Organizational culture

Organizational culture is defined as "A pattern of shared basic assumptions invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration" that have 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.[1] It has also been defined as "the specific collection of values and norms that are shared by people and groups in an organization and that control the way they interact with each other and with stakeholders outside the organization."[2] Ravasi and Schultz (2006) state that organizational culture is a set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behavior for various situations.

Views on organizational culture

Something that an organization has

Culture as Variable takes on the perspective that culture is something that an organization has. Culture is just one entity that adds to the organization as a whole. Culture can be manipulated and altered depending on leadership and members. This perspective believes in a strong culture where everyone buys into it.[3]

Something that an organization is

Culture as Root Metaphor takes the perspective that culture is something the organization is. Culture is basic, but with personal experiences people can view it a little differently. This view of an organization is created through communication and symbols. There can be competing metaphors.[3]

The organizational communication perspective on culture views culture in three different ways:

- **Traditionalism**: Views culture through objective things such as stories, rituals, and symbols
- **Interpretivism**: Views culture through a network of shared meanings (organization members sharing subjective meanings)
- **Critical-Interpretivism**: Views culture through a network of shared meanings as well as the power struggles created by a similar network of competing meanings

Indicators

Several methods have been used to classify organizational culture. While there is no single "type" of organizational culture and organizational cultures vary widely from one organization to the next, commonalities do exist and some researchers have developed models to describe different indicators of organizational cultures. Some are described below:

Hofstede

Hofstede (1980[4]) demonstrated that there are national and regional cultural groupings that affect the behavior of organizations.

Hofstede looked for national differences between over 100,000 of IBM's employees in different parts of the world, in an attempt to find aspects of culture that might influence business behavior.

Hofstede identified four dimensions of culture in his study of national influences:

- *Power distance* - The degree to which a society expects there to be differences in the levels of power. A high score suggests that there is an expectation that some individuals wield larger amounts of power than others. A low score reflects the view that all people should have equal rights.

- *Uncertainty avoidance* reflects the extent to which a society accepts uncertainty and risk.
- *Individualism vs. collectivism* - individualism is contrasted with collectivism, and refers to the extent to which people are expected to stand up for themselves, or alternatively act predominantly as a member of the group or organization. However, recent researches have shown that high individualism may not necessarily mean low collectivism, and vice versa. Research indicates that the two concepts are actually unrelated. Some people and cultures might have both high individualism and high collectivism, for example. Someone who highly values duty to his or her group does not necessarily give a low priority to personal freedom and self-sufficiency
- *Masculinity vs. femininity* - refers to the value placed on traditionally male or female values. Male values for example include competitiveness, assertiveness, ambition, and the accumulation of wealth and material possessions .

O'Reilly, Chatman, and Caldwell

Two common models and their associated measurement tools have been developed by O'Reilly *et al.* and Denison.

O'Rielly, Chatman & Caldwell (1991) developed a model based on the belief that cultures can be distinguished by values that are reinforced within organizations. Their Organizational Profile Model (OCP) is a self reporting tool which makes distinctions according seven categories - Innovation, Stability, Respect for People, Outcome Orientation, Attention to Detail, Team Orientation, and Aggressiveness. The model is not intended to measure how organizational culture effects organizational performance, rather it measures associations between the personalities of individuals in the organization and the organization's culture.

Daniel Denison's model (1990) asserts that organizational culture can be described by four general dimensions – Mission, Adaptability, Involvement and Consistency. Each of these general dimensions is further described by the following three sub-dimensions:

- **Mission** - Strategic Direction and Intent, Goals and Objectives and Vision
- **Adaptability** - Creating Change, Customer Focus and Organizational Learning
- **Involvement** - Empowerment, Team Orientation and Capability Development
- **Consistency** - Core Values, Agreement, Coordination/Integration

Denison's model also allows cultures to be described broadly as externally- or internally-focused as well as flexible versus stable. The model has been typically used to diagnose cultural problems in organizations.

Deal and Kennedy

Deal and Kennedy[5] defined organizational culture as *the way things get done around here*.

Deal and Kennedy created a model of culture that is based on 4 different types of organizations. They each focus on how quickly the organization receives feedback, the way members are rewarded, and the level of risks taken.[6] Deal and Kennedy's Four Cultures:

Work-hard, play-hard culture[6] This has rapid feedback/reward and low risk Resulting in: Stress coming from quantity of work rather than uncertainty. High-speed action leading to high-speed recreation. Examples: Restaurants, software companies.

Tough-guy macho culture[6] This has rapid feedback/reward and high risk, resulting in the following: Stress coming from high risk and potential loss/gain of reward. Focus on the present rather than the longer-term future. Examples: police, surgeons, sports.

