

Business and Career Development

Understanding and Managing Organizations

C1:Peculiarities of Organizations

- Organizations are complex - people, whose behaviour is notoriously hard to predict, populate them
- Organizations are surprising - what you expect is often not what you get
- Organizations are deceptive - they camouflage mistakes and surprises
- Organizations are ambiguous - complexity, unpredictability and deception generate ambiguity

C1: Understanding Organizations: Use of Framing

- The primary cause of managerial failure is faulty thinking rooted in narrow ideas and models that only represent or capture part of organisational life
- Use multiple frame to avoid this faulty thinking process because,
 - Learning multiple frames is a defence against single dimensional thinking
 - Frames can act as filters as much as tools for problem solving and getting things done
- A frame is a mental model - a set of ideas and assumptions - that you carry in your head to help you understand and negotiate a particular territory

C1: Four Frame Model for Understanding and Managing Organizations

- Structural Frame - treat an Organization as a Factory propelled by Rules, Policies, Procedures, Systems, Hierarchies
- Human Resource Frame - treat an Organizations as a Family made up of Individuals with Needs, Feelings, Prejudices, Skills, Limitations
- Political Frame - treat an Organization as a Jungle where parochial/narrow interests compete for power and scarce resources.
- Symbolic/Cultural Frame - treat an Organization as a Temple/Tribe propelled by Rituals, Ceremonies, Stories, Heroes, Myths

25 C1: Structural Frame: Assumptions

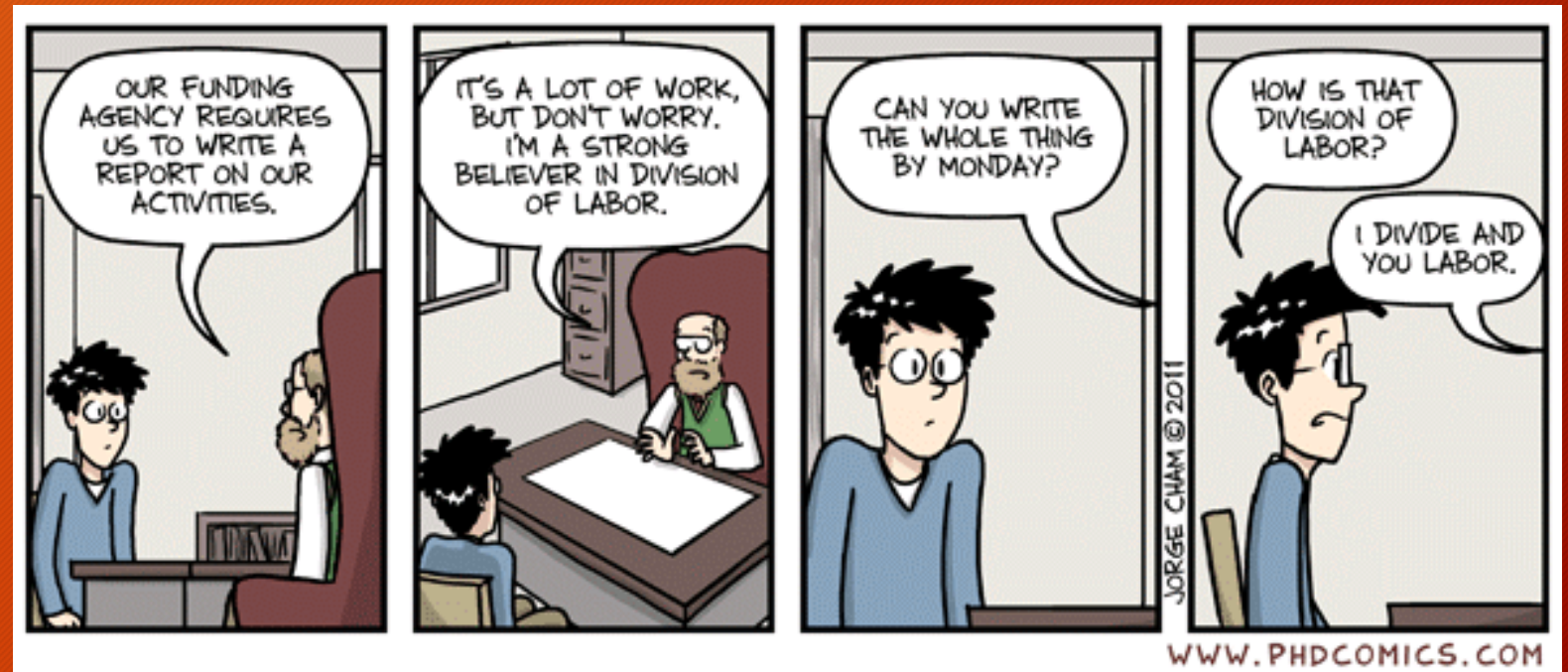
- Organizations exist to achieve established goals and objectives
- Specialization and division of labor increase efficiency and performance
- Appropriate forms of coordination and control are essential
- Organizations work best when rationality prevails
- Structure must align with circumstances (goals, technology, workforce, environment)
- Problems arise from structural deficiencies.

