Study unit 3

Corporate culture

3.1 BACKGROUND

Your mother may have insisted that you attend a cultural event, a concert or an art exhibition, with the purpose of exposing you to some "culture". This is a misconception because culture. Culture (as defined by social scientists) comprises much more than an appreciation for the finer things in life; it is a fundamental part of life. Culture is the sum of a specific society's beliefs, norms, attitudes, assumptions, and ways of doing things.

3.2 STUDY UNIT CHALLENGES

We are challenging you to:

- describe the concept of culture
- define organisational culture
- explain the levels of culture
- differentiate between the various types of culture in organisations
- discuss the elements of culture
- compare the different types of culture explain how organisations can change culture

> **Work through Chapter 6 in the prescribed book.**

3.3 KEY CONCEPTS

- **Assumptions** are beliefs, logical constructs, or unconfirmed facts.
- **Culture** is the total pattern of human behaviour and its products, personified in thought, speech, action, and artefacts, and is dependent on people's capacity for learning and transmitting knowledge to succeeding generations using tools, language and systems of abstract thought.
- **Organisational culture** is the aggregate of beliefs, norms, attitudes, assumptions,

and ways of doing things that members of an organisation share and teach to new members.
- A **ritual** is a set of actions, performed mainly for their symbolic value.
- **Strategic drift** is the tendency of organisations to develop strategies incrementally based on historical and cultural influences, but failing to keep pace with changes in the environment.
- A **symbol** is something that represents an idea, a process, or a physical entity.
- **Values** are important and lasting beliefs or ideals shared by the members of a culture about what is good or bad and desirable or undesirable.

3.4   INTRODUCTION

As students of management, we consider any organisation to be a mini society, with characteristics similar to those of a civil society and its "culture" is no exception. In this study unit, we investigate what organisational culture is, the levels and types of culture, the elements of culture and how to change organisational culture.

3.5   WHAT IS ORGANISATIONAL CULTURE?

We consider **three definitions** of organisational culture. These three definitions are summarised in Figure 3.1.

3.6   LEVELS OF CULTURE

Figure 3.2 is a summary of the three levels of culture as identified by Schein (1988). Schein used an iceberg metaphor to depict the levels of organisational culture, where:

- the tip of the iceberg represents the organisation's **artefacts**
- the part of the iceberg just below the water represents the organisation's **values**
- the mass of the iceberg represents the organisation's **assumptions**