Process culture[5] [6] This has slow feedback/reward and low risk, resulting in the following: Low stress, plodding work, comfort and security. Stress that comes from internal politics and stupidity of the system. Development of bureaucracies and other ways of maintaining the status quo. Focus on security of the past and of the future. Examples: banks, insurance companies.

Bet-the-company culture This has slow feedback/reward and high risk, resulting in the following: Stress coming from high risk and delay before knowing if actions have paid off. The long view is taken, but then much work is put into making sure things happen as planned. Examples: aircraft manufacturers, oil companies.

Edgar Schein

Edgar Schein,[7] an MIT Sloan School of Management professor, defines organizational culture as:

"*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 you perceive, think, and feel in relation to those problems*"(Schein, 2004, p. 17).

According to Schein, culture is the most difficult organizational attribute to change, outlasting organizational products, services, founders and leadership and all other physical attributes of the organization. His organizational model illuminates culture from the standpoint of the observer, described by three cognitive levels of organizational culture.

At the first and most cursory level of Schein's model is organizational attributes that can be seen, felt and heard by the uninitiated observer - collectively known as *artifacts*. Included are the facilities, offices, furnishings, visible awards and recognition, the way that its members dress, how each person visibly interacts with each other and with organizational outsiders, and even company slogans, mission statements and other operational creeds.

Artifacts comprise the physical components of the organization that relay cultural meaning. Daniel Denison (1990) describes artifacts as the tangible aspects of culture shared by members of an organization. Verbal, behavioral and physical artifacts are the surface manifestations of organizational culture.

Rituals, the collective interpersonal behavior and values as demonstrated by that behavior, constitute the fabric of an organization's culture The contents of myths, stories, and sagas reveal the history of an organization and influence how people understand what their organization values and believes. Language, stories, and myths are examples of verbal artifacts and are represented in rituals and ceremonies. Technology and art exhibited by members or an organization are examples of physical artifacts.

The next level deals with the professed culture of an organization's members - the *values*. Shared values are individuals' preferences regarding certain aspects of the organization's culture (e.g. loyalty, customer service). At this level, local and personal values are widely expressed within the organization. Basic beliefs and assumptions include individuals' impressions about the trustworthiness and supportiveness of an organization, and are often deeply ingrained within the organization's culture. Organizational behavior at this level usually can be studied by interviewing the organization's membership and using questionnaires to gather attitudes about organizational membership.

At the third and deepest level, the organization's tacit assumptions are found. These are the elements of culture that are unseen and not cognitively identified in everyday interactions between organizational members. Additionally, these are the elements of culture which are often taboo to discuss inside the organization. Many of these 'unspoken rules' exist without the conscious knowledge of the membership. Those with sufficient experience to understand this deepest level of organizational culture usually become acclimatized to its attributes over time, thus reinforcing the invisibility of their existence. Surveys and casual interviews with organizational members cannot draw out these attributes—rather much more in-depth means is required to first identify then understand organizational culture at this level. Notably, culture at this level is the underlying and driving element often missed by organizational behaviorists.

Using Schein's model, understanding paradoxical organizational behaviors becomes more apparent. For instance, an organization can profess highly aesthetic and moral standards at the second level of Schein's model while simultaneously displaying curiously opposing behavior at the third and deepest level of culture. Superficially, organizational rewards can imply one organizational norm but at the deepest level imply something completely

different. This insight offers an understanding of the difficulty that organizational newcomers have in assimilating organizational culture and why it takes time to become acclimatized. It also explains why organizational change agents usually fail to achieve their goals: underlying tacit cultural norms are generally not understood before would-be change agents begin their actions. Merely understanding culture at the deepest level may be insufficient to institute cultural change because the dynamics of interpersonal relationships (often under threatening conditions) are added to the dynamics of organizational culture while attempts are made to institute desired change.

Factors and elements

Gerry Johnson[8] described a cultural web, identifying a number of elements that can be used to describe or influence Organizational Culture:

- **The Paradigm**: What the organization is about; what it does; its mission; its values.
- **Control Systems**: The processes in place to monitor what is going on. Role cultures would have vast rulebooks. There would be more reliance on individualism in a power culture.
- **Organizational Structures**: Reporting lines, hierarchies, and the way that work flows through the business.
- **Power Structures**: Who makes the decisions, how widely spread is power, and on what is power based?
- **Symbols**: These include organizational logos and designs, but also extend to symbols of power such as parking spaces and executive washrooms.
- **Rituals and Routines**: Management meetings, board reports and so on may become more habitual than necessary.
- **Stories and Myths**: build up about people and events, and convey a message about what is valued within the organization.

These elements may overlap. Power structures may depend on control systems, which may exploit the very rituals that generate stories which may not be true.

