



Effects of Organizational Structure on Employee Resilience

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Abstract

The uncertainties triggered by external environment require that there is no one best way of designing the structure of the organisation rather it is dependent on the circumstance and resilience capacity to withstand the threats. The purpose of this study therefore is to investigate the effects of organisational structure on employee resilience in manufacturing companies in Nigeria using cross-sectional survey. Ten manufacturing companies were selected using simple random sampling. 132 validated questionnaires were distributed to the participants. It was found that organisational structure has positive significant effect on employee resilience. The study concludes that organisational structure measured in terms of centralization, formalization and complexity enhances the resilience consciousness of employees in the organisation. The implication of this study is that managers of manufacturing companies as well as policy makers should employed organisational structure that will accommodate uncertainties, threats and other changes from the external business environment by ensuring that their resilient capacity is very strong to withstand such disruptions.

Keywords: Organisational structure, employee resilience, formalization, centralization, adaptability, complexity, proaction, responsiveness.

INTRODUCTION

Organisational structure has been a major discourse amongst scholars, policy makers, organisational behaviourists and human resource management professionals. This is as a result of its significant effect it has on organisational performance, effectiveness, sustainability, creativity, innovation, knowledge management and psychological empowerment (Griffin & Moorhead, 2014; Holagh et al., 2014; Jamshid et al., 2013; Agbim, 2013; Claver-Corte's et al., 2007). Sinding & Waldstrom (2014) argued that without organisational structure there will be no formal reporting relationship in the workplace. Kinicki & Fugate (2016) added that organisational structure brings order, harmony and peace in both formal and information organisation. The structure of every organisation is what distinguishes line of communication as well as authority through which every worker report to each other. Organisatioanl structure encourages harmony by making clearer who should report to whom otherwise the atmosphere in the workplace would have been chaotic in nature.

Nevertheless, employee resilience is associated with the ability of an employee to adapt to organisational changes as a result of external shocks such as uncertainties, economic recession, and covid-19 pandemic to mention but a few. In line with the above, the changes that disrupted organisational activities may also affect its structure thereby prompting managers to modify, adjust or reengineer the reporting relationships in the organisation. This is where employee resilience comes to play. As organisations set their priorities right in terms of changes that may be triggered by external work environment that managers has little or no absolute control. Thus, in order to avert these environmental crises, managers and top management executives strategize oftentimes to mitigate environmental turbulences or disruptions that may alter organisational structure and strategic plan through employee resilience (Kim, 2020). Employees that received training on resilience are proactive and aware of factors that are likely to disrupt the organisation (Hartwig et al., 2020; Zhu et al., 2019). It is based on the above contention that Zhu et al., (2019) opined that employee adaptability to withstand unforeseen circumstances will go a long way to mitigate further uncontrollable adversaries. Evidence of employee resilience has shown that adaptability and proactiveness contribute positively to company effectiveness after a turbulence situation (Kim, 2019). In addition Malik & Garg (2017) argued that the ability to adapt to changes will lead to responsiveness from the employees that possess it as resilience attributes. Again Morgan et al., (2019) are of the view that employees that can respond quickly to situations in the organisation are as a result of the proactive nature inherent in them.

However, previous studies on organisational structure (Mon, 2019; Li,2019; Mon et al., 2019; Agbim, 2013; Jamshid et al., 2013; Holagh et al., 2014; Claver-Corte's et al., 2007) has been shown to predict other variables other than employee resilience. This has created a gap in literature because none of the studies above investigated organisational structure and employee resilience. It is this lacuna that motivated the researchers to examine the effects of organsiational structure on employee resilience in manufacturing companies operating in Enugu, South Eastern Nigeria. The rationale for manufacturing companies as scope of the study is because manufacturing companies account for 11.64% of Nigeria real GDP (Ademola, 2020). In terms of geographical scope, Enugu is the

former capital of old Eastern region where major manufacturing companies were located. On the other hand, manufacturing companies in Nigeria is among the sector that employs knowledge workers in the country thereby reducing the number of unemployment in the country to the barest minimum (Eguzozie, 2020). Lastly, manufacturing companies in Nigeria attracts foreign expatriates especially in automotive, iron, information and communication, and petrochemical industries.

