

The Use of Culture and Structure as a Tool to Guide Competitive Advantage: A Behavioral Model

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ABSTRACT

This article proposes a descriptive model explaining the roles and relationships of organizational culture and structure in guiding employee behavior toward strategic objectives, which explores dynamic relationships between organizational culture, strategy, structure, and operations of both an organization's internal and external environment. One of the assets is at least working knowledge within individuals and groups residing within the organization. It is possible to create an organization that has an appropriate culture and structure to realize the potential locked into these assets (Banks, 1999).

In this paper, there are presented various attempts to determine what is organizational structure and culture. The paper also shows the influence of the organizational culture and structure of the project team on the results of the project, which refers directly to organizational performance. The main advantages is also attached to the project-oriented organization and compared to some types of organizational cultures. Finally, it is recommended that there is a way, which should develop the project-oriented organizational culture for knowledge management and effectively managing for better relationship with environment.

1.0 INTRODUCTION

Organizations are sets of critical resources that enable them to compete. Performance differences across firms can be attributed to variations in their

capabilities and resources, which include organizational or corporate culture and its structure. If an organization's resources are VRIO (Valuable, Rare, difficult to Imitate, and Organization-wide), they can provide the basis for sustainable competitive advantage. Competitive advantage, in turn, should promote effectiveness and generate above-average returns for the firm (Barney, 1991). This research paper explores the issue of "fit" between strategy, structure and culture, especially considering the feasibility of specifying and measuring culture so that it can be examined alongside business strategy (Klein, 2011). Successful organizations have a clear sense of purpose and direction that defines organizational goals and strategic objectives and expresses a vision of how the organization will look in the future (Hamel & Prahalad, 1994).

When an organization is formed there are different individuals who come from different backgrounds and have different views and cultures. Motivation, experiences and values are some of the variant qualities that are possessed by the employees of an organization; all these different views tend to direct the behaviors of employees into numerous contradictory directions.

Organizations also tend to be effective because they have "strong" cultures that are highly consistent, well-coordinated, and well integrated (Davenport, 1993; Saffold, 1988). Behavior is rooted in a set of core values, and leaders and followers are skilled at reaching agreement even when there are diverse points of view (Block, 1991). This type of consistency is a powerful source of stability and internal integration that results from a common mindset and a high degree of conformity (Senge, 1990).

Effective organizations empower their people, build their organizations around teams, and develop human capability at all levels (Becker, 1964; Lawler, 1996; Likert, 1961). People at all levels feel that they have at least some input into decisions that will affect their work and that their work is directly connected to the goals of the organization (Katzenberg, 1993; Spreitzer, 1995).

2.0 LITERATURE REVIEW

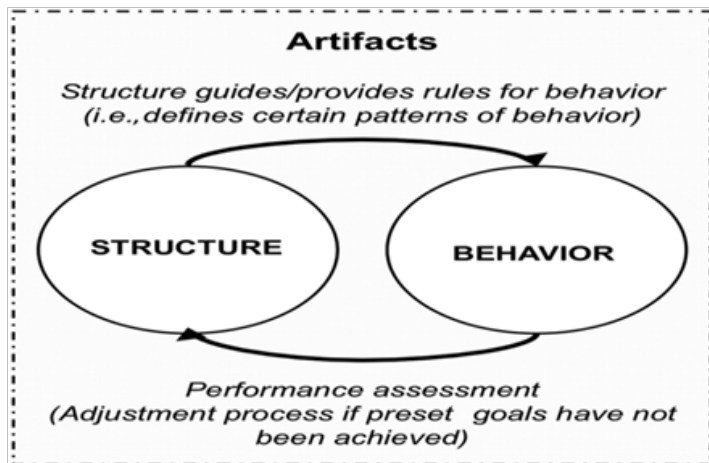
2.1 THE RELATIONSHIP BETWEEN ORGANISATIONAL CULTURE/ PERFORMANCE AND ORGANISATIONAL STRUCTURE

Behavior/performance unfolds as observable manifestations of predefined strategies as regulated by organizational structures. This domain puts into effect patterns of behavior, derived from strategies and structures. It makes an organization's existence as a market player visible. Successful operations lead to profits, thus constitute economic survival of an organization (Dauber, 2012).

Structures are the phenomena of strategic orientations and they regulate the information that flows through decision making, and patterns of behavior, that is, the "internal allocation of tasks, decisions, rules, and procedures for appraisal and reward, selected for the best pursuit of a strategy" (Caves, 1980). The Level of hierarchy and control in an organization can, among other issues, be identified in

this domain. Basically structures develop due to the need to organize the behavior of individuals in a meaningful way and provide orientation for organizational members to set actions that comply with organizational strategy, organizational culture, and, as a result, accepted patterns of behavior.

From the figure below it can be wrapped up that both organizational structure and organizational behavior are directly linked to each other as they both refer to artifacts. Thus, structures build the frame of reference for running organizational operations and guide or cushion behavior of members in an organization, which translate into certain “patterns of behavior” supported by organizational structures. At the same time, behavior is also reversely linked to structures.



2.2 ORGANISATIONAL STRUCTURE AS AN INFORMATION PROCESSING AND BEHAVIOURAL CONTROL MECHANISM

Organizations to be successful and make profit they need to understand how the structure of an organization directly affects and controls the behavior of individuals in that organization. There are three fundamental mechanisms used for reducing variability and instability of social systems in an organization (Katz and Kahn, 1966).

