

Innovation, Organisational Structure, and Culture: Its Impact and Linkage on Organization - A Review

Sayan Banerjee, Chandragupt Institute of Management, Patna, India

Dinesh Srivastava, National Institute of Industrial Engineering, Mumbai, India

ABSTRACT

Organizations are fundamentally different from the hierarchical, bureaucratic structures that underlie more traditional organizational theory and research. The paper deals with the fact that culture is omnipotent in shaping the structure of the organisation and structure along with culture is intricately related with the way innovation is managed or implemented in any organisation. This paper is basically a extensive review of papers relating to organisational structure, culture and innovation right from the aspect of how culture shapes structure to how innovation is linked and shaped by both organisational structure and culture. Models by different researchers depicting the relationship between the various aspects of structure culture and innovation are discussed for better understanding.

KEYWORDS

Culture, Innovation, Occupational Environment, Organizational Structure, Organizational Theory, Technological Change

INTRODUCTION

The environment facing organisations today is characterised by unprecedented levels of technological change, product and service innovation, coupled with intense global competition. (Nanni et al.,1992). To survive in this environment organisations must possess specific capabilities including the ability to learn (Levinthal & March,1993) and to respond flexibly and rapidly to technological and market changes through continuous innovation. Among the operational attributes needed to sustain organisational learning, adaptive flexibility and innovation, the literature identifies the development of flexible organisational structures and interaction patterns, particularly the use of fluid work groups and teams with changing membership and the leadership (Abernathy & Lillis, 1995, Levinthal & March, 1993).

Post-industrial organisations today are knowledge based organisations and their success and survival depends on creativity, innovation discovery and inventiveness. It appears that the rate of change is accelerating rapidly as new knowledge, idea generation and global diffusion is increasing (Senge et al 1999). Creativity and innovation have a role to play in this change process for survival. An effective reaction to these demands leads not only to changes in individuals and their behaviours, but also to innovative changes in organisations to ensure their existence.

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Thus, the dynamics leading to all the above changes are making the organisations and leaders try to create an institutional frame work in which creativity and innovation will be accepted as a basic cultural norm in the midst of technological and other changes. Authors like Ahmed (1998) Martell (1998) Phessey (1993), Robbins (1996) have also emphasised the importance of organisational culture in this context. Organisational culture appears to have an influence on the degree to which creativity and innovation are stimulated in the organisation.

Criteria for Selection of Studies

Only those papers were reviewed which were thought to be relevant in any way or from which some important idea can be taken concerning the three aspects Organisational structure, culture and innovation.

Organisational Structure

Similar to the cultural wars, organisational structure and how it creates and sustains itself has been an important ongoing and debatable question in organisational research. While some people suggest that the notion of structure is usually understood to imply a configuration of activities that is characteristically enduring and persistent: the dominant feature of it being its patterned regularity while some others like Barley (1986) suggests that structure can be simultaneously viewed as a flow of ongoing action and as a set of institutionalised traditions or forms that reflect and constrain that action .Again according to Gidden's(1979) theory of structuring structure is a socially constructed phenomenon that is both the medium and outcome of interaction.

A social constructionist perspective argues that structure is created by and is often reflective of member's behaviour and interpretations (Barley, 1986). Cultural anthropologists would again suggest that these behaviours and interpretations represent member's cultural perspectives. The notion that structures are socially constructed is similar to arguments that culture reflects shared interpretation systems. The questions these arguments bring forth are, how does organisational culture create structure? And what role do change processes play in linking culture to structure?

Definition of Organisational Culture

Organisational Culture is defined in many different ways in the literature. Perhaps the most commonly known definition is "the way we do things around here. In this research, organisational culture is defined as the deeply seated (often sub conscious) values and beliefs shared by the personnel in the organisation. Organisational culture is manifested in the typical characteristics of the organisation. It therefore refers to a set of basic assumptions within the organisation. These assumptions are maintained in the continuous process of human interaction (which manifests itself in attitudes and behaviours, in other words as the right way in which things are done or problems should be understood in the organisation. The components of routine behaviours, norms, values, philosophy rules of the game and feelings all form part of the organisational culture (Smit & Cronje, 1992).

Organisational culture forms an integral part of the general functioning of an organisation. A strong culture provides shared values that ensures that everyone in the organisation is on the same track (Robbins, 1996). The role that organisational culture plays in an organisation can be divided into the functions of organisational culture and the influence that organisational culture has on the different processes in the organisation. Farnham and Gunter (1993) summarizes the functions of organisational culture as internal integration and coordination, based on a literature study of the functions of organisational culture, internal integration, creating the boundaries of the organisation, the feeling of identity among personnel and commitment to the organisation .The coordinating function refers to creating a competitive edge, making sense of the environment in terms of acceptable behaviours and social system stability (which is the social glue that binds the organisation together (Martins, 2000).

Organisational culture offers a shared system of meanings, which forms the basis of communication and mutual understanding. If the organisational culture does not fulfil these functions in a satisfactory way, the culture may significantly reduce the efficiency of an organisation (Farnham & Gunter, 1993).

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