

Unit 1

Corporate Culture & Structure



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1. WHAT IS CORPORATE CULTURE?



Corporate culture can be summed up as a complex set of assumptions, beliefs, perceptions, symbols and values that define how a company goes about doing business.

Every organisation has its own unique culture or value set. Most organisations do not consciously try to create a certain culture.

The culture of the organisation is typically created unconsciously, based on the values of the top management or the founders of an organisation.

“Leadership entails painting a vision of where you want to go ...”

- Meg Whitman, former CEO of eBay

“We have defined our core values, and there are the annual retreats ... These mechanisms help me compose the music so that many soloists can play in my orchestra. The players know what's not negotiable: the pace, the tempo, and the traditions. I have to write the music and then stick to my role of conducting the orchestra rather than trying to play the music myself.”

- Anand Mahindra, CEO of Mahindra & Mahindra Group

“... culture isn't just one aspect of the game; it is the game. In the end , an organization is nothing more than the collective capacity of its people to create value”

- Lou Gerstner, Chairman and CEO, IBM (1993- 2002)

Think Through This ...



1. Before joining any company, there are four things you need to know.
 - a) Its management style
 - b) Its environment
 - c) Its people
 - d) Its policies
2. What kind of research should you do before accepting a job?
 - a) Know what type of job you would like
 - b) Know the type of working environment which suits you
 - c) Research the company first to see if it is a place where you would want to be for the long term

1.1 Identifying a Company's Corporate Culture

How things are said and done in a company reflect and shape its corporate culture. If you share the beliefs of a company, you have a higher chance of being satisfied with your job and a greater possibility of being committed to the organisation. A company's corporate culture can be seen in the following ways:

- Norms
- Critical Incidents
- Rituals
- Significant Symbols

NORMS

- They are a set of **unwritten** rules and guidelines that are standards for **appropriate** behaviour.
- To be **accepted** as a member of an organisation, each employee is expected to comply with these norms. This is called "**fitting in**".
- Example: It is Alan's first day at Soapstone Electronics. He wants to make a good impression on his new colleagues so he dresses formally – long-sleeved shirt, tie and dress pants. However, he has a shock when he sees his colleagues wearing jeans, T-shirts and sneakers. The next day, he dresses like them.

CRITICAL INCIDENTS

- They are the **events** that occur in a company and the **consequences** which follow.
 - Examples:
 - John points out a mistake his boss has made and loses out on a pay increase.
- Conclusion: The company does not tolerate criticism.



[Dilbert by Scott Adams]

- Sally tells her supervisor that she cannot work long hours as she needs to pick up her son from the childcare centre after work. Later, she is passed over during a promotion exercise.

Conclusion: The company does not view family life as important.

- Savvy employees will take note of these incidents so that they can learn how the **company works**, what the **management wants**, and what really counts to **get along** with others, to **stay out of trouble** and to **get ahead**.

RITUALS

- They are the company's **traditions** and **customs**.

Think Through This ...



What do the following rituals mean?

1. **Celebrations:** Are birthdays and other special events celebrated?
2. **Time:** What is the work pace like? Is time wasted?
3. **Breaks:** Are coffee/tea breaks allowed and for how long?
4. **Talk:** Who do you talk to? Are junior staff encouraged to talk to senior staff? Are people greeted by their first or last name?
5. **Meetings:** Who sits where? Who sides with whom?
6. **Dress:** Is the dress code formal or informal? Are there dress down days?
7. **Artefacts:** Are the offices decorated with personal items or power items? Do the staff personalised their work areas?
8. **Touching:** Is it OK? To whom and how much?
9. **Recognition:** How are achievements rewarded? What trophies and certificates can be seen?

SIGNIFICANT SYMBOLS

- How employees and customers **describe** the organisation. This means the language used reflects the beliefs that are an everyday part of life for the organisation.
- They are an indication of what **values** the company holds important.
- Examples: Staff at Walt Disney call themselves "cast members." This gives the impression that everyone is on the same team and working toward a common goal. IBM used to be described by some people as a "dinosaur." This gave the impression that it did not respond quickly to change.

