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# Understanding Organizational Culture



# Agenda

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## Agenda

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### **The culture of the organization**

- What is organizational culture
- Analytical approach to organizational culture

### **Coping with the culture**

- Identifying your own culture
- What influences an organizational culture
- Implications for organization design

### **Conflicts in organizations**

- Why study conflicts
- Examples of conflicts
- The signs of conflicts
- The causes of conflicts

### **Managing conflicts**

- Preventing conflicts
- Encouraging healthy differences
- Resolving conflicts
- Negotiation skills

## **Can corporate culture be managed ?**

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## What is culture

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Fine music

Wording - linguistic

High art

Human society

Social norms

Law as a system of rules

heritage

Ancient civilization

philosophy

mythology



Human behaviour

## What is culture

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Culture is an umbrella term which encompasses the social behavior and norms found in human societies, as well as the knowledge, beliefs, arts, laws, customs, capabilities, and habits of the individuals in these groups

Whole set of ideas, beliefs, traditions, values on which social action is based

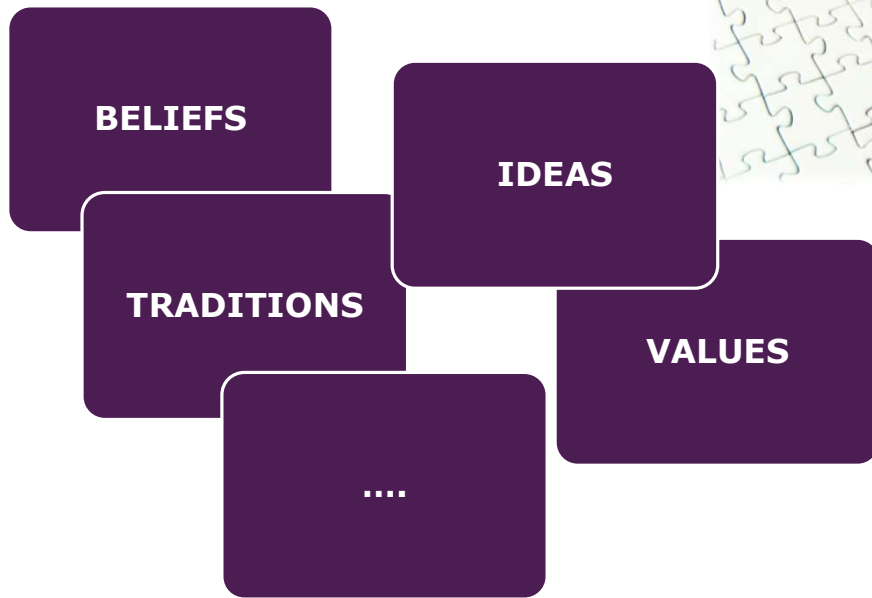
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## What is organizational culture

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## What is organizational culture





## What is organizational culture

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Companies have a "cultures" just like people have "personalities". One can view organizational culture as "corporate personality."

Culture includes the organization's vision, values, norms, systems, symbols, language, assumptions, environment, location, beliefs and habits.

Organizations often have very differing cultures as well as subcultures. Although a company may have its "own unique culture," in larger organizations there are sometimes co-existing or conflicting subcultures because each subculture is linked to a different management team.

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**The important thing about a company's culture is that people can get along with an organization better, or even predict its behaviour, if they understand the chemistry of its make-up.** The instruction to "know thyself" is difficult enough for an individual, who has long since forgotten why he is afraid of the dark, or why he doesn't like people whose eyes are too close together.

**Companies have "culture s" just like people have "personalities".**

A company culture is the collection of its **almost instinctive** beliefs, allergies, heroes, villains, accomplishments, caveats (warning) and

**commandments. Some of these, like the neuroses of individuals, are so deeply rooted that their origins are lost in the mists of past events, while others have vivid, visible causes.**

**Like the neurotic individual, the company seldom knows that it needs to know about itself. For an individual it may be the best friend, or the family doctor, or members of a group training session who reflect back insight about behaviour; for a company the observer who has the objectivity and the interest to find out what makes the culture tick is likely to be an outsider: investor, journalist, analyst or customer.'**

## What is organizational culture

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Organizations differ in atmosphere, way of doing things, levels of energy, individual scope



**GOVERNMENT** OF THE CZECH REPUBLIC

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## What is organizational culture

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Defined as it consists of the shared assumptions, values, beliefs, and norms which influence the behavior of people as members of an organization.

A company culture is the collection of its almost instinctive beliefs, allergies, heroes, villains, accomplishments, caveats and commandments.

Represents the collective values, beliefs and principles of organizational members.

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## What is organizational culture - influencers

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### **Origins**

Brand stories, history, development, key moments ....

### **Technology**

Engineering, electronics, consumer

### **Dramatic events**

Retirement, change of products, mergers or takeovers

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'Technology gives another set of clues. An engineering culture is quite different from an electronics culture, for example, and both are dramatically different from a consumer culture. Engineering, especially in Britain, seems rooted in visible, mechanical long-lasting things, while the electronics people sprint from product to product, expecting their mistakes to drop behind them rapidly in the changes tomorrow will bring

## What is organizational culture – myths and reality

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### High profile symbols

logo, annual report, corporate manual

### Low profile symbol

Everyday characteristics, handling clients or customers, handling enquiries, quality of goods or service, enviro attitude, garbage handling

**Norm clusters**  
**Contrast between myths and reality**

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## HAND OUT

Behind the public, corporate image (often promoted at great expense by marketing or public relations organizations) it is **important to distinguish between the myth and the reality - between the 'high' and 'low' profile symbols of the organization**

The high profile symbols are often designed deliberately to give some sort of impression - the company logo, the annual report.

The low profile symbols are the everyday, almost mundane characteristics of the organization - how the

enquiries of clients or customers are dealt with, the quality of the goods or service provided, and so on

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How to analyze the culture of the organization ?

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## Analytical approach to organizational culture

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Culture

the way work is performed and the way people are treated

- What are the degrees of formalization required?
  - How much planning and how far ahead?
  - What combination of obedience and initiative is looked for in subordinates?
  - Do work hours matter, or dress, or personal eccentricities?
  - What about expense accounts, and secretaries, stock options and incentives?
  - Do committees control, or individuals?
  - Are there rules and procedures or only results?
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This approach recognizes that one of the shortcomings earlier management theory was that, in its search for universal cure-all remedies, it sought to identify a common organizational culture - the notion **that there is 'one best way' to manage or one set of universal principles applicable to all organizations in all circumstances** - the *universalist* approach.

More modern theories, however, have emerged in a different, more dynamic, context and **emphasize the *appropriate* rather than the universal and diagnosis rather than prescription.**

This involves matching culture and structure with other

variables - such as people, task, environment,  
technology - and sharing a concern for linkages and  
appropriateness with the contingency view of  
organizations

## Analytical approach to organizational culture

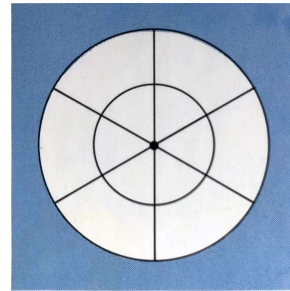
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### Power culture

Central power source, with rays of power and influence spreading out from central point

Centralized control, largely through selection of key individuals

Found in a small, entrepreneurial organizations and in property, trading and finance companies, eventually political organizations



**Power culture  
Web structure**

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4 Organization with this type of culture **can respond quickly to events but are heavily dependent for their continued success on the decision-making of people at the centre** - and the succession is a critical issue.

**5 Size is a problem for power cultures**, which find it difficult to link too many activities and to retain control; where they succeed it is by creating new organizations with a high degree of independence, but usually retaining financial control.

**6 These cultures rely heavily on the individual rather than on committees.** T

**7 PEOPLE** They will tend attract people who are power-orientated, politically minded, risk-taking and do not rate security highly. Resource power is the major power base in this culture, with some elements of personal power in the centre.