LITERATURE REVIEW

Organisational Structure

An organizational structure defines how jobs are divided, grouped and coordinated in the formal organisation (Mon, 2019; Robbins & George, 2018; Jones & Gorge, 2017; George & Jones, 2012). It also shows the reporting relationships between every individual in the organisation (McShane & Von Glinow (2018). It is also called division of labour and patterns that show how communication should follow in the organisation. However, elements of organisational structure that have been identified in literature are work specialization, departmentalization, chain of command, span of control, centralization/decentralization, formalization, and boundary spanning (McShane & Von Glinow, 2018; Robbins & George, 2018; Colquitt et al., 2017). Work specialization otherwise known as division of labour describes the extent to which activities in any enterprise are divided into different jobs (Robbins & George, 2018). The aim of work specialization is to divide a job into specialized areas based on how it will benefit the organisation. Again, work specialization is to enhance efficient use of employee skills and also improve them through repetitive process through which an employee will be knowledgeable in that area (Robbins & George, 2018).

On another hand, one of the shortfalls of work specialization is the inability to acquire new idea. It has been revealed that when employees spend more time performing one work, they would not have the zeal or motivation to learn other jobs (Colquitt et al., 2017). Departmentalization shows how jobs are divided in the formal work organisation. After jobs have been divided into work specialization, the next step is to group or break them down into simple tasks for effectiveness and efficiency. This process is known as departmentalization. Departmentalization shows how every employee and their responsibilities are grouped together to perform assigned task that is different from the one giving to another person or group (Suzuki & Hur, 2020; McShane & Von Glinow, 2018). Chain of command is predefined line of authority that starts from top management to the lowest level and clarifies who is to report to who (Robbins & George, 2018). The premise of unity of command is that an employee should have one superior to report to (Langton et al., 2016). This assumption of reporting to one person is associated with traditional organisation because in a modern organisation, some employees report to more than one person as a result of globalization. Span of control or span of management is concerned with the number of people that should report directly to a manager or supervisor in the organization. For instance, in a narrow span of control, few employees report directly to a manager, whereas in a wide span control, many employees report directly to a manager (McShane & Von Glinow, 2018). Centralization and decentralization: Centralization refers to when decision making is domiciled in one point, department, section or office. On the other hand, when lower level managers or supervisors are allow to make decisions it is known as decentralization. It has been shown that an organization that is centralized only top managers' make all the decisions for the low level managers to carry out their directives (Li, 2019; Robbins & George, 2018). Formalization refers to how rules and procedures within the organisation are standardized (Robbins & George, 2018; McShane & Von Glinow, 2018). The essence of formalization in the workplace is to control or regulate employees' behaviours on their job (Griffin & Moorhead, 2017).

Nevertheless, any organisation that is highly formalized usually has higher rule-bound jobs and less tolerance for those that violate the rules (Griffin & Moorhead, 2017). What this implies is that any organisation with high formalized rules is likely to regulate their employees' behaviour compared to others that does not place much emphasis on rules. Boundary spanning refers to when employees begin to affiliate with other employees outside their official assigned groups or departments (Robbins & George, 2018). For instance, a marketing manager who usually prefers to work with information and communication technology (ICT) team is engaging in boundary spanning (Mon et al., 2019; Robbins & George, 2018).

Drawing from the above, the validated three dimensions of organizational structure from the above mentioned elements are formalization, centralization and complexity (Ivancevich et al., 2014). Manager's decisions on these dimensions are that; high formalization requires high specialization; delegated authority; functional departments; and wide spans of control (Ivancevich et al., 2014). Secondly, high centralized organisation requires high specialize workforce; high centralized authority; functional departments and wide spans of control (Ivancevich et al., 2014). Thirdly, high complexity requires high specialized workforce; delegated authority; branches, customer and product departments and narrow spans of control (Ivancevich et al., 2014). It is based on this premise that this study formulated the following research hypotheses.