GLOBAL AND LOCAL PERSPECTIVES

A LOOK AT MCDONALD'S APPROACH TO ITS CULTURE

- McDonald's is clear about:
 - what its strategy is ("Plan to Win", which centres on an exceptional customer experience – People, Products, Place, Price and Promotion)
 - what it stands for (Quality, Service, Cleanliness and Value for each and every customer, each and every time)



- McDonald's is culturally relevant in each market. This means adapting the company's culture to the local culture and customs as appropriate:
 - Closing McDonald's five times a day for prayer in Saudi Arabia
 - Serving shrimp entrees in Japan and red bean pie in Hong Kong

"If the French love us, who can hate us? ... We're doing something right." Jim Skinner (CEO, 2004 - June 2012).
 - McDonald's is alert and responds to changes in the external culture, knowing that these have to be made with finesse as they would impact the internal culture. This includes introducing fairtrade coffee, organic milk and even "green" restaurants.
- [Source: Stanford, Naomi. *Corporate Culture. Getting it right*. New Jersey: John Wiley & Sons, Inc, 2011]

2. WHEN CHANGE HAPPENS

Corporate culture is dynamic. Changes usually happen when the head of the organisation leaves and is replaced by someone else. More often than not, the new boss' background, values and attitude will be different from the ex-boss and these influence how the company would be run.



[Dilbert by Scott Adams]



Think Through This ...

1. What can happen when CEOs change?

Yahoo CEO Marissa Meyer came onboard in 2012 and announced in February 2013, an end to its flexible work-from-home policy (from June 2013). This move can be seen as an innovative gamble for Yahoo to retain staff who are dedicated and passionate about the company: “God, family and Yahoo – in that order”. Or it may alienate more people than it will attract, and Yahoo’s competitors may use this opportunity to poach the company’s star talent working in cafes and home offices across the nation. [source: http://www.washingtonpost.com/blogs/innovations/post/the-yahoo-memo-and-marissa-mayers-big-innovation-gamble/2013/02/28/7e28266a-81b3-11e2-a671-0307392de8de_blog.html]

2. Why is change important?

Although change can be scary and painful at first, it is important for a company’s survival. The organisation that undergoes change so that it can respond to business changes quickly and effectively usually emerges the winner in an economic crisis. Most successful organisations today went through many changes to get to where they are now.

3. What can companies do to help their staff cope with change?

Draw up a detailed plan – what the changes are and why they are necessary, when and how they will be implemented, which departments and staff are affected – and communicate this clearly to all employees.

2.1 Tolerating Change

As change is an ongoing element of every successful organisation, it is critical that people learn to tolerate it. Companies need to structure the change process and help the staff get through it.



Think Through This ...

1. How can companies help their staff go through change?

Draw up a detailed plan – what the changes are and why they are necessary, when and how they will be implemented, which departments and staff are affected – and communicate this clearly to all employees.

2. What should you consider before joining a company that has a fluid environment?

Ask yourself if you can cope with the rapid changes that are bound to occur. Can you adjust? Will you be comfortable?

2.2 Surviving Change

While change can be uncertain, you do not have to be stressed out by it. Here are some suggestions on how to cope, and eventually, survive the upheavals in any organization:

1. **Find out more:** Be clued-in to the company's vision.
2. **Prepare yourself:** Engage in your own learning – upgrade your skills.
3. **Get into the act:** Be a player, not a spectator.
4. **Think out of the box:** Look at things from different angles. Challenge yourself to do better.
5. **Continually assess yourself:** Learn from your mistakes and successes.
6. **Be positive:** Swim with the tide. View the changes as a learning experience.

2.3 Structure in an organisation

An organisation usually has a **formal** and an **informal** organisational structure.

A ‘formal organizational structure’ is:

- a system of jobs, authority, relationships designed to get the work done
- usually reflected in the organisation charts.

An ‘informal organizational structure’ has the following features:

- It is a network of personal and social relationships that may have nothing to do with formal authority relationships.
- It is not planned.
- It is based on friendships and contacts both on and off the job.
- Its communication system is the grapevine.

