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Structures and cultures: A review of the literature

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A review of the literature

This literature review aims to assist registered training organizations (RTOs) who have realised that change is now the status quo, and who are actively seeking ways to deal with change to ensure an effective workforce for the future. It focuses on providing information on organizational structures and cultures that could help RTOs to do this.

The review draws from literature in fields such as organizational theory, organizational behaviour, management and managing change, selected because it deals with the cultures and structures of organizations. Literature consulted includes key reference texts, supported by readings found by literature and internet searches, and in recent journals, research reports and websites.

The review is in three sections—it focuses first on organizational structure, then on organizational culture, and finally links these two in a section on strategy.

The first section focuses first on the importance of examining structure in organisations. It explores definitions and key elements of structure, and shows how contextual or situational factors lead to the development of diverse organisational structures. Five fundamental configurations of organisation structure are outlined, as well as a range of structures emerging which offer solutions for challenges of the future. The section closes with advice from literature on how organisations can deal with the variety of structural options on offer.

The second section focuses first on reasons why RTOs might benefit from examining culture. It then turns to issues that RTOs could face when dealing with culture in their organizations, and specific issues arising from the Australian VET context. It explores what we mean by culture through examining the origins and development of the concept. It concludes with practicalities, outlining some tools for describing culture and tools for managing culture, and offering some warnings on using the concept.

The final section of this review will focus on how writers have linked the concept of organizational culture to that of organizational structure.

Section 1: Organisational structure

Importance of organisational structure

Within the extensive literature on organizational theory and organizational behaviour, a number of writers have stressed the importance of organizational structure. Mintzberg (1979; 1989) emphasises the significant links between an organization's age, size, strategy, technology, environment and culture and its structure. In a similar vein, Miller (1989) outlines the relationship that must exist between structure and strategy, while Burns and Stalker (1961) describe the critical interrelationships between structure, environmental change and organizational performance. In summing up many of these views, McMillan (2002 p. 1) suggests:

> …if the structure of an organisation and the underlying design principles which construct it are not in tune with the core purposes of the organisations and its many environments then it is unlikely to successfully survive.

McMillan (2002 p.2) also expresses the view that too often structure is given little consideration in strategy and organizational development and further, that many managers have a shortcoming in this area. Such a contention confirms the views of authors like Senge (1994) and Peters (1993, p.61) who state 'the point of understanding organization structure is to create an ability to make structure better suited to strategy'.

Given the stated importance of organizational structure, how then is it defined and what does it entail?

Structure defined

A number of varied definitions of organizational structure can be found in the literature, but essentially the focus of each remains relatively uniform. Hodge, Anthony and Gales (1996, p.32) propose that 'structure refers to the sum total of the way in which an organization divides its labor into distinct tasks and then coordinates them'. While O'Neill, Beauvais and Scholl (2001, p.133), drawing on the definitional elements of structure presented by Mintzberg (1979, 1989), Katz and Kahn (1966) and Burns and Stalker (1961), define it as:

> … the degree of centralization of decision-making, formalization of rules, authority, communication, and compensation, standardization of work processes and skills, and/or control of output by acceptance of only adequate outcomes.

Whatever the terminology, structure ultimately describes how organizations 'coalesce' to manage work flows and service customers' (Maccoby 1996, p.60). Its purpose Mintzberg (1979) suggests is the standardization of work processes and the specification of work output and the skills required to complete work tasks to the desired standards, thus meeting the goals and objectives of the organization.

Formal organizational structure is most likely communicated via an organizational chart, policies and procedures, committee terms of reference, designated roles and responsibilities, formal communication mechanisms as well as people's behaviour (Hunter 2002 p.xii). These aspects are described by Wang and Ahmed (2002 p.6) as the 'hard components' of structure. The 'soft component of structure', known as the informal structure, refers to the interpersonal interactions and cross-functional activities that exist within an organization but are not explicitly delineated on the organizational chart. Hodge et al. (1996) emphasise that the informal structure is not only the result of social and political networks and relationships that evolve as people work together but is also an outcome of flaws or inefficiencies in the formal structure. Wang and Ahmed (2002 p.6) propose that 'it is widely accepted that informal structure does not necessarily coincide with formal organisational relations'.

Attributes of structure: differentiation and integration

Structure provides the organizational framework, within which the division of labour is determined (differentiation), coordinating mechanisms that link the activities of the whole organization are delineated (integration), policies and procedures are set in place (formalization and standardization) and authority relationships are established (centralization and span of control). Described by Banner (1995) as macro structural variables, these key elements exist in all organizations, but may vary in the degree to which each is employed from one organization to another.

Differentiation

The division of the work of an organization into tasks can occur in three basic ways – horizontally, vertically and spatially.

Horizontal differentiation

Also known as specialization, horizontal differentiation refers to the splitting up of work into tasks and sub-tasks at the same level across an organization. This form of differentiation is well represented by specialist units within hospitals and by faculties within universities and RTOs. While these specialist units or task areas exist at the same level within the organizations, the differences between them are generally quite clear. Banner (1995) suggests that goal orientation, status differences, language as well as the tasks they undertake are likely to discriminate between the specialist units or task areas. Hodge et al. (1996, p.36) note the role that training has in determining what separates one area from another.

> Each of these tasks areas is specifically described and each is distinct from the other. Each area requires specific training, and each requires certification and credentials for the individual practitioner.

In large RTOs, horizontal differentiation is best exhibited by teaching units in particular discipline areas. They occur at the same level within the organization, but they have their own distinct characteristics. Teaching units or faculties in engineering, information technology, design and hospitality are an example of this. Within each of these specializations, however, there are likely to be further specializations. Work units in the specialist areas of accounting, finance, management and human resource development within a business faculty illustrate what is known as 'high horizontal differentiation' (Banner 1995, p.132). Low horizontal differentiation is best represented by small organizations where the senior executive takes on all tasks associated with human resources, finance and management. Low horizontal differentiation also occurs in larger organizations where multi-skilling is an established strategy.

Hodge et al. (1996) suggests that the horizontal division of work across an organization is often a strategic decision, one which involves decisions about developing high levels of specialized expertise in a narrow field or broadly defined arrangements that provide greater flexibility.

Vertical differentiation

This form of differentiation refers to the division of work by level of authority or hierarchy. Tasks are allocated 'on the basis of the authority each unit or person has over each other unit or person in the organization' (Hodge et al. 1996, p.37). The degree of vertical differentiation determines whether an organization has *low vertical complexity* (a flat structure) or *high vertical complexity* (a tall structure) (Hodge et al. 1996, p.38).

Spatial differentiation

Also known as *spatial dispersion*, this form of differentiation refers to the geographic location of different organizational activities and can be both horizontal and vertical. Spatial differentiation is well illustrated by RTOs that support a number of campuses across a state or several states or territories.

When horizontal differentiation, vertical differentiation and spatial dispersion are combined they make up an organization's *complexity*. The more diverse the activities, occupations, functions and hierarchical levels an organization exhibits, the more complex it is (Banner 1995). Size is also a significant influence on complexity, for as Tosi, Rizzo & Carroll (1994 p.33) explain:

> There are more coordination and control problems in more complex organizations because there are more task activities to perform, and there are alternative ways to design relationships. Complexity typically is greater in larger organizations.

Integration

Complexity brings with it the need to coordinate and control both tasks and people to ensure that the mission and objectives of the organization are achieved. Mintzberg (1979) identifies five mechanisms for coordination – direct supervision, standardization of work processes, standardization of outputs, standardization of skills and mutual adjustment (negotiation and collaboration). Hodge et al. (1996) present a similar listing of integrating structures noting that in the first instance, responsibility for coordinating the horizontally, vertically and spatially differentiated parts of the organization rests with people in management positions. Direct supervision is supported by formalization, centralization, spans of control and standardization (Hodge et al. 1996, Banner 1995). A brief outline of each of these mechanisms follows.

Formalization

Formalization refers to the rules, policies, procedures and other written documentation that organizations produce to assist in coordinating highly differentiated and complex tasks by regulating behaviour (Banner 1995, p.132). The greater the use of strategic plans, orientation kits, professional development guidelines, job descriptions, policy manuals and the like which dictate to employees how they are to go about particular activities, the higher the level of formalization within an organization. Hodge et al. (1996, p.42) contend that:

> The organization that relies heavily on formalization is assuming that employees may lack the information, knowledge, skills, judgment, or self-control necessary to coordinate diverse sets of tasks in the organization.

They also suggest that the opposite may be true – management confidence in the knowledge, skills and judgment of employees tends to mean a lower level of formalization within an organization (Hodge et al. 1996, p.42).

Centralization

This coordinating mechanism refers to the locus of decision making in an organization. Of particular importance in this domain is the place in the hierarchy where decisions are made. In a highly centralized organization, the authority for decision making rests with the executive, or as Mintzberg (1979, p.24) calls it the 'strategic apex'. In a situation where decision making is decentralized, the authority may be vested in middle management or the 'middle line' (Mintzberg 1979, p.26). In organizations committed to empowerment, the locus of decision making may reside with the employees at the level Mintzberg (1979, p.24) describes as the 'operating core'. Where a broader organizational perspective is essential, centralized decision making ensures consistency across the organization, however, in a tall hierarchical structure it can be a time-consuming process which ultimately impacts upon an organization's ability to respond to any external demands being placed upon it (Hodge et al. 1996).

Span of control

The span of control refers to the number of subordinate positions that a higher position coordinates. Spans of control can be either wide, when the work of many subordinates is under the control of one person, or narrow, when the work of only a few is supervised. Hodge et al. (1996) suggest that there is no 'rule-of-thumb' ratio of subordinates to managers, rather such decisions are made on consideration of the ability of managers, the expertise of subordinates, the

nature of the work, the degree of vertical and spatial differentiation and the organizational approach to delegation and empowerment. The same authors explain:

> Organizations with broad spans of control tend to have few levels of hierarchy (less vertically complex) and are regarded as flat. Organizations with narrow spans of control tend to have more levels of hierarchy (more vertically complex) and are taller (Hodge et al. 1996, p.45).

Standardization

Standardization mechanisms are designed specifically to reduce the degree of uncertainty and unpredictability in the work of an organization. In a manufacturing setting, for example, processes are undertaken reliably by using a set of standard operating procedures. In a similar vein, organizational guidelines on the conduct of assessment together with validation activities ensures a level of consistency between tools assessors over time in RTOs. In other instances, specification of the types of equipment or the training and qualifications of people are strategies to standardize inputs, while inspection, client surveys and audit against set standards are ways of producing consistency of outputs.

Needless to say, organizations differ in the way they use differentiation, formalization, centralization and integration. Such variation in application, when influenced by contextual or situational factors, leads to the development of diverse organizational structures.

Contextual factors, structural responses

A number of significant authors have written about the influence that environment has on the structure of organizations and the way in which they evolve when influenced by environmental change (Burns & Stalker 1961; Lawrence and Lorsch 1967; Mintzberg 1979, 1989). The key aspects of these varied views follow.

Burns and Stalker (1961): mechanistic and organic organizations

In a comparative study of firms in dynamic or constantly changing environments with those in stable environments (Burns & Stalker 1961) identified the emergence of two distinct organizations, each with its own set of structural characteristics. Described as *mechanistic* and *organic* organizations, these forms are seen to represent the two extremes in organizational structure, and it is generally acknowledged that many organizations fall somewhere between these extremes. In the following table the disparate structural characteristics of mechanistic and organic structures are outlined.

Table 1: Mechanistic and organic organizations

Structural characteristics	Mechanistic	Organic
Complexity	High vertical and horizontal complexity	Low vertical and horizontal complexity
Formalization	High formalization	Low formalization
Centralization	High centralization	High decentralization
Spans of control	Narrow spans of control	Broad spans of control
Standardization	High standardization	Low standardization

Hodge et al. 1996, p.48

In describing these forms, Burns and Stalker (1961, p.70) propose that mechanistic organizations are most appropriate when conditions are constant, where tasks and processes are routine and where standard operating procedures or a hierarchical structure of control are sufficient to manage the low levels of uncertainty in the environment. The authors make particular note that

bureaucratic organizations best reflect these characteristics and are, therefore, mechanistic organizations. In contrast, the organic structure with its flatter structure and low levels of formalization and standardization is seen to be more appropriate in a turbulent environment because:

> …it is more flexible, more adaptable to a participative form of management, and less concerned with a clearly defined structure. The organic organization is open to the environment in order to capitalize upon new opportunities….The purpose of the structure is to create independent organizations that can rapidly respond to customers' needs or changes in the business environment (Burns & Stalker 1961, p.70).

Reiterating this point of view, O'Neill et al. (2001) note that organic organizations are characterised by roles and tasks that require personnel with specialist skills, knowledge and experience together with the ability to negotiate and mutually adjust as the environment changes around them.

Lawrence and Lorsch (1967): balancing differentiation and integration

In a study of six companies operating in the same industry environment, Lawrence and Lorsch (1967) investigated the impact of environment on various structural configurations. In particular, they examined the differences between differentiation and integration in each of the companies and across the functional units or subgroups within each company. They found that subgroups were confronted by their own particular environments and those that were most successful were the ones that modified their structure to suit their current environment. Furthermore, the companies that were the most successful were those that not only differentiated to meet the demands of their environment but were able to effectively coordinate the diversity that existed in all parts of the organization. Lawrence and Lorsch (1967 p. 238) concluded that 'the viable organizations will be the ones that master the science and art of organization design to achieve both high differentiation and high integration'.

Mintzberg (1979): contingency factors

Following on from these earlier studies, Mintzberg (1979) suggested that an organization's structure is largely determined by four contingency factors which he determined to be age and size, technical systems, environment and power. For each he put forward a number of hypotheses.

