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CERTIFICATION COURSE

LEADERSHIP AND TEAM EFFECTIVENESS

LECTURE – 31

Culture and Leadership

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A Leadership Culture is one where everyone thinks like an owner, a CEO or a managing director. It is one where everyone is entrepreneurial and proactive.

-Robin Sharma

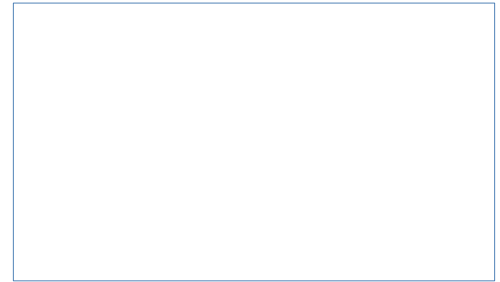


About Organizational Culture

Culture is the tacit social order of an organization: It shapes attitudes and behaviors in wide-ranging and durable ways. Cultural norms define what is encouraged, discouraged, accepted, or rejected within a group. When properly aligned with personal values, drives, and needs, culture can unleash tremendous amounts of energy toward a shared purpose and foster an organization's capacity to thrive.

Seven primary characteristics seem to capture the essence of an organization's culture:

- | | |
|-------------------------------|---------------------|
| 1. Innovation and risk taking | 5. Team orientation |
| 2. Attention to detail | 6. Aggressiveness |
| 3. Outcome orientation | 7. Stability |
| 4. People orientation | |



Some Questions That Define Organizational Culture

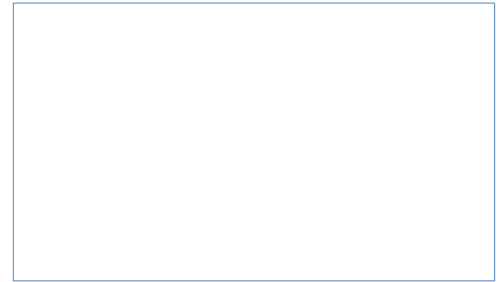
- What can be talked about or not talked about?
- How do people wield power?
- How does a person get ahead or stay out of trouble?
- What are the unwritten rules of the game?
- What are the organization's morality and ethics?
- What stories are told about the organization?



Schein's Four Key Organizational Culture Factors

Myths and stories are the tales about the organization that are passed down over time and communicate a story of the organization's underlying values. Virtually any employee of Walmart can tell you stories about Sam Walton and his behavior—how he rode around in his pickup truck, how he greeted people in the stores, and how he tended to “just show up” at different times.

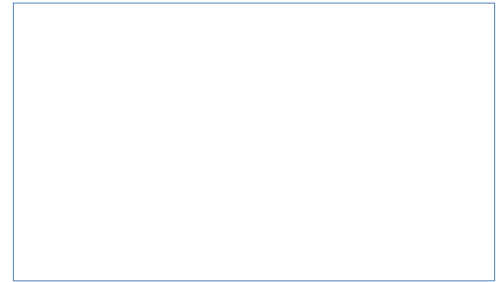
Symbols and artifacts are objects that can be seen and noticed and that describe various aspects of the culture. In almost any building, for example, symbols and artifacts provide information about the organization's culture.



Schein's Four Key Organizational Culture Factors

Rituals are recurring events or activities that reflect important aspects of the underlying culture. An organization may have spectacular sales meetings for its top performers and spouses every two years. This ritual would be an indication of the value placed on high sales and meeting high quotas. Another kind of ritual is the retirement ceremony. Elaborate or modest retirement ceremonies may signal the importance an organization places on its people.

Language concerns the jargon, or idiosyncratic terms, of an organization and can serve several different purposes relevant to culture. First, the mere fact that some know the language and some do not indicates who is in the culture and who is not. Second, language can also provide information about how people within a culture view others. Third, language can be used to help create a culture.