2.4 Fundamentals

The fundamentals that every formal organisation has to deal with are:

Policy

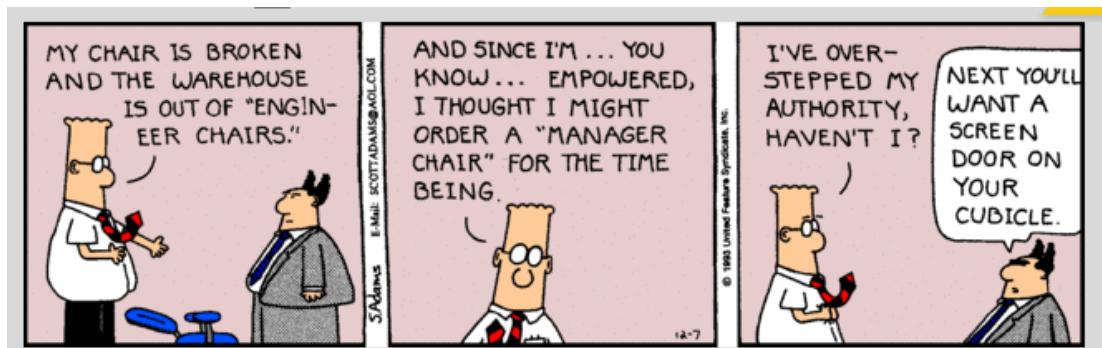
- A policy is a **written or oral statement** that serves as a **general guide for decision-making**.
- For example, it may be the policy of one firm to give two weeks' vacation to an employee only after he or she has worked there for at least one year.



[Dilbert by Scott Adams]

Authority

- Authority is the **power to act and make decisions** in carrying out assignments.
- In a corporation, the authority comes from the **stockholders**. [These are people who own shares in a company] and is **delegated** [To delegate is to entrust an action to someone] to directors.
- They in turn delegate authority to top executives.
- Executives in turn transmit some authority to lower-level managers.



[Dilbert by Scott Adams]

Responsibility

- Responsibility is the individual's **obligation to carry out** assigned duties.
- An individual's potential readiness and capability is often measured in terms of:
 - the key areas of responsibilities assigned
 - the process of carrying out these responsibilities
 - the outcomes of such responsibilities

Thus someone takes responsibility (ownership of tasks and situations) and is held accountable.



[Dilbert by Scott Adams]

Accountability

- Accountability is **holding a subordinate answerable** for the responsibility and authority delegated to him.
- In a mature working environment, accountability may not be openly articulated by the manager to the subordinate, but it is clearly understood.
- The manager will expect the individual to be accountable at all times.



[Dilbert by Scott Adams]

Delegation

- Delegation is giving **one person/group the power and obligation to act**.
- When the manager assigns duties, this is to be viewed positively as developing the potential of the individual.
- In professional working environments, delegation of work is viewed as necessary.



[Dilbert by Scott Adams]

Coordination

- Coordination is **synchronising all individual efforts** toward a common objective.
- Its purpose is to make sure things happen at the right time and place, and in the correct order.
- Means of achieving coordination include group meetings, personal contacts, communication and procedure manuals.



[Dilbert by Scott Adams]

3. POWER IN AN ORGANISATION

3.1 Introduction

What can happen to you as a result of lack of power?

- You may be discouraged by such power play in your organisation.
- You may end up saying things like, “I’m no longer going to care. It’s all politics. From now on, I’ll just concentrate on my work and get on with it.”
- Or worse: “I’m not going to bother to contribute anymore. It’s all politics. So I’ll just switch off and let others get on with it.”

What can you do instead?

- Choosing not to get involved, is only for losers – those who either lack the skills or intelligence, or just simply do not have the stomach for the fight. Such naive behaviour is only an evasion of responsibility [a refusal to take responsibility] and does not help the organisation or those who depend on you.
- By shunning [avoiding] politics and power, you are only putting yourself at the mercy of other powerful and influential people. You may thus deprive yourself of the involvement in the decision-making process.
- To contribute towards a healthy future for your organisation, learn to acquire power and influence and how to use it in order that your contribution can be accepted.
- There is no point in complaining that it is all politics and conflict when you could reset your attitude more positively towards accepting that they are here to stay and you might just as well learn to deal with them.
- However, when you have the power to influence events and make decisions, you need to ensure that all these are done with the good of others in mind, and not merely for your own gain.

