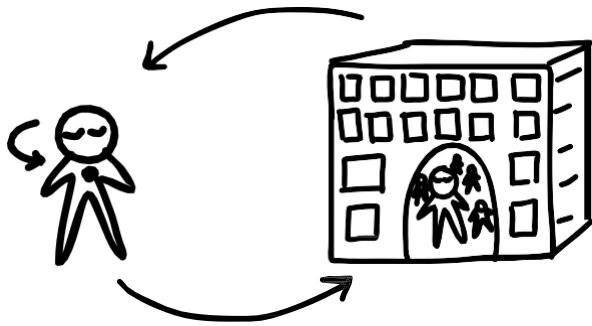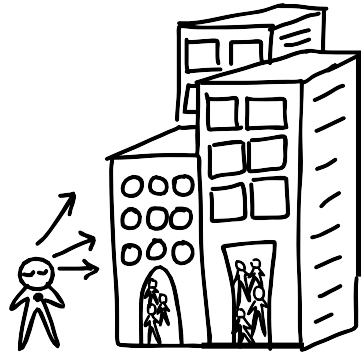# Corporate Culture and Environment

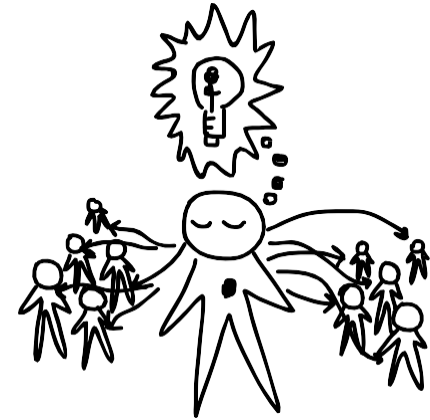Look inside   Look around   Look outside   Define vision   Create practices
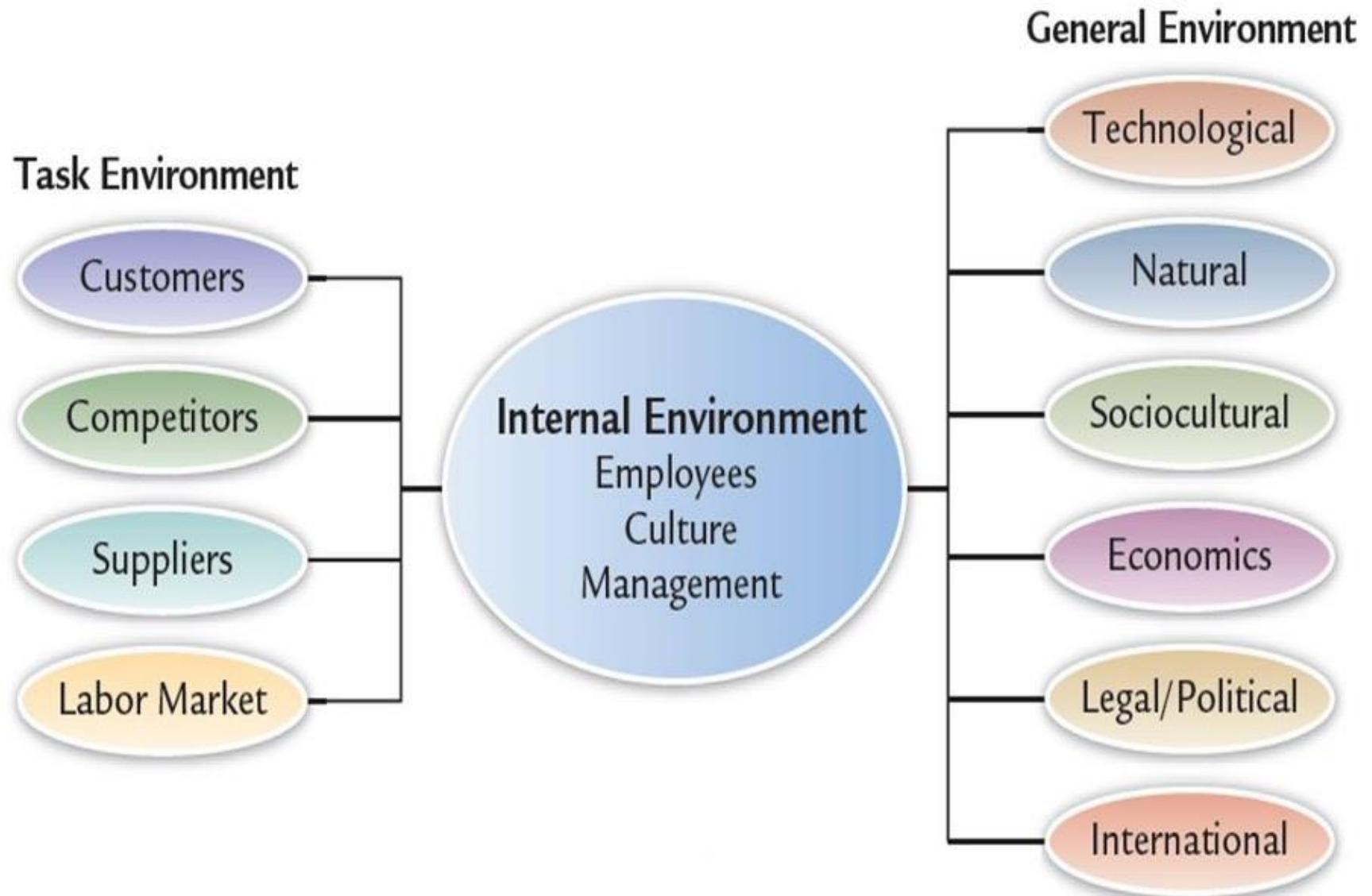
External environment:

- *General Environment:*
  - *Affects organization indirectly*
- *Task Environment:*
  - Sectors that conduct transactions with the organization

Internal Environment:
  - Elements within the organization boundaries

General Environment: International

- New competitors, customers, suppliers

- Changes in social, technological and economic trends

- All organizations must compete and think globally

- Economic power has shifted to China and India

- The global environment is complex, ever-changing, and uneven playing field

General Environment: Technological

- Massive changes for all organizations

- Technology has become the tool for doing business

- Technology is driving innovation and competition

- Advances are impacting organizations and **managers**

General Environment: *Sociocultural*

- Demographic characteristics, norms, customs, and values

- The Hispanic population is expected to increase 188%

- Generation Y is flooding the workplace with new demands

- The U.S. population is continuing to age, companies create products and services for senior market

General Environment: Economic

- Economic health of the country/region
    - Consumer buying power
    - Unemployment Rate
    - Interest Rates
- The global environment has made economic environment complex and uncertain
- *The recent weakened U.S. economy has had a devastating impact on small businesses*

# *General Environment:* Legal-Political

- Government regulation; state, local and federal
  - Political activities
  - Government agencies and regulation

- Managers must recognize the power of **pressure groups**
  - Work to influence companies to behave socially responsible

Task Environment

- ✓ Customers
- ✓ Competitors
- ✓ Suppliers
