

ORGANISATIONAL CULTURES

George Boak 2007

Introduction

A corporation that can create a strong culture has employees who believe in its products, its customers and its processes. They sell it willingly because it is part of their own identity

Payne 1991

a remarkably tight - culturally driven/controlled - set of properties marks the excellent companies

Peters and Waterman 1982

A company's culture is made up of the values, beliefs and codes of conduct that affect the behaviour of its employees, and shape what they are able to achieve.

Since Peters and Waterman emphasised the importance of company culture in their classic *In Search of Excellence*, it has been a key area of interest for writers on organisations - although Peters and Waterman's comment that: 'Most businessmen's eyes glaze over when the talk turns to value systems, culture and the like' still applies to some managers - and other employees - today.

In this paper we will explore the idea that companies have distinct cultures, and review some different models of culture. We will also briefly consider the political perspective on organisations, which views them as systems which are prone to conflict.

What is organisational culture?

Culture is an idea that organisational theorists have borrowed from anthropologists. It describes the collection of beliefs, norms and values that are shared by a group of people: this may be a community, an ethnic group, a workteam, or an organisation.

Charles Handy (1985a) writes:

in organisations there are deep-set beliefs about the way work should be organised, the way authority should be exercised, people rewarded, people controlled. What are the degrees of formalisation required? How much planning and how far ahead? What combination of obedience and initiative is looked for in subordinates? Do work hours matter, or dress, or personal eccentricities? What about expense accounts, and secretaries, stock options and incentives?

Do committees control, or individuals? Are there rules and procedures or only results? These are all part of the culture of an organisation.

The values at the heart of a company culture may develop over time. As Peter Job, the Chief Executive of the news agency Reuters, says of his company:

If you go back to the core values, you're going back to 1851 when the company was founded. Basically those core values are speed and accuracy, and given that they're mutually exclusive propositions, it's not surprising it's taken us 150-odd years to try to bring them together

(quoted in Goldsmith and Clutterbuck 1997)

As Handy indicates, culture may be seen in many different ways within an organisation. In fact, an often-quoted shorthand definition of company culture is:

The way we do things around here

(Bower 1966)

Edgar Schein (1985) provides a useful, longer definition of culture:

The pattern of basic assumptions that a group has invented, discovered or developed, to cope with its problems of external adaptation or internal integration, that have worked well and are taught to new members as the way to perceive, think, feel and behave

This definition deliberately contains a number of characteristics of culture:

- *It belongs to a group*: this may be the organisation as a whole, or different groups within an organisation. An organisation may have a strong, unified culture, but there may also be sub-cultures within the organisation
- *It helps the group to cope with problems* - or did help the group when it was first developed
- *It is taught to new members* - it is passed on and perpetuated.
- *It covers perception, thinking, feelings and behaviour* - it exists at several different levels

In fact, Schein believes that there are three levels of company culture:

1. In company practices and behaviours - including the procedures, reward systems, architecture, technology, office layout, manner of dress, visible and audible behaviours, public documents, status symbols and the myths and stories which are told within companies to illustrate and exemplify the way things are done
2. In explicit statement of values and beliefs - both official and public and unofficial and private. These include explicit statements of corporate values, speeches by senior executives about what the company stands for, as well as more personal and private expressions of values. Of course, there may be some contradictions in this collection of statements
3. In the deeply held, basic assumptions and beliefs shared by people within the company, that operate unconsciously, and that define in a basic 'taken-for-granted' fashion their view of the organisation and its environment

This third, deepest level may be difficult to discover, yet Schein believes that this is the most influential level.

Schein gives an example of two contrasting cultures, expressed in terms of a brief summary of key beliefs:

1. Ideas come from individuals	1. Truth comes from older, wiser, better educated members of the organisation
2. People are responsible, motivated and capable of managing themselves	2. People are capable of loyalty and discipline in carrying out directives
3. Truth can only be established by fighting your corner in groups	3. Each person has a niche that is their territory and cannot be invaded
4. This fighting is OK because the members of the organisation are a family who will take care of each other	4. The organisation will take care of its members

Table 1 Two cultures, from Schein, 1985

Activity 1

How would you expect people in these two companies to behave?
How would you describe the two cultures?

