



# ORGANISE US

**OB13**

LECTURE – ORGANISATION STRUCTURE & CULTURE



# Learning Outcomes

- Examine the structural options for dividing labour / tasks, power and control.
- Examine the structural options for coordinating divided labour.
- Propose suitable structural design for organisation based on its internal and external critical success factors.
- Identify what consists organisational culture and how it is manifested.
- Explain the key contingencies for a positive relationship between culture and organisational performance.
- Configure an organisational culture suitable to support the organisation's strategy (and structure).
- Propose strategies to change or strengthen the culture of an organisation.



# Reason for this Problem

Working with People to Get Things Done

Managing Individuals - Job Performance, Satisfaction and Involvement

Managing Interpersonal Processes - Interaction With & Influence Over Others

Managing Team & Organisational Processes - Organisation and Development

Team Development

Organisational Development

Structural Design



For the Workplace:

Enables you to :-

- Consider macro- and micro- contexts of the organisation in decision-making, which is essential for the organisation's survival.
- Suggest or make changes in the way you organise people within your work team to improve its effectiveness
- Develop a strong culture within your work team so that the right values and behaviours are propagated



Immediate Benefit:

- Understand how organisations function in relation to its environment
- Understand how to organise people for events and activities in your Igs
- Understand how to create and manage a suitable team culture within IG

# **Part A:**

# **Organisation Structure**

# Introduction

## ***Definition of Organisation***

Deliberate arrangement of people to accomplish some specific purpose (that individuals independently cannot accomplish).

## ***Mission, Vision, Goals***

- Mission - purpose of establishing the organisation (with reference to stakeholders) and values and interest that drive the organisation.
- Vision - desired state of how the organisation wants to be seen by the stakeholders.
- Goals - short to mid-term objectives of the organisation.

## ***Structure and People***

With several people in an organisation, work needs to be divided and coordinated between them.

# In a nutshell...



# Organisation Structure

# Nature of Work

Work can be classified based on how complicated it is

**Simple** (easy to define all the steps of completing a task, e.g. assembly of computer parts)

**Complex** (difficult to explain how to do the task, e.g. doing a painting)

Suggestion:

- Be more mechanistic in organising work roles/processes for simple tasks.
- Closer interaction may be needed between supervisor and staff for complex tasks.

Work can be classified based on frequency of doing tasks

**Routine** (largely doing the same things repetitively, e.g. telephone operators)

**Variable** (exceptions to normal processes are usually needed, e.g. when you have to make custom-designed products)

Suggestion:

- Hire people who are low on openness (comfortable with routine).
- To give greater freedom in work + manage staff by setting goals for variable tasks.



# Work Specialisation

## Higher Specialisation

*Each job focuses on a specific, well-defined area of work*

- Increases staff work skills through repetition of narrow set of tasks

Best used when:

- Company is large in size.
- Nature of work is routine and simple.

## Lower Specialisation

*Each job covers more than one area of work*

- Staff will have a variety of skills but possibly a “jack-of-all-trades, master of none”.

Best used when:

- Company is small in size.
- Nature of work is variable and complex.

# Centralisation

## Higher Centralisation

*Decision-making is made by top management*

- Stable and munificent → more time to react to environment
- Routine and simple task → less discretion needed by staff
- Consistent decisions by experts → lower cost of operations

Factors leading to higher centralisation:

- The market is stable\*
- Competition is munificent\*
- Nature of work is routine and simple.

## Lower Centralisation

*Decision-making is spread out to include more junior managers in the hierarchy, as well as individual business units*

- Senior executive won't be able to process all decisions (diverse)
- Lower levels tend to be closer to market and able to respond more quickly (hostile market)
- Staff need more discretion for variable and innovative work

Factors leading to lower centralisation:

- The market is dynamic and diverse\*
- The competition is hostile\*
- Nature of work is variable and complex

# Organisation & Environment

# Competition

## Hostile

*Strong rivalry between organisations*

- Reasons for hostility:  
Limited resources;  
saturated or  
declining demand  
from consumers

In **hostile** environments, organisations need to:

- Make decisions efficiently
- Be more flexible in operational processes
- Be responsive to the demands of the market / customers.

