Today's Objectives

- To define and analyse culture, notably organisational culture

- To assess the importance of organisational culture in relation to overall performance

https://youtu.be/-_vK-a_Iqjg

Organisational culture: definitions

'The collection of traditions, values, policies, beliefs and attitudes that constitute a pervasive context for everything we do and think in an organisation.' (McLean, 1993)

The collective self-image and **style** of the organisation; its **shared values and beliefs**, **norms and symbols**

https://youtu.be/1jn2_nZrivQ

http://youtu.be/kfQFAzsC9r8

My favourite:
the organisation's 'personality'

'That's the way we do things around here.'

(Handy, 1987)

Culture → *Behaviour*

The monkey ladder experiment - YouTube

Why is culture important?

Culture shapes behaviour

- Friendly or Aggressive
- Proactive or Passive
- Concerned or Not Bothered
- Teamworker or Solo Player
- Rule Follower or Rule Breaker.

Organisational Culture

- http://youtu.be/9bJBeCI0e3U
- Distinctive artefacts…pianos, pool tables and roller hockey
- Values of innovation and sharing

Does all this matter- just style or a key determinant of performance?

Google

Organisational Culture

Google

Positive aspects of culture

When accepted by employees culture increases the **authority of management** because:

- Employees identify with the organisation
- They internalise the organisation's values
- They are motivated to achieve organisational objectives

Cartwright (1999)

So.....

- Values, beliefs and assumptions influence behaviour
- Culture guides actions but only when strong and unchallenged
- Some cultures are better than others
- If values, beliefs and attitudes can be learned they can also be changed

Culture as a Liability

- **Barrier to Change**
  - Culture is slow to change – even in a dynamic environment
- **Barrier to Diversity**
  - Culture seeks to minimise diversity
  - Can embed prevalent bias and prejudice
- **Barrier to Acquisitions and Mergers**
  - Most mergers fail due to cultural incompatibility

Culture's 5 Basic Functions

- Defines Boundaries
- Conveys a Sense of Identity
- Generates Commitment Beyond Oneself
- Enhances Social Stability
- Sense-making and Control Mechanism

Levels of culture: Schein

Shallow to **deep** as follows:

1. **Artefacts**: physical space and layout, technological output, written and spoken language, overt behaviour of group members

2. **Espoused values**: beliefs which become part of the conceptual process by which groups members justify actions and behaviour

3. **Basic underlying assumptions**: unconsciously held learned responses – the essence/core

