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IMPACT OF THE INTRODUCTION OF A FLATTER STRUCTURE ON JOB SATISFACTION OF THE DIRECT SALES TEAM OF A BANK

El impacto en la introducción de una estructura más horizontal en la satisfacción laboral del equipo de ventas directas de un banco

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IMPACT OF THE INTRODUCTION OF A FLATTER STRUCTURE ON JOB SATISFACTION OF THE DIRECT SALES TEAM OF A BANK

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PALABRAS CLAVES: Estructuras de jerarquía, estructuras horizontales, análisis de trabajo, satisfacción laboral, motivación en el trabajo, comportamiento organizacional, desarrollo organizacional

KEY WORDS: Key words: hierarchy structures, flatter structures, job analysis, job satisfaction, job motivation, organizational behavior, organizational development.

ABSTRACT

A recent change in the organizational structure of the direct sales team of a bank was made with the objective of improving job satisfaction. The present study of 57 salesmen that are part of the mentioned team, aims to analyse the changes in their overall job satisfaction before and after the introduction of a flatter structure, to confirm that the change had the desired effects. A quantitative descriptive approach will be taken and a before-and-after intra-group comparison will be used to study the differences in the dependant variables. According to Worthy (1950), Carpenter (1971) and Ivancevich & Donnelly (1975), there is some empirical evidence that suggests a significant correlation between a flatter structure and higher job satisfaction. To measure job satisfaction, a single-item measure will be used. In addition to measuring job satisfaction directly, rates of turnover and absenteeism will be utilized to confirm the findings. The outcome of this research could help for decisions to apply comparable changes to similar teams, and add to the academic discussion of the relationship between job satisfaction and tall or flat organizations.

Managers). This tall structure had been in operation for the last 6 years. The total sales force was composed of 60 people.

Various options were initially thought of in order to improve the overall job satisfaction and performance of the sales team, from changes in the incentive system to changes in the structure of the team. When analyzing more, the human resources department raised some concerns related to the nature of the tall structure, like excessive centralization of authority, unnecessary job specialization, general miscommunication across the department, and lack of initiative and ownership in the salesmen.

Therefore, the management of the bank decided to introduce a flatter organizational structure for the sales team. The main objective of this decision was to increase the level of autonomy of the salesmen, improve the flow and reach of internal communication and cascading of objectives, decrease the level of internal bureaucracy, and consequently improve job satisfaction and sales performance.

The new structure implemented 3 months ago is flatter with 3 levels of hierarchy, each reporting into its next level including the Head of Sales. The next reporting levels are:

Team Managers

Senior Sales Consultants and Sales Consultants

The sales team are 60 people, 57 of them were part off the previous structure.

The main goal of this research will be to answer the question "has the introduction of a flatter structure in the sales team had a positive impact in their job satisfaction." The approach will be positivist, and a quantitative before-and-after type research will be used. This research type design will be able to demonstrate if there is a significant difference between the variables job satisfaction, turnover and absenteeism before and after the change in the sales team.

If this research confirms the bank's management assumptions that the flatter structure helps job satisfaction, they are planning on applying similar changes to other three sales areas that currently still operate under a tall composition (in corporate banking, priority banking and the branch network). Additionally, this research could contribute to the development of theory since there is no evidence of this type of study in the Middle East or salesmen in banks specifically. Most researchers have focused on western countries and other types of salesmen, so the confirmation or denial of the assumptions in this analysis could help either in confirming previous findings as general, or in opening interesting possibilities for further research to understand if cultural and organizational differences play a role in the relationship of structure and satisfaction.

the respective person's work environment. Weiss (2002) also described it as an either positive or negative evaluative judgment made about one's job or job situation. Finally, Brief (1998) attempts an explicitly balanced definition, characterizing job satisfaction as "an internal state that is expressed by affectively and/or cognitively evaluating an experienced job with some degree of favor or disfavor" (p. 86).

1.2.2. WHY JOB SATISFACTION IS IMPORTANT

Job satisfaction is important for both, organizations and individuals. In 1998, Soler's research in 39 schools, found a clear relationship between low job satisfaction and low organizational engagement, low employee self-esteem, and high rates of turnover. Several other scholars have concluded that job satisfaction has clear relationships with factors that directly affect an organization. For example, absenteeism was found to be a predictor for determining how employees feel about their jobs Wegge, J., Schmidt, K., Parkes, C., & Van Dick (2007); Koys (2001) found a correlation between satisfaction and organizational productivity; and Bakahus, Cravens, Johnston and Moncrief (1996) concluded that organizational commitment could be compromised if the level of job satisfaction is low.

