University of Africa Journal of Governance and Politics (UATJOGAP) Volume 1 Number 2, June, 2024 | ISSN: 3043 - 4378

THE EFFECT OF ORGANIZATIONAL STRUCTURE ONORGANIZATIONAL PERFORMANCE OF NON-ALCOHOLIC BEVERAGE COMPANIES IN NIGERIA

[1]TOCHI IZIMS & [2] IBINI EMUEJE
[1]Department of Business Administration, Delta State University, Abraka, Delta State &
[2]Department of Business Administration, University of Delta, Agbor, Delta State

Abstract

The study examined the effect oforganizational structure on the organizational performance of non-alcoholic beverage companies in the South-South/South-West, Nigeria. The study was limited to five selected companies in the non-alcoholic beverage industry in Nigeria.The cross-sectional survey research design method and stratified random sampling technique were used for the study. The study used a structured questionnaire as the instrument of data collection. To establish the reliability of the instrument, a test-retest method was used.Descriptive statistics, correlation, and multiple regression analysis were used to analyze data. Findings showed that 67% of the change in organizational performancewas brought about by theorganizational structure.Findings showed that organizational structure has a positive significant effect on organizational performance (β = 0.429, P<0.05). It was concluded that organizational structure has a positive effect onthe organizational performance of non-alcoholic beverage firms in Nigeria. The study recommended amongst others that companies should design their structures in harmony with the internal and external working environment conditions and organizational strategies to enhance employee innovative performance.Organizational structure establishes who is responsible for what roles and documents the organization's reporting lines. As a result, a suitable structure should be designed by companies to coordinate organizational processes to meet the organization's objectives.

Keywords: *Organizational Structure and Organization Performance.*

Introduction

The organizational structure of a company refers to its framework of authority, roles, responsibilities, and communication channels. Organizational performance, on the other hand, refers to how effectively and efficiently the company achieves its objectives and goals. There's a significant relationship between the two, as the structure can greatly influence the performance of an organization (Kairu, et al., 2013). A well-defined organizational structure clarifies who is responsible for what tasks and decisions within the company. When roles and responsibilities are delineated, employees know what is expected of them, which reduces confusion, duplication of efforts, and conflicts. This clarity enhances productivity and performance. The organizational structure determines how information flows within the company and how different departments or units coordinate their activities. A hierarchical structure with clear reporting lines can facilitate efficient communication and coordination, leading to smoother operations and better performance. Conversely, a rigid or fragmented structure may hinder communication and collaboration, leading to inefficiencies and lower performance (Onono, 2018).

An organizational structure that allows for flexibility and adaptability is better equipped to respond to changes in the business environment, such as shifts in market demand, technological advancements, or competitive pressures. Companies with agile structures that can quickly reallocate resources, adjust processes, and innovate are more likely to maintain high performance over time. The organizational structure influences how decisions are made and how much autonomy employees have in their roles(Okwa, & Marire, 2012). A decentralized structure that empowers employees to make decisions and take ownership of their work can foster creativity, initiative, and accountability, leading to higher performance. In contrast, a centralized structure with rigid top-down control may stifle innovation and limit employee engagement, which can impact performance negatively. Organizational structure can influence employee morale, job satisfaction, and engagement. A structure that promotes transparency, fairness, and opportunities for career advancement is more likely to motivate employees and foster a positive organizational culture. High morale and engagement levels are associated with higher performance, as motivated employees are more productive, innovative, and committed to achieving company goals (Onano, 2018).

In recent years, the increasing competition and the instability of the environmental conditions have led to new situations in which the big organizations that have not changed their methods and structures fail to compete with the small organizations that are more flexible and more innovative. Some firms in today's industries are not growing as a result of inadequate employee collaboration, which has a long-term impact on the company's and its staff's performance. A significant quantity of resources is also squandered as a result of insufficient teamwork, which directly impedes the company's growth. To survive the intense competition and resiliently adapt to the environmental conditions, in the marketplace today, the leadership in these organizations may be faced with the necessity to change their structures and establish alignment with their growth strategies both in the short, medium, and long run. Therefore, the study examined the effect of organizational structure on organizational performance in the non-alcoholic beverage industry.

