

## **Chapter 3 – THEORETICAL FRAMEWORK AND MODEL**

by

**E. Bisig, T. Hof, S. Valaker, T. Szvircev Tresch,  
S. Seiler and A.L. Bjørnstad**

In this chapter we present five theoretical models and approaches of organisational effectiveness:

- The Command Team Effectiveness (CTEF) Model [28];
- The Star Model [30];
- The 7-S-Model [58];
- The Behavioural Engineering Model (BEM) [33]; and
- The internal system approach to organisational effectiveness [44].

Following the presentations of these theoretical model and approaches, we elaborate upon their conceptual ideas and advantages for our purposes and, present a model tailored to a NATO coalition HQ.

### **3.1 REVIEW OF ORGANISATIONAL EFFECTIVENESS MODELS**

We reviewed all well-established organisational effectiveness models. In the following sub-chapter, however, we describe and discuss only those we believe are most relevant to study the organisational effectiveness of a NATO coalition operation's HQ.

#### **3.1.1 Command Team Effectiveness Model**

The Command Team Effectiveness (CTEF) Model (see Figure 3-1) of Essens et al. (2005) offers the possibility to observe, evaluate, and promote group activities. This model assumes successful leaders understand and take into account the following factors:

- a) The conditions that determine how effective the team can be under the given circumstances. (e.g., operation framework, task, organisation, leader, team members, team);
- b) The behaviour and processes occurring during the operation (i.e., the model distinguishes between behaviour/processes related to tasks and those related to groups);
- c) The results of these behaviours and processes (again distinguishing between those related to tasks and to groups); and
- d) As a result of After Action Reviews (AAR) the adoption of processes and conditions in order to become more effective.

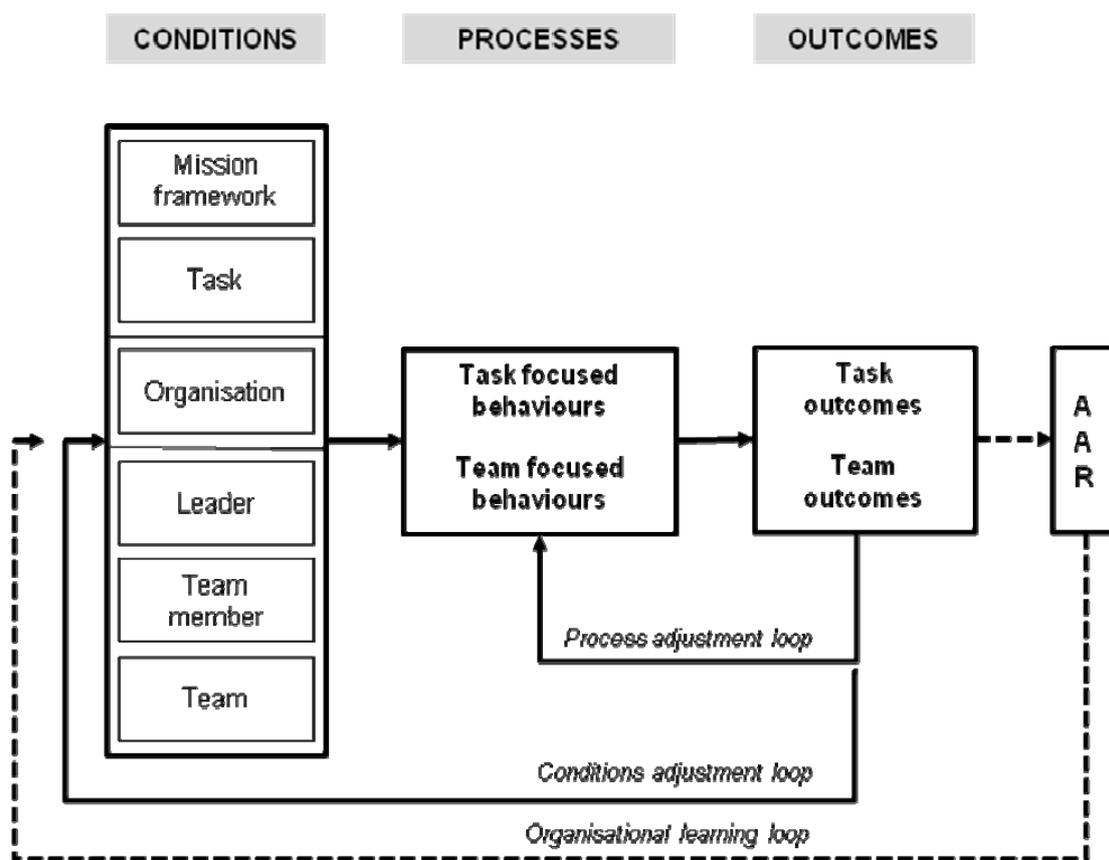


Figure 3-1: CTEF Model [28].

A Task Group of NATO RTO developed this model, using existing models as an inspiration to identify its components [25],[63],[46],[16]. Moreover, the group consulted articles and chapters on organisational effectiveness and conducted interviews with subject-matter experts.

The primary advantage of this model is its strong theoretical foundation, which includes learning and adjustment loops and the impact of mission framework and context on behaviour. However, in regard to multi-national operations, this model lacks the (inter-)cultural aspects. Additionally, it focuses extensively on team and task characteristics, which does not correspond to a HQ's perspective. On the HQ level, there are other emphases and vulnerabilities (e.g., organisational culture and structure). Another weakness of the CTEF model is the complex cause-and-effect structure, which in practice can only be partially verified.

### 3.1.2 The Star Model

The basic premise of the Star Model (see Figure 3-2) of Galbraith (2002) is simple but powerful: different strategies require different organisations to execute them. The Star Model framework for organisational design is the foundation on which an organisation bases its design choices. This framework consists of a series of design policies that are controllable by leadership and can influence employee behaviour. The policies are the tools with which leaders must become skilled in order to shape the decisions and behaviours of their organisations effectively. In the Star Model, design policies fall into five categories:

- a) Strategy;
- b) Structure;
- c) Processes;

- d) Rewards; and
- e) People.

