

ORGANIZATIONAL CULTURE CULTURE DYNAMICS

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Organizational culture in shaping behavior and decision-making, Elements and Levels of Organizational Culture, Role of Leadership in Shaping Culture, Assessing Organizational Culture, Organizational Climate vs. Culture, Subcultures in Organizations, Culture as a Competitive Advantage, Types of organizational culture Clan, adhocracy, Market and hierarchy. Digitalization - Impact of digitalization on organization culture, Theoretical frameworks for understanding organizational culture - Schein's model, Deal and Kennedy's model. Purpose-Driven Work Environments. Collaboration and Teamwork Enhancement.

Understanding Organizational Culture

Organizational culture is a powerful force that **shapes employee behavior, influences decision-making, and impacts overall company success**. The dynamics of organizational culture encompass its elements, **leadership's role, assessment strategies, climate differences, subcultures, types**, the impact of digitalization, theoretical frameworks, and how it drives collaboration and purpose-driven work.

Key Influences

- Employee behavior
- Decision-making processes
- Overall company success

Core Components

- Cultural elements
- Leadership's role
- Assessment strategies

Modern Factors

- Digitalization impact
- Theoretical frameworks
- Collaboration drivers



Culture's Influence on Actions and Choices

Organizational culture provides shared values, norms, and expected behaviors that guide how employees act and make decisions. This impacts everything from daily workflow to long-term strategic moves, shaping crucial aspects of organizational life.

Risk Tolerance

Defines how individuals and teams perceive and manage risks, encouraging or discouraging innovation.

Ethical Conduct

Establishes the moral compass for all actions, ensuring integrity and responsible behavior.

Transparency

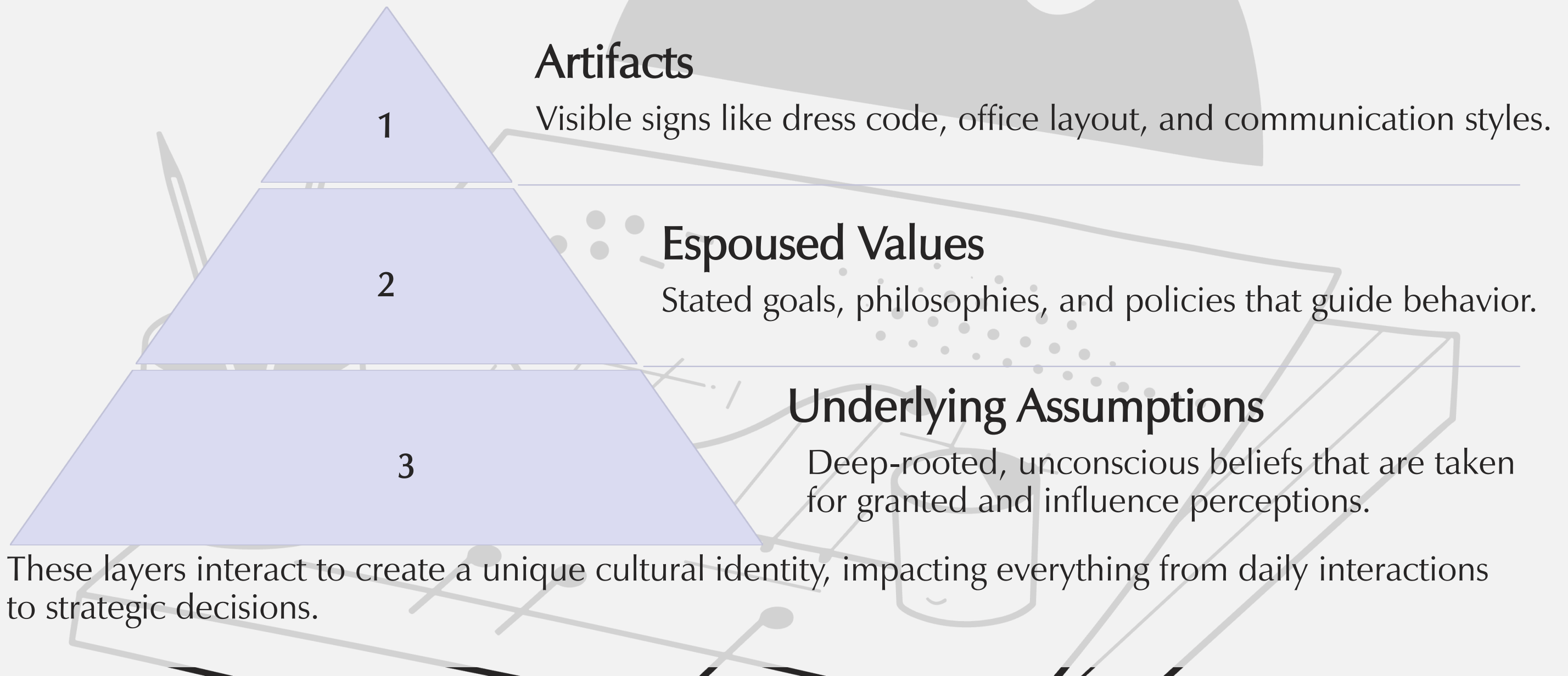
Influences the degree of openness in communication, decision processes, and information sharing.