In relation to *age and size*, Mintzberg (1979 pp. 227-233) proposed:
- the older the organization, the more formalized its behaviour
- the larger the organization, the more formalized its behaviour
- the larger the organization, the more elaborate its structure
- the larger the organization, the larger the average unit

Additionally, he suggested that organizations appear to go through a series of stages of structural development noting 'as organizations grow, they go through structural transitions, changes in kind rather than degree' (Mintzberg 1979, p. 241). In this process of evolution, organizations change from a craft structure or an entrepreneurial structure, to a bureaucratic structure, a divisionalized structure and then to a matrix structure (these configurations are described more fully in the next section on organizational structures).

In relation to *technical systems*, he proposed:
- the more regulating the technical system, the more formalized the operating work and more bureaucratic the structure
- the more advanced the technical system, the more elaborate the administrative structure

The technical systems that Mintzberg (1979, p.29) outlines relates to the part of an organization that he calls 'the technostructure'. The technostructure is made up of the people who undertake the strategic planning, who train the workforce and who establish policies and procedures which monitor the flow of work, determine the standards and audit the outputs. In RTOs, personnel responsible for the development of reporting systems and internal audits against the Australian Quality Training Framework are representative of this group.

In relation to *environment*, Mintzberg (1979 pp. 270-273) proposed:
- the more dynamic the environment, the more organic the structure
- the more complex the environment, the more decentralized the structure
- the more diversified the markets, the more propensity to split into market-based units
- extreme hostility drives centralized structure temporarily

Thus, an organization's structure is largely determined by the diversity in its environment and this variety relates specifically to the degree of complexity and the pace of change impacting on it. In light of this, Mintzberg suggests, four basic structures emerge. These are outlined in the following table.

Table 2: Environmental determinants of organizational structure

	Stable	Dynamic
Complex	Decentralized Bureaucratic (standardization of skills)	Decentralized Organic (mutual adjustment)
Simple	Centralized Bureaucratic (standardization of work processes)	Centralized Organic (direct supervision)

Mintzberg 1979, p.286

While noting the significance of age and size, of technical systems and of environmental variety, Mintzberg (1979) concluded that power factors are also influential in the design of structure.

In relation to *power* he proposed:
- the greater the external control of the organization, the more centralized and formalized its structure (p.288)
- the power needs of the members tend to generate structures that are excessively centralized (p. 291)

For RTOs, the first proposition is of particular importance, overseen as they are by various national and state agencies. The maintenance of registered training organization status and adherence to the Australian Quality Training Framework monitored by state training authorities are examples of external power influences. With regard to the second proposition, Mintzberg (1979, p.291) suggests that all people within an organization invariably seek some form of power 'if not to control others at least to control the decisions that affect their work'.

In the examination of contextual factors and structural responses numerous authors have confirmed that the variation in both the division of tasks and mechanisms for coordination, together with environmental diversity leads to considerable diversity in the forms that organizations adopt. A number of different structures are outlined in the following pages.

Organisational structures

Mintzberg (1979) suggests that organizational structures fall into five fundamental configurations - the simple (coordinated by direct supervision), the machine bureaucracy (coordinated by standardization of work processes), the professional bureaucracy (coordinated by the standardization of skills), the diversified form of bureaucracy (coordinated by standardization of output) and adhocracy (coordinated by mutual adjustment).

Each of these structures is appropriate for particular contexts and has its own characteristics, distinct strengths and potential weaknesses.

The simple structure

In a simple organizational or entrepreneurial structure, the chief executive officer takes on the central directive role. Designed to be dynamic and responsive, this configuration is the one that small organizations pass through in the start-up or formative stage of their development (Mintzberg, 1979). Organizations with this structure are simple, informal and flexible and have a small managerial hierarchy with very few support staff. Communication is informal and vertical, a strong sense of mission and vision guides decision making and the primary coordinating mechanism is the direct supervision of the CEO (Hunter 2002). There is little sophistication or regulation in the technical system within the entrepreneurial structure thus avoiding any requirement for formalized behaviour, the delegation of decision making or standardization of tasks (Mintzberg, 1979). Being small, organizations with an entrepreneurial structure can be highly responsive and agile. But, there is some danger in a constant dependence upon the personal skills, knowledge and experience of the senior executive. It may mean that such organizations remain relatively static. However, with increased size and maturity these organizations must take on different configurations.

In the Australian VET sector there is an abundance of small RTOs operating in niche markets that are structured in this simple or entrepreneurial form.

The functional structure

Variously described in the literature as 'Machine Bureaucracy' (Mintzberg, 1989), functional departmentalization (Banner, 1995) or functional grouping (Hodge et al. 1996) this structure involves the grouping of similar or related occupational functions or processes together under unit headings like manufacturing operations, marketing, human resources and financial operations. In large RTOs, common groupings would be teaching departments, student administration, technical support, marketing, financial operations and human resources. Based on the notion of high specialization, the guiding tenet in this configuration is that all personnel engaged in the same functional area need to be co-located.

Organizations with this structure have the following characteristics:
- authoritative, deterministic, bureaucratic
- centralized authority
- large managerial hierarchy, large support staff
- managers' role is to direct the effort of the staff
- standardization of tasks is the primary co-ordinating mechanism
- decision making is guided by standard operating procedures
- communication is formal and vertical, following the hierarchy of the organization
- complexity in the number of levels, job titles, and geographic regions (Hunter 2002, p.xiii)

A sharp division of labour is the major distinguishing characteristic of the functional organization (Hunter 2002).

The strengths of the functional structure lie in its simplicity and its ability to support mass production of tasks through utilization and co-ordination of groups of individuals with high levels of technical expertise. Noting that organizations with this structure are generally large and require a simple and stable environment to maintain their effectiveness, Mintzberg (1989, p.132) also suggests that the standardization of work together with use of extensive support staff assists in reducing uncertainty. Other advantages of this structural approach are ease of supervision, economy and efficiency in operations, simplification and standardization of staff training and 'maintenance of the power and prestige of major functions' (Banner 1995, p. 163). Davis and Weckler (1996, p.27) also note the advantages that attach to supervisors and subordinates sharing the same job-related knowledge and speaking the same language of their functional speciality.

A major weakness of the functional structure, however, is that it encourages sectional interests and tensions between various functional groups usually as an outcome of conflicting objectives (Peters 1993). Poor cross-function communication is also a significant disadvantage. Within this hierarchical departmentalized structure communication travels up and down in vertical silos rather than across all functional groups. This often restricted communication has a number of quite negative effects on the organization including the potential for duplication of effort, diminished cooperation because each group is looking after its own interests, as well as limited efficiency as the focus of group effort is on functions rather than overall process or product. Furthermore, Peters (1993 p.61) contends:

> Functional organizations are not organized in a way which gives continuity of service to customers. Customers may well find themselves addressed by marketing, sales, production, delivery and accounts personnel in turn, none of whom have any knowledge of their predecessors' transactions.

Additional concerns rest with the tendency of over-specialization in a functional structure, of responsibility for outcomes residing only at the senior management level and what Banner (1995, p.163) describes as the potential for key people within functional departments to develop inward-looking and narrow views of their organization and its mission. Such introspection militates against strategic change and can hinder the adoption of new ways of working, particularly ways that require collaboration across functional boundaries (Mintzberg 1989; Davis & Weckler, 1996). In his earlier work *The structuring of organizations*, Mintzberg (1979, p.347) summed up the deficits of this structure with:

> …the Machine Bureaucracy is an inflexible structural configuration. As a machine, it is designed for one purpose only. It is efficient in its own limited domain, but cannot easily adapt itself to any other. Above all, it cannot tolerate an environment that is either dynamic or complex.

The divisional structure

In the divisionalized or diversified organizational configuration (Mintzberg, 1989), people with specific expertise are again clustered together but are organised around products, geographic regions or client groupings. The divisions each produce their own service or product with a relative degree of autonomy, while some functions such as finance, human resources, strategic planning and overall coordination and control are retained by central 'headquarters'. Within large RTOs, this structure might be represented by discipline-based teaching faculties operating with a fair amount of independence supported by an educational services division (student services, educational research, teacher education, libraries) and a corporate services division (finance and administrative services).

Hunter (2002, p. xiv) identifies the following as key characteristics of the divisional structure:
- authoritative, deterministic, autonomous
- large managerial hierarchy, centralized staff of experts
- managers' role is to implement strategy by directing the outputs of their divisions

- standardization of outputs is the primary co-ordinating mechanism
- decision making is guided by financial objectives
- communication is regulated along formal lines
- complexity in the diversity of the market and products

The divisionalized structure comes with a number of distinct advantages. In particular, it focuses attention on specific products or services, geographic locations or client groups while placing responsibility for outcomes on the divisions themselves. With greater autonomy, divisional managers can better plan, delegate, adapt and coordinate divisional activities (Banner, 1995).

At the same time, this configuration does have a number of weaknesses. Banner (1995) suggests that while divisions offer opportunities for novice managers to be trained, the structure demands many more people with general managerial experience to sustain it. Perhaps more importantly, multiple organizational divisions tend to result in duplication of staff, technology and facilities and open up the possibility for contestation and competition over resources between divisions and the centre. Expressing similar concerns, Mintzberg (1989, p.167) questions the capacity of organizations with this structure to adapt rapidly to new ways of working by suggesting 'innovation requires entrepreneurship, or intrapreneurship, and these…do not thrive under the diversified configuration'. [Note: *Intrapreneurship* is the process of developing new products and services within an existing organization. Supported and encouraged by management, it is a form of internal entrepreneurship (Pinchot & Pinchot 1993).]

The professional bureaucracy

Largely an outcome of the rise of service industries, the professional bureaucracy is evident in universities, school systems, hospitals, social service agencies, law firms and other organizations that have a large core of professional personnel whose work is standardized by the professional training that they are required to undergo. In RTOs, the professional bureaucracy might best be represented by teachers from a range of professions, counsellors and librarians. Importantly, for coordination purposes 'the professional bureaucracy relies on specialization, another word for professionalism' (Banner 1995, p.161).

Hunter (2002, p.xv) lists the following as the key characteristics of this structure:
- bureaucratic, decentralized, autonomous
- minimal middle-line hierarchy with large spans of control, large support staff
- standardization of skills is the primary co-ordinating mechanism
- individual professionals work autonomously, subject to the controls of their profession
- training, reinforced by indoctrination, is lengthy and complicated
- decision making is highly individualized and guided by internalized sets of procedures
- communication is strong with clients and weak between colleagues
- complexity is in the work processes of the professionals

She suggests that the distinguishing characteristic of this configuration is the system of "pigeon-holes" or categories within which individuals work (Hunter 2002, p. xv). Another distinguishing characteristic noted in the literature is the degree of unease that professionals feel when working within a bureaucratic structure. Outlining some of the common concerns registered by professionals in these circumstances – such as stifled creativity and unreasonable managers - Banner (1995 p.162) suggests this response is simply a matter of professionals objecting to the imposition of rules that conflict with the tenets of their profession or their professional training. It is Mintzberg's (1979 pp.351-352) position that initial training formally programs professionals and their indoctrination continues as they upgrade their expertise through ongoing professional development. As a consequence:

> Change in the Professional Bureaucracy does not sweep in from new administrators taking
> office to announce major reforms, nor from government technostructures intent on

bringing the professionals under control. Rather, change seeps in, by the slow process of changing the professionals – changing who can enter the profession, what they learn in its professional schools (ideals as well as skills and knowledge), and thereafter how willing they are to upgrade their skills (Mintzberg 1979, p.379).

The adhocracy

Also known as the 'innovative organization', this configuration is the other extreme of the machine bureaucracy. The structure is fluid and highly organic with little formalization of behaviour. The key features of the adhocracy are described by Mintzberg (1979, p. 432) as:
- high horizontal job specialization based on formal training
- a tendency to group specialists in functional units for housekeeping purposes but to deploy them in small market-based teams to do their work
- selective decentralization in and between multidisciplinary teams
- coordination by mutual adjustment

In emphasising the contrast between this and other configurations, Mintzberg (1979, p.433) comments:

> …Adhocracy shows the least reverence for the classical principles of management, especially unity of command. The regulated system does not matter much either. In this structure, information and decision processes flow flexibly and informally, wherever they must to promote innovation. And that means overriding the chain of authority if need be.

Where this configuration is markedly different from other structures, neither the specialization of the experts within the organization nor functional units have any real place in the adhocracy. Instead it is largely dependent upon individuals joining together in multiple-disciplinary teams to achieve particular project outcomes. With a focus on innovation, the adhocracy is most appropriate in an environment that is dynamic and highly complex.

Matrix structures

Matrix configurations figure largely in the literature on organizational structure in the latter decades of the last century (Bartlett & Ghoshal 1997, 1998; Galbraith 1994, 1995; Kolodny 1979). Developed initially in the aerospace industry, the matrix is defined by Sy and D'Annunzio (2005) as:

> …a grid-like organizational structure that allows a company to address multiple business dimensions using multiple command structures (p.40).

A 'simultaneous structure' (Banner 1995, p.177), it blends functional or bureaucratic structure with temporary project teams of specialists pulled together to undertake particular projects. Matrix organizational structures are made up of multiple business dimensions and, although the matrix configuration can take on various forms, the following table sets out three most commonly used versions – the functional matrix, the balanced matrix and the project matrix.

Table 3: Matrix forms

Functional matrix	Balanced matrix	Project matrix
• Employees remain full members of functional departments.	• Employees are officially members of two organizing dimensions.	• Employees move between functional departments and projects and respectively retain membership with those units during the same period.
• Processes and procedures instituted to ensure cross functional collaboration.	• Strives for equalized power and authority between organizing dimensions and equal pursuit of multiple business objectives.	• Permanent project management overlay.
• Project managers are limited to coordinating the efforts of the functional groups.	• Project managers are responsible for defining what needs to be accomplished and when.	• Project managers have primary control over resources and project's direction.
• Functional managers are responsible for the design and completion of technical requirements	• Functional managers define personnel staffing and how tasks will be accomplished.	• Functional managers serve in a support or advisory role and retain control over much of the team responsible for carrying out plans and controls established by project managers.

Sy & D'Annunzio 2005, p.40.