Review of Related Literature

The Concept of Organizational Performance

Performance is a measure of how well an organization achieves its goals according to Kairu, et al. (2013). This concept indicates the well-being of a company's business portfolio growth into the future. Organizational performance can be defined as the organization's ability to accomplish its aims using the resources it has in a properly structured manner (Onano, 2018). Organizational performance can also be defined by the extent to which the organization is effective in executing its strategies (Onano, 2018). The process of reviewing an organization's progress toward its goals and objectives is referred to as performance evaluation (Kairu, et al., 2013). The assessment can be in financial or non-financial measures like profitability growth, brand relationship, and corporate image. The idea of measuring performance is not only to identify the current performance of the business but it is also how the business can perform better in the future in line with its strategic objectives (Okwo, & Marire, 2012). Performance measurement is therefore crucial since it measures the effectiveness of the organization's operations that contribute tocreating value for stakeholders as well as the efficiency of the transformation of resources into products (Kairu *et al.*, 2013).

Organizational Structure

An organizational structure splits a company into distinct parts, functions, and teams, as well as defining the relationships between them. The organizational structure establishes who is responsible for what roles and documents the organization's reporting lines. The organization structure defines the chain of command and resource accountability. The structure of an organization is defined not only by the interactions between the pieces but also by the resources and processes required to sustain the organization's performance (Onono, 2018). As a result, a suitable structure should make it easier to coordinate organizational processes to meet the organization's objectives (Mansoor et al., 2012). Three key dimensions of organizational structure that were identified include decision-making processes, span of control, and communication systems to have a direct impact on organizational performance (Daft, 2011). Decision-making dimension is the improvement of decision processes and quality through planning and coordination of business operations to achieve objectives (Daft, 2011). A span of control is the feedback process between managers and their direct reports to ensure an input-output system that manages the operations effectively by emphasizing performance. The communication effect can be analyzed from the perspective of the efficiency of information flow within the organization.

In their research study, Invernizzi and Romenti (2012) argued that the organizational structure needs to accommodate the central and strategic role that communication takes in an organization's decision-making process and that communication can no longer limited to merely communicating images, but rather it should be enter the decisional and productive processes of an organization, be it strategic or operational, and that it should get increasingly more association with managerial methodologies, products, services, and in the final analysis and quality of products and outcomes at the aggregate organization level. Organizations' ability to pursue its objectives rests upon its efficient decision-making processes, the level of employees' motivation, organizational learning, and the availability of efficient information exchange systems within the organization (Onono, 2018). The resulting efficiency will be construed to largely depend on the design and functioning of the organizational structure that is in play at any given time within an organization (Wenxiao et al., 2016).

Organizational Structure and Organizational Performance

Maduenyi et al. (2015) in their study on the effect of organizational structure on firm performance found that the organizational structure has a direct effect on both financial and non-financial performance within a firm. Hao et al. (2012) in their study of organizational structures of corporations in Austria and China found that organizational structure influences performance both directly and indirectly. They further contend that many firms ought to steadily modify their organizational structures to attain superior performance in the marketplace. Achieving superior business excellence is a significant objective of several business organizations, and effective strategy formation and implementation have been identified as the key elements that must align with the organization's structure in all instances (Tavitiyaman et al., 2012).

Forbusiness organizations to consistently succeed in meeting their customers' needs and attaining their strategic objectives, such organizations have to constantly change the methods to the coordination of resources and work which as a result leads to organizational change (Biloslavo et al., 2013). Jens et al. (2014) contended that a company that can embrace a merger of multiple structures at the same time will always be subject to maximize aggregate performance outcomes compared to their peers in the marketplace who fail to embrace the dynamic organizational structures that are aligned to the market needs and the complexity of their business organizations. They further stated that the type of organizational structure adopted by an organization should enable such organizations to continuously stay responsive to the very dynamic and complex business environments that they operate in. Hao et al. (2012) further reinforced that the organizational structure embraced by an organization affects performance outcomes through mediating effects of organizational learning and innovation.

