

ST. MARY'S UNIVERSITY COLLEGE
FACULTY OF BUSINESS
DEPARTMENT OF MANAGEMENT

AN ASSESSMENT OF ORGANIZATIONAL STRUCTURE ON
ETHIOPIAN AIRPORTS ENTERPRISE

BY

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SMUC

ADDIS ABABA

**AN ASSESSMENT OF ORGANIZATIONAL STRUCTURE ON
ETHIOPIAN AIRPORTS ENTERPRISE /BOLE/**

BY

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DECLARATION

I the undersigned, declare that this senior essay is my original work, prepared under the guidance of Ato Yimer Adem. All sources of materials used for the manuscript have been duly acknowledged.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Organizations are described as systems developed to achieve some goals. How do these organizations coordinate and control the activities of their employees to achieve their goals? The answer is tied to the concept of organization structure. Whenever organizations identify organization structure through strategic planning, managers should design and implement workable structure. Basically, there are different forms of organization structure: line structure, line staff structure and fictionalized structure (Alan and Chole, 1998:207).

According to Kumer (2003:129) Organizational structure is arrangement of activities and assignment of personal to these activities in order to achieve the organizational goals. It is a way by which various parts of an organization are tied together in a coordinated manner and it illustrated the various relationships among various levels of hierarchy within the organization as well as horizontal relationships among various aspects of organization operational (Ibid)

Organizational structure has been described as the process of establishing relationship among functions, personal and physical factors. In a sense an organization structures goal is to create regulated teamwork in the maximization of efforts toward a common objective (Ibid).

Organizational structure is the process of building a team of highly talented, professional, ambitious and enthusiastic individuals to achieve our set goals and targets. Effective employee management and business expansion are the main reasons for the necessity of a systematic organizational structure (<http://Buzzle.com>:2004).

Thus, the organization structure should be governed by objective and organizational policies and procedures. When organizational structure is not workable, employees lose hope and their organization and consequently, their performance decline which contributes to the failure of the organization. However, if an organization tries to have a workable structure and in turn develops employee confidence, the result will be positive and a great effect is the organization (Alan and Choler, 1998:207).

Organization structure is formal and informal framework of policies and rules, within which an organization arranges its lines of authority and communications, and allocates rights and duties. Organizational structure determines the manner and extent to which roles, power, and responsibilities are delegated, controlled, and coordinated, and how information flows between levels of management. This structure depends entirely on the organization's objectives and the strategy chosen to achieve them. In a centralized structure, the decision making power is concentrated in the top layer of the management and tight control is exercised over departments and divisions. In a decentralized structure, the decision making power is distributed and the departments and divisions have varying degrees of autonomy (<http:// Buzzle.com>:2004).

The Ethiopia Airports Enterprise (EAE) is established as a public enterprise by the council of ministers regulation number 82/2003 on 24 January 2003. It is responsible to construct, operate, maintain and administer the Airport services for aircraft, passengers and other users.

Therefore, the research work proposes here is to examine organization structure policies and procedures; and also practices of Ethiopian Airports Enterprise (EAE) which is public owned enterprise responsible for the construction, maintenance and administration of Airports in Ethiopia.

1.2. Statement of the problem

Organizational structure is formal and informal framework of policies and rules, within which an organization arranges its lines of authority and communications, and allocates rights and duties. The organizational structure should be designed where each person's efforts add to organization structure is an instrument of management to facilitate accomplishment of basic objectives of the organization. However, if the organizational structure is perceived poorly, it can be source of dissatisfaction and may lead to poor working climate in the organizations. The research concerned with the problems on the enterprise's organizational structure, policy and procedure i.e, the policy and procedure formulation were so weak, poor communication of the policy and procedure of organization structure, the work flow was stagnant, there were dalliance in the process and the enterprise might not competent and efficient in its service giving. All problems were obtained by questionnaire, interview and observation, and the study focused on the challenges and problems of existing organizational structure of the enterprise, at head office.

1.3 Research Question

In this study the following question relating to organization structure situation in Ethiopian Airports Enterprise were addressed:

- 1 What policy and procedures were practiced in the organization structure in the Enterprise?
- 2 What challenges and problems are faced by the enterprise's organizational structure?
3. To what extent the problem of the organizational structure affects the overall activities in the enterprise?
4. What effort is made to overcome problems and challenges?

1.4. Objective of the study

The research has general and specific objectives.

1.4.1 General objective

This research is to evaluate the degree and depth of the problem of organizational structure towards in the achievement of the Enterprises goals.

1.4.2 Specific objectives of:-

- To examine the policies and procedures of organization structure in the Enterprise's goal.
- To identify the majors problem and challenges with respect to the present organizational structure.
- To find out the extent in which the problems and challenges affect the enterprise activities
- To indentify the efforts made to overcome the challenges and problem.

1.5. Significance of the Study

Since this study was an effort to evaluate the organizational structure in Ethiopia Airports Enterprise, the findings were tried to reveal the problems of organizational structure in the enterprise and possible recommendation were suggested that will help to improve the functions of human resource management. Therefore, the research were provided some possible solutions to recently existed problems and maintained strengths and helped the organization management to realize the weakness in relation to decision making practices of the enterprise.

It may also serve as a ground to initiate other researchers who are interested to perform an in-depth study on organizational structure of the Enterprise.

In addition, the study undertaken on such enormous Enterprise will helped others organization to see their positions in relation to the performance of Ethiopian Airports Enterprise with regard to organizational structure.

