16

Organizational Culture
1. Identify the three levels of culture and the roles they play in an organization
2. Evaluate the four functions of culture within an organization
3. Explain the relationship between organizational culture and performance
4. Describe five ways leaders reinforce organizational culture
5. Describe the three stages of organizational socialization and the ways culture is communicated in each step
6. Discuss how managers assess their organization’s culture
7. Explain actions managers can take to change organizational culture
8. Identify the challenges organizations face developing positive, cohesive cultures
LO - 16.1

Identify the Three Levels of Culture and Evaluate the Roles They Play in an Organization
Figure 16.1 Levels of Organizational Culture

**Artifacts**
- Personal enactment
- Ceremonies and rites
- Stories
- Ritual
- Symbols

**Values**
- Testable in the physical environment
- Testable only by social consensus

**Basic assumptions**
- Relationship to environment
- Nature of reality, time, and space
- Nature of human nature
- Nature of human activity
- Nature of human relationships

Visible but often not decipherable

Greater level of awareness

Taken for granted

Invisible

Preconscious

### Table 16.1 Six Rites in Organizations

<table>
<thead>
<tr>
<th>RITE</th>
<th>ROLE</th>
<th>EXAMPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Rites of passage</td>
<td>Show that an individual’s status has changed</td>
<td>Retirement dinners</td>
</tr>
<tr>
<td>2. Rites of enhancement</td>
<td>Reinforce the achievement of individuals</td>
<td>Awarding certificates to sales contest winners</td>
</tr>
<tr>
<td>3. Rites of renewal</td>
<td>Emphasize change in the organization and commitment to learning and growth</td>
<td>Opening a new corporate training center</td>
</tr>
<tr>
<td>4. Rites of integration</td>
<td>Unite diverse groups or teams within the organization and renew commitment to the larger organization</td>
<td>Company functions such as annual picnics</td>
</tr>
<tr>
<td>5. Rites of conflict reduction</td>
<td>Dealing with conflicts or disagreements that arise naturally in organizations</td>
<td>Grievance hearings and the negotiation of union contracts</td>
</tr>
<tr>
<td>6. Rites of degradation</td>
<td>Used to visibly punish persons who fail to adhere to values and norms of behavior</td>
<td>Publicly replacing a CEO for unethical conduct or for failure to achieve organizational goals</td>
</tr>
</tbody>
</table>
Beyond the Book: Identifying Norms

- This exercise asks you to identify campus norms at your university. Every organization or group has a set of norms that help determine individuals’ behavior. A norm is an unwritten rule for behavior in a group. When a norm is not followed, negative feedback is given. It may include negative comments, stares, harassment, and exclusion.
- As a group, brainstorm all the norms you can think of in the following areas: Dress; Classroom behavior; Studying; Weekend activities; Living arrangements; Campus activities; Dating; Relationships with faculty; Eating on campus versus off campus; Transportation.
- How did you initially get this information?
- What happens to students who don’t follow these norms?
- What values can be inferred from these norms?
LO - 16.2

Evaluate the Four Functions of Culture Within an Organization
Functions of Organizational Culture

- Provides a sense of identity to members and increases their commitment to the organization
- Serves as a sense-making device for organization members
- Reinforces the values of the organization
- Serves as a control mechanism for shaping behavior
Beyond the Book: NetApp’s Culture of Openness

- What is the key to success at NetApp? According to top executives, it’s openness
- Everyone, including the CEO, works in an open cubicle. Information is shared freely. Every two weeks, employees meet with the Vice President to share their perspectives
- In addition, NetApp shows employees that they are valuable and cared for through flexible scheduling and sponsorship of volunteer activities
- NetApp’s culture of openness and trust has made it one of Fortune magazine’s “Best Companies to Work For.”
LO - 16.3

Explain the Relationship Between Organizational Culture and Performance
Theories on the Relationship between Organizational Culture and Performance

• **Strong culture perspective**: Organizational culture with a consensus on the values that drive the company
  • *Strong culture facilitates performance because it:*
    - Is characterized by goal alignment
    - Creates a high level of motivation
    - Provides control without oppressive effects of a bureaucracy
Theories on the Relationship between Organizational Culture and Performance (continued)

• Fit perspective - Culture is good only if it fits the industry or the firm’s strategy
  • *Industry characteristics that affect culture*
    - Competitive environment
    - Customer requirements
    - Societal expectations

