

Module 10

Organisational Culture

Introduction

This Module discusses the complex construct of organisational culture, which operates at both visible and invisible levels. After discussing the components of organisational culture, the module will take you through the process of developing a strong organisational culture, and expose you to the pros and cons of a strong culture. The module also discusses types of organisational culture in the context of national culture.

While culture is difficult to change, organisations have done so successfully. Change is dependent on communicating a need for change and establishing a commitment to a shared vision.

Upon completion of this module you will be able to:



Outcomes

- *define* organisational culture.
- *describe* the various purposes of organisational culture.
- *analyse* the differences between strong and weak cultures, and the implications for organisations.
- *explain* how national culture influences organisational culture.
- *describe* how organisational culture can be reshaped.

Terminology



Terminology

Eiffel Tower Culture:

Eiffel Tower Culture is a function of Weber's traditional bureaucracy. There is a rigid hierarchical structure, a specific and comprehensive division of labour, and all developments are planned. The system is designed for subordinates to follow specific instructions from their superiors, who are responsible for a specific level within the organisation.

Guided Missile Culture:

Guided Missile Culture is characteristically egalitarian where roles are not carved in stone, and teams or project groups are common throughout the organisation. This culture is very task focused and impersonal. Technical expertise reduces emotional elements in this culture. Members of the organisation must do whatever it takes to meet

planned objectives.

Incubator Culture: The incubator culture argues that the organisations exist to serve as incubators for self-expression and self-fulfilment more than anything else. There is minimal organisational structure and the culture is egalitarian, personal and highly creative.

Organisational Culture: Organisational culture is a pattern of basic assumptions, shared beliefs and values that have been developed by a given group as it learns to cope with its problems of external adaptation and internal integration. Organisational culture creates a sense of identity for members within the organisation and helps to establish a commitment beyond one's self.

Case study 10.1



Case study

Ray Kroc: McDonald's Hero

McDonald's Corporation (www.mcdonalds.com) has a rich culture sustained by hundreds of stories that organisational members tell about founder Ray Kroc. Most of these stories have a common theme. They focus on how Kroc established the strict operating values and norms that are at the heart of McDonald's culture. Kroc was dedicated to achieving perfection in McDonald's quality, service, cleanliness and value for money (QSC&V), and these four central values permeate McDonald's culture. The following story illustrates the way Kroc went about socialising McDonald's employees to these values.

One day, Ray and a group of regional managers from the Houston region were touring various restaurants. One of the restaurants was having a bad day operationally. Ray was incensed about the long lines of customers and he was furious when he realised that the product customers were receiving that day was not up to his high standards. To address the problem, he jumped up and stood on the front counter and got the attention of all customers and operating crew personnel. He introduced himself, apologised for the long wait and cold food, and told the customers that they could have freshly cooked food or their money back – whichever they wanted. As a result, the customers left happy, and when Kroc checked on the restaurant later, he found that his message had got through to its managers and crew – performance had improved.

Other stories describe Kroc scrubbing dirty toilets and picking up litter inside and outside a restaurant. These and similar stories are spread around the organisation by McDonald's employees. They are the stories that have helped establish Kroc as McDonald's hero.



McDonald's employees are expected to be extremely dedicated to the central values of McCulture, to work hard, and to be loyal to McFamily. If they do accept its culture, McFamily will take care of them. McDonald's needs employees to be dedicated to QSC&V in order to maintain its high standards and keep its competitive advantage. Stories about heroes can help create a strong culture and increase employee dedication.

Source: Jones, George, Hill & Langton (2002, p. 277)

Organisational culture defined

While culture has emerged as a popular concept in organisational research over the last decades, it remains both a subjective and elusive concept for practitioners and academics. Organisational culture can be traced to anthropology and be best understood as a continuation of organisational sociology.

While there are a number of diverse expressions of culture, concepts of culture surround the notion of a pattern of shared understanding. For our purposes, we will define culture as a pattern of basic assumptions, shared beliefs and values that have been developed by a given group as it learns to cope with its problems of external adaptation and internal integration. This 'way of behaving' gives validity to the way members think and feel. Culture creates a sense of identity for members within the organisation and helps to establish a commitment beyond one's self.

