

Organization Structure a Key to Driver to Competitive Advantage

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Abstract: An Organization structure is a framework of organization objectives and strategy. Every organization has its own structure based on the strategic goal in turn to operate efficiently. Globalization has created the dynamic market and increased the cut throat competition. Incase organization require more flexible, open, transparent structure. Structure is depending upon the size, aims and industry. Organization structure includes, value and beliefs of the organization, organization plan and practices, relationship between the department and people. To achieve strategic goal it is important that every employee is assigned with clear objectives and roles to perform. Poorly designed organizational structures will result in improper, sluggish and inefficient communication among the departments and unwanted outputs. Well designed organizational structures will produce fast and clean decisions through an efficient communication channels. For this purpose qualitative and quantitative data were collected from Five-Stars Hotels of National capital region (NCR) & selected cities of Rajasthan. The result illustrates importance of organisation structure in achieving competitive advantage. It also agrees that SHRM variables are very important to design organisation structure according to the demand. Further, the paper also focuses on the different types of organization structure, organizational practices, strategic implementation and current structure of the organization.

Keywords: organization structure, organizational practices, strategic implementation, competitive advantage, SHRM Practices.

1. INTRODUCTION

Organizations are formed by groups of people for the purpose of achieving results that a person cannot achieve individually. Now days, organizations can not survive without an mission, vision and an beneficial structure which supports an organization to gain its goals.

Perez Lopez et. al. (2004) states that it is important for an organization to maintain an hormonal atmosphere in the organization which encourages employee to achieve the goals and objectives.

OBJECTIVES:

- I. To understand the meaning of organization Structure.*
- II. Analysis various important factors of efficient Organization structure*
- III. To identify the relationship between the organization structure and competitive advantage of the firm.*

(Ho): There is a relationship between Organization structure and competitive advantage.

(H1): There is no relationship between Organization structure and competitive advantage.

I. OBJECTIVES: To understand the meaning of organization Structure.

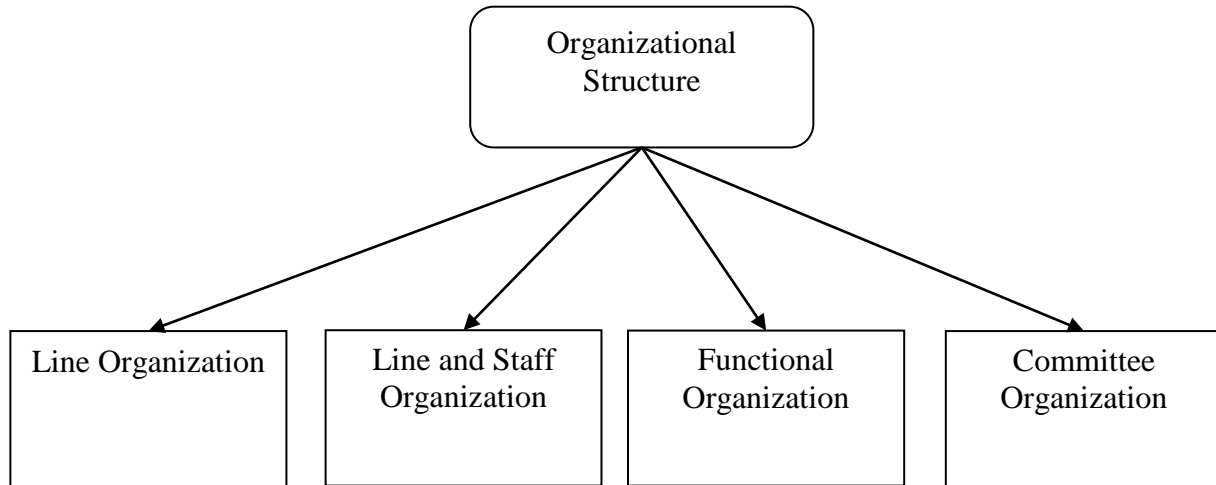
1. Organization Structure:

Organizational structure is a system used to define a hierarchy within an organization. It seeks to establish relationship among all the persons working in the organization. Organization structure helps in identifying the jobs and its roles,

functions, and their hierarchical distribution. A proper framework of organization structure helps an organization to operate in an changeable environment and attain its goal.

Different Types of organization structure:

- **Basic forms:**



Line Organization: The concept of line organization holds that in any organization derived from a scalar process, there must be a single head who commands it. Although an executive can delegate authority, he has ultimate responsibility for results. This is the oldest form of organization. This is known by different names, i.e. military, vertical, scalar, departmental, organization.