In describing the key characteristics of the matrix structure, Hunter (2002) makes particular note of the dual reporting relationships and authority, the vertical and horizontal communication and the complexity that is inherent in such a structure.

According to Sy and D'Annunzio (2005, p.40) matrix structure:
- leverages functional economies of scale while remaining small and task-focused
- focuses employees on multiple business goals
- facilitates innovative solutions to complex, technical problems
- improves employees' companywide focus through increased responsibility and decision-making
- increases information flow through the creation of lateral communication channels
- enhances personal communication skills

Along with supporting creative solutions to problems, Banner (1995) suggests that the matrix approach enhances risk taking, supports better planning and importantly faster response to client and market demands. In addition, it provides the organizational agility to formulate fluid teams according to project requirements and to reassign personnel quickly as circumstances and demands change (Davis & Weckler 1996; Kolodny 1979). From an exploratory study of collegiate business schools in the United States, Smith and Rubenson (2005) suggest that the matrix frees up faculty members to participate in critical college-wide interdisciplinary activities such as curriculum, technology and assessment. More importantly, the horizontal flows of information enhance information processing and adaptation in dynamic environments. This is particularly true in the following circumstances.

1. External pressure requires a dual focus between product delivery and technological superiority;
2. External pressure requires the organization's energies be directed toward complex process issues;
3. There are significant demands on shared human and physical resources;
4. The organization must achieve economies while maintaining high performance as judged by outcomes; and
5. The organization's information and problem-solving needs are over-whelming owing to changing demands, organizational complexity, and interdependence among people (Smith & Rubenson 2005, p.134).

Whilst the matrix structure has many strengths, a number of authors point out the difficulties that attach to this organizational configuration, particularly in the area of management. In recent research on seven American corporations using matrix structures, Sy and D'Annunzio (2005, pp. 42-46) found misalignment of goals, unclear roles and responsibilities, poor communication, ambiguous authority and silo-focused employees were common problems for many of the 294 managers in the study.

In more descriptive fashion, Banner (1995, p.182) nominates among other things tendencies toward anarchy, power struggles, navel gazing and decision strangulation as disadvantages in the matrix structure. He concludes:

> This structure succeeds only with careful culture-building effort to support the norms of cooperation, trust, openness, interpersonal responsibility, lack of politics, power and influence based on expertise rather than position, and the relative unimportance of status (Banner 2005, p.183).

Despite these weaknesses, organizations do clearly evolve structurally in order to adjust to new circumstances and many are now facing new circumstances.

Meeting the challenges of the future

Numerous authors on organizational structure put forward ideas on the organization of the future and invariably the terms speed, flexibility, adaptability, agility, and integration are qualities seen to be closely associated with organizational performance and success (Ashkenas, Ulrich, Jick and Kerr 1995; Friesen 2005; Galbraith & Lawler 1998). In addition, Hunter (2002) proposes that organizations must constantly improve and to improve, they must innovate. As managers move towards adaptive and innovative organizations, they are finding that existing structural dimensions have to change to better achieve organizational goals. Citing the 1998 work of Cooper, Hunter emphasises the significant role that structure plays in the adoption of innovation in organizations (2002, p.xiii).

The negative aspects of highly vertically and horizontally differentiated organizations are often cited. Prahalad in *Boundaryless organization: breaking the chains of organizational structure* (Ashkenas et al. 1995, p. xvi) highlights the rigidity of old structures and suggests that the inability to meet new demands with more unbounded structural approaches is the basis for 'competitive weakness' in many organizations. There is also a degree of consensus that in the knowledge era, new organic structures will and must emerge in response to technological and global change (Senge 1994). Within these new structures, Banner (1995) envisages communications will be lateral rather than vertical, influence will be based on personal wisdom and expertise, responsibilities will be less rigidly defined and the sharing of knowledge will become a crucial activity across the whole organization.

In parallel with this thinking, there are some who caution against a wholesale commitment to organizational evolution and reconfiguration. Binney and Williams (1995, p.26), for example, offer the suggestion that demands for structural change are often simply a response to a fashion trend and that 'the passion for cross-functional organisation' is just the latest in a long line of fashion trends. While Bryan and Joyce (2005) propose a simpler solution - the maintenance of the best aspects of hierarchy and the streamlining and simplification of vertical and line management structures to encourage better collaboration and networking. More significantly, Banner (1995 p.141) notes the cost of developing and implementing new organic structures and concludes:

> Because the paradigm has not completely shifted, people who are comfortable with a bureaucratic structure that corresponds to their paradigmatic beliefs and assumptions will have difficulty getting used to organic structures.

Broad-ranging structural change therefore, may not necessarily transform an organization or enhance organizational performance. In confirmation of this view, Mabey, Salaman and Storey (2001) refer to attempts to improve effectiveness by downsizing and restructuring in companies like Kodak and General Motors and suggest that while they changed the configuration of the organizations, they did so in a way that did not necessarily improve performance in the long term.

Despite this, organizational agility and improved performance remain the focus for most organizations and none more so than Australia's RTOs. As Callan (2004, p.9) writes:

> Enterprises today in both VET and other contexts are focused on selecting the best set of strategies which will allow them to stay ahead of their competitors and to meet the needs of their customers more effectively than their rivals. A major source of competitive advantage is the ability to be more creative and innovative than one's competitors.

Organizational agility

Agility relates to the capacity of an organization to operate profitably while adapting to meet the complex needs of dynamic and competitive environment. According to Dyer (cited in Boisnier & Chatman 2002, p.1) organizational agility 'requires a judicious mix of stability and reconfigurability'. Integration is a key element in developing and sustaining this organizational capability. In addition, Gunneson (1997, p.3) suggests it requires:

> …a flat, fast, flexible organization, with continuous interaction, support, and communications among various disciplines, and no fat in the middle [as well as] highly decentralized management that recognizes what its knowledge base is and how it can manage that base most effectively.

From Gunneson's perspective, agility is about people working together in teams to meet the ever-increasing complexity of their organizational environment. Without what he calls, 'the collective intelligence and capability of high-performance teams' (Gunneson 1997, p.235) organizational effectiveness and efficiency will be difficult to achieve.

Teams as structure

Banner (1995, p.189) suggests that organizations will emerge that are highly decentralized and made up of autonomous work groups in temporary matrix-like structures and that will come together in loose collaborations to complete short term projects. And, instead of policies and procedures being the major coordinating mechanisms, 'the organic organization will use *vision or purpose* as organizational glue' (Banner, 1995, p.190). In a similar vein, Somerville and Mroz (in Hesselbein, Goldsmith & Beckhard 1997, p.71) assert that 'organizations of the 21st century must find a way to make the spontaneous forming and re-forming of high-performing multidisciplinary teams a natural way of working'. The extent to which this ongoing reformation might occur is explained by Miller (Hesselbein et al. 1997, p.123) in the following way:

> As the business environment changes, the organization adapts, and internally the structure is fluid in order to accommodate all the changes. Teams will form around a problem. Once the problem has been solved or redefined, some teams will disappear and new ones will form.

Many authors espouse the value that cross-functional and multidisciplinary teams can bring to an organization (Senge 1994; Katzenbach & Smith 1993; Yeatts & Hyten 1998; Castka, Bamber, Sharp & Belohoubek 2001). Parker (1994, p. 3) sees distinct advantages in using teams composed of experts because they are 'ready to move more quickly and flexibly to adapt to changing business needs'. They are also likely to be more creative and more customer-focused (Parker 1994, p.6). Empowerment, however, does have some disadvantages. Tata and Prasad (2004, p. 2)

for example, caution against the ready acceptance of teams (particularly self-managed teams) on the basis that:

> …misalignments between team structure and organizational structure can often be counterproductive and attempts to implement self-managed teams may cause frustration for both employees and management when organizational systems and structures do not accommodate self-managing demands.

In a significant study of work teams and teamwork in Australian Technical and Further Education institutes, Lorrimar (1999) found that many organizations are re-shaping their structure to better meet the ever-changing and complex demands they are facing. Moving away from the negative aspects of bureaucracy these public organizations are implementing team approaches to the delivery of vocational education. Referring to the work of Kanter (1989), Lorrimar states that they are attempting to develop post-entrepreneurial organisations which blend 'the best of the creative, entrepreneurial approach with the discipline, focus and teamwork of an agile innovative corporation (p.1). At the same time, she reiterates the views of Wellins, Byham and Dixon (1994) by stressing that:

> …structural changes are not enough to make system gains. Imposing work teams as an organisational structure rather than empowering them to facilitate change can reverse system gains (Lorrimar 1999, p.16).

Despite this caution, it is evident that teams in various guises are seen to have a major role in the structural evolution of new and emerging organizations.

Emerging organizational structures

Motivated by the demands of globalisation, increased competition, constant technological innovation and client requirements for customized services and products, many organizations are reconsidering the way they are structured so as to more effectively respond to these challenges. Furthermore, Snow, Mathews and Miles (1999, p.2) suggest:

> The pace of product and technological change will continue to quicken, creating new markets and competitive pressures, calling for organizational structures that enable firms to rapidly introduce new products and enter new markets while conducting ongoing operations.

Given these circumstances, it is unsurprising that there is deal of literature in the last decade on emerging organic structures in a range of guises. Challenged by the plethora of labels in this domain, Mabey et al. (2001, p.164) have coined the overarching term 'de-structured forms' to describe these new configurations. Designed to overcome the strictures of the traditional bureaucratic form, networked or process-based, cellular and quantum structures are examples of the shift in thinking in organizational design.

Network or process-based

An extension of the matrix, network structure has as its distinguishing characteristic the focus on horizontal processes and networking between cross-functional development teams. Friesen (2005, p33) uses the term 'lattice' for this form noting the following distinctions:

> Unlike the matrix, which takes root where formal integration of competing, but known, business objectives is required; or hierarchy, which takes root where formal control and integration of sequentially dependent tasks is required, network takes root where formal responsiveness or continuous innovation is required.

Complex and democratic, the organization is flat with large spans of control directed at developing and maintaining a focus upon customers (Bartlett & Goshal, 1997). In this structure

Hunter (2002, p.xiv) suggests teamwork is the primary co-ordinating mechanism and decision making is largely guided by customer satisfaction. Communication is lateral, from one development team to another and 'managers are process owners and skilled in enabling people to take initiative, co-operate and learn' (Hunter 2002, p.xvi).

Galbraith, Downey and Kates (2002 p.68) suggest that building lateral capabilities within an organization can not only provide a better return on management time, but speed up decision making and break down boundaries, thus enhancing flexibility and capacity to adapt. In addition, the focus on linking processes across the organization increases employee involvement and broadens their perspectives and understanding of business imperatives and the organization's strategic mission (Galbraith et al. 2002). The same authors, however, acknowledge that the process-based approach comes with a number of challenges including the need for quality information to support decision making and the need for more time dedicated to meetings to ensure all personnel have ownership of project and input into the decisions (Galbraith et al. 2002, p.69). Furthermore, with this structure there is considerable potential for parochial interests and conflict to occur (Galbraith et al. 2002, p.69).

In describing the benefits of the network or lattice structure, Friesen (2005) emphasises the significant role the internet must play for organizations of the 21st century. He suggests that with the use of new technology, the dynamics of decision making will change, 'increasing potential alternatives and compressing the decision cycle' (Friesen 2005, p.51). It would also seem appropriate to suggest that organizational structures of the future must reflect this new reality and adapt their structures to allow the development of innovation and ongoing agility.

Cellular

It is suggested by Snow et al. (1999) that organizations that are able to develop self-sufficient specialist teams with a strong mutual interest and focus on customer needs will best meet future challenges as they come. These teams are described as 'cells and the organization structure that links them together the cellular organization' (Snow et al. 1999, p.2).

In describing this form, the same authors comment:

> …it is the cellular metaphor which seems to best capture the idea of self-reliant parts responding quickly to opportunities or adapting to unforeseen events, but always within the interests and operating rules of the total organization. The cellular metaphor evokes biological images of growth, nurturing, and vitality – all attributes of "living companies". The cellular concept leads away from the notion of externally imposed control towards the idea of self-imposed order (Snow et al. 1999, p.5).

The critical elements of the cellular structure are that it is decentralized, empowered and democratic (Hunter 2002, p.xiv). Within such an organizational structure, decision making is guided by collaboration and customer needs and individual creativity and initiative provide the essential competitive advantage. Communication flows from cell to cell and technology enables cells to function in a way that best suits their environment, while the managers' role is to facilitate the flow of knowledge and ideas up, down and across the organization and to develop and empower people to achieve (Hunter 2002, p.xiv). Complementary competencies and collaboration within and between cells ensures a high degree of integration.

Snow et al. (1999, p.6) describe a number of desirable properties that are developed by this approach including:
- cellular organization maximizes entrepreneurship
- a cellular organization encourages distributed ownership
- a cellular organization has a bias towards teaching and learning
- a cellular organization is cemented with trust

In combination, these elements allow the development of a highly flexible, adaptable and agile organization well able to meet the challenges of globalisation, increased competition and heightened customer demands for customized product and services. Importantly, Snow et al. (1999, p.13) suggest 'cellular organizations evolve most easily when they are allowed to "happen" without the constraints that are normally imposed by traditional organizational forms'.

Quantum structure

Drawing on the work of Wheatley (1992) and Zohar (1997), Hunter (2002 p.xiv) describes the key elements of quantum organizations as 'innovative, improvisational, self-organizing'. With a flexible and multi-skilled workforce, the basic structure consists of small, self-organizing modular units (Hunter 2002). Largely self-designing and self-managing, communication is informal and developed within the units through cooperation and commitment as with communities of practice. In this form, the following are also a feature:
- corporate competence-building through innovation and learning are the primary co-ordinating mechanisms
- managers' role is to establish context, disturb the system and cultivate the organization in order to encourage learning, enhance innovation and enable risk-taking
- heavily technologically enabled
- emergent strategy with real-time strategy implementation
- complexity in rapidly evolving adaptive solutions (Hunter 2002, p.xiv)

Shelton, McKenna and Darling (2002, p.8) emphasise that quantum organizations are constantly changing, agile organizations which are boundaryless. Citing Shelton (1999, pp.181-182) it is noted that:

> A quantum organization recognizes the richness of diverse perspectives and creates processes that seek out and honor these differences. Such an organization appreciates conflict, knowing that through dialogue, even the most divergent ideas can eventually find some common ground of understanding. Chaos is recognized as a natural part of system evolution. Power and control are replaced with a deep sense of trust in life's ability to self-organize. All stakeholders are treated with respect, and everyone has input into decisions that affect the whole.

