

The Influence of Organizational Structure and Readiness to Adopt a Public Private Partnership in Yemen

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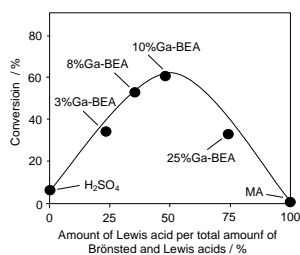
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Graphical abstract



Abstract

PPPs are widely implemented worldwide and it has become vital issues in several studies. This study investigates the relationship between organizational structure and readiness to implement PPPs. The aim of this research is to provide a theoretical framework for the impact of organizational structure on readiness to adopt PPPs and test whether the organizational structure dimensions have significant impact on the PPPs readiness index. The research model and hypotheses were formed and tested using correlation and regression analysis. The results show that formalization as one of the attributes in organizational structure is the main predictor to PPPs readiness index. This finding also shows that the organizational structure has a significant and positive relationship with readiness to implement PPPs. Based on the findings, it is recommended that in order to enhance the implementation of the PPPs, there is a strong need to consider organizational structure attributes such as centralization and formalization.

Keywords: Organizational structure; Readiness index; Public Private Partnerships (PPPs); Yemen

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1.0 INTRODUCTION

In theory, the logic behind partnerships is simple. All organizations have strengths, but no organization has all the strength required to do everything¹. PPPs have been described as a form of art², which have to begin, grow and develop or fail much like relationships between people³, which require a strong and visionary leadership. Nowadays, one of the most significant changes in the government's policy is an attempt to place more responsibility on the private sector through PPPs. This is consistent with the fact that governments in developing countries have failed in tackling the shortcomings and challenges faced by these governments in the provision of services and infrastructure³. Based on the literature, adoption of new ideas has become as a provenance for competing between the organizations. Implementation of new ideas between organizations is considered a vital factor to determine whether an organization is successful or failed when competing with other organizations in a market or survive in the industry⁵. However, empirical studies suggest that adoption of new ideas is influenced by some internal organizational factors such as an organizational structure^{6,7}. Understanding the processes of execution of the strategy is one of the main challenges of academic and professional in business⁸. On analysing execution components, an organization structure

emerges as a primary element in successful strategy⁹. This paper present part of the findings of the study that investigates the relationship between the organizational structure and readiness to implement PPPs by using the readiness theory between all organizations. Hence, in order to bridge the gap, this study examines whether organizational structure has an impact on the readiness to adopt PPPs. The purpose of this study is to test whether the organizational structure dimensions have significant impact on the PPPs readiness index. The findings of this study are particularly important as they can provide a better understanding for both the public and private sectors on which organizational structure should be encouraged in order to promote the ability of organizations for adopting PPPs.

The next section of the paper provides a brief literature review of organizational structure as a factor which influence the readiness to adopt new ideas as PPPs. In the third section, we present the overview of public private partnerships (PPPs) and readiness for change. In the fourth section we present theoretical framework and research hypotheses. In the fifth section, we discuss the methodologies used. The paper ends with the discussions of the results the relationship between the organizational structure and PPPs readiness index, and followed

by the limitations of the study, conclusions and recommendations for future research.

2.0 LITERATURE REVIEW

2.1 Organizational Structure

Organizational structure can be defined as a set of methods that work in different tasks and achieving coordination¹⁰. The organizational structure is also defined as the method accountability and authority are allocated, and business procedures are conducted among organizational members¹¹. Child¹² defined the organizational structure as official distribution of work roles and the managerial mechanisms to control and combine action activities involving those which express official organizational boundaries. Structure is a dynamic factor because; it can be changed with the passage of time as a result of new organizational situations. Moreover, it can be adjusted frequently, so that employees can obtain and acquire knowledge and new information and varied, that would assist them to cope with a range of problems, fluctuations and diverse situation¹³. Organizational structure plays a major role in the organization's ability to identify the information sources necessary, earning new experience, combining it into the organization and recognizing its absorptive capacity. Thus, the organizational structure is very substantial in how organization's process knowledge¹⁴. The main advantage of new organizational structures is the elasticity and the capacity to naturalize to the changing environment¹⁵, to promote regularity and participation. In any organization, there are two dimensions of organizational structure: the structural dimensions involve the extent of formalization and centralization. Subramanian⁷ note that the centralization is the center of decision-making within the organizations while specialization indicates the specialized skills of employees in the scope of their work within the organization. Formalization can be defined as a unified working procedure through the imposition of operating instructions, job descriptions, rules and regulations¹⁶.