HA1: centralization has positive significant effect on responsiveness

HA2: formalization has positive significant effect on adaptability

HA3: complexity has positive significant effect on proaction

Determinants of Organisational Structure

For organisation to survive in an unstable business environment, managers and other organisational leaders would strive to fit their organisation with the factors that determine its stability in the course of changes. These factors are; the nature of the organizational environment, the type of strategy the organization pursues, the size of the organisation, the technology (ICT); and the organization's human resources (Jones & George, 2017; Colquitt et al., 2017). Organisational environment comprises of customers, competitors, employees, suppliers, distributors, government as well as other factors outside the control of management that may affect their performance negatively or positively. A change in one of the above factors will automatically cause the organisation to change its mode of operation to accommodate the new order (Colquitt et al., 2017). Organisational size determines how its structure will be. Colquitt et al., (2017) argued that as organisations grow bigger, managers will be required to combine work specialization, formalization as well as centralization to control their operations thereby making it more mechanistic in nature. Organisational strategy represents a course of action for achieving their objectives or goals. Thus, a change in external environment will trigger a change in the strategy already crafted. Again, as organisation grows and plans to penetrate new market, it will require more strategies such as joint ventures or import/export to enable it withstand other existing competitors. This will also affect their existing organisational structure. Information technology in this regard is a method or approach through which an organisation used to process their products or services before bringing it to the market. A change in new methods requires that orgnisational structure will have to change. Human resource describes the people that carryout organisational goals (employees). It has been shown that the more an organisation relies on work teams to improve performance, the more likely the employees will work together in groups or teams to perform their tasks (Jones & George, 2017). Based on this, such organization is more likely to embrace flexibility, decentralized structure to organize and coordinate its activities (Jones & George, 2017).

Nevertheless, the baseline theory that underpinned organisational structure is contingency theory which affirms that there is no one best way to design an organisation (Jones & George, 2017, Robbins & George, 2018). Organisational leaders design their structure to fit with the circumstances that influence or affect them mostly. Three major contingency factors that managers must always consider with regards to organisational structure are organizational environment, changes in information technology and human resources (Jones & George, 2017). Contingency theory combines organic and mechanistic structure to explain the nature of organisational structure. Organic structure describes the structure of an organisation that is designed to promote flexibility so that workers can take responsibility in making decision on their own without top management interference (Jones & George, 2017). On the other hand, mechanistic structure describes the structure of an organization that is designed to control employees to behave in certain ways (Jones & George, 2017).

Employee Resilience

Resilience is multidisciplinary concept used in describing the capacity of a system to bounce back from uncertainty or disruptions (Hartwig et al., 2020; Edeh et al., 2019a; Edeh et al., 2019b; Lee et al., 2013; Burnard & Bhamra, 2011; Lengnick-Hall et al., 2011). Associating resilience with employee in the workplace, we define employee resilience as employee capacity to withstand threats, uncertainty or unexpected circumstances and still remain steadfast in the midst of the change. In addition, Edeh et al., (2019a) contended that employee resilience is the capability and ability of a worker to anticipate, improvise on environmental uncertainties and regain stability after the challenges. However, empirical validated resilience measures are adaptability, vulnerability, adaptive capacity, situation awareness, management of keystone vulnerabilities; robustness, redundancy, resourcefulness, openness, proaction, responsiveness, authenticity, agility, people, process, technology (Fukofuka et al., 2018; Alamene et al., 2017; Lee et al., 2013; Subrahmanian, 2012; Gunasekaran et al., 2011; Burnard & Bhamra, 2011; McManus et al., 2008; Tierney, 2003). In this study adaptability, proaction and responsiveness were used as measures of employee resilience.

METHODOLOGY

Cross-sectional research survey was adopted as it supports the use of questionnaire to collect data from participants. Target population comprises manufacturing companies in Enugu, South Eastern part of Nigeria while accessible population of 10 registered manufacturing companies with Manufacturers Association of Nigeria were sampled with simple random sampling. 200 employees were surveyed from the ten manufacturing companies. Sample size of 132 was determined from 200 participants with Krejcie & Morgan (1970). Thus, 132 copies of questionnaire were distributed to the participants but only 125 copies were returned and found valid for analysis. 12-items of validated Organisational Structure Questionnaire (OSQ) adapted from Wilson (2019). On another hand, 8-items validated Employee Resilience Questionnaire (ERQ) adapted from Gunasekaran et al., (2011); Edeh et al., (2019b).