Collaboration

Fosters an environment that promotes teamwork, shared goals, and cross-functional cooperation.

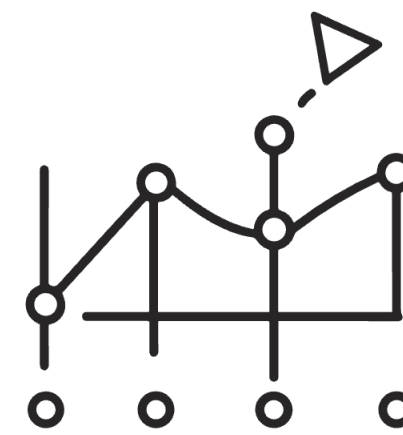
Elements and Levels of Organizational Culture

Organizational culture is multifaceted, comprising observable elements and deeper, often unconscious, layers that shape behavior. Edgar Schein's model offers a classic framework for understanding these distinct levels.



Leadership's Role in Shaping Culture

Leaders are central - **establishing**, **communicating**, and **modeling** organizational values. Their actions set the tone, reinforce desired behaviors, and drive cultural change during digital transformation or organizational restructuring.



<https://www.youtube.com/watch?v=jc94qmUG1hw>



Establish & Communicate

Define and articulate the core values and mission.



Model Behaviors

Embody desired cultural traits through daily actions.



Reinforce Behaviors

Encourage and reward actions aligned with the culture.



Drive Change

Guide the organization through periods of significant cultural evolution.

Assessing Organizational Culture

Organizational culture is multifaceted and can be systematically assessed to understand its current state and identify areas for development. Diverse methods provide a holistic view.



Employee Surveys

Collect quantitative data on perceptions, values, and attitudes across the organization.



Focus Groups & Interviews

Gather qualitative insights, delving deeper into shared experiences and underlying beliefs.



