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The relationship between business-level strategy and organisational culture

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Three broad levels are identified within which general systems may be classified. Levels 1 and 2 comprise what may be called the machine and biological sets (Pondy and Mitroff, 1979), and are consistent with the principles of the functionalist perspective. The third level is termed the cultural set (Pondy and Mitroff, 1979), and defines the organisation in a manner consistent with the interpretive perspective.

Each level incorporates increasing levels of complexity (Boulding, 1956), and the system of classification includes the characteristic that each level incorporates the less complex levels that precede it (Pondy and Mitroff, 1979; Chaffee, 1985). Accordingly, the interpretive perspective would incorporate the approaches within the functionalist perspective, and a complete analysis of organisations would require both perspectives to be adopted simultaneously (Boulding, 1956).

As a result, it is useful to consider a model of culture which can:

- represent the adaptational as well as the ideational school of thought, and
- reflect culture as a variable as well as an organisational metaphor.

Schein (1981, 1985) defines culture as a three-level construct which distinguishes surface manifestations from the underlying assumptions that form the the "essence" of the culture. Figure 2.2 represents this definition.

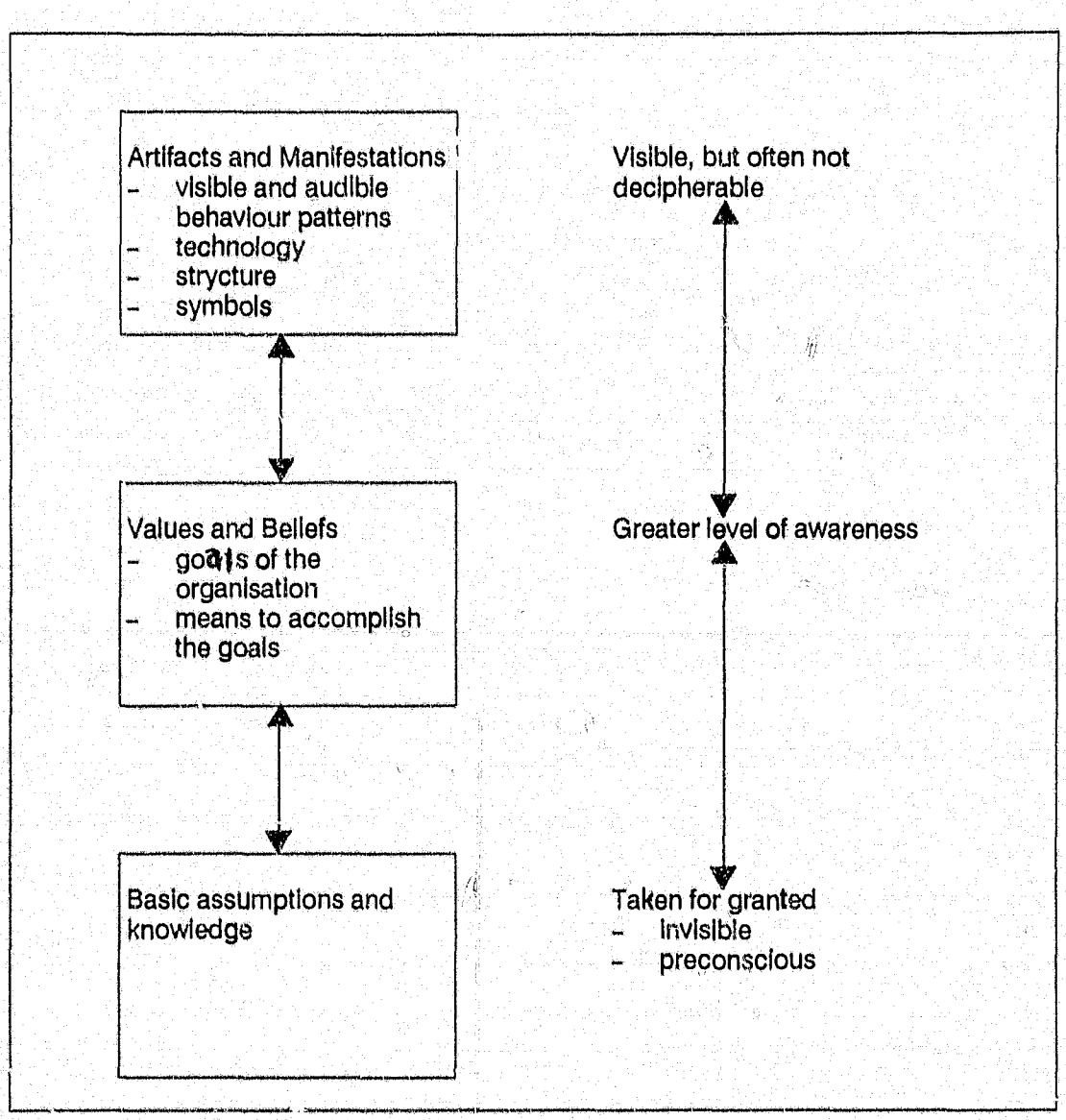


Figure 2.2: Definition of Culture

Source: Adapted from: Schein, E.H. Organisational Culture and Leadership. Washington: Jossey-Bass, 1985, p. 14

The various levels are defined as follows (Schein, 1981, 1985):

Level 1 - Artifacts and Manifestations

This is the organisationally created social and physical environment of the organisation. It includes all observable behaviour and phenomena, and is the most visible and researchable aspect of the culture. However, the various cultural manifestations will not always be decipherable through simple observation. Their meaning will only become clear with knowledge of the underlying values and assumptions.

Level 2 - Values and Beliefs

Values represent what "ought" to be, while beliefs refer to what "is". Collectively, they define the various means and ends of the organisation, and provide focus for collective organisational action. Values become beliefs through a process of cognitive transformation. This occurs when the values of the organisation are tested, and seen to produce favourable results. The values then become socially validated, and consensus develops about their relevance and worth. Once consensus develops, the values assume a taken-for-granted status and become accepted as beliefs. This represents a lower level of awareness and consciousness than values.

Schein (1985) points out that cognitive transformation is not automatic. Not all values become beliefs, either because the values themselves may be seen to produce undesirable results, or they may not be socially or physically testable. In these cases, they will remain values, often with acceptance by only some of the organisation's members.

Level 3 - Basic Underlying Assumptions

The third level represents those beliefs which have assumed extreme "taken-for-granted" status. These basic underlying assumptions are characterised by the fact that they enjoy wide acceptance with little variation within the group. As such, they conform to Argyris' (1982) concept of "theories-in-use" which provides guidelines for behaviour through patterns of belief. Basic underlying assumptions are generally non-debatable and non-confrontable. They provide the collective frame of reference and world view for organisation members.

Schein's definition and concept of culture adds an interesting dimension to those raised in the various approaches discussed above. It recognises that an organisation, or its culture, is manifested at various levels of awareness and consciousness, and that these levels are all linked together in different ways. The basic underlying assumption, which Schein (1981, 1985) views as the essence of the culture, is the organising construct for the values and beliefs held by members. The observable behaviour patterns, in turn, are the manifestations of these values and beliefs. Schein also points out that the meanings behind levels 1 and 2 only become apparent when the basic underlying assumptions are surfaced. This view is consistent with Mitroff (1983), Quinn and Hall (1983) and Quinn and

Kimberly (1984) who regard organisations and cultures as integrated constructs ultimately reflecting the basic world view of the group members.

Schein's concept of culture may also be seen in the context of the various perspectives and approaches discussed in this section. By combining both visible (artifacts and manifestations) and non-visible (values and beliefs, basic underlying assumptions) aspects of culture, Schein's approach embraces both the ideational and adaptationist schools of thought. It emphasises a point made earlier; namely, that most concepts of culture may be regarded from the point of view of that which is visible as observable patterns of behaviour, as well as that which exists in the minds of group members. Schein's definition may also be considered with respect to the next most important distinction in the concept of culture; that of culture as an organisational variable, or as a root metaphor to guide the study of organisation. As a variable, Schein's concept of culture can be seen as a product, or output, of organisation. The shared assumptions and values are a result of the organisation socialisation process to which members are subjected (Buchanan, 1974; Jones, 1983; Pascale, 1985; Sherman, Smith and Mansfield, 1986). These, in turn, will provide the framework within which organisation behaviour takes place. The Schein definition of culture may also be viewed as a metaphor to conceptualise organisation, i.e. as an organisation itself. The subjective view of organisation within the interpretive perspective conceives of it as a form of human expression, driven by a shared view of the world. Thus, the definition is consistent with both the functional (variable) and interpretive (metaphor) perspectives. As far as the different approaches within the interpretive perspective are concerned, Schein's definition can be seen to be reasonably representative. The basic underlying assumptions provide both a common world view through shared cognitions (Cognitive Approach) as well as a system of shared understandings through symbolic actions and behaviour (Symbolic Approach). In addition, the definition is consistent with the Structural/ Psychodynamic approach which contends that the organisation is a manifestation of the underlying structures of the members' unconscious.

Schein's integrated concept of culture/organisation is thus representative of the various approaches to the study of culture and organisation. It can obviously not capture all the richness and depth of the individual approaches, but it does nevertheless produce a working definition and concept of culture and/or organisation. Despite the misgivings of Geertz (1973) and Sathe (1983) about combining various definitions of culture, Schein (1985) believes that within this integrative model, distinctions still need to be made

between the underlying assumptions, values and beliefs, and physical manifestations. In addition, culture and/or organisation is ultimately a complex and multi-faceted phenomenon. Despite the need to analyse it from a variety of perspectives, it is vital to remember that all analyses produce findings which relate to the same integrated whole. A definition or concept which recognises this integration, therefore, makes a valuable contribution.

Finally, to conclude this section, the differences between the concepts of culture and climate will be discussed.

Culture versus Climate

The use of organisational "climate" as an analytical tool has not received the same degree of attention by management and organisation theorists as has the concept of culture. Glick (1985) comments that the notion of organisational climate still has a number of conceptual and methodological problems which have not yet been adequately resolved, but that it remains a valuable diagnostic tool. It is felt that the interest shown in culture has paralleled a decline in the interest shown in climate. Indeed, the interest in culture might well have consumed the concept of climate (Ashforth, 1985). Nevertheless, the similarity between the two concepts and the resultant confusion that this has generated, calls for a more precise analysis of their differences.

Climate is generally considered within the functionalist perspective of the ideational school of thought. It is regarded as an organisational variable within the systems framework, and as something which exists in the minds of the group members. Climate is the set of shared perceptions about the psychologically important aspects of the work environment (Woodman and King, 1978). Climate is therefore a perceptual abstraction which is shared in a relatively enduring way by the organisation members (Ashforth, 1985).