If organizations are to meet the challenges of rapid change and increasing complexity, Shelton et al. (2002) assert they must replace mechanistic hierarchies with more organic types of network structures which are supported by 'passion and purpose' such as that required in quantum organizations (Shelton et al. 2002, p.22).

No one appropriate structure, no one ideal organization

Given the degree of influence that contextual factors have upon organizational structure, it is unsurprising that many authors emphasise there is no one appropriate or ideal structure for an organization (Mintzberg, 1989; Peters 1993). Drucker (1999) supports this notion, stating that there are only organizations, each of which has its own distinct strengths, limitations and applications. A particular organizational structure may be appropriate for certain tasks in certain conditions at certain times, thus the challenge for managers is to test and develop the structure that best suits their tasks, context and environment (Drucker 1999, p.16).

Importantly, Drucker brings to the fore the concept that in any one organization there is often a need for a number of different organization structures to coexist side by side (Drucker 1999, pp.11-12). In essence this is reiterating the views of Lawrence and Lorsch (1967) when they suggested the impact of different environmental factors on different parts of the organization are bound to vary. Hence, work units within organizations must adjust and adapt to suit the changing circumstances. This ongoing evolutionary process undoubtedly means that many

organizations are, in fact, already hybrid structures (Davis & Weckler 1996; Banner 1995). In line with this thinking, Siggelkow and Levinthal (2002 p.3) state:

> Especially in environments in which organizations need to search for new bases of action, while exploiting their current wisdom, a *sequence* of different organizational structures can generate advantages for a firm that no distinct, fixed organizational structure can create by itself.

From this it can be assumed that structural rejuvenation does not necessarily have to take on the form of wholesale restructure, but rather opportunities need to be provided for parts of organizations to adjust as need be according to the pace of change in their environments. It is also likely that many large organizations that have implemented flatter structures, initiated cross-functional teams and undertaken what McMillan (2002, p.5) calls 'reshaping change initiatives', remain in some part - bureaucracies.

As Mohrman and Lawler (1998, p.395) suggest:

> The design task is to create organizations that are flexible enough to adapt to rapid change in the competitive environment, that are agile, creative, and daring enough to continuously abandon the old and create the new, and yet that are robust enough to build, nurture, and develop their competencies, their stock of knowledge and their performance capabilities.

This reflects the future challenge for RTOs in Australia.

Section 2: Organisational culture

Why bother with organizational culture?

Three key authors, writing in the 21st century from a basis of extensive research in the 20th century, highlight reasons why an organization might benefit from examining and understanding organizational culture.

One of these writers is Joanne Martin, the Fred H. Merrill Professor of Organizational Behaviour at Stanford Graduate School of Business. She has been recognized for her research and academic contributions to organizational behaviour and strategy. In her book *Organizational culture: mapping the terrain* (2002) she describes the potential usefulness of an awareness of different perspectives on organizational culture. She suggests that people cannot learn all they need to know about organizations by studying culture, but that it does offer opportunities for broad areas of enquiry:

> For some, cultural research fills a void–offering the promise of clarity and unity in a confusing and ambiguous world. For others, culture offers a way to capture and express complexities central to everyday life in organizations. Many applied researchers have been excited by the potential of culture research to provide some solutions for managers searching for new ways to motivate and control employees, using values to generate commitment and increase productivity and perhaps even profitability. These are not the only reasons for studying culture, but they are representative. (Martin 2002, p.6)

Edgar Schein, the Sloan Fellows Professor of Management Emeritus at the Massachusetts Institute of Technology, is another prolific and influential writer in this field. His three distinct editions of *Organizational culture and leadership* (1985, 1992, 2004) headline his extensive publication list and his work is referred to by many authors as providing a base line of understanding on organizational culture. Schein (2004) asserts that an understanding of organizational culture will enable an organization to manage effectively, to deal with growth and diversity, to cope with change and to lead effectively. Schein's publication *The corporate culture survival guide* (1999) specifically justifies the need for understanding culture:

> Culture matters because it is a powerful, latent, and often unconscious set of forces that determine both our individual and collective behaviour, ways of perceiving, thought patterns, and values. Organizational culture in particular matters because cultural elements determine strategy, goals, and modes of operating. The values and thought patterns of leaders and senior managers are partially determined by their own cultural backgrounds and their shared experience. If we want to make organizations more efficient and effective, then we must understand the role that culture plays in organizational life. (p.14)

Schein (2004) suggests that while it is easy to observe *what* happens in organizations, an understanding of culture helps to explain *why* things happen. Further, understanding *how* leaders create culture and *how* culture defines and creates leaders, illuminates leadership–a critical variable in defining success or failure.

Mats Alvesson, Professor of Business Administration at the University of Lund in Sweden, has focused his career on developing and applying cultural perspectives to organizations. He has produced *Understanding organizational culture* (2002) as a summary and expansion of his publications on organizational culture.

Alvesson uses the concept of culture as a lens through which to view an organization. He believes that a cultural focus offers an inspiring and potentially creative way of understanding organizations, management and working life. Generally, he regards shared meanings as profoundly important for coordinated action, interaction and wise action taking. Specifically, he asserts that a study of culture can result in more effective managerial action, for example counteracting taken-for-granted beliefs and values that limit personal autonomy, such as gender bias. He concludes that cultural management is not an engineering of minds, but is an interactive, interpretive enterprise aimed at eliminating contention.

> Rather than a formula for the good overall organizational culture and a set of rules for how to create it or modify it, it is more interesting and practically valuable for managers to use cultural ideas in everyday interactions. This calls for local adaption [sic] and the case-by-case evaluation rather than blanket assessment of what is good and less good in shaping local ideas and meanings. (Alvesson 2002, p.173)

RTOs can be encouraged by these and similar writers that an understanding of organizational cultures could lead to better management of their organizations, and in turn lead to increased capability now and in the future.

Questions RTOs might ask about organizational culture

RTOs concerned with how–and how far–organizational culture and culture change might influence organizational capability for the future may well find it useful to ask the following three key questions:

i. Is it possible to change an organizational culture?

Those writers who believe it is possible to change an organizational culture seem to focus on the forming and transmission of culture. For example, Sathe (1983, in Lewis, 2001) and Schein (2004) provide guides for these processes. These are summarized at Appendix 1.

However, there are plentiful examples of those who question how far culture change is possible. Deal and Kennedy (1982) claim that such change is expensive in time and money. They suggest that it may in fact, be easier to change the people <u>IN</u> the organization than to change the culture <u>OF</u> the organization, for example by hiring people who fit in with the desired new culture. Hofstede (1984) contends that some organization members at the very centre of an organization's culture hold values so deeply that they will be very difficult to change, if at all.

Lewis (2001) also maintains that change presumes a possibly unrealistic view of culture, and questions whether an organization will indeed be able to unite its members, shape their feelings, beliefs and values and lead them on to greater heights of self-awareness and achievement.

Part of the case that organizational change is not possible rests with the difficulties of measuring whether change has taken place, when it has changed and how much it has changed. Lewis (2001) claims that culture is not concrete, and trying to measure it and pin it down to specifics is not likely to work. Further, just because people's behaviours may have been changed in some measurable way, it does not mean the culture has changed–although behaviour change may be all that interests managers of RTOs.

Ogbonna and Harris (2002) take part in this debate from a management point of view. They describe those who believe culture can be managed at all as optimists, who typically come from a human relations perspective, believe in unitary cultures in organizations, and link culture to business performance. Those who deny the possibility of culture change are pessimists or detractors, who are more often academics or theorists more interested in explanation of culture than its practical utility for managers. Pessimists focus on conflicts and contradictions and on how cultures emerge and change, and question whether control of the unconscious can really be achieved. Ogbonna and Harris finally assert that those who find some merit in both possibilities are realists such as Schein (2004), who are prepared to explore the dynamics of culture change, and are ready to admit some influence over–if not control of–culture.

Recently some writers have focussed not on yes/no answers to this question, but have re-defined what change means. Bate (1994) writes about culture change in terms of transforming, not conforming or reforming; while Seel (2000a) proposes that the focus of organizational change is moving away from 'planning change' and onto 'facilitating emergence' of change.

ii. Is it ethical to attempt to change an organization's culture?

Some writers challenge the value of attempting to change an organization's culture, casting doubt on whether change is always worthwhile–or results in just a quick and ineffective 'fix'. Martin and Frost (1996) even pose the idea that resistance to change has some value itself which can be overlooked.

Other writers question the possible effects of culture change on an organization. Lewis (2001) asks a series of challenging ethical questions that RTOs could well attempt to answer before attempting to use culture change to influence organizational capability for the future:
- Is culture the prerogative of management and does management have the right to control it?
- What are the moral and ethical implications of meddling with such things as feelings, beliefs, values and attitudes?
- What does culture change do to the quality of life for people in organizations?
- What costs to individuality result from encouraging people to devote themselves to the values and products of the organization, and then to assess their own worth in these terms?

iii. Is there a link between culture, capability and performance anyway?

If RTOs want to build capability for the future, a link between culture and performance is of obvious relevance–but whether such a link exists has been contested. Writers suggest that there are difficulties in making such a link, or at least in measuring it.

Peters and Waterman (1982) made claims of far-reaching effects of culture on performance but they did not take into account other variables possibly affecting performance, and the links they made were soon challenged by supposedly effective organizations failing to perform. Bodi,

Maggs and Edgar (1997, p. 7) also cited a 1996 study by Bain and Co. that found no correlation between change techniques used and companies' satisfaction with their own financial performances. Lewis confirms the lack of a proven link, but remains open to the possibility of a link:

> …there really is *no* direct link between culture and performance. Only behaviour can affect performance, and culture is *not* the only determinant of behaviour. Nevertheless, all the empirical evidence seems to point to some relationship between culture and performance. Perhaps that is why managers are so keen to make use of culture and also why it has tended to last as a theory rather than to be listed among the passing fads. (Lewis 2001, p.125)

Jarratt and O'Neill (2002) cite evidence of links between organizational culture and performance, but this is derived from the optimistic literature of the 1980s. They do point out though, that even when effects are not explicit, elements of culture can have pervasive effects, underpinning organizational processes, practices, systems and structures through their influence on the behaviour of people.

Firmer evidence comes from Parry and Proctor-Thomson (2003) who refer to a distinction between transformational (change oriented) and transactional (status quo) organizational culture types. They cite research evidence that suggests positive correlations between transformational culture and desirable organizational and individual outcomes, and negative correlations between transactional culture and organizational and leadership outcomes.

RTOs may find guidance from the idea that fundamental culture change could be the key to performance rather than surface change. Bodi et al. quote case studies showing that 'if an organization aspires to fundamental change, it must change the fundamentals' (Bodi et al. 1997, p.192). Some Australian writers such as Dunphy and Stace (1992) have also contributed to the literature linking culture and performance by reporting on culture change that deals more with fundamentals than instant recipes, in particular the contextualizing of change in each organization's unique environment and circumstances.

More simply, RTOs may benefit merely from clarifying the relationships between their own organizational capability, culture and performance. To assist this, Appendix 2 summarizes literature which offers guidance on the usage of these terms and their relationship.

Implications for Australian RTOs

The current scene in the Australian VET sector has particular implications for RTOs dealing with these three questions on culture, as the following examples of recent research show.

i. Culture change in Australian RTOs

Research has outlined tensions which may not prevent, but could make difficult, attempts by Australian RTOs to change organizational cultures.

The first of these tensions springs from the complexity of cultures to be found within the VET workforce with its multiple sub-groups, be they, for example, TAFE teachers, human resource development professionals, private trainers or contractors, who work in and even across different cultures, such as when public staff work in and with private industry (Harris, Simons & Moore, 2006). This complexity could make culture change a tortuous process.

Another tension springs from the multiple controls on Australian VET. The national Australian VET system is guided by a long-term strategy, and there is a national dimension to industry advice, research, funding and workforce development–all of which impact on organizational culture. However, simultaneously many aspects of organizational life are determined and

managed at state, territory or RTO level and others are determined within individual organizations. Change 'is not a simple question of gap analysis', the authors of the final report of the *Enhancing the Capability of VET Professionals Project* point out (ANTA, 2004).

A third tension arises between demands for the public education segment of VET to adopt entrepreneurial private sector cultures, and the difficulties of doing this in the face of government cost cutting, accountability demands and political rather than market controls. Some suggest that such change is not desirable anyway (Parker & Bradley, 2000; Cooper, 2004; Harris et al. 2006). Others such as Parry and Proctor-Thomson suggest a pragmatic approach. Their examination of leadership, culture and performance in the New Zealand public sector includes a call for a 'culture of best fit' (2003, p. 3) which could be applied in the Australian context.

> Within the public sector…there is an uneasy tension between the need for a cultural revolution of outdated bureaucracies in order to enhance flexibility and innovation on the one hand, and the desire to maintain the standards and just procedures that are necessary for quality civic service for a broad range of stakeholders on the other. In effect there is a tension between the concomitant needs to be transformational and transactional at once… it may be more worthwhile for public (and private) sector industries to aspire to a culture of best fit, in which all the limitations, responsibilities and opportunities of individual organizations are taken into account and integrated. (Parry & Proctor-Thomson 2003, p.3)

ii. Ethics of change in Australian RTOS

While some writers raise ethical concerns over changing organizational culture, there are examples of situations in Australian VET where the changing of cultures seems justified.

