management

ninth edition

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MARY COULTER

Chapter

3

Organizational Culture and Environment: The Constraints

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L E A R N I N G   O U T L I N E

Follow this Learning Outline as you read and study this chapter.

- **The Manager: Omnipotent or Symbolic**

  - **Contrast the action of manager according to the omnipotent and symbolic views.**

  - **Explain the parameters of managerial discretion.**

- **The Organization's Culture**

  - **Describe the seven dimensions of organizational culture.**

  - **Discuss the impact of a strong culture on organizations and managers.**

  - **Explain the source of an organization's culture.**

  - **Describe how culture is transmitted to employees.**

  - **Describe how culture affects managers.**

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L E A R N I N G O U T L I N E (cont'd)

Follow this Learning Outline as you read and study this chapter.

- **Current Organizational Cultural Issues Facing Managers**

  - Describe the characteristics of an ethical culture, an innovative culture, and a customer-responsive culture.

  - Discuss why workplace spirituality seems to be an important concern.

  - Describe the characteristics of a spiritual organization.

L E A R N I N G   O U T L I N E (cont'd)

Follow this Learning Outline as you read and study this chapter.

- **The Environment (cont'd)**

  - **Describe the components of the specific and general environments.**

  - **Discuss the two dimensions of environmental uncertainty.**

  - **Identify the most common organizational stakeholders.**

  - **Explain the four steps in managing external stakeholder relationships.**

3–4

The Manager: Omnipotent or Symbolic?

- **Omnipotent View of Management**

  ➤ Managers are directly responsible for an organization's success or failure.

  ➤ The quality of the organization is determined by the quality of its managers.

  ➤ Managers are held accountable for an organization's performance yet it is difficult to attribute good or poor performance directly to their influence on the organization.

The Manager: Omnipotent or Symbolic?

- ## Symbolic View of Management

  - Much of an organization's success or failure is due to external forces outside of managers' control.

  - The ability of managers to affect outcomes is influenced and constrained by external factors.

    - The economy, customers, governmental policies, competitors, industry conditions, technology, and the actions of previous managers

  - Managers symbolize control and influence through their action.

Exhibit 3–1   Parameters of Managerial Discretion


Organizational Environment → Managerial Discretion ← Organizational Culture

The Organization's Culture

- Organizational Culture

  ➢ A system of shared meanings and common beliefs held by organizational members that determines, in a large degree, how they act towards each other.

  ➢ "The way we do things around here."

    ❖ Values, symbols, rituals, myths, and practices

  ➢ Implications:

    ❖ Culture is a perception.

    ❖ Culture is shared.

    ❖ Culture is descriptive.

3–8
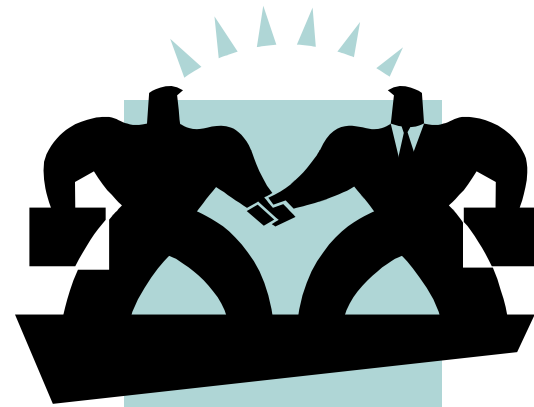
Exhibit 3–2   Dimensions of Organizational Culture

Exhibit 3–3   Contrasting Organizational Cultures

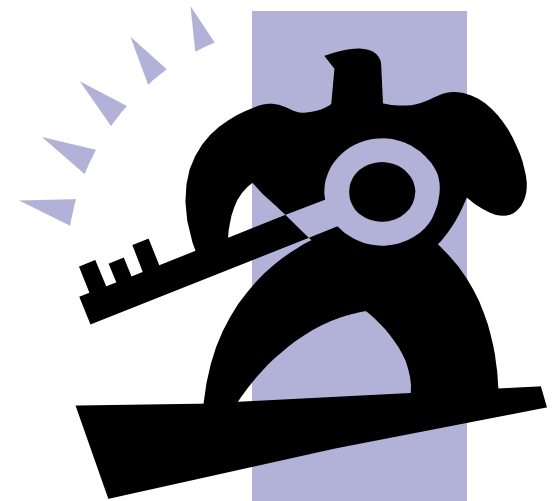| Dimension	Organization A	Organization B
Attention to Detail	High	Low
Outcome Orientation	Low	High
People Orientation	Low	High
Team Orientation	Low	High
Aggressiveness	Low	High
Stability	High	Low
Innovation and Risk Taking	Low	High

Strong versus Weak Cultures

- Strong Cultures
  - Are cultures in which key values are deeply held and widely held.
  - Have a strong influence on organizational members.

