



# **Impact of Organizational Structure on Employee Performance in Context to Productivity Enhancement in Dairy Sector**

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## **ABSTRACT**

The study deals with a complex link of organisational structure and employee performance that is focused on improving productivity in the dairy sector. The research aims at examining the impact of centralisation and decentralization on employee efficiency and effectiveness, using questionnaires as a starting point. The study shows that the levels of hierarchy shape employee performance metrics through an examination of various organisational levels. Understanding obtained from the employee's perspective is a key element of this investigation and provides insight on their experiences within various structural frameworks. The research elucidates the complex dynamics of the situation through a nuanced analysis, revealing the ways in which organisational structures facilitate or hinder employee productivity. The results of the study provide valuable information for dairy sector organisations aiming to optimise their efficiency, which is contributing to an increasing body of literature on organisational behaviour and management practice. The development of strategies for increasing productivity and ensuring sustainable growth in the competitive dairy sector is crucial to understand the consequences of organisational structure on employee performance.

**Keywords:** Organizational Structure, Employee Performance, Employee Satisfaction, Dairy Sector

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## **1. INTRODUCTION**

Amidst the virus (COVID) is spreading, companies are thriving in this tough times. The two most significant aspects of the business are rapid changes in the environment and competition, as well as uncertainties. Just like these human resources is an important aspect to be considered for the betterment of its citizenry and business goal. Unemployment is high as a result of the pandemic, and businesses are unable to survive this difficult period. The main element of the company is its human resources over the years, human resource management has served a number of purposes within an organization. It has expanded and evolved into its current form as a key driver of human capital development from the very beginning, when it was initially conceived as an exclusively compliance type function. In facing some of the most difficult challenges in their careers, HR professionals have played an essential role in driving organizations forward.

### **1.1 BACKGROUND OF THE STUDY**

An organisational structure lays down the manner in which some activities are to be directed so as to achieve the objectives of an organisation. Rules, roles and responsibilities may form part of these activities. The way in which information is distributed across levels of the company also depends on an organisational structure. The way in which work flows through an organisation is the organizational structure. It allows groups to work together, in their respective functions, for the purpose of managing tasks. The organisational structure is more formal than usual, where staff are divided into functional groups such as finance or operations, regional and product lines. Less traditional structures are more loosely woven and flexible, with the ability to respond quickly to changing business environments. Organizational structures have been evolving since the 1800s. The way tasks were carried out had been optimised by Frederick Taylor's theory of science management, which enabled workers to perform just one task at the most effective rate. In the 20th century, General Motors invented a revolutionary organizational system in which each of its main divisions built their own cars from scratch. Today's organizational structure, from the concept of 'virtual organisations' to various flexibility arrangements, is rapidly evolving.

### **1.2 OBJECTIVE OF THE STUDY**

The main objective of this study will be to assess the impact of an organizational structure on employee performance.

And the specific objectives are;

- ❖ To know the process of how employees work in the organization.
- ❖ To investigate the impact centralization & decentralization on the employees.

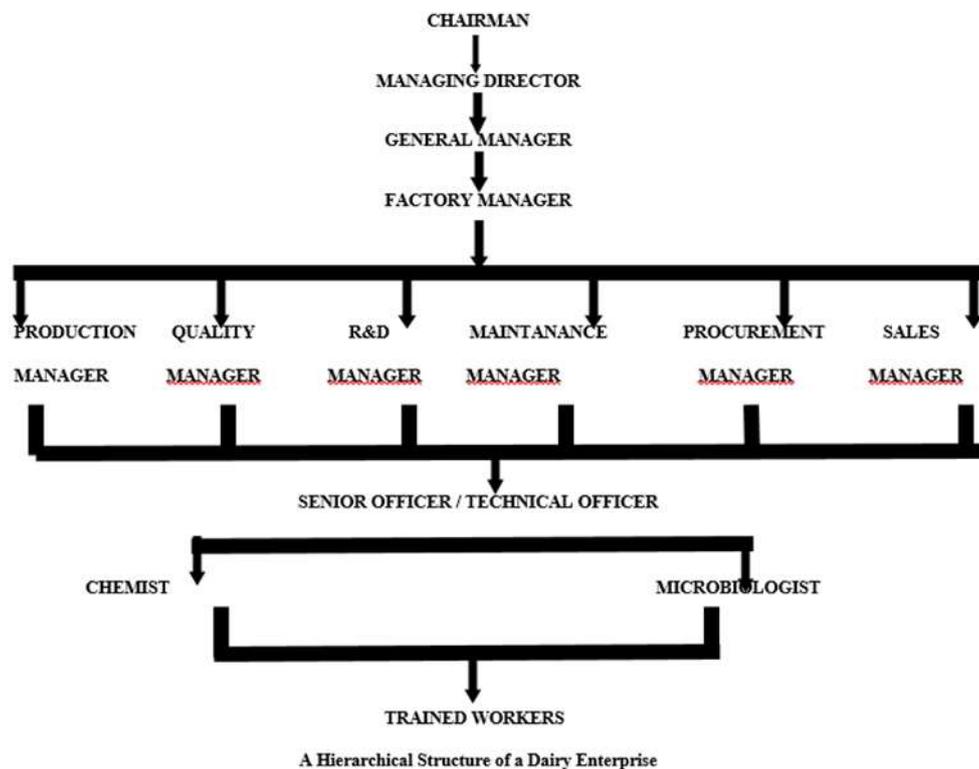
- ❖ To identify how organizational levels affect employee performance.

