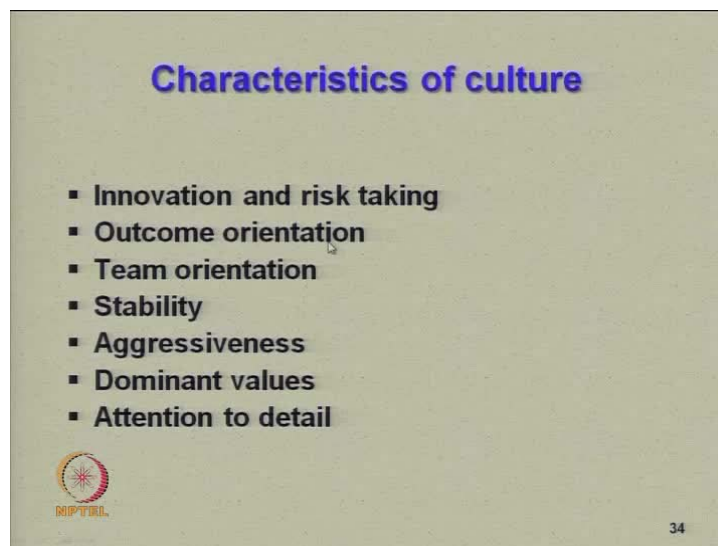


**Organization Management**  
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**Module No. # 02**  
**Lecture No. # 18**  
**Impact of Environment and**  
**Cultural Variables on**  
**Organization Structure and Style**  
**(Contd.)**

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As you can see, the characteristics of culture include; innovation and risk taking, outcome orientation, team orientation, stability, aggressiveness, dominant values, and attention to details. We have discussed this and to move on from there.

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**How cultures are analyzed**

**Weather forecast type by Harry C Miller**

- Trade winds  
The organization's purpose
- Temperature  
The hotness or coldness of morale
- Ceiling level  
The level of desire, commitment and energy for organizational goals.

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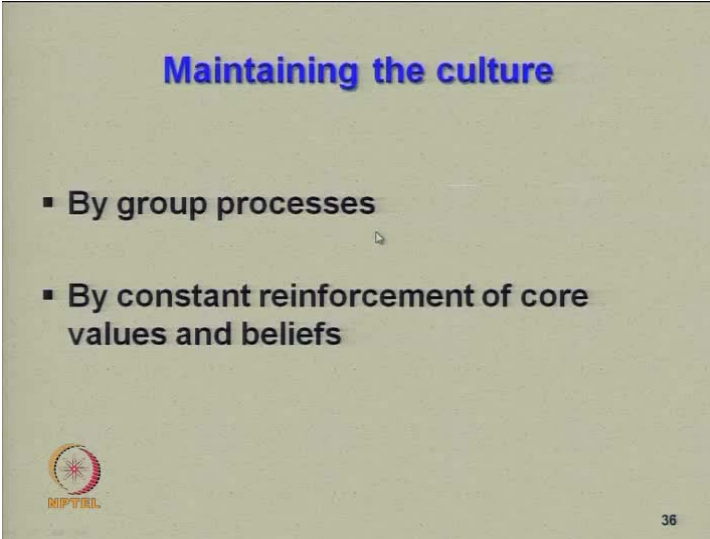
Let us look at how cultures are analyzed. One way is the weather forecast type, as elaborated by Harry Miller. He said that there are trade winds, which means that you look at the trends, which have to do with organization's purpose; for example: if you are an IT company, then you look at the culture of IT companies. So, these are the trade winds. Then he calls the next one temperature - the hotness or the coldness of the morale. Are people extremely enthused or are they feeling dull? Are they enthusiastic about the job? Is the morale high? Is the morale low? The ceiling level: the level of desire, commitment, and energy for organizational goals.

Now, basically these are colorful expressions which you can forget about. These are not standard expressions of trade winds, temperature, ceiling level. Each author has his own style of putting it; some authors believe if they coined phrases, it makes them more quotable. We do not believe in that. These expressions have not picked up.

The more important thing is that - he thought that the culture can be understood by understanding an organization's purpose. He felt that the organization's culture can be understood by looking at the morale; that it had to do with the level of desire and commitment of energy towards organizational goals.


In the ultimate analysis, one will have to explore, to what extent these classifications prove to be exhaustive and to what extent they prove to be limited in character and therefore, need to be ignored.

