

The Impact of Organic Structure on HR Practices with Mediation Role of Learning Organization

Zahrah Anwar¹, Muhammad Imran Hanif^{2*}, & Abu Bakar Abdul Hamid³

MS Scholar, Institute of Banking and Finance, Bahauddin Zakariya University, Multan-Pakistan¹

Post Doc Fellow, Putra Business School, Universiti Putra Malaysia (UPM)²

Professor of Marketing and Supply Chain Management Putra Business School (PBS)Universiti Putra Malaysia (UPM)³

zaraanwar_43@hotmail.com¹

mimranhanif@bzu.edu.pk²

abu.bakar@putrabs.edu.my³

*Corresponding author

Abstract- Today any organizational development is highly depending on the best fit structures and effectiveness of its human resources therefore defining the factors which have effect on organizational structure and HR Practices would be valuable in order to increase the competitive advantage of any organization. Any organizational development is mostly depending on the correct usage of organization's human resources. The study aimed to investigate the organic, structure towards human resource practices when the learning organization mediates specifically in of fast food industry of Pakistan. Questionnaire tool was used for the sample of 200 staff working in different Fast Food Chains. For data evaluation, SPSS program and Correlation and Regression statistical tests has been used. Results Reveals that organic structure has significant relationship on HR Practices. Secondly the organic structure also having a significant impact on learning organization, thirdly learning organization has a significant impact on HR Practices and fourthly the impact of organic structure on HR Practices when the learning organization mediates in the relationship hospitality Services of Pakistan. It helps the organizations to understand the importance of learning organization, structure and adopt best HR Practices. Organic structure which is autocratic in nature is also effective, because workplace environment is very important for the employees. On other hand if employees get better opportunities to learn and grow within same organization they can be more committed to the organization for longer period and will remain more sincere and loyal with organizations' objectives. The use of organizational structures is not known as much it should be. This study can be evaluated as useful information and guidance for Hospitality industry professionals regarding learning of organization and HR practices

Keywords-Organic structure; Mechanic structure; Learning organization; Human Resource Practices

1. INTRODUCTION

Workplace- It has seen that organizational structures have the great impact on the success of the organization. The organization cannot achieve its goals without a strong organizational structure (Kanten, Kanten et al. 2015)[11]. The organizational structures have not been considered in regular practices before, but in current scenario due to globalization and work force diversity and to achieve competitive advantage, it's becoming a critical success factor of any organization (Salim and Sulaiman 2011)[21].

Effective organizational structure provide long term achievements as far as the learning organization is most critical factor that may impact the attitude or behavior of employees towards the organization (Örtenblad 2004)[19]. With the changing global scenario, the learning organization has become a key factor to investigate in term of employee's behavior and job performance. Hence, this study will also investigate the relationship of learning organization with organizational structure and human resource practices. Human Resource

Practices plays a fundamental function in any organization's continuous success. Strong HR practices generally enhance the strength of the organization and its assets (ALDamoe, Yazam et al. 2012)[1].Based on these Problems the study investigate the impact of organic Structure on HR Practices when the learning organization mediates.

2. LITERATURE REVIEW

2.1 Organizational Structure (Independent Variable)

Organizational structures occupy a very important place in the management of organizations. Without organizational structures, the organization may not be able to function and perform. Different kinds of businesses reshape their structures and functions by using organic structure, in result it greatly enhanced better performance over the years (Ogidi 2014)[18]. In 1920s there has been a view that the organizations should know the value that how to fit in the market and there strategy. To achieve the best outcomes and performances

businesses are focusing to improve their organizational structures and adopt those organizational structures which provide them a best advantage for the whole (Milgrom and Roberts 1995)[16].

Organizational structure can be viewed as the way of responsibility and power which are allocated inside the organization then work procedures are carried out by organizational members. Courtright, Fairhurst et al. (1989)[7] stated organizational structure as an organizations internal pattern of authority, relationships, and communication (Courtright, Fairhurst et al. 1989)[7]. Teixeira, Koufteros et al. (2012)[22] defined organizational structure as “the network of relationships and roles existing throughout the organization. The relationship between structure and performance is a critical issue now a days (Teixeira, Koufteros et al. 2012)[22]. Many authors argue the existence of this relationship. Porter and Lawler (1965) [20] and Frederickson (1986)[8] theorizes that organizational structure strongly influences communication and facilitates the flow and processing of information (Porter and Lawler 1965[20]; Fredrickson 1986)[8].