### 1.3 IMPORTANCE OF THE STUDY

An understanding of the interdependencies of these business elements and the need for them to adapt to change quickly and strategically are essential for success in the high-performance organization. When these four elements are in sync, outstanding performance is more likely. Achieving alignment and sustaining organizational capacity requires time and critical thinking. Organizations must identify outcomes the new structure or process is intended to produce.

### 1.4 ORGANISATIONAL STRUCTURE

An organizational structure is a system that outlines how certain activities are directed in order to achieve the goals of an organization. These activities can include rules, roles, and responsibilities.



## 2. REVIEW OF LITERATURE

Organizational structure is how job is formally divided, grouped and coordinated (Sablinski 2003). It is the anatomy of the org., providing a foundation within which organizations function. The more layers in a firm, the more complex the structure of the organization, the more complex the structure, the more difficult coordination and integration of organization member become. The recent trend towards flatter organizations is a tacit acknowledgment that complexity will influence the flexibility, and can frustrate an organization's ability to compete in dynamic environment (Nahm, 2003). Mohr (1971) in the process of determining the relationship between technology and structure of an organization identified three separate technologies, the unit and small batch, large batch and mass production, and process production. Mohr observes that the more complex the technology, the greater the number of managers and management levels (layers of hierarchy), the span of management of first line decreases from mass to process production and increases from unit to mass production, and the greater the technological complexity of the firm, the larger the clerical and administrative staff. Mohr concludes that for each type of technology, there are specific aspects of structure that were associated with success in each category of firms, and this structure is called appropriate structure. Most organizations performance is measured by supervisory ratings, supervisory ratings quality, and quantity, dependability and job knowledge and goal accomplishments even though they are highly subjective. This study however will adopt the variables of employee's performance to include; supervisor's ratings, quality, quantity, effectiveness, efficiency, dependability, job knowledge and goal accomplishments. The structure of an organization plays two important roles in every organization: structure clarifies the roles for each member of an organization and also dictates the amount of control each member possesses. However, even though structure plays an important and necessary role in an organization, the structure of an organization can also create barriers between people in different parts of the organization and between the organization and stakeholders outside the organization. These barriers or boundaries if too tight can inhibit people from working together and make the organization less efficient and less responsive to the needs of their customers. In order to respond to the changing environment and to provide value to customers, the firm needs to infiltrate the external

boundary with customers, suppliers and other companies (Ashkenas, 2002) After reviewing the literature concerned to my topic, we know that how important it is to make right hierarchy for our organization and increase the productivity of employees. These data are from notable authors, books and research papers. Mintzberg (1972): Organizational structure is the framework of the relations on jobs, systems, operating process, people and groups making efforts to achieve the goals. Organizational structure is a set of methods dividing the task to determined duties and coordinates them. Structure is not a coordination mechanism and it affects all organizational process. Organizational structure refers to the models of internal relations of organization, power and relations and reporting, formal communication channels, responsibility and decision making delegation is clarified. Arnold and Feldman (1986): Helping the information flow is one of the facilities provided by structure for the organization (Monavarian, Asgari, & Ashena, 2007). Organizational structure should facilitate decision making, proper reaction to environment and conflict resolution between the units. The relationship between main principles of organization and coordination between its activities and internal organizational relations in terms of reporting and getting report are duties of organization structure (Daft, Translated by Parsayian and Arabi, 1998).

### 3. RESEARCH METHODOLOGY

#### 3.1. RESEARCH DESIGN

This study used **descriptive** type of survey design. This design is adopted because there is a lot to be described as well as analyzes the role of the organizational structure on performance of employees. The major research instrument used is the questionnaires.

A descriptive survey design attempts to establish the range and distribution of some social characteristics such as education or training, occupation & location, and to discover how these characteristics may be related to certain behavior patterns and attitudes.

The **research method** used here is **quantitative & qualitative** both.

