

PLS 308 – Public Administration

Topic: Organizational Design and Culture

Organizational Design and Structure

- *Organizational structure* defines how job tasks are formally divided, grouped, and coordinated.
 - This structure can be depicted visually in terms of an organizational chart.
 - This structure can also be described in terms of the jobs, relationships between jobs, organizational units, the ways jobs are coordinated, and the ways decisions are made
- According to Mintzberg (1979, 3) the strategies used to *coordinate* work are the “glue that holds organizations together”. Strategies used to coordinate work include
 - *Mutual adjustment*: Most basic form of coordination is derived from the informal communication that occurs in all organizations. Various specialists coordinate their work by conferring with one another
 - *Direct supervision*: Coordination can be achieved by assigning one individual responsibility for the work of other individuals
 - *Standardization of work processes*: This is easiest to do when work processes can be standardized or programmed.
 - *Standardization of outputs*: Results of the work are specified (e.g., product quality, level of performance, etc.). Leaders aren’t interested in how goals are achieved; rather they are concerned with whether they are achieved.
 - *Standardization of skills*: Once a worker is trained and has gained sufficient experience, coordination occurs virtually naturally. Workers know what their expectations are. This is especially the case in professional occupations.
- While specialization makes coordination necessary, it also makes it difficult to achieve
 - As specialists interact with one another they develop similar attitudes, ideas, and jargon. Different specialties also tend to develop different behaviors, thought patterns, perceptions of how jobs should be done, and different views of what an organization’s goals should be. This can lead to conflicting organizational sub-cultures, communication problems, and turf conflicts

Six Key Elements of the Structure of an Organization

- Work specialization
 - *Work specialization*, division of labor, describes the degree to which tasks in an organization are subdivided into separate jobs
 - Jobs are broken down into steps and each step is done by a different person
 - Employee skills at completing a task increase through repetition
 - Work specialization increases efficiency and productivity by encouraging and creating special inventions and machinery
 - While it can increase employee productivity, it also tends to reduce job satisfaction
 - Human diseconomies from specialization surface as boredom, fatigue, stress, low productivity, poor quality, increased absenteeism, and high turnover (see Exhibit 13-2)
 - Some organizations choose to have high work specialization (e.g., McDonalds) while others such as Saturn Corporation have had success by broadening the scope of jobs and reducing specialization

- Departmentalization
 - *Departmentalization* is the basis by which jobs are grouped together
 - *Functional departmentalization* groups jobs by the activities performed (e.g., legal, engineering, budget and accounting, personnel, purchasing, regulation, enforcement, planning, etc.)
 - One of the most common structural forms
 - Major advantage of this type of grouping is efficiency resulting from putting specialists together.
 - Economies of scale result from putting people with common skills and orientations into common units
 - It is a very centralized structure
 - Potential problem is that it tends to create a kind of occupational myopia. It generates a high level of differentiation, and departmental affiliations can be so strongly shared that departments almost become organizations within organizations. Coordination can therefore become an important problem.
 - *Program, Product, or Service departmentalization* groups jobs by similar programs, products, or services being produced (e.g., air quality, water quality, hazardous waste)
 - Managers are likely to become advocates for their program, product, or service
 - Advantages are:
 - Increased accountability for product performance
 - Coordination of functional activities
 - Employees often have high levels of job satisfaction and motivation because of the autonomy that workers often have in accomplishing their tasks.
 - Disadvantages are:
 - The dispersion of specialists among different program-oriented departments and this produces the duplication of efforts and reduces economies of scale
 - Top management loses a large measure of control over its operations when decision-making authority is delegated to program directors
 - Organizations that wish to adopt a program format must have a large supply of talented managers because there are a large number of programs
 - Submerging specialists in nonspecialized departments can also cause them to lose touch with those professional perspectives and work habits that make them specialists in the first place
 - *Geographic departmentalization* bases job groupings on the geographic location/territory (e.g., EPA regional offices, etc.)
 - Each region is its own department. If customers are scattered over a large geographic area or problems or services vary over a geographic area this form of departmentalization can be valuable
 - It often involves some delegation of authority to regional departments
 - Strengths are that it allows for geographic specialization
 - Weaknesses are that it introduces potential communication problems
 - *Process departmentalization* organizes jobs by the stage of the process or phase of the production process (e.g., clerical, job counselor, education/training specialist, job placement specialist)

