

ASSESSMENT 1

ORGANISATIONAL STRUCTURE AND CULTURE

LCBB4003

Corina Georgiana Cirstea

Student ID 2007930

TUTOR Dr. Gregory Cowan

Table of Contents

Introduction.....	3
Relationship between organisational structure, organisational culture, and its impact on people and organisational performance	3
Essential nature of managerial work.....	5
Role of leadership	6
A behavioural approach to management.....	7
Conclusion	8
Reference list	9

Introduction

The field of organisational behaviour is dedicated to evaluating the implications of human behaviour, factors affecting organisational citizenship behaviour and various approaches to improve the human resource performance of the organisation. Organisational performance is closely linked with the organisational structure and culture as both these factors are fundamental in shaping employee behaviour within an organisation. Organisational culture and structure influence the management approach, leadership style, and employee performance through shaping the decision-making process. This report explores the relationship between organisational culture and structure and the way both these factors influence performance of the organisation and people of the organisation. The domain of organisational behaviour apart from studying the correlation between structure and culture of the organisation takes into consideration organisational citizenship behaviour. In this report the nature of managerial work in terms of function and process, role of effective leadership and the behavioural school of management have been discussed. This report has explored the structure and culture of Tesco Plc. for understanding the interdependent relationship between these two factors.

Relationship between organisational structure, organisational culture, and its impact on people and organisational performance

Relationship between organisational structure and culture

According to Maduenyiet *al.*, (2015) organisational structure and organisational culture are interdependent and they mutually affect each other. Organisational culture comprises the values, norms, and beliefs that have existed in an organisation for a long time. Based on the organisational culture organisational structure is shaped and it influences the leadership behaviour for accomplishing the mission of the organisation as well (Larsson and Vinberg, 2010). Hoogervorset *al.* (2004) noted that various organisational structures differ from each other based on the level of control, hierarchy, level of coordination, the relationship between leaders and employees, participation level in the process of decision-making and process of communication. The design of the organisational structure also determines the level of flexibility of the organisation and it also determines whether the organisation will have a power culture, family culture or team culture. Organisations tend to select flat, hierarchical, or matrix culture depending on the best fit for the organisation (Nikpour, 2017). Tesco has a highly hierarchical structure due to the large business size and there are four layers of management in

the large stores. However, in 2018 Tesco announced simplification of the highly hierarchical structure by removing people and compliance manager from the fulfilment and it was done for providing the line managers direct accountability for the customer service.

Organisations with strict hierarchy tend to have a fixed decision-making authority which is the top management. Such organisations tend to have a power culture in which the power is centralised and decision-making is restricted within the top management. In this culture, the performance of the employees is measured based on their levels of achievements and they play a limited role in the decision-making. Such organisations tend to have a quick decision-making process. The organisational culture within the hierarchical structure is rigid and less cooperative. Maduenyiet al. (2015) noted that organisational culture and structure are interdependent as organisational structure institutionalises organisational culture and organisational culture legitimises organisational structure. Organisational structure works as a specific configuration of structural dimensions which directly influence the performance of the members of the organisation for achieving the organisational goals. Organisational culture unlike the organisational structure tends to impose certain assumptions and values that influences the processes which take place within the organisation. Organisational culture along with the structural configuration influences the leadership style. Organisational learning, strategies and areas of people management.

Impact on people and organisational performance

Maduenyiet al. (2015) noted that organisational structure and culture can directly influence the employee behaviour in various ways as organisational culture works as an intrinsic motivational force for the members in shaping their behaviour. On the other hand, as an extrinsic factor organisational structure through policies, rules, and protocols control the members' behaviour in terms of authority, level of autonomy, decision-making, performance and the coordination level.

The effect of a certain type of organisational structure and culture on the individual employee's performance largely depends on various factors like personality traits, individual values, and attributes. Employees' performance within a hierarchical culture with authoritative leadership and power culture can be effective when the employees are accustomed to accept authority, clear instructions, and belong to a high power-distance culture. In the hierarchical structure, the participation of the employees in the decision-making process is low. Janićijević(2013) noted that as organisational culture forms and shapes the behaviour of the employees, it also

influences organisational performance. Organisational performance depends on the collective performance of the members and their effort of achieving the goals and objectives of the organisation is influenced by the culture and the leadership style (Sokro, 2012). It is possible for the organisational culture to have both positive and negative impact on the employees' performance depending on its alignment with the value systems, perception and individual beliefs of the employees. In the UK employees tend to prefer a less authoritative culture and rather than team players, employees prefer to perform individually. These factors are crucial in understanding the way Tesco's organisational culture and structure influence the performance of the employees.

