

Instructor's Manual to Accompany **Organizational Behavior 7/e** by Steven L. McShane and Mary Ann Von Glinow



Chapter 14: Organizational Culture

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14

Introduction to the Field of Organizational Behavior

LEARNING OBJECTIVES

After reading this chapter, students should be able to:

1. Describe the elements of organizational culture and discuss the importance of organizational subcultures.
2. List four categories of artifacts through which corporate culture is deciphered.
3. Discuss the importance of organizational culture and the conditions under which organizational culture strength improves organizational performance.
4. Compare and contrast four strategies for merging organizational cultures.
5. Identify five strategies for changing or strengthening an organization's culture, including the application of attraction-selection-attrition theory.
6. Describe the organizational socialization process and identify strategies to improve that process.



CHAPTER GLOSSARY

adaptive culture -- an organizational culture in which employees are receptive to change, including the ongoing alignment of the organization to its environment and continuous improvement of internal processes.

artifacts -- the observable symbols and signs of an organization's culture.

attraction-selection-attrition (ASA) theory -- A theory which states that organizations have a natural tendency to attract, select, and retain people with values and personality characteristics that are consistent with the organization's character, resulting in a more homogeneous organization and a stronger culture

bicultural audit -- a process of diagnosing cultural relations between the companies and determining the extent to which cultural clashes will likely occur.

ceremonies -- planned displays of organizational culture, conducted specifically for the benefit of an audience.

organizational culture -- the values and assumptions shared within an organization.

organizational socialization -- the process by which individuals learn the values, expected behaviors, and social knowledge necessary to assume their roles in the organization.

psychological contract -- The individual's beliefs about the terms and conditions of a reciprocal exchange agreement between that person and another party (typically the employer).

realistic job preview (RJP) -- A method of improving organizational socialization in which job applicants are given a balance of positive and negative information about the job and work context.

reality shock -- the stress that results when employees perceive discrepancies between their pre-employment expectations and on-the-job reality.

rituals -- the programmed routines of daily organizational life that dramatize the organization's culture.

CHAPTER SUMMARY BY LEARNING OBJECTIVE

14-1 Describe the elements of organizational culture and discuss the importance of organizational subcultures.

Organizational culture consists of the values and assumptions shared within an organization. Shared assumptions are nonconscious, taken-for-granted perceptions or beliefs that have worked so well in the past that they are considered the correct way to think and act toward problems and opportunities. Values are stable, evaluative beliefs that guide our preferences for outcomes or courses of action in a variety of situations.

Organizations differ in their cultural content, that is, the relative ordering of values. There are several classifications of organizational culture, but they tend to oversimplify the wide variety of cultures and completely ignore the underlying assumptions of culture. Organizations have subcultures as well as the dominant culture. Subcultures maintain the organization's standards of performance and ethical behavior. They are also the source of emerging values that replace misaligned core values.

14-2 List four categories of artifacts through which corporate culture is deciphered.

Artifacts are the observable symbols and signs of an organization's culture. Four broad categories of artifacts include organizational stories and legends, rituals and ceremonies, language, and physical structures and symbols. Understanding an organization's culture requires the assessment of many artifacts, because they are subtle and often ambiguous.

14-3 Discuss the importance of organizational culture and the conditions under which organizational culture strength improves organizational performance.

Organizational culture has three main functions: a form of social control, the "social glue" that bonds people together, and a way to help employees make sense of the workplace. Companies with strong cultures generally perform better than those with weak cultures, but only when the cultural content is appropriate for the organization's environment. Also, the culture should not be so strong that it drives out dissenting values, which may form emerging values for the future. Organizations should have adaptive cultures so that employees support ongoing change in the organization and their own roles.

14-4 Compare and contrast five strategies for merging organizational cultures.

Organizational culture clashes are common in mergers and acquisitions. This problem can be minimized by performing a bicultural audit to diagnose the compatibility of the organizational cultures. The four main strategies for merging different corporate cultures are integration, deculturation, assimilation, and separation.

14-5 Describe five strategies for changing and strengthening an organization's culture, including the application of attraction-selection-attrition theory.

An organization's culture begins with its founders and leaders, because they use personal values to transform the organization. The founder's activities are later retold as organizational stories. Companies also introduce artifacts as mechanisms to maintain or change the culture. A related strategy is to introduce rewards and recognition

practices that are consistent with the desired cultural values. A fourth method to change and strengthen an organization's culture is to support workforce stability and communication. Stability is necessary because culture exists in employees. Communication activities improve sharing of the culture. Finally, companies strengthen and change their culture by attracting and selecting applicants with personal values that fit the company's culture, by encouraging those with misaligned values to leave the company, and by engaging in organizational socialization – the process by which individuals learn the values, expected behaviors, and social knowledge necessary to assume their roles in the organization.

14-6 Describe the organizational socialization process and identify strategies to improve that process.

Organizational socialization is the process by which individuals learn the values, expected behaviors, and social knowledge necessary to assume their roles in the organization. It is a process of both learning and adjustment. During this process, job applicants and newcomers develop and test their psychological contract – personal beliefs about the terms and conditions of a reciprocal exchange agreement between that person and another party (the employer).

Employees typically pass through three socialization stages: pre-employment, encounter, and role management. To manage the socialization process, organizations should introduce realistic job previews (RJPs) and recognize the value of socialization agents in the process. These RJPs give job applicants a realistic balance of positive and negative information about the job and work context. Socialization agents provide information and social support during the socialization process.