- Strengths are that it is one of the highest forms of specialization, which allows employees to perform one routinized task repeatedly. Communication and coordination within each specialty is also enhanced
- Weaknesses are that it is especially vulnerable to coordination problems across specialties and the type of jobs in such departments are often not conducive to strong employee motivation due to the repetitive nature of the tasks
- *Customer or client departmentalization* seeks to reach different types of customers by assuming that similar customers have a common set of problems and needs (e.g., state park might have people who work the gate, lead tours, sell concessions, rent facilities, rescue injured hikers, etc.)
 - Managers of these departments often become advocates for their clients.
 - It has many of the same strengths and weaknesses as program-based departmentalization
 - Strengths are that it has the ability to meet the needs of a particular client group that is being served.
 - Weaknesses are that it can result in duplication of effort and reduced economies of scale.
 - Presence of one or more client-centered departments can also introduce external pressures for more departmentalization since client groups lacking their own department may want one
- Large organizations often use all of these forms of departmentalization
- Two general trends seem to be gaining momentum
 - Customer departmentalization is growing in popularity, particularly in the private sector
 - Teams that cross over traditional departments are complementing rigid functional departmentalization. This leads to different pattern of structural relations.
- Chain of command
 - The *chain of command* is the unbroken line of authority that extends from the top of the organization to the lowest echelon and clarifies who reports to whom
 - Each managerial position generally has a place in the chain of command to facilitate coordination
 - *Authority* refers to the rights inherent in a managerial position to give orders and expect them to be followed
 - Each managerial position generally has some authority to meet his/her responsibilities
 - *Unity of command* is the principle that a person should have one and only one superior to whom they are responsible
 - This helps ensure that there is an unbroken line of authority
 - In team-based and matrix organizations this can break down in that employees have additional superiors
 - Because of changing technology and the trend towards empowering employees, use of teams, and new organizational forms, the basic concepts of chain of command, authority, and unity of command have substantially less relevance today

- Span of control
 - *Span of control* is the number of subordinates a manager directs.
 - All else being equal, the wider the span of control, the more efficient the organization. The smaller the span of control, the more a manager can maintain close control
 - No evidence of a relationship between span of control and employee performance
 - Small spans of control have three major drawbacks
 - They are expensive
 - They make vertical communication more complex
 - They encourage overly tight supervision and discourage employee autonomy
 - Number of subordinates a superior can effectively supervise varies depending on the tasks involved and a number of other factors
 - Manager's physical proximity to the subordinates
 - Complexity of the work being performed
 - Homogeneity of the subordinate's jobs
 - Subordinate's level of education, training, experience, and motivation
 - Capabilities of the manager
 - Availability of clear and measurable goals
 - Trend has been towards wider spans of control as a result of flattening organizations.
 - Helps reduce costs and overhead (fewer mid-level managers)
 - Speeds up decision making
 - Increases flexibility
 - Gets staff closer to customers
 - Allows management to empower employees
 - Often requires investing heavily in employee training
 - Wider spans of control often requires delegating responsibility. The effectiveness of delegation efforts often depends on
 - The subordinates' desire for responsibility
 - The extent of discretion permitted by the technology
 - The relative importance of long-term and short-term results
- Centralization vs. decentralization
 - *Centralization* refers to the degree to which decision making is concentrated at a single point in the organization
 - In a highly centralized organization, top management makes all decisions
 - The more that lower-level personnel provide input or are actually given the discretion to make decisions, the more decentralization there is
 - The concept includes only formal authority and some types of decisions may be centralized while others are decentralized
 - Decentralized organizations tend to have greater participative decision making, which produces higher job satisfaction
 - There is a marked trend towards decentralizing decision making within organizations
 - Related to horizontal (flat) vs. vertical (tall, hierarchical) structure
 - Horizontal or flat organizations tend to have more decentralized decision making. They can make decisions quicker to solve problems, more people provide input into decisions

- Vertical, or hierarchical organizations tend to have more centralized decision making
- Formalization
 - *Formalization* refers to the degree to which jobs within an organization are standardized
 - If a job is formalized, the new employee has little discretion over what is to be done and how it should be done.
 - A formalized job is likely to have explicit, detailed job descriptions, lots of organizational rules, and clearly defined procedures covering work processes
 - The greater the standardization, the less input an employee has about how their job is done
 - An individual's discretion on the job is inversely related to the amount of behavior in that job is preprogrammed by the organization

Other influences on organizational structure include:

- Size
 - Larger organizations tend to be more complex than smaller organizations, although this is a diminishing relationship
 - Larger organizations tend to have more specialization, departmentalization, vertical levels, and rules
 - Larger organizations have less administrative overhead
 - Complex variable with different components (e.g., number of employees, assets, sales/production)
- Technology
 - Technology refers to how organizations transfer inputs to outputs
 - Degree of routineness: technology tends to produce routine or nonroutine activities
 - Routine activities are often automated or standardized
 - Nonroutine activities are customized
 - As technology becomes more sophisticated and uncertain, organizations tend to decentralize their decision making in order to enhance their productivity
- Attributes of the Environment
 - Environment includes those institutions and forces outside of the organization that can affect the organization's performance. Some organizations face static environments others are extremely dynamic due to changes in:
 - Technological conditions
 - Legal conditions
 - Political conditions
 - Economic conditions
 - Demographic conditions
 - Ecological conditions
 - Cultural conditions
 - Organizations often adjust their structure to manage environmental uncertainties
 - In an unstable environment, organizations may have to rely on more organic structures with decentralized decision making to allow the organization to respond quickly to changes
 - Functional departmentalization emphasizing control and specialization tends to most appropriate in stable environments and relatively certain technologies

