

Organizational culture

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Measurement of Organizational Culture

- **Definition of Culture**

- “The collective programming of the mind which distinguishes one group or category of people from another” – Geert Hofstede

- **Culture is a Construct**

- Not directly accessible to observation
- Inferable from behavior
- Useful in predicting behavior



Organizational Culture & National Culture

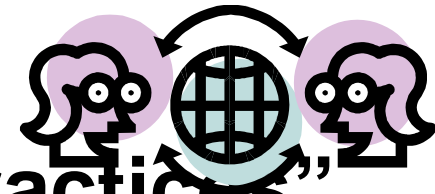
- **Culture**

- About people in groups



- **National culture = “values”**

- The way things “should be”
- Normative



- **Organizational culture = “practices”**

- The way things “are”
- “How we do things around here”
- Descriptive



Functions of Culture

- Defines the boundary between one organization and others.
- Conveys a sense of identity for its members.
- Facilitates the generation of commitment to something larger than self-interest.
- Acts as social glue that helps to hold the organization together by providing appropriate standards for employees to follow.
- Serves as a sense-making and control mechanism for fitting employees in the organization

Definition of Corporate Culture

- There are two ways to definite corporate culture:
 - Metaphorical ways
 - Descriptive ways

Metaphorical definitions

- The values, processes and encouraged behaviors in an organization. "The way things are done around here". (Hamden-Turner, 1990)
- **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. (Montana and Charnov 2008)

Descriptive definitions

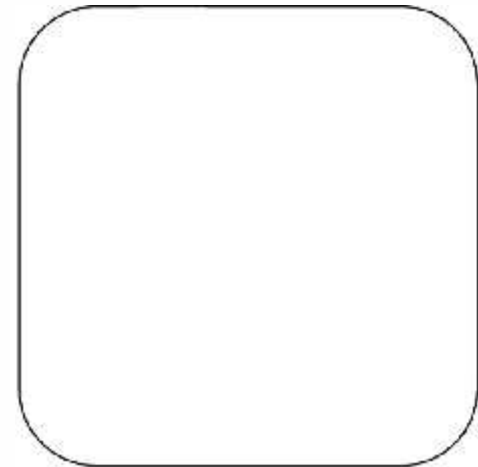
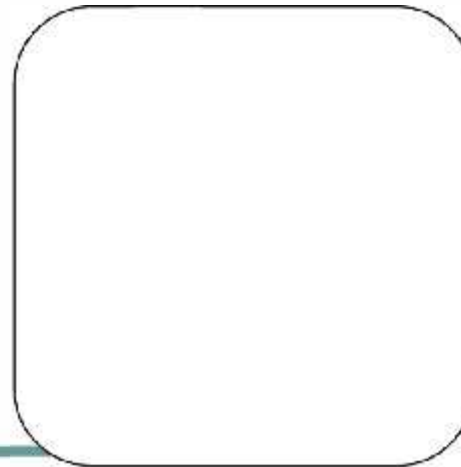
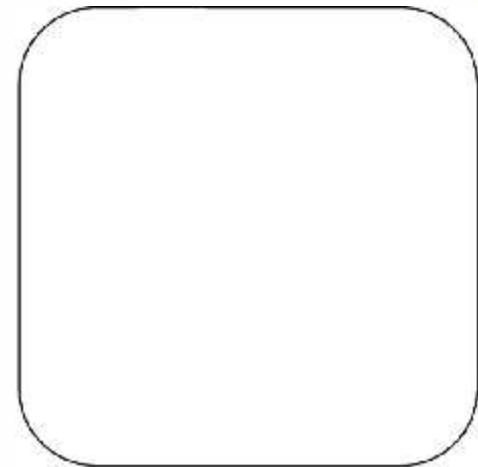
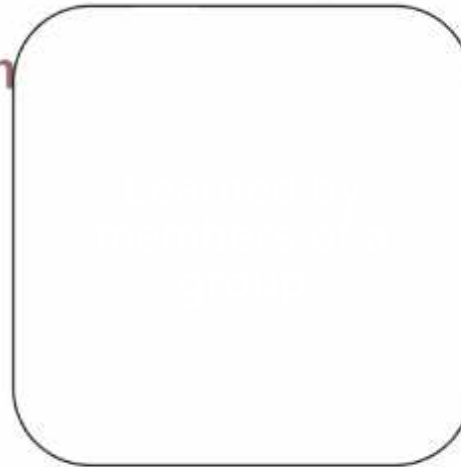
“Corporate culture is beliefs and ideas about what kinds of goals members of an organization should pursue and ideas about the appropriate kinds or standards of behavior organizational members should use to achieve these goals. From organizational values develop organizational norms, guidelines or expectations that prescribe appropriate kinds of behavior by employees in particular situations and control the behavior of organizational members towards one another.”
(Charles Hill, 2001)