2.2 Public Private Partnerships (sPPP)

In view of the complex problems faced by humanity, including climate change, poverty and inadequate public services, PPPs for development have come to be seen as the "collaboration paradigm of the 21st century" [17 p. 44]. Constraints of governments through funding and resources, moving to private enterprises to leverage their efficiencies [18]. This has led to PPPs which were by scholars, such as Sharma [19] defined PPPs as an agreement between both the agencies of government and non-government organizations (NGOs) for providing infrastructures and public services by sharing of risks and remunerations of the projects. Amit [20] defined (PPP) as a mechanism under which services are delivered by the private organizations, both non-profit and for profit sectors while the responsibility for the provision of resources rests with the authority. The collaboration of public and private sector organizations is a fruitful choice for decision makers in the public sector for improving infrastructures, earning innovation, and growing administration know-how [21]. Many organizations in the public and private sectors find projects of partnership as a priceless mechanism to achieve their organizational policy. Therefore, PPPs are found to bring together two bodies as one organization, the purpose of PPPs are to coordinate the bundled resources to take advantage of the structure and process characteristics of an organization²².

2.3 Readiness for Public Private Partnerships

Readiness for change is behavioural visualization referring to an individual's willingness to utilize new ideas for achieving goals in life, and consists of four dimensions: optimism, innovativeness, discomfort, and insecurity²³. Moreover, Son, M,²⁴ asserted that readiness for change plays a vital role in the utilization and persistent use of new ideas an effect of each of the readiness dimensions (optimism, innovativeness, discomfort and insecurity), of consumers' use of innovations and their satisfaction with adopted ideas. The two dimensions (optimism and innovativeness) are considered as facilitators of technology use, whilst the discomfort and insecurity are inhibitors of technology use. Optimism reflects one's faith that technology permits them more control, elasticity and efficiency in their lives, whilst innovativeness reflects one's propensity to be an early adopter of technology. Discomfort reflects one's feeling of intimidation or lack of control over technology, and insecurity reflects one's doubts that technology will operate correctly. Readiness theory supports the relationship between organizational structure and readiness to implement the PPPs concept in Yemen. The significance of the concept of readiness to adopt innovation by a firm is demonstrated in Son, M, [24], the researchers evaluated the readiness of private housing developers and financial institution in adopting a new housing delivery system called Build-Then-Sell (BTS) as against the existing Sell-Then-Build. The conceptual framework for this study depicting the relationship between organizational structure, and the readiness to implement PPPs is presented. Based on the literature review, the organizational structure is role is, and it is not clear how this factor impacts the readiness to implement PPPs; thus this encourages us to conduct the current study.

Consistent with previous organizational structure studies, this study proposes that organizational factor, specifically the structure will influence on organizations readiness to implement PPPs as a new idea in Yemen. Based on the conceptual framework, it can be hypothesized that:

H1: There is a significant positive relationship between organizational structure (formalization) and PPPs readiness index.

H2: There is a significant positive relationship between organizational structure (centralization) and PPPs readiness index.

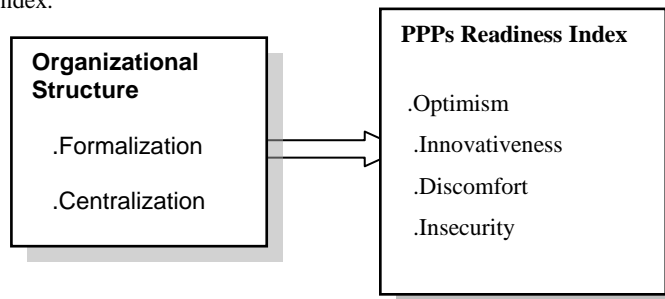


Figure 1 Conceptual Framework

The aim of this study is also to answer the following research questions.

RQ (1): What is the influence of the organizational structure on readiness to implement PPPs in Yemen?

3.0 RESEARCH METHODOLOGY

This methodology used a cross sectional study which attempts to examine the relationships of organizational structure with readiness to implement PPPs in Yemen as a new concept, applying self-administered survey questionnaire. The questionnaire was distributed to 399 organizations face-to-face so that the researcher can explain the purpose of the survey. A total of 201 questionnaires were returned, yielding a response rate of 50 %. The targeted respondents are managers of organizations they were identified as holding decision-making positions because who have sufficient knowledge and information with regard to the structuring of organizations. This study applied a five-point Likert scale to measure the different items on a scale from “strongly disagree” to “strongly agree”. A pilot study was conducted by experts who have more than ten years’ experience either in the research survey, academic work or experience of PPPs. The reasons for conduction the pilot study are to evaluate, give comments and discuss any ambiguities or misunderstandings of the questions.