## Munificent

*Each focuses on serving its customers without having to compete aggressively*

- Example: Green technologies and environmental consulting - Demand for such services increasing but not enough qualified providers

# The Market

## Type of Customers

**Diverse** (varied clients, need for different types of goods to meet varied needs)

**Integrated** (single or very few large clients, e.g. market for weapons in Singapore, or need for only a single type of product)

In **diverse** markets:

- Focus on understanding different clients + handle varied products

Companies need:

- People with high conscientiousness low neuroticism & high extroversion
- More participative and supportive leadership

## Rate of Change

**Dynamic** (high rate of unpredictable changes e.g. IT technologies)

**Stable** (change is predictable and occurs at a steady pace, e.g. public education)

In **dynamic** market:

- Focus on exploring opportunities to innovate, be proactive and take risks

Companies need:

- People high on openness & low on neuroticism.
- To empower people to challenge status quo, question and share ideas across all levels, and innovate

# Business Strategy

# Business Strategy

## Low-Cost Leadership

*Keeping cost low so that you can sell at lower prices than competitors, e.g. Sheng Shiong*

- Organisations can achieve **low cost** by keeping operating cost low (e.g. producing standardised products in large quantities, reducing wastage, etc.)

The company might need to :

Hire people who are high on conscientiousness + low on openness.

Provide close supervision and directive management.

## Innovation-Differentiation

*Offering unique or customised goods that are valued by customers*

- Invest in research to develop better products
- Develop unique abilities that will enable them to provide certain qualities in their goods that their competitors cannot follow easily.
- Conduct market research and work closely with customers to customise products.

The company might need to:

Hire people high on openness

Involve people in management decision-making + work in teams + empower people to innovate.

# Departmentalisation

## ***Definition***

The process of grouping activities, customers, or job functions into specialized groups in an organization to create better coordination.

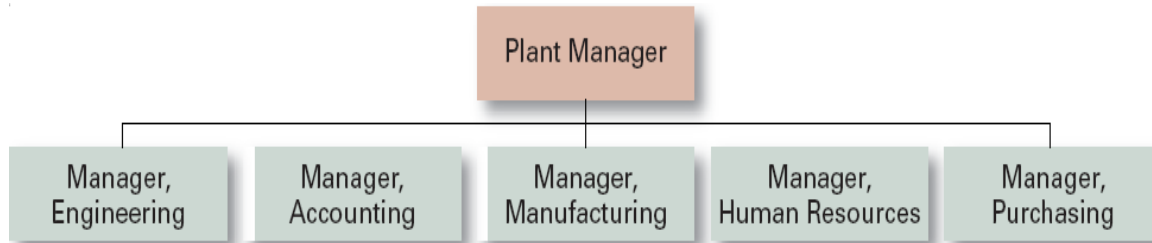
## ***There are FIVE types of departmentalisation:***

- Functional
- Divisional (Products)
- Divisional (Geography)
- Divisional (Customers)
- Matrix



# Departmentalisation

## (1) Functional

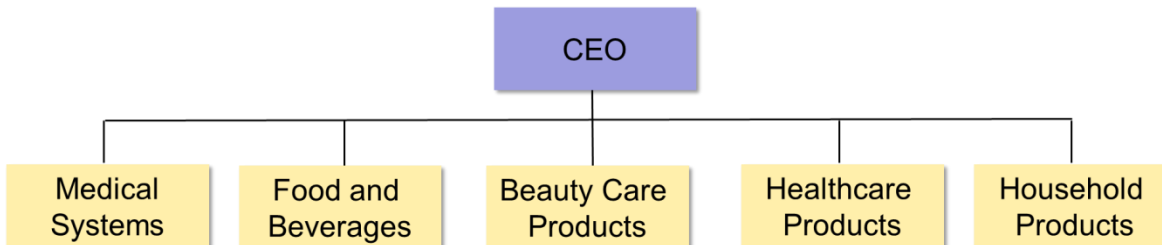


Best used when:

- The market is integrated
- Competition is munificent

## (2) Divisional

By Products



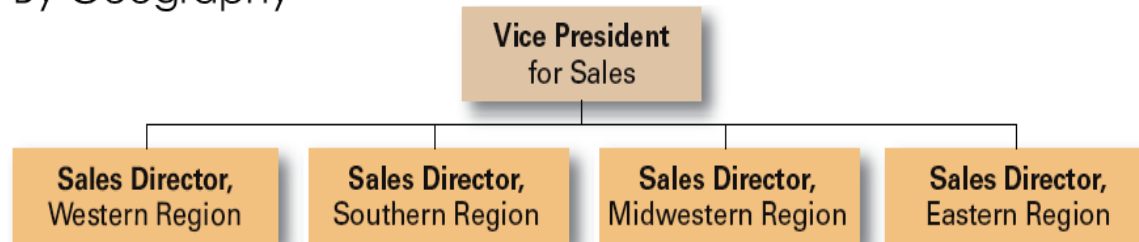
Best used when:

- The market is diverse
- Competition is hostile

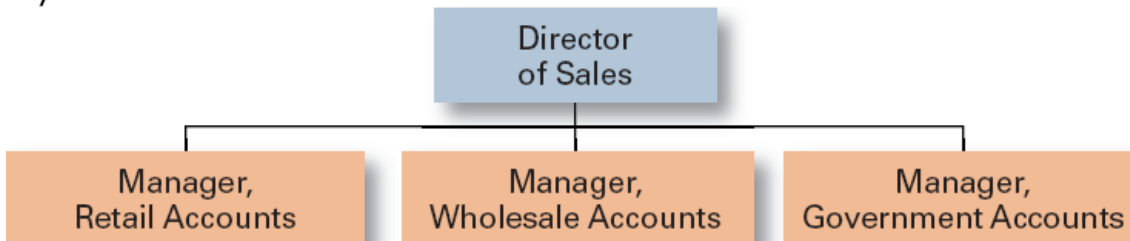
# Departmentalisation

## (2) Divisional

### By Geography



### By Customers



Useful when needs of regions or customer groups are different

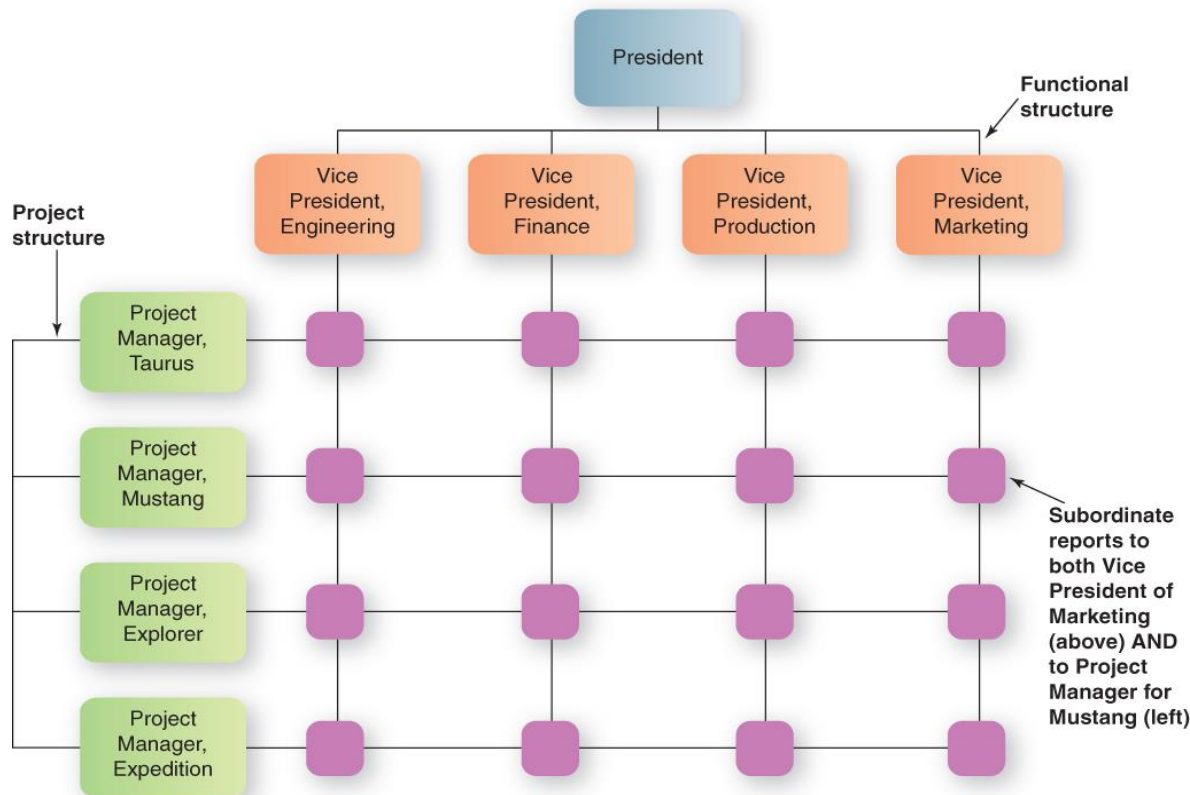
OR

product marketing and distributions need to be done differently (for by products)

