

Instruction:

HW#2: Ethics and Organizational Culture

1. Provide an introduction that 1) explains the purpose of the paper and 2) briefly (one succinct paragraph) introduces your current (or a recent) work organization: major product/service, approximate number of employees, and sector: government/for-profit/non-profit.

2. Organizational Culture Description - Apply concepts from the readings, your library research, and the lecture modules to describe the culture of this organization, specifically:

- Focus on its artifacts (for example, Edgar Schein's ways of identifying it as described in Lecture Module 3) to identify what is valued. (Be careful that you analyze it for yourself; company marketing and dogma often do not reflect the true values and culture.) Provide very brief examples as necessary to illustrate.

3. Analysis of Culture's Impact on Ethics – Examine and discuss how the culture in the organization influences the ethics and ethical (or unethical) behavior of its members:

- Does its current culture support it being highly ethical, specifically according to any of the ethical/moral frameworks presented in this course? Be sure to tell – on the basis of course concepts, your research, and logic – why this is so: What is the rationale for your conclusion?

4. Conclusions

You should consult and cite a minimum of four references drawn from relevant course readings on organizational culture and ethics, scholarly articles from the UMUC online library, and/or weekly modules to support your work. **IMPORTANT NOTE:** The articles you obtain from the library should not focus on your organization but instead should focus on and help you better understand course concepts such as organizational culture and ethical perspectives. You are not researching the organization but instead you are researching course concepts.

The body of the paper, **including an abstract on a separate page**, should be no more than three pages. **NOTE:** The page count includes an abstract but excludes the title page and references. Follow APA style guidelines. Be sure to use headings/subheadings for different sections.

Ethics and Organizational Culture

Student's Name:

University's Affiliation:

Ethics and Organizational Culture

TownePlace Suites is a hospitality company which offers hotel and lodging services. The organization is a profit-making private company with over 400 hotels in 131 countries. The management of the organization follows a centralized structure, and therefore, there are well-defined responsibilities for each worker or department. This paper discusses ethics and organizational culture of TownePlace Suites.

Organizational Culture Description

Ethics refer to the procedures, policies, and culture of performing duties (Slack et al., 2015). A person is said to behave ethically if he or she does what is right and can make moral decisions or judgment, especially at the face of dilemma or controversial issues. With contemporary society which embraces technology in all ways, organizations need to maintain ethical behavior because the media exposes them to significant benefits to a business. All the stakeholders in TownePlace Suites portray ethical conduct.

Also, there are effective methods of communication which the management and workers follow (Pearson 2017). Due to this, the organization solves issues arising within it effectively. The management committee solves disputes between workers or department in harmonious ways. There is an ideal organizational culture in TownePlace Suites, and this brings about the growth of the particular business or group — the maxim impacts on the management of many organizations in the world (Mitonga-Monga et al., 2016). The administration pays keen attention to the behavior of the employees. Not only do they demand ethical conduct from the employees but also requires them to attend seminars where they learn the importance of professional practice.

Analysis of Culture's Impact on Ethics

Any organization that upholds procedures and policies which facilitate moral behavior cultivates positive growth. This means that the relationship between the management and the workers improves, the workers morale goes up, and there is room for personal growth since every employee feels protected. If the employer formulates rules that protect the employee against discrimination, or any victimization, then the organization benefits from the loyalty of the workers and increasing productivity (Davies 2016).

Organizational culture plays a vital role in the professional growth of workers. A professional does what is morally and ethically right. However, when the conduct of the organization deviates from the ethics of the society, customers transfer to other similar organization where the stakeholders behave ethically (Davies 2016). Therefore, organizations need to maintain consumer loyalty by observing professionalism. Some of how a business organization can retain the consumer's loyalty is through conducting leadership programs for the workers. The employee should learn skills necessary in dealing with customers.

In most instances, customers will show some degrees of dissatisfaction and therefore, the organization needs to formulate effective tactics of resolving customers complaints. Another aspect of building a good rapport with the consumer is through making brands which solve the consumer's needs (Slack et al., 2015). This way, the consumer will prefer buying items or receiving services from producers who conform to the expectation of the community.

Conclusions

Policies and procedures should prevail in any organization to guide different stakeholder in their conduct within and outside of the organization. Employers should ensure consistency in

reminding their employees and stakeholders to maintain ethics. This practice will save the organization financial liabilities through increased customer loyalty and reduced lawsuits. Unethical practices may fall under immoral or amoral. If any organization violates ethics knowingly, it commits corrupt practice. The amoral type is the unknowing violation of moral standards. Lastly, organizations should boost the morale of their workers through performance appraisal, compensations, leaves, seminars, recognition, and increased salaries.

References

- Davies, P. W. (2016). *Current issues in business ethics*. Routledge.
- Mitonga-Monga, J., Flotman, A. P., & Cilliers, F. (2016). Workplace ethics culture and work engagement: The mediating effect of ethical leadership in a developing world context. *Journal of Psychology in Africa*, 26(4), 326-333.
- Pearson, R. (2017). Business ethics as communication ethics: Public relations practice and the idea of dialogue. In *Public relations theory* (pp. 111-131). Routledge.
- Slack, R. E., Corlett, S., & Morris, R. (2015). Exploring employee engagement with (corporate) social responsibility: A social exchange perspective on organisational participation. *Journal of Business Ethics*, 127(3), 537-548.

Note: We can only use references from
the readings and module week 1-4.
Use at least 4 references.