3.7   WHAT SHAPES AN ORGANISATION'S CULTURE?

Once you know where to look, you will see that the culture of each organisation is different, and that even within one organisation, different cultures may exist. The culture of an organisation is a unique combination (much like the DNA of a human being) of the **national and regional culture**, **industry culture,** and various **organisational subcultures.** Figure 3.3 summarises these sources of organisational cultural diversity.
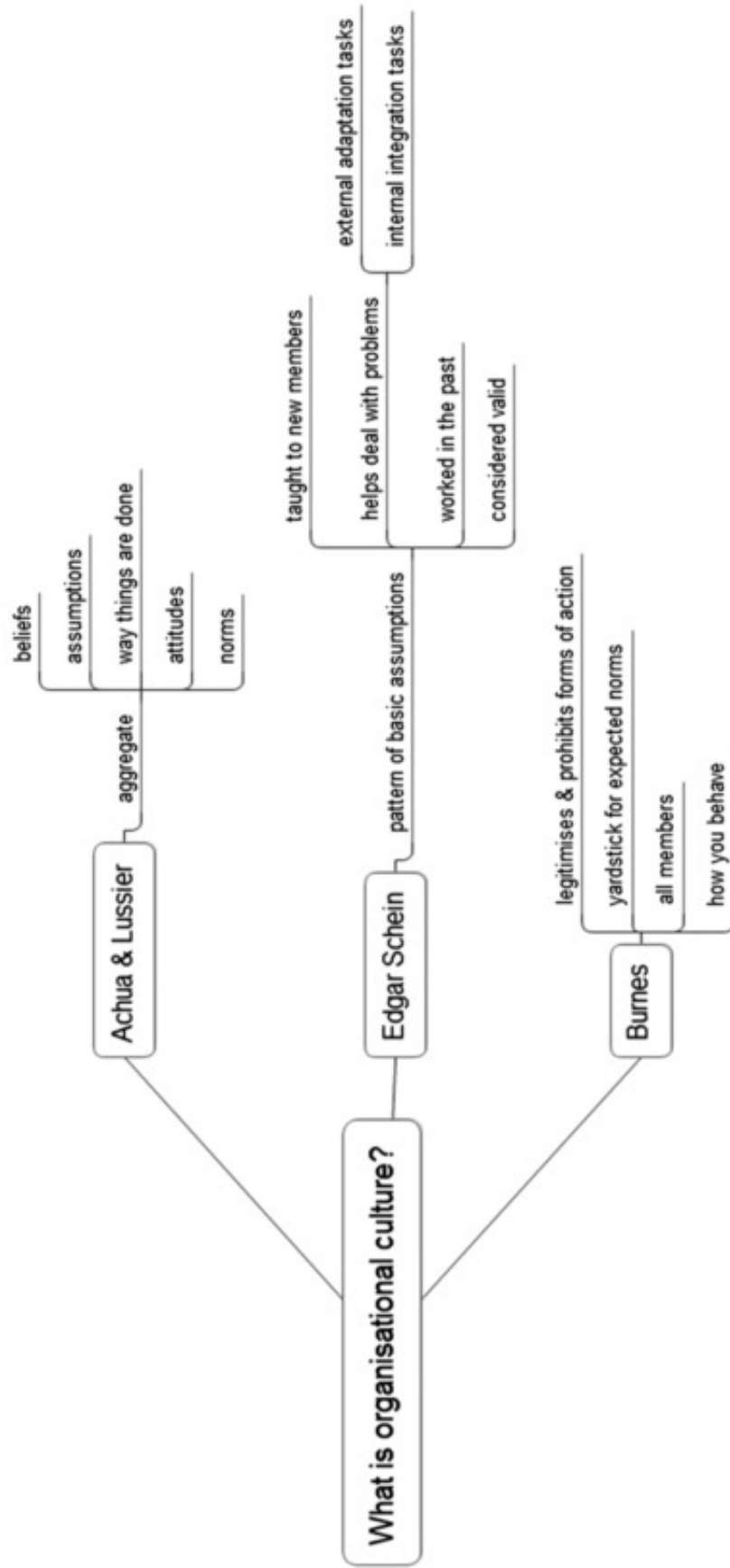
Figure 3.1: Definitions of organisational culture

What is organisational culture?

Achua & Lussier
- aggregate
  - beliefs
  - assumptions
  - way things are done
  - attitudes
  - norms

Edgar Schein
- pattern of basic assumptions
  - taught to new members
  - helps deal with problems
    - external adaptation tasks
    - internal integration tasks
  - worked in the past
  - considered valid

Burnes
- legitimises & prohibits forms of action
- yardstick for expected norms
- all members
- how you behave

Figure 3.2: Three levels of culture

Industry culture

- Rules of the game
- Beliefs & values
- Fads & fashions
- Interpretations & mindsets
- Public vs private sector
- Professional bodies
- Organisational fields

National & regional culture

Hofstee
Dimensions of national culture

- Power distance
- Indulgence vs restraint
- Long- vs short- term orientation
- Uncertainty avoidance
- Masculinity vs femininity
- Individualism vs collectivism