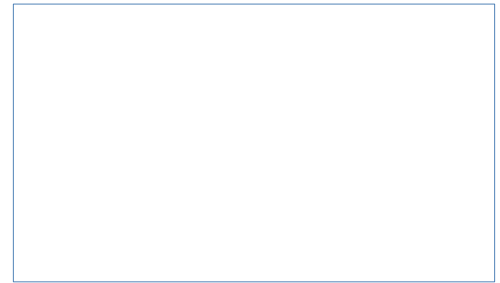
Leaders and Culture

- Leaders must realize that they can play an active role in changing an organization's culture, not just be influenced by it.
- Leaders can change culture by attending to or ignoring particular issues, problems, or projects.
- They can modify culture through their reactions to crises, by rewarding new or different kinds of behavior, or by eliminating previous punishments or negative consequences for certain behaviors. Their general personnel policies send messages about the value of employees to the organization (such as cutting wages to avoid layoffs).
- They can use role modeling and self-sacrifice as a way to inspire or motivate others to work more vigorously or interact with each other differently.
- Finally, leaders can also change culture by the criteria they use to select or dismiss followers.



What can Leaders do to create a more ethical culture?

- **Be a visible role model:** Employees will look to the actions of top management as a benchmark for appropriate behavior. Send a positive message.
- **Communicate ethical expectations:** Minimize ethical ambiguities by sharing an organizational code of ethics that states the organization's primary values and ethical rules employees must follow.
- **Provide ethical training:** Set up seminars, workshops, and training programs to reinforce the organization's standards of conduct, clarify what practices are permissible, and address potential ethical dilemmas.



What can Leaders do to create a more ethical culture?

- **Visibly reward ethical acts and punish unethical ones:** Appraise managers on how their decisions measure up against the organization's code of ethics. Review the means as well as the ends. Visibly reward those who act ethically and conspicuously punish those who don't.
- **Provide protective mechanisms:** Provide formal mechanisms so employees can discuss ethical dilemmas and report unethical behavior without fear of reprimand. These might include ethical counselors, ombudsmen, or ethical officers.



Image Source: <https://www.funteambuilding.com/wp-content/uploads/2015/07/corporate-culture.jpg>

Positive Organizational Culture

- A positive organizational culture emphasizes building on employee strengths, rewards more than it punishes, and emphasizes individual vitality and growth. Let's consider each of these areas.
- **Building on Employee Strengths** Although a positive organizational culture does not ignore problems, it does emphasize showing workers how they can capitalize on their strengths.
- **Rewarding More Than Punishing** Although most organizations are sufficiently focused on extrinsic rewards such as pay and promotions, they often forget about the power of smaller (and cheaper) rewards such as praise. Part of creating a positive organizational culture is “catching employees doing something right.”



Positive Organizational Culture

- **Emphasizing Vitality and Growth:** No organization will get the best from employees who see themselves as mere cogs in the machine. A positive culture recognizes the difference between a job and a career. It supports not only what the employee contributes to organizational effectiveness but also how the organization can make the employee more effective—personally and professionally.

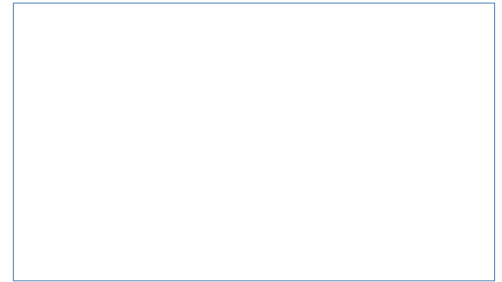


Image Source: <https://blog.readytomanage.com/wp-content/uploads/2014/01/creating-a-positive-organizational-culture.jpg>

Three Types of Leadership Culture Development

Leadership culture is the way things are done; it's the way people interact, make decisions, and influence others. Leaders' own conscious and unconscious beliefs drive decisions and behaviors, and repeated behaviors become leadership practices. Because these practices eventually become the patterns of leadership culture, leaders must understand their responsibility in creating or changing it.