- Factors Influencing the Strength of Culture
  - Size of the organization
  - Age of the organization
  - Rate of employee turnover
  - Strength of the original culture
  - Clarity of cultural values and beliefs

Benefits of a Strong Culture

- Creates a stronger employee commitment to the organization.

- Aids in the recruitment and socialization of new employees.

- Fosters higher organizational performance by instilling and promoting employee initiative.

Organizational Culture

- Sources of Organizational Culture
  - The organization's founder
    - Vision and mission
  - Past practices of the organization
    - The way things have been done
  - The behavior of top management

- Continuation of the Organizational Culture
  - Recruitment of like-minded employees who "fit"
  - **Socialization** of new employees to help them adapt to the culture

Exhibit 3–4   Strong versus Weak Organizational Cultures

Strong Cultures	Weak Cultures
Values widely shared	Values limited to a few people—usually top management
Culture conveys consistent messages about what's important	Culture sends contradictory messages about what's important
Most employees can tell stories about company history/heroes	Employees have little knowledge of company history or heroes
Employees strongly identify with culture	Employees have little identification with culture
Strong connection between shared values and behaviors	Little connection between shared values and behaviors

How Employees Learn Culture

- Stories
  - Narratives of significant events or actions of people that convey the spirit of the organization

- Rituals
  - Repetitive sequences of activities that express and reinforce the values of the organization

- Material Symbols
  - Physical assets distinguishing the organization

- Language
  - Acronyms and jargon of terms, phrases, and word meanings specific to an organization

How Culture Affects Managers

• Cultural Constraints on Managers

  ➢ Whatever managerial actions the organization recognizes as proper or improper on its behalf

  ➢ Whatever organizational activities the organization values and encourages

  ➢ The overall strength or weakness of the organizational culture

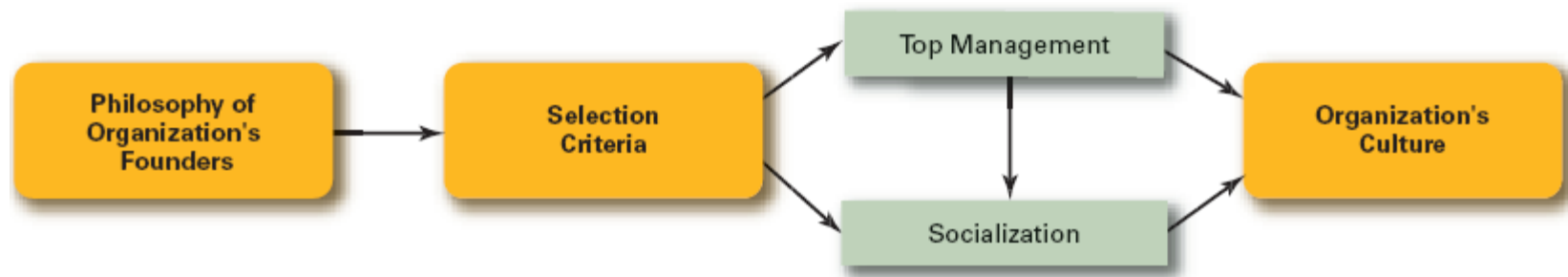 Simple rule for getting ahead in an organization:

  Find out what the organization rewards and do those things.

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Exhibit 3–5   How an Organization's Culture Is Established and Maintained

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Exhibit 3–6   Managerial Decisions Affected by Culture

- **Planning**
  - The degree of risk that plans should contain
  - Whether plans should be developed by individuals or teams
  - The degree of environmental scanning in which management will engage

- **Organizing**
  - How much autonomy should be designed into employees' jobs
  - Whether tasks should be done by individuals or in teams
  - The degree to which department managers interact with each other

Exhibit 3–6   Managerial Decisions Affected by Culture (cont'd)

- **Leading**
  - The degree to which managers are concerned with increasing employee job satisfaction
  - What leadership styles are appropriate
  - Whether all disagreements—even constructive ones—should be eliminated
- **Controlling**
  - Whether to impose external controls or to allow employees to control their own actions
  - What criteria should be emphasized in employee performance evaluations
  - What repercussions will occur from exceeding one's budget

Organization Culture Issues

- Creating an Ethical Culture
  - High in risk tolerance
  - Low to moderate aggressiveness
  - Focus on means as well as outcomes

- Creating an Innovative Culture
  - Challenge and involvement
  - Freedom
  - Trust and openness
  - Idea time
  - Playfulness/humor
  - Conflict resolution
  - Debates
  - Risk-taking

Exhibit 3–7   Suggestions for Managers: Creating a More Ethical Culture

- Be a *visible role model*.

- Communicate *ethical expectations*.

- Provide *ethics training*.

