**MNO1706 Organizational Behaviour**

**Lesson 7: Organizational Culture**

**Overview**

Organizational culture refers to a system of values, norms, and assumptions shared by members of an organization (i.e., mutual understandings) that guides their daily behaviours and attitudes (Textbook Chapter 15).

* **Values** refer to organizational members’ evaluation of a target person, event, object, etc. in terms of good-bad, right-wrong, desirable-undesirable, or important-unimportant.
* For example, spending work time chit-chatting about nonwork matters when the boss is not around, is not right.
* **Norms** refer to the unwritten rules that all should abide by.
* For example, instructors should not dress up too fancifully or sloppily when delivering a lesson in class, even though the rules book does not state so.
* **Assumptions** refer to the unquestioned beliefs that are taken for granted and not challenged.
* For example, before budget airlines came into being and survived the test of the marketplace, we used to believe that air travel is the exclusive privilege reserved only for the rich or globetrotting executives sponsored by their employers.

**Advantages and Disadvantages of a Strong Organizational Culture**

An organization’s culture is said to be strong when its values, norms, and assumptions readily clarify appropriate behaviour, are widely shared, and are internally consistent.

A strong organizational culture may help organizations perform because it helps:

* Facilitate coordination among employees to achieve meaningful and unified goals;
* Encourage employee discretionary behaviour;
* Energize employees to pursue higher ideals and values; and
* Reduce misunderstandings and conflicts.

However, a strong culture may also backfire, such as when:

* The culture that has emerged is counterproductive to the organization’s work processes (e.g., because coming to work late is not penalized, tardiness has become a norm in an organization that serves walk-in customers); and
* The culture starts to slow down the pace of organization change in a fast-changing environment (e.g., because managers always reprimand employees over the wrong figures they type in their reports, a norm has emerged that accuracy is more important than timeliness, which results in employees taking a very long time to submit critical customer survey feedback results to management).

A major recent case in point concerning the latter is Kodak (Class Reading #32).

Ever since it started to produce its first product in 1888, Kodak had been a leading producer of photographic film and film processing equipment globally.

In the 1990s and 2000s, however, the advent of smartphone digital photography and internet data file transfer technology directly challenged the market viability of traditional photographic film but Kodak continued to believe that there would always be room for the latter.

The lack of attention for and the slow response to the smartphone revolution resulted in the company’s filing for bankruptcy protection in 2012.

**The Ideal Organizational Culture**

In today’s turbulent, complex, globalized, and technologically driven world, perhaps an organizational culture that capitalizes on the following would stand a better chance of success:

* **Openness of Communication:** Employees feel free and safe to communicate with one another upwards, downwards, and laterally.
* **Timely Information Sharing/Feedback:** Employees receive relevant information timely and actively provide feedback to management, especially with the help of an intranet or the Internet.
* **Teamwork:** Employees are fully engaged in technically and socially required teamwork (as discussed in Lesson 5) for synergistic performance.
* **Creativity and Innovation:** Employees actively offer or suggest new ideas.
* **Risk-Taking and Entrepreneurship/Intrapreneurship:** Employees are keen to support or take part in new ventures of the organization.
* **Inclusiveness:** Employees of diverse surface personal characteristics are treated equally and fairly in the organization and a high level of diversity exists in the organization’s workforce.
* **Flexible Work Arrangement or Work-Life Balance:** Employees are free to choose their best way of getting their work done without jeopardizing organizational productivity, such as through telecommuting (also called teleworking).
* **Collaborative Conflict Resolution:** Employees have bought into the idea of using a constructive approach to resolve conflicts, such as being active (open) rather than passive (avoiding) and being agreeable (cooperative) rather than disagreeable (competitive) in their approach to conflict management.

**When to Shape Culture?**

Organizational culture evolves from the day the organization is formed (or even before that).

The founders of an organization typically have a set of specific reasons or objectives for starting the organization, such as to raise the financial wellbeing of underemployed/underprivileged women.

These reasons or objectives of the founder form the initial corporate values as pursued by the organization.

As the organization survives and grows through the various stages of the organization life cycle, the culture of the organization may change (some faster, others slower) and as long as the culture aligns the organization to its environment, the organization would stay afloat.

The environment facing organizations changes incessantly (as discussed in Lesson 6), so organizational culture may become a liability when it slows down the pace of change in the organization to the extent that a misfit between the organization and the environment emerges.