2.6. Scope of the Study

The Ethiopian Airports enterprise is under the ministry of transport & communication and the board of management reports to the ministry and responsible for the enterprise. And then, the general manger administers the enterprise; there are six line departments namely audit & inspection service, legal service, reform project office, corporate service bureau, plan & corporate market development coordinative and engineering & regional airports bureau. The corporate service bureau has three department offices; these are human resources & development Administration (under this department personnel Administration team, general service transport & maintenance team, organization training team is there), finance service (which incorporates general accountant's team and cost and budget team) and purchasing & property administration service (it has two teams: the purchasing and stock). The research covered only the problems on the organizational structure, policies, process and procedures of the corporate service bureau of Ethiopian Airports Enterprise as of 2008 up to 2010 at head office.

Accordingly, the researcher tried to find out potential problems in relation with the organizational structure of the corporate service bureau and recommended some possible solutions.

1.7. Research Design and Methodology

1.7.1 Research Design

Descriptive survey, research design method, was used to collect and analyses data. Thus, the research responded questions like the 'what', 'when' and the 'who' and investigated the 'which' aspect of the subject matter.

1.7.2 Population and Sampling Techniques

According to the Year 2010/2011, Ethiopian Airports Enterprise performance report shows that there are 834 employees (659 male and 175 female) staffed throughout the country in 17 branch offices, including Addis Ababa. From these employees, 230 are under the head office (136 male and 94 female). As a general rule, when the total population is less than 1000, the sample to be considered is 30% of the available population. Accordingly, the researcher used simple random sampling technique from 230 employees and out of these employees 110 are under the corporate service bureau. The research intended to take 30% of them which was 33 employees selected as research sample.

Due to location, availability of information and the enterprise adopted identical organizational structure in all departments and branch offices. The sample study was taken from the head office, corporate service bureau, as the specific study area. So that studying the corporate service bureau indirectly showed the overall activities of the enterprise. When grouping the total employees of the enterprise as managers and employees, the variability was low.

1.7.3 Type of Data Collected

The research was being conducted through qualitative and quantitative data collection methods and also used primary and secondary data sources. Primary data were collected from employees, managers and supervisors. These helped to get accurate, reliable and up to date information required where as secondary data were gathered from reports, research materials, books, articles etc, these helped to get the information required quickly and easily.

1.7.4 Methods of Data collection

The researcher also gathered the relevant information using primary and secondary data in the following ways:

- Secondary data were collected from existing documents, reports, research materials, books, articles etc, though document analysis.
- Primary data were gathered using questionnaires. The questionnaires prepared in English and Amharic language and distributed for supervisors and employees. In addition to this, interview and observation was made in order to dig out more information.

1.7.5. Data Analysis Methods

Descriptive statistics was used to analyze the raw data gathered through questionnaire. On the hand data gathered form books, published and unpublished literature, pamphlet, was analyzed qualitatively processed and analyzed and presented by using tables and percentage.

1.8 Limitation of the study

In order to make a good research it required availability of sufficient time, money and other resources. In this study, the main constraints were finance and time; and also carelessness of employees in filling out the questionnaire another limitation of the study.

1.9 Organization of the Study

The research paper has four chapters. The first chapter covered background of the study, statement of the problem, research question, objectives, significance, scope (delimitation) of the study and the research design and methodology. The second chapter deals with related literature review on the issue of organizational structure. The third chapter focused on data presentation and analysis. Finally, summary and conclusion were drawn; and possible recommendations were suggested in chapter four.

CHAPTER TWO

Review of Related Literature

2.1. Organizational Structure

Organization structure is a pattern of relationships many interwoven, simultaneous relationships through which people, under the direction of the managers. The goal the managers develop through planning are typically ambitious, far-reaching, and open-ended managers of an organization need a stable, understandable framework within which they can work together toward organizational goals (Gilbert, 1998:314).

Organization structures are not fixed position but dynamic changing patterns of coordination and relationship (Ibid).

As Rbbin (1990:270) Organization structure by analogy can be defined as networks of formally sanctioned and relatively durable relationship between individual and organization arrangements. They define patterns of control and coordination, authority, and workflow and communication that influence the activities of its employees.

Organization is group of people working together co-operatively under 'authority toward achieving goals and objectives that mutually benefit the participants and the organization. Kossen states that " an organization is a group of individuals' co- ordinate in to different levels of authority and segments of specialization or the purpose of achieving the goals and objective of the organization ". On the other hand ,Allen defines an organization and << The process of identifying and grouping the work to be performed, defining and delegating responsibility and establishing relationship for the purpose of enabling people to work most effectively together in establishing of objectives >> (Ibid).

2.2. Organization process

The organization process is the forming of structural inter- personal relationship. The process involves eight steps.

- i. Determination of organizational goal or objectives to be strived for
- ii. Determination of the task requirements necessary to achieve the goals.
- iii. Division of tasks in to different job to find out how many personnel will be needed for the complete tasks.
- iv. Integration of job into departments or other work group to take advantage of the specialization and efficiency.
- v. Selection of personnel to fill jobs.
- vi. Assignment of work positions to the individuals
- vii. Granting the authority to the people to carry out the duties of their jobs.
- viii. Determination of superior subordinate relationships for facilitating the performance evaluation (C.B MAMORIA .S.V. GANKAR,1998: 108)

An organization is a mechanism with which a management directs co-ordinates and controls the activities of man. It is distinct from an 'administration'. As Sheldon has said " an organization is the formation of an effective machine, the management of an effective executive and the administration if an effective direction. Administration determines the management uses it. An organization is a machine of management in its achievement of the ends determined by its administration (Ibid) .