Climate is formed as a result of the interaction of the group members within the organisation (Blumer, 1967) and the effect of newcomers arriving into the organisation (Kotz, 1980). The meanings and perceptions that are generated in this way are socially constructed (Berger and Luckman, 1966) and negotiated interpersonally (Weick, 1979). The similarities with culture are therefore obvious, and it is best to define the differences as follows:

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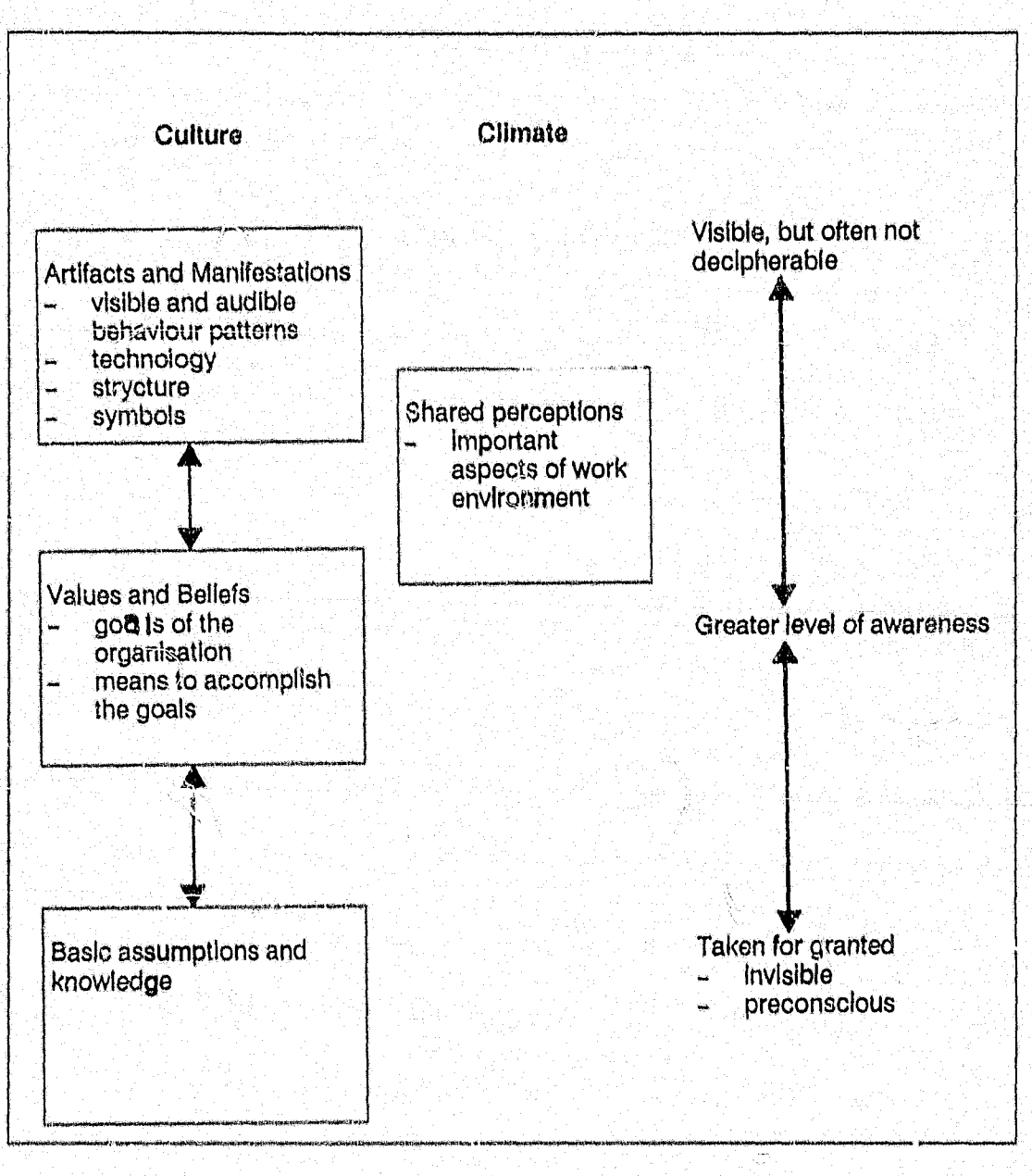


Figure 2.3 Comparing Culture and Climate

Culture is defined as shared assumptions, values and resultant patterns of behaviour. Climate, on the other hand, is defined as the shared perceptions held about this organisational construct. These differences can be placed in context using the integrative definition of culture discussed above.

Climate is seen as being closer to the objective world than it is to the underlying assumptions or values. In addition, the basic assumptions and values undergird the perceptions and inferences of the members (Ashforth, 1985). They help to define which aspects of the work environment are psychologically important. In other words, culture informs climate by helping to define what is important, and by actually impacting on, or

representing, the work environment. Ashforth (1985) points out, however, that a particular culture or organisation will not always result in a particular climate. This is because the culture, or concept, of the organisation may not be shared by all the members. In addition, it may not be internally consistent or coherent. Nevertheless, the organisational climate should always be seen in the context of the culture or organisation that gives rise to and sustains it.

Chapter 3

The Organisation as a Frame of Reference

The Organisation as a Frame of Reference

The Concept of Organisational Frames of Reference

The capacity that individual human beings have for expression is generally manifested in various activities and outcomes. The products of these actions are made available both to the producers and to others, as elements in a common world (Mannheim, 1952).

Berger and Luckman (1966) view this as the process of objectification, where the subjective feelings of individuals are made concrete to those around them. Signification is an example of objectification (Mannheim, 1956), where it may be seen as an index for subjective meaning. Various signification systems are used by organisations to indicate their values (Geertz, 1973). Language, in particular, may be regarded as an important sign system as it facilitates the transfer of organisationally-relevant information (Berger and Luckman, 1966). It is particulary important in conveying the important values and beliefs throughout the organisation, and in evoking a sense of common identity (Peters, 1978; Deal and Kennedy, 1982; Barley, 1983; Trice and Beyer, 1984; Feldman, 1986). This organisationally-relevant information may be termed the "social stock of knowledge" to which organisation members have access (Berger and Luckman, 1966). It will be seen in the next chapter that this concept plays an important role in the socialisation process occurring within the organisation.

The social stock of knowledge represents the accumulated experience and knowledge gained by organisation members during their organisational activities. Language plays a major role in the accumulation, storage and transfer of this knowledge. The accumulation process is selective, however, and is shaped by previously gained experience and knowledge. This phenomenon is consistent with the concepts of "limited search" (Cyert and March, 1963) and "bounded rationality" (Simon, 1957) which describe the behaviour of decision makers looking for information on which to base the generation of alternative

proposals. By virtue of this accumulation process, albeit a selective one, a social stock of knowledge, peculiar to the specific organisation, is built up and made available to members.

This portion of the stock of social knowledge that is shared by all members is known as the "common stock of knowledge" (Berger and Luckman, 1966). The common stock of knowledge includes knowledge of the individual member's situation within the organisation, and its limits. Participation in the common stock of knowledge thus permits the "location" of individuals within the organisation, and indicates the appropriate manner with which to deal with them.

Weick's (1979) notion of the development of collective structure is based on a similar concept. This process may be represented by Figure 3.1 below:

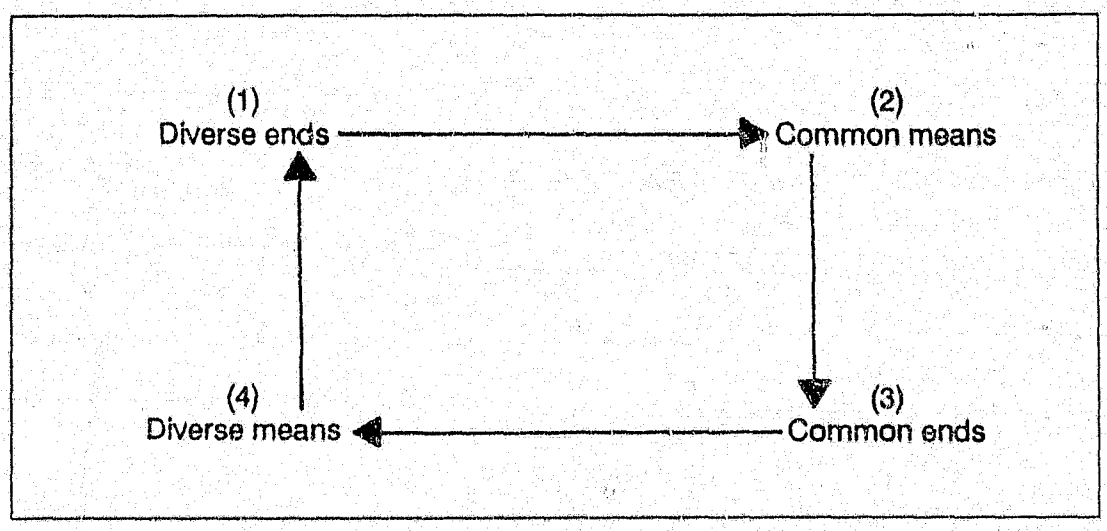


Figure 3.1 The Development of Collective Structure

Source: Adapted from: Weick, K.E. The Social Psychology of Organising. Reading, Mass: Addison Wesley, 1979, p. 91.

In the early stages of formation, members first converge on common means, rather than on common goals and objectives. At this point, a more basic agreement takes place which will permit members to pursue their own ends. They therefore agree on developing interdependence within the collective structure, as this permits them the initial freedom to seek their own goals and objectives. Once the members converge on interlocking behaviours, a subtle shift occurs away from diverse ends to common ends. The diverse ends remain, but they become subordinated to an emerging set of shared ends. Finally, a

move towards diverse means occurs when the need for greater specialisation and differentiation is felt.

Welck (1979) points out that the shift from common means (2) to common ends (3) is one of the most striking occurrences in collective structures. To a large extent, the development of a common stock of knowledge (Berger and Luckman, 1966) provides a collective frame of reference to structure and interpret the experiences of the members.

Simon's (1957) notion of bounded rationality implies that individuals have perceptual as well as information-processing limits and, even though they may intend to act rationally, they can do so only in a limited fashion. They will prefer using simple, unlabourious rules to search for solutions, rather than "reinventing the wheel". The collective frame of reference, or common stock of knowledge of the organisation, presents an opportunity for bounded rationality (Simon, 1957). Because it contains the sum of past, successful experiences and knowledge, it usually represents a viable shortcut for organisation members faced with a problem. However, the collective frame of reference contains sufficient rather than complete information, and therefore limits the decisions or solutions to a defined set of possibilities. Mannheim's (1956) view of the sociology of culture confirms this phenomenon. Societies and institutions may therefore be regarded as collective frames of reference which determine the content and nature of human thought and ideas. In this way, specific societies and institutions are seen to produce particular styles of thought and human activity.

This notion is developed further by Burgelman (1983) who identifies the impact of the collective frame of reference on the behaviour of organisational members. Focusing on the strategic management processes of organisations, it is argued that top management plays a somewhat indirect role in the strategic management process. All organisation members are involved in some form of strategic behaviour, and that this behaviour occurs within the so-called "corporate context". This represents the collective frame of reference and common stock of knowledge and it influences the strategic behaviour of the organisation members accordingly.

So far, what is being argued is that the collective frame of reference is a function of the previous experience and knowledge of the organisation members, and that it, in turn, influences the ongoing behaviour and accumulation of experience and knowledge of the members. At this stage, no attempt has been made to prove a one-way causal relationship. All that is being noted, is that there is an ongoing mutual interdependence. In

addition, it is observed that different frames of reference are associated with different patterns of interaction.

Organisational Integration

In a social environment, human activity is generally subject to habitualisation. By developing a routine where the often repeated behaviour or action is cast into a pattern, a considerable economy of effort is achieved. In addition, because of the reduced level of attention required to conduct the activity, the psychological burden is reduced, increasing the time and energy available for deliberation and innovation (Berger and Luckman, 1966). Habitualisation thus provides the opportunity for specialisation, an opportunity which is not otherwise provided by man's physiological equipment. In the case of a collective structure, habitualisation occurs in a reciprocal manner, manifesting in interlocking patterns of behaviour (Weick, 1979). Furthermore, certain activities within the overall pattern are typified by certain members, and these are generally referred to as roles (Berger and Luckman, 1966).