**Four Levels of Organizational Culture**

Similar to organizational diversity (see Lesson 6), where one can find both surface-level (easily observable factors such as race, sex, age, disability) and deep-level (not easily observable factors such as education, skills, knowledge, personality, values) diversities, organizational culture can be split into surface-level and deep-level culture, comprising 4 levels (from the most observable to the least):

* **Artefacts** (surface-level):
  + Physical manifestations that can be easily seen when one visits a workplace, such as the organization’s logo on the wall, open-closed office design, uniform and workplace dress code, and rituals/ceremonies.
* **Espoused Values and Norms** (surface-level):
  + Values and norms that are stated explicitly (e.g., at the organization’s official website).
* **Enacted Values and Norms** (deep-level):
  + Values and norms that are not sated explicitly but are consciously practiced by organizational members.
* **Assumptions/Beliefs** (deep-level):
  + Implicit values and norms that have become so taken-for-granted that they are subconscious to organizational members (employees hold on to them as the truth and the given without being aware of it).

As demonstrated in the case of Kodak (mentioned above), assumptions/beliefs are potentially the most hazardous element of organizational culture because even as they form the core of organizational culture, organizational members do not consciously think about them, let alone reviewing, re-evaluating, and recalibrating them.

If such assumptions/beliefs are wrong/false in relation to what is happening in the outside world, a misfit between the organization and the business environment may result and in no time the organization will find itself facing existential threats.

Managers thus should always make an organization’s culture as explicit as possible.

**Four Ways to Express Organizational Culture**

There are four main ways to make an organizational culture explicit:

* **Symbols:**
  + A symbol is an object (logo, office, dress code, etc.) that conveys meanings to others.
  + The Health Promotion Board’s (Singapore) logo, for example, features a human figure embracing a healthy heart in vibrant colours doing rigorous physical exercises, symbolizing the organization’s vision, mission, and values of promoting healthy living among the whole population of interest. (See Class Reading #33a).
* **Language/Slogans:**
  + A slogan is a phrase or sentence that succinctly expresses a key corporate value.
* Because many organizations are customer-centric, it is not surprising that many slogans tend to focus more on customers than on employees. (Class Reading #33b).
* The Ritz-Carlton has a famous slogan that places equal emphasis on both customers and employees: “We Are Ladies and Gentlemen Serving Ladies and Gentlemen” (Class Reading #33c).
* Language refers to the phrases, sentences, passages, or other verbal expressions that embody or express key corporate values.
  + - In virtually all organizations’ official websites today, for example, we can find the organization’s expressed statement about its mission, vision, and corporate values.
    - The values statement is a form of language used to express the organization’s espoused culture.
    - Singapore Airlines’ values, for example, encompass the pursuit of excellence, safety, customer first, concern for staff, integrity, and teamwork.
    - In many organizations/professions, the pervasive use of specific key terms/words and their abbreviations/acronyms by their members constitutes a form of language-based culture of the organization/profession.
* **Stories/Heroes:**
* A story is a narrative based on true events and is repeated frequently and shared among organizational members, helping them personalize and absorb the organization’s vision and values.
* A hero is a figure who exemplifies the deeds, character, and attributes of a desirable culture, providing a role model for organizational members to follow.
* Stories and heroes often go hand-in-hand.
* For example, in Class Reading #33d, the founder of cosmetics company Mary Kay Inc, Mary Kay Ash, started the company to enrich women’s life with a heart and to help them experience success on their own terms because she had witnessed first-hand how underemployed and underappreciated women were treated at the workplace.

This person (the founder as a hero championing women’s wellbeing) and historical background (the story of struggling to help women) behind the founding of the company became the cornerstone of the company’s culture in the decades that followed.

* **Ceremonies:**
* A ceremony is planned activity at a special event conducted for the benefit of an audience to provide dramatic examples of organizational values.
* Class Reading #33e, for example, shows how Singapore Airlines socializes its new employees with its corporate values of “Singapore Airlines, You Are a Great Way to Fly” through encouraging them to sing its corporate song during a training course.
* Other common examples of ceremonies are the award ceremonies held by many organizations to give symbolic and tangible recognition to people who have:
  + - Performed well (outstanding individual/group results);
    - Served the organization for a long time (long service awards); and
    - Won scholarships as sponsored by the organization.

These ceremonies help promote corporate values such as achievement, being appreciative, and commitment.

**Applications and Practical Considerations**

Several issues may arise when managers manage their organizational culture on a day-to-day basis.