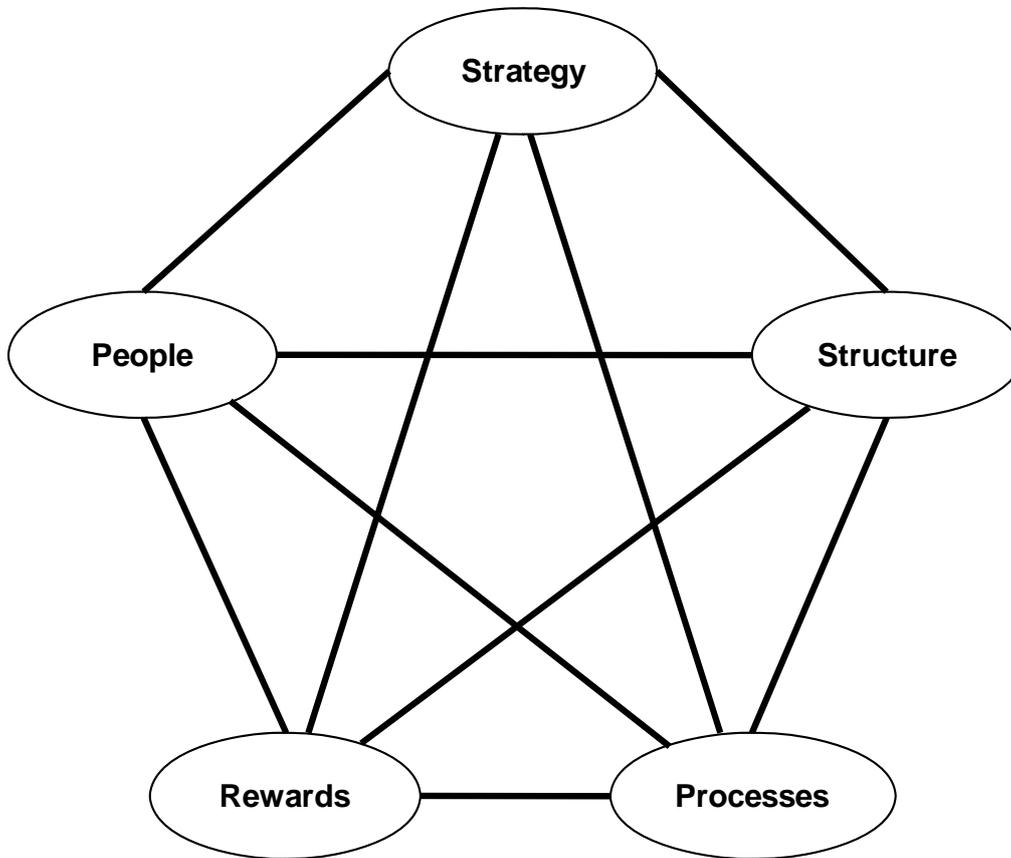


Figure 3-2: Star Model [30].

In order to for an organisation to be effective, all these policies must be aligned, interacting harmoniously with one another. This idea of alignment is fundamental to the Star Model. The notion of alignment is central to the Star Model in that organizational effectiveness is driven to the extent to which the structure, processes, reward systems, and ultimately the culture support the strategy of the organisation. While the Star Model offers practical litmus test for organizational effectiveness, it may be too simple a model to deal with the complexities associated with a NATO HQ where requirements and goals may shift dynamically as situations unfold globally. Today, every organisation needs to be adaptive and able to change as quickly as its context. Short of that, it runs the risk of falling behind. Thus structures and processes have to be easily reconfigurable and realigned, which asks for the skilled use of extensive internal and external networking capabilities [30].

One advantage of this model lies in its consideration of the concept of strategic alignment, which ensures goal-oriented work and therefore, organisational effectiveness. Another advantage of the model resides in the notion of adaptability to a constantly changing environment. Nevertheless, despite the advantages, the Star Model is not tailored to the organisation of a NATO HQ, but rather to business and market-oriented companies. Other weak points are that effectiveness is not a direct output of the design policies, and that culture is only understood as an output and not as an input factor in the model. But in a multinational HQ, where people from different Nations are working together, culture should probably also be seen as an input variable.

