Organizational Processes [UNIT 5]

Organization Concept

What Is Organizational Culture?

1. Organizational culture refers to a system of shared assumptions, values, and beliefs that show employees what is appropriate and inappropriate behavior.
2. However, organizational culture is still a relatively new concept. In contrast to a topic such as leadership, which has a history spanning several centuries, organizational culture is a young but fast growing area within organizational behavior.
3. Culture affects all employee behaviors, thinking, and behavioral patterns, individuals tend to become more aware of their organization's culture when they have the opportunity to compare it to other organizations.
4. If you have worked in multiple organizations, you can attest to this.
5. Maybe the first organization you worked was a place where employees dressed formally.
6. It was completely inappropriate to question your boss in a meeting; such behaviors would only be acceptable in private.
7. It was important to check your e-mail at night as well as during weekends or else you would face questions on Monday about where you were and whether you were sick.
8. **Contrast this company** to a **second organization** where employees dress more casually.
9. You are encouraged to raise issues and question your boss or peers, even in front of clients.
10. What is more important is not to maintain impressions but to arrive at the best solution to any problem.
11. It is widely known that family life is very important, so it is acceptable to leave work a bit early to go to a family event.
12. Additionally, you are not expected to do work at night or over the weekends unless there is a deadline.
13. **These two hypothetical organizations** illustrate that organizations have different cultures, and culture dictates what is right and what is acceptable behavior as well as what is wrong and unacceptable.

Why Does Organizational Culture Matter?

An organization's culture may be one of its strongest assets, as well as its biggest liability. In fact, it has been argued that organizations that have a rare and hard-to-imitate organizational culture benefit from it as a competitive advantage. *Culture, or shared values within the organization*, may be related to increased performance. Researchers found a relationship between organizational cultures and company performance, with respect to success indicators such as revenues, sales volume, market share, and stock prices.

Culture is in fact a more powerful way of controlling and managing employee behaviors than organizational rules and regulations. When problems are unique, rules tend to be less helpful. Instead, creating a culture of customer service achieves the same result by encouraging employees

to think like customers, knowing that the company priorities in this case are clear: Keeping the customer happy is preferable to other concerns such as saving the cost of a refund.

Role of Organisation Structure

A good organisation structure of an enterprise helps the managers to accomplish their duties, increases efficiency of the employees, ensures optimum use of the resources, facilitates communication, provides job satisfaction to the employees and stimulates creativity. Various roles of organization structure have been explained as follows:-

1. Facilitating Management Action:
Where a large number of people work together, some sort of formal structuring is required to place them according to the needs of the enterprise. All of them perform various functions which are inter-dependent and inter-related. As such, there must be a plan for systematic completion of the work of each specialized job so that the total activities can accomplish the common objectives.

Further, these activities should be completed in a co-ordinated way. Organisation structure is the mechanism through which a manager directs, co-ordinates, and controls the organisational activities. A properly designed organisation structure facilitates management operation.

Management actions take place with certainty and continuity only if appropriate functional groups are provided to help the managers. The grouping and arrangement of activities directly affect the operating results. If the important activities are overlooked, the results would be detrimental to the organisation.

2. Encouraging Efficiency:
Organisation is the framework within which an enterprise functions. In this functioning, efficiency is the major element. Therefore, the members of the organisation try to maximise the output of goods or services resulting from a given input of resources. It is necessary to develop some measures of systematic, orderly, rational, and coordinated effort, and to control waste and loss. In fact, various organisation structures try to achieve efficiency in organisational operations.

3. Optimum Use of Organisational Resources:
Organisation structure provides for making optimum utilisation of organisational resources by ensuring their allocation to the points where these are needed. It gives higher place to the activities which are more important for the achievement of organisational objectives. Thus, placing the activities according to their importance, organisation structure provides guidelines for resource allocation. Optimum allocation of resources to various organisational units is essential for growth and vitality of an enterprise.

4. Helping Communication:
Sound organisation structure provides the pathways for communication among the members of the organisation as well as between the organisation and its environment. In fact, when we say that organisation structure establishes relationships, we mean that it creates reporting relationships, that is, who will communicate with whom.

Similarly, when the organisation interacts with its environment, a communication process is involved. Thus, organisation structure serves the purpose of communication. Within the organizational boundary, communication is necessary in horizontal, vertical and lateral direc-

tions— and the organisation, if designed properly, provides the lines of communication in all these directions.

5. Job Satisfaction:
Since organisation structure provides relatedness among the tasks, responsibilities, and people, the members of the organisation sooner or later come to evaluate the nature of those relationships and of their own relationships to the organisation and their jobs.

Organisation structure provides for each person a place of status among his fellows. This works as motivating factor to them. Most of the people spend a large part of their lives at work associated with the organisation. They expect their work to provide a reasonable degree of job satisfaction, and the framework for this is in the structure of the organisation itself.