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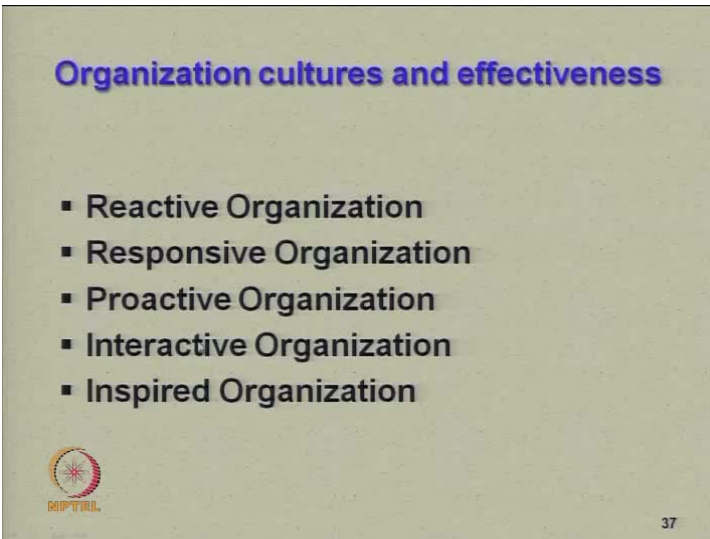


**Maintaining the culture**

- By group processes
- By constant reinforcement of core values and beliefs


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**Organization cultures and effectiveness**

- Reactive Organization
- Responsive Organization
- Proactive Organization
- Interactive Organization
- Inspired Organization

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But, in each area the robustness develops with reference to the kind of researches, which have been done in that area of exploration. And Miller had done some serious work. To maintain cultures, it can be maintained by group processes; by constant reinforcement of core values and beliefs. An organization's culture and effectiveness can have to do with reactive organization, responsive organization, proactive organization, interactive organization, and inspired organization. And this needs to be understood.

What is a reactive organization? Reactive organization is an organization, which deals with a situation after it has emerged; it will not deal with a situation by anticipating it. So the culture is reactive, the response time is not only slow but also it is like chasing the last wagon of the train. As against that, there is a responsive organization - it has a high degree of organizational sensitivity.

If something changes in the organization, if there is a pattern in the organization, which needs to be designed to cope with the environment; it will be initiated. So there is a difference between a reactive organization and a responsive organization and the difference is clear. Reactive organization responds to a situation after it has emerged; responsive organization responds to the environmental tendencies. In other words, it does not hope to impact the environment; it only hopes to adjust with the environment. What is happening in the environment may or may not have touched the organization quite then.

As compared to a reactive and a responsive organization that is a proactive organization a proactive organization anticipates a trend; it is therein that you have got a lot of weight being put on forecasting.

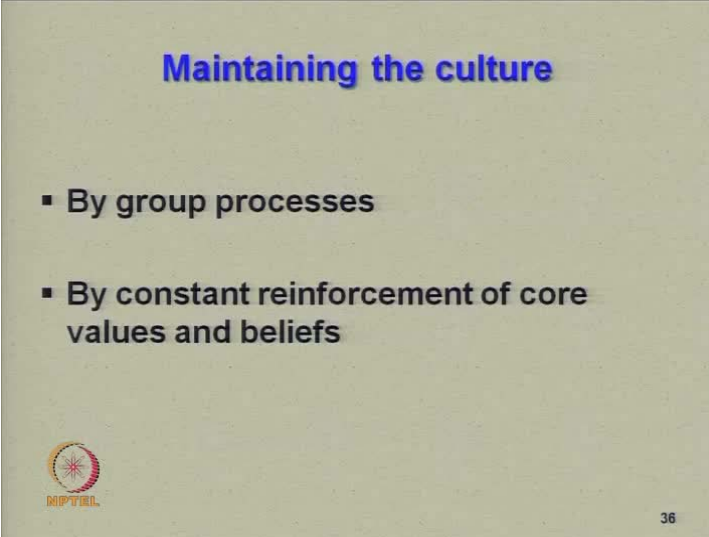
It can be technological forecasting, financial forecasting, or forecasting of a government policy. Especially, in fiscal matters when you talk of **repo rates and reverse repo rates**; if you could predict that sufficiently in advance and prepare for it, it helps you to manage your finances better. Then there is the interactive organization, an organization which helps itself by the way it relates to other organizations, because it has a large interface. Remember, we were talking of intensive organization some time ago and intensive organization clearly gets impacted by what is happening in one unit, with what is happening in the other unit and the example which we gave was the medical example.

