**Organization**

It is **the foundation upon which the whole structure of management is erected**. Organization is associated with developing an outline where the overall work is divided into manageable components in order to facilitate the achievement of objectives or goals.

**Organizational culture**

**It can be defined as the group norms, values, beliefs and assumptions practiced in an organization**. It brings stability and control within the firm. The organization is more stable and its objective can be understood more clearly.

It has been suggested that organizational culture affects such employees' outcomes as **productivity, performance, commitment, self confidence, and ethical behaviour**. Organizational culture is one of the core determinants of the organizational success as it influences employee work behavior

Elements of Organizational Culture

The two key elements seen in organizational culture are −

* **Visible elements** − These elements are seen by the outer world. Example, dress code, activities, setup, etc.
* **Invisible elements** − These inner elements of the group cannot be seen by people outside the group or firm. Example, values, norms, assumptions, etc. Now let us discuss some other elements of organizational culture. They are −
* **Stories** − Stories regarding the history of the firm, or founder.
* **Rituals** − Precise practices an organization follows as a habit.
* **Symbol** − The logo or signature or the style statement of a company.
* **Language** − A common language that can be followed by all, like English.
* **Practice** − Discipline, daily routine or say the tight schedule everyone follows without any failure.
* **Values and Norms** − The idea over which a company is based or the thought of the firm is considered as its value and the condition to adopt them are called norms.
* **Assumptions** − It means we consider something to be true without any facts. Assumptions can be used as the standard of working, means the employees prepare themselves to remain above standard.

## Four types of organizational culture

The best-known classification of types of organizational culture is the Competing Values Framework. Kim Cameron and Robert Quinn at the University of Michigan identified four distinct types of organizational culture.

Every organization has its own mix of these four organizational culture types, with one culture typically dominating. The larger the organization, the bigger the possibility that there may be more than one culture in the organization. This may be beneficial to the organization, but it may also be disadvantageous or challenging when attempting to have a cohesive culture in a regionally and globally dispersed organization.

* **Adhocracy culture** – the dynamic, entrepreneurial Create Culture.
* **Clan culture** – the people-oriented, friendly Collaborate Culture.
* **Hierarchy culture** – the process-oriented, structured Control Culture.
* **Market culture** – the results-oriented, competitive Compete Culture.

### Adhocracy culture

Adhocracy is a combination of the words ‘Ad hoc’ and bureaucracy. Therefore, organizations with an adhocracy culture are flexible and not inhibited by bureaucratic procedures and policies. There is an emphasis on constant innovation and improvements, the pace is usually extremely fast, and the status quo, though it may be working, will be challenged.

Most start-up and tech companies like Apple, Google, and Facebook are driven by adhocratic culture because it provides them the latitude to be innovative. This is critical to their brand and success in a market that is constantly changing and highly competitive.

However, when start-ups become large tech giants like these organizations, an adhocratic culture will become less feasible throughout the entire organization. There will be some functions or business units that will need more structure, and moving slower may actually be better for the organization, for example, in the areas of ethics and compliance. Therefore, the adhocracy culture may be relegated to specific units to ensure the organization remains innovative and competitive in the market.

#### Developing an adhocracy culture

Depending on your industry, it might not be easy to develop an authentic adhocracy culture that also includes a high-risk business strategy. However, implementing strategy and brainstorming sessions allows employees to share big ideas that can help drive performance. Rewarding successful ideas encourages teams to think outside of the box, too.

### Clan culture

‘Clan’ is a group of close-knit and interrelated families or a group of people with a strong common interest. Clan cultures are common in small or family-owned businesses that are not hierarchical in nature. Employees are valued regardless of their level and environments are supportive.

Companies like Tom’s of Maine, Redmond (Real Salt), and Chobani may be described as clan cultures that prioritize their employees.

This culture aims to work collaboratively in teams by making sure all employees feel like equals. They feel comfortable providing honest and open feedback. Apart from teamwork, there may be a strong emphasis on mentorship and apprenticeship as competencies and values are passed on from one generation to another. There is usually high employee engagement in this culture, which makes for excellent customer service. However, the downside to this type of culture is that it is difficult to maintain it as the organization grows. Operations may lack focus and fluidity as the organization grows.

#### Developing a clan culture

To cultivate a clan culture within your company, your first step is to turn to your employees. Communication is vital to a thriving clan culture, so let your team know that you’re open to feedback. Find out what they value, what they’d like to see change, what ideas they have to help push the company further. Step two: take their thoughts into account and put them into action.

### Hierarchy culture

The hierarchy culture is a prevalent corporate culture in the US.  It is defined by structure, established procedures, and levels of authority.  Employees in this culture know precisely where they fit in the chain of command – who’s accountable to them, who they report to, and what the rules are. It is imperative in this culture to do the right thing.

Duties are clearly defined, and operations tend to be streamlined.  Financial institutions, health insurance organizations, and oil and gas companies all have a hierarchy culture. This type of company culture enables them to manage risk better, be stable and be operationally efficient. However, it may hinder them from being innovative, agile, and responsive to sudden changes in their markets and industries. They might lack the flexibility needed in today’s and future markets.

#### Developing a hierarchy culture

The first step to establishing a hierarchy culture is to button up your processes. If the chain of command has some gaps, fill them. Consider every team and department to ensure they have clear long- and short-term goals.

### Market culture

Market culture is all about profit margins and staying ahead of the competition. It is results-oriented with a strong external focus to ensure customers are satisfied. Examples of companies driven by a market culture are Tesla, Amazon, and General Electric.