Theoretical Framework

The study reviewed the Resource Based View Model, and Situational Theory to support the study.

Resource-Based View Theory

The resource-based theory (RBT) asserts that performance difference across firms is a result of the different resources and capabilities they control (Barney 1991; Murray et al., 2011; Idenedo et al., 2017). Sustainable competitive advantages are derived from firm-specific resources and capabilities that are rare, inimitable, valuable, and non-substitutable (Barney, 1991). All assets, capabilities, organizational processes, knowledge, firm attributes, information, and other assets controlled by a company that enables the company to conceive of and implement strategies that improve its efficiency and effectiveness are considered firm resources, which can be tangible or intangible (Barney, 1991).

The Resource-Based View (RBV) hypothesis may be traced back to Birger Wernerfelt's work in 1984 when he published "A Resource-Based View of the Firm." According to the RBV theory, firms should focus on maximizing internal resources rather than attempting to achieve strategic fit with the external environment to create and dominate future opportunities (Saqib & Rashid, 2013; Idenedo et al., 2020). The primary premise of the idea is that for a corporation to maintain a competitive edge, it must acquire and control uncommon, inimitable, valuable, and non-substitutable resources and competencies (Peteraf & Barney, 2012; Idenedo et al.,2022). People are considered as an investment rather than a cost in this idea, and learning, knowledge sharing, creativity, and experimentation are fostered, with employees participating in decision-making (Wright et al., 2011). This theory assumes that an organization's staff is a one-of-a-kind and inimitable resource that, when properly utilized, can provide a competitive advantage (Saqib & Rashid, 2013; Idenedo et al., 2023). According to Ali et al. (2014), a resource-based approach to strategic human management focuses on meeting the organization's human capital requirements. According to Wright et al. (2011), an organization's human resource policies and values represent a significant non-imitable resource, which can be obtained by ensuring that: - the firm has higher quality people than its competitors, organization learning is encouraged, organization-specific values and culture exist to bind the organization together (and) give it focus, and the uniqueness of the organization is preserved.

Situational Theory

The **situational theory** states that effective leaders exhibit behaviors that fit the situation at hand. No one's best leadership style is suited for all situations. Hence, leaders should demonstrate the behavior that will have the optimum positive effect on employees' performance such as constant increased productivity and achievement of overall corporate, objectives, improvement in employees' motivation, job satisfaction, career advancement, and organizational responsiveness to stakeholders' expectations will be attained (Mohammed et al., 2014). This study will also adopt the situational theory. This is because the leader must carefully study the organization'sstructure before deciding on the style of leadership to adopt and implement.

Research Methodology

This study used the survey research design method specifically, a cross-sectional survey design to collect data for empirical analytical purposes. The population of the study covered all employees of five selected non-alcoholic beverage manufacturing companies in South-South

 ISSN: 3043 - 4378

and South-West, Nigeria. The population for the study comprised employees from Nigerian Bottling Company Ltd (Nigeria), Seven-Up Bottling Company Ltd, Nestle Nigeria Plc, Chi Limited, and Cadbury Nigeria. The population of the study comprised 462 persons including senior, middle, and lower management staff to whom the research was generalized. To make up this subset, the approximate number was two hundred and ten (210).Therefore, a sample size of 210 employees of the selected companies was randomly selected from the total population of 462. The researcher utilized Bowley's (1964) population allocation formula to arrive at the exact figures for the five non-alcoholic beverage companies.

$$nh = \frac{nNh}{N}$$

Whose nh = the number of units allocated to each company.

n	=	the total sample size
Nh	=	the number of employees in each company
N	=	population size

Nigerian Bottling Company Ltd (96/462) ×210 = 44

Seven-Up Bottling Company Ltd (80/462) ×210 = 36

Nestle Nigeria Plc (98/462) ×210 = 45

Chi Limited (92/462) ×210 = 42

Cadbury Nigeria (96/462) ×210 = 43

Data for this research were gathered from the primary source. Content validity was adopted for the study while Cronbach alpha reliability estimation means were utilized to examine the consistency of the questionnaire item in this study. The table below indicates the reliability result

Table 1: Reliability Coefficients of Study Variables

Variables	Number of items	Cronbach's Alpha coefficient
Organizational Structure (OS)	5	0.734
Organizational Performance (OP)	5	0.731

Source: output of pilot survey data, 2024.

