



## Effect of Organizational Size and Complexity on Organizational Success in Adama Beverages Limited, Yola.

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### ABSTRACT

*This study aimed to examine the effect of organizational size and complexity on organizational success in Adama Beverages Limited Yola. Two hypotheses were formulated to guide the study. The study adopted a survey research design. The study was conducted in Adama Beverages Limited Yola, Adamawa State. Yola is the capital of Adamawa state. It is located in the central zone of the state and seat of the traditional Adamawa emirate, eastern Nigeria. The population of the study is across the entire staff of Adama Beverages Ltd., Yola irrespective of position, gender, and status. The research utilizes the present staff strength of 400 regular staff and 110 casual staff, making a total of (510) which is the total population of the study as obtained from the admin office. The researchers used Taro Yamane's (1964) formula to determine the sample size for the population. The sample size for the study is 224 and convenience sampling technique was adopted for the study. This research used a primary source of data collection in which copies of the questionnaire were disseminated to the sample size of the population of staff in Adama Beverages Limited, Yola. This research work made use of multiple regression techniques for analysis to examine the effect of organizational structure on organizational success in Adama Beverages Limited, Yola. The finding shows that organizational size has an insignificant effect on sales volume in Adama Beverages Limited Yola, and Structural complexity was found to have a significant effect on sales volume in Adama Beverage Limited Yola. Based on this study, the following recommendations were made; Organizational size should be considered very important when organizational management is to be developed because structures will help in achieving the strategic objectives since it affect the success of the organizations and Organizational complexity should be considered as very important when organizational management is to be developed because structures will help in achieving the strategic objectives since it affect the success of the organizations.*

### Introduction

In any organization, one of the most valuable assets to be considered are the employees within that organization. For the effectiveness and alignment of personnel with the vision of the organization, it is of utmost importance to have leadership and management systems and personnel that are effective and efficient in ensuring alignment, accountability, and sustainability of the business. The management systems in place shall be in such a way that the organizational structure is effective for the business objectives of the organization. This should also be applied to the departmental objectives as single departmental outputs or performance that directly influence and contribute to the overall organization's performance. Most organizations do have some sort of organizational structure. The relationship between the quality of organizational structure and organizational success cannot be over-emphasized because a well-functioning organizational structure indicates that the overall operating system of the organization is very effective.

On the other hand, the importance of organizational structure on sales volume cannot be over-emphasized. The organization comprises different departments/units that independently operate together to achieve a common goal but, the inappropriateness of the structure can affect the sales volume in several degrees. For example, Adama Beverages Limited (ABL) is an established bottling company in Adamawa state, and as such it is supposed to have been the leading brand in bottling company within and outside the state considering its operational capabilities and based on the type of structure they are operating which required formalized and centralized rules and regulations as well as the authority which dictate the activities of sales representative in the issue of expanding their market coverage when there is high demand for their product in other areas but they are limited to decisions by top management which is the marketing manager in this case. The sales representative has nothing to do with it because of the rules and regulations of the organization. They should not violate the rules to satisfy customer needs as a high level of formalization has the benefit of eliminating role ambiguity but also limits the sales representative in the direction of decision-making. The rules and regulations require employees of the organization accountable for their actions.

However, centralization of authority also affects the sales representative why because they only receive but do not give orders from the head of the sales or marketing department which is a major challenge with a centralized organizational structure as managers who retain authority may lead to delays in response to the activities as sales which can directly affect sales volume. The reason here is that decisions cannot be made by the subordinates; they only have to consult the marketing manager for decisions instead of sales representatives who deal with customers directly due to the centralized structure. This has led manufacturing organizations like Adama Beverages Limited to experience poor corporate productivity, struggling to deal with low profitability and to maintain their market share as they suffer difficulties such as untimely supply of products, lack of skilled manpower, low supply in areas of patronage and poor attitude of sales representatives in providing a better customer relationship as well as expanding their market share.

Moreover, expansion entails the issue of size which is very important in the context of organizational structure because the success of the organization to a certain extent is based on its ability to right size. Bottling manufacturing organizations are not an exception to that, as they want to improve sales volume they need a structure with the right size meaning they need a befitting number of sales personnel to shape the marketing department. Even with the right size the organization is still anticipating more challenges and opportunities for advancement as they expand the number of their workforce in the marketing department which will lead to an increase in revenue as a result of boom selling.