4.0 DATA ANALYSIS AND RESULTS

This study used analytical techniques descriptive statistical analysis techniques to describe the demographic and Pearson’s

correlations. The hypotheses were tested using the multiple regression analysis (MRA) for examining the relationship between a dependent variable and two or more independent variables due to its well developed underlying statistical theory²⁵

4.1 Profile of Organizations

There were a total of 201 respondents. 124 (61.7 %) were private sectors, 72 (35.8%) were public sectors and 5 (2.5 %) partnerships. Most of these organizations were established between 1996 -2000 and 2006 -2010, in the range of 40 %. In terms of the number of employees, 41 (20.4%) of these organizations have between 90 and 100 employees, 23 (11.4 %) of them have between 11 and 20 employees, and 21 (10.4%) of them have 31 to 40 employees.

4.2 Correlation Analysis

Table 2 shows that the organizational structure is positively and strongly correlated with the PPPs readiness index. The Pearson correlation $r = 0.598$ is at $p < 0.01$. Moreover, Table 2 shows that the Pearson correlation between PPPs readiness index r and formalization is 0.587 and significant at $p < 0.01$. These findings point out that the relationship between formalization and PPPs readiness index is positive.

Table 1 Correlation Analysis between Independent and Dependent Variables

	PPP Readiness Index	Organizational Structure	Formalization	Centralization
PPP readiness index	1.000	0.598**	.587**	.467**
Organizational Structure	.589**	1.000	.881**	.880**
Formalization	.587**	.881**	1.000	.550**
Centralization	.467**	.880**	.550**	1.000

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

4.3 Regression Analyses and Hypothesis Testing

According to Pallant,²⁶ multiple regressions are a statistical test used to examine the contribution of each independent variable to the prediction and to test the prediction more than one independent variable on the dependent variable. Table 3 presents the multiple regression analysis between structure dimension (formalization and centralization) and PPPs readiness index. The Beta value for formalization is 0.473 at 0.00 significant, which means formalization made a significant contribution to the PPPs readiness index. While the Beta values for centralization is 0.207 at 0.002. That means centralization is a significant contribution to the PPPs readiness index. The value of the adjusted R Square in the model summary table was 0.374 meaning that the study model (which includes two independent variables) explains 37% of the variance in the PPPs readiness index. The F-ratio of 59.163 was significant at 0.000, indicating that the model is acceptable. The results show that organizational structure (formalization and centralization) has direct and positive impacts on the PPPs readiness index with $t = 7.032$, $p < 0.01$, and $t = 3.069$, $p < 0.01$, respectively.

Based on standardized coefficient beta values, formalization is observed to have the highest beta value (standardized $\beta = 0.473$), while centralization has a beta value (standardized $\beta = 0.207$). The findings reveal that there is evidence that supports the influence of organizational structure attributes of the PPPs readiness index. These findings support the hypotheses.

Table 2 Multiple Regression Analysis

Variables	Beta	t	Sig.	Tolerance	VIF	Std. Error
Constant		27.220	.000			.102
Formalization	.473	7.032	.000	.698	1.433	.032
Centralization	.207	3.069	.002	.698	1.433	.026
R square		0.374				
Adjusted R square		0.368				
F value		59.163				

5.0 CONCLUSION

This preliminary investigation examines the influence of organizational structure of the PPPs readiness index. The prior studies have revealed that the higher degree of formalization and centralization facilitates administrative adoption of new ideas. The findings of our analysis consistent with the previous studies that show higher of the formalization and centralization facilitates adoption of new ideas. The findings of this study demonstrated the significant relationship between organizational structure and PPPs readiness index. The outcomes of multiple regression analysis confirmed that formalization had stated significant influence on PPPs readiness index. This study is consistent with the study conducted by Kamaruddeen²⁷, where they found that the organizational structure has an effect on the innovativeness among housing developers in Malaysia. The results mean that organizational structure should dominate in both sectors. Parties involved in PPPs should be adopting formalization and centralization structures to ensure effective decision making with regard to implementing PPPs. The theoretical contributions of the present study have confirmed, through a systematic empirical study, the importance of organizational structure; in particular the role of formalization and centralization, as the strong relationship to readiness to adopt a new idea. Specifically, it also confirms Willem and Kamaruddeen^{28,29} studies which reveal that the relationship between organizational structure and the adoption of a new innovation is the strongest predictor and a positive relationship.

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