ANALYSIS AND RESULTS

Table 1. Demographic profiles of participants

Demographic	Frequency	Percentage (%)
Gender		
Male	98	78.4
Female	27	21.6
Age-Bracket		
46 years & above	52	41.6
36-45 years	43	34.4
20-35 years	30	24.0
Education		
Diploma certificate	32	25.6
Bachelor degree	70	56.0
Master degree	17	13.6
PhD degree	6	4.8

Source: Field survey (2020)

Analysis of participants' demographics revealed that 98 participants representing 78.4% are males while 27 participants representing 21.6% are females. Age brackets of respondents showed that 52 participants representing 41.6% fall within 46 years and above; 43 participants representing 34.4% fall within 36-45 years; 30 participants representing 24.0% fall within 20-35 years. Education levels of participants revealed that 6 participants representing 4.8% hold PhD degree; 17 participants representing 13.6% hold Master degree; 32 participants representing 25.6% hold Diploma certificate; 70 participants representing 56.0% hold Bachelor degree.

Table 2. Multiple linear regression results

<i>Independent Variables</i>	<i>Dependent Variables</i>		
	Responsiveness	Adaptability	Proaction
Centralization	Sig. (.000) $\beta = .719^*$	-	-
Formalization	-	Sig. (.000) $\beta = .732^*$	-
Complexity	-	-	Sig. (.000) $\beta = .779^*$
R	.719 ^a	.732 ^a	.779 ^a
R ²	.517	.536	.607
Adjusted R ²	.513	.532	.604
F value	131.601**	141.911**	190.024**
df.	3.91	3.91	3.91
Coefficient	.668	.702	.764
Std. Error	.058	.059	.055
t-statistics	11.472	11.913	13.785

N=125, $p < 0.05$

The overall models correlation on table 2 indicated that 72%, 73% and 78% respectively are reasonable. Sample error was not recorded because the difference between R² and adjusted R² are less than 5% (George & Mallery, 2016). Goodness of fit of the models are endorsed as significant since F-statistics (131.601**; 141.911**; 190.024**) are greater than 3.91 degree of freedom (1, 123).

Based on these results, the null hypotheses are hereby rejected and alternate hypotheses accepted. Since $p < 0.05$, it therefore implies that the overall regression model is significant at 5% level of significance (George & Mallery, 2016). Based on these results organisational structure has significant effects on employee resilience.

DISCUSSION AND IMPLICATION

Drawing from the results, the study found that organisational structure has positive significant effects on employee resilience. This implies that organisational structure enhances the resilience capacity of employees in the workplace through adaptability, responsiveness and proaction dimensions. The finding of this study also supports contingency nexus of management which affirms that there is no one best method of designing the structure of the organisation. This is because a change in one section of the organisation will definitely affect other parts of the organisation and thus prompting the reengineering of the whole system to start learning the new order (Mali & Garg, 2017; Jamshid et al., 2013). Furthermore, withstanding shocks generated from external environment has shown that organisational structure flexibility is capable of promoting employee resilience (Hartwig et al., 2020; Holagh et al., 201). Conclusively, organisational structure measured in terms of centralization, formalization and complexity enhances the resilience consciousness of employees in the organisation. Organisational structure is usually affected by the complexity that usually arise as a result of changes in technology and other macro-environmental forces that are beyond the control of management teams (Zhu et al., 2019; Li, 2019; Mon et al., 2019). The implication of this study is that managers of manufacturing companies as well as policy makers should employed organisational structure that will accommodate uncertainties, threats and other changes from the external business environment by ensuring that their resilient capacity is very strong to withstand such disruptions.

LIMITATION AND FUTURE DIRECTIONS

The limitation of this study is hinged on the geographical socio-cultural scope where the study was carried out. The culture of Igbo speaking people in South Eastern Nigeria is associated with collectivism which gives credence to group affiliation and team formation (Onuorah, 2019; Ajanwachukwu et al., 2017). Thus, the completion of primary instruments by the respondents must have been influenced by their follow colleagues or family members who may have generated bias in the research. Another limitation is the use of cross-sectional survey which only encourages researchers to collect data within a short period of time compared to longitudinal survey that supports longer periods for collecting data (Saunders et al., 2009). Connectively, some fundamental empirical studies may not have been captured by the researchers especially when investigations are in constant motion by scholars from different disciplines with regards to organisational structure and employee resilience. This study suggests that further research on organisational structure should investigate its influence on employee discretionary work behaviour, workforce diversity and human resource roles. We therefore encourage future investigators to adopt methodological paradigm triangulation to replicate our results using the same variables.

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