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## **CULTURAL DETERMINANTS OF BEHAVIOUR CONTROL IN ORGANIZATIONS**

### **Abstract:**

The paper explores the impact of organizational culture on control of organization members' behavior. Every organization must develop a certain method of behavior control in order to provide coordinated and effective collective action in accomplishing of its goals. Organizational culture with its assumptions, values and norms defines how an organization understands the nature of human behavior in social groups, and thus a suitable manner of control of this behavior. The paper uses Mintzberg's classification of five methods of organizational behavior control which are differentiated according to two basic criteria: the level of restrictiveness and the level of formalization or personalization. On the other hand, organizational culture classification by Handy recognizes four types of culture, which can be differentiated according to two criteria: distribution of power and orientation towards work or social structure. Based on matching of the criteria for organizational culture types differentiation and methods of behavior control, the hypotheses on causal relations between them are established in the paper. The conclusion is that role culture implies standardization of processes, power culture requires direct supervision, task culture requires standardization of outputs, and human culture imposes standardization of knowledge or direct interpersonal communication as a method of behavioral control.

### **Keywords:**

organization, control, organizational culture, organizational behavior, management, personnel management

**JEL Classification:** M10, M14

## Introduction

Organizational culture has a strong impact on organization and management, which emerges from its nature and its content. Organizational culture is defined as a “*system of assumptions, values, norms and attitudes, manifested through symbols which the members of an organization have developed and adopted through shared experience and which help them determine the meaning of the world around them and how to behave in it*” (Janićijević, 2013, p.42). Through its influence on the thoughts and behaviour of managers and employees, organizational culture influences different aspects of management and organization. Extensive empirical research has documented that organizational culture affects strategy (Klein 2011), performance control (Deem et al. 2010), organizational structure (Ranson et al. 1980), compensation systems (Chen 2010), performance appraisal (Henri 2006), organizational learning (Alavi et al.,2005), leadership (Giberson et al. 2009), and organizational performance (Wilderom et al. 2000). A concrete form of the impact of organizational culture on an organization and management is observed in the fact that components of an organization and management differ in different types of organizational culture. In other words, different types of culture in organizations imply different strategies, organizational structure models, compensation systems, leadership styles, etc.

One of the important components of management that is impacted by organizational culture is the method of control of the organization members' behavior. Organizational culture impacts the selection of adequate method of control of the organization members' behavior in the same way it impacts all other aspects of management. Namely, cultural assumptions and values shared by the members of an organization determine the way in which they will understand the organization itself (Schein, 2004), and thereby the adequate way to control and direct the behavior in the organization. What will be determined as a suitable, efficient, or useful way of control will depend significantly on the shared assumptions and values of employees and managers. This is the reason why different methods of control will be applied in different organizational cultures.

The described impact of organizational culture on behavior control in an organization is, however, too general in character and calls for operationalization which would consist of generating and testing the hypothesis on the causal relationship between certain types of organizational culture and certain methods of control. Such operationalization of relationships between organizational culture and methods of control so far has not been dealt with in the literature. The purpose of this paper is to fill this gap. The paper is explorative in character, which means that it will generate hypotheses suitable for empiric testing.

## Methods of behavioral control in an organization

Each organization has the need to control the behavior of its members. This system should provide for the decisions and actions of the members of an organization to be such that functioning of organization follows the planned course and streams towards previously defined goals. Through the process of control, an organization restricts the behavior of its members. The basic reason for this is that an organization is in its essence a system of collective action through which mutual goals are achieved. In order to achieve mutual goals through a collective action, individual actions, i.e. behavior, of the members of an organization must be restricted, directed and controlled. An organization must have a mechanism through which it would decrease the degree of freedom of the employees' choice in decision-making and action taking

in order to provide that these actions and decisions are mutually harmonized and in order for them to jointly flow towards achieving previously defined goals.

The method of behavior control is a necessary element of organizational design, and the very process of control is one of the four primary tasks of management (along with planning, leadership and organizing). The most frequently quoted classification in the literature of methods or systems of control of organization members' behavior is the one given by Henry Mintzberg (Mintzberg, 1979). Within his analysis of the manners in which organizations are structured, he differentiated five basic mechanisms of behavior control on which he also based his organizational models classification.

*Standardization of Processes.* This control mechanism implies that the manner in which the members of an organization will do their job, i.e. perform each work activity, is prescribed in advance. The means to achieve this are different formal documents: standards, procedures, regulations and instructions. They standardize the way in which each member of an organization performs the work tasks at his/her job.

*Standardization of outputs.* Organizations turn to this mechanism of control when work processes are too complex or variable and cannot be standardized, but the outputs (results) of these processes can be prescribed. In this case, an employee is given the freedom or discretion right to decide how he/she will perform the task, but the output that he/she must achieve is specified or standardized in advance.

*Standardization of knowledge and skills.* This mechanism of employees' behavior control includes the standardization of behavior inputs, and these are knowledge, skills and ethic standards in performing of the tasks. The work process, as well as its effects or outputs (results), can at least to some extent be controlled through standardization of knowledge and skills necessary for performing of the work, as well as through establishing professional norms and standards which those who perform the work should comply with.