2.3 Type of Organizational structures

Every organization to be effective must have an organizational structure. But what is an organizational structure? It is the form of structure that determines the hierarchy and the reporting structure in the organization. It is also called

organizational chart. There are different types of organization structures that companies follow depending on a variety of things; it can be based on geographical regions, products or hierarchy. To put it simply an organizational structure is a plan that shows the organization of work and the systematic arrangement of work (<http://Buzzle.com:2004>).

There are different types of organizational structures and a company should choose the one that best suits to their needs (Ibid).

2.3.1 Traditional Structures

These are the structures that are based on functional division and departments. These are the kind of structures that follow the organization's rules and procedures to the T. they are characterized by having precise authority lines for all levels in the management. Under types of structures under traditional structures are (Ibid).

- **Line Structure**

This is the kind of structure that has a very specific line of command. The approvals and orders in this kind of structure come from top to bottom in a line. Hence the name line structure. This kind of structure is suitable for smaller organizations like small accounting firms and law offices. This is the sort of structure that allows for easy decision making, and also very informal in nature. They have fewer departments, which makes the entire organization a very decentralized one (Ibid).

- **Line and Staff Structure**

Though line structure is suitable for most organizations, especially small ones, it is not effective for larger companies. This is where the line and staff organizational structure comes into play. Line and structure combines the line structure where information and approvals come from top to bottom, with staff

departments for support and specialization. Line and staff organizational structures are more centralized. Managers of line and staff have authority over their subordinates, but staff managers have no authority over line managers and their subordinates. The decision making process becomes slower in this type of organizational structure because of the layers and guidelines that are typical to it, and lets not forget the formality involved (Ibid).

- **Functional structure**

This kind of organizational structure classifies people according to the function they perform in their professional life or according to the functions performed by them in the organization. The organization chart for a functional based organization consists of Vice President, Sales department, Customer Service Department, Engineering or production department, accounting department and Administrative department (Ibid).

2.3.2 Divisional Structures

This is the kind of structure that is based on the different divisions in the organization. These structures can be further divided into:

- **Product structure**

A product structure is based on organizing employees and work on the basis of the different types of products. If the company produces three different types of products, they will have three different divisions for these products(Ibid).

- **Market Structure**

Market structure is used to group employees on the basis of specific market the company sells in. a company could have 3 different markets they use and according to this structure, each would be a separate division in the structure (Ibid).

- **Geographic structure**

Large organizations have offices at different place, for example there could be a north zone, south zone, west and east zone. The organizational structure would then follow a zonal region structure (Ibid).

2.4 Function of an Organization

An organization tries to establish an effective behavioral relationship among selected employees and in selected work place in order that a group may work together effectively.

There are three kinds of work which must be performed whenever an organization comes into being, On the other hand division of labour, combination of labour and co-ordination, i.e. The work the people and the relationship between them. These are known as the fundamentals in every successful organization (Ibid).

2.4.1 Division of labor

Since an organization is a structure of human association for the achievement of Common goals, it involves individuals and groups of individuals when two or more individuals join together to perform certain tasks, it follows that some division of work is done. Properly or improperly, fairly or unfairly, work is divided among those who participate in a productive organization. With effective planning and organization in an enterprise, the division of labour leads to a fixing of responsibility, the delegation of authority specialization and other conceptual schemes which are frequently called the principle of an organization (Gankar, 1998:109).

2.4.2 Combination of labor

With work divided and assigned to the members of an organization their activities are grouped together, forming operations and operations are arranged to establish systems and procedures. From a structural point of view, this grouping

of activities results in units, departments and divisions of an organization. The basis for their grouping of activities may be the skills of the workers, the tools and machinery used, the nature of the product, the materials employed or some other element whether it is logical or not, there is always some reason for the arrangement of tasks in a work place (Ibid).

2.4.3 Co- ordination

This all – inclusive principle emerges because of the need in every organization for the integration of activities and the co-ordination of individual and groups of individuals performing their tasks co-ordination is achieved through leadership of responsibility and the delegation of authority. It establishes controls which provide for an efficient scheduling and performance of activities (Ibid).

2.5 Essential Feature of good Organization structure

In order to make the organization structure more effective, we should bear in mind the essential feature of a good organization structure that can meet the demand of various factors namely environment, technology, size and people. The following are some major consideration (Kumar, 2003:132).

2.5.1 Clear line Authority

There must be a clear of authority running form the top to the bottom of the organization. Clarity of line is achieved through delegation by steps form the highest executive to the lowest worker having the least responsibility and no authority over other. Failure to clarify the line of authority, results in friction, politics and inefficiencies (Kumar, 2003:132).

2.5.2 Adequate delegation of Authority

Every person in the organization must get adequate to meet his obligation to meet his obligations according to situations. Authority is vested in the top most executive and is delegated to his subordinates wherever necessary to meet their

obligations. If sufficient authority is not delegated, the top most executive or the person vesting the authority faces various problems such as bottleneck in decision- making, delay in decision implementation, pressure on higher level, and less motivation to subordinates. These all problems hamper the growth of the organization (Ibid)

2.5.3 Minimum managerial levels

As far as possible, the managerial levels in an organization should kept minimum. The greater the number of levels, the larger the chain of command and the longer the time in travelling the message up and down. Though, the number of levels is not certain, yet it serves as a guideline (Ibid).

2.5.4 Unity of direction

Every person in the organization should be directed only by one boss as far as possible relating to a single major function. This is based on the principle of specialization and unity of direction. Multiplication of direction may create confusion and may lead to role conflict (Ibid).

2.5.5. Application of ultimate responsibility

The superior at higher level is ultimately responsible for the acts of his subordinates. The authority flows from superior to subordinate along with responsibilities. The higher level manager is, hereby not relieved of his responsibilities for the acts delegated to the subordinates (Ibid).

