

Which Precedes the other? Organizational Strategy or Organizational Structure

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Abstract

The aim of this research is to point out the relationship between organizational strategy and organizational structure and to see how they both impact on organizational performance and the realization of organizational goals. In addition to this, it intends to find out between organizational structure and organizational strategy which should come first and which decides the other. Conceptual and empirical review articles have been used to ascertain this relationship and to determine between organizational strategy and organizational structure which comes first and which determines the other. This research uses secondary sources to collect data for the study. The sources used are international journals, international conference proceedings, internet sources, newspapers and magazines. Most of these articles were retrieved by typing important keywords into google scholar and relevant sources downloaded and saved for use. This research found that there is strong and complex relationship between organizational strategy and

organizational structure. In addition, the researchers also report that once organizational strategy is properly matched with organizational structure the end result is organizational performance. The authors recommend that for organizations to function properly, there must be a proper alignment between organizational strategy and organizational structure.

Keywords: *Organizational Strategy, Organizational Structure and Organizational performance, Strategy Implementation.*

1.0 Introduction

Authors have done much work to show the relationship between organizational strategy and organizational structure (Chandler, 1962; Rajapakshe, 2002; Kavale, 2012; Adegbuyi et al., 2015; Fadeyi et al., 2015; Maduenyi et al., 2015). The most popular among these earliest work is Chandler (1962) and Rajapakshe (2002) who posited that new organizational strategy requires new or at least an amended organizational structure if that enlarged organization is to be run efficiently. Kavale (2012) supported Chandler's position with his work on the "connection between organizational strategy and organizational structure" and concluded that proper match between strategy and structure leads to high performance for the organization and that strategy is followed by structure. He highlighted further that a discrepancy between strategy and structure will result in an unwanted performance for the organization. In the field of management science, the concept of strategic alignment between the firm and the strategic consistency is often an area of discussion. David (2005) posited that there is a strategic consistency when the actions of organizations are consistent with the expectations of management. Furthermore, Chandler (1962) in his notable work "Strategy and Structure" stressed the need for long term coordinated strategy as an important domain to give organization structure focus and the required direction. The author argued that in explicit terms organizational structure follows organizational strategy. However, earlier studies had also revealed that firms that implement strategies effectively well will perform better than those that do not (Li, 2005; Rutherford & Walker, 2006; Fadeyi et al., 2015; Adegbuyi et al., 2015; Maduenyi et al., 2015). It was also mentioned that business organizations have varying degree of formalized organizational structure which can enhance or impede the successful implementation of organizational strategies. The next section of this study shall be arranged in the following manner. The literature review section contains the definition of the term organizational strategy, followed by the basic elements of strategic management, features of effective strategy, organizational structure, importance and components of strategy. The study concludes by considering the benefits of linking organizational strategy to organizational structure. Figure 1 shows the conceptual framework of the study, revealing the interactions among the variables under review.