Line and Staff Organization: This structure refers to the structure in which managers take decisions and decides the role for the employees. It is based on the flow chart of delegation of authorities and responsibilities from line managers to the employees. Hence the duties and responsibilities of employees and line managers gets very clear. Under the line and staff organization, the function of line is similar to its function under the line organization, but some staff or experts are also appointed as advisor to the line officers.

Functional Organization: In the functional organization all activities in the enterprise are grouped together according to certain functions like production, marketing, finance and personnel and are put under the charge of different persons. The person in charge of a function follows it wherever it goes throughout the organization and also controls the individuals working in that functional area. Under the functional organization work is divided into small units and allotted to different experts. Thus, benefits of specialization are obtained.

Committee Organization: Committee organization is not a form of business organization which can be implemented independently. A committee consists of a group of people specially designed to perform some administrative acts. Committee is a group of some persons who solves the problem arising in administrative sphere with the help of mutual deliberations.

2. Current structure of the organization:

Matrix Structure: It provides best of both the structure i.e. functional and divisional structures. This structure generally based on 'teams' under the specialist boundaries, and upward reporting is also reduced. Individuals try to be more independent and improve their work culture and also help each other to improve quality of work life. The senior managers guide and integrate the system rather just directing them.

3. Organizational Practices: It is basically an implementation of strategic plans. Organization practices are the most important part of Strategic Implementation process. It

Organizational Practices are located immediately outside of the Core Culture. They are not the elements of Core Culture; they are the behaviors that convert ideals to actions which keep the culture alive. It facilitates the Job Designing process and Role Identification. It helps in maintaining organizational consistency and alignment of core strategy with work stations.

4. Strategy Implementation:

Strategy implementation is a process to strategies and plan into action to reach to strategic goals. A significant strategy will not be a trump card which gives tremendous results rather it is a matter of fact that many organization failed in implementing strategy because there focus is on the implementation part and not on formulation. Whereas both have significant correlation. Considering Johnson’s research (2004) Homburg et. al.(2000) believes “Strategy implementation is very critical. As managers need to be very careful while developing an suitable and effective strategy more attention to the practices and tasks related with strategy implementation. Noble (1999) establishes steps which leads to implementation of the strategy. This sequence is consist of interpretation, adoption, communication, and enactment respectively. some other definitions for implementation can be, Implementation is “It is a procedure of installing planned changes in the organization in the direction of manager. (Nutt,1986), “joining the choices and activities to execute strategic planning.”(Wheelen and Hunger, 2004), “ all the practices and results which includes the strategic decision need to put together for a proper execution of strategy.”(Miller et. al., 2004). Thus Strategy implementation is a very important factor, firms implement strategy through strategic plans. A well defined organization structure helps an organization to implement their objectives and plan smoothly.



II. OBJECTIVES: Analysis various important factors of efficient Organization structure

5. Factors of efficient organization structure

- **Decentralization:** it decentralizes the responsibility of work. Authority of taking decisions related with their projects is given. Individual fell free to work and increase their decision making skills. If every time employee is being guided by the senior managers in regard to their work by a particular hierarchy pattern than it would be difficult for an employee to work. Organizations have focused towards the new ways of improving hierarchical culture in which employees can take their own to make decisions and think for themselves, often in matrix type structures.

- **Customer Interaction:**

High quality customer service is a key way in which a business can differentiate itself from another. Highly motivated and committed employee when work in a positive service climate, with the right tools to do their job, result in more satisfied customers. A satisfied employee can satisfy the customer. If the organization is not able to safeguard the employee involvement in the organization, organization cannot achieve customer satisfaction. High performance HR systems is depicted by the meticulous selection, work devision, investment in training & development and work designed so that employees get opportunities for participation and decision making, and rewards structures designed to recognize high performers and promote from within (Delery & Doty, 1996; Huselid, 1995; Macduffie, 1995).

Committed workforce consistently and thoughtfully focus on the quality of their work and service. Supportive organisation structure, innovation, Technology and effective SHRM practices leads to higher level of customer

satisfaction. If the customer is satisfied over the competitors, firm can easily achieve sustainable competitive advantage. The commitment of employees can be shown by the employees performance and consistency of services provided by the employees. Customer is the king, so the primary goal of any organization is to satisfy its customers. There are two types of customer- 1) *Internal customers*-the employees. 2) *External Customers*-the outsiders. Firstly, it is important to satisfy the internal customer because the employee is the link between the organisation and the final customer. If he is satisfied he can provide higher level of service quality to the external customers.