Sources of organisational cultural diversity

Organisational subcultures

- Occupational similarities
- Shared assumptions of subgroups
- Geographical similarities
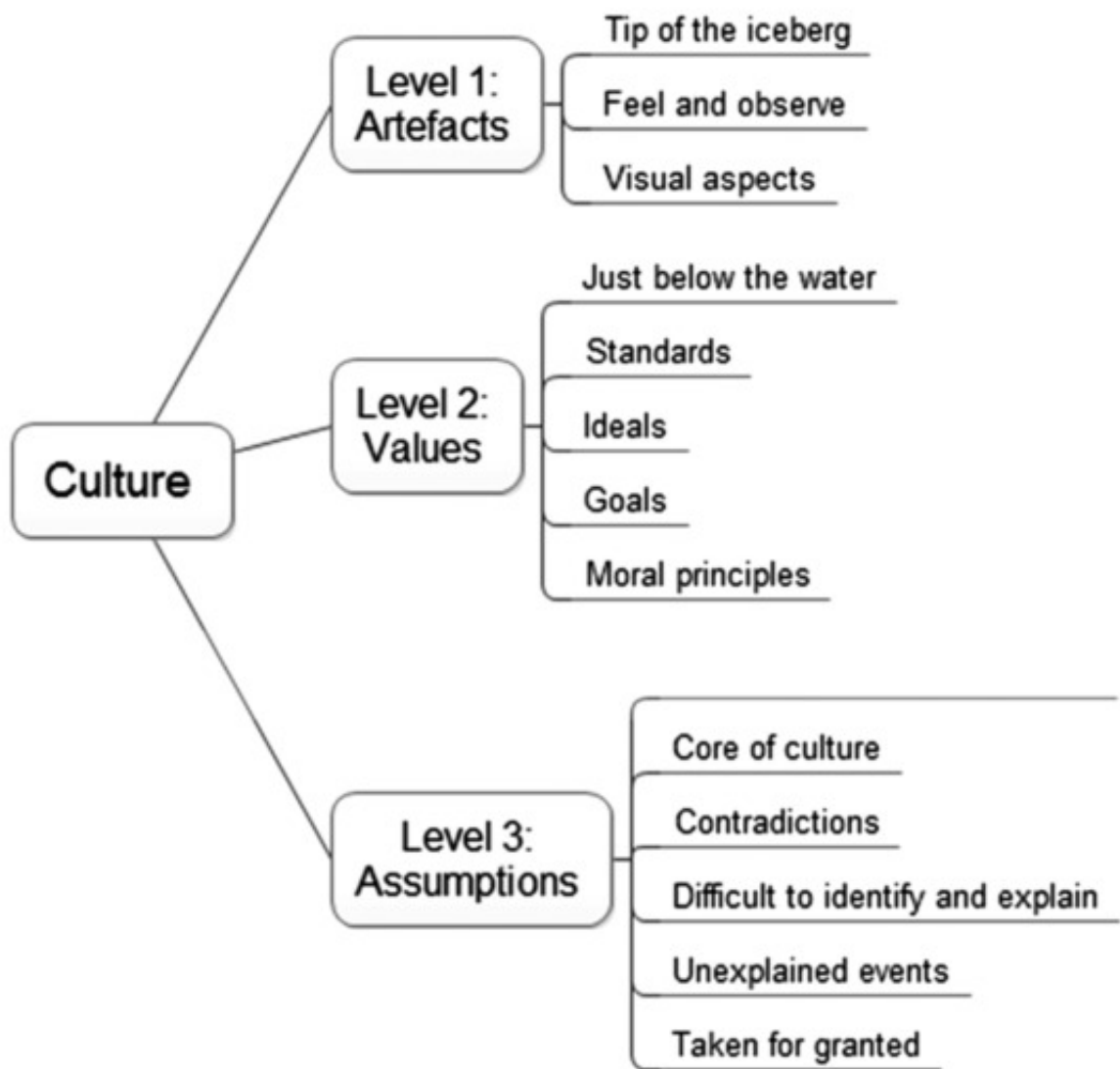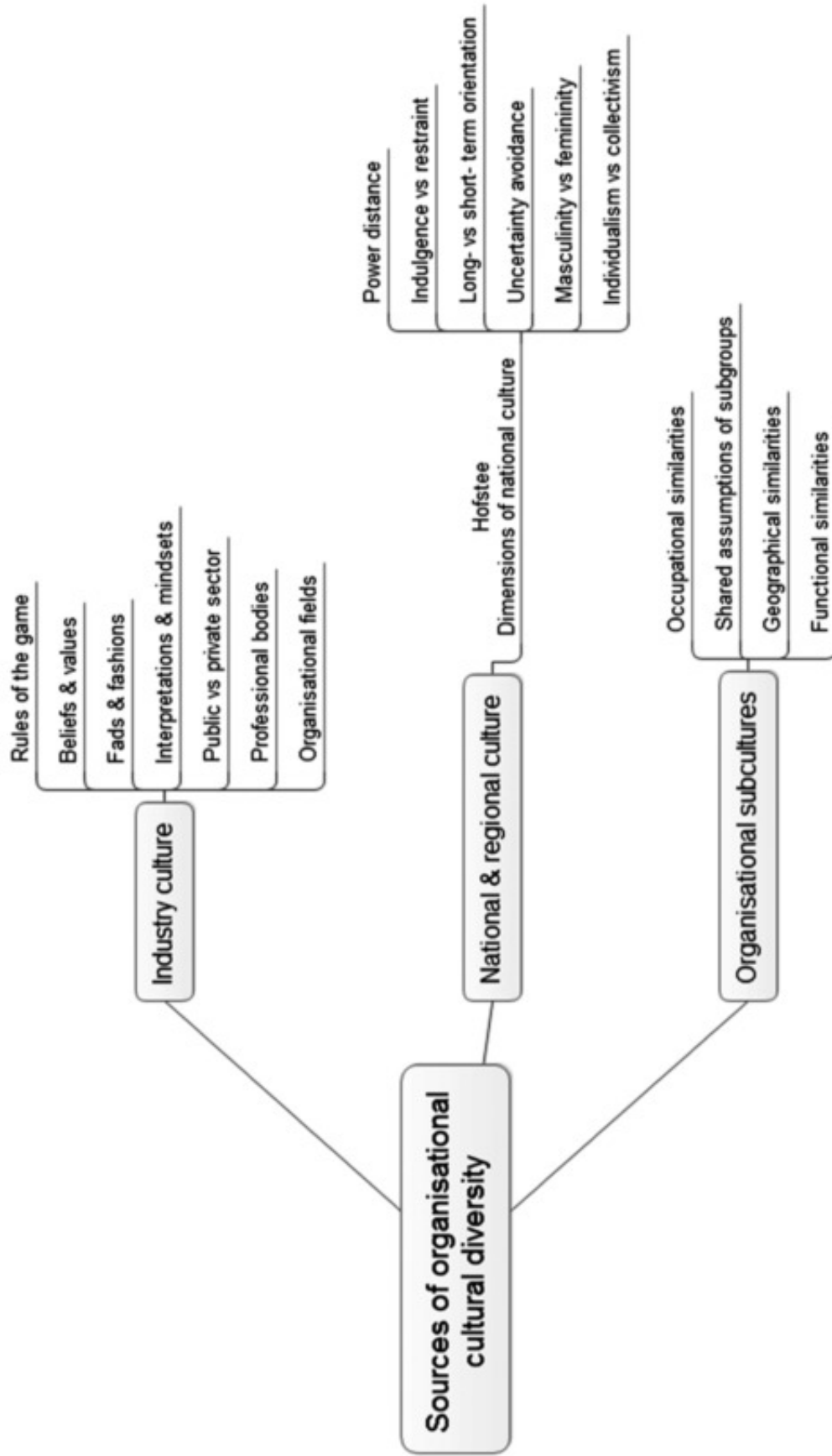- Functional similarities