LECTURE OUTLINE (WITH POWERPOINT® SLIDES)



Organizational Culture

Organizational Culture
Slide 1



Zappos' Organizational Culture

Zappos, the world's largest online shoe retailer, relies on recruitment, selection, socialization, and other practices to maintain a strong organizational culture

Zappos' Organizational Culture
Slide 2



Organizational Culture Defined

The values and assumptions shared within an organization

Defines what is important and unimportant and directs everyone in the organization toward the "right way" of doing things

Company's DNA – invisible to the eye, yet a powerful template that shapes employee behavior in the workplace

Organizational Culture Defined
Slide 3



Elements of Organizational Culture

Shared assumptions

- Essence of organizational culture – unconscious
- Taken-for granted perceptions or ideal prototypes of behavior – only discovered by observing employees

Shared values

- Employees have these in common (shared) and place near top of their values hierarchy
- Enacted values -- actually used to guide decisions and behavior
- Not espoused values -- values the company wants others to believe guide its decisions and actions, or hope will eventually guide

Artifacts

- Observable symbols and signs of an organization's culture

Elements of Organizational Culture
Slide 4

Content of Organizational Culture

- The relative ordering of values.
- A few dominant values
- Example Facebook – creative, proactive, risk-oriented
- Problems with measuring org culture
- Oversimplifies diversity of possible values
- Ignores shared assumptions
- Adopts an “integration” perspective
- An organization’s culture is fuzzy:
- Diverse subcultures (“fragmentation”)
- Values exist within individuals, not work units

Content of Organizational Culture
Slide 5

Content of Organizational Culture

Cultural content – the relative ordering of shared values

Problems with measuring organizational culture:

- Oversimplifies the diversity of cultural values
- Ignores shared assumptions because they represent a deeper aspect of culture
- Adopts an “integration” perspective – assumes that organizations have a fairly clear, unified culture that is easy to decipher

An organization’s culture is blurry/fuzzy:

- Consists of diverse subcultures (fragmentation)
- Values exist within individuals, not work units

Organizational Culture Profile

Org Culture Dimensions	Dimension Characteristics
Innovation	Experimenting, opportunistic, creative, risk-taking, low rules, low conformity
Stability	Predictability, security, rule-oriented
Respect for people	Fairness, tolerance
Outcome orientation	Action oriented, high expectations, results oriented
Attention to detail	Precise, analytic
Team orientation	Collaboration, people-oriented
Aggressiveness	Competitive, low emphasis on social responsibility

Organizational Culture Profile
Slide 6

Organizational Culture Profile

One of many models identifying content of org culture

This model identifies 7 corporate cultural dimensions: Innovation, Stability, Respect for people, Outcome orientation, Attention to detail, Team orientation, Aggressiveness

Problems with these org culture content models

1. Oversimplify -- many more values and combinations than are identified in these models
2. Ignore assumptions -- models focus on values, not shared assumptions
3. Assume cultures are “integrated” -- org cultures are actually “fragmented” (blurry, somewhat diverse, have subcultures)

Organizational Subcultures

- Dominant culture – most widely shared values and assumptions
- Subcultures
 - Located throughout the organization
 - Can enhance or oppose (countercultures) firm's dominant culture
- Two functions of countercultures:
 - provide surveillance and critique, ethics
 - source of emerging values

Organizational Subcultures Slide 7

Organizational Subcultures

Dominant culture

- Values and assumptions shared most consistently and widely by the organization's members

Subcultures

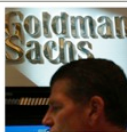
- Located throughout the organization
- May enhance or oppose (countercultures) firm's dominant culture
- Some firms have subcultures without a dominant culture

Two functions of countercultures:

- Surveillance and critical review of the dominant culture and maintain standards of ethical behavior
- Source of emerging values that may eventually become dominant

Cultural Artifacts at Goldman Sachs

The language of Goldman Sachs employees may be artifacts of underlying cultural values. "Elephant trades" and "muppet" clients suggest that the investment firm values profitability and individual performance more than customer service.



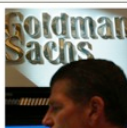
Cultural Artifacts at Goldman Sachs Slide 8

Cultural Artifacts at Goldman Sachs

The language of Goldman Sachs employees may be artifacts of underlying cultural values. "Elephant trades" and "muppet" clients suggest that the investment firm values profitability and individual performance more than customer service.

Organizational Culture Artifacts

- Observable symbols and signs of culture
- Physical structures, ceremonies, language, stories
- Maintain and transmit organization's culture
- Need many artifacts to accurately decipher a company's culture



Organizational Culture Artifacts Slide 9

Organizational Culture Artifacts

- Observable symbols and signs of culture
- Maintain and transmit organization's culture
- Four broad categories – organizational stories/legends, rituals/ceremonies, organizational language, physical structures/symbols
- Need many artifacts to accurately decipher a company's culture

Artifacts: Stories and Legends

- Social prescriptions of desired (or dysfunctional) behavior
- Realistic human side to expectations
- Most effective stories and legends:
 - Describe real people
 - Assumed to be true
 - Known throughout the organization
 - Are prescriptive

Artifacts: Stories and Legends Slide 10

Artifacts: Stories and Legends

Social prescriptions of desired (or dysfunctional) behavior

Realistic human side to expectations and performance standards

Most effective stories and legends:

- Describe real people
- Assumed to be true
- Known by employees throughout the organization
- Prescriptive – advise people what to do or not to do