Visible level of culture

Schein (1992) identifies three levels of culture which refer to the degree to which it is visible to the observer (see **Figure 10.1**). Artefacts represent the first level and include what one sees, hears and feels when first subjected to a culture. These include language, technology, emotional displays and other observable behaviours. While at this level one can visibly observe various artefacts, one's interpretation of culture will still emerge from personal feelings and reactions to what is visible. The following observable aspects of organisational culture are representative of Schein's first level:

Heroes and heroines

Heroes transmit culture by personifying its corporate values. A leader who is viewed as a hero or heroine reinforces the basic values of an organisation's culture. By acting as role models, symbolising and hence representing the organisation to the outside world, these people set standards of performance, motivate employees and make success attainable. Jack Welch of the General Electric Company might be cited by many as an organisational 'hero.'

Myths and stories

Myths and stories are about corporate heroes, and they facilitate the transmission and embedding of culture. They are stories of the spectacular rise of one or another's career at one organisation, or stories

like that of the man at 3M that created the “post-it” note; when we hear that story, we think about how it is part of the culture of 3M to encourage creativity, failure and entrepreneurial behaviour.

Rituals and ceremonies

These might include things like posting team accomplishments, or year-end results; ceremonies might include things like retirement dinners, golf tournaments and ‘employee of the month’ awards. Rituals and ceremonies often act as rites of passage into new social roles, however, they can also be a source of conflict and power struggles.