2.5.6 Span of control

Span of control refers to the number of subordinates, a manager can directly supervise. There is a limit on this number but this limit cannot be applied universally because several factors such nature of superior and that of a subordinates, nature of work type of planning, degree of decentralization, communication techniques, etc. Affect the span of control (Kumar, 2003:132).

2.5.7 Simplicity

The organization should be designed as possible taking in to account the essential networker but leaving no room for confusion and ambiguity. Too many levels or communicational channels, or committees, or multiple of command or too much coordination often creates more problems rather to solve them (Kumar, 2003:133).

2.5.8 Flexibility

The organization structure should be flexible enough so that it can be adjusted according to changing conditions in future. In other worlds it should be designed in such a way that it may fulfill not only the present needs but also a long future needs of the organization because changes, in the organization is a must due to various environmental changes and other compelling reasons. If structure is not flexible, it will be very difficult to incorporate the change without much difficulty (Kumar, 2003:133).

2.5.9 Due Consideration for Group

In a corporate form of organization, there are two top group i.e shareholder groups and director group. These two top groups do not meet on regular basis and are quite indifferent to the day to day working but on the other hand these two groups affect the organizational functioning quit seriously. It is the top executive who is responsible for overall management. Thus good organization structure should provide for maintaining a relationship between the organization functionaries and the top groups.

2.5.10 Proper emphasis on staff activities

In an organization, line and staff activities should be given due. A staff activity is an activity which contributes indirectly to the organization in the performance of a line activity. On the other hand, line activity is that activity which serves the organization directly. Both of these activities should be spelled out clearly so that

working of organization may be smooth and unnecessary conflicts between line and staff activities may be avoided (Ibid).

2.6 Element of Organization Structure

The division of labor coordination of work represents the fundamental requirements of organization. These requirements relate to six basic elements of organization (Glinow, 2003:563)

2.6.1 Work Specialization

Work specialization ensures that each employee has a set of specific duties they're expected to perform based on their work experience, education and skills. It prevents employees from being expected to perform tasks for which they have no previous experience or training (Glinow, 2003:563)

According to Berer, Rollibson work specialization which expresses the division of labour and general patterns of work organization at lower levels, has some relationship to configuration. However, it is much more strongly focused on the micro elements of structure and reflects management philosophies about whether it is advantageous to have narrow, specialized jobs rather than those which are broad and multi-skilled (Ibid).

2.6.2 Departmentalization

The departmentalization element breaks down how jobs are grouped together to create departments. Departments are created based on the types of jobs employees perform, the products or brands they're assigned to, geographical locations or customer needs (<http://Buzzle.com>:2004).

2.6.7 Chain of Command

In a company, each employee is expected to report to one manager, rather than to several. Managers are responsible for assigning tasks, informing employees of expectations and deadlines and offering motivation. Managers are also available

to answer job-related questions from employees and handle conflicts within their departments. Employees are responsible for completing duties assigned to them by their manager accurately and in a timely fashion (Ibid).

The chain of command is an unbroken line of authority that extends from the top of the organization to the lowest echelon and clarifies who reports to whom. It answers questions for employees such as “to whom do I go if I have a problem?” and “to whom am I responsible?”. Discuss the chain of command without discussing two complementary concepts: authority and unity of command. Authority refers to the rights inherent in a managerial position to give a place in the chain of command, and each manager is given a degree of authority in order to meet his or her responsibilities. The unity of command principle helps preserve the concept of an unbroken line of authority. It states that a person should have one and only one superior to whom he or she is directly responsible. If the unity of command is broken, a subordinate might have to cope with conflicting demands or priorities from several superiors (Ibid).

2.6.8 Span of Control

Span of control suggests how many employees each manager can handle within an organization. This element of organizational structure also outlines the number of managers an organization needs, which is typically determined based on the number of employees and departments a company has. (Kumar, 2003:133).

2.6.9 Centralization and Decentralization

Centralization and decentralization represents element of organization design. Centralization means that formal decision authority is held by a small group of people, typically those at the top of the organization hierarchy. Most organizations begin with centralized structures as the founder makes most of the decisions and tries to direct the business toward his or her vision. But as organizations grow they become more work activities are divided into more specialized functions, a

broader range of products or services is introduced, and operations expand into different regions or countries (Steven L. Mchane, 1998:567).

Organizational complexity may encourage decentralization but other forces push for centralization. Senior executives centralize to increase their power over organization events. They particularly try to gain decision making control during times of turbulence and organizational crisis. Yet when the problems are over, these leaders are reluctant to decentralize decision making to lower levels (Steven L. Mchane, 1998:567).

In a centralized organization, all decisions are made by c-level managers such as the chief executive officer, chief operating officer and chief marketing officer. Centralization leaves department managers with little to no input. This system is typical in larger, corporate organizations. A decentralized system affords all managers the opportunity to give input, while bigger decisions are still made by c-level managers (Ibid).

2.6.10 Formalization

Formalization is the degree to which organizations standardize behavior through rules, procedures, formal training, and related mechanisms. In other words, formalization represents the establishment of standardization as a coordinating mechanism (Ibid).

Formalization is the element that outlines employee roles within a workplace, as defined by the rules and guidelines developed by management. Formalization determines whether employees have to sign in and out upon arriving and exiting the office, frequency and length of breaks, computer usage and dress code (Ibid)

According to Berer, Rollibson, the formalization reflects the extent to which formal rule and procedures govern activities in an organization & in particular, whether the nature of work is prescribed in rules that specify what shall be done and, often how it will be done. Rules and procedure can be implicit as well as explicit and can be used either to prescribe what should be done or to proscribe what is for bidden.