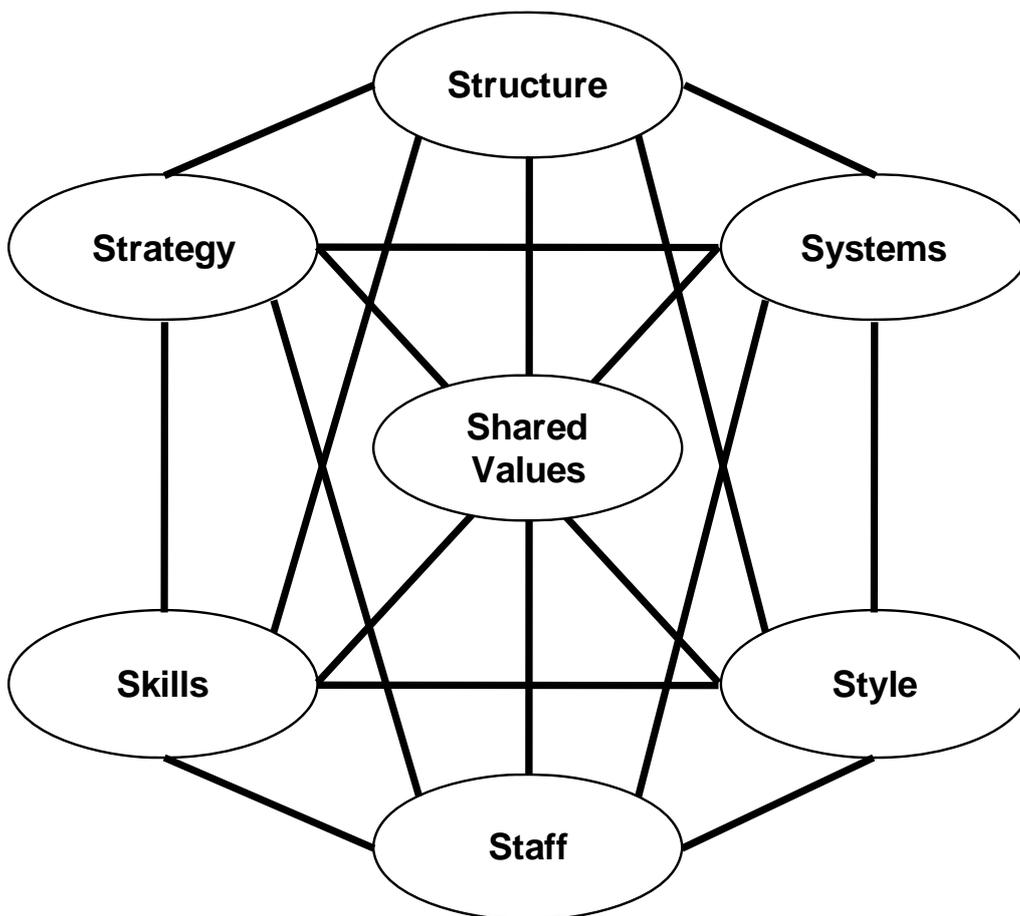
**3.1.3 The 7-S-Model**

The 7-S-Model of Peters and Waterman Jr. (1982) [58] divides organisations into “hard” and “soft” factors. The hard factors refer to those concrete elements of an organisation documented with policy papers, plans and documentation on the development of the organisation; they are:

- a) Strategy;
- b) Structure; and
- c) Systems.

The soft factors allude to those elements of an organisation that are hard to describe and control, because they are highly dependent on the members of the organisation; they are:

- a) Skills;
- b) Staff;
- c) Style/culture; and
- d) Shared values / super ordinate goals (see Figure 3-3).



**Figure 3-3: 7-S-Model [58].**

While the hard factors are easier to evaluate, the assessment of the soft factors proves to be much more difficult, even though they are at least as important for the organisation as are the hard ones.

Effectively functioning organisations are characterized by a coordinated balance of these seven factors. In times of change and adjustment, the modification of one factor impacts on the other factors. A well-functioning organisation must aspire to find the right balance between the above introduced factors. In practice, it is often the case, however, that leaders only focus on the hard factors. Peters and Waterman Jr. (1982) [58] argue that the most successful organisations devote their attention to the optimum balance amongst the soft factors, which can be decisive for success because new structures and strategies can barely be built on completely opposed cultures and values.

This praxis proven model has the advantage that it:

- a) Takes into consideration hard as well as soft factors; and
- b) Emphasizes the importance of a balance amongst those factors.

However, as this model is designed as a management tool, it lacks in a comprehensive theoretical foundation.

### 3.1.4 Behavioural Engineering Model

The Behavioural Engineering Model (BEM) developed by Gilbert ([32],[33]; see Table 3-1) provides a way to systematically and systemically identify barriers to individual and organisational performance. This model distinguishes between a person’s repertory of behaviours (i.e., what the individual brings to the performance equation) and the environmental supports (i.e., the work environment factors that encourage or impede performance).

**Table 3-1: Behavioural Engineering Model [32],[33].**

	<b>Information</b>	<b>Instrumentation</b>	<b>Motivation</b>
<b>Environmental supports</b>	<p><b>Data</b></p> <ol style="list-style-type: none"> <li>1. Relevant and frequent feedback about the adequacy of performance</li> <li>2. Description of what is expected of performance</li> <li>3. Clear and relevant guides to adequate performance</li> </ol>	<p><b>Resources</b></p> <ol style="list-style-type: none"> <li>1. Tools, resources, time and materials of work designed to match performance needs</li> </ol>	<p><b>Incentives</b></p> <ol style="list-style-type: none"> <li>1. Adequate financial incentives made contingent upon performance</li> <li>2. Non-monetary incentives made available</li> <li>3. Career-development opportunities</li> <li>4. Clear consequences for poor performance</li> </ol>
<b>Person’s repertory</b>	<p><b>Knowledge</b></p> <ol style="list-style-type: none"> <li>1. Systematically designed training that matches the requirements of exemplary performance</li> <li>2. Placement</li> </ol>	<p><b>Capacity</b></p> <ol style="list-style-type: none"> <li>1. Flexible scheduling of performance to match peak capacity</li> <li>2. Prosthesis or visual aids</li> <li>3. Adaptation</li> <li>4. Selection</li> </ol>	<p><b>Motives</b></p> <ol style="list-style-type: none"> <li>1. Assessment of people’s motives to work</li> <li>2. Recruitment of people to match the realities of situation</li> </ol>

Researchers in industry and military alike have found that approximately 80% of performance problems can be attributed to organisational/environmental issues such as manpower, systems, and processes.

In other words, organisational issues are more likely to present a barrier to effective human performance than individual-focused issues, such as knowledge for example. The reason for this is that individuals are better able to do what is expected of them when the environmental supports are strong; or, in the words of Rummler and Brache (1995, p. 13) [62], “If you pit a good performer against a bad system, the system will win almost every time”.

Gilbert’s BEM offers a valuable tool for analysing performance deficits. Its distinction between individual and environmental input factors may be particularly pertinent to a new model tailored to coalition HQs as strong environmental support is the starting point for enabling individuals to effectively accomplish their tasks. However, the relationship between the environmental support factors and the person’s repertory of behaviour is not clearly defined by Gilbert.

### **3.1.5 Internal System Approach to Organisational Effectiveness**

There are several approaches to measure organisational effectiveness, of which each considers different characteristics of an effective organization:

- a) Ability to secure, manage and control scarce and valued skills and resources (external resource approach);
- b) Ability to be innovative and function quickly and responsively (internal systems approach); and
- c) Ability to convert skills and resources into goods and services efficiently (technical approach; [23]).

