

The mediation of the Relationship between Organizations and Institutions. The Role of Organizational Culture

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Abstract

This article analyzes the relations between organizations and institutions and their mediation by the factors of organizational culture. After discussing the elements that distinguish organizations from institutions, we will discuss W. R. Scott’s conception regarding the constitutive and functioning structures of the institutions. The following section focuses upon D. C. North’s theory regarding the institutional stability and change, as well as the costs involved by these processes. The last section systematizes a few perspectives regarding the mediation of the relations between organizations and institutions and the role of the organizational culture in this context.

Keywords: organizations, institutional structures, mediation, regulations, organizational culture.

The distinction between organizations and institutions

The organizations are entities made up of different groups with the purpose of regulating the relationships between them according to certain rules of social cooperation. They benefit from a certain organizing and functioning autonomy, acting not only as a stimulating factor, but also a coercive factor as opposed to the needs and aspirations of the members of society.

In the interpretation of Giddens (2010), organizations differ among themselves according to criteria such as: purposes, the nature of their activities, the mechanisms of coordination and authority, the legitimacy system, the formal or informal status of their functioning relationships, the system of interactions between their members, the

available resources, the economic, social, political and cultural (institutional) context in which they operate.

Researchers in this field (Scott, 2004; Năstase, 2004; Vlăsceanu, 2005; 2010) insist upon the fact that any formal organization has certain characteristics: it is deliberately created by a person or social group; it develops formal structural relationships and interdependent relationships between people; it has a set of objectives which guide the work of its members; it is self-perpetuating; it practices a certain division of the work to be performed by individuals; it manages material, human, financial or symbolic resources; it ensures communication between individuals and groups; it establishes a hierarchical structure and seeks to impose the presence of a leader or leaders.

The main conclusion that emerges here is that organizations have a certain normative structure (a set of rules, norms and remedies), a power structure (hierarchies, degree of centralization, the freedom of individuals, processes of cooperation or competition) and a staff structure (networks of statuses and roles, the distribution of specific tasks to each member of the group). Therefore, organizations differ among themselves both in terms of their performance and regarding their types of action, goals achieved and those persons involved in solving the goals set. What they have in common would be: their members' interaction goals, the character regulated by the principles and rules of these interactions, the continuity of a specific relationship structures as a result of these interactions, the imposition of a set of features, relationships and distinct responsibilities for their members (Scott, 2003).

In the client's language, the term institution is often overlapped to that of the organization, although there are significant differences between them. While the organization is a social group in which there network of relations based on certain norms and values, the institutions is a system of constraints that regulates life and human activity. Moreover, although both institutions and organizations provide a framework for human interaction, the difference between them is that "the institutions refer to the way in which the rules of human interaction were created and evolve, while the organizations offer the manifestation framework of the necessary strategies and skills people need to enforce the rules". The consequence arising here has a double meaning: a) to understand the operation and development method of the organizations

it is necessary "to refer to the existing institutional system, that is the formal and informal rules prevailing in a society", b) the study of the organizations should begin with the study of the institutions that have generated them and should then continue "with the analysis of the way in which institutions operate in the existing organizations to identify the potential sources of compliance, and also of institutional change" (Vlăsceanu, 2003, pp. 90-91).

Starting from these aspects, I will now analyze the contribution of W. R. Scott upon the process of mediation of the relations between organizations and institutions, as well as upon the factors which characterize the process of institutionalization.