Now, an interactive organization merely **extrapolates** that kind of intensive situation to an inter organization level. Remember, intensive situations were there between two units of the same organization. Those traits can be available in operational terms between two organizations which lead to an interactive organization and then of course, there is an inspired organization - an organization which goes out to lead.

If you go through the ads, which different organizations bring out to project themselves - a lot of them claim to be an inspired organization - they are always claiming that they are


re-defining the profession. Now, how many times is it that a profession gets redefined? So there is a very loose use of words; there are a lot of claims which are simply not true. You do not have to bother with them because we are not looking at advertising here. We are not looking at promotional ventures here. We are looking at the types of organization management when it comes to environment, culture structure and style.

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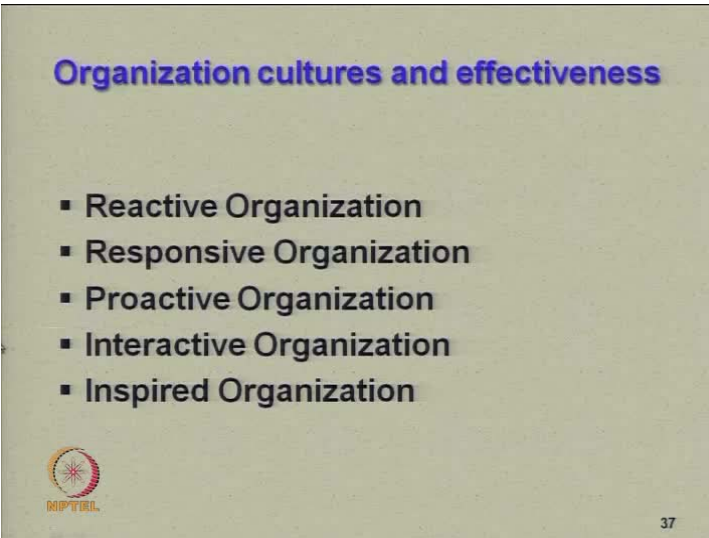


**Maintaining the culture**

- By group processes
- By constant reinforcement of core values and beliefs


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**Organization cultures and effectiveness**

- Reactive Organization
- Responsive Organization
- Proactive Organization
- Interactive Organization
- Inspired Organization

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Let us go back a little bit, to look at what is maintaining the culture. Now whatever it be - any of these five, to maintain it, you will need group processes. Whether you want to

stay reactive, go proactive, or you want to go inspired; it is the organizational processes which will keep it alive.

Which is what leads to the significance of understanding organization structure and processes. And there are entire courses, which deal with organization structure and purposes. For our purposes here, whatever is the culture the management chooses to maintain; whatever is the culture management chooses to emphasize; it will have to be maintained through organizational processes. And that has to be linked up with core values and beliefs. Ultimately organizations - like individuals - are driven by values.

It is another matter that many organizations may talk of values, which they actually do not practice because it is nice to talk of it. You talk to anyone, nobody will say he is not innovative - everyone is innovative. Yet what extent of innovation do you actually see? You talk to anyone, he will say - I believe in a participative culture. What is the quality of participation you practice?

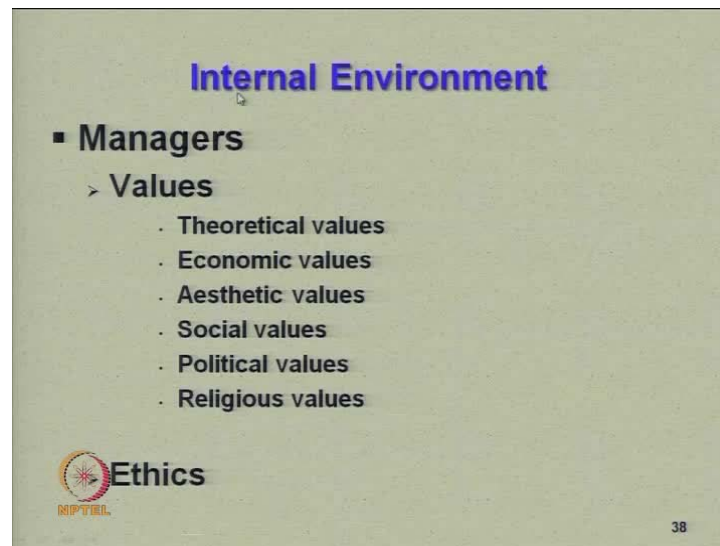
It is just a question of - so long as you agree with me, its participation but if I am asked to agree with you, it is not on. People do not understand the real meaning of participation; participation involves genuine give and take, participation involves genuine exchange of ideas to the betterment of the concepts which both of them hold.

