Chapter 10: Organizational Culture

Organizational Culture

= pattern of shared values, beliefs, assumptions considered to be the appropriate way to think and act within an org.

- Culture is shared by members of the org.
- helps members of org. solve & understand the things that it encounters (internally & externally)
- Because the assumptions, beliefs, and expectations that make up culture have worked over time, org's members believe they are valid → taught to pl who join the org.
- These assessments, beliefs, expectations strongly influence how ppl perceive, think, feel, and behave within the org.

*high turnover, no challenging events → may not develop cultures

Levels of Culture

artifacts = aspects of an org.'s culture that you see, hear, feel (visible)

beliefs = understandings of how objects & ideas relate to each other

values = stable, long-lasting beliefs about what is important

assumptions = taken-for-granted notions of how sth should be

- may cause difficulty conceiving of another way of doing things

Characteristics of Culture (high / low)

Innovation & Risk-Taking	degree to which employees are encouraged to be innovative & take risks
Attention to Detail	…employees are expected to work w/ precision, analysis, attention to detail
Outcome Orientation	…management focuses on results/outcomes (rather than on techniques and processes used to achieve these outcomes)
People Orientation	…mngmnt decisions consider effect of outcomes on ppl within the org.
Team Orientation	…work activities are organized around teams (rather than individuals)
Aggressiveness	…ppl are aggressive & competitive (rather than easygoing & supportive)
Stability	…org. activities emphasize maintaining the status quo (in contrast to growth)

Culture's Functions

- has a boundary-defining role b/c it creates distinction btwn one org. & others
- conveys sense of identity to org. members
- helps create commitment to sth larger than an individual's self-interest
- enhances stability; it's the social glue that helps hold the org. together by providing appropriate standards for what employees should say & do
- serves as control mechanism that guides & shapes the attitudes & behaviour of employees, and helps them make sense of the org.

*shared meaning provided by strong culture ensures that everyone is pointed in same direction

*culture can influence ethical behaviour

e.g. lower-level employees see managers padding expense reports → think such behaviour is okay

Do Organizations Have Uniform Cultures?

dominant culture = system of shared meaning that expresses core values shared by a majority of org's members

- org.'s culture; macro view of culture, gives an org. its distinct personality

subcultures = minicultures within an org., typically defined by department designations & geographical separation

- reflect common problems, situations, experiences that members face
- core values + values unique to members of a department
- may influence members' behaviours
- if too strong → difficult for managers to implement org. change

core values = primary / dominant values that are accepted throughout the org.

- retained but modified to reflect separated unit's distinct situation

READING AN ORGANIZATION'S CULTURE

strong culture = culture where core values are intensely held & widely shared

- high degree of shared experiences & intensity → great influence on behaviour

*weak culture → employees do not feel any great attachment to org. / co-workers; may not take pride in their work

Stories	- provide explanations & legitimacy for current practices - tell about org's founders, rule-breaking, relocation of employees, reactions to learning from past mistakes, org. coping
Rituals	= repetitive sequences of activities that express & reinforce the key values of the org. (what goals are most important? which ppl are important? which ones are expendable) e.g. chants

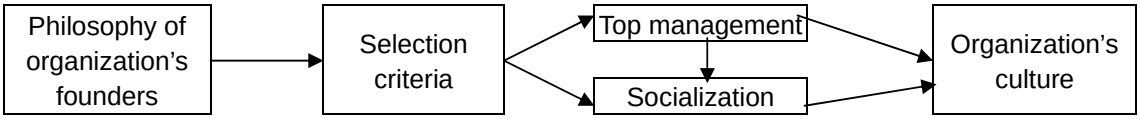
Material Symbols	e.g. layout of corporate headquarters, car given to top exec, size of offices, elegance of furnishings, corporate logos, signs, brochures, ads - convey to employees, customers, clients who is important; degree of egalitarianism desired; kinds of behaviour considered appropriate - companies differ in how much separation they make btwn exec & employees
Language	- identify members of a culture /subculture - learning this lang. → members show their acceptance of culture & helps preserve it

CREATING & SUSTAINING CULTURE

How a Culture Begins

- starts w/ founder (have vision for org., unconstrained by previous customs)

How Organizational Cultures Form



1. founders only hire & keep employees who think & feel the way they do
2. they instruct & socialize these employees to their way of thinking & feeling
3. founders' behaviour acts as role model, encouraging employees to identify w/ founders & internalize those beliefs, values, assumptions
4. when org. succeeds → founders' vision viewed as primary determinant & personality is embedded in culture of org.