For example, McNickle and Cameron outline such a situation in Australian VET:

> With flexible delivery, teachers' work has changed significantly. Extended hours, diverse locations and a broader range of activities and clients have become the norm. In addition, more and more technical and administrative staff are performing integral roles in flexible delivery teams, and these roles are not restricted to their traditional support functions…For managers, teachers, administrative and other support staff, some of the constraints imposed by existing human resource management practices and industrial awards have been particularly acute. (McNickle & Cameron 2003, pp. 6-7)

Participants in McNickle and Cameron's research maintained that the development of 'an appropriate organizational culture' (p.8) was one of the areas most in need of revision in order to achieve more effective flexible delivery.

Likewise, Johnston and Hawke's work on the development of learning cultures in Australian organizations shows that all organizations that they studied 'were facing challenges resulting from a more competitive environment, the implementation of new work practices and the need for appropriately skilled staff' (2002, p.22). They question 'whether the conditions associated with the new knowledge economy and the post-Fordist workplace are actually benefiting all workers' (p.12), and they attempt to show the benefits of developing appropriate learning cultures in Australian organizations generally.

Given such examples, the question then becomes: is it ethical for Australian RTOs NOT to attempt to change their organizational culture?

iii. Culture and performance links in Australian RTOs

Some recent research reports linking culture and performance in the Australian VET sector confirm the links between the two that are suggested in Appendix 2, and propose ways in which Australian RTOs can perceive these links in their own organizations.

For example, Callan (2004) teases out links between culture, capability and performance in his review of research aiming to identify key practices or habits of innovative organizations. He uses innovation as a marker for performance and points to the creation of learning cultures which promote innovation as a core organizational capability. Links between culture and performance are also evident in a generalized way in a number of the Reframing the Future projects reported on by Mitchell, McKenna, Dau and Perry (2004), for example, in the linking of culture to both industry leadership and meeting of AQTF compliance requirements.

What do we mean by culture? How do we define it?

To understand the part that cultures can play in building capability, RTOs could give careful consideration to what culture means within their own organizations.

'Part of the criticism that has been made of culture as a theory is that nobody really seems to have worked out exactly what it *is*', according to Lewis (2001, p.122). 'It is easily used to cover everything and consequently nothing,' Alvesson writes (2002, p.3). Seel (2000a) cites one review of culture which reports 156 different definitions arranged under six different generic headings. They demonstrate the wide range of influences on the concept as well as the difficulty of achieving consistently agreed working definitions which might guide RTOs in using the concept. Seel even questions the need for definitions: 'Indeed the whole notion of a definition of a culture may be unhelpful since it may lead us to think in a limited way of culture as a "thing" or a state which "belongs" to an organization' (Seel, 2000a, pp.1-2).

Martin (2002) claims that intellectual disputes in the field have made it nearly impossible to write a cumulative history of what we have learned so far about cultures in organizations. Further she claims that the lack of commonly accepted, unproblematic conceptual definitions can devalue cultural research.

However, despite this lack of definitional clarity, an understanding of organizational culture, its usefulness and limitations can be derived from multiple literature reviews, for example, Martin and Frost (1996), Clegg, Hardy and Nord (1996), Elsmore (2001) and Hatch (2004). These show that the concept has been useful for the different demands put on it at different stages in its development. Recent writing shows that it remains a dynamic and complex concept. The effort to define it seems to be a major source of its usefulness–whether as an academic concept, a scientific description, or a management tool or approach.

Appendix 3 summarizes definitions of culture cited in this literature review, and demonstrates the considerable diversity in these definitions available for RTOs to use. Following is an outline of the way such definitions have developed.

Origins

Before the 20th century, culture referred to the content of civilization: knowledge, belief, art, morals, law and customs acquired by members of society (Halley, 1998). However, a broad sweep of literature does show that the origins of the current usage of the concept lie in the 20th century–most emphatically in its second half. The concept has been shaped by a range of potent thinking and influences from the 1940s (Alvesson, 2002).

Influence of the social sciences

Early–and continuing–influence on the development of the concept came from many of the emerging social sciences, which were concerned with defining culture as part of the self-conscious shaping of their scope and legitimacy as social sciences. In particular, anthropology, sociology and psychology had an influence, as did specializations such as industrial psychology and the sociology of education.

Social anthropology is recognized as a major source of organizational culture theory by providing a structural positivist approach, that is, a concern with observations of culture rather than speculation about its origins or causes (Merton, 1968; Durkheim, 1982; Hatch, 2004). This approach is reflected in one of the earliest explications of organizational culture, Jacques' *The changing culture of a factory* (1951) which was evidently also influenced by the focus of industrial psychology on the individual at work.

> The culture of the factory is its customary and traditional way of thinking and doing things, which is shared to a greater or lesser degree by all its members, and which new members must learn and partially accept to be accepted into service in the firm. Culture in this sense covers a wide range of behaviour: the methods in production; job skills and technical knowledge; attitudes towards discipline and punishment; the customs and habits of managerial behaviour; the objectives of the concern; its way of doing business; the methods of payment; the values placed on different types of work; beliefs in democratic living and joint consultation; and the less conscious conventions and taboos. (Jacques 1951, in Elsmore 2001, p.43)

Influence of corporate commerce

By the 1980s and 1990s the concept was concerned with more than observation and description. It was being shaped by a multiplicity of theories that arose with what Alvesson (2002) calls the 'corporate-culture boom' (p. 6). The context stimulating these ideas was shaped by the major social changes of globalization and technology, by the evolution of industries, populations and their encompassing systems, by the increasingly pluralistic and interdependent nature of organizations, and by changes in the careers and work practices of individuals. Interests in culture were now concerned with people 'living culturally' rather than living 'in cultures', and with the effects of culture on individuals and groups (Halley, 1998. p.2).

Organizational culture as a concept was increasingly recognized by organizations and managers as having possible commercial value. Peters and Waterman (1982) told managers that the key to corporate success and excellence lay in having a strong culture which exhibited eight basics of 'excellent' management practice:
- bias for action
- closeness to the customer
- autonomy and entrepreneurship
- productivity through people
- hands-on, value driven
- stick to the knitting (diversification only around a single skill)
- simple form, lean staff
- simultaneous loose-tight properties (a firm central direction plus maximum individual autonomy)

However, trust in this prescriptive approach was shaken because many of the so-called 'excellent' companies began to exhibit performance problems (Alvesson, 2002).

Martin (2002, p. 8) calls such linking of culture to outcomes and control a 'Lazarus' approach–it appears to die and then is resurrected, often unsuccessfully. Martin writes:

> In every decade, organizations face new problems and become enamored of what appear to be new solutions…The new cultural answers to these dilemmas are too often variants of the old: With the right corporate vision, mission statement, or leader, an organization can build a highly committed, unified culture that fosters productivity and profitability…I believe that the evidence on balance does not support these contentions…An oversimplified theory, however comforting and appealing, is not likely to be useful if it ignores important complexities in the world it attempts, imperfectly, to represent.(p. 9)

The most recent resurrections are the linking of particular kinds of organizational cultural characteristics to organizational success in terms of sustainability (Dunphy, Benveniste, Griffiths & Sutton 2000), adaption (Kotter & Heskett, 1992), innovation (Light, 1998) or high-performing organizations (Australian Public Service Commission, 1999). All these are based on the premise that culture can change–or be changed–and are part of the change management movement.

Influence of change management

The concept of culture has changed and developed along with change management theory and practice. In the burgeoning literature on change management, organizational culture and its change have been regarded as prime means of managerial control (Lewis, 2001). Culture change has been proposed as a substitute for other outmoded, expensive and ineffective systems of control in organizations (Anthony, 1994).

However, differing perspectives have emerged from this movement. Parker and Bradley (2000, p. 2) describe the 1980s 'integration' perspective of single integrated cultures in which cultural change is a replacement process, managed to achieve organization-wide consensus and shared values. They contrast this with the 1990s 'differentiation' perspective of multiple sub-cultures, in which change is ongoing sense-making and meaning creation within sub-cultures.[1] More recent literature on change management describes a third 'fragmentation' or 'multiple voice' perspective of culture, in which change is in constant flux, rather than being an intermittent interruption in an otherwise stable state. From this perspective, change has an ambiguity that makes it difficult to manage (Martin 1992, p. 94).

New views of culture continue to emerge from the literature on change management. For example, Seel (2000a) views culture as the result of the daily conversations and negotiations between the members of an organization, and writes of organizational culture as being an 'emergent result' and a matter of negotiation rather than control.

> Organization culture is the emergent result of the continuing negotiations about values, meanings and proprieties between the members of that organization and with its environment…If you want to change a culture you have to change all these conversations–or at least the majority of them. And changing conversations is not the focus of most change programmes, which tend to concentrate on organizational structures or reward systems or other large-scale interventions…The focus of organizational change interventions moves away from 'planning change' and onto 'facilitating emergence' …organizational change is sometimes characterized as either top-down or bottom-up. Our approach isn't really either of these. Instead it could be characterized as middle-out: everyone is involved and there is no preferred starting place. (Seel 2000a, pp.2, 6-7)

Similarly, Ogbonna & Harris (2002) also draw on their research in the hospitality industry to outline a new view of culture whose change should be viewed as a continuum, taking into

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[1] Note that writers describing organisational culture and those describing organisational structure use different meanings for the terms 'integration' and 'differentiation'.

account context-specific factors such as managerial sophistication and significant distinctions between core and peripheral staff.

Influence of management and leadership studies

Culture is a concept that appears in much literature on management and leadership. Sometimes it is viewed from only one perspective, for example, management:

> 'Culture' refers to the underlying values, beliefs and principles that serve as a foundation for an organization's management system as well as the set of management practices and behaviours that both exemplify and reinforce those basic principles. (Denison 1990, p.2)

In a paper commissioned to review the best of research in organizational culture, Hatch (2004) compares more complex perspectives. Schein's view of culture is relatively managerialist, Hatch claims. It is based on his stance of 'manage or be managed'. He sees culture as partially determined by leaders who, unless they become conscious of the cultures in which they are embedded, will find that the cultures will manage them. Culture and leadership are therefore two sides of the same coin, neither understood by itself. Cultural norms define leadership, and yet leaders create, manage and work with culture–or destroy it when it is dysfunctional. Schein makes a clear distinction between leadership and management–the former creating and changing cultures, and the latter acting within a culture.

For Schein, therefore, culture is stable, embedded in deep and often unconscious, less tangible parts of a group, rather than simply in observable behaviour. It is pervasive, influencing all of a group's operations, and marked by patterning or integration into a larger paradigm. Culture is:

> A pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems. (Schein 2004, p17)

Hatch compares Schein's view of culture with her own, which she claims is less managerial. She sees managers as part of the processes of culture, but not in a central position. Their ability to influence depends upon their knowledge of, and relationship with, a culture. If they allow themselves to represent focal issues within a culture, they can act as lightning rods for change. Their acts of leadership and change intervention go on against the dynamic processes of culture, producing continuous stability and change.

These sample views on how management and leadership interact with organizational culture suggest that RTOs may not be able to assume that organizations run simply and rationally, that is, that if people are treated well, they will respond and be motivated to work harder. Cultures are complexes of linked factors which influence motivation and action and are therefore worthy of study.

Influence of diversity

Martin suggests that the continuing life of the concept of culture lies in a diversity of approaches. She says: 'The field has become a vortex, drawing in people who are studying culture for very different reasons and working from very different scholarly assumptions' (2002, p. 5). The field is indeed varied, and the concept of culture is used for a range of different agendas.

For example, some writers link knowledge and knowledge management with culture and cultural management (Alvesson & Karreman, 2001). Hendriks (2004) writes:

> …the relationship between culture and knowledge sharing is fundamental: culture is interweaved in organizational knowledge itself, in knowledge processes and in interventions of organizations aimed at influencing the knowledge processes…awareness and recognition

of the intricacies involved in the relationship are necessary preambles to step to knowledge management. (Hendriks 2004, p.19)

Likewise, writers with a human resources (HR) perspective perceive organizational culture from an HR viewpoint (Brown & Payne, 1990). Palthe and Kossek write:

> …subcultures and their supporting routines, habits, and norms within an organization enable, transform or constrain the implementation of a firm's HR strategies…a unitary approach to culture is too simplistic, given the growing variation in employment modes across employee groups in organizations…We believe that the main difference between top performing and mediocre organizations is not so much that one has a 'strong' integrated culture supporting its strategic initiatives, but rather that their configurations of multiple organization sub-cultures and HR strategies are aligned in the optimal way. (Palthe & Kossek 2003, p.287)

Jarratt and O'Neill (2002), who have an interest in building ethical or moral relationships within and between organizations, have linked cultural types to relationship performance. Similarly Martins and Terblanche (2003) have linked culture with creativity and innovation (idea generating and implementing–not just change). They identify determinants of organizational culture that promote or restrict creativity and innovation: strategy, structure, support mechanisms, behaviour that encourages innovation and communication (pp. 70-73).

Organizational culture has also been 'adopted' by those with broad ideological and political interests. Elsmore (2001) questions the ethics of some political influences on the concept:

> Is the concept of organizational culture little more than a stick with which organizationally powerful groups beat less favoured groups in the organizational hierarchy? … The notion of organization culture may actually be no more than an intensely interesting means for some stakeholders to clothe realities about the real distribution and working of power in their organizations in a rhetoric…This will be perceived to be to the benefit of senior managers and other stakeholders in the organization such as other equity owners….at the expense of the other, less powerful stakeholders. (Elsmore 2001, p.42)

This digest of different approaches suggests that the concept is open to appropriation. RTOs who want to individualize the concept to suit their own unique situations might therefore benefit not from looking for agreement on a view of culture, but from looking at the ways in which aspects of the concept are contested. Cultural analysis, which identifies the components of culture, is useful at showing the ways in which cultures, and concepts of culture, differ.

What are the tools RTOs can use to **describe** culture?