Positive cultures

Peters and Waterman (1982) popularised organisational culture by emphasising its role in excellent companies as a unifying, energising, controlling characteristic. One of the key features of their excellent companies was what they called *simultaneous loose tight properties*:

The excellent companies are both centralized and decentralized. For the most part...they have pushed autonomy down to the shop floor or product development team. On the other hand, they are fanatic centralists around the few core values they hold dear.

Goldsmith and Clutterbuck (1997), in a study of outstanding companies, also observed:

All of our case-study companies place great store on the development and dissemination of core values, namely the relatively few values that establish the cultural identity of the company and with which they expect all key people in the organisation to have instinctive empathy.

Through these core values a company culture might:

- convey a sense of identity to the organisation's members
- generate a sense of commitment
- help guide and shape behaviour, and so internalise control through shared values
- help support and sustain the way things are done or decided or improved
- make communication and co-operation easier
- decrease ambiguity or uncertainty in decision making

Company cultures may be strong or weak. Strong cultures are good for binding members of a company together in a common purpose, but they may have drawbacks - they may cause the members of a company to ignore danger signals. Organisations are vulnerable if their culture prevents them from changing.

For example, Kotter and Heskett (1992) described how an unhealthy corporate culture could develop:

1. Some combination of visionary entrepreneurship and/or luck creates and implements a very successful business strategy.
2. A dominant position is established in a particular market
3. The company experiences much success in terms of growth and profit.
4. The business needs to employ or promote managers, not leaders, to handle the growth. Bureaucracy increases, and there is search for efficiency.
5. Pressures on these managers come from within the company, not outside. As a result there is less concentration on external influences.
6. Managers begin to believe that they are the best, and that their particular practices and traditions are superior. They become more and more arrogant.
7. A strong, arrogant culture develops. Managers become insular and/or political. They tend to stifle innovation and initiative

Schein (1985) describes three sources of corporate culture

1. the legacy of the company founders
2. key subsequent leaders
3. the lessons learnt by the organisation as it grows and develops

Since the idea of company culture became popular, many management teams have attempted to change the culture of their companies. Research by Rajan and van Eupen (1994) shows that many institutions in the finance industry in the UK have attempted to bring about culture changes in the 1990s, but that changes in this area are not easy to achieve.

Attempts by top management to influence company culture often include writing corporate values into the company mission statement, but there are doubts about the extent to which this is an effective way of changing the culture.

Goldsmith and Clutterbuck believe that statements of corporate values can be of use as long as:

1. They really represent the feelings of the people in the company, they are not just the thoughts of the top management team
2. They represent the way things are, rather than a collection of pious hopes
3. They are part of the everyday practice of decision making.

In fact, there is some doubt about the extent to which management can bring about deliberate changes in a company's established culture. Opinions are divided - but remembering the 7Ss (as described in the previous chapter), such attempts are unlikely to be successful unless there are also changes to the *structure*, *systems* and *style of management* (and perhaps also the *skills* of the people within the organisation).

A more *empowered culture*, for example, is not simply the result of a mass change of attitude (which management hope to bring about by training and development programmes, perhaps) but also by the delegation and transfer of more authority (*structure* and *systems*) and a greater degree of management trust and openness (*style*).

Activity 2

Suggest cultural values that might make important differences to company performance

The elusive culture

Organisational culture is much talked about, but members of a company often have difficulty in explaining what the culture of their company actually is. There are three main difficulties in assessing an organisation's culture:

1. Different expressions of culture
2. Cultures and sub-cultures
3. Describing the whole

1. Different expressions of culture

Some companies have written statements of their core values. There may be considerable discrepancies between these *espoused values*, however, and the *actual values* that make up the culture (Argyris and Schon 1996; Egan 1993). Official statements of corporate values may represent what senior management would like the culture to become - or what they would like other people to think the culture is. The actual values can only be detected in the actions and words of the members of the company, and the systems and procedures it operates.

