

JOHN MCAULEY JOANNE DUBERLEY PHIL JOHNSON

Second Edition

ORGANIZATION THEORY

Challenges and Perspectives



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A highly relevant book... contrasting with more traditional books about organization

Henrik B. Sørensen, Aarhus University, Denmark

The writing style is clear and concise, and consistent across chapters. It is particularly well written for students whose first language is not English.

Dr Melissa Tyler, Essex Business School, UK

Its excellence is its depth and effort to map out in a sensible yet academically rigorous way an enormous field of work. Succeeds admirably.

Dr. Paul McGrath, Smurfit School of Business, University College Dublin, Ireland

Exploring organization theory from its origins right up to present-day debates, the authors encourage the reader to engage in a critical dialogue between varying perspectives. Using various forms of organizational theory that both underpin and challenge common sense ways of viewing (and managing) organizations, the aim of this new edition is to provide a clearly structured and interesting exploration of the ways in which the variety of theories and perspectives that constitute Organization Theory provide profound challenges for organizations in the twenty-first century.

If you need to know what organization theory is and why it matters, what impact it has on today's organisations and what challenges it poses, as well as the solutions it can offer, this is the book for you. Thoroughly revised and updated, with new sections on theoretical developments in the field, the new edition of *Organizational Theory* includes a rich set of pedagogical features to support the reader, including:

- Stop and Think boxes to invite personal or group reflection
- Brief Biographies of seminal thinkers
- Case Studies on organizations such as Lehmann Brothers, The British Geological Survey and Microsoft
- Ideas and Perspectives features introduce and summarize key theories
- Greater coverage of the relationship between organization theory and management.

This book is suitable for final year undergraduate or postgraduate students for whom the study of organizational theory, analysis and design is an integral part of their degree programme. The text should also be of interest to students studying courses on management, and organizational behaviour.

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the work environment so that employees can ‘feel good’ about themselves and their work environments (Knights and Willmott, 1999).

In historical terms, the human relations interest in culture goes back to an interest in ‘social organization’ already mentioned. In the United Kingdom, the first sustained discussion of ‘organization culture’ appeared in 1951 in Elliott Jaques’ *The Changing Culture of a Factory*. Growth in interest in organization culture was slow. Texts that mentioned ‘culture’ tended to do so in relation to cultural communication in dealing with people from other nations, although there was an acknowledgement that anthropologists had ‘long claimed that a knowledge of culture is valuable’ to the manager and indeed that people in business were beginning to take this claim seriously (Whyte, 1969, p. 167). This interest did not reach fruition until the 1980s. In 1982, Terrence Deal and Allen Kennedy produced the first edition of their book *Corporate Cultures: The Rites and Rituals of Corporate Life*. This was followed a couple of years later by the first edition of Edgar Schein’s *Organization Culture and Leadership* (1992) to be followed by many other writers that come from a wide variety of perspectives and theoretical positions.

Of that first edition, Schein (1992) wrote: ‘There was a great interest in understanding and managing culture because it was perceived to be not only a concept that could explain many organizational phenomena but also something that leaders could manipulate to create a more effective organization’ (p. xi). There are three strands to this comment. There is the neo-modernist desire to understand and explain organizational culture, to develop a practical theory of organizational culture. Secondly, there is the human relations idea that understanding culture can lead to improved management of culture. The third idea is that culture is something that leaders could manipulate. This takes the development of organization culture into the ‘new-wave’ approaches discussed in Chapter 5 in which culture is used as a means of establishing control over members. Although in the literature on organizational culture some writers are clearly in the human relations tradition and others are clearly new wave, the boundaries between human relations approaches and the new-wave approaches can be blurred.

The organization theorist Dennis Mumby (1988) describes the neo-modernist approach as one that is ‘pragmatic’. In this perspective, the culture is something that the organization *has* as an organization sub-system. It is there to be discovered by perceptive members so that they can ‘assess the degree to which shared meaning systems are detrimental or beneficial’ (p. 8) to the organization. From a neo-modernist pragmatic perspective, there are times when it is possible to attempt to create and develop a uniform organization culture with an idea that all members of the organization live and breathe in the same culture. More often, however, Mumby suggests that pragmatic managers use ideas and models of culture to try to develop an existing organizational culture. In this approach to managing organization culture, the approach is to acknowledge that different groups in the organization – for example, marketing, human resources, production and so on – live in somewhat different ‘cultures’ and then work towards as strong a level of cultural sharing as is possible.

There are two major strands in the pragmatic neo-modernist approach to organization culture both of which have been influential in contemporary debates.