To investigate NATO HQ’s organizational effectiveness, we limit the analysis to the internal systems approach.

The internal system approach to organisational effectiveness examines the organisation’s functioning based on features that are internal to the organisation. Effectiveness is assessed by indicators of internal conditions and efficiency, such as efficient use of resources and harmonious coordination between departments. To assess how well the organisation is performing, management generates goals that they can use for the assessment. Jones (2004) [44] describes two types of goals that can be used to evaluate organisational effectiveness including official goals and operative goals. *Official goals* are the organisation’s guiding principles that are usually formally stated in its annual report and in other public documents. Typically these goals describe the mission of the organisation, notably, why the organisation exists and what it should be doing. In our current context, the official goals of the coalition HQs are to implement Non-Article 5 crisis response operations and to provide effective Command and Control (C2) to the troops on the ground. The official goal legitimizes the organisation and its activities. Official goals, however, are not always the most readily assessable nor do they reflect entirely, the internal effectiveness of an organization as they may be driven by external forces as well. *Operative goals*, on the other hand, are specific long- and short-term goals that put management and employees on the right track as they perform the work of the organisation. Management can use operative goals, such as reduce decision-making time, increase the motivation of employees, or reduce conflict between organisation members, to evaluate organisational effectiveness [44].

## **3.2 DESCRIPTION OF THE MODEL FOR THE ASSESSMENT OF ORGANISATIONAL EFFECTIVENESS OF NATO HQS**

The above approaches and models have different foci and cover different aspects of organisational effectiveness. The aim of this paper is to combine the aspects that are most relevant and applicable to the effectiveness of coalition HQs in order to develop a new, tailored model.

Based upon the input of the Subject-Matter Experts (SMEs) and our review of the literature, we agreed upon a definition of organisational effectiveness in NATO HQs as the degree of fit, or alignment, among various dimensions of organisational effectiveness such as organisational structure, processes, people and culture towards the achievement of a main goal. In addition, the input of the SMEs led us to the conclusion that the main (official) goal of a NATO HQ is to support the troops on the ground. Furthermore, we decided to evaluate the organisational effectiveness of NATO HQs by assessing the following operative goals:

- a) Effective and timely sharing of information;
- b) Effective and timely decision making; and
- c) Improved shared awareness of tasks and responsibilities.

A new model for the organisational effectiveness of Non-Article 5 crisis response operations' HQs should include/provide:

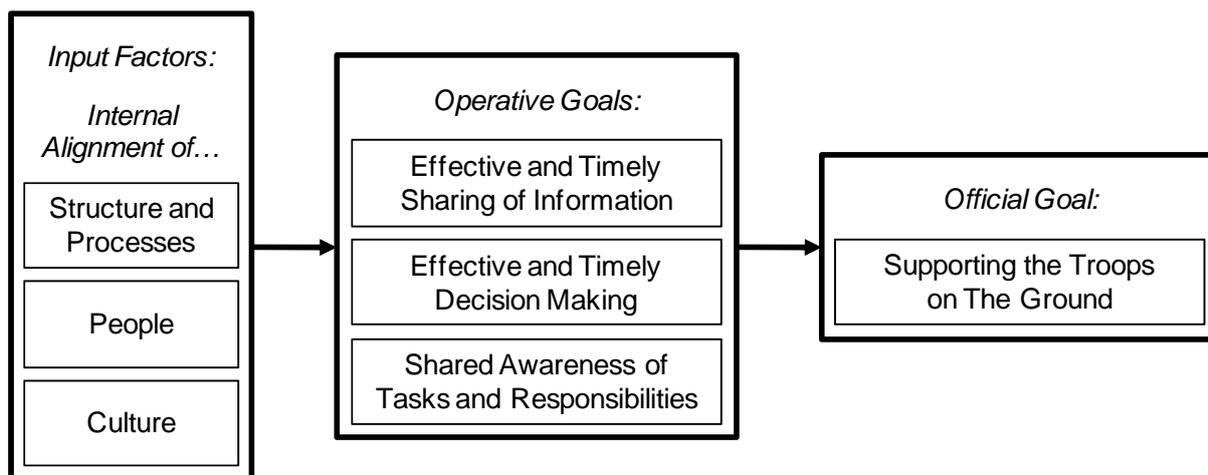
- An assessment of the internal effectiveness of the organisation;
- A distinction between operative and official goals;
- A three-step design with a direct link from the input factors through the operative goals to the official goal of the organisation;
- The concept of strategic alignment which states that the input factors must be in optimum balance to result in effective goal achievement;
- A consideration of hard as well as soft, and environmental as well as individual input factors; and
- A simple model, easily applicable in practice.

Effective organisations ensure their operative and official goals are aligned both in terms of their fit with the external environment and in terms of their fit with other factors internal to the organisation. In the paragraph below, we will describe the NATO HQs' internal factors that we believe need to be aligned with its operative and official goals as well as with each other. We selected these factors from the reviewed models and from the SMEs' experience with organisational effectiveness in coalition HQs.

As per our research definition, the official goal of NATO HQs is to provide effective Command and Control (C2) to its troops on the ground. Operative goals that support achieving the official goal are:

- a) Increasing effective and timely information sharing;
- b) Increasing effective and timely decision making; and
- c) Improving shared awareness of tasks and responsibilities.

Previous research on organisational effectiveness has revealed that structure, people, processes, and culture must be aligned towards these operative goals in order for the main goal to be reached effectively [59]. Thus, NATO HQs have to make sure that the decisions made with respect to the NATO HQs' structure, processes, people, and culture support the accomplishment of the operative goals. Figure 3-4 shows this hypothesized process. These direct effects from the input factors on the operative goals form the main focus of the subsequent discussion.



**Figure 3-4: Model of Organisational Effectiveness of Non-Article 5 Crisis Response Operations' HQs.**

### **3.2.1 Operative Goals**

First, we describe each of the three operative goals in more detail.

