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Categorization of organization: an application of type A, type J and type Z dimensions

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Abstract A number of studies found dimensions for categorizing organization on the basis of Ouchi (1978). Objectives of this study is to categorise different organizations such as hotels, textiles and retail outlets and to know association between different organisational types such as hotels & textiles and textiles & retail outlets. Researcher collected data from 100 hoteliers, textile owners and retailers each using convenient sampling method. Primary data are collected using a questionnaire during 2013. Data are presented using line chart. Data are analysed using rank correlation. This study adopts two formulas introduced by Gujarati (1995). It is concluded that based on the dimensions for categorizing organizations, hotels are categorized as type A organization. Textiles are categorized as type J organization. Retail outlets are categorized as type Z organization. There is no association between ranking of hotels and textiles. As well, there is no association between ranking of textiles and retail outlets.

Keywords: type A, type J, type Z.

Introduction

Ouchi (1981) worked on theory Z. He studied about how American business can meet the Japanese challenge. He worked on Theory Z which McGregor (1967) began was not completely forgotten. During the 1970s, Ouchi began to expound its principles by comparing and contrasting Japanese (Type J) and American (Type A) organisations. Type A organisations tended to offer short-term employment, specialised careers (with rapid promotion) and individual decision making and responsibility. On the other hand, Type J firms mirrored the ethos of Japanese society - collectivism and stability rather than individuality. Those American firms which shared Type J characteristics (and indeed had

more in common with Type J organisations) were described as Type Z. He studied different characteristics of organization for different countries or cultures and found generally accepted dimensions for categorizing organization. On this basis, the dimensions found by Ouchi (1981) were used in numerous studies during different time lags. For instance, Sullivan (1983), Massie and Douglas (1992) and Bittel (1989). All these studies found similar results for categorizing organization. But, this study is undertaken for applying the dimensions found by Ouchi (1981). Three different industries such as hotels, textiles and retail outlets are selected for applying dimensions found by Ouchi (1981). As far as the researcher's literature search is concerned there are no literatures in this area. This was a major gap for filling the study in categorization of organizations.

Statement of the problem

There are number of previous studies. These studies studied about categorisation of organization on the basis of few dimensions. One such study was conducted by Ouchi and Johnson in 1978. Ouchi and Johnson (1978) studied about types of organizational control and their relationship to emotional well being. This study was conducted by collecting data collected in two companies in one industry give partial support to the contention that organizational control mechanisms are related to the emotional well being of employees. They found that there are two types of organizations such as type A and type Z. Type A organization is derived from the prototypical American work organization and is characterized by highly specialized tasks, relatively high turnover, and by contractual relations between employees. Type Z organization represents an American version of the prototypical Japanese organization and is characterized

by relatively low task specialization, low turnover, and by primary or wholistic relations between employees. Empirical evidences proved by Ouchi and Johnson (1981) found few dimensions for categorising organizations. Researcher of this present study approached to categorise organizations such as hoteliers, textile owners and retailers. As an inception, researcher interviewed 10 hoteliers, textile owners and retailers each. Hoteliers stated that their employees work for short term employment. Hoteliers make individual decision- making. Employees prefer specialized career path in hotels. Textile owners stated that their employees prefer life time employment and group decision- making. Employees prefer common career path i.e. non- specialized career paths. Retailers stated that their employees prefer long time employment and group decision-making. Employees prefer moderately specialized career paths. Interview conducted among hoteliers, textile owners and retailers further confirmed by another empirical evidence of study conducted by Ouchi and Price in 1987. Ouchi and Price (1987) studied about hierarchies, clans, and theory Z and organization development. They pointed out that American represents short-term employment, individual decision making, individual responsibility, rapid evaluation & promotion, explicit control mechanisms, specialized career path and segmented concern for employee as an employee. Organization Type J Japanese represents lifetime employment, collective decision making, collective responsibility, slow evaluation & promotion, implicit control mechanisms, non-specialized career path and holistic concern for employee as a person. Organization Type Z Modified American represents long-term employment, collective decision making, individual responsibility, slow evaluation & promotion, implicit, informal control with explicit, formalized measures, moderately specialized career paths and holistic concern, including family.