Creating a culture that gives meaning to work

The first strand is connected with the desire to create organizations that are meaningful for those who work in them. A key aspect of the human relations school is that the organization is a place in which there is a shared ‘sense of moral order and social collectivity’ (Starkey, 1998, p. 126). In the earlier human relations literature, there is a strong emphasis on the

organization 'a highly developed and closely co-ordinated system of interhuman activities. It is logically defined by an economic -purpose. And to achieve that purpose it requires great and continuing social cohesion' (Whitehead, 1935, p. 6). In the later human relations literature, there is more of an emphasis on the *interplay* between the individual and the organization and the idea that people get a sense of identity through social recognition gained in the workplace (Knights and Willmott, 1999). Identification within the organization can be gained through a culture that respects the psychological contract between the individual and the group and the organization.

This understanding of organization culture led ultimately (alongside other influences) to the development of the 'corporate culture' model that pervaded much of the management literature of the 1990s and into the present. The British organization theorists David Knights and Hugh Willmott (1999) suggest that the emphasis on members' feelings of belonging to the organization through shared values has taken over from more traditional ways of managing behaviour such as hierarchy and structure. Because this emphasis on shared values developed into an interest in *manipulating* them so that they begin to be used to *control* behaviour with specific tools and techniques of cultural control, it tips over into new-wave approaches discussed in Chapter 5.

■ Developing understanding of culture

The second strand in the development of pragmatist neo-modernist thinking was in the development of an *understanding of the nature* of organization culture. As the Hawthorne Studies proceeded, Roethlisberger and Dickson way back in 1939 realized that a crucial step in the interpretation of the attitudes of employees and supervisors was to get beneath the surface attitudes of members to get to a deeper level – the 'meaning or function' of these attitudes – such as looking at the values that lie behind what people say. This insight contributed to the development of an understanding of organization culture that pervades 'pragmatic' theory.

This approach has led to the rise of models that enable managers to undertake exploration of, and then 'manage', culture. The American academic and writer on organization communications Philip Clampitt (2005) shows why this emphasis on values and the role of the manager in understanding them is so important:

IDEAS AND PERSPECTIVES

Psychological contract gives work meaning

The psychological contract is the extent to which we see a relationship between the values that we hold as individuals and those that we identify as inherent in the culture of the organization. It is the extent to which we feel we can legitimately meet the expectations 'the organization' places on us and the extent to which 'the organization' can have legitimate expectations of us. The psychological contract reflects our beliefs and assumptions about the nature of work and life and our understanding of the 'culture' of the organization (Boyatzis and Skelly, 1995). In these terms, a 'good' psychological contract is when we experience high compatibility between individual values and those of the organization; a 'poor' psychological contract is when we feel low compatibility – when individuals feel abused by 'the organization' or 'the organization' feels that its members, as individuals, are 'taking advantage' of it.

The effective leader teaches employees what the corporation values, why it is valued and how to transform values into action. Education of this sort requires special skills. Employees, like students, do not always see the value of what they are doing until after they have done it. They may tire, get discouraged, or even resist. Yet, the thoughtful manager overcomes these hindrances while engendering commitment to corporate values and inspiring employees to enact them. They view the values as DNA which should be replicated throughout the organization. Ultimately, the values must move from objective statements to subjective realities. (p. 55)

In this quotation, we can see some of the core elements of the human relations approach to neo-modernism with also some hints of a more controlling 'new-wave' interest. It is interesting to notice the primary importance Clappitt gives to the leaders and managers as the 'holders' of the values and the culture and the way he depicts employees as somehow wayward and need to be 'educated' into the corporate values. There is also contained here a notion that in some way, the corporate values are 'objective', factual statements of the way the organization 'should be', so that corporate values become the organizational 'truth' and the key to success is that the members of the organization internalize those values.

Developing a 'practical theory' of organizational culture

At the start of this chapter, we discussed that one of the key features of neo-modernism is the way it takes theoretical perspectives from the social sciences; uses methods from these social sciences; and using a neo-modernist perspective, presents 'practical' ideas that can be applied in organizational contexts. The development of neo-modernist approaches to organizational culture has been drawn mainly from particular traditions in anthropology and sociology. They also look at culture as one of the sub-systems of the total organizational system but in a different way from the modernists. In the discussion of the modernist understanding of culture, it was represented as a sub-system along with the other sub-systems. To the neo-modernist, organizational culture is represented as a sub-system that permeates the others. It is the 'social glue' that binds the other sub-systems together – or in times when there are differences in values between members of the organization, it can be the source of dissent and differences.