Quantitative data collection method involved questionnaires filled by the respondents. It also allows broader study and enhances the generalization of the results. This method will provide summaries of data that support the phenomena under study. Whereas Qualitative data is derived from the observations during interviews held individually during the visit of the organization.

#### 3.2. SAMPLING FRAMEWORK

The sampling plan of my research is random sampling as each sample has an equal probability of being chosen. The sample size is 50. Random sampling is a part of the sampling technique in which each sample has an equal probability of being chosen. A sample chosen randomly is meant to be an unbiased representation of the total population.

#### 3.3. DATA COLLECTION METHOD

Data is collected through questionnaire, observations & interviews. Total no. of respondents is 50 where the analysis is done through simple percentages and pie charts.

### 4. DATA ANALYSIS & INTERPRETATION

#### 4.1 INTRODUCTION TO DATA ANALYSIS CONCEPT

Data analysis is the process of ordering and organizing raw data so that they can be used to provide helpful information. The key to understanding what data is and isn't contains is the ability to organize and think about that data.

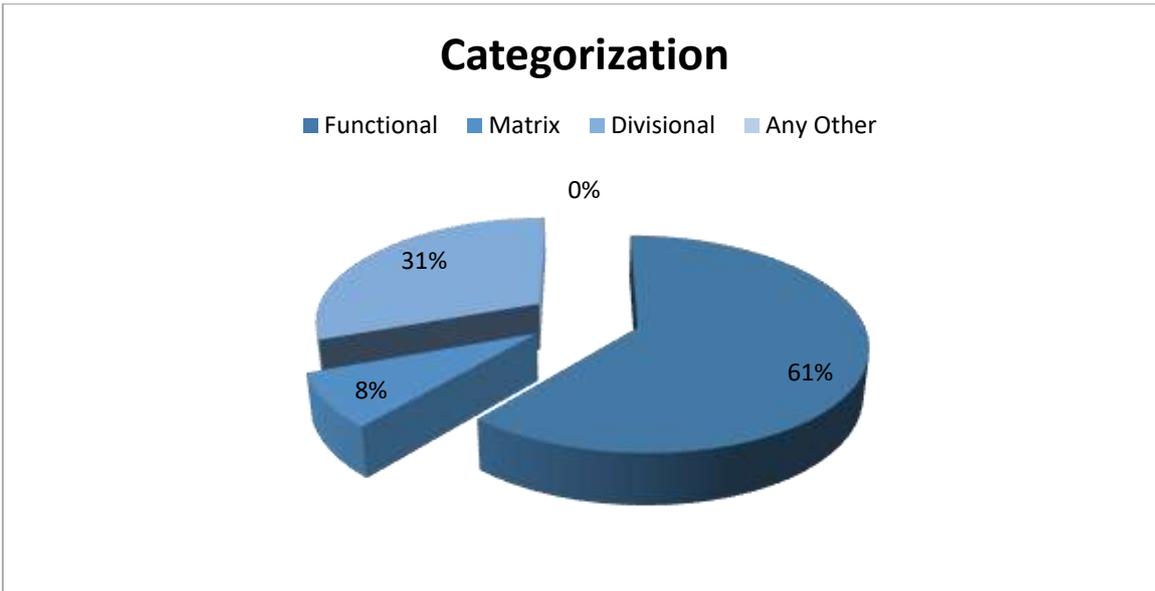
Data analysis aims at discovering valuable information, explaining conclusions and helping to make decisions by examining, cleansing, transforming or modelling data. A simple example of data analysis is that every time we make a decision in our day to day lives, whether it's on the basis of what happened last time or by choosing which one would happen next. It's just an analysis of our past or future, and we make decisions based on it. We're gathering memories of our past or dreams about the future for that. It's just a data analysis, that's all. A data analysis is the same thing that an analyst does for business purposes.

Qualitative data analysis method, which involves the identification, examination and interpretation of patterns and themes in textual data with a view to determining how those patterns and themes contribute to answering research questions at hand, is used here.