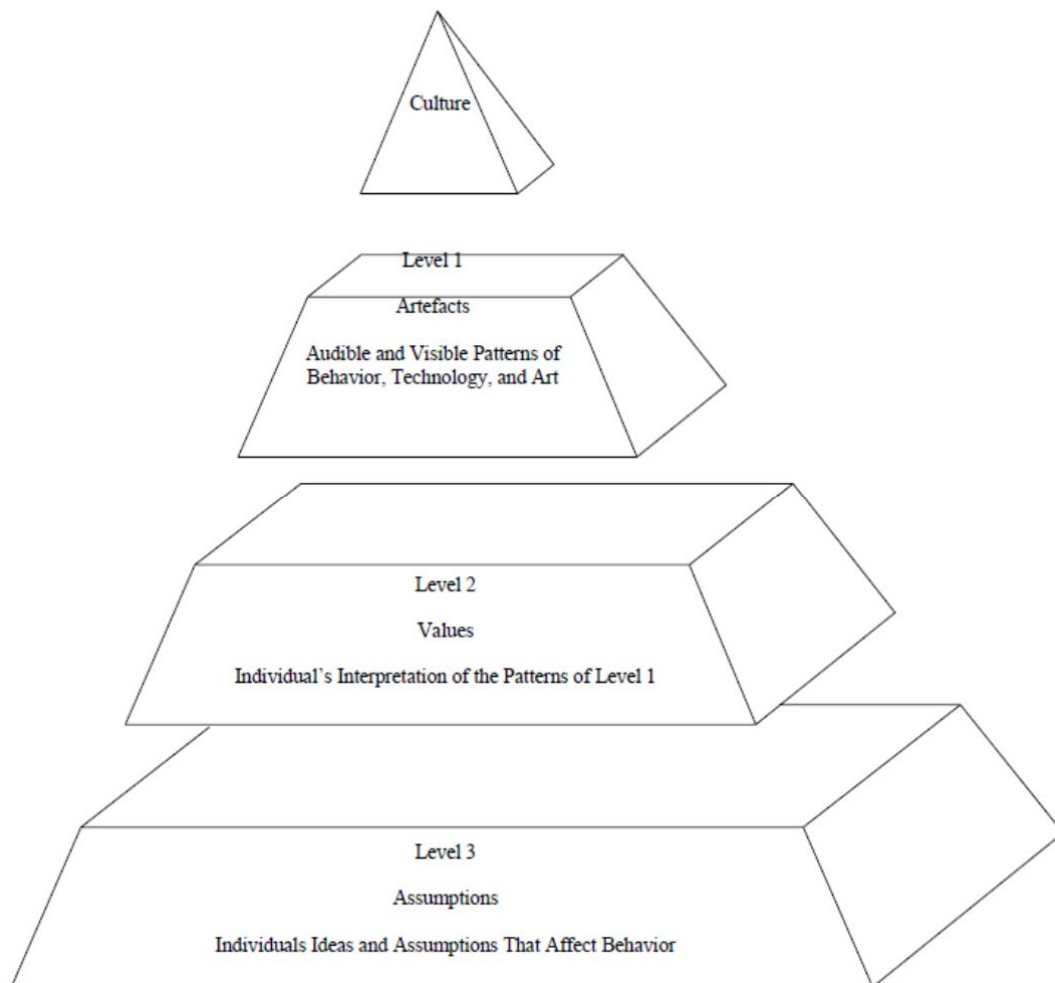


Figure 10.1 Schein's model of organisational culture

Source: Schein (1992)

Physical arrangements

The selection and arrangement of offices and furnishings often reveal significant insights into corporate culture and its underlying values. Compare a physical environment where all people work in a bullpen with



a desk and a phone, versus private offices for everybody. What might be the differences in values or assumptions?

Espoused values and basic assumptions

The second level of culture, espoused values, helps to predict what people will say in various situations, as a result of assertions made by group members (often leaders). However, like artefacts, this may not indicate how they might actually behave. Not until espoused values transform into shared beliefs and assumptions (through experience), can one identify the 'true' culture of the group.

The third level, basic assumptions, emerges from experiences from the group which has supported espoused values. Members of the culture believe that their values are 'good,' and these beliefs, perceptions, facts and feelings become unconscious. At this level, assumptions about people's behaviour become embedded and reinforced in the minds of members. Until one recognises the pattern of basic assumptions, the interpretations of artefacts and espoused values will not uncover the ideational essence of the culture. This includes developing and understanding the underlying assumptions and values that emerge among members of the organisation.

Subcultures

Often we observe multiple cultures within single organisations. Subcultures often emerge within groups in organisations. These subcultures reflect departmental differences as well as distinctions in occupation or training. A study conducted in computer companies found that subcultures emerged between hardware people and software people. In addition, the hardware people were subdivided into engineers and technicians, while the software people were subdivided into software engineers and computer scientists. Each of these groups had its own set of values, beliefs and assumptions about the design of computer systems. Subcultures create distinct meanings that establish in-group identification. However, subcultures can be a source of conflict within organisation-wide culture; they might become so strong that group members no longer identify with the overall corporate culture.

Developing a strong organisational culture

Organisational cultures are considered strong when the core values are both intensely held and widely shared. In a strong culture where people share assumptions and values, the workplace is an environment in which people thrive and learn. Strong cultures foster high agreement among individuals, building loyalty, commitment and cohesiveness. As a result, employees show lower absenteeism and are less likely to leave the organisation.

In what ways can founders and/or managers set the foundation from which to build a strong organisational culture? It has been argued that this can be done in three ways:

1. The founders and/or senior management of the organisation hire or retain employees who think and feel the same way they do;
2. Management indoctrinates and socialises members within the organisation to their own way of thinking and feeling;
3. Top managers serve as role models – employees observe their behaviours, and eventually identify with them, and internalise their beliefs, values and assumptions.

It is logical that cultures are sometimes industry-specific. For example, it is likely that we would observe a very cautious and conservative culture in a nuclear power station, a financial institution or insurance company. On the other hand, a more aggressive, risk-taking culture might be found in an advertising company or a software development company. We often have seen mergers fail, not because there was a poor economic match or because synergies could not be realised based on each company's strengths, but because the cultures collided to such an extent that untenable conflicts emerged.