1.2.3. FACTORS THAT INFLUENCE JOB SATISFACTION

Researchers such as Drummond & Stoddard (1991) see job satisfaction as the composition of general satisfaction and specific satisfaction. General satisfaction is described as a feeling that an employee has towards his or her job as a whole. Specific satisfaction is the result of an assessment of the main different factors of the job: working situation, autonomy, compensation, relationship with coworkers and supervisor, organizational polices, and the main features of the job per se.

Herzberg's (1968) motivation-hygiene theory is one of the most well known models of job satisfaction. He states that job satisfaction is a combination of two types of factors. The first type are motivators, or intrinsic factors, that lead to job satisfaction, such as achievement, recognition, work itself, responsibility, autonomy, professional growth, and advancement. The second type are "hygiene", or extrinsic factors, that generate job dissatisfaction when they are not met, such as compensation & benefits, stability, convenience, schedules, stress & workload, company policies and working conditions.

Herzberg's model has been widely commented and criticized. For example, Hackman & Oldham (1976) found

in a 12-year period. One of his conclusions was that the structure in tall organizations had many hierarchical authority layers, and these could affect the level of employees' autonomy, participation and satisfaction. The nature of this structure resulted in an inability to develop the employees' management skills. Besides, he also claimed that a flat structure could enhance employees' initiative, autonomy and ownership, which in turn, could have a positive impact on the perception towards their job. Richardson's and Walker's (1948) previously mentioned study of 1948 is often cited as a reference to confirm Worthy's findings.

Carpenter (1971) researched the differences between tall, medium or flat structures and levels of job satisfaction in 120 teachers of six public school systems. He concluded that the teachers in flat organizations have a higher level of job satisfaction than in tall or medium ones. Additionally, Davis and Lawrence (1978) found a positive relationship between the introductions of flatter, therefore allegedly more practical, structures and the increase of intrinsic job satisfaction. Caldwell, Chatman, and O'Reilly (1990) concluded that organizations with flat structures and therefore "orientation procedures and well-defined organizational value systems" (p.256) reflect higher levels of organizational commitment and intrinsic job satisfaction. Tannenbaum (1992), in his study of 184 managers that were part of an executive education program in a US university, found that reduction on the hierarchy structure could improve job satisfaction.

Despite the previous findings, the relationship between flat and tall structures and job satisfaction is not a complete consensus. Meltzer and Salter (1962) found no considerable association between "tallness" and "flatness" and job satisfaction when they tried to test the validity of Worthy's conclusions. They studied the correlation between job satisfaction and type of organizational structure on 704 physiologists.

In addition, other researchers have found that the relationship between structure and satisfaction can be affected by other variables like size of the organizations and seniority of the executives. Porter and Lawler (1964) on their research about the effect of "tall" or flat" organizational structures on American managers, could not come to the same universal conclusion as Worthy in 1950. However, they argued that size was an important interacting variable. In small organizations (1000 – 49999 employees) perception of satisfaction was higher in flat organizational structures as Worthy claimed, but in large organizations (more that 5000 employees) perception

2. RESEARCH METHOD

2.1. PARADIGM

As per Alvesson & Deetz (2000), there are four main paradigms for developing a research. The objective and nature of the investigation will determine the type of approach to be used.

The positivist, or normative paradigm: this paradigm is one of the most used in social research. The use of this approach will be suitable for the investigation of social phenomena with a scientific methodology, or when variables would like to be analyzed. The normative paradigm enhances the use of standardized measurement tools to assure the validity and reliability of a study. Therefore, a positivist approach will be appropriate for this research in specific because besides analyzing the differences of independent variables after and before a change in the sales team, it can also grant it objectivity. The results will be generated by the use of statistical analysis (t-test) so conclusions can be drawn objectively based on the data analyzed. In this case the researcher will play a role of an "observer" along the investigation process. Fortunately, valid objective measures of job satisfaction before the change already exist within the bank, and they can be collected again after the change for the statistical comparison.

Interpretivism paradigm: it could be used when the objective is to know more about the reality based on the reconstruction of people's initial construction of reality looking to find a new consensus. For this study, an interpretivist approach could be used to have a subjective interpretation of job satisfaction before and after the change based on qualitative data. However, there is a limitation for the use of this paradigm in this case, since the change already took place. Therefore, it will not be possible to ask about individuals' opinions before the change, which would be the ideal to apply this approach fully. Even if the objective of the research was to understand more how job satisfaction was being constructed before and after the change, the potential qualitative data to be generated from the sales teams' perceptions after the change would not be enough to draw valid conclusions.

Postmodern paradigm: it is based on the need to question everything, and consequently it does not agree in generalizations. The main tool to understand the construction of the reality will be the language since it is the essential component of the construction process. This approach is not applicable

the previous one. Furthermore, rates of turnover and absenteeism for the sales team before and after the change will be used to confirm the impact of the introduction of a flat organizational structure.

