
THE IMPACT OF ORGANISATIONAL STRUCTURE ON EMPLOYEE'S COMMITMENT IN THE NIGERIA MANUFACTURING SECTOR.

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Abstract

This study aims to examine the impact of organizational structure on organizational commitment in the manufacturing sector in Edo state, Nigeria. A survey questionnaire was employed to draw data on a stratified sample of 120 employees from 10 selected firms in Edo State. 100 valid questionnaires were duly completed and used for analysis. Results reveal that line/ staff and functional type are the dominant organizational structure adopted in most manufacturing organisations investigated. The chi-square test reveals that organisation structure does affect the level of employee's commitment in the manufacturing sector. The study concludes that the firms should adopt organizational structure that will ensure optimal employee's commitment.

Keywords: *Employee's Commitment, Organisational Structure, Manufacturing Sector*

INTRODUCTION

The study of employee commitment is important because; a Lo (2009) noted that employees with sense of employee commitment are less likely to engage in withdrawal behaviour and more willing to accept change. This is due to the general recognition that these variables can be the major determinants of organisational

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performance (Riketta, 2002) and effectiveness (Laschinger, 2001).

Organization is an intelligent system where groups of people consciously cooperating with each other order to achieve common goals. One of the bases of any organization is the responsibilities which are taken by its members (Saadat, 2005). Therefore employees commitment to these responsibilities is key to the achievement of organizations common goals.

Organizations value commitment among their employees because it is typically assumed to reduce withdrawal behaviour, such as lateness, absenteeism and turnover. Hence, there is no doubt that these values appear to have potentially serious consequences for overall organizational performance. The study of employee commitment is important because; a Lo (2009) noted that employees with sense of employee commitment are less likely to engage in withdrawal behaviour and more willing to accept change. (b). Workers who become less committed to an organization, will route their commitment in other directions; thus, it is important to know how to develop the right type and level of employee commitment to ensure that the better employees are retained; (c). Employees who develop a high level of employee commitment tend to be highly satisfied and are fulfilled; (d). In the current global economic scenario, organizational change is a continuous process that requires support of all employees in the hierarchical structure. Peace Ireferin, Mohammed Ali Mechanic(2014)

Objectives of the Study

The focus of this study is to achieve the following objective:

To establish the association between organizational structure and employees level of commitment in the Nigeria manufacturing sector.

HYPOTHESIS

There is no positive association between organizational structure and employee's level of commitment in the Nigeria manufacturing sector.

REVIEW OF RELATED LITERATURE

Organizational Structure

Organizational structure is defined as the formal system of authority relationships and tasks that control and coordinate employee actions and behavior to achieve goals in organizations (Jones, 2013). Organizational structure describes the formal arrangement of jobs and tasks in organizations (Robbins and Coulter, 2007); it describes the allocation of authority and responsibility, and how rules and regulation are executed by workers in firms (Nahma, A, Vonderembse, M, & Koufteros, X., 2003).

Organisation Commitment

It refers to the relative strength of an employee's identification with a particular organization (Mowday R.T., Steers R.M. and Porter L.M. (1982).

According to Akintayo (2010) employee commitment can be defined as the degree to which the employee feels devoted to their organization. Ongori (2007) described employee commitment as an affective response to the whole organization and the degree of attachment or loyalty employees feel towards the organization. Zheng, (2010) describes employee commitment as simply employees' attitude to organization.

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This definition of employee commitment is broad in the sense that employees' attitude encompasses various components. Commitment employees who are highly motivated to contribute their time and energy to the pursuit of organizational goals are increasingly acknowledged to be the primary asset available to an organization (Hunjra, 2010). They provide the intellectual capital that, for many organizations, has become their most critical asset (Hunjra, 2010). Furthermore, employees who share a commitment to the organization and their collective well-being are more suitable to generate the social capital that facilitates organizational learning.

Organizational commitment has three main traits:

- 1- A strong acceptance and belief of the organization's aims and values.
- 2- A strong intent to remain with the organization,
- 3- Willingness to exert an additional significant effort to ensure the success of the organization, and
- 4- A strong intent or desire to remain with the organization (Mowday et al., 1982).

Organizational commitment improves performance and productivity (Meyer et al., 2002), organizational citizenship behaviors, job satisfaction and motivation (Chughtai&Zafar, 2006; Cooper-Hakim &Viswesvaran, 2005; TellaA, Ayeni, C., &Popoola, S. (2007), and reduces turnover and absenteeism (Cooper-Hakim &Viswesvaran, 2005).

Influence of Organizational Structure on Employees Work Related Outcomes

Research has confirmed that organizational structure is related to work attitudes and behavior in organizations(Subramaniam, N, McManus, L., & Mia, L., 2002).The focus of this study is on the impact of organizational structure on organizational commitment;

therefore, a review of the related literature that links organizational structure and work outcomes will be discussed. Subramaniam et al, (2002) examined the relationship between decentralized structure and organizational commitment in the Australian Hotel Industry. They found that centralization had a positive relationship with organizational commitment. Similarly, Auh and Menguc (2007) investigated the roles formalization and centralization play on customer orientation within leading industrial production firms. The results indicated that, with regard to customer orientation, centralization had a negative effect while formalization was found to have a positive effect. Nahm et al. (2003), investigated the correlation between various structural dimensions and the performance of the plant, and practices of time-based manufacturing practices in manufacturing firms. Results revealed that hierarchy layers, formalization, and the level of horizontal integration have a positive impact on decision-making and communication. The practices of time-based manufacturing are affected by communication and the locus of decision-making.

