

Lecture 17: Organizational Culture

Learning Objectives

1. Describe the common characteristics of organizational culture.
2. Compare the functions and liabilities of organizational culture.
3. Identify the factors that create, sustain, and transmit an organization's culture.
4. Describe the steps managers can take to shape both ethical cultures and positive cultures.

Organizational Culture Defined

- **Organizational culture** refers to a system of shared meaning held by the organization's members.
 - This shared meaning includes the organization's values, beliefs, assumptions, and norms.
 - It distinguishes the organization from others.



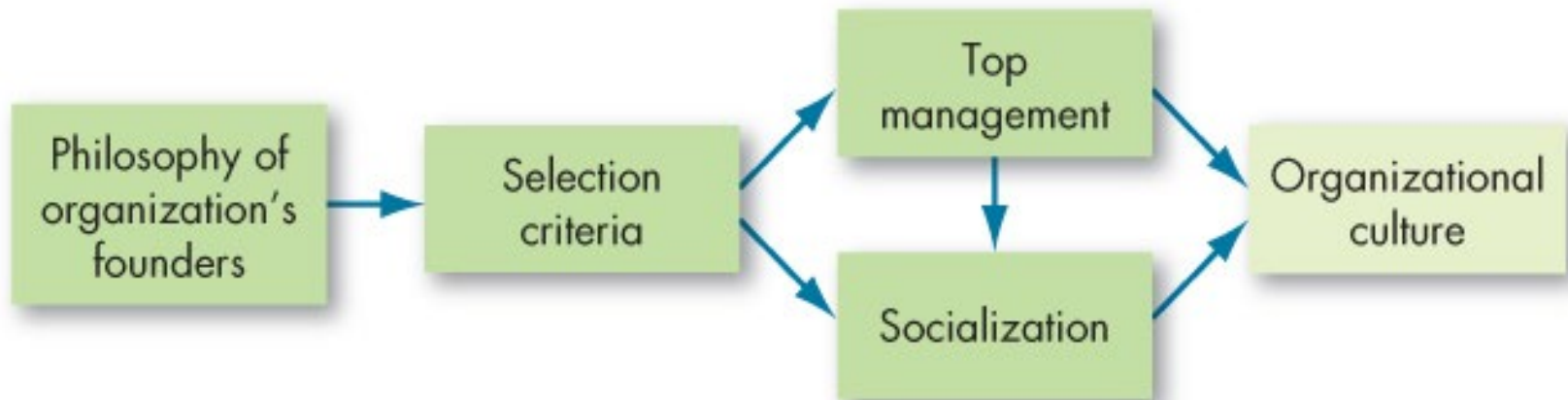
Organizational Culture Defined

- Members form an overall subjective perception of the organization based on objective factors.
- This shared perception becomes the organization's culture and affects members' satisfaction and performance.



Development of Culture

- Organizational culture starts with the founders and is sustained through the selection, management, and socialization systems.



Characteristics of Culture

- Organizations have a dominant culture and usually several subcultures within it.
 - The **dominant culture** expresses the **core values** that are accepted by a majority of members and give the organization its distinct personality.
 - **Subcultures** are the “mini-cultures” within an organization that are often defined by department designations or geographical separation.

Characteristics of Culture

- Organizations can be described using 6 dimensions:

Adaptability is the degree to which employees are encouraged to innovate, take risks, and be flexible.

Detail orientation is the degree to which employees are expected to be precise, accurate, and detail-oriented.

Results/outcome orientation is the degree to which managers focus on results rather than the techniques used to achieve the results.

People/customer orientation is the degree to which managers consider the effect of outcomes on stakeholders.