- The more decentralized forms of departmentalization such as matrix structures and program departmentalization are best suited to changing environments and uncertain technologies
- As the level of uncertainty in organizations increases, the use of formal coordination and control mechanisms decreases while informal and lateral communication to achieve coordination increases
- Nature of Work Processes, Technologies, and Tasks
 - Mediating technologies: deal with a large number of clients who need the same set of services (e.g., banks, motor vehicles). Their work involves pooled interdependence because it pools together clients and services.
 - Long-linked technologies: have a sequential pattern of interdependence like a typical assembly line. They have a sequential pattern of independence. Planning and coordination is important.
 - Intensive technologies have a reciprocal pattern of interdependence (e.g., hospital) in which a lot of back and forth communication between specialized units are needed.

Basic Structural Patterns (often depicted by organizational charts)

- Leader –Follower/Simple structure
 - It is characterized most by what it is not.
 - It is not elaborate with a low degree of departmentalization, wide spans of control, and little formalization
 - It is a relatively flat organization
 - It might have a leader at the center with followers at the periphery
 - It might only have two or three vertical levels, a loose body of employees, and one individual with centralized decision making
 - Strength
 - Its simplicity. Its fast, flexible, inexpensive to maintain, and accountability is clear
 - Weakness
 - It is difficult to maintain in anything other than a small organizations.
 - As size increases, decision making becomes increasingly slow and there can be information overload at the top
- Pyramid/Bureaucracy
 - Objective is standardization
 - Standardized work processes are used to maintain coordination and control
 - Highly routine operating tasks achieved through specialization, very formalized rules and regulations, tasks are grouped into functional departments, narrow spans of control, centralized authority, and decision making follows the chain of command
 - Strengths
 - High ability to perform standardized tasks in a highly efficient manner
 - Putting similar specialties together in functional departments creates economies of scale, improves communications, and avoids having to duplicate personnel
 - Weaknesses
 - Specialization creates subunit conflicts, functional unit goals may conflict with those of other units or the organization

- Obsessive concern with following rules can lead to problems such as dealing with customers
- Difficulty in responding to rapid changes in its environment
- Trend has been towards flattening, increasing spans of control, replacing functional departments with teams, breaking big bureaucracies up and creating mini-bureaucracies
- Matrix Structure
 - Matrix with dual chain of command. Typically, a matrix organization combines functional and product departmentalization.
 - Breaks form with the unity of command concept and has a dual chain of command
 - Often used where innovation and adaptation are desired. Structure allows specialists or specialized resources to be accessed by more than one organizational sub-unit
 - Decision making is decentralized
 - Strengths
 - Structure facilitates coordination among specialists and allocates them more efficiently.
 - Direct and frequent contact among different specialties can improve communication and provides flexibility.
 - It can create economies of scale and allow resources to be deployed more efficiently.
 - Weaknesses
 - Confusion and ambiguity can be created with this type of structure
 - Propensity to create power struggles as different subunits vie for control and power
 - Places stress on employees since lines of authority are unclear
 - Lack of communication between functional and project managers can be a problem to both organizational performance and individual performance
 - Examples: NASA, R&D firms, aerospace and electronics industry

New Organizational Forms

- Team structure
 - Organizations could be structured around teams by breaking down departmental barriers and decentralizing decision making to the level of the work team
 - In a smaller organization, the team structure might constitute the entire organization
 - Typically, the team structure used to complement and improve the efficiency of a bureaucratic structure
- Virtual Organization/Hollow Corporation/
 - Based on outsourcing major business functions
 - Examples include Nike, Reebok, Dell
 - In public sector, increasing use of privatization, contracting with nonprofits, use of networks/collaborative arrangements is increasingly popular
 - It tends to be highly specialized and focuses on contracting out major business functions such as manufacturing, distribution, marketing that might be done cheaper by others and instead focuses on those things it can do best
- Boundaryless Organization
 - Term was coined by GE chairman Jack Welch