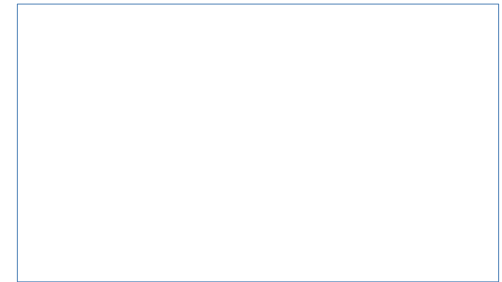
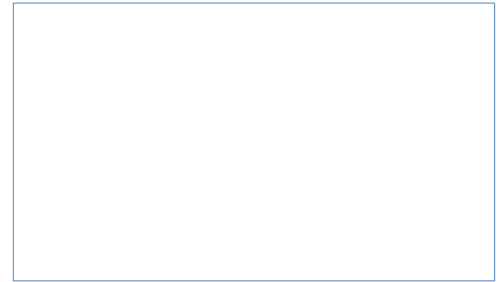


Image Source: <https://www.ccl.org/wp-content/uploads/2020/11/types-of-organizational-cultures-infographic-center-for-creative-leadership-1024x536.jpg>

Dependent leadership cultures

Organizations that emphasize top-down control and deference to authority. In general, you can think of dependent cultures as “conforming” cultures. Other characteristics often associated with dependent cultures include these:

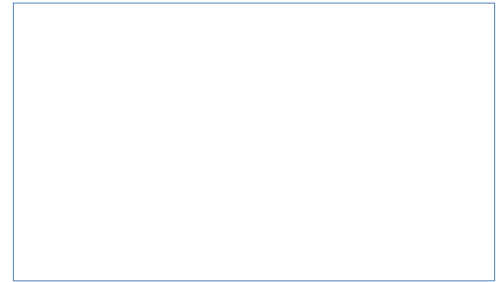
- There may be a command and control mind-set.
- Seniority and position levels are important bases of respect.
- There’s great emphasis on keeping things running smoothly.
- Most people operate with the philosophy that it’s usually safest to check things out with one’s boss before taking a new direction.



Independent leadership cultures

There's great emphasis on individual responsibility; decentralized decision making; and the promotion of experts, professionals, and individual contributors into positions of authority. In general, you can think of independent cultures as “achievement-oriented” cultures. Other characteristics associated with independent cultures include these:

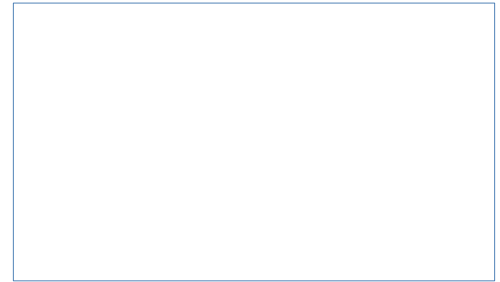
- The results that leaders achieve, whatever it takes, are an important basis of respect.
- Even during times of stress, there is great pressure not to let performance numbers go down.
- Bold and independent action that gets results is highly prized.
- The organization is successful because of its large number of highly competent and ambitious individuals.



Interdependent leadership cultures

There's widespread use of dialogue, collaboration, horizontal networks, valuing of differences, and a focus on learning. In general, you can think of interdependent cultures as “collaborative” cultures. Other characteristics associated with interdependent cultures include these:

- Many people wear several hats at once, and roles change frequently as the organization continually adapts to changing circumstances.
- People believe it's important to let everyone learn from your experience, even your mistakes.
- There's a widely shared commitment to doing what it takes to make the entire organization be successful, not just one's own group.
- Openness, candor, and building trust across departments are valued.