Take the example of innovation - an important issue for many companies. The espoused value placed on innovation may be different from the actual value. The mission statement may speak in very positive terms about improvement, the discovery of the new, and innovation in all areas. The practical reality may be that mistakes are punished, that blame follows error, that initiative is frowned upon, and therefore that new ideas are stifled and discouraged.

2. Cultures and sub-cultures

Different parts of a large organisation may have different cultures. These may be departmental cultures, or sets of values that apply at different levels in the hierarchy. Professional groups within a company are likely to import some of the values of their profession. This is natural. Problems may arise if there are tensions between sub-cultures and the overall company culture.

So, in the case of innovation, for example, different groups within the organisation - or different key individuals - may have different opinions on the value of creativity and change.

3. Describing the whole

Company cultures are similar to individual personalities in many respects, and just as it is possible to identify some of the main characteristics of an individual's personality without properly describing the whole, so it is with company cultures. We will see in the following sections of this chapter some attempts to describe 'culture types'. These models can be useful in many respects, but they must be used with care or there is a danger of missing the unique mixture of values and beliefs that is a company's character.

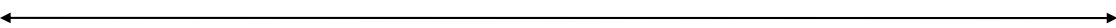
A fourth difficulty in describing company culture is that if you have worked for a long time within the same organisation or department you are likely to have internalised many of the assumptions and beliefs. In these circumstances, it will be quite difficult for you to describe the culture. It will be helpful to compare notes with people in other organisations, to gain perspective on your own situation.

Activity 3

What benefit is there in being aware of the values that make up your organisation's culture? Do you need to conform to them?

Values

Trompenaars and Hampden-Turner (1997) investigated different national business cultures, and identified a number of value differences. They identified five sets of values (as shown in table 2) covering the different ways people relate to one another. These can be treated as sliding scales



<i>Universalism</i>	<i>Particularism</i>
Relies on abstract rules of right, wrong and acceptable behaviour	Much more sensitive to circumstances, and likely to make exceptions to rules
<i>Individualism</i>	<i>Communitarianism</i>
Places individuals first	Places the community first
<i>Neutral</i>	<i>Emotional</i>
Interactions are generally objective and detached	Emotional interactions are much more the norm
<i>Specific</i>	<i>Diffuse</i>
Work relationships are more task orientated, aimed directly at specific goals	Work relationships involve the whole person in exchanges above and beyond specific task goals
<i>Achievement</i>	<i>Ascription</i>
You are judged on what you have accomplished	You are judged on your status, position, background, connections

Table 2 Five key sets of values, from Trompenaars and Hampden-Turner 1997

Trompenaars and Hampden-Turner investigated national differences in these values, but they can also provide a useful framework for assessing company cultures. For example, consider their practical guidelines to typical beliefs in Universalist and Particularist cultures, as shown in Table 3.

Universalist	Particularist
1. The focus is more on rules than relationships 2. Written agreements are readily drawn up 3. A trustworthy person will honour their word 4. There is only one truth - the one which has been agreed upon 5. A deal is a deal	1. The focus is more on relationships than rules 2. Written agreements are readily modified 3. A trustworthy person will respect changing interests 4. There are several perspectives on truth 5. Relationships evolve

Table 3 Universalist and particularist values, from Trompenaars and Hampden-Turner 1997

Trompenaars and Hampden-Turner suggest that companies must find a balance between the ends of the scales of each of these sets of values. For example, the extremes of Individualism and Communitarianism both have potentially harmful consequences, and most companies will try to find some way of balancing them - as in Fig 1.