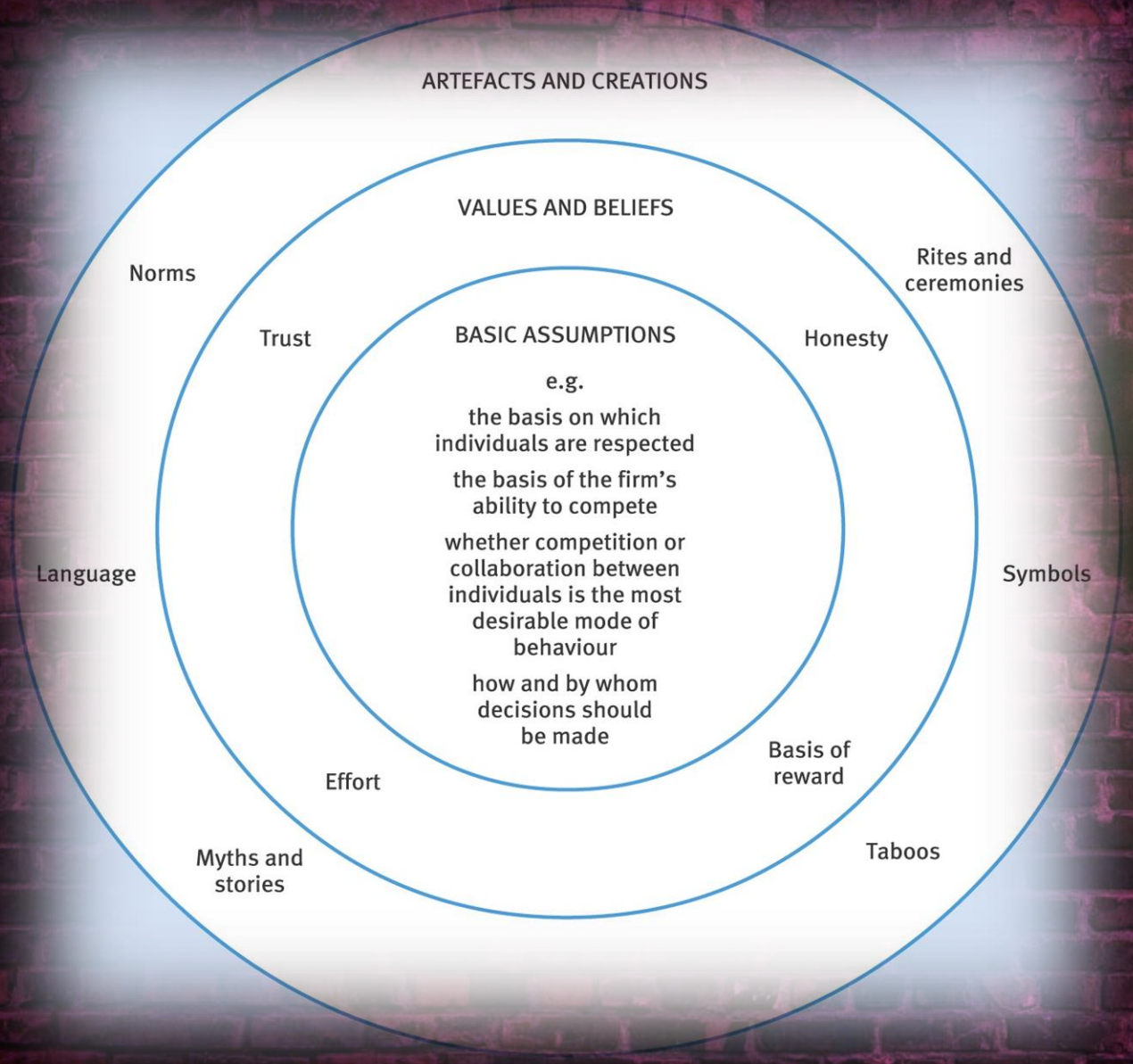


Figure 20.1 Schein's layered conceptualisation of culture

Handy's 4 types of culture:

Person – The individual is the central focus.

Found amongst artists, performers, barristers,architects.

Power – Power radiates out from the centre like a spider's web. Control.

Found in small entrepreneurial companies, family dominated companies

Role – Found in bureaucracies.

The main emphasis is on compliance with rules and procedures.

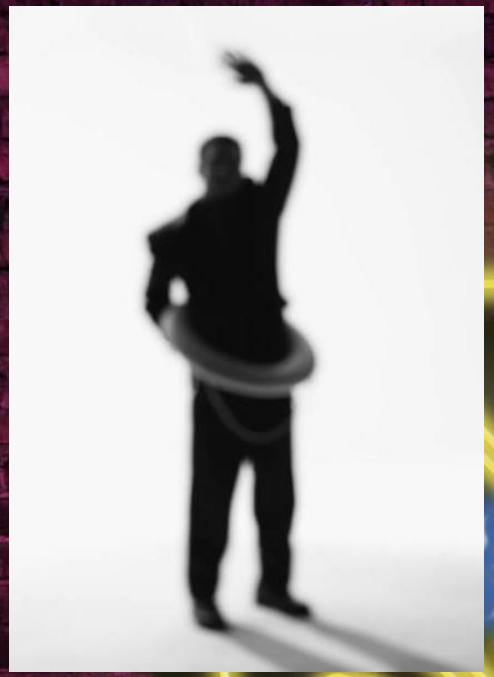
Task – The emphasis is on completing the job or project.

Found in organisations which require teamwork, flexibility and speed, such as events agencies.

Main cultures in the UK = Role and Task

Handy (1986)

Types of culture: (ACAS)



