

WEEK 7-ORGANISATIONAL CULTURE:

1. WHAT IS ORGANISATIONAL CULTURE?

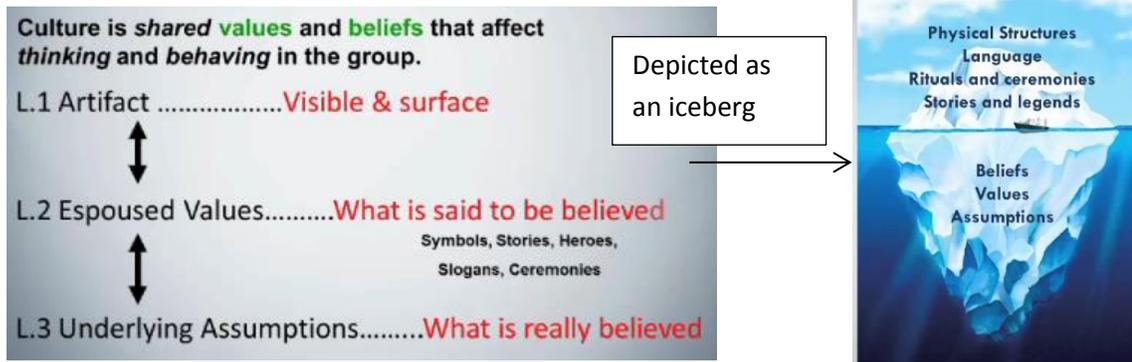
Organisational culture relates within an organisation to the following:

- Who are we?
- What do we do?
- How do we do it?
- How are we organised?
- What do we have?
- What do we expect?

CULTURE is a metaphor: it is the shared knowledge, beliefs, values and assumptions and ways of thinking of members of a society (organisations)

- The way we do things: helps managers understand hidden complex aspects of organizational life,
- Has visible manifestations (stories, symbols, heroes, slogans, ceremonies etc.)
- Share values and beliefs that effect thinking and behaving in the organisation
- Org, culture is fluid and dynamic, not static
- Can be interpreted variably (role, statues etc... of people in an organisation)
- Whole company or subculture (sectors of the company)
- Important and embedded facet of organizational life, important implications and impacts for the organisation
- Hard to manage, lead and change
- New employees are socialized, assimilated into process of the organisation → and then expected to contribute to the culture, creating and developing it as you go forward.

SCHEIN'S MODEL: LEVELS OF CULTURE



FACETS OF CULTURE:

- Norms (normal expectations)
- Values
- Rituals (employee of the month program)
- Symbols and artifacts: The original 1969 Bedford truck, with which Bruce Plested and Neil Graham started Mainfreight Transport in 1978 sits proudly outside the head office in Otahuhu as a symbol of the company's humble beginnings.
- Displays
- Behaviour, what is expected of us?

2. IMPACTS OF ORGANISATIONAL CULTURE

- Performance, is there too much time for having fun in an organisation? Are we working too hard?
- Retention
- Recruitment
- Satisfaction

3. ORGANISATIONAL CULTURE EXAMPLE: **BODYSHOP –Anna Roddick**

-ALL YOU NEED IS A VISION/idea, and people to make it happen

-Delivery system for the voice of the campaigns out there

-Find creative ways of getting message across → (Know what customers want before they even want it)

-Moral integrity sets them apart, benefiting communities e.g. Africa

-**25 products:** handwritten labels, (5 versions of each in order to make it “look as if” she was providing 100’s of products)

-Every product had a story.

FRANCHISING: Painted shop green, sold to alignment of friends, got a bit for professional.

Community was the most important aspect, learning from mistakes and each other. So excited about human spirit in the workplace → very strong communications company and thus, NOT a product based company, about campaigning for HUMAN RIGHTS.

-Social NOT JUST profitable agenda, never remembered for what you do in business, remembered for what you do in society. **ETHICAL CAMPAIGNING AND TRADING!!** Company’s high-street position was used to campaign against many issues.

-In 2000, people were told to boycott The bodyshop over L’Oreal who used animal testing. The later purchased The Bodyshop.

CULTURE:

-Symbols: tree representing environment and nature reaching around branches, dark green colour in their shops

-Stories: exploits of CEO and all her campaigns

-Sustainable products: all natural ingredients

-Slogan and motto: “Nature’s way to beautiful”, “Know your mind, love your body”

-Rituals: Hugs are encouraged, staff get together monthly to watch videos

FIVE CORE VALUES: Against animal testing, Strengthening the community, Activating self-esteem, Defending human rights and Protecting our planet.

-Equal opportunity for employment.