## Analytical approach to organizational culture

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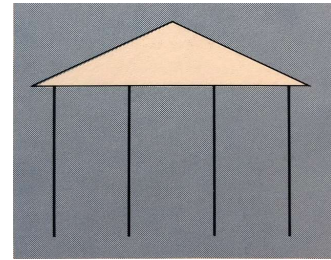
### Role culture

classical, formal organization, bureaucracy

strong functional or specialized areas, such as the finance or marketing departments coordinated by a narrow senior management at the top

high degree of formalization and standardization controlled by rules and procedures

successful in a stable environment, predictable or controllable, or where the product life-cycle is a long one. Difficult to adapt change



**Role culture**  
**Temple structure**

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**4 Position power is the major power source in the role culture.** Individuals are selected for satisfactory performance of a role, **personal power is dominating and expert power tolerated** only in its proper place. Rules and procedures are the major methods of influence.

**6 The efficiency of this culture depends on the rationality of the allocation of work and responsibility rather than on the individual personalities.**

Conversely, the role culture finds it difficult to adapt to change; it is usually slow to perceive the need for change and slow to respond. The role organization will be found where economies of scale are more important than flexibility or where technical expertise

and depth of specialization are more important than product innovation or service cost.

**7 PEOPLE** For the individual, the role culture offers security and the opportunity to acquire specialist expertise; performance up to the required standard is rewarded on the appropriate pay scale and possibly by promotion within the functional area. But this culture is frustrating for ambitious individuals who are power-orientated or want control over their work, or are more interested in results than method. Such people will be content only in the senior management group.

## Analytical approach to organizational culture

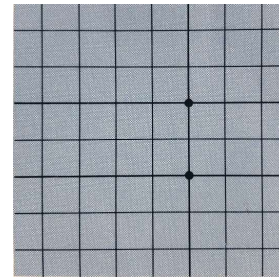
### Task culture

Job- or project-orientated. The 'matrix organization' is one form of the task culture

The emphasis is to get job done and it seeks to bring together the appropriate resources and the right people at the right level

Extremely adaptable - groups, project teams or task forces are formed for a specific purpose and can be reformed, abandoned or continued

Appropriate where flexibility and sensitivity to the market are important, where the market is competitive, the product life is short and where speed of reaction is important



**Task culture  
Net structure**

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**1 Task culture is job- or project-orientated;** its accompanying structure can be best represented by a net, some of the strands of the net being thicker or stronger than others and with much of the power and influence located at the interstices of the net, at the knots.

**3 So it is a team culture,** where the outcome of the team's work takes priority over individual objectives and most status and style differences. **Influence is based more on expert power** than on position or personal power and influence is also more widely dispersed than in other cultures.

**5 The organization can respond rapidly since each group ideally contains all the decision-making powers required.** Individuals find this culture offers a high degree of autonomy, judgement by results and easy working relationships within the group, with mutual respect based upon capacity rather than age or status.

**7 Control in these organizations can be difficult.**

Essential control is retained by top management, who concentrate on the allocation of projects, people and resources, but little day-to-day control can be exerted over methods of working or procedures without violating the norms of the culture. This works well in favourable circumstances and when resources are available for all who can justify using them.

**However, when resources are not freely available,** top management begins to feel the need to control methods as well as results and team leaders may begin to compete, using political influence, for such resources as there are. So the task culture has a tendency to change to a role or a power culture when resources are limited or the total organization is unsuccessful.

**8 PEOPLE** Most managers, certainly at the middle or junior levels, would prefer to work in the task culture, with its emphasis on groups, expert power, rewards for results and merging individual and group objectives. It is most in tune with the current trends of change and



adaptation, individual freedom and low status differentials but it might not be the appropriate culture in all circumstances.

## Analytical approach to organizational culture

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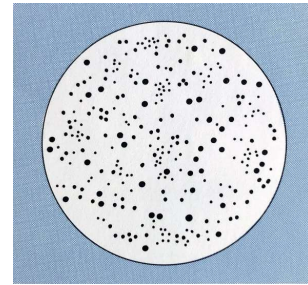
### Person culture

Not usual, if there is a structure or an organization it exists only to serve and assist the individuals within it, individuals are a focal point

The organization is subordinate to the individual and depends on the individual for its existence

Control mechanisms, or even management hierarchies, are impossible in these culture by except by mutual consent

Barristers, architects partnerships and some small consultancy firms



**Person culture  
Cluster structure**

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2 it might best be described as a **'cluster' or, 'a galaxy of stars'**

5 Clearly, not many organizations can exist with this sort of culture, since organizations tend to have some form of **corporate objectives over and above the personal objectives** of those who comprise them. Furthermore, **control mechanisms, or even management hierarchies, are impossible** in these cultures except by mutual consent.

**The psychological contract of a person culture states that the organization is subordinate to the individual and depends on the individual for its existence.** The individual can leave the organization but the

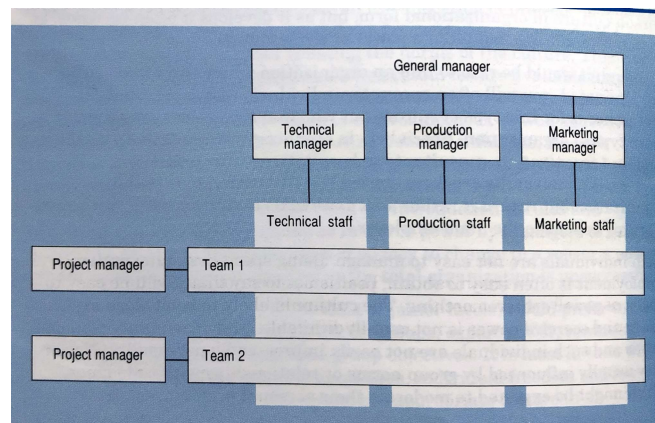
organization seldom has the power to evict the individual. Influence is shared and the power-base, if needed, is usually expert; that is, individuals do what they are good at and are listened to on appropriate topics

6 Barristers' chambers, architects' partnerships and some small consultancy firms often have this 'person' orientation. A cooperative may strive for the person culture in organizational form, but as it develops it often becomes, at best, a task culture, but often a power or a role culture.

individuals whose personal preference is for this type of culture but who find themselves operating in a more typical organization. Specialists in organizations - computer people in a business organization, consultants in hospitals, architects in local government, university teachers

7 Perhaps no manager could be happy in a person culture. The **'persons' involved would appear to be literally unmanageable and manager has no source of power.** But even in a person culture, people need resources to achieve their goals and the person who controls access to those resources is in a position to exert some resource power, and to insist upon accountability for the use of those resources.

## Analytical approach to organizational culture



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We have now completed our examination of the four kinds of organizational culture, each of which has a characteristic structure:

- \* power culture - web
- \* role culture - temple
- \* task culture - net
- \* person culture - cluster.

But we must again emphasize the point that **two or more of these culture can coexist within the same organization**, along with any one of a number sub-cultures - all adding to the complexity of organizational life which is source of wonder, anxiety, frustration and opportunity for those who experience it.

## What influences an organizational culture

Which culture is likely to be fostered by each of the following technological circumstances

	power	role	task	person
Routine, programable operations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hi cost, expensive technologies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Technologies allowing mass production	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Non-continuous, one-off unit production	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rapidly changing technologies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A technology based on interdependent task a requiring systematized coordination	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Summary

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- A working definition of organizational culture is the way in which work is done and the way in which people are treated in an organization
  - Different types of organizations have different ideas, beliefs and traditions; they differ in physical appearance, atmosphere and ways of doing things.
  - Some of the factors which influence organizational culture are: origin and ownership, technology and dramatic events.
  - There is often a difference between the high profile symbols of the organization, designed to promote a particular image, and the low profile symbols which are the everyday characteristics of the organization
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## Summary – cont.

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- Many of the core ideas, beliefs and traditions from which the culture of an organization is derived are implicit rather than explicit and rarely questioned
- Culture is an important factor of effectiveness of the organization
- There is an important relationship between culture and structure.
- One way of looking at the implications of the relationship is by means of an analytical model which relates each of four cultural types with an appropriate structure

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<b>Culture</b>	<b>Structure</b>
power	web
role	temple
task	net
person	cluster

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## Summary – you should be able to ...