C1: Structural Frame: Role of Manager

- Role of Manager - Architect
- Basic Leadership Challenge - Attune structure to task, technology and environment
 - How to allocate work (differentiation)?
 - How to coordinate diverse efforts after parceling out responsibilities (integration)?
- Dilemmas
 - Gap vs Overlap
 - Underuse vs Overload
 - Excessive Autonomy vs Excessive Interdependence
 - Goal-less vs Goal-bound
 - Too Loose vs Too Tight

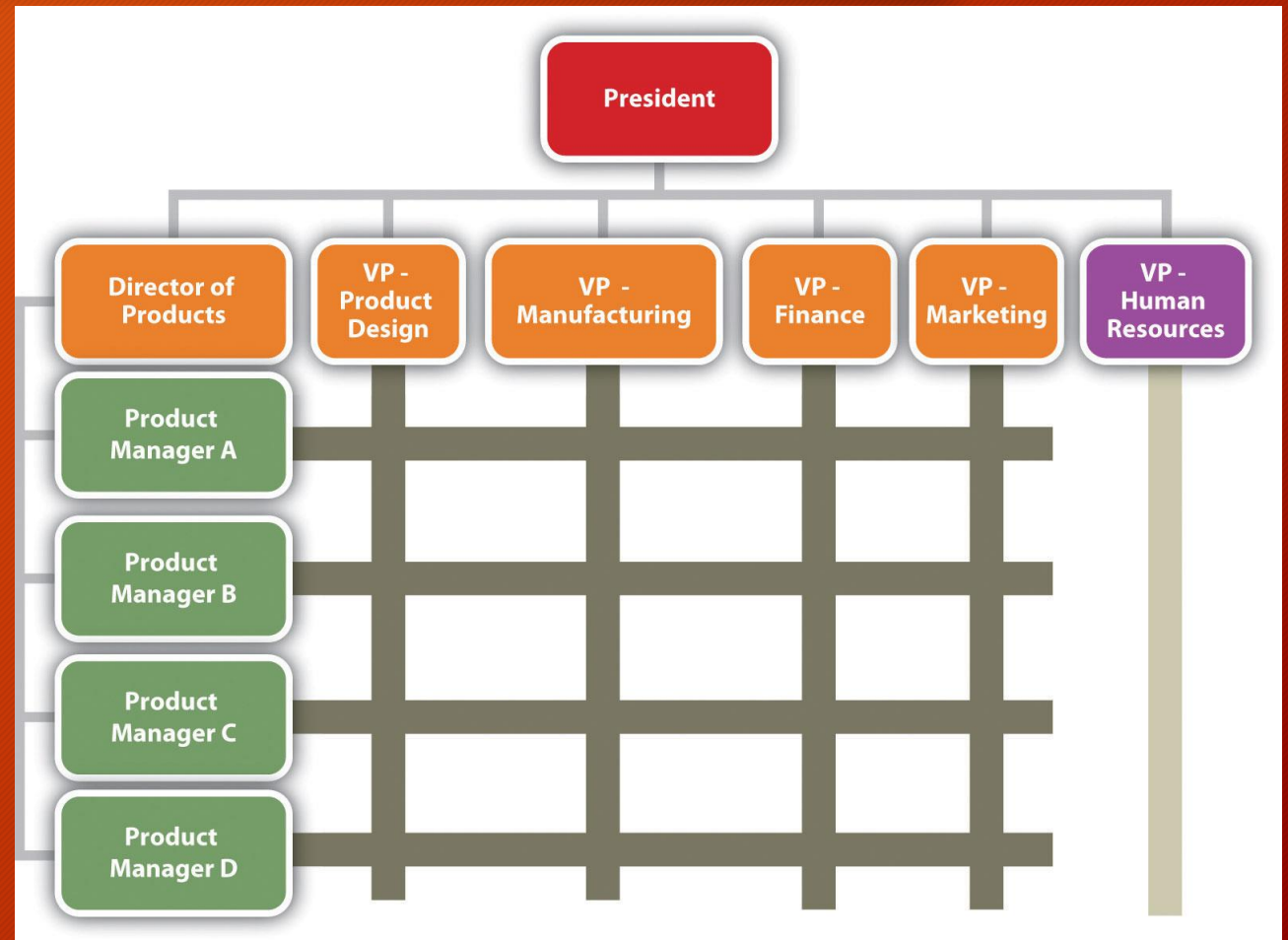
C1: Structural Frame: Options for Differentiation/Division of Labour