Keeping a Culture Alive

Selection

- to identify & hire individuals who have the knowledge, skills, and abilities to perform the jobs within the org. successfully
- final decision influenced by judgment of how well one will fit into the org.
- to ensure proper match → hire ppl who have values essentially consistent w/ those of org.
- provides info about org. to applicant (if conflict btwn applicant & org's values, applicant or employer can look elsewhere)

Top Management

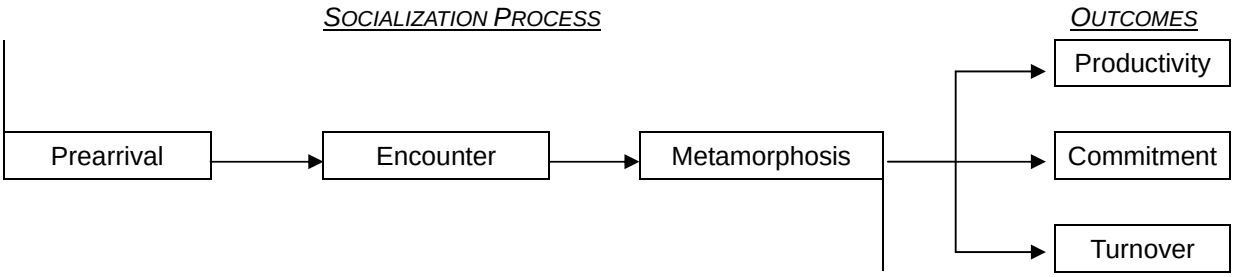
- senior exec. establish norms that filter down thru org.
  e.g. whether risk-taking is desirable, how much freedom managers should give employees, appropriate dress, rewards

Socialization

= process that adapts new employees to the org's culture

- most critical stage: when new employee enters org. (org. moulds outsider)
  → if fail to learn essential role behaviours → "nonconformists" "rebels" → expulsion
- continuous throughout employee's careers in the org. → sustain culture

3 Stages in Socialization



→ this 3-stage process has impact on new employee's work productivity, commitment on org's objectives, and eventual decision to stay w/ org.

Pre-arrival Stage	*period of learning in socialization process that occurs before a new employee joins the org.*	- recognizes that each individual arrives w/ a set of values, attitudes, expectations - e.g. business school, training - informs employees about org. as a whole - ensures inclusion of the "right type" (who will fit in)
Encounter Stage	*stage in socialization process in which a new employee sees what the org. is really like & confronts the possibility that expectations and reality may diverge*	- employee confronts possible gap btwn expectations of job, co-workers, boss, the org. VS. reality - if expectations accurate → reaffirmation of perceptions - when expectations ≠ reality → help employee detach from previous assumptions & replace them w/ another set that the org. considers desirable (but not always successful)
Metamorphosis Stage	*…a new employee adjusts to work group's values & norms*	- long-lasting changes take place - new employee masters skills required for the job successfully performs new roles makes adjustments to work group's values & norms - this stage & entry socialization process complete when: • new employee has become comfortable w/ org. & job • new employee has internalized norms of org. & work group, and understands & accepts these norms • new employee feels accepted by peers as trusted, valued; is self-confident that he has competence to complete job successfully; understands the system (his own tasks + rules, procedures…) • new employee understands how he will be evaluated & knows what criteria will be used to measure and appraise his work; knows what's expected & what constitutes a job "well done"

Entry Socialization Options

Formal	V S	*Informal*	Formal socialization: new employee is segregated from ongoing work setting & differentiated in some way to make explicit his newcomer's role *e.g. specific orientation, training programs* Informal socialization: put new employee directly into his job
Individual	V S	***Collective***	Individual: new members can be socialized individually *e.g. in professional offices* Collective: grouped together & processed thru identical set of experiences *e.g. military boot camp*
Fixed	V S	*Variable*	time schedule in which newcomers make transition from outsider to insider Fixed schedule: standardized stages of transition (rotational training programs, probationary periods) *e.g. 8- to 10-yr "associate" status that accounting & law firms use before deciding whether to name a candidate as a partner* Variable schedule: give no advance notice of transition timetable (typical promotion system – individuals not advanced to next stage until they're "ready")
Serial	V S	*Random*	Serial socialization: use of role models who train & encourage newcomer *e.g. apprenticeship & mentoring programs* Random socialization: role models are deliberately withheld (new employee is left on his own to figure things out)
Investiture	V S	***Divestiture***	Investiture socialization: assumes newcomer's qualities & qualifications are necessary ingredients for job success, so these qualities & qualifications are confirmed and supported Divestiture socialization: try to strip away certain characteristics of recruit *e.g. fraternity, sorority "pledges" go thru this to shape them into proper role*

****bold**→ more management relies on these kinds of programs *(better)*

Effects of Layoffs

- can mean that ppl who know the culture best leave the org.
- fear & stress about layoffs can seriously erode company's culture

Matching People With Cultures

- (Goffee & Jones) 2 dimensions that underlie org. culture:

  Sociability: measure of friendliness (high ppl orientation, high team orientation, focus on processes)

  high sociability: ppl do kind things for one another w/o expecting sth in return; relate to each other in friendly, caring way

  Solidarity: strength of group's task orientation (high attention to detail, high aggressiveness)

  high solidarity: ppl can overlook personal biases and rally behind common interests & common goals

Four-Culture Typology

Sociability		
HIGH	**Networked**	**Communal**
LOW	**Fragmented**	**Mercenary**
	LOW	HIGH

Solidarity

	Sociability	Solidarity		DOWNSIDE
Networked culture	HIGH	LOW	- org view members as family & friends - ppl know & like each other, willingly help others, openly share info - strong sense of belonging - passionate identification w/ company product *e.g. some family businesses*	focus on friendships can lead to tolerance for poor performance & creation of political cliques
Mercenary culture	LOW	HIGH	- fiercely goal-focused - ppl are intense & determined to meet goals - ppl have enthusiasm for getting things done quickly & powerful sense of purpose - not just abt winning; also abt destroying enemy - objectivity leads to minimal degree of politicking - may have lil tolerance for socializing / small talk	can lead to almost inhumane treatment of ppl who are perceived as low performers
Fragmented culture	LOW	LOW	- made up of individualists - commitment is 1st & foremost to members & their job tasks - lil / no identification w/ organization - employees judged solely on their productivity & quality of work *e.g. some large accounting, law firms; uni's (profs are judged on research & scholarship, don't need to be friendly to retain status)*	can lead to excessive critiquing of others & absence of collegiality and cooperation
Communal culture	HIGH	HIGH	- value friendship & performance - ppl have feeling of belonging, but there's still ruthless focus on goal achievement - leaders tend to be inspirational & charismatic w/ clear vision of org's future	often consumes employee's life (charismatic leaders often expect to create disciples rather than followers → "cult-like" work climate

THE LIABILITIES OF CULTURE

- reduces ambiguity

Culture as a Barrier to Change

- employees less likely to have shared values when org's environment is dynamic
- consistency (even tho an asset when facing stable environment) may burden org & make responding to changes in environment difficult
- strong cultures: practices that led to previous successes can lead to failure (practices need to match up well w/ environmental needs)

Culture as a Barrier to Diversity

- management wants new employees (race, gender, disability diff's) to accept org's core culture values, while openly acknowledge, demonstrate support for diff's these employees bring to workplace (paradox)
- strong cultures put pressure on employees to conform (limit range of acceptable values/styles)
  e.g. Disney: enthusiastic, good-looking employees
- strong cultures can eliminate unique strengths that ppl of diff. bg's bring to the org ☹
- strong cultures may support institutional bias or become insensitive to ppl who are diff. ☹

Culture as a Barrier to Mergers & Acquisitions

- brining employees from 2 diff. companies (cultures) together is likely to cause friction

Strategies for Merging Cultures

Assimilation	- entire new org. is determined to take on the culture of 1 of the merging org's - works best when 1 of the org's has relatively week culture - but, if a culture is simply imposed on an org, it rarely works
Separation	- org's remain separate & keep their individual cultures - works best when org's have little overlap in industries in which they operate
Integration	- new culture is formed by merging parts of each of the org's - works best when aspects of each org's culture need to be improved

bicultural audit = examination of differences btwn 2 potential merger partners prior to a merger to determine whether the cultures will be able to work together *(use questionnaires, interview, focus groups)*

- commonalities? → to build successful merger ☺
- diff's in vision, values, structure, mngmnt practices & behaviours? →extreme difficulties if merged☹

To bridge culture gaps:

- define a structure that's appropriate for both org's, along w/ a reorganization plan
- identify & implement a management style appropriate for both org's
- reinforce internal communication to make sure employees are kept aware of changes that will occur
- get agreement on what will be considered in performance evaluations (expected behaviours, performance criteria)

CHANGING ORGANIZATIONAL CULTURE

Common problems that occur when managers try to initiate change:

- inability to create sense of urgency about the need for change
- failure to create coalition for managing the change process
- absence of vision for change
- failure to effectively communicate vision
- not removing obstacles that could impede achievement of the vision
- failure to provide short-term & achievable goals
- tendency to declare victory too soon
- not anchoring changes in org's culture

(Kotter) *Steps to changing org. culture:*

1. Set the tone thru mngmnt behaviour.
   Managers (particularly top management) need to be +ve role models
2. Create new stories, material symbols, rituals to replace those currently in vogue
3. Select, promote, support employees who support new values that are sought
4. Redesign socialization processes to align w/ new values
5. Change reward system to encourage acceptance of new set of values
6. Replace unwritten norms w/ formal rules & regulations that are tightly enforced
7. Shake up current subcultures thru transfers, job rotation, and/or terminations
8. Work to get peer-group consensus thru employee participation & creation of a climate w/ high level of trust