- In spite of its enormous size, he wanted to eliminate vertical and horizontal boundaries within GE and break down external barriers between the company and its customers and suppliers
- It has not been achieved, may not even be possible, but it has made progress
- It seeks to eliminate the chain of command, has limitless spans of control, and replaces departments with empowered teams
- Vertical boundaries are removed to flatten the organization. Horizontal boundaries are also eliminated
 - Status and rank within the organization are minimized
 - Replace functional departments with cross-hierarchical teams (i.e., top executives, middle management, supervisors, and employees) and organize around processes
 - Use lateral transfers and job rotation to turn specialists into generalists
 - Participative decision making, and 360-degree performance appraisals
- Break down external barriers by
 - Strategic Alliances
 - Telecommuting
 - Partnerships with suppliers
 - Collaborative relationships where employees of different organizations work on the same project
- Consortia/Collaborative Organizations/Interorganizational Networks
 - Loosely connected union of smaller organizations brought together for a few particular purposes – a collaboration between organizations
 - Examples include NATO, public-private partnerships, Colleges, HMOs, Airbus
 - Its oriented towards problem solving by bringing together the critical mass necessary to achieve a result by combining resources from different organizations
 - Used in complex changing environments and when no one organization has the resources, authority, or capability to achieve the goal on its own
 - The degree of centralization is low to moderate and there may be limits on a consortium's ability to commit its constituent organizations to act
 - Oriented towards producing synergistic effects similar to teams
 - Constituent organizations can accomplish things by working together that they could never accomplish by working alone

Strategy, Structure, and Process

- An organization's structure is a means of helping management achieve its objectives
 - At one extreme would be a *mechanistic model* (Burns and Stalker 1961), which is generally synonymous with bureaucracy and has
 - Close adherence to chain of command
 - Extensive departmentalization
 - Reliance on hierarchy to foster coordination
 - Highly specialized tasks
 - Functional division of work
 - Detailed job descriptions and high formalization
 - High value placed on internal knowledge, skill, and experience
 - A tendency for most actions to be governed by decisions of superiors

- Nonparticipatory decision making
- At the other extreme would be an *organic model* that looks a lot like the boundaryless organization
 - A divisional or project form of departmentalization
 - Less focus on the chain of command
 - Jobs that are less specialized and are continually adjusted to meet changing circumstances
 - More extensive vertical and horizontal communication
 - Cross-hierarchical and cross-functional work teams
 - Low formalization extensive communication networks
 - Participatory decision making and information gathering
 - A pervasive commitment to the organization's tasks that reduces reliance on rules, procedures, rewards, and penalties
 - High value placed on expertise that is relevant to the technological environment of the organization
- Strategy and structure should be closely linked
 - Structure should follow strategy
 - Major change in an organization's strategy is often followed by changes in its structure
- Three important strategy dimensions
 - *Innovation strategy*: organization is oriented towards producing new goods and services.
 - Need flexibility a organic structure provides
 - *Cost-minimization strategy*: tightly constrains costs, resists unnecessary innovation or marketing costs, and focuses on cutting prices.
 - Need predictability and economies of scale mechanistic provides.
 - *Imitation strategy*: try to capitalize on the best of both strategies by minimizing risk and maximizing opportunity for profit.
 - Combines two structures. Mechanistic helps keep costs down but they create organic subunits to encourage innovation and change
- Wechsler and Backoff (1986) identified 4 types of strategies in agencies in Ohio
 - *Developmental strategy*: This agency had diverse tasks, constituencies, and independent funding sources. The agency had the independence to pursue a strategy of enhancing capabilities, resources, and performance
 - *Transformational strategy*: Stronger external forces shaped this agency. It responded by transforming the agency and changing its mission significantly
 - *Protective strategy*: This agency faced stiff criticisms. The agency responded by strengthening internal controls and lowering the organization's public profile
 - *Political strategy*: Agency's decisions became more favorable to customers in response to a changing configuration of stakeholders
- Miles and Snow's (1978) *Organization Strategy, Structure, and Process* contains their prominent typology
 - *Defenders*: Tend to be experts in their limited are of operation. They don't tend to search outside of their domains for new opportunities. As a result, defenders rarely need to make changes in their strategies or programs.
 - Search activities are primarily limited to solving the problems currently confronting the organization

- Organizations are more likely to undergo a detailed planning effort before beginning implementation
- Place a low level of importance on adopting new programs and taking on additional responsibilities
- They tend to have a limited range of strategic choices and decisions tend to be centralized
- Tend to exhibit a low level of innovativeness
- *Analyzers*: Analyzer is a follower of change. They exhibit a higher level of strategic choice than defenders but a lower level than prospectors.
 - They operate in two different domains, one stable and one changing
 - Try and operate routinely in their stable area and seek opportunities for change in their turbulent areas
 - They may not be able to respond quickly to some types of environmental jolts. It is likely to value both the importance of stability and change
 - Tends to have a medium level of innovativeness
- *Prospectors*: An organization that actively seeks new opportunities and is willing to experiment with potential responses to emerging environmental trends.
 - Must develop and maintain a high capacity for slack search and are more likely to engage a problem before detailed planning can be completed
 - Large number of strategic choices that the agency must confront
 - High external orientation which places a high importance on the need for change and flexibility
 - Likely to exhibit a high degree of innovativeness
- *Reactors*: Lack a coherent strategy and its goals are not clearly specified or well understood.
 - Managers perceive uncertainty and the need for change, but are unable to respond. Reactors seldom make changes, unless forced to do so
 - They are primarily concerned with maintaining internal stability and have great difficulty doing so
 - They are among the least innovative organizations