Artifacts: Rituals, Ceremonies, Language

- Rituals
 - programmed routines
 - (e.g., how visitors are greeted)
- Ceremonies
 - Planned activities for an audience
 - e.g., award ceremonies
- Language
 - How employees address each other and outsiders, express emotions, describe stakeholders, etc.
 - Leaders use language to anchor or change culture
 - Language also differentiates subcultures

Artifacts: Rituals,
Ceremonies, Language
Slide 11

Artifacts: Rituals, Ceremonies. Language

Rituals

- Programmed routines of daily organizational life -- how meetings are conducted, how visitors are greeted, time employees take for lunch

Ceremonies (more formal than rituals)

- Planned activities conducted for an audience -- award ceremonies, celebrating new product launch

Language

- How employees address each other and outsiders, express emotions, describe stakeholders, etc.
- May occur naturally (e.g. "muppets" at Goldman Sachs) or deliberate (e.g. Leaders use language to anchor or change culture)
- Language differentiates subcultures (each uses unique language)

Artifacts: Physical Structures/
Symbols



Artifacts: Physical
Structures/Symbols
Slide 12

Artifacts: Physical Structures/Symbols

- Building structure – may shape and reflect culture
- Office design – conveys cultural meaning e.g. furniture, office size, wall hangings (or lack of them)

Organizational Culture Strength

- How widely and deeply employees hold the company's dominant values and assumptions
 - Most employees understand/embrace the culture
 - Institutionalized through artifacts
 - Long-lasting – possibly back to founder(s)
- Three functions of strong cultures:
 - Control system
 - Social glue
 - Sense-making

Organizational Culture
Strength
Slide 13

Organizational Culture Strength

How widely and deeply employees hold the company's dominant values and assumptions

Strong cultures exist when:

- Most employees understand and embrace dominant values
- Values/assumptions are institutionalized through well-established artifacts – makes it difficult to change the culture
- Culture is long lasting – often traced back to founder

Three functions of strong cultures to improve effectiveness:

1. Control system – influences employee decisions and behavior
2. Social glue – bonds people together (social identity)
3. Sense-making – helps employees understand what is expected of them -- increases role clarity

Organizational Culture and Effectiveness



Organizational Culture and Effectiveness

Slide 14

Organizational Culture & Effectiveness

Modestly positive relationship between culture strength and organizational effectiveness because relationship depends on:

1. Good culture-environment fit
 - Ensuring the organization's culture content (dominant values and assumptions) fits the external environment
2. Avoid corporate "cult" strength
 - Strong cultures (i.e. corporate "cults") are less effective than moderately strong cultures
 - Cults lock people into mental models which can blind them to new opportunities and suppress dissenting values from subcultures
3. Create an adaptive culture (employees are receptive to change)
 - External focus; recognize need for continuous change
 - Support changing internal work processes; flexibility in roles
 - Strong learning orientation e.g. experiment with new ideas/practices; view mistakes as part of learning

Merging Cultures: Bicultural Audit

- Part of due diligence in merger
- Minimizes cultural collision by diagnosing companies
- Three steps in bicultural audit:
 1. Identify cultural artifacts
 2. Analyze data for cultural conflict/compatibility
 3. Identify strategies and action plans to bridge cultures

Merging Cultures: Bicultural Audit

Slide 15

Merging Cultures: Bicultural Audit

Part of due diligence in merger

Minimizes risk of cultural collision by diagnosing companies before merger

Three steps in bicultural audit:

1. Identify cultural differences between the merging companies
2. Analyze bicultural audit data to determine which differences will result in conflict and which cultural values provide common ground
3. Identify strategies and prepare action plans to bridge the two organization's cultures

Merging Organizational Cultures



Merging Organizational Cultures
Slide 16

Merging Organizational Cultures

1. Assimilation (rare)

- Acquired company employees willingly embrace acquiring firm's culture
- Occurs when acquired company's culture is weak or dysfunctional and acquiring company's culture is strong and effective
- Culture clash is rare – employees are looking for alternative

2. Deculturation

- Acquiring firm imposes its culture and business practices
- Necessary when acquired firm's culture doesn't work
- Employees in acquired firm tend to resist

3. Integration

- Combine both/all cultures into a new composite culture that preserves the best features of both cultures
- Slow and potentially risky – many forces preserving the existing cultures
- Best when firms have relatively weak cultures, cultural values overlap, or employees are motivated to adopt a new set of dominant values

1. Separation

- Merged firms keep their own corporate cultures and practices i.e. remain distinct entities
- Best when merging firms are in unrelated industries or different countries

Changing/Strengthening Organizational Culture



Changing/Strengthening Organizational Culture
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Changing and Strengthening Organizational Culture

Changing an organization's culture is a considerable challenge

Five strategies for changing/strengthening org cultures:

- Actions of founders and leaders
- Aligning artifacts with desired culture
- Introducing culturally consistent rewards
- Support workforce stability and communication
- Attracting, selecting, and socializing employees

Changing/Strengthening Organizational Culture

1. Actions of founders/leaders
 - Founder's values/personality
 - Transformational leaders can reshape culture -- organizational change practices
2. Aligning artifacts
 - Artifacts keep culture in place



Changing/Strengthening Organizational Culture

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Changing/Strengthening Organizational Culture

1. Actions of founders and leaders

- Often based on founder's personal values/personality
 - authentic and transformational leadership
 - also in later stories about the founder
- Transformational leaders can reshape culture using organizational change practices

