

Cultural complexities in the organisational structures commerce essay



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In traditional thinking organisational structure has been treated as the core. Organisational structure in simple terms can be defined as a framework in which organisations make decisions. Therefore, structure represents the nature of decision and procedure. This would contain three components, such as complexity, formalisation and centralisation (Robbins & Barnwell, p. 7)

Complexity-

This considers the extent of differentiation within organisation. This contains the degree of specialization (division of labour), the number of levels in organisation hierarchy and the extent to which organisation units are dispersed geographically. For example in the organisation like McDonalds, specialisation would be very low and the hierarchy is not tall like in the organisations like Microsoft or Virgin (Robbins & Barnwell, p. 7)

Formalisation –

This is the degree to which an organisation relies on rules and procedures to direct the behaviour of employees by instructing them on what employees can do and what they cannot do. The degree of formalisation is very high in organisations like McDonalds and HSBC (Robbins & Barnwell, p. 7)

Centralisation-

This is the degree to which decision making is concerned in a single point in the organisation; usually this would be the top management. This considers where the responsibility for the decision making authority lies. If the centralisation is high in the organisation, problem flow upwards and the

senior executives choose the appropriate decision and in these types of organisations power distance and formalisation would be high.

3. 0. Organisational culture

Organisational culture is a system of shared meaning within an organisation. In every organisation there are patterns of beliefs, symbols, rituals, myths and practices that have evolved over time. These, in turn, create common understandings among members as to what the organisation is and how its members should behave (Robbins & Barnwell, p. 377)

Culture of an organisation is the values and behavioural norms of organizational members. There are two types of values such as terminal and instrumental. Terminal values refer to the desired end state or outcome that people try to attain where as Instrumental values refer to desired modes of behaviours (Robbins & Barnwell, p. 378)

Culture exists at two levels (refer appendix diagram 1). The first is outwards manifestations of the culture, which are visible and able to make some form of interpretation. We can recognize the symbols of the organisation, the patterns of communications, the physical arrangement of work spaces and the ways in which power is expressed. We can also listen to the stories those are told and view the ceremonies those members take part in. The second level of culture is made of the deeply held values, beliefs, assumptions, attitudes and feelings those underlie behavior. Beliefs and assumptions at this stage are complex to discover, interpret and understand. Members of organisation may be incapable to recognize the values and beliefs of the organisation. It is the visible level of culture that is amenable to

measurement and change, and as a result has been the central point of management activity (Robbins & Barnwell, p. 378).

3. 1. Importance of organisational culture

In general, the importance of culture in organisations has to do with the fact that values, norms and beliefs in a normative sense act as a behavioural guidance. Corporate culture can support or frustrate organisational goals & thus act as the base for success or failure of the organisations (Hoogervorst, 2004, p. 293).

Organisational culture is very important because it is the normative glue that structures the milieu and makes it possible for people to derive meaning from their work, to work comfortably with others, and to focus on key organizational tasks. If we do not understand the culture and the cultural processes clearly we might end up in wrong interpretations and fail in those environments in which we operate. For example, Apple Company's success can be devoted to its rule breaking innovations. This was possible because of this organisation culture which encouraged anti-establishment employees. In contrast to this IBM's success can be devoted to its white collar employees who had focus on customer services. A person who analyses the success stories of both the organisations may fail in his/her studies simply because he/she didn't focus on different corporate culture. Thus, it becomes more important to understand organisational culture (Hatch, 1997, p200)

3. 2. Culture and organisational effectiveness

Strong cultures in organisations are the intensely held, clearly ordered and widely shared core values. The more the members accept the core values

the more they agree on their order of importance and are highly committed to them. This type of cultures can be found in religious, military organisations (Robbins & Barnwell, p. 382).

Further result of a strong culture is it enhances behavioural consistency by conveying employees what behaviours they should engage in and guides them on the things such as the acceptability of absenteeism & punctuality. Even though strong cultures improve behavioural consistency, it is only logical to conclude they can be a powerful means of implicit control and can operate as a substitute for formalization (Robbins & Barnwell, p. 383).

In Schein's definition culture plays a key role in internal integration and in the external adaptation of the organisation to its environment. The term effectiveness requires an organisation's culture, strategy, environment and technology to be aligned and suitable to meet the organisation's goals. Thus, the successful organisations will ensure good external fit between strategy, environment and corporate culture (Robbins & Barnwell, p. 382).