In an organization the Organic structure are defined as flat and in this structure the communication system is same for all even it flows upward with the same manner of downward. Basically an organization is about behaviors to some extent and this can be performed by sharing norms and goals, which do not follow the organizational policies and there procedures (Holagh, Noubar et al. 2014)[9]

2.2 Human Resource Practices (Dependent Variable)

Globally it's observed that Human resource is very important. As related to organizations and economies the importance of HR remains critical. For the organizations, human resource is the main function which gives directions to their employees for effective outcomes. In other words as look into the perspective of traditional HR it has introduced as department of personnel which is providing day to day administrative functions (Barney 1991)[3].

In an organization for better performance from employees the importance and role of Human Resource Management (HRM) is very much concerned because it's a planned approach for the organization and their employees. It aims to establish a caring management style which is open and flexible which influence the staff to be

motivated, but also developed and managed in a way that they can give their best in order to sustain departments missions (Marescaux, De Winne et al. 2012)[15]

2.3 Learning Organization (Mediator)

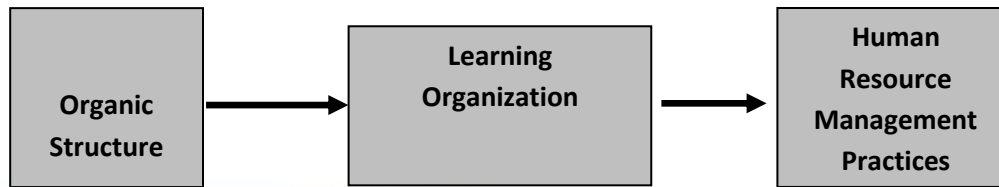
Learning organization is type of organization through which organization learn from their past experiences then realize their mistakes, ready to except the change and exhibit adaptability, highlights the scenarios towards the development and enhances the abilities and progress of their workers (Wilkinson, Rushmer et al. 2004)[24]

During the recent years practitioners and the academics have been proceeding the idea of organizations learning in many ways, because the idea of learning organization has inspired them and its becoming a sketch, model and providing the directions to better perform the actions and attain competitive advantage and there sustainability (Camps and Luna- Arocas 2012). A fact that learning organization is an organization which provide the work environments that gather knowledge, generate ideas even though make changes and the necessary actions which modifies on the basis of additional knowledge, perceptions, experiences in order to meet organizational strategic objectives (Lewis 2002)[13]

According to Burn and Stalker (1961) an organization structures is associated with constant improvement and learning (Burns and Stalker 1961)[5]. Atak&Erturgut (2010)[2] observed that whenever the organizations is at the stage of learning and seeking information must realize that they are gaining and moving towards competitive advantage, as becoming a learning organization they come to know there primary objectives (Atak and Erturgut 2010)[2]. Learning organization is now becoming an effective factor for the organizational success although paying attention to the organizational employees by providing them learning, continuous improvements and changes that will lead to accomplish the organizational goals (Kofman and Senge 1993).

3. THE CONCEPTUALIZED FRAMEWORK

The conceptual model help to explore the relationship as it was in the identified gap that to examine the impact of organic on human resource management practices with the mediation of learning organization. As shown in the figure 1



Conceptual Framework-3

On the basis of the literature proposed Hypothesis are as below:

- H1:** Organic Structure has a significant impact on HR Practices
- H2:** Organic Structure has a significant impact on Learning Organization
- H3:** Learning Organization has a significant impact on HR Practices
- H4:** The association between organic structure and HR Practices will be mediated by learning organization

4. METHODOLOGY

4.1 Research Design and Survey Instrument

Questionnaires were designed based on the theoretical analysis and hypothesis. A 36- self-administered questionnaire comprising of four sections by using nominal and ordinal scale. Section One: In the structured questionnaire consists of demographic section based on personal information such as age, gender, education, total experience, current experience Section Two: In this section of the questionnaire it encompasses the number of items related to organic the independent variables of the study Section Three: This section encompasses the number of items related to Learning Organization, the mediator of the study Section Four: This section encompasses the number of items related to Human Resource Management Practices, the dependent variable of the study.

To measure the responses of the respondents nominal and ordinal scale has been used. Five-point likert scales are as follow

Strongly agree = 5, Agree = 4, Neutral = 3, Disagree=2, strongly disagree = 1.

Scale Adopted from Sources organic from (Øgaard, Marnburg et al. 2008)comprise of 03 items. HRM

Practices from (Tsaur and Lin 2004)comprise of 21 items and Learning organization from (Basim, Sesen et al. 2007)[4]comprise of 12 items.