1. **Can Organizational Culture Be Copied by Competitors?**

It is a common knowledge that business ideas can be easily copied by competitors.

For example, soon after Uber started to run its app-based private ride sharing business in San Francisco, many competitors capitalized on the same idea and many Uber look-alikes started to mushroom around the world, posing formidable challenges to the originator.

Can organizational culture be copied as easily?

For example, Ritz-Carlton’s (a hotel chain) slogan of “We Are Ladies and Gentlemen Serving Ladies and Gentlemen”, sounds like a good corporate value to please both customers and employees.

Can other hotels simply copy the slogan and use it to boost their businesses?

The answer is no (or at least “not easily”) because there are laws that protect the rights of intellectual property owners.

* Slogans are considered a type of trademarks and are protected under the Trade Marks Act in Singapore (similar laws are in force in many other countries/territories). (Class Reading #34a).

Under this Act, the owners of a trade mark have the right to the trade mark they own and may seek protection via two approaches:

1. Have the trade mark registered with the government’s Trade Mark Office under the Act and use it actively in their business activities; and
2. Claim their right under common law by demonstrating their historical ownership and active use of the mark in the past.

Class Reading #34b specifies the registrability of slogans and provides a list of examples that are registerable, including:

* “The Principle of Comfort”;
* “We Restore, You Recover”;
* “Own the Tree”;
* “SiteInSights”;
* “Have a Break, Have a Kit-Kat”; and
* “No More Tears”.

“We Are Ladies and Gentlemen Serving Ladies and Gentlemen” is likely to be held as an intellectual property belonging to Ritz-Carlton because most HR experts are aware of the hotel chain’s use of it and would regard the slogan as a unique approach used by the hotel chain to build a positive organizational culture.

* How about the Singapore Airlines song as mentioned earlier on in this lesson?

A corporate song is protected under the Copyright Act.

Under this Act, the original expression of an intellectual work (such as a song/music/play, novel, computer program, and painting) is protected and the owner of the intellectual property enjoys the exclusive use of it.

The corporate vision, mission, and values statements as expressed in an organization’s website would also come under the protection of the Copyright Act.

Note that under the Copyright Act, the protected element of a work is the “original expression” of it.

If a work is sufficiently altered such that the “original expression” is removed, it can still be “copied” legally.

Hence, if I “copy” the idea of “pursuit of excellence” from Singapore Airline’s statement of organizational values and use my own words to narrate what “pursuit of excellence” means without using the phrase “pursuit of excellence” in my organization’s values statement, then this is not considered an infringement.

In a similar vein, the story (similar to a novel; both a story and a novel carry intellectual components) used by an organization to fortify its corporate culture is protected in its original expression by the Copyright Act.

So are ceremonies in their original expressions to the extent that there exist intellectual components (such as the original design/expression of a banner, wordings on and the design of a trophy/plaque/furniture, a speech, etc.)

* Finally, by contrast, deep-level cultures in the form of enacted norms and values are inherently difficult to copy because they are embedded in the employees’ daily behaviour and thinking processes.

It is by nature difficult for outsiders to mimic or emulate the carefully crafted behaviours of members of an organization.

However, please note that human movements (e.g., Yoga) by themselves are not copyrightable.

The same applies to assumptions as a form of culture: they cannot be easily copied because not even internal members of an organization consciously think, act, or talk about it.

1. **To What Extent Can Managers Enforce Organizational Culture?**

Because organizational culture can unite organizational members, forge a strong organizational identity, and drive synergistic performance, many managers are keen to enforce it, i.e., to penalize employees who, for example, fail to uphold or practice values that are endeared by the organization.

* A number of years ago, a church in Singapore - Faith Community Baptist Church (FCBC) - fired a pregnant female employee who was divorcing from her husband but had a baby with a divorced male colleague who was working in the same church admin office.

The church’s stance was that the female employee’s behaviour (even though it was private) was not in line with the values endeared by her employer.

The female employee filed a complaint with the Ministry of Manpower (MOM) based on unjust dismissal.

After about a year of governmental intervention, the church finally relented and compensated the employee without admitting defeat.

It appeared that the MOM would not view the female employee’s act of having an affair with a divorced man as so relevant to her admin job at the church and so serious a violation of corporate values that an outright dismissal was warranted.