6. Stimulating Creativity:
A sound organisation structure based on specialization stimulates creative thinking by providing well-defined area of work with the provision of development of new and improved ways of working. It tries to put people where they are required. When they work on a job for considerably long time, they are in a position to suggest something new.

Many practitioners have contributed to the development of management thinking which show the results of their creativity that has come because of the organisation structure itself. Organisation structure can facilitate to perform the above activities only when it is properly designed. Further, organisation structure should be viewed as a means towards specific ends. As such, it can be used as a tool, not as an end.

Levels of Organizational Culture

Organizational culture consists of some aspects that are relatively more visible, as well as aspects that may lie below one's conscious awareness. Organizational culture can be thought of as consisting of three interrelated levels. Organizational culture consists of three levels as shown in figure 1.
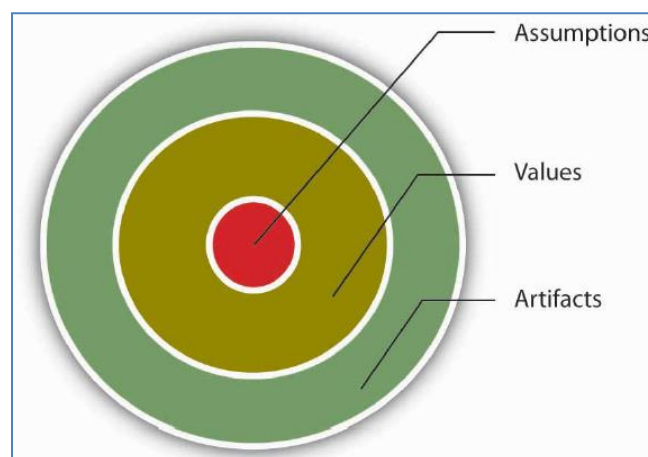

Figure 1 : Organizational culture consists of three levels.

At the deepest level, below our awareness lie basic **assumptions**. Assumptions are taken for granted, and they reflect beliefs about human nature and reality. At the second level, **values** exist. Values are shared principles, standards, and goals. Finally, at the surface we have **artifacts**, or visible, tangible aspects of organizational culture.

For example, in an organization one of the basic assumptions employees and managers share might be that happy employees benefit their organizations. This assumption could translate into values such as social equality, high quality relationships, and having fun. The artifacts reflecting such values might be an executive "open door" policy, an office layout that includes open spaces and gathering areas equipped with pool tables, and frequent company picnics in the workplace.

In other words, understanding the organization's culture may start from observing its artifacts: the physical environment, employee interactions, company policies, reward systems, and other observable characteristics. When you are interviewing for a position, observing the physical environment, how people dress, where they relax, and how they talk to others is definitely a good start to understanding the company's culture.

However, simply looking at these tangible aspects is unlikely to give a full picture of the organization. An important chunk of what makes up culture exists below one's degree of awareness. The values and, at a deeper level, the assumptions that shape the organization's culture can be uncovered by observing how employees interact and the choices they make, as well as by inquiring about their beliefs and perceptions regarding what is right and appropriate behavior.

Determinants of Organisation Structure

The establishment of an organisation structure requires careful consideration of a number of factors. These factors may be stated as follows:-

1. Nature of the Objectives:
The objectives of an enterprise govern the selection of persons with appropriate skills and equipment capable of delivering the goods. The objectives, thus, determine the basis of the organisation structure. For example, an organisation structure of an industrial concern cannot be the same as that of a religious or governmental institution.

2. Operative Activities:
An individual in an enterprise may negotiate a sale to a customer; another may be engaged in assembling the parts of a motor car; and a third may be collecting market data or cost information. The operative activities and the inter-relations that exist among different tasks have an important bearing on the structure of an organisation.

3. Technology:
The organisation structure of an enterprise depends upon the type and nature of technological process adopted for the production. Therefore, technology is a factor for consideration in determining the structure of an organisation.

4. Sequence of Tasks:
The nature of technology often dictates the sequence of tasks to be performed and human relationships are required to be adjusted according to this sequence of tasks. This sequence of tasks also acts as a major determinant to influence the structure of the organisation.

5. Limitations of Skill and Working Capacity:
Individuals in an enterprise differ in their skills and abilities. These individual differences affect the tasks to be assigned to an individual and, as such, the structure is required to be adjusted taking into account the limitations of human skill and ability.

6. Managerial Functions:
The managerial functions at one level or department may be different from that of other level or department. Therefore, the structure of organisation is to be devised to maximise effective inter-relationships at different management levels so that it can facilitate the attainment of objectives by the effective efforts of the subordinate employees.

7. Size and Scope:
The smaller the firm, the more informal and loose becomes the interpersonal contacts and relationships. But they will be otherwise in the case of big concerns. So, the size of the enterprise and its scope of performance have an effective influence on the organisation structure.

8. Strategy:
After considering the organisation structure of various enterprises the management thinkers have come to the conclusion that the strategy plays a special role in determining the outline of authority and flow of communication in an organisation.