- Functions
- Time (shift)
- Product
- Customer or Clients
- Place (Geography)
- Process



C1: Structural Frame: Options for Integration

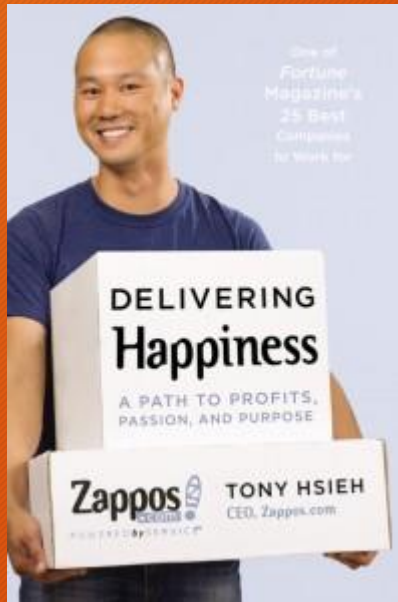
- Vertical Coordination through
 - Authority, or
 - Rules and policies, or
 - Planning and control systems
- Lateral Coordination through
 - Meetings, or
 - Task forces, or
 - Coordinating roles, or
 - Matrix structures, or
 - Networks



C1:Structural Frame: Why Structure Differs??

Dimension	Structural Implication
Size and age of organization	Complexity and formality increase with size and age
Core process	Structure needs to be aligned with core process or technology
Environment	Stable environment rewards simpler structure Uncertain, turbulent environment requires a more complex, flexible structure
Strategy and goals	Variation in clarity and consistency of goals requires appropriate structural adaptation. Ex: startup vs established
Information technology	IT permits flatter, more flexible and more decentralized structure
Nature of workforce	More educated and professional workers need and want greater autonomy and discretion

C1:Structural Frame: Amazon vs Zappos



Amazon	Zappos
Online Retailer, Successful and Known for Customer Service	
Tight structure relies on technology, precise measurement, close supervision, zealous focus on customer	“Culture of happiness” rather than “Culture of metrics”
Amazon workers are “treated like a piece of crap”	Zappos is an environment of “weirdness and fun”
Steers customers to website rather than to employees	Wants highly motivated, happy employees to create personal and emotional contact with customers
Both achieves Customer Satisfaction through entirely different Structure	

C2: Why Structural Redesign fails to bring Change

- HR issues
 - Rewards do not reinforce new structure
 - Lack of training & skill development required to work in new design
- Political issues
 - Tension between competing stakeholders & their interests
 - Resistance to loss of power and/or status
- Cultural issues
 - Lack of cultural fit
 - Informal networks persist eg trust, advice, communication
 - People interpret and 'redraw' structure to fit own position and reality