According to Schein (1992), the two main reasons why cultures develop in organizations is due to external adaptation and internal integration. External adaptation reflects an evolutionary approach to organizational culture and suggests that cultures develop and persist because they help an organization to survive and flourish. If the culture is valuable, then it holds the potential for generating sustained competitive advantages. Additionally, internal integration is an important function since social structures are required for organizations to exist. Organizational practices are learned through socialization at the workplace. Work environments reinforce culture on a daily basis by encouraging employees to exercise cultural values. Organizational culture is shaped by multiple factors, including the following:

- External environment
- Industry
- Size and nature of the organization's workforce
- Technologies the organization uses
- The organization's history and ownership

Organizational values, role models, symbols and rituals shape organizational culture. **Organizational values**, can be descirbed as "beliefs and ideas about what kinds of goals members of an organization should pursue and ideas about the appropriate kinds or standards of behavior organizational members should use to achieve these goals. From organizational values develop organizational norms, guidelines, or expectations that prescribe appropriate kinds of behavior by employees in particular situations and control the behavior of organizational members towards one another."[2] Organizations often outline their values in their mission statements, although this does not guarantee that organizational culture will reflect them. The individuals that organizations recognize as role models set, by example, the behavior valued by the organization. In addition, tangible factors such as work environment act as symbols, creating a sense of corporate identity.

The founding of an organization is a critical period in the life of the organization and the development of its culture. An organization's founder or chief executive has an influential impact on the development of the organization's culture since that person is likely to have control in hiring people with the same values and influence the choice of strategy. By screening candidates for a cultural fit, organizations select those employees that will be able to uphold the organizational culture. Additionally, leaders embed culture in organizations by what they pay attention to, measure, and control; how they react to critical incidents and crises; the behaviors they model for others; and how they allocate rewards and other scarce resources.

Additionally, the legacy of an organizational founder may be reflected in the culture long after that person leaves through the processes of cultural transmission (e.g. rites, stories) where the culture perpetuates itself. The values of founders and key leaders shape organizational cultures, but the way these cultures affect individuals is through shared practices.

Communicative Indicators

There are many different types of communication that contribute in creating an organizational culture:[9]

- **Metaphors** such as comparing an organization to a machine or a family reveal employees' shared meanings of experiences at the organization.
- **Stories** can provide examples for employees of how to or not to act in certain situations.
- **Rites and ceremonies** combine stories, metaphors, and symbols into one. Several different kinds of rites that affect organizational culture:
  - **Rites of passage**: employees move into new roles
  - **Rites of degradation**: employees have power taken away from them
  - **Rites of enhancement**: public recognition for an employee's accomplishments
  - **Rites of renewal**: improve existing social structures
  - **Rites of conflict reduction**: resolve arguments between certain members or groups
  - **Rites of integration**: reawaken feelings of membership in the organization
- **Reflexive comments** are explanations, justifications, and criticisms of our own actions. This includes:
  - **Plans**: comments about anticipated actions
  - **Commentaries**: comments about action in the present
  - **Accounts**: comments about an action or event that has already occurred

    Such comments reveal interpretive meanings held by the speaker as well as the social rules they follow.

- **Fantasy Themes** are common creative interpretations of events that reflect beliefs, values, and goals of the organization. They lead to rhetorical visions, or views of the organization and its environment held by organization members.

Schema

Schemata (plural of schema) are knowledge structures a person forms from past experiences, allowing the person to respond to similar events more efficiently in the future by guiding the processing of information. A person's schemata are created through interaction with others, and thus inherently involve communication.

Stanley G. Harris argues that five categories of in-organization schemata are necessary for organizational culture:

- **Self-in-organization schemata**: a person's concept of oneself within the context of the organization, including her/his personality, roles, and behavior.
- **Person-in-organization schemata**: a person's memories, impressions, and expectations of other individuals within the organization.
- **Organization schemata**: a subset of person schemata, a person's generalized perspective on others as a whole in the organization.

- **Object/concept-in-organization schemata**: knowledge an individual has of organization aspects other than of other persons.
- **Event-in-organization schemata**: a person's knowledge of social events within an organization.

All of these categories together represent a person's knowledge of an organization. Organizational culture is created when the schematas (schematic structures) of differing individuals across and within an organization come to resemble each other (when any one person's schemata come to resemble another person's schemata because of mutual organizational involvement), primarily done through organizational communication, as individuals directly or indirectly share knowledge and meanings.

Typologies (How organizations are labeled and categorized)

Strong/weak cultures

Strong culture is said to exist where staff respond to stimulus because of their alignment to organizational values. In such environments, strong cultures help firms operate like well-oiled machines, cruising along with outstanding execution and perhaps minor tweaking of existing procedures here and there.

Conversely, there is **weak culture** where there is little alignment with organizational values and control must be exercised through extensive procedures and bureaucracy.

