The Effect of Organizational Structure on Communication and Decision-Making Processes in the Oman Logistics Sector

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ABSTRACT

An organisational structure is how a business organises its staff to represent the different layers of management. This information can be displayed in the form of a chart. There are two main types of organisational structure used in businesses – hierarchical (or tall) and flat. Organisational structure enables quick decision-making and better coordination and communication among employees resulting in enhanced productivity. It is no secret that data-driven decision-making is critical to business success. In fact, a recent Market Research Future snapshot reports the global machine learning market, which has significantly advanced the way companies make data-driven decisions, will grow from $7.3 billion in 2020 to $30.6 billion in 2024. This is good news for the supply chain and logistics industry, as greater adoption of AI and machine learning technologies improve insights and process automation. However, supply chain decision-makers don't have the time or resources to plough through mountains of data; they need results. They need real-time visibility into their transportation networks, risk prediction analytics, forecasting, and easily accessible reports. Despite the importance of the organisational structure in communication and decision-making processes, it sometimes negatively affects organisations, so this study was done to analyse the negative effects resulting from the organisational structure in communication and decision-making processes. The purpose of this study is to measure the impact of the organisational structure on communication and strategic decision-making and to achieve the objectives of the study; Google Form was used to collect data and was distributed to a sample of 35 individuals, using statistical analysis of the data. This study was definitively answering the question regarding a statistically significant effect of the organisational structure on the decision-making process. From here, the study comes to discuss the importance of the organisational structure in communication and decision-making, as it is the main pillar in administrative operations, planning, organising, directing, controlling, and decision-making. The study recommends that it should include more studies and research that can be used in organisations to focus on the organisational structure of the company, which is considered the basis within the institution that has an impact on important decision-making.

Research Objectives

To examine the different types of organisational structures.

To determine the relationship between management and the decision-making process in the logistics company.

To identify the impact of organisational structure on communication and decision-making process.

To evaluate recommendations that would improve communication and decision-making processes.

Research Questions

What are the types of organisational structures?

What is the relationship between management and the decision-making process?

What is the impact of organisational structure on communication and decision-making processes?

What are the main suggestions to improve the performance of communication and decision-making processes in Oman's logistic sector?

Introduction

In recent years, researchers from all disciplines have explored organizational communication from a variety of angles. A subfield of communication science is organizational communication, that describes how organizations interact with people outside of their environment. Also, it describes how firms communicate with their own people or employees. The well-being of an organization's members and its relationships with external parties both depend on effective organizational communication, which then impacts decision-making. Better comprehension and happier relationships are the results of effective communication inside organizations and between individuals (Tseng et al., 2011). The organization is significantly shaped by communication. According to Davelas (2002), "the structure of channels of communication influences the level of engagement among members of an organization."

The logistics sector is booming in Oman and is fundamental to the nation's growing and competitive economy. Oman is ranked second among the Arab countries by the Logistics Performance Index, which uses data from the World Bank. It has a global rank of 43 and an LPI score of 3.20. Such greatness in the logistics sector is linked to effective communication & decision- making in the country. Although the board has a straightforward organizational structure, there is not a single core decision-maker who has the power to act alone. The board meets informally on a regular basis to analyze, deliberate, and vote on matters.

Oman is succeeding in the logistics sector due to effective communication with their employees, keeping matters transparent. It was observed that different organizational structure has different impact on communication and decision-making. The hierarchy of command is shown on an organizational chart in most traditional organizations. The board reports to each other without a hierarchical structure, even though it is crucial for employees to understand whom they report to in an organization. This is suitable and effective for most operational decisions. However, the chain of command may be messed up at times, making it hard to comprehend. An employee may offer suggestions in a straightforward structure, but the top manager has the final say. This kind of organization has a strong centralization. Formalization is another feature of organizational structure (Blewett et al., 2021). A corporation with a high level of formalization will standardize actions and judgements using numerous detailed rules and procedures (Colquitt et al., 2014). Low levels of formalization exist in Oman's Logistic Sectors. The organic structure is the last type of structure to be discussed. This kind of organization perfectly captures the way the sector functions, which is more organic than mechanical. Low levels of formalization and flimsy command chains characterize organic organizations. The stability of their environment and many of their decisions, however, lean more towards the mechanistic structure.