4.2 Sampling Approach and Data Collection

Non-probability purposive sampling was used as the target populations are the hospitals. A total of 300 respondents were selected on the basis of convenience sampling. Hospitals of cities Multan, Lahore and Islamabad have been taken in which top to lower level employees are involved. Self administered survey has been conducted as the study is cross-sectional. 220 questionnaires have been returned from which 200 were properly filled out of 300. The response rate achieved was 67%. For the data collection first the pilot study has been conducted on a sample of 30 respondents to check the reliability of the adopted questionnaire. The Cronbach alpha values meeting the standard of alpha value 0.7 the alpha for organic structure is .700 the alpha for human resource practices is .894 and for learning organization is .871 which is also showing strong consistency between items It reveals that scale used in this study is reliable in Pakistani context.

4.3 Data Analysis

For the data analysis correlation and regression statistical techniques has been used on the software named as SPSS (statistical packages for social sciences) version 22. First analysis is the Correlation Analysis which is used to check the interrelatedness among variables as shown in table 1 and second is the Regression which is used to check the model fit of the variables as shown in table 4.2a to 4.2l. KMO and Bartlett's test also done to test the sample adequacy of the data the result lies in the range of 0 and 1 i.e 0.841 and the significance level is 0.00 which is less than 0.05

Table 1: Correlation Analysis

	Org_St	LO	HR
Org_St	1		
LO	.623**	1	
HR	.532**	.872**	1

** Correlation is significant at the 0.01 level (2-tailed)

4.3.1 Regression Analysis

Regression analyses were carried out to show the impact of independent variable on dependent variables. In table

2, all other constructs are positively related with each other.

Table 2Regression Analysis

Model	I.V	D.V	β	t. stat	P	R ²
1	Organic Structure	Human Resource	.532	8.848	.000	.283

		Management Practices				
2	Organic Structure	Learning Organization	.623	11.199	.000	.388
3	Learning Organization	Human Resource Management Practices	.872	25.016	.000	.760

4.3.2 Mediation analysis

Table 3

Steps	I.V.	D.V.	β	t. stat.	P
1	organic structure	Human Resource Management Practices	.017	.383	.702
		Learning Organization	.882	19.770	.000

5. RESULTS AND DISCUSSION

The summary of tested hypothesis is revolving around various constructs such as organic structure, human resource management practices and the learning organization. In accordance to tested hypotheses from table of correlation 1 following are the results. **Hypothesis 1a:** Is about to analyze that impact of organic on human resource management practices is significant. The results shows there is a significant impact of organic structure on human resource management practices having correlation relational value i-e **.532**** level of sig. i-e 0.000.

Hypothesis 1b: Is about to analyze that organic structure has a significant impact on learning organization. The results shows there is a significant impact of learning organization on human resource management practices having correlation relational value i-e **.623**** level of sig. i-e 0.000.

Hypothesis 1c: Is about to analyze that learning organization has a significant impact on human resource management practices. The results shows there is positive impact of learning organization on human resource management practices having correlation relational value i-e **.872**** level of sig. i-e 0.000.

Hypothesis 1d: Is about to analyze that significant impact of organic structure on human resource management practices when learning organization mediates. The results shows there is a significant impact of organic structure on human resource management practices with mediating role of learning organization having correlation value i-e **.532** and .872**** level of sig. i-e 0.000. Hence all the hypothesis of organic structure having significant impact.

Results from the regression analysis have been done to test the model fitness. The results of model summary are based on predictor (organic structure) which is the independent variable. It's observed in the table (2) of regression model summary that $R^2 = 0.283$. R^2 value in this model demonstrates that the 28.3% variance in the relationship of organic structure and HRMP. The F-value 78.282 is significant as it can also be seen in the table (4.2) of ANOVA $P=0.000$. Significance shows goodness of fit of the model. Lower the number of significance results the better fit. The significance level should not exceed 0.05 value.

Table (2) of coefficients shows that the standardized coefficient is having the beta value 0.532 is significant at 0.000 which indicates that 1 unit standard deviation

change in organic structure can cause .532 units standard deviation change in HRMP. So there is a significant impact of organic structure on HRMP. Standardized coefficient beta 0.532 is same as the correlation coefficient value of this relationship. These facts support our first hypothesis. *Hence our First Hypothesis H1a is proved*

The results of model summary are based on predictor (organic structure) which is the independent variable. It's observed in the table (2) model summary that R square value is 0.388 which is a must required output for having the impact of organic structure on learning organization. The R^2 value in this model demonstrates that the 38.8% variance in the relationship of organic structure and learning organization. F- Value 125.412 is significant as it can also be seen in the table (2) of ANOVA $P = 0.000$. Significance shows the goodness of fit of the model. Lower the number of significance results the better fit. The significance level should not exceed 0.05 values.