So, we shall not get lost in the semantics but we shall focus on the content. To maintain any culture you will have to think of group processes; and you will have to go back to core values and beliefs. Because it is the values and beliefs on each domain of management which maintain an organization culture. Now, how are values and beliefs related to domain of management? Illustration: What is it that you communicate, what is it that you do not communicate, the nature of your communication will be determined by the nature of value you have. How is it that you reward, how is it that you do not reward, your reward and punishment system will be determined by the nature of values you hold on reward and punishment.

What you delegate, what you do not delegate—that will be determined by the nature of values which you have entrusting others with work. Therefore, the core of all aspects, when it comes to structure, when it comes to style- when core related to environment and culture- is determined by the organizational values and beliefs. Organizational values and beliefs are the binding force of this kind of interaction. And it is important to keep

ourselves reminded that we are talking of values and beliefs not in terms of what is spiritually correct, right, or wrong but in terms of what is organizationally practiced and held out as correct.

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The second tier, (remember) was of internal environment. The internal environment of the organization has to do with managers' values. Managers' values can be seen broadly in six terms theoretical values, economic values, aesthetic values, social values, political values, and religious values. Theoretical values all those values which the person believes to be the correct theory of running and organization. He may believe in a simple principle: you give an inch, people will take a yard; that is a theoretical value.

So, he will not give any concessions because he believes that if I give concessions today, there will be a tendency to run away with the concessions. So, it is best not to give any concession. It is a theoretical value which he has. He may believe in theory x or theory y (and I have already explained both these theories to you). If he believes in theory x, he will lead to one type of managerial style; if he believes in theory y, he will believe in another type of a managerial style. Similarly, there are economic values: he may assume that if you feed an organization well, then they work hard. If so, he will subsidize the canteen, the food; he will provide free snacks. So, economic values will lead to managerial values and managerial values in turn, will create their own managerial culture—their own managerial style.

Economic values have also to do with the kind of employee welfare schemes which an organization practices. There are organizations which encourage sports among different units; there are organizations which encourage sponsorship in seminars and conferences; because they believe it adds to the worth of the individual. That is where they put in their money, wherever they put in their money it is an economic value: it can be food, development, facilities or it can be healthcare. So, a manager's economic values determine the kind of managerial style which he has and obviously, then it has to do with organization design and organization structure.


The proposition is a very simple one: like the external environment, the internal environment which is defined for you here. Internal environment covers managers values, it covers ethics. The internal environment determines structure and style. and that is something which you should be clear on. Then there are aesthetic values.

A person may believe that there is no place for open spaces; you should optimize on space. So, he will create large number of small cubicles where people will come, sit and work like pigeons enter their pigeonholes. Another person may believe that you cannot have a workplace which is not aesthetically sound; so he will have plenty of ferns, plants and layouts. The walls would be done up. There are still others who believe in simple things like: as you enter the building there must be a water spot. Availability of a water spot as you enter a building is considered aesthetically very desirable.

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**Internal Environment**

- **Managers**
  - > **Values**
    - . Theoretical values
    - . Economic values
    - . Aesthetic values
    - . Social values
    - . Political values
    - . Religious values

 **Ethics**

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So, the kind of aesthetic value which a manager has will determine the style, the factory layout, and the shape of the building. And later on, different things can be added. We do not have the **spaces** to get into that but, the proposition is very simple - the aesthetic value of a manager determines to a certain extent the style of the manager. Even when he invites people for lunch, it would be done with the certain style. Another person may merely give him [FT] and say - go on help yourself to a self-service joint. In another case, he would say (no, you) please sit down, you will be served.