Leadership Culture Development

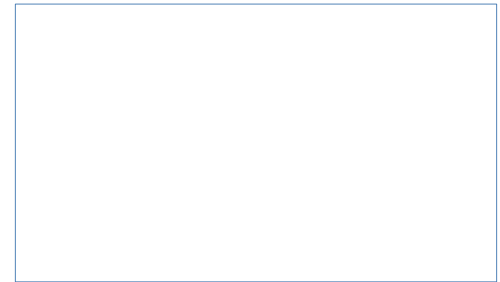
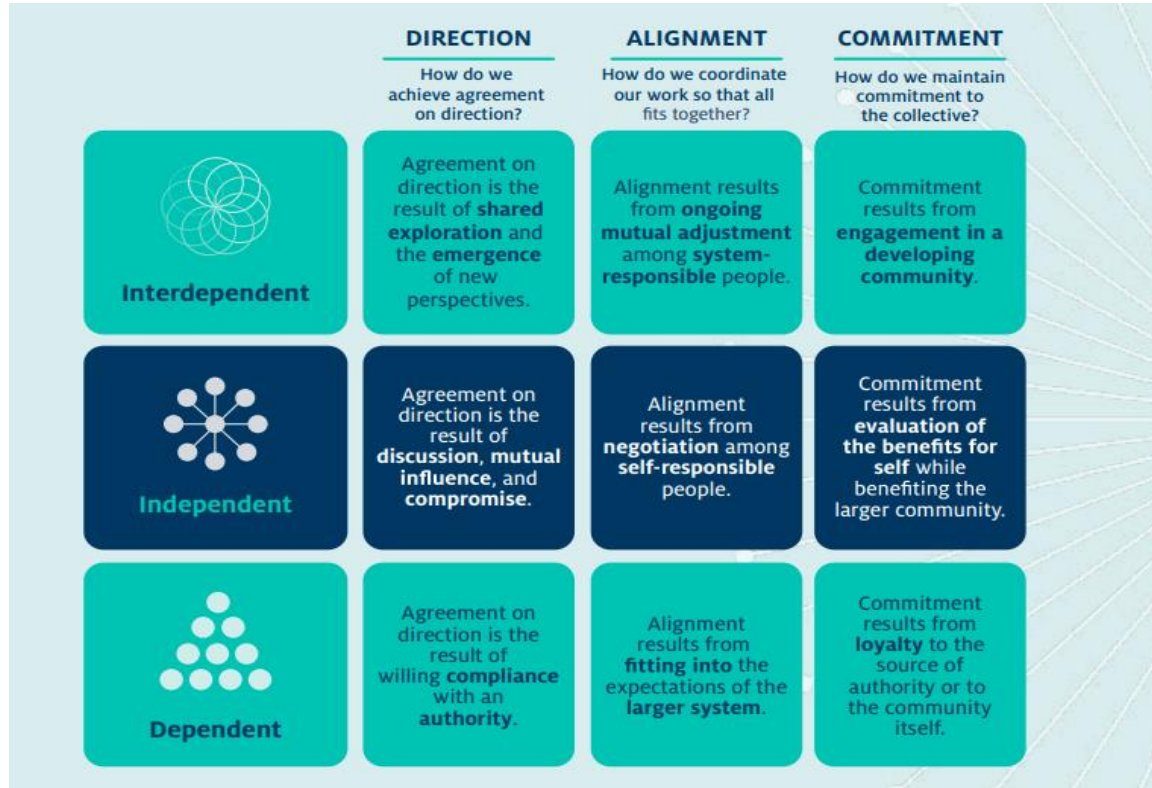


Image Source: <https://www.ccl.org/wp-content/uploads/2020/11/direction-alignment-commitment-organizational-leadership-culture-center-for-creative-leadership.png>