9. Social Needs:
The social needs of an individual such as—status, recognition, sense of belonging, opportunity for development of abilities or the satisfaction of ego need—require that they should be given due weight for their fulfilment within the organisation. The structure of an organisation cannot ignore these social needs.

Organizational effectiveness

Organizational effectiveness is defined as an extent to which an organization achieves its predetermined objectives with the given amount of resources and means without placing undue strain on its members.

Effectiveness is a broad concept and takes into account a collection of factors both inside and outside an organization. It is commonly referred to as the degree to which predetermined goals are achieved. On the other hand, efficiency is a limited concept that pertains to the internal working of an organization. It refers to an amount of resources used to produce a particular unit of output. It is generally measured as the ratio of inputs to outputs. A Further, effectiveness concentrates more on human side of organizational values and activities whereas efficiency concentrates on the technological side of an organization.

Organizational effectiveness is the concept of how effective an organization is in achieving the outcomes the organization intends to produce. Organizational Effectiveness groups in organizations directly concern themselves with several key areas.

They are talent management, leadership development, organization design and structure, design of measurements and scorecards, implementation of change and transformation, deploying smart processes and smart technology to manage the firms' human capital and the formulation of the broader Human Resources agenda. If an organization has practices and programs in the areas above, the OE (organizational effectiveness) group does many or all of the following roles:-

- Examines alignment between the areas and improves them
- Improves trade-offs between reliability, speed and quality in the above areas
- Strategizes for higher adoption rates in these areas
- Facilitates/initiates/catalyses capability building : structure, process and people

Rapid advances in social sciences and technology aided by clever experimentation and observation is bringing several truths to the light of society. There are several disciplines of social sciences that help the OE Practitioner be successful.

Four of them are outlined below

- **Decision Making -** Ways in which real people make decisions, enabling them real time to make good decisions, improving quality of decisions by leveraging adjacent disciplines (for example- Behavioral economics) and replicating relevant experiments, creating new ones and implementing their results to make organizations effective
- **Change & Learning –** Ways in which real people learn, change, adopt and align, get "affected" by dynamics in the environment and leveraging this knowledge to create effective organizations that are pioneers of change and learning
- **Group Effectiveness** – Ways in which real people work well together, especially in bringing new ideas and innovation, working of people to people protocols, impact of digitization and virtualization in organizations on these protocols
- **Self-Organizing & Adaptive Systems–** Ways in which self-organizing systems and highly networked systems work, learnings from them and the tangible ways by which they can be put to play to make organizations more effective

The broader idea of organizational effectiveness is applied for non-profit organizations towards making funding decisions. Foundations and other sources of grants and other types of funds are interested in organizational effectiveness of those people who seek funds from the foundations. Foundations always have more requests for funds or funding proposals and treat funding as an investment using the same care as a venture capitalist would in picking a company in which to invest.

Organizational effectiveness measurement

Performance is related to the goals of the organisation and the informal and formal goals of all its individual participants, including managers. The need to take into account external, environmental variables must not be forgotten. Managerial effectiveness is a difficult concept either to define or to measure. Managerial effectiveness cannot be measured simply in terms of achievement, productivity or relationships with other people. The manager must be adaptable in adopting the appropriate style of behaviour which will determine effectiveness in achieving the output requirements of the job. What is also important is the manner in which the manager achieves

results, and the effects on other people. **Managerial effectiveness may be assessed in three ways:-**

1. **Formal assessment –** the pursuit of the systematic development of managers is not possible without the support of an appraisal scheme providing for periodic assessment on the basis of the best obtainable objectivity. An assessment form is often used as a valuable aid to objectivity and covers, among other areas: personal skills, behaviour and attitudes; performance in the allocated role; management knowledge and competence; and performance related to potential. Assessment should point out strengths and weaknesses and suggest ways of resolving the latter.

2. **Informal assessment –** may be given as advice by other managers, or by the behavior and attitudes of staff. The willingness to accept a manager's authority will manifest itself through the strength of motivation and therefore measured levels such as staff turnover, incidence of sickness, absenteeism and poor time-keeping.

3. **Self-assessment –** the more managers understand about their job and themselves the more sensitive they will be to the needs of the organisation. Sensitivity should also extend to the needs of members. This understanding cannot come simply from studying the results of formal appraisals. Managers must be receptive to the reactions of others and focus consciously on their own actions to try and develop an understanding of what specifically they do and why.

There are two basic kinds of feedback: intrinsic and augmented.

1. **Intrinsic feedback –** includes the usual visual and kinaesthetic cues occurring in connection with a response – for example, the perception of other people's visual reactions towards a management style in a given situation.

2. **Augmented feedback –** may be concurrent or terminal, and may occur with performance or after it. The frequency, details and timing of each illustrate the differences between the two – for example, continuous, interim reviews as part of a system of Management by Objectives, compared with the annual performance appraisal interview.

Feedback is largely associated with the measurement area of the model but should be seen as part of the manager's development package. The specific elements in the programmes for individual managers are determined by a variety of circumstances including the outcome of periodic appraisals.