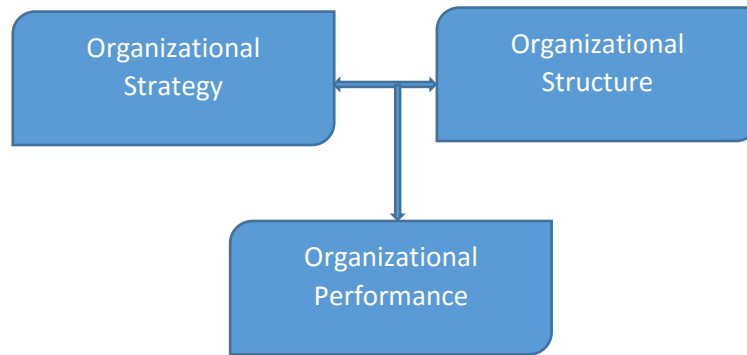


Figure 1: Conceptual Framework of the Study

2.0 Review of Related Literature

2.1 Organizational Strategy

Johnson et al. (2008) described organizational strategy as the direction and scope of an organization over the long-term which helps it to attain benefit through its configuration of resources within a challenging environment aimed at meeting market needs and to fulfill stakeholder expectations. Bartol & Martin (1993) added that strategies are large scale action plans for relating with the environment in order to accomplish long-term goals. Also Bateman & Zeithamal (1990) posited that strategy is a form of actions and resource apportionments designed to accomplish the goals of the organization. Kavale (2012) viewed strategy as the long-term goals and objectives determination, the adoption of courses of action and associated allocation of resources required to achieve goals. Strategy is the path and scope of an organization over the long-term which achieves benefit in a changing environment through its configuration of resources and competences with the aim of fulfilling stake holder's anticipations. Gareth (2010), mentioned that strategy is an indispensable tool for an organization success, as it helps a company to be more proactive than reactive in molding its own future; it makes an organization to initiate and affect activities so that it can exert control over its own destiny. Bower (1974) opined that strategy generates greater commitment to achieve objectives, to implement strategies, to work hard, strategy well implemented aids improvement in sales, profitability and productivity. It can also improve understanding of competitors strategies. However, a good SWOT analysis can help us to understand the difference with our competitors, including the awareness of threats; it helps to reduce resistance to change and to objectively define management problems. Armstrong (2003) concluded that strategy provides a framework for an organization to coordinate and control its activities and enhances communication among the employees and managers.

Johnson et al. (2008) suggested that all entrepreneurs and business executives should be able to itemize their organization's strategy with a 'strategy statement'. The authors asserted that strategic statements should possess three main themes: the relevant *goals* that the organization wants to achieve, which characteristically draw on the organization's outlined mission, vision and objectives; the *scope* of the organization's activities; and the particular *advantages* or capabilities it has to deliver all of these. Gareth (2010) and Johnson et al. (2008) mentioned the different contributing elements of a strategy

statement as explained thus:

- **Mission.** The term is related to goals, and refers to the domineering purpose of the organization. Mission is often defined in terms of the seemingly simple but challenging question: '*What business are we in?*' Hence, mission statement enables top executives to emphasize on the essential area of their strategy.
- **Vision.** This term also is connected to organizational goals, and refers to the anticipated future state of the organization. Vision is an aspiration which can help mobilize the energy and passion of organizational members.
The vision statement, therefore, should answer the question: '*What do we want to achieve?*'
- **Objectives.** The term “objective” is a more clear-cut and quantifiable statement of the organization's goals over some period of time. This may refer to profitability or increased market share targets for a private firm. Objectives introduce discipline to strategy. The question here is: '*What do we have to accomplish in the coming year?*'
- **Scope.** The concept of Scope is described considering three perspectives: clientele, geographical location; and the degree of internal activities ('vertical integration'). Considering a university as an example, scope questions are twofold: first, which academic departments to have? Second, which activities to do internally themselves? And which of the activities to externalize or to outsource to subcontractors.
- **Advantage.** This part of a strategy statement describes how the organization will achieve the objectives it has set for itself in its chosen domain. In competitive environments, this is referred to as the *competitive* advantage: for example, how a particular organization will achieve its goals in the face of competition from other organizations. In order to achieve a particular goal, the organization needs to be better than others seeking the same goal.

2.1.1 Basic Elements of Strategic Management

Robbins et al. (2011) listed the components of strategic management as environmental scanning, that is, both external and internal, strategy formulation, that is, strategic or long-range planning, strategy implementation and evaluation and control.

Environmental Scanning: Environmental scanning consists of observing, assessing, and communicating adequately information from both external and internal environments of the firm to major stakeholders within the organization. Pullan (2000) highlighted that the purpose of such scanning entails identification of strategic elements which consist of the external and internal factors that will define the future of the firm. The external elements are: opportunities and threats in the organization's operating environment, such as macroeconomic, social, government, legal, international, and technological factors that may affect organizations activities. Riemann (1995) added that it also includes internal analysis: strengths and weaknesses within the organization itself such as the organization's structure, culture and resources.

Strategy Formulation: Strategy formulation has to do with coming up with long-range plans for the proper management of the opportunities and threats in the environment while assessing the organizational strengths and weaknesses. Aladwani (2001) found that strategy formulation involves conducting research, integrating inquisition with analysis and making

decision. The author mentioned that strategy formulation enables a firm take advantage of perceived market needs or cope with attendant risks.

Strategy Implementation: This is otherwise referred to as putting the plan into action. Li (2005) posited that this entails procedures, financial plans and programmes that aid the strategies and policies to become an action properly executed. These activities might entail a holistic change process of structure, culture and the organization management system. It involves established short-term objectives, devising policies and allocating resources.

Evaluation and Control: The focus of evaluation and control according to Olson et al. (2005) is to see that the firm achieves the goal it set out by comparing the actual to expected performance. It involves examining the underlying bases of a firm's strategy, comparing expected results with actual results, taking corrective actions to ensure that performance conforms to plans. Ajagbe et al. (2011) added that control may include altering firm's long term direction, redefining the business, raising or lowering performance objectives, modifying the strategy and improving strategy execution.

2.1.2 Features of Effective Strategy

Chandler (1962) argued that a good and effective strategy must provide support to the mission of the organization, it must exploit opportunities and threats in the environment, it neutralises threats to the organization and helps to avoid or overcome weaknesses in the organization.