Correlation and multiple regression analysis were employed to establish the nature of the relationship between organizational structure and firm performance. Because they establish a relationship between the independent and dependent variables, these statistical procedures are deemed appropriate.

Results and Discussion

Presentation of Data

Table 2: Distribution of Questionnaire

Pattern focused	Number of questionnaires administered	Number of the returned questionnaire	Number of used questionnaire	Response Rate
Respondents	210	205	201	96%

Source: Field Survey (2024)

In Table2 it was indicated that out of the 210 copies of the questionnaire distributed to the various employees that made up the selected sampling element, 205 were successfully retrieved of which a total of 201 were seen to be suitable for analytical purposes representing the entire sample size. Therefore, the response rate is 96%.

Table 3: Analysis of Respondents Profile

S/N	Characteristics of the Respondents	Frequency	Percentage (%)
1	Gender:		
	Male	96	48
	Female	105	52
	Total	201	100
2	Age Range:		
	Below 30	58	29
	31-40	77	38
	41 and above	66	33
	Total	201	100
3	Marital Status		
	Single	95	47
	Married	90	45
	Divorced	16	8
	Total	201	100
4	Educational Qualification:		
	WAEC/GCE/NECO	40	20
	OND/ NCE	52	26
	HND/B.SC	92	46
	MBA/M.Sc	17	8
	Total	201	100
5	Years in Service:		
	1-5years	51	25
	6-10years	65	32
	11-15years	55	27
	15years and above	30	15
	Total	201	100

Source: Researcher Field Survey, 2024.

Table 3shows the background characteristics of the various respondents. It indicated the gender composition of the respondents representing 48% (96) of the sample were males while 52% (105) were females. The age bracket of the respondents showed that 58 of the respondents 29% were below30 years of age; 77 of the respondents representing 38% fell within the age bracket of 31-40 years of age, while the remaining 66respondents representing 33% of the sample were 41 years and above. The marital status of the respondents showed that; 95 of the sample respondents were single 47%; 90 respondents 45% were married while the remaining 16(8%) of the respondents were divorced. On the educational background of the sample, it was revealed that 40 respondents representing 20% were WAEC/GCE/NECO holders, it was indicated that 52 respondents representing 26% were OND/NCE holders, similarly, it was revealed that 92 respondents representing 46% being HND/B.Sc. holders; while 17 other respondents 8% were postgraduate degree holders. On the service or work experience of employees in the various non-alcoholic beverage companies, 51(25%) of the respondents had between 1-5 years work experience; 65(32%) of the respondents have worked in the non-alcoholic beverage company for about 6-10 years, 55(27%) of the respondents have worked in the non-alcoholic beverage company for about 11-15 years. While 30(15%) of the respondents have more than 15 years of work experience in a non-alcoholic beverage company.

Table 4: Regression Analysis of Organizational Structure and Organizational Performance

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	-10.820	2.032		-5.325	.000
	Organizational structure	.472	.052	.429	9.146	.000

a. Dependent Variable: Organizational performance

The tableshows the multiple regression analysis result for organizational structure and organizational performance. It was indicated that organizational structure has a high positive effect on organizational performance ($\beta = 0.429$, $P<0.05$

The general form of the equation to predict $OP = \beta_0 + \beta_1 OS + \varepsilon$

$OP = -10.820 + 0.472 \times OS$

Table 5 Analysis of Variance

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	100.180	4	20.036	81.889	.000[b]
	Residual	47.711	195	.245		
	Total	147.891	200			

a. Dependent Variable: Organizational performance

b. Predictors: (Constant), Organizational structure

The table showed that organizational structure significantly predicts organizational performance, $F = 81.889$, $0.000 < 0.05$. This connotes that the regression model is a good fit for the data.