Explicit rules are usually set down in writing, for example in job descriptions, policy documents and standard operating procedures. However, these can cover all the day- to day adjustments that are necessary to adapt to changing conditions. Implicit or informal rules are often constructed in a way (brief and dwney 1983 but, unless they are eventually formalized, these tend not to become part of an organization formal structural arrangements (Ibid).

2.7 Forms of Departmentalization

Departmentalization encourages coordination through informal communication between people and subunits. With common supervision and resources, members within each configuration typically work near each other, so they can use frequent and informal interaction to get the work done. There are almost as many organizational charts as there are businesses, but we can identify four pure types of departmentalization: simple, functional, divisional, and matrix. Few companies fit exactly into any of these categories, but they represent a useful framework for discussing more complex hybrid forms of departmentalization (Steven L. Mchsane, 1998:567).

2.7.1 Simple structure

Most companies begin with a simple structure. They employ only a few people and typically offer only one distinct product or service. There is minimal hierarchy usually just employees reporting to the owners. Employees are grouped into broadly defined roles because there are insufficient economies of scale to assign them to specialized roles. Simple structures are flexible. Yet they usually depend on the owners' direct supervision to coordinate work activities. Consequently this structure is very difficult to operate under complex conditions. For instance, as opus event marketing expanded into diverse marketing services, it added professionals to coordinate more specialized roles. In doing the Richmond, Virginia, company evolved away from the simple structure (Steven L. Mchsane, 1998:572).

2.7.2 Functional structure

A functional structure organizes employees around specific knowledge or other resource. Employees with marketing expertise are grouped in to a marketing unit those with production skills are located in manufacturing engineers are found in product development, and so on. Organizations with functional structures are typically centralized to coordinate their activities effectively. Coordination through standardization of work processes is the most common form of coordination used in functional structure. Most organizations use functional structures at some level or at some time in their development (Ibid).

2.7.2.1 Advantage of functional structure

An important advantage of functional structures is that they foster professional identity and clarify career paths. They permit greater specialization so that the organization has expertise in each area. Direct supervision is easier because managers have backgrounds in that functional area and employees approach them with common problems and issues. Finally, functional structures create common pools of talent that typically serve everyone in the organization. This creates an economy of scale that would not exist if functional specialists were spread over different parts of the organization (Ibid).

2.7.2.2 Limitations of functional structure

Because people are grouped together according to common interests and background, these designs promote differentiation among functions. For this reason, functional structures tend to have higher dysfunctional conflict and poorer coordination with other work units. A related concern is that functional structures tend to emphasize subunit goals over super-ordinate organizational units are less likely to give priority to the company's product or service than to the goals of their specific department. Unless people are transferred from one function to the next, they fail to develop a broader understanding of the business.

Together, these problems require substantial formal controls and coordination when functional structures are used (Ibid).

2.7.3 Divisional structure

A divisional structure groups employees around geographic areas, clients, or outputs (product/service). Divisional structures are sometimes called strategic business units (SBUS) because they are normally more autonomous than functional structures and may operate as subsidiaries rather than as departments of the enterprise (Steven L. Mchsane, 1998:573).

According to Amrik Singh.Sudan N. Kumer (2003:156) divisional or departmental organization involves grouping of people of or activities with similar characteristic in to a single departments or unit .also known as self –contained structures, these departments operate as if these were small organization under a large organization umbrella, meeting divisional goals as prescribed by organization policies and plans. The decisions are generally decentralized so that the departments guide their own activities. This facilitates communication, coordination and control, thus contributing to the organization success. Because the units are independents and semi autonomous, it provides satisfaction to the managers which in turn improve efficiency and effectiveness.

2.7.4 Matrix structure

The matrix structure offers a potential solution to this dilemma by combining or overlaying two structures. The idea behind this combination is to leverage the benefits both type of structure. The most common form of matrix structure occurs in project- based organizations (Steven L. Mchsane, 1998:574).

According to Berer, Rollibson a matrix structure is that the employees within it report to two bosses rather than the traditional one. There is thus a dual rather

than a single chain of command. This occurs because in a matrix, one type of structure has been superimposed upon another one. The matrix structure was developed in the late 1950's to cope with increasingly complex technological problem and rates of change (Ibid).

2.7.5 Hybrid structure

Very few organizations adopt a purely functional, divisional, or matrix structure. Instead, they combine some parts of various designs into a hybrid structure. Research suggests that multinational corporations need to develop structures and systems that maintain some balance of power and effectiveness across functional, product, geographic, and client- focused units. In other words, they must ensure that functional managers do not dominate product managers; product managers, product managers do not dominate regional managers, and so forth (Steven L. Mchsane, 1998:577).

2.7.6 Team – based (lateral) structure

Team – based organizational structures is that they have a very flat hierarchy, usually with no more that two or three management levels. The criterion group and other organizations delegate most supervisory activity to the team by having members take turns as the coordinator. Finally, this type of structure has very little formalization. Almost all day to day decisions are made by team members rather than someone further up the organizational hierarchy. Teams are given relatively few rules about how the organizing their work. Instead, the executive team typically assigns out put goals to the team, such as the volume and quality of product or service, or productivity improvement targets for the work process. Teams are than encouraged to use available resources and their own initiative to achieve those objectives (Steven L. Mchsane, 1998:441).

2.8 Contingency Factor Affecting of Organizational Structure

Organizational theorists and practitioner are interested not only in the element of organization structure, but also in the contingencies that determine or influence the optimal structure. In this section we introduce for contingencies of organizational structure: size, technology, environment, and strategy (Steven L. Mchsane, 1998:583).