When it comes to applying these definitions, and taking action to describe an organizational culture, even Deal and Kennedy's apparently simple definition that culture is 'the way we do things around here' (1982, p.49) is complicated to use. 'The way we do things' can involve descriptions of organizational heroes, rites and rituals, different characters in communication networks, symbolic managers, corporate tribes and other factors. It raises such issues as who is the 'we', whether 'the way' is the best way, and in whose interests such 'things' are done.

RTOs may need guidance in observing and describing their organizational culture in ways that will help them to answer these questions. A range of tools is available to help them: for example, cultural analysis, supported by boundary theory, typologies and classification, plus broader approaches such as conceptualising cultural unanimity and sub-cultures.

Cultural analysis

Those who aim to make sense of organizations by exploring the complexity of their culture can find practical help in what Schein calls 'cultural analysis' by which he means:

> Being able to perceive and decipher the cultural forces that operate in groups, organizations, and occupations. Once we learn to see the world through cultural lenses, all kinds of things begin to make sense that initially were mysterious, frustrating, or seemingly stupid. (Schein 2004, p.7)

An insight into cultural analysis is offered by boundary theory, according to Halley (1998). Boundaries demarcate cultures–whether groups, organizations, occupations or societies–and give rise to the dynamics of exchanges among them. Interest in boundaries is especially strong during times of great boundary change. Culture seen through this boundary perspective deals with issues such as difference and sharing, exclusion and power, and the leadership and management appropriate to these issues.

Boundary theory underlies many of the tools which assist cultural analysis. Some of these structured ways of observing attempt to establish a broad perspective in which organizational culture is but one part. For example, Hofstede (1993) writes of culture as a characteristic within nations, occupations or organizations, and suggests findings in one of these spheres can be applied to the other spheres. Halley (1998) writes of culture as one of four different forms of knowledge:
- cultural knowing, which is interior and collective
- social knowing, which is exterior and collective
- behavioural knowing, which is exterior and individual
- intentional knowing, which is interior and individual

Other writers suggest binary structures or continuums to guide observations, such as structural control/flexibility, internal/external stakeholders, means/ends, or unanimity/sub-cultures. Others offer typologies, classifications or even models to assist cultural analysis.

Culture types

RTOs may find the culture types that some writers identify to be a more useful tool than some of the broader perspectives from boundary theory.

There are so many of these analytical structures that the main problem for an RTO is choosing which one will be most helpful in perceiving and deciphering cultural forces in a particular circumstance.

Other possible limitations of these structures are highlighted by Schein (2004), who warns against the vastness and detail of some classification systems. He also warns that it is not really possible to describe an entire culture, even if some of the key phenomena become more comprehensible. One reason for this is the lack of cultural uniformity throughout many organizations.

Examples of typologies are depicted in Table 4, using the labels chosen by their creators. Some writers consider that it is a weakness for a particular culture type to dominate in an organization. Others note that co-existence of many culture types reflects the highly complex nature of organizations.

Table 4: Culture types (or sub-culture types)

Culture types	Source
Culture types based on power distribution: **Power or club culture**: power resides at the centre of a web, its spokes representing functional organizational elements **Role culture:** power resides in the over-arching roof; communication between the pillars, or functional areas of the organization, is possible only by passing information through heads of each department **Task culture:** power is distributed through a flexible lattice structure, or a net, that can be reinforced or denuded of resources dependent upon the demands of a particular project; lattice nodes are big or small reflecting task importance or priority **People or existential culture:** power is shared, depending on expertise, between individuals who cluster within the organization in a substantially autonomous way, forming a galaxy of stars.	Handy (1976)
Culture types based on management: **Tough guy, macho culture:** this culture is essentially entrepreneurial, and is marked by individualists who take high risks and get rapid feedback on whether their actions were right or wrong; it lacks cooperation and long-term maintenance **Work hard, play hard culture:** this culture is associated with fun and action, with employees encouraged to maintain a high level of low risk activity; it is typical of good team workers and high achievers, often young people; it is difficult to maintain senior staff **Bet-your-company culture:** this culture is associated with big-stakes decisions, where years pass before employees know whether decisions have paid off; technical expertise is respected and personalities of successful people have well developed patience **Process culture:** this culture is a bureaucracy associated with little or no feedback; employees find it hard to measure what they do; instead they concentrate on how it's done	Deal and Kennedy (1982)
Culture types based on competing values: **Hierarchical culture:** (also **bureaucracy** or **professional-oriented** culture) this internal process model has a control/internal focus. Information management and communication achieve stability and control. Conformity is achieved through enforcement of rules, procedures, and attention to technical matters. It is the traditional theoretical model of bureaucracy and public administration. **Developmental culture:** (also **entrepreneurial** or **innovation-centred** culture) this open systems model has a flexibility/external focus. Readiness and adaptability achieve growth, resource acquisition and external support. Innovative leaders with vision focus on the external environment. It is dynamic and entrepreneurial, ready for change, led by risk-takers, and rewarding individual initiative. **Group culture:** (also the **clan** culture, or the **employee-centred** culture) this human relations model has a flexibility/internal focus. Training and broader development of human resources achieve cohesion and morale. It is associated with trust and participation through teamwork. Managers encourage and mentor employees. Compliance flows from trust, tradition and allegiance to the organization. Goals are achieved through consensus not control. **Rational culture:** (also **market or task-oriented** culture, or **results-oriented** culture) this rational goal model has a control/external focus. Planning and goal setting achieve productivity and efficiency. Managers link goals, objectives and rewards to outcomes. Productivity and efficiency are major goals.	Zammuto, Gifford & Goodmanl (1999 in Parker & Bradley, 2000) Hendriks (2004) Palthe and Kossek (2003)

Culture types	Source
Culture types based on approach to change: **Transformational culture (change)**: this culture encourages and supports innovation and open discussion of issues and ideas, challenges become opportunities, not threats, employees go beyond their self-interests and strive towards achieving organizational goals. **Transactional culture (status quo)**: this culture focuses on everything in terms of explicit and implicit contractual relationships. Individualism and self-interest is strong, and employees do not identify with organizational mission or vision. Commitment is short term.	Parry and Proctor-Thomson (2003)

Classifications

Another way of understanding cultures is through classifications of what can be observed. Jarratt and O'Neill (2002, p. 22) claim that elements of culture are not equally observable nor do they have equal effect. However, some possibilities for observation are listed in Table 5.

Table 5: Classifications used to describe culture

Observables	Source
Cultures can be observed in broad categories of behaviour: shared sayings things doings feelings	Sathe (1983 in Lewis, 2001)
Cultures can be observed in work related value differences: power distance uncertainty avoidance individualism/collectivism masculinity/femininity long-term and short-term orientation	Hofstede (1984)
Cultures can be observed in a range of dimensions: individualism versus collectivism/group behaviour universalism versus particularism (rules versus relationships) neutral versus emotional relationships specific versus diffuse involvements achievement versus ascription in power and status	Trompenaars (1993)
Culture can be observed in the aspects of an organization on which culture can have an influence, and vice versa: Mission and vision External environment Means to achieve objectives Image of the organization (to the outside world) Management processes Employee needs and objectives Interpersonal relationships Leadership	Martins and Terblanche (2003)
Culture can be observed using a complex of specific categories: observed behavioural regularities when people interact (language, customs, traditions, rituals) group norms espoused values formal philosophy rules of the game	Schein (2004)

Observables	Source
climate embedded skills habits of thinking, mental models and linguistic paradigms shared meanings 'root metaphors' or integrating symbols formal rituals and celebrations	
Levels of culture can be observed in: tacit assumptions (widely held, ingrained subconscious views of human nature and social relationships) espoused values (preferences for alternative outcomes, and means of achieving those outcomes) day-to-day behaviour–or artefacts (rituals, slogans, traditions and myths reflecting values) comparisons of these	Schein (2004)

Concepts of unanimity and sub-cultures

In the everyday media, the word culture is used to label a particular kind of uniformity: for example, a government department exhibits a culture of consideration or disdain for its clients; immigrants find support from others who share their native culture when adjusting to a new country; a football team bolsters its on-field culture with off-field bonding activities. This usage of the word presents culture in a limited way as a sharing of meanings. For example, Elsmore (2001) claims [culture is] 'a shared and learned world of experiences, meanings, values, and understandings which inform people and which are expressed, reproduced, and communicated partly in symbolic form' (p.6).

When RTOs apply this usage of culture as shared meanings to their own organizations, its limitations become evident. The usage poses questions: meanings shared by whom and initiated by whom?

Martin (2002) demonstrates a range of views on the unanimity of culture. Some of these are in Appendix 4. Some views describe culture as sharing meanings, values, understandings, assumptions expressed in language, rules, systems, objects and practices. Others recognize that not all aspects of a culture have to be shared, so long as there is a common frame of reference, orientation, purpose, similar problems and comparable experiences or a shared recognition of relevant issues. Again others believe that culture is defined by the patterns of meanings that link surface manifestations of culture together, whether in harmony, conflicts, or in webs of ambiguity, paradox and contradiction.

Schein points out that 'each of us belongs to many groups, so that what we bring to any given group is influenced by the assumptions that are appropriate to our other groups'. Further, he says, the functioning of a group reflects the larger cultural context in which the group exists and from which are derived broader and deeper basic assumptions about the nature of reality, time, space, human nature, and human relationships (Schein 2004, pp. 17-18).

Lewis (2001) suggests that it is simplistic to see culture as a single entity and deny the many subcultures that often co-exist in an organization. At a certain size the variations among the sub-cultures can be substantial and growing tensions between these can even cause an organization to fail. Palthe and Kossek (2002) identify four types of sub-cultures: employee-centred, profession-centred, task-centred and innovation-centred. Martin and Siehl (1983) identified three other types of sub-cultures:
  ◆ enhancing subcultures, in which assumptions, beliefs and values are compatible with the unitary culture and often are stronger and held with greater fervour

- orthogonal subcultures, which accept the basic assumptions of the unitary culture, but hold some assumptions are unique
- counter cultures, which have assumptions that conflict with the unitary culture

RTOs need to question what kind of unanimity their own concept of culture exhibits. Different organizations–or different sub-cultures within an organization–could well have different paradigms of culture, with different core assumptions; and a particular dimension of culture could well be central to one paradigm, and peripheral to another.

What tools can RTOs use to **manage** organizational culture?

Much literature is not simply concerned with understanding organizational culture, but describes tools for managing it, such as metaphor, management systems, organization models and strategies. Some of these have been influential for a while and have then been replaced or built upon with new ideas. They may be seen as trends and fashions–some enduring and some not.

Metaphors

Morgan (1997) offers a classification tool based on the idea that how one views an organization determines how one will manage it. Cultural images are a means to cut through the embedded complexity of culture. Possible cultural images for organizations that he suggests are: machines with functions, living organisms comprised of people with needs and feelings, political arenas where power relationships play out, psychic prisons, systems in flux and transformation, and instruments of domination. More unusual metaphors from other sources describe culture as a contract, a magnet, a power game, a neurosis, a hologram, and social energy (Robbins et al. 2001; Alvesson, 2002).

Morgan (1997) recognizes there could be value in using not just one, but a number of these images to supply competing explanations for organizations. Further, he suggests that cultural images acknowledge a wide organizational life beyond the overtly rational, and can be useful in showing the possibilities for change.

A brief survey of some of the metaphors used in literature on organizational culture reveals a wide variety of possibilities for understanding–and possibly managing–cultures and sub-cultures within RTOs. Alvesson (2002) outlines some of the metaphorical approaches to culture, which are summarized in Table 6.

Table 6: Metaphors for organizational culture

Metaphor	Characteristics
Culture as compass	Culture is a shared value system that has direction-pointing capacity.
Culture as social glue	Culture integrates and controls organizations through informal, non-structural means–shared values, beliefs, understandings, and norms.
Culture as sacred cow	Culture is the internalizing of members' ideals and values. Value commitments control strategies.
Culture as exchange-regulator	Culture replaces the need for close monitoring and direct control by socializing employees. It is a form of control.
Culture as affect-regulator	Culture is an emotional arena, involving control of employee emotions, or rules for expression of emotions.
Culture as disorder	Culture doesn't provide clarity in a dark, formless jungle, but is the jungle itself. Cultural manifestations are non-systematic, fluid and contradictory.
Culture as blinders or as a psychic prison	Culture is rooted in the unconscious, and members have only limited access to it and easily become victims of shadows, archetypes and fantasies. It protects leaders from challenges to their own worldviews and deprives them of learning to deal with alternative and deviate ideas.
Culture as world-closure	Culture makes social reality appear given, natural and impossible to question. It is a management strategy.

Alvesson 2002, pp.31-36

RTOs may well use metaphor as a device to help them to define specific cultures–either a root metaphor to provide a fundamental image, or an organizing metaphor to provide a frame and structure for a limited part of a cultural reality. They may also use culture itself as a useful metaphor for organization. But however thought-provoking this approach may be, Alvesson is one of a number of writers who acknowledge that metaphors are devices that 'do not tell the whole story' (Alvesson 2002, p.23). While useful at illuminating aspects of a culture, metaphors used without reflection can lead to inaccuracy, oversimplification, superficiality and avoidance of issues.