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- Define organizational culture
  - Identify some of the factors which influence culture
  - Identify some of the characteristics of the culture of the organization
  - Distinguish between the myths and reality, between the high and low profile symbols of the organization
  - Recognize the importance of culture in relation to the effectiveness of the organization
  - Understand the relationship between culture and structure
  - Understand the main characteristics of four cultural types and their related structures
-







## HAND OUT

It is important to bear in mind at this stage that a **culture cannot be precisely defined**; it is something perceived from a variety of characteristics - some openly stated, others more subtly indicated - and therefore will be **experienced by members of an organization according to such factors as their job, position in the hierarchy, status, skill, pay levels, etc.**

**How they feel about** this experience is influenced by factors arising from their personal biography - the attitudes, beliefs, expectations, aspirations, etc. - which they bring to the organization.

These factors provide a frame of reference, by means of which people interpret or 'make sense of' the experience, and a focus for personal preferences.

From this standpoint we shall examine the culture of your organization by means of a self-analysis questionnaire, which will fill out the descriptions of the four culture types in more detail and in a way which will allow you to identify the dominant culture in your organization as well as your personal culture preference

## What influences an organizational culture

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### History and ownership

- Family firm, mergers, acquisitions, new management generation

### Size

- Grow from small to large
  - Large org are more formalized pushing more role culture
- 

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Clearly, there are **no rule about how an organization's history and ownership influence its culture**. The five other factors will also be pulling in different directions even in two organizations with similar history and ownership.

## SIZE

The size of organizations has always proved to be the single most important variable influencing a choice of structure or culture. **On the whole, large organizations are more formalized, tend to develop specialized groups which require systematic coordination, adopt more specialized procedures and centralize authority, pushing the organization towards a role culture.**

Indeed, if an organization, on reaching a certain size, *fails* to move in this direction, it is likely to be ineffective;

New organizations need to be either aggressive and independent (power) or flexible, adaptable and sensitive (task) and are often a combination of the two.

Centralized ownership, typically found in family firms or in founder dominated organizations, will tend towards a power culture with firm control of the resources, whereas diffuse ownership allows diffuse influence based on alternative sources of power.

Change in organizations - a merger or takeover, a new generation of managers - is frequently accompanied by an explicit repudiation of the previously dominant culture and the structures and procedures of the organization.

Specific actions, such as spinning-off subsidiaries or radical decentralization, may allow the core organization to develop a different culture - many large groups of companies take the form of a power culture linking a series of role cultures.

## What influences an organizational culture

### Technology

- Not only manufacturing industry, may refer to a service delivery method
- Education, health care, finance/bank

High cost tasks with a high degree of  
technical interdependence call for

Think client



importance hence important than adaptability a role  
culture will therefore be  
appropriate

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The term 'technology' refers not only to manufacturing industry but also to the methods of delivery of many services, such as education (compare the Open Business School with traditional methods of learning), health care (the complex equipment of intensive care compared with the surgery of the general practitioner), financial services (the proliferation of plastic and automated cash dispensers compared with the conventional bank counter) and its influence is just as significant.

## What influences an organizational culture

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### Goals and objectives

- In what sense
  - Overarching aims, purpose, mission, vision
  - Objectives depending on actual situation in the organization

- \* profit
- \* quality of product or service
- \* survival
- \* good place to work
- \* growth
- \* source of employment
- \* market share
- \* national prestige
- \* reputation



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Listed below are several different kinds of goals or objectives identified by Handy (1985) which an organization might have:

- \* profit
- \* quality of product or service
- \* survival
- \* good place to work
- \* growth
- \* source of employment
- \* market share
- \* national prestige
- \* reputation

**This exercise illustrates the complexity of the problem which we**

are considering;  
quality of product goals are more easily monitored in a role organization and growth goals are more appropriate in a power or task culture, but these are only tendencies.

It is difficult to identify a culture for every possible objective and, in fact, there is a reciprocal relationship between them - goals and objectives not only influence cultures, they are influenced by them over a period of time.

And there are other factors which influence the implementation of goals and objectives.

The pursuit of profitability by a business organization is hedged (zaistene) with qualifications - the degree of risk, constraints in the environment, pressures on people, ethical issues, to name but a few - and for many the product or service provided is the paramount (prvorady) consideration rather than just making money.

Similar problems are posed in the hospital service and in local government, where it is quite difficult to answer the question 'who is the client?'

## What influences an organizational culture

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### Environment

- Traditional management implied a 'closed' organization
  - For today the prime characteristic of the environment is its turbulence
  - changes in the environment require a culture that is sensitive, adaptable and capable of quick response
  
  - economical,
  - legal,
  - political,
  - technological,
  - Social
  - ....
- 

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**'closed' organization, operating in a relatively stable environment** which was an outlet for their products but otherwise had little effect on them. Many managers continue to adopt this approach and are taken by surprise by what happens 'out there'.

**For example, in 1992 the 12 countries in the European Community**, including Britain, will be working together as a single market. A 'spontaneous awareness' survey carried out by the Department of Trade and Industry in 1988 revealed that only 15 or 16% of business people were aware of this and of its implications for Britain's prosperity until well into the next century. As a consequence, a massive advertising campaign was launched to drive home the message, using well-known figures in the fields of industry, commerce and



the professions.

For today the prime characteristic of the environment - economic, fiscal, competitive, legal, social, political, technological - is its turbulence, and changes in the environment require a culture that is sensitive, adaptable and capable of quick response.

For the **organizational culture and structure to be effective, it might need to reflect differentiation of product or service, geographical area, type of distribution or customer classification.**

Whilst a role culture and a purely functional organization might be appropriate for concerns with undiversified markets and products (goods or services) with a long life-cycle, diversity in the environment requires a diversified structure and inclines towards a task culture.

## What influences an organizational culture

### People

- different cultures call for differing psychological contracts
- certain types of people will be happy and successful in one culture and not in another

Ind

Low calibre people resources - in the

Think client



cult

manpower available. Conversely, high calibre people resources would push towards a task or power culture

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It has already been stressed that different cultures call for differing psychological contracts, that certain types of people will be happy and successful in one culture and not in another - an important starting point for effective management. Developing this puts forward the following hypotheses.

**Finally, the 'key' people in the organization - or the 'dominant coalition' - are considered to be the most important determinant of its culture irrespective of what it should be.** Much depends on their personal preferences and their ability to understand and interpret the possibly conflicting pressures emanating from the other five influences which we have considered - which leads us into the final section of

this session.



It is important to bear in mind at this stage that a **culture cannot be precisely defined**; it is something perceived from a variety of characteristics - some openly stated, others more subtly indicated - and therefore will be **experienced by members of an organization according to such factors as their job, position in the hierarchy, status, skill, pay levels, etc.**

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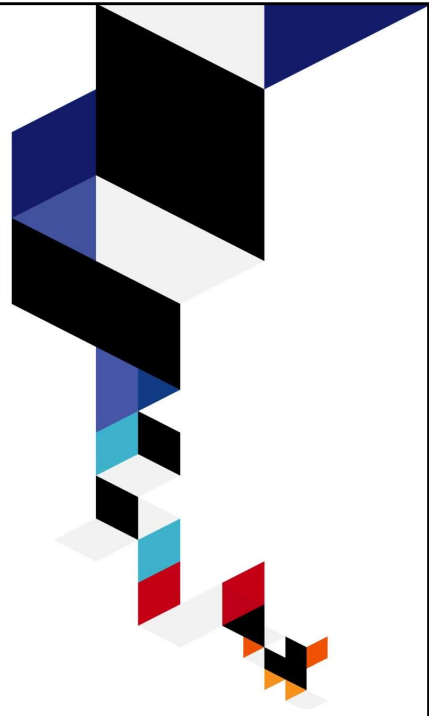
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Implication for the  
organizational design

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## Implications for organizational design

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### **Adaptation by deliberation**

- Often used in a role culture,
- reinforcing formal structure to even more formal

### **Adaptation by reproduction**

- Parent company remain unchanged and role culture is replicated in subcompanies

### **Adaptation by differentiation**

companies can be grouped into 4 categories

- Steady state
  - Innovative / developmental
  - Breakdown / crisis
  - Policy / direction
- 

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Many middle managers, confronted with the concept of organization design, would say, with varying degrees of resignation or despair **that there is little or nothing which they can do to influence such matters. In terms of major restructuring this is no doubt correct;** such change would require the power of top management to carry it through.