2.8.1 Environment

Organizations are systems which continuously interact with outside environment. The macro environment of business today has considerable impact on the internal operations of the organization, especially if the organization is a large one. These external factors include the customer, cultural and economic conditions as well as international environment. The organization structure would depend up on whether such external environment is stable or whether there are dynamic and rapid changes in it (Kumar, 2003:145).

2.8.2 Size

The size of the organization, as measured by the number of people working in the organization would determine as to which type of structure would be more effective. As the organization grows in size, it increases the number of function departments, the number of managerial levels, extent of specialization, number of employees with diversified, the resulting in increase in the degree of coordination required among members of the organization and this further results in increase in related problems. This requires a high degree of discipline and formally structured chain of command giving rise to classical and mechanistic structure (Kumar, 2003:145).

2.8.2 Strategy

An organization structure is a means to help management achieve its objectives. Since objectives are derived from organization's overall strategy, it is only logical

that strategy and structure should be closely linked. More specifically, structure, should follow strategy. If management makes a significant change in its organization's strategy, the structure will need to be modified to accommodate and support this change (Kumar, 2003:145).

2.8.3 Technology

The term technology refers to how an organization transfers its input into outputs. Every organization has at least one technology for converting financial, human and physical resources into products or services.

What relationships have been found between technology and structure? Although the relationship is not overwhelmingly strong, we find that routine tasks are associated with the presence of rule manuals, job descriptions, and other formalized documentation. Finally there has been found to be interesting relationship between technology and centralization. It seems logical that routine technologies would be associated with a centralized structure, whereas non routine technologies, which rely more heavily on the knowledge of specialists, would be characterized by delegated decision authority. This position has met with some support. However a more generalized conclusion is that the technology – centralization relationship is moderated by the degree formalization (Kumar, 2003:145).

Formal regulations and centralized decision making are both control mechanisms and management can substitute one for the other. Routine technologies should be associated with centralized control if there is a minimum of rules and regulation; however, if formalization is high, routine technology can be accompanied by decentralization. So, we would predict that routine technology would lead to centralization but only if formalization is low (Ibid).

CHAPTER THREE

Data analysis, Interpretation and presentation

This chapter contains an explanation of the results of the data obtained from the respondents. Analysis of the results provides answer to the questions posed in chapter 1 concerning the organizational structure of the EAE.

The respondents were 33 in number and 8 employees failed to provide response and were rejected from the sample which would have made total subjects 33. The responses given by employees and supervisors are analyzed simultaneously since they deal with the same idea.

3.1 Personal Character of Respondents

Personal character of the Enterprise's employees possibly has an effect on the results of this study and the personal data of sampled employees of the Enterprise are summarized in Table 1 below. It is to be noted that the persona characters presented in the Table is more or less good representative of type of employees the Enterprise have during the study period.

Table 1 Personal Profile of the Respondents

S/N	characteristics	Respondents		
		In number	Percentage %	
1	Sex			
	Female	9	36	
	Male	16	64	
	Total	25	100	
2	Age			
	18-23	7	28	
	24-28	5	20	
	29-33	4	16	
	34 and above	9	36	
	Total	25	100	
	3	Educational level		
		High school complete	5	20
Certificate		4	16	
Diploma		5	20	
1 st Degree		7	28	
2 nd Degree		4	16	
Total		25	100	
4		Years of service		
	1-3	4	16	
	4-6	5	20	
	7-9	7	28	
	10 & above	9	36	
	Total	25	100	

Table 1 item 1 above shows that the EAE's staffs are dominantly male i.e. 16(64%) of the total respondents are male. This is probably the reflection of the country's general statistics of work force and the nature of the job is more suitable for male than female. Yet, a number of researches contend that men are more ambitious than women though no conclusive evidence can be made in this regard. (Banerjee: 1994: 74).

Secondly, from item 2 what can be observed is that about 16 (64%) of the employees of EAE are young under the age category of 18 to 33. This fact may indicate this people have to win first their spurs and have no immediate expectation of self esteem. However, they can quickly become baffled by ultraconservative and unimaginative attitudes and feelings which will lead them to question the logic of established practices such as questioning the importance of years of experience for organizational structure.

The third item is the educational level of the employees; in this regard more than 16(64%) of the EAE's employees are above diploma holders. Since 64% of the respondents have diploma and above, this can imply that the employees would have enough knowledge about the organization structure.

The Fourth item considered is years of experience in the organization. In this situation 21(84%) employees are above four years of experience. And therefore, from this analysis, one can conclude that the employees may have enough knowledge about the organization structure.

The fact that these characteristics are complex in nature, it is not possible to make definite conclusion as to their impact in the perception of the employees on the EAE organizational structures practices and situation. But the personal characteristics of the respondents may have its own impact on the findings of this research.

3.4. Organizational structures of EAE

This section consists of the analysis of the results obtained from the questionnaires filled by the employees, interview conducted, document reviewed and observation made on the organizational structures situations of the Enterprise.

Table: 2 policy and procedure organizational structure

No.	Question	yes		No		Do not know		Total	
		No.	%	No.	%	No.	%	No.	%
1	Is there any policy and procedure regarding your organization structure?	10	40	8	32	7	28	25	100

As shown in the table 10(40%) of respondents said that as they know, 8(32%) of them said that there are no polices and procedure and the rest 7(28%) said that they do not know any policy and procedure regarding of the organization structure.

From this, it is clear that relatively large number of respondents of the Enterprise have no sound awareness of the EAE's organization structure.