Table (2) of coefficients shows that the standardized coefficient is having the value of beta 0.623 is significant at 0.000 which indicates that 1 unit standard deviation change in organic structure can cause .623 units standard deviation change in learning organization. So there is a significant impact of organic structure on learning organization. Standardized coefficient beta 0.623 is same as the correlation coefficient value of this relationship. These facts support our hypothesis. *Hence our Hypothesis H1b is proved*

The results of model summary are based on predictor (learning organization) which is the mediator. It's observed in the above model summary table (2) that $R^2 = 0.760$. The R^2 value in this model demonstrates that the 76.0% variance in the relationship learning organization and HRMP. F- value 625.817 is significant as it can also be seen in the table (1c.2) of ANOVA $P = 0.000$. Significance shows the goodness of fit of the model. Lower the number of significance results the better fit. The significance level should not exceed 0.05 value.

Table (2) of coefficients shows that the standardized coefficient is having the value of beta 0.872 is significant at 0.000 which indicates that 1 unit standard deviation change in learning organization can cause .872 units standard deviation change in HRMP. So there is a significant impact of Standardized coefficient beta 0.872

is same as the correlation coefficient value of this relationship. These facts support our hypothesis. *Hence our Hypothesis H1c is proved*

The results of model summary are based on predictors (learning organization and organic structure) which are the independent and a mediator. It's observed in the model summary Table (2) that Adjusted $R^2 = 0.757$ is below than the R-square value 0.760 which is a must required output for having the impact of organic structure on HRMP when learning organization mediates. The R^2 value in this model demonstrates that the 76.0% variance in the relationship of organic and human resource practices when learning organization mediates. F-value 311.633 is significant as it can also be seen in the Table (2) of ANOVA $P = 0.000$. Significance shows the goodness of fit of the model. Lower the number of significance results the better fit. The significance level should not exceed 0.05 value.

Table (2) of coefficients shows that learning organization which is a mediator their standardized coefficient having a value of beta 0.882 is significant at 0.000. The table demonstrates that organic structure is insignificant but the mediation is becoming significant so it proves that there is mediation in the relationship of organic structure and the HRMP. These facts support our hypothesis. *Hence our Hypothesis H1d is proved.*

Regression Equation Becomes:HRMP =
0.577+0.13Mec_St+0.876LO+ 0.131

6. FINDINGS

The findings of the study indicate that organic structure having significant relationship on HR practices. The relationship of organic and learning organization is also supported by the prior study. Huang, Rode et al.2011, who said that there is a significant relationship between organic structure and learning organization (Huang, Rode et al. 2011)[10]. The relationship of learning organization and HR practices is also significant this is result is consistent with the prior study of Lin and Kuo (2007)[14] which also significantly proves the relationship of learning organization and human resource management practices (Lin and Kuo 2007)[14]. Finally it also becomes significant when learning organization mediates in the relationship. Learning organization is strong than the relationship organic structure and learning organization.

7. CONCLUSION AND RECOMMENDATIONS

Organic structure which is autocratic in nature is also effective, because workplace environment is very important for the employees. On other hand if employees get better opportunities to learn and grow within same organization they can be more committed to the organization for longer period and will remain more sincere and loyal with organizations' objectives.

The use of organizational structures is not known as much it should be. To gain the competitive advantage the

organizations just focusing to maximize their profits. In the hospitality industry there is need to complete focus on the human resource practices. As employees are the main asset for the organization there must be a learning environment for the individual to maintain the internal and external environment. The *first* limitation is that the study is cross-sectional in nature as the findings of current study are based on one shot, so it must be conducted in a longitudinal frame by adopting other sampling technique. *Second* limitation of the study is the sample size due to resources, time constraint and money it's not possible to study the whole. So it can be done with large sample size. *Final* limitation of this research is that, the research model is tested in the hospitality industry of Pakistan so the model can be tested in other countries and other industries.