Research shows that organizations that foster strong cultures have clear values that give employees a reason to embrace the culture. A "strong" culture may be especially beneficial to firms operating in the service sector since members of these organizations are responsible for delivering the service and for evaluations important constituents make about firms. Research indicates that organizations may derive the following benefits from developing strong and productive cultures:

- Better aligning the company towards achieving its vision, mission, and goals
- High employee motivation and loyalty
- Increased team cohesiveness among the company' various departments and divisions
- Promoting consistency and encouraging coordination and control within the company
- Shaping employee behavior at work, enabling the organization to be more efficient

Where culture is strong, people do things because they believe it is the right thing to do, and there is a risk of another phenomenon, groupthink. "Groupthink" was described by Irving L. Janis.He defined it as "a quick and easy way to refer to a mode of thinking that people engage when they are deeply involved in a cohesive in-group, when members' strive for unanimity override their motivation to realistically appraise alternatives of action." This is a state in which ven if they have different ideas, do not challenge organizational thinking, and therefore there is a reduced capacity for innovative thoughts. This could occur, for example, where there is heavy reliance on a central charismatic figure in the organization, or where there is an evangelical belief in the organization' values, or also in groups where a friendly climate is at the base of their identity (avoidance of conflict). In fact, groupthink is very common and happens all the time, in almost every group. Members that are defiant are often turned down or seen as a negative influence by the rest of the group because they bring conflict.

Innovative organizations need individuals who are prepared to challenge the status quo, groupthink or bureaucracy, and need procedures to implement new ideas effectively.

Healthy organizational cultures

Organizations should strive for what is considered a "healthy" organizational culture in order to increase productivity, growth, efficiency and reduce employee turnover and other counterproductive behavior. A variety of characteristics describe a healthy culture, including:

- Acceptance and appreciation for diversity
- Regard for and fair treatment of each employee as well as respect for each employee's contribution to the company
- Employee pride and enthusiasm for the organization and the work performed
- Equal opportunity for each employee to realize their full potential within the company
- Strong communication with all employees regarding policies and company issues
- Strong company leaders with a strong sense of direction and purpose
- Ability to compete in industry innovation and customer service, as well as price
- Lower than average turnover rates (perpetuated by a healthy culture)
- Investment in learning, training, and employee knowledge

Additionally, performance oriented cultures have been shown to possess statistically better financial growth. Such cultures possess high employee involvement, strong internal communications and an acceptance and encouragement of a healthy level of risk-taking in order to achieve innovation. Additionally, organizational cultures that explicitly emphasize factors related to the demands placed on them by industry technology and growth will be better performers in their industries.

According to Kotter and Heskett (1992), organizations with adaptive cultures perform much better than organizations with unadaptive cultures. An adaptive culture translates into organizational success; it is characterized by managers paying close attention to all of their constituencies, especially customers, initiating change when needed, and taking risks. An unadaptive culture can significantly reduce a firm's effectiveness, disabling the firm from pursuing all its competitive/operational options.

Charles Handy

Charles Handy[10] (1985) popularized the 1972 work of Roger Harrison of looking at culture which some scholars have used to link organizational structure to organizational culture. He describes Harrison's four types thus:

- A **Power Culture** which concentrates power among a few. Control radiates from the center like a web. Power and influence spread out from a central figure or group. Power desires from the top person and personal relationships with that individual matters more than any formal title of position. Power Cultures have few rules and little bureaucracy; swift decisions can ensue.
- In a **Role Culture**, people have clearly delegated authorities within a highly defined structure. Typically, these organizations form hierarchical bureaucracies. Power derives from a person's position and little scope exists for expert power. Controlled by procedures, roles descriptions and authority definitions. Predictable and consistent systems and procedures are highly valued.
- By contrast, in a **Task Culture**, teams are formed to solve particular problems. Power derives from expertise as long as a team requires expertise.These cultures often feature the multiple reporting lines of a matrix structure. It is all a small team approach, who are highly skilled and specialist in their own markets of experience.
- A **Person Culture** exists where all individuals believe themselves superior to the organization. Survival can become difficult for such organizations, since the concept of an organization suggests that a group of like-minded individuals pursue the organizational goals. Some professional partnerships can operate as person cultures, because each partner brings a particular expertise and clientele to the firm.

Robert A. Cooke

Robert A. Cooke, PhD, defines culture as the behaviors that members believe are required to fit in and meet expectations within their organization. The Organizational Culture Inventory measures twelve behavioral norms that are grouped into three general types of cultures:

- Constructive cultures, in which members are encouraged to interact with people and approach tasks in ways that help them meet their higher-order satisfaction needs.
- Passive/defensive cultures, in which members believe they must interact with people in ways that will not threaten their own security.
- Aggressive/defensive cultures, in which members are expected to approach tasks in forceful ways to protect their status and security.

