ORGANIZATIONAL CULTURE

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DEFINITION

Organizational culture refers to a system of shared meaning held by members that distinguishes the organization from other organizations.

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

Innovation & risk taking : The degree to which employees are encouraged to be innovative and take risks.

Attention to detail : The degree to which employees are expected to exhibit precision, analysis, and attention to detail.

Outcome orientation : The degree to which management focuses on results or outcomes rather than on the techniques and processes used to achieve them.

Culture & organizational behavior

Culture:
- The sum total of the ideas, beliefs, customs, values, knowledge and material artefacts that are handed down from one generation to next in a society.

- A shared and relatively permanent belief system

Organizational behavior:
- The study of the structures and functions of organizations and the activities of the people within them.

- Applied not only in industrial organizations, but also in schools, hospitals, prisons, military units and other non-industrial organizations.

- A field of study that investigates the impact that individuals, groups, and structure have on behavior within organizations, for the purpose of applying such knowledge towards improving an organization's effectiveness

Hofstede cultural dimensions (Geert Hofstede)

- The basic tenet – values differ across cultures
- How values in workplace are influenced by cultures?
- One of the most widely referenced approaches for analyzing variations among cultures
- Surveyed more than 1,16,000 employees of IBM in more than 70 countries regarding their work related values
- It was found that employees vary on six dimensions of national culture.

Hofstede cultural dimensions

- Power distance
- Individualism vs. collectivism
- Tolerance of uncertainty or uncertainty

    avoidance

- Masculinity vs. feminity
- Long term versus short term orientation
- Indulgence versus restraint
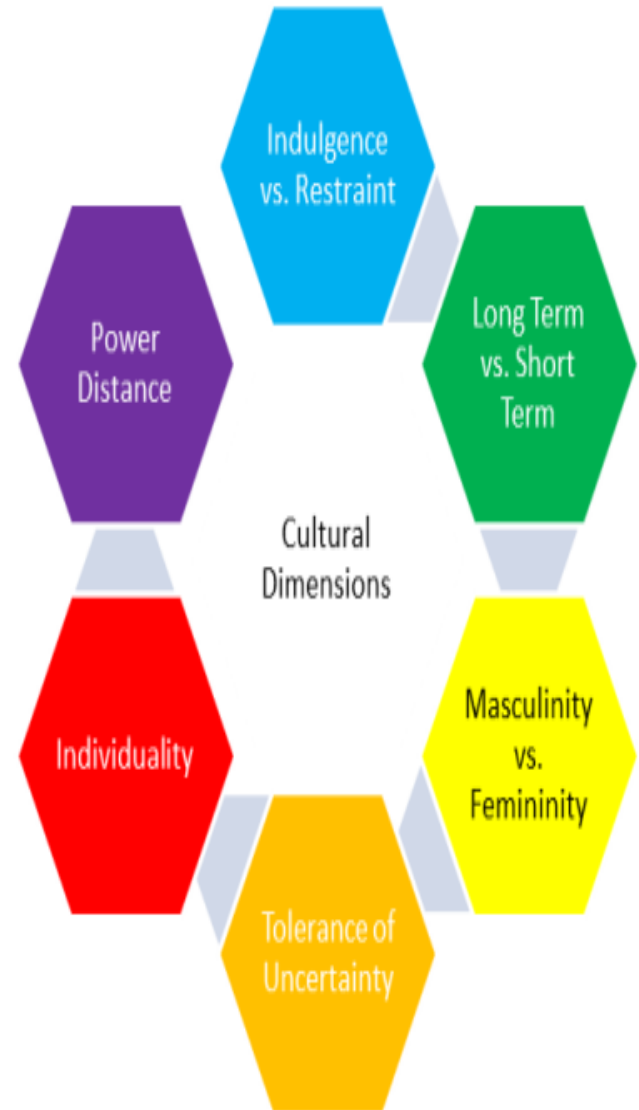
Hofstede cultural dimensions

Power distance index (PDI)

- This refers to the degree of inequality that exists – and is accepted – between people with and without power.

- A high PDI score indicates that a society accepts an unequal, hierarchical distribution of power, and that people understand "their place" in the system. A low PDI score means that power is shared and is widely dispersed, and that society members do not accept situations where power is distributed unequally.

Hofstede cultural dimensions

Individualism vs. collectivism

- This refers to the strength of the ties that people have to others within their community.

- A high individualism score indicates weak interpersonal connection among those who are not part of a core "family." Here, people take less responsibility for others' actions and outcomes.

- In a collectivist society, however, people are supposed to be loyal to the group to which they belong, and, in exchange, the group will defend their interests. The group itself is normally larger, and people take responsibility for one another's wellbeing.

Hofstede cultural dimensions

Tolerance of uncertainty or uncertainty avoidance (UAI)

- This dimension describes how well people can cope with anxiety.

- In societies that score highly for Uncertainty Avoidance, people attempt to make life as predictable and controllable as possible. If they find that they can't control their own lives, they may be tempted to stop trying. These people may refer to "mañana," or put their fate "in the hands of God."

- People in low UAI-scoring countries are more relaxed, open or inclusive.

- Bear in mind that avoiding uncertainty is not necessarily the same as avoiding risk. Hofstede argues that you may find people in high-scoring countries who are prepared to engage in risky behavior, precisely because it reduces ambiguities, or in order to avoid failure.

Hofstede cultural dimensions

Masculanity versus femininity

- This refers to the distribution of roles between men and women. In masculine societies, the roles of men and women overlap less, and men are expected to behave assertively. Demonstrating your success, and being strong and fast, are seen as positive characteristics.

- In feminine societies, however, there is a great deal of overlap between male and female roles, and modesty is perceived as a virtue. Greater importance is placed on good relationships with your direct supervisors, or working with people who cooperate well with one another.

Hofstede cultural dimensions

Long term versus short term orientation

- High scoring countries tend to be pragmatic, modest, long-term oriented, and more economical and careful. In low-scoring countries, people tend to be religious and nationalistic. Self-enhancement is also important here, along with a person's desire to please their parents.

Hofstede cultural dimensions

Indulgence versus restraint (IVR)

- Countries with a high IVR score allow or encourage relatively free gratification of people's own drives and emotions, such as enjoying life and having fun. In a society with a low IVR score, there is more emphasis on suppressing gratification and more regulation of people's conduct and behaviour, and there are stricter social norms.

Hofstede Cultural Dimensions

Individualistic/collectivistic	Prioritization of personal and group goals
Masculine/Feminine	Role definitions. Masculine societies compartmentalize rules and roles for men and women but it is less so in feminine cultures
Uncertainty avoidance	How comfortable are people with changing the way they work or live with or prefer the familiar systems (high UA)
Power distance	Comfort regarding influencing upward hierarchy
Time perspective	Long-term vs. short term planning
Indulgence/Restraint	Allowing gratification and enjoyment vs. following strict social norms