Introduction

- Mata Kuliah   : Budaya Organisasi
- Dosen   : Evi Thelia Sari, S.E., M.A

References

- **<u>References</u>**
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Corporate and Organizational Culture and Leadership in Business

Week 1
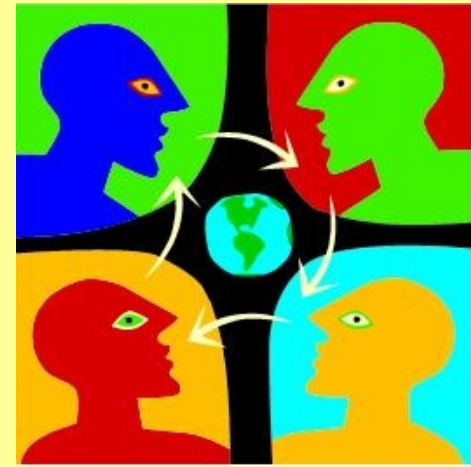
Sub-topics

1. Konsep budaya organisasi dan perusahaan

2. Three Levels of Culture

The Concept of Corporate and Organizational Culture

The concept

- Culture is an abstraction, yet the forces that are created in social and organizational situations deriving from culture are powerful.

What is the concept of culture for?

- Menjelaskan semua fenomena yang ada dan menormalisasinya.

- Memahami diri sendiri lebih baik dan mengenali beberapa tekanan yang ada di dalam diri kita yang mendefinisikan siapa kita.

Categories of culture

- Macrocultures
  - Nations, ethnic and religious groups, occupations that exist
- Organizational cultures
  - Private, public, nonprofit, government organizations
- Subcultures
  - Occupational groups within organizations
- Microcultures
  - Microsystems within or outside organizations

the concept of culture

What culture is?/is not?

- Culture is a code of attitudes, norms and values, the way of thinking...

- The culture determines:
  - How we see ourselves
  - How we see the world

- Culture is not right or wrong, inherited, about individual behavior

the concept of culture

- The concepts of culture implies:
  - Structural stability
  - Depth
  - Breadth
  - Patterning or integration

Levels of cultures in a business context

Cultures can develop at different levels:

– Culture and nation

– National culture

– Organizational culture

– Corporate culture

– Professional culture

– Culture and management

Culture and nation

Influence of culture on organizations

- Macro level
  - Institusi hukum dan ekonomi
  - Negara yang harus dipertimbangkan organisasi sebelum meluaskan bisnis.

- Micro level
  - Organisasi dipengaruhioleh sejumlah elemen budaya yaitu:
    - employer-employee relationships
    - behaviour among employees

National culture

- Elemen yang menciptakan budaya nasional :
    - Physical environment
    - History of the nation
- Institusi yang berkontribusi pada pendirian budaya nasional:
    - Family/Religion/Education
    - Mass communication media
    - The multinational company

Organizational culture

- Dalam organisasi, budaya mempengaruhi:
  - strategi yang ditentukan
  - sasaran yang dibentuk
  - cara operasional perusahaan

- Orang-orang dalam organisasi: :
  - dipengaruhi oleh latar belakang budaya.
  - membagikan nilai dan persepsi mereka sendiri

(Schein, 1999)

Corporate culture

- Budaya perusahaan merupakan gabungan dari:
    - Organizational culture
    - National/regional culture

- **Key to success if:**
    1) budaya perusahaan jelas terlihat
    2) Flexible culture

Professional culture

- Tiga budaya professional dalam manajemen adalah:
    - Operators: berkaitan dengan produksi (goods/services)
    - Engineers: mendesain dan memonitor teknologi Executives: manajer senior

(Schein, 1996)

Culture and management

Cross-cultural management

- Menjelaskan perilaku orang dalam organisasi di seluruh dunia.
- Mendeskripsikan dan membandingkan perilaku lintas negara dan budaya
- Mencari pemahaman dan mengembangkan interaksi antara:
  - co-workers, managers, executives, clients, suppliers, and alliance partners

(Adler, 2002: 11)

Culture formal definition

Schein's formal definition of organizational culture:

*"A pattern of **shared basic assumptions** that a group has learned as it **solved its problems of external adaptation and internal integration**, that has worked well enough to be considered **valid** and therefore, to be **taught to new members as the correct way to perceive**, think, and **feel** in relation to those problems."*

Tekanan-tekanan yang memicu pembelajaran tentang budaya

- Peningkatan teknologi pada segala fungsi
- Global networking melalui tekno informasi
- Organisasi yang multikultur melalui merger dan joint venture.
- Organisasi lebih memperhatikan global warming dan sustainability

Organizational culture and leadership

- Kepemimpinan dan budaya harus dilihat secara bersama-sama, jika tidak maka tidak bisa memahami dirinya sendiri.
- Pemimpin harus sadar akan budaya karena jika tidak maka budaya yang mengatur mereka.

Pemahaman budaya sangat penting untuk pemimpin karena:

- Ketika pemimpin menciptakan kelompok dan organisasi, mereka menciptakan budaya
- Ketika budaya tsb ada, pemimpin menentukan kriteria kepemimpinan (siapa yang akan dan tidak akan menjadi leader)
- Dysfunction = persyaratan pemimpin untuk mengidentifikasi elemen fungsional dan disfungsional dan mengelola evolusi dan perusahan untuk bertahan.
- Budaya organisasi yang kuat akan mengendalikan perilaku organisasi dan dapat menahan organisasi dari pembuatan perubahan untuk beradaptasi dengan perubahan lingkungan.

The Three Levels of Culture

Three Levels of Culture

- Artifacts
- Espoused belief and values
- Basic underlying assumptions

Organizational Culture

Artifacts – symbols of culture in the physical and social work environment

Values
Espoused: what members of an organization say they value
Enacted: reflected in the way individuals actually behave

Assumptions – deeply held beliefs that guide behavior and tell members of an organization how to perceive and think about things

Visible, often not decipherable

Greater level of awareness

Taken for granted, Invisible, Preconscious

Types of Artifacts

- Personal Enactment
- Ceremonies and Rites
- Stories
  - About the boss
  - About getting fired
  - About relocating
  - About promotions
  - About crisis situations
  - About status considerations
- Rituals
- Symbols

The Meeting

Marketing department

Top Management Meeting

Artifacts

- ## It's about behavioral or explicit level
  - ### Visible and feel-able structures and processes
    - Language, technology and product; its artistic creations; its style (as embodied in clothing, manners of address, emotional displays)
    - myths, and stories told about the organizations
    - Published lists of values, and its observable rituals and ceremonies
  - ### Observed behavior
    - Difficult to decipher

Artifact (cont.)

- It is especially dangerous to try to infer the deeper assumptions from artifacts alone because a person's interpretations will inevitably be projections of his or her own feelings and reactions.

Espoused belief and values

- Every culture has its own system
    - Ideals, goals, values, aspirations
    - Ideologies
    - Rationalizations
        - May or may not be congruent with behavior and other artifacts

Espoused belief and values

- Not all beliefs and values undergo such transformation.
  - Only those beliefs and values that can be empirically tested will continue to work reliably in solving group's problems.
  - Certain value domains through social validation (certain values and beliefs are confirmed only by the shared social experience of a group)
  - Strategy/goals must be accepted through consensus because the performance and strategy may be hard to prove

Organizational culture – what the employees perceive and how this perception creates a pattern of beliefs, values, and expectations.

Navigating the seas of international business
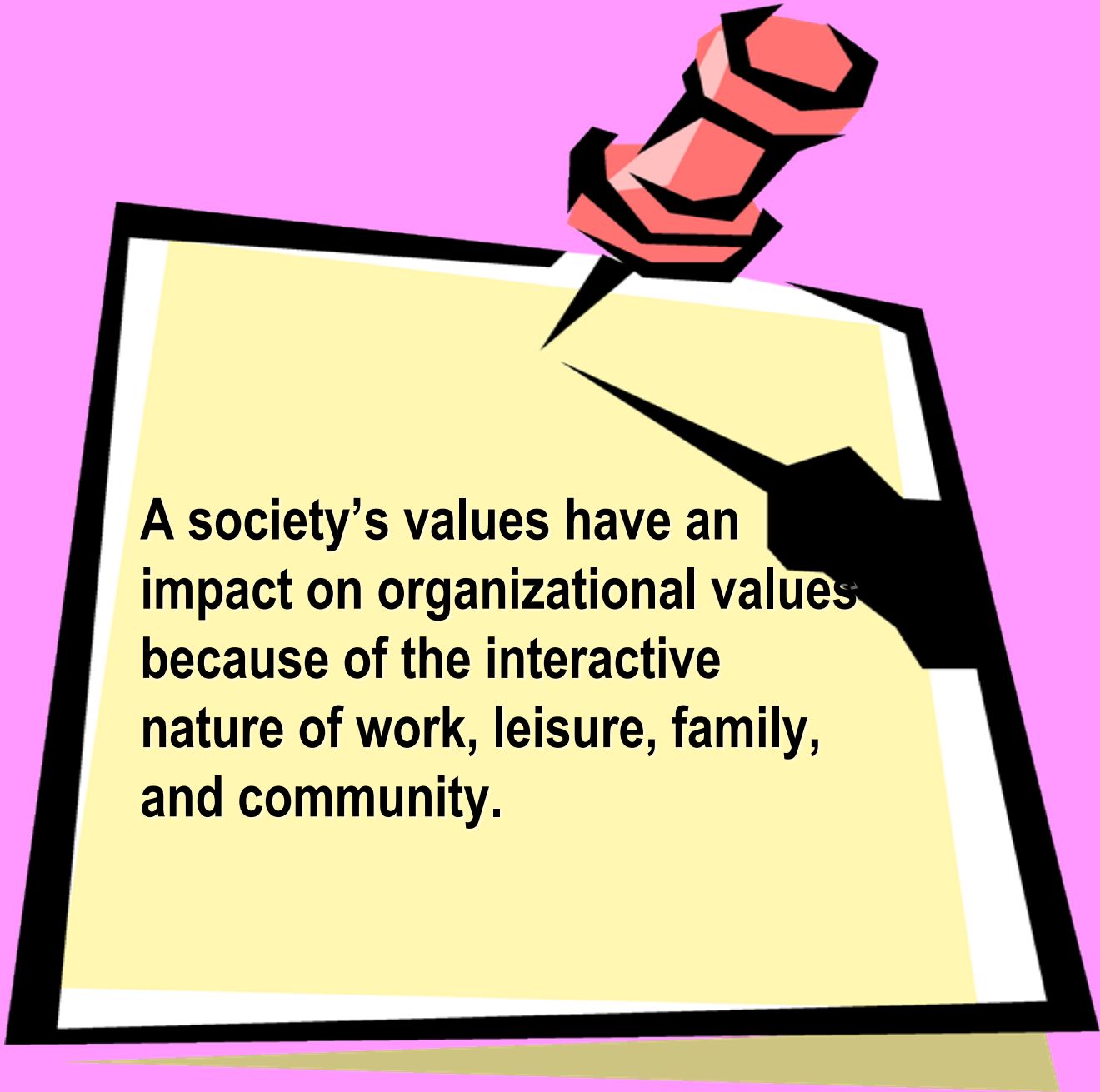*Source:* Adapted from Schneider and Barsoux (2003: 21)
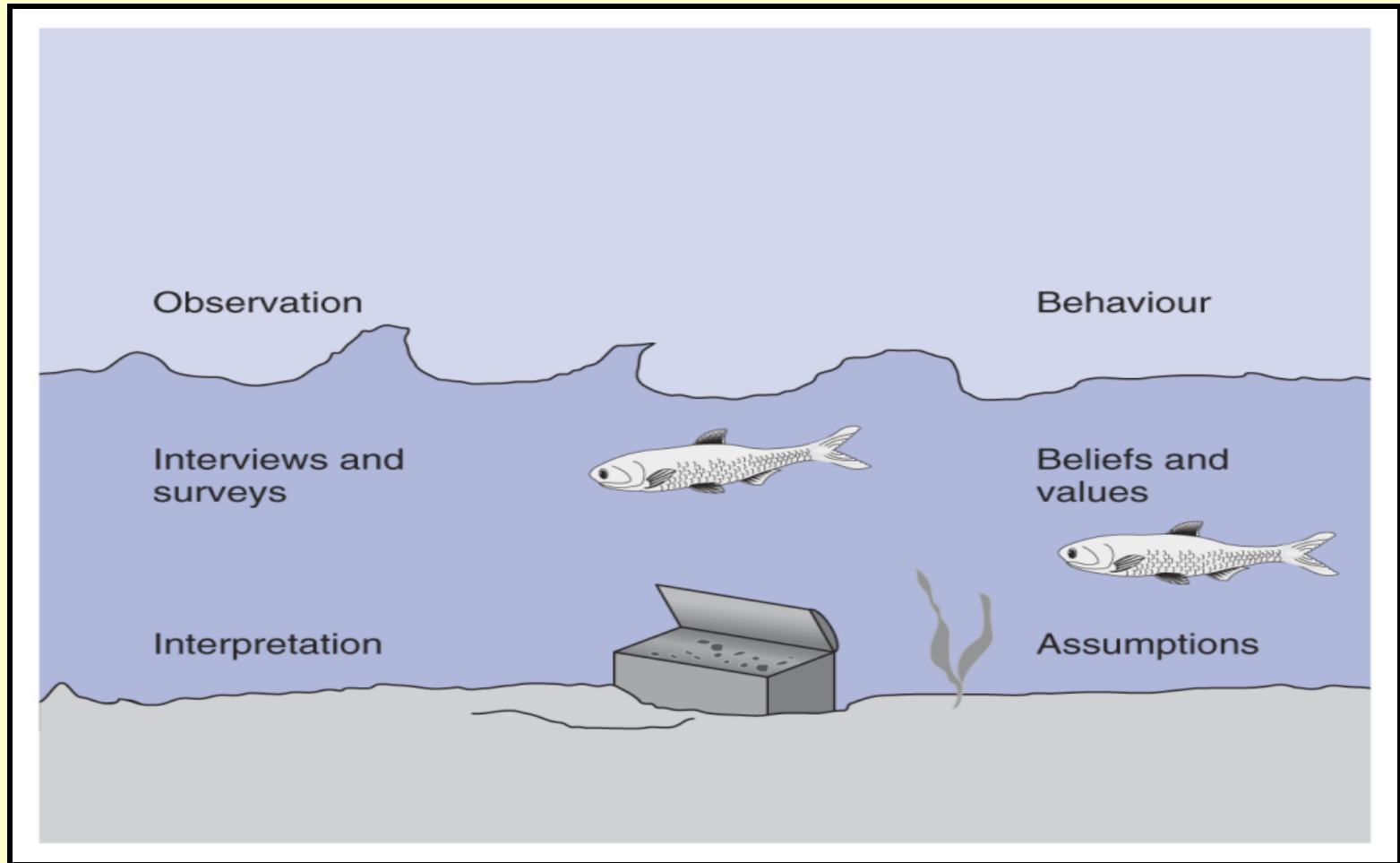
Basic underlying assumptions

- Difficult to describe or explain
- Unconscious, taken-for-granted beliefs and values
  - Determine behavior, perception, thought and feeling

Basic underlying assumptions

- Tend to be non-confrontable and non-debatable and hence are extremely difficult to change.
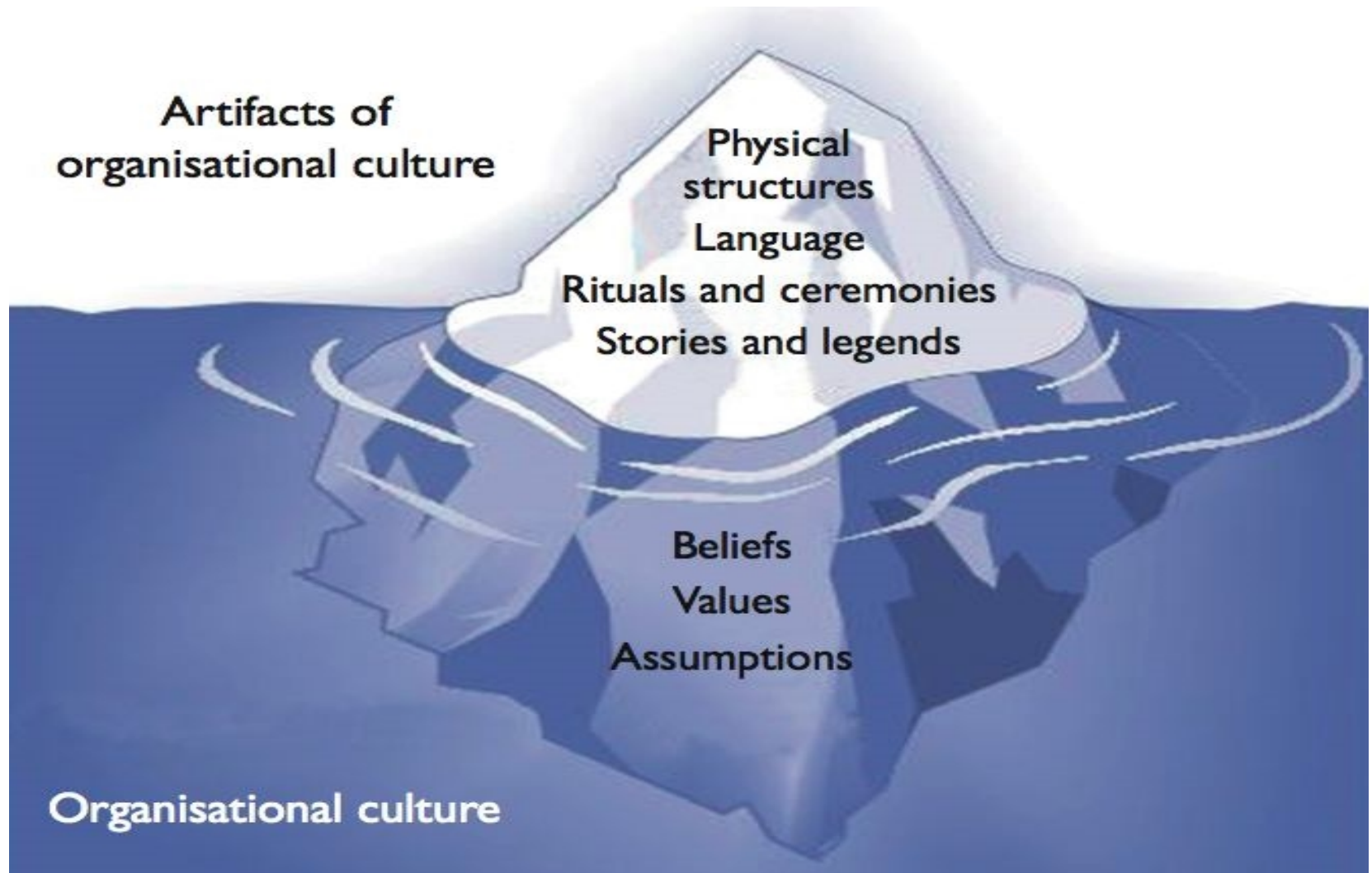
A society's values have an impact on organizational values because of the interactive nature of work, leisure, family, and community.