Constructive cultures

Constructive cultures are where people are encouraged to be in communication with their co-workers, and work as teams, rather than only as individuals. In positions where people do a complex job, rather than something simple like a mechanic one, this sort of culture is an efficient one.[11]

- Achievement
- Self-actualizing
- Humanistic-encouraging
- Affiliative

1. Achievement: completing a task successfully, typically by effort, courage, or skill (pursue a standard of excellence) (explore alternatives before acting) -Based on the need to attain high-quality results on challenging projects, the belief that outcomes are linked to one's effort rather than chance and the tendency to personally set challenging yet realistic goals. People high in this style think ahead and plan, explore alternatives before acting and learn from their mistakes.

2. Self-Actualizing: realization or fulfillment of one's talents and potentialities - considered as a drive or need present in everyone (think in unique and independent ways) (do even simple tasks well) -Based on needs for personal growth, self-fulfillment and the realisation of one's potential. People with this style demonstrate a strong desire to learn and experience things, creative yet realistic thinking and a balanced concern for people and tasks.

3. Humanistic-Encouraging: help others to grow and develop (resolve conflicts constructively) -Reflects an interest in the growth and development of people, a high positive regard for them and sensitivity to their needs. People high in this style devote energy to coaching and counselling others, are thoughtful and considerate and provide people with support and encouragement.

4. Affiliative: treat people as more valuable than things (cooperate with others) -Reflects an interest in developing and sustaining pleasant relationships. People high in this style share their thoughts and feelings, are friendly and cooperative and make others feel a part of things.

Organizations with constructive cultures encourage members to work to their full potential, resulting in high levels of motivation, satisfaction, teamwork, service quality, and sales growth. Constructive norms are evident in environments where quality is valued over quantity, creativity is valued over conformity, cooperation is believed to lead to better results than competition, and effectiveness is judged at the system level rather than the component level. These types of cultural norms are consistent with (and supportive of) the objectives behind empowerment, total quality management, transformational leadership, continuous improvement, re-engineering, and learning organizations.[12] [13] [14]

Passive/defense cluster

The passive/defense cluster involves members of an organization to approach tasks in a more fearful and tentative way. Their goal is to protect their status and security. The four Passive/Defensive cultural norms are:[15]

- Approval
- Conventional
- Dependent
- Avoidance

1. Approval: This style reflects workers who try hard to be accepted. They view themselves as worthless if not approved by their peers. People who follow this norm try hard to make good impressions, be obedient, and please others.

2. Conventional: This style reflects workers who try not to draw attention to themselves. People want to blend in and not cause attention to themselves. If this norm is followed, workers stick to their status quo and maintain their own routines and procedures. They do not like to veer off the beaten path.

3. Dependent: This style reflects workers who feel like they need protecting. They tend to seek others to make decisions for them and are willing to obey orders. Workers following this morn believe they have little control over events.

4. Avoidance: In this style workers tend to be very apprehensive. They draw from threatening situations fast and play it safe often. People in this style ten d to be introverted and shy away from group interaction or conversation. Workers following this norm tend to be indecisive.

Security is the largest motivator for following this norm. Those who feel threaten or fearful tend to fit into this cluster.

In organizations with passive/defense clusters, members feel pressured to think and behave in ways that are inconsistent with the way they believe they should in order to be effective. People are expected to please others (particularly superiors) and avoid interpersonal conflict. Rules, procedures, and orders are more important than personal beliefs, ideas, and judgment. Passive/Defensive cultures experience a lot of unresolved conflict and turnover, and organizational members report lower levels of motivation and satisfaction.[16]

Aggressive/defensive cultures

This style in characterized with more emphasis on task then people. Because of the very nature of this style, people tend to focus on their own individual needs at the expense of the success of the group. The aggressive/defensive style is very stressful, and people using this style tend to make decisions based on status as opposed to expertise.[17]

- Oppositional
- Power
- Competitive
- Perfectionistic

1. **Oppositional**- This cultural norm is based on the idea that a need for security that takes the form of being very critical and cynical at times. People who use this style are more likely to question others work, however asking those tough question often leads to a better product. However, those you use this style tend to be over critical and point of others small flaws and use it as a mechanism to put others down.

2. **Power**- This cultural norm is based on the idea that there is a need for prestige and influence. Those who use this style often equate their own self-worth with controlling others. Those who use this style have a tendency to dictate others opposing to guiding others' actions.

3. **Competitive**- This cultural norm is based on the idea of a need to protect one's status. Those who use this style protect their own status by comparing themselves to other individuals and outperforming them. Those who use this style are seekers of appraisal and recognition from others.

4. **Perfectionistic**- This cultural norm is based on the need to attain flawless results. Those who often use this style equate their self-worth with the attainment of extremely high standards. Those who often use this style are always focused on details and place excessive demands on themselves and others.