Research problem and objectives

Evidences of previous literatures and interview with hoteliers, textile owners and retailers confirm that research problem exists on dimensions of categorizing organizations. But, there is a contradiction between hoteliers, textile owners and

retailers in terms of these dimensions for categorizing organizations. These dimensions are length of employment (employee turnover), decision- making and specialization of career path. But, these dimensions vary organization to organization. There is consensus with the dimensions of categorizing organizations. But, there is no consensus among which measures of these dimensions. For example, hoteliers stated their employees prefer short term employment, employees in textiles prefer life time employment but, employees in retail outlets prefer long time employment. With the support of empirical evidence and interview, researcher raises what types of organizational categories are found among different organization? and what is the relationship between different organisational types?. These research questions are translated into research objectives. They are to categorise different organizations such as hotels, textiles and retail outlets and to know association between different organisational types such as hotels & textiles and textiles & retail outlets.

Significance of the study

This study signifies in number of ways. Study helps to identify their organizational type. Managers of organizations can know what type of improvement needs to be done in their existing organizational type. Once managers know their organizational type they can easily remove shortcomings of this existing organisational type. Usually, employees exit from organizations due to poor evaluation and promotion this study identifies whether organizations performs evaluation and promotion to time. Findings of this study help to identify pace of evaluation and promotion. One of the dimensions of different type of organizations is evaluation and promotion. Therefore, employees also identify their performance evaluation and promotion. Employees are happy and work for smooth organizational climate.

Review of literature

Ouchi and Jaeger (1978) studied about type Z organization. They identified dimensions for identifying organizations. They are length of employment, mode of decision making, type of responsibility, speed of evaluation &

promotion, dimension of control, degree of specialization and extent of concern for the individual employee. They operationalised these dimensions using number of measures. Type A organization represents short term employment, high employee turnover, individual decision making, individual responsibility based on merit, rapid evaluation & promotion, explicit control with formalized measures. (emphasis on bureaucratic type control), specialized career path. Bureaucratic control of individuals requires specialties and sub-specialties to reduce the interdependence and segmented, non personal task oriented concern. Type J organization represents lifetime employment, low employee turnover consensus decision making, collective responsibility, slow evaluation & promotion, implicit, informal & subtle control. (emphasis on clan type control), non specialized career path and holistic concern for employee's well being. Type Z organization represents long term employment, moderate employee turnover, consensus decision making, individual responsibility, slow evaluation & promotion, mixed implicit, informal control with explicit formalized measures, moderately specialized career path and holistic concern for employee's well being. Sullivan (1983) studied about theory Z. Ouchi's Theory Z prescribes how employees should be motivated for increased productivity. It views the modern large corporation as a communal alternative to the shortcomings of other institutions in industrial mass society. Ouchi's assertion that Japan is the industrial society in which Theory Z has flourished receives limited support from research findings. Ouchi (1981) shows how American corporations can meet the Japanese challenges with a highly effective management style that promises to transform business in the 1980s. The secret to Japanese success, according to Ouchi, is not technology, but a special way of managing people. "This is a managing style that focuses on a strong company philosophy, a distinct corporate culture, long-range staff development, and consensus decision-making"(Ouchi, 1981). Ouchi shows that the results show lower turn-over, increased job commitment, and dramatically higher productivity. Massie and Douglas (1992) Finally, Theory Z workers, it is assumed, can be trusted to do their jobs to

their utmost ability, so long as management can be trusted to support them and look out for their well being. One of the most important pieces of this theory is that management must have a high degree of confidence in its workers in order for this type of participative management to work. This theory assumes that workers will be participating in the decisions of the company to a great degree. Ouchi (1981) explained that the employees must be very knowledgeable about the various issues of the company, as well as possessing the competence to make those decisions. He also points out; however, that management sometimes has a tendency to underestimate the ability of the workers to effectively contribute to the decision making process (Bittel, 1989).

Conceptual framework

Ouchi and Johnson (1978) identified dimensions for categorizing organizations. Based on these dimensions, organizations are typified. The following conceptual framework is adopted from Ouchi and Johnson (1978). It is depicted in fig. 1.

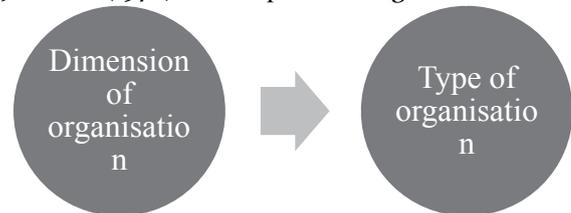


Figure 1: conceptual framework

Operationalisation

Ouchi and Jaeger (1978) operationalised dimensions for identifying different types of organizations. Operationalisation of Ouchi and Jaeger (1978) is adopted for identifying organization in this study too. It is shown in tab. 1.