2. Aligning artifacts

- Artifacts keep the culture in place or help shift the culture to a new set of shared values/assumptions

Changing/Strengthening Organizational Culture

3. Introducing culturally consistent rewards
 - Rewards are powerful artifacts
4. Support workforce stability and communication
 - High turnover weakens org culture
 - Strong culture depends on frequent, open communication
5. Attracting, selecting, and socialization of employees
 - Attraction-selection-attribution theory
 - Socialization practices



Changing/Strengthening Organizational Culture

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Changing/Strengthening Organizational Culture (con't)

3. Introducing culturally-consistent rewards

- Powerful artifacts that strengthen or reshape an organization's culture

4. Support workforce stability and communication

- High turnover weakens org culture because:
 - culture exists mostly in employee minds, not documented
 - it takes time for culture to be understood
- Strong culture depends on frequent, open communication -- share language, stories, rituals, other artifacts

5. Attracting, selecting and socialization of employees

- ASA theory -- firms attract (A) and select (S) people who already embrace the cultural values, and attrition (A) occurs with people who don't fit the culture
- Organizational socialization practices further develop strong cultures

Attraction-Selection-Attrition Theory

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

Attraction-Selection-Attrition Theory

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Attraction-Selection-Attrition Theory

Organizations become more homogeneous and create a stronger culture through:

- Attraction -- applicants self-select -- don't apply to firms with incompatible values
- Selection -- firms choose applicants whose values fit the company's culture
- Attrition -- employees quit or are forced out when their values oppose company values

Organizational Socialization

- The process by which individuals learn the values, expected behaviors, and social knowledge necessary to assume their roles in the organization.
- Learning Process
 - Newcomers make sense of the organization's physical, social, and strategic/cultural dynamics
- Adjustment Process
 - Newcomers adapt to new work roles, team norms, etc.

Organizational
Socialization
Slide 21

Organizational Socialization

The process by which individuals learn the values, expected behaviors, and social knowledge necessary to assume their roles in the organization

Learning Process

- Newcomers form a cognitive map of the social, strategic, and cultural dynamics of the organization
- Learn about performance expectations, power dynamics, corporate culture, company history, and jargon
- Also need to form successful and satisfying relationships with other people in order to “learn the ropes”

Adjustment Process

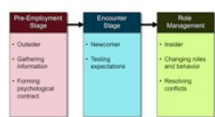
- Newcomers need to adapt to their new work environment
- Develop new work roles – reconfigure their social identity
- Adopt new team norms and practice new behaviors
- Newcomers with diverse work experience adjust better

Psychological contract

Individual's beliefs about the terms and conditions of a reciprocal exchange agreement between that person and another party (typically the employer)

- Transactional contracts – primarily short-term economic exchanges; well-defined responsibilities
- Relational contracts – long-term attachments that include a broad range of mutual obligations

Stages of Socialization



Stages of Socialization
Slide 22

Stages of Socialization

Stage 1: Pre-employment Socialization

- All learning and adjustment before first day of work
- Involves collecting information
- Forming psychological contract

Stage 2: Encounter

- Begins first day in new work environment
- Newcomers test how pre-employment expectations fit reality
- Reality shock – stress from perceived discrepancies between pre-employment expectations and on-the-job reality

Stage 3: Role Management

- Most active as employees transition from newcomers to insiders
- Strengthen relationships with co-workers and supervisors
- Practice new role behaviors and adopt attitudes and values consistent with their new positions and organization
- Resolve conflicts between work-nonwork activities

Improving Organizational Socialization

- Realistic job preview (RJP)
 - A balance of positive and negative information about the job and work context
- Socialization agents
 - Supervisors – technical information, performance feedback, job duties
 - Co-workers – ideal when accessible, role models, tolerant, and supportive

Improving Organizational Socialization
Slide 23

Improving Organizational Socialization

Realistic job preview (RJP)

- Balance of positive/negative information about job and work context
- Helps applicants estimate their fit with the job and organization
- Scare away some applicants; reduce turnover and increase job performance; minimizes reality shock

Socialization agents

- Socialization occurs mainly through socialization agents
- Supervisors – provide technical information, performance feedback, buffering them from excessive demands, help them form social ties with co-workers
- Co-workers – easily accessible, answer questions, serve as role models, being flexible and tolerant with new hires



SOLUTIONS TO CRITICAL THINKING QUESTIONS

1. **Superb Consultants has submitted a proposal to analyze your organization's culture. The proposal states that Superb has developed a revolutionary new survey to tap the company's true culture. The survey takes just 10 minutes to complete, and the consultants say results can be based on a small sample of employees. Discuss the merits and limitations of this proposal.**

Understanding an organization's culture requires painstaking assessment of many artifacts because they are subtle and often ambiguous. Consequently, we should be skeptical about claims that a consultant can assess an organization's culture quickly through a survey. Moreover, a survey is more likely to determine an organization's espoused values -- the values people say they believe in -- rather than its enacted values -- the values that actually guide individual decisions and behavior in the workplace. To effectively analyze an organization's culture, consultants need to investigate subtle artifacts, ranging from daily rituals to the physical workspace.

2. **Some people suggest that the most effective organizations have the strongest cultures. What do we mean by the "strength" of organizational culture, and what possible problems are there with a strong organizational culture?**

Cultural strength refers to how many employees in the organization accept the dominant values; how strongly, deeply, and intensely they believe in these values; and how long these values have dominated in the organization. Strong cultures are long-lasting, dispersed across subunits, deeply internalized by employees, and institutionalized through well-established artifacts.