Theory of Organizational Culture

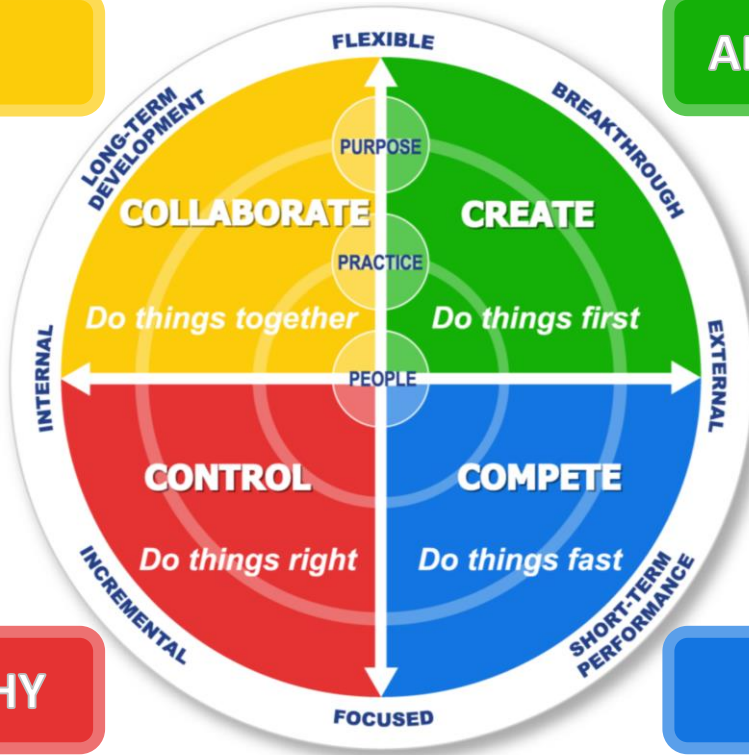
- **Competing Values Framework:** It derives its name from the fact that the values depicted on opposite ends of each axis are inherently in tension with each other.
- They represent competing assumptions about the desired state of affairs in the organization. The core values at one end of each axis or continuum are opposed to the core values at the opposite end.
- Thus it's impossible that an organization could be both extremely flexible and extremely stable all the time. An organization's culture represents a balance or trade-off between these competing values that tends to work for that organization in its particular competitive environment.
- The Competing Values Framework was designed to help organizations be more deliberate in identifying a culture more likely to be successful given their respective situations, and in transitioning to it.



Theory of Organisation Culture

CLAN

ADHOCRACY



The Competing Values Framework

HIERARCHY

Market

Image Source: https://www.boomhogeronderwijs.nl/media/8/download_pdf_culture_assessment_workbook.pdf

Hierarchy culture.

- Organizations that emphasize stability and control, and also focus their attention inward (on how people within the organization interact with each other, on whether internal operating procedures are followed, and so forth), have a **hierarchy culture**.
- Organizations with a hierarchy culture tend to have formalized rules and procedures; they tend to be highly structured places to work.
- Following standard operating procedures, or SOPs, is the rule of the day. The emphasis is on ensuring continuing efficiency, smooth functioning, and dependable operations. **Examples of hierarchy cultures** are government agencies, fast-food chains, and traditional large manufacturing companies



Market Culture

- Organizations that, like hierarchy cultures, emphasize stability and control but focus their attention primarily on the external environment (outside the organization itself) are called **market cultures** .
- Their interest is more on interactions with external constituencies like customers and suppliers. Market cultures are competitive and results-oriented, and the results that count most are typically financial measures of success such as profit.
- To ensure discipline in achieving these ends, there is great emphasis on achieving measurable goals and targets.
- Fundamentally, what characterizes market cultures is a pervasive emphasis on winning, often defined simply as beating the competition.



Clan Cultures

- Organizations that emphasize having a high degree of flexibility and discretion, and that also focus primarily inward rather than outward, are known as **clan cultures** because in many ways they can be thought of as an extended family.
- A strong sense of cohesiveness characterizes clan cultures along with shared values and a high degree of participativeness and consensus building.
- Clan cultures believe their path to success is rooted in teamwork, loyalty, and taking care of people within the organization, including their continuing development. In a real sense clan cultures can be thought of as relationship cultures.