Nevertheless, minor adjustments, often made without very much thought about the structural implications, are made by middle-ranking managers; for example, introducing a specialist function, removing a level of supervision, changing methods of grouping or coordinating activities

Changes in the main influencing factors - ownership, size, technology, goals and objectives, the environment,

people - can create conditions which call for cultural and structural adaptation by the organization, irrespective of its type - manufacturing industry, hospitals, schools, financial institutions.

**Adaptation by deliberation (consideration)** is a mode often adopted by the role culture, which reinforces its existing formal structure with even more formal structures, creating specialist groups, committees, project teams and task forces which overlap functional divisions and create basics of a matrix structure.

This is an expensive process, often involving the recruitment of additional, highly qualified staff, which is frequently ineffective in addressing the real problems with which the organization is faced.

One reason for this is the balance of power which already exists and the tendency for different interest groups to seek to preserve their existing position; as we shall see in the next session the micro-politics of the organization are an important factor in this process

**Adaptation by reproduction** involves decentralization or divisionalization - diversifying the structure according to the difference in the environment.

Frequently, however, there is a marked difference between theory and practice; whilst the new organizations should be free to adapt their cultures and structures to their particular set of influencing factors, what too often happens is that the parent organization

remains unchanged and its role culture is simply replicated in the sub-organizations. There is pressure for uniformity and any deviation from the dominant culture and structure of the parent organization is seen as untidy and inefficient; so the parent organization adopts a strong controlling role in resolving conflict and imposing some order.

**Adaptation by differentiation** stems from the proposition that in all organizations, irrespective of their size or purpose, activities can be grouped into four different categories, each of which is best served by a different culture:

- \* steady state
- \* innovative/developmental
- \* breakdown/crises
- \* policy/direction.

**Steady state** implies all those activities of a routine, programmable nature which often account for most of an organization's personnel - these involved in the production of goods or services and the supporting infrastructure of the organization.

**Innovative/developmental** includes all activities directed to changing the things that the organization does or the way in which it does them - R&D, parts of marketing, corporate planning, systems analysts and so on.

**Breakdown/crises** refers to that part of the organization which has to cope with the unexpected. Problems can,



of course, occur in any part of the organization but in this case it is considered that part of the organization which interfaces with the environment is more likely to have to cope with the unexpected - marketing, parts of production, top management.

**Policy/direction** includes the overall guidance and direction of activities - setting priorities, establishing standards, direction and allocation of resources, initiation of action are activities which form a category of their own.

**So, to be effective, the appropriate culture for a particular set of activities is required in each part of the organization, which should differentiate their cultures and structures according to the dominant kind of activity in that department, division or section.**

R and D, for instance, should be organized differently to the accounting department; the innovative part of marketing can be expected to be more informal, more task-orientated than the production departments; managing crises should override committees, rules and procedures and have the power to take necessary action; managing steady-state activities should operate through more structured procedures and controls.

Adaptation by differentiation, then, offers a potentially more effective mode of coping with change in the influencing factors than adaptation by deliberation or by reproduction.

## Implications of differentiation

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- organization being more readily able to adapt to changing circumstances
  - the match between personal preference and the culture and structure of the organization; an individual who is successful in one culture may not always succeed in another.
  - differentiation introduces the need for specific attention to be paid to integration
    - rules and procedures
    - direct managerial contact
    - appeals to the hierarchy
    - temporary cross-functional teams
    - permanent cross-functional teams
    - individual coordinators
    - coordinating departments
- 

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2 it is by no means easy to manage; problems can arise at both the individual and the corporate levels.

3 We have referred earlier to the importance, for the individual, of the nature of the psychological contract, the **match between personal preference and the culture and structure of the organization** within which he or she is required to work and, as we pointed out, an individual who is successful in one culture may not always succeed in another. It is one thing to encourage people to develop an entrepreneurial culture; quite another for them to adapt successfully when their experience, and possibly their preference, has been in a role culture. On the other hand, there are those who might feel more comfortable in the changed situation

and rise to the challenge with enthusiasm

4 At the corporate level, differentiation introduces the need for specific attention to be paid to integration. Of course, every organization must coordinate and integrate its various activities if it is to 'get its act together' and to operate effectively, and there is a range of devices commonly used for this purpose,

5 But the greater the differentiation, the more the problems are intensified - and the greater the potential for conflict between the different cultures, with their different priorities, timescales, specialist language, styles of working.

For example, problems occur when Rand D operates in functional isolation from the departments which are required to produce the goods or services; the concern of Rand D might be 'state of the art' technology, which cannot be transferred to the production process, whilst the production sections are more concerned with maintaining deliveries and keeping down their unit costs. One way out of this dilemma, which has been adopted by some organizations, is for Rand D to use production facilities and involve production staff at each stage of the development process - integration rather than isolation.

## Summary

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- Demonstrated the use of an analytical model to identify the dominant culture
  - Developed the idea of “psychological contract” between the manager and the organization
  - Discussed the way in which the choice of an appropriate culture and structure will be influenced
    - History, Size, Technology, Goals and objective, Environment, People
  - Three possible ways in which an organization can adapt
    - Deliberation, Reproduction and Differentiation
  - An organization’s internal activities can be classified into four sets
    - Steady state, innovative/developmental, breakdown/crisis, policy/direction
  - Management of differentiated organizations is not easy, the greater differentiations, the greater potential for the conflicts
-

## Summary – you should be able to ...

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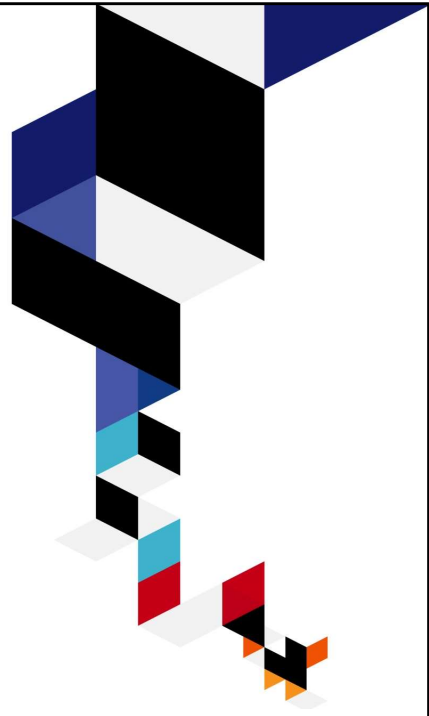
- Identify the dominant culture in the organization
  - Identify the type of culture in which you as an individual would prefer to work
  - Identify the main factors which influence the development of an organizational culture
  - Understand the implications for organizational design
  - Identify three possible ways in which culture and structure can be adapted in relation to change in the influencing factors
  - Understand the implications of adaptation by differentiation
-



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Why study conflicts  
Examples of conflicts  
The signs of conflicts  
The causes of conflicts

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## Why study conflicts

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Because the resolution of differences or potential differences is an extremely time-consuming business

Conflict is a difference between structure and action  
what should happen and what really happens

There is no single culture in organization if it is to adapt successfully in its unique circumstances - "dominant culture" vs other cultures

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One way to regard conflict in organizations is as the **difference between structure and action - between what *should* happen and what *really* happens.**

3 That is to say, the organization is structured according to the dominant culture, there is an assumption of shared values and goals and, in theory, all members of the organization should work together to achieve these goals in accordance with the behaviour which is prescribed for their particular activity. This traditional, unitary view of organizations, with its emphasis on loyalty and common purposes, is exemplified by slogan such as 'pulling together', 'working as a team', etc.



4 But everyone with experience of working in organizations, irrespective of their size or purpose, will recognize that the reality rarely matches this desirable state. To speak of 'shared beliefs' is frequently to overstate the case; the shared beliefs and traditions subsumed in the term 'dominant culture' are usually largely implicit and experienced by organization members as ambiguous and contradictory because of the coexistence of other cultures and sub-cultures.

5 So, at best, there is likely to be a 'working contract' in terms of the personal preference of the organization member, who will behave according to his or her interpretation of what is going on in the organization and according to his or her expectations and aspirations.