In the neo-modernist tradition, organization culture is described as a system with different levels, from the more superficial aspects to the deeper. The organizational psychologist Schein (1992) suggests that culture can be found at three levels. At the surface level are what he calls *artefacts*. These are the visible aspect of the culture such as the physical environment, the language that members use, their appearance and other 'phenomena that one sees, hears, and feels when one encounters a new group with an unfamiliar culture' (p. 17). An important issue that Schein raises is that although phenomena at this level are easy to observe, they can be difficult to decipher; they can provide clues to deeper levels but can also be deceptive. At the second level are the *espoused values*. These values that are shared within the group or organization enable members to reduce uncertainty in crucial areas of their operation. The third, deepest layer is what he calls the *basic assumptions*. These are values, beliefs about 'what works' that have become so taken for granted by members that they are rarely, if ever, questioned. They are assumptions that members make that guide their behaviour.

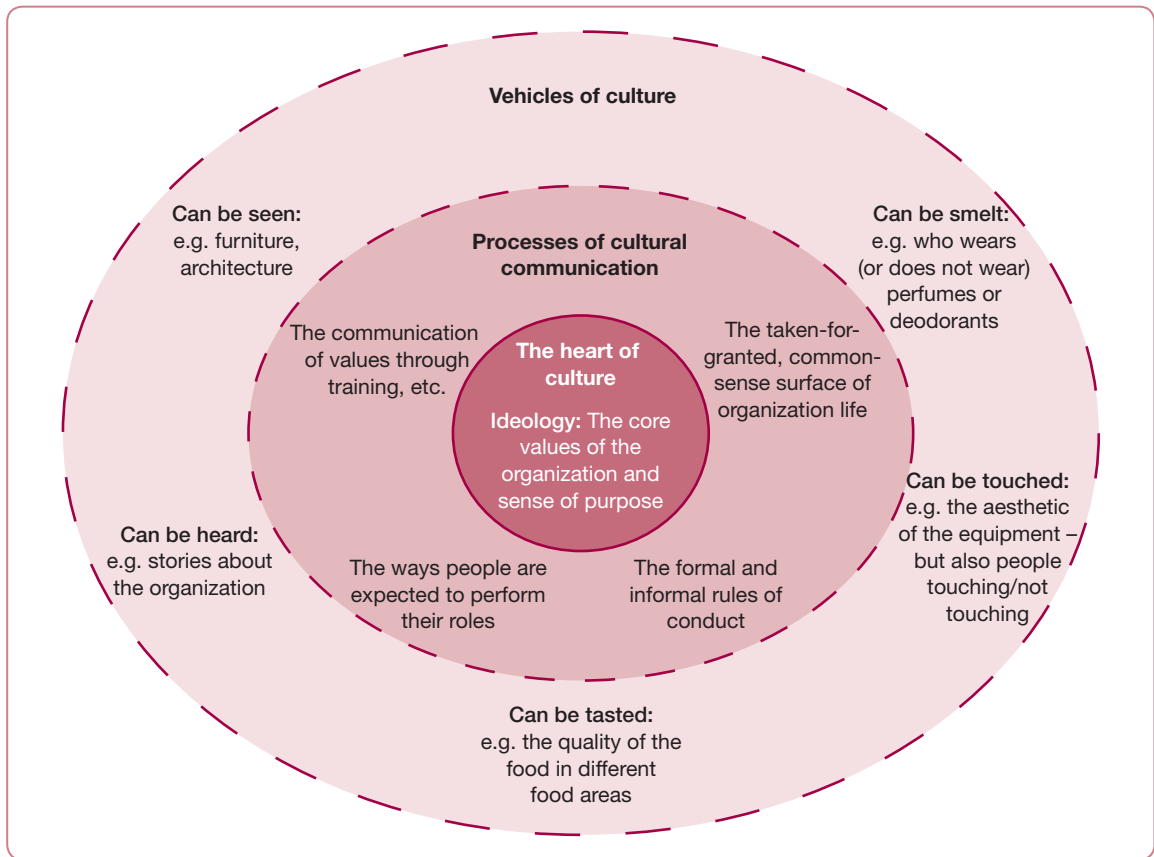


Figure 4.9 Three layers of organization culture

(Source: Based on McAuley, 1994.)

The model presented in Figure 4.9 echoes some aspects of Schein's model of culture but also contains different elements. It is a model that can be used to explore and understand the culture of a group, department or even, when there is a relatively uniform culture, an organization.

The vehicles of culture

These are aspects of culture that can be seen, heard, smelt, tasted and touched. These are physical evidences of culture that can give important clues about the culture, although they can also be misleading. One of the leading neo-modernist writers on organization culture, Schein (1992), warns against making easy interpretations of this layer (which he calls artefacts). This is because these vehicles of culture can be a fabrication or a front to hide deeper aspects of the culture. He also suggests that when we make interpretation of this layer, we should be careful that our interpretation is not clouded by our own assumptions about organizational life. If we bear this in mind, the sorts of thing we might find at this level are:

- **The design of the offices, public spaces and equipment can be expressions of core values.** It is interesting to look at the entrance and foyer area of an organization and

to interpret what signals these public, front stage spaces give about the nature of the organization and then to go backstage. Are the places where employees work neat and tidy, or are they chaotic? What can be interpreted from this about deeper issues in the culture? Looking at design also includes developing an understanding of the equipment that people use.