Figure 3.3: Sources of organisational cultural diversity

3.8   ELEMENTS OF CULTURE

If you understand the concept of organisational culture, you are ready to find out how new employees learn about the prevalent culture in their organisations. New employees learn an organisation's culture through elements such as **symbols**, **stories**, **language,** and **rituals** which people in the organisation use**.**

3.9   TYPES OF ORGANISATIONAL CULTURE

Numerous **classification systems** exist for categorising the different **types** of organisational culture. In this study unit, we investigate **four** types of culture, as they are summarise in Figure 3.4.
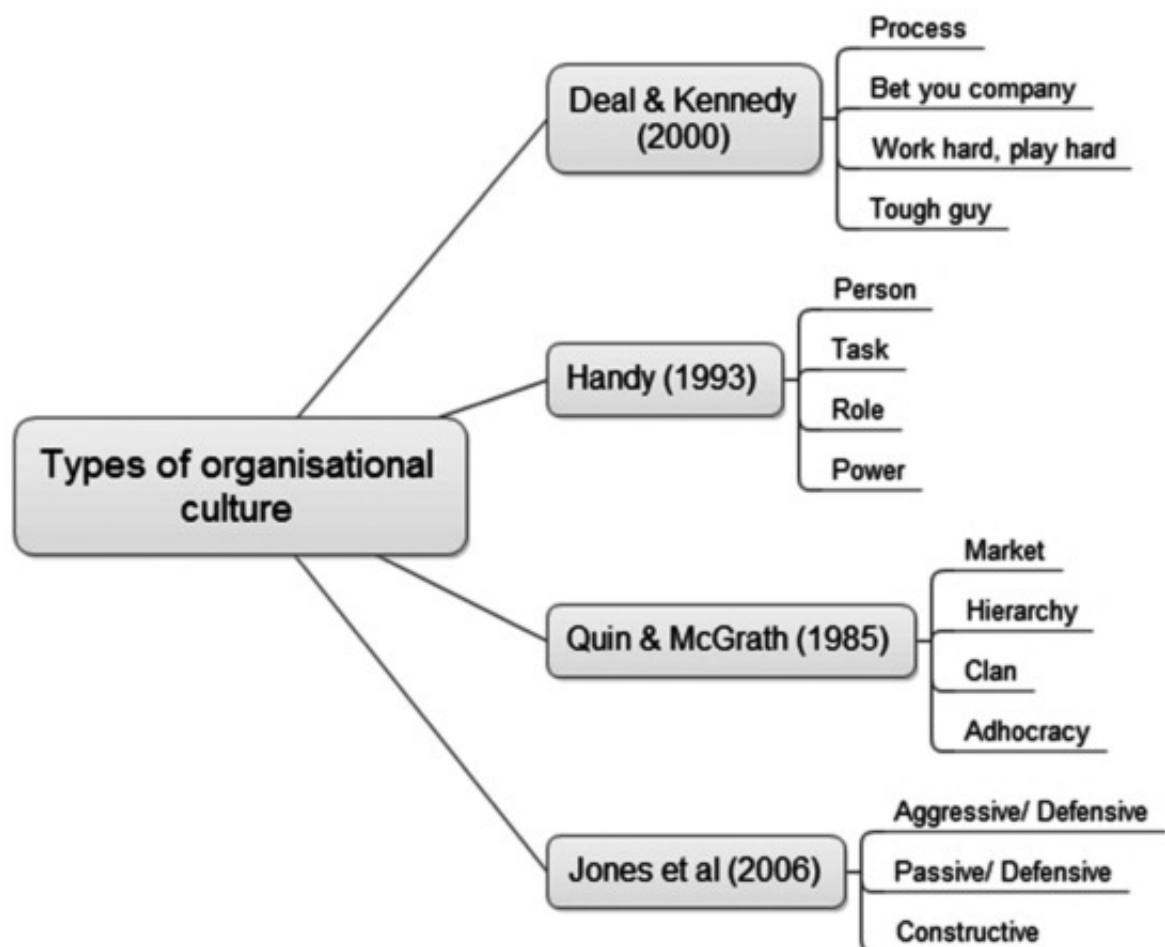

Figure 3.4: Cultural classification systems

3.10   CHANGING AN ORGANISATION'S CULTURE

An organisation's culture develops over a **long period** and it is a product of the interaction between its workforce, management, industry and history. For this reason it

is very **difficult** to **change** a culture. However, a change in **circumstances** could **trigger** the need to change an organisation's culture. Figure 3.5 summarises methods management can use to change an organisation's culture.
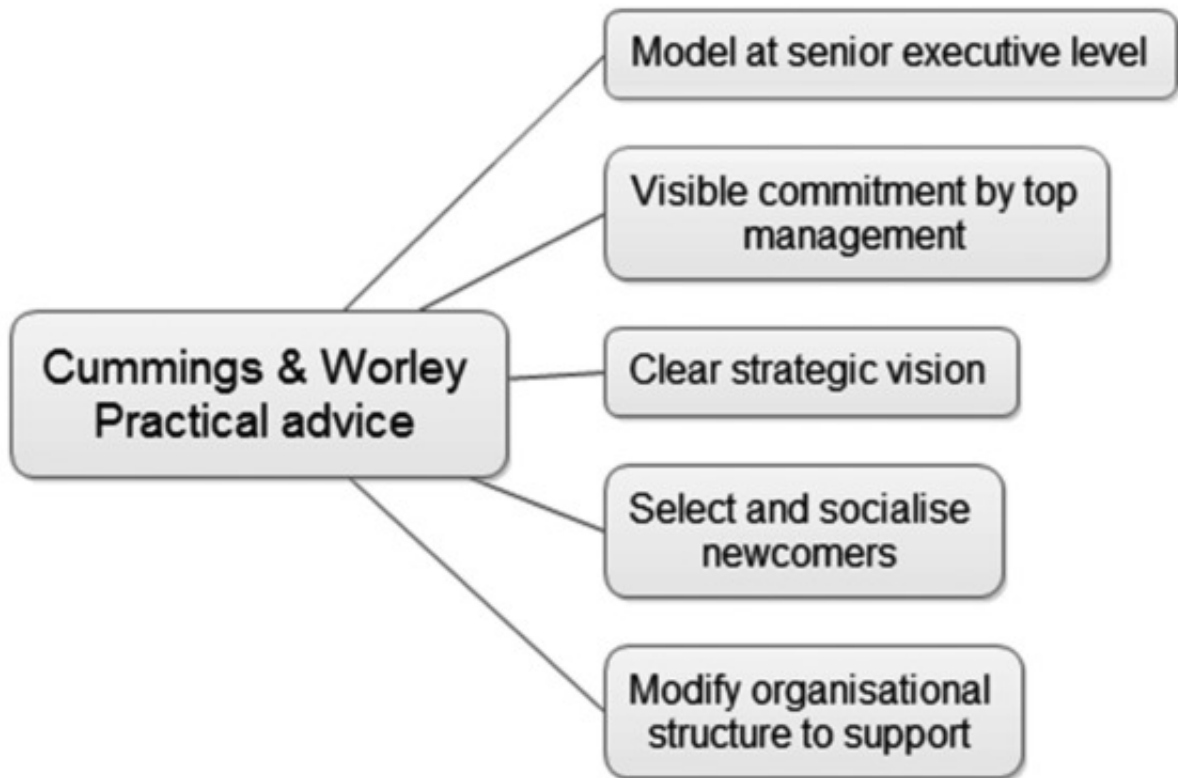
Figure 3.5: How to change an organisation's culture