Adhocracy Cultures

- Finally, organizations that emphasize having a high degree of flexibility and discretion, and that focus primarily on the environment outside the organization, are called **adhocracy cultures**.
- In many ways adhocracy cultures represent an adaptation to the transition from the industrial age to the information age. Organizational culture is most responsive to the turbulent and rapidly changing conditions of the present age.
- The name adhocracy has roots in the phrase ad hoc, which means temporary or specialized. Adhocracy cultures are by nature dynamic and changing so as to best foster creativity, entrepreneurship, and staying on the cutting edge. This requires a culture that emphasizes individual initiative and freedom.



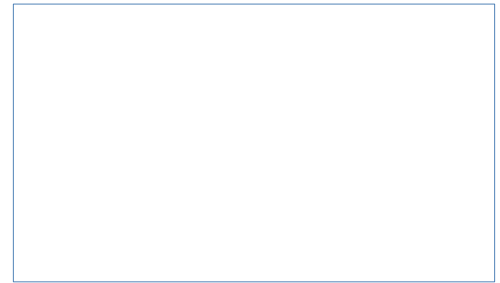
Summary of Theory of Organizational Culture

- The complexities and necessities of organizational life and survival inevitably require that all cultures include elements from all four of the cultures (that is, all cultures put some value on all the competing values). What differentiates one culture from another, then, is the relative predominance of one culture type over the others.
- Nonetheless, it should be apparent that quite different approaches to leadership are called for based on which of these four distinctive cultures dominates any organization.
- Leadership in hierarchy cultures, for example, emphasizes careful management of information, monitoring detailed aspects of operations, and assuring operational dependability and reliability.



Summary of Theory of Organizational Culture

- In contrast, leadership in market cultures places a premium on aggressiveness, decisiveness, productivity (which is not the same thing as stability or continuity), and outperforming external competitors.
- Leadership in a clan culture focuses on process more than output, especially as it pertains to minimizing conflict and maximizing consensus.
- A premium is placed on leadership that is empathetic and caring and that builds trust. And leadership in adhocracy cultures requires vision, creativity, and future-oriented thinking.



RESEARCH PAPER



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Leadership vision, organizational culture, and support for innovation in not-for-profit and for-profit organizations

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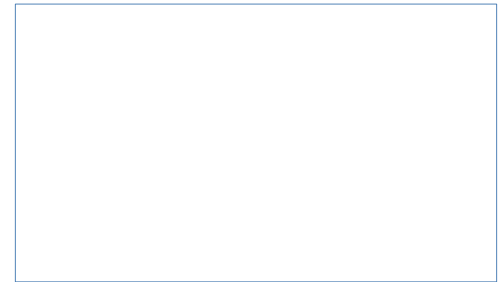
Received March 2010

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Accepted August 2010

Purpose

The purpose of this paper is to investigate the relationships among leadership vision, organizational culture, and support for innovation in not-for-profit (NFP) and FP (For Profit) organizations. It hypothesizes that in NFPs, a socially responsible cultural orientation mediates the relationship between leadership vision and organizational support for innovation, whereas in FPs, a competitive cultural orientation mediates this relationship..

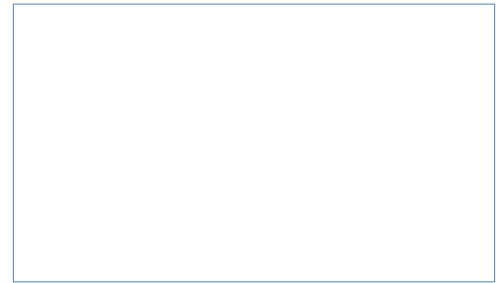


Design/methodology/approach

This is an empirical study that draws upon a large survey of 1,448 managers and senior executives who are members of the Australian Institute of Management.

Findings

Path analytic modelling provides partial support for the hypotheses. Although the predicted mediation effects occurred in NFPs and FPs, the strength of relationship between leadership vision and the two dimensions of organizational culture did not differ between the sectors. This was despite the observation that NFPs scored higher on a socially responsible cultural orientation than FPs, whereas FPs scored higher on a competitive cultural orientation.