Organizations with aggressive/defensive cultures encourage or require members to appear competent, controlled, and superior. Members who seek assistance, admit shortcomings, or concede their position are viewed as incompetent or weak. These organizations emphasize finding errors, weeding out "mistakes" and encouraging members to compete against each other rather than competitors. The short-term gains associated with these strategies are often at the expense of long-term growth.[17]

Stephen McGuire

Stephen McGuire[18] defined and validated a model of organizational culture that predicts revenue from new sources. An Entrepreneurial Organizational Culture (EOC) is a system of shared values, beliefs and norms of members of an organization, including valuing creativity and tolerance of creative people, believing that innovating and seizing market opportunities are appropriate behaviors to deal with problems of survival and prosperity, environmental uncertainty, and competitors' threats, and expecting organizational members to behave accordingly.

Elements

- People and empowerment focused
- Value creation through innovation and change
- Attention to the basics
- Hands-on management
- Doing the right thing
- Freedom to grow and to fail
- Commitment and personal responsibility
- Emphasis on the future[19]

Impacts

Research suggests that numerous outcomes have been associated either directly or indirectly with organizational culture. A healthy and robust organizational culture may provide various benefits, including the following:

- Competitive edge derived from innovation and customer service
- Consistent, efficient employee performance
- Team cohesiveness
- High employee morale
- Strong company alignment towards goal achievement

Although little empirical research exists to support the link between organizational culture and organizational performance, there is little doubt among experts that this relationship exists. Organizational culture can be a factor in the survival or failure of an organization - although this is difficult to prove considering the necessary longitudinal analyses are hardly feasible. The sustained superior performance of firms like IBM, Hewlett-Packard, Procter & Gamble, and McDonald's may be, at least partly, a reflection of their organizational cultures.

A 2003 Harvard Business School study reported that culture has a significant impact on an organization's long-term economic performance. The study examined the management practices at 160 organizations over ten years and found that culture can enhance performance or prove detrimental to performance. Organizations with strong performance-oriented cultures witnessed far better financial growth. Additionally, a 2002 Corporate Leadership Council study found that cultural traits such as risk taking, internal communications, and flexibility are some of the most important drivers of performance, and may impact individual performance. Furthermore, innovativeness, productivity through people, and the other cultural factors cited by Peters and Waterman (1982) also have positive

economic consequences.

Denison, Haaland, and Goelzer (2004) found that culture contributes to the success of the organization, but not all dimensions contribute the same. It was found that the impacts of these dimensions differ by global regions, which suggests that organizational culture is impacted by national culture. Additionally, Clarke (2006) found that a safety climate is related to an organization's safety record.

Organizational culture is reflected in the way people perform tasks, set objectives, and administer the necessary resources to achieve objectives. Culture affects the way individuals make decisions, feel, and act in response to the opportunities and threats affecting the organization.

Adkins and Caldwell (2004) found that job satisfaction was positively associated with the degree to which employees fit into both the overall culture and subculture in which they worked. A perceived mismatch of the organization's culture and what employees felt the culture should be is related to a number of negative consequences including lower job satisfaction, higher job strain, general stress, and turnover intent.

It has been proposed that organizational culture may impact the level of employee creativity, the strength of employee motivation, and the reporting of unethical behavior, but more research is needed to support these conclusions.

Organizational culture also has an impact on recruitment and retention. Individuals tend to be attracted to and remain engaged in organizations that they perceive to be compatible. Additionally, high turnover may be a mediating factor in the relationship between culture and organizational performance. Deteriorating company performance and an unhealthy work environment are signs of an overdue cultural assessment.

Assessment

Robert Quinn and Kim Cameron researched what makes organizations effective and successful. Based on the Competing Values Framework, they developed the Organizational Culture Assessment Instrument that distinguishes four culture types.

Competing values produce polarities like: flexibility versus stability and internal versus external focus. These two polarities were found to be most important in defining organizational success.

The polarities construct a quadrant with four types of culture:

Clan Culture

-Internal focus and flexible - A friendly workplace where leaders act like father figures.

Adhocracy Culture

-External focus and flexible - A dynamic workplace with leaders that stimulate innovation.

Market Culture

-External focus and controlled - A competitive workplace with leaders like hard drivers

Hierarchy Culture

-Internal focus and controlled - A structured and formalized workplace where leaders act like coordinators.

Cameron & Quinn found six key aspects that will make up a culture. These can be assessed in the Organizational Culture Assessment Instrument (OCAI) thus producing a mix of these four archetypes of culture. Each organization or team will have its unique mix of culture types.

Clan cultures are most strongly associated with positive employee attitudes and product and service quality, whereas market cultures are most strongly related with innovation and financial effectiveness criteria. The primary belief in market cultures is that clear goals and contingent rewards motivate employees to aggressively perform and meet stakeholders' expectations; a core belief in clan cultures is that the organization's trust in and commitment to employees facilitates open communication and employee involvement. These differing results suggest that it is

important for executive leaders to consider the fit, or match, between strategic initiatives and organizational culture when determining how to embed a culture that produces competitive advantage. By assessing the current organizational culture as well as the preferred situation, the gap and direction to change can be made visible. This can be the first step to changing organizational culture.