#### 4.2 ANALYSIS

##### Q1. Can you categorize your organizational structure?

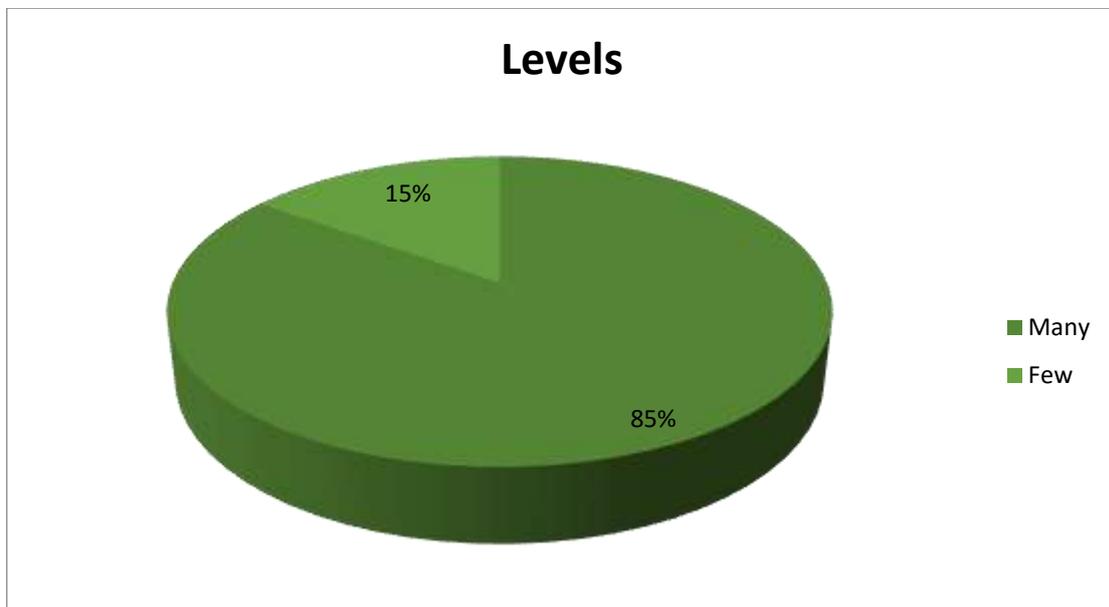
Functional	Matrix	Divisional	Any other
30	4	15	1



**Interpretation** – 61% of the respondents chose functional structure and 31% of the employees chose Divisional structure & 8% of the respondents chose matrix structure. This implies that most of the employees work smaller companies which focus on a single product or service. And remaining employees work in big companies and have many product or services.

**Q2. How many levels of hierarchy are there in your organization?**

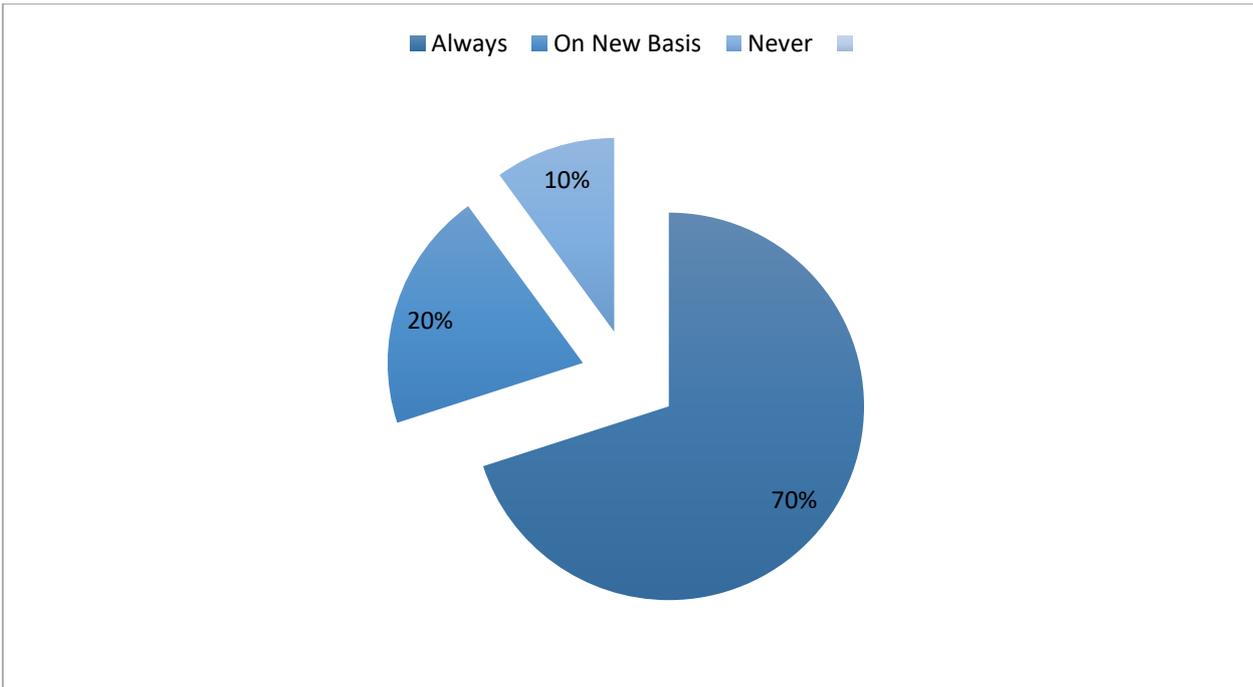
Many ( Hierarchical)	Few (Flat)
18	32



**Interpretation** – 85% of the respondents chose many hierarchical levels whereas only 15% of the respondents chose few hierarchical levels. Many hierarchical levels in the organization can hamper the growth of organization as will have a negative effect on the employee’s performance.