The relationships between organizations and institutional structures

The British researcher starts from the idea of multiple relations that characterize the relations between organizations and institutions, arguing that institutions are defined by the normative framework based on which the organizations shape their actions and interactions strategies, through the stability and resistance to change, by some symbolic elements and material resources, as well as their tendency to reproduce and transmit from generation to generation. Moreover, the institutional framework affects the appearance, operation and development of the organizations, just as the organizations, in their turn, influence the evolution of the institutional framework. From this point of view, at least three aspects should be highlighted: the first aspect refers to the fact that institutions are "the generative basis" of the organizations, which means that each system's rules or institutional constraints correspond to a particular type of organization; the second part takes into account the fact that the organization can become a factor of institutional change in the conditions under which certain rules or constraints are found to be inoperative; the third issue concerns the fact that the organizations can be considered contexts in which institutionalization and deinstitutionalization operate in the sense that the organizations reproduce the institutions, but also change them (cf. Scott, 2004, p.70).

Following the thread of this argument, the author I am referring to develop an analysis of the constituent and functioning structures of the institutions, an analysis which can be summarized around the following characteristics (Scott, 2004, p 72 and the following):

a) The regulator pillar - defines the activities of establishing the rules that constrain the behavior, but also the ones that monitor and sanction their compliance. The regulatory systems, as well as those of rewards or punishment, can operate both through diffuse and informal mechanisms (involving customs, traditions, customs etc.) as well as through certain formalized rules and mechanisms of enforcement.

The components of the regulator pillar - force, coercion, penalties and interest - are often mediated by the existence of official rules or laws. In order to ensure the compliance of individuals and groups with the rules and laws, no power structure uses only the constraint and imposition mechanisms, but also provides incentives or rewards.

b) The normative pillar – includes the value and norms systems which introduce in both the prescriptive dimension and that of assessment and establishing the need or obligation within the social life. While the values are general conceptions about what is desirable, the rules designate the legitimate means to achieve goals. The legal systems impose restrictions on human behavior and legitimate social action, they give individuals and group certain rights, but they also require responsibilities or obligations. The roles prescribed are social rules which serve at describing the behavior uniformities of the members of a group and define the social identities of individuals.

c) The cultural-cognitive pillar – reveals the central position held by the cultural and knowing elements in the production of certain events or schemes of common understanding, of a shared logic of actions, as well as certain sustained cultural significances. The idea in view relies upon the mediation action between the stimuli from the exterior, the level of cultural and cognitive acquisitions of the human subject and the repertoire of answers of the individual or group. In order to understand and explain a social action one must take into account not only the objective conditions which characterize the respective activity, but also their subjective interpretation, that is the significances associated to them within the system of institutional relations. The cultural and cognitive context is the one who ensures the setting of certain social roles which in time become models of institutional organization.

Scott's analysis brings into attention two essential aspects. The first aspect refers to the idea of organizational culture, which includes cognitive, affective and normative elements, as well as those referring to

the power structures, the social and moral climate, the behavioral regulations, or the means of understanding and interpreting events.

The second aspect concerns the extension of the framework of analysis of organizations and institutions, an extension which involves certain aspects such as: the interaction between organizations and institutions; the relation between the regulatory, normative and cultural and cognitive processes; the elements that lie at the basis of different types of organizational behaviors; the interdependency of the institutional structures and the individual action; the problem legitimizing institutions; the mechanisms of institutional stability and of the processes of institutional innovation and change; the formal-informal relation within the operation of the institutions and so on.

From this list, the legitimization of the institution, for instance, is considered an indicator of the stability of rules, regulations and routines, but also a premise of the propagation of institutions. For the study of institutions, this aspect has a triple significance: the propagation of a set of rules or structural forms in time and space reveals the force of an institutional structure; since the propagated elements are adapted and incorporated by the organizations, these studies are also called “studies of the institutional effects”; the propagation of an institutional form or practice can be considered as a possibility of institutional change.

These ideas lead us to D.C. North’s approach to institutional stability and change, a theme which I will discuss in the following pages.