In the same vein, expansion led an organization into complexities for instance; a bottling manufacturing organization such as ABL began with the production of sachet water and later it commenced the commercial production of table water and fruit juice respectively. Currently, it produces six-pack sizes of drinking water as well as improved flavored juice. In addition, it also acquired additional machinery to increase production capacity in response to the increased demand from the customers and recently its expansion project by installation and commissioning of new ultra-modern 40,000 water bottles per hour production capacity. All these trends will be termed as complex as they involve additional costs because introducing new products and adding varieties of products have also led to additional costs throughout the organization which is a very complex issue and a great challenge as the organization is becoming more complex. Therefore these developmental changes are considered as complexity which is a major cost driver. Hence cost of increased complexity is often not easily determined. As such managers of the organization have to understand the impact of product variety on complexity to yield a positive impact on sales volume for organizational success.

Many researchers conducted studies on the effect of organizational structure on the other sectors of the organization. Okafor, Kalu, & Ozioma (2017), Ngetich (2018), Estalaki (2017), & Semoka (2013), conducted research on organizational structure in another aspect of the organization and also in other zones. This is because all of their research reviewed used different case studies and methodological approaches in collecting and analyzing their data. Most of the research does not touch the north-eastern part of the country, and to the best knowledge of the researcher, none of the previous researchers used Adama Beverages Limited Yola, as a case study and also used simple percentage as well as multiple regression as a tool for data analysis to guarantee a healthy result that will be good for designing a befitting organizational structure for the success of an organization. It is against this background that the researcher carried out a study in a bottling company on the effect of structure on organizational success in Adama Beverages Limited Yola, Adamawa State to fill this observable gap.

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## Objectives of the Study

This study aimed to examine the effect of organizational size and complexity on organizational success in Adama Beverages Limited Yola. However, the specific objectives are to:

1. Determine how organizational size affects sales volume in Adama Beverages Limited Yola.
2. Determine the extent to which organizational complexity affects sales volume in Adama Beverages Limited Yola, and make recommendations where necessary.

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## Research Hypothesis

This research utilized the following formulated hypotheses.

H<sub>01</sub>: Organizational size does not have a significant effect on sales volume in Adama Beverages Limited, Yola.

H<sub>02</sub>: Organizational complexity has no significant effect on sales volume in Adama Beverages Limited, Yola.

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## Concept of Organizational Structure

Organizational structure indicates an enduring configuration of tasks and activities (Hair *et al.*, 2010). In other words, organizational structure is a set of methods through which, the organization is divided into distinct tasks and then creates a harmony between different duties. Organizational structure consists of job positions and their relationships with each other and it is a way responsibility and power are allocated, and work procedures are carried out, among organizational members (Kiriuki *et al.*, 2011).

Organizational structure is created through the process of organization architecture and organization design. Organization architecture is a wider concept of organization design that incorporates the social and physical components of the organization in addition to the structure (Veasey, 2001). Organizational design on the other hand focuses on the formulation of the structure component of the organization. Organizational structure design is a function of

environment, strategy, and growth which are dynamic (Daft, 2010). Organizational design is a continuous managerial process that seeks to develop a fit between the dynamic changes of environment, strategy, or growth and the organization structure. (Das *et al*, 2000) are of the view that a structural fit once designed reduces organization turbulence, and increases the stability and legitimacy of structures leading to successful strategy implementation.

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### Concept of Size

Organizational size refers to the structural property of the organization and can be defined in terms of space volume, sales volume, customers, net assets, or the number of employed persons in the organization (John, 2009). The ability of an organization to cope, survive, and make progress will determine how effective the organization is. Increases in cost, workforce diversity, and economic recession, for example, have forced organizations to “right size” (Cummings & Worley, 1993). Whereas structure is important in defining individual responsibilities within the workflow process, a congruent size ensures that individuals carry out their responsibilities with minimum resistance (Connel, 2001). Organizations experience poor corporate productivity and struggle to deal with low profitability and to maintain their market share, as they suffer difficulties in expanding the market share. They strive for effectiveness and efficiency, the all-time fundamentals of all business problems. Right-sizing of an organization and the utilization of benefits it offers can help the organization achieve its goals. Conceptual and empirical examinations of economies of scale have sought an optimum firm size, which is the one that results in the lowest cost per unit of production. In addressing the size-effectiveness relationship, some researchers find it a negative one, and others, a positive one. Despite of their different findings, each study holds that size may influence organizational effectiveness.

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### Concept of Complexity

The word ‘complex’ is being used to define the actuality of the world that we are living in. Indeed, we are living in a world that can be termed as complex, which is a fact that is indisputable. However, the concept of complexity is disputable, as there is still no agreed definition (Ameen & Jacob, 2009, Corning, 1998). Researchers have interpreted the term complexity in many ways, creating more confusion than clarity. Any discussion on the broad concept of complexity is bound to encounter risks associated with its linguistic use, as people are expected to have their understanding and perception of what the complexity means (Cooke-Davies *et al*, 2007). The only definition of complexity that is widely accepted is the definition by the Oxford online dictionary. It defines the word ‘complex’ as consisting of many different connected parts and not easy to understand; complicated or intricate. Otherwise, complexity has been understood in different ways by researchers and there is a lack of agreement (Morel & Ramanujam, 1999).