Methods

In addition to being cross-sectional in terms of data collection, this study is applied in terms of its goal, descriptive in character, and survey-style methodology. The research was conducted at the beginning of 2023. The study's statistical population covers 35 personnel who work in the logistics sector.

The information needed for this investigation was gathered in two ways: 1. The library technique employed books, theses, papers, and databases to get data on the historical and literary works under investigation. 2. The field method used questionnaires distributed to the statistical sample to gather the necessary data. Robbins' standard questionnaire from 1987 was used to assess organisational structure, and a custom research questionnaire with a three-point Likert scale (Yes, no, uncertain) was utilised to assess successful communication. (10) questions have been asked to cover the scores. Eight of the 10 questions are multiple-choice, and two of them are open-ended.

Results

Different questions were asked to the employees of the Logistic Sector in Oman, and their answers were up to the expectations. It is proven in this study that the organizational structure has a direct impact on effective communication & decision-making in an organization. When asked if the hierarchical structure that is based on command & control is important in decision-making, 67% agreed to it, while 3% were uncertain, and the remaining 30% believed that it is the chain of command that passes through different individuals before a decision is made. Thus, it is not an effective structure to enhance the communication or decision making in an organization.
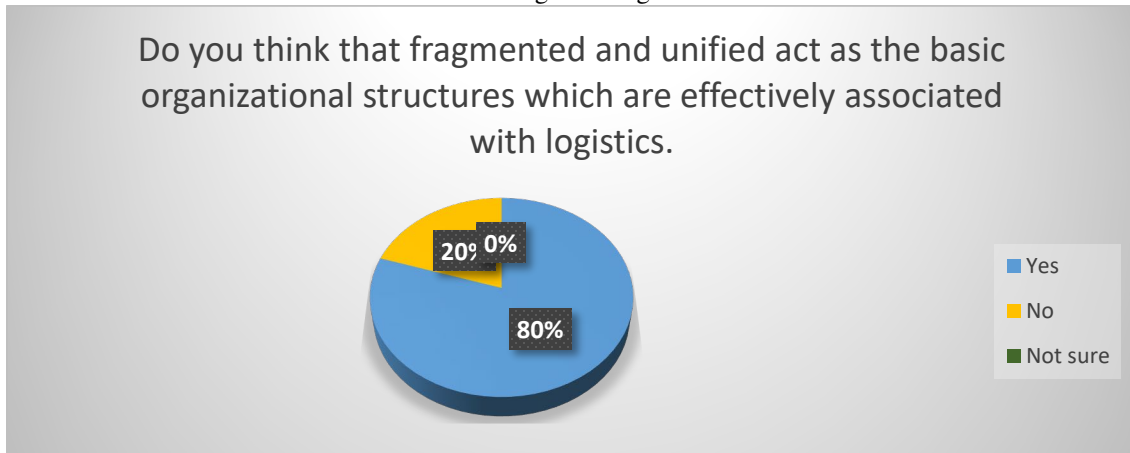