Descriptive definitions

- "A pattern of shared basic assumptions that the group learned 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".
(Edgar Schein, 2005)

Culture Defined:

- Culture is a pattern of shared basic assumptions



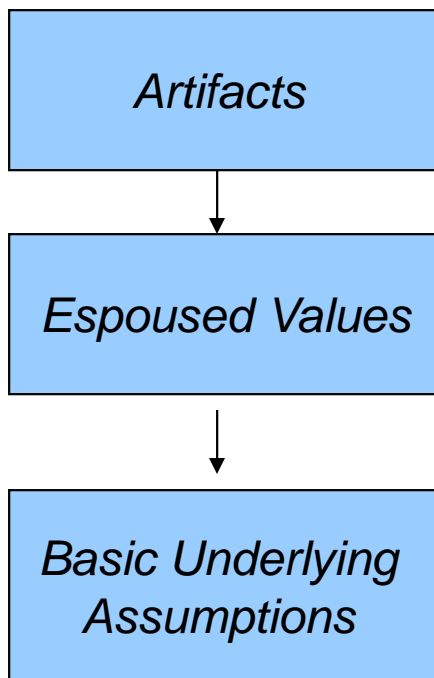
Corporate culture models

1. **Schein model**

- 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.

Corporate culture models

- **Schein's model:** 1st level: facilities, visible awards and recognition, dress and interacting.
2nd level: company slogan, mission, statements and other operational creeds.
3rd level: the organization's tacit assumptions, such as: unspoken rules, taboos, etc.



Artifacts:

- **Visible organizational structures and processes, such as ...**

Dress code

Names and titles of people and how they are used

Formality or informality in speaking

Degree of emphasis on automation

Perks such as parking, other benefits

Traditions upheld

Working hours

Espoused Values:

Slogans, mottos

Mission statements or code of ethics

Statements about commitment to excellence (or customer service, etc)

Overt and professed beliefs about how employees and customers are treated

Basic Underlying Assumptions:

- **Beliefs and attitudes so taken for granted that they are not often articulated**

Most difficult to change because rarely re-examined

Similar to what Argyris calls "theories in use"

Represent a shared "mental map"

Represent the most powerful aspect of organizational culture

Corporate culture models

- Deal and Kennedy measured organizations in respect of:
- **Feedback** - quick feedback means an instant response.
- **Risk** - represents the degree of uncertainty in the organization's activities.

Corporate culture models

- **The Tough-Guy Macho Culture.** Feedback is quick and the rewards are high. This often applies to fast moving financial activities such as brokerage, but could also apply to a police force, or athletes competing in team sports. This can be a very stressful culture in which to operate.
- **The Work Hard/Play Hard Culture** is characterized by few risks being taken, all with rapid feedback. This is typical in large organizations, which strive for high quality customer service. It is often characterized by team meetings, jargon and buzzwords.

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Corporate culture models

- **The Bet your Company Culture**, where big stakes decisions are taken, but it may be years before the results are known. Typically, these might involve development or exploration projects, which take years to come to fruition, such as oil prospecting or military aviation.
- **The Process Culture** occurs in organizations where there is little or no feedback. People become bogged down with how things are done not with what is to be achieved. This is often associated with bureaucracies. It is ideal for such industry as public services

Charles Handy's model

- **Power Culture** which concentrates power among a few. Control radiates from the center like a web. Power Cultures have few rules and little bureaucracy.
- **Role Culture**, people have clearly delegated authorities within a highly defined structure through hierarchical bureaucracies. Power derives from a person's position and little scope exists for expert power.

Charles Handy's model

- **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.
- **Person Culture** exists where all individuals believe themselves superior to the organization. Some professional partnerships can operate as person cultures, because each partner brings a particular expertise and clientele to the firm.