Corporate and Organizational Culture and Leadership in Business

Components of culture

Artifacts of organisational culture

Physical structures
Language
Rituals and ceremonies
Stories and legends

Beliefs
Values
Assumptions

Organisational culture

Learn from Digital Equipment Corp. (DEC

Artifacts: encountering the company

- Open office architecture
- Extreme informality of dress and manners
- Very dynamic environment
- High rate of interaction among employees
- No private dining rooms, special parking or offices with special views and the like.
- It reinforced the sense of economy and egalitarian.
- Full of interruptions during meeting

Espoused beliefs and values

- Based on phrase " He, who proposes, does"
- Employees had to be very individualistic and at the same time, very willing to be team players.
- Each person should figure out the what the essence of his or her job is and get very clear about it
- Role of the boss: set broad targets.
- Subordinates were expected to take initiative in figuring out how best to achieve them.
- Requires a lot of discussion and negotiation, which often led to complaints about wasting time.

Basic assumption: The DEC paradigm

1. The individual is ultimately the source of ideas and entrepreneurial spirit

2. Individuals are capable of taking responsibility and doing the right thing

3. No one individual is smart enough to evaluate his or her own ideas so others should push back and get buy -in.

4. The basic work of the company is technological innovation and such work is and always should be "fun"

5. We are one family whose members will take care of each other.

Basic assumption: The DEC paradigm

Towards the customers and marketing:

6. The only valid way to sell a product is to find out what the customer's problem is and to solve that problem, even if that means selling less or recommending another company's products.

7. People can and will take responsibility and continue to act responsibility no matter what

8. The market is the best decision maker if there are several products contenders.

9. Even as the company gets very large differentiated, it is desirable to keep some central control rather than divisionalizing

10. DEC engineers "know best" what a good product is based on whether or not they personally like working with that product.

Ciba-Geigy

Ciba-Geigy company was a Swiss multidivisional, geographically decentralized chemical company Merged with Sandos to become Novartis

Artifacts

- Formal symbols by large gray stone buildings, heavy doors that were always closed and stiff uniformed guards in the main lobby.

- Always on time to start meeting

- Less confrontation, more respect during meeting

Espoused Beliefs and Values

- Why the managers' room doors are always closed?
  - The only way they could get any work done, and value work very highly
- What is "meeting" for them?
  - Meeting is a necessary evil and is useful only for announcing decision or gathering information.
- What is "authority" for them?
  - Highly respected, based on level of education, experience and rank
- What is their pride regarding their job?
  - Their pride when they see their chemicals and drugs useful in protecting crops, curing diseases and improving

  the world

Basic Assumptions-The Ciba-Geigy Company Paradigm

- Little lateral communication occurring between units of the organization
- The job given to the manager becomes the private domain of the individual, unsolicited information pertaining to the job is an invasion of privacy and considered as an insult.

Culture's Effects on Managerial Process

- Decision Making (Central/Decentralization)
- Safety vs. Risk
- Individual vs. Group Rewards
- Informal/Formal Procedures
- Organizational Loyalty
- Co-operation vs. Competition
- Time Horizons- Long or Short
- Stability Innovation

Organizational Values

- Organizations differ in their cultural content that is the relative ordering of beliefs/values/norms.

- What are the values/beliefs/norms of the following companies?

SAS Institute

- SAS Institute has one of the most <u>employee friendly culture</u> on the planet. Located on a 200-acre campus, the world's largest privately held software company

- supports employee well being with free on-site medical care, unlimited sick days, subsidized day care, ski trips, personal trainers, inexpensive gourmet cafeterias, and tai chi classes.

- Unlike other software companies, SAS encourages its employees to stick to a 35-hour workweek.

SAS' facilities

Wal-Mart, Inc.

- Wal-Mart's headquarters almost screams out frugality and efficiency.

- The world's largest retailer has a spartan waiting room for suppliers, rather like a government office waiting areas.

- Visitors pay for their own soft drinks and coffee. In each of the building's inexpensive cubicles, employees sit at inexpensive desk finding ways to squeeze more efficiencies and lower costs out of suppliers as well as their own work processes.
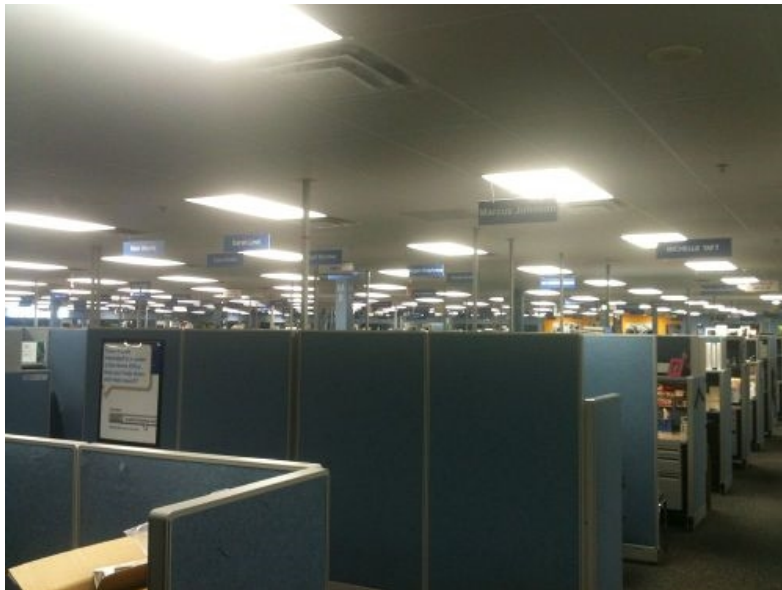
Artifacts- Window into Culture

1. Organizational Stories/ Legends

   -serve as powerful prescriptions of the way things should (should not) be done.

2. Rituals

   -the programmed routine of daily organization life that dramatizes the organization culture

3. Ceremonies:

   - planned activities specifically for the benefit of an audience.

Artifacts- Window into Culture (Cont.)

4. Organizational Language:

    -language of the workplace speaks volume about company's culture.

5. Physical Structure and Symbols:

    -size, shape, location of head office; layout of organization's offices

Interaction Between National and Organizational Cultures

- National cultural values of employees may have a significant impact on their organizational performance

- Cultural values employees bring to the workplace with them are not easily changed by the organization

Cultural Analysis Technique

Cultural Analysis Technique

- Diagnosing Organizational Culture for Strategic Application (DOCSA)
  - Hofstede identifies dimensions of organizational culture
  - When applied to different subsidiaries of an MNC different corporate cultures can be identified and proactive solutions developed to ensure compatibility between all subsidiaries

Dimensions of Corporate Culture

Motivation

Activities---------------------------------------Outputs

To be consistent and precise
To strive for accuracy and
Attention to detail. To refine
And perfect. Get it right.

To be pioneers. To
pursue clear aims and
objectives. To innovate
and progress.

Dimensions of Corporate Culture

Relationship

Job--Person

To put the demands of the job before the needs of the Individual

To put the needs of the individual before the needs of the job

Dimensions of Corporate Culture

Identity

Corporate---------------------------------Professional

To identify with and uphold the expectations of the employing organizations

To pursue the aims and ideals of each professional practice.

Dimensions of Corporate Culture

Communication

Open--Closed

To stimulate and encourage
a full and free exchange
of information and opinion

To monitor and control
the exchange and
accessibility of information
and opinion

Dimensions of Corporate Culture

Control

Tight-------------------------------------Loose

To comply with clear and definitive systems and procedures.

To work flexibly and adaptively according to the needs of the situation.

Dimensions of Corporate Culture

Conduct

Conventional-----------------------------Pragmatic

To put the expertise and standards of the employing organization first. To do what we know is right.

To put the demands and expectations of customer first. To do what they ask.

2nd Approach

- Three aspects of organizational functioning that are important in determining MNC organizational culture

  1. The general relationship between the employees and their organization

  2. The hierarchical system of authority that defines the roles of managers and subordinates

  3. The general views that employees hold about the MNC's purpose, destiny, goals, and their places in them.

Equity

Fullfillment-orientated **Incubator**	Project-Oriented **Guided Missile**
Family Power-oriented culture	**Eiffel-Tower** Rule-oriented culture

Person Emphasis

Task Emphasis

Hierarchy

- Family culture
  - Strong emphasis on hierarchy and orientation to the person
  - Family-type environment that is power oriented and headed by a leader who is regarded as a caring parent
  - Management looks after employees, and tries to ensure that they are treated well and have continued employment
  - May catalyze and multiply the energies of the personnel or end up supporting a leader who is ineffective and drains their energies and loyalties
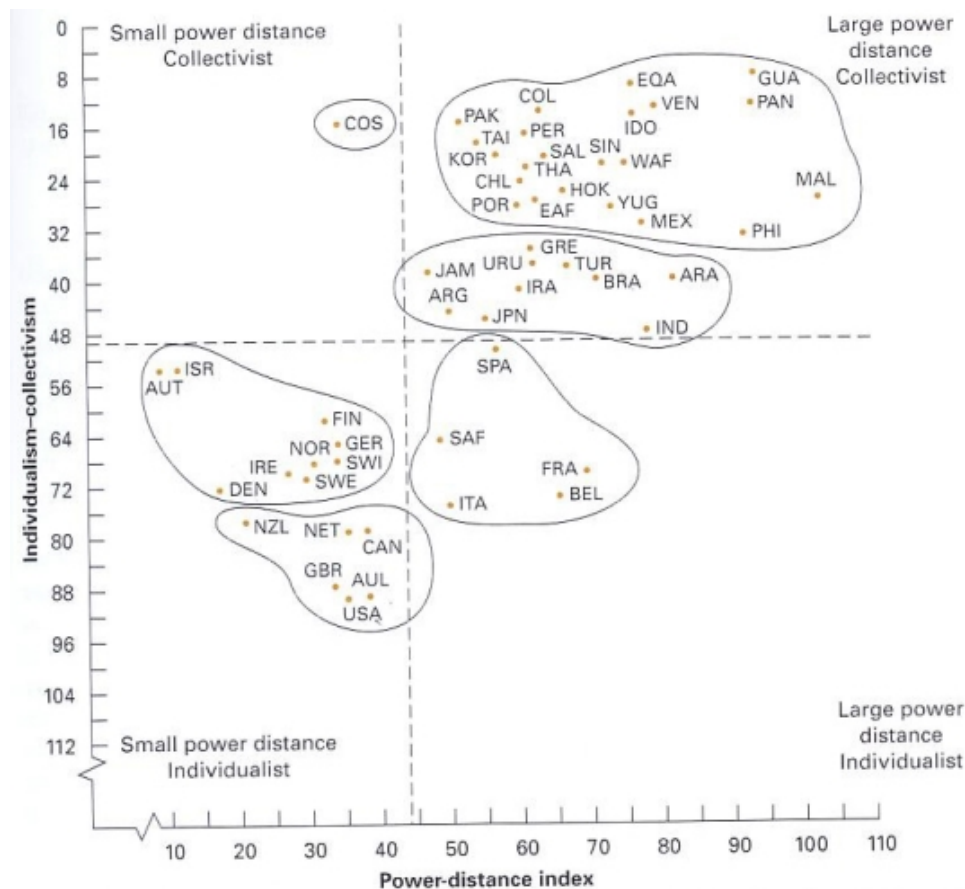
Family Culture vs. Cluster Analysis

Figure 4–5

A Power-Distance and Individualism–Collectivism Plot

Source: Geert Hofstede, *Cultures and Organizations: Software of the Mind* (London: McGraw-Hill U.K., Ltd., 1991), p. 54. Used with permission.

- Eiffel Tower
  - Strong emphasis on hierarchy and orientation to the task
  - Jobs are well defined, and everything is coordinated from the top
  - This culture is narrow at the top, and broad at the base
  - Relationships are specific, and status remains with the job.
  - Managers seldom create off-the-job relationships with their people, because they believe this could affect their rational judgment
  - This culture operates very much like a formal hierarchy—impersonal and efficient and loyalties

- Guided Missile
  - Strong emphasis on equality in the workplace and orientation to the task
  - This culture is oriented to work
  - Work typically is undertaken by teams or project groups
  - In projects, formal hierarchical considerations are given low priority, and individual expertise is of greatest importance
  - All team members are equal (or at least potentially equal
  - All teams treat each other with respect, because they may need the other for assistance
  - Egalitarian and task-driven organizational culture

- Incubator
  - Strong emphasis on equality and personal orientation
  - Based on the premise that organizations serve as incubators for the self-expression and self-fulfillment of their members
  - Little formal structure
  - Participants in an incubator culture are there primarily to perform roles such as confirming, criticizing, developing, finding resources for, or helping to complete the development of an innovative product or service

Four Corporate Cultures

Corporate Culture

Characteristic	Family	Eiffel Tower	Guided Missile	Incubator
Relationships between employees	Diffuse relation-ships to organic whole to which one is bonded	Specific role in mechanical system of required interaction	Specific tasks in cybernetic system targeted on shared objectives	Diffuse, spontaneous relationships growing out of shared creative process
Attitude toward authority	Status is ascribed to parent figures who are close and powerful	Status is ascribed to superior roles that are distant yet powerful	Status is achieved by project group members who contribute to targeted goal	Status is achieved by Individuals Exemplifying creativity and growth
Ways of thinking and learning	Intuitive, holistic, lateral and error correcting	Logical, analytical, vertical, and rationally efficient	Problem centered, professional, practical, cross disciplinary	Process oriented, creative, ad hoc, inspirational

Four Corporate Cultures

Corporate Culture

Characteristic	Family	Eiffel Tower	Guided Missile	Incubator
Attitudes toward people	Family members	Human resources	Specialists and experts	Co-creators
Ways of changing	"Father" changes Course	Change rules and procedures	Shift aim as target moves	Improvise and attune
Ways of motivating and rewarding	Intrinsic satisfaction in being loved and respected	Promotion to greater position, larger role	Pay or credit for performance and problems solved	Participation in the process of creating new realities
	Management by subjectives	Management by job description	Management by objectives	Management by enthusiasm

Four Corporate Cultures

| Characteristic | Corporate Culture | | | |
	Family	Eiffel Tower	Guided Missile	Incubator
Criticism and conflict resolution	Turn other cheek, save other's face, do not lose power game	Criticism is accusation of irrationalism unless there are procedures to arbitrate conflicts	Constructive task related only, then admit error and correct fast	Improve creative idea, not negate it

Source: Adapted from Fons Trompenaars and Charles Hampden-Turner, *Riding the Waves of Culture: Understanding Diversity in Global Business,* 2nd ed. (Burr Ridge, IL: Irwin, 1998), p. 183.

Macrocultures, Subcultures, and Microcultures

**Industrial society
vs agricultural society**

Introduction

- Kesulitan dalam berkomunikasi lintas budaya timbul karena tiap kelompok memiliki tujuan yang berbeda dan juga isu fundamental yang membedakan tiap arti kata yang mereka gunakan.

Culture is All-Encompassing

- The anthropological concept of culture is a model that includes all aspects of human group behavior.

- Everyone is cultured, not just wealthy people with an elite education.

Culture is Integrated

- A culture is a system: changes in one aspect will likely generate changes in other aspects.

- Core values are sets of ideas, attitudes, and beliefs which are basic in that they provide an organizational logic for the rest of the culture.

People Use Culture Creatively

- Humans have the ability to avoid, manipulate, subvert, and change the "rules" and patterns of their own cultures.
- "Ideal culture" refers to normative descriptions of a culture given by its natives.
- "Real culture" refers to "actual behavior as observed by an anthropologist."
- Culture is both public and individual because individuals internalize the meanings of public (cultural) messages.

Culture is Adaptive and Maladaptive

- Culture is an adaptive strategy employed by hominids.

- Because cultural behavior is motivated by cultural factors, and not by environmental constraints, cultural behavior can be maladaptive.

- Determining whether a cultural practice is adaptive or maladaptive frequently requires viewing the results of that practice from several perspectives (from the point of view of a different culture, species, or time frame, for example).

Adaptive vs Maladaptive culture

- **Adaptive behavior** is to adjust to another type of behavior or situation. This is often characterized by a kind of behavior that allows a change an unconstructive or disruptive behavior to something more constructive
- **Maladaptive behavior** is a type of behavior that is often used to reduce one's anxiety, but the result is dysfunctional and non-productive.