Institutional stability and change

After a complex analysis of the phenomena which occur within the social and economical institutions, Douglas North (2003) reaches the conclusion that the understanding of the changing process involves, before anything else, a reference to the characteristics of stability which the idea of institution is associated with. Thus, he writes: “Stability is obtained through a complex set of constraints, which include official rules arranged in a hierarchy, where each level is more expensive to be changed than the inferior one. They also include unofficial constraints, which are extensions, elaborations and categories of rules and which have the tenacity to survive, because they became a component part of the common behavior (...). The complex interaction between the official rules and the unofficial constraints, together with the way in

which they are imposed, defines our daily life and orientates us in our daily activities...” (2003, p.77).

According to North’s theory, the change of official rules implies that the parts involved should renegotiate the institutional framework, a renegotiation which could start from the simple aspects of “the social contract” all the way to the full reshaping of an institution. Talking about continuous and discontinuous changes of the institutional structures, as well as about the different political, economical and ideological conditions they determine, the author insists upon two main aspects.

The first aspect refers to the change of the official rules is expressed in the following terms: “The impossibility to reach compromise solutions may reflect not only the lack of mediation institutions, but also the limited degree of freedom of the enterprisers to negotiate and, at the same time, to keep their loyalty for the groups they belong to. Thus, the real sets of choices of the parts in conflict may not intersect, so that, although there may exist potential significant earnings from the resolution of the misunderstandings, the combination between the limited freedom of negotiation of the enterprisers and the lack of mediation institutions blocks the resolution of misunderstandings” (2003, p.82-83).

The second aspect draws attention upon the fact that, although the official rules may change in different means and forms, the unofficial constraints have the tendency to perpetuate themselves, or, in any case, to modify with greater difficulty because they solve fundamental problems of direct relationships between individuals and groups. Moreover, the variety of these unofficial constraints may have a decisive influence upon the stability, evolution and change route of the official rules which define a given institutional framework.

North offers special attention to the case where both “marginal” modifications and the discontinuities in the institutional change are influenced by ideas and ideologies, which shape the mental constructs that individuals use in their interpretation of the world and in the choices they make. The author does not forget to underline the fact that, “through the structuring of human interaction, the official institutions influence the price we pay for our actions and, to the extent to which the official institutions are structured willingly or accidentally to diminish the price of acting in the virtue of one’s own ideas, they offer the individuals the freedom to include their own ideas and ideologies in the

choices they make” (2003, p.101).The thesis that North accredits is that the existing institutions or the ones promoted by society have the capacity to generate different types of organizations, to set their functioning limits and to establish certain criteria of evaluation or means of recovering the organizational performances.

The problem posed next is the one connected to the mediations which take place between the organizations and the institutions, as well as the factors which intervene in the development of this process.

The mediated character of the interactions

Not only Scott’s analysis, but also that of North reveal the fact that the organizations can react in different ways to institutional pressures, just as institutions, in their turns, influence the strategies which the organizations can use.

Among the strategies adopted by an organization which is confronted with different institutional pressures, Scott (2004, p. 210-215) identifies: the strategy of submission and conformation (the motivation being given by the fear of sanctions or by the hope of obtaining a gain of legitimacy and resources); the strategy of compromise (which manifests itself especially in the institutional environments marked by conflicts); the strategy of avoidance (where certain aspects are hidden to protect other activities of the organization); the disobedience (which manifests itself when the regulations of the organization are fundamentally different from those of the institutions); the manipulation strategy (through which the organization tries to increase its capacity of negotiation and of creation of certain relative advantages).

According to Scott’s explanation, these strategies can be found in the internal dynamics of the institutions, as well as in their relations with the environments which ensure stability, the propagation and institutional change within processes oriented in a descendent and ascendant way.

The processes oriented in a descendent way (the base activities, the social propagation, constraint and integration, the authorization or conviction) or the possibility of institutions from a higher level to model the structures and actions of the individual or collective actors from the inferior level. Simultaneously, a process of a contrary direction is emerging, where the structures from the inferior levels model the contexts where they are taking place. Among the processes that ensure

the ascendant direction of influencing the institutional structures we can include the array of interpretations which contribute to the construction of the institutional identity, as well as the strategies adopted by one organization or the other for the institutional maintenance, propagation and change.