Although potentially beneficial, strong cultures also create three potential problems. First, strong culture increases organizational effectiveness only when the cultural content is appropriate for the organization's environment. If the cultural values are incompatible with the environment, then the organization is misaligned and will be less effective.

A second problem is that a company's culture might be so strong that employees blindly focus on the mental model shaped by that culture. They have difficulty seeing different perspectives of problems and, consequently, might not make appropriate decisions.

A third problem with strong cultures is that they discourage people from holding or expressing dissenting values. In the long term, this prevents organizations from nurturing new cultural values that might emerge as dominant values as the environment changes.

3. **The CEO of a manufacturing firm wants everyone to support the organization's dominant culture of lean efficiency and hard work. The CEO has introduced a new reward system to reinforce this culture and personally interviews all professional and managerial applicants to ensure that they bring similar values to the organization. Some employees who criticized these values had their careers sidelined until they left. Two midlevel managers were fired for supporting contrary values, such as work-life balance. Based on your knowledge of organizational subcultures, what potential problems is the CEO creating?**

This incident describes how an organization subdues organizational subcultures, particularly countercultures. The textbook explains that organizational subcultures serve two important functions. First, they maintain the organization's standards of performance and ethical behavior. Employees who hold countercultural values are an important source of surveillance and critique over the dominant order. This monitoring role is lost if subcultures are suppressed.

Second, subcultures are the spawning grounds for emerging values that keep the firm aligned with the needs of customers, suppliers, society, and other stakeholders. Companies eventually need to replace their dominant values with ones that are more appropriate for the changing environment. If subcultures are suppressed, the organization may take longer to discover and adopt values aligned with the emerging environment.

4. Identify at least two artifacts you have observed in your department or school from each of the four broad categories: (a) organizational stories and legends, (b) rituals and ceremonies, (c) language, (d) physical structures and symbols.

Understanding your department or faculty's culture requires assessment of many artifacts that may be subtle and ambiguous. The following questions are intended to serve as a framework for generating a variety of responses from students.

a. Organizational stories and legends -- These are descriptions of incidents in the past that send a message about the way things should, or should not, be done.

-- What could cause someone to be fired?

-- Who if anyone can break the rules?

-- How much help/support can students expect?

b. Rituals and Ceremonies -- (These could be considered two types of artifacts, but are grouped together logically). Rituals are the programmed routines of daily life that dramatize the culture. This includes the way people are greeted and addressed, etc. Ceremonies are more formal and deliberate artifacts, such as graduation ceremonies or other special events.

-- What daily routines frequently occur?

-- What planned activities are carried out?

-- What achievements are celebrated?

c. Language -- Language represents a subtle artifact that communicates culture. This particularly applies to the special vocabularies that represent each person's perspective of reality.

-- How do instructors and department/faculty address students? Co-workers?

-- Are there any phrases, or other language that reveal what is most important to your department/faculty?

d. Physical structures and symbols -- The size, shape, location, and age of buildings often indicate the emphasis on certain values or beliefs. The same is true of the use of physical space inside those buildings.

-- What are your observations about the type of classrooms, classroom technology and furnishings, office space, wall hangings, etc. that are observable in your department/faculty?

-- What do these observations tell you about your department/faculty?

5. "Organizations are more likely to succeed when they have an adaptive culture." What can an organization do to foster an adaptive culture?

An adaptive culture exists when employees focus on the changing needs of customers and other stakeholders and support initiatives to keep pace with these changes. Organizations are more likely to succeed when they have an adaptive culture. Based on the textbook's description of an adaptive culture, here are ways to foster such a culture:

Encourage an external focus. Organizations foster an adaptive culture by adopting an external focus – creating a common mental model that the organization's success depends on monitoring and supporting external stakeholders and by continuously adapting to their changing needs and expectations.

Create a sense of ownership. Encourage employees to assume responsibility for achieving organizational goals and performance expectations. They take responsibility for the organization's performance and alignment with the external environment. This might occur by giving employees more autonomy, responsibility, and accountability.

Pay attention to organizational processes. Help employees to be continuously mindful of the need for continuous improvement of internal processes (e.g. productivity, customer service) to serve external stakeholders.

Support a learning orientation culture. Support employees' efforts to engage in action-oriented discovery. Welcome learning opportunities and view reasonable mistakes as part of the learning process.

6. **Suppose you are asked by senior officers of a city government to identify ways to reinforce a new culture of teamwork and collaboration. The senior executive group clearly supports these values, but it wants everyone in the organization to embrace them. Identify four types of activities that would strengthen these cultural values.**

The textbook identifies four ways to strengthen organizational culture:

Actions of founders and leaders. Transformational leaders strengthen organizational culture by communicating and enacting their vision of the future. Cultural values are particularly reinforced when leaders behave in ways that are consistent with the vision.

Aligning artifacts. Ceremonies, language, routine behaviors, stories, and physical workspace not only symbolize the organization's culture; they also reinforce and maintain that culture. To support a culture of teamwork and collaboration, for example, the city might refer to employees as "team members", engage in events that emphasize teamwork and cooperation, and rearrange the workplace in a way that encourages teamwork.

Introducing culturally consistent rewards. Reward systems strengthen corporate culture when they are consistent with cultural values. A team-oriented city might introduce more team-based rewards, for example.