- ✓ Labor Market

External Environment and Uncertainty
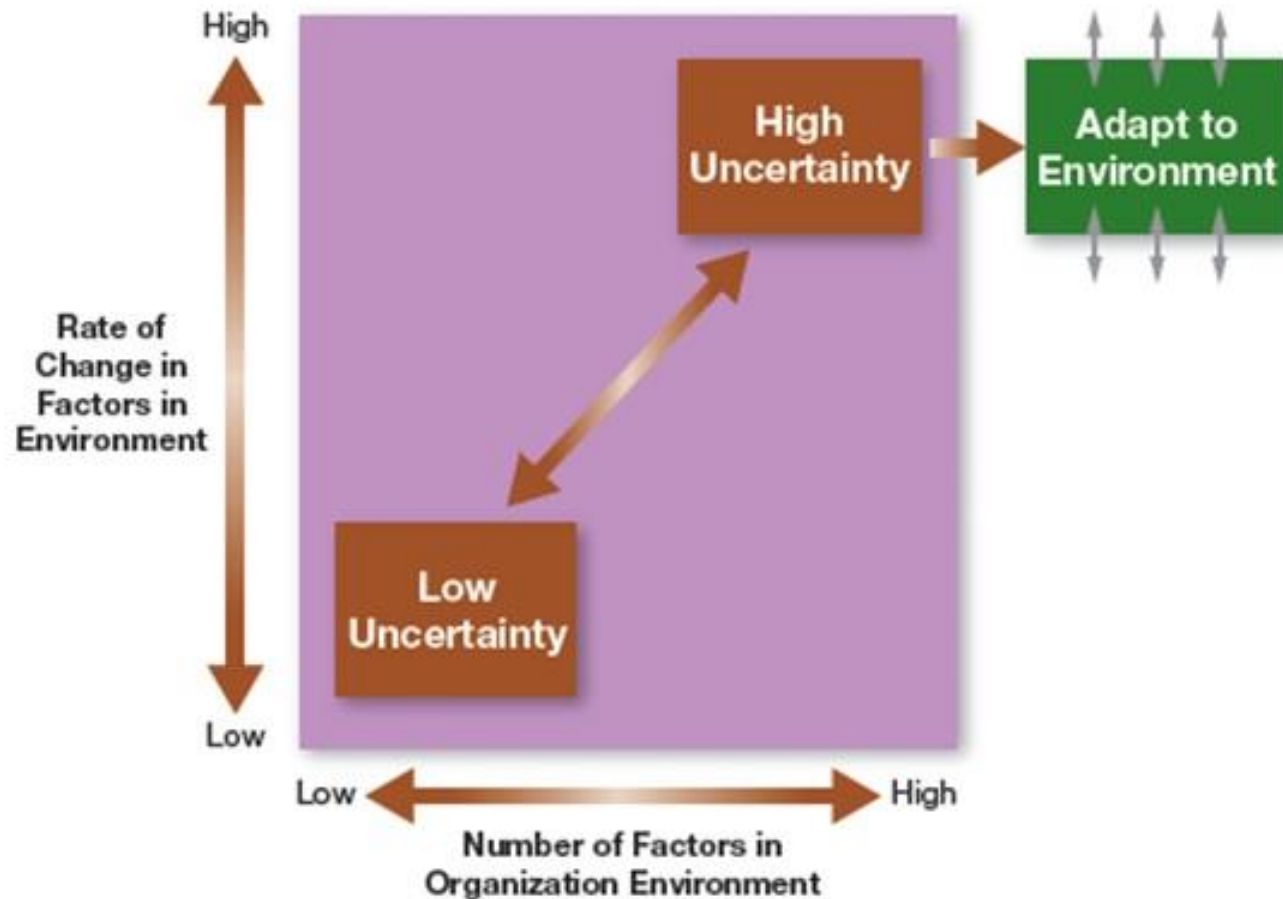
Environmental Uncertainty

- ***Uncertainty*** means that managers do not have complete information

- When the environment changes rapidly, there is high uncertainty

- Organizations must adapt, managers must be ***mindful***
  - Open-minded, independent thinkers
  - Even in certain environments, managers need new ideas

Adapting to the Environment

- ✓ Boundary-spanning roles

- ✓ Interorganizational partnerships

- ✓ Mergers/joint ventures

- ✓ Shift from adversarial orientation to partnership orientation

The Shift to a Partnership Paradigm

From Adversarial Orientation ⟶	To Partnership Orientation
• Suspicion, competition, arm's length	• Trust, value added to both sides
• Price, efficiency, own profits	• Equity, fair dealing, everyone profits
• Information and feedback limited	• E-business links to share information and conduct digital transactions
• Lawsuits to resolve conflict	• Close coordination; virtual teams and people on-site
• Minimal involvement and up-front investment	• Involvement in partner's product design and production
• Short-term contracts	• Long-term contracts
• Contracts limit the relationship	• Business assistance goes beyond the contract

,Culture is generated from ongoing contributions and discoveries from both studio owners and employees'

David Sherwin

Success by Design: The Essential Business Reference for Designers

Culture definitions

- a complicated and interdependent collection of elements including knowledge, beliefs and values, art, law, customs and moral principles, and all other types of skills and customs acquired by a human being as a member of a specific community