2.1.3 Strategy Implementation

Olson et al. (2005) asserted that to properly ascertain the connection between organizational strategy and organizational structure, a manager must first define what the firm's strategy is and once this is known, focus shifts to the implementation. Strategy implementation is an activity of putting strategy and policies into concrete actions in the short term (Li, 2005). This was re-emphasized by Aladwani (2001), who argued that strategy implementation means putting the result of planning into real life activity. This shows that strategy implementation means running the plans that have been formulated. Bonoma (1988) suggested that strategy implementation is comprised of two main variables: 'structure and managerial skills. Structure provides the framework in which organizations operate effectively. This study considers a critical implementation dimension of strategy in terms of organizational structure. However, YouSigma (2008) viewed grand strategies as master strategies which offer basic route or path for strategic actions. They serve as the foundation of organized and sustained efforts focused toward attaining long-term business goals. Grand strategies specify the time period over which long-range goals are to be accomplished. Thus, a grand strategy can be described as an all-inclusive general approach that regulates a firm's major activities. As shown in Fig. 2 and Fig. 3, Organizational managers may utilize techniques such as Grand Strategy Selection Matrix or Grand Strategy Cluster to design the means that will be implemented to accomplish the organization's long-term goals. The principal Grand Strategies are:

Concentrated Growth Strategy: This involves focusing on increasing market share in existing markets. Li (2005) stressed that strategy is also sometimes referred to as concentration or market dominance strategy. The author posits that in a stable environment where demand is growing, concentrated growth is a low risk strategy. Concentration may involve increasing the rate of use of a product by current customers; attracting competitor's customers; and/or attracting nonusers/ new customers.

Market Development Strategy: This means selling present products or services in new markets. Olson et al. (2005) argued that managers take actions like targeting promotions, opening sales offices and creating alliances to operationalize a market development strategy.

Product Development Strategy: The concern here dwells on changing the current products and coming up with new products for the markets that are currently being served. The focus is usually on product or service that has to do with the existing market. It may involve changes in quality, size or model of the product at times. Aladwani (2001) highlighted that as part of the strategy employed here, organizations may want the products to move to the market on time, coming up with a cheap product, or developing a product with best quality in terms of product performance as well as reliability. This strategy sometimes faces budget constraints.

Vertical Integration Strategy: This strategy has to do with taking over companies that supply the organization with input materials or are client for its manufactured products. It may be split of buying of shares, purchase of assets among others. This strategy entails both backward and forward integration. Fadeyi et al. (2015) opined that backward integration has to do with acquisition of firms at the earlier phase of the value chain, while forward integration is the acquisition of a firm at the later phase in the value chain.

Concentric Diversification Strategy: This strategy involves the creation of a portfolio of related businesses. Adegbuyi et al. (2015) suggested that the portfolio is usually established by acquisition rather than by internal new business creation. Product-market synergies are a major issue in creating the portfolio of related strategic business units.

Conglomerate Diversification Strategy: This entails using the financial performance standard as a base for the acquisition of a portfolio of businesses.

Horizontal Integration Strategy: This strategy has to do with buying over competitor firms that are in the same market with the firm or in a new market. Maduenyi et al. (2015) mentioned that concentrated growth strategy can be supported by this type of strategy.

Divestiture Strategy: This strategy involves the sale of part or total components of a firm's business usually as an ongoing business concern. At times such firm may go into an entirely new business line as is usually the case (Ansoff, 1965; Armstrong & Barron, 2002; Ajagbe, 2014).

Liquidation Strategy: This strategy involves the sale of part or total components of a firm's business usually at an auction to individual or corporate buyers of its physical asset value. Ajagbe (2007) put forward that the purpose of this sale is not to operate the business as an ongoing business concern as in the case of divestiture.

Turnaround Strategy: This is a kind of strategy adopted by financially struggling companies. It entails cost savings as well as reduction of asset. Collis & Rukstad (2008) posited that this can be through laying off of some of the employees, leasing instead of actual purchase of equipment, reduction of expenditure on marketing as well as research and development. Ajagbe et al. (2011) argued that sometimes there may be disposal of firm's asset for the purpose of accessing capital for new business ideas or the asset after being sold might be leased back to the firm again from the buyer of such asset all for the purpose of raising capital for the firm. However, the capital raised must be diversified into some other venture for the turnaround strategy process to be completed.

Innovation Strategy: This is an outcome of research and experiment that leads to formation of a new device or new business process. This strategy involves new business ideas, new processes and higher levels of research and development than the product development strategy. David (2005) mentioned that strategy is usually supported by other strategy.

