



AENSI Journals

Advances in Environmental Biology

ISSN-1995-0756 EISSN-1998-1066

Journal home page: <http://www.aensiweb.com/AEB/>

The study of the relationship between organizational structure and corporate performance in Aghajari Oil and Gas Exploration Company

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ARTICLE INFO

Article history:

Received 13 September 2014

Received in revised form 26 November 2014

Accepted 25 December 2014

Available online 15 January 2015

Key words:

organizational structure,
organizational performance

ABSTRACT

In the era of competition, organizations are faced with an environment in which increasing complexity and globalization are recognized as the main characteristics. Therefore, organizational structure must be strengthened by means of performance management in order for organizations to establish development. The purpose of this study is to scrutinize the relationship between organizational structure and performance of the Aghajari oil and gas exploration company. Given the stated purpose of current research, the main question becomes: "what is the relationship between the organizational structure and organizational performance?" The question is lead to a hypothesis: "organizational structure is associated with organizational performance" and in addition three subsidiary hypotheses are introduced. To test the hypotheses, for the statistical community, 367 persons are selected as samples. Using simple random sampling, survey questionnaires are distributed randomly and a total of 367 questionnaires are analyzed. The standard questionnaire (Robbins) and the standard questionnaire of Fazel and Reza (2013) are used to collect the data. The obtained data are analyzed using correlation test by means of SPSS software for two independent groups to examine the role of the demographic variables in the comments of respondents, and the Kolmogorov-Smirnov test to evaluate the normality of the analyzed data. The main hypothesis test shows that the organizational structure is associated with organizational performance at a 95% level of confidence. Sub test hypotheses suggest that recognition, concentration and complexity are associated with organizational performance. The findings suggest that the level of education, gender and age does not affect employees in their comments.

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To Cite This Article: Mohammad Ahmadi Nik and Abdolkhalegh Gholami., The study of the relationship between organizational structure and corporate performance in Aghajari Oil and Gas Exploration Company. *Adv. Environ. Biol.*, 8(25), 488-492, 2014

INTRODUCTION

One can call this era which we live in as the era of organizations. Nowadays, human life is surrounded with all kinds of organizations of all sizes which satisfy the most of our needs. Historically organizations have always taken part in human life but one can assume that industrial revolution inaugurated an important growth in the role of organizations in our lives. The results of which were social phenomenon such as the emergence of large industrials and commercial organizations as well as the development of public institutions. Today, the scientific study of organizations, as complex and diverse as they have got, needs to analyze different aspects of their structures. In fact, in order to gain a full understanding of organizations one needs to study the structure of organizations as well as their various functions for which the knowledge of management theories, structures and types, designs and different criteria is necessary. The overall purpose of the administration of any organization is to achieve the organization's goals, tasks and responsibilities for effective and successful implementation. Each organization must have organizational structure; in fact the effective organization of tasks, responsibilities, duties and functions can be clearly divided between different units according to their powers. The lack of effectiveness of the Organization mainly results from non-effective organizations which are related to organizational structure. A clear realization of organizational goals is the first step in understanding the organization and its effectiveness. The organization goals must indicate the reason of existence of the organization. Organizational structures are based on old assumptions that are inconsistent with their current

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tasks; on the other hand, they are not very consistent with the current needs of society. Due to the fact that the main duties of the coordinator is organizing which is a dynamic process, therefore structures should be reviewed and revised according to the environmental changes and reorganization must be performed in accordance with the variables and factors influencing the changes taking place. The needs of the society are the existential philosophy of organizations and every organization forms in order to achieve a certain goal. To meet with these needs organizations must accomplish its tasks Better and more efficient through staff. Thus, the effectiveness and efficiency of the organization are crucial matters. The achievements of which depend on the participation of individuals and organizational factors. Several factors affect the performance of employees such as organizational structure. Good performance requires the specific structure of the organization. The internal structure of the organization can either promote or hinder the performance of the organization. Recent studies show that limited number of individuals involved in decision makings and the the formalities block the creation of new ideas, while the distribution of power and flexibility would enhance high-performance in organization that will facilitate the creation of new ideas. In the current paper, the effect of organization structure, which is a key parameter in various organizational models, is studied for the performance of staff of Aghajari Oil and Gas Exploration Company, since the performance of the organization makes the basis of the functionality of society and similarly, the functionality of each organization depends on the performance of its staff.

One of the main features of each organization is structure which determines different activities and adjusts consistency of different tasks. Furthermore, the authority, responsibility, control and enforcement of regulations and standards activities are determined by structure [1]. (Bang- 1985)

Mintzberg argues that the structure of the complex ways in which the activities of the division of responsibilities between the tasks of coordination is known Each of the theoretical constructs (mechanical and organic) can be useful in certain circumstances. The circumstances, under which the suitability of the structure are determined, are referred as content and structural aspects are mentioned:

a- Content aspects: these aspects represent the entire organization. Such as the size or magnitude of the technology and the fact that they represent the position of the organization and the type of influence. These aspects include: strategy, environment, size, technology, and culture.

b- Structural aspects: these aspects represent the internal properties. They can be considered as a basis by which the structures can b determined and compared with each other most theorists use twelve variables to define the structural aspects which are s follows:

- *Organizational Performance:*

Resulting from the execution of the duties by the employee: "in terms of a given time period, the sum of the behaviors shown by individuals in connection with their jobs. In other words, the performance and efficiency that employees show with respect to their employments."