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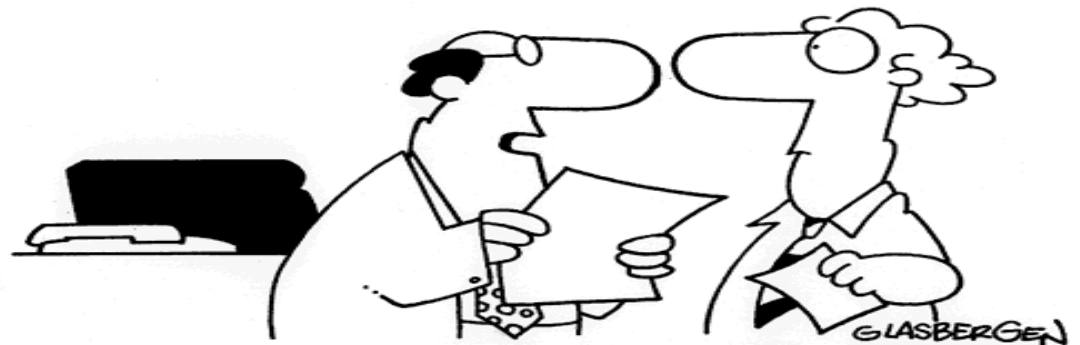
GLASBERGEN

"I want the public to think of us as 'The Company With A Heart'. But I want *you* to think of us as the company that will chew you up, spit you out and smear you into the carpet if you screw up."

Culture definitions

- a relatively integrated whole covering the **behavior** of people running according to social **models** common for the social community and acquired in the course of interaction and containing products of such behavior.

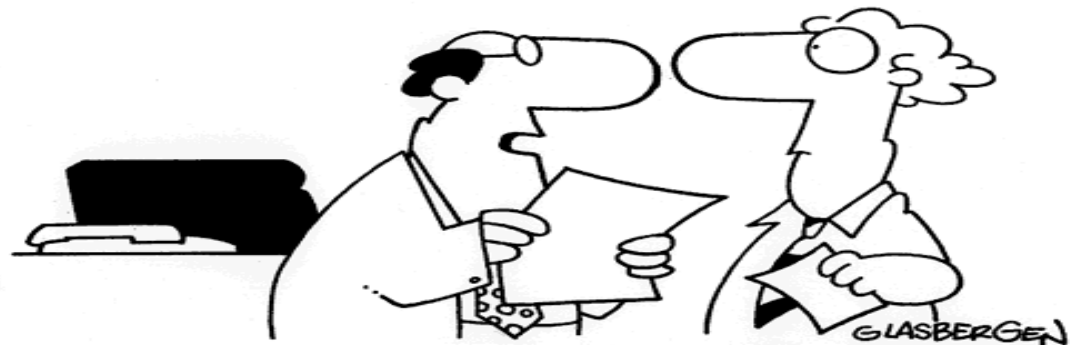© 1996 Randy Glasbergen. www.glasbergen.com E-mail: randy@glasbergen.com

"I want the public to think of us as 'The Company With A Heart'. But I want *you* to think of us as the company that will chew you up, spit you out and smear you into the carpet if you screw up."

What makes you different?

What do you fight for?

How do you support the success of others?

Organizational culture definitions

- a set of **ideas**, **symbols**, **values**, **beliefs** and standards shared by group members

- enabling certain **compliance of vested interests** and facilitating the **harmonious development of a social group** coincident with its **goals**, i.e. its effort to adapt to **external** and internal conditions.