**Q3. Does the top management shared vision of your company with everyone in the unit?**

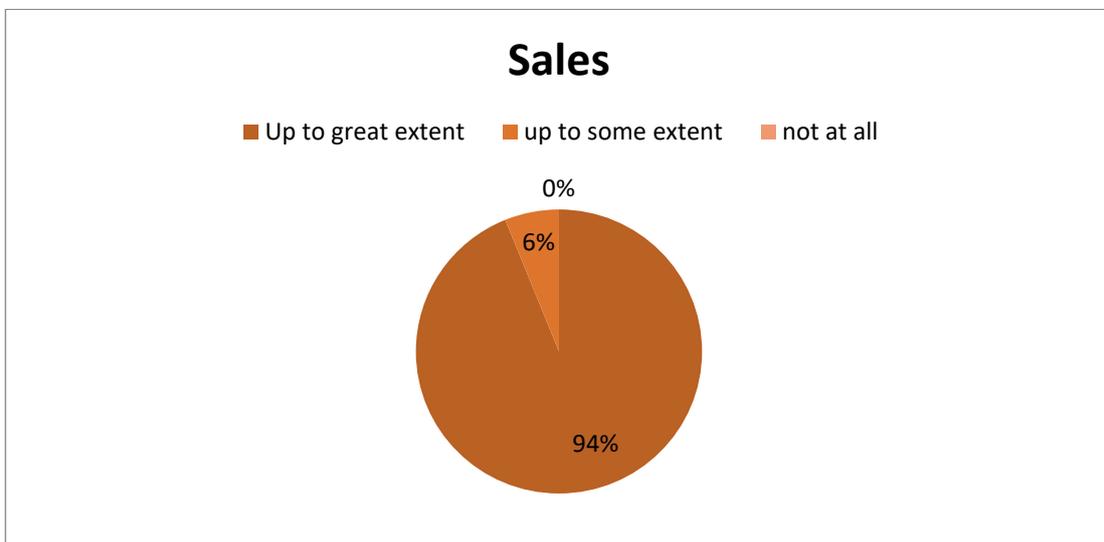
Always	On New Basis	Never
35	10	5



**Interpretation** – 70% of the respondents work in a company which shares vision of the company always to the unit whereas 20% of the respondents get information sometimes & 10% of respondents chose never. This shows that the majority of the companies like to share their vision with the employee’s.

**Q4. What do you think organizational structure affects employee’s performance?**

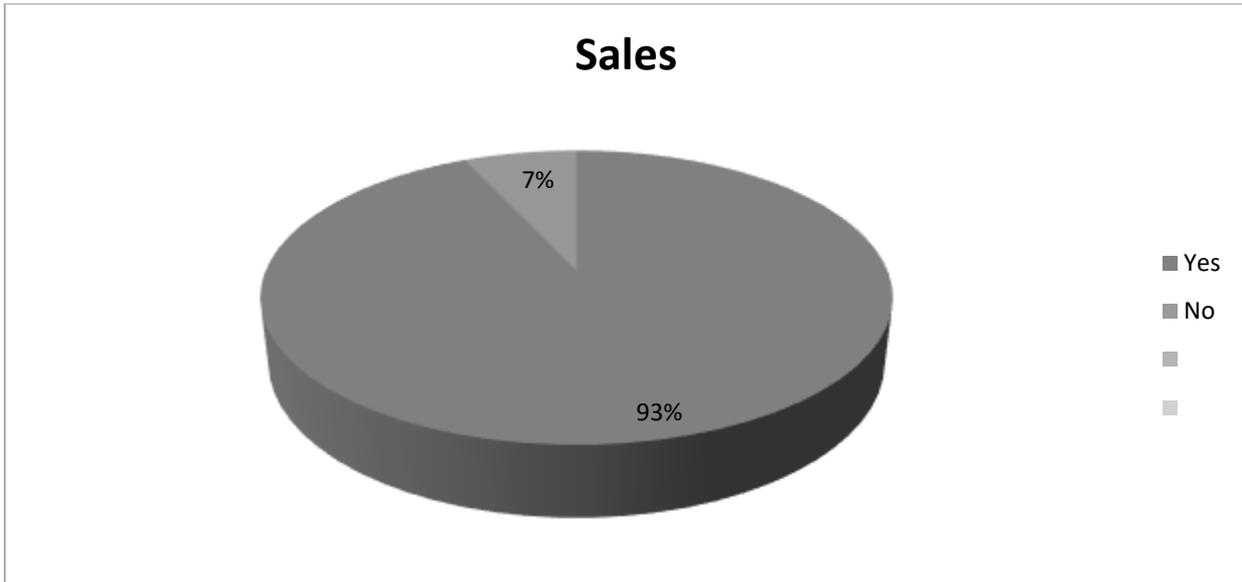
Up to great extent	Up to some extent	Not at all
46	3	1