- **The stories that people tell about the organization can give insight.** There are various forms of storytelling. There are the ‘official stories’ about the organization that are reflected in the marketing literature and in documents such as the corporate plan. Then there are the stories that people tell about the organization that reflect the ebb and flow of the organization’s history – these are referred to as the *organizational sagas* that tell the story of how the organization has achieved what it has achieved. There are also the organizational heroes (who personify the organizational values) and the villains (those who have failed the organization in some way). In approaches to organization culture that discuss it as something that an organization *is* rather than something the organization *has* as sub-system, the concept of stories becomes much more powerful; this is discussed in Chapter 9.
- **Issues of smell, touch and taste can tell us something about deeper issues.** In many organizations, these can be subtle but important. In the matter of ‘smell’, most organizations aim to be neutral, but there can be issues about who wears (or does not wear) perfumes and deodorants at work – and indeed, some organizations have ‘rules’ about not wearing perfumes. In relation to touch, there is the extent to which there are ‘rules’ about who can touch who and where they can touch. In some organizations, any idea that one person can actually touch another would be strictly forbidden; in others, touch (within boundaries) is seen as quite a legitimate way of expressing the working relationship.

Example: The computer as icon

In the offices of the publisher of this text, most of the staff use the standard personal computer (PC). However, not ‘the designers’. They use Apple Macs. They have stacks of magazines about them and talk about how magnificent their computers are in comparison with the mundane PC. From the point of view of the designers, their computers differentiate them from other members of staff; from a corporate point of view, letting the designers access the Apple Mac is a symbol of the respect given to the creativity of the designers.

■ The processes of the communication of culture

This second layer takes us to the ways the culture is communicated between members. This level includes features such as:

- The ways the **rituals** of everyday organizational life are handled. A key example of this is the way regular formal meetings are conducted, the way the agenda is created and the extent to which it is followed, the patterns of power and who gets heard (and ignored) in the meetings and the sense of order (or disorder) that pervades the meeting.
- The ways new members are **socialized** into the organization and **are expected to perform their roles**.
- The **taken-for-granted**, ‘**common-sense**’ aspects of organizational life. Over time, many of the ways we work in the organization become ‘common sense’ so that we no longer

question them. They become routine, and we communicate these ways of doing our work to others as 'the right way' to do them. This can be a very important aspect of cultural communication. This is illustrated in the following case study.

The 'heart of culture'

This is the deepest level of culture and as we shall see in later chapters there are many ways, aligned with the underpinning theory of organization, in which the idea of core values in organizations can be understood. Within the neo-modernist human relations tradition perhaps the best way to understand core values is through the concept of the 'strong culture'. Deal and Kennedy (1982) point to the way in which contemporary society is pervaded by a sense of uncertainty caused by the very condition of modern life with its relativism and sense that it is hard to distinguish what is right from what is wrong. The idea of the strong culture is that it provides members with standards, structures and values that enable members to feel a sense of purpose. As in early human relations theory, the organization with the strong culture provides a bulwark against an uncertain world. At the same time employees enter into a psychological contract that they cannot fail. In this sense 'control lies in the ability of the leaders to resolve uncertainty and insecurity. Employees . . . tend to do what they're told because they value (and depend on) the care and attention they are receiving and do not want to run the risk of being cast out into a hostile, uncertain and lonely world' (Bate, 1994, p. 48).

A tale of two cultures

In the case study that follows, a student on our master's course in materials and management wrote of his experiences of the contrasting cultures in a steel plant in England and a similar plant (which was also head office) in one of the Scandinavian countries.

CASE STUDY

The culture of steel-making in England and Scandinavia²

The student who wrote this is a graduate engineer in a steel plant in England who undertook a long secondment in Scandinavia. In this account, he dips in and out of the three levels of culture to come to some interesting and contrasting conclusions.

'During my time working with The Anglo-Scandinavian Steel Company I have been fortunate enough to work in different countries, including a secondment to work as a research and development engineer in Scandinavia. This opportunity gave me first-hand experience of understanding the differences between organizational cultures within a multinational company.

'In my experience, a key cultural contrast between the UK and Scandinavia, within The Anglo-Scandinavian Steel Company, is the value placed upon the employee as an integral part of the organization. UK organizations, not just my own, offer very little to the employee other than what is stipulated within their contract, everything else must be bought or earned – which is not necessarily a bad philosophy if it means getting the most out of an individual.

² This case study is reproduced by kind permission of the student and his company, the name of which has been changed.