So, aesthetics is the sense of beauty, the elegance. The manager's belief and what is desirable in presentation. Aesthetics has to do with presentation; in fact, there can be also an aesthetics of work. But again, I do not want to get into a detailed discussion on this. The important thing is for you is to register that in terms of internal values, aesthetic values are important and they determine both structure and more so style.

Then, there are social values; you know how it is - certain managers believe that even the toilets should be separate; other managers believe that toilet should not be separate. And both of them can create very interesting situations. I do not want to get into an elaboration on that, but it touches everything from toilets to eating places. Everyone must eat together. Somebody else says why must I eat together? Eating is a private activity; it is not a community activity. The business of uniforms, the business of having some kind of a logo on your cuff; all these things have got to do with social values. And social values have a lot to do with style; the way an organization runs, and whatever is a factor of style also becomes a factor of structure.

Then there are political values. The political values have to do with the struggle for control of the decision making process. Quite simply, political values would determine decision-making styles. Is the organization to run as a one-person show? Is the organization to run as a family run enterprise? In which case, all the key positions will go to family members. Or you can have biases even there - I will not make any woman the head of a unit because, she marries and goes away to another family. So, I will make only male members head of units.

Whether you believe it or not; several people believe that. Now whether that should be so or should not. This is not the debate which I want to generate. I want explain to you what are political values. There may be many self-evident things, there may be many

obvious things, there may be many correct things, but to generate a debate takes away from the discussion time of what one is actually seeking to explain, and at the moment, I am trying to explain what is an internal environment.

Political values have to do with, as I said, whether you want to run it as a one person show, a family show, and oligarchy - where your senior people take decisions; where everyone takes decisions. Therefore, it determines a managerial style and that style again determines the structure. If you believe in consultative processes then you will have to set up consultative committees. Then you will have to decide what it is that you consult about and what it is that you do not consult about.

So, political values as a part of internal environment impact both structure and style. Then, there are religious values. Now, it will be very difficult for a vegetarian family to open a butchery. And I can give you more such examples; religion is not the act of worship but the beliefs you draw from your religion.

So, religious values determine style; religious values also determine structure. For example, you may genuinely believe that you should never dismiss a person - you will never hurt him. You will only ease out a person and if the need be get him another job. Now, religious value creates a managerial style, a managerial structure. These aspects of organizational functioning have normally not been discussed in sufficient detail, or it might be stated, not even been sufficiently researched, which is a loss; because, religious values do determine the kind of organizational structure or style which you would have, to a certain extent. Nothing is absolute here; nothing here is total, but even if it makes a marginal impact you want to discuss it.

Then, there is a question of ethics, which determines the style. Do you want to run an organization by surprise? If you have to take disciplinary action against someone, do you find the evidence on the sly? And then, you surprise him with the decision and you do not even tell him that you are dismissing him. You simply call him and say you resign and go. In which case nobody knows or is it that you believe in converting yourself to some sort of a court of law? He must be charge-sheeted; he must be given a chance to defend himself; he must get a lawyer; then there is a hearing. Do you want to work that way? Again no judgments, your ethical values on what is right or wrong will determine

the structure and the style of your organization. And ethics also has to do with professionalism.

You decide one thing in the organization and you mean another - an ethical question? On the assumption that - who is going to find out? If anyone finds out and objects, I will make sure he falls in place - a major ethical issue. Ethics has to do with whom you promote. There may be a very capable person, but he knows in the organization he would not go higher than a general manager; whereas, the family member will begin his career as an executive director - ethical issues. In the ultimate analysis, what you consider right or wrong, will determine the way your organization gets structured and the kind of organizational style you bring upon to bear upon management processes.

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<b>Comparison of Managerial Values</b>		
Phase 1 Profit Maximizing Management	Phase 2 Trusteeship Management	Phase 3 Quality of Life Management
<b>Economic Values</b>		
Raw self interest	Self interest Contributor's interest	Enlightened self interest Contributors interest Society's interest
What's good for me is good for my country	What's good for GM is good for our country	What's good for society is good for our company
Profit maximizer	Profit satisfier	Profit is necessary but
Money and Wealth are most important	Money is important but so are people	People are more important
Let buyer beware	Let us not cheat the customer	Let the seller beware
Labor is commodity to be bought and sold	Labor has certain rights which need to be recognized	Employee dignity has to be satisfied

I present to you a chart, which is a comparison of managerial values. The first column is profit maximizing management; the second phase is trusteeship management; and the third phase is quality of life management. This runs into more than one frame; in fact, three frames, and in each case the caption of the column remains the same. The first column is profit maximizing management, the second is trusteeship management, and the third is quality of life management.