Behavioral Observation

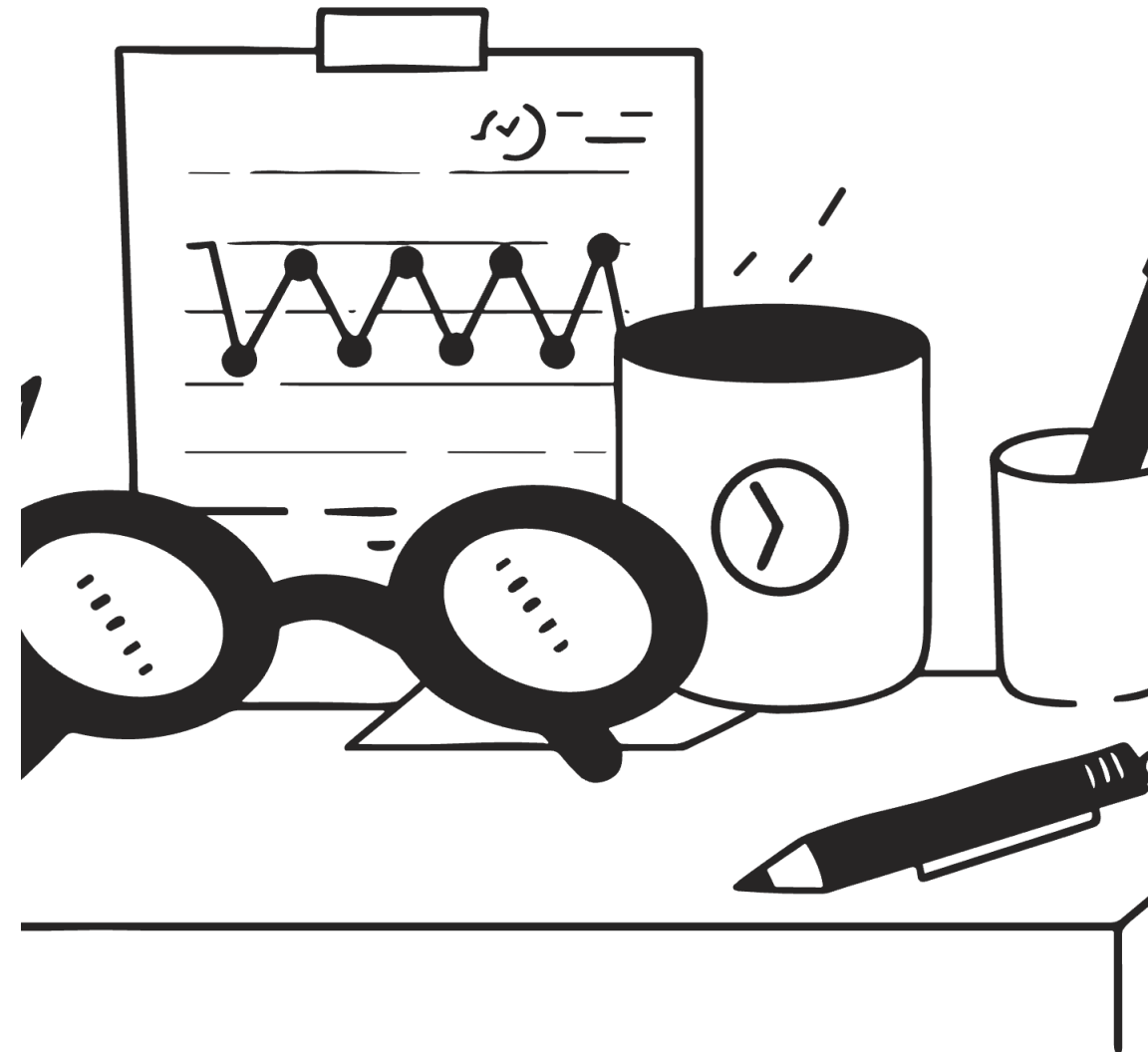
Directly observe daily interactions, communication patterns, and decision-making processes.



Artifacts & Rituals

Analyze visible symbols, stories, ceremonies, and physical environment that reflect culture.

Specialized tools like the **Organizational Culture Assessment Instrument (OCAI)** can help map cultural types and strengths, providing a framework for strategic cultural initiatives.



Organizational Climate vs. Culture

While often used interchangeably, organizational climate and culture are distinct concepts that profoundly influence a workplace. Understanding their differences is key to effective management and sustainable change.