## Why study conflicts

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- An organization cannot be considered independently of the people who comprise it;
- organizational structures are not simply systems for the production of goods and services but are career structures and political systems as well.
- In all organizations there are individuals and groups competing for influence or resources.
- There are pressure groups and lobbies, rivalries and contests, clashes of personality and bonds of alliance.
- There are differences of opinion and of values and conflicts of priorities and goals.

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So, if differentiation is necessary for the success of organizations and yet is a potential cause of conflict, and if the people who comprise the organization bring varying degrees of attachment and involvement to it, we must consider how this potential conflict can be managed.

## Why study conflicts

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Culture – shared beliefs, values and traditions of a group of people that are manifest in organizations in the way work is performed and in the way people are treated

“working contract” in term of personal preference of organization member who will behave according to his or her interpretation of what is going on in organization and according to his or her expectations and aspirations

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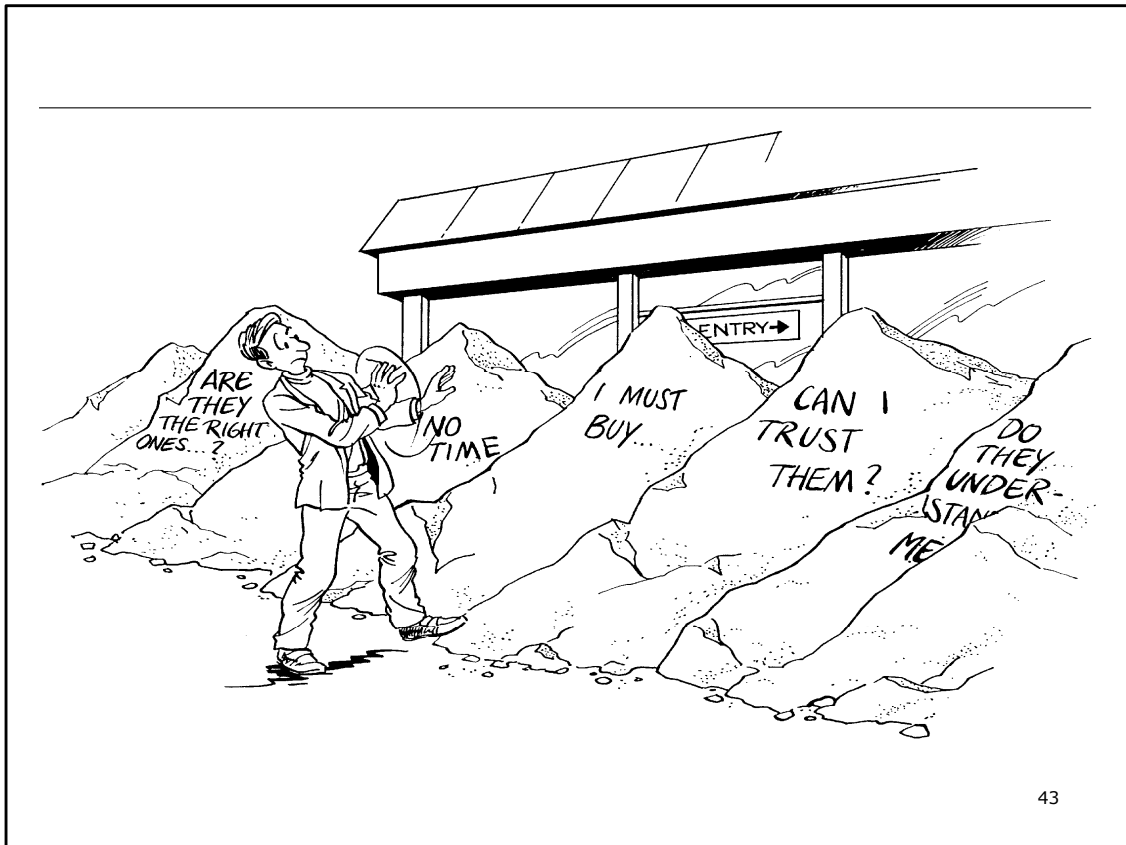
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at culture - the shared beliefs, values and traditions of a group of people that are manifest in organizations in the way work is performed and in the way people are treated - and noted that more than one culture is likely to be present within the same organization if it is to adapt successfully to its unique circumstances.

But we have seen the potential for conflict which arises from this differentiation

Perhaps we can make a start by qualifying the use of the word 'conflict' and recognize that differences

within organizations are inevitable and legitimate, so the requirement is to manage them in such a way that they do not degenerate into conflict. This is not merely a semantic quibble; it has the advantage of recognizing that **the unitary view of organizations has limited application in the modern world because the interests of various individuals and groups will from time to time diverge.** This pluralistic perspective legitimizes dissent, frees the manager from the ideological baggage which implies that dissent is the same as disloyalty and enables him or her to approach situations more analytically and to manage more effectively. For the relationship is still one of mutual interdependence; individuals or groups depend on the organization for the realization of their personal goals and the organization depends on them for its existence.



the liberation of the peasants (farmers) from serfdom

Countries (kingdoms) at that belonged to the king and aristocracy.

There were a huge resources existing in term of money and power but were not used appropriately

the liberation of the peasants (farmers) from serfdom – to avoid potential conflict

Making people free – utilizing theirs talents and competences, ability to learn and create coalitions and partnerships – made the resources used in a right way

This is the moment that launched the most successful century in the human history – 19 cent.

Same works in organizations – only free people on the right place with right colleagues with appropriate resources can change the world

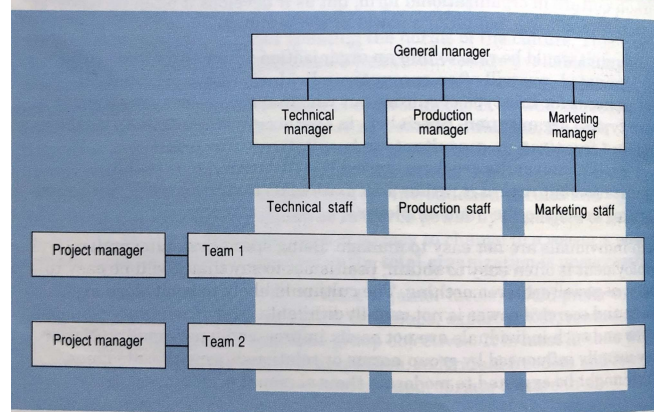
## Examples of conflicts

Production vs. sales

Task vs. role – project vs reporting

Project management – time sheets

Production vs. communication – hiding issues



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### Example 1

Dual accountability – to sales director to produce more contracts and financial director for making certain returns.

Formal appraisal is in place conducted by financial director

### Example 2

Time saving

Every job / project is calculated based on time sheets – if made more quickly, saved time is considered as one of bonus structure element.

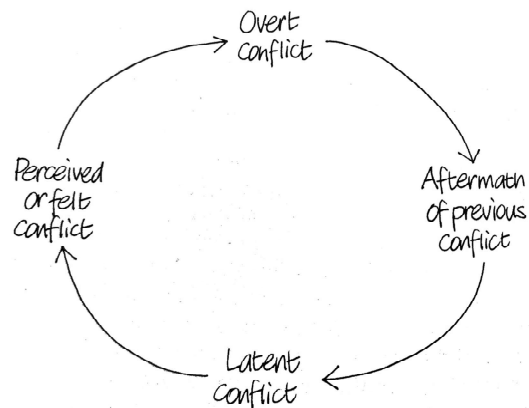
VS endless preparation meeting with those one who do not have this element in bonus scheme

### Example 3

PR vs production

If a production problem occurs and it has an influence on products quality – better to tell the truth to the clients – production or hide it - PR

## The signs of conflicts



Conflict to be moved to next stage a change is required

- external or internal
- ownership, size, technology, goals and objectives, environment, people
- all accompanied by emotional element of interpretation
- uncomfortable, anxious, tense, hostile vs. enthusiastic, ambitious

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In the latent stage, the conditions for conflict exist; **scarcity of resources, different values and opinions, individual or group rivalry, or the aftermath of previous conflict where one party was left with a feeling of grievance, a symptom tackled rather than a cause.** At this stage there is no overt (apparent) conflict and, indeed, some situations never progress beyond this stage. This apparent harmony does not necessarily make for effective management; it might simply mask problems which people are not prepared to face up to and tackle.