C2:Human Resource Frame: Assumptions

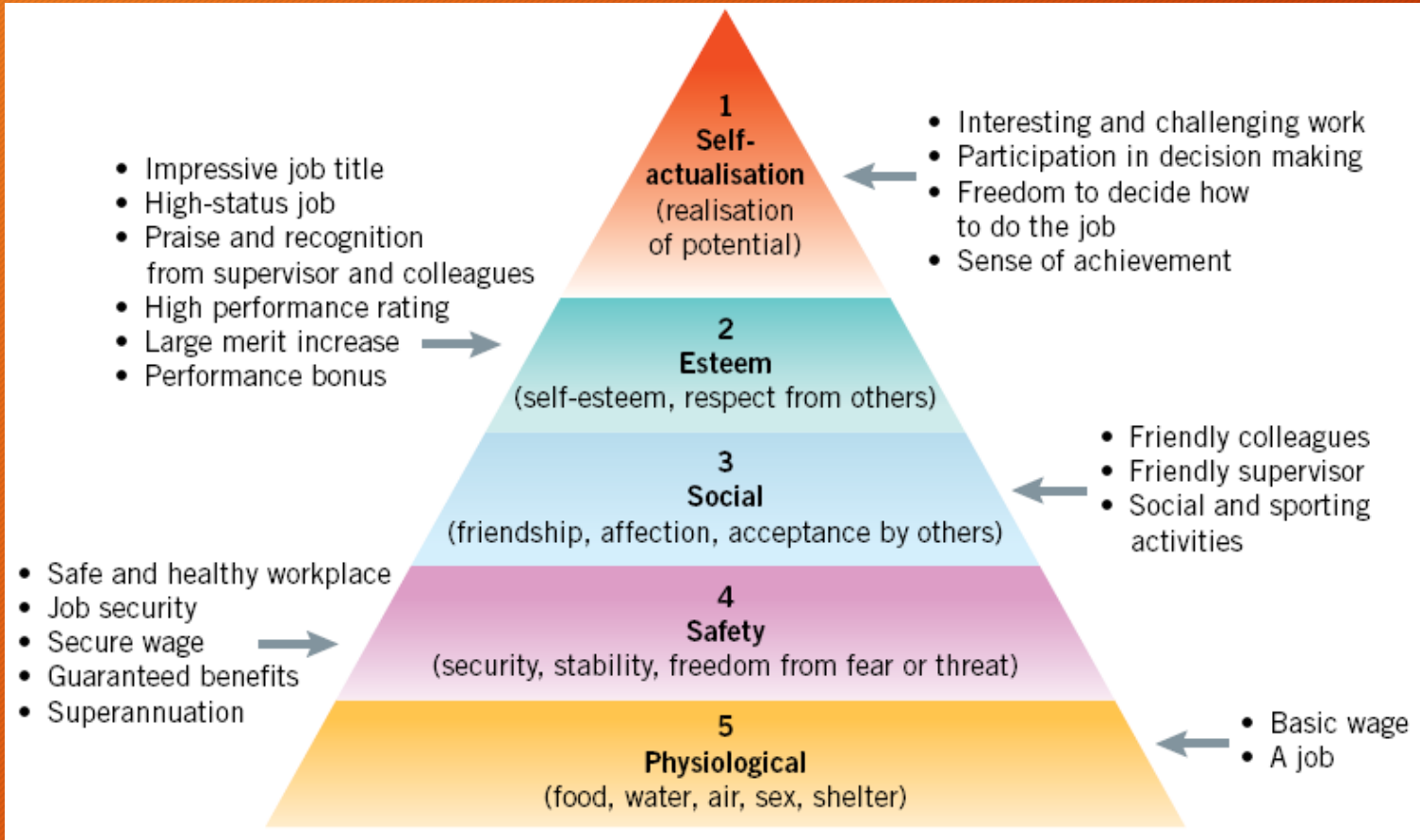
- Organizations exist to serve human needs
- People and organizations need each other
- When the fit between individual and system is poor one or both suffer
- A good fit benefits both