Complexity refers to the number of occupational specialties included in an organization and the length of training required of each. The greater the number of person specialists and the longer the period of training required to achieve the specialization, the more complex the organization (Lunenburg, 2012). It refers to the degree of division which exists in an organization. Complexity can be measured in three dimensions: horizontal separation, vertical separation, and geographic separation (Taheri, 2006; Sarboland, 2012). It can be generally defined as an attribute of a system (Tornyeva and Wareko, 2012). Complexity refers to the condition of being composed of many, usually, though not necessarily, interrelated parts. Hall (1977), suggests that there are three sources of complexity – horizontal, vertical differentiation, and spatial dispersion. Therefore, an organization that simultaneously has various levels, broad spans of control, and multiple geographical locations would be considered highly complex (Fredrickson, 1986).

However, the goal is not to reduce complexity as far as possible but to find the optimum level of complexity that takes into account the benefits as well as the extra efforts generated by product variety. As viewed by (Martí, 2007), “Complexity is not evil per se. Both the benefits created by product variants and the costs they cause must be weighed against each other to find the optimum combination”. This is because variety brings about complexity and its management is an issue with increasing relevance in manufacturing Organizations. These are required to contribute to trends such as an increase in the number of product varieties to serve demanding customers.

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### Organizational Size and Sales Volume

The ability of an organization to cope, survive, and make progress determines how effective and efficient it is. To achieve this, size plays a significant role because it helps empower the workers and improves the competitiveness of the organization if managed effectively (Connel, 2001) said that, a congruent size ensures that employees carry out their responsibilities with minimum resistance. Size has also been seen as the structural property of an organization defined in terms of space volume, customers, net assets, and the number of employed persons in the organization as supported by (John, 2009).

The above statement revealed that there is a relationship between size and sales volume because of the size of the organization's market shares as a result of wide coverage and high sales. It shows that size may influence the organizational effectiveness as far as the organization is expanding and maintaining the right size, their sales operation or activities will be improved. For example, if customer demand is higher but the employees are not sufficient or there is a low-capacity warehouse that will help to facilitate supply and delivery on time, then there is a need to add more helping hands by employing more and expanding the size of or add more structure such warehouse to meet up what is slowing the progress of the organization. Its outcome will replicate in terms of sales volume during the reporting period of the organization.

## Organizational Complexity and Sales Volume

Complexity is a disputable term as many researchers interpreted. This is because there is still no agreed definition of the term. It has been seen in the work of (Ameen & Jacob, 2009, & Corning, 1998). Complexity to other organizations is serving as a strategy or controlling or monitoring device in routine activities such as sales. It refers to the degree of divisions that exist in an organization used as a control mechanism to minimize risk associated with sales volume which is one of the drivers that keep the organization growing.

Sales volume needs to be checked regularly or based on the rules and procedures of the organization to know whether the organization is succeeding, and complexity helps in achieving such development. (Martin, 2007) viewed that, complexity is not evil, but the benefits it creates as it brings about a variety of products and the cost associated must be weighed against each other to find the optimum combination to serve the demanding customers of the organization. Therefore, the motive behind complexity and sales volume is to find an optimum combination that will boost or improve selling by gaining market share which will tend to contribute to an increase in sales volume and at the same time help the achievement of the overall aim and objective of the organization.

## Research Methodology

This study adopted a survey research design. This is because it is relatively inexpensive, extensive, flexible, and dependable. It gives the researcher more control over the research process and when sampling is used, it is possible to generate findings that represent the whole population at a lower cost than collecting data for the whole population. The study was conducted in Adama Beverages Limited Yola, Adamawa State. Yola is the capital of Adamawa state. It is located in the central zone of the state and seat of the traditional Adamawa emirate, eastern Nigeria.

The population of the study is across the entire staff of Adama Beverages Ltd., Yola irrespective of position, gender, and status. The research utilizes the present staff strength of 400 regular staff and 110 casual staff, making a total of (510) which is the total population of the study as was obtained from the admin office (Adama Beverages, 2019) following a request letter forwarded.

The researchers used Taro Yamane's (1964) formula to determine the sample size for the population. The sample size for the study is 224 and convenience sampling technique was adopted for the study.