Change

When an organization does not possess a healthy culture or requires some kind of organizational culture change, the change process can be daunting. Culture change may be necessary to reduce employee turnover, influence employee behavior, make improvements to the company, refocus the company objectives and/or rescale the organization, provide better customer service, and/or achieve specific company goals and results. Culture change is impacted by a number of elements, including the external environment and industry competitors, change in industry standards, technology changes, the size and nature of the workforce, and the organization's history and management.

There are a number of methodologies specifically dedicated to organizational culture change such as Peter Senge's *Fifth Discipline*. These are also a variety of psychological approaches that have been developed into a system for specific outcomes such as the *Fifth Discipline's* "learning organization" or *Directive Communication's* "corporate culture evolution." Ideas and strategies, on the other hand, seem to vary according to particular influences that affect culture.

Burman and Evans (2008) argue that it is 'leadership' that affects culture rather than 'management', and describe the difference.[20] When one wants to change an aspect of the culture of an organization one has to keep in consideration that this is a long term project. Corporate culture is something that is very hard to change and employees need time to get used to the new way of organizing. For companies with a very strong and specific culture it will be even harder to change.

Prior to a cultural change initiative, a needs assessment is needed to identify and understand the current organizational culture. This can be done through employee surveys, interviews, focus groups, observation, customer surveys where appropriate, and other internal research, to further identify areas that require change. The company must then assess and clearly identify the new, desired culture, and then design a change process.

Cummings & Worley (2005, p. 491 − 492) give the following six guidelines for cultural change, these changes are in line with the eight distinct stages mentioned by Kotter (1995, p. 2):

> 1. Formulate a clear strategic vision (stage 1, 2, and 3)

In order to make a cultural change effective a clear vision of the firm's new strategy, shared values and behaviors is needed. This vision provides the intention and direction for the culture change (Cummings & Worley, 2005, p. 490).

> 2. Display top-management commitment (stage 4)

It is very important to keep in mind that culture change must be managed from the top of the organization, as willingness to change of the senior management is an important indicator (Cummings & Worley, 2005, page 490). The top of the organization should be very much in favor of the change in order to actually implement the change in the rest of the organization. De Caluwé & Vermaak (2004, p 9) provide a framework with five different ways of thinking about change.

> 3. Model culture change at the highest level (stage 5)

In order to show that the management team is in favor of the change, the change has to be notable at first at this level. The behavior of the management needs to symbolize the kinds of values and behaviors that should be realized in the rest of the company. It is important that the management shows the strengths of the current culture as well, it must be made clear that the current organizational does not need radical changes, but just a few adjustments. (See for more: Deal & Kennedy, 1982; Sathe, 1983; Schall; 1983; Weick, 1985; DiTomaso, 1987)

This process may also include creating committee, employee task forces, value managers, or similar. Change agents are key in the process and key communicators of the new values. They should possess courage, flexibility, excellent

interpersonal skills, knowledge of the company, and patience. As McCune (May 1999) puts it, these individual should be catalysts, not dictators.

4. Modify the organization to support organizational change

The fourth step is to modify the organization to support organizational change. This includes identifying what current systems, policies, procedures and rules need to be changed in order to align with the new values and desired culture. This may include a change to accountability systems, compensation, benefits and reward structures, and recruitment and retention programs to better align with the new values and to send a clear message to employees that the old system and culture are in the past.

5. Select and socialize newcomers and terminate deviants (stage 7 & 8 of Kotter, 1995, p. 2)

A way to implement a culture is to connect it to organizational membership, people can be selected and terminate in terms of their fit with the new culture (Cummings & Worley, 2005, p. 491).

Encouraging employee motivation and loyalty to the company is key and will also result in a healthy culture. The company and change managers should be able to articulate the connections between the desired behavior and how it will impact and improve the company's success, to further encourage buy-in in the change process. Training should be provided to all employees to understand the new processes, expectations and systems.

6. Develop ethical and legal sensitivity

Changes in culture can lead to tensions between organizational and individual interests, which can result in ethical and legal problems for practitioners. This is particularly relevant for changes in employee integrity, control, equitable treatment and job security (Cummings & Worley, 2005, p. 491).

It is also beneficial, as part of the change process, to include an evaluation process, conducted periodically to monitor the change progress and identify areas that need further development. This step will also identify obstacles of change and resistant employees and to acknowledge and reward employee improvement, which will also encourage continued change and evolvement. It may also be helpful and necessary to incorporate new change managers to refresh the process. Outside consultants may also be useful in facilitating the change process and providing employee training.