C2: Human Resource Frame: Role of Manager

- Role of Manager: Empower others
- Basic Leadership Challenge - Align organizational and human needs
- Dilemmas (Please read: “On the folly of rewarding A, while hoping for B”, by Steven Kerr)

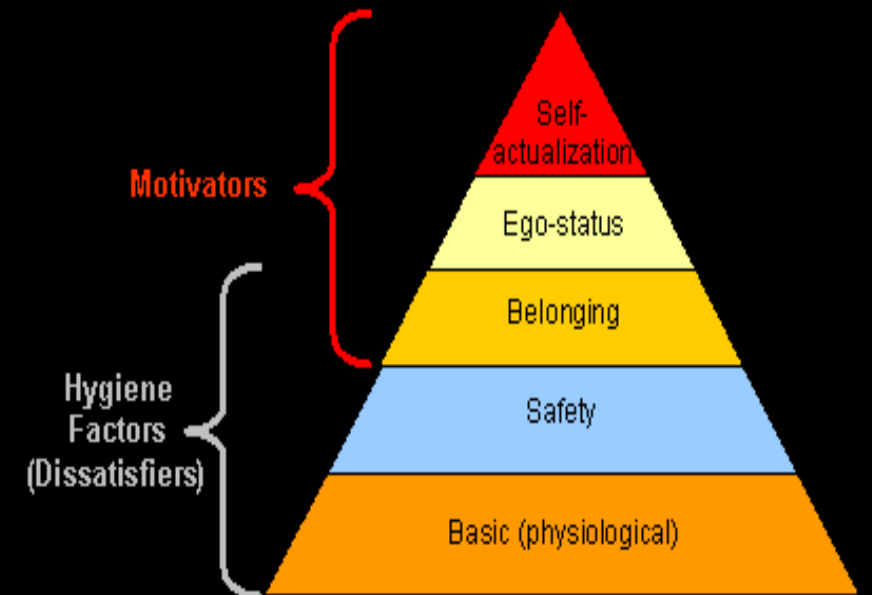
<i>Organizations hope for...</i>	<i>But they often reward...</i>
Long term growth	Quarterly earnings
Teamwork	Individual effort
Downsizing, rightsizing, delayering, restructuring	Adding staff and budget
Commitment to total quality	Producing on schedule, even with defects
Surfacing bad news early	Reporting good news, agreeing with the boss

C2: Human Resource Frame: Human Needs



Motivation: Maslow's Hierarchy of Needs & Herzberg's Motivation-Hygiene Theory

Five needs systems which account for most of our behavior



C2:Human Resource Frame: Best Strategies

- Develop a long-term organizational commitment to of human resources philosophy (human matters!!!)
- Invest in people
 - hire the right people and reward them well
 - provide job security
 - promote from within
 - train and educate
 - share the wealth of success
- Promote Diversity
 - Gender
 - Race

C2:Human Resource Frame: Best Strategies

- Empower people through Work Redesign. Because individual needs
 - to see their work as meaningful and worthwhile
 - to use discretion and judgment so they can feel personally accountable for results
 - to receive feedback about their efforts so they can improve
- Hold Managers Accountable



C2: Human Resource Frame: The Costco Way

- Costco's average pay, for example, is \$17 an hour, 42 percent higher than its fiercest rival, Sam's Club
- Covers 90% of health-insurance costs for both full-timers and part-timers
- Costco rewards employees with bonuses and other incentives
- It promotes from within, encourages workers to make suggestions and to air grievances and gives managers autonomy to experiment with their departments or stores to boost sales or shave expenses as they see fit



C3:Political Frame: Assumptions

- Organisations are comprised of coalitions
- There are enduring differences in values among individuals and groups
- Decisions involve the allocation of scarce resources
- Conflict is endemic; power is the most important resource in its resolution
- Organisational goals and decisions emerge from bargaining and negotiation

