

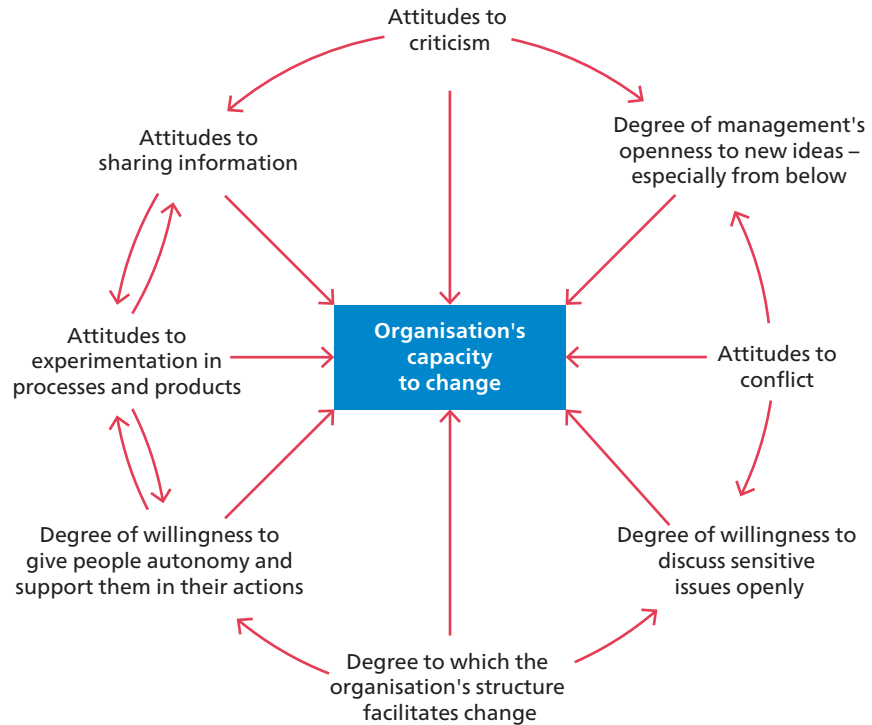


Figure 15.1 Organisational culture and change

Source: Senior, B. and Swailes, S. *Organizational Change*, fourth edition, Financial Times Prentice Hall (2010), p. 161, Reprinted and Electronically reproduced by permission from Pearson Education, Inc., New York.

A similar view is held by *Naylor*, who points out that 'In the holistic system, any change will affect the culture and the culture will affect or constrain the change . . . Cultural change is intimately bound up with the process of organisational change.'²

However, in practice, organisations usually appear to alter their underlying ethos only on a gradual basis and the complexity of environmental pressures may itself hinder rapid change. Culture is often deep-rooted and commitment to the objectives and policies of the organisation, people's cognitive limitations and their uncertainties and fears, may mean a reluctance to accept a change in behaviour. Culture is reinforced through the system of rites and rituals, patterns of communication, the informal organisation, expected patterns of behaviour and perceptions of the psychological contract. **(Organisational change is discussed later in this chapter.)**

A depiction of the way elements of culture can support and/or defend against change is given in **Figure 15.1**.

What is organisational culture?

Although people may not be aware consciously of culture, it still has a pervasive influence over their behaviour and actions. There is, however, no consensus on its meaning or applications to the analysis of work organisations. There is also sometimes confusion over the difference between the interpretation of organisational culture and organisational climate **(discussed later in this chapter)**.

Organisational culture is a general concept with different meanings and difficult to explain precisely. A popular and simple way of defining culture is ‘how things are done around here’. For example, *Atkinson* explains organisational culture as reflecting the underlying assumptions about the way work is performed; what is ‘acceptable and not acceptable’; and what behaviour and actions are encouraged and discouraged.³ *Rachel Johnson*, the Editor of *Governance & Compliance* magazine suggests that our understanding of culture in the workplace is that it is the embodiment of the ethos of a whole organisation which finds expression through the operation and practices that the organisation undertakes^{3A}. If the ethos of an organisation is deemed to be incorrect, then the culture is the root of the problem and needs to be addressed for these issues to be resolved. Changing the ethos without changing the culture would be purely superficial and not have any long term impact.