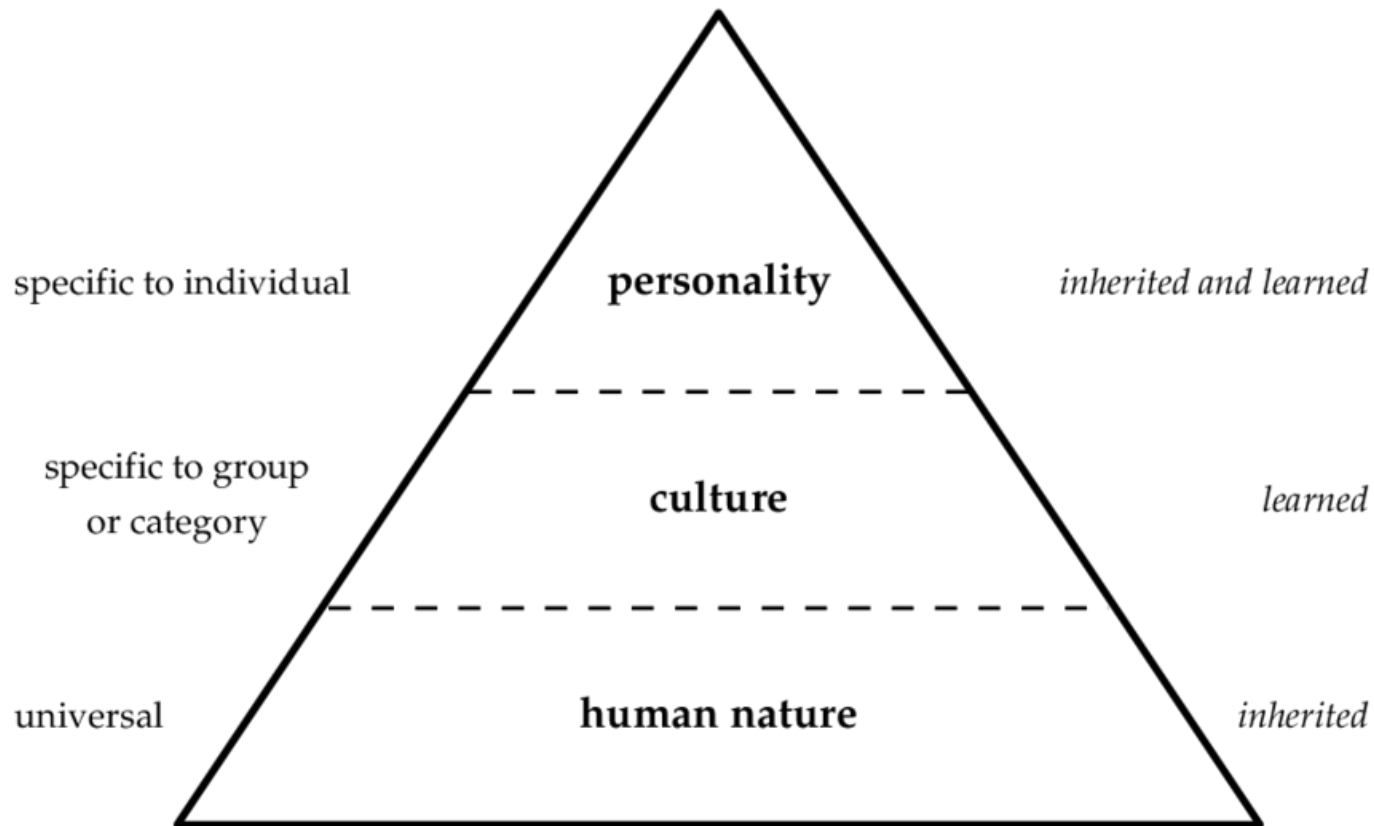# Elements creating company's organizational culture

Core of organizational culture: **values** as well as **rituals**, **heroes** and **symbols** formed on their basis.

- **Rituals** are collective actions that are perceived by members of a given organization as socially necessary (customs, ceremonies and celebrations, etc.)

- **Heroes**, in turn, are figures, be they modern, historical, fictional or real, who embody features particularly valued by a given group and serve as patterns of behavior for it

- **Symbols** are words, gestures, signs, pictures, objects that are of particular importance for members of a given organization and are widely recognized by them. This category includes: language (including jargon), symbols (flags, trade mark), company's logo.

Organizational culture definitions

- A system that combines **personal life experiences** of people and accumulated common knowledge

- which is **registered**, **coded** and **accessible** only for those who know this code, as well as related to the configuration that allows organizing and structuring existing **relationships**, **practices** and **imaginations.**

Level of mental programming

specific to individual — personality — inherited and learned

specific to group or category — culture — learned

universal — human nature — inherited

Sources of organization's norms and values

- **company's founders**, **owners**, **opinion leaders**, and **heroes of the organization**, all who have influenced somehow the whole organization, such as: **investors** who have an indirect impact on certain goals and norms of the organization's conduct, expectations towards employees, and the **organization's mission**

- **company's history**, oral tradition that can be stronger than orders and prohibitions if their compliance is poorly controlled - when obeying is not rewarded and breaching is not punished

- **company's members** - every new member who can instill own norms and values in the organization

- **culture of the environment** on the scale of a nation or region, that creates a social pressure, as in the long run the **organization cannot have values and norms contrary to those being adhered by the environment**.