Macro and Micro Culture

- Macrocultures
  - Nations, ethnic and religious groups, occupations that exist
- Microcultures
  - Microsystems within or outside organizations

How Organization Cultures Form
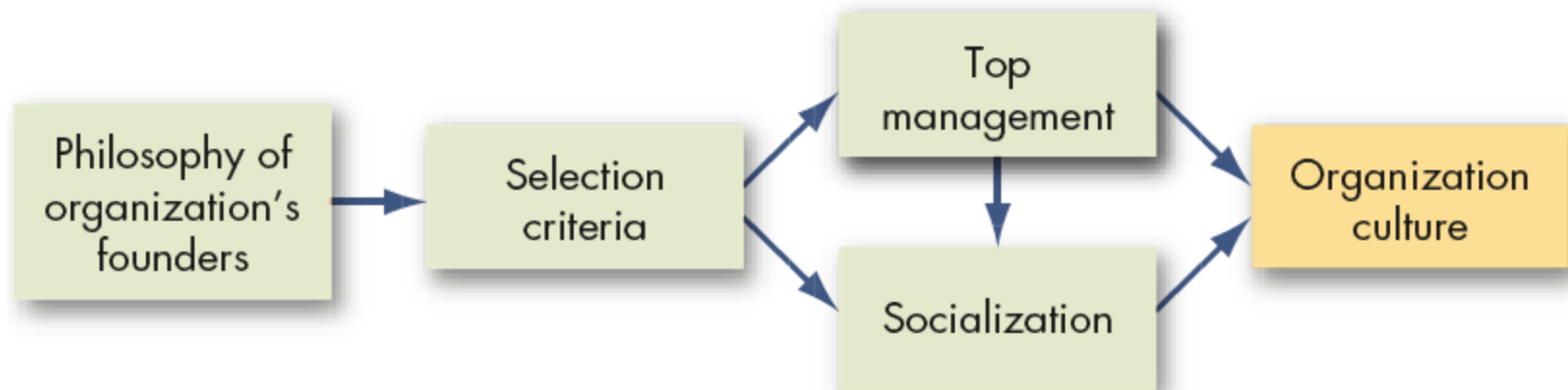
How Employees Learn Culture

- **Stories**
- **Rituals**
- **Material Symbols**
- **Language**

Subcultures Within Organizations

An organizational subculture exists when assumptions, values, and norms are shared by some—but not all—organizational members.

Definition

- subculture is less known to leaders of some organizations then the definition of organizational culture.

- It's necessary to understand that there are many "local" cultures in one organization. It means each culture is divided into different parts, such as levels, branches, professional, regional, national and other groups.

- They can coexist under the roof of general culture.

Organizational Subculture

❑ **Departments and divisions within the organization have their own subcultures**

➢ Occupational subcultures
➢ Geographically based subcultures
➢ Subcultures created by managers

Why Many Organizations Have Subcultures

- The organization was created from a merger or acquisition.

- If there are some differences in subculture it will be difficult to organization too.

- But at the same time subcultures disparities are not always a barrier to organization activity, because they can be a resource for its development.

Why Many Organizations Have Subcultures (cont.)

- A diverse workforce creates subcultures
  - Workforce demographics
    - Ethnicity
    - Age
    - Gender and other demographics

classification of subcultures in different ways

- According to the degree of values of subculture, and organizing culture
- According to the kinds of subdivisions in the organization
- As the leaders of subcultures take part in the process of activity of this organization

classification of subcultures in different ways (cont.)

- According to the degree of values of subculture, and organizing culture
  - *leading" subculture*. As a rule it is the subculture of the central apparatus of management, which influences the dominated culture most of all;
  - *no conflicted subculture*. It combines both dominated values and personal ones;
  - *contraculture*. The members of such kind of group do not adopt the meaning of the dominated culture. Contraculture is an example of opposition in the organization.

classification of subcultures in different ways (cont.)

- According to the kinds of subdivisions in the organization
  - subcultures of the local units of organization, for example, subculture of national representation of international companies and subcultures of various functional subdivisions of organization.

classification of subcultures in different ways (cont.)

- As the leaders of subcultures take part in the process of activity of this organization
  - subculture of top-management;
  - subculture of directors of average unit;
  - subculture of ordinary employee.

Three generic subcultures

- The operator subculture
- The engineering/design subculture
- The executive subculture

OPERATOR

Three generic subcultures (cont.)

- ## The operator subculture
  - Artifacts:
    - employees run the place
  - Values:
    - No matter how clearly the rules, the job must be done.
    - Teamwork, communication and trust are essential to getting the work done efficiently

Three generic subcultures (cont.)

- The operator subculture
  - Basic assumptions:
    - The action of any org. is ultimately the action of people. We're the critical resource; we run the place
    - The success of the enterprise therefore depends on our knowledge, skill, learning ability and commitment.
    - The knowledge and skills required are "local" and are based on the org.'s core tech and our specific experiences.

Three generic subcultures (cont.)

- ## The operator subculture
  - ### Basic assumptions:
    - No matter how carefully engineered the prod. Process is or how carefully rules and routines are specified, we know that we will have to deal with unpredictable contingencies.
    - Therefore, we have to have the capacity to learn, to innovate and to deal with surprises.
    - Most operations involve interdependencies between separate elements of the process, we must be able to work as a collaborative team in which communication, openness, mutual trust, and commitment are highly valued.

ENGINEERING

ENGINEER

SOLVING PROBLEMS YOU DIDN'T KNOW YOU HAD IN WAYS YOU DON'T UNDERSTAND

Three generic subcultures (cont.)

- The engineering/design subculture
  - Artifacts:
    - Employees/group represents the basic design elements of the technology underlying the work the organization.
    - Has the knowledge of how that technology is to be used.
  - Values:
    - The problems have abstract solutions and be implemented in the real world with products and systems

Three generic subcultures (cont.)

- The engineering/design subculture (cont.)
  - Basic assumptions:
    - The ideal world is one of elegant machines and processes working in perfect precision and harmony without human intervention.
    - People are the problem-they make mistakes and therefore should be designed out of the system wherever possible.
    - Nature can and should be mastered: "that which is possible should be done" (proactively optimistic)

Executives subculture

Three generic subcultures (cont.)

- The executive subculture
  - Artifacts:
    - CEO
    - formal
  - Values:
    - They cannot get away from having to worry about and manage the financial issues of the survival and growth of their organization.

Three generic subcultures (cont.)

- The executive subculture (cont.)
  - Basic assumptions:
    - Financial focus:
      - Without financial survival and growth, there are no returns to shareholders or to society.
      - Financial survival is equivalent to perpetual war with competitors
    - Self image: the embattled lone hero
      - The economic environment is perpetually competitive and potentially hostile; "in a war you cannot trust anyone".

Three generic subcultures (cont.)

- The executive subculture (cont.)
  - Basic assumptions:
    - Self image: the embattled lone hero
      - Therefore, the CEO must be "the lone hero" isolated and alone, yet appearing to be omniscient, in total control and feeling indispensable
      - Org. and mgt are instrinsically hierarchical; the hierarchy is the measure of status and success and the primary means of maintaining control.
      - Though people are necessary, they are a necessary evil not an intrinsic value; people are a resource like other resources to be acquired and managed, not ends in themselves.

Microcultures

- It evolves in small groups that share common tasks and histories.

- As the result of going global, an org. will more emphasize on multicultural teams that can be considered to be microcultures.

Positive cultures are created by managers who:

- **recognize personal milestones, such as birthdays and employment anniversaries;**

- **hold public celebrations for professional achievements;**

- **sponsor picnics and parties; and**

- **listen to their employees and recognize the efforts they put into work**

Objective factors
- Innovation and risk taking
- Attention to detail
- Outcome orientation
- People orientation
- Team orientation
- Aggressiveness
- Stability

Perceived as → Organizational culture →

Strength
High
Low

Performance

Satisfaction

External adaptation and its issues

# The essence of culture dimensions

- Culture dimensions help us to understand the relationship among macrocultures, organizational cultures and microcultures.

- The failure to distinguish whether a given dimension that we are talking about is being applied to nations, ethnic groups and occupations or to organizations or small groups will make any confuse.

Schein cultural dimensions

Schein (1985) identified six dimensions reflecting the composition of culture:

- Behavioural regularities
- Dominant values
- Norms
- Rules
- Philosophy
- Climate

The cycle of culture
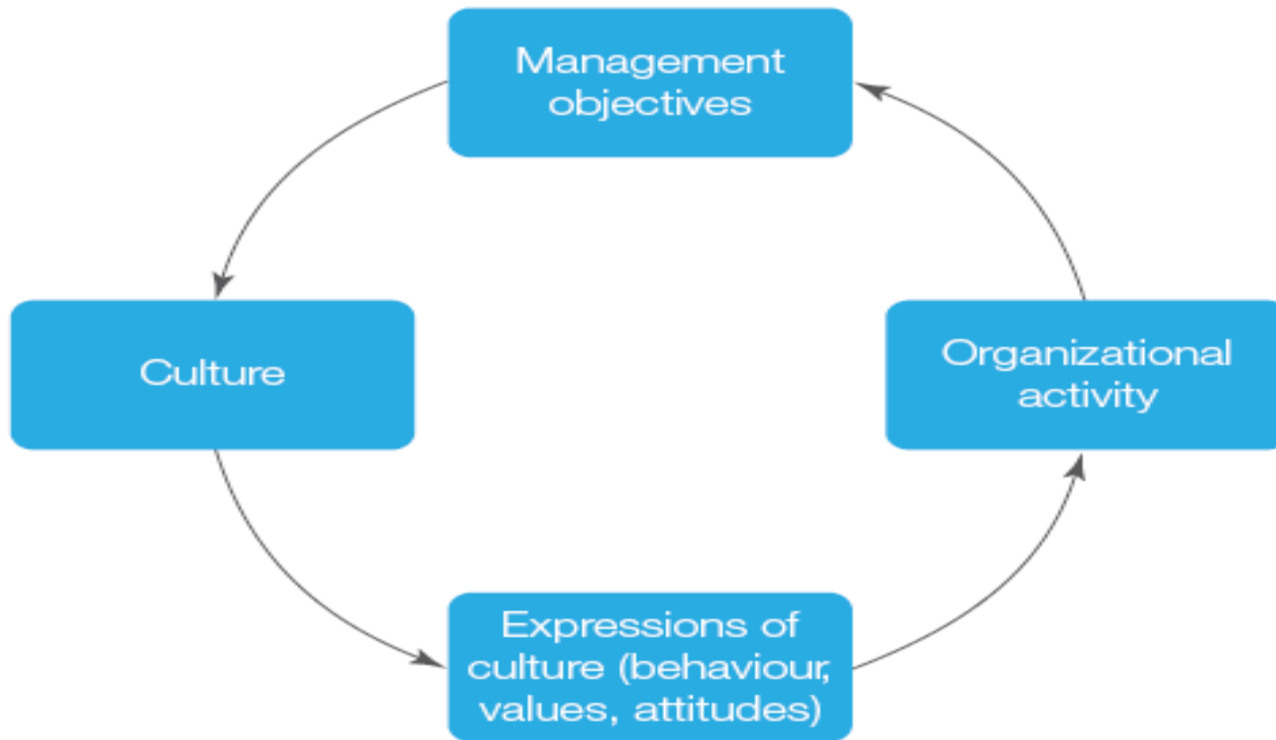
Assumptions about external adaptation issues

- A formal definition of organizational culture can tell us what culture is from a structural point of view, but it does not tell us what the content of culture is—what cultural assumptions are about.

Culture dimension

- The content of culture dimensions of organizational derives from:
  - Social psychology
  - Group dynamic

Two archetypical problems

- Survival in and adaptation to the external environment
- Integration of the internal processes to ensure the capacity to continue to survive and adapt.

Culture and groups

- Without a group, there can be no culture
- Without some shared assumptions, some minimal degree of culture, we are really talking only about an aggregate of people not a "group"

Culture and shared assumption

- Shared assumptions as a result of shared patterns of thought, belief, feelings and values→ called by Schein as CULTURE of that group.

The problems of external adaptation and survival

- Mission and strategy
- Goals
- Means
- Measurement
- correction

Shared assumptions about mission, strategy, and goals in most business org.

- This shared assumptions involves the maintenance of good relationships with the major stakeholders of the organization:
  - Investors and stockholders
  - Suppliers of the materials needed to produce
  - Managers and employees
  - Community and government
  - Customers willing to pay for the product or services.

The problems of External Adaptation and Survival

- Mission and strategy
  - Obtaining a shared understanding of core mission, primary task, manifest functions and latent functions.
- Goals
  - Developing consensus on goals, as derived from the core mission
- Means
  - Developing consensus on the means to be used to attain the goals, such as the org. structure, division of labor, reward system, and authority system.
- Measurement
  - Developing consensus on the criteria to be used in measuring how well the group is doing in fulfilling its goals, such as the information and control system
- Correction
  - Developing consensus on the appropriate remedial or repair strategies to be used if goals are not being met

Shared assumptions about mission, strategy, and goals in most business org. (cont)

- Many studies of organizations have shown that the key to long-range growth and survival is to keep the needs of these constituencies in some kind of balance, and that the mission of organization as a set of beliefs about its core competencies and basic functions in society is usually a reflection of this balance.

Shared assumptions about goals derived from the mission

- Consensus on the core mission and identity does not automatically guarantee that the key members of the organization will have common goals

- As noted previously, the basic subcultures in any organization may, in fact, be unwittingly working at cross-purposes to some elements of the mission.

Shared assumptions about goals derived from the mission (cont.)

- The mission is often understood but not well articulated.

- Achieving consensus on goals, the group needs a common language and shared assumptions about the basic logistical operations (such as: goals of designing, manufacturing and selling)

Shared assumptions about goals derived from the mission (cont.)

- **In summary, goals can be defined at several levels of abstraction and in different time horizons.**

- **Whatever our goals set, the consensus that repeatedly applied as the solution for any kind of matters, will be as potential cultural elements.**

Shared assumptions about means to achieve goals: structure, systems, and processes

- **Cultural assumptions form around the means by which goals are to be accomplished, they will inevitably involve the internal issues of status and identity.**
- **Consensus on the means to be used creates the behavioral regularities and many of the artifacts that eventually come to be identified as the visible manifestations of the culture.**
- **After these regularities and patterns are in place, they become a source of stability for members, and are therefore, strongly adhered to**

Shared Assumptions about Means to Achieve Goals: structure, systems and processes (cont.)

- It's about: how things should be done, how the mission is to be achieved and how goals are to be met.

- Leaders usually impose structure, systems and processes, which, if successful, become share parts of the culture.

What to measure

- Artifacts
- Espoused beliefs and value

Consensus on means of measurement

- Talking to the people/interview
- Sensing morale from the climate while walking around

Consensus on means of measurement (cont.)

- If consensus fails to develop, and strong subcultures form around different assumptions, the organization will find itself in conflicts that can potentially undermine its ability to cope with the external environment

Shared assumptions about measuring results and correction mechanism

- All groups and organizations need to know how they are doing against their goals and periodically need to check to determine whether they are performing in line with their mission.

Shared assumptions about remedial and repair strategies

- The final area of consensus crucial for external adaptation concerns what to do if a change in course is required and how to make that change.

Shared assumptions about remedial and repair strategies (cont.)

- Effective remedial action requires consensus on:
  - how to gather external information.
  - How to get the external information to the right parts of the organization that can act on it
  - How to alter the internal production processes to take the new information into account.

Shared assumptions about remedial and repair strategies (cont.)

- Corrective processes are not limited to problem areas.

- After remedial, new information must be gathered to determine whether results have improved or not.

conclusions (cont.)

Changing organizational cultures

Lundberg (1985) - six stage programme:

1. External conditions that may encourage a change to the existing culture
2. Internal circumstances and individuals that would support change
3. Pressures - forces pressing for change in the culture
4. Visioning - Identify key stakeholders and create in them a vision of the proposed changes, the needs and benefits
5. Strategy - Develop a strategy for achieving the implementation of the new culture
6. Action - Develop and implement a range of action plans based on the strategy as a means of achieving movement to the desired culture

Conclusions (cont.)

- Implication for managers:
  - External issues describes are usually the formal leaders' primary concern.
  - It is the successful management of these several functions that is usually the basis on which leaders are assessed. If they cannot create a group that succeeds, they are considered to have failed as leaders.

Introduction

- To function as a group, the individuals who come together must establish a system of communication and a language that permits setting goals and interpreting and managing what is going on.

Major internal issues: introduction

External is important but so is internal relationships.
Major Internal Issues:

- Common Language
- Group boundaries for inclusion or exclusion
- Distributing power and status
- Developing norms of intimacy, friendship, and love
- rewards and punishments
- explaining the unexplainable: ideology and religion

The Problems of Internal Integration

1. Creating a common language and conceptual categories
2. Defining group boundaries and criteria for inclusion and exclusion
3. Distributing power, authority and status
4. Developing norms of trust, intimacy, friendship and love
5. Defining and allocating of rewards and punishments
6. Explaining the unexplainable

Common Language

- to function as group must have common language
- conflict arises when two parties assume about the other without communicating.
- often creators create common language
- common understanding begins with categories of action, gesture, and speech.

Groups Boundaries

· consensus of who is in and who is out.
· leader usually sets this, but group tests it.
· Orgs can have three dimensions:
- lateral movement: from one task to the next
- vertical movement: from one rank to the next
- inclusionary movement from outsider to insider
· as org ages becomes more complex:
  indiv may belong to many levels, depts.

Defining Group Boundaries and Identity

- For a group to function and develop, one of the most important areas for clear consensus is the perception of who is in the new group and who's not in.
- Examples:
  - DEC= after hired, accepted as permanent members, if failed it's about mistake in putting someone into a specific position
  - Ciba-Geigy= prior education was a key criterion for membership.
  - MBAs for both DEC and Ciba were not preferred due to perception that they would concern with personal ambition than contributing to the technical work of organization

Distribution of Power and Status

· How will influence, power, and authority be allocated?

· all need to have some power or know limits

· who will grant power

· power can be earned

· or assigned

Distributing Power, Authority and Status

- It's about how influence, power and authority will be allocated and what the rules will be for "deference and demeanor"
- Examples:
  - DEC: power was derived from personal success and building a support network.
  - Ciba Geigy: based on personal background, educational credentials, seniority, loyalty and successful performance of whatever jobs were allocated to the person.

Developing Rules

- how to deal with authority and with peer
- we use family model in new situations

Developing Rules for Relationships

- It is about how to deal with authority problems and how to establish workable peer relationship.