# Departmentalisation

## (3) Matrix Structure

*Combines a vertical structure (generally function) with an equally strong horizontal overlay (generally divisional) to form a grid with two command structures.*



Best used when:

- The market is diverse
- Company is large in size

## **Part B:**

# **Organisation Culture**



# Culture - What is it?

- *Organizational culture* — basic pattern of shared values & assumptions governing way employees within an organisation think about and act on problems and opportunities
  - set of key characteristics that organisation values
  - descriptive - how employees perceive its characteristics
- *Dominant culture* — core values shared by majority; organisation's culture is its dominant culture
- *Strong culture* — organisation's core values are both intensely held and widely shared
  - Social glue
  - Sense-making
  - Control system



# Cultural Dimensions

Org Culture Dimensions	Dimension Characteristics
Innovation and Risk-Taking	Degree to which employees are encouraged to experiment, seek new opportunities and take risk
Stability	Degree to which focus is on maintaining status quo, predictability, security and rules
People Orientation (Respect for People)	Degree to which decisions take into account the effect on people in the organisation; focus is on fairness and tolerance
Outcome Orientation	Degree to which focus is on the outcomes (as opposed to process of achieving them); results-oriented, action-oriented and high expectations
Attention to Detail	Degree to which employees are expected to pay attention to details and be analytical / precise at work
Team Orientation	Degree to which staff/work are organised around teams; focus is on collaboration and cooperative behaviours
Aggressiveness	Degree to which employees are competitive rather than cooperative.



# Cultural Dimensions

## Discussion: Choice of Culture Profile for RP

Dimensions	Classroom Culture
<b>Innovation and Risk-Taking</b>	
<b>Stability</b>	
<b>Respect for People / People Orientation</b>	
<b>Outcome Orientation</b>	
<b>Attention to Detail</b>	
<b>Team Orientation</b>	
<b>Aggressiveness</b>	



# Cultural Dimensions

## Discussion: Choice of Culture Profile for RP

Dimensions	Classroom Culture
Innovation and Risk-Taking	High
Stability	Low
Respect for People / People Orientation	High
Outcome Orientation	High
Attention to Detail	High
Team Orientation	High
Aggressiveness	Low





# Change and Strengthen Culture

Symbolise new culture through memorable events and model new culture through decisions and actions

**Actions of founders and leaders**

Alter existing or create new performance measures to reward culturally-consistent behaviour

**Culturally consistent rewards**

Select recruits whose values are compatible to culture and indoctrinate staff regarding what organisational culture means

**Selecting and socializing employees**

Alter existing artefacts or create new ones that reflect values

**Aligning artifacts**

**Changing and Strengthening Organisational Culture**

# Artefacts

*Artefacts are the observable (visible) signs of an organisational culture. The 6 artefacts are:*



**PHYSICAL  
STRUCTURE**



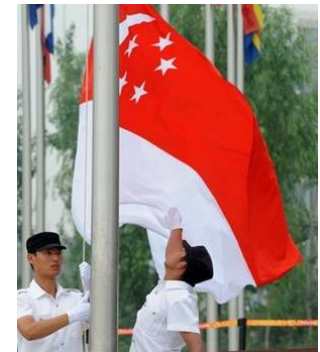
**SYMBOL**



**ORGANISATIONAL  
LANGUAGE**



**STORIES &  
LEGENDS**



**RITUALS**



**CEREMONIES**



# Artefacts

**Physical structure:** The size, shape, location and age of buildings might suggest a company's emphasis on team work or other set of values.

**Symbol:** Symbols are nonverbal language that vibrantly conveys the organisation's values. An example is a company's uniform.

**Organisational language:** Words used to describe/address customers, staff, products, etc. (e.g. referring to "clients" rather than "customers"). Includes acronyms and jargons.