Table: 3. Employees participation, the management attention and communication on Organization Structure

No.	Question	Very high		high		Medium		low		Very low		Total	
		No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
2	Employees participation in the in the formulation of the policy & procedure on organization structure?	3	12	2	8	4	16	10	40	6	24	25	100
3	The management attention to the organization structure policy and procedure	13	52	5	20	4	16	2	8	1	4	25	100
4	Communication the policy and procedure Employees	5	20	10	40	5	20	4	16	1	4	25	100

In table 3 question 2, EAE's Employees participation in the formulation of the policy & procedure of organization structure 3(12%) of the respondents said that very high, 2(8%) of them gave their answer saying high in participation of organization structure formulation, 4(16%) answered as medium, 10(40%) of the respondents said as low and 6(24%) said as very low. Thus, it is apparent that

the Enterprise did not make most of the employee to have better knowledge of the organization structure.

As indicated in table 3 question 3, the large proportion of the respondents 13(52%) consider that the management attention to the organization structure policy and procedure is very high and 5(20%) with the prevalence to encouraging to high attention, 4(16%) answered that as medium, 2(8%) respondents as low and 1(4%) respondents said that the management attention to the organization structure as very low. This implies that more than 19(88%) of the respondents organization that the management gives attention to the organization structure policy and procedure.

Further, in table 3 question 4, the employees were asked whether organizational structure may play important role in achieving communication of the policy and procedure, accordingly, 5(20%) of the respondent answered very high, 10(40%) consider that the communication the policy and procedure is high attention, 5(20%) answered that medium, 4(16%) answered as low and 1(4%) very low communication the policy and procedure.

Even if 15(60%) of the respondents answered as high and above, 10(40%) (i.e. medium 20%, low 4(16%), 1(4%) Very low) of the respondents reply indicates that the organization must seek and consider other means of achieving communication the policy and procedure to all employees.

Table 4. Coordination among Departments

No.	Question	Very high		high		Medium		low		Very low		Total	
		No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
5	Communication and Coordination between departments	10	40	8	32	5	20	2	8	-	-	25	100

As table 4 shows, 10(40%) of the respondents believe that the communication and coordination among departments of EAE free is from bias and discrimination. 8(32%) of the respondents answered that there is high communication and coordination between departments, 5(20%) of the respondent believe that there is medium, 2(8%) of respondent answered as low communication and coordination between departments.

Therefore, it is easy to understand from this fact that the EAE system has good perception by many of its workers which has great value to the Enterprise and has critical contribution to the organizational efficiency.

Table 5. Delegation of Authority

No.	Question	Very high		high		Medium		low		Very low		Total	
		No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
6	Delegation of Authority	2	8	3	12	8	32	12	48	-	-	25	100

According to table 5, 13(52%) of the respondents answered as very high, high and medium that delegation of authority is exercised in the enterprise. The rest 12(48%) replied that it is low.

This implies that lower levels of employees are not empowered. Thus, the Enterprise's management did not consider the delegation process and its effectiveness in terms of responsiveness.

Table 6 Positioning and Classification of departments

No.	Question	Very high		high		Medium		low		Very low		Total	
		No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
7	Positioning and Classification of departments	5	20	10	40	8	32	2	8	-	-	25	100

As indicated in table 6, the large proportion of the respondents 15(60%) consider that positioning and classification of departments is high, 8(32%) as medium and 2(8%) respondents answered as low. Almost 23(92%) of the respondents replied that positioning and classification of departments as medium and above. This implies that the enterprise's departments are well positioned and classified.

Table 7 Boss relationship

No.	Question	Yes		No		Partially yes		Total	
		No.	%	No.	%	No.	%	No.	%
8	Is there unclear subordinate and boss relationship your organization structure	4	16	14	56	7	28	25	100

From table 7, 14(56%) of the respondents confirmed that the Enterprise's boss and employees have clear relationship and 7(28%) said as partial. The respondents 4(16%) said the Enterprise does not have clear subordinate and boss relationship.

In addition to this, some of the bosses of the Enterprise were asked whether the Enterprise works towards to make clear relationship between subordinates and bosses and answered the Enterprise gives less attention to increase the subordinates and bosses relationship.

From the discussion, the answer of the 4(16 %) of the respondents and the higher official make it clear that the Enterprise does not give training, workshops or seminars for its employees and bosses to make clear relationship, due to lack of discursive frequent between employees and management. This may result in

decline of performance due to the learning curve effect. Thus the management should adopt a mechanism to accelerate the adaptation of good relationship between subordinates and bosses.

Table 9 Type of organizational structure

No.	Question	Types of organizational structure										Total	
		Simple		Division		functional		Matrix		Hybrid			
		No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
9	What type of organizational structure does your organization uses?	-	-	3	12	7	28	-	-	15	60	25	100

As depicted in the table 9, 15(60%) responded to the question that the organizational is characterized by Hybrid structure. Whereas 28% answered it is functional and 3(12%) as division structure. On the basis of this information, the responses reveal that it is more or less the enterprises exercises hybrid type of organizational structure.

Table 10 Formalization

No.	Question	High		Medium		Low		Lowest		Do not know		Total	
		No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
1	How much is your organization in controlling the rule procedures & polices it set	8	32	14	56	6	24	-	-	-	-	25	100
2	How much strict in your organization on forcing the employees to follow certain rules.	12	48	10	40	3	12	-	-	-	-	25	100
3	How do you evaluate your communication with your supervisor	13	52	5	20	6	24					25	100

As show in the table 10 above in the first item, 8(32%) of the respondents said that controlling the rule, procedures as high, 14(56%) of the respondents as medium and 6(24%) of the respondents says as low. These show almost 22(88%) of the respondents are positively argue about controlling of the rule, policy and procedures of the organization.