#### **3.2.1.1 Effective and Timely Sharing of Information**

One operative goal of an effective HQ is effective and timely information sharing. Managing information is the HQ's way of handling information or knowledge. A HQ's effectiveness is tied to its ability to acquire missing information and manage the available information. Three features of information sharing are important:

- a) Obtaining;
- b) Processing; and
- c) Exchanging information [28].

#### **3.2.1.2 Effective and Timely Decision Making**

Decision making includes:

- a) Identifying or creating multiple options;
- b) Choosing among alternatives by integrating the differing perspectives and opinions of team members;
- c) Implementing optimal solutions; and
- d) Monitoring the consequences of these solutions.

The effectiveness of a HQ's decisions lies in its quality, timeliness and efficiency [28].

#### **3.2.1.3 Shared Awareness of Tasks and Responsibilities**

Maintaining a shared awareness of tasks and responsibilities operates to preserve a common picture of the tasks and responsibilities in a HQ. Unless the HQ can ensure a clear, accurate, and common understanding of those duties, its organisational effectiveness may be compromised.

### 3.2.2 Input Factors

In the following paragraphs, we describe the three factors that we believe should be internally aligned in order to support reaching the operative goals.

#### 3.2.2.1 Structure and Processes

Organisational structure is the formal system of task and authority relationships that control how people coordinate their actions and use resources to achieve organisational goals [44]. It shapes the behaviour of people and that of the organisation. Organisational processes refer to the way the organisation implements its objectives in the framework of the given organisational structure [58]. As such, processes cut across the organisation's structure; "if structure is thought of as the anatomy of the organization, processes are its physiology or functioning (Galbraith 2011 [31])".

##### 3.2.2.1.1 Alignment between Structure and Processes

When implementing changes to achieve a more efficient organization, ensuring an intra-organizational alignment between structures and processes may be essential. Organizational changes are at the very heart of NATO's current goal of implementing NATO Network Enabled Capabilities (NNEC) [8]. The concept of a network organisation represents a change from the traditional bureaucratic type of organisation towards flatter, more decentralised and flexible organisations [2],[4],[5],[55],[67]. This makes it essential to understand how alignment, or misalignment, between structures and processes affects the information sharing, decision making, and situation awareness of the organisation.

There is a tendency in the organizational literature to view hierarchical structures and centralised processes, and on the flip side, flat structures and decentralized processes, as if they were one and the same thing [17],[55]. Misalignment of structures and processes is often a problem in organisations, making such generalisations is problematic. For instance, if the structure changes from hierarchic to flat, while the decision-making authority is not distributed from the top end of the hierarchy, but is centralized at the top, the decision-making load on the top management is likely to become too heavy and render the organization inefficient, unable to reach the necessary decisions especially within the time available in time-sensitive and critical situations [78].

We aimed to test how the alignment between the input factors, structure and processes, predict the attainment of the operative goals in a NATO HQ. Our main hypothesis is that structure needs to be aligned with processes, so that when the structure is flat, then processes should be decentralized, in order for the organization to successfully reach their operative goals of effective and timely information sharing, decision-making, and shared awareness of tasks and responsibilities.

##### 3.2.2.1.2 Alignment of Structure and Processes with the Operative Goals

The environmental circumstances in which military forces has to operate are changing. Therefore, it is necessary to implement organisational changes, such as NATO NNEC. The military needs to transform to an organisation that supports agility, flexibility, jointness and interoperability. An organisational design that fits the transformed military organisation is the network organisation design. A network organisation is an organic organisational structure. Jones (2004) [44] summarizes important aspects of organic structures: Organisations with an organic organisational structure are *decentralized*. They have an organisational set up whereby the authority to make important decisions reside at all levels in the hierarchy. An organic structure stimulates *flexibility*, so that employees can innovate and quickly adapt to changing circumstances, and take responsibility as they make decisions when necessary. *Roles are loosely defined*; organisational members with different functions work together to solve problems and are involved in each other's activities. A high level of integration is needed to enable organisational members

to share information quickly and easily. Rules and norms emerge from the ongoing interaction between organisational members. Interaction between organisational members is horizontal as well as vertical.

Moreover, flexibility is a central part of the processes factor to research when exploring the organizational antecedents of operational effectiveness. Indeed, both in the military and non-military organisational literature, authors have often suggested flexibility as the key capability of today's organizations in order to successfully meet the new challenges of high velocity and fast changing environments [2],[5],[27],[80]. This is not a new idea, for at least three decades researchers have suggested flexibility as the critical factor for organizational excellence [6],[48],[67],[80]. Hence, we expect flexibility to have positive effects on the operative goals in the current work.

Accordingly, for NATO HQs to be able to attain their three operative goals (i.e., increasing effective and timely sharing of information and decision making, and improving shared awareness of tasks and responsibilities) its organisational structure and processes must be organic. The greater the degree to which the NATO HQ's organisational structure and processes resemble those of an organic organisation, the more likely these factors will support attaining the operative goals.

### 3.2.2.1.3 *Alignment with Other Input Factors in Order to Achieve an Operative Effect*

These structure and process factors are also closely linked to the people and culture factors. As far as the people factor is concerned, how leadership is executed is closely tied to whether or not structures are flat and processes are decentralized. We expect the ability to deal with rotation cycles to be related to the flexibility of the organization. Culture needs to be aligned with the structure and process factors as well, in order for the organization to function properly. For instance, even if structure and processes are aligned in terms of flat hierarchy and decentralized processes, the operative goals may not be reached unless there also is a culture of autonomy. Likewise, the cultural aspect of improvement orientation, together with a flat hierarchy and decentralised processes, may need to be aligned with flexibility in order to have a positive affect on the operative goals.

### 3.2.2.2 **People**

The element "people" is central to the effectiveness of an organisation, and a key factor in many effectiveness models [30],[58],[28]. Following upon the experts' feedback, we concentrate on the sub-factors leadership, rotation and training.