• **Innovative culture:** “organizations can attain competitive advantage only by administrating efficiently for today while creating innovation for tomorrow” and suggested that “there is perhaps no more pressing managerial problem that the sustained management of innovation”. Innovation is not done by machines this is the employees who can innovate. There is a concrete link between employee engagement, innovation and competitive advantage. Engaged employees look for new ways of adding value to the process and continuous improvement provides greater and higher quality inputs. A big question is in front of the organizations that In a changing world where everything is changing very fact. “How a company will survive ?” The answer is very simple: “By continuously espouse towards the changes – or innovating”.

There is a resource-based view that maximize the companies abilities and resources towards attaining competitive advantage in a firm. According to research based view the firm must access to the resource and capabilities that are superior as compare to their competitors. Innovation is a two-way process; where people in many fields contribute to the implementation of new ideas and management supports them.

There are three things that organizations can do to foster innovation:

- Hire teams management for innovation
- Create a familiar culture for innovation
- Train and reward employees for innovation

• **Flexibility:** Success of any organization is mainly depending upon its culture & structure. Some organizations have built up an formal structure while some organization have a flexible organization structure. As per the study it is identified that an today’s organizations are more focused towards the flexible structure as it provides autonomy to employees to work as per their choice. This helps in building confidence and empowerment among employees which is a key for committed workforce and lead to competitive advantage of a firm.

• **Organization culture:** It is a way of defining relationship among people or employees within an organization. Organization tends to have a harmonies culture where employees get a feeling of attachment and love. It maintains and develops the culture and boundaries for defining the behavior of the employees. Organization culture can have certain traits like, innovation, team work, autonomy, cross functional departments etc. organization culture basically depicts behavior in an organization.

III. OBJECTIVES: Analysis various important factors of efficient Organization structure

6. Organization Structure and competitive advantage:

Organizational structure, capital, learning, and processes can be a source of competitive advantage. Organization structure refers to the way work flows and tasks are divided. It is a framework within which organization operate. If the organization has the resource based view towards employees, provide them environment where they are encouraged to learn and develop themselves, have open teams for discussion, high performance work system, employees will definitely contribute higher results which can lead to gain competitive advantage.

Formulating an effective strategy, however, is a necessary but not sufficient condition for gaining and sustaining competitive advantage. Strategy execution is also very important. Organizational structure must follow the strategy in order to achieve superior work performance. Effective SHRM practices help the organization to develop culture of the organization, employee job design, commitment and flexibility to achieve the strategic goal of the organization. Organizational design must be flexible enough to accommodate the formulated strategy and future growth to achieve competitive advantage.

2. RESEARCH METHODOLOGY

This is a qualitative and quantitative research study and has an applied orientation. The study in this context assumes three forms:

1	Target Population or Universe	Employees and management of selected hotels
2	Sampling Method	Convenience Sampling Method
3	Sample size	500 employees
4	Area of Survey	Five-Stars Hotels of National capital region (NCR) & selected cities of Rajasthan.

1. Use of available material on various dimensions of Strategic Human resource management.
2. Collection of relevant information through interviews and questionnaire.
3. Survey is conducted in the jaipur city, 25 respondents were selected from each hotel.

4. **Sample Unit**

S.No	Cities	Companies	Respondents
1	Delhi	Hyatt Regency Delhi	25
		Hotel Taj Ambassador New Delhi	25
		Le Meridian Delhi	25
		Claridges Hotel New Delhi	25
		Double Tree by Hilton Delhi	25
2	Gurgaon	Westin Gurgaon	25
		The Leela Kempinski Gurgaon	25
3	Noida	Fortune Inn Grazia	25
		Savoy Suites	25
4	Jaipur	ITC Rajputana, Jaipur	25
		Marriott Hotel Jaipur	25
		Taj Rambagh Palace	25
		Country Inn & Suites By Carlson, Jaipur	25
		Fairmont Jaipur	25
		Chokhi Dhani Resort	25
		Hotel Clarks Amer	25
5	Jodhpur	Umaid Bhawan Palace	25
		The Ajit Bhawan-A Palace Hotel	25
	Udaipur	The Lalit Laxmi Vilas Palace Udaipur	25
		Devi Garh Palace	25
TOTAL RESPONDENTS			500

3. DATA ANALYSIS

ORGANIZATION STRUCTURE:

Table 1.1

Does your organization believe in empowerment of decision making		
	Frequency	Percent
Strongly Disagree	24	4.8
Disagree	56	11.2
Neither Agree Nor Disagree	106	21.2
Agree	206	41.2
Strongly Agree	108	21.6
Total	500	100.0

