CHAPTER 15

ORGANIZATIONAL CULTURE

AIMS AND OBJECTIVES OF THE CHAPTER

By the end of the chapter you will:

- Understand the relation between organizational culture and the *business context.* How does culture contribute to organizational innovation and success?
- Appreciate the contribution of organizational culture to the *management of change*;
- Understand the *analytic* elements of organization culture, such as stories, myths, heroes and villains;
- Have reviewed some of the *cultural types* in organizations;
- Not be too anxious about the *remaining puzzles*. If culture is unifying what about multiple cultures and counter – cultures? Should we take a managerial or an anthropological view of culture? Can culture be managed?

BRIEF OUTLINE OF CHAPTER

- **Introduction**
- **Organizational culture and strategic management**
- Success, excellence, innovation
- Culture and the management of change
- Other cultures
- **Exploring organizational culture**
- Culture is symbolic
- Culture is unifying
- Culture is holistic
- Classifying cultures?
- **Evaluating concepts of culture**
- Conflicting views of culture
- Corporate culture or corporate image?
- Managing culture?
- **Conclusion**

CHAPTER SYNOPSIS

In this chapter we look first at the importance of the business context. What does culture contribute to the bottom line? Secondly, culture is clearly a complex subject and one we will need to explore in some detail. It refers to the totality of knowledge in an organization or society. Thirdly we need to review the strengths and weaknesses of the cultural metaphor – in particular the tensions that exist between the idea that beliefs and meanings can be 'managed' and that of culture as a unique set of attributes.

ANNOTATED LECTURE OUTLINE

INTRODUCTION, AIMS AND OBJECTIVES OF LECTURE

Point 1 – Introduction

This sets the context for the lecture. Originally an anthropological term, culture refers to the underlying values, beliefs and codes of practice that makes a community what it is. The customs of society, the self – image of its members, the things that make it different from other societies, are its culture. Culture is powerfully subjective and reflects the meanings and understandings that we typically attribute to situations, the solutions that we apply to common problems. The idea of a common culture suggests possible problems about whether *organizations* have cultures. Organizations are only one constituent element of society. People enter them from the surrounding community and bring their culture with them. It is still possible for organizations to have cultures of their own as they possess the paradoxical quality of being both 'part' of and 'apart' from society. They are embedded in the wider societal context but they are also communities of their own with distinct rules and values.

Point 2 – Organizational culture and strategic management

Culture has long been on the agenda of management theorists. Culture change must mean changing the corporate ethos, the images and values that inform action and this new way of understanding organizational life must be brought into the management process. There are a number of central aspects of culture:

> There is an *evaluative* element involving social expectations and standards; the values and beliefs that people hold central and that bind organizational groups.

> Culture is also a set of more *material* elements or artefacts. These are the signs and symbols that the organization is recognized by but they are also the events, behaviours and people that embody culture.

> The medium of culture is *social interaction,* the web of communications that constitute a community. Here a shared language is particularly important in expressing and signifying a distinctive organizational culture.

Point 3 – Culture and Success

Deal and Kennedy (1982) argue that culture is the single most important factor accounting for success or failure in organizations. They identified four key dimensions of culture:

1. *Values* – the beliefs that lie at the heart of the corporate culture.
2. *Heroes* – the people who embody values.
3. *Rites and rituals* – routines of interaction that have strong symbolic qualities.
4. *The culture network* – the informal communication system or hidden hierarchy of power in the organization.

Peters and Waterman (1982) suggest a psychological theory of the link between organizational culture and business performance. Culture can be looked upon as a reward of work; we sacrifice much to the organization and culture is a form of return on effort.

Kanter (1989) refers to the paradox implicit in linking culture with change. On the surface culture has essentially traditional and stable qualities, so how can you have a 'culture of change?' Yet this is exactly what the innovative organization needs.

Point 4 – Culture and the management of change

If real change is to occur in organizations rather than cosmetic or short – lived change, it has to happen at the cultural level. Corporate culture has many powerful attractions as a lever for change. The problem is how to get a hand on the lever.

Firstly, cultures can be *explicitly created* – you have to be aware of what it takes to change an existing culture.

The ability of companies to be culturally innovative is related to *leadership* and top management must be responsible for building strong cultures. Leaders construct the social reality of the organization, they shape values and attend to the drama and vision of the organization.

Culture is frequently counterposed to *formal rationality* – in this sense culture helps to resolve the dilemma of bureaucracy; formal procedures are necessary for business integrity but they also stifle autonomy and innovation.

The period from the mid 70s has been one of growing uncertainty for firms and in response to a changing environment and business crises adaptable cultures that are responsive to change have become vital. Morgan (1977) focuses on the whole organization, the cultivation of harmonious relations at all levels, the merging of individual with common goals and a reliance on worker responsibility (Japanese approaches) as success factors in organizational culture.

Point 5 – Exploring organizational culture

Attempts to define organizational culture have adopted a number of different approaches. Some focus on *manifestations* – the heroes and villains, rites, rituals, myths and legends that populate organizations. Culture is also *socially constructed* and reflects meanings that are constituted in interaction and that form commonly accepted definitions of the situation.