Abdul Hameed, M, Counsell, S, & Swift, S. (2012), investigated the impact of ten organizational factors on information technology adoption. Among these factors were three structural dimensions: formalization, centralization, and organizational size. Results indicated that neither formalization nor centralization were related to information technology adoption, while organizational size was found to have a moderate relationship with information technology adoption. *Behavior*, 61: 20-52.

Schminke, M., Cropanzano R., & Rupp, D (2002), investigated the effect of organizational structure (centralization, formalization, size, and vertical complexity) and fairness perceptions. Results indicated

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that centralization, formalization, and organizational level exert a strong effect on perceptions of organizational justice. Finally, organizational level moderated many of the relationships between structural dimensions and organizational justice. Zeffane (1994) explored the relationship between management style (formalization and standardization), centralization, and organizational commitment in public and private sector firms in Australia. Results showed higher commitment among employees in private firms. Furthermore, management style was perceived differently among employees in private and public firms.

METHODOLOGY

Survey research design was adopted for this study. The target population comprised lower and middle level employees of small and medium scale manufacturing firms in Nigeria. The sample frame for the study was the ten (10) selected registered manufacturing firms in Edo State. The stratified sampling method was used to select sample from the target population while its variant, proportionate sampling technique was used to obtain sample of 120 from the ten (10) firms. The main instrument for data collection was a structured questionnaire with two parts A and B. Part A covered respondents demographic data while Part B contained instruments for the measurement of the independent variable (organisational structure), the dependent variable (employees commitment). The questionnaire items were measured on a 5-point Likert Scale of to a very large extent = 1; to a large extent = 2; To a fairly large extent = 3; To a little extent = 4; To a very little extent = 5 . Out of the 120 questionnaire administered, 100 were duly completed, returned and used for analysis.

Data collected in the study were transformed into various indicators and scores that are reflective of the various variables. All the questionnaires were coded and entered with the use of SPSS statistical software (Version 16.0.) Data were analyzed using descriptive statistics to reveal underlying patterns. While the chi square test was used to establish relationships amongst the variables of interest.

Data presentation and Test of Hypothesis

Most of the respondents were lower and middle level employees who have spent up to 6years with their respective organizations. But appreciable numbers of senior managers were also investigated.

More than one type of organizational structure was in operation in some organization. The research shows that 38.7% employees believed that line and staff structure was in use in their organization while only 4.7% uses a matrix structure. Other structure was also in use in various shades and forms depending on the need of the organization.

The frequencies from which the chi-square was computed is as shown below

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In your opinion what type of organisational structure is adopted in your organisation?

TYPE OF ORGANISATIONAL STRUCTURE ADOPTED

	Observed N	Expected N	Residual
LINE AND STAFF	41	16.7	24.3
FUNCTIONAL	26	16.7	9.3
GEOGRAPHIC	13	16.7	-3.7
MARKET	11	16.7	-5.7
PRODUCT	4	16.7	-12.7
MATRIX	5	16.7	-11.7
Total	100		

Source: Author's Field Survey, 2018

The table above show that majority of the respondents opined that line and staff, and functional structure are adopted in their respective organisations,

EMPLOYEES LEVEL OF COMMITMENT

	Observed N	Expected N	Residual
TO A VERY LARGE EXTENT	31	20.0	11.0
TO A LARGE EXTENT	30	20.0	10.0
TO A FAIRLY LARGE EXTENT	28	20.0	8.0
TO A LITTLE EXTENT	4	20.0	-16.0
TO A VERY LITTLE EXTENT	7	20.0	-13.0

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TO A VERY LITTLE EXTENT	7	20.0	-13.0
Total	100		

Source: Author’s Field Survey, 2018.

The table above shows the distribution of respondent’s level of commitment. From the table majority are committed to their organization.

Test of hypothesis

Chi-Square results

Test Statistics

	TYPE OF ORG STRU	LEVEL OF COMMITMENT
Chi-Square	61.280 ^a	35.500 ^b
Df	5	4
Asymp. Sig.	.000	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 16.7.

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b. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 20.0.

Source: SPSS OUT PUT, 2018.

The Chi-square result is 61.280 and it is significant at the .000 level. Since this level of significance is much higher than our standard criterion of .05, we can reject the null hypothesis with a high degree of confidence as presented in table above.

CONCLUSION

Based on the findings of the study, we hereby conclude that the type of organizational structure in operation in an organization will to a large extent determine the level of employee's commitment and their job satisfaction. Theoretically, the findings of this research contribute to the knowledge of the relationship between organizational structure and organizational commitment in public and private firms in Nigeria. These results should assist in demonstrating the type and level of organizational structure that enhances employee' commitment in organizations. Future studies should examine the role of employee' demographic characteristics in the relationship between the dimensions of organizational structure and employee attitudes and behavior in every sector of the Nigeria economy. Furthermore, future studies should also examine the impact of other dimensions of organizational

structure, such as size and complexity, on job related attitudes and behavior. Future research should also focus upon whether the results of this study are similar across public and private sector organizations in other in Nigeria.

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