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### Comparison of Managerial Values

Technology Values		
Technology is very important	Technology is important but so are people	People are more important than technology
Social Values		
Employee personal problems must be left at home	Employee have needs beyond their economic needs	Hire the person as a whole
manage business as he please	Recognize the value of group participation	Group participation is fundamental to success
Minority groups are inferior	Minority groups have their place in the society	Minority group members are people are you and I are




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### Comparison of Managerial Values

Political Values		
Government which govern lest is the best	Government is a necessary evil	Business and government must cooperate to solve society's
Environmental Values		
Environment controls the destiny of man	Man can control and manipulate environment	We must preserve the environment in order to lead a quality life
Aesthetic Values		
Aesthetic values?? What are they?	Aesthetic values are okay but not for us	We must preserve our aesthetic values and we will do our part.



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<b>Comparison of Managerial Values</b>		
Phase 1 Profit Maximizing Management	Phase 2 Trusteeship Management	Phase 3 Quality of Life Management
<b>Economic Values</b>		
Raw self interest	Self interest Contributor's interest	Enlightened self interest Contributors interest Society's interest
What's good for me is good for my country	What's good for GM is good for our country	What's good for society is good for our company
Profit maximizer	Profit satisfier	Profit is necessary but
Money and Wealth are most important	Money is important but so are people	People are more important
Let buyer beware	Let us not cheat the customer	Let the seller beware
Labor is commodity to be bought and sold	Labor has certain rights which need to be recognized	Employee dignity has to be satisfied

Then, I have divided it under different sub heads: one is economic values, the second is technology values, the third is social values, the fourth is political values, and the fifth is environmental values, then aesthetic values - that is the sixth. And in each case, we will look at the options. What happens if you are in profit maximizing management? In terms of economic values - you will have a raw self interest; in terms of trusteeship management - you will have self-interest but you will also have contributors interest. In quality of life management - you will have a enlightened self-interest, contributors interest and societies interest. Now, here again, this is taking a very narrow view of trusteeship. This is not how you we see trusteeship in India.

Trusteeship in India is rooted in societal interest, but then, I am presenting somebody else's point of view you here; and this is like many other authors which have been named rooted in the west. Therefore, we will assume the definition of trusteeship to be what he has a assumed to be right. Because, you cannot question the assumptions and then follow the thought.

Which means, if you list this kind of classification, in doing a critique of managerial values, as put out in this chart. You would say that the assumptions which he made on trusteeship are not universally held in understanding what is a trusteeship about. But having said that, let us stick to his assumptions and see what he has to say.

As far as economic values are concerned, for profit maximizing management, he will ask what is good for me is good for my country. In trusteeship, he says what is good for the general management is good for our country. In the third phase he would say what is good for the society is good for our company. He puts it the other way round.

In the first phase, he will talk as a profit maximizer; in the second phase, as profit satisfier; in the third phase, he will say profit is necessary but... In money, he would say, money and wealth are important in the first phase; money is important but so are people in the second phase; and people are more important in the third phase.

Let buyer beware, he is buying at his own risk- I am not fooling him. If I say, made in Usa and I name a village Usa and he thinks it is made in USA - it is his problem. And you know there is a village somewhere on the planet which is called Usa. I want name the country and they manufacture a lot of things and simply print and manufactured in USA. Now it is Usa - they never said it is United States of America. That is the approach. Let buyer be aware.

In the second, he says let us not cheat the customer. I am doing it with the deliberate purpose. The fly killer, which never fails - two blocks of wood. Obviously, if it is a fly there and you put the other block it will never fail. The question is will you get the fly between the two blocks? Your problem. All I said is this is a fly killer, which never fails -two blocks of wood. Directly from which part of the country, you can well imagine. Buyer be aware.


The second phase would say no you are doing that deliberately to fool the buyer you are doing that deliberately to cheat the buyer - it is not right.