3.11   CONCLUSION

The culture of an organisation develops over time. The people who work in an organisation, its managers and workforce create the culture, which forms over a long period of time. What the organisation stands for (its values) and the dreams that it seeks to turn into reality (its vision) are fundamental in creating a dynamic culture.

In this study unit, we explained the **terms** "culture" and "organisational culture". We differentiated between the various **levels** of culture and looked at **what shapes** an organisation's culture. We explored the various **elements** of culture and investigated the different **types** of culture. We concluded this study unit with a discussion of how to **change** an organisation's culture.

3.12   ADDITIONAL LEARNING EXPERIENCES

If you have access to the internet, you should consider visiting the following websites. This is NOT COMPULSORY, but these websites all contain interesting information and examples about the content in this study unit.

● What is an organisational culture?
  http://www.youtube.com/watch?v=6AFn0vFtLC0

- Levels of organisational culture

    http://www.youtube.com/watch?v=6ZB3jJlGWuk
    http://www.youtube.com/watch?v=qfV0DYuJi6k

Interesting **tweeple** that you could follow on Twitter:

@McKinsey@AMAnet

@HarvardBiz

3.13 ASSESSMENT

This section contains self-assessment questions that you can use to assess your knowledge of the study unit.

SECTION A: MULTIPLE CHOICE QUESTIONS

3.1 _____ can be **defined** as the total pattern of human behaviour.

1   Norms

2   Values

3   Beliefs

4   Culture

3.2 Organisational _____ is/are the pattern of basic **assumptions,** which a group has invented to cope with its problems of _____ and _____ and that have worked well enough to be considered valid.

1   culture; external adaptation; internal integration

2   culture; external integration; external adaptation

3   values; external adaptation; internal adaptation

4   values; external adaptation; internal integration

3.3 The **artefacts** of an organisation's culture are _____ but not always _____ .

1   tangible; visible

2   visible; understandable

3   visible; accurate

4   tangible; accurate

3.4 Hofstee's _____ dimension of **national culture** refers to a preference in society for achievement, heroism, assertiveness and material reward for success.

1   masculinity

2   power distance

3   individualism

4   uncertainty avoidance

3.5 A _____ is something that represents an idea, a process or a physical entity.

    1   story

    2   ritual

    3   symbol

    4   metaphor

3.6 Quin and McGrath use rational decision-making and goal-centred employees as **criteria** for the _____ culture.

    1   adhocracy

    2   clan

    3   process

    4   market

SECTION B: PRESCRIBED TEXTBOOK

Try to answer the review questions in the prescribed textbook.

SECTION C: TUTORIAL LETTER 101

Complete the questions that relate to this study unit from the assignment found in Tutorial Letter 101

3.14 END OF STUDY UNIT CASE STUDY

Read the following case study and answer the questions that follow.