8. REFERENCES

- [1] ALDamoe, F. M. A., Yazam, M., &Ahmid, K. B. (2012). The mediating effect of HRM outcomes (employee retention) on the relationship between HRM practices and organizational performance. International Journal of Human Resource Studies, 2(1), 75.
- [2] Atak, M., &Erturgut, R. (2010). An empirical analysis on the relation between learning organization and organizational commitment. Procedia-social and behavioral sciences, 2(2), 3472-3476.
- [3] Barney, J. (1991). Firm resources and sustained competitive advantage. Journal of management, 17(1), 99-120.
- [4] Basim, H. N., Sesen, H., &Korkmazurek, H. (2007). A turkish translation, validity and reliability study of the dimensions of the Learning organization questionnaire. World Applied Sciences Journal, 2(4), 368-374.
- [5] Burns, T., & Stalker, G. M. (1961). The management of innovation, University of Illinois at Urbana-Champaign's Academy for Entrepreneurial Leadership. Historical Research Reference in Entrepreneurship.
- [6] Camps, J., & Luna- Arocas, R. (2012). A matter of learning: How human resources affect organizational performance. British Journal of Management, 23(1), 1-21.
- [7] Courtright, J. A., Fairhurst, G. T., & Rogers, L. E. (1989). Interaction patterns in organic and mechanistic system. Academy of management journal, 32(4), 773-802.
- [8] Fredrickson, J. W. (1986). The strategic decision process and organizational structure. Academy of management review, 11(2), 280-297.
- [9] Holagh, S. R., Noubar, H. B. K., &Bahador, B. V. (2014). The effect of organizational structure on organizational creativity and commitment within the

- Iranian municipalities. *Procedia-Social and Behavioral Sciences*, 156, 213-215.
- [10] Huang, X., Rode, J. C., & Schroeder, R. G. (2011). Organizational structure and continuous improvement and learning: Moderating effects of cultural endorsement of participative leadership. *Journal of International Business Studies*, 42(9), 1103-1120.
- [11] Kanten, P., Kanten, S., & Gurlek, M. (2015). The effects of organizational structures and learning organization on job embeddedness and individual adaptive performance. *Procedia Economics and Finance*, 23, 1358-1366.
- [12] Kofman, F., & Senge, P. M. (1993). Communities of commitment: The heart of learning organizations. *Organizational dynamics*, 22(2), 5-23.
- [13] Lewis, D. (2002). Five years on—the organizational culture saga revisited. *Leadership & Organization Development Journal*, 23(5), 280-287.
- [14] Lin, C. Y., & Kuo, T. H. (2007). The mediate effect of learning and knowledge on organizational performance. *Industrial Management & Data Systems*, 107(7), 1066-1083.
- [15] Marescaux, E., De Winne, S., & Sels, L. (2012). HR practices and HRM outcomes: The role of basic need satisfaction. *Personnel Review*, 42(1), 4-27.
- [16] Milgrom, P., & Roberts, J. (1995). Complementarities and fit strategy, structure, and organizational change in manufacturing. *Journal of accounting and economics*, 19(2), 179-208.
- [17] Øgaard, T., Marnburg, E., & Larsen, S. (2008). Perceptions of organizational structure in the hospitality industry: Consequences for commitment, job satisfaction and perceived performance. *Tourism Management*, 29(4), 661-671.
- [18] Ogidi, A. E. (2014). Organizational structure, function and performance of agribusiness enterprises in Nigeria. *SCSR Journal of Development*, 1(3), 28-41.
- [19] Örtenblad, A. (2004). The learning organization: towards an integrated model. *The learning organization*, 11(2), 129-144.
- [20] Porter, L. W., & Lawler, E. E. (1965). Properties of organization structure in relation to job attitudes and job behavior. *Psychological bulletin*, 64(1), 23.
- [21] Salim, I. M., & Sulaiman, M. (2011). Organizational learning, innovation and performance: A study of Malaysian small and medium sized enterprises. *International Journal of Business and Management*, 6(12), 118.
- [22] Teixeira, R., Koufteros, X., & Peng, X. D. (2012). Organizational structure, integration, and manufacturing performance: a conceptual model and propositions. *JOSCM: Journal of Operations and Supply Chain Management*, 5(1), 70.
- [23] Tsaur, S. H., & Lin, Y. C. (2004). Promoting service quality in tourist hotels: the role of HRM practices and service behavior. *Tourism management*, 25(4), 471-481.
- [24] Wilkinson, J. E., Rushmer, R. K., & Davies, H. T. (2004). Clinical governance and the learning organization. *Journal of Nursing Management*, 12(2), 105-113.