The existence of roles plays a major part in defining the organisation. The roles are objectificated behaviour patterns, and are available to members through the common stock of knowledge. Therefore, by playing a role, the individual becomes a part of the social world that is the organisation. In order to play the role, the individual has to master a certain portion of the common stock of knowledge. By learning and internalising these values and norms which are peculiar to the role, the member develops a specific frame of reference through which he/she views the world. Role knowledge can become very specialised, in which case it develops a somewhat esoteric content when viewed against the common stock of knowledge. Roles may therefore produce quite separate sub-universes of meaning for the organisation members engaged in them (Lawrence and Lorsch, 1967). This generally implies that these individuals have a subtly different perspective of the total organisation.

Where the organisation is large enough, groups of members may occupy certain roles, and they will develop their own shared frames of reference within the organisation. These might be termed sub-universes of meaning within the organisational whole. When this occurs, the organisation is best conceived as a collection of various interlocking, nested and sometimes conflicting sub-cultures, or sub-universes of meaning (Martin and Siehl, 1983; Riley, 1983; Berger and Luckman, 1966; Lawrence and Lorsch, 1967).

The existence of these sub-cultures, or sub-universes of meaning, is largely dependant upon the nature of the organisation's activities. Where the organisation is involved in a wide range of complex and different activities, it is likely to be more differentiated (Lawrence and Lorsch, 1967). This implies that many different sub-cultures will develop throughout the organisation, displaying differences in, amongst other things, goal orientation, time orientation, and the use of control devices to regulate patterns of behaviour and interaction.

It is pertinent to consider the means whereby the organisation is able to regulate and coordinate the activities of its members. The development of sub-universes of meaning around specialised activities is relatively common in organisations. However, despite these differences, the organisation still has the need to develop means-convergence if it is to achieve the benefits of collective structure (Weick, 1979).

Berger and Luckman (1966) point out that organisations have the potential to "hang together" due to natural forces within the collective structure. Firstly, a degree of reliance and interdependence exists amongst all members, in that their own ends are ultimately tied up in a joint effort. In other words, individual members recognise the need for means-convergence in order to achieve their own ends (Weick, 1979). Secondly, the members participate in the common stock of knowledge through the medium of language. This imposes a logic and meaning upon the organisation, and allows the members to become part of their surrounding social world. It may therefore be said that the integration and coordination of an organisation is brought about by the members' knowledge of it. By participating in the common stock of knowledge, individuals are made aware of the collective structure, and their knowledge of this ensures that the organisation is integrated and coordinated (Berger and Luckman, 1966). A circular relationship is thus indicated. The organisation is manifested in patterns of interlocking behaviour amongst its members. These behaviours and actions give rise to a common stock of knowledge to which members have access. The knowledge of the collective structure through the common stock of knowledge, in turn, ensures that the organisation remains coordinated and integrated.

In cases of increased complexity and diversity, however, additional integrating forces may be required to coordinate the diverse sub-universes of meaning (Lawrence and Lorsch, 1967). These are generally related to the nature of the interdependency which exists

amongst the various sub-universes (March and Simon, 1958). Thompson's (1967) analysis of interdependence within organisations demonstrates this. (See Figure 3.2 below).

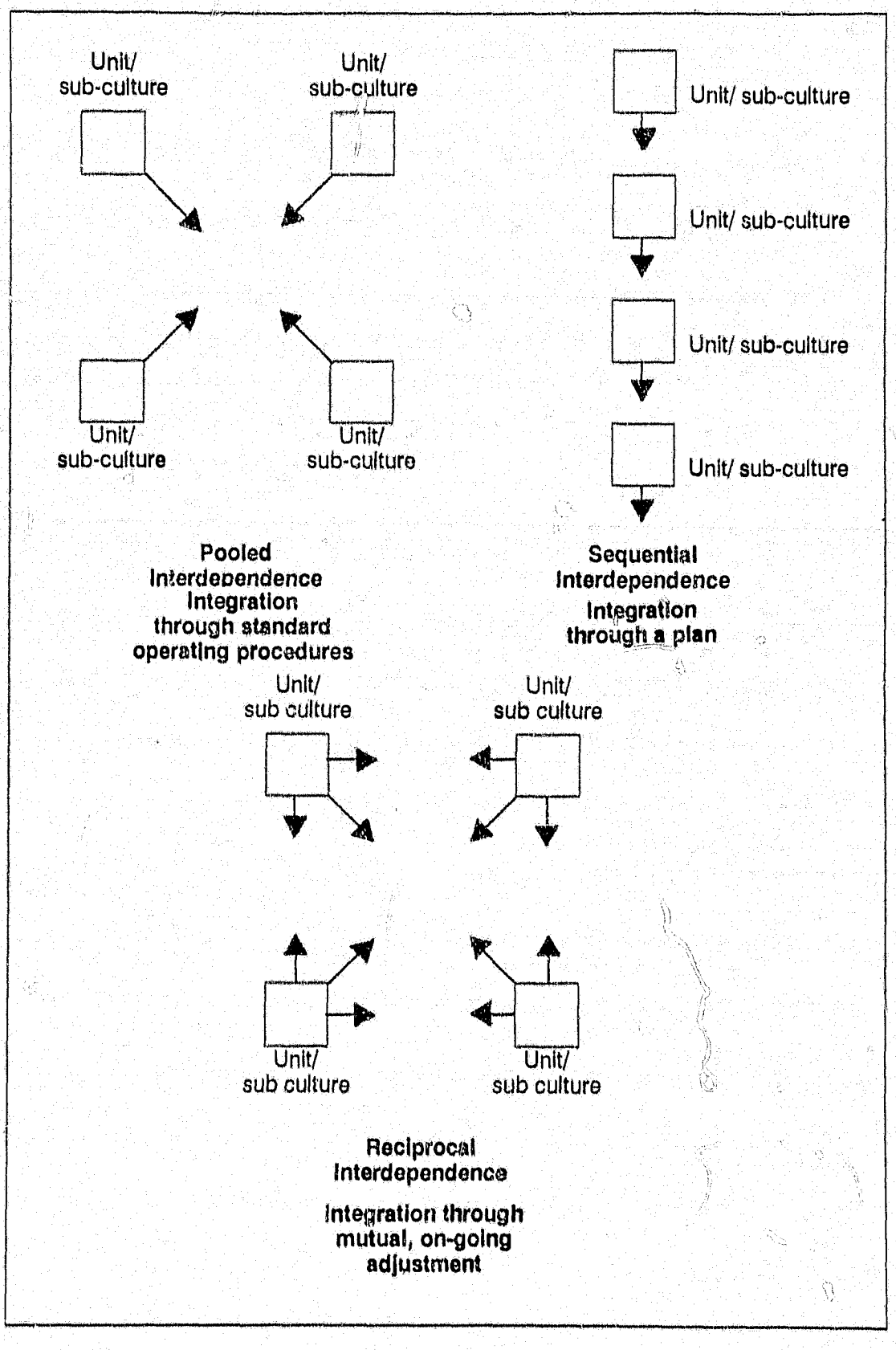


Figure 3.2: Organisational Interdependencies

The integrating forces are all part of the process known as "symbolic universe maintenance" (Mannheim, 1956). The symbolic universe is seen as the most powerful integrating mechanism in that it embraces all the various sub-cultures and sub-universes of the organisation in one all-embracing frame of reference. Although it may be constructed in part from social objectifications such as standard rules, plans and negotiated agreements, its meaning-bestowing capacity extends beyond this. A symbolic universe represents the sum of all meaning for the individuals concerned. All of the history and biography of the individuals are seen as events taking place within this universe. A whole new world is therefore created, where everything is put into "its right place". As a result, it provides a comprehensive integration of all the various behaviour patterns, and the entire organisation now makes sense.

Chapter 4

Organisational Socialisation

Organisational Socialisation

The Meaning of Socialisation

Man's social component continues developing throughout his life. This development occurs through the process of socialisation, which describes how man learns to understand his fellow-man and to co nd society as a meaningful social reality (Mannheim, 1956). Socialisation is gene.a.y thought of in two distinct phases (Berger and Luckman, 1966). Primary socialisation describes the process whereby an individual enters society as a newly born baby and methodically begins to develop an understanding of the broader social environment. Secondary socialisation is the acquiring of specific role knowledge and understanding within institutions.

Primary socialisation is marked by both cognitive and affective development. The individual acquires certain knowledge and information about his/her social environment, and develops feelings and emotions about the phenomena they represent. This process is influenced by significant people in the environment, such as parents or siblings. Generally, it is these significant others who impose definitions and explanations about the social environment upon the young person.

Secondary socialisation involves the internalisation of institutional sub-worlds. In other words, the individual learns about institutions, such as organisations, as subsets of the total social environment. Secondary socialisation generally involves the acquisition of role-specific knowledge, skills and language, and is determined by the individual's participation in the institution's common stock of knowledge. The need for, and process of, secondary socialisation is usually determined by the preceding primary socialisation; that is secondary socialisation must somehow impose a new, and perhaps more appropriate, frame of reference upon the initial frame, to allow the individual to meaningfully participate in the institution or organisation (Berger and Luckman, 1966). Often, a degree of inconsistency exists between the products of the primary and secondary socialisation processes. For example, a fervent non-smoker might be appointed to the position of marketing manager of a cigarette manufacturer. If he/she is to

successfully acquire the knowledge and skills required in the role, he/she will have to find a way to resolve the conflict.

However, this is not likely to be as difficult as it first might appear. Unlike primary socialisation, secondary socialisation does not necessarily require emotional involvement (Mannheim 1952). Our cigarette marketing manager can therefore acquire the knowledge, skills and language required to perform satisfactorily in the role, without developing a change in feeling about smoking. This characteristic of secondary socialisation means that roles may be formalised and developed anonymously; that is, they are readily detached from the individual performers. Thus, secondary socialisation does not necessarily presuppose a high degree of identification and commitment to the organisation.

There are, however, occasions when the institution or organisation may require some emotional involvement as well as cognitive understanding from the role-player. Alternatively, a specific role might require a greater emotional involvement. An example might be the technically competent musician who requires complete dedication to become an accomplished performer. In these cases, the increased emotional content in the learning process is required because of the competition from other reality-defining institutions and organisations. In the case of the organisation, it may require loyalty and commitment from members because of the highly competitive market in which it operates, while in the case of the musician, there might be other activities, such as sport or the theatre, competing for his/her attention. Because of these situations, it is common to view modern organisational socialisation activities as having a somewhat higher emotional content than the traditional theory would have us believe (Buchanan, 1974; Pettigrew, 1979; Ashforth, 1985; Pascale, 1985).

Pascale (1985) notes that the modern usage of the term "socialisation" has developed certain negative connotations, particularly in the organisational context. This has resulted in its under-utilisation as a tool for increasing organisational efficiency. A dilemma exists concerning the on-going debate about "individuality" and "socialisation". On the one hand, morality dictates that individuals retain the freedom to choose and remain able to express their individuality. On the other, there is a recognition that cohesion and organisational efficiency is improved with the homogeneity of the organisation members.