Work Groups vs. Work Teams

- A *work group* is a group whose members interact primarily to share information and to make decisions to help one another perform within each person's area of responsibility.
 - They have no need or opportunity to engage in collective work that requires joint effort
 - Their performance is merely the summation of all group member's individual achievements (no positive synergy)
- A *work team* generates positive synergy through coordinated effort.
 - Member's individual efforts result in a level of performance that is greater than the sum of those individual inputs (positive synergy)
 - Management is looking for this positive synergy in order to increase performance with no increase in inputs
 - Merely calling a group a team does not increase its performance

Work Groups

- Groups are defined as two or more individuals, interacting and interdependent, that come together to achieve specific objectives
 - May be formal or informal
 - Command group is determined by an organizational chart – report to a common manager
 - Task groups are also determined organizationally by representing persons working together to complete a job
 - Interest groups include people that are aligned to achieve a specific objective but may not be aligned into common command or task groups
 - Friendship groups by be organized around common characteristics
- Norms are acceptable standards of behavior within a group that are shared by the group members
 - Groups will establish their own set of norms (e.g., appropriate dress, conduct, etc.)
 - Hawthorne studies (1930s) demonstrated the full importance that norms play by demonstrating that group influences affected individual behavior. In particular, they demonstrated that group norms were effective in stimulating individual worker output and money was less effective.
- Cohesiveness: the degree to which members are attracted to each other and are motivated to stay in the group
 - Groups become cohesive because the members spend time working together, small size facilitates interactions, and groups often experience outside threats that bring them closer together
 - Cohesiveness has been found to increase group productivity
 - You can increase cohesiveness by:
 - Making groups smaller
 - Encouraging agreement on group goals
 - Increasing the time members spend together
 - Increasing status of the group or the perceived difficulty in gaining membership
 - Stimulating competition with other groups. giving rewards to the group rather than its members
 - Physically isolating the group
- Size
 - Smaller groups complete tasks quicker than larger ones
 - Large groups are better at problem solving than smaller ones
 - Large groups are better at getting diverse input
 - Large groups are better at fact finding
 - Small groups are better at acting based on diverse input
 - Groups of approximately seven members tend to be more effective at taking action
- Social Loafing
 - Tendency for individuals to expend less effort working collectively than when working individually
 - It challenges the logic that the productivity of a group should at least equal the sum productivity of all of the individuals in that group
 - Reality is that groups require transaction costs to coordinate the group's activities and social loafing is an example of a strategic cost that can be incurred.

- Group Composition
 - *Heterogeneous groups* – those composed of different types of individuals – are more likely to have different abilities and information and are generally more effective than homogeneous groups
 - Heterogeneous groups may also be more conflict laden and may have more difficulty in learning how to work together to solve problems
- *Status* is a prestige grading, position, or rank within a group
 - Status may be imposed formally by a group
 - More often it results informally as a result of characteristics such as education, age, gender, skill, or experience
- When to use groups
 - Problem is uncertain, complex, and has potential for conflict
 - Problem requires interagency/intergroup cooperation
 - Problem and solution have important personal/organizational consequences
 - Significant, but not immediate, deadline pressures
 - Widespread acceptance and commitment are critical to successful implementation

Advantages and Disadvantages of Groups

- Advantages
 - Can bring in more knowledge, information, approaches, and alternatives and thus leads to a broader perspective for defining problems
 - More complete information and knowledge assists in diagnosing underlying cause and effects
 - Higher quality decisions
 - Participation can increase the organizational members' understanding and acceptance of decisions
 - More complete knowledge and information tends to be generated
 - Greater diversity and thinking leads to innovative solutions
 - Members have a better idea of what the group decided and why and can carry this information back to others in the organization
 - Easier to implement in that it can lead to greater acceptance of decisions
- Disadvantages
 - Time-consuming
 - Expensive
 - Results in compromise solutions
 - Hard to assess responsibility for decisions (accountability)
 - Social pressures can bolster majority decisions regardless of their quality
 - Aggressive members can stifle more capable members
 - Fails to convey consistent values
 - Groups may press for conformity and move toward solutions too rapidly by stifling dissent
 - Some members concentrate only on winning from their own individual or unit's perspective
 - Groups may make riskier decisions by creating an environment which disperses responsibility for a decision