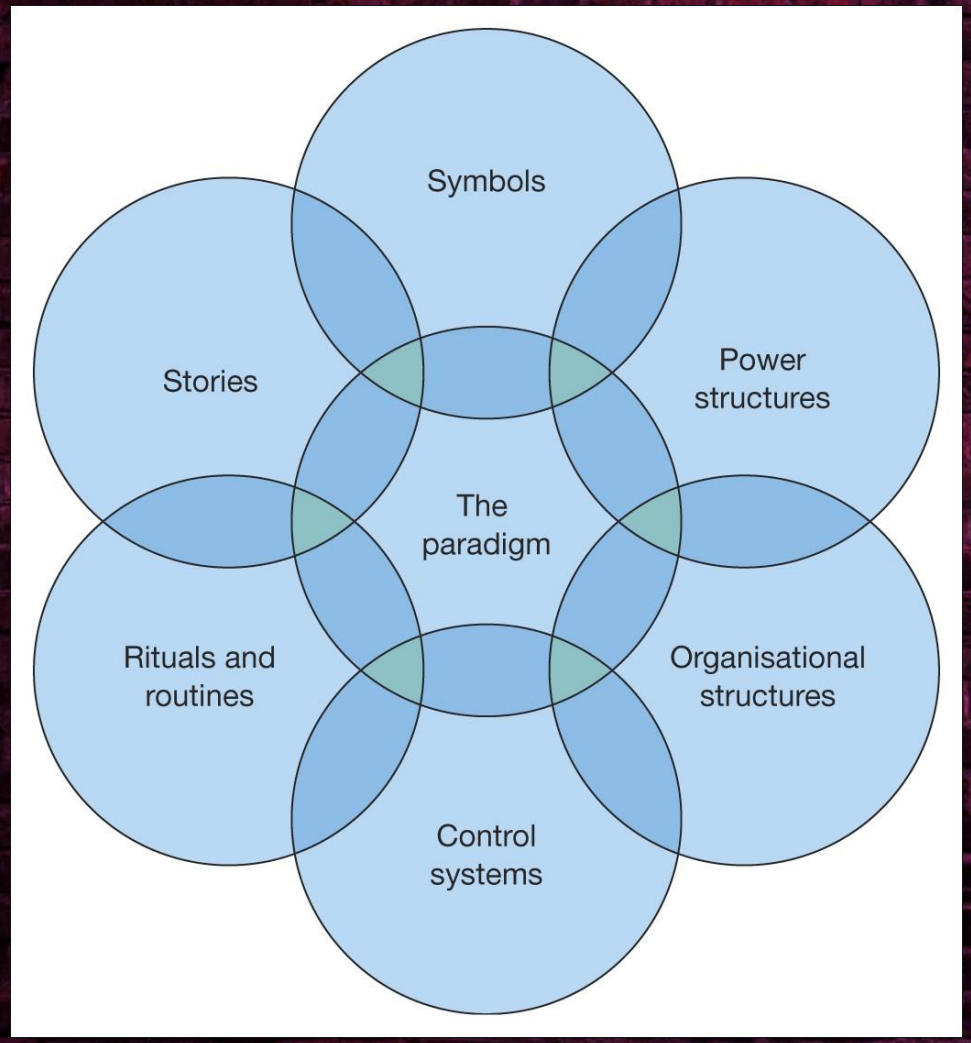
- **Control** culture
  - Emphasis on rules, procedures, control and compliance.

- **Quality of working life** culture
  - Emphasis on core values, mission statements to provide guidance and commitment through shared goals, values and traditions.

Influences on the development of culture

- History
- Primary function and technology
- Strategy
- Size
- Location
- Management and staffing
- The environment
- BUDGET

The cultural web



http://youtu.be/8lVxC6XRvtY

Figure 19.1 The cultural web of an organisation

Source: Johnson, G., Scholes, K. and Whittington, R., *Exploring Corporate Strategy*, Seventh Edition, Financial Times Prentice Hall (2005), p. 202. Reproduced with permission from Pearson Eduction Ltd.

Culture and organisational performance

'Without exception, the dominance and coherence of culture proved to be an essential quality of the excellent companies.'

Peters and Waterman (1984)

'There is nothing accidental about cultural strengths.. There is a relationship between an organisation's culture and its performance.'

Heller

Managerial tools

To be suitable, a culture must be:

- Strategically relevant
- Strong enough for people to care
- Able to adapt to changing circumstances

Managerial tools to develop culture include:

- Recruitment and selection
- Social tools and training
- Reward systems

http://youtu.be/j8hsCx7FFNk

Three perspectives on culture

- **Optimists** – culture can be changed, e.g. Peters and Waterman (1982).
- **Pessimist –** culture cannot be changed, e.g. Hatch (1997)
- **Realists –** parts of culture can be changed, e.g. Meek 1988).

Ogbonna and Harris (2002)

