

ORGANISATIONAL STRUCTURE, CLIMATE AND CULTURE

ORGANISATIONAL STRUCTURE

The process of organising results in the creation of a formal organisational structure which is defined as a system of patterned and inter-related task units and authority positions. It is called formal structure since it is deliberately and purposefully planned and designed by management. The formal organisational structure has two 'dimensions'. They are: horizontal dimension and vertical dimension. The horizontal and vertical dimensions of the organisational structure i.e. the activity structure and authority structures are tied together. The managerial positions are not created in a vacuum; they are created around the sub-divided task units.

Major factors determining organizational structure

- ✓ **Goals**
- ✓ **Technology**
- ✓ **External environment**
- ✓ **People**

FUNCTIONAL AREAS

A business organization has to perform a number of activities in order to run itself. We have seen in the functional form of departmentalization that an organization groups function or activities into primary departments. The application of functional form of departmentalization means grouping activities mainly into departments of production, marketing, human resource development and finance.

THE HORIZONTAL DIMENSION OF ORGANISATIONAL STRUCTURE

The horizontal dimension consists of the various activity or work units created through the process of departmentalisation and is called the activity structure. In a manufacturing enterprise, the activity structure consists of the various departments like purchasing, production, R & D, finance, accounts, marketing and so on.

Departmentalisation: The concept of departmentalisation, (or departmentation as it is often called) is one of the important steps in the design of formal structure of an organisation. A systematic sub-division of activities into individual jobs, the grouping of jobs into work-units and the integration of units into departments. The departments so created have lateral

relations to each other. Thus, departmentalisation creates the lateral or horizontal activity structure of the organisation.

Bases or forms of departmentalisation: There are several alternative ways in which organisational activities are grouped into work units. These are called the bases or forms of departmentalisation. The major bases or forms are: Function, process or equipment, product, customer and geographical area.

VERTICAL DIMENSION OF ORGANISATIONAL STRUCTURE

The Concept of Authority: In everyday life we come across the notion of authority. Authority is the formal right vested in a managerial position to undertake certain managerial tasks, to make decisions, to give directions to subordinates and to influence events for achieving certain goals.

Authority, responsibility and accountability: The concepts of authority, responsibility and accountability have particular relevance for understanding the process of delegation of authority.

The concept of responsibility has two connotations. In one sense it is the set of tasks or duties assigned to a person. In another sense, it is corollary of authority, and is the

obligation of a person to whom authority is delegated, to act in response to an order issued by his superior.

Accountability is often used as a synonym to responsibility. In other words, accountability and responsibility have the same meaning. Some others, however, distinguish between accountability and responsibility by defining accountability as personal answerability for decisions, actions and results on the part of a subordinate to his superior

Concept of management hierarchy: The vertical axis of the organisational structure consists of the hierarchy of management or the network of managerial authority levels. The hierarchy of management is established through the process of vertical differentiation and integration of authority.

TRADITIONAL ORGANISATIONAL STRUCTURES

Management theorists classify traditional organisational structures into three types: Line Structure, Line and Staff Structure and Functional Structure. Line structure: An organisational structure which is designed around line activities and line authority only is called a line structure.

Line and staff structure: This structure represents a modification of and improvement over the basic line structure. In this, the basic line activity units, line managerial positions and the flow of line authority along the vertical chain of command are left undistributed.

Functional structure: The functional organisational structure is based on line authority, staff authority and the notion of functional authority.

MODERN ORGANISATIONAL STRUCTURES

Traditional structures are also regarded as some what out of step with contemporary requirements and realities of rapid change, uncertainty and complexity of environment. Attempts are hence made to modify the traditional structure so as to evolve refined forms of structure. These are variously described as systems structure, project structure, programme structure, matrix structure, task force structure and free form structure. These modern structures are regarded as more organic, adaptive, and flexible and are suitable for complex organisations which employ highly sophisticated technology and which encounter a very diverse, volatile environment.

COMMERCIAL AND NON-COMMERCIAL ORGANISATION

Organisation can be classified as commercial or non-commercial on the basis of the interest they have. A commercial organisation has profit as its main aim. We can find many organisations around us, which do not have any commercial objective of making profits. Their genesis may be so for social, charitable, or educational purposes. A non- commercial organisation comes to existence to meet the needs not met by business enterprises.