Figure 1. Survey Question #2

However, when asked about the unified structure, the majority believe that it is an effective structure to progress a company since a company has employees that are faithful and united with the employers; everyone works in a synchronized manner, and thus, it impacts the communication & decision making a lot since everyone feels at home.
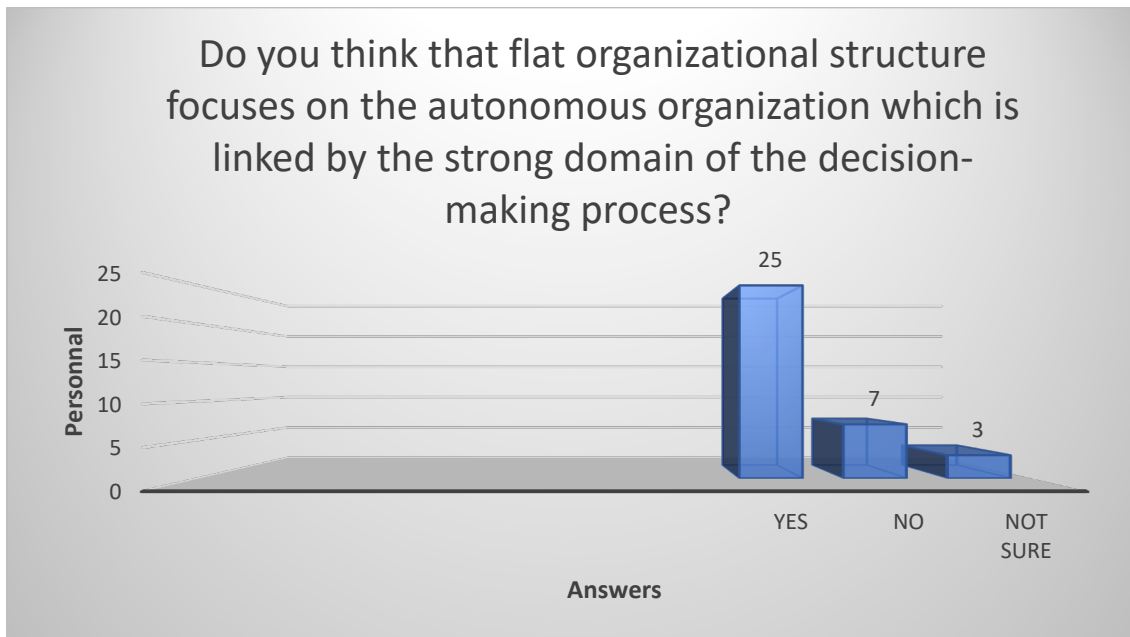

Figure 2. Survey Question #6

The decentralized logistic structure is important in terms that people can work accordingly in times of emergency, and they would not have to rely on anyone else; however, over 82% believed that it is not an effective medium because, at times, the employees might not think a decision through and end up making things worse. This is true that logistics is based on the customer's responsiveness, and the majority agreed with it. 71.4% of people believed that flat organisational structure and evaluation and utilisation have a direct impact on the efficient working of an organisation in terms of communication & decision-making. People were excited to address the question regarding technology; 59% of people say that although technology can improve communication with people, but it can also distance human beings. Therefore, people believe that in terms of the virtual world, technology indeed improves decision-making and communication since everything is a text away, but when overall the behaviour of people is observed, it tends to drive people away from each other. Therefore, it is essential that cultural logistics occur in a sector so that everyone feels connected.

Discussion

Considering the results, it is shown that people require someone they can report to but also prefer a cultural environment where everyone is respected and everyone has a say. Therefore, the first suggestion is to reevaluate the organizational structure. The procedure of modifying the organizational structure is one aspect of organizational design. Instead of waiting for the structure to emerge as the organization expands naturally, the sector must actively create it to address situations and demands. This way, a person should be appointed at the top level who will be reported on every situation. Because it indicates the precise flow of authority, having an obvious chain of command also removes uncertainty regarding to whom to report (Colquitt et al., 2014). It helps the organization achieve order, management, and predictable outcomes in addition to creating the flow of authority (Colquitt et al., 2014).

Conclusion

These three suggestions would help the organization move away from certain aspects of the organic structure that currently impedes decision-making and more towards the mechanistic structure to help with that process. Both structures have characteristics and attributes that improve a business's productivity, but they also have a significant impact on the kinds of employee practices a business chooses to employ (Colquitt et al., 2014). Focusing on the improvement in governance performance that restructuring would bring about is one way to present the restructuring in a favorable light. Governance is linked to the organization's performance, trustworthiness, and image (Viader & Espina, 2014).

Limitation

Some limitations of this research include the questionnaire was conducted on a few targeted audiences. Plus, the accuracy of the participants in answering the questions may be somewhat random.

Acknowledgments

I would like to thank the Middle East College for giving me this opportunity to participate in the student conference.

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