Organizational Climate

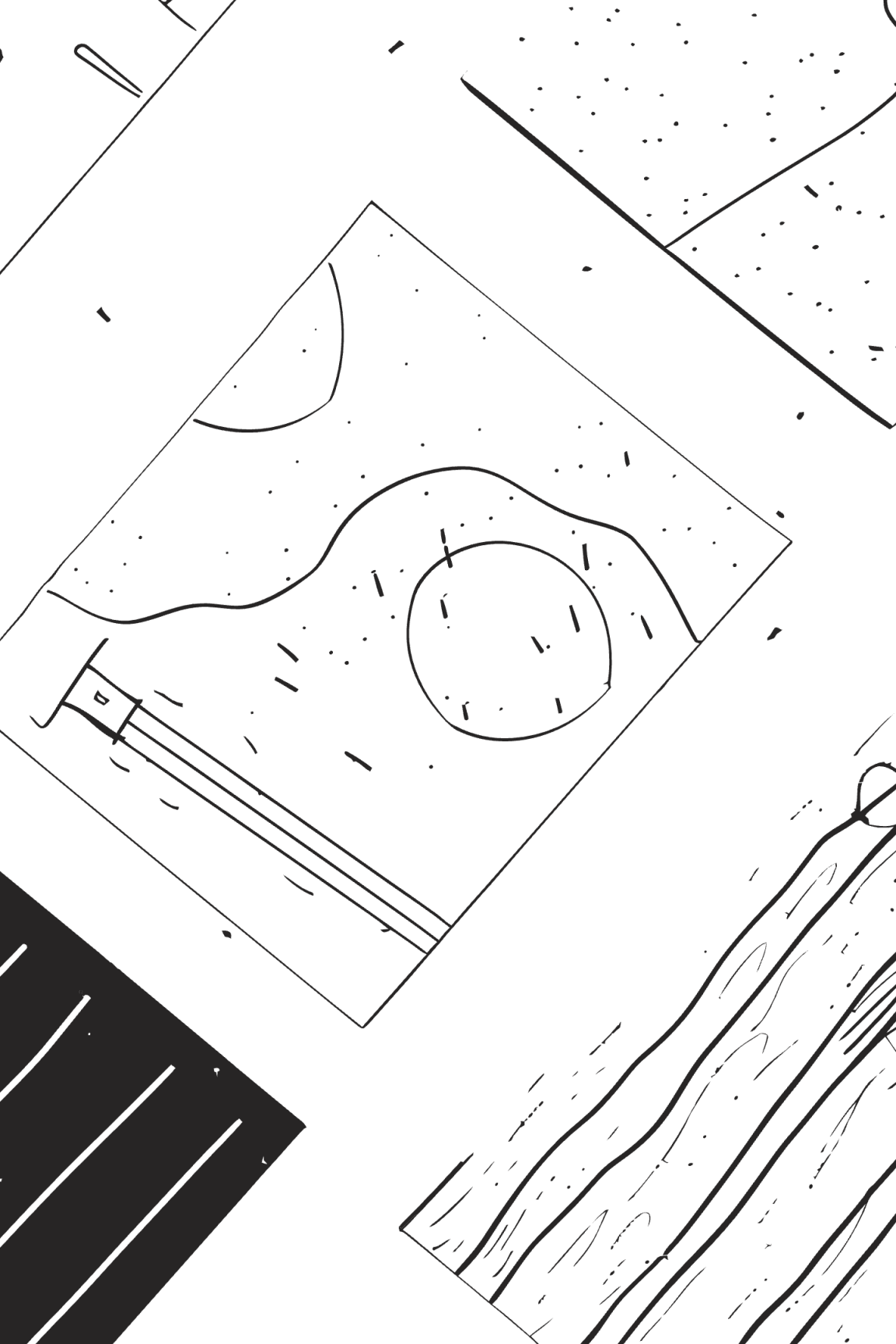
Climate describes the current **atmosphere, perceptions, and feelings** about the work environment. It's often a snapshot of how employees feel right now, influenced by current leadership, policies, and immediate events.

Think of it as the weather-changeable and reflecting immediate conditions.

Organizational Culture

Culture is much **deeper**-a system of shared meanings, values, and underlying assumptions that are more **long-lasting and influential** over time. It shapes how people think, behave, and make decisions within the organization. (trust, support, fairness, etc.).

Consider it the climate-stable patterns over a long period, defining the organizational ecosystem.



Organizational Climate vs. Culture: The Deal & Kennedy Framework

While often conflated, organizational climate and culture are distinct yet interconnected. Terrence Deal and Allan Kennedy's work provides a classic lens through which to understand their nuances and the profound impact each has on an organization's dynamics.

Climate: The "Atmosphere"

Reflects the current, often temporary, mood and perceptions of employees regarding their work environment, policies, and practices. It's how people feel about where they work right now, influenced by leadership's immediate actions.

- **Tangible:** Can be measured through surveys about job satisfaction, morale, and immediate leadership effectiveness.
- **Changeable:** Can shift relatively quickly in response to events or management decisions.

Culture: The "Personality"

Represents the deeper, more enduring system of shared values, beliefs, assumptions, and norms that guide behavior. It's the ingrained way things are done around here, developed over time through shared experiences.

- **Abstract:** Less visible, rooted in collective history and often unconscious.
- **Stable:** Resistant to rapid change, requiring significant effort to transform.