Week 1 Reading List

1. Organization Theory

http://ezproxy.umuc.edu/login?url=http://go.galegroup.com.ezproxy.umuc.edu/ps/i.do?id=GALE%7CCX3045301830&v=2.1&u=umd_umuc&it=r&p=GVRL&sw=w&asid=6447ec95dbc52a9133415d84dbfa0c83

2. Organizational Behavior

http://ezproxy.umuc.edu/login?url=http://go.galegroup.com.ezproxy.umuc.edu/ps/retrieve.do?sort=RELEVANCE&inPS=true&prodId=GVRL&userGroupName=umd_umuc&tabID=T003&searchId=R1&resultListType=RESULT_LIST&contentSegment=&searchType=BasicSearchForm&atPosition=1&contentSet=GALE%7CCX3273100215&&docId=GALE|CX3273100215&docType=GALE

3. Organic Organizations

http://ezproxy.umuc.edu/login?url=http://go.galegroup.com.ezproxy.umuc.edu/ps/retrieve.do?sort=RELEVANCE&inPS=true&prodId=GVRL&userGroupName=umd_umuc&tabID=T003&searchId=R13&resultListType=RESULT_LIST&contentSegment=&searchType=BasicSearchForm&atPosition=1&contentSet=GALE%7CCX3273100212&&docId=GALE|CX3273100212&docType=GALE

4. Mechanistic Organizations

http://ezproxy.umuc.edu/login?url=http://go.galegroup.com.ezproxy.umuc.edu/ps/retrieve.do?sort=RELEVANCE&inPS=true&prodId=GVRL&userGroupName=umd_umuc&tabID=T003&searchId=R15&resultListType=RESULT_LIST&contentSegment=&searchType=BasicSearchForm&atPosition=1&contentSet=GALE%7CCX3273100183&&docId=GALE|CX3273100183&docType=GALE

5. Mission and Vision Statements: Encyclopedia of Management

http://ezproxy.umuc.edu/login?url=http://go.galegroup.com.ezproxy.umuc.edu/ps/i.do?id=GALE%7CCX3273100188&v=2.1&u=umd_umuc&it=r&p=GVRL&sw=w&asid=c6004fc1fe17efa580314051e59b654

6. Systems Design

http://ezproxy.umuc.edu/login?url=http://go.galegroup.com/ps/retrieve.do?sort=RELEVANCE&inPS=true&prodId=GVRL&userGroupName=umd_umuc&tabID=T003&searchId=R6&resultListType=RESULT_LIST&contentSegment=&searchType=BasicSearchFo

rm&atPosition=5&contentSet=GALE%7CCX3273100293&&docId=GALE|CX3273100293&docType=GALE

MGMT 630 Organizational Theory and Behavior

Module 1 - Organizational Structure and Life Cycle



Organizational Theory and Behavior

MGMT 630

In this module you will learn:

- You will increase your chances for career success and upward mobility by understanding how organizations function.
- Understanding organizational dynamics will result in becoming a more effective leader/ manager.
- You will be able to make substantial contributions to the well-being and effective functioning of your organization by applying the principles and practices learned in this course.

Module 1

Organizational Theory: Fundamentals for Understanding Our Workplaces

What is Organizational Theory:

Jeffrey Pfeffer summarized in *New Directions for Organization Theory*, that organizational theory focuses on:

- a) the effect of organizations on the behavior and attitudes of individuals within them;
- b) the effects of individual characteristics and action on organizations;
- c) the performance, success, and survival of organizations;
- d) the interactions between organizations and their external environment and;
- e) the impact of the organization's internal environment/culture on its people, processes, technology, and leadership.

Is Organizational Theory Different From Organizational Behavior?

Organizational theory is the study of the organization at the macro level. The unit of analysis is the entire organization. It examines how its various parts function and fit together. It is concerned with issues such as

structure and design, coordination, culture and climate, ethics, decision making, innovation, change, conflict, power and politics.

Organizational behavior is the study of organizations at the micro level. It focuses on individuals within the organization and how their behavior both impacts and is impacted by the organization's culture, design and purpose. It is concerned with engagement, motivation, leadership, trust, personality and team dynamics.

Organizations Play a Vital Role in Today's Society

- They produce what consumers want and they create demand which drives consumerism and the economy
- They create jobs for employees and returns for shareholders
- They are at the forefront of dealing with issues like diversity, ethics, and globalization.
- They produce ideas and knowledge that lead to breakthrough technologies and innovation.
- They are the testing grounds for implementing and managing change.

BACKGROUND

The industrial revolution led to the development of modern organization theory. Many of the people reference below contributed to the field in important ways.

Max Weber (1864—1920). Weber and bureaucracies are often mentioned in the same breath. He advocated a number of principles to ideally organize government agencies into bureaucratic forms. These principles emphasized formal hierarchy, rules and regulations, functional specialties, employment that was based on personal qualifications, and impersonal but equal treatment of all employees. Many of these principles can be seen in both government and non-government organizations today.

Henri Fayol outlined 14 management principles which are still the basis for how many organizations operate today. Some of these principles include

- Workers should take direction from only one manager.
- The organization should be aligned around a common objective
- Organization interests should over-ride individual interests

- Workers should be allowed some control over and input into how to do the work

Frederick W. Taylor (1856—1915) emphasized scientific management principles in an attempt to increase worker efficiency. By studying how workers completed their tasks he could design systems for increased efficiency and effectiveness.

These early views were very mechanistic. Workers and organizations were thought of as machines that could be built and fixed like any other machine. Eventually we became to understand the organizations were comprised of people whose productivity was subject to the rules and laws of human behavior, not merely mechanical behavior.

