

Determinants of Impact of Organizational Structure on Managerial Success

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Abstract:

Each organization, regardless on the type of activity that carries and the size that have, should have a separate organizational structure in order to function. To achieve the goals and objectives, works within the organization should be coordinated and managed. The success of any organization is associated with its leadership and its organizational structure is responsibility effective. Managers are people who organize and determine the ways of performing tasks in context the organization. They realize their mission by defining the display of organizational structure. Only organizational structure that is well defined is the guarantee for the realization of organizational goals. Enterprises that fail to build organizational structure, fail to efficiently distribute authority and responsibility among their employees and as a result fail to react quickly to changes in the surrounding environment. Therefore the study of the organizational structure has a current and practical value to the organization.

The main objective of this paper is to clarify the effect of organizational structure on the effectiveness of the organization's managers. Achieving this goal for the realization of the paper is done through the collection of primary data produced through a survey done, as the primary method of data collection. The objective of the questionnaire has been receiving information about the design of the organizational structure at the corporate level and at the business unit level and level of relational of structure with managerial success.

Keywords: organizational structure, determination and managers success.

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I. INTRODUCTION

Notion of formation, creation and definition of organizational structure, used as synonyms and indicate the process of building organizational structure. Every enterprise, regardless of the activity it carries out, must have its own organizational structure in order to function. The organizational structure is an integral part of any enterprise. Research shows that organizational structure is related to firm performance. When a firm's strategy does not match its structure, the performance of that firm falls. Organizational theory has many definitions of what constitutes the organizational structure of an enterprise. Organizational structure refers to how individuals or groups of individuals coordinate affairs within an enterprise or organization. The formation of organizational units is a process in

which individual tasks are related to broader tasks and thus formed closer organizational units. Then the connectivity of organizational units becomes a major goal. No organizational structure is the same for all businesses because every business is unique. A carefully designed organizational structure is essential to a company's success. However, without a practical management system that would disseminate information throughout the company, the structure loses its full effectiveness. Equally influential are the players within the management system, who will be able to address all the cultural factors that may affect the functioning of a company.

To ensure the continuity of the enterprise, the manager must choose a suitable structure, which enables the increase of productivity, the improvement of the quality of the goods, then the maintenance of the motivation and satisfaction of the factor one. In

order to carry out the mission of business organization, which is the main reason for its existence, the business requires certain organization of the elements, in order to result in the achievement of the described mission. It can be freely said that organizational structure is an element through which managers achieve defined goals. Managers are the ones who organize people and determine the ways of connecting and their functioning. Managers carry out their mission by determining the placement of the organizational structure. Only a well-defined organizational structure is a guarantee for the realization of organizational goals. International practice shows that one of the main reasons for the failure of enterprises in developing countries is their failure to choose the right organizational structure.

Our goal in this paper is to provide a clear picture of the impact of organizational structure on managerial success. Through primary data, we have been able to derive the results needed to see the dependence and impact of structure on job performance and the effectiveness of managers and the effectiveness of business in general.

II. LITERATURE REVIEW

Organizations exist to achieve goals. Work in the organization is grouped into departments. Departments are linked to form the organizational structure. The term organizational structure refers to the formal configuration between individuals and groups in relation to the division of tasks, responsibilities, and authority within the organization (Galbraith, 1978, Greenberg, 2011). Early management writers argued that the organization's activities should be specialized and grouped into departments (Robbins, 2011). Departmentalization means how jobs are grouped together. Different definitions regarding the definition of organizational structure come above all from the time in which the enterprises have operated and from the conditions in which they have operated. The first historical beginnings of scientific interest in the structure of the organization begin with members of the classical theory of organization, in which the research subject has been the formal aspect of the organization. These authors have defined the organizational structure of the enterprise as a static variable that changes very slowly. The main reason for such a definition,

according to these authors comes due to environmental characteristics. According to them, the environment is characterized by stability. There have been no changes to the environment, but if they do, they are of low intensity, and the company can adapt to that environment without much effort. Such environmental manifestation does not need to change the organizational structure. While modern organizational theory focuses on how to connect the parts that make up the organizational structure. These authors define structure

organizational as the totality of connections and relationships between the internal and external actions of the organization. The main reason for such an attitude of the authors is again related to the environment, which is now characterized by instability. Today's economy is characterized by large and rapid changes in the environment. All these changes must find their place in the direction of the organizational structure (functioning and design of the structure). In organizational theory there are a large number of definitions on organizational structure. The structure of the organization gives shape to how to meet its environmental goals (Nelson & Quick, 2011).