-No bullying within the company = fits in with ethics

Hero: Anita Roddick FORMER CEO

Strong personality, activist and campaigner (led her into controversy)

CAMPAIGNS AND CONTROVERSY: helping poor countries by training, protecting environment and animals, and campaign against racism {fits in with core values}.

- Organisational culture is a complex facet of an organisation
- There are many factors that contribute to organisational culture including *shared* values and beliefs that affect *thinking* and *behaving* in the organization
- It is fluid and dynamic

THE INTERNAL ENVIRONMENT-CORPORATE CULTURE:

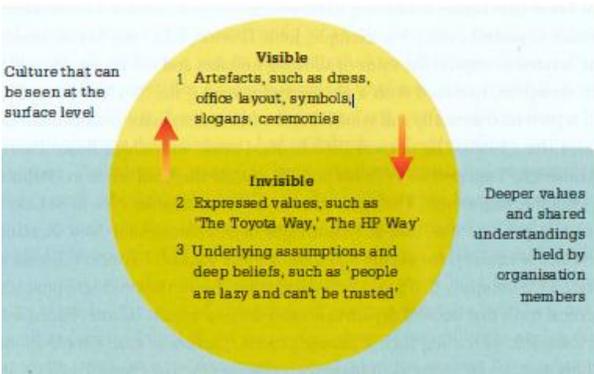
CULTURE: The shared knowledge, beliefs, values, behaviours and ways of thinking among members of a society.

-ONE OF THE MOST IMPORTANT THINGS LEADERS DO IS CREATE AND INFLUENCE ORGANISATIONAL CULTURE

-THE KEY DETERMINING FACTOR IN SUCCESSFUL COMPANIES TO BE A CULTURE IN WHICH EMPLOYEES SHARE SUCH A STRONG VISION THAT THEY KNOW IN THEIR HEARTS WHAT IS RIGHT FOR THE COMPANY.

The internal environment within includes corporate culture, production technology, organisation structure and physical facilities. Of these, corporate culture has surfaced as extremely important to competitive advantage. The internal culture must fit the needs of the external environment and organisation strategy. When this fit occurs, committed employees create a high performance organisation that is hard to beat.

Managers have to think about culture, because it typically plays a significant role in organisational success. The concept of culture has been of growing concern to managers since the 1980s, as turbulence in the external environment has grown, often requiring new values and attitudes. The concept of culture helps managers understand the hidden, complex aspects of organisational life. Culture can be analysed at 3 different levels:



-Visible artefacts are all the things one can see, hear and observe by watching members of the organisation

-Deeper values are held at a conscious level: Some values become so deeply embedded in a culture that members are no longer consciously aware of them. In some organisations, a basic assumption might be that people are essentially lazy and will shirk their duties whenever possible; thus, employees are closely supervised and given little freedom, and colleagues are frequently suspicious of one another. Other organisations operate on the basic assumption that people want to do a good job; in these organisations, employees are given more freedom and

responsibility, and colleagues trust one another and work cooperatively.

Symbols: A symbol is an object, act or event that conveys meaning to others. Symbols associated with corporate culture convey the organisation's important values.

Stories: A story is a narrative based on true events that is repeated frequently and shared among organisational employees. Stories are told to new employees to keep the organisation's primary values alive, stories guide the vision of the organisation, instilling values, enhancing quality, and encouraging workers to strive to better themselves.

Heroes: A hero is a figure who exemplifies the deeds, character and attributes of a strong corporate culture, role models for employees to follow.

Organisations with strong cultures take advantage of achievements to define heroes who uphold key values.

Slogans: A slogan is a phrase or sentence that succinctly expresses a key corporate value. Cultural values can also be discerned in written public statements, such as corporate mission statements or other formal statements that express the core values of the organisation.

Ceremonies: A ceremony is a planned activity that makes up a special event and is conducted for the benefit of an audience. Managers hold ceremonies to provide dramatic examples of organisation values. Ceremonies are special occasions that reinforce valued accomplishments, create a bond among people by allowing them to share an important event, and anoint and celebrate heroes.

Managers help to define important symbols, stories and heroes to shape the culture.

The external environment is a big influence on internal corporate culture. Cultures can vary widely across organisations; however, organisations within the same industry may often reveal similar cultural characteristics because they are operating in similar

The internal culture should embody what it takes to succeed in the environment. If the external environment requires extraordinary customer service, the culture should encourage good service; if it calls for careful technical decision making, cultural values should reinforce managerial decision making.

- A STRONG CORPORATE CULTURE ALONE DOES NOT ENSURE BUSINESS SUCCESS UNLESS THE CULTURE ENCOURAGES HEALTHY ADAPTATION TO THE EXTERNAL (ever changing) ENVIRONMENT. →In adaptive cultures, managers are concerned about customers and those internal people and processes that bring about useful change. In unadaptive corporate cultures, managers are concerned about themselves, and their values tend to discourage change. Thus a strong culture alone is not enough, because an unhealthy can damage the organisation.