For conflict to move into the next stage, a change is required in the way in which the situation is perceived and interpreted. This may occur because of internal or

external change to any of the factors which we identified earlier as having an influence on the culture of the organization - ownership, size, technology, goals and objectives, environment, people - which may be - perceived as an opportunity or a threat to those involved. Mergers or takeovers are fertile grounds, as is the privatization of local or central government services.

This is accompanied by the emotional component **as people begin to feel uncomfortable, tense, hostile, anxious - or more enthusiastic, ambitious** - and changes take place in their behaviour as the conflict moves into the overt (apparent) stage. Cooperation may be withheld or enhanced; people 'work to rule', sticking rigidly to rules and procedures to safeguard themselves, or cut corners, to get in favour; politicking is increased; information is distorted or withheld; rumours abound; morale becomes low and time and energy are diverted from the main purpose of the organization.

It is, however, important to recognize that what we have discussed so far are symptoms only; too often efforts are directed at removing symptoms rather than identifying and dealing with underlying causes. Poor communications or distorted information are treated with palliatives such as *more* communications, *more* meetings, rather than by asking the obvious question - *why* does A not get the information he or she needs? Similarly, failure to comply with procedures often



results in *more* rules and regulations, the enforcement of which becomes an end in itself. The result of such inappropriate measures is a complete waste of time and energy and leads to increased frustration and more conflict. It has to be said, in this context, that employee relations are a frequent casualty in this process. In many instances in manufacturing and service organizations alike, unrecognized and unresolved cultural and structural differences can lead to a climate of insecurity and uncertainty in which the conflict cycle then operates as grievance activity. Diagnosis, then, is an important skill for the effective manager, whatever level he or she occupies in the organization. **Unless you can identify the *cause* of the problem, you will be unable to select an appropriate strategy to resolve it.**

## The causes of conflicts

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- **Sub-unit divisions**

- Sales vs production
  - Production vs finance
  - Physicians vs administrators

- **Competing for scarce resources**

- areas of investment, equipment, facilities
  - Personal status, career and consequent access to a reward
  - Almost not manageable – win-lose situation, zero-sum game

- **Competition for power and influence**

- Micro-politics in the organizations
  - Can be group or individuals seeking influence policy, control resources...
  - Win-lose situation

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## The causes of conflicts – cont.

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- **Drives for autonomy**

Boundaries of the job are established by working contract

If boundaries are unclear or disagreed – conflict between superior and subordinate

- **Personal problems**

arises more obviously from structural rather than personal causes

can have an origin outside of the organization

## Summary

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- Because of differences in culture and structure, the interests of various individuals and groups will diverge from time to time
- A pluralist perspective recognizes these differences as legitimate
- Nevertheless, such differences are difficult to manage and may develop into conflict, compounded by the fact that the organization is also a career structure and a political system
- Conflict cannot be effectively managed unless its forms and causes are understood
- There are several stages in the development of conflict
  - latent conflict, perceived/felt conflict, overt conflict, aftermath of previous conflict
- The main causes of conflict discussed were
  - sub-unit divisions , competition for resources, competition for power and influence, drive s for autonomy, personal problems

## Summary – you should be able to ...

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- describe how conflict can arise in structurally differentiated organizations
- identify examples of actual or potential conflict in your organization
- recognize the signs and symptoms of conflict
- identify the causes of conflict



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Preventing conflicts  
Encouraging healthy differences  
Resolving conflicts  
Negotiation skills



## Preventing conflicts

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Creating an atmosphere of collaboration

differences are healthy but difficult to manage

Open dialogue can develop to "politicking" climate

"I never lie and I never bluff..."

Containing competition

competition is always present – for resources, positions etc

it frequently causes a win-lose effect

compete aiming win-win

Being alert to cultural and structural issues

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The most important factor, in this context, is to recognize that **the differentiated organization is a pluralist organization in which there are different interest groups and in which individuals have different aspirations.** From time to time there will be conflicts of interest between these groups and the dominant culture and between individuals. In many organizations where there is a **cultural emphasis on conformity the expression of these differences is interpreted as disloyalty** and critical comment is discouraged - 'don't rock the boat!'; the effect of this can often be to create a climate of inertia, where only 'safe' decisions are taken.



On the other hand, in a pluralist '**organization dissent should be seen to be legitimate**', part of a necessary and open dialogue, and it follows from this that in such a climate 'politicking' would be less likely to develop. Of course, the organization is a political system in which people will manoeuvre to obtain power and influence, but there is a vast difference between open discussion and covert plotting. You get the behaviour you reward - if politicking is seen to pay off, it will flourish.

## Preventing conflicts - cont

Being alert to cultural and structural issues

**when structure and culture is inappropriate – low motivation and morale, decision-making delayed and of poor quality, conflicts and lack of coordination, rising admin costs, failure to respond innovatively to changing circumstances**

Aspects of management in building societies	'Old' systems (appropriate for stable, controlled environment)	'New' systems (appropriate for dynamic, competitive environment)
Objectives	Social	Commercial
Key tasks	Administration	Business development
Promotion and power	Seniority, general skills and experience Internal promotion	Expertise, specialization and training More external recruitment
Structure	Centralized and bureaucratic	Decentralized and flexible
Planning	Short-term, based on tradition	Long-term, based on research
Decision-making	Rules and regulations	Greater personal initiative
Relationships	Status and individual	Job content and roles teamwork
Appraisal systems	Based on effort, loyalty and criticism of mistakes	Based on performance, results and praise
Staff attitudes	Loyal and proud of the building society	Hopefully the same
Employment	Secure, well paid, successful and caring	Striving for achievement to ensure success, whilst still caring

## Resolving conflicts toolbox

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Neglect	Appeals
Persuasion	Mediation
Buying-off	Confrontation meeting
Coalitions	Identifying common objectives
Coercion	Restructuring the organization
Arbitration	Improving the level of collaboration
Rules and procedures	
Coordinating device	Integrative bargaining

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### ***Neglect***

Putting off dealing with conflict or ignoring it in the hope that it will go away is a strategy frequently adopted but not to be relied on. Apparently trivial issues can accumulate and develop into much more serious problems.

### ***Persuasion***

Attempts to talk people out of their conflict behaviour is often accompanied by appeals to common values, such as the survival of the firm, the well-being of the patient, solidarity in the face of a common adversary, fair play, etc. This might buy a little time but is unlikely to resolve conflict because the problem is not tackled.

### ***Buying-off***

This involves getting an individual or group to stop fighting for something they want by offering an alternative that can be had without conflict. The manager is unlikely to win real respect by this means and people may soon resume the battle for the thing they really wanted.

### ***Coalitions***

Perhaps you can get people to gang up on each other to suppress a conflict - divide and rule. But this can be a double-edged weapon; it forces people to choose sides and creates divisive 'us and them' feelings

### ***Coercion***

People can sometimes be bullied into stopping their conflict behaviour, possibly backed up by some form of sanctions. These can take the form of actual punishment - demotion, dismissal - or the withholding of rewards \_ promotion, pay increases, approval. The effect can be to make people even more angry and even more anxious to get their own back as soon as they think they can do so without serious retribution. Or they may sink into apathetic conformity, putting in only the minimum effort and commitment required to keep their job.

### ***Arbitration***

Taking one side or the other (with or without concessions) or imposing a compromise of your own will leave at least one party resentful at being made the loser.

### ***Rules and procedures***

These may be arrived at by negotiation, for example on scheduling, management/employee relationships, budgetary systems, allocation of resources, but they can easily become one of the bargaining elements and can be seen as a constraint rather than as a solution.

### ***Coordinating device***

A position is created in the organization chart to resolve the issue in conflict. The position of ten carries the name of the problem as its title - but the unofficial title might well be 'trouble-shooter'.

### ***Appeals***

Individuals and groups may be allowed to take their dispute to a higher authority in the organization - *above* the manager who is normally accountable for them. Because there is a prospect of getting a more objective resolution of the conflict from someone who is not directly involved, it may encourage the disputants to deal more patiently and honestly with each other before taking the problem through the appeal procedure. A disadvantage of such a system is that, if the immediate boss is excluded from the process, he or she is unlikely to feel any 'ownership' of the solution reached, and this could cause problems in its implementation. In addition, too frequent use of an appeals procedure poses problems 'upstairs' so that the hierarchy becomes overloaded - but it should then alert those concerned to weaknesses in the organization which require corrective action.