Rozman, Kovac, and Koletnik (1992, p. 1884) understand the creation of organizations as the creation of organizational structure and organizational processes. The design of the organizational structure includes the creation of jobs, departments and organizations of the whole society; the change of the existing organization is its transformation (Kralj, 2013). The structure gives members of the organization clear instructions on how to proceed. A well-established structure gives members a tool to maintain order and resolve disagreements. The structure connects the members together. This gives meaning and identity to the people who connected with the group as well as the group itself. The structure of any organization is inevitable; an organization by definition means a structure. It is important to deal with the structure from the very beginning of the organization. This means that the structure should be considered from the beginning of the life of the organization. After designing the objectives and strategies chosen to execute the objectives, it is necessary to form an effective organization as an instrument to achieve these goals. In this context, the organization manifests

itself as activity management, which often occurs as the design and planning of activities in the organization (Buble, 2006, p. 227). To create a serious business it is necessary to think long and hard, how to organize low-cost and high-efficiency work. The process of organizing is not easy, because it is necessary to coordinate all existing organizational units, which in fact constitute the company.

Sikavica (1999, p. 142) emphasizes that organizational structure includes the totality of connections and relationships between all factors of production, as well as the totality of connections and relationships within each factor of production or operations within them.

The literature on organizational structure has extensively studied how organizational structure influences the behavior of members of the organization. However, there is very little empirical data on issues of organizational structure and channels of its impact on the organization. There are two intuitive alternatives: on the one hand the vertical control chain gives the main differentiated effect. On the other hand, it is the degree of specialization of the members that matters most. The vertical chain is connected and determines the level of 'bureaucracy' within the organization. A vertical structure creates a command chain that connects to the lower units of the business, through a series of intermediate layers to take care of executing the directives at a more decomposed level. Determining the authority and duties of intermediaries in the organization affects the motivation of managers, as well as the ability of staff to monitor them. At the same time, the degree of specialization is important. The fact that members have different competencies affects stimuli. For example, the fact that managers share the same qualifications improves the 'harmony' of the organization (Dessein, 2002). This is reflected in the senior delegation and improves coordination. Lower information asymmetry can help in the decision-making process and help to generate more information and provide more expertise. On the other hand, different qualifications can make coordination difficult. The fact that the degree of specialization affects the ability of the staff to monitor and interfere with the efficiency of the organization's hierarchy and the fact that the vertical structure is directly related, it is suggested that any evidence for their role in the

organization must be well calculated. A vertical structure has a greater role in risk management by helping to reduce moral managerial risk and reducing incentives to take the necessary risk. In general, these considerations suggest the existence of a link between organizational structure and investment and performance strategy. If the goal of an organization is only to maximize performance, a structure with lower levels of specialization may be optimal. However, the goal is not limited to maximizing performance, but also reducing risk. In this case a hierarchical structure which is characterized by a high degree of specialization will allow a better control of managerial behavior.

III. METHODOLOGY

The methodology and data used contain the theoretical and empirical component and are intended to achieve the objectives of the paper.

The data used consists of three main sources:

- Primary data source (questionnaire survey)
- Secondary data source (studies by other authors) and
- Literary sources (books, magazines, internet, etc.).

The instrument used to collect empirical and primary data in this research is a structured questionnaire, directed primarily to the owners or managers of the companies surveyed. The structured questionnaire used in this case presents different options for each question, and the interviewee simply has to select the appropriate answer. The questions in the questionnaire are simple and straightforward in order to obtain accurate and relevant answers. In our study, the majority of questions are multiple-choice questions, whereas closed-ended and fully open-ended question forms participate very little. Overall, using this form of questionnaire has been the most efficient and effective way to collect the data needed for our study. The questionnaire was divided into two parts. The first part gave us the opportunity to obtain general information on the companies surveyed, while the second part gave us the opportunity to obtain more detailed information on the organizational structure of these companies surveyed.