- Visibly *reward ethical acts and punish unethical ones*.

- Provide *protective mechanisms* so employees can discuss ethical dilemmas and report unethical behavior without fear.

Organization Culture Issues (cont'd)

- Creating a Customer-Responsive Culture

  ➢ Hiring the right type of employees (ones with a strong interest in serving customers)

  ➢ Having few rigid rules, procedures, and regulations

  ➢ Using widespread empowerment of employees

  ➢ Having good listening skills in relating to customers' messages

  ➢ Providing role clarity to employees to reduce ambiguity and conflict and increase job satisfaction

  ➢ Having conscientious, caring employees willing to take initiative

Exhibit 3–8   Suggestions for Managers: Creating a More Customer-Responsive Culture

- Hire service-contact people with the personality and attitudes consistent with customer service—friendliness, enthusiasm, attentiveness, patience, concern about others, and listening skills.

- Train customer service people continuously by focusing on improving product knowledge, active listening, showing patience, and displaying emotions.

- Socialize new service-contact people to the organization's goals and values.

- Design customer-service jobs so that employees have as much control as necessary to satisfy customers.

- Empower service-contact employees with the discretion to make day-to-day decisions on job-related activities.

- As the leader, convey a customer-focused vision and demonstrate through decisions and actions the commitment to customers.

Spirituality and Organizational Culture

- Workplace Spirituality
  - The recognition that people have an inner life that nourishes and is nourished by meaningful work that takes place in the context of community.

- Characteristics of a Spiritual Organization
  - Strong sense of purpose
  - Focus on individual development
  - Trust and openness
  - Employee empowerment
  - Toleration of employees' expression

Benefits of Spirituality

- Improved employee productivity
- Reduction of employee turnover
- Stronger organizational performance
- Increased creativity
- Increased employee satisfaction
- Increased team performance
- Increased organizational performance

Defining the External Environment

- External Environment

  - Those factors and forces outside the organization that affect the organization's performance.

- Components of the External Environment

  - **Specific environment:** external forces that have a direct and immediate impact on the organization.

  - **General environment:** broad economic, socio-cultural, political/legal, demographic, technological, and global conditions that *may* affect the organization.

Exhibit 3–9 The External Environment

Exhibit 3–10 Selected U.S. Legislation Affecting Business

- **Occupational Safety and Health Act of 1970**

- **Consumer Product Safety Act of 1972**

- **Equal Employment Opportunity Act of 1972**

- **Worker Adjustment and Retraining Notification Act of 1988**

- **Americans with Disabilities Act of 1990**

- **Civil Rights Act of 1991**

- **Family and Medical Leave Act of 1993**

- **Child Safety Protection Act of 1994**

- **U.S. Economic Espionage Act of 1996**

- **Electronic Signatures in Global and National Commerce Act of 2000**

- **Sarbanes-Oxley Act of 2002**

- **Fair and Accurate Credit Transactions Act of 2003**

How the Environment Affects Managers

- Environmental Uncertainty

  ➢ The extent to which managers have knowledge of and are able to predict change their organization's external environment is affected by:

    ❖ **Complexity of the environment:** the number of components in an organization's external environment.

    ❖ **Degree of change in environmental components:** how dynamic or stable the external environment is.

Exhibit 3–11 Environmental Uncertainty Matrix

Degree of Change

	Stable	Dynamic
Simple	**Cell 1** Stable and predictable environment Few components in environment Components are somewhat similar and remain basically the same Minimal need for sophisticated knowledge of components	**Cell 2** Dynamic and unpredictable environment Few components in environment Components are somewhat similar but are in continual process of change Minimal need for sophisticated knowledge of components
Complex	**Cell 3** Stable and predictable environment Many components in environment Components are not similar to one another and remain basically the same High need for sophisticated knowledge of components	**Cell 4** Dynamic and unpredictable environment Many components in environment Components are not similar to one another and are in continual process of change High need for sophisticated knowledge of components

Degree of Compl[l]exity

Stakeholder Relationships

- Stakeholders

  - Any constituencies in the organization's environment that are affected by the organization's decisions and actions

- Why Manage Stakeholder Relationships?

  - It can lead to improved organizational performance.

  - It's the "right" thing to do given the interdependence of the organization and its external stakeholders.

Managing Stakeholder Relationships

1. Identify the organization's external stakeholders.

2. Determine the particular interests and concerns of the external stakeholders.

3. Decide how critical each external stakeholder is to the organization.

4. Determine how to manage each individual external stakeholder relationship.

Exhibit 3–12 Organizational Stakeholders

Terms to Know

- omnipotent view of management
- symbolic view of management
- organizational culture
- strong cultures
- socialization

- workplace spirituality
- external environment
- specific environment
- general environment
- environmental uncertainty
- environmental complexity
- stakeholders