- Examples:
  - DEC: pushing back, doing the right thing, extremely individualistic, competitive but with family feeling.
  - Ciba-Geigy: aloof and formal, compensated for the daily formality by annual ritual of informality through a particular event.

Allocating Reward and Punishment

- must have system of sanctions for obeying and disobeying rules.

Allocating Rewards and Punishment

- To develop a system of sanctions for obeying or disobeying as norms and rules, there must evolve some consensus to be administered.

- Examples:
  - DEC: use bonuses, stock options, raises as signals of good performance
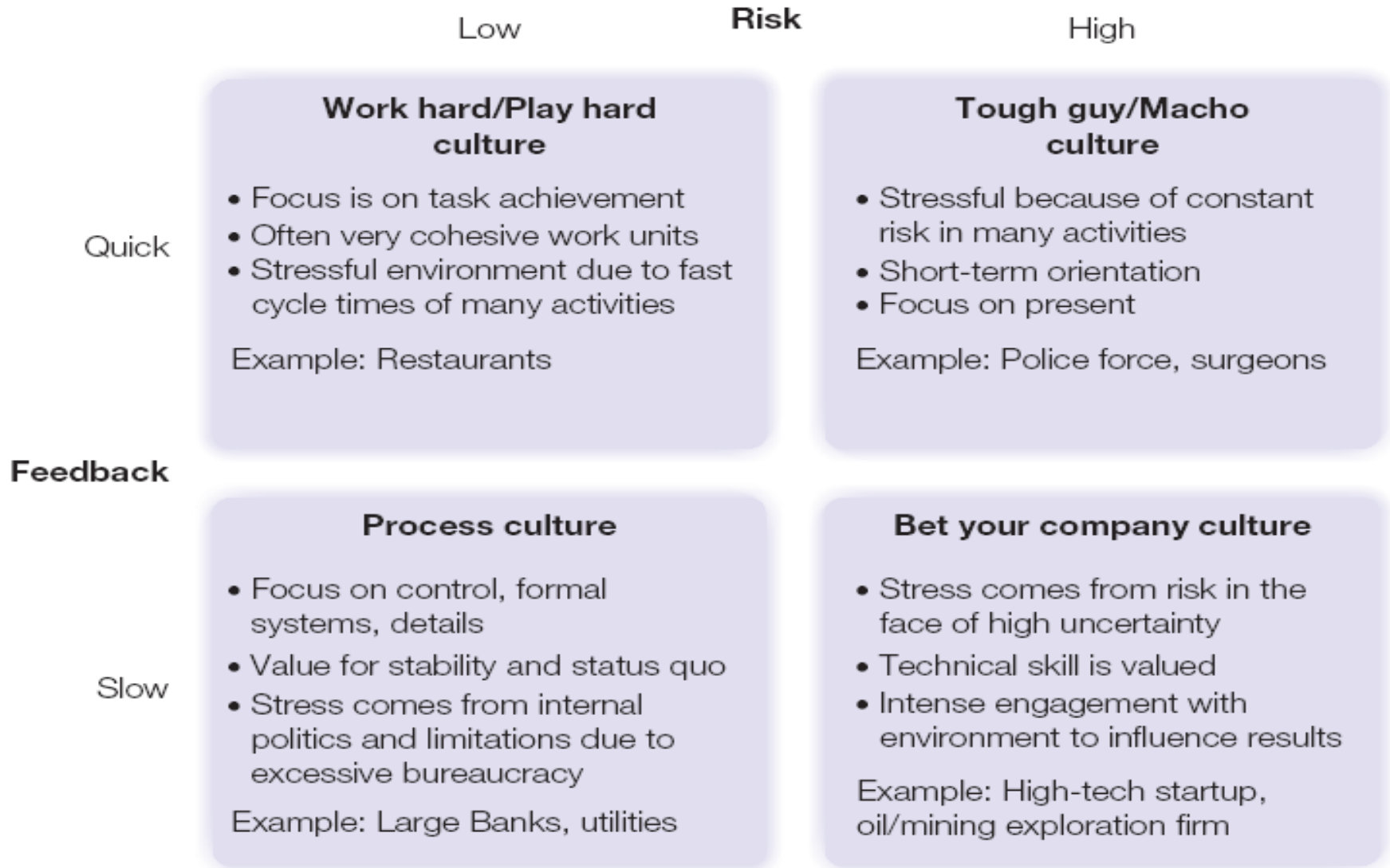 - Ciba: symbolic nonmonetary reward or special privilege.

Explaining the Unexplainable

· facing issues not under control: weather, natural
   disaster

· Religion

· ideology

· myths, stories, legends

Managing the Unmanageable and Explaining the Unexplainable

- Every group inevitably faces some issues not under its control, events that are intrinsically mysterious and unpredictable and hence frightening.

- To manage?
  - DEC: bring a consultant to a company to enhance the growth since it's a very important ideology.
  - For macroculture which is committed heavily to science and reason, every thing will be treated as explainable.

Cultural frameworks

	Risk	
	Low	High

Feedback

Quick

Work hard/Play hard culture

- Focus is on task achievement
- Often very cohesive work units
- Stressful environment due to fast cycle times of many activities

Example: Restaurants

Tough guy/Macho culture

- Stressful because of constant risk in many activities
- Short-term orientation
- Focus on present

Example: Police force, surgeons

Slow

Process culture

- Focus on control, formal systems, details
- Value for stability and status quo
- Stress comes from internal politics and limitations due to excessive bureaucracy

Example: Large Banks, utilities

Bet your company culture

- Stress comes from risk in the face of high uncertainty
- Technical skill is valued
- Intense engagement with environment to influence results

Example: High-tech startup, oil/mining exploration firm

Human nature and activity

Sub topic

- Human nature and activity
- Relationship

Assumption about human nature

- What it means to be human
- What our basic instinct are
- What kinds of behavior are considered inhuman and therefore grounds for ejection from the group

6 human natural instinct

- **Fear**
- **Anxiety**
- **Anger and Frustration**
- **Depression**
- **Loneliness and Boredom**
- **Guilt**

Assumption about human nature (cont.)

- Being human is not just physical property but also a cultural construction as we have seen throughout history.

Assumption about human nature (cont.)

- The evolution of assumptions about human nature:
  - Humans as rational-economic actors
  - Humans as social animals with primarily social needs
  - Humans as problem solvers and self-actualizers, with primary needs to be challenged and to use their talents
  - Humans as complex and malleable

Employee motivation

- Early theory:
  - Dominated by monetary motives
- New series
  - Need to relate well to their peer and membership groups.
- Current theories
  - Human nature is complex and malleable.

Employee motivation (cont.)

- We must prepare for human variability. Such variability reflects:
  - Changes in the lifecycle in that motives may change and grow as we mature
  - Changes in social conditions in that we are capable of learning new motives as maybe required by new situations.

Human motivation theory

Theory X and Theory Y: Douglas McGregor

- **Douglas McGregor (1906-1964)**
  - Articulated basic principles of human relations theory
  - *The Human Side of Enterprise* (1960, 1985)
  - To understand human behavior, one must discover the theoretical assumptions upon which behavior is based
  - Especially interested in the behavior of managers toward workers
  - "Every managerial act rests on assumptions, generalizations, and hypotheses--that is to say, on theory . . . Theory and practice are inseparable."
  - Two Objectives:
    - Predict and control behavior
    - Tap Unrealized potential
  - Theory X - Classical Theory
  - Theory Y - Human Relations Theory
  - FOCUS: Manager's assumptions about HUMAN NATURE

Theory X and Theory Y: Douglas McGregor

- **Theory X - Classical Theory**
  - **Three Assumptions**
    - **The average human being has an inherent dislike of work and will avoid it.**
    - **Most people must be coerced, controlled, directed, and threatened with punishment**
    - **The average human being prefers to be directed, wishes to avoid responsibility, has relatively little ambition, wants security.**
  - **Neither explains nor describes human nature**
- **Theory Y - Human Relations Theory**
  - **Assumptions**
    - **Physical and mental effort in work is similar to play / rest.**
    - **External control and the threat of punishment are not the only strategies**
    - **Commitment to objectives is a function of the rewards associated with their achievement**
    - **The average human being learns, under proper conditions, not only to accept but to seek responsibility**
    - **The capacity to exercise a high degree of imagination, ingenuity, and creativity in the solution of organizational problems is widely distributed in the population**
    - **Intellectual potentialities of the average human being are underutilized**
  - **A more positive perspective of human nature**
  - **The KEY to control and quality production is commitment to organizational objectives**

Theory Y Prototype: The Scanlon Plan

- Participative Management
- Two Central Features
  - **Cost-reduction sharing for organizational members -** sharing the economic gains from improvements in organizational performance
  - **Effective participation** - a formal means of providing opportunities to every member of the organization to contribute ideas for improving organizational effectiveness.
- Must be implemented appropriately
- CONCERN for RELATIONSHIPS in the organization.
- As the need to increase commitment grows, so does the need to develop strong, communication-based relationships among organizational members, particularly between supervisor and subordinate.

Assumption About Appropriate Human Activity

- Doing orientation
  - Correlates with:
    - the assumption that nature can be controlled and manipulated
    - Pragmatic orientation toward the nature of reality
    - A belief in human perfectibility
- The being orientation
  - Nature is powerful and humanity is subservient to it
- The being-in-becoming orientation
  - Individual must achieve harmony with nature by fully developing his or her own capacities and thereby, achieve a perfect union with the environment.

Kluckhohn and Strodtbeck's Variations in Values Orientations

- Framework to describe how different societies cope with various issues or problems
- Includes six value orientations
- A culture may prefer one or more variations of a value orientation

Kluckhohn and Strodtbeck's Variations in Values Orientations

Values Orientation	*Variations*		
Relation to Nature	Subjugation	Harmony	Mastery
Time Orientation	Past	Present	Future
Basic Human Nature	Evil	Neutral/Mixed	Good
Activity Orientation	Being	Containing/Controlling	Doing
Relationships among People	Individualistic	Group	Hierarchical
Space Orientation	Private	Mixed	Public

Kluckhohn and Strodtbeck's Variations in Values Orientations

Basic questions	Range of responses		
What is the character of human nature?	Good	A mixture of good and evil	Evil
What is man's relationship to nature?	Man dominates	Harmony between man and nature	Nature dominates
What is the time focus of human activity?	Past	Present	Future
What is the modality of human activity?	Spontaneous expression of desires	All-round development of self	Achieving measurable goals
What is the relationship of man to man	Hierarchical	Collectivist	Individualist

Assumptions about the Nature of Human Relationships

- Core of every culture is assumption about the proper way for individuals to relate to each other to make the group safe, comfortable and productive.

Assumptions about the Nature of Human Relationships (cont.)

- ## What problems must be resolved?
  - ### Identity and role
    - Who am I supposed to be in this group and what will be my role?
  - ### Power and influences
    - Will my needs for influences and control be met?
  - ### Needs and goals
    - Will the group's goals allow me to meet my own needs?
  - ### Acceptance and intimacy
    - Will I be accepted, respected and loved in this group? How close will our relationships be?
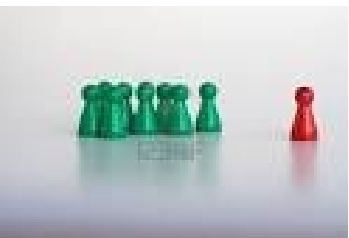
Individualism and Collectivism

- **Definitions**
  - **Individualist** culture is a culture in which the goals of the individual take precedence over the goals of the group.
  - **Collectivist** culture is a culture in which the goals of the group take precedence over the goals of the individual.
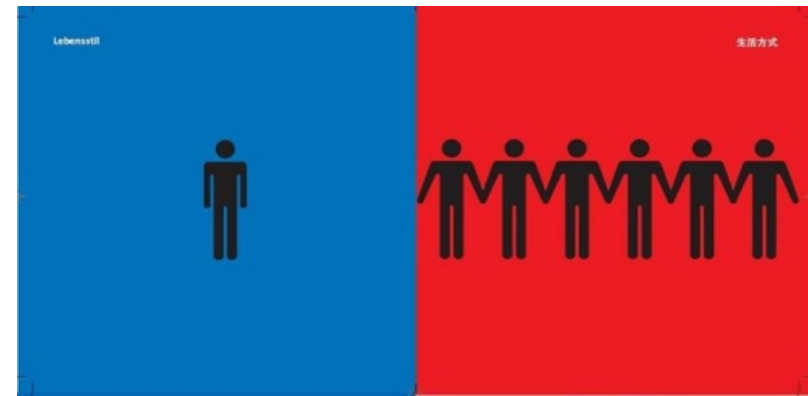
West and East

- I am special.
- I am unique.
- I am me.
- I am an individual.
- I am who I am.
- I am a rational agent.
- I am responsible for my own action.

- I am part of my family.
- I am part of my community.
- I am part of my country.
- The goodness of the whole is more important than the individual.
- My actions directly impact my family and my community.

Individualism and Collectivism

- Collectivism: people integrated into strong groups that protect them in exchange for unbridled loyalty.
- Individualism: a person's strong sense of self and that of his or her immediate blood relations.
- A collectivist country would show groups of people in images,
- Individualistic countries would most likely find site content and images with a single person accomplishing a challenge more appealing. The United States is an example of an individualistic country.

Individualism and Collectivism

Individualistic:

France, Netherlands, Nordic countries,

Czech, Hungary, Poland, Italy, German

Speaking Countries, USA, Anglo Countries

Collectivistic:

Thailand, Korea, Costa Rica, Chile, Russia,

Bulgaria, Portugal, Spain, China, Japan,

Mexico, Venezuela, Arab World, Greece

Power distance

Power-distance. differences in people accept or expect access to power.

- – A a high power-distance country, like Malaysia, displays customers and average citizens less prominently. Authority roles are enforced by such images as official certification logos.

- – A low power-distance country would emphasize equality among social and age groupings.

Basic characteristics of Role relationships

- The questions regarding the relationship between people:
  - Degree of emotionality
  - Degree of specificity vs diffuseness
  - Degree of universalism vs particularism
  - Degree of status ascription vs achievement

The Dimensions of Culture (Part 4)

Week 7

Subtopics

- Cultural typologies and culture surveys
- Revisiting the concepts of power distance, individualism and collectivism in various countries

Introduction

- When we observe natural world what we see, hear, taste, smell and feel are potentially overwhelming.

- By itself, raw experience does not make sense, but our own cultural upbringing has taught us how to make sense.

- As we are young adults, we have a complete vocabulary and set of conceptual categories that allow us to discriminate and label most of what we experience.

Introduction

- New concepts of culture become useful if they:
  - Help to make sense and provide some order out of the observed phenomena
  - Help to define what may be the underlying structure in the phenomena by building a theory of how things work
  - Enables us to predict to some degree how other phenomena that may not yet have been observed are going to look.

Why typologies, why not?

- About developing models, typologies and theories of how things work:
  - Advantage:
    - they permit us to postulate is that they attempt to order a great variety of different phenomena.
  - Disadvantage:
    - they are so abstract they do not reflect adequately the reality of a given set of phenomena being observed.
    - Typologies can be useful if we are trying to compare many organizations, but can be quite useless if we are trying to understand one particular organization.

Why typologies, why not? (cont.)

- Typologies and models what we use gradually come to be our view of reality and simplifies the daily work of making sense of lived experience.

- Simplification is useful in reducing anxiety and conserving mental energy. But it's dangerous because we narrow our attention span and become more mindless with respect to what we are observing.

Why typologies, why not? (cont.)

- Factors labeled and described to be strategic direction and intent are scored based on:
  - There is a long-term purpose and direction
  - Our strategy leads other organizations to change the way they compete in the industry
  - There is a clear mission that gives meaning and direction to our work
  - There is a clear strategy for the future
  - Our strategic direction is unclear to me (reverse scoring)

Problems in the Use of Surveys

1. Not knowing what to ask
2. Employees may not be motivated to be honest
3. Employees may not understand the questions or interpret them differently
4. What is measured may be accurate but superficial
5. The sample of employees surveyed may not be representative of the key culture carries
6. The profile of dimensions does not reveal their interaction or patterning into a total system
7. The impact of taking the survey will have unknown consequences some of which may be undesirable or destructive

When to Use Surveys

1. Determining whether particular dimensions of culture are systematically related to some element of performance.
2. Giving a particular organization a profile of itself to stimulate a deeper analysis of the culture of that organization.
3. Comparing organizations to each other on selected dimensions as preparation for mergers, acquisitions and joint ventures.
4. Testing whether certain subcultures that we suspect to be present can be objectively differentiated and defined in terms of preselected dimensions that a survey can identity
5. Educating employees about certain important dimensions that management wants to work on

Typologies that focus on Assumptions about Authority and Intimacy

- Three types of organizations that exist in every society:
  - Coercive organizations
  - Utilitarian organizations
  - Normative organizations

Level of Participation is Expected in the Organization

1. Autocratic
2. Paternalistic
3. Consultative or democratic
4. Participative and power sharing
5. Delegative
6. Abdicative (which implies delegating not only tasks and responsibilities but power and controls as well)

Typologies of Corporate Character and Culture

- Cultural essences in organizations with four types based on their primary focus:
  - Power oriented (Zeus as the club culture)
  - Achievement oriented (Athena as the task culture)
  - Role oriented (Apollo as the role culture)
  - Support oriented (Dionysus as the existential culture)

Four Types of Cultures (Goffee and Jones)

- Fragmented: low on both dimensions
- Mercenary: high solidarity, low on sociability
- Communal: high on sociability, low on solidarity
- Networked: high on both

Four Typology Categories (by Cameron and Quinn)

- Hierarchy: internal focus and stable; structured, well coordinated

- Clan: internal focus and flexible; collaborative, friendly, family like

- Market: external focus and stable; competitive, result oriented

- Adhocracy: external focus and flexible; innovative, dynamic, entrepreneurial

Dimensions of culture in Organization

- Mission
  - Strategic direction and intent
  - Goals and objectives
  - vision
- Consistency
  - Core values
  - Agreement
  - Coordination and integration
- Involvement
  - Empowerment
  - Team orientation
  - Capability development
- Adaptability
  - Creating change
  - Customer focus
  - Organizational learning

Three Basic Organizational Styles

- Constructive Styles
  - Achievement
  - Self-actualizing
  - Humanistic-encouraging
  - Affiliative
- Aggressive/Defensive Styles
  - Oppositional
  - Power
  - Competitive
  - perfectionistic
- Passive/Defensive Styles
  - Avoidance
  - Dependent
  - Conventional
  - approval

The Dimensions of Culture (Part 5)

Week 7

Subtopics

- Process of deciphering organizational cultures

- Interpreting contemporary research on cultural dimensions

Objectives

1. Describe and explain the process used in deciphering organizational cultures

2. Identify the various ways of interpreting the results of contemporary research on cultural dimensions

3. Discuss how businesses operating in multicultural environments have applied or used the results of contemporary research on cultural dimensions

Process of deciphering organizational cultures

- Deciphering from the outside
- Deciphering in a researcher role

Why Decipher Culture?