*Direct supervision by the management.* In this system, control is achieved by the manager who, based on his/her position in the organizational structure, has the authority over a certain number of subordinated employees. The manager supervises the progress of the work process, decisions and actions of the employees, in particular through immediate contact and communication with the subordinate who performs his/her work tasks.

*Direct interpersonal communication.* Control can also be conducted through a direct interpersonal communication of the employees, i.e. the members of an organization. In this case, the employees who comprise one team control and coordinate each other in direct interpersonal contact and thus coordinate their activities and influence one another.

Although Mintzberg did not explicitly write about it, it is clear that the described methods of control of organization members' behavior can be differentiated according to two criteria: the degree of restrictiveness or autonomy that the method of control leaves to the employees with respect to selection of the way in which they will perform their work tasks, as well as the degree of personalization and formalization of control. In restrictive methods of behavior control, the members of an organization have very little room for free decision-making and taking action. Nonrestrictive methods of control are the ones that impose smaller number of restrictions in organization members' behavior and which give them greater discretion and autonomy.

Restrictive methods of control are standardization of processes and direct supervision by the management. Nonrestrictive methods of control are: standardization of knowledge, standardization of outputs and direct interpersonal communication.

According to the second criterion, we distinguish between formalized and depersonalized methods of control and personalized and lowly formalized methods of control. Depersonalized and formalized methods of control are the ones which restrict organization members' behavior by means of formal documents, such as: plans, standards, procedures, instructions, etc. Standardization of processes and standardization of outputs fall under this type of method of control. Personalized and lowly formalized methods of control are primarily focused on people and their behavior, and are only secondarily focused on tasks they should perform. Direct supervision, standardization of knowledge and direct interpersonal communication are part of personalized and lowly formalized methods of control.

By combining the two criteria of differentiation of methods of behavior control in an organization we may design the following matrix:

**Table 1: Types of behavior control in organizations**

Formalization, personalization of control Restrictiveness of control, autonomy	Formalized, depersonalized	Non-formalized, personalized
Low autonomy, restrictive	Standardization of processes	Direct supervision
High autonomy, nonrestrictive	Standardization of outputs	Standardization of knowledge, Direct interpersonal communication

### Types of organizational culture

The next step in the analysis of the impact of organizational culture on the method of control selection is organizational culture type classification. Numerous and diverse organizational culture type classifications can be found in literature (Cameron, Quinn, 2011; Deal, Kennedy, 2011; Balthazard, Cooke, Potter, 2006; Denison, Mishra, 1995; Trompenaars, 1994; O'Reilly, Chatman, Caldwell, 1991). However, for the analysis of the impact of organizational culture on behavior control in organizations, two organizational culture classifications by Charles Handy (Handy, 1991) is very helpful. Handy's classification recognizes power culture, task culture, role culture, and people culture.

*Power culture* is authoritarian. In this type of organizational culture the metaphor for organization is the patriarchal family with a powerful father figure at the head. Power culture implies high dependence of organization members on their leader, who makes all the decisions and coordinates and controls all the processes in the organization. Just as interpersonal relations are the most important aspect of the family, similarly in this type of culture social structure and interpersonal relations will dominate over work structure and tasks.

*Role culture* is bureaucratic. In this type of culture rationality is highly valued, and it therefore has a high level of standardization, formalization, and specialization, as well as depersonalization. In this type of culture the organization is understood as a machine in which

every part must perform its role in a prescribed manner. Formal rules, procedures, systems, and structures are highly respected, and therefore are highly developed and have a critical role in the functioning of the organization.

*Task culture* is a culture in which organization is a tool for problem solving and accomplishing tasks. Results, competency, creativity, achievement, and change are highly valued. Since tasks are often very complex entire teams are needed to solve them: therefore teamwork is also highly valued. But in order to use all the potential of the professionals' knowledge and competency they must have autonomy in their work.

*People culture* values individualism and individual growth the most. The organization is understood as an incubator of ideas and people. Individual goals are more important than organizational goals to the members of an organization, and hence organization is regarded merely as a suitable context for achievement of personal goals.

The four described types of organizational culture can be differentiated on two criteria. The first criterion is the distribution of power that is implied by a specific type of organizational culture in an organization. According to this criterion, organizational cultures which imply authoritarian or hierarchical distribution of power and organizational cultures which imply egalitarian or equal distribution of power can be distinguished. In authoritarian or hierarchical cultures the basic assumption is that unequal distribution of power in social systems is inevitable, useful, and even necessary. Such are power and role culture. In egalitarian cultures the assumption prevails that social systems, such as organizations, need as equal a distribution of power as possible, and that such a distribution of power will provide more efficient functioning of social systems and achieving of goals. Such are task and people culture.

The second criterion according to which these organizational culture types differ in both classifications is the framework of collective action through which the organization achieves its goals. According to the criterion of a suitable framework for collective action in organizations, we distinguish organizational cultures which imply collective action through work structures and tasks, and cultures which imply collective action through social structure and relations. Power culture, and people culture imply supremacy of social over work structure, as well as supremacy of relationships over tasks. In role culture and in task culture, the goals of the organization are achieved by depending primarily on work structure and tasks, while people and their relationships are of secondary importance.