Chart 1.1

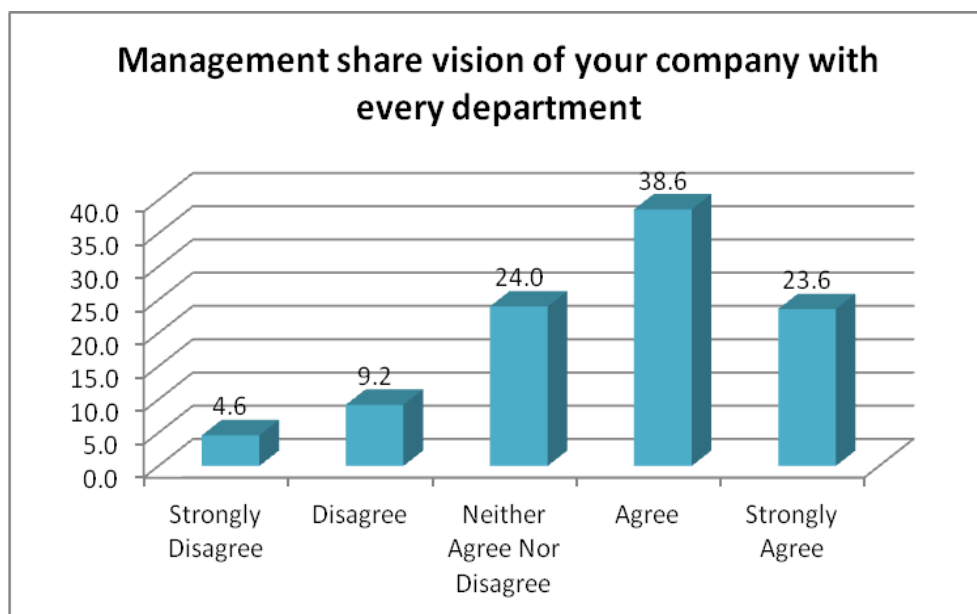


Inference: The above table 1.1 depicts the opinion of respondents whether their organization believes in empowerment of decision making. It shows that 16% respondents strongly disagree or disagree, 21.2% respondents neither agree nor disagree while 62.8% respondents agree or strongly agree that their organization believe in empowerment of decision making.

Table 1.2

Does the management share vision of your company with every department		
	Frequency	Percent
Strongly Disagree	23	4.6
Disagree	46	9.2
Neither Agree Nor Disagree	120	24.0
Agree	193	38.6
Strongly Agree	118	23.6
Total	500	100.0

Chart 1.2

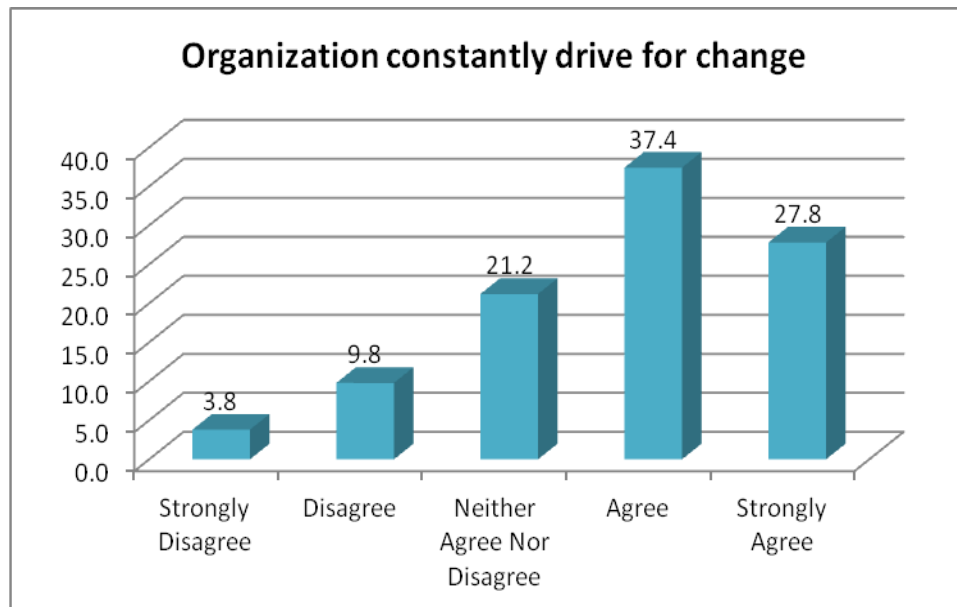


Inference: The above table 1.2 reveals the thoughts of respondents that whether their management share vision of their company with every department. It shows that 13.8% respondents strongly disagree or disagree, 24% respondents neither agree nor disagree while 62.2% respondents agree or strongly agree that yes their management share their vision with every department.