The 1930 Hawthorne studies revealed how productivity could be influenced by group norms and unspoken expectations. Abraham Maslow talked about human needs and how they impacted human motivations. To recognize that human needs influence human performance brought the field to a whole new level of understanding about how organizations work. Instead of focusing merely on how to control, organize and make people more efficient organizational theorists began to look at the nature of human interactions at work and how those interactions influenced the effectiveness of the organization.

In the 1950s, Douglas McGregor introduced Theory X and Theory Y. These two opposing theories portrayed people in very different ways. Theory X held that employees desired direction, that they would shirk responsibility if they could and were motivated to work primarily by money. Therefore they needed to be managed closely because they could not be trusted.

Theory Y held that humans want responsibility that they are capable of solving problems and want to have a say in what happens to them at work. People were not seen as primarily motivated by money but by being able to make a contribution.

In the 1960s most theorists and researchers embraced an open-systems view of organizations. In this view organizations interacted with their environment and had to align their internal systems and processes to environmental contingencies such as society's cultural values, the economy, governmental laws and regulations, economic conditions, and competitive forces. In order to be successful.

This view also saw the organization as comprised of a number of sub-systems. Each subsystem both receives

inputs from other parts and produces outputs that become inputs for another subsystem tying all of the parts together in a chain of interdependency. What happens in one subsystem has a ripple effect on other subsystems. Every subsystem is connected resulting in a situation where the whole is greater than the sum of its parts.

By the 1980s William Ouchi's Theory Z, also known as Japanese Management Theory, became popular. He believed that the actions of managers could increase employee loyalty, stability, satisfaction. Ouchi's theory focuses on increasing employee loyalty to the company by providing a job for life and focusing on the employee's well-being.

COMMON ORGANIZATIONAL CHARACTERISTICS

Organizations differ greatly in size, function, and makeup, but share a number of common characteristics. These differences are presented below:

Division of Labor; The division of labor is both vertical and horizontal. Vertical division includes three basic levels—top, middle, and bottom. The chief function of top managers, or executives, is to establish mission, vision and goals, and plan long-term strategy, assess the internal and external environment, build culture, and structure the organization to align with organizational strategy. Middle managers generally guide the day-to-day activities of the organization and execute top-level strategy. Low-level managers and laborers put strategy into action and perform the specific tasks necessary to keep the organization operating. Organizations also divide labor horizontally by assigning people with similar functions into departments.

Centralized vs. Decentralized Decision-Making: Decision making is either centralized or decentralized. In centralized decision structures important decisions are made at the top and are passed down through several channels to the lower levels of hierarchy. Decentralized approaches spread out decision authority and push it down to the level where the work is being done.

Formal vs. Informal: Organizations vary in their degree of formality. At one end of the spectrum are highly formalized organizations that rely on an extensive array of rules and policies to control and direct human behavior. Employees have less influence over how they do their work and roles and responsibilities are clearly defined. Documented business processes are clearly laid out and employees are expected to follow them.

Informal organizations, on the other hand, are less likely to adopt or adhere to a strict code of written rules or policies. Instead, individuals are more likely to adopt their behavior to deal with changing conditions both internally and externally. Rules and procedures are seen as guidelines as opposed to dictates or imperatives. Research has shown that informal organizations tend to be more flexible and more reactive to outside influences. .

Henry Mintzberg suggests that almost all large organizations contain the following components. A technical core that gets the work done, a technical support staff that produces innovations to serve the technical core(Research and Development and IT) The Administrative staff (e.g. HR and Accounting) that provides support to all levels and the management staff that provides direction to the organization

Mission: Many organizations have mission statements which help employees and the public understand why the organization exists in the marketplace. The mission is a lofty statement which tells us why the organization is in business and what it provides to the well- being of society. For example, Skype's mission statement is to be disruptive but in a positive way.

Vision: A statement that outlines a desired future state for the organization. It is usually more specific than the mission statement and lays out "what we hope to do or be" in the future.

Goals: These are statements of where the organization is headed going and what it is trying to achieve. They usually include a standard or a way of measuring whether or not the goal was achieved.

Strategic Plan: This refers to an organization's plan for achieving its goals. The goals refer to the "what" while the strategy refers to "how" the organization is going to achieve its goals. Organizational strategies can be influenced by some of the following factors

Efficiency and Effectiveness: Organizations measure their success in terms of how efficient and/or effective they are.

Efficiency refers to "getting the most bang for the buck." We are concerned with the amount of resources used to achieve our goals. Effectiveness is about determining how well an organization is achieving its goals. Effectiveness focuses not only on profits or budgets but also on customer, employee and other stakeholder satisfaction.

Effectiveness can be measured by determining whether an organization is capable of attaining the resources needed to accomplish the mission; how well the resources are being managed and how well it can remove roadblocks to goal attainment. And finally they measure the organization's effectiveness by determining whether it is producing the desired results sought after by its customers.

Pfeffer, J. New Directions for Organization Theory: Problems and Prospects. Oxford University Press, 1997.