• Adaptation perspective
  • *Encourages confidence and risk taking among employees*
  • *Has leadership that produces change*
  • *Focuses on the changing needs of customers*
Describe Five Ways Leaders Reinforce Organizational Culture
Elements in Managing Culture

- What leaders pay attention to
- How leaders react to crises
- How leaders behave
- How leaders allocate rewards
- How leaders hire and fire individuals
LO - 16.5

Describe the Three Stages of Organizational Socialization and the Way Culture is Communicated in Each Step
Figure 16.2 The Organizational Socialization Process: Stages and Outcomes

Stages of socialization
1. Anticipatory socialization
   - Realism
   - Congruence

2. Encounter
   - Job demands
     - Task
     - Role
     - Interpersonal
   - Mastery

3. Change and acquisition
   - Performance
   - Satisfaction
   - Mutual influence
   - Low levels of distress
   - Intent to remain

Outcomes of socialization

LO - 16.6

Discuss how Managers Assess Their Organization’s Culture
Organizational Culture Inventory

• Focuses on behaviors that help employees fit into the organization and meet coworker expectations
• Uses Maslow’s hierarchy of needs to measure cultural styles
  • *Four satisfaction cultural styles*
  • *Eight security cultural styles*
Kilmann-Saxton Culture-Gap Survey

• Focuses on what happens in the organization and the expectations of others
  • Underlying dimensions - Technical/human orientation and short-term versus long-term time

• Areas in which operating and ideal norms are assessed
  • Task support
  • Task innovation
  • Social relationships
  • Personal freedom
Triangulation

• Use of multiple methods to measure organizational culture
• Methods used to triangulate on the culture
  • *Obtrusive observations by trained observers, which provide an outsider perspective*
  • *Self-administered questionnaires, which provide quantitative insider information*
  • *Personal interviews with the center’s staff, which provide qualitative contextual information*
LO - 16.7

Explain Actions Managers can Take to Change Organizational Culture
**Figure 16.3** Interventions for Changing Organizational Culture

Managers seeking to create cultural change must intervene at these points.

LO - 16.8

Identify the Challenges Organizations Face Developing Positive, Cohesive Cultures
Challenges to Developing Positive, Cohesive Culture

- Merger or acquisition
- Global organizational culture
- Ethical organizational culture
- Culture of empowerment and quality
Beyond the Book: Six Guidelines to Creating a Global Culture

• Create a clear and simple mission statement
• Create systems that ensure an effective flow of information
• Broaden managers’ minds to allow them to think globally
• Develop global career paths
• Use cultural differences as a major asset
• Implement worldwide management education and team development programs
Charlie Wilson’s War

• Artifacts are at the first level of organizational culture and are the easiest to see. Which artifacts did you observe in this sequence?

• Values appear at the next level of organizational culture. You can infer a culture’s values from the behavior of organizational members. Which values appear in this sequence?

• Organizational members will unconsciously behave according to an organization culture’s assumptions. You also can infer these from observed behavior. Which assumptions appear in this sequence?
Camp Bow Wow

• What aspects of Camp Bow Wow’s corporate culture are visible and conscious? What aspects are invisible and unconscious?

• Why did Camp Bow Wow have to change its culture when it became a national franchise?

• What impact does Heidi Ganahl’s story have on employees at Camp Bow Wow?
KEY TERMS

- Adaptive culture
- Anticipatory socialization
- Artifacts
- Assumptions
- Change and acquisition
- Enacted values
- Encounter
- Espoused values
- Organizational (corporate) culture
- Organizational socialization
- Strong culture
- Triangulation
The culture levels are artifacts, values, and assumptions.

Organizational culture gives members an identity and improves morale, reinforces firm values, and controls behavior.

Theories about the relationship between organizational culture and performance are:
- **Strong-culture, fit, and the adaptation perspective**
• Leaders reinforce organizational culture by setting examples that are evident in the way they behave, handle crises, allocate rewards, and hire and fire individuals

• The three stages of socialization are anticipatory socialization, encounter, and change and acquisition

• Organizational culture is assessed via Organizational culture inventory, Kilmann-Saxton Culture-Gap Survey, and Triangulation
SUMMARY

• To change the existing culture either teach current members a new set of values or add new members

• A firm faces following challenges:
  • Mergers, global organizational culture, ethical organizational culture, culture of empowerment, and quality