Combining both criteria for differentiation of organizational cultures we are able to construct the following matrix:

**Table 2: Types of organizational cultures**

Framework of collective actions	Work structure, tasks	Social structure, relations
Power distribution		
Authoritarian, hierarchical distribution of power	Role culture	Power culture
Egalitarian distribution of power	Task culture	People culture

## **Correspondence of organizational culture type and method of control in an organization**

The presented classification of organizational cultures and methods of behavior control shows a high degree of correspondence between the criteria used to differentiate them. The assumptions regarding suitable distribution of power in an organization, by which organizational cultures are differentiated, are obviously connected with the degree of restrictiveness or autonomy which differentiates methods of control. Also, the assumptions regarding the suitable framework of collective action in an organization, by which organizational cultures are differentiated, are obviously connected with the degree of formalization and personalization in the methods of control. This enables us to establish hypotheses about the causal relationships between certain organizational culture types and certain methods of control.

In authoritarian or hierarchical cultures, in which assumption of unequal distribution of power prevails, the possible, probable, and efficient methods of control are restrictive methods which enable low discretion or autonomy of the members of an organization. Centralization of power implies a strict control of the organization from one center, most often from the top of the organization. Thus, power and role culture, will both imply the implementation of standardization of processes or direct supervision by the management as restrictive mechanisms of control. This is why we may establish the following hypothesis:

*H<sub>1</sub>: Organizational cultures which assume authoritarian or hierarchical distribution of power imply the implementation of restrictive methods of behavior control in an organization.*

In egalitarian cultures, which assume the need for more equal distribution of power, the possible, probable, and efficient methods of control are methods which enable a high degree of autonomy or discretion in organization members' behavior. Harmony in distribution of power in an organization precisely implies a higher autonomy and influence of organization members on works processes and performing of tasks. Thus, task and people culture, will both lead to the implementation of standardization of knowledge, interpersonal communication and standardization of output as nonrestrictive methods of control. Therefore, we may establish the following hypothesis:

*H<sub>2</sub>: Organizational cultures which assume egalitarian distribution of power imply the implementation of nonrestrictive methods of behavior control in an organization.*

In cultures in which problem solving and achievement of goals is accomplished primarily through work or formal structure, the possible, probable, and efficient methods of control will be formalized and depersonalized methods of behavior control. This practically means that role and task culture will imply the implementation of standardization of processes or outputs. Therefore we may establish the following hypothesis:

*H<sub>3</sub>: Organizational cultures oriented towards work structure and tasks imply the implementation of formalized and depersonalized methods of behavior control in an organization.*

In cultures where problem solving and the achievement of organizational goals is accomplished primarily through social structure and relations, the possible, probable, and efficient methods of control will be those in which the primary tool of control is precisely this social structure and relations. This means that power and people culture will imply the implementation of direct

supervision, standardization of knowledge or interpersonal communication. Therefore, we may establish the following hypothesis:

*H<sub>4</sub>: Organizational cultures oriented towards social structure and tasks imply the implementation of lowly formalized and personalized methods of behavior control in an organization.*

Based on compliance of the basic criteria for differentiation of organizational cultures and methods of control we can construct the following matrix, from which emerge hypotheses on the direct causal relations between certain organizational culture types, and suitable control systems in these cultures.

**Table 3. Alignment of organizational cultures and behavioral control types**

Framework of collective action / control tool Power distribution /restrictiveness	Cultures oriented toward and control achieved through work structure and tasks	Cultures oriented toward and control achieved through social structure and relations
Authoritarian, hierarchical cultures Restrictive control methods	Role culture Standardization of processes	Power culture Direct supervision
Egalitarian cultures Non restrictive methods	Task culture Standardization of outputs	People culture Standardization of knowledge Direct interpersonal communication

From Table 3 we can conclude that role culture implies standardization of processes, power culture requires direct supervision, task culture requires standardization of output, and human culture imposes standardization of knowledge or direct interpersonal communication as a method of behavior control.

## Conclusion

Every organization must find an adequate mechanism to control the behavior of its members in order to function as an organized system and to direct that behavior towards the fulfillment of organizational goals. One of the important factors that determines the method of controlling the behavior of members of the organization is the organizational culture as a set of assumptions, values and norms shared by employees and managers and which significantly affect their behavior. Cultural assumptions, values and norms must be harmonized with the applied method of controlling the behavior of members of the organization. The operationalization of this harmonization implies that certain types of organizational culture and behavioral control methods that are effective in them are paired. This operationalization can be done by comparing Mintzber's classification of behavioral control methods and Handy's classification of culture types, since there is a correspondence between these two classifications when it comes to the criteria on which these classifications are based. The result is that power culture implies direct supervision as a method of control, that role culture is aligned with standardization of processes as a method of control, that task culture asks for standardization of outputs as a method of control and that people culture requires standardization of knowledge or direct supervision as a method of control.

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