Table 1.3

Does your organization constantly drive for change		
	Frequency	Percent
Strongly Disagree	19	3.8
Disagree	49	9.8
Neither Agree Nor Disagree	106	21.2
Agree	187	37.4
Strongly Agree	139	27.8
Total	500	100.0

Chart 1.3

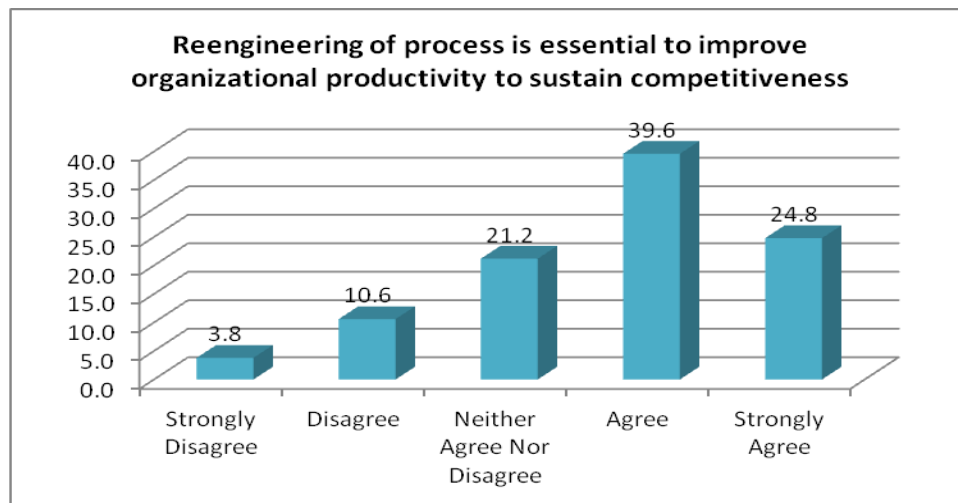


Inference: The above table 1.3 provides information about views of respondents regarding their organization's constant drive for change. It shows that 13.6% respondents strongly disagree or disagree, 21.2% respondents neither agree nor disagree while 65.2% respondents agree or strongly agree that their organization eagerly drives for change.

Table 1.4

Reengineering of process is essential to improve organizational productivity to sustain competitiveness		
	Frequency	Percent
Strongly Disagree	19	3.8
Disagree	53	10.6
Neither Agree Nor Disagree	106	21.2
Agree	198	39.6
Strongly Agree	124	24.8
Total	500	100.0

Chart 1.4



Inference: The above table 1.4 unveils respondents views on the point that is re-engineering of process essential to improve organizational productivity. It shows that 14.4% respondents strongly disagree or disagree, 21.2% respondents neither agree nor disagree while 64.4% respondents agree or strongly agree that re-engineering of process is essential to improve organizational productivity to sustain competitiveness.

4. FINDINGS & SUGGESTIONS

Finding:

1. The survey depicts that 62.8% of respondents are strongly agree that their organization is focused empowerment of decision making.
2. It shows that 62.2% respondents are saying that their management share vision of their company with every department.
3. It reveals that 65.2% respondents are agreed to the fact that their organization's constant drive for change.
4. It is shown by the data that 64.4% of respondents are saying that re-engineering of process essential to improve organizational productivity.
5. According to the data gathered it is find out that organization structure is focused on the upliftment of the employee's capabilities.
6. Maximum number of percentage falls under the flexible structure of the organization to attain competitive advantage.

Suggestions:

1. It is suggested that organizations should opt for flexible structure.
2. Organization should be more focused towards the empowerment of decision making.
3. Organizations should share its vision with its employees.
4. Organizations should be more reluctant towards the reengineering of process in order to improve organizational productivity to gain competitive advantage.

5. CONCLUSION

The research paper is focused on the importance of Organization structure in gaining competitive advantage. By effective implementation of organization practices, high rate of absenteeism can be controlled and minimized. Committed Work force and proper work alignment both are complimentary to each other. Job description and transfer of authorities should be done according to the abilities and capabilities of employees. Over and unmanaged allocation of work leads to anxiety and unfair treatment in an organization. For better productivity and high performance, goals and objectives must be clear to every employees of the company.

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