Individual factors such as personality traits can affect the performance of the employees as well. In Tesco, the hierarchical culture and multi-layered management system proved to be ineffective for improving the performance of the employees as employees were highly dissatisfied with the lack of autonomy and control in the decision-making. For making the culture more flexible Tesco has taken into consideration both formal and informal communication with the members which has helped in improving the level of satisfaction of the employees and enhanced workplace engagement and performance. Nikpour(2017) noted that organisational culture cannot directly facilitate or negatively affect organisational performance rather it has impact on the people in the organisation who are associated with organisational performance. To positively influence the organisation, organisational culture needs to influence the thinking, perception and actions of the members which can affect their behaviour. By shaping the behaviour of the employees, it can improve or deteriorate organisational performance.

Essential nature of managerial work

According to Bell and Martin(2012), management is the process that is common to all organisational functions which involve clarifying the objectives to the subordinates, planning, organising, directing and controlling. Different management styles tend to suggest a different approach to manage people. However, the essential nature of managerial work as per the Classical management theories indicate the rule-based and scientific nature of the managerial work. The Scientific management theory propounded by Taylor and Fayol suggested that managers' function is associated with controlling the behaviour of the employees in various ways using scientific formulas (Mintzberg, 1971). The principles of administration developed by Fayol suggest that managers in an organisation plans, organises, controls, and coordinates.

However, later the critics of the classical school of management indicated the importance of the managerial role in terms of maintaining a healthy relationship with the team members, motivating the employees, making decisions, and facilitate the effective interpersonal relationship.

Managers' role is based on authority and status which can be categorised as informational roles, decisional roles and interpersonal roles (Kurke and Aldrich, 1983). The set of managerial responsibilities of the line managers of Tesco involves:

1. Effective planning for achieving the organisational goals and objectives with the help of effective employee performance. For ensuring that employee performance is appropriately linked with organisational performance, managers need to appropriately delegate roles to subordinates, provide them resources, and inform them with the process of attaining specific and measurable goals within a specific time frame (Taylor, 2004).
2. Managers need to focus on monitoring the performance of the subordinates, direct them towards the objectives and encourage them to improve their performance for enhancing organisational performance (Kurke and Aldrich, 1983).
3. Managers need to organise the tasks, resources, processes and daily operation for the seamless functioning of the organisation.
4. The managerial role includes certain leadership attributes such as motivating the employees, act as a role model, maintaining transparency and communication and clear articulation of the goals. Managers also need to encourage, support and motivate the employees for improved performance.
5. Quality control is an important managerial role in Tesco, the store managers control the employee-customer interaction, ensures employees are efficient in assisting the customers, and also monitor the quality of work.

Role of leadership

Organisational performance largely depends on the leadership style and approach as it shapes the organisational structure and affects the motivation level of the employees. According to Larsson and Vinberg (2010), the role of a leader is to provide direction, motivate the employees in achieving the organisational vision (Wakabi, 2016). By influencing the behaviour of the subordinates' organisational culture can be shaped by the leader. In Tesco, leaders tend to follow an authoritative style that aligns with the hierarchical structure of the company. The

leader's role in Tesco is directly associated with power and decision-making. Within the bureaucratic system, the autocratic leader remains in the centre of all decisions and unlike the team culture, employee participation in the decision-making is low.

Within the power culture, the leader is responsible for developing the strategic vision, and communicate the vision and objectives of the organisation to the managers without directly communicating with the employees. However, currently with increased flexibility within the management system, the leadership approach and style in Tesco Plc is changing (Nwagbara, 2011). Iqbalet *al.* (2015) noted that leadership is associated with influencing, inspiring and encouraging people and leaders also need to focus on coach and develop people.

A behavioural approach to management

The behavioural approach to management is associated with the human behaviour and human relations within an organisation unlike the Classical approach to management. According to Sutherland *et al.* (2000) behavioural approach to management is more employee-centric rather than task-centric and it takes into consideration the individual factors that drive the behaviour of the people within an organisation. The behavioural approach focuses on influencing, motivating, and coordinating rather than planning or organising for inducing performance.

The behavioural school of management approach took into account the importance of individual differences and their importance in terms of motivation and performance. Different patterns of behaviours can be challenging for managers in terms of understanding the motivational needs of the team (Martin, 2004). The shift of management objectives towards employee satisfaction and an effective working environment led to the emergence of the behavioural approach to management. It can be largely beneficial for Tesco in redesigning the management system, and performance management programmes in the organisation. The behavioural approach to motivation evaluates the employee performance based on individual motivational factors, individual differences and personality traits for improving their commitment and engagement in achieving the organisational objectives.

Martin(2004) noted that contrary to Taylor's and Fayol's approach to scientific management, behavioural management theory aims to understand the social and psychological needs of the workers. It focuses on the social and psychological needs of the employees rather than only the economic needs. Using this approach, it is possible to utilise Maslow's hierarchy of needs, Herzberg's Two-factor theory, and other motivational theories for identifying levels of needs

of the organisational members. Apart from that it also enables understanding the way personality traits are associated with the workplace performance of the individuals. It can help managers in establishing effective communication, designing meaningful motivational factors, and encouraging the individuals based on their individual needs which can improve their performance.