C3:Political Frame: Role of Manager

- Role of Manager - Politician
- Basic Leadership Challenge -
 - Developing a direction
 - Building a base support
 - Maintaining working relations both with allies and opponents
- Dilemmas
 - Morality and Politics - Principle of Moral Judgement,
 - Mutuality - operating under same understanding of the rule of the game
 - Generality - principles applicable to all comparable situations
 - Openness - make thinking and decisions public and confrontable
 - Caring - concern for legitimate interest and feeling of others

C3:Political Frame: Political Skills

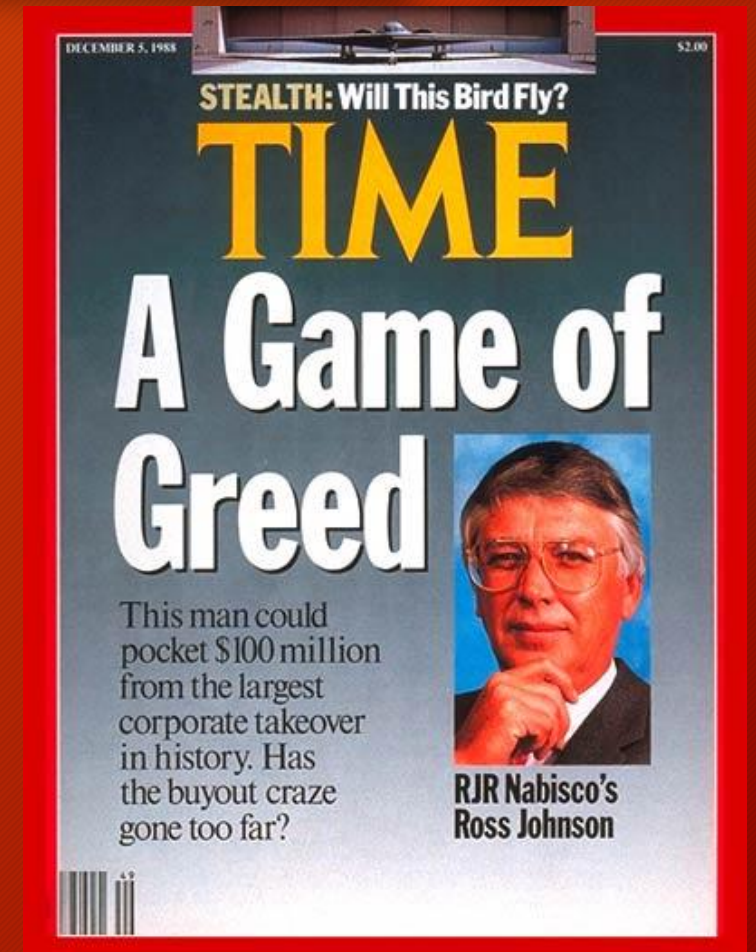
- Agenda setting
 - Creating a vision balancing the long term interest of key parties
 - Creating a strategy for achieving the vision while recognizing competing internal and external forces
- Mapping the Political Terrain
 - Step 1 - determine channels of information communication
 - Step 2 - identify principal agents of political influence
 - Step 3 - analyze possibilities for mobilizing internal and external players
 - Step 4 - anticipate counterstrategies that other are likely to employ

C3:Political Frame: Political Skills

- Networking and building coalitions
 - Step 1 - identifying whose support you need
 - Step 2 - assess resistance (Who, why and how strongly)
 - Step 3 - creating relationships to facilitate communication, influence and negotiations to deal with resistance
 - Step 4 - if step 3 fails, use more subtle or forceful method (save your more potent weapons until you really need them)
- Bargaining and negotiation
 - Separate people from problem
 - Focus on interests, not on positions - don't get locked into a particular position
 - Invent options for mutual gain instead of locking on first alternative
 - Insist on objective criteria for negotiation based on fairness; ex - divide pie