Group Decision Making Techniques

- Nominal group Technique
 - Ensures every group member has equal input in the process by restricting interpersonal communication during the decision-making process
 - Work alone and write down ideas to solve a problem
 - Take turns presenting the ideas. No discussion until all ideas are presented to the group
 - Open discussion to clarify ideas and evaluate them
 - Secret ballot on preferred solution to rank order options.
 - Repeat steps if necessary. Final decision is based on ranking of the ideas.
- Devil's Advocate
 - Challenge the assumptions and assertions of the group
- Brainstorming
 - Generate any and all ideas without criticism
 - Goal is to have ideas stimulate additional ideas and criticisms are withheld until latter analysis of all of the ideas
- Dialectical Inquiry
 - Assign groups with a role to play
- Electronic meetings
 - Can blend techniques like brainstorming and nominal group technique using new software technology
 - Participants anonymously type any message they want and it flashes on the screen for all to see.
 - Allows for anonymity, honesty, and speed. Moreover, participants do not have to be physically present at the same location
- Nominal group technique, dialectical inquiry, and devil's advocate tend to produce more information and greater range of choices. However, participants tend to feel better about decisions made using a collaborative consensus based process

Different Types of Work Teams

- *Problem solving teams*
 - Typically composed of 5 - 12 hourly employees from the same department who meet a few hours each week to discuss ways to improve the quality, efficiency, and the work environment
 - Members share ideas on how to improve the work processes or methods
 - Quality circles are the most widely practiced application of problem-solving teams
- *Self-managed work teams*
 - Composed of 10 - 15 people who take on the responsibilities of their former supervisors. These responsibilities may include collective control over the pace of work, determination of work assignments, organization of breaks, collective choice of inspection procedures, selection of their own members, and member's evaluation of the other members performance

- *Cross-functional teams*
 - Made up of employees from about the same hierarchical level, but are from different work areas that come together to accomplish a task -- horizontal, boundary-spanning groups.
 - Examples include task forces and committees
 - Matrix organizations often formalize cross-functional work teams (see organizational structure notes)
 - They are an effective means of allowing employees from diverse areas within an organization (or between organizations - collaboration) to exchange information, develop new ideas and solve problems, and coordinate complex projects
- *Virtual teams*
 - Use computer technology to tie together physically dispersed members in order to achieve a common goal
 - They allow people to collaborate whether separated by continents or rooms
 - Virtual teams can do all of the other things teams do such as share information, make decisions, or complete tasks
 - Factors differentiating virtual teams from other teams include:
 - The absence of *paraverbal* (tone of voice, inflection, volume) and *nonverbal* cues (eye movement, facial expressions, hand gestures, and other body language)
 - Limited social context (less social rapport and cannot duplicate normal give and take in face to face discussions)
 - Ability to overcome time and space constraints

Creating High-Performance Work Teams

- Size of work teams
 - Small work teams often work better – when they have more than 10 – 12 members it becomes difficult to get much done, will have problems interacting constructively, and difficulty reaching agreement
 - Large teams have more trouble developing cohesiveness, commitment, and the mutual accountability necessary to have high performance
- Abilities of members
 - Work teams require people with three types of skills
 - *Technical expertise* to accomplish tasks
 - *Problem-solving and decision-making skills* to identify problems, alternatives for addressing problems, evaluating the alternatives, and making good decisions
 - *Interpersonal skills* such as good listening, feedback, and conflict resolution skills
- Allocating team roles and promoting diversity
 - High performing work teams properly match people to various roles
 - Nine potential team roles
 - *Creators-innovators*: Initiating ideas or concepts
 - *Explorers-promoters*: Taking new ideas and promoting or “championing” their causes
 - *Assessor-developers*: People with strong analytical skills to evaluate options
 - *Thruster-organizers*: People who take ideas and make them work. They set goals, establish plans, organize people, and establish systems to ensure deadlines are met

- *Concluder-producers*: They are also focused on results but they focus on insisting that deadlines are met and that commitments are followed through on
- *Controller-inspectors*: high concern for establishing and enforcing rules and regulations. They are good at examining details and avoiding inaccuracies
- *Upholders-maintainers*: They have strong convictions about the way things should be done. They defend and fight the team's battles with outsiders while supporting team members
- *Reporter-advisors*: good listeners who don't press their point of view on others. They encourage the team to seek additional information before making decisions
- *Linkers*: overlaps with previous roles. They tend to understand all views and are coordinators and integrators
- Most people could perform any of these roles but most have two or three they prefer
- Managers need to understand the strengths of individuals and what they can bring to a team to make sure all of the roles are fulfilled
- Having commitment to a common purpose - having a vision broader than specific goals
 - Effective teams have a common vision that provides direction, momentum, and commitment
 - Members of successful teams put a tremendous amount of time into agreeing upon a common purpose
- Establishing specific goals
 - Successful work teams translate their common purposes into specific, measurable, and realistic performance goals
 - Specific goals facilitate communication, and help keep the team focused on results
- Leadership and structure
 - While goals define targets, high performance work teams need leadership and structure to provide focus and direction
 - Team members need to agree on who does what and ensure that members share the work load equally
- Social Loafing (see decision making notes)
 - Individuals can hide in groups and coast on the group's efforts when individual contributions cannot be clearly identified
 - Effective teams make members individually and jointly accountable for the team's purpose, goals, and approach
- Appropriate performance evaluation and reward systems
 - Management needs to consider group-based appraisals in addition to evaluating and rewarding employees for their individual contributions

Turning Individuals into Team Players

- Many people are not inherently "team players"
 - Complicated by the fact that many organizations have nurtured and rewarded individual accomplishments
 - Reliance on teams requires changes in performance appraisal and creating incentives that reward team performance rather than individual performance
 - Individuals may resist teams because their success is no longer defined in terms of their individual performance.