Identifying the organizational structure of the Aghajari Oil and Gas Company and its relationship with organizational performance is resulted to the discovery of functional limitations. On the other hand, the identification of a suitable model for the structure of the organization would help the officials and company executives in improving organizational performance. The old structure and the lack of accountability and lack of upgrades and developments have lead to reduction of productivity and performance of employees. Since the efficiency of human resources is one of the organizational goals, the organizational structure should be reviewed in order to discuss its relationship with performance objectively. The positions within the organization do not meet the needs of the enormous amount of work in terms of quality and quantity. Considering recent growth in employments (relatively twice), no additional positions have been crated. The management of the organization has caused disappointment in employees which is mainly resulted of failure of upgrading the organizational structure.

Research Methodology:

According to the information provided above, the method is descriptive both in terms of how the data were collected and since the purpose of this study was to develop a practical knowledge of the relationship between organizational structure and corporate performance in the Aghajari Oil and Gas Company, also. It is also correlation since its purpose is to examine the relationships between variables in our study. Correlation study seeks to examine the relationship between a variable with one or more other variables.

Data acquisition method:

Questionnaire as one of the most common tool used in surveys consists of a series of targeted questions, which examines opinion, perspective and standpoint of the respondent. In this research, data collection in the library method is comprised of primary and secondary sources including books, articles, theses and the Internet. The field tool is questionnaires which are performed in several times by sampling the society.

Research findings:

i. The status of each of the variables:

Below we investigate the responses to each of the components of research specifically. In other words, we intend to seek the opinion of staff about the components in question. Since 5-point Likert is used for the range for each of the questions, the mean value response is 3. Therefore if the mean value of answer to a component is more than 3, it is assumed that the component status is quite good in employees' opinion. So we choose the null hypothesis as the status of each component is moderate that is, the mean value response equals to 3. One-sample t tests are used for the test and the amount 3 is assigned to the test (The mean of each component is equal to 3). Then the test is performed at a significance level of 5% and the obtained results are as in the following tables. If the significance level calculated from the test is less than 5 % it is concluded that the test is meaningful.

ii. The organizational performance:

- What is the status of the respondents in terms of performance?

$$H_0: \mu \text{ organizational performance} = 3$$

$$H_1: \mu \text{ organizational performance} \neq 3$$

The results of this analysis are presented in Table 1. As it can be seen, the null hypothesis that the average performance is equal to 3 has been confirmed. That level is significantly smaller than 05% which indicates that organizational performance is desired and more than 3.

Table 1: One-sample t-test results for organizational performance.

variables index	Mean value	count	Standard deviation	T	Degree of freedom	Significance level
organizational performance	3.78	350	0.12	169.481	349	0.00

The organization status in terms of organizational structure:

- What is the status of the respondents in terms of organizational structure?

The results of this analysis are presented in Table 2. As it can be seen, the null hypothesis that the mean structure is equal to 3, has been confirmed. The significance level is smaller than 05% which shows the organizational structure of the organization is desirable and more than 3

Table 2: One-sample t-test results for organizational structure.

variables index	Mean value	count	Standard deviation	T	Degree of freedom	Significance level
organizational structure	3.85	350	0.42	169.481	349	0.00

The results of the single-sample t-test for variables and their aspects are summarized the table below:

Table 3: test results of the analysis of the current status of research variables.

variable	Quality of desirability
Organizational structure	desirable
organizational performance	desirable

4.2. Research hypotheses test:

In this section, the hypotheses are investigated with taking appropriate analysis to test hypotheses. Using the Pearson correlation coefficient to assess the presence or absence of a relationship between the variables discussed.

- *Pearson correlation coefficient:*

4.2.1 Main hypothesis:

There is a relationship between organizational structure aspects and corporate performance in the Aghajari oil and Gas Company.

To test the above hypothesis, Pearson's correlation coefficient is used while the null hypothesis is assumed to be the absence of a significant linear relationship between organizational structure and corporate performance (ρ is the society correlation coefficient). By performing the test at a level of 05% of significance, the driven results are as follow:

Table 4: The correlation coefficient between the variables of the organizational structure and corporate performance.

Criterion variables	Statistical index	Correlation coefficient	probability	Sample count
Corporate performance	Structural performance	0.718	0.00	350

According to table the correlation coefficient is 0.718 and level of significance is 0.00 which is less than the level of significance of the test (0.5) and therefore it rejects the null hypothesis of the test. The conclusion of which is that there is a linear relationship between the two variables listed meaning that the test is significant. It can also be observed that the correlation coefficient is positive, indicating that this is a direct relationship between organizational structure and corporate performance.

4.2.2. *Subsidiary hypotheses:*

the complexity aspect of the organizational structure and corporate performance are associated in the Aghajari oil and Gas Exploration Company.