In the third phase you will say let the seller beware. It is the sort of noise which is the consumer market **appeallate** specialists make. In everything they are telling - let the seller beware. We will go to the consumer market; the consumer market will punish the seller. In the first phase, labor is commodity to be bought and sold; in the second phase, labor has certain rights, which need to be recognized; in the third stage, employee dignity has to be satisfied. Good Lord! No comments.

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### Comparison of Managerial Values

Technology Values		
Technology is very important	Technology is important but so are people	People are more important than technology
Social Values		
Employee personal problems must be left at home	Employee have needs beyond their economic needs	Hire the person as a whole
manage business as he please	Recognize the value of group participation	Group participation is fundamental to success
Minority groups are inferior	Minority groups have their place in the society	Minority group members are people are you and I are



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### Comparison of Managerial Values

Phase 1 Profit Maximizing Management	Phase 2 Trusteeship Management	Phase 3 Quality of Life Management
Economic Values		
Raw self interest	Self interest Contributor's interest	Enlightened self interest Contributors interest Society's interest
What's good for me is good for my country	What's good for GM is good for our country	What's good for society is good for our company
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Labor is commodity to be bought and sold	Labor has certain rights which need to be recognized	Employee dignity has to be satisfied



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And so the chart goes on and this is to help you to see, what happens when it comes to technological values: what happens when it comes to social values. Technological values: technology is very important - phase 1; phase 2 - technology is important but so are people; phase 3 - people are more important than technology. Remember, phase 1 is profit maximizing, phase 2 is trusteeship and phase 3 is quality of life management.

Social values: employee personal problems must be left at home; employees have needs beyond their economic needs; and third, hire the person as a whole. Manage business as

he pleases - that is a social value in trusteeship; recognize the value of group participation; in the third phase, group participation is fundamental to success. You create a value of group participation.

Again, this will help you to understand managerial style as co-related with environment and culture. And obviously, it will have its spin-off effects on structure. Minority groups are inferior, do not read too much into the word minority; in India, we use the minority in a particular sense. Here, it is used in a generic sense; any minority group, whatever variety, they have to follow the lead of the majority group. If you want to dissent, then you better go out. If you are here, you better do what the majority wants you to do.

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Comparison of Managerial Values		
<b>Political Values</b>		
Government which govern least is the best	Government is a necessary evil	Business and government must cooperate to solve society's
<b>Environmental Values</b>		
Environment controls the destiny of man	Man can control and manipulate environment	We must preserve the environment in order to lead a quality life
<b>Aesthetic Values</b>		
Aesthetic values?? What are they?	Aesthetic values are okay but not for us	We must preserve our aesthetic values and we will do our part.

The second phase says that the minority groups have their place in society and the thirds says minority group members are people like you and I are. Therefore, they would almost give to them the right of veto. Political values: government which governs least - is the best. Government is a necessary evil. Business and government must cooperate to solve society's problems.

Environmental values: Environment controls the destiny of man; and man can control and manipulate environment. We must preserve the environment in order to lead a quality of life. Today, this seems to be the value of a given set of people and this seems to be the value of another set of people. And it leads to a lot of conflicts which has to do with industrial development; the nature of industrial development; the quality of

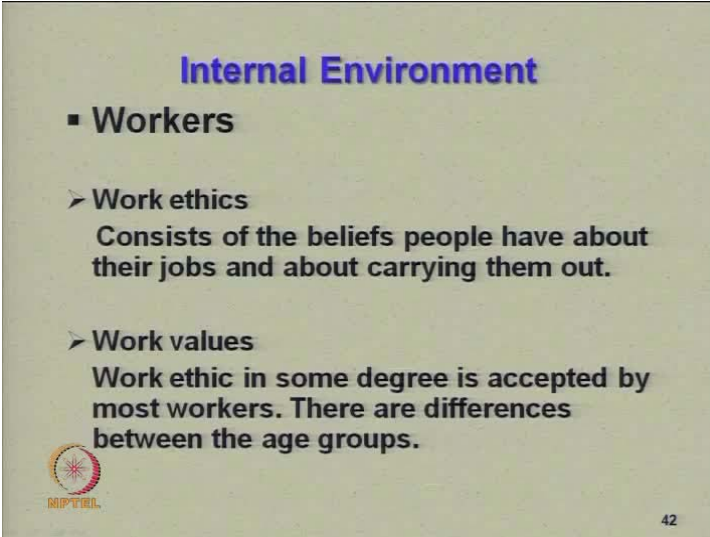


protection, and as you know, much can be said on both sides. But, this is where it is rooted. Environment controls the destiny of man; and we must preserve the environment, in order to lead a quality life.