Deal & Kennedy emphasize that while climate is observable and responsive, it's culture that truly defines an organization's long-term identity and resilience.



Organizational Culture Overview

Understanding the complex dynamics of organizational culture is essential for effective management and leadership. Organizations often contain multiple subcultures that influence how work gets done and how employees relate to the broader company mission.



Subcultures in Organizations

Definition

Groups within organizations that develop distinct values, norms, or practices different from the dominant culture.

Examples

Marketing, production, or design departments forming their own work styles.



Impact

- **Positive** → fosters belonging, creativity, innovation.
- **Negative** → risk of countercultures, conflicts, or silos.

Culture as a Competitive Advantage

A strong, purpose-driven organizational culture is a powerful differentiator, setting companies apart in competitive markets.

This distinct culture offers numerous benefits:

- Higher employee engagement and motivation.
- Fostering innovation and creative problem-solving.
- Increased talent retention and reduced turnover.
- Enhanced customer loyalty and brand advocacy.

Leading examples include companies like Zappos and Southwest Airlines, renowned for their distinctive and impactful cultures.



Types of Organizational Culture

The Competing Values Framework categorizes organizational cultures into four primary types, each with distinct characteristics and leadership styles that shape an organization's internal workings and external interactions.



Clan Culture

Characterized by a collaborative, family-like environment. Emphasizes loyalty, tradition, and extensive teamwork. Leaders act as mentors and facilitators.

Example: SAS Institute



Adhocracy Culture

Dynamic, entrepreneurial, and innovative. Focused on risk-taking, creativity, and adaptability to external changes. Leaders are visionaries and innovators.

Example: Tech startups



Market Culture

Results-focused and highly competitive. Prioritizes achieving measurable goals, market share, and customer orientation. Leaders are tough and demanding competitors.

Example: Car dealerships



Hierarchy Culture

Structured and formalized with a clear chain of command. Values stability, efficiency, and adherence to rules and procedures. Leaders are coordinators and monitors.