- Extreme 1:
  - Pure academic research where the researcher is trying to present a picture of a culture to fellow researchers
  - other interested parties to develop theory or test some hypothesis.
- Extreme 2:
  - Student's need to assess the culture of an organization to decide whether or not to work there
  - the need of an employee or manager to understand his or her organization better in order to improve it.
- In between:
  - The consultant's and change agent's need to decipher the culture to facilitate some change program that the organization has launched to solve a business problem.

Deciphering from the Outside

- The job applicant do not need to know the totality of a given culture, but they need to know some of its essences in relation to their goal.

How to Deciphering from the Outside

1. Visit and observe
2. Identify artifacts and processes that puzzle you
3. Ask insiders why things are done that way
4. Identify espoused values that appeal to you and ask how they are implemented in the organizations
5. Look for inconsistencies and ask about them
6. Figure out from all you have heard what deeper assumptions actually determine the behavior you observe.

Categories of research on Organizations (Schein 2010:181)

Levels of subjects involvement	Levels of researcher Involvement	
	Low to medium; quantitative	High; qualitative
Minimal	Demographics: measurement Of "distal variables"	Ethnography; participant observation; Content analysis of stories, myths, rituals, Symbols, other artifacts.
Partial	Experimentation, questionnaires, Ratings, objective tests, scales	Educational interventions, projective tests; assessment centers; interviews
Maximal	Total quality tools such as statistical quality control; action research, contract research	Clinical research; process consultation, organization development

Questions asked during interview session in a survey?

- What was it like to come to work in this organization?

- What did you notice most as being important to getting along?

- How do bosses communicate their expectations?

Clinical research: deciphering in a consultant/helper role

- As researcher/ethnographer:
  - Tell stories of how they were not "accepted" until they became helpful to the members of org.
- As consultant:
  - You're invited to help with some problem that has been presented that initially has no relationship to culture.
- As helper role:
  - You're licensed to ask all kinds of questions that can lead directly into cultural analysis.

Validity issue while gathering data

- Factual accuracy based on whatever contemporary or historical data you can gather
- Interpretative accuracy in terms of you representing cultural phenomena in a way that communicates what members of the culture really mean, rather than projecting into the data your own interpretations.

# Ethical Issues in Deciphering Culture

- Risks of an analysis for research purposes
  - Most cases are only a slice through the organization at a particular time and do not consider historical evolution.
- Risks of an internal analysis
  - Basically, two kinds of risks must be assessed:
    - The analysis of the culture could be incorrect or the organization might not be ready to receive feedback about its culture
    - The analysis may be correct, but insiders may not be prepared to digest what has been learned about them.
- Professional obligations of the culture analyst
  - Deciphering and reporting on a culture works best and is psychologically safest when the organization is motivated to make changes that may involve the culture

How Culture Emerges in New Groups
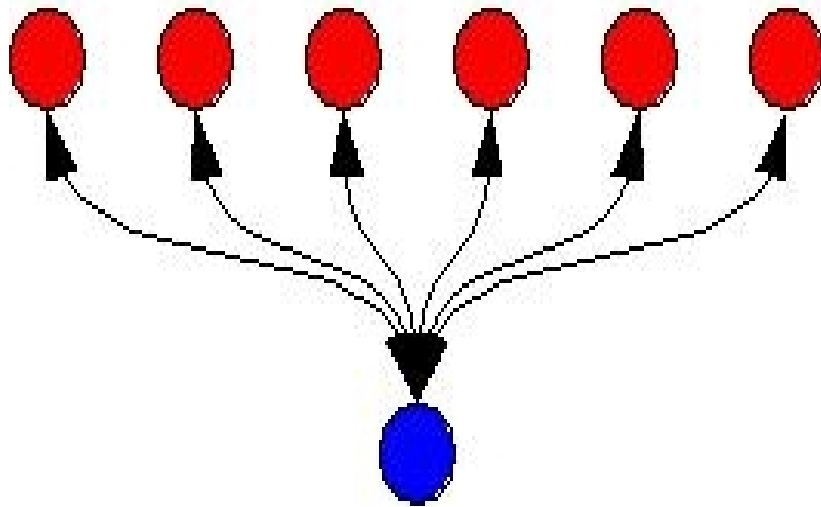
GROUP

people working towards a goal whose work is coordinated by someone else (e.g. a manager) for them
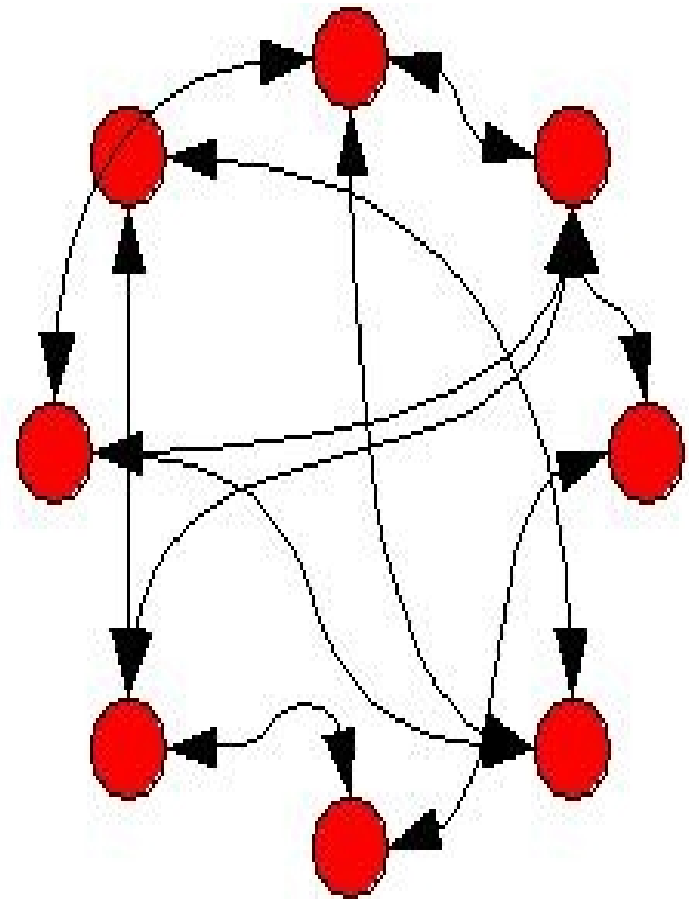
TEAM

people working towards a common goal who coordinate their work amongst themselves

Facts:

- Strength and ability of culture derives from the fact that it is group based.

- All organizations started as small groups

- Understanding culture formation in small groups is necessary to understand how culture evolve in the large org.

Group formation Through originating and marker events

- All groups start with some kind of originating events:
  - An environmental accident
  - A decision by an "originator"
  - An advertised event

Most fundamental questions/issues when the group first comes together

Initial identification issues:

- What are we really here for?

- What is our task?

Survival issues

- Will I have a role to play?

- Will we reach a level of intimacy that meets my needs?

How individual intentions become group consequences

Ice breaking

Initial behaviour of founders/leaders/ initiators

Group arising

Building meaning through sharing perceptions and articulating feeling
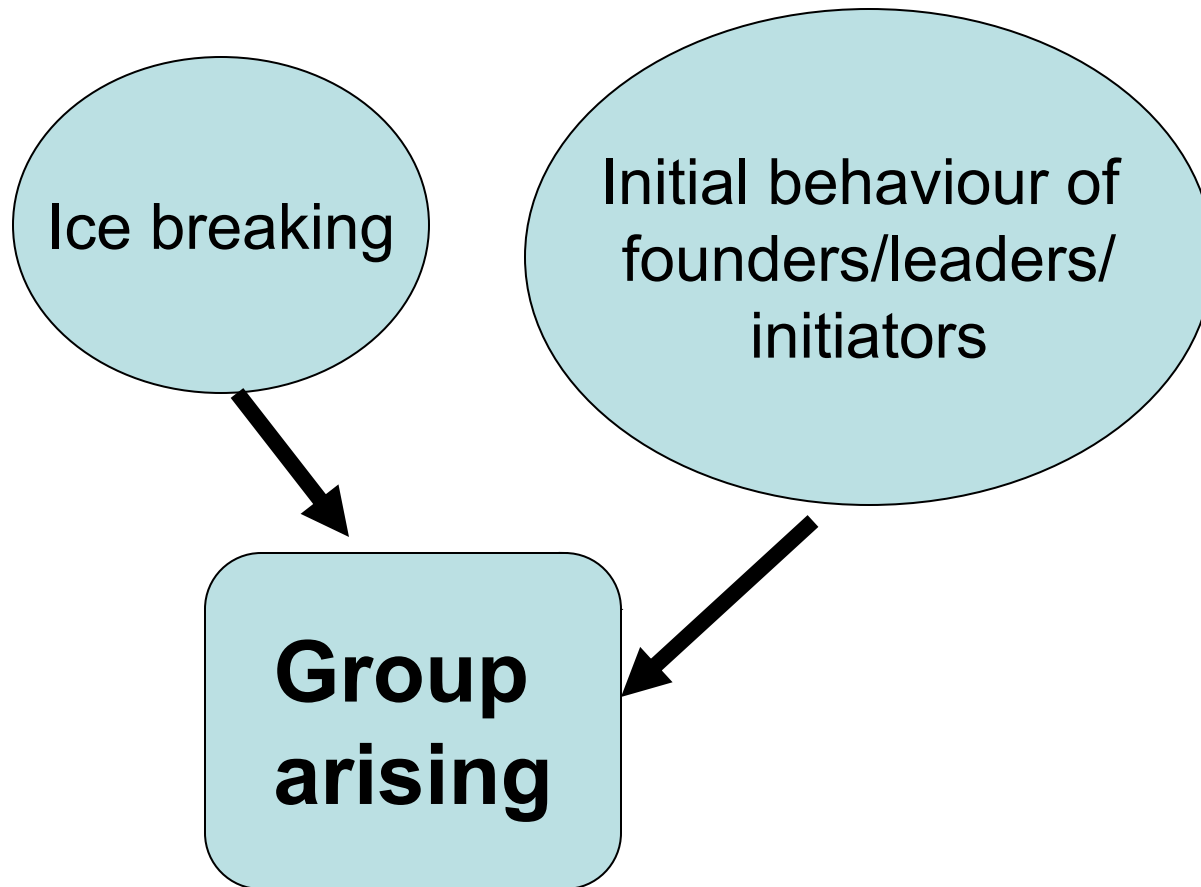
Sharing perception

Articulating feeling

Building meaning
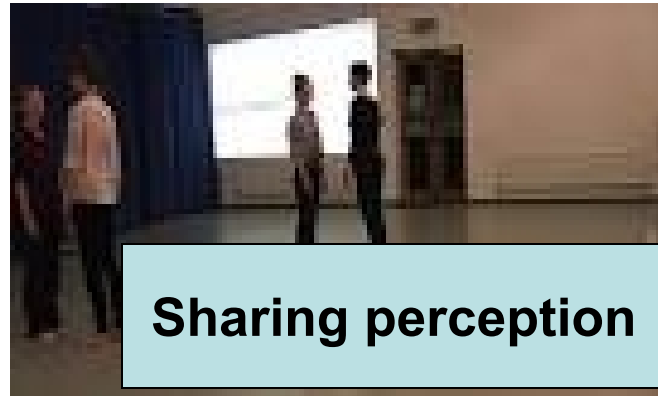
Leadership as timely intervention

- Group formation (authority)
- Group building (intimacy)
- Group work (teamwork/functional familiarity)
- Group maturity (success)

Building New Norms around authority

- The initial response when a new norm built within group:
  - Silent moment
  - Immediately agree or disagree
  - A "process" comment
  - To plunge ahead into action

Building New Norms around authority (cont.)

- Reality test and catharsis
  - Conflicted members
    - Struggling in the dependent mode
  - Less conflicted members
    - Offering direct interpretation
    - By offering a direct challenge
    - Offering a direct suggestion for an alternative agenda
    - Making a process suggestion or observation

Building norms around intimacy

Stage 2 is about how the members operate their interpersonal relationship within group.

- Interpersonal conflict
- Emotional expressions of affection
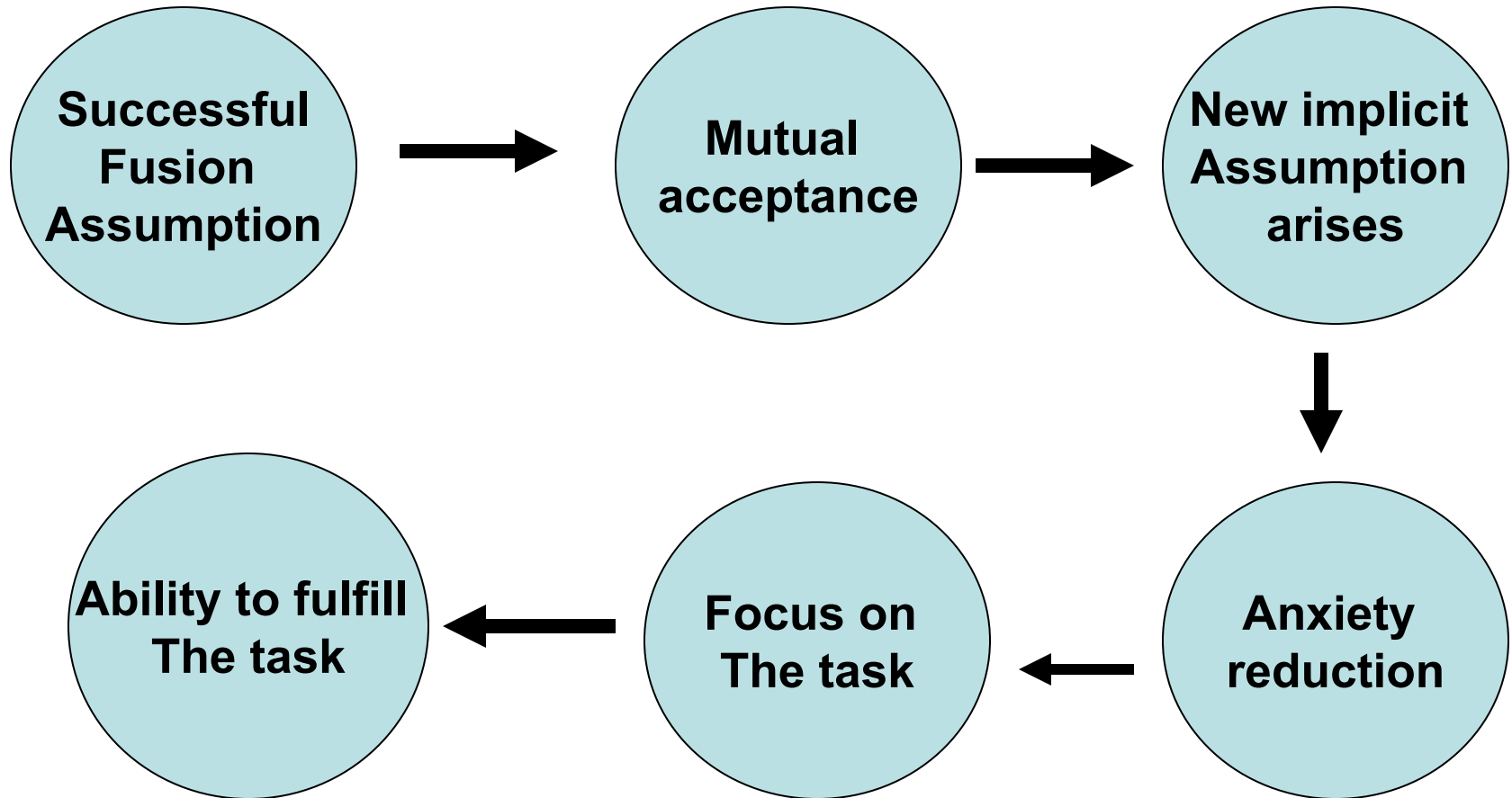- A mood of euphoria
- Group solidarity

Building norms around intimacy (cont.)