Selecting and socializing employees. The city should consider hiring people whose values are consistent with teamwork and collaboration. Then, new staff should receive a formal socialization process to reinforce these values.

7. **Is it possible to have a knowledge of what an organizational culture is before you become a part of the organization? How important is it for you to align yourself with your organizational culture?**

Organizational culture is artifacts and shared values and assumptions. Artifacts may be observable before you become a part of the organization but the shared organizational values and assumptions are the intangibles and difficult to decipher before you become a part of it. It is important to align with the organizational culture because it represents the way things work in the organization. Organizational culture acts as the control system, the social glue and sense making. Any violation of what is shared by members of an organization is likely to create alienation for a new member.

8. **Socialization is most intense when people pass through organizational boundaries. One example is your entry into the college or university that you are now attending. What learning and adjustment occurred as you moved from outsider to newcomer to insider as a student here?**

This discussion question will generate a number of interesting stories, many of them negative, about initial experiences at school. The concept of "reality shock" will likely emerge from the discussion, such as how people were overwhelmed with the number of buildings, rules, task requirements, and other forms of learning and adjustment. Some students will likely note how attending school required adjustment to their non-school life, such as the amount and form of social and family activity. Finally, this discussion should bring out the sense that students experience being an "insider", that is, an experienced student who knows his/her way around the system and can lead others as they adjust as newcomers.

9. **In Chapter 2, we discussed "values across cultures," including individualism, collectivism, power distance, uncertainty avoidance, and achievement orientation. How are these national cultures different from and similar to an organization's culture?**

Scholars have often used the two terms synonymously, and the way they think about them tend to blur. Nevertheless, studies have shown similarities and differences across both levels of analysis. We can think about the extent to which companies that have an "individualistic" culture by easily looking at what they reward. If their performance evaluations are predicated on "individual" contributions, likely this is a culture that is more individualistic; similarly, if they are evaluated on their "collective" performance, then likely they will tend to have a less individualistic company culture. However, we also know that certain cultures have higher power distance, so companies in that culture will likely have a more hierarchical and formal culture. This is true across most of Latin America for example, where even MNCs observe the phenomenon and tend to hire accordingly. The company cultures often parallel those of the country cultures, based on Hofstede's work.



CASE STUDY: HILLTON'S TRANSFORMATION

Case Synopsis

This case describes organizational changes over twenty years in the municipality of Hillton (not its real name). As a community of 70,000 residents, Hillton's rule of employment was that employees should learn the job skills, maintain a reasonably good work record, and wait their turn for promotion. The organization's culture could be described as one of entitlement and comfort. The community grew rapidly as an outer suburb of a large Midwest metropolitan area, so there were few cost or employment controls and senior people came mainly from outside departments (e.g. road building). But as the city expanded and more professionals moved into the area, increased pressure was placed on "soft" services and customer service. In the mid-1990s, a new mayor and city council was elected. Over the next two years, the city manager and several senior managers were replaced with qualified candidates from large municipal corporations elsewhere. The new executives, known as the "professionals", dramatically changed municipal practices and values (e.g. customer service, performance-based employment). They experienced resistance from workers in outside departments, who no longer had co-workers in senior positions.

What Actually Happened: This case is adapted from actual events in a suburban municipality along the west coast of North America. The community has continued to grow (after the temporary slow down) and has developed a very professional approach to municipality management. It has become a center for trade and home to a large upwardly-mobile population with diverse cultural backgrounds. Although some degree of entitlement value still exists among employees, it is mostly overshadowed by the need for good customer service.

Note: Since writing this case, other municipal leaders have commented to the author about similar experiences, either about the dichotomy between inside and outside workers or about the entitlement culture that they faced when joining the organization. In other words, the inside-outside conflict as well as the customer-focused culture issue are not unique to Hillton.

Suggested Answers to Case Questions

1. Contrast Hillton's earlier corporate culture with the emerging set of cultural values.

During the early years, Hillton's corporate culture was described as one of entitlement and comfort. The rewards and promotion system reinforce seniority and city employees faced few controls from elected officials. There was little emphasis on customer service.

In contrast, Hillton's emerging corporate culture -- which was introduced by the new group of city managers -- places more emphasis on performance and customer service. The value of entitlement has weakened significantly, as noted by the layoffs and decreased importance of seniority in promotions. Accountability also seems to be a value or belief that has gained importance.

2. Considering the difficulty in changing organizational culture, why does Hillton's management seem to be reasonably successful at this transformation?

One of the main reasons why Hillton's corporate culture has changed relatively easily is that there has been a complete overhaul among the senior management as well as elected officials. This enabled the new group to send a common signal to employees regarding the emerging set of corporate values. They were consistent in their leadership behaviors. Moreover, they seem to have altered the reward system (promotions) to be more consistent with the new set of cultural values.

A second reason why the cultural transformation occurred was that there was external pressure to change. The community was no longer growing quickly and people living in the community had developed a different set of

needs from the municipality. Moreover, there were complaints about poor services. It is likely that employees increasingly realized that the old corporate culture was now misaligned with the external environment.

3. Identify two other strategies that the city might consider to entrench the new set of corporate values.

The textbook identifies four strategies for strengthening an organization's culture. Two of these -- role of leaders and introducing culturally-consistent rewards -- have been applied by city managers. Students may therefore identify any two of the following three strategies:

One strategy for maintaining and strengthening the new corporate culture is to carefully select and socialize new hires. The municipality should test the customer service orientation and respect for accountability among people who apply for positions. Employee orientation and training programs could be introduced to further reinforce the emerging belief system.