Table 6 Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.823ª	.677	.669	.4946

a. Predictors: (Constant), Organizational structure

Table 4.0 shows the extent to which organizational structure accounted for the change in organizational performance as indicated by the Adjusted R Square value, which shows that 67% (0.669) of the change in organizational performance is brought about by, the organizational structure.

Hypotheses Testing

The multiple regression analysis was employed as the analytical technique for testing the hypotheses. The p-values reported in the regression coefficient tables were used for testing the study hypotheses.

The Decision Rule

If the probability value calculated is lesser than the critical value of 5% (i.e. $0.000 < 0.05$), it is vital to conclude that the given parameter is significant. In this scenario, it is accepted that there is a need to reject the null hypotheses and to accept the alternate. *Gujarati and Porter* (2009) stated that when we reject the null hypotheses, we say that our findings are statistically significant and vice versa. Thus, the p-value is at 0.05 (5%).

HO_1, Organizational structure has no significant effect on the organizational performance of non-alcoholic beverage firms in Nigeria.

Table 4 shows that the calculated level of significance is lesser than the p-value of 0.05 (5%) i.e. ($0.000 < 0.05$). Therefore, the null hypothesis was rejected while the alternate was accepted implying that organizational structure has a positive significant effect on organizational performance of non-alcoholic beverage firms in Nigeria.

Discussion of Results

In line with the data analysis done and the review of the related literature, the discussion of the findings of this study is presented below. The F-ratio in Table 4test showed that organizational structure significantly predicts organizational performance, $F = 81.889$, $0.000 < 0.05$. This connotes that the regression model is a good fit for the data. Table 6 shows that 67% of the change in organizational performance was brought about by the organizational structure.

Therefore, the null hypothesis was rejected while the alternate was accepted implying that organizational structure has a significant positive effect on organizational performance of non-alcoholic beverage firms in Nigeria. The finding is in agreement with Maduenyi, Oluremi&Fadeyi's (2015) findings that organizational structure has a direct effect on both financial and non-financial performance within a firm. Hao, Kasper & Muehlbacher (2012) in their study of organizational structures of corporations in Austria and China found that organizational structure influences performance both directly and indirectly. They further contend that many firms ought to steadily modify their organizational structures to attain superior performance in the marketplace. This is also in line with Jens, Khalid &Hassan's (2014) assertion that a company that can embrace a merger of multiple structures at the same time will always be subject to maximize aggregate performance outcomes compared to their peers in the marketplace who fail to embrace the dynamic organizational structures that are aligned to the market needs and the complexity of their business organizations. This finding implies that the type of organizational structure adopted by an organization should enable such organizations to continuously stay responsive to the very dynamic and complex business environments that they operate in

.Conclusion and Recommendations

It was concluded that organizational structure has a significant positive effect onthe organizational performance of non-alcoholic beverage firms in Nigeria. It was recommended that:

i. Companies should design their structures in harmony with the internal and external working environment conditions and organizational strategies to enhance employee innovative performance.

ii. Organizational structure establishes who is responsible for what roles and documents the organization's reporting lines. As a result, a suitable structure should be designed by companies to coordinate organizational processes to meet the organization's objectives.

References

Ali, Z., Mehmood, B., Ejaz, S., & Ashraf, S. F. (2014). Impact of succession planning on employee's performance: Evidence from Commercial Banks of Pakistan, *European Journal of Social Sciences, 44*(2), 213-220.

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management, 17*(1), 99-120.

Biloslavo, R., Bagnoli, C., & Rusjan Figelj, R. (2013). Managing dualities for efficiency and effectiveness of organizations. *Industrial Management and Data Systems*, 423-442.