The culture of an organisation is also often likened to the personality of an individual⁴ (see the group discussion activity at the end of this chapter).

A summary of organisational culture is set out in Figure 15.2.

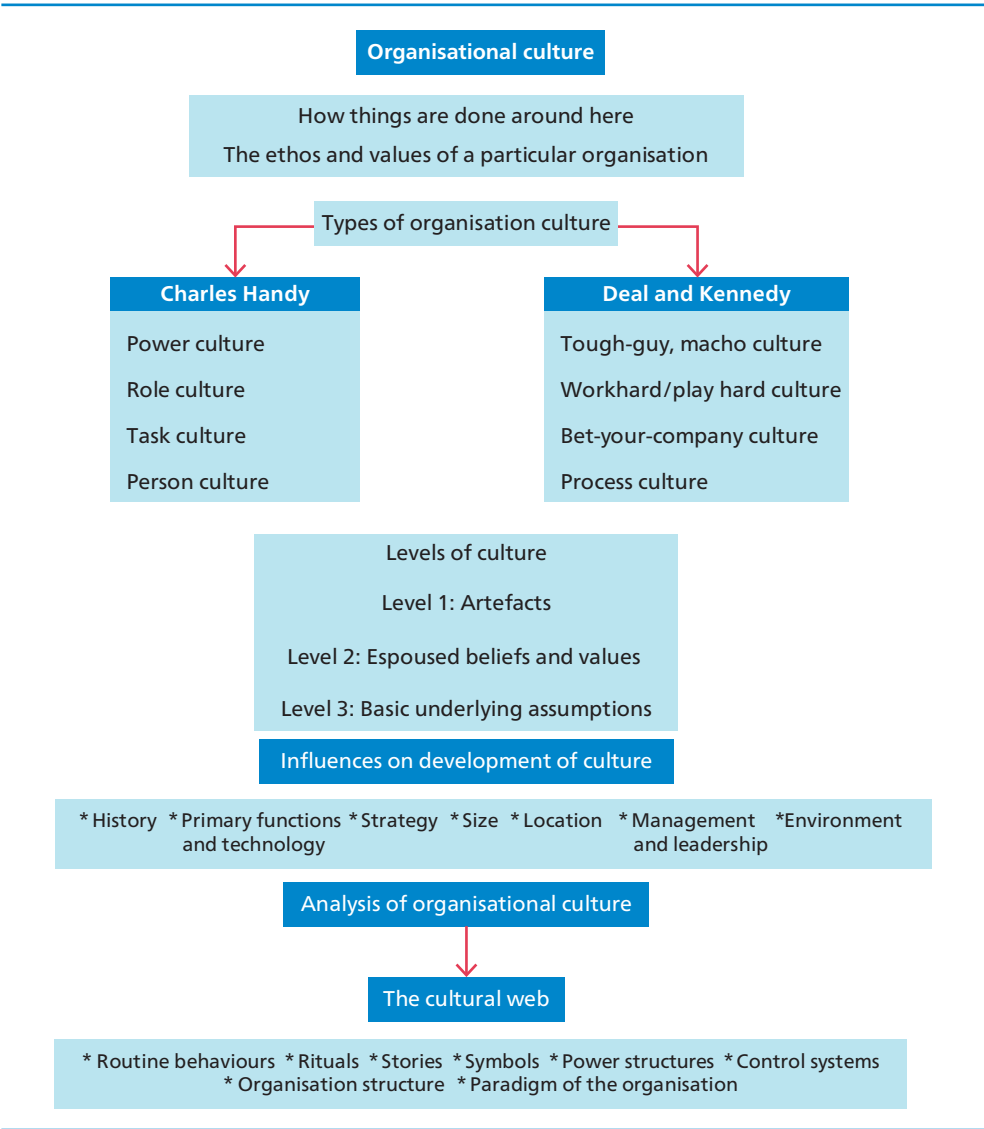


Figure 15.2 Summary of organisational culture



How would YOU describe the culture of your university in terms of how things are done around here and in what ways does it impact upon your life as a student?

