AN EMPIRICAL STUDY OF THE INTERRELATIONSHIPS AMONG CONTINGENCY VARIABLES AND ORGANIZATIONAL STRUCTURE OF THE NATIONAL CARRIER OF THAILAND: A MULTIPLE-CASE STUDY OF THAI AIRWAYS INTERNATIONAL'S DEPARTMENTS

By

Bhassakorn Chanpayom

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The examining committee approved this dissertation submitted in partial fulfillment of the requirements for the Degree of Doctor of Philosophy (Development Administration).

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ABSTRACT

Title of Dissertation  An Empirical Study of the Interrelationships Among Contingency Variables and Organizational Structure of the National Carrier of Thailand: A Multiple-Case Study of Thai Airways International’s Departments
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This research study employs structural contingency theory in studying the interrelationships among contingency variables and organizational structure of the three major groups of departments of the national airline organization of Thailand.

The objective of this study is to explore the interrelationships among contingency variables (environment, technology, size, and strategy) and three core dimensions of organizational structure (specialization, formalization, and centralization) of the three major groups of departments of Thai Airways International Public Co., Ltd (THAI): Technical Group of Departments (DT), Customer Services Group of Departments (DG), and Operations Group of Departments (DO); and to identify the nature of the relationship between the contingency variables and organizational structure of these three groups of departments if they are to operate effectively.

Previous studies emphasizing structural contingency theory have tended to focus on various dependent and independent variables. Almost no studies have focused on all variables simultaneously. The present study has sought to fill this vacuum, and, in doing so, it has preferred an integrative framework for studying organizational structure, that is, the environment-technology-size-strategy-structure framework. Contingency variables and three dimensions of organizational structure are proposed as independent and dependent variables respectively. Thomas Burns and Gerald M. Stalker’s environment, Charles Perrow’s technology, Peter M. Blau’s size, and Raymond E. Miles and Charles C. Snow’s strategy frameworks were appropriately selected in this research study. Research methodology uses qualitative analysis through interviewing key informants, whereas archival data was derived from several relevant departments within the company.

The findings of this research study can be summarized as follows:
- All three groups of departments face different influences of environment variables. Environment does not have enough influence to determine their structures. Only a few environmental variables affect a few of their structural dimensions. The findings support the case against an environment imperative, which may be limited only to those subunits at the boundary of the organization that interact directly with the environment.

- Technology is the most powerful determinant of the organizational structure of DT and DO. The best way to reduce their over-specialization is to reduce the number of aircraft and engine types. Doing so will help the airline conserve resources and achieve economies of scale in technical and operational aspects in terms of expertise, spare parts, maintenance, and rotating aircraft during flight delays. Additionally, organizational size will tend to be smaller, leaner, and fitter, as consistent with airline privatization plans.

- Size is the major determinant of DG’s structure and relates positively to specialization and formalization, and negatively to centralization. An increase in DG’s organizational size will lead to an increase in structural differentiation in terms of more different specialties and division of labor, although at a declining rate. This is consistent with Blau’s basic hypothesis that size changes cause DG’s structural changes.

- Strategy is not the most powerful determinant of organizational structure for all three groups of departments. Strategy alone does not determine structure but structure does determine strategy.

- The four contingency variables are substantially dependent on one another at different degrees. Therefore, managers must consider each of the contingency variables and how they may separately affect each dimension of organizational structure in order to understand the importance of the contingency variables in determining subunit structure.
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