Week 2 Reading List

1. Organizational Structure

http://ezproxy.umuc.edu/login?url=http://go.galegroup.com.ezproxy.umuc.edu/ps/retrieve.do?sort=RELEVANCE&inPS=true&prodId=GVRL&userGroupName=umd_umuc&tabID=T003&searchId=R8&resultListType=RESULT_LIST&contentSegment=&searchType=BasicSearchForm&atPosition=1&contentSet=GALE%7CCX3404400255&&docId=GALE|CX3404400255&docType=GALE

2. Span of Control

<http://2012books.lardbucket.org/books/modern-management-of-small-businesses/s16-02-organizational-design.html>

3. Organizational Life Cycle

http://ezproxy.umuc.edu/login?url=http://go.galegroup.com.ezproxy.umuc.edu/ps/retrieve.do?sort=RELEVANCE&inPS=true&prodId=GVRL&userGroupName=umd_umuc&tabID=T003&searchId=R17&resultListType=RESULT_LIST&contentSegment=&searchType=BasicSearchForm&atPosition=1&contentSet=GALE%7CCX2687200432&&docId=GALE|CX2687200432&docType=GALE

4. Strategy Formulation: Encyclopedia of Management

http://ezproxy.umuc.edu/login?url=http://go.galegroup.com.ezproxy.umuc.edu/ps/i.do?id=GALE%7CCX3273100280&v=2.1&u=umd_umuc&it=r&p=GVRL&sw=w&asid=464f829129b8e54df1befd532ccba24e

Module 2 - Organizational Structure and Life Cycle



Organizational Theory and Behavior

MGMT 630

In this module you will learn:

- About the different ways in which organizations can be structured and designed.
- How to design and structure an organization to increase the likelihood that it will achieve its business objectives.
- How organizational life cycles impact organizational design and strategy. You will be able to design and implement structures that are best-suited to the current life-cycle of your organization, and propose re-design or re-invention options for greater business success.

Module 2 Organization Structure and Life Cycle

Introduction: What is Organizational Structure

Organizational structure is a tool that managers can use to make organizations more effective. More specifically:

- Structure designates who reports to whom, the number of layers in an organization from top to bottom, and the number of people who report to each manager or supervisor (span of control).
- It defines how people are grouped together into departments.
- The structure also dictates how effectively we can communicate, coordinate and integrate activities across the departments.

Most of us have seen our own organization's structure by viewing its organizational chart. This chart representation of how the organization is designed communicates the distribution of formal or legitimate power, reporting

relationships and span of control.

While we have come to believe that form follows function, we will learn that the design is not just a product of the organization's function, but it is also a product of the kind of environment it operates in, its size and its life cycle stage.

There are a number of terms and definitions that are part of the lexicon of **organizational structure** and some of these are listed below.

- **Vertical Links:** Communication activities and procedures between the top and the bottom of the organization for the purpose of control and accountability.
- **Centralization:** Refers to where power, control, and decision making rests in an organization. In centralized organizations decision making resides at the top and in decentralized organizations decisions are distributed more evenly between the various levels.
- **Formalization:** Refers to the degree to which there are formal rules, policies and procedures within an organization.
- **Chain of Command:** Refers to the formal reporting relationships in the organization's hierarchy each person is reporting to and taking orders from the next most senior person.
- **Horizontal Links:** Communication activities across work units to achieve collaboration and coordination.
- **Line Units:** Work groups or teams that conduct the major business of the organization. (The Technical Core)
- **Staff Units:** Professionals and experts clustered into groups to assist the line units by providing specialized services. Human Resources is an example of a staff unit. (Support Staff).
- **Span of control:** the number of individuals reporting to a manager
(Daft 2013)

More working definitions especially important to describing larger, more established organizations and institutions:

- **Organizational Chart:** A "picture" or graphic representation of the organization's reporting structure
- **Department:** An employee grouping, based on shared resources and expertise.
- **Function:** Grouping employees based on the nature of their work or their knowledge
- **Bureaucracy:** A highly structured organization that has many written policies and practices, along with an emphasis on roles/responsibilities of various staff.

Today's Organizational Structures

There are a number of ways in which organizations can be structured and designed each of which has its plusses and minuses.

1. The **geographical** structure: The organization is divided into geographic regions. Each region has all of the functions needed to produce and market products and services in that region.
2. **Functional Structure**: People are grouped together by common function. For example, all HR personnel report to the HR department which is headed up by a VP of Human Resources.
3. **The Divisional Structure** organizes people and functions around specific product lines or brands. For example, Marriott lodging group is organized around product lines, such as Fairfield Inns, Resident Inns, Full-Service Hotels to name a few. General Motors is organized around different car divisions (Chevrolet, Buick, Cadillac, GMC)
4. **The Matrix Structure**: In this structure employees from functional units are placed on project teams for a period of time. They report to both their functional head and to the team leader for the remainder of their assignment.
5. **The Horizontal Structure** is a flat structure where autonomous teams are organized around core processes. They are given the autonomy to make decisions which will best serve customer needs.
6. The **hybrid** structure combines characteristics from various structures. Most organizations combine characteristics of the structures mention above to gain from the strengths of each and avoid some of the weaknesses.

(Daft, 2013)

As leaders and managers, we must recognize that organizational structures should align with the external environment in which the organization operates. In rapidly changing and unstable environments we need structures that support flexibility, responsiveness, and adaptability. Formal and rigid structures will not serve organizations that need to respond quickly to changes in customer preferences, competition, and changing economic and market conditions. Communication, coordination, and cooperation must be supported and facilitated by the design and structure of the organization.

Each structure functions best in different situations, and there is no one best way to organize. In the end, the most important thing to remember is that structure must create a balance between vertical control and horizontal coordination. The structure must function in ways that provide stability and foster efficiency, while allowing for

flexibility and innovation.

Control is necessary in any system, serving the need for consistency and predictability. Standardization is an outcome of control avoiding the need to reinvent a response every time the organization has to respond to its environment. Control sets the boundaries of behavior and helps the organization stay on track.