Adaptive businesses sustain their competitive advantage over competitors. The company brings all departments together to ensure the business does not stray away from its vision. Such an approach ALSO spurs creativity and innovation due to the larger and more diverse knowledge and experience that such a team can offer.

TYPES OF CULTURES

Managers consider the external environment as well as the company's strategy and goals. The right fit between culture, strategy, and the environment is associated with four categories or types of culture

These categories are based on two dimensions:

- (1) the extent to which the external environment requires flexibility or stability; and
- (2) the extent to which a company's strategic focus is internal or external



-The **adaptability** culture emerges in an environment that requires fast response and high-risk decision making. Managers encourage values that support the company's ability to rapidly detect, interpret, and translate signals from the environment into new behaviour responses. Some companies remove an old product from their range every year to ensure a new product is developed to meet the ever changing tastes of the market.

-The **achievement** culture is suited to organisations concerned with serving specific customers in the external environment but without the intense need for flexibility and rapid change. This results-oriented culture values competitiveness, aggressiveness, personal initiative, and willingness to work

long and hard to achieve results. EMPHASIS ON WINNING.

-The **involvement** culture emphasises an internal focus on the involvement and participation of employees to rapidly adapt to changing needs from the environment. This culture places high value on meeting the needs of employees, and the organisation may be characterised by a caring, family-like atmosphere. Managers emphasise values such as cooperation, consideration of both employees and customers, and avoiding status differences.

-The **consistency** culture uses an internal focus and a consistency orientation for a stable environment. Following the rules and being thrifty are valued, and the culture supports and rewards a methodical, rational, orderly way of doing things. In today's fast-changing world, few companies operate in a stable environment, and most managers are shifting towards cultures that are more flexible and in tune with changes in the environment.

THE CONSISTENCY CULTURE USES AN INTERNAL FOCUS AND A CONSISTENCY ORIENTATION FOR A STABLE ENVIRONMENT. FOLLOWING THE RULES AND BEING THRIFTY ARE VALUED, AND THE CULTURE SUPPORTS AND REWARDS A METHODOICAL, RATIONAL, ORDERLY WAY OF DOING THINGS. IN TODAY'S FAST-CHANGING WORLD, FEW COMPANIES OPERATE IN A STABLE ENVIRONMENT, AND MOST MANAGERS ARE SHIFTING TOWARDS CULTURES THAT ARE MORE FLEXIBLE AND IN TUNE WITH CHANGES IN THE ENVIRONMENT.

The difference between desired cultural norms and values and actual norms and values is called the **culture gap**. Many managers are unable to integrate the unwritten norms and values that have an even greater impact on an organisation's success which result in failure.

SYMBOLIC LEADERSHIP: One way managers change norms and values towards what is adaptive to the external environment or for smooth internal integration is through symbolic leadership. Managers can use symbols, stories, slogans and ceremonies to change corporate culture (differentiate themselves). In fact, managers must over-communicate to ensure that employees understand the new culture values. A symbolic leader defines and uses signals and symbols to influence corporate culture. Symbolic leaders influence culture in the following ways:

1-The symbolic leader articulates a vision for the organisational culture that generates excitement that employees can believe in. This means the leader defines and communicates central values that employees believe in and will rally around.

2- The symbolic leader heads the day-to-day activities that reinforce the cultural vision. The symbolic leader makes sure that symbols, ceremonies and slogans match the new values. Even more importantly, actions speak louder than words. Symbolic leaders 'walk their talk'.

The reason symbolic leadership works is that executives are watched by employees. Employees learn what is valued most in an organisation by noting the attitudes and behaviours that managers pay attention to and reward, how they react to organisational crises, and whether the manager's own behaviour matches the espoused value. To summarise,

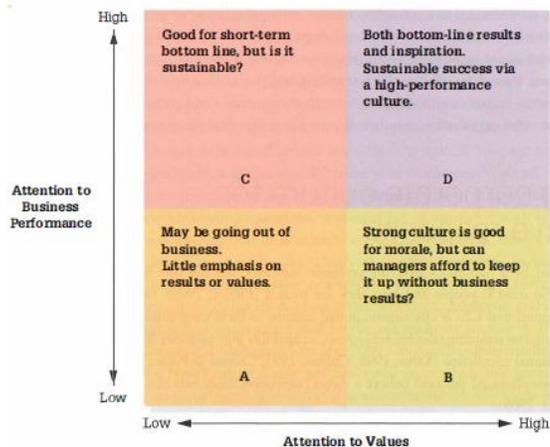
when cultural change is needed to adapt to the external environment or to bring about smoother internal integration, managers must become symbolic leaders and learn how to use speech, symbols and stories to influence underlying cultural assumptions. Changing culture is not easy, but through their words - and particularly their actions - symbolic leaders let other organisation members know what really counts in the organisation.