Another strategy is to introduce other artifacts that support the new culture. These might range from customer-focused symbols throughout buildings and special ceremonies and everyday rituals that might remind employees of the customer orientation.

Other Issues to Consider

This case raises other organizational behavior topics that instructors may want to discuss in class. One of these is the process of organizational change. Another topic is organizational power, influence, and politics. For example, students should consider the influence tactics used by outsiders to retain their control.



TEAM EXERCISE: ORGANIZATIONAL CULTURE METAPHORS

Purpose

Both parts of this exercise are designed to help students understand, assess, and interpret organizational culture using metaphors.

Part A: Assessing Your School's Culture

Instructions

A metaphor is a figure of speech that contains an implied comparison between a word or phrase that is ordinarily used for one thing but can be applied to another. Metaphors also carry a great deal of hidden meaning -- they say a lot about what we think and feel about that object. Therefore, this activity asks you to use several metaphors to define the organizational culture of your university, college, or institute.

Alternatively, as mentioned in the exercise, the instructor might ask students to assess another organization that most students know about.

The class is divided into teams of 4 to 6 members. Each team will reach consensus on which words or phrases should be inserted in the blanks of the statements presented below. This information should be recorded on a flip chart or

overhead acetate for class presentation. The exercise states that the instructor will provide 15 to 20 minutes for teams to determine which words best describe the college's culture, although you may change this if you wish.

If our college were an animal, it would be a ___ because _

If our college were a food, it would be ___ because ___.

If our college were a place, it would be ___ because ___.

If our college were a season, it would be ___ because _.

If our college were a TV show or movie, it would be ___ because ____.

The class will listen to each team present the metaphors that it believes symbolizes the college's culture. For example, a team that picks winter for a season might mean they are feeling cold or distant about the college and its people. The class will discuss the discussion questions stated below.

Comments for Instructors

The authors of this exercise (David L. Luechauer and Gary M. Shulman) did an admirable job developing this activity. I have had very good success with it. Indeed, it has been one of the most popular exercises in some courses. However, the conditions must be right. Students need to be comfortable discussing (and lampooning) their college. They must be a creative bunch so that entertaining and representative metaphors are identified.

I also introduced this exercise several times with military officers (Majors in a command and staff college) in the Singapore Armed Forces. It was the hit of the course! Presented below are a few of the metaphors that this group of military officers presented, including their explanations. These metaphors illustrate their creative spirit and pride in their organization.

Metaphors Used by Students in a Military Command and Staff Course

Animal	Food	Place
Porcupine -- defensive but passive unless provoked	Chilli peppers -- small but hot	Seven-Eleven store -- nearby, never closed
Dolphin -- friendly, intelligent, teams, wards off sharks	Rice -- staple, found everywhere	5-star restaurant -- many rules, but excellent results
Chameleon -- changes strategically	Curry -- looks and tastes hot	Beach -- comfortable, fun place

Season	Movie/TV
Spring -- youthful	10 Commandments -- huge scale of production, drama
Summer -- bright and sunny, yet also lethal and hot	WWF (World Wrestling Foundation) -- raw war
Autumn -- Cautious and prepared	Gone With the Wind -- enduring

Discussion Questions for Part A

1. **How easy was it for your group to reach consensus regarding these metaphors? What does that imply about the culture of your school?**

The easier it is to reach a consensus, the more likely it is that the institution has a strong and easily identifiable corporate culture.

2. **How do you see these metaphors in action?. In other words, what are some critical school behaviors or other artifacts that reveal the presence of your culture?**

Students might cite examples from any aspect of college life. They might refer to the registration process, student life after school, relations between instructors and students, and so on. In one university, students identified the culture partly by the building design, which consisted of a maze of hallways and drab concrete exterior.

3. **Think of another organization to which you belong (e.g., work, religious congregation). What is its dominant cultural values, how do you see them in action, and how do they affect the effectiveness of that organization?**

This question asks students to present various artifacts as well as their interpretation of those artifacts in terms of the organization's dominant culture. If you have a class with students who are mainly in the workforce, you could have many excellent examples. In classes with students who lack work experience, you may need to prompt them with questions about other organizations they participate in.

Part B: Analyzing and Interpreting Cultural Metaphors

Instructions

In the previous section, students completed a metaphor exercise to describe the corporate culture of their university or college. That exercise gave them a taste of how to administer such a diagnostic tool and draw inferences from the results generated. This activity builds on that experience and is designed to help refine the students' ability to analyze such data and make suggestions for improvement.

Five work teams (4 to 7 members/mixed gender in all groups) of an organization located in Cincinnati completed the metaphor exercise similar to the exercise in which you participated in class (see Part A above).

Their responses are shown in the table in the exercise. Working in teams, students are asked to analyze the information in this table and answer the discussion questions.

Comments for Instructors

This second part of the exercise generally doesn't take much time. Students seem to recognize some of the meaning behind the metaphors. In my experience, they have more difficulty recognizing the type of organization, although the authors of this exercise report that many of their students do recognize this as an advertising agency. (NOTE: Most original answers in the "TV show" category were quite dated, so instructors might want to describe those shows or replace them with contemporary titles.)

You may also want to put together an exhibit showing some of the metaphors presented by the Singapore military officers (described above). This is a distinctly different set of metaphors with some very interesting interpretations of their meaning.