Hao, Q., Kasper, H., & Muehlbacher, J. (2012). How does organization structure influence performance through learning and innovation in Austria and China. *Chinesse Management Studies, 6*(1): 36-52.

Idenedo, O. W., & Didia, J.U.D, (2017). Customer orientation and loyalty behaviour of users of global system of mobile telecommunication services. *International Journal of Marketing and Management, 7* (3), 38-48.

Idenedo, O. W., Sunny, I. R. & Ebenuwa, A. (2020). Customer involvement practice and competitive advantage of apparel designers in Port Harcourt. *Journal of Contemporary Marketing, 5*(1), 11-25.

Idenedo, W. O. & Goodie-Okio, J. A. (2022). Contact employee recognition and customer loyalty of healthcare firms in South-South, Nigeria. *International Journal of Business Systems and Economics, 13*(5), 33-50.

Idenedo, W. O., Ebenuwa, A. & Ehimen, S. (2023). Value co-creation adoption and customer loyalty of apparel designers in Nigeria; the moderating role of social media network.*Indian International Journal of Research in Accounting, Marketing and Management Delhi University – North Campus, 8*(1), 117-129.

Invernizzi, E. & Romenti, S., (2012). Identity, communication and change management in ferrari, corporate communications: *An International Journal, 17(4)*:483 – 497.

Jens, S., Khalid, A. & Hassan, A. (2014). An examination of the influence of organizational structure types and management levels on knowledge management practices in organizations. *International Journal of Business and Management, 9*(6): 1-24.

Kairu, E., Wafula, M., Okaka, O., & Odera, O. A. (2013). Effects of balanced scorecard on performance of firms in the service sector. *European Journal of Business and Management, 5*(9): 81-89.

Maduenyi, S., Oluremi, O., & Fadeyi, O. a. (2015). Impact of organizational structure on organizational performance. *International Conference on African Development Issues; Social and Economic Models for Development Track.* Ota, Nigeria.

Mansoor, N., Aslam, H., Barbu, C., & Carpusneanu, S. A. (2012). Organizational structure as a determinant of organizational performance: Uncovering the essential facets of organic and mechanistic structures. *American Journal of Scientific Research, 55*(14): 48-55.

Mohammed, U.D., Yusuf, M.O., and Sanni, I.M. (2014). The relationship between leadership styles and employees' performance in organizations: A study of selected business organizations in Federal Capital Territory, Abuja, Nigeria. *European Journal of Business and Management*, 6 (22): 1-11.

Murray, J. Y., Gerald, Y. G. & Kotabe, M. (2011). Market orientation and performance of export ventures: The process through marketing capabilities and competitive advantages, *Journal of the Academy of Marketing Science*, 39 (2): 252-69.

Okwo, I., & Marire, I. M. (2012). Performance measurement in business organizations; an empirical analysis of the financial performance of some breweries in Nigeria. *Journal of Finance and Accounting*, 3(11): 48-58.

Onono, E. O. (2018).The impact of organizational structure on performance at general electric Africa, A project report submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Degree of Masters in Business Administration (MBA), United States International University Africa.1-86.

Peteraf, M., & Barney, J. (2012). Understanding the resource based view theory. *Managerial and decision economics*, 6(1): 19-32.

Saqib, S., & Rashid, S. (2013). Resource based view of the firm: The nature of resources required for competitive advantage, *International Journal of Management & Organizational Studies*, 2(1): 92-95.

Tavitiyaman, P., Zhang, H., & Qu, H. (2012). The effect of competitive strategies and organizational structure on hotel performance. *International Journal of Contemporary Hospitality Management*, 24(1), 140-159.

Wenxiao, B., Yicheng, F., Yunju, Y., & Lijie, F. (2016). Organizational structure, cross functional integration and performance of new product development team. *13th Global Congress on Manufacturing and Management.*

Wright, P., Dunford, B., & Snell, S. (2011). Human resources and the resource based view of the firm. *Journal of management*, 27(6): 701-721.