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# **Introduction**

## **Organizational Culture**

The values and behaviors that contribute to the unique social and psychological environment of an organization. Organizational culture includes an organization's expectations, experiences, philosophy, and values that hold it together, and is expressed in its self-image, inner workings, interactions with the outside world, and future expectations. It is based on shared attitudes, beliefs, customs, and written and unwritten rules that have been developed over time and are considered valid.

Also called corporate culture, it's shown in the ways the organization conducts its business, treats its employees, customers, and the wider community, the extent to which freedom is allowed in decision making, developing new ideas, and personal expression, how power and information flow through its hierarchy, and how committed employees are towards collective objectives.

It affects the organization's productivity and performance, and provides guidelines on customer care and service, product quality and safety, attendance and punctuality, and concern for the environment.

It also extends to production-methods, marketing and advertising practices, and to new product creation. Organizational culture is unique for every organization and one of the hardest things to change.

# **Characteristics of an Organization’s Culture**

An organization’s culture consists of the **values**, **norms**, and **attitudes** of the people who make up the organization. Values show what is important; norms reveal expected behavior; attitudes show the mind-set of individuals. The group selects symbols, slogans, and ceremonies to convey its values. Thus, the culture tells people what is important in the organization, how to behave, and how to perceive things.

An organization’s culture usually contains several characteristics, including the following:

**Individual autonomy:** the degree of responsibility, independence, and opportunities for exercising initiative that individuals in an organization have.

**Structure:** the degree of rules and regulations and the amount of direct supervision that is used to oversee and control behavior.

**Support:** the degree of assistance and warmth managers provide for their subordinates.

**Identity:** the degree to which members identify with the organization as a whole rather than with their particular work group or field of professional expertise.

**Performance-reward:** the degree to which rewards in the organization (salary increases and promotions) are based on employee work performance.

**Conflict tolerance:** the degree of conflict present in relationships between peers and work groups as well as the willingness to be honest and open about differences.

**Risk tolerance:** the degree to which employees are encouraged to take chances.

**Attitude toward change**: the response given to new methods, ways, and values.

**Focus:** the vision of the goals and objectives of an organization’s operations as communicated by those in control.

**Standards and values:** the levels of performance and behavior considered to be acceptable by formal and informal criteria.

**Rituals:** expressive events that support and reinforce organizational standards and values.

**Concern for people:** the degree of care and concern the organization shows for its employees, its management teams, and its shareholders.

**Openness, communication, and supervision**: the amount and type of interchange permitted. The communication flow can be downward, upward, across the organization, and in other directions as spelled out by the culture.

**Market and customer orientation:** the extent to which the organization is responsive to its markets and customers.

**Excitement, pride, and esprit de corps:** a tangibly good feeling about the organization and its activities.

**Commitment:** the willingness of individuals to work toward goals on a continuing basis.

**Teamwork:** people working together for the common good.

# **Organizational Culture Types**

## **Clan Culture**

This working environment is a friendly one. People have a lot in common, and it’s similar to a large family. The leaders or the executives are seen as mentors or maybe even as father figures. The organization is held together by loyalty and tradition. There is great involvement. The organization emphasizes long-term Human Resource development and bonds colleagues by morals. Success is defined within the framework of addressing the needs of the clients and caring for the people. The organization promotes teamwork, participation, and consensus.

***Leader Type:*** facilitator, mentor, team builder.  
***Value Drivers:*** Commitment, communication, development.  
***Theory of Effectiveness:*** Human Resource development and participation are effective.  
***Quality Improvement Strategy:*** Empowerment, team building, employee involvement, Human Resource development, open communication.

## **Adhocracy Culture**

This is a dynamic and creative working environment. Employees take risks. Leaders are seen as innovators and risk takers. Experiments and innovation are the bonding materials within the organization. Prominence is emphasized. The long-term goal is to grow and create new resources. The availability of new products or services is seen as success. The organization promotes individual initiative and freedom.

***Leader Type:*** Innovator, entrepreneur, visionary.  
***Value Drivers:*** Innovative outputs, transformation, agility.  
***Theory of Effectiveness*:** Innovativeness, vision and new resources are effective.  
***Quality Improvement Strategy:*** Surprise and delight, creating new standards, anticipating needs, continuous improvement, finding creative solutions.