Innovative strategy is a profitable strategy to the firm, hence they seek to realize the initially high profits that go with customer acceptance of a new enhanced product. After this, instead of facing stiffening competition as the basis of profitability changes from innovation to production or marketing competence, they seek other original ideas (Ajagbe et al., 2011; Ajagbe & Ismail, 2014; Kimuli et al., 2016).

Joint Ventures: This strategy involves two or more firms coming together to create competitive advantage in the industry they are operating in. Fadeyi et al. (2015) stressed that this coming together entails pulling their resources, management skills and other assets together to be able to create such an advantage.

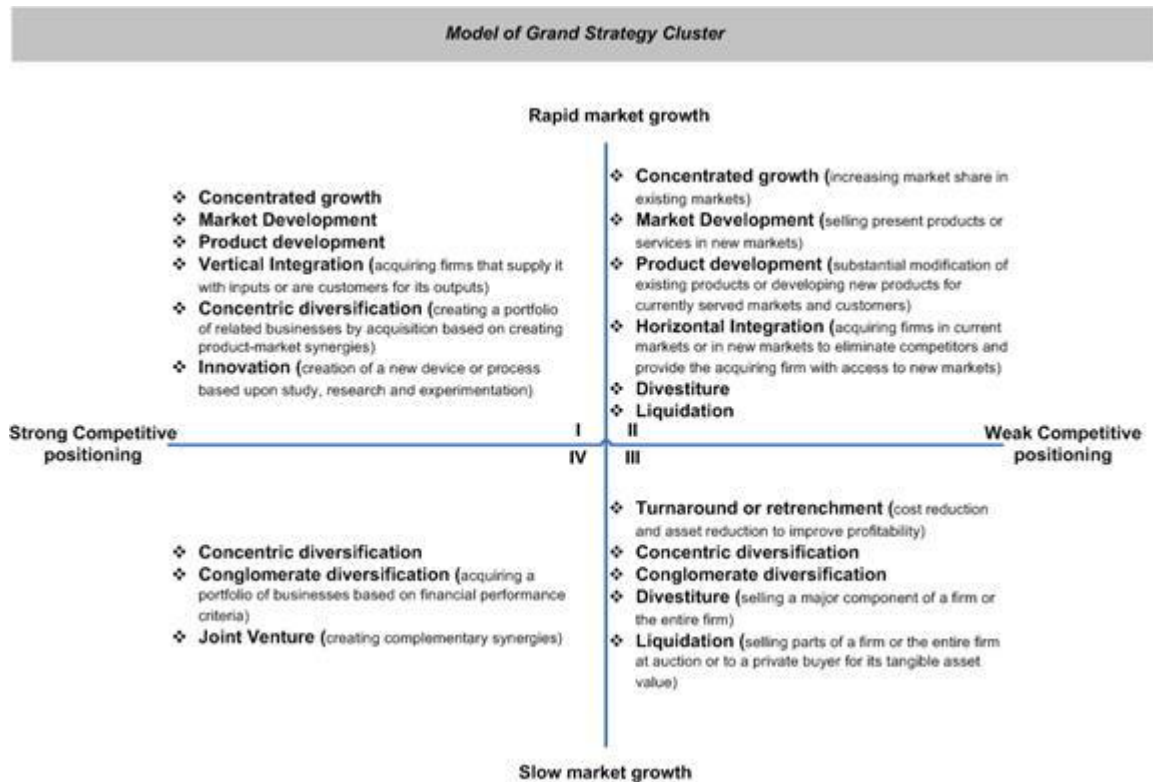


Figure 2: General Grand Strategies
Source: YouSigma, 2008.