Horizontal coordination is essential so that organizations do not become stove-piped and calcified. How many times have we witnessed incidents in our own organizations where "the right-hand doesn't know what the left hand is doing"? Without horizontal coordination, functional areas become isolated from the other parts of the system and forget that they are part of a greater whole. They issue mandates or create procedures without thinking about the impact and consequences for other parts of the organization. Organizations face problems that are infinitely more complex than in the past and have to rely on teams of people who can bring their functional expertise together to solve problems and meet challenges.

Teams

An understanding of teams and teamwork is important because many of these structures require groups of people from different divisions or functions to work together. Bruce Tuckman (1995) developed a model to help understand how teams develop. His four stage model is presented below:

- **Forming:** People are unclear about the team's purpose and their role in the group. They rely on the team lead to provide direction and guidance during which they become oriented to the group and its purpose. People have not yet identified with the group or its members. Commitment is low and questions abound.
- **Storming:** Conflicts emerge as individual vie for power and may decide to challenge the leader or other group members. The group's purpose is becoming clear, but not everyone may buy into it. Cliques and factions form and there may be power struggles.
- **Norming:** Challenges and power struggles abate. People begin to formulate group norms around how they are going to work together and they begin to outline processes for getting the work done. Members are beginning to enjoy their membership in the group as they socialize and have fun together.
- **Performing:** The team understands its mission and is able to work toward achieving its goal. Members are committed to each other and to getting the work done. They are capable of solving problems and can resolve differences effectively. They need less direction from the leader.

This model is a way of looking at how teams develop. It is a framework for understanding the role of the leader at each stage and the issues that are likely to be faced by the group members and by the leader. It is not a perfect

representation of what happen in each group, but it does point to the fact that groups have to cycle through these stages in order to function well. This is not a one and done process. Groups will cycle through these stages more than once until they learn how to function well together.

Organizational Life Cycle and Structure

Organizational structures not only need to be aligned with external conditions, but they need to be aligned with the organization's life cycle. Organizations naturally go through a life cycle process of birth, growth, maturity, and death or renewal. At each stage of the organization's life cycle, leadership must determine the best way to design and structure the organization.

Let's first take a closer look at the different life cycle stages. These life cycle stages include:

- **Entrepreneurial:** The organization is birthed. Typically small, it is informal and non-bureaucratic. There are few formal rules and procedures. Energies are focused on the production and marketing of the product or service.
- **Pre-bureaucratic:** The company is now in its youth. As the company grows it begins to experience growing pains. More people, more problems. More time needs to be spent on management issues. Delegation becomes necessary while issues of control, standardization, and coordination become more important. Departments are organized and specialized functions are created. The need for policies and procedures emerge. Leadership and management become more important.
- **Formalization:** Mid- life has arrived. Bureaucratic procedures emerge along with formal policies and procedures. Division of labor and specialization occurs. Hierarchies are established, formal controls are put into place and lines of authority are more clearly delineated. The emphasis is on management with appropriate delegation and controls to assure accountability of performance.
- **Elaboration:** Daft notes that in this stage the organization can rely less on bureaucratic controls. Formal systems are loosened and rigid structures fade to allow for cross-functional collaboration and teamwork.

As organizations move through their life cycle stages, the following changes occur:

Formalization Increases. They develop formal rules and policies, employee handbooks, job descriptions and business processes that dictate how things should be done. The emphasis is on standardization and control,

division of labor, and specialization.

Centralization increases in some organizations to maintain control but may decrease in other organization for practical reasons. As organizations become larger, decision making must be decentralized to avoid bottlenecks and overload on senior managers.

The above illustrates that as organizations mature and grow they tend to take on more bureaucratic characteristics. Rules are expanded and standard ways of doing things become institutionalized. Hierarchies develop that provide control and supervision while specializations and stove piping become common. People are hired based on professional criteria and not because of who they know. Written procedures and records provide for stability and continuity.

(Daft, 2013)

Week 3 Reading List

1. Open and Closed Systems

http://ezproxy.umuc.edu/login?url=http://go.galegroup.com/ps/retrieve.do?sort=RELEVANCE&inPS=true&prodId=GVRL&userGroupName=umd_umuc&tabID=T003&searchId=R3&resultListType=RESULT_LIST&contentSegment=&searchType=BasicSearchForm&position=11&contentSet=GALE%7CCX3273100204&&docId=GALE|CX3273100204&docType=GALE

2. Environmental Uncertainty

http://asq.org/pub/qmj/past/vol10_issue4/jabnoun.html

3. Understanding Organizational Culture

https://saylordotorg.github.io/text_principles-of-management-v1.1/s12-02-understanding-organizational-c.html

4. Creating and Maintaining Organizational Culture

https://saylordotorg.github.io/text_principles-of-management-v1.1/s12-04-creating-and-maintaining-organ.html

Module 3 -Organization Culture



Organizational Theory and Behavior

MCMT 630

In this module you will learn:

- You will understand what is meant by organizational culture and its impact on organizational success, design and strategy.
- You will explore ways to change organizational cultures that no longer serve the mission and vision of the organization.

Module 3

The Organization's Culture and its Environment

What is Culture?

There are many definitions of organizational culture yet all pointing to the idea that culture represents a shared understanding of "How we do things around here." It is comprised of written and unwritten, norms, beliefs, values, attitudes, and feelings that are expressed in the stories, rituals, ceremonies, behaviors, and the workplace's physical setting.

Culture has two levels: the seen and the unseen. At the visible level we can observe how people dress, the size of their offices, how they interact with each other, and the annual ceremonies and rituals that occur. Each of these visible signs of culture rests on an invisible set of values and beliefs about how the organization sees the world and how it thinks it should respond to it.