Having top-notch products or services is critical to the success of these organizations, so there is a constant demand to be more creative and get new or improved products to the market before their competitors. While this type of culture may secure the longevity of the business, employees often burn out from the high expectations and constant demand to produce. There may also be less emphasis on the employee experience or employee satisfaction.

#### Developing a market culture

A market culture is tied to the company’s bottom line. Therefore, start by evaluating each position within your organization. Calculate the ROI of every role and ascribe reasonable benchmarks for production. Consider rewarding top performers to encourage similar work.

**Organizing Process**

### 1] Identifying the Work

The obvious first step in the process of organizing is to identify the work that has to be done by the organization. This is the ground level from which we will begin. So the manager needs to identify the work and the tasks to be done to achieve the goals of the organization.

Identification of the work helps avoid miscommunication, overlapping of responsibilities and wastage of time and effort.

### 2] Grouping of Work

For the sake of a smooth flow of work and smooth functioning of the organization, similar tasks and activities should be grouped together. Hence we create departments within the company and divisions within each department. Such an organization makes the functioning of the company way more systematic.

Depending on the size of the organization and the volume of work, an organization can have several department and divisions. And every department has a manager representing them at the top-level of the management.

In smaller organizations sometimes these departments are clubbed together under one manager.

### 3] Establish Hierarchy

The next step in the process of organizing is to establish the reporting relationships for all the individual employees of the company. So a manager establishes the vertical and horizontal relationships of the company.

This enables the evaluation and control over the performances of all the employees in a timely manner. So if rectifications need to be made, they can be made immediately.

### 4] Delegation of Authority

Authority is basically the right an individual has to act according to his wishes and extract obedience from the others. So when a manager is assigned certain duties and responsibilities, he must also be delegated authority to carry out such duties effectively.

If we only assign the duties, but no authority he will not be able to perform the tasks and activities that are necessary. So we must always assign authority and clearly specify the boundaries of the duties and the authority which has been delegated.

### 5] Coordination

Finally, the manager must ensure that all activities carried out by various employees and groups are well coordinated. Otherwise, it may lead to conflicts between employees, duplication of work and wastage of time and efforts. He must ensure all the departments are carrying out their specialized tasks and there is harmony in these activities. The ultimate aim is to ensure that the goal of the organization is fulfilled.

## Types of Organizational Structures

## Centralized vs. Decentralized Organizational Structures

An organizational structure is either centralized or decentralized. Traditionally, organizations have been structured with centralized leadership and a defined chain of command. The military is an organization famous for its highly centralized structure, with a long and specific hierarchy of superiors and subordinates. In a centralized organizational system, there are very clear responsibilities for each role, with subordinate roles defaulting to the guidance of their superiors.

There has been a rise in decentralized organizations, as is the case with many technology [startups](https://www.investopedia.com/terms/s/startup.asp). This allows companies to remain fast, agile, and adaptable, with almost every employee receiving a high level of personal agency. For example, Johnson & Johnson is a company that's known for its decentralized structure.2

 As a large company with over 200 business units and brands that function in sometimes very different industries, each operates autonomously. Even in decentralized companies, there are still usually built-in hierarchies (such as the chief operating officer operating at a higher level than an entry-level associate). However, teams are empowered to make their own decisions and come to the best conclusion without necessarily getting "approval" from up top.

### Functional Structure

Four types of common organizational structures are implemented in the real world. The first and most common is a functional structure. This is also referred to as a [bureaucratic organizational structure](https://www.investopedia.com/terms/b/bureaucracy.asp) and breaks up a company based on the specialization of its workforce. Most small-to-medium-sized businesses implement a functional structure. Dividing the firm into departments consisting of marketing, sales, and operations is the act of using a bureaucratic organizational structure.

### Divisional or Multidivisional Structure

The second type is common among large companies with many business units. Called the divisional or multidivisional structure, a company that uses this method structures its leadership team based on the products, projects, or subsidiaries they operate. A good example of this structure is Johnson & Johnson. With thousands of products and lines of business, the company structures itself so each business unit operates as its own company with its own president.

### Flatarchy Structure

Flatarchy, a newer structure, is the third type and is used among many startups. As the name alludes, it flattens the hierarchy and chain of command and gives its employees a lot of autonomy. Companies that use this type of structure have a high speed of implementation.

### Matrix Structure

The fourth and final organizational structure is a matrix structure. It is also the most confusing and the least used. This structure matrixes employees across different superiors, divisions, or departments. An employee working for a matrixed company, for example, may have duties in both sales and [customer service](https://www.investopedia.com/terms/c/customer-service.asp).

**A functional organizational** structure is **a structure used to organize workers**. They are grouped based on their specific skills and knowledge. It vertically structures each department with roles from the president to finance and sales departments, to customer service, to employees assigned to one product or service.

**Product organization**: It is **the structure a company uses to develop, manage and market a good or service it provides**. Particularly when producing multiple goods, companies have to decide how to distinguish employees working on one line of products from those assigned to others.

For example, if a company has a bakery division and clothing division, each of those product-based divisions will have its own sales department, marketing department, manufacturing department and other functional groups

**Territorial organization**  : The oldest type of public sector organization which arose in conjunction with the state, a territorial organization **consists of territory, people and political power or representation, giving it a high level of legitimacy.**

Territorial power sharing can be understood as **the sharing and delegation of the central government's powers and responsibilities to geographical units**. It can include restructuring from a centralised to a federal state, or moving decision-making power from a central government to regional or local governments.