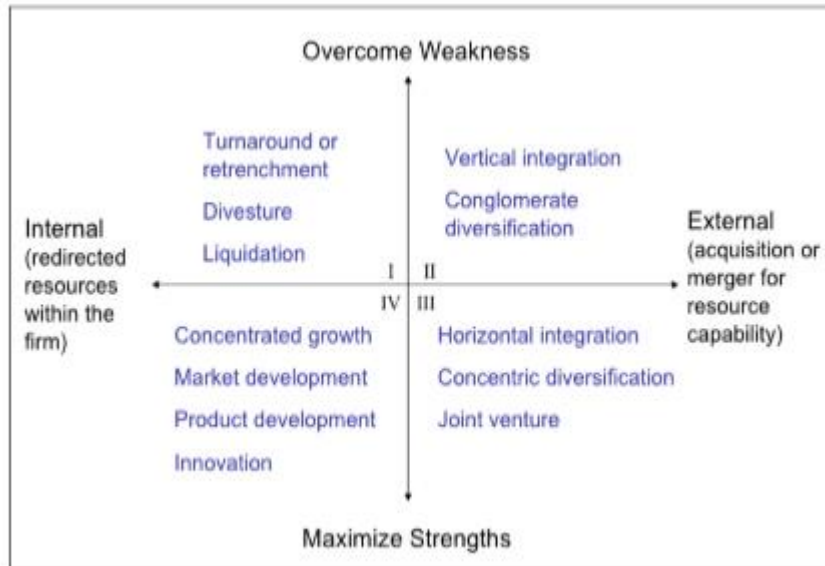


Figure 3: Grand Strategy Selection Matrix
Source: YouSigma, 2008

2.2 Organizational Structure

Ibrahim et al. (2012) posited that organization structure refers to the way jobs are divided, where decisions are made and how work roles are coordinated. Structure defines how job tasks are formally divided, grouped and coordinated. It specifies the firm's formal reporting relationships, procedures, controls, and authority and decision-making processes. Structure indicates area of responsibility, authority and accountability (Ansoff, 1965; Armstrong & Barron, 2002; Collis & Rukstad, 2008). Furthermore, organizational structure specifies the work to be done and how to do it and it influences how managers work and the decisions resulting from that work. Structure is concerned with the official arrangement of jobs and the reporting relationships that control, co-ordinate and inspire workers to work as a team in order to achieve the firm's objectives. The function of organization structure is to facilitate the performance of firms through the implementation of strategy. David (2005) stated that for an organization to manage its strategies well in practice a good structure is necessary. Lewis et al. (2001) viewed the structure of an organization as an authority and responsibility for result achievement. The structure of an organization typically takes the shape of a pyramid and is represented in a chart at times known as an organizational chart. The structural organization has the following characteristics:

- It is made up of formal relationships with well-defined duties and responsibilities;
- It has hierarchical relationships between superior and subordinates within the organization;
- It has tasks or duties assigned to different persons and the departments;
- It involves the coordination of the various tasks and activities;
- It has a set of policies, procedures, standards and methods of evaluation of performance which are formulated to guide the people and their activities.

2.2.1 Importance of Structure

There are several benefits that firms derive from a good organizational structure because it contributes to the firm's performance. Aldrich & Pfeffer (1976) highlighted that organizational structure contributes to the clarity of authority, relationship, thus helping the members of the organization to know what is expected of them and their relationship with the roles of others. Structure also helps to make clear the communication and coordination pattern within the organization (Bartol & Martin, 1994; Bobbitt & Ford, 1980; Long et al., 2012a). Furthermore, decision making centers in the organization are made clear with the aid of structure. Structure promotes growth in the organization, as it helps in boosting its capacity in handling increased level of activities. Ajagbe & Ismail (2014) argued that creativity is activated and enhanced among organizations through a clear cut pattern of authority. Structure also helps to create proper balancing among organizations tasks and helps to emphasize coordination of group activities.

2.2.2 Components of Organizational Structure

Egelhoff (1982) stated that structural component is an important aspect of organization structure that impacts on task division, coordinating, grouping of tasks and task accomplishment. The structure of an organization requires that all factors that can impact on the designing of the structure should be well analyzed. Robbins (2011), suggested that task allocation, reporting channels and the official coordination and interaction patterns that will be followed are all spelt out by organization structure. Designing organization structure entails four dimensions which are: breaking down of tasks into smaller jobs otherwise known as division of labor, dispersal of authority among tasks, grouping of jobs together or departmentalization and span of control (Henekom, 1987; Mintzberg, 1987; Robbins, 1990; Long et al., 2013a). According to Olson et al. (2005), there are three structural dimensions that influence organizational communication, coordination, and decision-making which are vital to strategy implementation. These dimensions are: formalization, centralization, and specialization. Ibrahim et al. (2012) however viewed these dimensions as four features of organization structure which are: formalization, hierarchical, centralization and specialization.

Formalization: Formalization is the extent to which decisions and working relationships are administered by rules and procedures. Rules and procedures serve as a means for making known appropriate behaviors. Gareth (2010) stressed that routine aspects of a problem can be easily dealt with through the application of rules. However, rules aid individuals to organize their activities to benefit themselves and the organizations at large. According to Olson & Slater (2002), formal rules and procedures can also lead to increased efficiency and lower administrative costs. The authors added that firms with fewer formal procedures are often referred to as organic. Organic firms encourage horizontal and vertical communication and flexible roles.