Dimensions of organization	Type A organization	Type J organization	Type Z organization
Length of employment.	Short term employment and high employee turnover.	Lifetime employment and low employee turnover	Long term employment and moderate employee turnover

Mode of decision making	Individual decision making	Consensus (group) decision making	Consensus (group) decision making
Type of Responsibility	Individual responsibility based on merit	Collective decision-making	Individual decision-making
Speed of Evaluation and promotion	Rapid evaluation and rapid promotion	Slow evaluation and slow promotion	Slow evaluation and slow promotion
Dimension of control	Explicit with formalized measures and emphasis on bureaucratic type control	Implicit control, informal control, subtle control and emphasis on clan type control	Mixed control, implicit control and informal control with explicit formalized measures
Degree of specialization	Specialized career path, bureaucratic control of individuals requires specialties and sub-specialties to reduce the interdependence	Non-specialized career path	Moderately specialized career path
Extent of concern for the individual employee	Segmented concern and non-personal task oriented concern	Holistic concern for employee's well being	Holistic concern for employee's well being

Table 1: Dimensions of organization (Source: Adopted from Ouchi and Johnson, 1978)

Methodology

Sample size

Researcher could not collect sampling frame. Therefore, he faced difficulties in calculating sample size using confidence interval formula. Researcher collected data from 100 hoteliers, textile owners and retailers each. This sample size has been collected using convenient sampling method.

Data and instrument

Primary data are collected using a questionnaire. Instrument was designed in a 3 point likert-scale. Respondents were asked to answer on this scale. Measures were based on the dimensions identified in literature. Data have been collected during 2013.

Data presentation and analysis

Data are presented using line chart. Data are analysed using rank correlation. Excell with version of 2007, Minitab with the version of 6 and SPSS with the version of 16.0 are used for data presentation and analysis.

Formulas used

This study adopts two formulas introduced by Gujarati (1995). Formulas are shown in 1 and 2.

$$r_s = 1 - 6 [\sum Di^2/n(n^2 - 1)] \tag{1}$$

$$t = r_s \sqrt{n - 2} / \sqrt{1 - r_s^2} \tag{2}$$

Results and discussion of findings

Categorising hoteliers, textile owners and retailers

Hoteliers, textile owners and retailers were counted and ranked in terms of dimensions for categorizing organizations. They are presented in table 2.

Hotels represent short term employment, high employee turnover, individual decision-making, individual responsibility, rapid evaluation, rapid promotion, bureaucratic control, specialized career path, non-personal task oriented concern and individualistic concern for employee well being. These are the characteristics of type A organization. Therefore, hotels are categorized as type A organization. Textiles represent lifetime employment, low employee turnover, consensus (group) decisions, collective responsibility, slow evaluation, slow promotion, democratic control,

Dimensions of organization	Hotels [Type A organization]	Number of hoteliers	Ranking hoteliers	Textiles [Type J organization]	Number of respondent	Ranking textile owners	Retail outlets [Type Z organization]	Number of respondent	Ranking retailers
Length of employment	Short term employment	100	1	Lifetime employment	90	3	Long term employment	94	3
Employee turnover	high employee turnover	100	1	Low employee turnover	90	3	Moderate employee turnover	94	3
Mode of decision making	Individual decision-making	95	4	Consensus (group) decisions	85	6	Consensus (group) decisions	80	9
Type of Responsibility	Individual responsibility	90	7	Collective responsibility	80	7	Individual responsibility	86	8
Speed of Evaluation	Rapid evaluation	85	8	Slow evaluation	75	8	Slow evaluation	98	1
Speed of promotion	Rapid promotion	85	8	Slow promotion	75	8	Slow promotion	98	1
Dimension of control	Bureaucratic control	80	10	Democratic control	88	5	Bureaucratic and democratic control	90	5
Degree of specialization	Specialized career path	98	3	Non-specialized career path	78	10	Moderately specialized career path	80	9
Extent of task	Non-personal task oriented concern	91	5	Personal task oriented concern	96	1	Personal task oriented concern	90	5
Concern for the individual employee	Individualistic concern for employee well being	91	5	Holistic concern for employee's well being	96	1	Holistic concern for employee's well being	90	5

Table 2: counts and ranks

non- specialized career path, personal task oriented concern and holistic concern for employee's well being. These are the characteristics for type J organization. Therefore, textiles are categorized as type J organization. Retail outlets represent long term employment, moderate employee turnover, consensus (group) decisions, individual responsibility, slow evaluation, slow promotion, bureaucratic and democratic control, moderately specialized career path, personal task oriented concern and holistic concern for employee's well being. These characteristics represent type Z organisation. Therefore, retail outlets are categorized as type Z organization.