In item 2, 12(48%) of respondent indicated that the organization on forcing the employees to follow certain rules is as high, 10(40%), 3(12%) replied as medium and low, respectively. As indicated above, most (i.e. 22(88%)) of the respondents believe that the organization is forcing the employees to follow and keep rules, policy and procedures of the organization. This implies that the organization is strict about the organization policy and procedures to be practiced by employees.

In the last item, 13(52%) of the respondents replied that communication with their supervisor is high, 5(20%) as medium and 6(24%) responded as low. This show

that 18(72%) of the respondents replied that the communication between the employees and supervisors as high and medium. Most likely one concludes that there is a good communication relationship between employees and supervisors.

Suggestion and comments for improving organizational structure police and procedure

Many employees gave that the organizational structure process and practice the work must be done by the enterprises. The enterprises have to identify individual information gap and prepare program to advance the understanding level of employees.

Conflicting information given by the respondents about the organizational structure. From the explanation one can concluded that to accommodate the changing role of the working environment and organizational structure it is important to discuss the weak and strong points of the structure whenever necessary.

CHAPTER FOUR

SUMMARIES, CONCLUSIONS AND RECOMMENDATIONS

4.1 Summaries

The main objective of the research was to see the organization on Ethiopian Airports Enterprise:

- For the collected data 16(64%) of the respondents have male. This is probably the reflection of the country's general statistics of work force and the nature of the job is more suitable for male than female.
- 16(64%) of the respondents are the age category of 18 to 33. This fact may indicate this people have to win first their spurs and have no immediate expectation of self esteem.
- Regarding the educational level of the respondents according to the data collected 16(64%) of the EAE's employees are above diploma holders. This can imply that the employees would have possible enough knowledge about the policy and procedure of organization structure.
- From the collected data 21(84%) of the respondents more than four years experience. This analysis, one can conclude that the employees may have enough knowledge about the organization structure.
- 13(52%) respondents the management gives better attention to the organization Structure policy and procedure. So management more attention organization structure.
- 16(64%) respondent the enterprise is strict about the organization policy and procedures to be practiced by employees. But

- 16(65%) respondents of the Enterprise did not make most of the employees to have better knowledge of the organization structure,
- 15(60%) of the respondents of the enterprise have no sound awareness of the EAE's organization structure policies and procedure.
- There is also communication gap between employees and supervisors
- 12(48%) respondents of the lower levels of employees were not empowered,
- 15(60%) respondents confirm that positioning and classification of departments high. This implies that the enterprise's departments are well positioned and classified.
- 14(56%) respondents confirmed that the Enterprise's boss and employees have clear relationship
- 15(60%) responses reveal that it is more or less the enterprises exercises hybrid type of organizational structure.
- The enterprise didn't assess the existing challenges and problems; and no effort was made to try to solve the problem.

4.2 Conclusions

The forgoing conclusions stem from an analysis of the research problems designed to determine the Organizational Structure and practice in Ethiopian Airports Enterprise:

Employee's knowledge regarding the organizational structure, is an important human resource management aspect in any organization, that has direct contribution to organizational effectiveness. Even if 64% of the respondents have possibly enough knowledge about the policy and procedure of organizational structure, the Enterprise does not give training, work shop or seminar to employees to all build their organizational knowledge and to familiarize them with the enterprise. As a result, workers will be dissatisfied since they did not aware

of the organizational structure. the Enterprise's employees, somewhat, know the organizational structure, the enterprise should make clear everything at which employees have complain and help them to win unjust decision given against them which results in employees trusting the Enterprise in protecting its employees from incorrect decisions due to information gab about the enterprise.

The findings reveal that at present all employees not have enough knowledge about the Enterprise's structure. Thus, it can be said that many employees of the Enterprise do not have sound knowledge of the Enterprise structure. Thus, the Enterprise has to make effort that minimizes frictions that emanates from unawareness of the organizational structure.

The policy of the Enterprise generally indicated that the area or units in which the positions and classification although not explained on the policy, the Enterprise has prepared document that shows the duty and responsibility of each job positions. It is helpful for both the Enterprise and its employees to be ready by knowing the organization structure and its practices. In relation to their duty and responsibility in the organization.

Even though, the Enterprise attempts to introduce its employees to the structure policies and procedures 36% of employees do not know the policies and procedures to a satisfactory level that facilitate misunderstanding to prevail hampering smooth operation of the Enterprise.

4.3 Recommendation

Based on the analysis made in the organizational structure policies and practice of EAE, the forgoing recommendations are made:

- Employees should be provided complete information on present and future organizational structure policy and procedures.
- Since 36% of the respondents do not have sound awareness of organization structure policies and procedures. The enterprises have to prepare training, workshop and seminar programs for all employees to create sound awareness about organizational structure policy and procedures. In other hand, the Enterprise should increase its effort to create awareness for employees from time to time for any amendments of organizational structure policies and procedures.
- The Enterprise in order to assess the opinion of the employees towards the policies and practices, it should design and install a periodic attitude survey system to have good relationship among organizational management and employees.
- Last but not list, the Enterprise should update its organizational structure policies periodically to keep them up-to-date with the internal and external environmental and technological changes.
- In achieving the organization goals the existence of high level education background plays a great role in the organization. If the organization plan for employees to have for lower employees to make decision for a task that is accomplished on training and development program.
- Almost 50% of employees are not empowered. So the Enterprise's management considers the delegation process.
- The enterprises not assess the existing challenges and problems; and no effort was made to try to solve the problem. Therefore, the enterprise must be solved the existing problems and challenges for better development and success of the enterprise.

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