**Interpretation** – 94% of the respondents feel that the organizational structure affects the employee’s performance up to great extent & only 6% of the respondents feel that only up to some extent it affects the employee’s performance. This shows that the organizational structure really matters as it can directly affect the employee’s performance towards the organizational goals of the company.

**Q5. Whether the employees discuss the work related problems openly with superiors?**

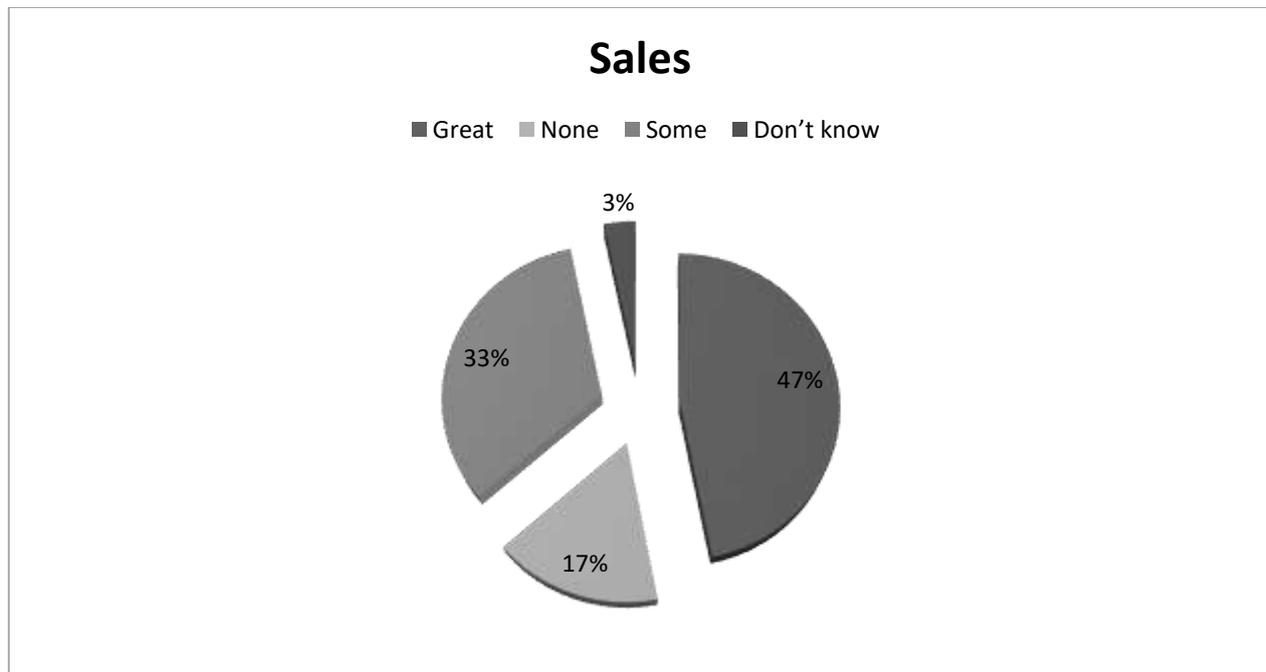
Yes	No
43	7



**Interpretation** – 93% of the respondents can discuss problems with their superiors openly whereas 7% of the respondents are not comfortable sharing problems with superiors.

