Organizational Culture

Culture is the set of values, beliefs, and understandings, and ways of thinking that are shared by members of an organization and is taught to new members as correct way to think, feel, and behave.
It represents the unwritten, feeling part of the organization.

Culture exists at two levels: the *surface level* of culture and the *underlying level.*

On the surface are visible artifacts and observable behaviors the ways people dress and act, the type of control systems and power structures used by the company, and the symbols, stories, and ceremonies organization members share.
The visible elements of culture, however, reflect deeper values in the minds of organization members, the underlying values are an emphasis on openness, collaboration, teamwork, innovation, and constant change.

These underlying values, assumptions, beliefs, and thought processes operate unconsciously to define the true culture.

Purpose of Culture

Organizational culture provides members with a sense of **identity.**

Culture serves two critical functions in organizations:

- to integrate members so that they know how to relate to one another;
- to help the organization adapt to the external environment.

Internal integration means that members develop a collective identity and know how to work together effectively. It is culture that guides day-to-day working relationships and determines how people communicate within the organization, what behavior is acceptable or not acceptable, and how power and status are allocated.

External adaptation refers to how the organization meets goals and deals with outsiders.
Culture helps guide the daily activities of workers to meet certain goals.
It can help the organization respond rapidly to customer needs. The organization's culture also guides employee decision making in the absence of written rules or policies.

Interpreting Culture

To identify and interpret culture requires that people make inferences based on observable artifacts.
Artifacts can be studied but are hard to decipher accurately.
An award ceremony in one company may have a different meaning than in another company.
To understand what is really going on in an organization requires detective work and probably some experience.
Important observable aspects of organizational culture include rites and ceremonies;
stories and myths;
symbols;
organization structures;
power relationships and control systems.

Organizational Design and Culture

The **Adaptability Culture** is characterized by strategic focus on the external environment through flexibility and change to meet customer need.

The culture encourages entrepreneurial values, norms, and beliefs that support the capacity of the organization to detect, interpret, and translate signals from the environment into new behavior responses.

The company actively creates change. Innovation and risk-taking are rewarded.

The **Mission Culture** places major importance on a clear vision of the organization's purpose.

The achievement of goals, such as sales growth, profitability, or market share, help to achieve the purpose.

Because the environment is stable, managers can translate the vision into measurable goals and evaluate employee performance for meeting them. In some cases, mission cultures reflect a high level of competitiveness and a profit-making orientation.

The **Clan Culture** has a primary focus on the involvement and participation of the organization's members and on rapidly changing expectations from the external environment. More than any other, this culture focuses on meeting the needs of
employees as the route to high performance.

Involvement and participation create a sense of responsibility and ownership and, hence, greater commitment to the organization.

Companies in the fashion and retail industries often adopt this culture because it releases the creativity of employees to respond to rapidly changing tastes.

The **Bureaucratic Culture** has an internal focus and a consistency orientation for a stable environment. This type of culture supports a methodical approach to doing business. Symbols, heroes, and ceremonies reinforce the values of cooperation, tradition, and following established policies and practices as ways to achieve goals.

Personal involvement is somewhat lower here, but that is outweighed by a high level of consistency, conformity, and collaboration among members.

This organization succeeds by being highly integrated and efficient.

Organizational Culture, Learning and Performance

Culture can play an important role in creating an organizational climate that enables learning and innovative response to challenges, competitive threats, or new opportunities.

A strong culture that encourages adaptation and change enhances organizational performance by energizing and motivating employees, unifying people around shared goals and a higher mission, and shaping and guiding behavior so that everyone's actions are aligned with strategic priorities.

The right culture can drive high performance.

Strong adaptive cultures incorporate the following values:

1. The whole is more important than the part and boundaries between parts are minimized.

   People are aware of the whole system, how everything fits together, and the relationships among various organizational parts. All members consider how their actions affect other parts and the total organization. This emphasis on the whole reduces boundaries both within the organization and with other companies.

2. Equality and trust are primary values.
   The culture creates a sense of community and caring for one another. The organization is a place for creating a web of relationships that allows people to take risks and develop to their full potential. The emphasis on treating every on with care and respect creates a climate of safety and trust. Managers emphasize honest and open communications as a way to build trust.
3. The culture encourages risk taking, change, improvement.
   A basic value is to question the status quo. Constant questioning of assumptions opens the gates to creativity and improvement. The culture rewards and celebrates the creators of new ideas, products, and work processes.

Ethics is the code of moral principles and values that govern the behaviors of a person or group with respect to what is right or wrong. Ethical values set standards as to what is good or bad in conduct and decision making. National culture, religious heritage and historical background lead to the development of societal morality.
Managerial Ethics
Ethical decisions go far beyond behaviors governed by law.
The **rule of law** comes from codified principles and regulations describing acceptable behavior.
Ethical standards apply to behavior not covered by the law, and the rule of law applies to behaviors not covered by ethical standards. Current laws reflect combined moral judgments, but not all moral judgments are codified into law.
Managerial ethics are principles that guide the decisions and behaviors of managers as to the right or wrong.
An **ethical dilemma** arises in a situation concerning right and wrong in which values are in conflict.
Right or wrong cannot be clearly identified in such situations.