This research used a primary source of data collection in which copies of the questionnaire were disseminated to the sample size of the population of staff in Adama Beverages Limited, Yola. The questionnaire utilized the 5-point Likert scale type such as strongly disagree, disagree, neutral, agree, and strongly agree. Each response was given a numerical score (1, 2, 3, 4, and 5) to reflect its degree of response. The questionnaire was divided into three sections A, B, and C. Section A contains demographic variables (gender, age, and length of service among others), while Section B contains questions on organizational structure, and Section C covers questions on organizational success. While some of the scales were adopted from the study by John (2014). The researchers added some and modified a few of them to fit this particular study.

This research work made use of multiple regression techniques for analysis to examine the effect of organizational structure on organizational success in Adama Beverages Limited, Yola.

## Result and Discussion

### Hypothesis Testing

Table 4.6 Model Summary<sup>b</sup>

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate	Durbin-Watson
1	.848 <sup>a</sup>	.719	.712	2.37405	1.996

a. Predictors: (Constant), SCP, SF, OSZ, SC

b. Dependent Variable: OS

Table 4.6 shows the variation of dependent and independent variable organizational structure and organizational success. R square value 0.719(71.9%), 38.1% while remain uncovered.

Table 4.7 ANOVA<sup>a</sup>

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	2549.976	4	637.494	59.222	.000 <sup>b</sup>

Residual	997.590	177	5.636
<b>Total</b>	<b>3547.566</b>	<b>181</b>	

a. Dependent Variable: OS

b. Predictors: (Constant), SCP, SF, OSZ, SC

Based on table 4.7.  $F= 59.222$ , which means that the model shows a good fit and is significant at 0.00 because  $F>4$ .

**Table 4.8 Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	16.18	1.552		.761	.002		
OSZ	-.012	.050	-.010	-.243	.808	.973	1.028
SCP	.485	.058	.404	8.301	.000	.669	1.494

a. Dependent Variable: OS

b. Predictors: (Constant), SCP, SF, OSZ, SC

$H_{03}$ : Organizational size does not have significant effect on sales volume in Adama Beverages Limited, Yola.

As shown on the table 4.8 Organizational size (OSZ) has  $\beta=-0.012$ ,  $t=-0.243$ ,  $p= 0.808$ . This implies that Organizational size hurts organizational success here the null hypothesis was accepted based on the outcome of the table where the value is less than 2 ( $t<2$ ), and the p-value is greater than 0.005 ( $p>0.005$ ).

$H_{04}$ : Organization Structural complexity (SCP) has no significant effect on sales volume in Adama Beverages Limited Yola.

Structural complexity (SCP) on the other hand has  $\beta=0.485$ ,  $t=8.301$ ,  $p= 0.000$ . This has explained that structural complexity has a significant effect on organizational success. Hence the null hypothesis was rejected. This is because the t value is greater than 2 ( $t>2$ ), and the p value is less than 0.005 ( $p<0.005$ ).

## Discussion of Findings

Based on the result analyzed, this study found that:

$H_{01}$  Organizational size does not have a significant effect on sale volume in Adama Beverages Limited Yola.

As shown in table 4.8 Organizational size hurts sales volume because the p-value is greater than 0.005 ( $p>0.005$ ) therefore, the null hypothesis was accepted. The findings of this study contradict with ideas of Treece,1993, and Amah, 2009 revealed that Organizational size has a significant effect for the success of an Organization.

$H_{02}$  Organizational complexity has no significant effect on sales volume in Adama Beverages Limited Yola.

Table 4.8 revealed that the Organization's Structural complexity has a significant effect on sales volume why because the p-value is less than 0.005 ( $p<0.005$ ). Hence the null hypothesis was rejected. The finding of this study shows that structural complexity has a significant effect which is in line with the concurred with work of Martin, 2007, for the success of an Organization, which viewed that, complexity is not evil but the benefits it creates as bringing about a variety of products and the cost associated must be weighed against each other to find the optimum combination to serve demanding customers of the organization. Therefore, the motive behind complexity and sales volume is to find an optimum combination that will boost or improve selling by gaining market share which will tend to contribute to an increase in sales volume and at the same time help the achievement of the overall aim and objective of the organization.

## Conclusion and Recommendations

The study examined the effect of organizational size and complexity on Organizational success in terms of sales volume in Adama Beverages Limited Yola, Adamawa state, Nigeria. The finding shows that organizational size has an insignificant effect on sales volume in Adama Beverages Limited Yola, and Structural complexity was found to have a significant effect on sales volume in Adama Beverage Limited Yola.

Based on this study, the following recommendations were made;

1. Organizational size should be considered very important when organizational management is to be developed because structures will help in achieving the strategic objectives since it affect the success of the organizations.
2. Organizational complexity should be considered as very important when organizational management is to be developed because structures will help in achieving the strategic objectives since it affect the success of the organizations.

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