Types of organisation culture

There are a number of ways to classify different types of organisational culture. Two common classifications are those by Handy and by Deal and Kennedy.

Developing the ideas of *Harrison*,⁵ *Charles Handy* describes four main types of organisational cultures: power culture; role culture; task culture; and person culture.⁶

- **Power culture** depends on a central power source with influence throughout the organisation. A power culture is frequently found in small entrepreneurial organisations and relies on trust, empathy and personal communications. There are few rules and procedures, and little bureaucracy. It is a political organisation with decisions taken largely on the balance of influence.
- **Role culture** is often stereotyped as a bureaucracy and works by logic and rationality. Role culture rests on the strength of strong organisational 'pillars' – the functions of specialists in, for example, finance, purchasing and production. Role or job description is often more important than the individual, and position is the main source of power.
- **Task culture** is job-oriented or project-oriented. Task culture can be likened to a net, some strands are stronger than others and with much of the power and influence. An example is the matrix organisation. Task culture seeks to bring together the right resources and people, and utilises the unifying power of the group. Influence is widely spread and based more on expert power than on position or personal power.
- **Person culture** is where the individual is the central focus and structure exists to serve the individuals within it. When a group of people decide to band together to do their own thing and share office space, equipment or clerical assistance, then the resulting organisation would have a person culture. Examples are groups of barristers, architects, doctors or consultants. Many individuals have a preference for person culture, for example university professors and research specialists. Management hierarchies and control mechanisms are possible only by mutual consent.

Every organisation will have its own unique culture and most large businesses are likely to be something of a mix of cultures with examples for each of the four types in varying areas of the organisation. Different people enjoy working in different types of organisation culture and they are more likely to be happy and satisfied at work if their attributes and personalities are consistent with the culture of that part of the organisation in which they are employed.

Four generic types of culture

From an examination of hundreds of business organisations and their environments, *Deal and Kennedy* categorise corporate cultures according to two determining factors in the marketplace:

- the degree of risk associated with the organisation's activities; and
- the speed at which organisations and their employees receive feedback on the success of decisions or strategies.

These factors give rise to four generic types of culture: the tough-guy, macho culture; the work-hard/play-hard culture; the bet-your-company culture; and the process culture.⁷

- **Tough-guy, macho culture** – an organisation of individualists who frequently take high risks and receive quick feedback on the right or wrong of their actions. Examples include police departments, surgeons, construction, cosmetics, management consulting and the entertainment industry. Financial stakes are high and there is a focus on speed.
- **Work-hard/play-hard culture** – characterised by fun and action where employees take few risks, all with quick feedback. Organisations tend to be highly dynamic and the primary value centres on customers and their needs. There is a high level of relatively low-risk activity. Examples include sales organisations such as estate agents and computer companies, mass consumer companies such as McDonald's, office equipment manufacturers and retail stores.
- **Bet-your-company culture** – where there are large-stake decisions with a high risk but slow feedback so that it may be years before employees know if decisions were successful. Examples include oil companies, investment banks, architectural firms and the military. The focus is on the future and the importance of investing in it. There is a sense of deliberateness throughout the organisation typified by the ritual of the business meeting.
- **Process culture** – a low-risk, slow-feedback culture where employees find difficulty in measuring what they do. Typical examples include insurance companies, financial services and the civil service. The individual financial stakes are low and employees get very little feedback on their effectiveness. Their memos and reports seem to disappear into a void. Lack of feedback forces employees to focus on how they do something, not what they do.