Hierarchical: Hierarchy refers to how many levels the organization has from the lowest to the highest level. Long et al. (2014) opined that a tall hierarchical structure tends to slow down decision making process while the flat hierarchical structure accelerates decision making process.

Centralization: The concentration of decision making authority at the top management level with clear cut communication line and responsibilities. Solomon et al. (2012) posited that in a centralized structure, approval from top management tends to be fast as the route is traveled quickly. Even though innovative ideas might be few in a centralized

organization, execution tends to be fast and straight forward once a decision is made. This accrued benefit is majorly realized in a stable, noncomplex environment.

Specialization: This can be described as the extent to which tasks and activities are divided in the organization. Slater & Olson (2001) described specialists as authorities in their respective fields who are usually given substantial autonomy and this aids the firm with respect to how quickly they respond to changes in their environment.

2.2.3 Types of Structure

Montana & Charnov (1993) argued that it is conventional to establish and describe various management structures. However, there are six alternative forms of organizational structures available to decision makers. Successful organizations due to growth align themselves with a pattern of structure. These structures include: Simple or entrepreneurial structure, functional structure, product structure, divisional structure and matrix structure (Gareth, 2010; Montana & Charnov, 1993).

Entrepreneurial Structure: This is the simplest form of all the organizational structures. In this kind of structure, everything rests on owner of the business. The owner makes the decisions and bears all the risk associated with the decision. He knows much about the business. Armstrong (2003) argued that there is little or no formal structure in place as decision is in one place the owner. Organizations with this structure are highly flexible organisations e.g. trading companies. Fadeyi et al. (2015) stated that growth and geographical dispersion, and the need for outside investment, can create pressures to change from this structure.

Functional Structure: Growth often leads to the development of a functional structure. Division of labor is based on the main organizational activities of the firm. Long et al. (2014) emphasized that departments or employees who perform similar functions or work processes are grouped together. Similar activities are grouped into departments; personnel, marketing, finance, operations and so on. Adegbuyi et al. (2015) stressed that coordination is from the top and it can lead to specialization, which aids the maximum use of employees' skills. The authors stressed that this structure may be inadequate for further growth and expansion in the organization. Advantages of this structure include economies of scale and in-depth skill development. The disadvantages are adaptability to environmental changes, slow and less innovation, poor horizontal coordination among departments, restricted view of organizational goals and hierarchy overload.

Divisional Structure: Divisionalization involves breaking the organisation down into relatively autonomous units, called divisions. Each division might serve a particular product or a particular market. Each will have its own divisional executive. Each may have its own structure and may be organised based on other forms of structure. Maduenyi et al. (2015) suggested that each division can respond to the demands of its own markets and are responsible for matters of cost and profits. Each division runs like a separate business. Divisions might be responsible for a set of products and services, clients or geographical markets. Chandler (1962) opined that decision-making is highly decentralized with the attended benefits such as fast response and adaptation to environment and high coordination across divisions. The associated disadvantages: Loss of in-depth understanding, coordination among divisions might be hard, goals and perspectives of divisions might be conflicting and autonomy level of each division (Chandler, 1962; Solomon et al., 2012; Long et al., 2014).

Matrix Structure: This is a mixture of functional and divisional structures with a strong form of horizontal linkage although there is need for both vertical and horizontal linkages to

exist. Fadeyi et al. (2015) asserted that matrix structures allow for the development of organized and effective teams of specialists working towards the objectives of a vital project. It serves as an aid to professional and career development of specialist personnel. Egelhoff (1982) posited that they provide for flexible use of specialist staff. In this form of structure, product and functional managers exist, so also 'dual hierarchy' or 'dual authority'. The various structures described are attempts to combine market and functional focus to organizational work. The Advantages include allowance of the organizations to meet multiple demands, flexible resource allocation, high adaptability to the environment and flexible sharing of employees across products. The disadvantages are: defining authority and responsibility for both managers, conflict management mechanisms are needed, dual reporting relationships, need for extensive training and great effort to protect balance of power.

Geographical Structure: This involves grouping according to an organization's users or customers. Horizontal coordination within one region is encouraged and responsiveness and fit to local environment is high. It is mostly used by multinational organizations. Montana & Charnov (1993) stated that the Multinational Corporation structures itself along geographical areas or product lines or a combination of both in a matrix structure. Geographical as well as product structure enhance the organizational product coordination of multinational corporations worldwide. Its associated benefits include enablement of centralized decision making along product lines which contribute to cost reduction. Advantages and disadvantages are similar to divisional structure and there is high adaptation to regional needs and goals.