Change of culture in the organizations is very important and inevitable. Culture innovations is bound to be because it entails introducing something new and substantially different from what prevails in existing cultures. Cultural innovation[21] is bound to be more difficult than cultural maintenance. People often resist changes hence it is the duty of the management to convince people that likely gain will outweigh the losses. Besides institutionalization, deification is another process that tends to occur in strongly developed organizational cultures. The organization itself may come to be regarded as precious in itself, as a source of pride, and in some sense unique. Organizational members begin to feel a strong bond with it that transcends material returns given by the organization, and they begin to identify with in. The organization turns into a sort of clan.

Mergers, organizational culture, and cultural leadership

One of the biggest obstacles in the way of the merging of two organizations is organizational culture. Each organization has its own unique culture and most often, when brought together, these cultures clash. When mergers fail employees point to issues such as identity, communication problems, human resources problems, ego clashes, and inter-group conflicts, which all fall under the category of "cultural differences". One way to combat such difficulties is through cultural leadership. Organizational leaders must also be cultural leaders and help facilitate the change from the two old cultures into the one new culture. This is done through cultural innovation followed by cultural maintenance.

- **Cultural innovation** includes:
  - **Creating** a new culture: recognizing past cultural differences and setting realistic expectations for change
  - **Changing** the culture: weakening and replacing the old cultures

- **Cultural maintenance** includes:
  - **Integrating** the new culture: reconciling the differences between the old cultures and the new one
  - **Embodying** the new culture: Establishing, affirming, and keeping the new culture

Corporate culture and organizational culture

Corporate culture is the total sum of the values, customs, traditions, and meanings that make a company unique. Corporate culture is often called "the character of an organization", since it embodies the vision of the company's founders. The values of a corporate culture influence the ethical standards within a corporation, as well as managerial behavior.[22]

Senior management may try to determine a *corporate culture*. They may wish to impose corporate values and standards of behavior that specifically reflect the objectives of the organization. In addition, there will also be an extant internal culture within the workforce. Work-groups within the organization have their own behavioral quirks and interactions which, to an extent, affect the whole system. Roger Harrison's four-culture typology, and adapted by Charles Handy, suggests that unlike organizational culture, corporate culture can be 'imported'. For example, computer technicians will have expertise, language and behaviors gained independently of the organization, but their presence can influence the culture of the organization as a whole. Corporate culture as humorously defined by the authors of "Death to All Sacred Cows" takes an interesting twist. Beau Fraser, David Bernstein and Bill Schwab introduce the term 'Sacred Cow' as the ultimate sin to corporate culture. Their book is dedicated to killing these "fundamental tenets of commerce" by emphasizing that these 'Sacred Cows' "survive by keeping everything the same." [23] [24]

Organizational culture and corporate culture are often used interchangeably but it is a mistake to state that they are the same concept. All corporations are also organizations but not all organizations are corporations. Organizations include religious institutions, not-for-profit groups, and government agencies. There is even the Canadian Criminal Code definition of "organized crime" as meaning "a group comprised of three or more persons which has, as one of its primary activities or purposes, the commission of serious offences which likely results in financial gain." Corporations are organizations and are also legal entities. As Schein (2009), Deal & Kennedy (2000), Kotter (1992) and many others state, organizations often have very differing cultures as well as subcultures.

Critical views

Writers from critical management studies have tended to express skepticism about the functionalist and unitarist views of culture put forward by mainstream management thinkers. While they do not necessarily deny that organizations are cultural phenomena, they would stress the ways in which cultural assumptions can stifle dissent and reproduce management propaganda and ideology. After all, it would be naive to believe that a single culture exists in all organizations, or that cultural engineering will reflect the interests of all stakeholders within an organization.

In any case, Parker[25] has suggested that many of the assumptions of those putting forward theories of organizational culture are not new. They reflect a long-standing tension between cultural and structural (or informal and formal) versions of what organizations are. Further, it is perfectly reasonable to suggest that complex organizations might have many cultures, and that such sub-cultures might overlap and contradict each other. The neat typologies of cultural forms found in textbooks rarely acknowledge such complexities, or the various economic contradictions that exist in capitalist organizations.

One of the strongest and widely recognized criticisms of theories that attempt to categorize or 'pigeonhole' organizational culture is one that was put forward by Linda Smircich. She uses the metaphor of a plant root to represent culture, describing that it drives organizations rather than vice versa. Organizations are the product of organizational culture, we are unaware of how it shapes behavior and interaction (also recognized through Scheins

(2002) underlying assumptions) and so how can we categorize it and define what it is?

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External links

- Organizational Culture and Institutional Transformation (http://www.ericdigests.org/2003-1/culture.htm) - From the Education Resources Information Center Clearinghouse on Higher Education Washington, DC.(Broken Link)

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