Schermerhorn, Hunt and Osborn (2000) argue that there are specific elements of strong corporate culture:

- A widely shared real understanding of what the firm stands for, often embodied in slogans.
- A concern for individuals over rules, policies, procedures and adherence to job duties.
- Recognition of heroes whose actions illustrate the company's shared philosophy and concerns.
- A belief in ritual and ceremony as important to members and to building a common identity.
- A well-understood sense of the informal rules and expectations so that employees and managers understand what is expected of them.
- A belief that what employees and managers do is important, and that it is important to share information and ideas.

Pros and cons of strong organisational cultures

Johns and Saks (2001) have identified three primary advantages of strong cultures:

1. **Coordination:** Structural changes within organisations over the last decade or so, have given rise to increased interdependence across functions and activities. As such, coordination has become a critical success factor in helping organisations achieve their goals. Where strong cultures exist, communication is facilitated. Employees are not afraid to share information and this will ultimately add value to the customer base.
2. **Conflict resolution:** When people share the same basic core values in an organisation, it can often lead to conflict resolution



more quickly than in an organisation with a weak culture. While members of a not-for-profit might argue over how to best deliver a service, agreement might be more readily reached when they can all agree that they share the core values of serving the membership to the best of their ability.

3. **Financial success:** A number of studies have been done that indicate that strong cultures (where the mission, strategy and goals of the organisation are supported) contribute to the bottom line. A study of insurance companies found that managers who responded more consistently to a culture survey had greater asset and premium growth than those with disagreement.

What are the disadvantages of a strong culture?

One of the cons to strong cultures was mentioned above, and that is of colliding values and beliefs when organisations merge or are acquired. In addition, one of the most significant downsides to a strong organisational culture is a forceful resistance to change. In a new economy where change has become the norm rather than the exception, organisations must be flexible and adapt quickly to external influences. Often, this necessitates a new perspective, part of which includes the adoption of new and different beliefs and assumptions. Innovation might depend on a cultural change; strong cultures tend to resist this.

A strong culture can also act as a barrier to diversity. One must be able to “fit” with the culture of the organisation, and often new employees, because of race, gender, disability, or other differences, might not be perceived as an appropriate “fit”. It is critical for managers to remember that a heterogeneous work environment will provide a variety of strengths within the organisation.

Given the discussion on strong organisational culture above, would you describe the culture in your work environment as strong? Why?

Organisational culture versus national culture

While many have argued that industry, technology, economic factors, and other variables help shape organisational culture, Trompenaars (1994) argued that national culture distinctions might also help determine the type of corporate culture that is ‘chosen’. Trompenaars’ research argued that internal organisational variables should be considered a primary source of culture (for example the authority system). He developed four organisational cultural types and linked these types to national cultures. The four types of organisational culture include: Family, Eiffel Tower, Guided Missile and Incubator.

Trompenaars argues that a **family** organisational culture is a power-oriented corporate culture where the leader is viewed as an informed and caring parent who understands what is best for his/her subordinates, and takes care of them (Trompenaars, 1994, p. 154). There are a number of countries with organisations that display this culture most often: Japan, France, Belgium, India, Greece, Italy, Singapore, South Korea and Spain.

Eiffel Tower culture is a function of Weber's traditional bureaucracy. There is a rigid hierarchical structure, a specific and comprehensive division of labour and all developments are planned. The system is designed for subordinates to follow specific instructions from their superiors, who are responsible for a specific level within the organisation. Should procedures not be followed, the system will be inoperable. Hierarchical relations establish one's role and status within the organisation, and often serve as a safety net that allows members within the organisation to predict activities and decisions. As such, change is not attractive and is often resisted in this culture. Trompenaars' research indicates that the Eiffel Tower culture is most evident in Denmark, the Netherlands and Germany.

Guided missile culture is characteristically egalitarian where, unlike the Eiffel Tower culture, roles are not carved in stone, and teams or project groups are common throughout the organisation. However, similar to the Eiffel Tower culture, this culture is very task-focused and impersonal. Members of the organisation must do whatever it takes to meet planned objectives. Technical expertise reduces emotional elements in this culture. We see guided missile cultures most often in the United States, Canada and the United Kingdom.