A company's culture is like an individual's personality. It shapes behavior—but at the organizational or work unit level. And like personality, it is very difficult to change or alter. Cultures determine how organizations respond to their environment. Some cultures are more rigid and inflexible than others. Strong cultures have set ways and patterns of responding to the world which is both a blessing and a bane. In these types of cultures people have tasted the "Kool-Aid" and they like it. While strong cultures pass on a sense of identity to its members, they can

inhibit organizations from making necessary changes when the old way no longer works.

Where Does Culture Originate?

Organizational culture originates with the founder and reflects his or her personal ideals, values, and beliefs. If these ideas and values lead to success, then they become the "way of how things are done around here." Eventually, these ways become accepted as the "right" way of responding to the environment and become the basis for the organization's culture.

What Purpose Does it Serve?

Culture provides people with a sense of identity, guides their behavior, determines the way they communicate and interact with each other, and influences the way they respond to problems and challenges in the environment and helps them learn what is acceptable and what is not.

Culture impacts organizational structure. The way an organization is designed reflects the values of the culture. For example, organizations that value responsiveness, flexibility, autonomy, and adaptation will likely embrace horizontal, organic, and team-based structures.

How power is distributed and used in organizations reflect the values of the culture. For example, is power and authority position-based or is it based upon expertise and character? Culture impacts control and reward systems in organizations. Look at what people are rewarded for, and you will see the underlying values that are reflected in the reward systems.

Different Strokes for Different Folks

There are as many variations on culture as there are different types of organizations, but there are four recognizable types that we will focus on below.

Bureaucratic Culture:

This culture is characterized by the following attributes:

- Focuses on stability and consistency;
- Emphasizes formal rules, procedures, and policies;
- Relies on hierarchy for control;
- Relies on tradition ways of doing things to respond to the environment;

- Relies on written procedures and strict lines of authority;
- Reaching agreement with an emphasis on authority or positional leadership. Coordination and integration are primary, with the use of tools, such as policies, plans, directives, charts and graphics/PowerPoints, to provide information support.

Adaptable Culture (highly flexible, with external awareness) is an organizational culture that pays particular attention to the external setting and is quickly responsive to changing customer interests and needs. A major aspect of this cultural category is a sense of entrepreneurship for detecting, interpreting, and translating customer or potential market signals into plans and strategies. This is the likely culture of many small businesses and entrepreneurs. Employees are rewarded for innovation, creativity, and taking risks. Tech companies like Google, Apple, and Facebook hold adaptive work cultures.

Characteristics:

- Intention to create new products and services;
- The culture can be insufficient for attention to standardization and quality of product/service;
- Customer focused;
- Continuous learning around innovation and problem solving.

Clan Culture (more flexible, more internal in communication) is an organizational culture that has active involvement of staff to interpret customer or client needs. Because staff input is both attentive to customers and dominates major change strategies, the cultural environment often feels like a family. This category differs from a bureaucratic culture in flexibility, but like a bureaucracy may hold important goals and values—often termed vision, which dominates the strategy. Although clan culture is more often linked to smaller nonprofits, larger businesses can hold a clan orientation. Wegmans is an example—so also are Whole Foods, Nordstrom, and perhaps Hewlett Packard.

Characteristics:

- Focus on empowering workers to solve problems easily, quickly;
- Emphasis on teams and team work;
- Attention to developing capability of workers within the organization. There can be an "in-group" or belonging aspect. The dynamic of "in-group" can be both an asset and a challenge to the clan culture, especially for the smaller nonprofit. Strong relationships may make it more difficult to stay open to external trends critical to survival.

Mission-Oriented Culture (more stable, but with an external focus) centers on customers and their markets needs and interests, but provides equal attention to internal resources/products offered in order to compete successfully. Most corporations, larger law firms, and professional services consulting groups hold a mission culture. Examples include Northrop-Grumman, Boeing, and PriceWaterhouseCoopers.

Characteristics:

- Focus on vision to brand the mission externally, while internally using it to build staff commitment;
- Attention to the strategic goals and objectives. There can be strategic questions raised about too much focus on achievement (profit) in this culture without appropriate corporate social responsibility;
- Leadership provides strategic direction

(Daft, 2013)

Everyday Signals of Organizational Culture

Because the business culture is like the air around you, it is hard to determine its influence when you are in the middle of it. But there are markers which provide sign-posts of organizational culture influencing, supporting or impacting how people work. The larger cultural signals occur through communication and other interactions. A work culture will have its particular messages, phrases, terms, or frequently used "pet" words, or short-hand -- sometimes referred to as "jargon."

Communications and non-verbal interactions will suggest important but little discussed factors including:

- Use of power or influence (sometimes referred to as authority or responsibility);
- Status and appropriate interaction across levels (i.e. use of higher or lower power distance);
- Rewards and punishments (formal such as promotions or disciplinary; and less formal like inclusion, or not);
- Appropriate or accepted methods for explaining the unexpected, not predicted.

More visible artifacts of a company culture can be tracked easily by listening and observing. Some of the signposts are:

- Who is regarded as a hero or villain and why (this recognition suggests important operating values);
- Sharing of anecdotes or examples emphasizing wins or losses (point to achievement interests);
- Symbols given or awarded to staff and how those rewards are communicated indicate levels of relationship.

Common prestige symbols include the corner office, designated parking space, location on an upper level floor, business-class flight tickets, a corporate country club or golf club membership;

- Exertion of influence or power in communication—sometimes described as "office politics." But examining the use of power for whether it is formal/legitimate or more of the informal "mover and shaker" variety is important and complex. The repeated use of formal policies and procedures points to a company culture oriented towards stability and structure (bureaucratic or mission). The use of more informal information, but information vetted through trusted colleagues, is often a clan type of culture, while informal information, a sense of being open to influence from the environment and whoever claims and explains the trend, is usually an adaptive culture.