Management systems

Some management systems which are typical of the range dealt with in literature on managing organizational culture include:

- **Organizational development (OD)–**an early model of slow, planned change loosely shaped around organizational culture, rising in the late 1960s. It emphasizes participation, teamwork and problem solving to help an organization survive environmental challenges, but its effectiveness is now challenged (Practicing: an on-line OD Network magazine viewed 1/8/2004; Organization Development Journal, viewed 1/8/2004).
- **Total Quality Management (TQM)**–a 'foundation theory' from 1989 used to help an organization's productivity and quality. It focuses on people making continuous incremental improvement within existing cultures. Some see it, however, simply as a control system which produces and enforces uniformity, without an understanding of existing organizational culture and the possibility of sub-cultures (Naidoo 2002; *TQM Magazine* viewed 1/8/2004).
- **Business Process Re-engineering (BPR)**–a system of forced, speedy culture change. Where TQM builds a culture that supports improvement, BPR is a result of frustration over the time it takes to do this (BPRINT Institute viewed 1/8/2005; BPubs.com viewed 1/8/2005).
- **Competence Based Management (CBM)**–a system from the 1990s concerned with increasing productivity through a dynamic, systemic, cognitive and holistic view of management. Some see it however, as being based on an economic-rationalist mindset that fosters a culture that can be exploitative of people and ecological resources (7th International Conference on Competence Based Management, viewed 1/8/2005).
- **Terragnismo**–a management system from1980s Argentina, based on an organizational culture in which knowledge is treated as an asset, and which has strong human and emotional values, high levels of employee involvement and equality, and preference for growth over profits (Mastering Management Online, viewed 1/8/2005). Seel (2000b) outlines examples of organizations building on this approach: Semco, VISA card and Mercedes-Benz Credit. They no longer consider prediction, control and efficiency as important as adaptability, participation, effectiveness and learning.

Organization models

Some organization models which are significant in the literature on managing organizational culture include:

- **Sustainable organizations**–which are concerned with increasing productivity in the long-term in order to survive. They aim to build the human capabilities that create continuing innovation and high performance. They challenge the dominant economic paradigm and involve broader interests than shareholders: the community in general, the biosphere and future generations (Dunphy et al. 2000). Lewis (2001) claims that sustainable organizations demand a radical change in thinking about culture, transforming organizations from being part of the problem to being part of the solution.
- **Innovative enterprises**–which are similar to sustainable organizations but which attempt to institutionalize innovation to give the market edge. Examples are found in Mitchell's (2003) case studies of innovation, and Light's (1998) account of the *Surviving Innovation*

Project, a five year research program producing case studies of innovation in organizations. The latter study found that innovation need not be an act of organizational defiance, and need not die in the middle of the innovation process after considerable investment. It is useful for those who want to build organizational cultures in which innovation flows naturally from how the organization faces its environment, structures its bureaucracy, leads itself, and manages its internal management system, and in which innovation becomes ordinary and frequent good practice.

- **Learning organizations**–which date from 1978 and are defined by Senge (1992 in Lewis, 2001, p.130) as organizations that continually expand their abilities to shape their own future, influenced by specific elements of an organization's culture. For example, their culture determines whether they learn from mistakes or ignore them, see opportunities or threats, and are pro-active or reactive in their strategies. Johnston and Hawke (2002) present a variety of learning cultures in case studies of different organizations, and while they show organizational similarities, they stress the importance of avoiding a 'one-size-fits all' model. The suggestion is that 'the learning organization is often a piece of shorthand to refer to organizations which try to make a working reality of such attributes as flexibility, team work, continuous learning and employee participation and development' (Johnston & Hawke 2002, p.18).
- **High performing organizations**–which date from the late 1990s, were given impetus by the UK's white paper: The Innovation Report (2003) dealing with how organizations could achieve competitive advantage through a culture of workplace innovation and the encouragement and reward of new ideas. Keys are a focus on people and their learning, and the development of trust, personal responsibility and leadership. Supporting elements such as structure, strategy, systems, procedures and resources are seen as useful only in empowering people and enabling them to achieve the full measure of their abilities.

Strategies

Strategies for managing organizational culture found in current literature, and relevant to VET, include:

- **Strategic alliances**–cooperative efforts on specific ventures and joint projects, which demand an understanding of each partner's culture (Bodi et al. 1997).
- **Knowledge management**–a method to transmit culture, reinforcing the value of people and their contributions to organizations, and making use of new technology in information systems. Knowledge management can encourage organizations to be learning organizations which are open to change (Alvesson & Karreman, 2001; Hendriks, 2004).
- **Flexible learning / flexible delivery**–a client and workplace centred focus for an organization. ANTA's Australian Flexible Learning Framework's definition is: 'flexible learning, which includes e-learning, is about the learner deciding what, where, when and how they learn'. Driven by business and educational drivers, flexible learning practices have had a wide impact on many determinants of organizational culture: learners; teachers and their job designs and descriptions, work, safety and professional development; human resources practices; organizational management; and technological resources (Palmieri, 2003; McNickle & Cameron, 2003).

Warnings on using the concept of organizational culture

The three key writers cited at the beginning of this review–Martin, Schein and Alvesson–warn against possible problems RTOs might experience in using the concept of culture.

A major problem lies in the variety of ways culture can be viewed–a complexity that has been amply demonstrated in this review. This variety represents almost an excess of diversity (Halley, 1998; Seel, 2000; Pettigrew, 2000). Martin writes of 'culture wars' and 'paradigm proliferation' (2002, p.29). She demonstrates that there are no universal recipes for dealing with culture in

organizations. Her work prompts questions to help RTOs come to grips with their own particular understandings of culture, for example:

- How do you perceive the culture of your organization–mono-cultural, multi-cultural or in constant cultural flux?
- Are cultural differences a shortfall in your organization or a strength?
- Can an understanding of culture help to predict what will happen in your organization?
- What will give you an understanding of your organization's culture?
- How much breadth of study of organizational culture is enough to provide understanding, and how much depth of study can your organization afford?
- Is an understanding of culture only in the interests of managers?

Alvesson (2002) also contends that the concept of culture is complex and difficult to understand and use in a thoughtful way, which he believes could lead to another problem – that of unhelpful 'quick fixes' in organizations. In particular, he says that it is difficult to establish clear and causal links between culture and organizational effectiveness. (Martin also claims few studies link culture to outcomes such as productivity, turnover and profitability.) Further, cultural concepts such as meaning, symbol, values, rites, rituals, tales do not readily lend themselves to quantification; and using culture as a metaphor for organization presents a problem with broadness and vagueness. He warns:

> A significant problem in much writing on culture is that it lacks sufficient focus and depth in the exploration of meaning and symbolism: instead it drifts to a more 'superficial' study of social patterns: structures, behaviours and relations. (Alvesson 2002, p.5)

Schein (2004) extends this warning against a further problem, that of superficiality–and value-laden judgement:

> …many of the usages of the word *culture* display not only a superficial and incorrect view of culture, but also a dangerous tendency to evaluate particular cultures in an absolute way and to suggest there actually are 'right' cultures for organizations…..whether or not a culture is 'good' or 'bad', functionally effective or not, depends not on the culture alone, but on the relationship of the culture to the environment in which it exists. (Schein 2004, p.8)

Regardless of these warnings, the literature on organizational culture provides such a broad range of views and ideas, that it would be a rare RTO that could not find some ideas to use in building its capability.

Section 3: Structures and cultures – a relationship

The literature has suggested that structure and culture in organisations exist in close alignment. Structure is one of the determinants of culture; conversely, culture has been shown to have an influence on the organisational structure and operational systems in an organisation (Martins & Terblanche 2003, p. 70).

Both are mechanisms for the coordination of organisations: structure as an integrating mechanism for organisational activities, and culture as an integrating mechanism concerned with behaviour and values within organisations.

Organisations and individuals need an understanding of these mechanisms in order to manage uncertainty in the face of ever-changing markets and business conditions. An effective alignment of structure and culture provides a means of getting people to work together to reach strategic goals and achieve an organisation's vision. Together they provide a focus to enable organisations and individuals to reduce uncertainty, variability and ambiguity, so providing a framework for

acting in a consistent manner. Structure and culture have overlapping functions, but one mechanism is not necessarily a substitute for the other. Both are needed.

The literature also shows no one pattern or 'right way' for the development of a relationship between structure and culture. However, it offers many examples of this relationship generated by a range of variable factors inside and outside organisations.

In one example, O'Neill, Beauvais and Scholl (2001) propose that different organisations face different problems in reducing organisational variability. Variable structural factors such as the complexity of tasks and the geographic dispersal of employees act to increase uncertainty. They demand different responses even within similar cultures. Likewise, differences in organisational culture can explain why organisations in the same industry, with similar structures, can be quite different. This goes some way to explain why TAFEs, with similar structures, and which exist in the same system, can still vary widely in the way they operate.

From another perspective, Hodge, Anthony and Gales (1996) observe that while an organisation might 'authorise' a formal structure, an informal structure not necessarily sanctioned by the organisation also exists. This informal structure, whose interactions are shaped by culture and sub-cultures, comes about in part because of ambiguity in the formal design or because of changes in conditions the organisation faces. This further explains some of the operating variability within RTOs.

Internal power relations can also have implications for the relationship between structure and culture in organisations. For example, a range of structures are based on command and control (Seel, 2000, p. 1), but cultures can shape–not merely reflect–organisational power relations (Naidoo, 2002, p. 1). Naidoo observes that some organisations now accept that organisational life is too complex to be controlled but are becoming open to adaptation to change.

Organisational structure and culture can also be greatly influenced by external sources of power outside the organisation. For RTOs, structure and culture are impacted upon by industry requirements, the Australian Quality Training Framework, competition policy and business and public service imperatives, among other things. Such external forces fuel demands for change in both structure and culture. Change in one influences–or even causes–change in the other.

Tushman and O'Reilly (1996, p. 11) describe a pattern by which organisations evolve through change focused on structure and strategy, culture and people. They claim organisations evolve through:

> periods of incremental change punctuated by discontinuous or revolutionary change. Long-term success is marked by increasing alignment among strategy, structure, people, and culture through incremental or evolutionary change punctated by discontinuous or revolutionary change that requires the simultaneous shift in strategy, structure, people and culture.

Palthe and Kossek (2002, p. 287) suggest that 'adjusting to changing environmental demands…has become even more perplexing over the last decade.' One confounding issue that Fritz identifies (1996, p. 13) is that if the organisation *structure* remains unchanged, the organisation's behaviour will revert to its previous behaviour. A similar reversion is also likely with *culture* when an organisation is confronted by turbulent times. Seel (2000, p. 7) writes that: 'Once any real degree of change seems likely the organisation's "immune system" will start to resist the infection from new ideas and practices. Some people will try to reassert the power they feel they are losing; some will be cynical and pour scorn on the process; some will feel afraid and withdraw from the changes.' He suggests managers, through their understanding of structure and culture, have an opportunity to act as an "immuno-suppressant".

In the VET sector in Australia, an awareness of structure and culture and the factors affecting the relationship between them has considerable implications for organisational capability. An understanding of these interrelationships is essential if these organisations are to maintain and develop their capability in a changing world. As Smallwood and Panowyk confirm (2005, p.1):

> Capabilities drive every aspect of performance…Four key relationships are important to consider in the pursuit of superior organisational capabilities: 1. aligning capabilities to strategy, 2. establishing the right processes and structure, 3. creating the right culture, and 4. selecting the right talent.

However, Tushman and O'Reilly (1996, p. 18) advise that: 'since the fit between strategy, structure, people, and processes is never perfect, achieving congruence is an ongoing process requiring continuous improvement and incremental change'.

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Appendix 1: Transmission of culture

Sathe (1983 in Lewis 2001, p. 126) lists 5 basic processes that cause culture to perpetuate itself. He claims that managers must:

- change people's behaviour
- remove external justifications for the new behaviour to see whether people have internalized changes
- intervene in cultural communications and try to get people to adopt the new beliefs and values
- intervene in hiring and socialization of members
- remove any deviants from the organization

Schein (2004, p. 246) is less prescriptive but lists primary means by which leaders embed and transmit culture, including being systematic about paying attention to things; reacting to critical incidents and crises; allocating resources, rewards and status; role modeling, teaching and coaching; and recruiting, selecting, promoting and excommunicating.

He also lists secondary articulation and reinforcement mechanisms by which leaders embed and transmit culture, including organizational design, structure, systems and procedures; organizational rituals and rites; design of physical space; stories about events and people; and formal statements of organizational philosophy, creeds and charters.

Appendix 2: Definitions of capability and performance

This literature review found a wide variety of usages of seemingly common terms used for this research which produced some confusion, in particular the terms 'capability' and 'performance'. Some literature read for this review offered specific guidance on the usage of these terms and their relationship:

i. Capability

Smallwood and Panowyk (2005) provide an extended definition. The capabilities they describe include:

- **individual capabilities,** which are technical (professional/functional/skills-based) and social (leadership) competencies, and
- **organizational capability**, which results from groups and individuals working together within an organization design and work design, to create a collective output that is far greater than any single individual contribution

Creating the right culture, they claim, is one of the key factors in the pursuit of superior organizational capabilities.