Organisation Socialisation

In organisational terms, socialisation is thought of as the process whereby the values, beliefs and "rationality" of the culture are transformed into subjectively held assumptions by the organisation's members (Jones, 1983). When newcomers enter an organisation, they are unfamiliar with its whys and wherefores, and are consequently unsure of their roles and status (Ashforth, 1985). They have to understand the organisation, so that they can act within it. As Katz (1980) points out, they have to build a situational identity which will allow them to understand, and be understood by the organisation. When this takes place, they are able to establish roles within their workgroups (Graen, Orris and Johnson, 1973) and become integrated into the patterns of interaction within the organisation. This might be likened to the means-convergence stage that Weick (1979) addresses. During this stage, individual members understand enough of the organisation and its processes in order to undertake reciprocal and interlocking behaviour. As discussed previously, this is seen as a way of being able to achieve one's own ends. Weick (1979) also points out that eventually a subtle shift occurs whereby the individual organisation members move from simply means - convergence, towards ends - convergence. The individuals begin to adopt common goals and objectives, and to embrace the values and beliefs of the organisation. Additional insight into this transition may be gained by considering the work of Kelman (1958), who points out the differences between compliance, identification and internalisation in individuals.

Compliance is viewed as heeding to the demands of others because they enable the individual to gain rewards and avoid punishments. Identification occurs when the individual goes along with the demands of the group because of the desire to remain associated with the group. Internalisation is the carrying out of the demands because they are intrinsically appealing (Kelman, 1958). Sathe (1984) uses this framework to distinguish between "acceptance" and "assimilation" of organisational values and beliefs. During the stage of means-convergence, the individual accepts the values and beliefs of the organisation, because he/she behaves as expected (compliance). As reciprocal and interlocking behaviour continues, the individual will participate more fully in the common stock of knowledge. The shift towards ends-convergence therefore implies that assimilation is taking place, that is; that identification and internalisation of the values and beliefs is occurring. When this happens, these values and beliefs are transformed into basic underlying assumptions (Jones, 1983). This is consistent with the viewpoint of

Scheln (1981, 1985), who points out that certain values and beliefs will assume an extreme taken-for-granted status when their validity will no longer be questioned by organisation members. When this occurs, they may become the underlying assumptions which provide the guidelines for ongoing behaviour (Scheln, 1985).

The Socialisation Process

In order for individuals to understand a new social context, they search for connections between observable signs and what they signify (Barthes, 1967; Jones, 1983). These "connections" form an interpretive scheme, or set of rules, that is used to label and define events (Berger and Luckman, 1967). A series of these rules is generally known as the language which is used to communicate the relationship between actions, events and meanings. Socialisation, therefore, is the process whereby the language is deciphered in order to determine the various rules which govern behaviour in a particular social context (Jones, 1983).

Initially, an individual is likely to experience some difficulty in making the connection between a particular sign and what it signifies. Sometimes the connections are simple, but often, the connections are complex and difficult for an outsider to understand. This is usually the case in more established organisations where the signs have taken on particular meanings for the members. In these cases, newcomers will be forced to act on the basis of previously held assumptions. In other words, they will behave according to the connections that they might have experienced in a previous organisation or social context. Over time, however, they will be able to construct a new set of rules, or language, which enables them to understand, and be understood by, the other organisation members. This process is likely to occur in three stages (Jones, 1983):

- A search for situational consistency, whereby the most "ideal-typical" features of the situation are identified and responded to. For example, the individual will identify the time-keeping behaviour and rules of authority in the organisation and respond to these.
- Interpretation of the constructive rules which define the organisation's reality. Once the individual is displaying clear means-convergence by adhering to the overt rules and procedures which govern behaviour, he/she will gain further access to the common stock of knowledge which defines the organisation's frame of reference. He/she will be exposed more fully to the values and beliefs of the members which create the reality of the culture or organisation (Jones, 1983).

- Influence on the prevailing frame of reference. Once the values and beliefs of the organisation are shown to be effective in achieving the organisational ends, the individual will assign them taken-for-granted status (Schein, 1985). As such, they will continue to influence the behaviour of the individual without him/her being fully aware of the effect. However, because of subtle individual differences in interpretation, the individual will begin to make a contrib o the prevailing frame of reference by simply being part of the pattern of interlocking behaviour (Ashforth, 1985).

Thus, socialisation is not simply a process whereby an individual acquires values and meaning from social situations (Jones, 1983). The process is filtered through the existing frame of reference of the individual. Hence, an active interpretation of the values and beliefs usually takes place during the assimilation phase (Sathe, 1984). In order for the assimilation to occur, the individual must acquire the language system used by the culture. This language will define the connections between signs and various organisational meanings. These connections are arbitrary, and derive their meanings from the place they occupy within socially defined systems of constructs. This is a somewhat different concept of socialisation from the more traditional view.

Thus, as Berger and Luckman (1967) point out, organisations will sometimes require emotional involvement from members, particularly where there are competing reality-defining institutions. This is borne out by those researchers who have analysed the socialisation process as a means for improving organisational performance (Buchanan, 1974; Pettigrew, 1974; Pascale, 1985). Accordingly, the view taken of socialisation in this dissertation includes both cognitive and affective development.

The Effect of Socialisation on Organisation Members

The effect of the socialisation process on individuals is a function of, inter alia, the nature of the organisation, the complexity of the role and the ability of the individual. An analysis of the research reveals that at least three stages, in terms of the effect on organisation members, may be discerned (Berlew and Hall; 1966 Hall and Nougaim, 1968; Schein, 1971, Buchanan, 1974; Wiener, 1982; Jones, 1983; Pascale, 1984, 1985; Walton, 1985; Reichers, 1985). Although opinions differ, an approximate indication of the time-frame for each stage is as follows:

Stage 1 1st year of organisation membership

Stage 2 2nd-4th year of organisation membership

Stage 3 5th year and beyond.

According to Hall and Nougaim (1968) and Schein (1971), whose research is based on career development stages, the earlier stages of organisation membership are seen to have greater potency in terms of their influence on individuals than do the later stages. Brown's (1963) notion of the law of primacy supports this view, and holds that earlier experiences have greater impact, since they influence how later experiences are interpreted. In addition, Katz (1967), Brim (1968) and Ashforth (1985) all speak of a special motivation to conform during this early period. The major characteristics of each stage may be summarised as follows:

Stage One: 1st Year

- Role Clarity:
  The individual undergoes basic training and induction into the organisation's policies and procedures. The nature of the role is clarified, and the "psychological contract" between the organisation and the individual is established.

- Work Group cohesion:
  The individual develops appropriate patterns of reciprocal and interlocking behaviour. This ensures that he/she effectively converges on means in order to accomplish personal objectives.

- First-year job challenge:
  The individual's initial work assignment provides the first tangible manifestation of the organisational goals and its adequacy as an identity object. Where this is stimulating and personally gratifying, the socialisation influence will be enhanced.

- Expectations realisations:
  The individual has organisational experiences which enable him/her to test his/her expectations about the organisation. Where the expectations are met or exceeded, the socialisation influence is enhanced (and vice versa).

- Loyalty conflicts:
  The individual is torn between learning and "surrendering" to the new environment on the one hand, and suspicion and mistrust of it on the other. Where the individual suspects the organisation of attempting to subvert his/her individuality, and of replacing personal views and values with organisational ones, he/she is likely to react defensively and resist the socialisation process.

Stage Two : 2nd-4th Year

- Need for achievement:
  The individual experiences a shift away from the need for safety and security within the organisational environment, towards a need for achievement. He/she will desire experiences which indicate that a contribution is being made. Where these indications are received, the socialisation influence will be enhanced.
- Need for reinforcement:
  The individual will experience concern and doubt about the organisation and his/her role, that is; a general career crisis. These concerns will be exacerbated if the need for achievement and recognition is not met, and will, in turn, retard the socialisation influence.
- Organisation commitment:
  The individual will begin to embrace the "successful" organisational values and beliefs as his/her own. These will begin to slip out of consclous awareness as they are assigned a "taken-for-granted" status. By stage three, they will be considered part of the individual's underlying assumptions about organisational life.

Stage Three : 5th Year and Beyond

- Commitment:
  The individual has, by now, developed a relatively stable set of expectations about the organisation and his/her role within it. Where the flow of experiences meet or periodically exceed these expectations, the level of emotional commitment to the organisation will be maintained or increased. In addition, the long- term expectations will also continue rising if experiences continuously exceed them. Where experience falls below expectation, emotional commitment to the organisation will decline.

Thus, the three stages emphasise different phases in the affect of the socialisation process on individuals. Stage one describes the period during which the individual "finds his/her feet" within the organisation. He/she is exposed to the organisation's whys and wherefores, and learns to behave in a reciprocal manner. This stage marks the development of means- convergence. Stage two might be termed the "performance phase" where the individual begins displaying reciprocal and interlocking behaviour, and makes a contribution to the activities of the organisation. Individuals start to express concern about their acceptability to the other members of the organisation. Stage two also marks the beginning of the ends-convergence process, whereby the individual develops an emotional involvement with the organisation. Stage three can be seen as the

outcome of the socialisation process, in that the individual's attitudes have passed from a formative to a mature stage. During this stage the individual generally experiences modification of existing attitudes, rather than a moulding of new ones. Thus, emotional commitment or involvement cannot usually be generated during stage three, it can only be increased or decreased in intensity.

The Effect of Socialisation on the Organisation as a Whole

Organisational integration is achieved through the creation of a symbolic universe (Mannheim, 1956; Berger and Luckman, 1966) which is manifested in a collective frame of reference for organisation members. Part of this is accomplished through social objectifications, such as plans and standard procedures (Lawrence and Lorsch, 1967), but a major role is played by the socialisation process (Parsons, 1951; Merton, 1957). Socialisation integrates individuals into the collective structure in two ways. Firstly, by imparting role-specific knowledge, it enables individuals to meaningfully participate in the organisation's interlocking patterns of behaviour (Graen, Orris and Johnson, 1973; Katz, 1980). In other words, it facilitates means-convergence (Weick, 1979). Secondly, it transforms the values and beliefs of the organisation (which guide behaviour), into subjectively held assumptions by the members (Jones, 1983), and engenders an emotional commitment to the organisation (Buchanan, 1974; Pettigrew, 1979; Walton, 1985). This is likened to Weick's (1979) concept of ends- convergence.

In bringing about this integration, the socialisation process influences the organisation and its patterns of interaction in several ways. These factors are summarised in Table 4.1 below:

Table 4.1: The Effect of Socialisation on the Organisation

1] Communication within the Organisation:
Socialisation facilitates effective communication within the organisation by providing members with a common language. The language acts as a repository for the organisational common stock of knowledge, and so provides meaning to individual members about their behaviour and organisational environment.

2] Definition of the Organisation:
Socialisation identifies and defines the nature and meaning of the organisation to members. The psychological contract between members and the organisation is outlined by means of the role structure and behavioural expectations. This produces the distinctive "style" by which a particular organisation may be recognised.

3] Stratification of the Organisation:
Socialisation produces diverse status levels within the organisation by differentially allocating power, influence and authority amongst the members. Stratification acts as an incentive to members, facilitates communication and improves cohesion in certain cases.

