

ORGANIZATIONAL BEHAVIOR

18MPS21C

UNIT V - FOUNDATIONS OF ORGANIZATIONAL STRUCTURE AND CULTURE.

Common organizational design:

Organizational design:

The process of coordinating the structural element of an organization in the most appropriate manner.

The process of choosing and implementing a structural configuration. The choice of an appropriate organizational design depends on the firm's

-size

-operation and information technology

-environment

-strategy for growth and survival

Common organizational design:

Simple structure:

A structure characterized by a low degree of departmentalization, wide span of control, authority centralization in a single person, and little formalization.

Owner-manager:

SALES PERSON

SALES PERSON

CASHIER

Common organizational design:

BUREAUCRACY:

A structure of highly operating tasks achieved through specialization, very formalized rules and regulations, tasks that are grouped into functional departments, centralized authority, narrow spans of control, and decision making that follows the chain of command.

MATRIX STRUCTURE:

A structure that creates dual lines of authority and combines functional product of departmentalization

Key elements:

- + Gains the advantages of functional and product departmentalization while avoiding their weakness.
- + Facilitates coordination of complex and interdependent activities.
- Break down unity of command concept.

Network structure:

A recent innovation in organizational architecture is the use of network structures.

A network structure is a cluster of different organization whose actions are coordinated by contracts and agreements rather than through a formal hierarchy.

Network structures often result from outsourcing.

Outsourcing is the process of moving activities that were previously performed inside the organization to the outside (where they are done by other companies).

New design options:

TEAM STRUCTURE:

The use of teams as the central device to coordinate work activities.

Characteristics:

Breaks down developmental barriers

Decentralization decision making to the team level

Creates a “flexible bureaucracy”.

VIRTUAL ORGANIZATION:

A small, core organization that outsource its major business functions. Highly centralized with little or no departmentalization

+ provides maximum flexibility while concentrating on what the organization does best.

- reduced control over key part of the business.

An organization that seeks to eliminate the chain command, have limitless span of control and replace departments with empowered teams.

Concept:

Eliminate vertical (hierarchical) and horizontal (departmental) internal boundaries.

Breakdown external barriers to customers and suppliers.

●Definition of Organizational Culture:

Organizational culture is the pattern of shared values, beliefs, and assumptions considered to be the

appropriate way to think and act within an organization. The key features of culture are as follows:

- Culture is shared by the members of the organization.
- Culture helps members of the organization solve and understand the things that the organization encounters, both internally and externally.
- Because the assumptions, beliefs, and expectations that make up culture have worked over time, members of the organization believe they are valid. Therefore, they are taught to people who join the organization.
- These assumptions, beliefs, and expectations strongly influence how people perceive, think, feel, and behave within the organization.

Not every group develops a culture, although any group that has existed for a while and has shared learnings will likely have a culture. Groups that experience high turnover (so that learnings are not passed down to new members very effectively) and groups that have not experienced any challenging events may not develop cultures.

Characteristics of Culture:

Research suggests that seven primary characteristics capture the essence of an organization's culture:

- Innovation and risk-taking. The degree to which employees are encouraged to be innovative and take risks.
- Attention to detail. The degree to which employees are expected to work with precision, analysis, and attention to detail.
- Outcome orientation. The degree to which management focuses on results, or outcomes, rather than on the techniques and processes used to achieve these outcomes.
- People orientation. The degree to which management decisions take into consideration the effect of outcomes on people within the organization.
- Team orientation. The degree to which work activities are organized around teams rather than individuals.
- Aggressiveness. The degree to which people are aggressive and competitive rather than easygoing and supportive.
- Stability. The degree to which organizational activities emphasize maintaining the status quo in contrast to growth.

Each of these characteristics exists on a continuum from low to high. For instance, the Royal Canadian Mint, discussed in this chapter's vignette, is high on innovation and risk-taking, and high on people orientation and team orientation. But the Mint is low on stability, as its goal is to be able to move quickly when opportunities arise. When individuals consider their organizations according to these seven characteristics, they get a composite picture of the organizations' culture. This picture becomes

the basis for feelings of shared understanding that members have about the organization, how things are done in it, and the way members are supposed to behave.

CREATING AND SUSTAINING AN ORGANIZATION'S CULTURE :

An organization's culture does not pop out of thin air. Once established, it rarely fades away. . The original culture derives from the founder's philosophy. This in turn strongly influences the criteria used in hiring. The actions of the current top management set the general climate of what is acceptable behaviour and what is not. How employees are to be socialized will depend both on the degree of success an organization achieves in matching new employees' values to its own in the selection process and on top management's preference for socialization methods. We describe each part of this process below.

Keeping a Culture Alive

Once a culture is in place, human resource practices within the organization act to maintain it by giving employees a set of similar experiences.²³ For example, the selection process, performance evaluation criteria, training and career development activities, and promotion procedures ensure that new employees fit in with the culture, rewarding those who support it and penalizing (even expelling) those who challenge it. Three forces play a particularly important part in sustaining a culture: selection practices, the actions of top management, and socialization methods. Let's take a closer look at each.

Selection

The explicit goal of the selection process is to identify and hire individuals who have the knowledge, skills, and abilities to perform the jobs within the organization successfully. Typically, more than one candidate will meet any given job's requirements. The final decision as to who is hired is significantly influenced by the decision maker's judgment of how well each candidate will fit into the organization. This attempt to ensure a proper match, either deliberately or inadvertently, results in the hiring of people who have values consistent with those of the organization, or at least a good portion of those values.