The *Enhancing the Capability of VET Professionals Project* final report also defines organizational capability as the ability of an organization to effectively meet its business objectives. The authors write that the factors contributing to capable organizations include the organizational culture and values, as well as business processes and management systems, work organization and the capability of individual employees (ANTA, 2004).
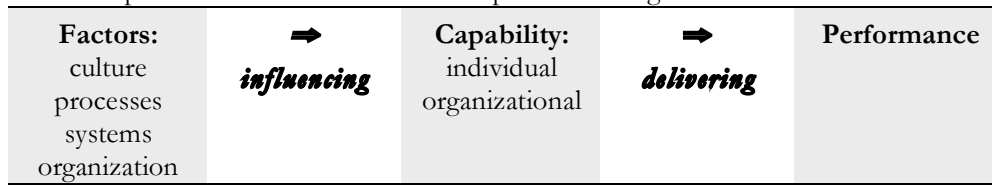
The term 'capability' is not to be confused with that of 'capacity' which usually refers to a potential ability, sometimes expressed as a measurement or level. For example, workforce development describes those activities which increase the capacity–not the capability–of individuals to participate in the workforce throughout their working life, and the capacity of firms to adopt high-performance work practices that support their employees to develop the full range of their potential skills and value (ANTA, 2004).

ii. Performance

Performance is defined in many ways depending on the context. Some contextual meanings can be seen in Wilderom et al. (2000) who show ten usages of the term 'performance' which variously refer to measurable financial income or profits, growth, and operation of health, safety or personnel standards. Other writers use the word in a more qualitative way to refer to an organization's ability to:

- meet changing demands of the contemporary environment
- deal with increasing levels of perceived stress, decreasing personal satisfaction and increasing absenteeism and turnover
- produce desirable organization and individual outcomes, which might include customer satisfaction, competitive positions, and bottom line results (Smallwood & Panowyk, 2005)

The relationship between these terms can be expressed in diagrammatic form:

Factors: culture processes systems organization	*influencing* ⇒	**Capability:** individual organizational	*delivering* ⇒	**Performance**

Appendix 3: Definitions of culture cited in this review

- 'The culture of the factory is its customary and traditional way of thinking and doing things, which is shared to a greater or lesser degree by all its members, and which new members must learn and partially accept to be accepted into service in the firm. Culture in this sense covers a wide range of behaviour: the methods in production; job skills and technical knowledge; attitudes towards discipline and punishment; the customs and habits of managerial behaviour; the objectives of the concern; its way of doing business; the methods of payment; the values placed on different types of work; beliefs in democratic living and joint consultation; and the less conscious conventions and taboos.' (Jacques 1951, in Elsmore 2001, p.43)
- [Culture is] 'a shared and learned world of experiences, meanings, values, and understandings which inform people and which are expressed, reproduced, and communicated partly in symbolic form'. (Elsmore 2001, p.6)
- [Culture is] 'the way we do things around here'. (Deal & Kennedy 1982, p.49)
- 'Culture' refers to the underlying values, beliefs and principles that serve as a foundation for an organization's management system as well as the set of management practices and behaviours that both exemplify and reinforce those basic principles. (Denison 1990, p.2)
- [Culture is] 'a pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems'. (Schein 2004, p17)

Appendix 4: Views on the unanimity of culture (Martin, 2002)

Selected from Martin, J. (2002), *Organizational Culture: Mapping the terrain,* Sage, Thousand Oaks, California. (pp.57-58). The sources referenced are Martin's.

- 'Culture is the set of important understandings (often unstated) that members of a community share in common' (Sathe 1985, p.6).
- '[Culture is] a set of understandings or meanings shared by a group of people. The meanings are largely tacit among the members, are clearly relevant to a particular group, and are distinctive to the group' (Louis 1985, p.74).
- 'A standard definition of culture would include the system of values, symbols, and shared meanings of a group including the embodiment of these values, symbols, and meanings into material objects and ritualized practices…The mythical or actual, tacit understandings, habits, norms and expectations, common meanings associated with fixed objects and established rites, shared assumptions, and intersubjective meanings' (Sergiovanni & Corbally 1984, p.viii).
- '[Culture is] the pattern of shared beliefs and values that give members of an institution meaning, and provide them with the rules for behaviour in their organization' (Davis 1984, p.1).
- 'In a particular situation the set of meanings that evolves gives a group its own ethos, or distinctive character, which is expressed in patterns of belief (ideology), activity (norms and rituals), language and other symbolic forms through which organization members both create and sustain their view of the world and image of themselves in the world. The development of a worldview with its shared understanding of group identity, purpose, and direction are products of the unique history, personal interactions, and environmental circumstances of the group' (Smircich 1983a, p.56).
- 'Culture does not necessarily imply a uniformity of values. Indeed quite different values may be displayed by people of the same culture. In such an instance, what is it that holds together the members of the organization? I suggest that we look to the existence of a common frame of reference or a shared recognition of relevant issues. There may not be agreement about whether these issues should be relevant or about whether they are positively or negatively valued…They may array themselves differently with respect to that issue, but whether positively or negatively, they are all oriented to it' (Feldman 1991, p.154).
- 'Members do not agree upon clear boundaries, cannot identify shared solutions, and do not reconcile contradictory belief and multiple identities. Yet, these members contend they belong to a culture They share a common orientation and overarching purpose, face similar problems, and have comparable experiences. However, these shared orientations and purposes accommodate different beliefs and incommensurable technologies, these problems imply different solutions and these experiences have multiple meanings…Thus, for at least some cultures, to dismiss the ambiguities in favour of strictly what is clear and shared is to exclude some of the most central aspects of the members' cultural experience and to ignore the essence of their cultural community' (Meyerson 1991a, pp.131-132).
- 'When organizations are examined from a cultural viewpoint, attention is drawn to aspects of organizational life that historically have often been ignored or understudied, such as the stories people tell to newcomers to explain 'how things are done around here,' the ways in

which offices are arranged and personal items are or are not displayed, jokes people tell, the working atmosphere (hushed and luxurious or dirty and noisy), the relations among people (affectionate in some areas of an office and obviously angry and perhaps competitive in another place), and so on. Cultural observers also often attend to aspects of working life that other researchers study, such as the organization's official policies, the amounts of money different employees earn, reporting relationships, and so on. A cultural observer is interested in the surfaces of these cultural manifestations because details can be informative, but he or she also seeks an in-depth understanding of the patterns of meanings that link these manifestations together, sometimes in harmony, sometimes in bitter conflicts between groups, and sometimes in webs of ambiguity, paradox and contradiction' (Martin 2002, p.3).

Glossary of terms

Adult and Community Education (ACE) – 1. intended principally for adults, including general, vocational, basic and community education, and recreation, leisure and personal enrichment programs. 2 (also called ACE sector the organisations and providers who deliver adult and community education programs, including evening and community colleges, Workers Educational Associations (WEA), community adult education centres, neighbourhood houses, churches, schools, TAFE institutes, universities (continuing education), University of the Third Age (U3A). It is an important part of a continuum of learning which offers choices of learning outcomes at various stages of an individual's development. Generally the defining features of ACE are that it is learner-centred, responsive to community, accessible, and diverse, varied and flexible.

Australian Quality Training Framework (AQTF) - the nationally agreed recognition arrangements for the vocational education and training sector. The Australian Quality Training Framework is based on a quality assured approach to the registration of training organisations seeking to deliver training, assess competency outcomes and issue Australian Qualifications Framework qualifications and / or Statements of Attainment and ensures the recognition of training providers and the Australian Qualifications Framework qualifications and Statements of Attainment they issue, across Australia.

Bureaucracy – features high specialization, routine operating tasks, very formalized procedures, proliferation of rules, regulations and formalized communication … reliance on functional basis for grouping tasks, relatively centralized power for decision making and an elaborate administrative structure with a sharp distinction between line management and staff (Mintzberg, 1979, p.315).

Capability of an organisation consists of its members' competencies, whether professional, functional, skills-based, social or leadership. It also consists of the organisation's ability to undertake, through its employees, productive activity that is greater than any single contribution. These ultimately affect the business and educational outcomes of an organisation. Culture and structure are two of the factors that impact on organisational capability. [This definition was used in the research activity fieldwork.]

Capacity - is not the same thing as capability. It is a measured potential ability eg capacity to develop skills and it is not performance (a measured outcome of capability eg income, profits, growth, competitive position). [This definition was used in the research activity fieldwork.]

Centralization - is the degree to which decision making is concentrated at a 'single point' in the organisation. Usually this implies that decision making is at the top of the organisation, in a chief executive or an executive group.

Client - a person or organisation using a service. In vocational education and training, the client may be a student, apprentice, trainee, employer, enterprise, industry training advisory body, industry organisation, or employment organisation.

Client focus - a strategy in which the needs of clients are the primary focus.

Continuous improvement - a planned process which allows an organisation to systematically review and improve the quality of its products, services and associated processes.

Culture - at its simplest it is "the way we do things around here". Another and more detailed way of looking at culture is to look at "what is going on around here" and "why we are doing what we are doing". This means looking at the obvious evidence of culture: behaviour, language, physical surroundings, and traditions. It also means looking at the values and assumptions that underlie this behaviour. Sometimes values and assumptions support behaviour, sometimes they conflict. Culture is a product of a group's history, and is a learned set of assumptions based on the history of that group. [This definition was used in the research activity fieldwork]. **Sub-culture** – a cultural sub-group distinguished by factors that functionally unify the group, for example employment status, profession, discipline or geographic location.

Customisation - tailoring to individual requirements; (in vocational education and training) the process of tailoring a program to meet the specific needs of clients. Customised qualifications are devised by Registered Training Organisations, created through combining competency standards drawn from two or more different endorsed Training Packages to create a new qualification outcome. Such qualifications must meet the requirements of the Australian Qualifications Framework, the Customisation Policy of the National Training Quality Council and the customisation advice of the relevant Training Packages.

Decentralization - the policy of delegating decision-making authority through an organization, relatively distanced from a central authority. Some features of a decentralized organisation are fewer tiers to the organizational structure, wider span of control, and bottom-to-top flow of decision-effecting ideas.

Delegation – the process by which tasks and the relevant authority are passed on to individuals within an organisation. Delegation allows subordinates to become involved in decision making and actually to make decisions … and thus to share the responsibility for making the decisions.

Differentiation – All organizations must split up their work into units called *tasks*. (Hodge et al, 1996, p.35).

Empowerment – a complex concept with multiple definitions. For this research, it is defined as the process of displacing decision-making downwards to the workforce, at lower levels of management, to enable them to use their skills more effectively and efficiently. The emphasis is often on better engagement with clients.

Enterprise-based RTO – refers to a training centre within an enterprise whose prime business focus is an industry other than education and training.

Fee-for-service training - training for which most or all of the cost is borne by the student or a person or organisation on behalf of the student.

Flexibility – a demand by clients of RTOs to meet individual, enterprise and community training needs when, where and how required. See **flexible delivery** and **flexible learning**

Flexible delivery - a range of approaches to providing education and training, giving learners greater choice of when, where and how they learn. Flexible delivery may involve distance education, mixed-mode delivery, online education, self-paced learning, self-directed learning, etc.

Flexible learning - the provision of a range of learning modes or methods, giving learners greater choice of when, where and how they learn.

Formalization – another dimension of organisational structure, formalization refers to formal standards and written documentation that resolve differences in the absence of managerial intervention (Wetzel & Buch, 2000). Examples are organisational rules, policies and procedures.

Hierarchical structure - where employees are ranked at various levels within the organisation, each level is one above the other. At each stage in the chain, one person has a number of employees directly under them, within their span of control. A tall hierarchical organisation has many levels and a flat hierarchical organisation has only a few.

Higher Education (HE) - In Australia, the term 'higher education' generally refers to education at degree level and above. In the Australian Qualifications Framework, higher education courses are those leading to the award of associate degree, bachelor's degree, graduate certificate, graduate diploma, master's degree or doctoral degree. Some courses leading to the award of a diploma or advanced diploma may also be accredited as higher education.

Hybrid structure – where an organisation exhibits characteristics of more than one structural configuration in order to respond to various environmental factors at the one time. For example, an organisation that retains a highly bureaucratic core may encourage the development of semi-autonomous teams at the periphery.

Integration – involves the various means that organizations use to pull together the highly differentiated tasks into cohesive output. Integrating structures include formalization, centralization, spans of control and standardization (Hodge et al, 1996).

Matrix – by its simplest definition, the matrix is a grid-like organizational structure that allows a company to address multiple business dimensions using multiple command structures (Sy & D'Annunzio 2005). Also referred to as a **simultaneous structure**, because it combines elements of the bureaucratic structure with elements of the organic (Banner, 1995)

Mechanistic structure – an organisation with a mechanistic structure has clear tiers of hierarchy; rigid departmental separation and functional specialization; strong management control and centralization of power with many bureaucratic and rigid rules and procedures (Wang & Ahmed, 2000).

Organic structure – an organisation with an organic structure is flat, non-hierarchical and team-based. Departmental barriers are broken down to facilitate cross-functional teams, employees are empowered and the power decentralized (Wang & Ahmed, 2000).

Organisational chart – This chart displays the authority relationships (who reports to whom or the chain of command); formal communication channels; formal work groups, departments or divisions; and the formal lines of accountability (Hodge et al, 1996, p.33).

Private provider - a non-government training organisation, including commercial providers (providing courses to industry and individuals for profit), community providers (non-profit organisations, funded by government or community sponsors), enterprise providers (companies or other organisations providing training mainly for their own employees), and industry providers (organisations providing training to enterprises across an industry).

Silo – relating to structure, silo relates to organisational fragmentation and occupational isolation in which various sectors of an organisation are compartmentalised and do not understand each other's needs.

Span of control – refers to the number of immediate subordinate positions that a superior position controls or coordinates.

Standardization – strategies that attempt to reduce the uncertainty and unpredictability of organizational work including guidelines or instructions, specifications and inspection or audit of products or services (Hodge et al, 1996).

Structure - is the framework for an organisation's work, in which work is divided up and coordinated, policies and procedures are put in place, and authority relationships are set up. It is communicated in charts, policies, procedures, terms of references, roles and responsibilities, through formal communication and informally in people's behaviour. [This definition was used in the research activity fieldwork.]

TAFE - 1) **-** a publicly funded post-secondary organisation which provides a range of technical and vocational education and training courses and other programs, e.g. entry and bridging courses, language and literacy courses, adult basic education courses, Senior Secondary Certificate of Education courses, personal enrichment courses, and small business courses. Each state and territory has its own TAFE system. 2) - an institution offering TAFE courses; a college or institute.

Team – a team is a small number of people with complementary skills who are committed to a common purpose, performance goals, and approach for which they are mutually accountable (Katzenbach & Smith, 1993). **Cross-functional team –** a group with diverse capabilities working together to solve a common problem or accomplish a goal by sharing information and experience as it moves along. For example, a Process Improvement Working Group consisting of representatives from teaching faculties, education support services and corporate services constitutes a cross-functional team. **Self-managing** or **semi-autonomous teams** – have a significant amount of decision-making authority. Team members manage themselves (plan, organize, motivate, and control), assign jobs to members (who works on what, when, when and how), plan and schedule work (set goals, pace of work)… and solve problems (member discipline, quality). (Tata & Prasad, 2004).

Work Group – consists of a number of employees who are part of a group because they work in the same unit or department to produce a product or service. The ultimate responsibility for the group rests with the group's manager and authority and accountability are not equally shared as they are more likely to be in a team.