#### 3.2.2.2.1 *Leadership*

The SMEs indicated that the effectiveness of HQs is mostly a matter of the style of leadership. In numerous studies [10], Bass and Avoilo have examined the impact of leadership style on effectiveness. In their work published in 1994, they stated that, in a transformational style of leadership, the leader enhances the motivation, morale, and performance of his followers through focusing on "transforming" them to help and look out for each other, to be encouraging and harmonious, and to look out for the organisation as a whole. Regarding effectiveness, the results of Bass and Avolio's studies showed:

- Transformational leaders create greater alignment around strategic visions and missions.
- Scores on transformational leadership predict individual and group performance.
- Transformational leadership training improves leadership and its associated performance overtime.
- Transformational leadership explains between 45% and 60% of organizational performance.
- Transformational leaders foster greater unit cohesion, commitment, and lower turnover.
- Transformational leaders promote safer work environments.

Transformational leadership can be described with four “I’s:”

- a) Idealized influence (Attributes and Behaviours);
- b) Inspirational motivation;
- c) Intellectual motivation; and
- d) Individualized consideration.

*Idealized Influence* – Transformational leaders behave in ways that result in being a role model for their followers. Their followers admire, respect, and trust them. Among the things the leader does to earn this credit is considering the needs of others over his or her personal needs. He or she shares risks with followers and is consistent rather than arbitrary. Followers can count on him or her to do the right thing, and demonstrate high standards of ethical and moral conduct.

*Inspirational Motivation* – Transformational leaders behave in ways that motivate and inspire those around them by providing meaning and challenge to their followers’ work. Team spirit arises and enthusiasm and optimism are displayed. The leader creates clearly communicated expectations that followers want to meet. Also, the leader demonstrates commitment to goals and shared vision.

*Intellectual Stimulation* – Transformational leaders stimulate their followers’ effort to be innovative and creative by questioning assumptions, reframing problems, and approaching old situations in new ways. They encourage creativity and do not publically criticize individual members’ mistakes.

*Individualized Consideration* – Transformational leaders pay special attention to each individual’s need for achievement and growth by acting as coach and mentor. They encourage followers and colleagues to successively attain higher levels of potential.

As NATO HQ includes people from different Nations, the multi-national aspect of leadership is crucial. If leaders interact with subordinates from the same cultural background, they tend to agree with respect to leadership objectives, authority, responsibilities, possible course of action, etc. In short, the subordinates tend to agree with the leader’s role as well as with their role assignments. In such cases, the interactions normally are successful and mutually satisfying. However, if the leader and subordinates originate from different cultural backgrounds, discrepant concepts of leading and following collide [49]. Yet, research on transformational leadership shows that within the framework of this leadership style there is no need for cultural congruence. A comparative study [11] showed that transformational leadership was the (perceived) ideal leadership style not only in the U.S., but also in such diverse countries/cultures as India, Japan, Canada, the Netherlands, and Singapore, and performs better than other leadership styles in terms of success.

Thus, for the NATO HQ to be able to reach its three operative goals, its leadership must be transformational. That is, the greater the degree to which the NATO HQ’s organisational leadership resembles transformational leadership, the more likely it will be able to achieve its operative goals.

#### 3.2.2.2.2 *Training*

Training is another key contributor to organisational effectiveness. The lack of attendance in NATO pre-deployment training pertaining to working in coalition operations can be an important barrier to organisational effectiveness in NATO HQs. Without training, individuals show a lack of competencies (e.g., situational awareness, cultural awareness), do not know each other, and have not had the chance to clarify their roles and expertise before starting to work together. We are interested in whether or not pre-deployment training affects individuals’ knowledge, skills, and other behaviours, namely information sharing, decision making, and shared awareness of tasks and responsibilities. Training is most likely to

have a significant impact on such outcomes when delivered within a job-specific and skills-focused context. A very important aspect of NATO pre-deployment training is the process of team-building, as teams in multi-national HQs are typically characterized by high heterogeneity.

Overall, research on diversity and heterogeneity of teams and their effectiveness has led to inconsistent results (cp. literature reviews in: [43],[65],[81]). While some authors have discovered better solutions and performance with increasing diversity, because heterogeneous teams possess richer perspectives and greater potential [76],[83],[54], others have demonstrated worst integration and dissatisfaction with increasing cultural diversity, which in turn negatively impacts the team's effectiveness [42],[57],[82]. Thus, heterogeneity seems to influence team effectiveness through multiple, simultaneous factors [3],[26],[41], which can be either performance enhancing (e.g., diversity and creativity of generated solutions) or reducing (e.g., low cohesion). It is, therefore, extremely important that pre-deployment training promotes team cohesion so that the innovative and creative potential of its heterogeneity can be exploited. Future team members normally know which task they will be performing (i.e., functional dimension) and where they will be located in the HQ's hierarchy (i.e., hierarchical dimension) during deployment. However, they cannot position themselves within the team or organisation (i.e., central vs. peripheral position) until deployment [40]. Without integration, they cannot embrace the interpersonal activity that leads to collective strength and shared awareness, thus the participation of each member is crucial and should be encouraged as early as during pre-deployment training [9]. At that point, future team members develop shared perceptions, attitudes, and values leading to shared interpretations and understanding. Thereby, potential misunderstandings in the daily cooperation are reduced [77]. The more heterogeneous a team is, the longer its members need to develop a joint approach and communication routines (see [51]).

We believe that for NATO HQs to be able to attain its operative goals, staffs' active participation in NATO pre-deployment training is necessary. The greater the personnel's participation in NATO pre-deployment, the more likely it will be for the HQ to reach its operative goals.

### 3.2.2.2.3 *Rotation Practices*

As already noted by the SMEs, the rotation practices in NATO HQs can be a central barrier to organisational effectiveness. They mentioned different aspects of the rotation practices such as no handover/mentoring programme, gaps of transition, difference or shortness of tour length, and national rotations that lack synchronization. Studies on personnel rotation revealed possible causes for negative impacts of rotation on performance. Hartman, Stoner, and Arora (1992) [36] showed the newcomers need to acquire skills and knowledge concerning structure, equipment, and processes after each rotation. In addition, feelings of isolation, frustration, and deprivation of a group identity [35] or difficulties in adopting new social structures and rules [24],[73] can occur among new members of the NATO HQ. Such challenges can result in lower organisational effectiveness.