- Reality test and catharsis
- There are 4 group events that have the potential for revealing the assumption:
  - Disagreements and conflicts
  - Noticeable avoidance of confrontation
  - Overt denial of the fact
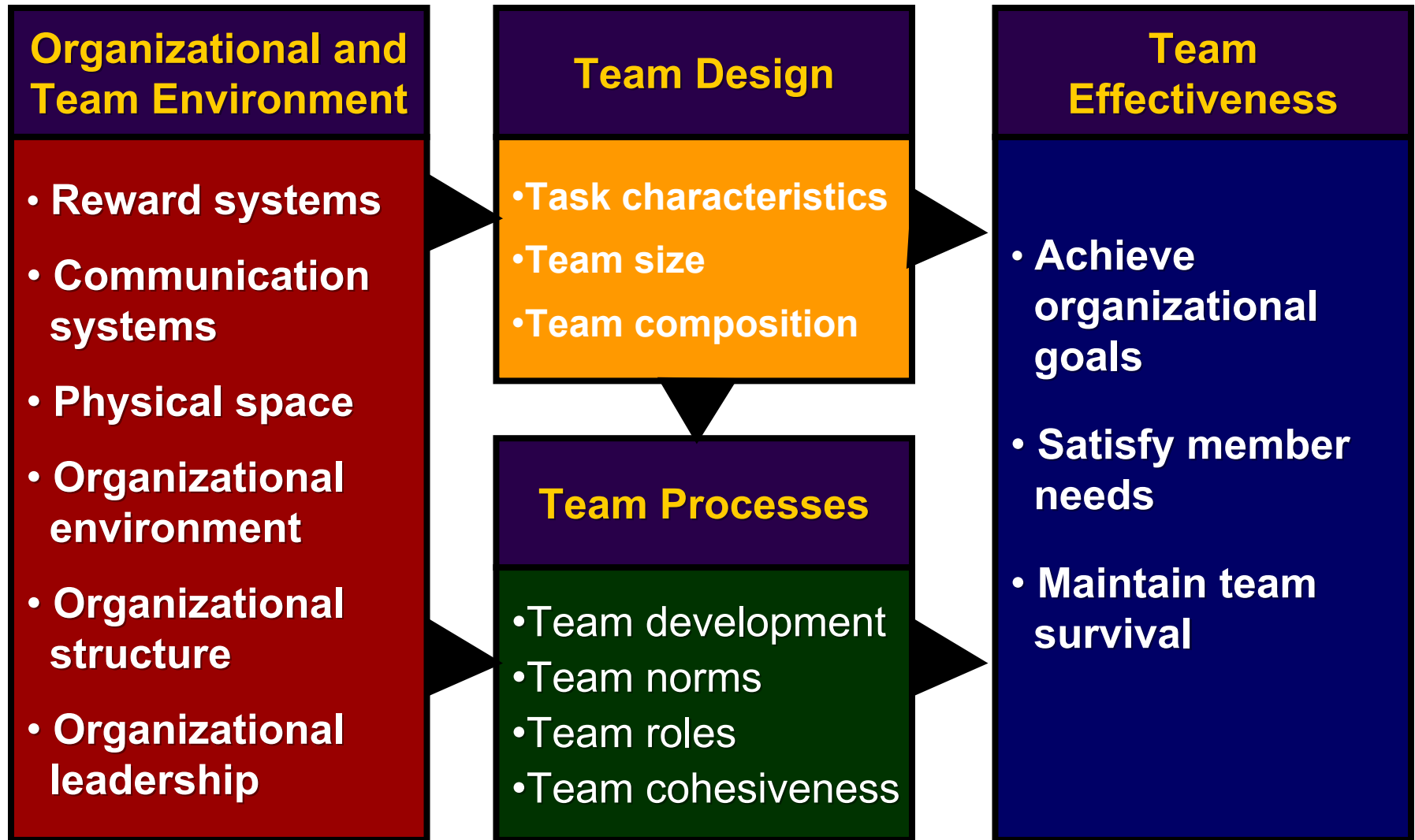 - Eruption of negative feelings toward other members

Building norms around intimacy (cont.)

- Two basic mechanisms of learning involved are:

  - Positive problem solving to cope with external survival issues

  - Anxiety avoidance to cope with internal integration issues.

Group work and functional familiarity

Team Effectiveness Model

Organizational and Team Environment

- Reward systems
- Communication systems
- Physical space
- Organizational environment
- Organizational structure
- Organizational leadership

Team Design

- Task characteristics
- Team size
- Team composition

Team Processes

- Team development
- Team norms
- Team roles
- Team cohesiveness

Team Effectiveness

- Achieve organizational goals
- Satisfy member needs
- Maintain team survival

Groups Across Cultures

Two cultural dimensions are especially relevant:

- Individualism-Collectivism

- Power Distance

- Also Uncertainty Avoidance; e.g., potential for Role Conflict (esp. in multi-functional te...

The Challenge in shaping team players

Greatest where...

- The national culture is highly individualistic

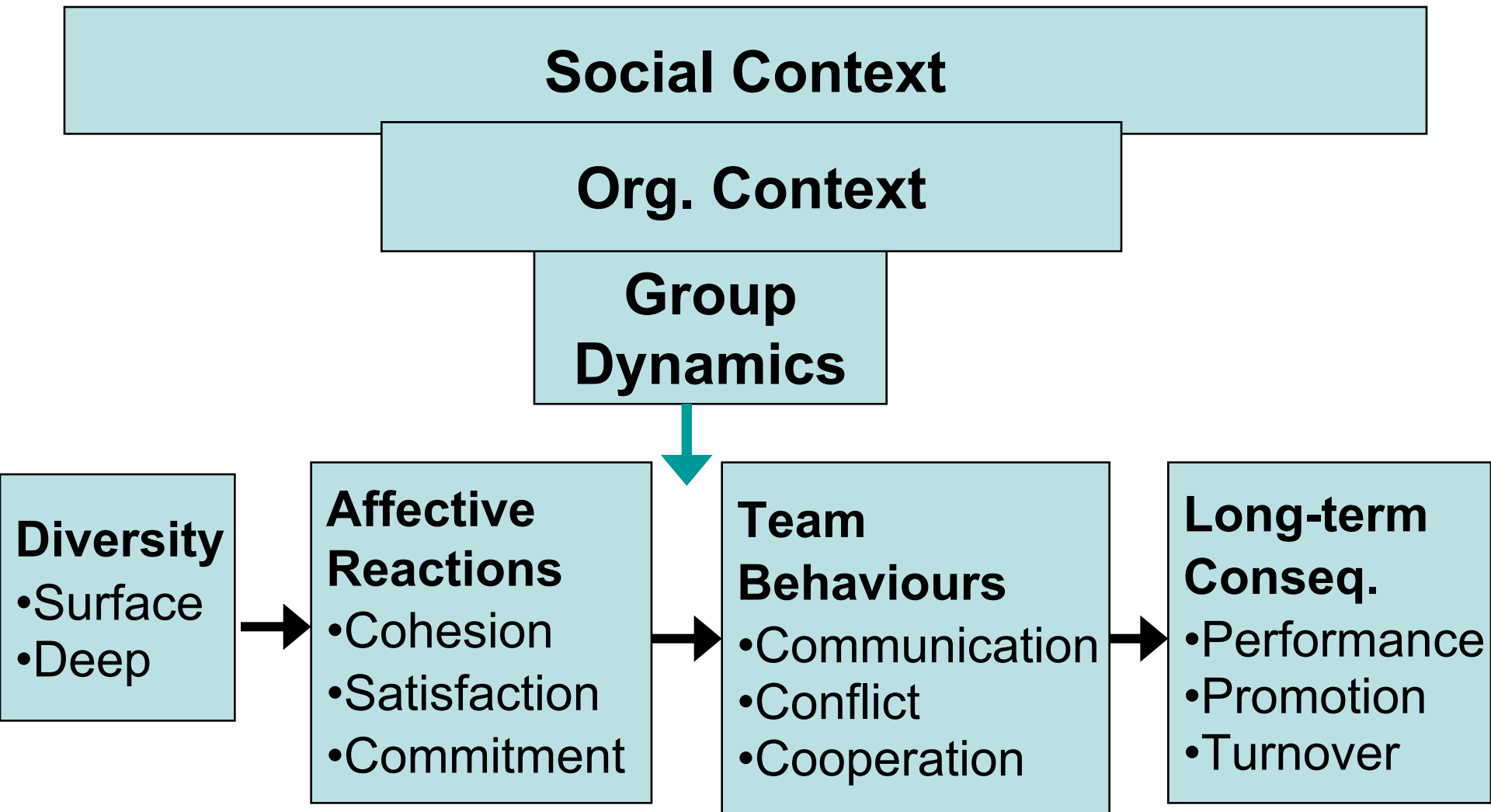- Introduced into organizations that historically value individual achievement

Less demanding...

- **Where employees have strong** collectivist **values, such as Japan or Mexico**

- **In new organizations that use teams as their** initial form **for structuring work**

Interpersonal Relationships

- Individualists: more friends, lesser intensity level;

- Individualists: less suspicious towards out-group members, easier to make initial contact

- Collectivists: less friends, higher intensity level.

- Collectivists: have stronger bonds with in-group members

Dynamics of Team Diversity

Social Context

Org. Context

Group Dynamics

Diversity
- Surface
- Deep

Affective Reactions
- Cohesion
- Satisfaction
- Commitment

Team Behaviours
- Communication
- Conflict
- Cooperation

Long-term Conseq.
- Performance
- Promotion
- Turnover

Diversity and Teams

- Overall, diversity causes process losses
- Can be beneficial if team overcomes these losses over time
- Depends on organizational culture and top-management support
- Highly heterogeneous and highly homogenous teams work better than mid-range ones
- Fault lines in teams lead to rivalry coalitions => decrease effectiveness

Conditions for Effectiveness

	More Effective	Less Effective
Task	**Innovative**	**Routine**
Stage	**Divergence (earlier)**	**Convergence (later)**
Conditions	**Differences Recognized**	**Differences Ignore**
	Task-based member selection	**Culture-base members selection**
	Pluralism	**Ethnocentrism**
	Equal Power	**Cultural Dominance**
	Superordinate goals	**Individual goals**
	External feedback	**No feedback/autonomy**

Some Implications

- Investment in diverse teams is more sensible for the longer-term, for complex tasks and when team members are (relatively) pluralistic

- More careful task design is needed

- Positive feedback, early on

- Preparation and training, through conceptual and experiential approaches is recommended

- Strive to create a third culture through superordinate goals and neutralization of differences
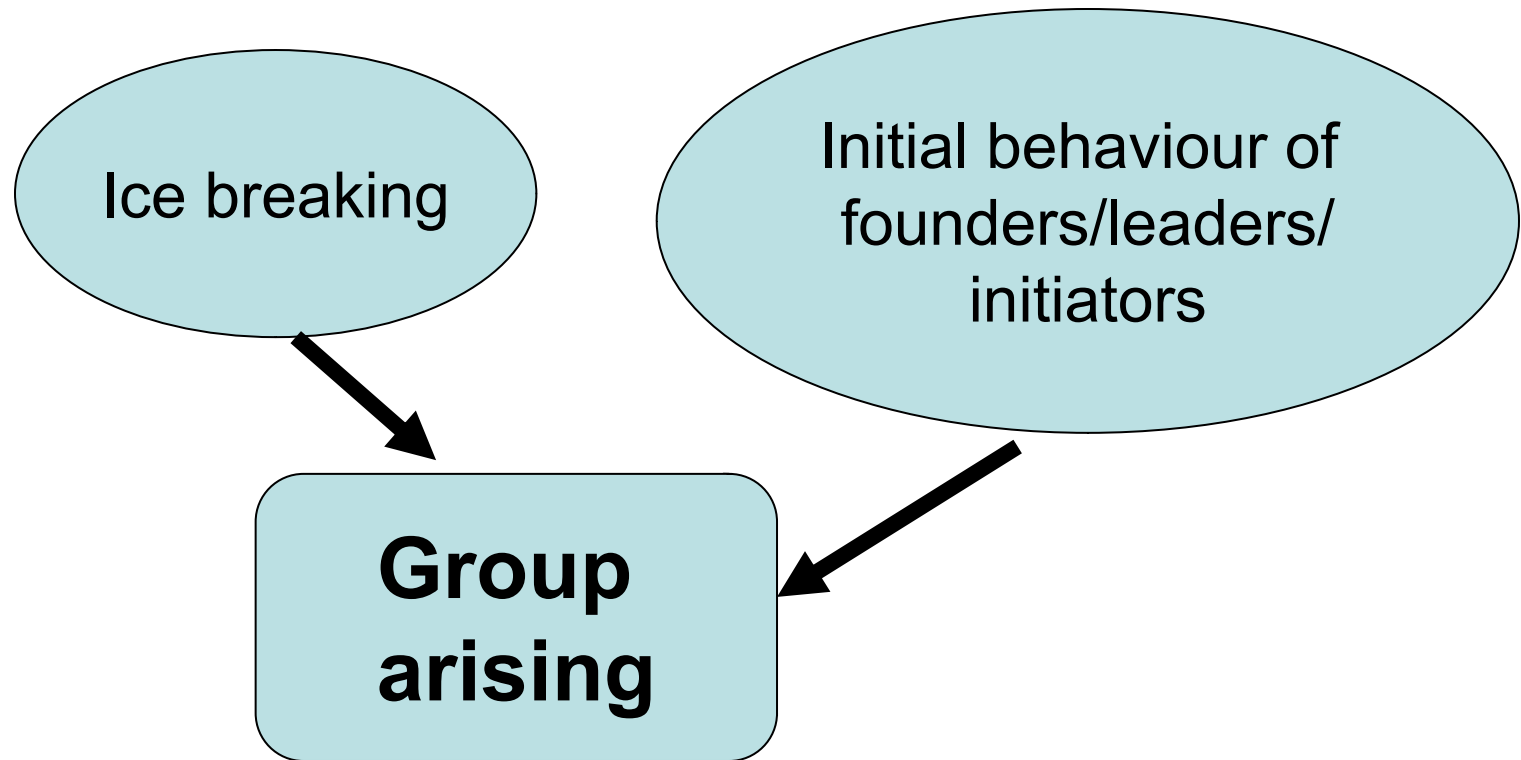
Group maturity

The more the group has shared emotionally intense experiences, the stronger the culture of that group will be

How founders/leaders create organizational cultures

Week 8

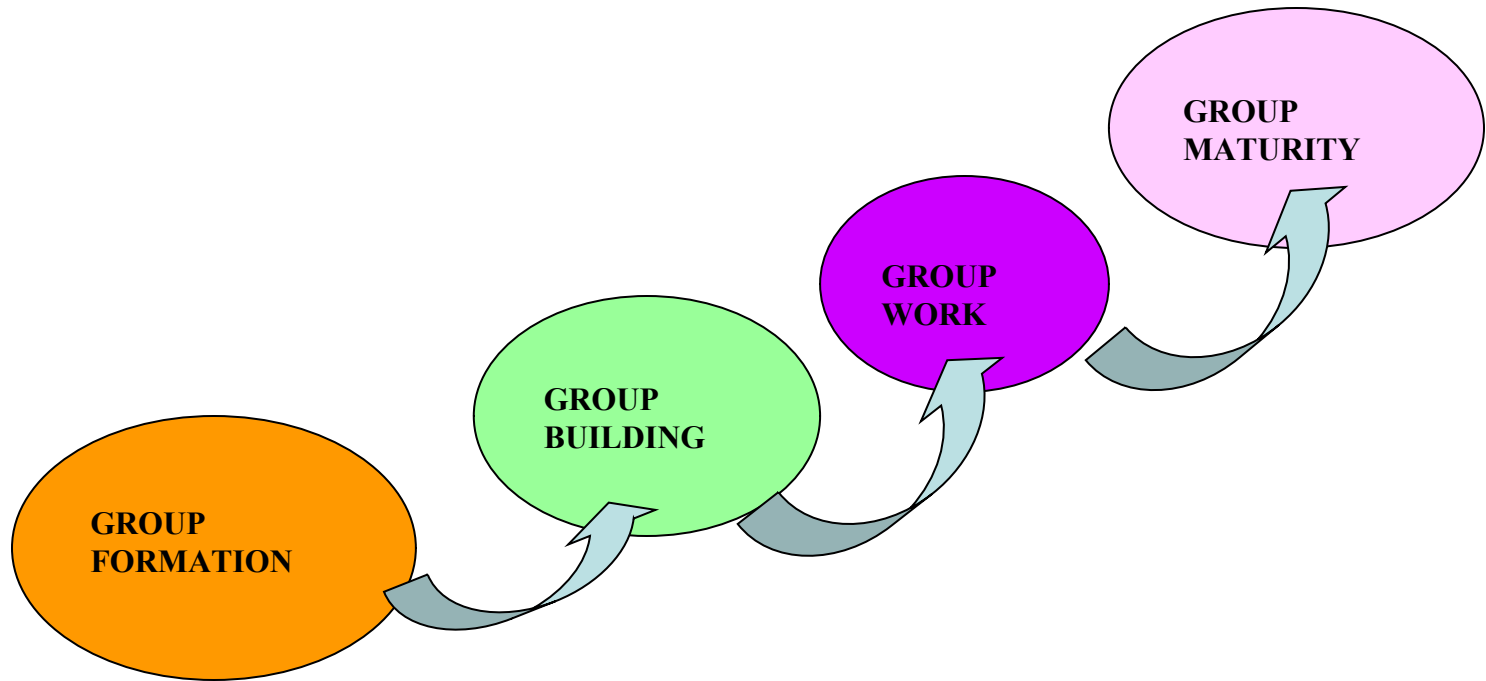# How individual intentions become group consequences