Criticisms of cultural typologies

Some writers are critical of the generic typologies of culture that suggests organisations have a single overriding cultural environment representative of management ideology and all stakeholders. The complex nature of organisations may give rise to many different cultures and overlapping and/or conflicting sub-cultures including ways in which members of staff distinguish themselves within the organisation.

A notable critic of a unitary approach to a dominate culture imposed by senior management is *Smircich* who uses the metaphor of a plant root. Culture is something that 'is' and has developed and spread (like plant roots) together with an organisation's history, structure and staff. It is culture that drives organisations and shapes their structure and interactions. *Smircich* views culture as usually defined hierarchically and is elevated as a critical variable that controls the nature of organisational life, and determines its performance and effectiveness.⁸

Martin contrasts an integrationist perspective of a single unified culture as a basis for organisational effectiveness with a differentiation or pluralistic

perspective which views organisation culture in terms of diverse interest groups within their own objectives.⁹ *Parker* also suggests that rather than a strong single culture, organisations possess multiple sub-cultures that may overlap or contradict each other. An organisation's culture may also be perceived differently in terms of either the formal or informal structure (see Chapter 2).¹⁰



In what type of organisation culture are YOU more likely to be happy and satisfied at work, and is most consistent with your personality and attributes?

Levels of culture

Schein suggests a view of organisational culture based on distinguishing three levels of culture, from the shallowest to the deepest: artefacts and creations; values; and basic assumptions.¹¹

- **Level 1: Artefacts.** The most visible level of the culture is artefacts and creations – the constructed physical and social environment. This includes physical space and layout, the technological output, written and spoken language and the overt behaviour of group members.
- **Level 2: Espoused beliefs and values.** Cultural learning reflects someone's original values. Solutions about how to deal with a new task, issue or problem are based on convictions of reality. If the solution works, the value can transform into a belief. Values and beliefs become part of the conceptual process by which group members justify actions and behaviour.
- **Level 3: Basic underlying assumptions.** When a solution to a problem works repeatedly it comes to be taken for granted. Basic assumptions are unconsciously held learned responses. They are implicit assumptions that actually guide behaviour and determine how group members perceive, think and feel about things.