SHAPING CORPORATE CULTURE FOR INNOVATIVE RESPONSE:

Organisational culture is the most important mechanism for attracting, motivating and retaining talented employees, a capability considered the single best predictor of overall organisational

Corporate culture plays a key role in creating an organisational climate that enables learning and innovative responses to threats from the external environment, challenging new opportunities or organisational crises. However, managers can't focus all their attention on culture; they also need a commitment to strategy and solid business performance.

Managing the high performance culture: Cultural values can energise and motivate employees by appealing to higher ideals and unifying people around shared goals. In addition, values boost performance by shaping and guiding employee behaviour, so that everyone's actions are aligned with strategic priorities



-A company in **Quadrant A** pays little attention to either values or business results and is unlikely to survive for long.

-Managers in **Quadrant B** organisations are highly focused on creating a strong culture, but they don't tie organisational values directly to goals and desired business results. A strong, cohesive culture can be positive for a company, especially in terms of employee morale and satisfaction; however, if the culture isn't connected to business performance, it isn't likely to benefit the organisation during hard times. It is important top executives don't lose sight of the performance side of business activity.

-**Quadrant C** represents organisations that are focused primarily on bottom line results and pay little attention to organisational values. This may be profitable in the short run, but the success is difficult to

sustain over the long term because the 'glue' that holds the organisation together - that is, shared values - is missing.

E.g. DOTCOM companies crash:

Those that survived typically were companies that had instilled cultural values that helped them weather the storm. For example, TradeMe and Amazon have both paid careful attention to organisational values, as .have smaller e-commerce.

-Companies in **Quadrant D** put high emphasis on both culture and solid business performance as drivers of organisational success. Quadrant D represents the high-performance culture, a culture that is: (1) based on a solid organisational mission or purpose; (2) embodies shared adaptive values that guide decisions and business practices; and (3) encourages individual employee ownership of both bottom-line results and the organisation's cultural backbone Managers in these organisations align values with the company's day-to- day operations - hiring practices, performance management, budgeting, criteria for promotions and rewards, and so forth.

The high-performance culture in an organisation enables individuals to learn and feed off each other, creating a positive snowball effect. One of the most important things managers do is create and influence organisational culture, because it has a significant impact on performance.

CULTURAL LEADERSHIP:

One way managers shape cultural norms and values to build a high-performance culture is through cultural leadership. Managers must over communicate to ensure that employees understand the new culture values, and they signal these values in actions as well as words.

Cultural leaders influence culture in two key areas:

1. The cultural leader articulates a vision for the organisational culture that employees can believe in.

This means the leader defines and communicates central values that employees believe in and will rally around. Values are tied to a clear and compelling mission, or core purpose.

2 The cultural leader heads the day-to-day activities that reinforce the cultural vision. The leader makes sure that work procedures and reward systems match and reinforce the values. Leaders can create a culture that brings people

together by ensuring that people have a voice in what the important values should be. Managers widely communicate the cultural values through words and actions. Values statements that aren't reinforced by management behaviour are meaningless or even harmful for employees and the organisation. Consider Enron, whose values statement included things like communication, respect and integrity.

Maintaining consistency with the cultural values helps organisations weather the storm and come out stronger on the other side.

SUSTAINABLE DEVELOPMENT AND THE BUSINESS ENVIRONMENT:

-Globalisation: goods and services are now traded all over the world, and managers must compete with the best in the world, not just other local industry players.

-Advanced technology: related to globalisation, the Internet has empowered consumers who have never been better informed, and can choose to buy goods and services in new and different ways.

-Industry maturity: many industries have reached a point of overcapacity, where potential supply much exceeds demand in industrialised economies. For example in the automotive industry, if all the world's car factories were producing at capacity, many more cars would be produced than consumers are willing to pay for. So competition is fierce in many industries.

-Variance and volatility: inside many societies, the gap between rich and poor is not decreasing, and on a global basis, there are some very rich countries and many which are still impoverished. Further, the stability of economies and markets has been strongly threatened in recent years by crises and recessions, in which there were many bankruptcies, job and home losses and disruption that bounced around the whole world.

5 Climate change: although some still dispute it, most credible scientists clearly suggest that human induced global warming is a trend that cannot be ignored and that the current trajectory of environmental degradation is a journey towards planetary disaster if unchecked.