Virtual Structure: Virtual structure has the following characteristics such as lack of physical structure, reliance on communication technologies, mobile work, and boundaries and inclusive, flexible and responsive, activities are outsourced, high inter-organizational relationships and seamless organization. Henekom (1987) suggested that in virtual network structure or modular structure, project groups are linked by constantly changing networks. Rather than single buildings, business functions are scattered worldwide. Lewis et al. (2001) opine that these set of organisations are interconnected via the net and share relevant information through it. The advantages include flexibility, adaptability to cope with rapid technological changes, companies can concentrate on their distinctive competencies, small organizations can reach various resources and highly flexible organizations can reduce administrative overhead costs. Some of the disadvantages are: too many potential partners can lead to trouble and suits better for start-up companies (Ajagbe & Ismail, 2014), no close control on many activities by the management, great deal of time to coordinate various partners, activities etc., risk of organizational failure due to partner's failure and weak employee loyalty and corporate culture (Ansoff, 1965; Armstrong, 2003).

Hybrid Structure: This structure is the combination of various structures in one organization. Project or product groups might be overlaid over functional structure. Suitable for highly changing environment and offers great flexibility. It aims to benefit from the strengths of various structures and avoid their weaknesses (Henekom, 1987; Aladwani, 2001; David, 2005).

3.0 Relationship between Strategy and Structure

Previous research by Robbins (1990) and Rajapakshe (2002) on the association between strategy and structure came up with the following major findings:

- Different kinds of strategies permit for specific structural forecasts.

- A more embracing and expanded proposition that strategy serves as a mediator to select organizational structure appropriate with the current environment.
- The information-processing proposition considers that a structure with a sound information process can be helped to implement organizational strategy more accurately.
- Organizational structure imposes limitations on selecting a strategy.
- An organization's current operational and administrative mechanism (technology and structure) will have major effect on the selection of future strategy.

Kavale (2012) highlighted that the first structure of most organization is informal and has an effect on organizational goals as well as the strategies for the goal attainment. From research it has been made clear that most times it is strategy that causes change to the structure, though some scholars still dispute this and view it the other way round (Rajapakshe, 2002). Strategy is administered through the designed organizational structure and alterations in an organization's strategy mostly has its associated challenges that a new structure can only address (Kavale, 2012). This was still the position of Chandler as he affirmed that strategy is given and that, before the emergence of structure, strategy existed at the back of the mind (Chandler, 1962). This justified why functional structures are followed by the strategy that is already given and existing in the organization (Mintzberg, 1987; Kimuli et al., 2016). Structure has been confirmed to be distinct from strategy and addressing structural issues is perceived as means to advance organization competence, enhance teamwork and formation of synergy. Johnson et al. (2008) further posited that the structure –strategy dependency issue needs to be addressed seriously as it is possible to have the best of structure and still end up in the same or worse situation in the organization with inappropriate strategy.

3.1 Alignment of Strategy and Structure

According to Kavale (2012), a firm's strategy and its operating environment should align. Since the forces in the environment are highly volatile and dynamic, it is almost impossible for any single firm to influence these forces, hence the need to adapt to the environmental variables. The forces in the environment propel changes in the firm and appropriate structure must be in place to match with the firm's strategy in the face of these forces. This is referred to as the strategic alignment (Bower, 1974; Banoma, 1988; Ajagbe, 2007). This is immediately followed by "matching" which involves the matching of organizational capability, strategy and structure together. Matching and alignment are very key processes that firms must consider when embracing the management of strategy. According to Johnson et al. (2008), the appropriate configuration of strategy, structure, the environment and the organizations capability is known as strategic fit.

3.2 Linking Organizational Strategy and Organizational Structure

Chandler (1962) revealed that amendment in strategy should be followed by a new structure. This was supported by Bateman & Zeithamal (1990) who mentioned that for successful execution of strategies, a suitable structure is needed. This became the accepted position of many scholars universally that "Structure Follows Strategy" (Chandler, 1962; Ansoff, 1965; Rajapakshe, 2002). This generally accepted position

suggests that every activity the firm gets involved in is targeted towards optimum performance based on the firm's strategic choice. Thus strategy is a contributing factor to how organizational structure develops. The core structure of a firm is one of the main means that strategists use to position the firm so as to implement the strategy in a way that balances the firm's efficiency and effectiveness (Ajagbe et al., 2011; Long et al., 2013b; Gareth, 2010). Ever since it is generally agreed that structure follows strategy, the selection of an organization structure rests mainly on the strategy of the organization (Kavale, 2012; Long et al., 2013a). The way the structure is designed ties together principal activities and resources of the firm and it must be in agreement with the firm's strategic requirement. The justification for this is due to the fact that firms change their progress strategy in reaction to changes in the environment. However new structure usually creates administrative challenges that end up in a deteriorating performance, hence the appropriate strategy. The reason for the problems is because the existing structure is ineffective in administering the activities required by the new strategy. To enhance performance, it is necessary to re-design the structure according to the demands of the strategy. This means that failure to re-design structure would eventually result to a decline in performance (Ansoff, 1965; Long et al., 2012b).