ORGANISATIONAL CLIMATE

The term, 'Organisational climate' is defined as a relatively enduring quality of the internal environment of an organisation as perceived and experienced by its members, which can be described in terms of specific dimensions or characteristics and which influences the patterns of behaviour and work performance on members. It is the totality of interacting and inter-related internal dimensions or characteristics which significantly influence the motivation of members. Organisation climate evolves over a fairly long period of time and is relatively stable. Since the dimensions of climate are internal, they can be measured, controlled and changed by the organisation, if it so decides. Organisational climate is the major frame of reference for the member's interpretation of organisational decisions and actions as also their own attitudes, behaviour and performance.

The major dimensions or characteristics of organisational climate are listed as follows:

- ✓ Organisational values, goals and priorities which are pursued in practice as against those which are professed.
- ✓ Managerial value systems and life styles.
- ✓ Competence, character, commitment and dynamism of management.
- ✓ The complexion of organisational policies and practices and the consistency with which they are followed.
- ✓ **The power structure**-the extent of concentration or dispersal of authority, the extent to which and the manner in which formal authority is exercised, the extent of status disparities, social distance between managers at various levels and between managers and non-managers and so on.
- ✓ **General organisational structure**-hierarchy, rigidity vs. flexibility clarity of the structure communication and control systems, superior-subordinate relations, informal social relationships, etc.

- ✓ **Nature of jobs** – degree of skill required, relation between effort and productivity, variety in the tasks, perceived importance of the job, rewards associated with the job, relation with other jobs, security and so on.
- ✓ **Degree of freedom and control** – requirements of conformity and compliance to organisational norms and the extent to which behaviour of employees is structured.
- ✓ **Supervisory style** – attitudes and behaviour of supervisors and managers towards their subordinates and towards performance requirements.
- ✓ **Rewards structure** – reward levels and inter-relations, equity in reward structures, monetary and non-monetary rewards.
- ✓ Organisational approach to conflict and dissent, amicable resolution or suppression of conflict.
- ✓ The physical working conditions in the organisation.

In general, organisational climate provides certain stimuli, offers certain opportunities and raises certain expectations among its members; at the same time, it also creates certain constraints, threats, problems and frustrations.

Organisational climate factors influence the perceived ability of the individual employee, which in turn has a decisive effect on his motivation. Perceived ability is influenced by the nature and clarity of the job, the scope of responsibility, degree of freedom, supervisory support and training, safety and other physical working conditions, previous experience and so on.

ORGANIZATIONAL CULTURE

Organizational culture is the set of assumptions, beliefs, values and norms that is shared among its members. This culture may be consciously created by its key members, or it may have simply evolved across time. It represents a key element of the work environment in which employees perform their jobs. A culture may exist across an entire organization, or it may refer to the environment within a single division, branch, plant, or department. This idea of organizational culture is somewhat intangible, for we cannot see it or touch it, but it is present and pervasive. Like the air in a room, it surrounds and affects everything that happens in an organization. Because it is a dynamic systems concept, culture is also affected by almost everything that occurs within an organization.

They give an organizational identity to employees – a defining vision of what the organization represents. They are also an important source of stability and continuity to the organization, which provides a sense of security to its members.

Characteristics of Cultures

Each has its own history, patterns of communication, systems and procedures, mission statements and visions, stories and myths which, in their totality, constitute its distinctive culture. Cultures are also relatively stable in nature. Most organizational cultures have

historically been rather implicit rather than explicit. A final defining characteristic of most culture is that they are seen as symbolic representations of underlying beliefs and values.

Measuring Organizational Culture

Systematic measurement and comparison of cultures is difficult at best. Most early attempts by researchers relied on examination of stories, symbols, rituals, and ceremonies to obtain clues. Others have used interviews and open-ended questionnaires in an attempt to assess employee values and beliefs. In other cases, examination of corporate philosophy statements has provided insight into the espoused cultures (the beliefs and values that the organization states publicly). Another approach is to survey employees directly and seek their perceptions of the organization's culture. One of the more interesting methods is to become a member of the organization and engage in participant observation.

Characteristics of organizational cultures

- ✓ Distinctive
- ✓ Stable
- ✓ Implicit
- ✓ Symbolic
- ✓ Integrated
- ✓ Accepted
- ✓ A reflection of top management
- ✓ Of varying strength

Communicating Culture

If organizations are to consciously create and manage their cultures, they must be able to communicate them to employees, especially the newly hired ones. Individuals are generally more willing to adapt when they want to please others, gain approval, and learn about their new work environment. These cultural communication acts may be lumped under the umbrella of organizational socialization, which is the continuous process of transmitting key elements of an organization's culture to its employees. Individualization occurs when employees successfully exert influence on the social system around them at work by challenging the culture or deviating from it.