IV. FINDINGS

The notion of formation, creation and design of organizational structure, are used as synonyms and indicate the process of building organizational structure. Owners of enterprises seeking to create a useful organizational structure acknowledge that this is a complex process. It is therefore important that owners or managers strive to ensure that the structure chosen is effective for the enterprise. An effective organizational structure allows enterprises in general to take advantage of their competitive advantages and create new advantages. A well-established structure gives members a tool to maintain order and resolve disagreements. The structure connects the members of the enterprise together.

The ongoing data processing in order to determine the relationship between the variables gives us interesting and significant results from the research conducted with several corporate enterprises in the country. The impact of organizational structure creation on managerial success is given in the following by testing hypotheses, through which the influence of organizational factors on problem solving within the firm and on the success of firms in general is analyzed. To see the impact of one of the forms of organizational structure on firm support in problem solving, the following hypothesis is given:

A. Firm's differentiated organizational structure helps solve problems within the firm

Dependence and influence of the variable 'differentiated structure' affects the support and solution of problems within the enterprise, because the more differentiated it is, the more impact it will have on problem solving and support in decision making, a specific case we have in the structure centralized and decentralized. Centralization helps the election structure because we are dealing with decision-making authority in a center where departments are concentrated and close to each other for support as well as coping and problem solving and managerial decision-making. As can be seen from the significance and the connection it expresses, cohesion is shown between these two variables and at the same time these two variables are seen as determining factors in each other. Decentralization here is expressed as a form of authority to delegate competencies to decision-making units and problem

solving, whether as a form of support or cooperation (cooperation) between departments.

| | | Paired Samples Test | | | | | t | df | Sig. (2-tailed) |
|--------|---|---------------------|----------------|------------|---|-------|-------|----|-----------------|
| | | Paired Differences | | | | | | | |
| | | Mean | Std. Deviation | Std. Error | 95% Confidence Interval of the Difference | | | | |
| | | | | | Mean | Lower | | | |
| Pair 1 | Support in problem solving – Differentiated structure | 1.000 | .667 | .211 | .523 | 1.477 | 4.743 | 9 | .001 |

Table A1. Firm's differentiated organizational structure helps solve problems within the firm

Taking into account the level of significance $p = 0.001$, which is less than 0.05 , the hypothesis put forward is confirmed, that the differentiated structure of the firm helps in solving the internal problems of the firm. D.m.th there is a correlation between the variables selected for the study. According to the analysis, a well-differentiated structure is the main positive factor influencing the choice of problems within the firm.

B. Differentiated structure has an impact on the efficiency of the functional structure in the enterprise

Differentiated structure as an influential variable in the flexibility of the organizational structure, represents a factor dependent on flexibility, because the more differentiated it is as a form of decentralization, it represents an adaptation or successful integration of the suitability of the structure. Therefore, decentralization as a form of delegation of competencies and authority in decision-making affects problem solving and rapid adaptation to new situations. The situational approach can be applied as a differentiation approach and flexibility, when the delegation of authority to different units gives a dimension of adaptation to the rapid changes in the enterprise. Therefore, differentiation is a factor that is expressed as an indicator and indicator of flexibility and at the same time an adaptive structure in the success of senior management. This is also confirmed by the analysis, which shows a level of significance, which belongs to the acceptable criteria for admission in this case of the given hypothesis.

| Paired Samples Test | | | | | | | | | |
|---------------------|--|--------------------|----------------|-----------------|---|-------|-------|----|-----------------|
| | | Paired Differences | | | | | t | df | Sig. (2-tailed) |
| | | Mean | Std. Deviation | Std. Error Mean | 95% Confidence Interval of the Difference | | | | |
| | | | | | Lower | Upper | | | |
| Pair 1 | Functional_structure_efficiency - Differentiated_structure | 1.100 | .568 | .180 | .694 | 1.506 | 6.128 | 9 | .000 |

Table B1. Differentiated structure has an impact on the efficiency of the functional structure in the enterprise

C. Communication between departments within enterprise is the main influencing factor in managerial success

Variables such as communication in apparatus and impact on managerial success are associated with a natural synergy, because communication as a formal or informal process represents a system of accountability and reporting of successes, problems, challenges and processes that together affect managerial success and in senior management performance. This variable is a fundamental determinant of information turnover representation by expressing where and how the structure succeeds and performs, because communication in some form represents the ratio of information and data exchange from subordinates to high management levels. Identifying and defining problems, challenges and opportunities to position oneself in the marketplace best represents a successful outcome and impact on management and senior structure in general.