4] Identification of Relevant Membership Attributes:
Socialisation identifies and defines those membership attributes that the organisation considers valuable. This guides newcomers and existing members in their organisationally relevant behaviour. Socialisation also communicates to members the system of reinforcement that the organisation has devised to promote these desired attributes.

5] Development of a Common Frame of Reference:
Socialisation produces an assimilation of the organisational values and beliefs by the individual, and transforms these into subjectively held assumptions. The system of underlying assumptions produces a frame of reference which is common to most members. The common frame of reference influences ongoing behaviour, and the manner in which the organisation enacts its environment.

6] Development of Commitment:
Socialisation produces an identification with, and loyalty to, the organisation. This commitment is generally directed towards an organisational vision advocated by a high-status member. Commitment increases member concern and responsibility and introduces an element of indirect control over actions.

Communication within the Organisation

Communication between members in organisations is a key factor in facilitating ongoing reciprocal and interlocking patterns of behaviour. Unfortunately, the communication process is fraught with many difficulties that hinder the activities of the organisation. Perhaps the factors that contribute most to the problem of miscommunication are the distortions that occur with long channels, and the different interpretations placed on

information (Rogers and Roethlisberger, 1952; Little, 1965, Berne, 1972). This latter factor is considerably exacerbated by the presence of different sub-cultures within the organisation. These differences in values, beliefs and underlying assumptions will produce miscommunication because of the resultant differences in interpretation and meaning (Sathe, 1983, 1985; Schein 1985; Jones, 1983).

Language functions as a repository for knowledge and meaning, and enables the building of the organisational common stock of knowledge. Language might therefore be seen as the symbol of the culture or organisation (Berger and Luckman, 1966; Schein, 1981, 1985). In this respect, most institutions and organisations will develop a "language within a language" to convey specific meaning between members. For example, a South African organisation might use English as its "official" language. During the course of their activities, organisation members are involved in a number of unique organisational experiences which generate specific meanings for the rest of the organisation. These experiences, and the related values, beliefs and underlying assumptions, are stored as the organisation's common stock of knowledge. Certain words and phrases are used to convey some of this unique and specific meaning. Some of the terminology might be non-English, that is; the words might have been generated by the unique technology of the organisation. However, most often, the words are commonly used outside of the organisation, but their usage amongst organisational members conveys specific and unique meaning (Schein, 1985). In this way, the organisational language serves as an important interpreter of meaning within the organisation.

Language, therefore, permits interpretation of "what's going on" for organisational members (Schein, 1985). It acts as a filter, blocking out unimportant and irrelevant facts, and allows participants to concentrate on key organisational issues. Reciprocal and interlocking behaviour within the organisation is thereby facilitated. Clearly, the filtering mechanism is a function of the specific organisational context. The meaning of organisational language, therefore, is arbitrary, and is dependent upon the nature of the organisation and its members' activities (Jones, 1983).

The contextual meaning of the organisational language is constructed during the socialisation process (Barley, 1983). Individuals learn to relate specific meanings to certain organisational events and actions (Jones, 1983). The relationship between events and actions on the one hand, and specific organisational meanings on the other, is known as a "chain of signification" (Barley, 1983). As individuals develop organisational chains of signification, they learn to interpret and respond appropriately to signs and symbols, such

as language. In this respect, an organisation may be likened to a speech community which shares socially constructed systems of meaning. These systems of shared meaning enable the members to make sense out of their environment. In addition, it ensures that they act in a similar fashion in response to cues from their social environment. Organisational language, therefore, encompasses numerous chains of signification which enable members to interpret meaning from their organisational environment.

Thus, the socialisation process transforms the values and beliefs of the organisation into subjective assumptions through the medium of language. Language embodies the values and meanings of the organisation and assists in defining an individual's membership of it (Roy, 1960; Van Maanen and Barley, 1984). The difficulties usually encountered in organisational communication may be partially overcome in two ways. Firstly, there may be no need to communicate on matters on which organisation members already share underlying assumptions; certain things "go without saying". Secondly, the shared assumptions produced by the socialisation process provide cues to help interpret information received (Sathe, 1985). The socialisation process may therefore be seen as an important factor which enhances organisational communication.

Definition of the Organisation

The socialisation process assists members in defining their organisation by developing consensus on "who belongs" to the organisation, and who the outsiders are (Schein, 1985). In this way, the criteria for membership are laid out. This is important to organisation members, as membership in itself has value and produces a number of benefits for the individual (Robbins, 1985). These benefits include security (Zander, 1979), status (Robbins, 1985), affiliation (Welck, 1979), power (Pfeffer, 1981) and personal goal achievement (Welck, 1979).

The sharing of some, or all, of these benefits enables members to define the nature, meaning and extent of their organisation. This, in turn, facilitates the formation of emotional involvement, as it produces a "target" for these feelings.

In defining the organisation for newcomers and existing members, the socialisation process also identifies the role structure within the organisation. This includes the nature of the various roles, as well as their relationships with one another. In addition, certain perceptions and expectations related to the various roles are formed during the socialisation process (Robbins 1985).

The process of socialisation may well produce a degree of conformity amongst individuals in terms of organisationally relevant values, beliefs and behaviour (Sathe, 1985). As a result, organisation members will often display a style, peculiar to the organisation, in their behaviour and organisational activities (Miles and Snow, 1978, 1984; Miller and Friesen, 1980; Brodwin and Bourgeois, 1984; Mintzberg and Waters, 1985). However, it is almost inconceivable that all individual members will conform to all the organisation's values, beliefs and behavioural norms. Nonconformists, if managed correctly, can often improve the creativity and general efficacy of the organisation by adopting alternative stances (Janis, 1972; Kanter, 1983; Pinchot, 1985).

The extent to which members share the organisational values and beliefs and ultimately display ends - convergence is the degree of cohesion within the organisation (Likert, 1984; Robbins, 1985). Socialisation may be seen to produce this cohesion in organisations.

The socialisation process, therefore, defines the nature, meaning and extent of the organisation for its members. It achieves this by detailing the criteria and benefits of membership, and by identifying the role structure of the organisation. The latter produces the unique patterns of behaviour which become the distinguishing characteristic of a particular organisation. Finally, because individuals desire acceptance by other members, the socialisation process produces a degree of conformity amongst members with respect to values, beliefs and behavioural norms. This, in turn, impacts upon the cohesion of the organisation, a characteristic which will later be shown to influence the performance of the organisation.

Stratification of the Organisation

By imparting role-specific knowledge, as well as organisational values and beliefs, to the individual members, the socialisation process assists in the creation of stratification within the organisation. Organisations will naturally develop means of differentiating individual members (Homans, 1962; Pfeffer, 1983; Robbins, 1985). This is viewed as a logical extension of the underlying biological roots of human behaviour, which describe man's natural tendency to dominate, control and master his social environment (Berger and Luckman, 1966; Schein, 1985).

Stratification is accomplished through a differential allocation of power, influence and authority. This is usually measured by the status level of individuals (Luthans, 1973; Filley,

House and Kerr, 1976; Hall, 1982; Schein 1985). As such, status represents the prestige, grading, position or rank that a particular individual has within an organisation (Robbins, 1985).

Because status may be assigned both formally as well as informally, it has both objective (formal) and subjective (informal) components. Formal status includes titles, positions of office and the use of amenities made available by organisations. Informal status generally results from personal characteristics such as education, skill or experience.

Status can serve a number of functions within the organisation (Konar, Sundstrom, Brady, Mandel and Rice, 1982). Formal status may be assigned to individuals as a reward for contributions to the organisation. In this way, status may even act as an incentive for future contributions. Status, as a visible artifact and symbol of the organisation, may also serve as an important role in facilitating and defining communication. Finally, the presence of varying levels of status within the organisation may act as a contribution to increased cohesion. Whyte's (1974) classical study of a restaurant indicates that cohesion increases when high-status members originate action for lower-status members.

A related issue is the nature of the relationship between high and low-status members. This might be viewed as a continuum with a challenging attitude on the one end, and an accepting attitude on the other (Schein, 1985). Where a challenging attitude prevails, members are encouraged to challenge the authority and power of higher-status members, and to debate organisational issues openly. In the case of an accepting attitude, organisational members are encouraged to accept, without question, the decisions and directives of higher-status members.

The socialisation process facilitates the stratification of the organisation by imparting role-specific knowledge as well as organisational values and beliefs. The latter include a differential allocation of power, influence and authority, as well as prescriptions for behaviour. The stratification generally acts as a reward and incentive for organisationally relevant behaviour, and has important consequences for cohesion.

Identification of Relevant Membership Attributes

An important outcome of the socialisation process is the identification and definition of those member attributes which the organisation finds valuable. Newcomers need to be made aware of the attributes that are likely to make them more acceptable to the

organisation, while existing members require certain criteria to guide them in their recruitment and evaluation of new members.

Depending on the nature of the organisation, a combination of different member attributes might be considered relevant and valuable (Porter and Lawler, 1968; Schein, 1971; Van Maanen and Schein, 1977; Robbins, 1986). These may include performance, effort, loyalty, seniority, skills and role complexity.

In order to promote the desired attributes amongst members, organisations generally devise a system of positive and negative reinforcement (Luthans, 1973; Filley, House and Kerr, 1976; Hall, 1982; Dunham, 1984; Robbins, 1986). Examples of positive reinforcement include the various reward systems that organisations implement (see Figure 4.1), while negative reinforcement includes the absence of these, as well as the possibility of being rejected by the organisation (losing your job). The reinforcement schedule is also subject to a number of variations. The most common distinction is between continuous reinforcement and intermittent reinforcement (Luthans 1973; Dunham, 1984; Robbins, 1986). Intermittent reinforcement is further classified into ratio or interval type, and fixed or variable. Figure 4.2 describes the variations in the reinforcement schedule.

The process of socialisation, therefore, identifies and defines those attributes and behaviours which the organisation regards as important. In addition, the various types of reinforcement used to promote these are transmitted to members during the socialisation process.