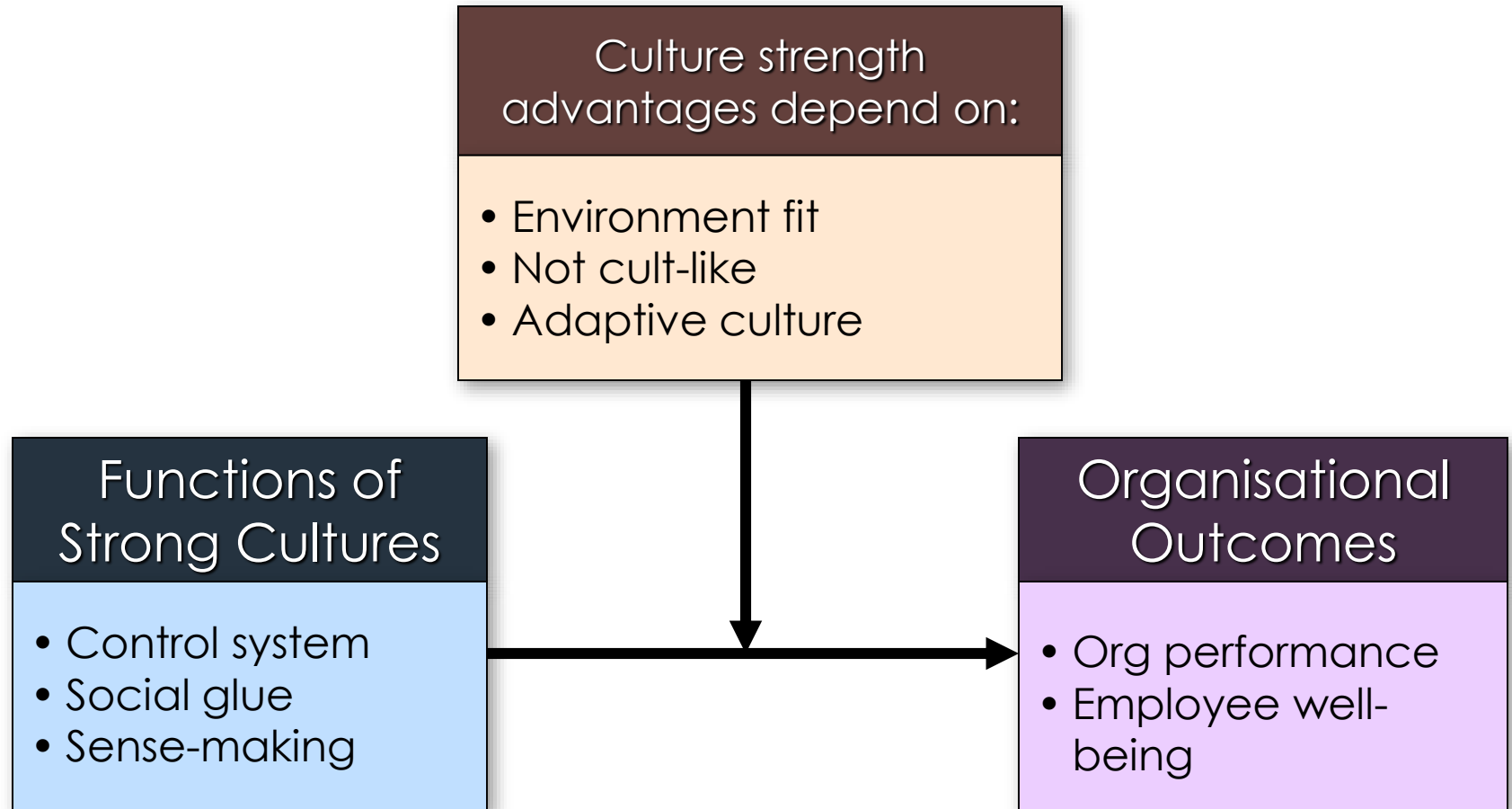
**Stories & legends:** Stories and legends serve as powerful social prescriptions of the ways things should (or should not) be done. They provide human realism to corporate expectations, individual performance standards and the criteria for getting fired.

**Rituals:** Rituals are programmed routines of daily organisational life that dramatises the organisation's culture. They include how visitors are greeted, how often senior executives visit subordinates and how much time staff takes lunch.

**Ceremonies:** Ceremonies are planned activities conducted specifically for the benefit of an audience. This could include publicly rewarding (or punishing) employees, or celebrating the launch of a new product.