**Q6. How important is it for the company’s competitiveness that the employees continuously develop their skills?**

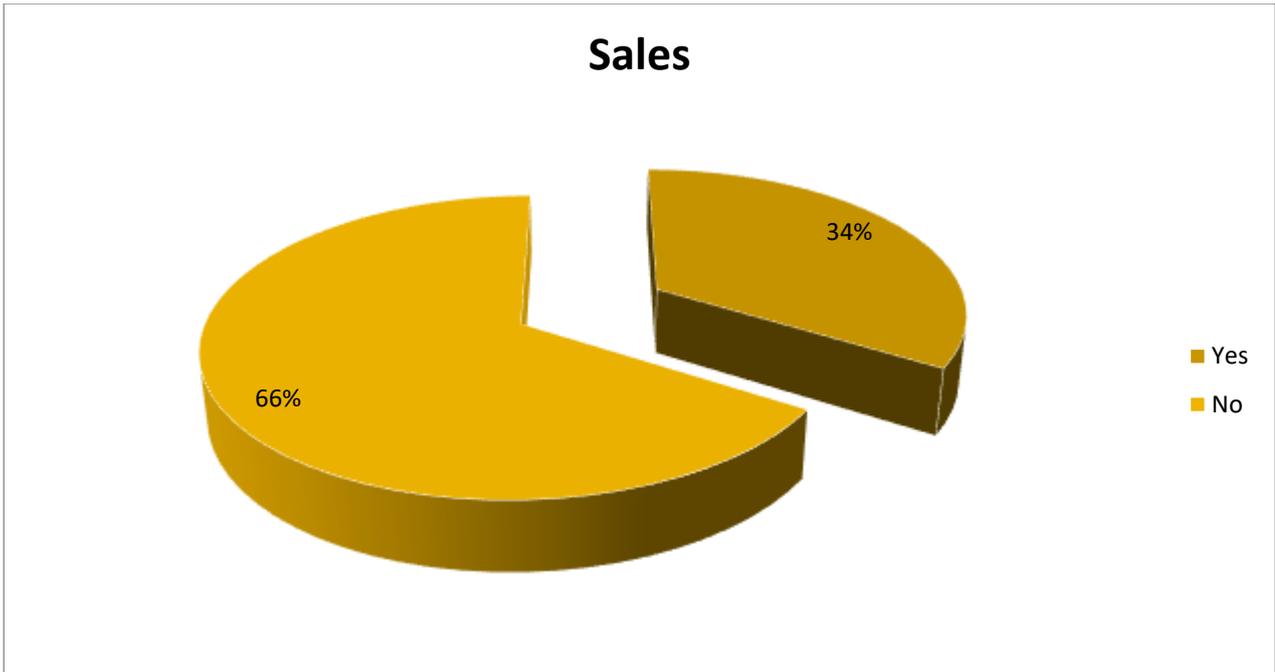
Great	None	Some	Don’t know
17	6	12	15



**Interpretation** – 47% of the respondents feel that the employee’s should continuously develop their skills to enhance company’s competitiveness. 3% of the respondents are not yet aware of this and the remaining respondents are confused.

**Q7. Is the communication in the organization clear and in co-ordination?**

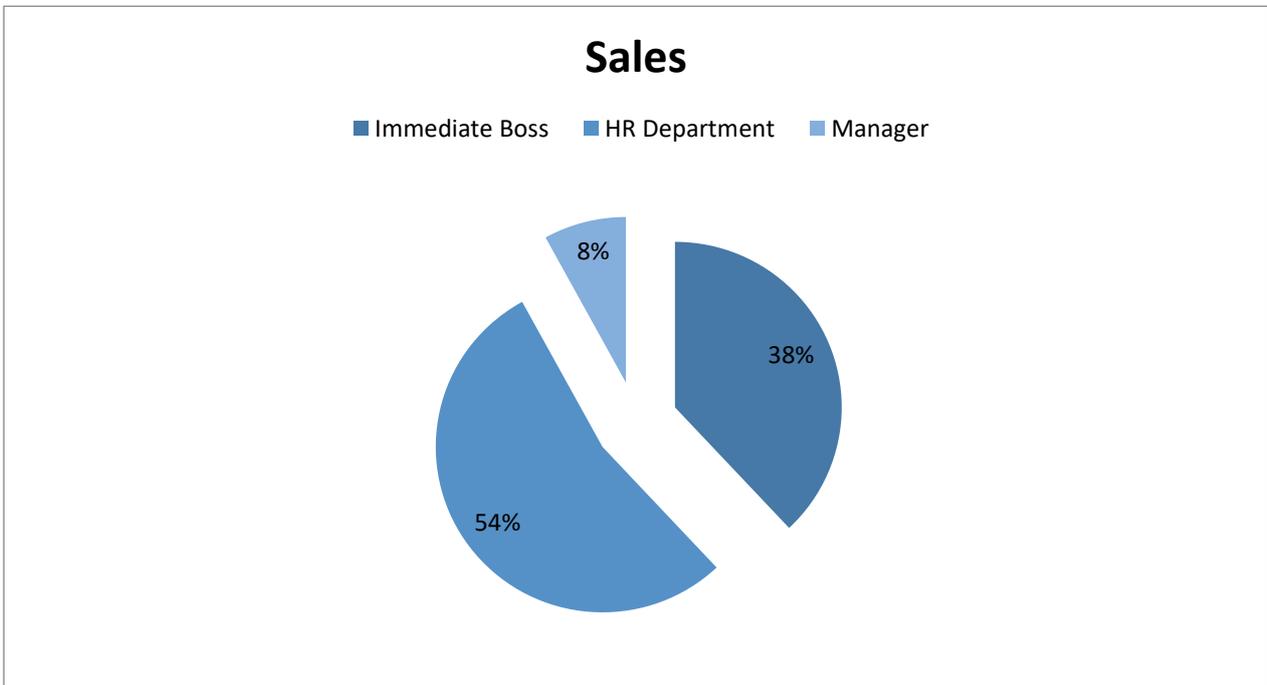
Yes	No
34	16



**Interpretation** – 66% of the respondents say that the coordination and communication in the organization is clear whereas 34% of the respondents don't feel the communication and coordination is correct.