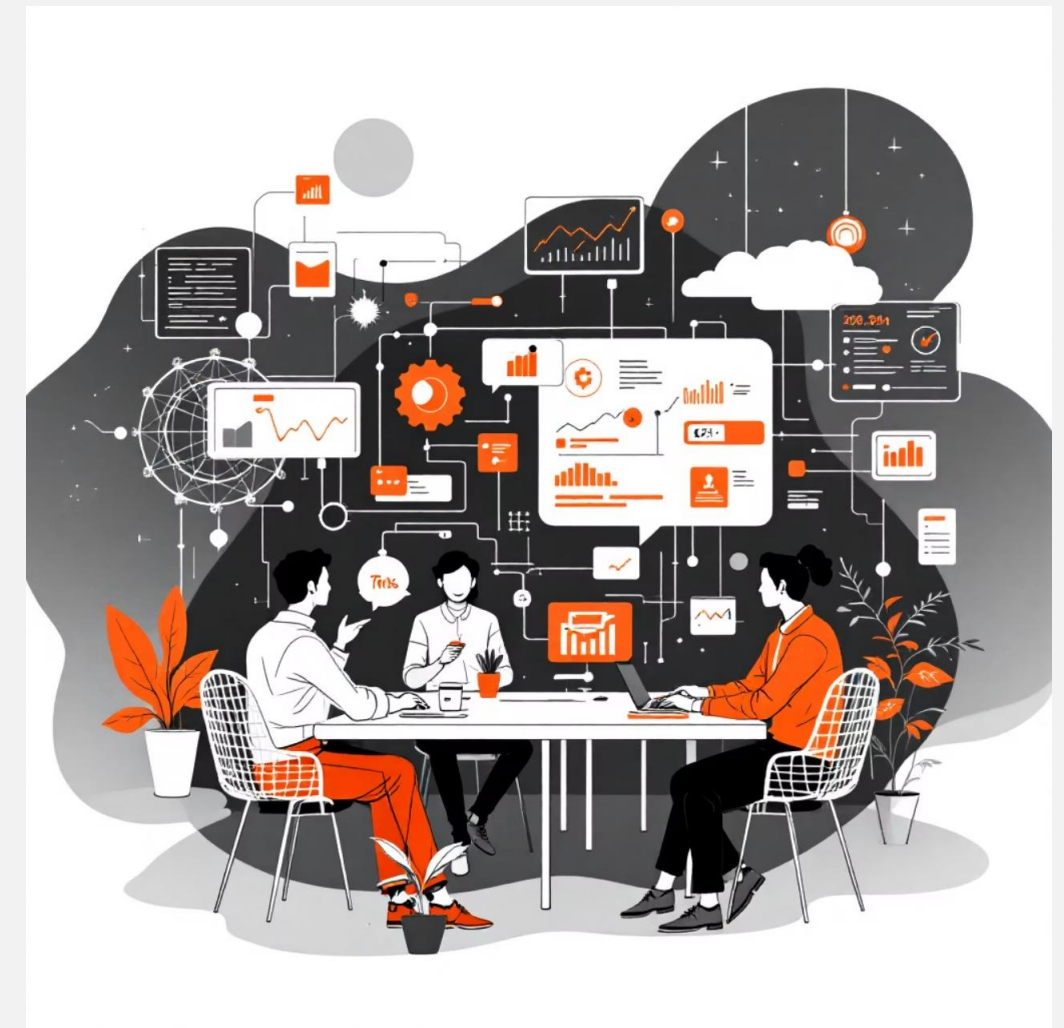
Example: Traditional companies

Digitalization and Organizational Culture

Digitalization profoundly reshapes organizational culture by introducing new norms and fostering dynamic collaboration. This technological shift encourages cultures that are **agile**, **innovative**, and **transparent**, adapting rapidly to new demands.

Key Cultural Dimensions Impacted:

- Innovation & risk-taking
- Collaboration & transparency
- Adaptability & change readiness
- Customer-centricity