Edgar Schein's extensive research suggests ways in which this invisible force, i.e., culture, can be identified:

- What leaders pay attention to, measure, and control on a regular basis;
- How leaders react to critical incidents, important problems to solve, or an organizational crisis;
- Observed criteria by which leaders allocate scarce resources (observations of setting priorities, and reasons suggested informally when workers review priorities);
- Deliberate coaching, training, role modeling (mentoring) activities, or lack of those professional learning activities;
- Observed criteria by which leaders allocate rewards and status (observations of who and what is rewarded; who is recognized/has status, and for what actions);
- Observed criteria by which leaders recruit, select, promote, retire and exclude workers (examination of the reasons suggested informally for who gets selected as well as why people are excluded in plans and decision-making).

Culture Change

As mentioned earlier, organizational culture is analogous to human personality. And like personality, it is very difficult to change or alter. Some cultures are more rigid and inflexible than others. Strong cultures have set ways and patterns of responding the world, which is both a blessing and a bane. In these types of cultures, people have tasted the "Kool-Aid" and they like it. While strong cultures pass on a sense of identity to its members, they can inhibit organizations from making necessary changes when the old way no longer works.

While not impossible, cultures can change over time. Attitudes, values, and beliefs tend to solidify over time and

often become "the way." When that happens "the way" becomes sanctified, and deviations from it are considered like doctrinal heresy. So how do we change culture? If we follow the Change Model established by John Kotter we may begin to see the path toward change.

First, we must create a compelling reason why the organization's culture must change. If the reason is not compelling enough, then inertia will take hold. Second, we must communicate the compelling reason and provide a vision for a future that is different and better than the current state.

Third, we must build a guiding coalition made up of a broad cross-section of the organization to herald the change and build support for it. They must also design a detailed plan for moving the organization from its current state to its ideal future state. The guiding coalition is responsible for developing and implementing the change plan and to celebrate small victories along the way. The new way must be institutionalized through training, reward, and performance management systems that align with the new values of the organization.

Week 4 Reading List

1. Ethics

http://ezproxy.umuc.edu/login?url=http://go.galegroup.com/ps/retrieve.do?sort=RELEVANCE&inPS=true&prodId=GVRL&userGroupName=umd_umuc&tabID=T003&searchId=R8&resultListType=RESULT_LIST&contentSegment=&searchType=BasicSearchForPosition=5&contentSet=GALE%7CCX3273100095&&docId=GALE|CX3273100095&docType=GALE

2. Individual Differences and Ethics

https://saylordotorg.github.io/text_organizational-behavior-v1.1/s07-05-the-role-of-ethics-and-nationality.html

3. Diversity and Ethics

https://saylordotorg.github.io/text_organizational-behavior-v1.1/s06-04-the-role-of-ethics-and-nationality.html

4. Stages of Corporate Responsibility

<http://2012books.lardbucket.org/books/an-introduction-to-business-v2.0/s06-07-stages-of-corporate-responsibility.html>

5. Three Theories of Corporate Social Responsibility

<http://2012books.lardbucket.org/books/business-ethics/s17-02-three-theories-of-corporate-social-responsibility.html>

6. Corporate Social Responsibility: Encyclopedia of Public Relations

<http://sk.sagepub.com.ezproxy.umuc.edu/reference/publicrelations/n100.xml>



In this module you will learn:

- The important role that managerial ethics plays in establishing a successful organization.
- The role that leaders and managers must play to establish an ethical environment.
- About the relationship between organizational culture and ethics

Module 4

Ethics, Multi-cultural Influence and Social Responsibility

Introduction: The Current Situation

During the past decade, whistle-blowing by US workers increased 40% to approximately 700 official complaints per year. We do not know if this increase is due to more instances of unethical behavior, or that there are safer/better processes for reporting this type of behavior. What we do know is that ethics and corporate social responsibility have become important topics in our business schools and our society.

In addition, global initiatives such as the 2003 UN Norms for Transnational Corporations and the UN Global Compact both focus on corporate governance issues world-wide.

While most leaders say they have high ethical standards, acting on these standards is another matter, as exposed in a number of documentaries, such as *Wal-Mart: the High Cost of Low Price*, or *The Corporation*, or *Supersize Me*, among others. In a World where 2.8 billion people are living on less than \$2 a day, there is an obligation for organizations and leaders to act in ethically and socially responsible ways.

At-a-glance definitions:

- **Ethics:** A moral code which defines acceptable behavior as determined by a set of values and norms that

help people distinguish the differences between right and wrong.

- **Corporate Social Responsibility (CSR):** Policies, practices, and strategies that lead individuals and organizations to act in ways that are aligned with the interests and welfare of the communities they serve.

Ethical Standards and Legal Requirements.

Some people have argued that if it is legal it is moral/ethical. Do you subscribe to that point of view? In some instances, there is an overlap between what is legal and what is moral. For example, it's against the law to murder people, and from our point of view it's also immoral. For the most part, however, ethical standards refer to behavior that is not covered by the law. For example, stopping to help a stranded motorist is not against the law or mandated by law, but is it the right thing to do. The great recession of 2008 was created by people who were not doing anything illegal but were engaging in behaviors that were unethical. Recent reports of politicians using private email servers, while not illegal, raise questions of whether people are acting ethically or not. Recent reports of candidates refusing to pay sub-contractors for work that was performed is another example of unethical behavior.