* In another case, an Assistant Director (AD) of the National Trades Union Congress (NTUC), was fired because she complained about a noisy Malay wedding using such words as “(how could society) allow people to get married for 50 bucks” and “void deck weddings should be banned. If you can’t afford a proper wedding then you shouldn’t be getting married.”

Her comments were peppered with vulgarities.

The NTUC fired her because it was “important to uphold the labour movement’s core values of inclusiveness and racial harmony.”

* In a third case, a British banker who had worked in Singapore for 12 years was fired for calling a taxi driver a “retard” and labelling MRT commuters as “the poor” in his online postings.

His employer said: “The online comments made by Mr XXXXX do not represent the culture that we have built over many years. Accordingly, Crossinvest Asia and Mr XXXXX have parted ways with immediate effect.”

All the above cases were not adjudicated in a court of law.

Hence, we are not able to ascertain to what extent and under what circumstances a dismissal based on violating an organization’s values or culture could be upheld in a court of law.

However, given the current societal norms in Singapore, it would appear that a case for dismissal based on violation of organizational culture/values is very real, especially if there is a contractual clause stating so and the perpetuator holds a senior position as a manager, executive, or professional.

1. **Who Owns the Story?**

At times heroes and stories embodying the values endeared by the organization may emerge.

The question then is who owns the story?

* Class Reading #35a features two workers who rescued a toddler from falling off the second floor of a flat in Singapore when they were at work.
* Class Reading #35b features two US Marines who were off-duty and on vacation in Paris and, together with their friend, thwarted a terrorist’s plot to mass-shoot passengers on board a passenger train.

If the story belongs to the employer, then the employer may be free to use the heroic act as a showcase to fortify its corporate values of public spiritedness, selfless services for society at large, top-calibre training for combat, etc.

The employer may even sell the story to a movie producer and collect royalties and other fees from the sale.

On the other hand, if the story belongs to the employee, then the employee may enjoy all the benefits that comes with it.

In general, intellectual properties created during the ordinary course of work of an employee would likely belong to the employer.

For example, an R&D engineer who has designed a new integrated circuit while at work would likely have produced an intellectual property that belongs to the employer.

In the case of the two workers who saved the toddler, even though the act happened during work hours, the act of saving the toddler did not appear to arise from the course of ordinary work (they were not employed to save people).

Hence, the story is likely to belong to the workers.

If the employer wishes to use the story to fortify its corporate image, organizational culture, etc., then it may have to seek the permission of the workers.

In the case of the two marines and their friend who successfully thwarted a terrorist attack, their act of fighting against the terrorist seemed to build on the combat skills that they have learned from the US Marine Corps.

However, the event happened when they were on leave of absence and hence, it was not likely to be deemed to have arisen from their ordinary course of work.

They were also not trained to specifically fight against a terrorist in a civilian setting.

The story thus is likely to belong to the 2 marines and their friend.

The situation may be different if the two marines were on duty of prowling for possible terrorist attack and they chanced upon a terrorist that actually tried to attack civilians – in this case the story would likely belong to the US Marine Corps.

A movie about the 2 marines and their friend was actually produced subsequent to the attempted Paris attack, enabling the three of them to earn some good pocket money.

1. **Who Owns the Corporate Song, Logo, Ceremony Memorabilia, Etc. as Created by a Third-Party Consultant?**

It is not uncommon that organizations would outsource the work of writing their corporate songs as well as designing their corporate logos and plaques, banners, and other ceremonial memorabilia, to a third party, such as a consultant, designer, or manufacturer.

By default, because the third party is not an employee of the organization and the output arises from the third party’s own device and time that are outside the direct control of the organization, the intellectual property right typically would belong to the third party.

The organization thus is essentially a client who is given the right to use the third party’s intellectual property for specific purposes and as a client, the client organization does not own the copyright.

Even if internal employees are tasked to create all these items, the fact remains that they may not arise from the employee’s ordinary course of work.

For example, if you ask a talented HR executive to design a plague for a long service award, the intellectual property right to the plague design would belong to the HR executive because plague designing is not part of the ordinary work of the HR executive.

To own these intellectual expressions of culture (a song, a logo, ceremonial memorabilia, etc.) regardless of whether internal employees or external consultants/designers/manufacturers are engaged to do the designing work, managers should - if they so wish - negotiate a contract in which the ownerships of the items so designed are unambiguously assigned to their organizations.

Of course, such terms and conditions in a contract would require the organization to pay a reasonable sum of money as compensation to the intellectual property owner, be it an employee or a consultant/designer/manufacturer.