- Options for turning individuals into team players
 - *Selection*: hire employees or appoint staff to teams that will be good team players.
 - *Training*: staff can be trained to become team players
 - *Rewards*: reward systems need to be reworked to replace rewarding individual performance with team performance or rewarding individuals for their commitment to being good collaborative team members

Evaluating Work Teams

- Performance evaluations concepts have been developed almost exclusively with individual employees in mind.
- Four suggestions have been offered for designing systems and performance measures that support and improve the performance of teams
 - Tie the team's results to the organization's goals
 - Begin with the team's customers and the work process the team follows to satisfy their needs
 - Measure both team and individual performance (helps eliminate social loafing)
 - Train the team to develop its own performance measures such that team members understand their roles

Organizational Culture

- *Organizational Culture* refers to a system of *shared meaning* and *assumptions* (often unstated) held by members of an organization that distinguishes their organization from other organizations
 - Two basic components are:
 - The meanings contained in its ideologies, values, and norms of an organization
 - The forms, functions, events, and practices of an organization
 - Culture is a descriptive concept unlike job satisfaction, which is evaluative
 - Cultures often emerge as an organization discovers, invents, or develops solutions to problems it faces
 - A *dominant culture* expresses the core values shared by a majority of the organization's members
 - Subcultures may develop in large organizations that reflect the common problems, situations, or experiences of that a group of employees share
 - A strong culture is characterized by the organization's core values being both intensely held and widely shared – high commitment to the organization's values
 - Unanimity leads to cohesiveness, loyalty, and organizational commitment, which should lead to low turnover
- An organization's culture can often be described in terms of how employees perceive the following characteristics, not whether they like them:
 - *Innovation and risk-taking*: the degree to which employees are encouraged to be innovative and take risks
 - *Attention to detail*: the degree to which employees are expected to exhibit precision, analysis, and attention to detail
 - *Outcome orientation*: the degree to which management focuses on results rather than on processes

- *People orientation*: the degree to which management decisions take into consideration the effect of outcomes on people within the organization
- *Team orientation*: the degree to which work activities are organized around teams rather than individuals
- *Aggressiveness*: the degree to which people are aggressive and competitive rather than easygoing
- *Stability*: the degree to which organizational activities emphasize maintaining the status quo in contrast to growth
- Culture performs several functions within an organization
 - Creates a distinction between one organization and others
 - Conveys a sense of identity for organizational members
 - Generates a commitment to something larger than one's self-interest
 - Enhances the stability of the organization's social system (e.g., provides standards for what employees should say and do)
 - Helps shape the attitudes and behavior of employees
- Culture is a liability when
 - Shared values do not agree with those that will improve the organization's effectiveness
 - Consistency of behavior is an asset when the environment is stable but may be a liability when environment is undergoing change and members resist changing the culture
- Paradox of Diversity
 - Management wants new employees to accept the organization's core cultural values otherwise they are unlikely to fit in or be accepted.
 - At the same time, management wants to openly acknowledge and demonstrate support for the differences that employees bring to the workplace
 - The challenge for management is to balance the two conflicting goals by getting employees to accept the organization's dominant values and encourage the acceptance of differences

Creating and Sustaining an Organization's Culture

- An organization's current customs, traditions, and general way of doing things are largely the product of what has done before and the degree of success that was achieved
 - Founders of an organization often have a big impact on its culture
- Three forces play an important part in sustaining a culture
 - *Selection*: identify and hire individuals with the knowledge, skills, and abilities to perform jobs within the organization successfully but also consider how well a candidate might fit into the organization and hire people who share common values
 - *Top management*: Through what they say and how they behave, senior executives establish norms that filter down through the organization (e.g., is risk taking desirable, how much freedom managers should give employees, what is the appropriate dress, what actions pay off in terms of raises, etc.)
 - *Socialization*: No matter how good you are at recruiting and selection, new employees must be indoctrinated with the organization's culture so that they don't disturb the beliefs and values in place.
 - Ex: New Disneyland employees spend their first two days watching videos and listening to lectures about how they should behave.