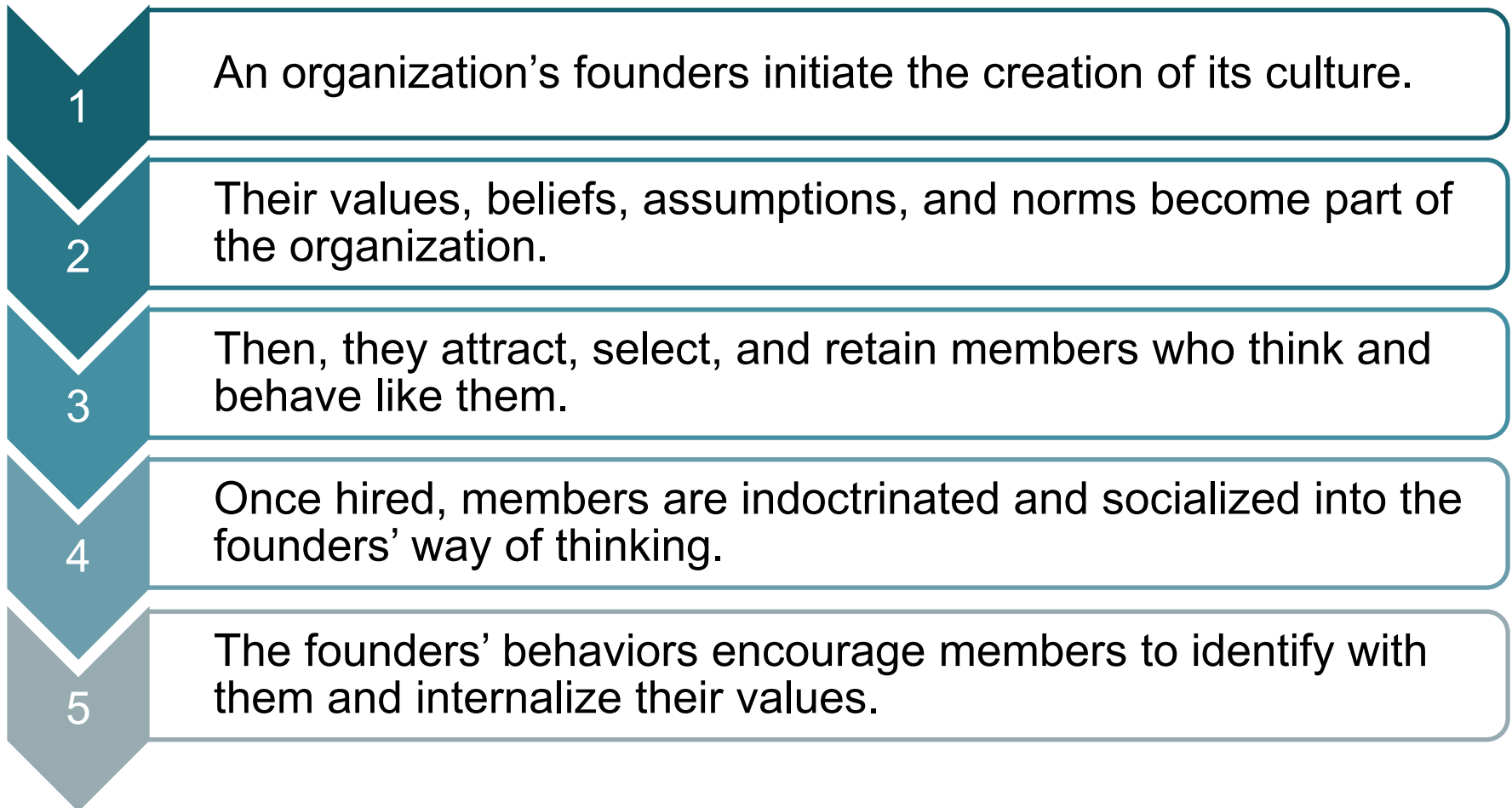
Collaboration/team orientation is the degree to which work is organized around teams rather than individuals.

Integrity is the degree to which people exhibit integrity and high ethical standards in their work.

Characteristics of Culture

- Organizations can also be described by the strength of their cultures.
 - In a **strong culture**, core values are intensely held and widely shared.
 - Members know exactly what is expected of them and behave in a uniform and predictable way.
 - The stronger the culture, the greater its influence.
 - In a **weak culture**, there is low agreement about the core values and low consistency across members.