Out of 100 hoteliers, textile owners and retailers each, total number of hoteliers, textile owners and retailers has been counted and a line chart has been drawn. Fig. 2 shows line chart.

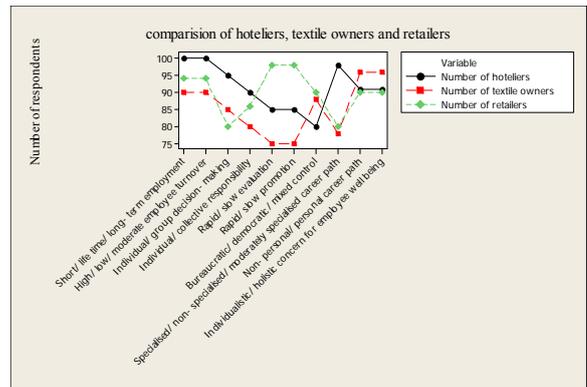


Figure 2: Line chart

Hotels	Textiles	Ranking hotels	Ranking textiles	D	D ²	Textiles	Retail outlets	Ranking textiles	Ranking of retail outlet	D	D ²	Hotels	Retail outlets	Ranking hotels	Ranking of retail outlet	D	D ²
Short term employment	Life time employment	1	3	-2	4	Life time employment	Long term employment	3	3	0	0	Short term employment	Long term employment	1	3	-2	4
High employee turnover	Low employee turnover	1	3	-2	4	Low employee turnover	Moderate employee turnover	3	3	0	0	High employee turnover	Moderate employee turnover	1	3	-2	4
Individual decision-making	Group decision-making	4	6	2	4	Group decision-making	Group decision-making	6	9	-3	9	Individual decision-making	Group decision-making	4	9	-5	25
Individual responsibility	Collective responsibility	7	7	0	0	Collective responsibility	Individual responsibility	7	8	-1	1	Individual responsibility	Individual responsibility	7	8	-1	1
Rapid evaluative	Slow evaluation	8	8	0	0	Slow evaluation	Slow evaluation	8	1	7	49	Rapid evaluation	Slow evaluation	8	1	7	49
Rapid promotion	Slow promotion	8	8	0	0	Slow promotion	Slow promotion	8	1	7	49	Rapid promotion	Slow promotion	8	1	7	49
Bureaucratic control	Democratic control	10	5	5	25	Democratic control	Bureaucratic and democratic control	5	5	0	0	Bureaucratic control	Bureaucratic and democratic control	10	5	5	25
Specialised career path	Non-specialised career path	3	10	-7	49	Non-specialised career path	Moderately specialised career path	10	9	1	1	Specialised career path	Moderately specialised career path	3	9	-6	36
Non-personal task oriented concern	Personal task oriented concern	5	1	4	16	Personal task oriented concern	Personal task oriented concern	1	5	-4	16	Non-personal task oriented concern	Personal task oriented concern	5	5	0	0
Individualistic concern for employee well being	Holistic concern for employees' well being	5	1	4	16	Holistic concern for employees' well being	Holistic concern for employees' well being	1	5	-4	16	Individualistic concern for employee well being	Holistic concern for employees' well being	5	5	0	0
					118						141						193

Table 3: Rank correlation

Ranking hoteliers, textile owners and retailers

Out of 100 hoteliers, textile owners and retailers, number of respondents for each measure was counted and ranked. Then, formula of rank correlation was applied for hotels, textiles and retail outlets. It is shown in tab. 3.

Spearman rank correlation coefficient

Spearman rank correlation coefficient has been calculated for hotels, textiles and retail outlets. Coefficient values of Spearman rank correlation coefficient for hotels, textiles and retail outlets are 0.2848, 0.1454 and -0.1696. They are shown in tab. 4.