To test the above hypothesis, Pearson's correlation coefficient is used while the null hypothesis is assumed to be the absence of a significant linear relationship between organizational structure and complexity (ρ is the society correlation coefficient). By performing the test at a level of 05% of significance, the driven results are as follow:

Table 5: The correlation coefficient between the variables of the complexity and corporate performance.

Criterion variables	Statistical index	Correlation coefficient	probability	Sample count
Corporate performance	complexity	0.587	0.00	350

According to table the correlation coefficient is 0.587 and level of significance is 0.00 which is less than the level of significance of the test (0.5) and therefore it rejects the null hypothesis of the test. Thus, there is a linear relationship between the two variables tested and listed. It can also be seen that the correlation coefficient is positive, indicating that there is a direct relationship between complexity and performance.

The formality aspect of organizational structure and corporate performance are associated in the Aghajari oil and Gas Exploration Company:

To test the above hypothesis, Pearson's correlation coefficient is used while the null hypothesis is assumed to be the absence of a significant linear relationship between organizational structure and formality (ρ is the society correlation coefficient). By performing the test at a level of 05% of significance, the driven results are as follow:

Table 6: The correlation coefficient between the variables of the formality and corporate performance.

Criterion variables	Statistical index	Correlation coefficient	probability	Sample count
Corporate performance	formality	0.321	0.00	350

According to table the correlation coefficient is 0.321 and level of significance is 0.00 which is less than the level of significance of the test (0.5) and therefore it rejects the null hypothesis of the test. Thus, there is a linear relationship between the two variables tested and listed. It can also be seen that the correlation coefficient is positive, indicating that there is a direct relationship between formality and performance.

The focus of the organizational structure and corporate are associated in the Aghajari oil and Gas Exploration Company:

To test the above hypothesis, Pearson's correlation coefficient is used while the null hypothesis is assumed to be the absence of a significant linear relationship between organizational structure and focusing (ρ is the society correlation coefficient). By performing the test at a level of 05% of significance, the driven results are as follow:

Table 7: The correlation coefficient between the variables of the focusing and corporate performance.

Criterion variables	Statistical index	Correlation coefficient	probability	Sample count
Corporate performance	focusing	0.452	0.00	350

According to table the correlation coefficient is 0.452 and level of significance is 0.00 which is less than the level of significance of the test (0.5) and therefore it rejects the null hypothesis of the test. Thus, there is a linear relationship between the two variables tested and listed. It can also be seen that the correlation coefficient is positive, indicating that there is a direct relationship between focusing and performance.

Discussions And Conclusions:

5.1. the results of testing the test hypotheses:

Main hypothesis:

- The aspects of organizational structures are associated with the corporate performance in the Aghajari oil and Gas Exploration Company.

Subsidiary hypotheses:

- The complexity aspect of the organizational structure and corporate performance are associated in the Aghajari oil and Gas Exploration Company.
- The formality aspect of organizational structure and corporate performance are associated in the Aghajari oil and Gas Exploration Company.
- The focus of the organizational structure and corporate are associated in the Aghajari oil and Gas Exploration Company.

Research hypothesis suggests that the organizational structure have impacts on the aspects of organizational performance which is confirmed by the results of the correlation coefficient analysis on the data. The results are also in good agreement with the results of the Majidi *et al.* ("The impact of organizational structure in improving the performance of Police Training University") in which the authors claim that technology and corporate performance are significantly associated and also that current technology is sophisticated with very organic structure. In contrast, the results do not agree with the results of Zheng *et al.* In their work, entitled as "The impact of culture, strategy on organizational structure of the organization with knowledge management intervention" it is concluded that the organizational structures have negative effects on corporate performance. Also by considering the role of the chain of supply, Germain *et al* in a study entitled as "Organizational structure and performance: the impact of unpredictable demand" found that the formal structures in environments with little change has positive effects on financial performance whereas in dynamic environments negative effects on performance are seen. Chen and Huang in their study of "how the structure of knowledge management affects the organizational performance" found that non-concentration and informality of structure have desirable effects on performance. The proof the main hypothesis of this research indicates that structures can be effective in improving the performance of Aghajari Oil and Gas Exploration Company which also confirms the theories proposed by Desler, Seyed Jvady, Robbins and Akhoundi. The behavior of the staff can be predicted or explained with respect to the structure s of the organization. This means that in addition to individual and group factors, relationships between people in the organization can enormously affect the behavior and attitude of the employees. A persons attitude and what can improve her or his performance depends on the matter that to which extent the company eliminates ambiguities and clarifies the following subjects: "what am I expected to do? , how am I expected to do it? To whom I must report the results of my work? Who to go to if something happens?"

Using organizational structures can result in formal division of tasks and coordination of works by creating sub categories in which the staff can gain proper specialties which greatly improves the performance.

6. Suggestions for future research;

The responses of different groups of employees can be compared with respect to their various backgrounds and of different age groups in further investigations. The following research topics also can be suggested due to the results of current research:

Generalization of these results by carrying out this work in other organizations (manufacturing and services)

Comparative studies in other areas of country.

In addition to organizational structure, the study of environmental, organizational and individual variables can also be the subject of further investigations in order to obtain higher predictable variance.

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