A structure–culture continuum

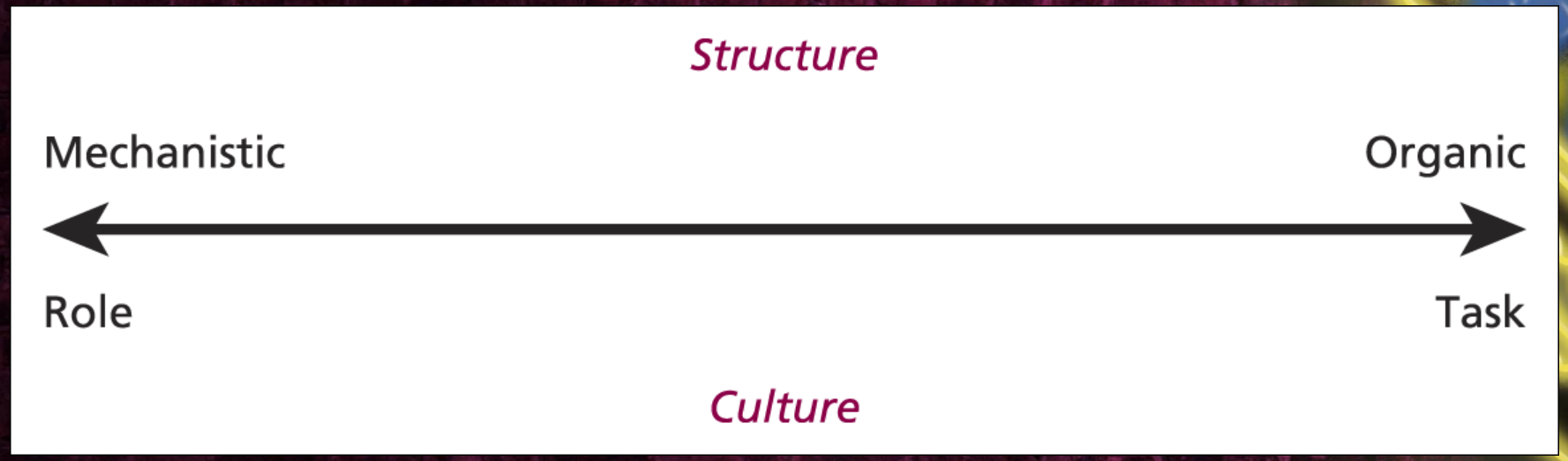


Figure 3 A structure–culture continuum

Burnes (2009)

Dobson's guide to changing culture

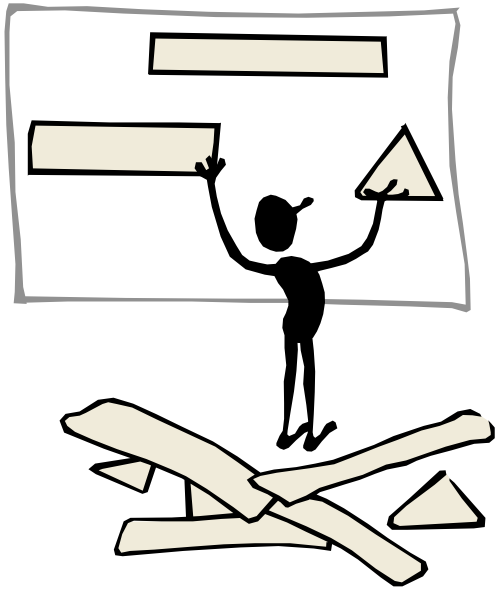
Step 1

Change recruitment, selection and redundancy policies to alter the composition of the workforce so that promotion and employment prospects are dependent on those concerned possessing or displaying the beliefs and values the organisation wishes to promote.

Step 2

Reorganise the workforce to ensure that those employees and managers displaying the required traits occupy positions of influence.

Dobson (1988)



Dobson's guide to changing culture - Continued

Step 3

Effectively communicate the new values. This is done using a variety of methods such as one-to-one interviews, briefing groups, quality circles, house journals, etc. However, the example of senior managers exhibiting the new beliefs and values is seen as particularly important

Step 4

Change systems, procedures and personnel policies, especially those concerned with rewards and appraisal.

Guidelines for changing culture

1. Formulate a clear strategic vision.
2. Display top-management commitment.
3. Model culture change at the highest level.
4. Modify the organisation to support organisational changes
5. Select and socialise newcomers and terminate deviants.
6. Develop ethical and legal sensitivity.

(Cummings and Worley, 2001: 509 – 511)