Conclusion

Organisational structure and culture are two crucial aspects of organisational behaviour. Organisational performance depends on several factors which can be positively and negatively influenced by organisational culture and structure. From the study, it has been identified that the highly structured hierarchical structure and power culture proved to harm the performance of Tesco as it was not satisfactory for the employees. Tesco over the years changed its culture to simplify the operational processes and reduced the managerial levels for improving internal communication. Autocratic leadership and controlling management are some of the factors that have also affected the performance of the employees in Tesco. The organisation needs to enhance flexibility, coordination, and teamwork for improving organisational performance.

Reference list

- Bell, R. and Martin, J., 2012. The relevance of scientific management and equity theory in everyday managerial communication situations. *Journal of Management Policy and Practice*, 13(3). http://www.na-businesspress.com/JMPP/BellRL_Web13_3.pdf
- Hoogervorst, J., van der Flier, H. and Koopman, P., 2004. Implicit communication in organisations: The impact of culture, structure and management practices on employee behaviour. *Journal of managerial psychology*. https://www.researchgate.net/profile/Jan_Hoogervorst/publication/247614256_Implicit_communication_in_organisations_The_impact_of_culture_structure_and_management_practices_on_employee_behaviour/links/573adff108ae9ace840e6430/Implicit-communication-in-organisations-The-impact-of-culture-structure-and-management-practices-on-employee-behaviour.pdf
- Iqbal, N., Anwar, S. and Haider, N., 2015. Effect of leadership style on employee performance. *Arabian Journal of Business and Management Review*, 5(5), pp.1-6. <https://www.academia.edu/download/43312296/effect-of-leadership-style-on-employee-performance-2223-5833-1000146.pdf>
- Janićijević, N., 2013. The mutual impact of organizational culture and structure. *Economic annals*, 58(198), pp.35-60. <http://www.doiserbia.nb.rs/ft.aspx?id=0013-32641398035J>
- Kurke, L.B. and Aldrich, H.E., 1983. Note—Mintzberg was right!: A replication and extension of the nature of managerial work. *Management science*, 29(8), pp.975-984. <https://pubsonline.informs.org/doi/pdf/10.1287/mnsc.29.8.975>
- Larsson, J. and Vinberg, S., 2010. Leadership behaviour in successful organisations: Universal or situation-dependent?. *Total quality management*, 21(3), pp.317-334. https://www.researchgate.net/profile/Stig_Vinberg/publication/247495033_Leadership_behaviour_in_successful_organisations_Universal_or_situation-dependent/links/57b1d83c08ae0101f17a503b/Leadership-behaviour-in-successful-organisations-Universal-or-situation-dependent.pdf
- Maduenyi, S., Oke, A.O., Fadeyi, O. and Ajagbe, A.M., 2015. Impact of organisational structure on organisational performance. <http://eprints.covenantuniversity.edu.ng/5296/1/Paper%20140.pdf>

- Martin, A., 2004. A plea for a behavioural approach in the science of Human Resources Management. *management revue*, pp.201-214.
<https://www.econstor.eu/bitstream/10419/78897/1/75240749X.pdf>
- Mintzberg, H., 1971. Managerial work: Analysis from observation. *Management science*, 18(2), pp.B-97.
<http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.464.3181&rep=rep1&type=pdf>
- Nikpour, A., 2017. The impact of organizational culture on organizational performance: The mediating role of employee's organizational commitment. *International Journal of Organizational Leadership*, 6, pp.65-72.
https://ijol.cikd.ca/article_60432_9a9a6611a397719a068702bb17be5460.pdf
- Nwagbara, U., 2011. Managing Organizational Change: Leadership, Tesco, and Leahy's Resignation. *E Journal of Organizational Learning & Leadership*, 9(1).
https://www.academia.edu/download/30931775/Article_6_-_V9N1_-_Nwagbara.pdf
- Sokro, E., 2012. Analysis of the relationship that exists between organisational culture, motivation and performance. *Problems of Management in the 21st Century*, 3, p.106.
https://www.scientiasocialis.lt/pmc/files/pdf/Sokro_Vol.3.pdf
- Sutherland, V., Makin, P.J. and Cox, C., 2000. *The management of safety: the behavioural approach to changing organizations*. Sage.
https://books.google.com/books?hl=en&lr=&id=dQp45Hy2VaMC&oi=fnd&pg=PP2&dq=behavioural+approach+to+management&ots=X7YYkaNDDE&sig=mBkquTwdjmoFf7GLEwkQB_4k00E
- Taylor, F.W., 2004. *Scientific management*. Routledge.
<https://dspace.gipe.ac.in/xmlui/bitstream/handle/10973/41111/GIPE-191173.pdf?sequence=3>
- Wakabi, B.M., 2016. Leadership style and staff retention in organizations. *International Journal of Science and Research*, 5(1), pp.412-416.
https://www.researchgate.net/profile/Bernard_Muhangi/publication/289519829_Leadership_style_and_staff_retention_in_organisations/links/568e03c308aeaa1481ae80f3.pdf