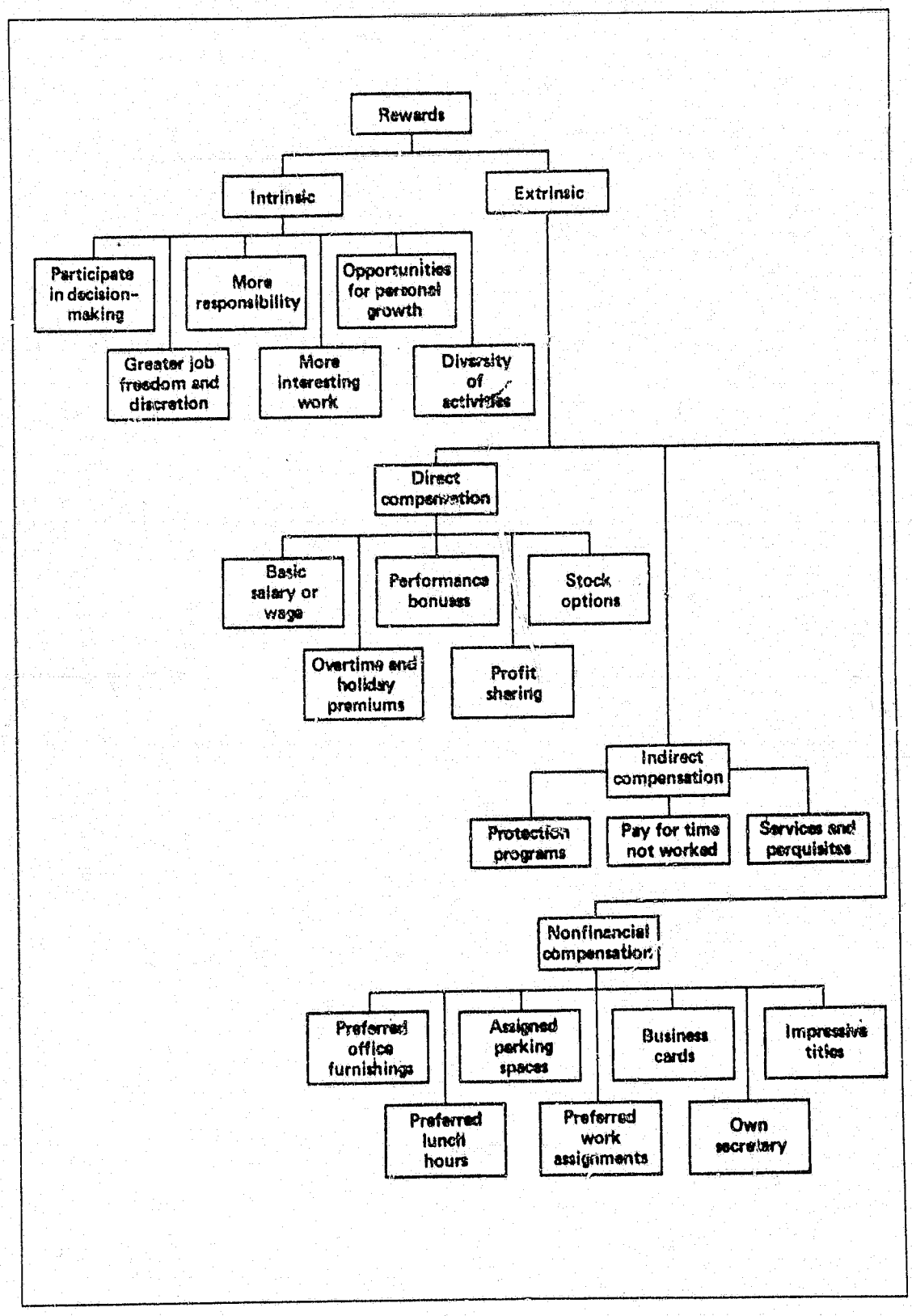


Figure 4.1: System of Rewards used in Organisations

Source: Adapted from: Robbins, S.P. Organizational Behavior: Concepts, Controversies and Applications. 3rd Edition. Englewood Cliffs: New Jersey. Prentice-Hall, 1986, p. 413

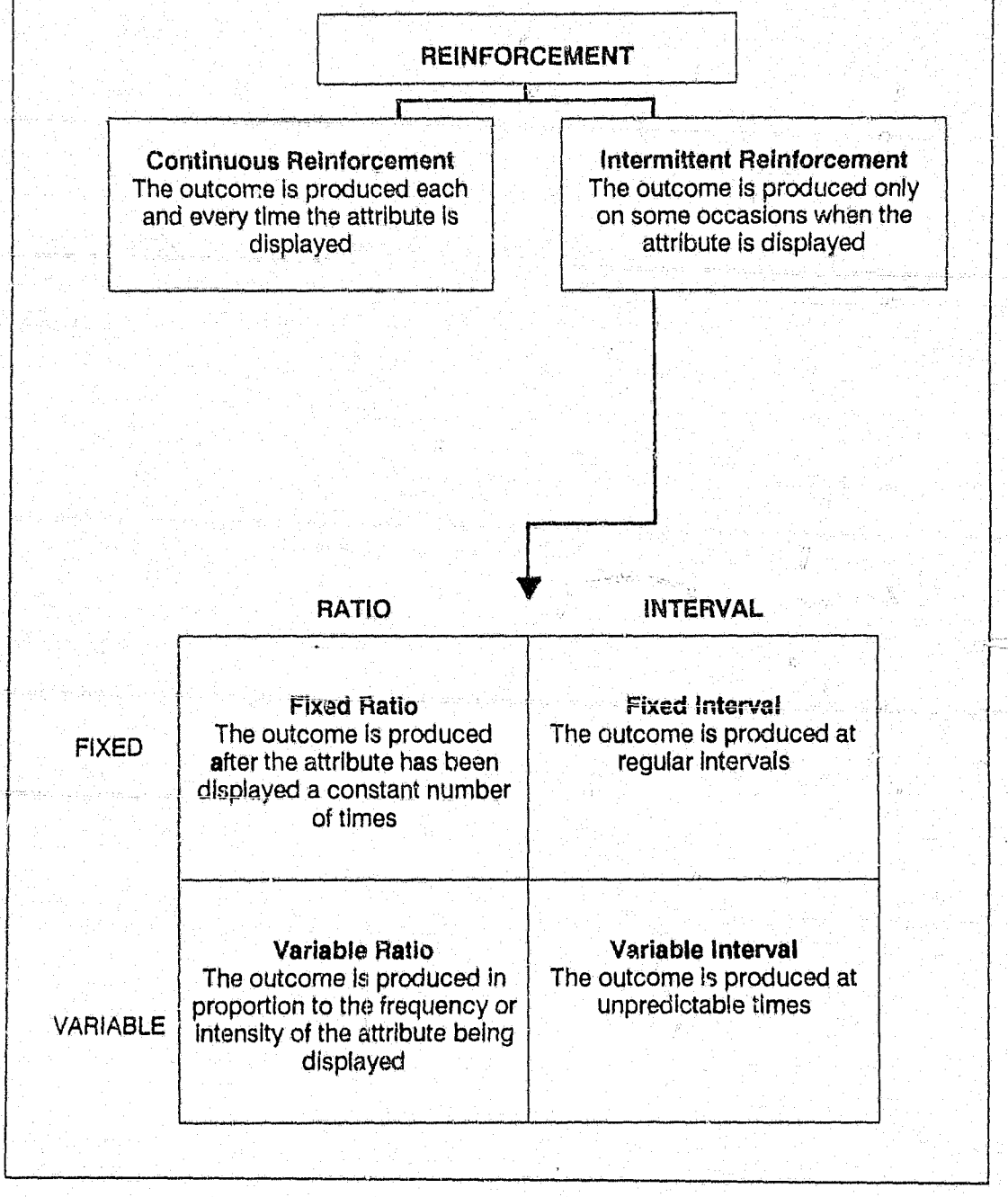


Figure 4.2 Reinforcement Schedule in Organisations

Development of a Common Frame of Reference

During the socialisation process, the underlying assumptions within the common stock of knowledge are arranged into a coherent and meaningful whole, and this represents a specific frame of reference for the members of the organisation (Schein, 1985). The frame of reference thus produced impacts on the patterns of behaviour within the organisation

and the manner in which it enacts the social environment (Weick, 1979; Jones, 1983; Burgelman, 1983). In addition, it serves to explain and demystify events which occur in the social environment of the organisation (Schein, 1985). [The concept and functioning of the Organisational Frame of Reference is described in more detail in the preceeding chapter.]

The socialisation process thus helps to "create" a common frame of reference for individual members by producing a set of underlying assumptions. These assumptions, in turn, shape the nature of the organisational activities and environment for its members (Sathe, 1985).

Development of Commitment

An important consequence of the socialisation process is the development of an emotional involvement with the organisation. Commitment results when individual members assimilate the organisational values and beliefs into subjectively held assumptions. In this respect, commitment might be viewed as the willingness to devote time, energy and loyalty to the organisation, as well as the assimilation of its values and beliefs (Kelman, 1958; Pettigrew, 1979; Sathe, 1981; Jones, 1983; Schein, 1985) in such a way that all behaviour is evaluated with respect to its likely impact on the organisation (Sathe, 1985). Commitment thus has three essential components (Buchanan, 1974):

- Identification:
  The assimilation of organisational values and beliefs.
- Involvement:
  The psychological absorption of, or immersion into, the activities required by the organisational role.
- Loyalty:
  The feeling of affection for, and attachment to, the organisation.

A number of factors within the socialisation process impact upon the development of commitment. These include the nature and extent of social involvement with other organisation members (Sheldon, 1971), the extent to which the individual is accepted by the organisation (Lee, 1971), the opportunities afforded for personal achievement and advancement, the level of status achieved in the organisation, and the absence of any other competing objects of identification (Brown, 1969). Perhaps the factor that contributes most to the development of commitment is the presence of a guiding vision for the organisation (Pettigrew, 1979). This vision, usually conveyed by a high-status organisation member, presents the system of organisational values and beliefs in such a

way that it gives coherence to the organisation. It generally helps to create the organisational frame of reference, and to give meaning to the various patterns of behaviour within the organisation (Peters, 1978; Pettigrew, 1979; Pfeffer, 1981). Commitment is usually developed in response to this vision (Buchanan, 1974; Pettigrew, 1979; Walton, 1985).

The degree of commitment displayed by members has a profound effect on the organisation. In order for the organisation to function effectively in satisfying both personal and collective objectives, members must display a degree of proprietary concern for both their roles and the organisation as a whole (Shaw and Blum, 1966; Buchanan, 1974; Filley, House and Kerr, 1976; Walton, 1985). With the general separation of ownership and control in modern business organisations (Galbraith, 1972), ownership, in the literal sense, is no longer possible. Commitment to the organisation, therefore, must be capable of providing the concern and responsibility necessary for the well-being of the collective structure (Buchanan, 1974; Pettigrew, 1979; Sathe, 1983, 1985). The effect of commitment, consequently, is to disengage the individual from some of his/her existing attachments, and to direct him/her towards the needs of the organisation as a whole (Kanter, 1972). In this way, it is possible to convert a set of disparate individuals, with their own means and ends, into a collective whole (Pettigrew, 1979; Weick, 1979 [illegible], 1984).

This implies that the organisation is able to exert some control over the activities of its members through their commitment. Identification and involvement with, and loyalty to, the organisation will ensure that the actions of individual members generally improve the well-being of the organisation as a whole. Control, in this sense, can be said to be effected in an indirect manner, in that it makes no use of objectifications such as standard operating procedures and rules (Adler, 1980; Ouchi, 1980; Jaeger, 1983; Truskie, 1984; Jaeger and Baliga, 1985).

Conclusions about Socialisation

Socialisation produces an emotional involvement with the organisation, whereby the individual assimilates its values and beliefs. This results in identification, involvement and loyalty, which the member generally directs towards an organisational vision. The commitment yields concern and responsibility amongst members, and ensures that the organisational consequences of their actions are always considered. In addition, it

facilitates the coordination of the individual members into a cohesive whole, and affords a degree of control over the activities and behaviours of individuals.

Thus, the socialisation process has a significant influence over individual members and the organisation as a whole. The transfer of values and beliefs between the individual and the organisation affects both individual behaviour as well as organisational activities. Clearly, the nature of these values and beliefs will determine the type of behaviours and activities. This is an area which will be explored further.

Chapter 5

Organisational Control

Organisational Control

The Nature of Organisational Control

The previous chapter on socialisation discussed how the process acts as a means of indirect control over the activities of organisation members. The purpose of this chapter is to analyse the concept of control more closely, and to explore some of its underlying assumptions and values.