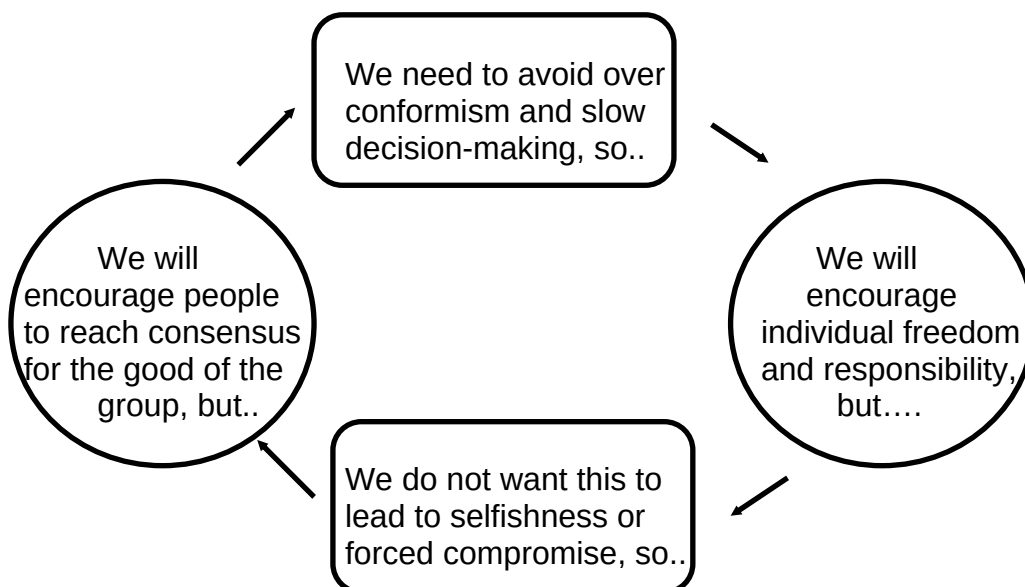


Fig 1 Individual and group tensions, based on Trompenaars and Hampden-Turner 1997

Goldsmith and Clutterbuck also believe in the need for balancing opposing values, the most important of which is the tension between *autonomy* and *control*. They write:

High-performance companies are constantly questioning how they give people the maximum freedom to get on with the job and act as if they were

owners of their slice of the business, yet exert just enough control to ensure the organisation gains the maximum benefit from its size and from a common sense of direction.

Activity 4

Do companies need to find a balance between Achievement and Ascription and between Universalism and Particularism? (These are values in the Trompenaars model) Why/why not?

Types of culture

Perhaps the best-known simple model of different cultures comes from Charles Handy (1985a and b).

Roger Harrison (1972) developed the idea of *organisational ideologies* as central components of the 'character of an organisation' and described three common patterns of ideology found in business organisations. Handy used the word *culture* in adapting Harrison's ideas.

1. *Role Culture*: is highly specialised, with many procedures for communication and for the resolution of disputes. This culture is typical of a bureaucracy, and of mechanistic types of organisation.
2. *Power Culture*: is based on a central source of power - a key individual or individuals. There are few procedures or regulations. Control is exercised personally by the centre and through the selection of key individuals. Power cultures may be found in small organisations, or in small units within larger organisation.
3. *Task Culture*: is achievement-orientated, and values teamwork, adaptability and co-operation in pursuit of project goals.
4. *Person Culture*: mainly values the people within the organisation, and is not aimed at producing goods and services for customers. This type of culture may be found in social clubs and societies.

Other writers have suggested cultural typologies, including Goffee and Jones (1998) and Cameron and Quinn (2006).

Goffee and Jones identify four types of culture – based on two types of relationships:

Check

Now that you have completed this paper, you should be able to answer these questions.

For the answers, check back on the text.

1. What is 'the way we do things around here'?
2. What are the three levels of organisational culture, according to Schein?
3. The same writer says there are three sources of company culture: what are they?
4. Statements of company values can be of use as long as they meet which three conditions, according to Goldsmith and Clutterbuck?
5. Note three difficulties that face anyone trying to describe a company's culture
6. What four types of culture were identified by a) Goffee and Jones and b) Cameron and Quinn?

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