Creating a high performance culture

A Siemens case study

Siemens AG is a global electrical and electronics business with a turnover of nearly £60 billion. The company employs just under half a million people around the world. It is based in Munich, Germany. In the UK, Siemens has its headquarters in Bracknell, Berkshire, and has around 100 sites across the UK employing 20 000 people. The Siemens head office is a token of their engineering excellence, boasting the most advanced green technology available.

Siemens is departmentalised in a matrix-type structure based on products and industry.

An organisation is nothing without its people. As an employer of one of the world's most efficient and motivated workforces, Siemens is committed to its employees. Its half a million employees work in a broad range of roles.

If people are properly managed, they will motivate themselves to do a good job. Siemens believes in the full engagement of people in the workplace. Excellent people need to be managed in an excellent way. Siemens believes that engagement combines commitment and organisational citizenship. (Engagement is another way of saying actively involved.)

A key pillar of the Siemens strategy, alongside its performance and portfolio, operational excellence, and corporate responsibility, is the way it manages, develops, and motivates its employees.

The part of the Siemens business strategy that relates to people management is referred to as people excellence. At the heart of people excellence is building a high performance culture. Nothing helps an individual more than to be given responsibility and to know they are trusted.

Almost without exception, people management theorists have shown that real motivation comes from within an individual. Individuals develop such motivation when they feel that

their efforts are valued and that they are doing something worthwhile. This is why People Excellence at Siemens is so important.

Feeling part of a successful team is part of the engagement process. Individuals who feel valued want to contribute to the success of the organisation. Siemens' operations are based on a teamwork culture. This emphasis on the team is set out clearly in a quote from the global chief executive officer of Siemens, Klaus Kleinfeld:

"Many times in my life I have seen how one individual can make a big difference, particularly when working in a great team. The quality of our people and of our teams is our most valuable resource, particularly in today's changing world where knowledge flows round the globe with lightning speed and is easily available."

The high performance culture is the way of working at Siemens and it involves everyone. The global talent pool is made up of all Siemens' employees. Within Siemens, everyone has the opportunity to develop their own specialities and to acquire further expertise. The SLE provides the highest calibre leadership and management training.

People Excellence involves developing everybody that works for your organisation, not just the high-fliers. Siemens' talent management philosophy involves making sure that every employee is provided with the guidance and support to achieve their full potential. New employees receive a booklet with organisational slang at their first induction meeting; this aids them to do their best, every day, from the start.

Everyone works together to achieve the organisation's objectives as well as meeting their own personal goals. Everyone shares the same vision and dreams. Within this cul-

ture they are able to progress and take on greater responsibility within the company.

People really matter. Organisational results stem from high performance. People only perform well when they operate in a culture which nurtures and supports them and helps them to work towards the achievement of their ambitions. Siemens employees are not encouraged to take a lot of risk. However, they are urged to provide fellow employees with quick feedback, as this enables quick adjustments to decisions and avoids waste.

Siemens' high performance culture provides the framework and support in which high performance people can show their commitment to a high performance organisation.

Adapted from: *Times 100, (2013b)*

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www.businesscasestudies.co.uk

3.15   STUDY UNIT REVIEW QUESTIONS

Read the Siemens case study and find the final message by answering the questions below and unscrambling the clue words. The clue words follow the same order as the questions below. Then use the circled letters to find the final message.

FETSATRAC

SAELUV

NGUELAGA

SATK

LUNRADSITI

NIPTOAPIACITR

KUIQC FEEBACDK

3.1   The green head office of Siemens depicts the Siemens culture at _____ **level**.

3.2   Siemens' people excellence strategy depicts the Siemens culture at _____ **level**.

3.3   Siemens employees receive a slang booklet at their first induction meeting. This is an example of the _____ **element** of the Siemens culture.

3.4   According to **Charles Handy's** classification**,** the culture at Siemens is a _____ culture.

3.5   There are culture differences between departments at Siemens. This is an example of _____ factors **shaping** an organisation's culture.

3.6   According to the **Quin and McGrath** classification system, the Siemens culture is that of a **clan**. This culture is rooted in _____ and consensus.

3.7   The Siemens culture is a **work-hard/play-hard** culture, characterised by _____ and a low tolerance for risk-taking.