Therefore, we believe that for a NATO HQ to be able to attain its operative goals the rotation practices of the contributing Nations must be coordinated and a comprehensive handover must be assured. The greater the degree to which the rotation practice achieves these issues, the more likely it will be for the NATO HQ to reach its operative goals.

### 3.2.2.3 **Culture**

Culture encompasses both organizational and national culture. Both aspects could be important in a NATO HQ, but we focus primarily on organizational culture as this aspect specifically addresses the values and work practices of a NATO HQ. Organizational culture concerns shared values regarding the practices within the NATO HQ that could be instrumental to achieve the operational goals and take advantage of the other input factors, whereas national culture concerns national values.

Organisational culture is formed by the set of values and norms that influence its organisational members' interactions with each other and with people outside the organisation [44]. An organisation's culture can be used to increase organisational effectiveness [66], because it influences the way members make decisions, understand and deal with the organisation's environment, what they do with information, and how they behave [19]. Organizational culture concerns values and norms that one holds about actual work practices [12].

What are the organisational values concerning practices and how do they influence organisational members' behaviour? Values are criteria that people use to establish which types of behaviour are desirable or undesirable [44]. Two kinds of values can be distinguished (see Figure 3-5), terminal and instrumental values. Terminal values represent outcomes that people and the organisation want to achieve, such as excellence, reliability, innovativeness, stability, and predictability. Instrumental values, on the other hand, are desired modes of behaviour, such as working hard, being creative and courageous, being conservative and cautious, taking risks, and maintaining high standards. Team members who *trust* each other are better able to examine, improve team processes, and self-manage their own performance [29],[34]. Besides, employees report that the absence of trust interferes with the effective functioning of work teams [50]. Costa (2003) [22] has examined the relation of trust with team performance and stated that high trust in teams indicates a high perception of task performance. Therefore, trust is an important condition for the effective functioning of teams in organisations.

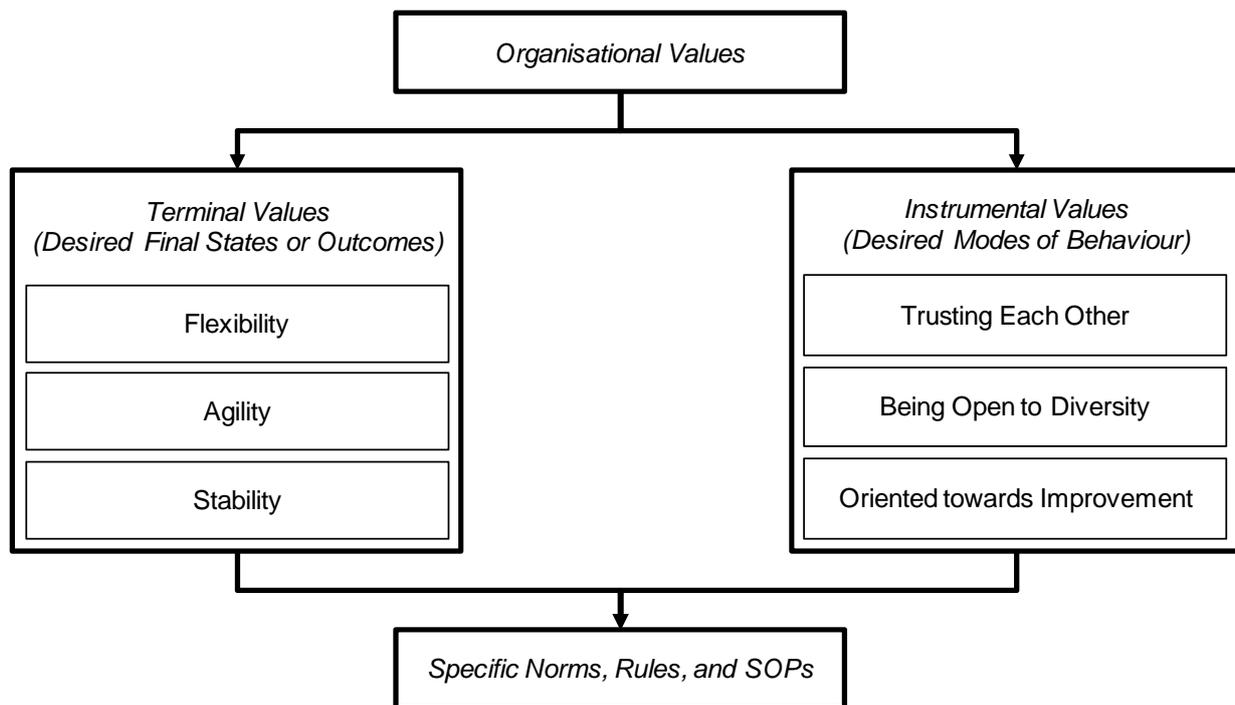


Figure 3-5: Terminal and Instrumental Values in a NATO HQs' Organisation.

NATO HQs' members show high diversity in national backgrounds and expertise. High diversity within teams and organisations can cause integration problems, low cohesion, and dissatisfaction, which in turn can affect the team's effectiveness negatively [42],[82]. An organisational culture that promotes being *open to diversity* stimulates team cohesion and allows the innovative and creative potential of the heterogeneity to be exploited. In organisations valuing an *improvement-oriented culture*, members demonstrate a high level of proactivity in trying to improve work, processes, and routines. This can lead to improved collaboration between different departments and an increased emphasize on efficient

cooperation among employees. Specifically in this respect, being open to and able to manage national cultural differences constructively should be important.