Practical Implications

- The implications of these findings are significant in the development of leaders responsible for sustaining organizational growth and competitiveness during times of substantial social and economic turmoil. When times are problematic and workers feel their job security threatened, transformational leaders able to articulate vision and engage workers in that vision also help build strong, creative, and competitive businesses, regardless of the organizational sector.
- The findings of the study suggest that helping leaders better articulate their organizational visions is a worthwhile endeavour, because these leaders engage their workers in the strategic orientation of their organizations and build innovative and creative enterprises as a result.



Case Study: Did Toyota's Culture Cause Its Problems?

- You may be familiar with the problems that have recently plagued Toyota. However, you may not know the whole story. First the facts. In 2010 Toyota issued a series of recalls for various models. The most serious was for a defect called “unintended acceleration,” which occurs when a car accelerates with no apparent input from the driver. Investigations revealed that unintended acceleration in Toyota cars has been the cause of 37 deaths since 2000. When the problems first surfaced, however, Toyota denied it was the cause. Eventually, Toyota apologized and recalled more than 9 million cars.
- To many, the root cause of Toyota's problems was its insular, arrogant culture. Fortune argued: “Like GM before it, Toyota has gotten smug. It believes the Toyota Way is the only way.” Time reported “a Toyota management team-

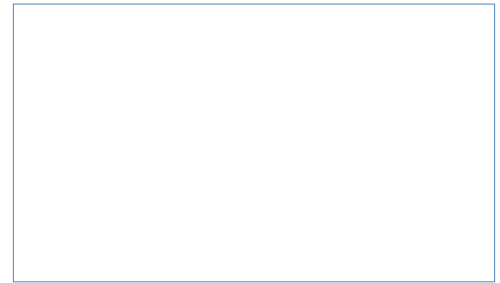


Image Source <https://reader012.docslide.net/reader012/html5/20180324/55cf9500550346f57ba5e27a/bg1.png>

Case Study (Cont.)

- -that had fallen in love with itself and become too insular to properly handle something like the current crisis.” Transportation Secretary Ray LaHood described Toyota’s culture as “safety-deaf.”
- But is this the reality? Increasingly, evidence suggests that Toyota’s culture—or even the cars it produces—is not the source of the problem.
- A 2011 report released by the U.S. National Highway Traffic Safety Administration (NHTSA) concluded that unintended acceleration was not caused by problems in the electronic circuitry. The Wall Street Journal wrote that “safety regulators, human-error experts and auto makers say driver error is the primary cause of sudden acceleration.” Forbes and The Atlantic commented that most of the incidents of sudden acceleration in Toyota cars occurred with elderly drivers, and elderly drivers are known to be more prone to confusing pedals.



Case Study (Cont.)

- Many other independent investigations, including ones conducted by automobile experts at Popular Mechanics and Car and Driver , reached the same conclusion: the main cause of unintended acceleration was drivers mistaking the gas pedal for the brake pedal.
- There's a long history of misreporting on this issue. Audi was nearly driven into bankruptcy when 60 Minutes aired a report, “Out of Control,” purportedly proving that defects in the car were behind six fatal sudden-acceleration accidents. As it turns out, 60 Minutes paid sometime to tamper with the car—filling a canister of compressed air linked to the transmission—to cause the sudden acceleration shown in the segment. Further investigations never uncovered evidence that defects in Audi's cars were behind the incidents. Does Toyota have an insular and inbred corporate culture?

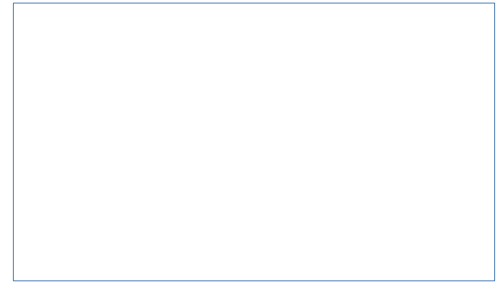


Case Study (Cont.)

- Probably. But it's been that way for a long time, and it's far from clear that the culture, or even the company's cars, is responsible for the sudden acceleration problems.