4. 0. Has the focus moved from structure to culture in organisations?

In my point of view, I think this is a grey area to answer because both the terms are important for any organisation as both these elements go in hand in hand with another. But, I feel the modern organisations in this century are focusing more in culture than structure as they started to realise the importance of good human relations within an organisation & its direct impact on organisational performance.

This could be understood more by applying the McKinsey's 7's model (refer appendix diagram 2). According to this model culture is a combination of every function within the organisation. Therefore, each activity should reflect cultural values based on operations. Thus, the culture demonstrates the shared values (common practices). The other six elements are identified as the issues associated with developing culture. According to McKinsey structure, system and strategy were treated as hardparts of culture where as the other areas were treated as soft elements those associated with people (Kothari & Handscombe, 2007, p. 51)

According to McKinsey's 7s model we can draw a conclusion that culture is the base for every organisation's performance and this culture cannot be developed if there is no proper structure. For example, if we take Google, creativity and innovation are their main theme and the management has focused to develop a culture which facilitates that. In order to achieve this organisation's structure has been changed to a flat structure where by things are done so informal between the professional software engineers. In order to develop the expected culture, the environment was changed in an informal manner and employees felt they were in a relaxed place. This structure has supported the culture of Google and has helped Google to improve work place relationships and organisational performance ("culture and structure as a competitive edge", 1994, p. 16)

Finally, my argument is organisations have started to focus on culture but for that reason they did not lose the focus on structure.

5. 0. Functionalist approach to culture

Functionalist paradigm has been the primary paradigm in organizational studies. It assumes relationships are concrete and can be identified studied and measured via science. Thus this paradigm believes one can understand organizational behaviour through hypothesis testing. This paradigm also has been influenced by idealist and Marxist thought too. It assumes there are external rules and regulations governing the external world. (Ardalan, 2003, p. 202)

Functionalist paradigm views culture as top-down & argues that culture can be managed and measured because in this paradigm culture is considered to be objective, measurable and able to be managed. Schein's model of culture can be used to understand culture in this paradigm (Module 5, n. d., p. 2)

5. 1. Schein's theory of culture

Schein defines seven issues as assumptions which should be resolved by every culture. They are organisations relationships, nature of human activity, nature of reality and truth, nature of time, nature of human and homogeneity vs. diversity (refer Appendix diagram 3 & 4). Further he argues the core assumptions can be classified into two categories such as external adaptation tasks (mission and strategy, goals, means and control system) and internal adaptation tasks (common language, group boundary definition, rewards and punishments, status and power relations) (refer Appendix diagram 5). But Schein believes the most important influences of core assumptions from the stand point of shaping culture are norms, values and artefacts (refer appendix diagram 3) (Hatch, 1997, pg 214)

Values and norms

Values are the social principles, goals and standards within a particular culture. It's basically based on what the member of an organisation care about, such as freedom, democracy, tradition, wealth and loyalty. Value creates the basis for the judgment on what is right & what is wrong associated with strong emotions (Hatch, 1997, pg214).

Norms are closely associated with values as these are unwritten rules, which allow members of the culture to know what's expected from them. Examples of business norms are when should inform the potential problems to boss & what sort of clothing can be warned (Hatch, 1997, pg214).

Artefacts & creations

Artefacts are the visible, tangible and audible remains of behaviour, based on cultural norms, values and assumptions. Artefacts can be categorised as: (refer Appendix diagram 6)

Verbal manifestations provided in written and spoken language

Physical objects shaped by the members of the culture

Ceremonies, rituals and other behavioural manifestations (Hatch, 1997, pg216).

Artefacts can be observed by any one and it is the most accessible elements of culture. But artefacts can be misinterpreted easily as they are remote from the core (Hatch, 1997, pg217).

Therefore the culture can be identified through various presentations generated by organisations in physical forms. The appearance of these physical forms in organisations products and related processes will demonstrate the culture and signal a particular idea.

Example- the Carlsberg symbol would indicate entertainment, fun, integration, relationship and friendships.

