



[Academic Script]

Organizational Culture & Structure - 2

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1. Introduction

Hello friends!

As part of the session on Organization Structure and Culture, you heard the discussion on what organizations are and what organization structure is. You would be able to see that structure of the organization is one of the determinants of behavior at work. In today's session, we will focus on the organizational culture and significance.

Chapter Objectives

This chapter will help you:

- To know about different structure based on the bases of departmentation
- Understand The Meaning And Significance Of Organizational Culture
- Understand How To Recognize Culture In An Organization

2. Mixed Structures

Since we have been discussing the bases of departmentation, it is important to mention that pure types of organizations, where departmentation is purely following a single basis may not be found. For example, in an organization, primary basis of departmentation may be by geographic territory, or products, but at the lower levels within the divisions, there may be functionally separated departments. This combination of multiple bases of departmentation at various levels is known as mixed bases of departmentation.

3. Matrix Structures

First of all, you should remember that Matrix is a type of organization structure – it is not merely a way to create departments, but once you read more about Matrix, you will be able to see the linkages. By definition, Matrix is a structure in which the reporting relationships between various departments and individuals are set up as a grid (therefore, 'matrix'), rather than as traditional hierarchy. Here, the principle of unity of command is not followed, and employees have dual reporting relationships. One of these two bosses is their functional head and the other is a project or product manager.

Example of matrix structure may be a large central air-conditioning company, which installs central air-conditioning systems as their clients' buildings are constructed. The primary dealing of the company with its clients is by projects or sites, and at every site they need experts who understand structural engineering, building design and architecture. They also need specialists who understand fabrication of ducts and air circulation. There needs to be an expert in cooling systems, costing and finance, sales and marketing and so on. In a Matrix organization, the functional areas are maintained in traditional design, and their expertise is pooled for specific projects by project managers. Thus, every employee would report to project head while also reporting to functional head.

Advantages of this form include efficient utilization of resources and specialized skills, coordination of activities across projects and close attention to client needs, effective sharing of information and therefore effective decision-making, and adequate autonomy to work for the experts.

Limitations of this form include complex design and therefore possible confusion in the minds of employees, conflict between

the two managers who may give conflicting or simultaneous instructions to the subordinate who may not know whom to prioritize, and possible political squabbles involving different projects and functions.

However, it should be noted that this form has become very popular in recent times because its hybrid nature allows for flexibility as well as efficiency.

4. Meaning and Dimensions

Let us Discuss about Organizational Culture: its Meaning and Dimensions

Organizational culture is often compared with an onion. The implication is that one goes on peeling layer after layer, only to realize that there is nothing tangible in the end. Of course, dealing with concrete, tangible objects is easier, but going through the next section will surely drive home the point that something as soft and intangible as organizational culture can have very real, very visible impact on the variables that are important to the organizations and their stakeholders, as well as the employees working within.

If you have some experience of working in an organization, you would agree that membership to an organization gives rise to 'special way of life and creation of meaning'. For example, employees are asked to dress in a specific way, and more subtly, employees 'know' what to do if subordinates are required to evaluate boss's idea during a discussion. In that sense, organization culture represents patterns of behavior and underlying norms that give a unique identity to an organization. Before we examine various definitions of organization culture, we would look at its dimensions. It implies that every

organization can be profiled along seven organizational cultural dimensions. Each dimension represents a set of values that the organization encourages or discourages, giving rise to the unique culture of the organization just as personality of every individual is unique:

(1) Innovativeness: This dimension includes values of being innovative, open to new opportunities, risk taking, willing to experiment, being less careful and less rule-oriented.

(2) Stability: This dimension entails being rule oriented, valuing security, and stability.

(3) Attention to detail: This dimension contains the specific values of being precise and analytical.

(4) Respect for people: This dimension includes the values of emphasizing fairness, respecting people, and being tolerant.

(5) Team orientation: This dimension comprises the values of being people oriented, collaborative, and team oriented.

(6) Outcome orientation: This dimension encompasses the values of being achievement-, action-, and results-oriented.

(7) Aggressiveness includes the values of being high in competitiveness and low in social responsibility.

Schein (2004) suggests that an organization's culture identifies what things members of the organization should pay attention to, how they react emotionally, and what actions they should take. Etzioni (1975) suggests that members of the organization culture identify with the organization. They tend to be committed to the organization's goals and need little direct supervision as there is consensus about what needs to be done and why. Organizational culture influences work behaviors and attitudes at an individual level.