Arthur F Carmazzi's model

- **The Blame culture** This culture cultivates distrust and fear, people blame each other to avoid being reprimanded or put down, this results in no new ideas or personal initiative because people don't want to risk being wrong.
- **Multi-directional culture** This culture cultivates minimized cross-department communication and cooperation. Loyalty is only to specific groups (departments). The lack of cooperation and Multi-Direction is manifested in the organization's inefficiency.
- **Live and let live culture** This culture is Complacency, it manifests Mental Stagnation and Low Creativity. People here have little future vision and have given up their passion. There is average cooperation and communication, and things do work, but they do not grow. People have developed their personal relationships and decided who to stay away from, there is not much left to learn.

Arthur F Carmazzi's model

- **Brand congruent culture:** People in this culture believe in the product or service of the organization, they feel good about what their company is trying to achieve and cooperate to achieve it. People here are passionate and seem to have similar goals in the organization. Most everyone in this culture is operating at the level of Group.
- **Leadership enriched culture:** People view the organization as an extension of themselves and have exceptional Cooperation. In this culture, Leaders do not develop followers, but develop other leaders. Most everyone in this culture is operating at the level of Organization.

Hofstede's model

1. **Process – oriented versus Result oriented**

- Process-oriented versus results-oriented cultures is the most closely connected with the effectiveness of the company
- Processes-oriented companies have a bureaucratic attitude. All colleagues looked upon as avoiding taking risk and as spending the least possible effort.
- The results-oriented culture employs people who view their colleagues as people who feel comfortable in unfamiliar and risky situations, as people who always do their utmost and who experience each day as a new challenge

Process vs. Results

- Process Orientation
 - How things are done
 - The way we do things
- Results Orientation
 - What gets done
 - Outcome



Process

Results

Hofstede's model

2. Job – oriented versus Employee – oriented

- The position a company has on this dimension is connected with style and tradition, often based on the philosophy of the founder of the organization.
- In job-oriented organizations the organization is only interested in the work of employees produce. There is a heavy pressure to perform the task even if this is at the expense of the employees. In general, decisions are taken by individuals.
- In employee-oriented organizations the organization takes responsibility for the 'welfare' of its employees, even if this is at the expense of the work. Decisions are more frequently made by groups or committees

Employee vs. Job

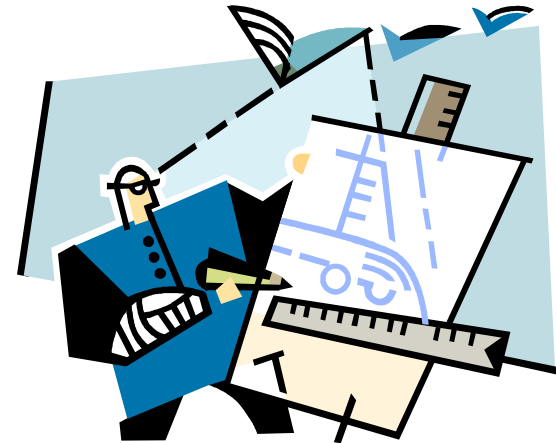
- Concern for Employee

- Employee satisfaction



- Concern for Job

- Work and what employee can do



Employee

Job

Hofstede's model

3. Opened versus Closed

- Open system versus closed system cultures refers to the common style of internal and external communication, and to the ease with which outsiders and newcomers are admitted.
- People in a closed system organization will look upon their organization and their colleagues mysteriously. New employees mostly need longer time before they feel at home.
- People in an open system organization have an idea that the organization and the people are very friendly and open to newcomers. Nearly everyone would fit in with the organization, and new employees mostly need few days to feel at home.

Open vs. Closed System

- Open System

- Easy to join
- Quickly get up to speed



- Closed System

- Difficult to join
- Only certain kind of people fit in



Open



Closed

Parochial vs. Professional

- Parochial

- Identity taken from being in the organization



- Professional

- Identity from outside organization



Parochial



Professional

Hofstede's model

5. **Tight versus Loose**

- Tightly versus loosely cultures control dimension which deals with the degree of formality and punctuality within the organization
- Tight refers to behavioral patterns within the company that are characterized by a strong measure of discipline and supervision. People in companies with tight supervision indicate that everybody is strongly cost-conscious, that meeting-times are kept strictly. It's popular at banks and pharmaceutical companies.
- In the loose organization people get together with less discipline and supervision. Nobody thinks of the cost of time and materials. Meeting-times are only kept approximately and that many jokes are made about the company and the job. Popular at research laboratories and advertising agencies.