Aesthetic values: incidentally, you should understand this phrase clearly; if environment controls the destiny of man; man has a right to control environment; that is the meaning of that phrase. The assets of the environment control the destiny of man; therefore, man has a right to those assets; that is the meaning of that phrase. Aesthetic values - what are they? That is what phase one would say - we want the profits.


Phase two says aesthetic values are OK but not for us. In the first thing, you would go out and negate aesthetic values; in the second, say they are fine but let us not bother too much; the third phase would say, we must preserve our aesthetic values - we will do our part. So again, you have a whole range there.

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**Internal Environment**

- **Workers**
  - **Work ethics**  
Consists of the beliefs people have about their jobs and about carrying them out.
  - **Work values**  
Work ethic in some degree is accepted by most workers. There are differences between the age groups.

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The internal environment therefore, now moves on to workers. Remember, we were talking of managers, of managerial style and manager structures and I had promised I will get to the workers and here they are.

Workers ethics consists of beliefs people have about their jobs, about carrying them out. Work values: work ethics, in some degree, is accepted by most workers. There are differences between age groups. You will find in the typical characterization of workers;

the older workers are shown as more loyal; the younger workers are shown as more rebellious; now these are stereotypes. They may or may not be true.

If you ask me personally, I do not like to distinguish between managerial values and workers values. For me, there are only one set of values - personal values. But, that is something, which I will say in my book; when it comes to an instructional process. I have an obligation to walk you through the range of literature which is available and a lot of people writing on these topics have distinguished between managerial values and workers values.

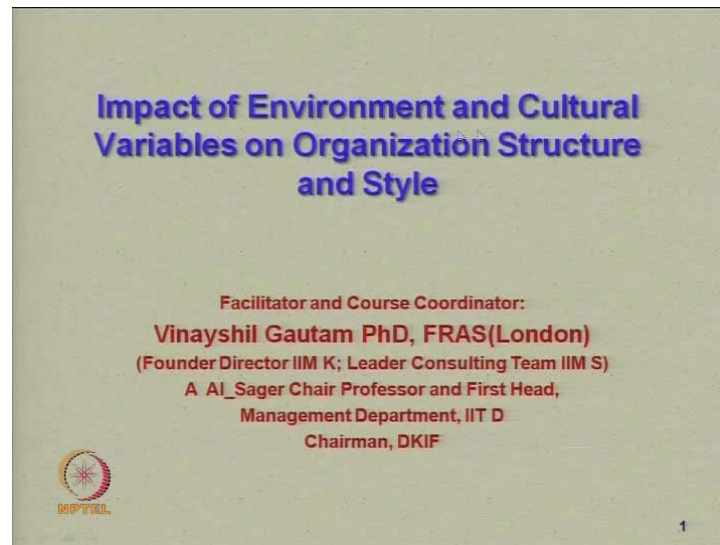
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Management Process & Organizational Behaviour	Amrik Singh Sudan & N.Kumar	Anmol Publications	New Delhi, 2003

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This is the sort of bibliography which exists on the subject. You will be encouraged to get in to it but, to wind up the subject matter, which began by a study of what was termed impact of environmental and cultural variables on organization structure and style. What is it that I wish you to register? We are not discussing environment; we are not discussing cultural variables; much in the same way that we are neither discussing organization structure; nor are we discussing organizational style. This is not an exploration of environment in all its manifestations anymore, that it is a study of style in all its manifestations. This is perched strictly on the interface. What is the kind of interface the environmental variables make on style and structure and this is how the subject has been treated. It is also a study of what kind of impact do cultural variables make on organization structure and style. Not just a one-to-one but also, together. What do environment and cultural variables do to organization structure and style together? So two on one side, two on the other side and ultimately it is resolved by managerial style.

Going beyond just style of managers, but organizational, style organization approach; which means, how does the organization deal with it? So going through the subject matter remember, I was talking of the styles, which organizations adopt rather than fashions. And that is what marks one organization from other organization. Organizations have different styles, just as they have different structures. And organizations to a certain extent, in their style and structures, are determined by environment and cultural variables.