5. Significance of Organizational Culture

You might be wondering what makes culture of an organization important, or how something intangible as beliefs could affect the performance of an organization. Consider the stated arguments:

- Organization culture affects the financial performance of a firm. Organizations with strong cultures also have less volatile cash flow, more reliable financial performance and hence they attract more investors. Strong culture thus helps them in two ways: creating competitive advantage over competitors through better internal coordination and control, and further strengthening this advantage by attracting more investment.
- Organizational culture can substitute hierarchy (and therefore bureaucracy) in a number of ways. If the employees accept the values and norms that form the core of the organization's culture, a degree of uniformity can be achieved in decisions and actions across time and locations even if specific instruction pertaining to a specific situation or issue is not available.
- The culture influences important performance variables of the organization, such as job commitment and turnover. Especially when the competition reaches a stage where the technology and the physical resources can no longer distinguish an organization from the competitors, the leaders believe that the culture in their organization "isn't just one aspect of the game – it is the game".
- As the members within a social group share common beliefs and norms, the culture binds the organization together 'like a glue', helping members identify important boundaries between 'we' or 'us' in relationship to 'they'.

- Culture can determine if the new technology that the top management decided to adopt will be supported by the rest of the employees. In such cases, it is not sufficient that the employees know that it is for the growth of the organization. If the employees fear job loss or threat to their interests in any other way, they may oppose the new technology. A culture of innovation, trust and openness; or culture where people know they will be cared for by their organization may secure the required employee support in adopting the new technology.
- Culture can play a crucial role in determining the success or failure of mergers and acquisitions, especially when it comes to post merger integration and realization of the synergies that the two partner companies expected to gain before merger or acquisition.
- In the times when average employee tenure with an organization is coming down, culture helps many organizations in successful implementation of their employee retention policy. Some firms want to retain all employees irrespective of their performance potential. They emphasize values of team work, respect for individuals and security. While some other firms do not expect loyalty from their employees. They emphasize personal initiative and give individual rewards for personal achievement, but do not offer long term security. Thus, weak performers are not encouraged to stay longer and the stronger ones would stay until they get a better offer from elsewhere.
- Organizational culture helps employees in making sense out of complex, confusing dynamics around them within and outside organizations , so that suitable interpretation of

events can be made, desired meanings can be drawn by the members. Commonly derived meanings and shared beliefs shape individual as well as team member behavior by providing direction, stability and solidarity to group members.

- Culture is believed to be an important link helping the individual fit within the organization. This is an important concept for managers interested in both, desired performance as well as employee retention. Just as aspiring managers and their recruiters explore personality- role/occupation fit, the culture fit is also considered increasingly important.
- Finally, organization culture impacts important processes such as climate formation, strategy and policy formulation, organizational learning, and leadership.
- Do you think you are ready to get deeper into meaning and definition of organization culture? Here they are.

6. Organizational Culture: Meaning and Definition

As the leading contributor to the theory of organizational culture, Edgar Schein defined it, culture is "...a pattern of basic assumptions – invented, discovered or developed by a given group as it learns to cope with its problems of external adaptation and internal integration – that has worked well enough to be considered valid, and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to the problems (1985, 9)."

Does it sound complex? Not so if you look at it this way:

You are familiar with the importance of a pattern – say patterns of traits in an individual personality. The single characteristic, such as consciousness can be found in so many individuals, but what sets one person apart from others is the combination

created by scores of different strength on different traits. In a way, what personality is to an individual; a culture is to an organization.

Basic assumptions form the bedrock of organizational culture. Schein proposed a model of organizational culture where the basic assumptions shape values and the values shape practices and behavior that is the visible part of culture. You are familiar with the concepts of values and beliefs as well as attitudes in the module on individual dynamics of behavior. We will discuss Schein's model in the following section on this chapter for greater clarity.

Organizational culture refers to the way things are done in an organization. The shared belief that 'this is our way to do things' that others do not have - often also translates as 'this is the right way to do things', because though different social groups might encounter the same kinds of basic problems, due to their circumstances they find solutions that are effective in their specific context. Thus what solution helps that group survive, grow, secure resources, compete effectively; is considered valuable enough to be passed on to the new members of the group. This is similar to what you read in the chapter on National cultures. The culture evolves due to influences both, from within the group as well as outside the group. Feldman (1988) defined organizational culture as "a set of meanings created within the organization but influenced by broader social and historical processes. Organizational members use these meanings – norms, roles, plans, ideals and ideas – to make sense out of the flow of actions and events they experience" (p. 57).

7. Levels of culture in an organization

In order to analyze the culture of an organization in its full richness (Schultz 1995), three different levels must be understood: artifacts, values and basic assumptions (Schein 1985). In order to grasp the essence of the culture in any organization, one needs to probe deep enough to access the deepest, fundamental, yet largely taken-for-granted part. The values are more talked about and artifacts are more visible manifestations of these deeper and often unconscious beliefs or assumptions.

