Session 3

Organisational Culture

What we will learn

- Defining organizational culture

- Components of culture

- The factors that shape the culture of the organization

- Writers on culture

- Characteristics of an Organisational Culture

- How Employees Learn Culture

Definition

- The specific collection of values and norms that are shared by people and groups in an organisation and that control the way they interact with each other and with stakeholders outside the organisation. *Hill & Jones*

- 'The way we do things around here'. *Handy*

- culture means the sum total of all the beliefs, attitudes, norms and customs that prevail within an organisation

How cultures are Formed ? 3 Ways

- First, founders **hire and keep only employees** who think and feel the same way they do.

- Second, **they train** and socialize these employees to their way of thinking and feeling

- finally, the founders' own behavior encourages employees to identify with them and adopt their beliefs,

- When the organization succeeds, the founders' personality becomes embedded in the culture

- *Ex. Microsoft, Herb Kelleher at Southwest Airlines, Fred Smith at FedEx, and Richard Branson at the Virgin Group.*

Keeping a Culture Sustained

Three forces play a particularly important part in sustaining a culture:

1. Selection practices,

2. The actions of top management,

3. Socialization methods

Selection

- Goal of the selection process is to identify and hire individuals with the knowledge, skills, and abilities to perform successfully.

- How well the candidates will fit into the organizations culture.

Top Management

- The actions of top management also have a major impact on the organization's culture.

- Through words and behavior, senior executives establish norms that filter through the organization

- Ex: whether risk taking is desirable, how much freedom managers give employees, what is appropriate dress etc.

Socialization

- No matter how good a job the organization does in recruiting and selection, new employees need help adapting to the prevailing culture.

- That help is **socialization.**
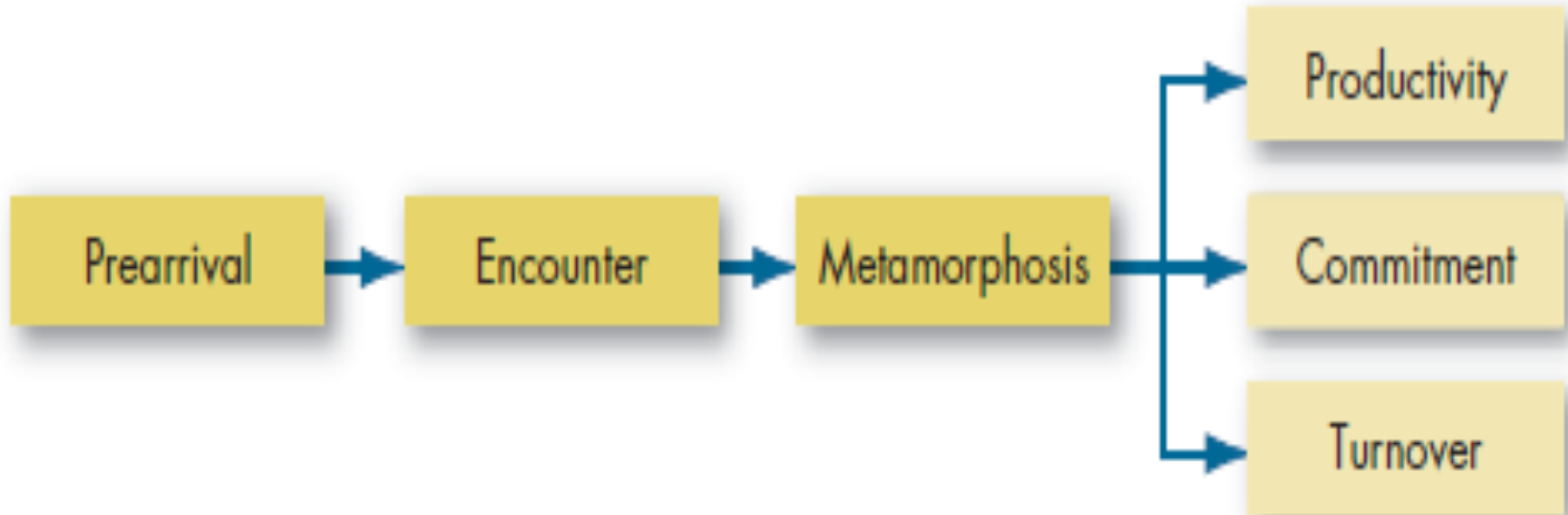
Components of culture

Three key elements to any organisation's culture.

- **Norms** guide people's behaviour, suggesting what is or is not appropriate (the 'done thing') – e.g. informal dress codes.

- **Symbols** or symbolic action – e.g. rituals such as buying the office a cake on your birthday.