The **incubator culture** is most unlike the other three discussed above. Trompenaars argued that these organisations exist to serve as incubators for self-expression and self-fulfilment more than anything else. There is minimal organisational structure and the culture is egalitarian, personal and highly creative. These organisational cultures are found most often in knowledge and science industries such as computer software development firms. We see this type of culture in Silicon Valley, California and Route 128 near Boston in the United States and in Sweden, in the automobile industry.

Trompenaars suggests that some organisations demonstrate more than one type of culture simultaneously but that for the most part, one type characterises the entire organisation. **Table 10.1** summarises the characteristics of the four cultures.



Variables	Family	Eiffel Tower	Guided Missile	Incubator
Relationships between employees	Diffuse relationships to organic whole to which one is bonded	Specific role in mechanical system of required interactions	Specific tasks in cybernetic system targeted upon shared objectives	Diffuse, spontaneous relationships growing out of shared creative process
Attitude toward authority	Status is ascribed to parent figures who are close and powerful	Status is ascribed to superior roles, which are distant yet powerful	Status is achieved by project group members who contribute to targeted goal	Status is achieved by individuals exemplifying creativity and growth
Ways of thinking and learning	Intuitive, holistic, lateral, and error-correcting	Logical, analytical, vertical, and rationally efficient	Problem centred professional, practical, cross-disciplinary	Process oriented, creative, ad hoc, inspirational
Attitudes towards people	Family members	Human resources	Specialists and experts	Co-creators
Ways of changing	"Father" changes course	Change rules and procedures	Shift aim as target moves	Improvise and attune
Ways of motivating and rewarding	Intrinsic satisfaction in being loved and respected	Promotion to greater position, larger role	Pay or credit for performance and problems solved	Participating in the process of creating new realities
Management style	Management by subjectives	Management by job description	Management by objectives	Management by enthusiasm
Criticism and conflict resolution	Turn other cheek, save others' faces, do not lose power game	Criticism is accusation of irrationalism unless there are procedures to arbitrate conflicts	Constructive task-related only, then admit error fast and correct	Must improve creative idea, not negate it

Table 10.1 Characteristics of Trompenaars' Four Corporate Cultures

Is it possible to change organisational culture?

Much of the discussion in this module has revolved around the nature and pace of change in our work environment today. It was mentioned above that organisational culture is elusive. Culture is something that emerges from a number of beliefs, assumptions and values. It is therefore a difficult thing to change. Organisational culture is very important; in fact, it has much to do with a company's success or failure. Edgar Schein, one of the most well-known theorists of culture, argues that it is the primary role of the leader within the organisation to create and manage, and when necessary, destroy existing culture. The existing culture might have to be destroyed in order to facilitate organisational change, particularly radical change.

Leaders can take a number of actions in organisations to facilitate a cultural change. They must focus primarily on the socialisation process. If we go back to Schein's levels of culture, the first level, visible artefacts, is something that leaders can alter without much difficulty. For example, physical arrangements in an office can be changed. If the CEO wanted to create a culture that included more communication, the office space might be redesigned in an effort to facilitate this. It is also possible to establish new and different ceremonies and rituals that help to shape a different set of assumptions and values. Criteria for new entrants or promotions among existing employees can be changed in a way that reshapes behaviour. Certainly, bringing new people into an organisation introduces objectivity and new perspectives at the same time.

What becomes most difficult for leaders is to change the deeper levels of organisational culture. An achievement-oriented, aggressive culture cannot be easily changed to one that is risk-averse and conservative. This kind of radical or transformational cultural change would require much planning, time and effort, while people learned to adapt to a new environment, with new expectations, criteria, job designs, reward systems, and so on. Again, often organisations bring in new people with distinct skills and values, in order to facilitate such a change.

While culture is difficult to change, organisations have done so successfully. Change is dependent on communicating a need for change and establishing a commitment to a shared vision. Change is discussed in greater detail in Module 12.