Loose vs. Tight Control

- Loose Control

- Casual
- Improvisation

- Tight Control

- Seriousness
- Punctuality



Loose



Tight

Hofstede's model

6. Pragmatic versus Normative

- This dimension indicates the satisfaction of the customer, client or commissioning party towards the organization services
- In normative-oriented organization, the emphasis would be on applying the organizational procedures correctly. They are generally perceived as having high standards of honesty and business ethics, even if this should be done at the expense of the results
- In pragmatic organization, the emphasis would be applying on the customer's wishes. Honesty and business ethics are considered in a pragmatic attitude, as the customers themselves will decide what is or is not good for them.

Elements of Corporate culture

G. Johnson, 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.

Elements of Corporate culture

- **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.

Where is corporate culture comes from?

- Culture of the nation, in which the organization is acting
- Founders or early leaders, who articulates beliefs, principles, values, practices
- Influential individual, working groups or divisions.
- Values, vision statement rigidly adhered to.
- Over time, these values, visions, practices are widely shared by all employments.
- A company's culture is of internal social force.

Wal-Mart culture

- Dedication to customers' satisfaction
- Zealous pursuit of low cost
- Belief in treating employees as partners
- Sam Walton's legendary frugality
- Ritualistic Saturday morning meeting
- Commitments of executives to visit stores, talk to customers, solicit and act on employees suggestions

Strong/weak cultures

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

Strong Culture

- In strong culture, people do things because they believe it is the right thing to do—there is a risk of another phenomenon,
- "Groupthink" is "...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." This is a state, where people don't care of their different ideas, do not challenge organizational thinking, and therefore there is a reduced capacity for innovative thoughts.
- Group think is very common. Members that are defiant are often turned down or seen as a negative influence by the rest of the group, because they bring conflict.

Characters of strong culture companies

- Clear and explicit philosophy, how to do business
- Long discussion about values and beliefs
- Existence of creed or value statement
- Values and norms are widely shared and deeply rooted
- Careful selection of new employees

Characters of strong culture companies

- Legendary stories are told and retold
- Visible rewards for those, who following norms and penalties for those who don't
- Ceremonies honoring employees exemplifying cultural norms
- Sincere commitment to operating company according to tradition.

Characters of weak culture companies

- Many subcultures
- Few strong traditions
- Few values and beliefs are widely shared by all employees
- No strong sense for company's identity

Weak Culture

- In weak culture, there is little alignment with organizational values.
- Control must be exercised through extensive procedures and bureaucracy.
- Staff is lack of group thinking and leader is not successful in developing followers.

Characters of weak culture companies

- *Politicized internal environment*
 - Autonomous fiefdom operated of influential managers, who resist change
 - Issues resolved on basis of turf or coalitions
- *Hostility to change*
 - Experimentation discouraged
 - Avoiding risk
 - Multi-layered bureaucracies

Characters of poor performance companies

- Promoting managers, who understand structure, controls, system better than goal, visions and culture
- Aversion to look outside firm for better superior practices
 - Insular thinking
 - Inward looking solutions
 - Must be invented here syndrome

How is Culture Created?

The primary role
of the founder

With success,
founder
assumptions
become shared
assumptions

New members
are socialized
into existing
culture

Elements are
brought in by
new leaders and
occasionally new
members who
hold different
assumptions

How is Culture Embedded?

Leader attention, measurement, rewards, and controls

Leader reaction to critical incidents

Leader role modeling, coaching

Criteria for recruitment, promotion, retirement, and excommunication

Formal and informal socialization

How Culture is Embedded, con't

Recurring systems and procedures

Organization design and structure

Design of physical space

Stories and myths about key people and events

Formal statements, charters, creeds, ethic codes, etc.