| Paired Samples Test | | | | | | | | | |
|---------------------|--|--------------------|----------------|-----------------|---|-------|-------|----|-----------------|
| | | Paired Differences | | | | | t | df | Sig. (2-tailed) |
| | | Mean | Std. Deviation | Std. Error Mean | 95% Confidence Interval of the Difference | | | | |
| | | | | | Lower | Upper | | | |
| Pair 1 | Influence_in_success - Departments_communication | 1.300 | .823 | .260 | .711 | 1.889 | 4.993 | 9 | .001 |

Table C1. Communication between departments within enterprise is the main influencing factor in managerial success

Even in this case, the same as in the previous two cases, the level of significance is within the appropriate levels for accepting the given hypothesis. D.m.th a good communication between the departments within an enterprise is considered as an influential factor in the managerial success of that enterprise. Employee satisfaction in performing daily tasks has a positive impact on the enterprise. A

positive environment and a sense of satisfaction will affect productivity growth. Therefore, even through the analysis it is clear that employee satisfaction is considered the key to the success of the organization and functioning of the business, as well as the organizational structure affects the increase of satisfaction and efficiency of a business. The quality of an organization is determined to a large extent by the quality of the people it employs. The success of many organizations depends on finding the right employees to successfully complete the tasks needed to achieve the company's strategic goals. Decisions and methods for staff employment and human resource management are critical to ensuring that the organization employs and retains the right staff.

D. Communication affects the effectiveness of enterprise structure

Communication as a dimension of flexibility in organizational structure is a factor which means the perception of changes in the organization and the possibility to integrate into new approaches to structural regulation in the organization. As a dimension that represents the linear authority of information circulation, he expresses the adaptation to different situations and the cohesiveness of the structure of an enterprise. Identifying innovations and applying different trends in the structural organization of an efficient hierarchy conceives the possibility of reporting and applying new information and approaches to suit the dimensions of adapting different firms.

| Paired Samples Test | | | | | | | | | |
|---------------------|---|--------------------|----------------|-----------------|---|-------|-------|----|-----------------|
| | | Paired Differences | | | | | t | df | Sig. (2-tailed) |
| | | Mean | Std. Deviation | Std. Error Mean | 95% Confidence Interval of the Difference | | | | |
| | | | | | Lower | Upper | | | |
| Pair 1 | Structure_effectiveness - Communication | 1.000 | .667 | .211 | .523 | 1.477 | 4.743 | 9 | .001 |

Table D1. Communication affects the effectiveness of enterprise structure

Impact of enterprise communication on the effectiveness of organizational structure is also confirmed by testing the hypothesis with the Paired Samples Test. The organizational structure defines the formal relationships within the firm, reporting, control and authority procedures, and decision-making processes. Developing an organizational structure that effectively supports the firm's strategy is difficult due to uncertainty (or unpredictable changes) about

cause-and-effect relationships in the rapid change of the competitive environment of the global economy. When the elements of a structure (e.g., relationships, procedures, reporting, and so on) are properly related to each other, the structure facilitates the effective implementation of the firm's strategies. Thus, organizational structure is a critical component of effective strategy implementation processes. The organizational structure influences the work of managers and the decisions they make. In a word, the structure is about the processes that were used to complete the organizational tasks. Effective structure ensures the stability of a firm maintains its competitive advantages and is the main factor for increasing performance within that firm.

V. CONCLUSION

The influence of structure on managerial success is an important component and a subsequent cycle of stable connection between them. The impact that structures have on managerial success is an inseparable link starting from the linear flow of information, structural differentiation, reliance on decision-making, interdependence between departments and problem solving in the enterprise leads us to a horizon of success and strategic thinking.

The more differentiated and divided the firm's structure, the better the division of labor and responsibilities among employees. The success of a firm does not only mean the approach and application of different rules and theories, but it also means the interweaving between the structure and the employees of the firm.

As a result of the divisions and job specifications of firms, they orient us to a good performance of employees giving us a position and attractiveness in the industry.

Finally, managerial success is a variable dependent on the organizational structure, because its impact directly affects the leadership (leadership) of the firm, so the more engaged and informed it is by the best practices of structures and organizations different structures (organograms), gives the result of managerial success.

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