Culture – how things are done around here

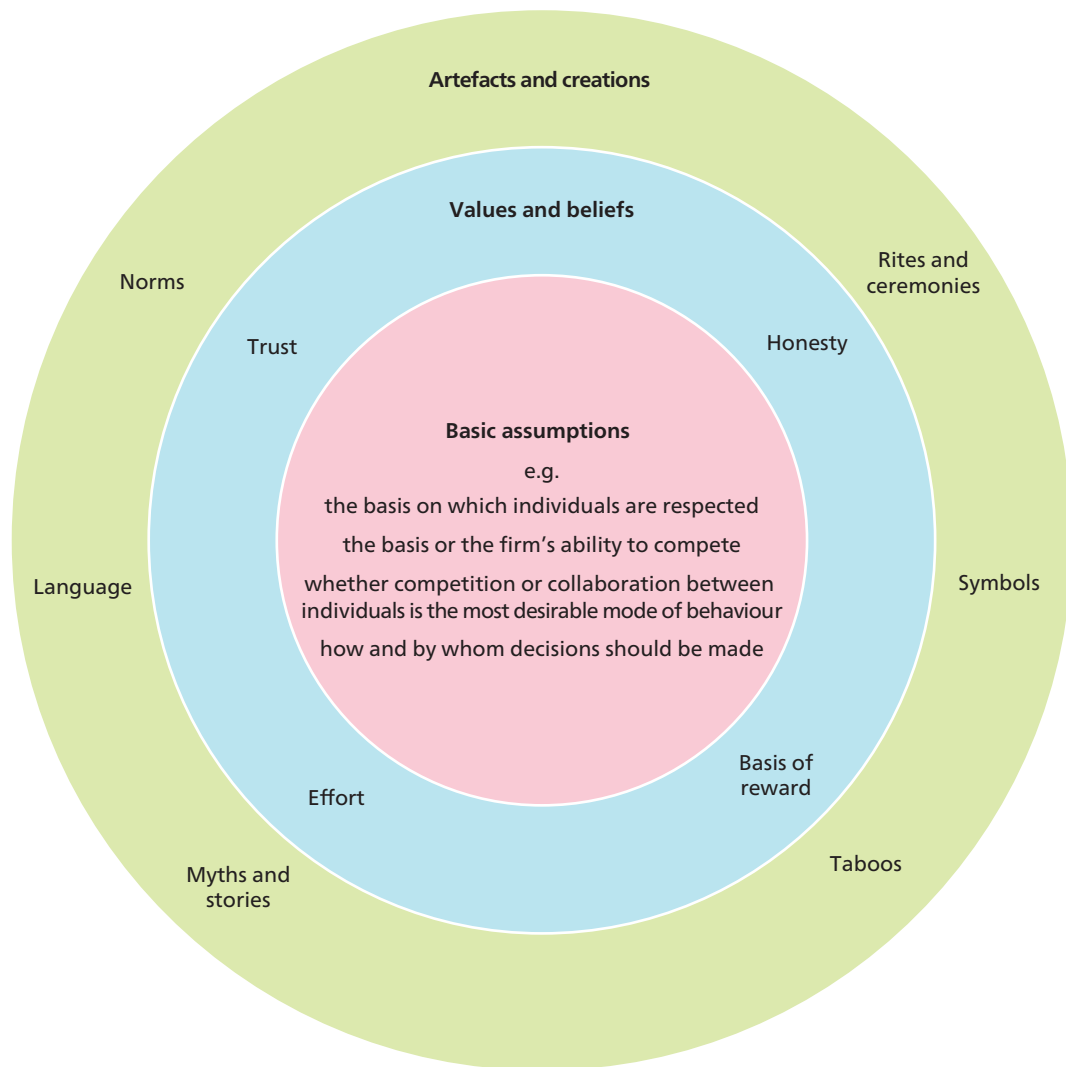


Figure 15.3 Schein's levels of culture

Source: Rollinson, D. *Organisational Behaviour and Analysis: An Integrated Approach*, fourth edition, Financial Times Prentice Hall (2008), p. 592. Reprinted and Electronically reproduced by permission from Pearson Education, Inc., New York.

Schein suggests that the basic assumptions are treated as the essence – what culture really is – and values and behaviours are treated as observed manifestations of the culture essence. **See Figure 15.3.**

Influences on the development of culture

The culture and structure of an organisation develop over time and in response to a complex set of factors. We can, however, identify a number of key influences that are likely to play an important role in the development of any corporate culture.

These include history, primary function and technology, strategy, size, location, management and leadership, and the environment.¹²

- **History.** The reason, and manner in which, the organisation was originally formed, its age, and the philosophy and values of its owners and first senior managers will affect culture. Corporate history can be an effective induction tool to assist a growth programme, and help integrate new employees by infusion with the organisation's culture and identity.¹³ Failure in mergers and acquisitions can arise from cultural clashes and failure to integrate different cultures.¹⁴
- **Primary function and technology.** The nature of the organisation's 'business' and its primary function have an important influence on its culture. This includes the range and quality of products and services provided, the importance of reputation and the type of customers. The primary function of the organisation will determine the nature of the technological processes and methods of undertaking work, which in turn also affect structure and culture.
- **Strategy.** Although a business organisation may pursue profitability, this is not by itself very clear or a sufficient criterion for its effective management. The organisation must give attention to objectives in all key areas of its operations. For example, the emphasis placed on long-term survival or growth, avoiding risks and uncertainties, or concern for broader social responsibilities. The combination of objectives and resultant strategies will influence culture, and may itself be influenced by changes in culture. **(See also Chapter 16.)**
- **Size.** Usually larger organisations have more formalised structures and cultures. Increased size is likely to result in separate departments and possibly split-site operations. This may cause difficulties in communication and inter-departmental rivalries with the need for effective co-ordination. A rapid expansion, or decline, in size and rate of growth, and resultant changes in staffing will influence structure and culture.
- **Location.** Geographical location and physical characteristics can have a major influence on culture – for example, whether an organisation is located in a quiet rural location or a busy city centre can influence the types of customers and the staff employed. An example could be a hotel or restaurant. Location can also affect the nature of services provided, the sense of 'boundary' and distinctive identity, and opportunities for development.
- **Management and leadership.** Top executives can have considerable influence on the nature of corporate culture. Examples could include the key roles played by Sir Richard Branson, Anita Roddick, founder of The Body Shop.