- Socialization can be formal/informal, individual/collective, fixed/variable, serial/random, investiture/divestiture (See exhibit 16-3)
- *Prearrival stage*: Before an employee arrives, he/she will have a set of values, attitudes and expectations about their job, coworkers, boss, and the organization
- *Encounter stage*: Individuals encounter the disconnect between their expectations and the reality
- *Metamorphosis stage*: Workers go through changes as they work they work through these disconnects. Metamorphosis and entry socialization are complete when they are comfortable with the organization and their job, have internalized norms of the organization and work group, and feel accepted, trusted, and valued by their peers

How Employees Learn Culture

- Employees often learn culture from:
 - The substance of public functions or events staged by a group such as rites, ceremonials, and rituals
 - The ways that the members of a group or organization typically communicate or express themselves such as stories, myths, sagas, legends, folktales, symbols, and language
- *Rite* is a relatively elaborate, dramatic, and planned set of activities that consolidates various forms of cultural expressions into a single event, which is usually carried out through social interaction for the benefit of an audience
 - Wedding ceremony
 - Awarding the salesperson of the year at the annual company banquet
- *Ceremonials* are a system of several rites connected to a single occasion or event
 - A university's graduation ceremony
 - A company banquet where several awards are made to recognize performance
 - The Oscars
- *Rituals* are a standardized, detailed set of techniques or repetitive sequences of activities that express or reinforce the values of an organization, what goals are most important, and which people are important or expendable. However, they may seldom produce consequences of practical importance
 - College faculty go through a lengthy ritual in their quest for tenure
 - Fraternity/sorority members may endure rituals in their quest to become members
 - Meeting traveling executives at the airport; the more important the executive the larger the reception party
 - Headquarters executives eating lunch together in the executive dining room when they are in town
- *Stories* are accounts of true events, but they often contain both truth and fiction. Organizational members often tell stories repeatedly about:
 - Organization's founders
 - Consequences of rule breaking
 - Rags-to-riches successes
 - Reductions in the workforce
 - Relocation of employees
 - Reactions to past mistakes
 - Organizational coping

- *Myths* can be a type of story (dramatic narrative of imagined events used to explain the origins or transformations of something) or a type of belief (an unquestioned belief about the practical benefits of certain techniques or behaviors that is not supported by facts)
 - Differ from stories in that they lack a factual basis
- *Sagas* are another category of stories that consist of historical narratives describing the unique accomplishments of a group or its leaders
 - Peters and Waterman (1982) suggest that strong culture organizations have an enormous fund of stories about the exploits of the founder or other strong leaders
 - Examples are stories about the exploits of Bill Gates (Microsoft), Steve Jobs (Apple), Bill Hewlett and Dave Packard (Hewlett-Packard) are used to communicate a unique way of doing things to outsiders and newcomers
- *Legends* are stories about some event that has actually occurred, but has been embellished with fictional details
- *Folktales* are purely fictional stories
- *Language* may be used as a way to identify members of a culture or subculture through the development of specialized jargon or gestures, which often are not recognizable to outsiders
 - Nick name of office campus
 - Nickname of division or person's position
 - Unique names to describe equipment, offices, key personnel, suppliers, customers, or products related to the organization's functions
- *Symbols* are any object, act, event, quality, or relation that serves for conveying meaning. They can also express the degree of egalitarianism desired by top management as well as desirable behaviors (e.g., degree of risk taking, frugality, authoritarianism, participative, individualistic, social, conservative, etc.)
 - Artifacts or manufactured items such as tools, artwork, furniture, books, etc.
 - The attire of employees or the décor
 - Physical settings such as buildings, open spaces, shop layouts, size of offices, etc.
 - Material symbols bestowed on executives such as chauffeur-driven limousines
 - Executive perks
 - Use of employee lunches or executive dining rooms
 - Reserved parking spaces

Managing Cultural Change

- Changing an organization's culture is difficult because it is made up of relatively stable characteristics that developed over a long period of time or can be difficult to change such as:
 - Written statements about an organization's mission or philosophy
 - Design of physical spaces and buildings
 - Dominant leadership style
 - Historical selection criteria
 - Past promotion practices
 - Entrenched rituals
 - Popular stories about key people or events
 - Past performance evaluation criteria
 - Formal structure of the organization

- Cultural change is more likely to occur when the following conditions exist
 - A dramatic crisis exists or is created
 - Turnover in leadership
 - Young and small organizations
 - The culture that currently exists is relatively weak

Creating an Ethical Culture

- A culture likely to shape high ethical standards will support managers for taking risks and innovating, discourage unbridled competition, and pay attention to how goals are achieved as well as what goals are achieved (means and ends)
 - A strong culture will exert more influence than a weak one
- To encourage the development of a more ethical culture management should:
 - Be a visible role model
 - Communicate ethical expectations
 - Provide ethical training
 - Visibly reward ethical acts and punish unethical ones
 - Provide protective mechanisms so employees can discuss ethical dilemmas