Culture is *symbolic* and is described by telling stories about how we feel about the organization. A symbol stands for something more than itself and can be many things, but the point is that a symbol is invested with meaning by us and expresses forms of understanding derived from our past collective experiences. The sociological view is that organizations exist in the minds of the members. Stories about culture show how it acts as a sense - making device.

Culture is *unifying* and refers to the processes that bind the organization together. Culture is then consensual and not conflictual. The idea of corporate culture reinforces the unifying strengths of central goals and creates a sense of common responsibility.

Culture is *holistic* and refers to the essence – the reality of the organization; what it is like to work there, how people deal with each other and what behaviours are expected.

All of the above elements are *interlocking*; culture is rooted deep in unconscious sources but is represented in superficial practices and behaviour codes. Because organizations are social organisms and not mechanisms, the whole is present in the parts and symbolic events become microcosms of the whole.

Point 6 – Classifying cultures?

One way of exploring cultures is to classify them into types.

1. *Role Cultures* – are highly formalized, bound with regulations and paperwork and authority and hierarchy dominate relations.
2. *Task Cultures* – are the opposite, the preserve a strong sense of the basic mission of the organization and teamwork is the basis on which jobs are designed.
3. *Power Cultures* – have a single power source, which may be an individual or a corporate group. Control of rewards is a major source of power.

Handy points out that these types are usually tied to a particular structure and design of organization. A role culture has a typical pyramid structure. A task culture has flexible matrix structures. A power culture has web – like communications structure.

Cultural analysis brings to centre stage a rich vein of behaviours and stands on its head much of the conventional wisdom about organizations. Stories, legends, rituals and heroes are key elements of organizational functioning and may actually serve more important objectives than formal decision making. We need to consider in more depth the different ways in which culture has been used in organization study. Wilson and Rosenfield (1990) distinguish two schools of thought:

1. The *analytical* school stresses the context and history of the organization and how culture acts as a socializing force controlling the behaviour of members.
2. The *applicable* school view culture in terms of commitment to central goals and as a means of managing successful organizational change.

Point 7 – Managing culture?

Corporate culture is really a kind of image for the company which top management would like to project. The image of the organization differs according to where you view it. Even in companies with strong cultures the social distance between senior management and shop floor reality can be very wide. Cultures are hardly planned or predictable; they are the natural products of social interaction and evolve and emerge over time. So is it valid to allow such a notion of culture to give way to a version of managed consensus? Pettigrew believes that cultures can be shaped to suit strategic ends. He has in mind the idea that organizations have the capacity to transform themselves from within. Even if cultures can be managed is this necessarily a good thing? Willmott (1993) has fashioned a tough challenge to what he calls corporate culturalism. This is the tendency for culture to be promoted as a device for increasing corporate effectiveness.

Conclusion

Culture spans the range of management thinking and organizational culture has been one of the most enduring buzzwords of popular management. Why? What is the appeal of the concept? Organizational culture is apparently unifying and this strongly appeals to management's concern with projecting an image of the organization as a community of interests. Perhaps most importantly culture penetrates to the essence of an organization – it almost analogous with the concept of personality in relation to the individual and this acute sense of what an organization is – its mission, core values – seems to have become a necessary asset of the modern company. There is the vexed question of whether or not organizational culture can be managed. Academics interested in understanding and analyzing culture tend to say no. While there may be no definitive answer to the question, the critical and the managerial

sides of the debate and inform and renew each other so it remains important to explore both.

DISCUSSION POINTS

1. As discussed, organizational culture may be perceived as different, depending on where you are in the hierarchy. In relation to culture as holistic and unifying, do you think this is true? Develop an argument to justify your answer using your own personal examples where you can.

2. In addition to the types of culture discussed there is also the Person or Support culture, which offers its members 'satisfactions' resulting from relationships, mutuality, belonging and connection. Here the assumption is that people will contribute out of a sense of commitment to a group or organization of which they feel they are truly members and in which they have a personal stake (Harrison: 1987.) The Kibbutz, the commune and the co-operative are all striving for the support culture in an organizational form. In this culture, the individual themselves have almost complete autonomy over the work they do and if power is to be exercised then this is on the basis of expertise. Other examples of this culture are universities, barristers, architects, and doctors. In groups, discuss this culture and identify the advantages and disadvantages of this cultural type to organization. Do you think this culture exists in organizations?

3. How important is it for managers to be aware of organizational culture and why?

4. Sub – cultures can be the most powerful groups in organizations – discuss.

Exercise:

Hand out the reading to students who are in mixed gender groups. Ask them to analyze an organization or their educational institution in relation to gender culture.

ORGANIZATIONAL GENDER CULTURE
Green and Cassell (1996) argue that the case for linking culture with gendered experience is a compelling one and one which is becoming increasingly recognized as crucial to the understanding of women's experience in organizations. Organizational analysis is complex in that the differentiated cultures both within and between organizations can display diverse images of masculinity and femininity, but nonetheless these reinforce traditional patriarchal hierarchies. Most importantly, analyzing the impact of the gendered nature of organizational cultures on the everyday experiences of women managers is an area ripe for further investigation.