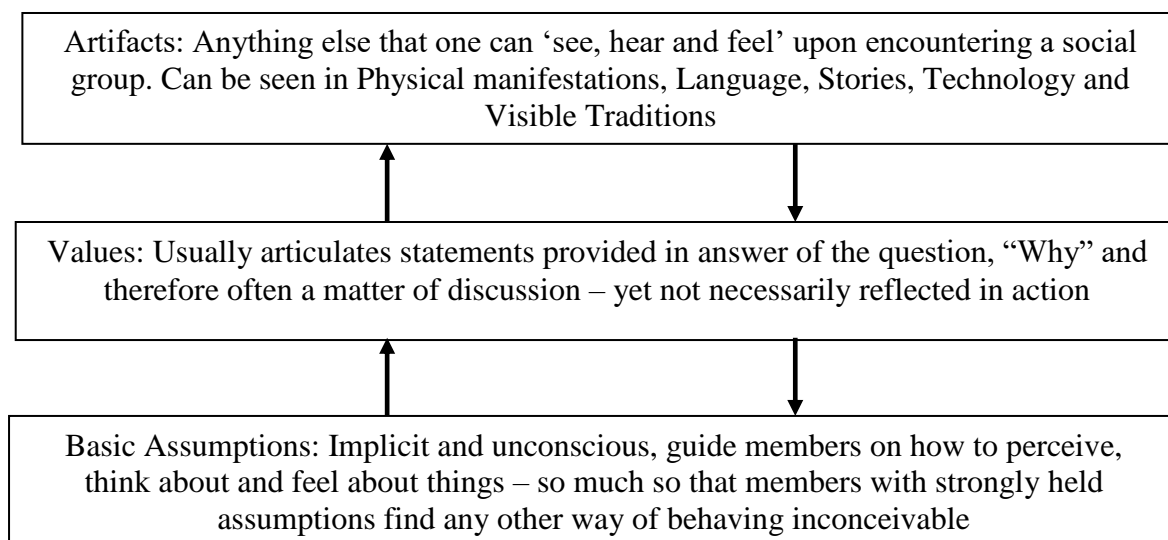


Figure: Three Levels of Culture and their interactions in Organizations

Artifacts: These mark the surface of the culture in every organization. This visible part of culture can be noticed by a visitor or an 'outsider' in the form of the following aspects:

Physical artifacts can be found through architecture and interior arrangements, physical space and its allocation and office design, decoration, manner of dressing and even mementoes and trophies awarded on chosen occasions.

Language gives away culture through modes of speaking, levels and types of sound, slogans and special expressions

Stories and myths circulating among the staff indicates culture indicate what type of persons or acts are considered heroic, how certain types of situations to be handled, what should not be done, what happens in this organization if one acts in a particular way and so on. Especially interesting are the stories that narrate what happens in 'our' (or their) organization if a high status person breeches a rule, what happens if the organization has to choose between profits and people, what happens if you make a mistake around here/there. These stories can be about another-day-at-work-here, or about key events as well as about the past glory of the organization.

Technology is also a part of culture, since it reflects and shapes the values and assumptions through the operations, materials and knowledge.

Visible traditions displayed at ceremonies and rituals, social practices, leadership practices and work traditions that show 'our way of doing things'.

Artifacts are visible, but that does not mean that they can be understood easily. In fact, artifacts can be confusing for an observer who is tempted to use readily available labels and stereotypes upon noticing them. Thus, the shapers of culture as well as a student should avoid going too much into detail of an artifact as well as overgeneralizing and labeling.

Values: when compared to the basic assumptions, values are at a higher level of consciousness and they reflect the members' shared opinion on 'how things should be'. When we say 'opinion', it means that when it comes to acting, these members may or may not act out of their values. The values help the organizational members classify situations and actions as either undesirable or desirable. The values seldom lead directly to

basic assumptions even after the values are articulated, listed and arranged according to their priority. The observer may only find that the values do not form a pattern, or that they are contradictory, or incongruent with observed behavior.

8. Summary

Let us summarize today's session!

We learnt that culture of an organization is often difficult to measure because it does not have a tangible core. Yet, it is believed to be an important factor influencing organizational performance. Similar to measuring personality of a person, it is possible to measure the culture of an organization. Seven dimensions are considered relevant in measuring organizational culture. Organizational culture is considered important because it affects not only performance, but also other important performance variables such as employees' commitment to job and their turnover. Culture gives a distinct identity to the members of an organization. It also determines whether employees will support technological changes proposed by top management. There are many other points signifying culture, which is a pattern of basic assumptions that members of a group consider important and useful enough to be shared with new members. In simple words, it refers to 'the way things are done in an organization.'