## **Market Culture**

This is a results-based organization that emphasizes finishing work and getting things done. People are competitive and focused on goals. Leaders are hard drivers, producers, and rivals at the same time. They are tough and have high expectations. The emphasis on winning keeps the organization together. Reputation and success are the most important. Long-term focus is on rival activities and reaching goals. Market penetration and stock are the definitions of success. Competitive prices and market leadership are important. The organizational style is based on competition.

***Leader Type:* Hard driver, competitor, producer.**  
***Value Drivers:*** Market share, goal achievement, profitability.  
***Theory of Effectiveness:*** Aggressively competing and customer focus are effective.  
***Quality Improvement Strategy:*** Measuring client preferences, improving productivity, creating external partnerships, enhancing competiveness, involving customers and suppliers.

## **Hierarchy Culture**

This is a formalized and structured work environment. Procedures decide what people do. Leaders are proud of their efficiency-based coordination and organization. Keeping the organization functioning smoothly is most crucial. Formal rules and policy keep the organization together. The long-term goals are stability and results, paired with efficient and smooth execution of tasks. Trustful delivery, smooth planning, and low costs define success. The personnel management has to guarantee work and predictability.

***Leader Type:* Coordinator, monitor, organizer**.  
***Value* *Drivers:*** Efficiency, timeliness, consistency, and uniformity.  
***Theory* of *Effectiveness:*** Control and efficiency with capable processes are effective.  
***Quality* *Improvement* *Strategy:*** Error detection, measurement, process control, systematic problem solving, quality tools.

# **Effects of Organizational Cultures**

Research suggests that numerous outcomes have been associated either directly or indirectly with organizational culture. A healthy and robust organizational culture may provide various benefits, including the following:

Competitive edge derived from innovation and customer service

Consistent, efficient employee performance

Team cohesiveness

High employee morale

Strong company alignment towards goal achievement

Although little empirical research exists to support the link between organizational culture and organizational performance, there is little doubt among experts that this relationship exists. Organizational culture can be a factor in the survival or failure of an organization – although this is difficult to prove given that the necessary long-term analyses are hardly feasible. The sustained superior performance of firms like IBM, Infosys, Procter & Gamble, and McDonald's may be, at least partly, a reflection of their organizational cultures.

Organizational culture is reflected in the way people perform tasks, set objectives, and administer the necessary resources to achieve objectives. Culture affects the way individuals make decisions, feel, and act in response to the opportunities and threats affecting the organization.

It has been proposed that organizational culture may affect the level of employee creativity, the strength of employee motivation, and the reporting of unethical behavior, but more research is needed to support these conclusions.

## **Effect On Performance**

Organizational cultures can have varying impacts on employee performance and motivation levels. Oftentimes, employees work harder to achieve organizational goals if they consider themselves to be part of the corporate environment. Different cultures operating in one company can also impact employee performance. For example, if the organization maintains a reserved “talk when necessary” culture, employees may work accordingly; however, if the organization allows one area, say the sales team, to be outspoken and socially active, the organization may experience rivalries among areas. Thus, allowing an area to set up their own culture can affect the performance of the employees deployed elsewhere in the company.

## **Integration of Performance and Culture**

Organizations must structure their recruitment processes to attract and engage incumbents with the same beliefs and values that constitute the organization’s culture. This ensures the new employee’s assimilation to the company and further strengthens corporate culture. Companies should also ensure that they align corporate culture with performance management systems. When culture and management systems are not aligned, management must redirect them so that employee behavior results in the achievement of organizational goals.

# **Conclusion**

The future holds promise for companies that understand and nurture their cultures. Cultures are not only able to create an environment, but they also adapt to diverse and changing circumstances. As organizations begin to experience a revolution in structures, the study of culture and the implications for change will become more important. Understanding of work group subcultures within an organization’s culture will influence strategies for changing organizational culture and overcoming resistance to change programs.

Changing an organization’s culture may be extremely difficult, as the processes that support a particular organization or a departmental method of working are both interrelated and varied. Organizational culture is self-perpetuating and highly resistant to change. Changes may cause confusion, conflict and resistance.

Managers need to understand the nature and role of culture and how it may be altered. When the role of culture is more clearly defined, managers can better understand its importance in managing organizational change and its impact on day-to-day decision-making.

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