- Environmental pressures or task requirements in relation to needs
- Shared values and expectations
- Rule enforcement

Structure has been further identified by Mintzberg (1979) as the standardization of:

- work processes - where the significance of the work are specified or programmed
- output - where the results and dimensions of the work product are specified
- skills - where the kinds of training required to perform work are specified

Organizations differ in the degree, to which these mechanisms are used to control behavior, distinctively, Burns and Stalker (1961) distinguishes the mechanistic organization from the organic one. High use of the above devices represents a formalized and conspicuous type of control and has been described as a

mechanistic process (Burns & Stalker, 1961). The mechanistic organization is specifically made to be suitable for situations of high stability. In an information processing view, mechanistic organizations are comprised mostly of task situations that process routine information.

2.3 ORGANISATIONAL CULTURE AS AN INFORMATIONAL PROCESSING BEHAVIORAL CONTROL MECHANISM

Professor Hofstede (1990) described culture as the collective programming of the human mind that distinguishes one group or category of people from another, in other words the culture of an organization is usually defined by the terms of shared meanings, the pattern of beliefs, and how they think would slowly evolve overtime and shape individuals behavior in the organization. Understanding organizational culture is a critical part of leading an organization today, the culture of an organization just doesn't happen they develop over time. The evolution of organizational culture is a natural socio-dynamic process which occurs regardless of the intent of executive leadership, although it may be influenced by management (Schein, 1985). While organizations may develop a relatively homogeneous culture (Peters & Waterman, 1982), unique and divergent sub-cultures may evolve for separate departments or sub-groups within the organization (Gregory, 1983). Culture is an enabler of behavior it directly affects the performance of individuals in an organization, organizational culture is often considered as the glue that holds an organization together. It can be considered as being a way of life of a particular team or group operating within synergetic units to achieve goals. Hence, organizational culture needs to be considered from the perspective that it is a learned phenomenon, which influences outcomes. Most commonly it is written that an organization's culture is built upon common beliefs and values driven from the top down and turned from a vision into realities.

One of the outstanding characteristics of organizational information processing is employee sharing of information and coming to similar interpretations about it in order to make decisions and solve problems (Daft & Lengel, 1986). Sharing of information is very important in an organization, depending on how strong the culture practiced is, the employees will have high uniformity in both performance and task.

3.0 METHODOLOGY

Based on the recent methodology done by other researchers we have gathered a few possible outcomes on how far the structure and culture of an organization directly affects the reaction of productivity. Some of the tools used in gathering information were through questionnaires (open ended questions), in depth analysis of organizations and how they operate, and recent reviews made on the current subject of matter including Retest method used to evaluate reliability of tools for gathering data.

A questionnaire study conducted in a regulatory organization (Reiman 2001a, Reiman&Norros 2002) showed that impressions of the connection of one's own work with the organizations overall objectives influenced perceptions of the organizations culture. Similarly a poor impression of the influence of one's own work was linked to higher work stress (Reiman 2001, Reiman&Norros 2002). This research shows that there is a strong connection between behavior and work output, the attitudes they adopt is as a result of the accident that occur during work. So it is safe to say that our behavior can be linked to how we perceive our environment.

4.0 RESULTS, DISCUSIONSFUTURE RESERCH

Overall, this research produced some noteworthy findings that support the general proposition that first, "culture & structure matters", and that the cliché "culture eats strategy for lunch" seems to have some support. This would argue that organizations would be advised to manage their cultures and align their structure as a strategic resource by establishing flexible, adaptive, constructive cultural norms regardless of the type of strategy being implemented. Thus, constructive cultures are not only suitable for firms with differentiation/prospector strategies, they tend to outperform defensive cultures even with firms pursuing low cost/defender strategies. This suggests that, to become a high-performance organization firm leadership needs to, first, understand their internal business and industry and apply this knowledge to developing an appropriate strategy and, second, create an adaptive, Constructive structure and culture, all the better to implement whichever strategy type is pursued.

Competitive advantage is the ability to gain advantage over competitors through prospecting and implementing high margins. Problem of competitive advantage for project oriented organization can be seen in two ways: external and internal. In terms of internal, projects also compete. Compete for resources, time, success of workers and most important, what is open between companies – about priorities. A consequential priority of the internal client (for companies priorities are set by external client). The organization becomes a place where so-called project-wars take place.

Organizations face challenges both in the external environment and changing internal context, and leaders will change their behavior to harmonize to these environmental changes. Therefore it is proposed that other research methods can be adopted in future investigations into how changes in organizational context impact on individual behavior.

Future theorizing may expand our understanding of the determinants and effectiveness of varying levels of cultural and structural control. In addition, consideration of the implications of a mismatch of either culture or structure for the various organization types is necessary. An organization which possesses an imbalance of structure and/or culture given its task simplicity/complexity and geographical dispersion may create even more uncertainty and confusion among employees.

5.0 CONCLUSION

This article is an attempt in understanding the relationship between culture and structures in an organization and how it acts as a source of competitive advantage to an organization. By doing so, they manage information uncertainty such that employees take consistent and effective action toward the achievement of strategic goals.

In other words we concluded that differing levels of both cultural and structural consequences are implemented in different organizational types based on the different level of skill, originality, and training required of the tasks being performed by members of the organization, and based on the geographical location of the employees themselves.

It is thought that in order to achieve competitive, project oriented organizations evolved simultaneously in two directions. The ideal model would mix knowledge based culture and structure and inspection-experimental culture. This allows for the efficient use of resources and testing new ideas and rapid withdrawal less profitable projects. To achieve this is to begin changes from project managers responsible for individual teams. Workers should be provided with all possible sources of knowledge and organizational climate, which allows the perpetration and learning from mistakes. This requires a high trust and committing part time and resources on testing new markets, products and practices, but seems to be profitable in the future.

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