Hence, an organisation's culture consists of the end states that the organisation wants to accomplish (i.e., its terminal values) and the modes of behaviour that the organisation supports (i.e., its instrumental values). The NATO HQ's mission statement and official goals, that is, supporting the troops on the ground by agility and flexibility of the processes and stability of the organisational structure, should be reflected in the terminal values it adopts. Also, for the NATO HQ staff to understand and be able to act in accordance with the instrumental values, the NATO HQ should develop specific norms, rules, and standard operating procedures that typify its specific instrumental values.

We believe that for NATO HQs to be able to attain its operative goals, its terminal cultural values must reflect flexibility and agility in its processes, yet, stability in the organisational structure, and its instrumental cultural values should include trusting each other, being open to diversity, and having an improvement orientation. The larger the degree to which the NATO HQs has developed these cultural values, the more it will support attaining the operative goals.

Although, not our main focus, there is one national cultural difference that may be especially pertinent to our current hypotheses. Power distance (Pd) is defined as "the extent to which the less powerful members of institutions and organizations within a country expect and accept power to be distributed unequally" [37]. Cultural differences in Pd influences whether or not people from different countries are used to and prefer to work in more hierarchic and centralized types of organizations or whether or not they, conversely, are used to and prefer to work in flatter and more decentralized types of organizations [37],[38]. This suggests that Pd may moderate the proposed relationships between a flatter structure and greater decentralization in processes (i.e., the organic organization variables) and flexibility and the operative goals variables. More specifically, we may find the hypothesized relationships in low Pd cultures only.

### 3.3 HYPOTHESES<sup>1</sup>

We expect the input factors (i.e. structure and processes, people, and culture) to be significant predictors of the operative goals (i.e., effective and timely decision making, information sharing, and shared awareness of tasks and responsibilities). More specifically, we hypothesize a flatter organizational structure and greater decentralization in processes will predict more effective and timely decision making, information sharing, and increased shared awareness of tasks and responsibilities). Pd was expected to moderate the same relationships. Moreover, the moderator hypotheses indicated that the flat structure-flexibility, operative goals, decentralized processes-flexibility, and operative goals relationships would depend on the structure and processes variables being well aligned and Pd being low. We expect greater flexibility and differentiation in processes to predict more effective and timely decision making, information sharing, and greater shared awareness of tasks/responsibilities. We also hypothesize that greater levels of transformational leadership, training, and rotation effectiveness will be related to more effective and timely decision making, information sharing, and greater shared awareness of tasks/responsibilities as will a greater improvement orientation and a greater openness to diversity.

We anticipate team trust will moderate the relationship between hierarchy and decentralization in processes and the operative goals. That is, under conditions of low team trust, we expect a flatter organizational structure and greater decentralization in processes to be related to less effective and timely decision making, information sharing, and decreased shared awareness of tasks/responsibilities. Under conditions of high team trust, we expect a flatter hierarchical structure and greater decentralization in processes to be related to more effective and timely decision making, information sharing, and greater shared awareness of tasks/responsibilities.

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<sup>1</sup> A detailed list of hypotheses is included in Appendix 3.1.

## Appendix 3.1: LIST OF HYPOTHESES

### **H1: Degree of hierarchy will negatively predict the operative goals.**

H1a: Degree of hierarchy will negatively predict shared awareness.

H1b: Degree of hierarchy will negatively predict decision making effectiveness.

H1c: Degree of hierarchy will negatively predict information sharing.

### **H2: Degree of centralization will negatively predict the operative goals.**

H2a: Degree of centralization will negatively predict shared awareness.

H2b: Degree of centralization will negatively predict decision making effectiveness.

H2c: Degree of centralization will negatively predict information sharing.

### **H3: Flexibility will positively predict the operative goals.**

H3a: Flexibility will positively predict shared awareness.

H3b: Flexibility will positively predict decision making effectiveness.

H3c: Flexibility will positively predict information sharing.

### **H4: Differentiation will positively predict the operative goals.**

H4a: Differentiation will positively predict shared awareness.

H4b: Differentiation will positively predict decision making effectiveness.

H4c: Differentiation will positively predict information sharing.

### **H5: Perceptions of leadership will positively predict the operative goals.**

H5a: Perceptions of leadership will positively predict shared awareness.

H5b: Perceptions of leadership will positively predict decision making effectiveness.

H5c: Perceptions of leadership will positively predict information sharing.

### **H6: Perceptions of pre-deployment training will positively predict the operative goals.**

H6a: Perceptions of pre-deployment training will positively predict shared awareness.

H6b: Perceptions of pre-deployment training will positively predict decision making effectiveness.

H6c: Perceptions of pre-deployment training will positively predict information sharing.

### **H7: Perceptions of rotation practices will positively predict the operative goals.**

H7a: Perceptions of rotation practices will positively predict shared awareness.

H7b: Perceptions of rotation practices will positively predict decision making effectiveness.

H7c: Perceptions of rotation practices will positively predict information sharing.

### **H8: Improvement orientation will positively predict the operative goals.**

H8a: Improvement orientation will positively predict shared awareness.

H8b: Improvement orientation will positively predict decision making effectiveness.

H8c: Improvement orientation will positively predict information sharing.

**H9: Openness to diversity will positively predict the operative goals.**

H9a: Openness to diversity will positively predict shared awareness.

H9b: Openness to diversity will positively predict decision making effectiveness.

H9c: Openness to diversity will positively predict information sharing.

**H10: Trust will moderate the relationship between the structural input factors and the operative goals.**

H10a: Trust will moderate the relationship between degree of hierarchy and shared awareness.

H10b: Trust will moderate the relationship between degree of hierarchy and decision making effectiveness.

H10c: Trust will moderate the relationship between degree of hierarchy and information sharing.

H10d: Trust will moderate the relationship between degree of centralization and shared awareness.

H10e: Trust will moderate the relationship between degree of centralization and decision making effectiveness.

H10f: Trust will moderate the relationship between degree of centralization and information sharing.

H10g: Trust will moderate the relationship between flexibility and shared awareness.

H10h: Trust will moderate the relationship between flexibility and decision making effectiveness.

H10i: Trust will moderate the relationship between flexibility and information sharing.