

CHAPTER 16 – ORGANIZATIONAL CULTURE

WHAT IS ORGANIZATIONAL CULTURE?

Organizational Culture is a system of shared meaning held by members that distinguishes the organization from other organizations.

7 characteristics:

1. Innovation and risk taking – the degree to which employees are encouraged to be innovative and take risks
2. Attention to detail – the degree to which employees are expected to exhibit precision, analysis, and attention to detail
3. Outcome orientation – the degree to which management focuses on results or outcomes rather than on the techniques and processes used to achieve them
4. People orientation – the degree to which management decisions take into consideration the effect of outcomes on people within organization
5. Team orientation – the degree to which work activities are organized around teams rather than individuals
6. Aggressiveness – the degree to which people are aggressive and competitive rather than easygoing
7. Stability – the degree to which organizational activities emphasize maintaining the status quo in contrast to growth

Do Organizations Have Uniform Cultures?

1. Dominant Culture
Expresses the **core values** that are shared by a majority of the organization's members.
Core Values : The primary or dominant values that are accepted throughout the organization.
2. Subcultures
Minicultures within an organization, typically defined by department designations and geographical separation

>> Strong vs Weak Culture<<

- 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 Culture** : A culture in which the core values are intensely held and widely shared.
- A strong culture should reduce employee turnover, because it demonstrates high agreement about what the organization represents

Improvement Is A Proof!

>>Culture vs Formalization<<

- A strong culture increases behavioral consistency and can act as a substitute for formalization.

WHAT DO CULTURES DO?

Cultures Functions:

1. Creates distinction between one organization and others.
2. Conveys a sense of identity for its members.
3. Facilitates the generation of commitment to something larger than individual self-interest.
4. Enhances the stability of the social system.
5. Serves as a sense-making and control mechanism for fitting employees in the organization.

Organizational climate : the shared perceptions organizational members have about their organizations and work environment. A positive overall workplace climate has been linked to higher customer satisfaction and financial performance as well.

Culture as a Liability

Institutionalization : When an organization takes on a life of its own, apart from any of its members, becomes valued for itself, and acquires immortality.

1. Barrier to change
Consistency of behavior, an asset in stable environment, may then burden the organization and make it difficult to respond to changes – the strong culture is no longer effective now.
2. Barrier to diversity
Because diverse behaviors and unique strengths are likely to diminish as people attempt to assimilate, strong cultures can become liabilities when they effectively eliminate these advantages. Strong cultures can also be liabilities when they support institutional bias or become insensitive to people who are different
3. Barrier to acquisitions and mergers

Creating and Sustaining Culture

How a Culture Begins..

Culture creation occurs in three ways:

1. Founders hire and keep only employees who think and feel the same way they do.
2. Founders indoctrinate and socialize these employees to their way of thinking and feeling.
3. The founders' own behavior acts as a role model that encourages employees to identify with them and thereby internalize their beliefs, values, and assumptions.

Improvement Is A Proof!

Keeping a Culture Alive

➤ Selection

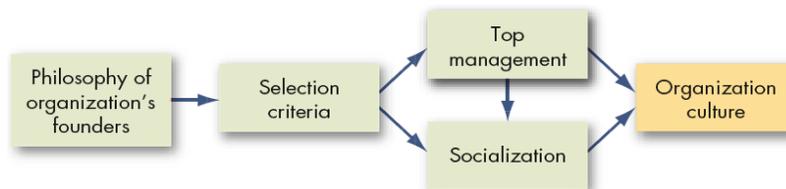
- Concern with how well the candidates will fit into the organization.
- Provides information to candidates about the organization.

➤ Top Management

- Senior executives help establish behavioral norms that are adopted by the organization.

➤ Socialization

- The process that helps new employees adapt to the organization's culture.
- Socialization process has an impact on the new employee's work productivity, commitment to organization's objectives, and eventual decision to stay with the organization
- 3 stages:
 1. Pre-arrival stage
The period of learning in the socialization process that occurs before a new employee joins the organization
 2. Encounter stage
The stage in the socialization process in which a new employee sees what the organization is really like and confronts the possibility that expectations and reality may diverge
 3. Metamorphosis stage (Exhibit 16-3)
The stage in the socialization process in which a new employee changes and adjusts to the work, work group, and organization



How Employees Learn Culture

Culture is transmitted in a number of forms, such as:

- Stories, typically contain a narrative of events about the organization; founders, rule breaking, rags-to-riches successes, reduction in the workforce, relocation of employees, reactions to past mistakes and organizational coping.
- Rituals, are repetitive sequences of activities that express and reinforce the key values of the organization, which goals are most important, which people are important, and which people are expandable
- Material Symbols
What conveys to employees who is important, the degree of egalitarianism top management desires, and the kinds of behavior that are appropriate
- Language

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Creating an Ethical Organizational Culture

- **Characteristics of Organizations that Develop High Ethical Standards**
 - High tolerance for risk
 - Low to moderate in aggressiveness
 - Focus on means as well as outcomes
- **Managerial Practices Promoting an Ethical Culture**
 - Being a visible role model
 - Communicating ethical expectations
 - Providing ethical training
 - Rewarding ethical acts and punishing unethical ones
 - Providing protective mechanisms

Creating a Positive Organizational Culture

Positive organizational culture emphasizes building on employee strength, rewards more than it punishes, and emphasizes individual vitality and growth.

Spirituality and Organizational Culture

Workplace Spirituality The recognition that people have an inner life that nourishes and is nourished by meaningful work that takes place in the context of the community.

Characteristics:

- Strong sense of purpose – people want to be inspired by a purpose they believe it is important and worthwhile
- Trust and respect – mutual trust, honesty, and openness
- Humanistic work practices – flexible work schedules, group and organization based rewards, narrowing of pay and status differentials, guarantees of individual worker rights, employee empowerment, and job security
- Toleration of employee expression – allow people to be themselves, to express their moods and feelings without guilt or fear of reprimand

How Organizational Cultures Have an Impact on Performance and Satisfaction