Managerial Ethics

Ethics define the kinds of behavior that we find acceptable or not. Our ethical principles provide us with guidelines for making decisions in line with what is considered to be right or wrong, or good or bad in a particular situation. Managerial ethics is concerned with the way leaders behave, and the moral code they use when making decisions. Managers make decisions and take actions every day that have ethical considerations and consequences for the business. For example, managers have the choice of whether they are going to give honest feedback to employees during performance reviews, or whether they going to skip over the "bad" news just to avoid potential conflict. Conflicting cultural norms can raise ethical issues for managers as well. In some countries, providing bribes and money in exchange for favors is an accepted practice, but clearly against US law and corporate policy. But "when in Rome (shouldn't managers) do what Romans do?" After all, if we are going to do business in another country shouldn't we adapt to their norms and standards? These are all examples of the everyday decisions that managers are faced with and require ethical responses if the leaders are going to build or maintain credibility.

Ethics is central to leadership. Because leaders "model the way," their behavior influences the behavior of others. Their decisions impact the lives of others and speak volumes about what they value and what is important to the organization. Unethical behavior sends a message to others that this type of behavior is acceptable. Because leaders have power over others, their behavior can influence others. People watch what the boss does, and if she

can act in a certain way, then people assume that they can act this way as well.

Leaders build trust and influence by acting in ways that are ethical. Without trust, leaders lose all credibility and capability to lead effectively. Acting in ways that build trust are also ways that reflect ethical leadership. Below is a list of behaviors that not only build trust but are the basis for ethical leadership.

- **Honesty:** Tell the truth. Let people know where you stand. Don't manipulate or distort the facts to fit your personal agenda.
- **Show Respect:** Show people that you care for them, and respect the dignity of every role. Show kindness and caring.
- **Be Transparent:** Tell the truth so it can be verified. Be genuine, open, and authentic. Don't have hidden agendas or hide information.
- **Right Wrongs:** Admit your mistakes. When you are wrong, apologize. Don't cover up things. Take responsibility for your actions.
- **Show Loyalty:** Acknowledge. Don't bad mouth others behind their back. Don't disclose private or confidential information.
- **Accountability:** Hold yourself and others accountable. Don't blame others or point fingers when things go wrong.
- **Keep Commitments:** Do what you say you are going to do. Don't make excuses for a broken commitment.

These behaviors are the basis for one's character. Character and ethical behavior are closely tied together. (Covey, The Speed of Trust, 2008)

As you consider your professional responsibility for being an ethical manager, think through the answers to these questions:

- What specific behaviors are required of you in being ethical as a leader?
- What situations often push or pull people into grey areas of ethics?
- How should people, especially you, interact when encountering an ambiguous or difficult decision?
- What do you do with the powerful cultural values surrounding accepted or normal business practices? This is often communicated with a shrug of shoulders and saying "It's just the way of doing business."

Corporate Ethics and Globalization.

Organizations operating in different countries and cultures face an array of new and difficult ethical challenges. What is acceptable behavior in some cultures may clash directly with another culture or a corporation's values and ethics. Research has shown that country cultures have a greater impact on employee behavior than corporate cultures. Because there is a great deal of variation in national cultures upon which corporate cultures and ethical systems are built, there is much room for conflict, and uncertainty in knowing the "right" thing to do. When cultures and ethical systems clash, managers must make tough decisions that need to be grounded in a more universal approach to ethics. Vijay Govindarajan, a professor at Dartmouth, suggests that global corporate cultures are beginning to emerge that emphasize the following values:

1. A sensitivity and acceptance of differing cultural values;
2. A desire to recognize values that cut across cultural boundaries;
3. Basing status and position on merit and not nationality;
4. Examining the potential benefits of all ideas, no matter from what culture they originate;

Are we moving toward a state of global ethics? There are some indications that we are. Global standards have been established to address issues such as low wages, unsafe working conditions, and child labor. Social audits are conducted on organizations to report on the social, ethical and environment impact of an organization's actions.

As noted below, efforts are being made to develop an international standard of ethical corporate behavior.

Corporation 2020's Principles for Ethical Business in a Global Economic Setting

The purpose of a corporation is to harness private interests to serve the public interests:

- Corporations shall accrue fair returns for shareholders, but not at the expense of the legitimate interests of other stakeholders (people—who are customers, consumers, and clients).
- Corporations shall operate sustainably without compromising the ability of future generations (your children, your grandchildren).
- Corporations shall distribute their wealth equitably among those who contribute to its creation (this principle aids in constraining the desire of upper level management to award salaries and bonuses unfairly).
- Corporations shall govern themselves in a manner that is transparent, ethical and accountable.

- Corporations shall not infringe on people's right to govern themselves, nor infringe on universal human rights (Corporation 2020, 2012).

Organizational Culture and Ethics

Organizational culture is based upon a set of beliefs and values that are held in high regard by organizational members. The cultural value system is the key driver of organizational ethics, making culture and ethics deeply tied to one another. Leadership establishes the organization's culture, and, therefore, by extension establishes the company's ethical system. The organization's values guide the behavior of leaders, managers, and employees with respect not only to how we do things around here but also with respect to what is right and wrong.

While culture drives ethics, leaders shape ethical behavior. When leaders develop and share a vision of proper values and social responsibility, they are taking the first step to ensuring ethical behavior. This vision must be communicated to the entire organization and reinforced through the leadership's behavior, rituals, symbols, ceremonies, and reward and performance management systems.

Organizations formally embed ethical practices into the culture, by establishing ethics departments, conducting ethics training, developing codes of conduct and values statements, and establishing mechanism for calling out wrongdoing.