At the same time, the selection process provides information about the organization to applicants. If they perceive a conflict between their values and those of the organization, they can remove themselves from the applicant pool. Selection, therefore, becomes a two-way street, allowing the employer or applicant to look elsewhere if there appears to be a mismatch. In this way, the selection process sustains an organization's culture by selecting out those individuals who might attack or undermine its core values. OB in the Workplace shows how one company's use of multiple interviews ensures that applicants are right for the job.

Top Management

The actions of top management also have a major impact on the organization's culture.²⁶ Through what they say and how they behave, senior executives establish norms that filter down through the organization. These norms establish whether risk-taking is desirable; how much freedom managers should give their employees; what is appropriate dress; what actions will pay off in terms of pay raises, promotions, and other rewards; and the like.

As we noted earlier, managers at the Royal Canadian Mint didn't seem to value celebrating employees' positive actions before David Dingwall took over. The manager of Sheraton Suites Calgary Eau Claire discovered how important changing the culture of the organization was to improve its performance, as OB in the Workplace shows.

Socialization

No matter how effectively the organization recruits and selects new employees, they are not fully trained in the organization's culture when they start their jobs. Because they are unfamiliar with the organization's culture, new employees may disturb the beliefs and customs that are in place. The organization will, therefore, want to help new employees adapt to its culture. This adaptation process is called socialization. New employees at the Japanese electronics company Sanyo are socialized through a particularly long training program. At their intensive five-month course, trainees eat and sleep together in company-subsidized dorms and are required to vacation together at company-owned resorts. They learn the Sanyo way of doing everything—from how to speak to managers to proper grooming and dress.²⁹ The company considers this program essential for transforming young employees, fresh out of school, into dedicated kaisha senshi, or corporate warriors.

APPROACHES TO MANAGING CHANGE

Our discussion of organizational culture as well as the issues that arise when organizations merge leads to a fundamental question for all organizations: How can change be managed? Below we consider several approaches to managing change: Lewin's classic three-step model of the change process, Kotter's eight-step plan for implementing change, action research, and appreciative inquiry. We should also note that recent research emphasizes the need in change processes to manage the "hard stuff" as well as the "soft," or people, issues in order to be successful. Who is responsible for managing change in an organization? The answer is change agents. Change agents can be managers or nonmanagers, employees of the organization, or outside consultants. This chapter's CBC Video Case Incident examines how a company introduced and managed change.

LEWIN'S THREE STEP MODEL :

- Unfreezing

- Moving

- Refreezing.

Kotter's Eight-Step Plan for Implementing Change

1. Establish a sense of urgency by creating a compelling reason for why change is needed.

2. Form a coalition with enough power to lead the change.

3. Create a new vision to direct the change and strategies for achieving the vision.

4. Communicate the vision throughout the organization.
5. Empower others to act on the vision by removing barriers to change and encouraging risk-taking and creative problem solving.
6. Plan for, create, and reward short-term “wins” that move the organization toward the new vision.
7. Consolidate improvements, reassess changes, and make necessary adjustments in the new programs.
8. Reinforce the changes by demonstrating the relationship between new behaviours and organizational success.

Action Research:

Action research refers to a change process based on the systematic collection of data and then selection of a change action based on what the analyzed data indicate. The importance of this approach is that it provides a scientific method for managing planned change.

The process of action research, carried out by a change agent, consists of five steps:

1. **Diagnosis.** The change agent gathers information about problems, concerns, and needed changes from members of the organization by asking questions, reviewing records, and listening to the concerns of employees.
2. **Analysis.** The change agent organizes the information gathered into primary concerns, problem areas, and possible actions.
3. **Feedback.** The change agent shares with employees what has been found during diagnosis and analysis. The employees, with the help of the change agent, develop action plans for bringing about any needed change.
4. **Action.** The employees and the change agent carry out the specific actions to correct the problems that have been identified.
5. **Evaluation.** The change agent evaluates the action plan’s effectiveness, using the data gathered initially as a benchmark.

Action research provides at least two specific benefits for an organization. First, it is problem-focused. The change agent objectively looks for problems and the type of problem determines the type of change action. While this may seem intuitively obvious, a lot of change activities are not done this way. Rather, they are solution-centred. The change agent has a favourite solution—for example, implementing flextime, teams, or a process re-engineering program—and then seeks out problems that his or her solution fits. Second, because action research so heavily involves employees in the process, resistance to change is reduced. In fact, once employees have actively participated in the feedback stage, the change process typically takes on a momentum of its own. The employees and groups that have been involved become an internal source of sustained pressure to bring about the change.

The appreciative inquiry process essentially consists of four steps, or “Four D’s,” often played out in a large-group meeting over a two- or three-day time period, and overseen by a trained change agent:

- **Discovery.** The idea is to find out what people think are the strengths of the organization. For instance, employees are asked to recount times they felt the organization worked best or when they specifically felt most satisfied with their jobs.
- **Dreaming.** The information from the discovery phase is used to speculate on possible futures for the organization. For instance, people are asked to envision the organization in five years and to describe what is different.
- **Design.** Based on the dream articulation, participants focus on finding a common vision of how the organization will look and agree on its unique qualities.
- **Destiny.** In this final step, participants discuss how the organization is going to fulfill its dream.

This typically includes the writing of action plans and the development of implementation strategies. Appreciative inquiry has proven an effective change strategy in organizations such as Toronto-based Orchestras Canada, Ajax, Ontario-based Nokia Canada, Burnaby, BC based TELUS, Calgary-based EnCana, and Toronto-based CBC. The use of appreciative inquiry in organizations is relatively recent, and it has not yet been determined when it is most appropriately used for organizational change. However, it does give us the opportunity of viewing change from a much more positive perspective.