Another example is *Louis Gerstner*, who remade the ossified culture of computing giant IBM bred by the company's success, rebuilt the leadership team and gave the workforce a renewed sense of purpose.¹⁵ A further example is Harriet Green who between 2012 and 2014 completely transformed the financial fortunes of travel operator Thomas Cook. Before her appointment as CEO, Thomas Cook was described by the *Financial Times* as 'a near-death experience'. Such was the impact of Harriet Green that after her sudden departure £360 million was wiped off the share price of the company. However, all members of staff help to shape the dominant culture of an organisation, irrespective of what senior management feel it should be. Another important influence is the match between corporate culture and employees' perception of the psychological contract **(discussed in Chapter 1)**.

- **The environment.** In order to be effective, the organisation must be responsive to external environmental influences. For example, if the organisation operates within a dynamic environment it requires a structure and culture that are sensitive and readily adaptable to change. An organic structure is more likely to respond effectively to new opportunities and challenges, and risks and limitations presented by the external environment. **Recall the discussion on mechanistic and organic systems in Chapter 12.**



What examples can YOU provide of people who have exercised considerable influence over corporate culture? What about the vice-chancellor of your university?

The cultural web

In order to help describe and understand the culture of an organisation, *Johnson et. al.* present a cultural web, which brings together different aspects for the analysis of organisational culture (see Figure 15.4).

- **Routine behaviours** – ways in which members of the organisation behave towards each other and towards those outside the organisation and which make up how things are done or how things should happen.
- **Rituals** – particular activities or special events through which the organisation emphasises what is particularly important; can include formal organisational processes and informal processes.

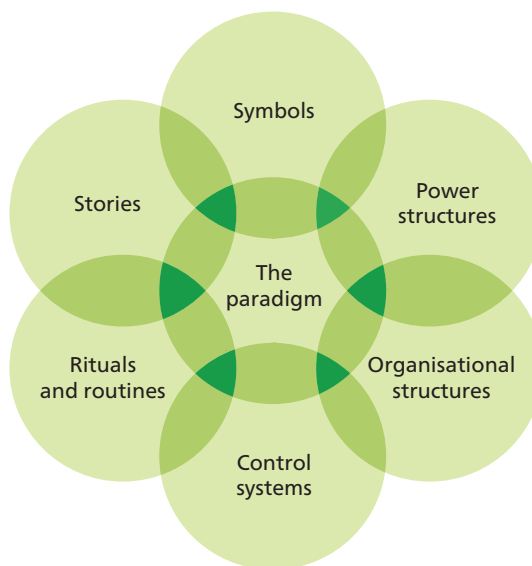


Figure 15.4 The cultural web

Source: Johnson, G., Whittington, R., Scholes, K., Angwin, D. and Regnér, P. *Exploring Strategy*, tenth edition, Pearson Education Ltd (2014), p. 156. Reprinted and Electronically reproduced by permission from Pearson Education, Inc., New York.