A structure–culture– environment continuum

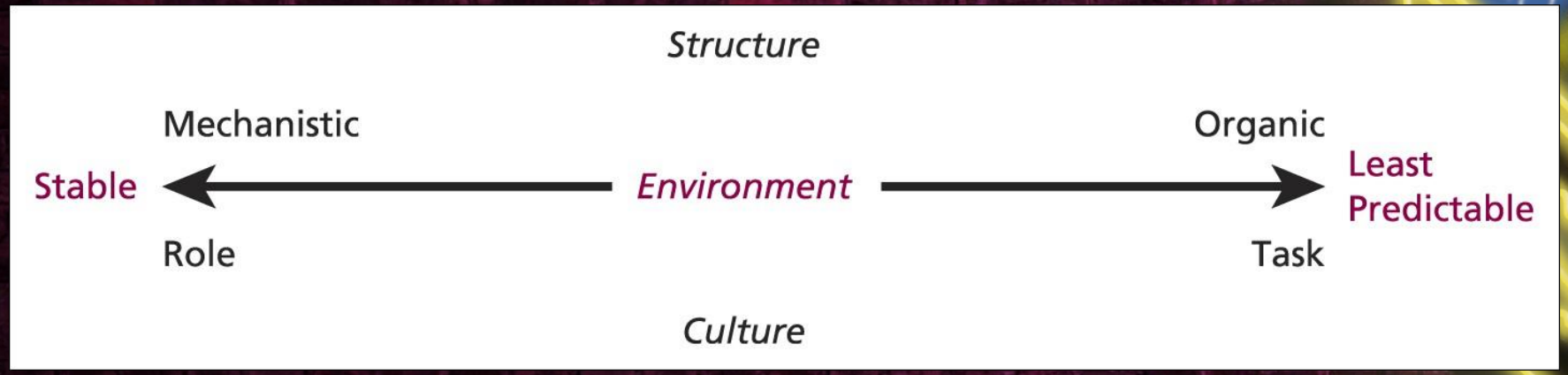


Figure 4 A structure–culture–environment continuum

A structure–culture mismatch

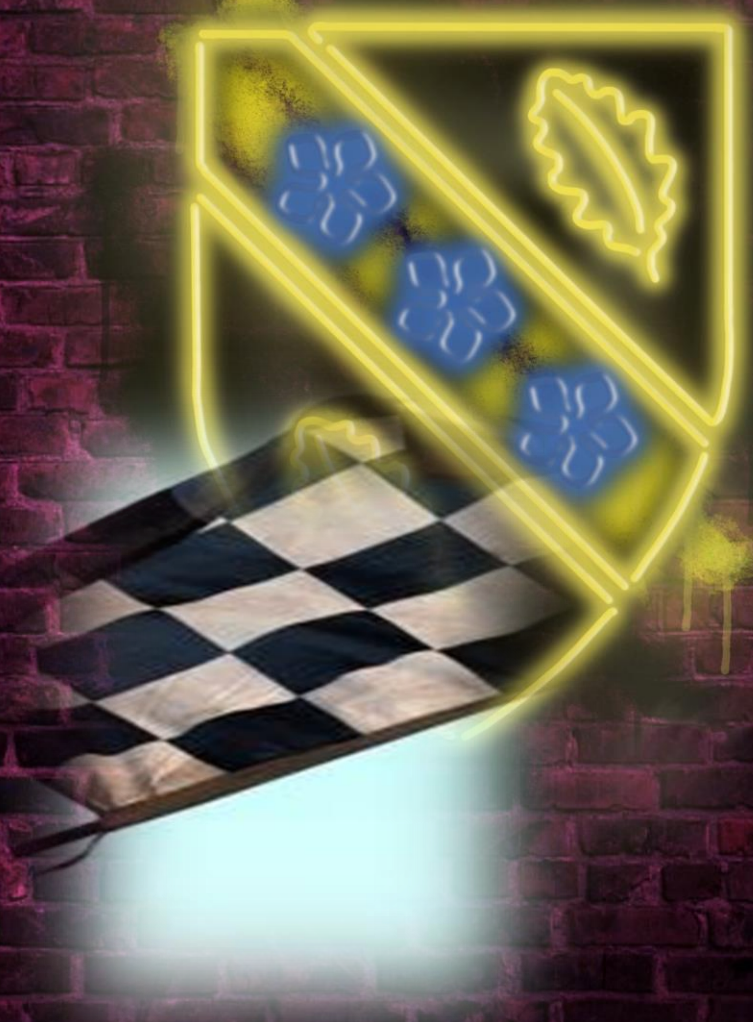
Figure: A structure–culture mismatch

National and international culture

- Culture:
  - Helps to account for variations among organisations and managers both nationally and internationally
  - Hofstede's "software of the mind"
  - Helps to explain why different groups of people perceive things in their own way
  - Helps to explain why people do things Differently

- National differences and cultural reasons raise concerns about the transferability of organisational 'best practice' across national boundaries.

https://youtu.be/UTE0G9amZNk

Culture: Conclusions

- No clear agreement about the nature or the flexibility of culture.
- Managers must make choices based on their own circumstances and perceived options.
- Without strong or appropriate cultures, managers may find it difficult to agree among themselves or gain compliance from others.
- In such situations, there is a tendency for conflict and power battles to occur.