Components of formula	Hotels	Textiles	Retail outlets
D_i^2	10	10	10
N	990	990	990
$n(n^2 - 1)$	118	141	193
$r_s = 1 - 6 \frac{\sum D_i^2}{n(n^2 - 1)}$	0.2848	0.1454	-0.1696

Table 4: Coefficient values of Spearman rank correlation coefficient for hotels, textiles and retail outlets

Critical values of Spearman rank correlation coefficient has also been found for hotels, textiles and retail outlets. Critical values of coefficient values of Spearman rank correlation coefficient for hotels, textiles and retail outlets are 2.3060, 2.3060 and 2.3060 respectively. They are shown in tab. 5.

Components of formula	Hotels	Textiles	Retail outlets
r_s	0.2848	0.1454	-0.1696
$\sqrt{n - 2}$	$\sqrt{8}$	$\sqrt{8}$	$\sqrt{8}$
$\sqrt{1 - r_s^2}$	$\sqrt{0.7152}$	$\sqrt{0.8546}$	$\sqrt{1.1696}$
$t = \frac{r_s \sqrt{n - 2}}{\sqrt{1 - r_s^2}}$	0.9525	0.4448	-0.4435
Critical value of t [df (n - 2 = 8) , $\alpha/2$ (5 %/2 = 0.025)]	2.3060	2.3060	2.3060
P value (5%)	0.05	0.05	0.05

Table 5: Critical values of Spearman rank correlation coefficient for hotels, textiles and **Rank correlation and hypotheses testing** Spearman's rho is used to check correlation. Hypotheses were stated as follows.

- Null hypothesis: There is no association between ranking of hotels and textiles
- Alternative hypothesis: There is association between ranking of hotels and textiles
- Null hypothesis: There is no association between ranking of textiles and retail outlets
- Alternative hypothesis: There is association between ranking of textiles and retail outlets

t test has been conducted to check the relationship between ranking of hotels & textiles and textiles & retail outlets. Rule for rejecting null hypotheses is that test statistics calculated should be greater than critical value of test statistics calculated. Test results are shown in tab. 6.

Hypothesis	Statement of hypothesis	Test statistics calculated	Critical value of test statistics calculated	P value	Significance level (5%)	Accept
Null hypothesis	There is no association between ranking of hotels and textiles	0.9525	2.3060	0.448	0.05	Null hypothesis
Null hypothesis	There is no association between ranking of textiles and retail outlets	-0.4435	2.3060	0.448	0.05	Null hypothesis

Table 6: test results

In order to reject null hypothesis, test statistics calculated should be greater than critical value of test statistics calculated. In other words, p value should be less than 0.05. But, in this study, test statistics calculated [0.9525] is less than critical value of test

statistics calculated [2.3060]. In other words, p value [0.448] is greater than 0.05. Therefore, researcher cannot reject null hypothesis. Researcher has to accept null hypothesis. So, there is no association between ranking of hotels and textiles. As well, there is no association between ranking of textiles and retail outlets.

Conclusion

Based on the dimensions for categorizing organizations, hotels are categorized as type A organization. Textiles are categorized as type J organization. Retail outlets are categorized as type Z organization. In terms of the comparison of test statistics calculated with critical values of test statistics calculated, and p values with significance level, null hypothesis is accepted. That is, test statistics calculated [0.9525] is less than critical value of test statistics calculated [2.3060]. In other words, p value [0.448] is greater than 0.05. Therefore, researcher cannot reject null hypothesis. Researcher has to accept null hypothesis. So, there is no association between There is no association between ranking of hotels and textiles. As well, there is no association between ranking of textiles and retail outlets.

Limitations and future research venues

This study is based on convenience sampling. There is a limitation of calculating appropriate number of sample size. On this basis, this study has a limitation. This study is bounded by geographical limitation. This study is based on Ampara coastal district. Researcher allows other researchers to continue this study eradicating the deficiencies.

Acknowledgement

I acknowledge that I have cited and referred all articles to the best of my knowledge. This study is an original study done by me. I thank to Prof. T. Velampy, Dean, Faculty of Management Studies and Commerce, University of Jaffna, Sri Lanka and all academic staff, Faculty of Management and Commerce, South Eastern University of Sri Lanka for encouraging and promoting me to continuously write research papers. Last but not least, I am thankful to all my family members for their patience and

uninterrupted support in carrying out research works. It is a self-funded study.

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