### ***Mediation***

This involves helping antagonists to understand one another's position and to accept that, for the other, it has validity. You may be able to do this for colleagues or members of your own team. You could, however, be seen to be too closely involved to be able to take a sufficiently detached approach, and the disputants might be referred to some kind of 'ombudsman' elsewhere in the organization - a role performed by many personnel departments. Another alternative is to involve an external agency, such as the Advisory, Conciliation and Arbitration Service (ACAS) with special skills in conflict resolution and a completely independent position. Here again, more deep seated problems could be identified which require attention.

### ***Confrontation meetings***

This is a technique which requires a climate of openness and collaboration in the organization and can be effective if the issue can be clearly defined - or it may even clarify the issue itself. It is a process by which parties in conflict directly engage each other, openly exchange information on the issues, and try to work out the differences between themselves to reach a mutually desirable outcome. The underlying assumption is that both sides may be able to gain something (a win-win situation), and any solution will be arrived at by the parties concerned and therefore 'owned' by them - further reinforcing the collaborative atmosphere

### ***Identifying common objectives***

The simultaneous pursuit of mutually exclusive objectives by individuals or sections, and the

competition for resources and influence which goes with it, is a major source of conflict. The ideal way to overcome this problem is by means of a corporate plan which will integrate the activities of the organization over an agreed time span. If the plan is developed by means of open discussion through the different levels of the organization, and with due attention by policy-makers to feedback from the operational levels, this type of conflict is less likely to occur because people will have a clear sense of direction associated with clear organizational objectives and priorities, and will be aware that resources have been allocated on a rational basis in order to implement the corporate plan.

### ***Restructuring the organization***

As we saw earlier, much conflict arises because the structure of the organization is inappropriate for its purpose. Again, in an ideal situation, the structure would be reviewed in the light of the changes required to implement the corporate plan - the building society study which we looked at in Session 8.4.2 illustrates this process.

If such a comprehensive approach is not appropriate or feasible, a number of adjustments can be made to the way in which activities are grouped to reduce actual or potential conflicts. For example, it might be possible to group competing activities - or people - in the same sub-unit in order to create interdependence in the pursuit of an agreed objective which is unattainable except by cooperation, and so that rewards are shared. Where this is not possible, an alternative might be to separate the

competing activities and remove the interdependence, or to reduce it by buffering the work flow between departments by means of inventory, which would prevent department B from being severely affected by problems in department A. You may recall the case study on Fab Sweets in Book 4 and the resolution of conflict in the HB department.

### ***Improving the level of collaboration***

A way of improving collaboration is to break down prejudices and unfavourable stereotypes based on ignorance of the functions and problems of other individuals and groups. To achieve this, increased interaction is required - visits to other parts of the organization, participation in working parties, secondment of managers to other functional areas, social and recreational activities. Or work groups can be recombined, moving people around to give them the regular stimulus of learning to work with other people and breaking old habits - a matrix form of organization is one way of doing this.

### ***Integrative bargaining***

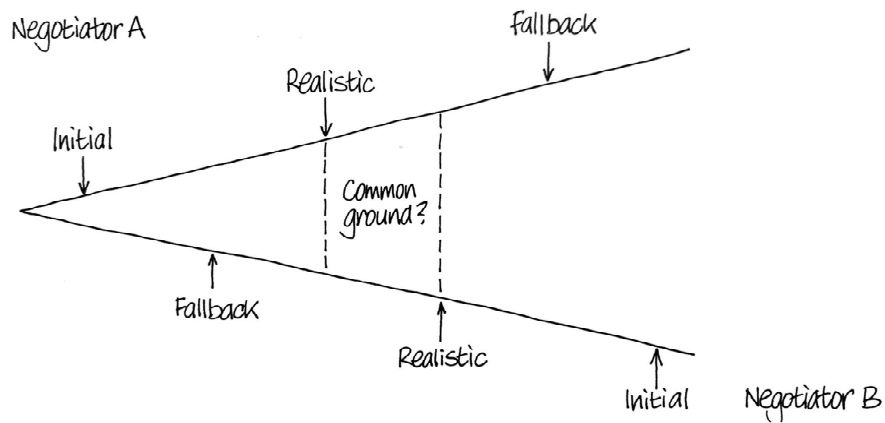
Much bargaining within organizations, whether within the management group or between management and other employees, has its prime focus on the distributive (win-lose) element. However, if both parties work at recognizing the integrative (win-win) elements, it is often possible to negotiate a solution so that both can gain something. Nearly all forms of job enrichment involve integrative bargaining - negotiating a solution

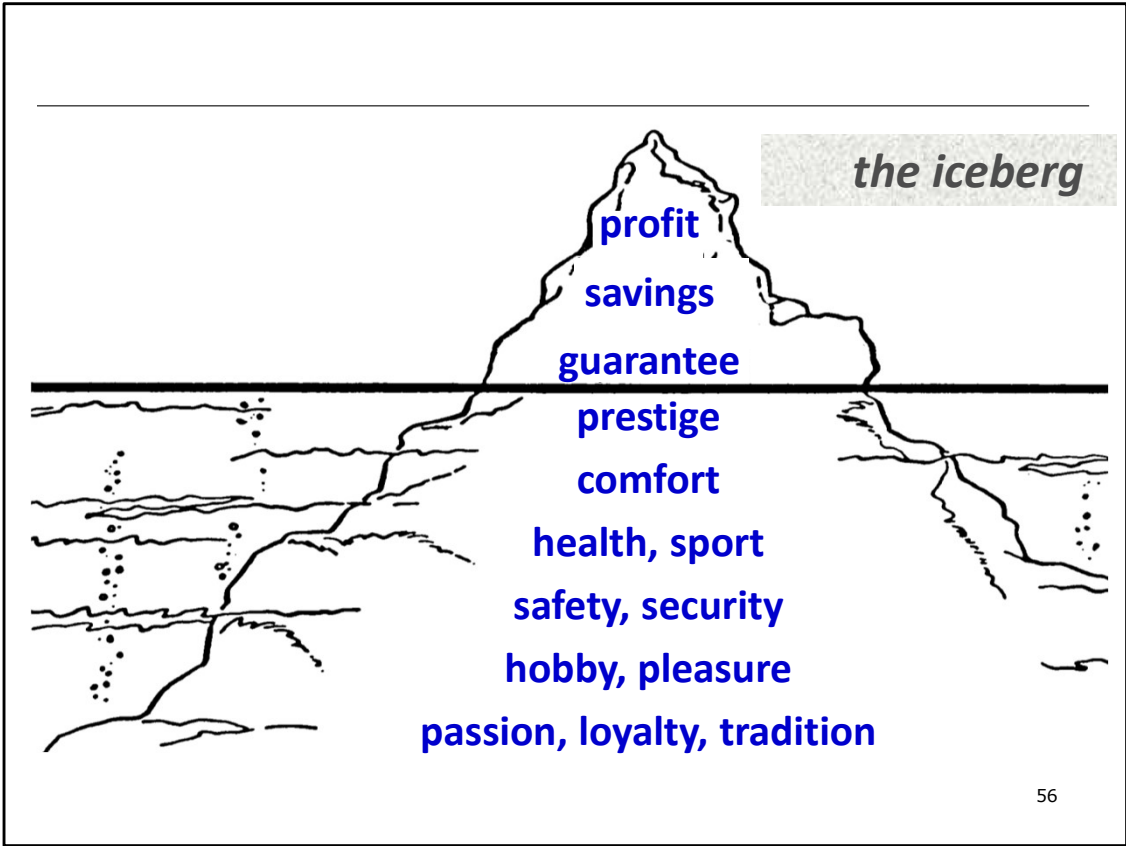


that integrates the needs of the organization and the aspirations of the employee. But it is not a soft option: it is the search not for compromise but for a creative solution that satisfies both parties and can pose dilemmas for individuals - dilemmas of openness, honesty and trust.