The holistic way of how a firm administers its activities is its strategy. Both Structure and strategy are associated together and when a firm makes major strategic alterations, every area of the structure required to aid the strategy should be carefully thought through. This remains the only definite singular way of executing an improvement that will stand the test of time. Collins (2007) is of the view that it takes the right structure for a strategy to work or succeed. Long et al. (2012b) suggested that organizational management that is solely focused on results can have a tendency to direct everyone in the organization on what they need to do without paying attention to the current way the organization works. Long et al. (2012a) found that the result is that if employees' daily ways of carrying out task does not aid strategy the path the firm is taking may not be sustainable in the long run.

4.0 Strategy-Structure Relationship on Performance

Pullan (2000) posited that an effective structure should provide support to the organization strategy and should influence the strategy adopted in one way or the other. The author continued that the relationship between structure and strategy play a crucial role to organizational success and it is worthy of note. On one side, structure emanates after strategy, which is the popular scenario. Alternative to this is that, structure precedes strategy. This is however not common. This affirms the fact that there is a mutual relationship between structure and strategy, as one is tied to the other. Whichever precedes in any situation, one influences the other (Chandler, 1962; Fadeyi et al., 2015; Maduenyi et al., 2015; Adegbuyi et al., 2015). For an organization to achieve its goals or talk about any performance, appropriate strategy must be in place, hence, the need for performance management strategy. According to Armstrong & Barron (2002) performance management is defined as a strategic and integrated approach to delivering sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors. Armstrong (2003) added that performance management strategy is concerned with managing the organization, everyone in the business, performance improvement, employee development, stakeholders' satisfaction and finally communication and involvement. Lewis (2008) posited that

performance management focus is on future performance planning and improvement rather than on retrospective performance appraisal. Performance management strategy links organizational vision, mission, values and strategic goals to divisional, departmental and individual goals, objectives and tasks/targets (Henekom, 1987). Measuring organizational performance strongly affects the behaviour of people from within and outside of an organization (Solomon et al., 2012; Long et al., 2013a). The measurement system employed by the organization needs to be a holistic one such that it is derived from its strategy and capabilities (Kaplan & Norton, 1992). New strategy requires new or at least an amended structure if that enlarged organization is to be run efficiently and have high performance (Chandler, 1962; Rajapakshe, 2002). Chandler's position was supported by Kavale (2012), who concluded that proper match between strategy and structure leads to high performance for the organization. He stressed further that incompatibility between strategy and structure will result in performance that is not too encouraging for the organization.

5.0 Strategy before Structure, any Problem?

Some researchers including Chandler (1962) and Rajapakshe (2002) are of the view that strategy should come before structure. This is however associated with certain types of problems. They believe that the strategy-then-structure paradigm may be too rigid to cope within some fast-changing environments in the new millennium. Ajagbe et al. (2011) have suggested that the type of structure may be just as important as the business/market area in the strategy development process as some value chain configurations for instance, demand certain unique organisational structures. Davis & Devinney (1997) opined that complex strategic change needs to be managed as it proceeds, rather than imposing an organisational structure at the end, and top-down strategy decision-making may be inappropriate for the development of innovative strategies. Long et al. (2014) concluded that middle level managers may need the flexibility to experiment and the freedom from imposed organisational structures.

6.0 Conclusion and Implication for Further Research

This study reviewed previous articles on organizational strategy, organizational structure, organizational performance and the association between strategy, structure and how it results to organizational performance. On this basis, the study found that for proper implementation of strategies, appropriate structure should be in place or existing structure amended to aid the strategy implementation process. This study also found that strategy and structure are interrelated and each depends on the other for proper functioning. This means that once strategy and structure are not properly aligned it negatively affects performance of an organization. However, if they are properly aligned, it will affect the organization performance positively. Hence, strategic business managers should pay more attention to this and to properly ascertain the association between strategy and structure. In addition, entrepreneurial business managers should ascertain first what the firm's strategy is, and once the strategy is known, focus should shift to strategy implementation. In this wise, structure is key to this implementation, though this may not always be the case.

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