- **Shared values** and beliefs motivate the culture by identifying what is important –

The factors that shape the culture of the organization.

The six major influences on the culture

1. Size
2. Technology
3. Diversity
4. Age
5. History
6. Ownership

Size

How large is the organisation – in terms of turnover, physical size, employee numbers?

Technology

How technologically advanced is the organisation – either in terms of its product, or its productive processes?

Diversity

How diverse is the company – either in terms of product range, geographical spread or cultural make-up of its stakeholders?

Age

How old is the business or the managers of the business – do its strategic level decision makers have experience to draw upon?

History

What worked in the past? Do decision makers have past successes to draw upon; are they willing to learn from their mistakes?

Ownership

Is the organisation owned by a sole trader? Are there a small number of institutional shareholders or are there large numbers of small shareholders?

Ownership

Is the organisation owned by a sole trader? Are there a small number of institutional shareholders or are there large numbers of small shareholders?

Other influences on culture

Writers on culture

There are three writers you need to have knowledge of:

Schein, Handy and Hofstede.

Schein

- Schein argues that the first , leaders of a company create its culture

- Future leaders will only be selected if they support this original culture

- that it if leaders are to lead, it is essential that they understand the culture of the organisation

Schein described three levels to define culture,

- **Artefacts** – these are the aspects of culture that can be easily seen, e.g. the way that people dress.

- **Espoused values** – these are the strategies and goals of an organisation, including company slogans etc.

- **Basic assumptions and values** – these are difficult to identify as they are unseen, and exist mainly at the unconscious level.

Handy –
Defined the 4 cultures using 4 **Greek Gods**

1. Power culture (denoted by the Greek god Zeus)

2. Role culture (denoted by the Greek god Apollo)

3. Task culture (denoted by the Greek god Athena)

4. Person culture (denoted by the Greek god Dionysius)

Power culture (Denoted by the Greek god Zeus)

- Here there is one major **source of power** and **influence**.

- For example, in a small owner managed business – he takes all the decisions

- this is often found in organisations with an *entrepreneurial* structure

Role culture (denoted by the Greek god Apollo)

- People describe their **job by its duties**, not by its purpose.

- Job descriptions dictates (the way we do things around here)

- This would be seen in a **bureaucratic** organisation, where the structure determines the authority and responsibility of individuals.

- most effective in stable environments, where the work performed by employees rarely changes.

Task culture (Denoted by the Greek god Athena)

- The emphasis here is on **achieving the particular task** at hand

- staff may need to be flexible to ensure deadlines are met.

- People describe their positions in terms of the results they are achieving.

- Nothing is allowed to get in the way of task accomplishment.

- This is best seen in project teams that exist for a specific task.

Person culture (denoted by the Greek god Dionysius)

- This culture focus the benefit of individuals in the organisation

- The person culture is to be found in a small, highly participatory organisation where individuals undertake all the duties themselves.

Hofstede

- Hofstede looked for national differences between over 100,000 of IBM's employees in different parts of the world

- in an attempt to find aspects of culture that might influence business behaviour.

four traits or 'cultural dimensions'

1. Individualism (vs. collectivism)

2. Uncertainty avoidance

3. Power distance

4. Masculinity (vs. femininity)

The informal organisation and its relationship with the formal organization

- The informal organisation is the network of relationships that exist within an organisation.

- The Sub Cultures within the organisation

Advantages and Disadvantages

Advantages	Disadvantages
- better motivation - better communication - provision of social control	- inefficient organisations - opposition to change can be intensified - the 'grapevine effect', where potentially inaccurate information or rumours spread through the informal organisation - conformity

Characteristics of organizational culture

1. Innovation and risk taking.

2. Attention to detail.

3. Outcome orientation.

4. People orientation.

5. Team orientation.

6. Aggressiveness.

7. Stability.

Strong versus Weak Cultures

- If most employees have the **same opinions** about the organization's mission and values, the culture is strong;

- if opinions vary widely, the culture is weak.

Strong versus Weak Cultures

- IN culture , the organization's core values are both **powerfully held** and **widely shared**

- IF there are more members who accept the core values and greater their commitment, the stronger the culture will be.

- A strong culture reduce employee turnover because it demonstrates high agreement about what the organization represents

Cultures' Functions

- Culture has a boundary-defining role

- It conveys a sense of identity for organization members.

- Culture facilitates commitment

- It enhances the stability of the social system.

- It is a sense-making and control mechanism that guides and shapes employees' attitudes and behavior.

- Culture defines the rules of the game.

Disadvantages of Culture

- Barriers to Change

- Barriers to Diversity

- Barriers to Acquisitions and Mergers

How Employees Learn Culture

- stories,

- rituals,

- material symbols,

- language

Questions