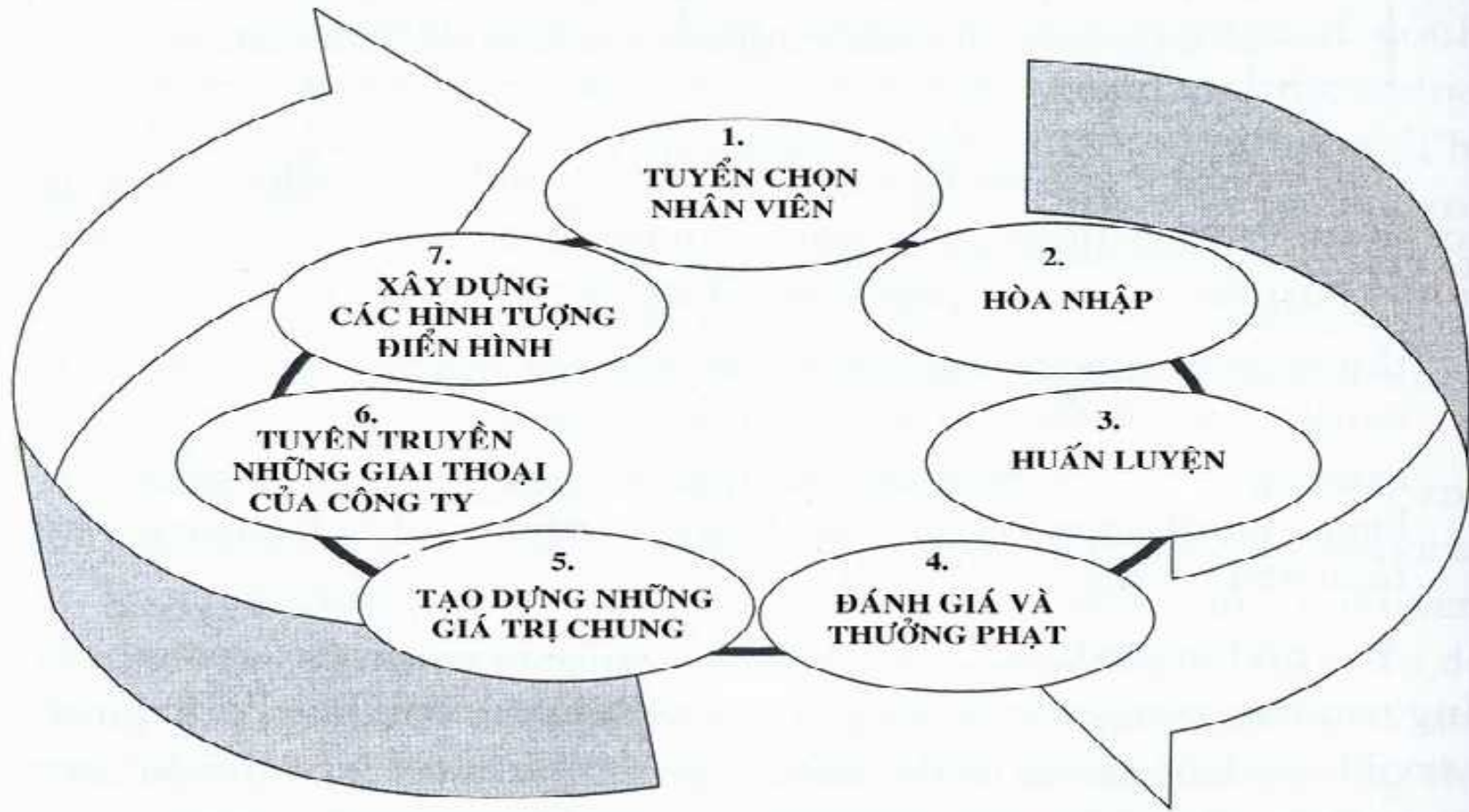
Sustaining culture

Organization culture is kept alive by:

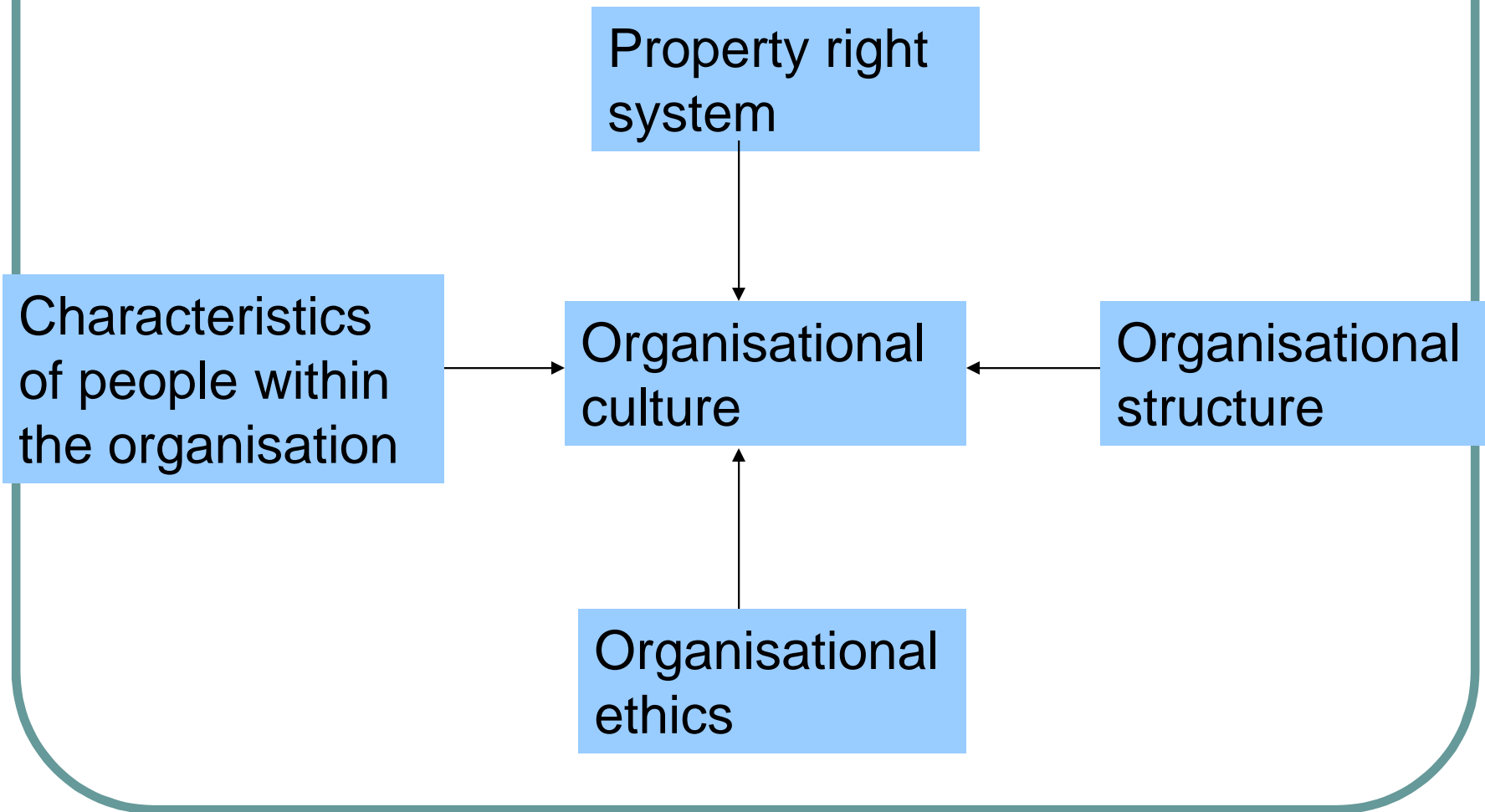
- **Selection**: the main theme behind selection is to identify and hire a person of knowledge, skill and abilities who could perform job one after matching the need of the organization. Applicants also learn about organization.
- **Top Management**: Top manager's behavior reflect on organization culture. Well behaved, dress, right judgment on performance by the managers, filter down to organization as to whether risk taking is desirable.
- **Socialization**: It is a process which help the employees to adapt to the culture of the organization. New employees are to be fully indoctrinated in the culture of organization through socialization.

Stages of socialization

- **Pre-arrival stage**: It is the period of learning in the socialization process that occurs before the new employee joins the organization. Requirements to be fulfilled for the job along with other behavior will make strong impression on the new comers.
- **Encounter stage**: New comers confronts expectation and reality diverge. Proper attention by means of induction program, social get-together etc helps to get them adapt to new culture.
- **Metamorphosis stage**: It is the time for the new employees to be changed and get adjusted to the job, work group and organization.



Sources of corporate culture



Culture as a liability

Dysfunctions of culture: *especially applicable in strong culture*

- **Barrier to change**: occurs when organization's environment is dynamic & organization has strong culture that worked well in past.
- **Barrier to diversity**: strong cultures put considerable pressure on employees to conform. Diverse behaviors are likely to diminish in strong cultures as people attempt to fit in.
- **Barrier to acquisition & merger**: related to financial advantage and product synergy but cultural compatibility is the primary concern.

For a brighter future

