Organisational Culture

Session 10

Organisational Culture Defined

The basic pattern of shared values and assumptions governing the way employees within an organisation think about and act on problems and opportunities.

Elements of Organisational Culture

Artefacts of organisational culture

Organisational culture

Physical structure
Language
Rituals and ceremonies
Stories and legends

Shared values

- Common beliefs about what is important
- Belief in actions, goals, and priorities
- Behaviour of the organisation

Shared experiences

- Uniformity or similarity of background
- Historical narrative
- Implicit mental models, and principles of operations
Content of Organisational Culture

- The relative ordering of values
  - A few dominant values
- Problems with measuring organisational culture
  - Oversimplifies diversity of possible values
  - Ignores shared assumptions
  - Adopts an ‘integration’ perspective
- An organisation’s culture is fuzzy
  - Diverse subcultures (‘fragmentation’)
  - Values exist within individuals, not work units

Organisational Culture Profile

<table>
<thead>
<tr>
<th>Organisational culture dimensions</th>
<th>Dimension characteristics</th>
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<tbody>
<tr>
<td>Innovation</td>
<td>Experimenting, opportunity seeking, risk taking, few rules, low cautiousness</td>
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<tr>
<td>Stability</td>
<td>Predictability, security, rule-oriented</td>
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<tr>
<td>Respect for people</td>
<td>Fairness, tolerance</td>
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<tr>
<td>Outcome orientation</td>
<td>Action-oriented, high expectations, results-oriented</td>
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<tr>
<td>Attention to detail</td>
<td>Precise, analytic</td>
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<tr>
<td>Team orientation</td>
<td>Collaboration, people-oriented</td>
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<tr>
<td>Aggressiveness</td>
<td>Competitive, low emphasis on social responsibility</td>
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Source: O'Reilly et al (1992)

Organisational Subcultures

- Dominant culture – most widely shared values and assumptions
- Subcultures
  - Located throughout the organisation
  - Can enhance or oppose (countercultures) firm’s dominant culture
- Two functions of countercultures:
  - Provide surveillance and critique, ethics
  - Source of emerging values
Artefacts in Organisational Culture

- Observable symbols and signs of culture
- Physical structures, ceremonies, language, stories
- Maintain and transmit organisation’s culture
- Not easy to decipher artefacts – need many of them

Artefacts: Stories and Legends

- Social prescriptions of desired (undesired) behaviour
- Provide a realistic human side to expectations
- Most effective stories and legends:
  - Describe real people
  - Are assumed to be true
  - Are known throughout the organisation
  - Are prescriptive

Artefacts: Rituals and Ceremonies

- Rituals
  - Programmed routines
  - (eg. how visitors are greeted)
- Ceremonies
  - Planned activities for an audience
  - (eg. award ceremonies)
Artefacts: Organisational Language

- Words used to address people, describe customers, etc.
- Leaders use phrases and special vocabulary as cultural symbols
- Language also found in subcultures

Artefacts: Physical Structures/Symbols

- Building structure – may shape and reflect culture
- Office design conveys cultural meaning
  - Furniture, office size, wall hangings

Organisational Culture Strength

- How widely and deeply employees hold the company’s dominant values and assumptions
- Strong cultures exist when:
  - Most employees understand/embrace the dominant values
  - Values and assumptions are institutionalised through well-established artefacts
  - Culture is long lasting – often traced back to founder
Functions of Strong Corporate Cultures

- Control system
- Social glue
- Sense-making

Organisational outcomes
- Organisational performance
- Employee wellbeing

Culture strength advantages depend on:
- Environment fit
- Moderate, not cult-like, strength
- Adaptive culture

Contingencies of Organisational Culture & Performance

- Effect of organisational culture strength on organisational performance is moderate
- Need to consider contingencies:
  1. Ensure culture-environment fit
  2. Avoid strength to level of corporate cult
     - Cults restrict mental models, suppress subcultures
  3. Create an adaptive culture
     - External focus, process focus, ownership, proactive

Merging Cultures: Bicultural Audit

- Part of due diligence in merger
- Minimises risk of cultural collision by diagnosing companies before merger
- Three steps in bicultural audit:
  1. Examine artefacts
  2. Analyse data for cultural conflict/compatibility
  3. Identify strategies and action plans to bridge cultures
### Merging Organisational Cultures

<table>
<thead>
<tr>
<th>Assimilation</th>
<th>Acquired company embraces acquiring firm's cultural values</th>
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</thead>
<tbody>
<tr>
<td>Deculturation</td>
<td>Acquiring firm imposes its culture on unwilling acquired firm</td>
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<tr>
<td>Integration</td>
<td>Cultures combine into a new composite culture</td>
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<tr>
<td>Separation</td>
<td>Merging companies remain separate with their own culture</td>
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### Changing/Strengthening Organisational Culture

- Actions of founders/leaders
  - Organisational culture sometimes reflects the founder’s personality
  - Transformational leaders can reshape culture – organisational change practices

- Aligning artefacts
  - Artefacts keep culture in place
  - eg. building structure, communicating stories, transferring culture carriers
Changing/Strengthening Organisational Culture

- Introducing culturally consistent rewards
  - Rewards are powerful artefacts – reinforce culturally-consistent behaviour
- Attracting, selecting, socialising employees
  - Attraction-selection-attrition theory
  - Socialisation practices

Attraction-Selection-Attrition Theory

- Organisations become more homogeneous (stronger culture) through:
  - Attraction – applicants self-select and weed out companies based on compatible values
  - Selection – applicants are selected based on values congruent with the organisation’s culture
  - Attrition – employees quit or are forced out when their values oppose company values

Organisational Socialisation Defined

The process by which individuals learn the values, expected behaviours, and social knowledge necessary to assume their roles in the organisation.
Socialisation: Learning & Adjustment

- **Learning process**
  - Newcomers make sense of the organisation’s physical, social, and strategic/cultural dynamics

- **Adjustment process**
  - Newcomers need to adapt to their new work environment
    - New work roles
    - New team norms
    - New corporate cultural values

Stages of Socialisation

- **Pre-employment stage**
  - Outsider
  - Gathering information
  - Forming psychological contract

- **Encounter stage**
  - Newcomer
  - Testing expectations

- **Role management stage**
  - Insider
  - Changing roles and behaviour
  - Resolving conflicts

Improving Organisational Socialisation

- **Realistic job preview (RJP)**
  - A balance of positive and negative information about the job and work context

- **Socialisation agents**
  - Supervisors – technical information, performance feedback, job duties
  - Coworkers – ideal when accessible, role models, tolerant, and supportive