## Negotiation skills

Negotiation is the art of interacting with a person or group with different views in order to produce a mutually beneficial agreement





## Negotiation skills – cont.

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### **Factors which make for effective negotiation**

- Definition of the difference or conflict as a mutual problem so that negotiators can identify and work for solutions which will be of mutual benefit.
  - A view of the other individual or group as a potential partner rather than as an adversary; where power is as far as possible equalized by an emphasis on mutual interdependence and the avoidance of threat.
  - A climate that stimulates both parties to realize they are more likely to attain their objectives if they work together than if they are in conflict; using open, honest and accurate communication of needs, objectives and proposals.
  - Adoption of strategies that facilitate the process of securing mutual benefits by developing creative agreements.
  - Behaving with integrity so that a climate of trust can be established
-

moments of truth



moments of truth



moments of truth



## Negotiation skills – cont.

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- A lots of questions
  - Signaling
    - “I would like to suggest...”, “Could I ask You...”
  - Indicating motives
    - “I am worried about...”
  - Testing understanding
    - “let me see if I have got this right...”
  - Summarizing
    - bringing together main points, check what has been agreed
  - Making a case
    - concentrate on your strongest argument
  - Consider proposals
    - don't agree immediately
  - Assess own performance
    - always and only win-win
-



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**Ask more open  
ended questions.  
You will be surprised !**



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**Shut up !  
Your partner is speaking !**



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**If You know what  
your partner thinks,  
You will become  
double more rude**



## Summary

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- Differences in organizations are necessary; they need not lead to conflict
  - The best approach to managing conflict is to prevent it
  - At organizational level, the three ways of preventing conflict which we discussed are creating an atmosphere of collaboration, being alert to cultural and structural issues, containing competition
  - Within the work group, the manager has an important role in encouraging healthy differences, and at the same time preventing conflicts
  - In resolving conflict, if it arises, it is important to distinguish between symptoms and causes
  - Short-term strategies, dealing with symptoms only, are of doubtful effectiveness
-

## Summary – cont.

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- Intermediate strategies, such as appeals, mediation and confrontation meetings, also deal in the main with symptoms, but can be useful as a means of identifying the causes of conflict
  - The strategies which are most likely to be effective, because they examine the causes of conflict, are identifying common objectives, restructuring the organization, improving the level of collaboration, integrative bargaining
  - Negotiation is crucial to most of the more effective strategies we have considered
  - Effective negotiation involves establishing a problem-solving rather than an adversarial climate, setting objectives, planning strategy, appropriate face-to-face behaviour
-

## Summary – cont.

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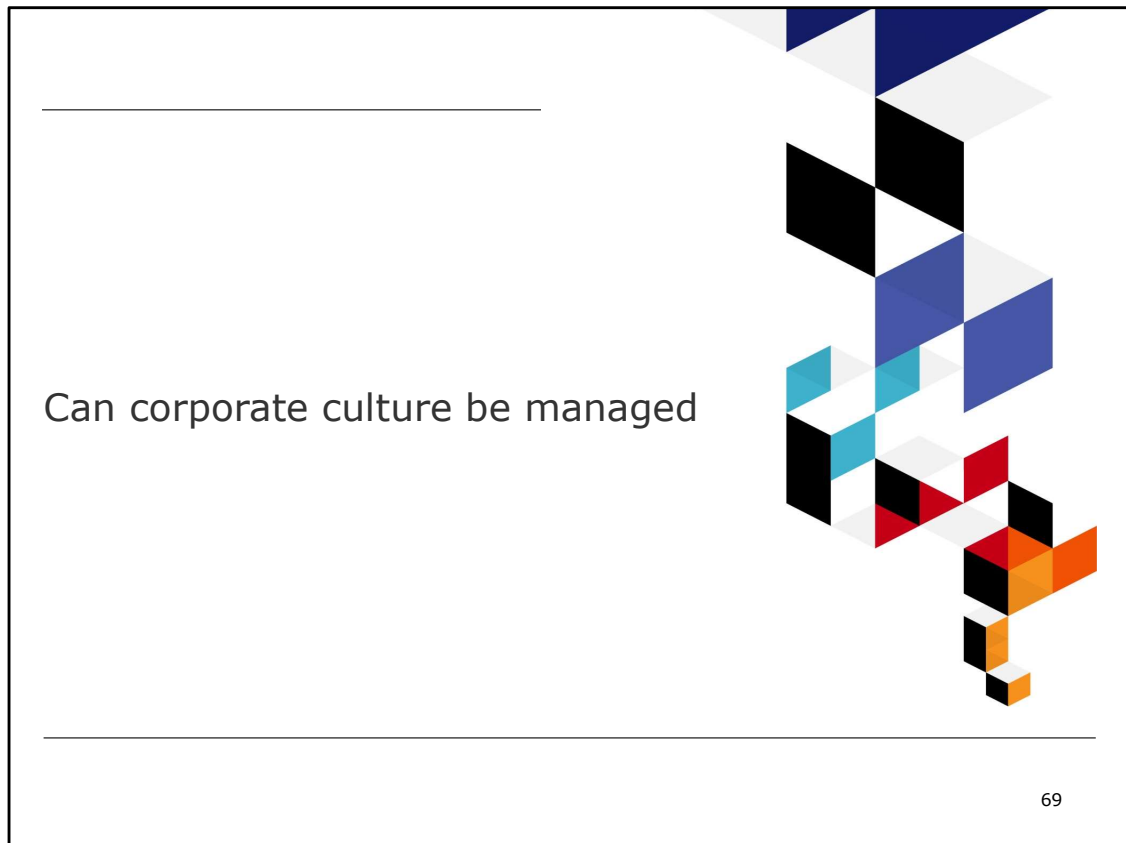
- It is more difficult to change the core beliefs and assumptions on which corporate culture is based than it is to change its outward manifestations
- The key to successful change lies in the core beliefs of the top decisionmakers - so the role of senior management is critical in bringing about cultural and structural change

**NO CONFLICT CAN BE SOLVED ONLINE**

## Summary – you should be able to ...

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- understand the importance of preventing destructive conflict from arising
  - identify possible strategies for preventing conflict
  - identify means of encouraging healthy differences
  - apply these ideas to your own work situation
  - identify some of the means available for resolving conflict
  - identify some of the means which relate to symptoms of conflict and those which deal with causes
  - appreciate the importance of negotiating skills in preventing and resolving conflict
  - understand some of the techniques involved in effective negotiation
-



Throughout Book 8 our objective has been to demonstrate the link between culture and structure in organizations, and to identify some of the factors which influence this relationship - history and ownership, size, technology, goals and objectives, environment and people. In adapting successfully to these sometimes conflicting pressures, we have shown the importance of differentiation of culture and structure in different parts of the organization; but this necessary differentiation can lead to differences of interest and perspective which are difficult to manage and can degenerate into conflict which can be detrimental to the effectiveness of the organization.

make it clear that it is rather more difficult to change the core beliefs and assumptions within the



organization than it is to change some of its manifestations. The key to changing corporate culture appears to be in the core beliefs of the top decision-makers - the dominant coalition. These beliefs are obviously critical, for they not only define what is perceived to be important in the organization's environment, but also largely determine the areas for management attention within the organization. It follows, then, that senior managements must steer the culture towards their goals and objectives, by what they say, and, far more importantly, by what they do - indicating a consistency of approach and strategy without the conflicting messages which make life difficult for so many managers. So the answer to the question, I would suggest, is yes, corporate culture can be managed and change can be introduced

## Can corporate culture be managed

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## Can corporate culture be managed

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- The key to changing corporate culture appears to be in the core beliefs of the top decision-makers - the dominant coalition.
  - These beliefs are obviously critical, for they not only define what is perceived to be important in the organization's environment, but also largely determine the areas for management attention within the organization.
  - It follows, then, that senior managements must steer the culture towards their goals and objectives, by what they say, and, far more importantly, by what they do - indicating a consistency of approach and strategy without the conflicting messages which make life difficult for so many managers
- 

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So the answer to the question, I would suggest, is yes, corporate culture can be managed and change can be introduced with difficulty and over time. Some of you might be sufficiently senior in your organization to be initiators in this process; all of you are likely to be involved in some way during your working lives

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Thank You