To collect the relevant data to measure overall job satisfaction, the information regarding the question "how satisfied are you with your job in general?" will be extracted from the survey applied to the whole sales team (approximately 60 people) six months before the change. The same question can be applied six months after the change for the purpose of this research. In both cases the dependent variable, job satisfaction, was and will be measured by a single-item Likert scaled (1 to 5, strongly disagree to strongly agree). 57 employees out of 60 were part of the sales team before and after the change, and therefore the proposal is to use all of the 57 as part of the sample.

Additionally, rates of turnover and absenteeism 6 months after and before the change will also be used to validate the impact of the flat organizational structure. Turnover and absenteeism will be calculated using the following formulas:

$$\text{Turnover} = \frac{\text{Number of individuals that voluntary left the sales team}}{\text{Average of total number of sales team employees}}$$

$$\text{Absenteeism} = \frac{\text{Number of individuals absences in the sales team}}{\text{Average of total working days}}$$

Regarding the use of one single question for the measurement of job satisfaction, there is some evidence of the advantage of using a single-item measure as a measurement of overall job satisfaction. Wanous, Reichers and Hudy (1997) suggested that a single question could be more advisable than the use of a weighted scale of various questions. Their main argument is that a simple average or weighted scale may not reflect overall job satisfaction because the weighting assigned by each individual may be different. Moreover, Scarpello and Campbell (1983) found that global measures of job satisfaction are not corresponding to the sum of the facet satisfactions. They recommended the use of a single-item global measure of job satisfaction because the use of the facet sum as an overall measure of job satisfaction could be questioned when a scale takes into consideration variables that could not be measured by the scale. The scholars in

Steers, Porter & Bigley (1996) argued that employees dissatisfied with their jobs are more likely to be absent. Wegge, Schmidt, Parkes & van Dick (2007) considered that absenteeism could be another indicator in order to determine how employees feel about their jobs.

POTENTIAL ALTERNATIVES FOR SAMPLING AND DATA COLLECTION

Concerning sampling, a potential alternative for using the information on all 57 employees that remained unchanged, could be random sampling of just part of the sales team. A possible size for the sample would be 32 participants. Alternatively also, structured interviews could be an option for the data collection, where closed questions could be included, but also some open-ended questions to try to have a better understanding about the participants' opinion. However, since the introduction of a flatter structure already took place, it will not be possible to compare the perception before and after the change. The potential results of the interviews may reflect just a partial view of the sales team towards the change.

2.4. DATA ANALYSIS

The data will be analyzed with paired sample t-test because scores on the dependant variables are in pairs since every individual will be measured twice in order to compare the results for before and after the change. The aim of the research is to know if there is a significant difference between the dependant variables (job satisfaction, turnover and absenteeism) before and after the change in the independent variable (structure: tall and flat). Overall job satisfaction was measured on a 1-5 Likert scale. For the sample we selected 57 salesmen that were part of the team before and after the change. Below there are some examples to illustrate the data analysis using paired sample t-test.

Table 1. Overall job satisfaction for 57 employees before and after the introduction of a flatter structure.

Case	Overall Job Satisfaction before the change (introduction of a flatter structure)	Overall Job Satisfaction after the change (introduction of a flatter structure)
1	4	5
2	3	4
3	4	4
4	3	5

2.5. ETHICS

Confidentiality and anonymity of the participants will be granted during the whole research. The sales team will be informed about the research details, and a presentation will take place to share the potential findings.

Since the relevant data for this study will be available in the HR Department, a formal request memo will be sent to HR providing information about the research, and the data required to perform the study. The management of the data will be anonymous.

3. DISCUSSION

The proposed methodology seems suitable to the nature of the research question. In terms of choosing the appropriate paradigm, Alvesson & Deetz's (2000) classification of paradigms was chosen. Despite the interesting potential contributions that the interpretivist approach could offer, the main limitation of this paradigm is that qualitative data before the change is not available, and the potential conclusion will just reflect a partial view of the impact of job satisfaction after the change in the sales organizational structure. Additionally, the critical and postmodern paradigms could provide a complementary analysis of the "unheard voices" or dialectic perspective. However, they do not support the main purpose of the research question because they are not able to establish a measure to compare the impact of job satisfaction before and after the change. Therefore, the positivist approach is the best option for this research because it has the capacity to draw objective conclusions based on the analysis of variables, which is the case of this research, through the use of a statistical analysis (paired sample t-test). This paradigm will also provide validity and reliability to the research since a standardized measure is used. For this purpose, a quantitative descriptive approach will be taken and also an intra-group comparison, where the potential results will be analyzed before and after the change.

A potential limitation of this study could be that there are other contributors to job satisfaction besides the intro-

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