- **Stories** told by members of the organisation that embed the present and flag up important events and personalities, and typically have to do with successes, failures, heroes, villains and mavericks.
- **Symbols** – such as logos, offices, cars, titles, type of language or terminology commonly used – which become a shorthand representation of the nature of the organisation.
- **Power structures** – power of the most powerful individuals or groups in the organisation may be based on management position and seniority, but in some organisations power can be lodged with other levels or functions.
- **Control systems** – measurement and reward systems that emphasise what it is important to monitor, and to focus attention and activity upon – for example, stewardship of funds or quality of service.
- **Organisation structure** – which reflects power structures and delineates important relationships and activities within the organisation, and involves both formal structure and control and less formal systems.
- **The paradigm of the organisation**, which encapsulates and reinforces the behaviours observed in other elements of the cultural web.¹⁶

Culture and organisation control

A number of writers have referred to an alternative view of culture as a means of organisational control. For example, *Cartwright* sees culture as a system of management authority. When accepted by employees, cultural values increase the power and authority of management in three ways. Employees:

- identify themselves with their organisation and accept its rules when 'it is the right thing to do';
- internalise the organisation's values when they believe they are right; and
- are motivated to achieve the organisation's objectives.¹⁷

Egan refers to culture as the largest organisational control system that dictates how crazy or idiosyncratic people can be. Companies and institutions have both an overt and covert culture that influences both business and organisational behaviour.

The covert set can be quite dysfunctional and costly, and the largest and most controlling. It affects not only overt organisational behaviour but also the shadow-side behaviour. There may be no published rule, but culture still lays down norms for the social system. Culture tells the kind of politics allowed and how employees are allowed to play the political game.¹⁸

Watson refers to the cultural design of an organisation and the link between direct and indirect controls. In a highly centralised organisation with a tight bureaucratic structure and culture there would be an emphasis on direct controls with prescribed rules and procedures, and a low level of psychological commitment from employees. In a less centralised organisation with a loosely bureaucratic structure and culture there would be more attention to indirect controls with relatively loose rules and procedures, greater flexibility and discretion, and a culture of high level commitment.¹⁹ **See also organisation control in Chapter 14.**

Two different forms of culture

Acas distinguishes two different organisation cultures and different ways of doing things:

- control culture with the emphasis on rules and procedures, control and compliance with precedent providing guidelines; and
- quality of working life culture with the emphasis on core values, with mission statements providing guidance and commitment via shared goals, values and traditions.²⁰

Kershaw contrasts rules-based or values-based culture.

In rules-based cultures, people follow the rules and procedures assuming they are in place for good reasons, as a result of the regulatory nature of the work they undertake, or because of a particular management style. In value-driven organisations, there is an expected code of conduct. People should understand the values of the organisation and know how to behave and perform. Diverse organisations need a mix of 'command and control' and 'culture and values' to be successful.²¹

Importance of culture

Applications of organisational behaviour and effective management of people are dependent not only upon the nature of the industry or business, but also upon the characteristic features of the individual organisation – and its culture. The pervasive nature of culture in terms of 'how things are done around here' and common values, beliefs and attitudes will therefore have a significant effect on organisational processes such as decision-making, design of structure, group behaviour, work organisation, motivation and job satisfaction, and management control. With increasing globalisation, work organisations are becoming even more complex and internationally based. There is greater emphasis on the understanding and management of a diverse group of people from different nationalities into a coherent culture.

Reigle refers to culture as an important factor in successful technology implementation, innovation, mergers, acquisitions, job satisfaction, organisational success and team effectiveness, and to the importance of determining whether organisations exhibit organic or mechanistic cultures.²²

A director of Glassdoor Europe, *Joe Wiggins*, suggests that apart from money and compensation, company culture is the most important influence on the decision of candidates to join an organisation, followed by company reputation/employer brand.²³

Culture and work ethic

Culture can influence people's attitudes and behaviour at work. *Bunting* draws attention to the link between work ethic (**discussed in Chapter 1**) and culture, and the extent to which people have a choice over how hard they work. Although some

people have no choice, for the vast majority of people there is a degree of choice but the choices are not made in isolation:

they are the product of the particular organisational culture of our workplaces, which promote concepts of success, of team spirit so that we don't let colleagues down, and a powerful work ethic. We are also influenced by a culture that reinforces that work ethic and its cycle of continual achievement and consumption as measures of self-worth.

