structure of some organizations like Isfahan Power Company and Tehran Railroad tend to mechanical structure and there is a negative significant correlation between this structure and employees' productivity. The results of Fahami showed that organizational structure aspects are affecting factors on organizational effectiveness and should be considered specially. Although studies on organizational structure impact on effectiveness indicate such effects in any organization in terms of complexity, formalization and concentration and the type of this variable and effectiveness differs remarkably due to differences of organizations. The results of this research and the findings of previous studies show the relationship between organizational effectiveness and organizational structure. Based on research hypotheses, theoretical basics, gathered information and studies, following issues are proposed to improve the performance and to increase organizational effectiveness in order to achieve its aims. Considering the first hypothesis which indicates a positive and direct relationship between the rate of complexity in organizational structure and effectiveness as well as considering the fact that the most important evidence on horizontal separation in organization is professionalism and segmentation in organization (Robbins, 1983: 8), more professionalism and segmentation and, consequently, complexity and effectiveness would increase.

According to formalizing methods mentioned in the literature and the results of the second hypothesis which shows a positive and direct relationship between formalization and organizational structure, it is suggested to devise written clear and open rules and laws and recipes to identify organizational aims for employees comprehensively.

The average of concentration shows that the rate of concentration in Kerman Red Crescent Organization is relatively high. Schermerhorn (1996), Lorsch and Morse (1974) found that good structure should create proper structures to support HR in achieving high performance and job satisfaction. According to the results of the third hypothesis, it is recommended, for increasing job satisfaction and effectiveness, to involve lower ranking employees in decision-makings. Employees' involvement in decision-makings cause that they feel that they are closer to organization and have more sense of belonging and loyalty. Such closeness to organization adopts individual and organizational goals and causes the achievement of organizational aims and effectiveness. Paterson (1969) claimed that those subordinates who give information to managers, impact on managerial decisions practically and it reduces concentration. Therefore, it is proposed that those people who

prepare organizational needed information should not be limited to a few people and more individuals should be contributed. Finally, larger organizations have traits which distinguish them from smaller ones. Some differences are as follows: the number of managerial levels increase (organization is complicated vertically), the number of jobs and departments increase (organization is complicated horizontally), jobs are more specialized and skills are increased, organizations became more formalized, and non concentration is increased (Deft, 2004: 292). Since surveyed organization was a relative large one, it proves above facts and moves toward more effectiveness in organization which adopts to relations proved in this research.

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