C3:Political Frame: Barbarians at the Gate - The Fall of RJR Nabisco

- In 1988, the CEO of the firm announced a bid of \$75 per share to take the firm private in a management buyout(LBO)
- Another bid of \$90 per share by Kohlberg Kravis and Roberts (KKR) was followed
- At the end, KKR emerged from the bidding process with an offer of \$109 a share, totaling \$25 billion
- By April 1995 (<http://www.bloomberg.com/news/articles/1995-04-02/barbarians-revisited>)
 - shed more than 46,000 employees
 - sold off \$6.2 billion worth of businesses
 - market value fell from \$25 billion to \$21.1 billion



C4:Symbolic Frame: Assumptions

- What is most important is “not what happens” but “what it means”
- Uncertainty and ambiguity lead to use of symbols to resolve confusion, find direction, anchor hope & faith
- Culture forms the superglue that bonds an organization, unites people and helps an enterprise to accomplish desired ends

C4:Symbolic Frame: Role of Manager

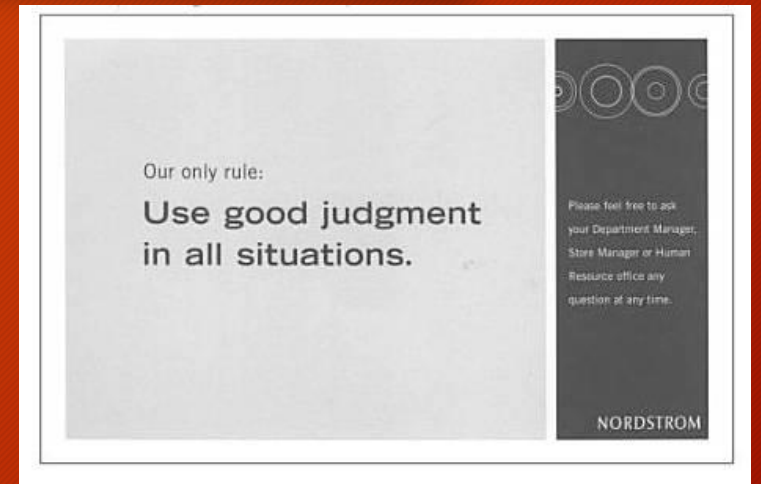
- Role of Manager - Meaning Maker
- Basic Leadership Challenge -
 - Utilize the power of symbols as symbols mediate the meaning of work
 - Giving people something they can believe in
 - Identify and focus on core activities that gives meaning to employees
- Dilemmas
 - Organizational culture - positive force or negative force
 - National culture - Hofstede's four dimensions
 - Power distance
 - Uncertainty avoidance
 - Individualism
 - Masculinity-femininity

C4:Symbolic Frame: Nordstrom's Rooted Culture

Legend says,

“About a dozen years ago, a man walked into the Fairbanks, Alaska, Nordstrom department store with two snow tires. He walked up to the counter, put the tires down and asked for his money back. The clerk, who'd been working there for two weeks, saw the price on the side of the tires, reached into the cash register and handed the man \$145.

Nordstrom never sold tires. They sell upscale clothing!!!”



C4: Integrating Frames: Examples of Four Interpretations

Organizational Process	Structural Frame	Human Resource Frame	Political Frame	Symbolic Frame
Decision making	Rational sequence to produce correct decision	Open process to produce commitment	Opportunity to gain or exercise power	Ritual to confirm values and provide opportunities for bonding
Meeting	Formal occasions for making decisions	Informal occasions for involvement and sharing feelings	Competitive occasions to win points	Sacred occasions to celebrate and transform the culture

C4: Reframing: Resistance to change and Strategies to overcome

- Parochial self interest - desire not to lose something of personal value
 - Negotiation and agreement
- Misunderstanding and lack of trust - Misunderstanding the change and its implications
 - Communication, participation and involvement
- Different assessments - A belief that the change does not make sense for the organization
 - Education and communication
- Low tolerance for change - Fear that it will be difficult to adjust, learn new skills
 - Training, facilitation , stress management and support

References

- Bolman, Lee G., and Terrence E. Deal. *Reframing organizations: Artistry, choice, and leadership*. John Wiley & Sons, 2013