Creating Culture

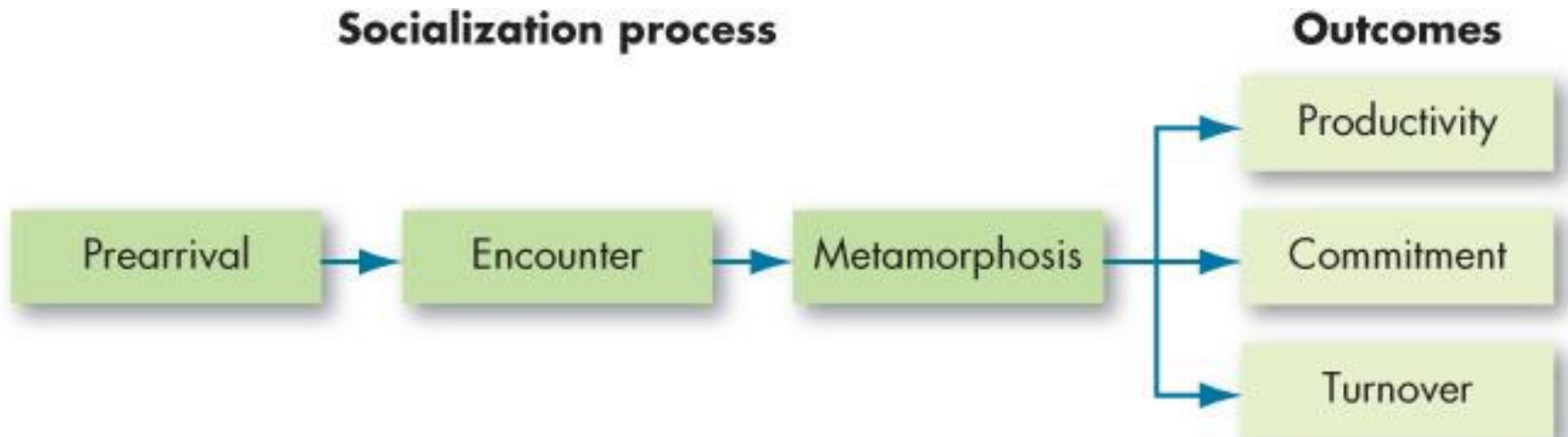


Sustaining Culture

- Organizational culture is sustained through several subsystems:
 - Selection – An organization's selection process attracts and hires people who share its values.
 - Management – The managers of an organization establish norms that their followers imitate.
 - **Socialization** – The socialization process attempts to help new members adapt to the organization's culture.

Sustaining Culture

- One model of socialization proposes 3 distinct stages that collectively impact members' productivity, organizational commitment, and turnover.



Sustaining Culture

- Stage 1 – Prearrival
 - Candidates learn about the organization and its culture before they join it.
 - The accuracy of their perceptions is a critical predictor of how well they will adjust in the next two stages.
 - Managers should ensure that the selection process provides accurate information about the organization and its culture.

Sustaining Culture

- Stage 2 – Encounter
 - New members encounter the organization's culture for the first time and assess the accuracy of their prearrival perceptions.
 - If fairly accurate, their perceptions are cemented.
 - If fairly inaccurate, their attitudes and behaviors may be negatively impacted.
 - Managers should encourage new members to develop friendship ties and “learn the ropes” from others.

Sustaining Culture

- Stage 3 – Metamorphosis
 - New members work out any problems discovered during the encounter stage.
 - Managers should use combinations of the following elements to facilitate this problem-solving.
 - **Institutional practices** are formal, collective, fixed, and serial and focused on divestiture.
 - **Individual practices** are informal, individual, variable, and random and focused on investiture.

Sustaining Culture

- Formal – Segregated, differentiated
- Collective – Grouped, have identical experiences
- Fixed – Follow a standardized timeline
- Serial – Work with role models
- Divestiture – Remove personal qualities
- Informal – Integrated, trained on-the-job
- Individual – Trained alone, have unique experiences
- Variable – At their own pace, with no notice
- Random – Do not work with role models
- Investiture – Retain personal qualities

Transmitting Culture

- Organizational culture is transmitted to employees through:
 - Stories that anchor the present in the past and legitimize current practices.
 - **Rituals**, or repetitive sequences of activities, that reinforce the key values of the organization.
 - Language that helps members connect with and understand the culture.
 - **Material symbols** that convey who is important, degree of egalitarianism top management desires, and the kinds of behavior that are appropriate.



Functions of Culture

- Organizational culture serves many functions, including:
 - Allowing organizations to differentiate themselves.
 - Uniting members around a shared identity.
 - Generating commitment to the organization.
 - Stabilizing the social system.
 - Shaping members' attitudes and behaviors.
 - Fostering innovation.
 - Contributing to the organization's bottom-line.

Limitations of Culture

- Organizational culture can be a liability when:
 - An institutionalized organization no longer questions its values and the behaviors it encourages.
 - The organization's values do not support its effectiveness.
 - The pressure to fit in stifles diversity or encourages bias and discrimination.
 - It is toxic and spreads negativity.
 - The cultures of two merging companies are in conflict.

Create an Ethical Culture

- **Ethical culture** includes the shared concept of right and wrong behavior in an organization.
 - Be a visible role model.
 - Communicate ethical expectations.
 - Provide ethics training.
 - Visibly reward ethical behavior and punish unethical behavior.
 - Create mechanisms to discuss ethical dilemmas and report unethical behavior.

Create a Positive Culture

- **Positive organizational culture** emphasizes:
 - Capitalizing on members' strengths,
 - Rewarding members with extrinsic and intrinsic rewards (instead of punishing them), and
 - Emphasizing individual vitality and growth.
- This kind of culture is not a cure-all!
 - It can stigmatize members who do not fit the organization's expectations.

Implications for Managers

- Organization's culture is relatively fixed in the short-term. Change should involve top leaders and a long-term plan.
- Hire people whose values align with the organization's values, role model desirable behaviors, and train them to know their jobs well.
- Use stories, rituals, symbols, and language to transmit the organization's culture to new hires.
- Create a culture that is both ethical and positive.