Tannenbaum (1962, 1968) defines control as the process in which a person or organisation determines or intentionally affects what another person, group, or organisation will do. Olsen (1978) points out that organisations use, and require, control in order to ensure that their members direct their activities towards the maintenance and improvement of the organisation's well-being. Controls are therefore a manifestation of the organisation's desire to coordinate and regulate members' activities (Reeves and Woodward, 1970; Giglioni and Bedelan, 1974; Elsenhardt, 1985). Although role and task definitions spell out what behaviours are expected from members, complementary forces are often required to ensure that these indeed take place (Robey, 1982).

The organisation seeks to coordinate and regulate a number of areas of organisational life. These include the behaviour and actions of members (Katz and Kahn, 1978; Pascale, 1985), the output from the behaviours and actions (Tannenbaum, 1968; Lawler, 1976), the organisational stratification (Berger and Luckman, 1966; Lawrence and Lorsch, 1967) and the protection of organisational assets (Tannenbaum, 1968; Giglioni and Bedelan, 1974).

Classification of Organisational Control

The manner in which control is exercised in the organisation represents a basis for classificatalon. In many ways, this can be likened to the concept of management style

(Pascale and Athos, 1981), in that it identifies the patterns of processes and actions used to effect control in the organisation.

A review of the literature reveals that the spectrum of control "styles" available to organisations may be represented on a continuum (Etzioni, 1964, 1980; Dalton, 1971; Robey, 1982; Wilkins and Ouchi, 1983; Jones, 1983; Robbins, 1983, 1986; Jaeger, 1983; Jaeger and Baliga, 1985). Control "style" does not have a number of clearly identifiable discrete types along a continuum, and thus the discussion will be confined to describing the polar extremes. These are conceptualised as Weberian "ideal types" (Weber, 1946), and are regarded as diametrically opposed approaches to organisational control. Although such ideal types are rarely, if ever, found in pure form, they are useful for conceptualising organisational control.

A number of different terms have been used to describe these ideal types. "Bureaucratic" and "Cultural" control systems are used to describe the differences between systems which which use formal, codified rules and regulations on the one hand, and a set of shared values, beliefs and assumptions on the other (Jaeger, 1983; Jaeger and Baliga, 1985; Ouchi and Jaeger, 1978). "Formal" and "Informal" control systems refer to systems which respectively exercise control by means of organisational plans and procedures, and commitment and shared values. (Dalton, 1971). Etzioni (1964, 1980) identifies three control styles: "coercive", "utilitarian" and "normative". Coercive control operates by way of threats and punishments, utilitarian systems provide material rewards in exchange for compliance, and normative control systems operate through the manipulation of social values and beliefs. Wilkins and Ouchi (1983) identify three forms of organisational government and term them "market control", "bureaucratic control" and "clan control". Market control operates through the classical mechanism of supply and demand, bureaucratic control utilises clearly defined role structures, and clan control is effected through the sharing of a common frame of reference amongst the members. Finally, Robey (1982) distinguishes between "structured control", which includes formal organisational rules and procedures, and "unstructured control", which utilises the processes of member selection, advancement and socialisation.

For the purposes of this dissertation, the two ideal types will be referred to as "direct control" and "indirect control". It is felt that these terms convey the "styles" of control sufficiently clearly, and that they are devoid of many of the inappropriate connotations contained in the previously mentioned terminology. Table 5.1 below lists the equivalent terms discussed above:

Table 5.1: Equivalent Terms used to describe "Style" of Control

Direct Control	Indirect Control
Bureaucratic	Cultural
Formal	Informal
Coercive, utilitarian	Normative
Structured	Unstructured
Market, bureaucratic	Clan

Direct Control:

The direct control system is based on Weber's (1946) classical bureaucratic model of organisation where control relies on the use of explicit, formal rules and regulations.

One of the basic assumptions of this system is that of an underlying norm of rationality (Thompson, 1967; Jaeger and Baliga, 1985). The system is operated on highly formal and explicit lines and authority and power are exercised through control over resources (Etzioni, 1980). In other words, the authority and power are usually of a "remunerative" type, and the compliance produced is generally "calculative". Individual members, therefore, are seldom encouraged to develop beyond means-convergence and, consequently, little emotional commitment to the organisation is generated (Welck, 1979). In Schein's (1970) terms, individual members are only encouraged to accept the pivotal norms and values of the organisation.

The basis of this control may also be viewed as utilitarian and partially coercive (Etzioni, 1961, 1980), in that members will behave in line with predetermined standards because of their desire to maximise rewards and minimise punishments. In this respect, direct control has to ensure that reinforcements are accurately aligned with member performance to prevent dissatisfaction (Cyert and March, 1963). Because of these characteristics, Lawler (1970) views direct control as an external locus of control. The implication is that member

behaviour and output do not emanate from internal desire and motivation, but rather from a view of the rewards and sanctions provided by the organisation.

A codified set of rules is used to delineate member behaviour and output (Child, 1973). A central element in this code is a number of standard operating procedures (Hickson, 1966), which consist of behaviour repertoires in a variety of situations and conditions. These are made available to members in an explicit and formal manner, usually by way of company manuals or rule books. The decision-making authority of individual members tends to be specified closely, so that very few "grey-areas" result (Crozier, 1964; Mintzberg, 1979). This however does not imply that the authority provided is necessarily narrow. Child (1977) points out that decision-making authority can be broad, but still precisely defined. Consequently, individual members do tend to develop a somewhat segmented understanding of the overall organisation (Lefton and Rosengreen, 1966; Katz and Kahn, 1978).

Additional guidance is provided to members through the use of formally presented and recorded organisational plans, strategies, budgets and targets. Adherence to, and achievement of these is often reinforced by way of material rewards and punishments.

Indirect Control

Indirect control is based on some of the Japanese management principles which emphasise implicit and informal control over organisational members (Ouchi and Jaeger, 1978; Hatvany and Pucik 1981; Schein, 1981; Jaeger, 1983; Keys and Miller, 1984; Jaeger and Baliga, 1985). The concept of Theory Z, as expounded by Ouchi (1981), suggests that organisations are able to exercise control over their members by virtue of the common frame of reference provided by the organisational culture. These views are supported by previous research on control strategies in multi-national companies. Stopford and Wells (1972), in their comprehensive review of issues facing multi- national companies, show how the creation of a common set of values and beliefs amongst subsidiary companies alleviates many of the control problems. Edström and Galbraith (1977) analyse the impact of transferring executives between subsidiary companies, and conclude that the common frame of reference represents a major control strategy for the multi-national company.

Indirect control is based on the assumption of an implicit sharing of values and beliefs amongst the members of the organisation. As a result, the authority and power base

within the organisation is of a normative type (Etzioni, 1964, 1980). Individual members display an internal commitment to the organisation, and their motivation and performance is fuelled by a sense of social obligation to their fellow members (Ouchi, 1981; Wilkins and Ouchi, 1983; Jaeger and Baliga, 1985). This internal locus of control (Lawler, 1970; Dalton, 1971) is contrasted with direct control, which relies on material inducements and punishments.

Control over the output of members is exercised through shared norms of performance, while behaviour control is effected through a common set of values, beliefs and underlying assumptions (Dalton, 1971; Jaeger and Baliga, 1985). The effectiveness of the control, therefore, is a function of the ultimate congruence between the values and beliefs of the individual on the one hand, and the organisation on the other (Pettigrew, 1979; Welck, 1979; Jaeger and Baliga, 1985). Indirect control also relies on the development of a common language and vocabulary, an outcome of the socialisation process (Berger and Luckman, 1966; Scheln, 1981, 1985; Sathe, 1983, 1985). This common language and vocabulary assists in the conveying of meaning throughout the organisation, often without the use of explicit instructions (Wilkins and Martin, 1980). The need for explicit and formal sets of rules and regulations is therefore reduced. As a result, organisations utilising this style of control display a high degree of informal communication and contact amongst their members. This is contrasted to the formal, and regulated communication and member contact prevalent in direct control.

Indirect control generally produces less specific role definitions and structures (Katz and Kahn, 1978; Ouchi, 1981). Because individuals are controlled by way of their commitment to the organisation rather than by specific rules and procedures, role definitions and structures are more broadly and generally defined (Robbins, 1981). This leads to a far broader understanding and appreciation of the organisation, as the individual is more likely to come into contact with a wide range of fellow-members from a variety of status levels and functions (Katz and Kahn, 1978).

Indirect control has several implications for the processes used in effecting the control. The selection of new members (gatekeeping function) is a critically important process for the organisation. Individuals who are recruited have to be blended into the system of organisational values and beliefs (Jaeger, 1983), and be willing to and capable of assimilating these as their own. The "zone of indifference" therefore required of new members is fairly broad and specific (Barnard, 1951). The steering function is likewise of key importance in an indirect control system. Because of the need for congruence

between the individual's and the organisation's values and beliefs, the socialisation process plays an important role in increasing the efficacy of the system. Members have to move beyond the pivotal values and beliefs of the organisation to those peripheral values and beliefs (Scheln, 1970) which produce ultimate ends-convergence (Welck, 1979). In other words, members have to develop an emotional commitment to the organisation through the assimil on of its key values and beliefs. Finally, the monitoring (feedback function) of member behaviour and output is conducted on an informal basis through interpersonal interactions. Feedback is likewise provided on an informal and subtle basis (Jaeger, 1983).

The key features of the two styles of control are summarised in Table 5.2 below:

Table 5.2: Key Features of Direct and Indirect Control

DIRECT CONTROL	INDIRECT CONTROL
• Based on Weber's classical bureaucratic organisation • Functions in an explicit and formal manner • Based on norms of rationality • Control effected through us of rules, regulations and standard operating procedures • Authority, power and influence based on control of resources - utilitarian and coercive in nature • Provides external locus of control • Develops low emotional commitment to the organisation • Members guided by use of explicit and formal strategies, plans, budgets, targets and standard costs • Use of formal communication and interaction patterns • Roles and decision-making authority specified very precisely • Members develop segmented understanding of the organisation • New members have narrow zone of indifference • Socialisation produces only role-specific knowledge • Use of formal performance monitoring reports	• Based on Japanese management principles - Theory Z • Functions in implicit and informal manner • Control effected by members' participation in common frame of reference • Authority, power and influence based on normative acceptance by fellow members • Provides internal locus of control • Behaviour controlled through shared values and beliefs - output controlled through shared norms of performance • Develops high emotional commitment to the organisation • Efficacy of systems dependant upon congruence of individual and organisational value and beliefs • Members participate in common language, vocabulary and systems of knowledge • Use of informal communication and interaction patterns • Roles and decision-making authority specified very broadly and generally • Members develop broad and general understanding of the organisation • New members have broad and specific zone of indifference • Socialisation designed to produce emotional commitment to organisation • Use of formal and subtle performance monitoring

Contingencies Affecting the Style of Organisational Control

A number of contingencies within the social environment of an organisation may be seen to impact upon the overall style of control. These include the degree of uncertainty and complexity within the organisational environment (Burns and Stalker 1961; Lawrence and Lorsch, 1967; Ouchi, 1977, 1979), the type of technologies used (Woodward, 1965;

Thompson, 1967; Perrow, 1967) and the size of the organisation (Child, 1972; Meyer, 1972).

Direct vs Indirect Control in Conditions of Uncertainty and Complexity

The use of direct or indirect control is largely influenced by the degree of uncertainty and complexity in the organisation's social environment.