The above Schein's model of culture also proposes that culture can be managed and measured and is a top-down approach to culture. In other terms culture can be identified and taught to new organisational members so that they can be socialised to accept and fit in with the corporate culture. However, Schein also suggests that the cultural nature of organisations and groups is not that easy to identify because people habitually do not know why they do what they do (Module 5, n. d., p. 3)

6. 0. Radical humanist approach to culture (subjective-radical change)

Theorists in this paradigm are primarily concerned with releasing social constraints that limit human potential. They view the current dominant ideologies as separating people from their “ true selves”. They use this paradigm to validate desire for revolutionary change. It's basically anti-organization in scope. In this view the awareness of man is dominated by the ideological superstructures through which he interacts, and these drive a cognitive wedge stuck between himself and his true consciousness or awareness and this prevents human fulfillment or accomplishment. The radical humanists emphasize the political and repressive nature of purposive

rationality, logic of science, positive functions of technology, and neutrality of language. (Ardalan, 2008, p. 523)

This paradigm views organisational culture as a contested relation between meanings. The distinctive understandings of a particular social group may conflict with those of other social groups. It is in a sense an anti-organisation theory—a theory which is inherently critical of dominant accounts of scientific knowledge and social arrangements. (Parker, 2003, p. 77)

The phrase ‘subculture’ has a particular application here since it contains an important recognition that ideas within a social group are heterogenous, plural and often contested. Thus an organisation’s culture could be viewed as a struggle for hegemony with competing factions attempting to identify the primary purpose of the organisation in a way that meets their perceived definitions. For Martin Parker, the value of this paradigm is its twin stress on power and meaning. Certain groups have additional power to impose their understandings than others, although this does not assure the acceptance since subordinated groups also have power to resist in multiple ways. (Parker, 2003, p. 78)

Similar to interpretive studies, in methodological terms radical humanism is often reflected in ethnographic approaches, though with a greater focus on symbolic and material conflicts as an endemic feature of the process of organising. (Parker, 2003, 81)

7. 0. Functionalist approach vs. Radical humanist approach to culture

By analysing both the paradigms I found following differences between functionalist & radical humanist approaches to culture:

Functionalist views culture can be managed and measured because this paradigm is considered to articulate from objective stand point and the sociology of regulation. In contrast to this radical humanist paradigm views organisational culture cannot be measured or managed as this paradigm is concerned to articulate, from a subjective stand point & the sociology of radical change (refer appendix diagram 7).

Functionalist paradigm argues culture can be learned & taught to others whereas the radical humanist argues it cannot be taught to others since different social groups have different contesting values. For example, in functionalist view, an American organisation which tries to establish business operations in Japan will be able to cope up with Japanese culture by learning that culture. Radical humanist argues that American organisation can't adapt to Japanese culture by learning that culture because both the cultures will start to contest.

Traditionally it was thought that culture of organisation will resemble founders' thoughts, beliefs & values. In contradiction to this, modern theories argue corporate culture will resemble a set of values, thoughts & beliefs which are similar to the bottom level people. Thus, Functionalist paradigm (traditional thoughts) views culture forms from top to down where as radical

humanist(modern thoughts) believes culture forms from bottom to up since there are sub cultures which decide the formation of corporate culture.

8. 0. Conclusion

In the modern business environment it is quite obvious that organisations have started to focus more on their corporate culture. However, I think that does not mean organisations have lost focus on structure because as I have addressed in this paper before structure is also very important to develop a good corporate culture. In order to make my argument strong I have used McKinsey's 7s framework.

Functionalist paradigm uses the traditional theories to study the organisations. Further this paradigm believes one can understand organizational behaviour through hypothesis testing. Thus, this paradigm argues organisational culture also can be studied and can be taught to others. Additionally, functionalist paradigm views culture forms from top to down and argues that culture can be managed and measured. Schein's model of culture has been used to understand functionalist's approach to culture.

In contradiction to the Functionalist paradigm radical humanist paradigm questions the current accepted views of organisations and their impact on society. This paradigm views organisational culture as a contested relation between meanings because it believes different social groups will have different contested values between them. Thus, according to this paradigm organisation cannot simply teach their corporate culture to people & there is always a contradiction between people due to their individual cultures.

At last, to conclude my report, I would say organisations have started to focus on culture. However, they did not lose the focus on structure. Also there are many differences between functionalist & radical humanist paradigms in managing cultures.