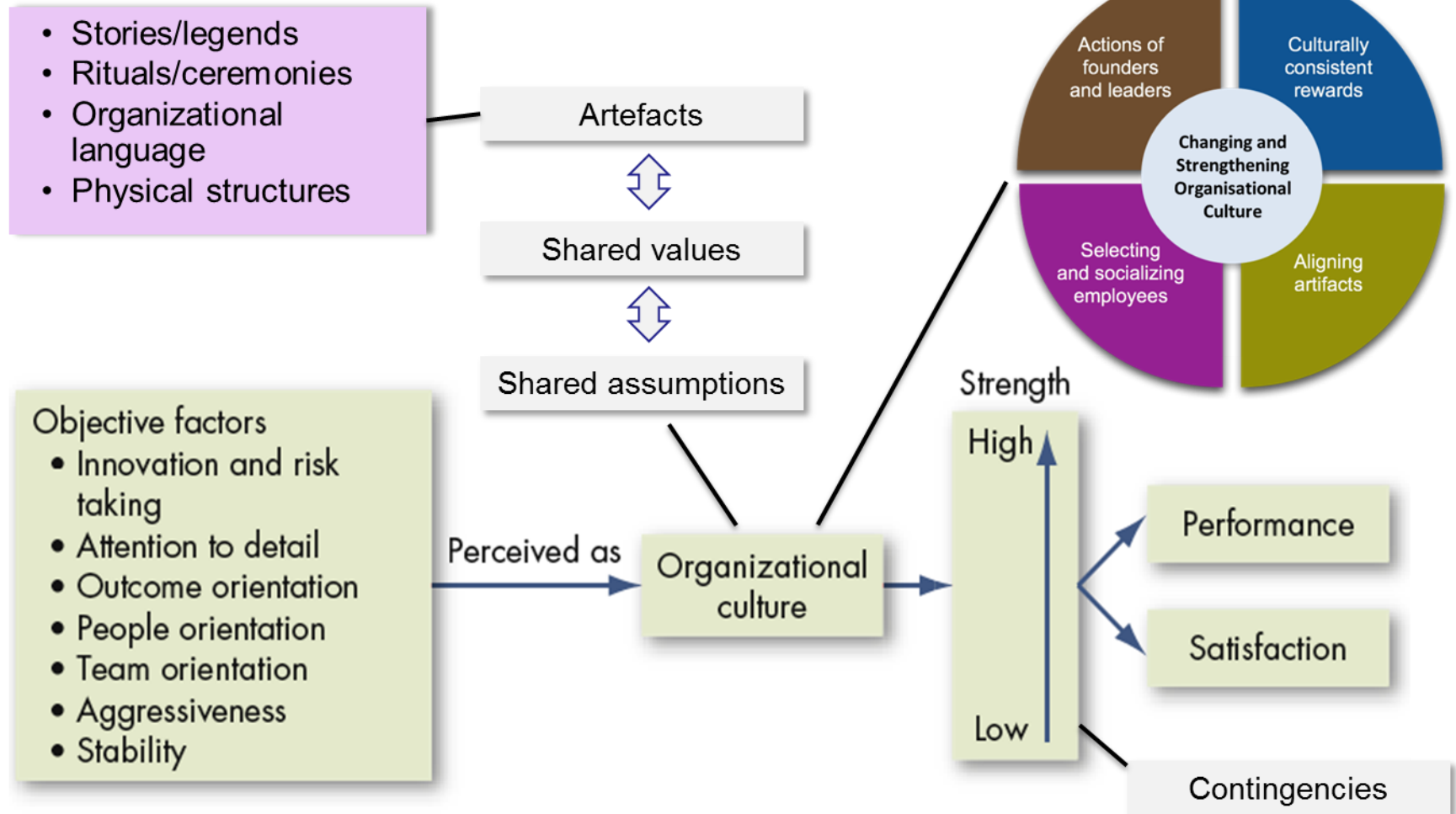


# Key Contingencies for Culture





# Concept Diagram





# References

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- Kinicki, A. & Kreitner, R. (2006). *Organisational behaviour: Key concepts, skills and best practices*, (2nd ed.). New York: McGraw-Hill.
- Kreitner, R. & Kinicki, A. (2007). *Organizational Behaviour* (7<sup>th</sup> ed.). Boston: McGraw-Hill.
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- Robbins, S. P. & Coulter, M. (2007). *Management* (9th ed.). Pearson Prentice Hall.



# After Class Activities

## In-Class

- Go through the LEO quiz for week 13

## Daily Activity (by 2359 hrs today)

- Complete the peer and self-evaluations.
- Complete your Reflection Journal .

## End-of-Week Activity

- Review the lecture slides.

*Best Wishes for Your ESE!*