Ice breaking

Initial behaviour of founders/leaders/ initiators

Group arising

Building meaning through sharing perceptions and articulating feeling

Sharing perception

Articulating feeling

Building meaning
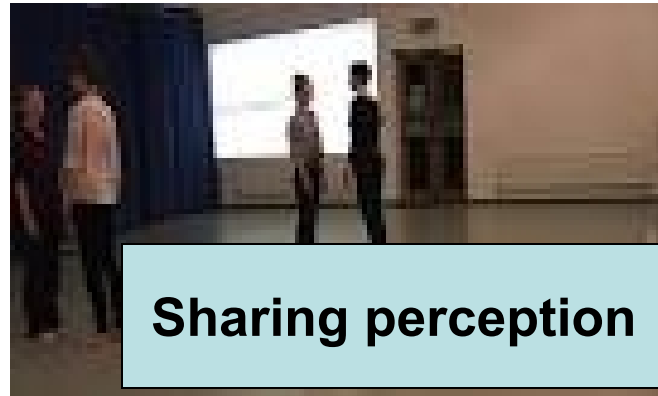
Group work and functional familiarity
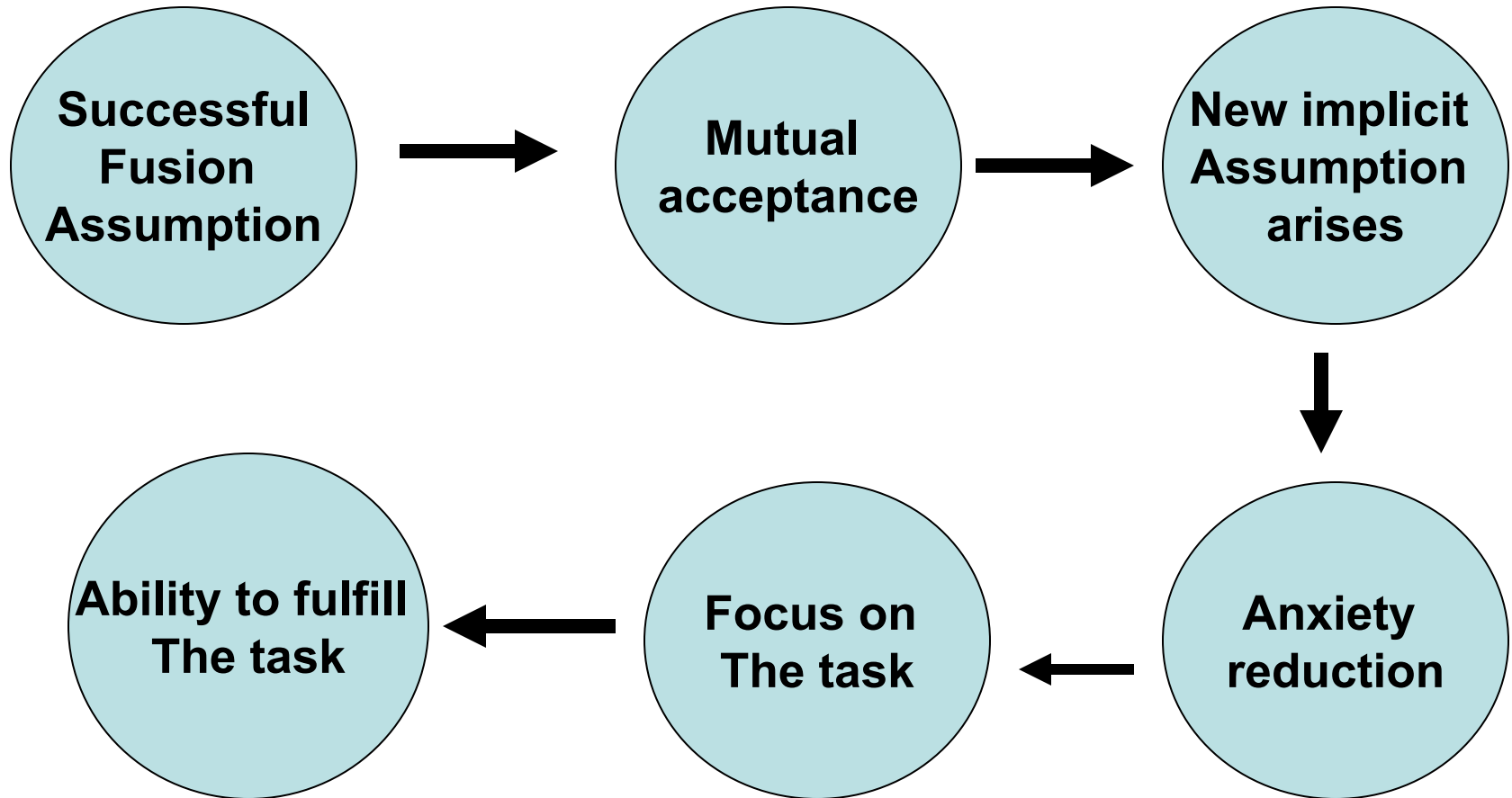
STAGES OF GROUP EVOLUTION

Stage of group Evolution (Schein, 2010: 205)

Stage	Dominant assumption	Socioemotional focus
Group formation	*Dependence:* "the leader knows what We should do	*Self-orientation*: emotional focus on issues of (a) inclusion, (b) power and influence, (c) acceptance and intimacy, and (d) identity and role
Group building	*Fusion:* we are a great groupl we all like each other	*Group as idealized object:* emotional focus on harmony, conformity, and search for intimacy. Member differences are not valued
Group work	*Work:* we can perform effectively because we know and accept each other"	*Group mission and tasks:* emotional focus on accomplishment, teamwork and maintaining the group in good working order. Member differences are valued.
Group maturity	*Maturity:* we know who we are, what we want and how to get it. we have been successful, so we must be right.	*Group survival and comfort:*emotional focus on preserving the group and its culture. Creativity and member differences are seen as threat.

- Cultures basically spring from three sources:
  - The beliefs, values and assumptions of founders of organizations
  - The learning experiences of group members as their organization evolves
  - New beliefs, values and assumptions brought in by new members and new leaders.

the fact…

- The most important for cultural beginnings is the impact of founders.
- The duties of the founders:
  - Choose the basic mission and the environmental context in which the new group will operate.
  - Choose the group members and shape the group' responses.

The fact….(cont.)

- Organizations usually are created by one or more individuals who perceive to coordinate the group-based actions.

- **Examples: new religions begin with prophets, messiah, or other charismatic leaders**.

The fact….(cont.)

Sam Steinberg

- 1905 - May 24, 1978 was a Hungarian- -born Canadian businessman, investor and philanthropist.

- He was an immigrant to Canada who transformed the grocery store founded by his mother, Steinberg's Supermarket, into one of the largest chains in the province of Quebec.

Sam Steinberg's organization culture

- Mission: supply a high-quality, reliable product to customers in clean, attractive surroundings and that his customers' needs.

- Only personal examples and close supervision would ensure adequate performance by subordinates.

Sam Steinberg's assumptions

- Visible management
- Formal systems to ensure that those principles became the basis for operating realities.
- Passionate to innovations
- Must be open to the environment.
- Power and authority is very centralized
- Nepotism (key people consisted of family members)

In the end…

- After Sam's death:
  - Instability: none of his key people could be as strong and decisive as him
  - An outsider couldn't adapt to the culture and to the family

The lesson

- Culture does not survive if the main culture carriers depart and if the bulk of the members of the organization are experiencing some degree of conflict because of a mixed message that emanates from the leaders during the growth period.

Fred Smithfield
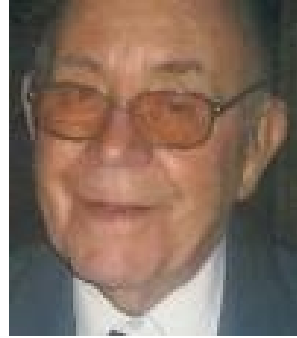
- He did not know enough about the market to gamble with his own money, and he reinforced this assumption publicly by telling a story about the one enterprise in which he had failed.

- Creative conceptualizer but not as a manager, he not only kept his financial investment minimal but also did not get very personally involved with his enterprises.

Fred Smithfield

- is theory seemed to be to have a clear concept of the basic mission, test it by selling it to the investors

- bring in good people who understand what the mission is

- then leave them alone to implement and run the organization

- using only financial criteria as ultimate performance measures.

The lesson

- we would find little evidence of a corporate culture because there was no group that had a shared history and shared learning experiences. But each of the separate enterprises would have a culture that derived from the beliefs, values, and assumptions of their Smithfield-appointed managers.

Ken Olsen / DEC: Assumptions

- Believed completely in open communications and the ability of people to reach reasonable decisions

- Make appropriate compromises if they openly confronted the problems and issues, figured out what they wanted to do, and were willing to argue for their solution and honor any commitments they made.

- He assumed that people have "constructive intent," a rational loyalty to organizational goals, and shared commitments.
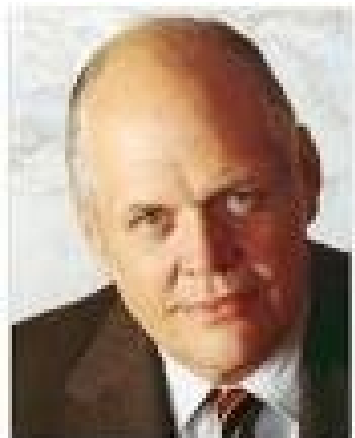
Ken Olsen / DEC: positive impact

- How to run an organization to maximize individual creativity and decision quality
- Worked very successfully in the company in experiencing dramatic growth for more than thirty years and had exceptionally high morale.
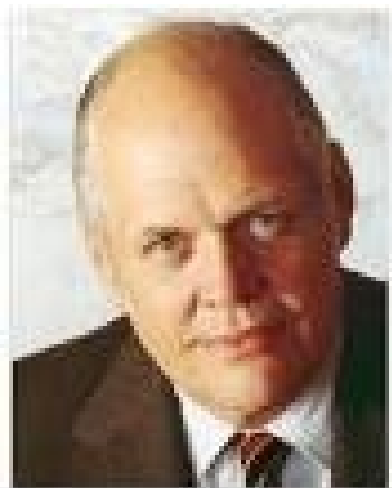
Ken Olsen / DEC: Negative Impact

- A highly adaptive system ideally suited for innovation began to be regarded by more and more members of the organization as disorganized, chaotic, and ill adapted to a more mature commodity market.

- The company thrived on intelligent, assertive, individualistic people who were willing and able to argue for and sell their ideas.

- The hiring practices of the company reflected this bias in that each new applicant had to be approved by a large number of interviewers.
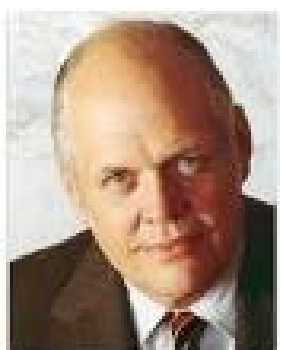
Ken Olsen / DEC: in the end

- So over the course of its first decade, the organization tended to hire and keep only those kinds of people who fit the assumptions and were willing to live in the system even though it might at times be frustrating.
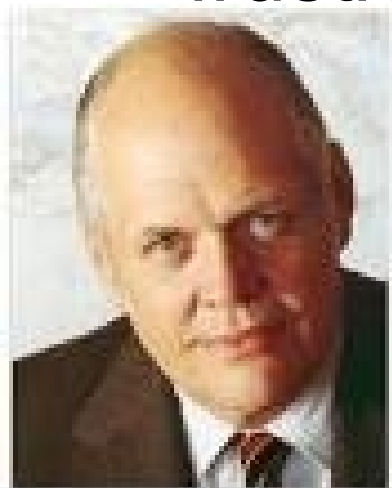
Ken Olsen / DEC: in the end (cont.)

- Consequently, the founder's assumptions were reflected in how the organization operated well into the 1990s.

- DEC's economic collapse and eventual sale to Compaq in the late 1990s also illustrates how a set of assumptions that works under one set of circumstances may become dysfunctional under other sets of circumstances.

The secret of
my success is
a two word
answer:
Know
people.
Harvey S. Firestone

# How leaders embed and transmit culture

Ch. 14

The chapter purpose

- To examine how leaders embed the assumptions that they hold and thereby create the conditions for culture formation and evolutions.

How the leaders embed their beliefs, values and assumptions

- Charisma:
  - Mysterious ability to capture the subordinates' attention and to communicate major assumptions and values in a vivid and clear manner.

Lincoln

Hitler
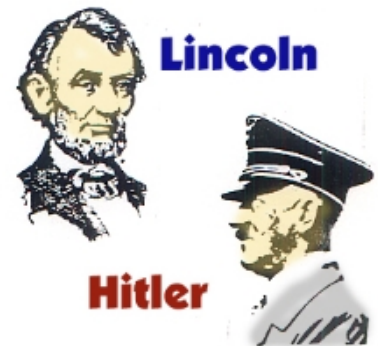
Primary embedding mechanisms

1. What leaders pay attention to, measure and control on a regular basis
2. How leaders react to critical incidents and organizational crisis
3. How leaders allocate resources
4. Deliberate role modeling, teaching and coaching
5. How leaders allocate rewards and status
6. How leaders recruit, select, promote and excommunicate.

Secondary articulation and reinforcement mechanism

- Organizational design and structure
- Organizational systems and procedures
- Rites and rituals of the organization
- Design of physical space, facades and buildings
- Stories about important events and people
- Formal statements of organizational philosophy, creeds, charters

What leaders pay attention to, measure and control on a regular basis

- Emotional outbursts
- Inferences from what leaders do not pay attention to

How leaders react to critical incidents and organizational crisis

- When an organization faces a crisis, the manner in which leaders and others deal with it reveals important underlying assumptions and creates new norms, values and working procedures.

How leaders allocate resources

- How budgets are created in an organization reveals leader assumptions and beliefs.

Deliberate role modeling, teaching and coaching

- Founders and new leaders of organizations generally seem to know that their own visible behavior has great value for communicating assumptions and values to other members, especially new comers.

How leaders allocate rewards and status

- Members of any organization learn from their own experience wth promotions, from performance appraisals, and from discussions with the boss what the organization values and what the organization punishes.

How leaders recruit, select, promote and excommunicate

- On of the subtlest yet most potent ways through which leader assumptions get embedded and perpetuated is the process of selecting new members.

Conclusion of primary embedding mechanisms:

- These embedding mechanisms all interact and tend to reinforce each other if the leader's own beliefs, values and assumptions are consistent.

Secondary articulation and reinforcement mechanism

1. Organizational design and structure
2. Organizational systems and procedures
3. Rites and rituals of the organization
4. Design of physical space, facades and buildings
5. Stories about important events and people
6. Formal statements of organizational philosophy, creeds, and charters

Organizational design and structure

- Design of the organization elicits high degrees of passion but not too much clear logic

- The requirements of the primary task seem to get mixed up with powerful assumptions about internal relationships and with theories of how to get things done.

Organizational systems and procedures

- The most visible parts of life in organization are the daily/weekly/monthly

  /quarterly/annual cycles of routines, procedures, reports, forms, and other recurrent tasks that have to be performed.

- If the founders/leaders do not design systems and procedures as reinforcement mechanisms, they open the door to historically evolved inconsistencies in the culture or weaken their own message from the outset.

Rites and rituals of the organization

- They're symbolic ways to formalize certain assumptions and important artifacts to observe.

- Since their lessons are not always easy to decipher, it is not to be primary embedding mechanisms.

Design of physical space, facades and buildings

- Physical design encompasses all the visible features of the organization that clients, customers, vendors, new employees and visitors encounter.

Stories about important events and people

- As a group develops and accumulates a history, some of this history becomes embodied in stories about events and leadership behavior.

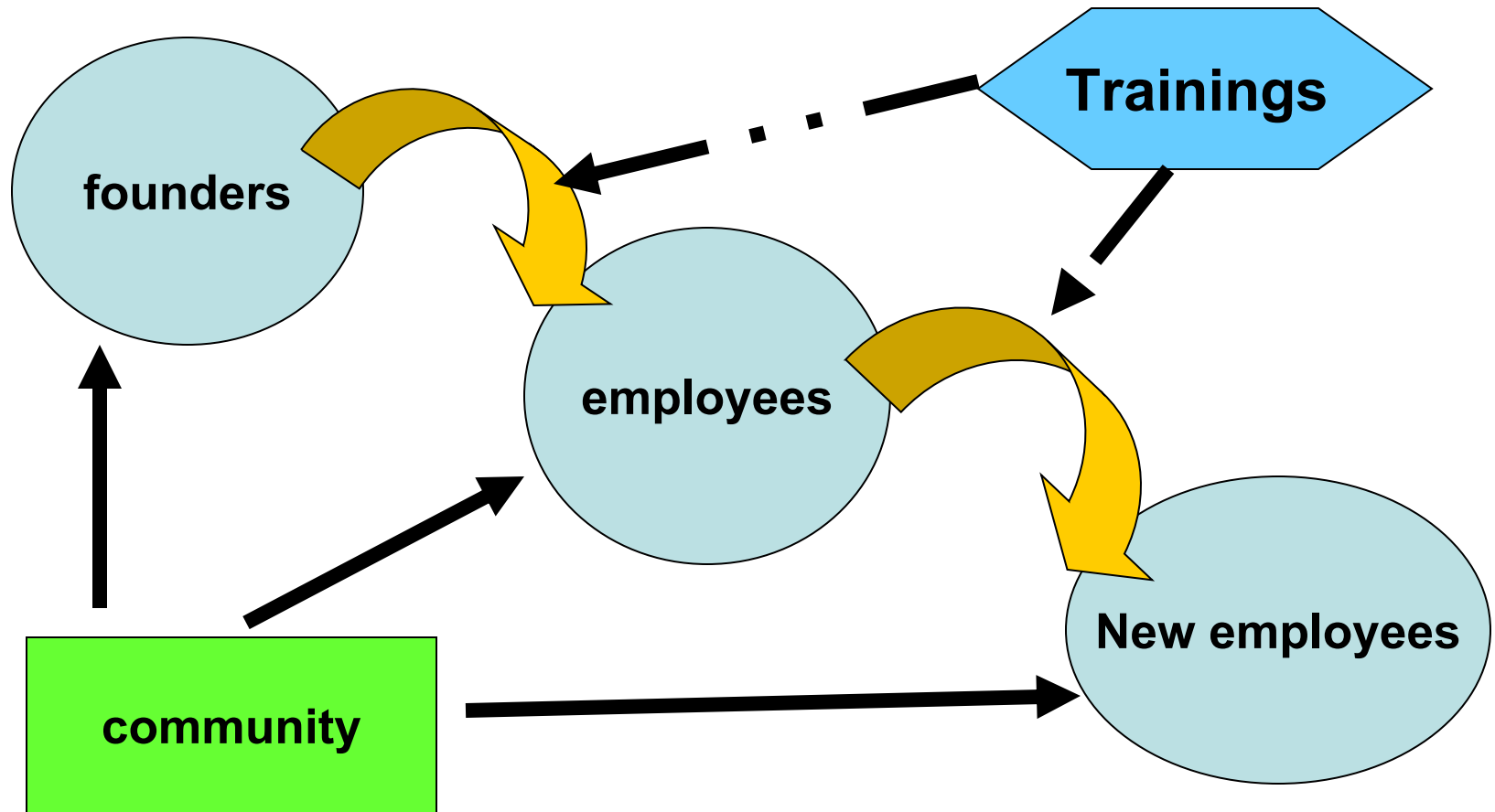# Formal statements of organizational philosophy, creeds, and charters

- The statements typically highlight only a small portion of the assumption set that operates in the group.