Discussion questions for Part B

1. In your opinion, what are the dominant cultural values in this organization? Explain your answer.

The organization had just reorganized to form competitive teams, and this is noted by the predator/prey nature of the animals and the shows, which were largely based on the notion of chasing or being chased.

2. What are the positive aspects of this type of culture?

This culture's benefits are that it encourages a lot of preparation, desire to excel, and speed (responsiveness).

3. What are the negative aspect of this type of culture?

This culture's main problems are that it emphasizes excessive competition and a win-lose mentality.

4. What is this organization's main business, in your opinion? Explain your answer.

The company is an advertising agency. Students should link their interpretation of each metaphor with their image of the company they identified.

5. These groups all reported to one manager. What advice would you give to her about this unit?

It seems that these teams have experienced a lot of change and may need to plateau before experiencing more change. There may be some dysfunctional competition amongst teams that should be minimized. The elephant group stands out among the others and may require some exploration.



TEAM EXERCISE: DIAGNOSING CORPORATE CULTURE PROCLAMATIONS

Purpose

To understand the importance and contents in which corporate culture is identified and discussed in organizations

Instructions

This exercise is primarily intended to be a take-home activity, although it can be completed in classes with computers and Internet connections. The instructor will divide the class into small teams (typically 4-5 people per team). Each team is assigned a specific industry – such as energy, biotechnology, computer hardware.

The team's task is to search web sites of several companies in the selected industry for company statements about their corporate culture. Instructors should remind students that most company web sites have a search engine, which can assist their discovery of cultural artifacts at that web site. to find documents with key phrases such as “corporate culture” or “company values”.

In the next class, or at the end of the time allotted in the current class, students will report on their observations by answering the following three discussion questions:

1. **What values seem to dominate the corporate culture of the companies you searched? Are these values similar or diverse across companies in the industry?**
2. **What was the broader content of the web pages where these companies described or mentioned its corporate culture?**
3. **Do companies in this industry refer to their corporate culture on the web sites more or less than companies in other industries searched by teams in this class?**

Comments for Instructors

This is a wonderful open-ended assignment that involves active learning on the topic of organizational culture. Many students seem to enjoy the exercise simply because it involves surfing the web. But the real benefit is that students must search out information about a company's culture and integrate the material for classroom discussion. Here are a few issues that often arise in this activity:

Espoused versus enacted values. Students should note that the cultural values that corporate leaders describe on the company's web site and in news releases isn't necessarily the culture that actually exists at that organization. When presenting their findings, some students will point out this fact. Moreover, they might identify artifacts that either support or contradict the cultural values espoused by the company.

How many values? Occasionally, students might discover companies that list a dozen or more values that they saw represents the company's culture. Yet, as we learned in this chapter, corporate culture reflects only a few (typically 3-5) dominant values. Even with a small number of dominant values, companies have trouble with inherent conflicts among these values.

Pervasiveness of the “corporate culture” phrase. Along with identifying the company's cultural values, students should note how commonly the company referred to the concept of organizational culture on its web site and online news releases. Some firms rarely mention the term, whereas others use the phrase (or its variations) in most public statements. Why do these differences in language use occurs?



SELF-ASSESSMENT: WHAT ARE YOUR CORPORATE CULTURE PREFERENCES?

Purpose

This self-assessment is designed to help students to identify a corporate culture that fits most closely with your personal values and assumptions.

Overview and Instructions

This corporate culture preferences scale estimates the extent to which students prefer each of four corporate cultures. These corporate cultures may be found in many organizations, but they represent only four of many possible organizational cultures. Students should also keep in mind none of these subscales is inherently good or bad. Each is effective in different situations.

Students are asked read each pair of the statements in the Corporate Culture Preference Scale and circle the statement that describes the organization they would prefer to work in. Then students use the scoring key to calculate their results for each subscale (or complete this self-assessment online for automatic scoring). This exercise is completed alone so students assess themselves honestly without concerns of social comparison. However, class discussion will focus on the importance of matching job applicants to the organization's dominant values.

Feedback for the Corporate Culture Preference Scale

This self-assessment estimates the extent to which students prefer each of four corporate cultures. Each subscale has a potential score ranging from 0 to 6 points. Higher scores indicate that students have a stronger preference for organizations with that type of culture. The tables provide norms based on a sample of more than 200 MBA students.

Control Culture

This culture values the role of senior executives to lead the organization. It's goal is to keep everyone aligned and under control. Scores on this subscale range from 0 to 6. The average score among a sample of MBA students was 1.1.

Score	Interpretation
3 to 6	Strong preference
.6 to 2	Average preference
0 to .5	Low preference

Performance Culture

This culture values individual and organizational performance and strives for effectiveness and efficiency. Scores on this subscale range from 0 to 6. The average score among a sample of MBA students was 2.9.

Score	Interpretation
5 to 6	Strong preference
3 to 4	Average preference
0 to 2	Low preference

Relationship Culture

This culture values nurturing and well-being. It considers open communication, fairness, teamwork, and sharing a vital part of organizational life. Scores on this subscale range from 0 to 6. The average score among a sample of MBA students was 3.9.

Score	Interpretation
5 to 6	Strong preference
3.6 to 4.9	Average preference
0 to 3.5	Low preference

Responsive Culture

This culture values its ability to keep in tune with the external environment, including being competitive and realizing new opportunities. Scores on this subscale range from 0 to 6. The average score among a sample of MBA students was 4.1.

Score	Interpretation
5 to 6	Strong preference
3.6 to 4.9	Average preference
0 to 3.5	Low preference