Module summary



Summary

Organisational culture is the set of shared values, belief and norms that influence the way employees think, feel and behave towards each other and towards people outside the organisation. Schein (1992) identifies three levels of culture which refer to the degree to which each is visible to the observer. Artefacts represent the first level and include what one sees, hears, and feels when first subjected to a culture. The second level of culture, espoused values, helps to predict what people will say in various situations, as a result of assertions made by group members (often leaders). The third level, basic assumptions, emerges from experiences from the group which has supported espoused values. It is believed that strong cultures foster high agreement among individuals, building loyalty, commitment and cohesiveness. As a result, employees show lower absenteeism and are less likely to leave the organisation. In this module, you also learned Trompenaars' four corporate cultures (family, Eiffel tower, guided missile and incubator). Trompenaars argued that some organisations demonstrate more than one type of the four cultures, but for the most part, one type of culture can describe the entire organisation. Culture emerges from a number of beliefs and values; a strong organisational culture is a forceful resistance to change, although some organisations have done so successfully. Change is dependent on communicating a need for change and establishing a commitment to a shared vision.

Case study 10.2



Case study

Cultural Changes at Nissan Motors (Optional Submission)

Please read case study 10.2, 'Cultural Changes at Nissan Motors' given in the case study handbook of your study material and analyse it, using the written case format provided in the handbook. Your paper should be no longer than eight pages.



Assignment



Assignment

Exercise (Answer in three-five pages)

Think about your own work environment, and describe what you perceive to be the culture within your organisation. Is there a single culture, or can you identify subcultures? If you can identify only one culture, in your view, why has this single culture persisted? If you see subcultures in your organisation, how have these subcultures emerged, and what effect have they had on members within the organisation? Do these subcultures affect performance? In what ways?

Self-assessment



Assessment

What kind of organisational culture fits you best?

In each of the following statements, circle the level of agreement or disagreement that you personally feel:

SA = Strongly Agree A = Agree U = Uncertain

D = Disagree SD = Strongly Disagree

1. I like being part of a team and having my performance assessed in terms of my contribution to the team.	SA	A	U	D	SD
2. No person's needs should be compromised in order for a department to achieve its goals.	SA	A	U	D	SD
3. I like the thrill and excitement from taking risks.	SA	A	U	D	SD
4. If a person's job performance is inadequate, it's irrelevant how much effort he or she made.	SA	A	U	D	SD
5. I like things to be stable and predictable.	SA	A	U	D	SD
6. I prefer managers who provide detailed and rational explanations for their decisions.	SA	A	U	D	SD
7. I like to work where there isn't a great deal of pressure and where people are essentially easygoing.	SA	A	U	D	SD

Scoring directions and key

For items 5 and 6, score as follows:

Strongly Agree = +2

Agree = +1

Uncertain = 0

Disagree = -1

Strongly Disagree = -2

For items 1, 2, 3, 4 and 7, reverse the score (Strongly agree = -2, and so on).

Add up your total. Your score will fall somewhere between +14 and -14.



What does your score mean?

The higher your score (positive), the more comfortable you'll be in a formal, mechanistic, rule-oriented, and structure culture. This is often associated with large corporations and government agencies.

Negative scores indicate a preference for informal, humanistic, flexible, and innovative cultures, which are more likely to be found in research units, advertising firms, high-tech companies, and small businesses.

Source: Robbins, & Langton (2000, pp. 411, 634)

Assessment



Assessment

1. What is organisational culture, and how might it affect the behaviour of employees?
2. Interview five employees within one organisation in an effort to understand its values, norms, socialisation practices, ceremonies and rites, as well as special language and stories. Based on this, how would you describe the organisation's culture?
3. What are the observable aspects of culture and how important are they? If you had to develop an argument for one of Schein's three levels being most important, which would you choose and why?
4. In what ways might you assess an organisation's culture before you join the company, in order to determine whether that culture presents a 'fit' for you?
5. What are the primary dangers of subcultures? Under what circumstances might subcultures have a positive effect on organisational performance?
6. How might you go about changing the culture of an organisation? Where would you start, and how would you prioritise your efforts?



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