**Q8. Who communicates the employees the objectives & expectations?**

Immediate Boss	HR Department	Manager
19	27	4



**Interpretation** – 54% of the respondents are communicated through HR Department about the objectives & expectation whereas 38% respondents are communicated by their immediate boss & 8% of the respondents know their objectives & expectations from the manager.

**Q9. According to you which is the most important factor for high performance?**

Work Culture	Effective Leadership	Extensive Communication	Self - Motivation	Effective Reward Mechanism
10	8	27	3	2



**Interpretation** –54% of the respondents’ selected extensive communication, 20% of the respondents selected work culture, 16% selected effective leadership, 6% selected self motivation & 4% chose effective reward mechanism as important factors for high performance.

**Q10. Are you satisfied with the organizational structure of your company?**

YES	NO
41	9



**Interpretation** – 82% of the respondents are satisfied with the organizational structure of the company whereas 18% are not satisfied with the organizational structure.

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## 5. CONCLUSION

A) 61% of the respondents chose functional structure and 31% of the employees chose Divisional structure & 8% of the respondents chose matrix structure. This implies that most of the employees work smaller companies which focus on a single product or service. And remaining employees work in big companies and have many product or services. Both the structures are good and effective for the organizations productivity.

b) 85% of the respondents chose many hierarchical levels whereas only 15% of the respondents chose few hierarchical levels. Many hierarchical levels in the organization can hamper the growth of organization as it will have a negative effect on the employee's performance. The levels in the organization should be not many and not less. It should be adequate.

c) 70% of the respondents work in a company which shares vision of the company always to the unit whereas 20% of the respondents get information sometimes & 10% of respondents chose never. This shows that the majority of the companies like to share their vision with the employee's. Sharing and conveying messages to the levels in the organization should be promoted as well as it are good for the employee to understand each and everything of where he/she works. It is important to share what company long term goals are as well as to know how in future the work will be done.

d) 94% of the respondents feel that the organizational structure affects the employee's performance up to great extent & only 6% of the respondents feel that only up to some extent it affects the employee's performance. This shows that the organizational structure really matters as it can directly affect the employee's performance towards the organizational goals of the company. If the organizational structure is not good it can hamper the productivity and the employees may be not willing to work for the company.

e) 93% of the respondents can discuss problems with their superiors openly whereas 7% of the respondents are not comfortable sharing problems with superiors. Discussing & sharing problems with superiors should be encouraged and the superior should help the subordinates so that the relationship between them is strong and they can work together and achieve more.

f) 47% of the respondents feel that the employee's should continuously develop their skills to enhance company's competitiveness. 3% of the respondents are not yet aware of this and the remaining respondents are confused. Competitiveness is an important factor for a company to make its stake in this competitive world. The managers should give adequate knowledge about how the employees can enhance their skills & work for the future. If the communication is not strong the employees remain confused and do not know anything about this important factor.

g) 66% of the respondents say that the coordination and communication in the organization is clear whereas 34% of the respondents don't feel the communication and coordination is correct. When the organization starts working there is one thing which should be done correctly and that communication between the superior & subordinates. When this is disturbed the organization lacks decision making abilities due to zero communication and lots of barriers come in between the organization development and employee satisfaction.

h) 54% of the respondents are communicated through HR Department about the objectives & expectation whereas 38% respondents are communicated by their immediate boss & 8% of the respondents know their objectives & expectations from the manager. There should be clarity between what is expected & what is to be achieved. This should be cleared by the managers or the immediate boss. This is a very important aspect of the organizational structure and should be followed diligently.

i) 54% of the respondents' selected extensive communication, 20% of the respondents selected work culture, 16% selected effective leadership, 6% selected self motivation & 4% chose effective reward mechanism as important factors for high performance. High performance is the key in the organizations development and the important factors should be remembered and applied.

j) 82% of the respondents are satisfied with the organizational structure of the company whereas 18% are not satisfied with the organizational structure. Organizational structure is the most important in determining the productiveness of the organization and its development. Large organizations may face the issue of slow decision making and lack of employee feedback which will affect the employee performance whereas good organizational structure will have good feedback system, effective communication & employee productivity will be enhanced.

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