DREAM

BELIEVE

DARE

DO

Disney Org. Culture Transmission

founders

Trainings

employees

community

New employees
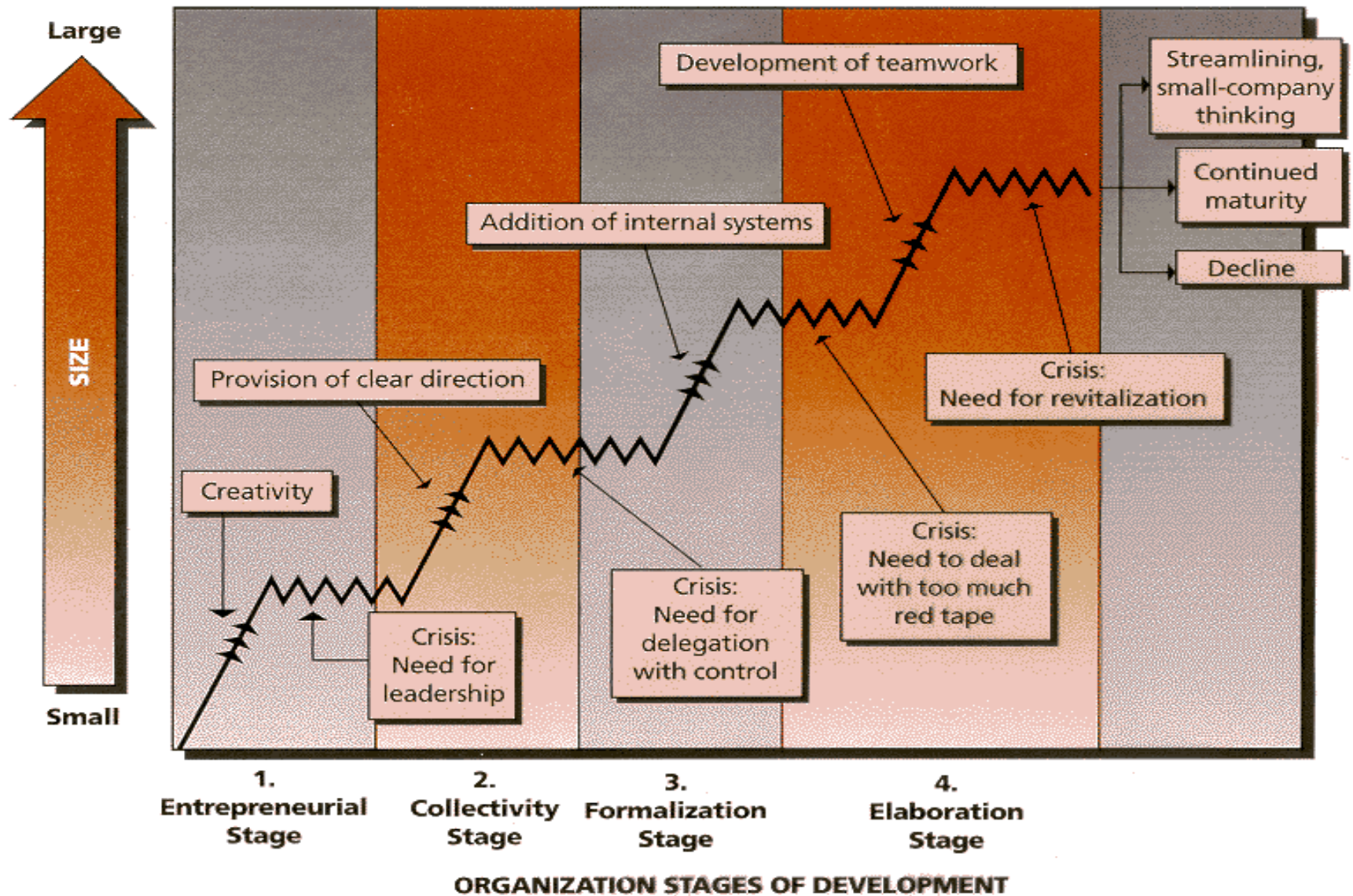
Midlife???

Organizational Life Cycle

© 1992 West Publishing Company

**dership
llife"**

Ch.15

facts

- If an organization is successful in fulfilling its mission, it will mature and probably grow.
- Growth and aging means that treasure values in org. will be eroded if new CEOs don't adhere to them.
- Changes in organization, may be caused by:
  - Death of founders
  - Replacement by promoted leaders
  - Going publicly owned
  - etc
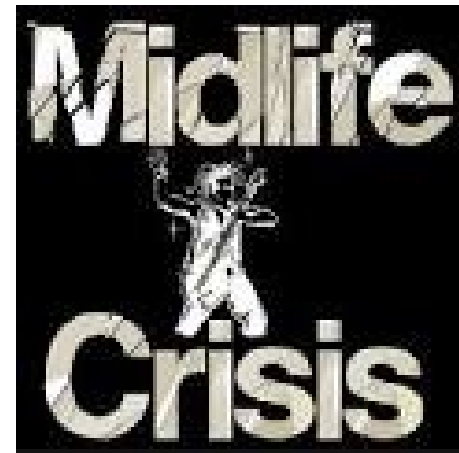
Effect of the changes in organization

- More diverse
- Possibility in changing goals and means
- If necessary, changes in some elements of its culture.

Essence of organization's midlife

- The phenomena in the midlife produce new culture dynamics that require a very different kind of leadership behavior if the organization is to continue to survive.

Differentiation and the growth of subcultures

- The major bases on which such differentiation occurs are:
  - *Functional/occupational differentiation*
  - *Geographical decentralization*
  - *Differentiation by product, market or technology*
  - *Divisionalization*
  - *Differentiation by hierarchical level*

Functional/occupational differentiation

- The forces creating functional subcultures derive from the technology and occupational culture of the function

- Functional subcultures bring into the organization the diversity that is associated with the occupational communities and technologies that underlie the functions.

Functional/occupational differentiation (cont.)

- The diversity creates the basic problem of general mgt. in that the leader now has to bring into alignment organizational members who have genuinely different points of view based on their education and experience in the organization.

Geographical decentralization

- As the organization grows geographically, it becomes necessary to create local units for the following reasons:
  - Customers in different regions require different goods and services
  - Local labor costs are lower in some geographical areas
  - It is necessary to get closer to where raw materials, sources of energy, or suppliers are located
  - If products are to be sold in a local market, they must be produced in that market area as well.

Geographical decentralization (cont.)

- Questions:
  - Is the corporate culture can be strong enough to assert itself in the different regions?

  → The local macroculture shapes the geo.subculture as well.

  → More salient where business ethics are involved.

Differentiation by product, market or technology

- Mature org. will differentiate themselves in terms of basic techno, products, or customers' type they deal with.

Differentiation by product, market or technology (cont.)

- The forces that created such subcultural differences were of two kinds:
  - Different kinds of people with different educational and occupational origins were attracted into the different business.
  - Interaction with the customer required a different mindset

Divisionalization

- As organizations grow and develop different markets, divisionalization is the sense of decentralizing most of the functions into product, market or geographical units.

Differentiation by hierarchical level

- As the number of people in the organization increases, it becomes increasingly difficult to coordinate their activities.

- One of the simplest and most universal mechanism to deal with that issue is creating additional layers in the hierarchy for more reasonable span of control.

Differentiation by hierarchical level

- Subculture at each level of the org. will structurally reflect the major issues and tasks that must be confronted at that level.

- First line supervisors will develop assumptions about human nature and how to manage employees, but where they develop idealistic assumptions (such as salary, bonus systems, reward system) will again depend upon the industry and company.

conclusions

1. Organizational growth will result in differentiating themselves into functional, geographic, product, market or hierarchical units.

2. After differentiation has taken place, leaders must find ways to coordinate, align and integrate different subcultures.

conclusions

3. Towards the differentiation, leaders should not be surprised. It happens anyway.

4. Building an effective organization is a matter of meshing the different subcultures by encouraging the evolution of common goals, common language, common procedures to solve problems.

Conclusions

5. Aligning requires: cultural humility on the leader's part, skills of dialogue to bring differences together and ability to maintain mutual respect.

What Leaders need to know about how culture changes?

About this chapter

- Deals with natural processes by which culture evolves and changes as organizations grow and age.

- Why do leaders need to understand these processes?

  - To be able to steer the processes.

Culture change mechanisms (Schein, 2010:273)

Organizational stage	*Change mechanism*
Founding and early growth	1. incremental change through general and specific evolution 2. insight 3. promotion of hybrids within the culture
Midlife	1. systematic promotion from selected subcultures 2. technological seduction 3. infusion of outsiders
Maturity and decline	1. scandal and explosion of myths 2. turnarounds 3. mergers and acquisitions 4. destruction and rebirth

Founding and early growth

About the stage

- Main cultural thrust comes from the founders and their assumptions.
- The emphasis in this early stage is on differentiating the organization from the environment and from other organizations.
- The organization makes its culture explicit, integrates it as much as possible
- Teaches the culture firmly to newcomers (selects for the initial compatibility)

About the stage (cont.)

- The culture in young company is likely to be strongly adhered to because:
  - The primary culture creators are still present
  - The culture helps the organization define itself and make its way into a potentially hostile environment.
  - Many elements of the culture have been learned as defenses against anxiety as the organization struggles to build and maintain itself.

incremental change through general and specific evolution

- If the organization is not under too much external stress and if the founder is around for a long time, the culture evolves in small increments by continuing to assimilate what works best over the years.

incremental change through general and specific evolution (cont.)

- Two basic processes:
  - General evolution
    - Diversification
    - Growing complexity
    - Higher levels of differentiation and integration
    - Creative syntheses into new and more complex forms
    - The principle: overall corporate culture will adapt to changes in its external environment and internal structure.

incremental change through general and specific evolution (cont.)

– Specific evolution

  • Involves adaptation of specific parts of the organization to their particular environments

  • Mechanism that causes organizations in different industries to develop different industry cultures and causes subgroups to develop different subcultures.

insight

- A learned defense mechanism to avoid uncertainty and anxiety
- We should be able to help the organization assess for itself the strengths and weaknesses of its culture and to help it modify cultural assumptions if necessary.

Example:

- CIBA-Geigy
  - From: we never lay people off
    - Faced the major shrinking (layoffs) in some divisions
  - To : we take good care of our people and treat them well
    - Provided opportunities for retraining, generous severance packages for early retirement, part-time work, good career counseling and else.

insight

- With insight, new norms can be evolved that are still consistent with deeper assumptions.
- Options:
  - Give the mechanism
  - Design compensatory mechanisms
  - Break the company down into smaller units

promotion of hybrids within the culture

- The preceding two mechanisms serve to preserve and enhance the culture as it exists, but change sin the environment often create disequilibria that force more transformational change
- Promoting insiders to change the culture
  - More cultural core acceptance
  - Have more credibility

promotion of hybrids within the culture (cont.)

- Filling key positions with people who have the beliefs, values and assumptions that are viewed by senior leaders as the necessary ones for the future growth and survival.

- Why not outsider?

  – May have values and assumption needed but lack the cultural insight → unable to figure out how to implement.

Transition to Midlife: problems of succession

About midlife

- Founders/owners have relinquished the control of the organization to promoted general managers.

Conflict in transition

- Like and dislike over elements of culture to surrogate
- Battles between: conservatives vs radicals
  - Conservatives: like the founding cultures
  - Radicals: want to change the cultures

difficulties

- Psychologically difficulties:
  - Founder: entrepreneurs typically like to maintain high levels of control
  - Potential successors: is hidden and accept the prevention of the power from the founder

More about midlife

- More difficult to decipher the culture and make people aware of it because it is so embedded in routines.

- It may even be counter-productive to make people aware of the culture, unless there is some crisis or problem to be solved.

systematic promotion from selected subcultures

- The strength of the midlife is in the diversity of its subcultures.

- While the diversity can be a threat, it also can be a distinct advantage if the environment changing.

- *Diversity increases adaptive capacity*.
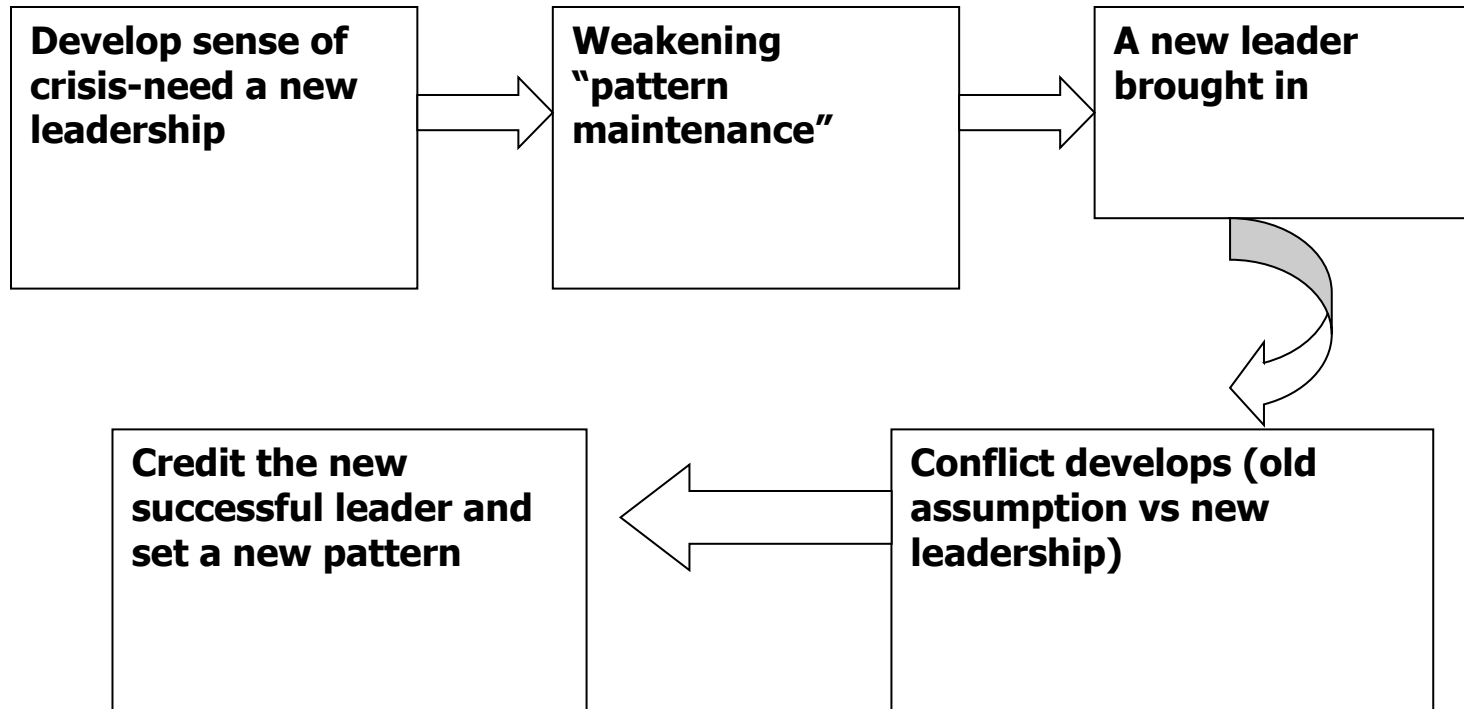
technological seduction

- Less obvious but more important way in which the leader change cultural assumption is through technology.

- Espoused reason for introducing new technology is that it will increase efficiency and productivity.

infusion of outsiders

- Shared assumptions can be changed by changing the composition of the dominant groups or coalitions in an organization.

infusion of outsiders
(cont)

- Change mechanism follows the pattern:

```
┌─────────────────────┐     ┌─────────────────────┐     ┌─────────────────────┐
│ Develop sense of    │ ──▶ │ Weakening           │ ──▶ │ A new leader        │
│ crisis-need a new   │     │ "pattern            │     │ brought in          │
│ leadership          │     │ maintenance"        │     │                     │
└─────────────────────┘     └─────────────────────┘     └─────────────────────┘
                                                                    │
                                                                    ▼
┌─────────────────────┐                             ┌─────────────────────┐
│ Credit the new      │                             │ Conflict develops (old │
│ successful leader and │ ◀─────────────────────────│ assumption vs new   │
│ set a new pattern   │                             │ leadership)         │
└─────────────────────┘                             └─────────────────────┘
```

Maturity and decline

About this stage

- Many basic assumptions become more strongly held

- Organizations develop espoused values and ideals about themselves.

- Develop a positive ideology and a set of myths about how it operates.

scandal and explosion of myths

- Where incongruities exist between espoused values and basic assumptions, scandal and myth explosion become primary mechanism of culture change.

- Nothing will change until the consequences of the actual operating assumptions create a public and visible scandal.

turnarounds

- After a scandal has assessed that basis assumption as dysfunctional, the basic choices are between some kind of "turnaround" a more rapid transformation of parts of the culture or totally destructs the organization (re-organize)

mergers and acquisitions

- It will bring an inevitable culture class because two organization have different cultures.
- Leadership role is how to figure out how best to manage this clash.
- Example: HP and Compaq

destruction and rebirth

- It's usually through bankruptcy proceedings.
- During proceeding, a board can bring in entirely new executives, decertify a union, regorganize functions, bring in new technologies etc

Conclusion

- Historical research on past transformations in industry shows that sometimes, even with crisis only small changes occur, while at other times, changes are truly transformational.