Wilkins and Ouchi (1983) argue that control reflects the organisation's desire to minimise transaction costs under conditions of varying uncertainty and complexity. Transaction costs are those costs incurred during the interaction between members, and ensure that the value given and received is in accordance with the expectations of the individuals (Ouchi, 1980). Three forms of control are identified, each reflecting an optimal form of governance under increasing levels of uncertainty and complexity. These may be demonstrated as follows:

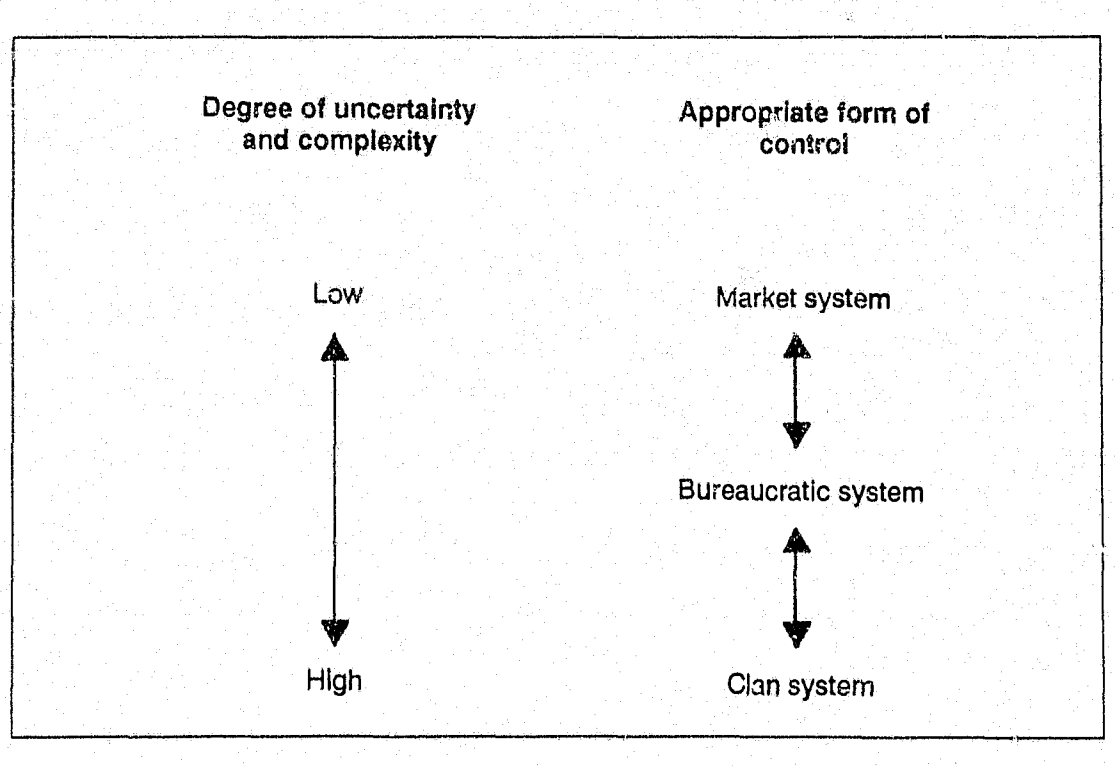


Figure 5.1: The Impact of Uncertainty and Complexity on the Form of Control

Source: Adapted from: Wilkins, A.L. and Ouchi, W.G. Efficient Cultures: Exploring the Relationship between Culture and Organizational Performance. Administrative Science Quarterly, 28, 1983: 468-481

Under conditions of low uncertainty and complexity, the market form of control provides greatest efficiency. The pricing system is used where individuals contract freely on the basis of "fair" prices. In each case, the contract covers only those conditions which are current. Any change in these conditions will necessitate a revised contract, with an appropriate adjustment in the price paid. As a result, under conditions of uncertainty and complexity, the constant revision in contracts produces an increase in transaction costs. Therefore, the use of a market form of control is inappropriate, except in those organisations which experience exceptionally low levels of uncertainty and complexity.

In terms of Wilkins and Ouchi's (1983) model, as the levels of uncertainty and complexity within the organisation's social environment increase, so the bureaucratic system of control becomes more appropriate. This is characterised by the same agreement on price as in the market form, but by a far more complete contract on the nature of the individual's role. The broader role definition allows for a moderate number of contingencies to be catered for without a complete revision of the original contract. However, the nature of the role-behaviours and expected outputs is closely prescribed, and the incumbent operates within explicit guidelines (Jaeger and Baliga, 1985).

As the level of uncertainty and complexity increases further, the transaction costs associated with the bureaucratic system of control increase substantially. At this stage, the clan form of control becomes appropriate. The clan operates by socialising the organisation members so that both means-convergence and a shared frame of reference are achieved (Welck, 1979; Wilkins and Ouchi, 1983). The clan exercises control without having to resort to close monitoring and direct supervision of members' activities. The means-convergence enables the members to develop mutually beneficial patterns of interaction while the shared frame of reference ensures that members use the same basic assumptions and values for problem solving, and rely on common processing routines. These factors enable the organisation to exercise control in a variety of contingencies, even though no specific rules or guidelines exist.

It is possible to identify a number of close similarities between the model of Wilkins and Ouchi (1983) and the direct-indirect control continuum. Bureaucratic-control, with its precise definition of roles and tasks and its use of explicit rules and guidelines, closely resembles the direct-control end of the continuum. The use of socialising techniques to produce means- convergence and a shared frame of reference in the clan-control system points to its being positioned at the indirect-control end of the continuum. The conclusion,

therefore, is that the direct-indirect control continuum holds implicit assumptions about the degree of uncertainty and complexity within the organisation's social environment. More specifically, it might be hypothesised that direct-control is appropriate to organisations with low levels of uncertainty and complexity, while indirect-control becomes more appropriate at high levels of uncertainty and complexity.

Burns and Stalker's (1961) continuum of organisational types reflects major differences between the control at the two polar extremes. Mechanistic organisations are characterised by formal and explicit control. Organic organisations, on the other hand, have a largely normative power base and use a more implicit and informal control. Burns and Stalker (1961) conclude that the mechanistic organisation is more appropriate to conditions of low uncertainty, while the organic type is better suited to conditions of high uncertainty.

The analysis of organisations under conditions of complexity by Lawrence and Lorsch (1967) also offers insight into organisational control. As organisational differentiation and complexity increases, greater use is made of formal, explicit control. This includes the use of standard operating procedures, explicit plans and clearly defined roles.

Three arguments have been used to analyse the impact of uncertainty and complexity on the style of organisational control. Wilkins and Ouchi (1983) argue from the perspective of transaction costs and contend that organisations will shift away from the market and bureaucratic forms, towards a clan form of control, as uncertainty and complexity increase. Burns and Stalker (1961) show how the formal, explicit controls of mechanistic organisations are best suited to conditions of low uncertainty. Organic organisations, on the other hand, with their informal implicit systems of control, are more suitable as the degree of uncertainty increases. Finally, Lawrence and Lorsch (1967) demonstrate how increased complexity will ultimately manifest itself in both differentiation and integration. Despite the contrasting styles of control used by differentiation and integration, it is the direct-control systems of integration which will ultimately pervade the organisation as the degree of complexity increases.

The Advantages and Disadvantages of Direct and Indirect Control

The potential advantages and disadvantages of direct and indirect control under varying conditions of uncertainty and complexity are summarised in Table 5.3 below:

Table 5.3: Potential Advantages and Disadvantages of Direct and Indirect Control

DIRECT CONTROL	INDIRECT CONTROL
Potential Advantages • Organisational efficiencies under conditions of stability and certainty • Organisation has greater propensity for radical change • Multiple perspectives can coexist	**Potential Advantages** • Allows for incremental changes in behaviour and output to cater for organisational contingencies • Produces climate for cooperation and limited experimentation • More efficient use of time by high-status members • High emotional commitment produces efficiencies during uncertainty and complexity, as well as superior role-performance
Potential Disadvantages • Only partial information generated on members' performance. • Low cooperation between sub-organisational units • Low risk orientation discourages incremental changes and experimentation • Low emotional commitment produces "just-aceptable" performance • High costs incurred in order to maintain tight control	**Potential Disadvantages** • "Group think phenomenon may perpetuate damaging behaviour • Inefficient means of control in conditions of relative certainty and low complexity • Slow to institute change - innovation hampered by lack of alternative perspectives

Conclusions on Direct and Indirect Control in Conditions of Uncertainty and Complexity.

Reviewing the findings on complexity, it becomes apparent that indirect control is appropriate for developing common frames of reference amongst members within a group. Whether this group reflects a sub-universe within the organisation, or the organisational whole, indirect control is able to develop a focus of effort from the various organisational members. However, because of the tendency of indirect control to produce common perspectives, they are unable to tolerate a wide array of diverse perspectives within the organisation. Specialised role-behaviours and perspectives are unlikely to be developed and fostered. As a result of these characteristics, indirect control is not appropriate for developing overall differentiation throughout the organisation.

Direct control, on the other hand, is not suitable for developing common foci within organisational sub-universes, but is able to tolerate a diversity of perspectives between them. In highly complex organisations, therefore, indirect control may well be appropriate for providing common frames of reference within the organisational sub-universes, but it is direct control with its ability to integrate while tolerating diversity, that will pervade the whole organisation. As a result, increasing organisational complexity is generally associated with increased levels of direct control.

In the case of uncertainty, the evidence seems relatively clear that indirect control is associated with greater uncertainty. The ability of organisational members to incrementally change and experiment with different behaviours and outputs, is valuable in conditions of uncertainty. In addition, the better overall knowledge and understanding that members have of their organisation, the better it will enable them to fulfil the requirements of their roles at higher levels of performance.

Combining the two dimensions of uncertainty and complexity, the following model is produced:

Uncertainty that prescribed role-behaviour will result in desired outcomes

Complexity of role-behaviours and tasks	Low	High
High	Mainly direct systems of control 1	Combination of indirect and direct systems of control **dominant indirect systems** 2
Low	4 Combinaton of direct and indirect systems of control **dominant direct systems**	3 Mainly indirect systems of control

Figure 5.2: The Impact of Uncertainty and Complexity on Direct and Indirect Control

The conditions of uncertainty and complexity within the social environment of the organisation are seen to have a profound effect on the overall style of control. The use of

direct or indirect control varies similarly with the degree of uncertainty and complexity. Highly uncertain conditions favour the indirect style, while highly complex organisations require a direct style to provide effective integration. Where uncertainty and complexity increase or decrease together, hybrid styles appear most appropriate. However the uncertainty dimension appears to prevail in determining the requirements of organisational control.

Nature of the Organisational Technology

Findings concerning the effect of organisational technology on the style of control are presented, in the main, to further support the assertions made above with respect to uncertainty and complexity. In many ways, the research on the relationships between technology and organisations is simply another perspective on the uncertainty-complexity issue (Gerwin, 1979).

Technology, in this context, is defined as those actions undertaken by individuals or groups upon an object, in order to make some changes in that object (Perrow, 1967). It therefore refers to the nature of the individual and organisational activities discussed as part of the uncertainty-complexity issue.

Synthesising the perspectives on technology and control

Gerwin (1978) analyses the technology classifications of Woodward (1965), Perrow (1967) and Thompson (1967) in terms of the routine and non-routine dimensions. His findings are summarised below:

Author Chorn N H
Name of thesis The Relationship between Business-level Strategy and organisational Culture 1987

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