Looking at things from a wider perspective, the process of institutional change also involves an action of the members of the organization upon the values and representations which they involve, a fundamental role being given, thus, to the organizational culture.

Understood as an ensemble of values, regulations and behavior models, the organizational culture includes the organization's visible and less visible symbols, as is the case of motivations and rewards, the rights and obligations of the members, the type of inter-human relations and the connections with the external environment, the attitude towards change and towards the forms of management.

Authors such as Năstase(2004), Vlăsceanu (2005), Țărnău (2006), Şimandan (2009), Cureteanu (2011) and others shows that for the factors which contribute to the formation of the culture of an organization we can mention: the work group, the management style, the characteristics of the organizational structure (size, the history of the organization, its objectives, complexity and economical situation), the economic, social, judicial, technological and informational environment.

From one author to the other, we witness different approaches to the organizational culture. Recently, they refer to the relation with the processes of social innovation and the management of the strategies of change, to the aspects connected to the integration, coordination and motivation of the people within the organization, to the beliefs and practices which sustain certain policies, the methods of production, technical knowledge and the objectives of the organization, to the processes of social learning and change to changes and restructuring generated by the management of knowing in the informational society in which we live.

An interesting point of view in this respect is offered by Isac and Cureteanu (2011, p. 253), who consider that an adequate analysis of the organizational culture should take into account the following aspects:

- ✓ Individual initiative (the degree of responsibility and freedom of individuals);
- ✓ Integration (the extent to which subunits of the organization are encouraged to act in a coordinated manner);

- ✓ Support to employees from the managers;
- ✓ Identity;
- ✓ Time management;
- ✓ Reward criteria;
- ✓ Attitude towards risks;
- ✓ Attitude towards conflicts (the degree to which employees are directed to an open and critical way of conflict resolution);
- ✓ Models of communication (whether or not restricted by formal hierarchy);
- ✓ Control (number of rules, the extent of direct supervision of employees).

Relating the elements of organizational culture to the structures and instructions suggested by Scott, North, Vlăsceanu and other authors, we can state that the cultural changes take the form of social learning at the level of both organizations and institutions. Looking at the situation from this perspective, learning can bring change, innovation, restructuring, the participation of groups and individuals to decisions as well as to the anticipation of certain tendencies and harmful effects of the decisions existing presently. One must not forget that cultural change also involves de-learning and social learning processes at the level of groups and individuals and of the organization.

Noticing these interdependencies, M. Vlăsceanu (2003; 2010) says that in the processes of individual and group learning, the organization itself affirms itself as an organization which learns to adapt to new situations. This process is neither linear, nor lacking in contradictions. Since the thinking and acting methods are culturally induced, the organizational culture changes in a rather difficult way if the given organization “didn’t learn to become a learning organization”, concludes the author.

Conclusions

At the end of this discussion we should remember that, firstly, the idea that organizations and institutions can be analyzed from different perspectives, and according to the perspective approached, one can formulate different explanations connected to their constitution and functioning means, with the relation to the formal and informal elements of with the interaction means of their members according the objectives and targets set.

Secondly, both organizations and institutions are based on a set of common regulations, certain common practices and action systems which manifest specifically according to the social, economical and ideological conditions of the environment, to the relations and interactions from within the organization, the functions of the members of the organization and their responsibilities, as well as the conscious and less conscious relations that the individual has with the organization or the institution.

Last but not least, we have to add that the organizations and institutions, together with certain activities and resources associated to them, supply stability and meaning to the social life. As a mediating factor, the organizational culture can ensure stability and performance to the institutions, as well as the premises of certain changes in the direction of producing a new cultural, cognitive, normative and regulatory configuration, whose duration and amplitude is different from one social, economical, political, ideological, cultural, judicial etc. culture to the other.

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