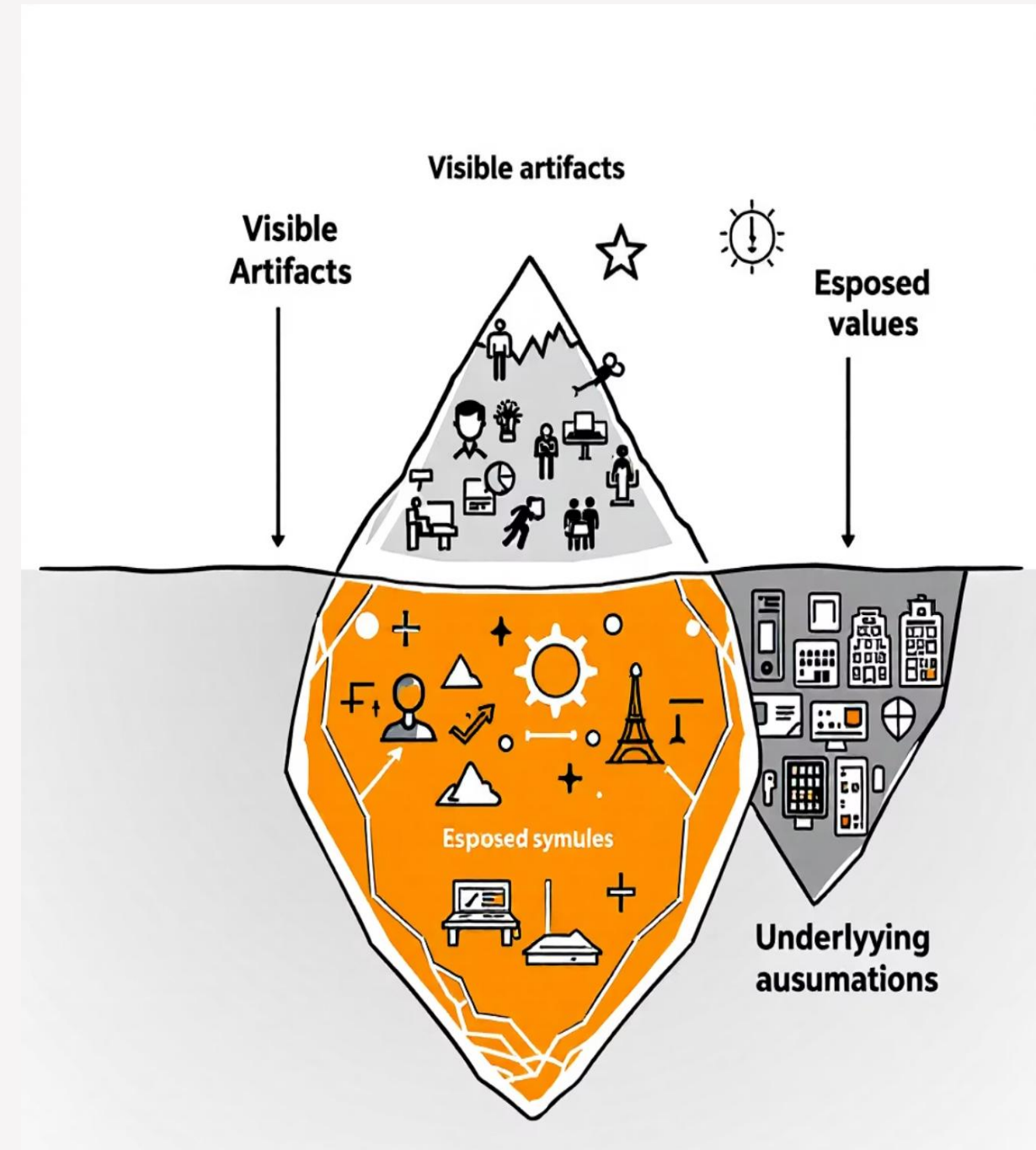


Theoretical Frameworks

Schein's Model of Organizational Culture

Edgar Schein's model describes organizational culture in **three distinct levels**, from the **most visible** to the **deeply unconscious**. Understanding these layers helps diagnose and influence cultural dynamics.

- **Artifacts:** The visible and tangible aspects of culture, such as office design, dress codes, rituals, symbols, and language. These are easy to observe but hard to interpret without understanding the deeper levels.
- **Espoused Values:** The strategies, goals, and philosophies explicitly stated by the organization. These are the "rules" and "principles" that guide behavior and decision-making, often found in mission statements or company policies.
- **Basic Underlying Assumptions:** The deepest and often unconscious beliefs, perceptions, thoughts, and feelings that are taken for granted. These assumptions determine how group members perceive, think, and feel about things, and they are the ultimate source of values and actions.





Deal & Kennedy's Model of Culture

Terrence Deal and Allan Kennedy identified six key elements that form the foundation of a strong organizational culture, emphasizing how these components shape behavior and identity.



History & Narratives

Shared past and collective stories that define identity.



Values & Beliefs

Core principles guiding behavior and decision-making.



Rituals & Ceremonies

Routine practices reinforcing company values.



Stories & Legends

Narratives of heroes, villains, and cultural norms.



Heroes & Role Models

Individuals embodying the company's ideals.



Cultural Network

Informal influencers who transmit cultural messages.

Cultivating Purpose-Driven Work Environments

Aligning organizational purpose with employees' personal values fosters a more engaged and motivated workforce, enhancing productivity and job satisfaction.



Purpose-Driven Leadership

Leaders actively embody and communicate the organization's mission, inspiring teams to connect with the larger 'why'.



Transparent Communication

Openly sharing company goals, progress, and challenges ensures everyone understands their role and contribution.



Celebrating Milestones

Recognizing and celebrating collective achievements reinforces shared values and motivates continued dedication.



Linking Daily Work to Vision

Help employees understand how their individual tasks directly contribute to the company's overarching purpose and impact.

Collaboration and Teamwork Enhancement

A thriving culture of collaboration is essential for innovation and efficiency. By investing in skills development and implementing practical strategies, organizations can foster stronger, more cohesive teams.



Skills Development: Diversity

Embrace and leverage diverse perspectives and backgrounds to enrich problem-solving and creativity within teams.



Skills Development: Cross-Training

Encourage team members to learn each other's responsibilities, building resilience and flexibility for project continuity.

Practical Tips for Effective Teamwork:

- **Open, transparent communication:** Foster an environment where information flows freely and feedback is encouraged.
- **Build trust and accountability:** Cultivate psychological safety where team members feel safe to take risks and are held responsible for their commitments.
- **Shared, clear goals:** Ensure all team members understand the collective objectives and their individual contribution to achieving them.



Skills Development: Rotating Roles

Implement job rotation and cross-functional training to broaden employee skill sets and understanding of different team functions.