Questions

1. If you were the Leader/CEO of Toyota when the story was first publicized, how would you have reacted?
2. Is it possible to have a strong—even arrogant—culture and still produce safe and high-quality vehicles?



A. Taylor, "How Toyota Lost Its Way," Fortune (July 26, 2010), pp. 108–117; P. Allen, "Anatomy of Toyota's Problem Pedal: Mechanic's Diary," Popular Mechanics (March 3, 2010),



BOOK RECOMMENDATION:

Organizational Culture and Leadership (The Jossey–Bass Business & Management Series)

- **Authors:** Edgar H. Schein
- **Publisher:** John Wiley & Sons; 4th edition (27 August 2010)
- **Language:** English
- **Paperback:** 464 Pages
- **ISBN:** 0470190604

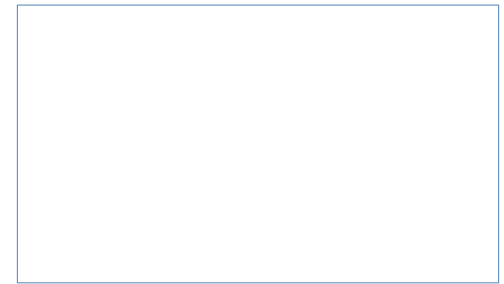
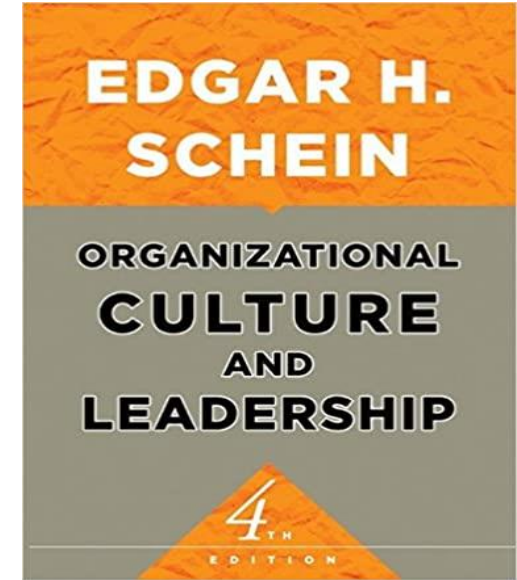


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BOOK RECOMMENDATION:

Regarded as one of the most influential management books of all time, this fourth and completely updated edition of Edgar Schein's *Organizational Culture and Leadership* focuses on today's complex business realities and draws on a wide range of contemporary research to demonstrate the crucial role of leaders in applying the principles of culture to achieve their organizational goals. Edgar Schein explores how leadership and culture are fundamentally intertwined, and reveals key findings about leadership and culture including:

- Leaders are entrepreneurs and the main architects of culture
- Once cultures are formed they influence what kind of leadership is possible.

If elements of the culture become dysfunctional, it is the leader's responsibility to do something to speed up culture change. In addition, the book contains new information that reflects culture at different levels of analysis from national and ethnic macroculture to team-based microculture.

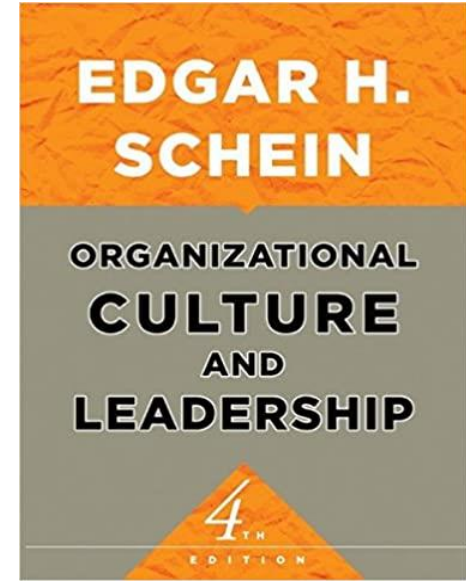


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Thank You