3.2 Sources of Power

There are five sources of power:

Legitimate Power

- This is the power-base traditionally associated with a person's **formal position** in the organisation's hierarchy. It is also called **position power**.
- For example, when a manager is appointed to take charge of the production department, the departmental staff will obey his work instructions because they perceive this appointment as a legal delegation of formal authority over them.



[Dilbert by Scott Adams]

Reward Power

- For the manager to function effectively, his subordinates must believe that he is in the **position to reward** them for their efforts.
- The rewards may be in the form of favourable job assignments, promotions, pay increases, bonuses, etc.
- Since one must have ample resources to be able to hand out rewards, this power-base is also referred to as **resource power**.



[Dilbert by Scott Adams]

Coercive Power

- This power-base works on **fear**.
- It means that the employees are made to believe that their bosses are **capable of punishing** them.
- Such punishments may take the form of official reprimands, less desirable work assignments, holding out on pay increases, cutting bonuses, taking disciplinary actions such as demotion or even dismissal [getting sacked].



[Dilbert by Scott Adams]

Expert Power

- When a person possesses a **special knowledge or skill that is acutely needed**, he is said to wield **expert power**.
- This source of power is not only available to the management. The rest of the workers in the organisation can also try to acquire this type of power.
- However, expert power tends to be narrow in scope [This means that power is acquired through this means is limited to only that particular area of specialisation] because knowledge or skill is limited only to specific task areas.



[Dilbert by Scott Adams]

Referent Power

- Sometimes a person may do something for you, not because you are his superior who orders him to do so, or are able to reward or punish him, but simply because he feels a strong attachment to or identifies with you.
- This source of power that is often based on personal admiration. It means that employees find some **admirable personal characteristics, charisma** [a special appeal or attraction] or **good reputation** in their bosses.



[Dilbert by Scott Adams]

4. BEHAVIOUR IN AN ORGANISATION

4.1 Negative Behaviour

Behaviour to avoid in organisations includes the following:

- **Back-stabbing** – This happens when someone says something detrimental [damaging] about you behind your back.



- **Gossiping** – This happens when colleagues engage in idle talk about someone's behaviour or personal life, often including unkind or untrue remarks.
- **Negative feelings that drag co-workers down** – This happens when personal frustrations at work are shared among colleagues and all the negative talk demoralises everyone at work.
- **Complaining or whining** – This happens when colleagues end up only saying negative things about the management, unfair treatment at the workplace or the amount of work they have.

4.2 Positive Behaviour

A positive mindset is the key to getting along and getting ahead. The following behaviour shows a positive mindset:

- **Say “Yes” to assignments** – This brings out your ability and often helps others to overcome their own fears of assuming responsibility.
- **Do all that is asked of you and then some more** – This will make you move out from mediocrity to excellence.
- **Be considerate of others** – This is a noble attitude and most people will be pleased to have someone like that in their workplace.
- **Smile and be friendly** – This makes you a pleasant worker.
- **Be resilient** – Recover from or adjust easily to change or challenges.
- **Don’t hold grudges** – This would only bring about unhappiness or resentment.
- **Worry about yourself and mind your own affairs.** – This helps you to focus on what you need to do and improve at work and therefore you will spend less time on meaningless gossips in the workplace.

4.3 Survival Tips

Below are some tips to help you survive in an organisation by not creating an excessively negative environment. They are categorised into two types:

- Attitudes to Avoid
- Attitudes to Adopt

Attitudes to Avoid

- Don't stay late in the office just to impress your boss.
- Don't fear that if you teach your subordinates everything about your job, one of them could then replace you.
- Don't go all the way out to cultivate friendship with powerful people.
- Don't carry tales about others to your boss.
- Don't blow your own trumpet [This means to boast].
- Don't make yourself a person to be feared by others.
- Don't put self-interests above company goals.
- Don't be hesitant to hire a subordinate who might outshine you.

Attitudes to Adopt

- Do stay away from using gossip to your personal advantage.
- Do allow performance or track record to speak for your own capabilities.
- Do be fair to all your subordinates.
- Do ensure that most of your actions are ethical. [This means conforming to moral and accepted professional standards of conduct]
- Do avoid poking fun at your boss behind his back.
- Do keep on good terms with everyone in your company even if don't like some.
- Do be humble.
- Do be considerate of other people.