Bunting maintains it is through work that we seek to satisfy our craving for a sense of control, mastery and security and clever organisations exploit this cultural context by designing corporate cultures that meet the emotional needs of their employees.²⁴

The competitive environment and concerns about job security have contributed to a prevailing work culture of 'presenteeism'. In many organisations working long hours is seen as a necessary feature of acceptable behaviour and career progression. Presenteeism does not necessarily imply physical presence at your place of work but ready availability at most hours, including weekends and evenings, by email and mobile.

National cultural environment (**discussed in Chapter 1**) can have a noticeable effect on presenteeism. As the author experienced for himself in Australia work-related activities are often undertaken comfortably away from the workplace, in local coffee houses for example, without concern about not being seen by management. This is in contrast to the typical work ethic throughout much of the USA where again the author experienced the almost obsessive concern for always being seen about the place.



How has YOUR work ethic been influenced by the cultural environment of your university? To what extent is there an expectation of presenteeism for staff and for students?

Culture and organisational performance

Culture is clearly an important ingredient of effective organisational performance. *Stanford* suggests that although people have difficulty in explaining why, intuitively they know that 'yes, of course' culture matters. It is an intangible asset that is both distinctive to that organisation and adds value to it (or diminishes value). Ten typical characteristics that form the typical organisation culture are:

- a story or stories
- a purpose
- set of values
- an attitude to people
- a global mindset
- a relationship network
- a digital presence
- a reputation

- a customer proposition, and
- horizon scanning ability.

Although links between culture and business success are difficult to prove, Stanford maintains that even when there is a strong and healthy culture, a business cannot be successful if there is a flawed business model. However, with a strong and healthy culture there is less likelihood of a flawed business model.²⁵

Hilton believes the key to understanding any business is to understand its culture, yet often it is the most neglected and taken for granted part. There is a strong link and companies both succeed and decline because of their culture. Most management systems such as risk management neglect the importance of culture and treat business as a mechanical operation when its outcomes depend fundamentally on the way people behave and interact. The biggest reason for the failure of two thirds of mergers and acquisitions would probably be the incompatibility in culture of the businesses.²⁶

As *Clifton* points out, an organisation's culture whether official defined and promoted or just established organically will determine a whole range of performance indicators. A happy and engaged workforce is widely acknowledged to outperform one where negativity and office politics thrive. 'Business leaders should re-evaluate the importance of culture when embarking on any change management programme focused on performance improvement.'²⁷

Klugerman maintains that culture will happen whether you like it or not. It is all - embracing touching every interaction or decision in an organisation. For many it is difficult to know how to get a grip on their culture. The power of culture can be illustrated by the expression 'That's just how we did things' as a familiar sentiment in the wake of an organisational scandal. Although changing culture is never easy the rewards can be substantial.²⁸

National and international culture

With greater global competition, an understanding of national culture has become of increasing importance for managers. *Schneider and Barsoux* suggest that cultural beliefs and values influence the meaning of management and also show up differences in conceptions of organisations. National differences and cultural reasons raise concerns about the transferability of organisational structures, systems and processes and question the logic of universal 'best practice'.²⁹ *Cheng, Sculli and Chan* also question the universality of theories of management and organisational behaviour on the grounds that they have not adequately addressed the factor of culture.³⁰

According to *Francesco and Gold*, culture has recently been accepted as an explanation of organisational behaviour. One reason is the increase in competitiveness of nations and a second reason is that managers encounter different cultures in their contacts with people from other nations. However, there are limits to the use of culture to explain organisational behaviour, and the relationship between national cultural values and actual behaviour in organisations is complex.³¹

Menzies points out that understanding the culture of doing business in a particular country can give you the upper hand. While the cultural differences in doing business abroad represent one of the biggest barriers to efficient working,