# What Is Organizational Culture?

EACH OF US HAS A UNIQUE PERSONALITY that influences the way we act and interact. An organization has a personality too—we call it **CULTURE**. Here's what **YOU** need to know about **organizational culture**!

2-3 Define what organizational culture is and explain why it's important.

1 **Culture is perceived**. It's not something that can be physically touched or seen, but employees perceive it on the basis of what they experience within the organization.

2 **Culture is descriptive**. It's concerned with how members perceive or describe the culture, not with whether they like it.

3 **Culture is shared**. Even though individuals may have different backgrounds or work at different organizational levels, they tend to describe the organization's culture in similar terms.
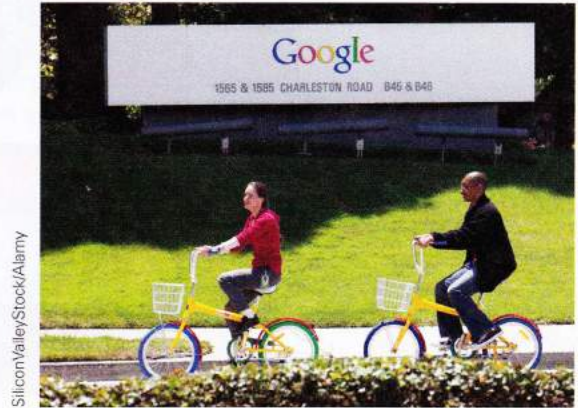
SiliconValleyStock/Alamy

Lynn Johnson/Alamy

Google has created a creative and innovative culture at their headquarters in California with an android googleplex, bikes, and bringing your dog to work.

Kristoffer Tripplaar/Alamy

organizational culture
The shared values, principles, traditions, and ways of doing things that influence the way organizational members act

Dimensions of Organizational Culture

Exhibit 2–4

- Degree to which employees are expected to exhibit precision, analysis, and attention to detail — **Attention to Detail**
- Degree to which employees are encouraged to be innovative and to take risks — **Innovation and Risk Taking**
- Degree to which managers focus on results or outcomes rather than on how these outcomes are achieved — **Outcome Orientation**
- **Organizational Culture**
- Degree to which management decisions take into account the effects on people in the organization — **People Orientation**
- Degree to which organizational decisions and actions emphasize maintaining the status quo — **Stability**
- Degree to which work is organized around teams rather than individuals — **Team Orientation**
- Degree to which employees are aggressive and competitive rather than cooperative — **Aggressiveness**

How Can Culture Be Described?

The seven dimensions (shown in Exhibit 2–4):[33]

- Range from *low* (not typical of the culture) to *high* (especially typical of the culture).
- Provide a composite picture of the organization's culture.

  An organization's culture may be shaped by one particular cultural dimension more than the others, thus influencing the organization's personality and the way organizational members work. For example:

    —*Apple's* focus is product innovation (innovation and risk taking). The company "lives and breathes" new product development and employees' work behaviors support that goal.

    —*Southwest Airlines* has made its employees a central part of its culture (people orientation) and shows this through the way it treats them.

Where Does Culture Come From?	How Do Employees Learn the Culture?
Usually reflects the vision or **mission** of founders.	Organizational stories: narrative tales of significant events or people.
Founders project an image of *what the organization should be* and *what its values are*.	**Corporate rituals**: repetitive sequences of activities that express and reinforce important organizational values and goals.
Founders can "impose" their vision on employees because of new organization's small size.	**Material symbols or artifacts**: layout of facilities, how employees dress, size of offices, material perks provided to executives, furnishings, and so forth.
Organizational members *create a shared history* that binds them into a community and reminds them of "who we are."	**Language**: special acronyms; unique terms to describe equipment, key personnel, customers, suppliers, processes, products.

How Does Organizational Culture Affect Managers?

2-4 Describe how organizational culture affects managers.

Ambrosia Humphrey, vice president of talent at Hootsuite, understands the power of organizational culture and how it affects her as a manager. Nurturing and nourishing the company's culture is one of her top priorities. And she does this by continually creating employee experiences that reflect an important company value—transparency. For instance, she's organized all-staff "Ask Me Anything" discussions with the company's CEO.

Another tactic she's used is employee "hackathons" in which staff members get together to tackle problems. And, of course, she embraces social media as part of her commitment to transparency to employees, customers, and the community. Employees are encouraged to tweet about their perspectives on what it's like to work at Hootsuite. Those postings have ranged from pictures taken at rooftop meetings to employees complimenting other employees for their hard work to links to media reports about the company as a great place to work.[34]

The two main ways that an organization's culture affects managers are (1) its effect on what employees do and how they behave, and (2) its effect on what managers do.

> ⊙ **Watch It 2!**
> If your professor has assigned this, go to the Assignments section of **mymanagementlab.com** to complete the video exercise titled *CH2M Hill: Organizational Culture*.
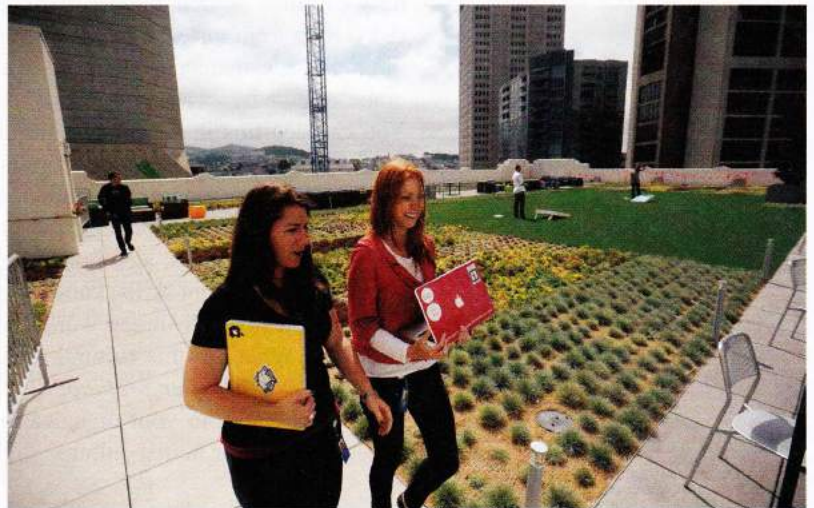
How Does Culture Affect What Employees Do?

> **"I think of culture as guardrails**...what you stand for, essentially the ground rules so that people know how to operate."[35]

An organization's culture has an effect on what employees do, depending on how strong, or weak, the culture is. **Strong cultures**—those in which the key values are deeply held and widely shared—have a greater influence on employees than do weaker cultures. The more employees accept the organization's key values and the greater their commitment to those values, the stronger the culture is. Most organizations have moderate to strong cultures; that is, there is relatively high agreement on what's important, what defines "good" employee behavior, what it takes to get ahead, and so forth. The stronger a culture becomes, the more it affects what employees do and the way managers plan, organize, lead, and control.[36]

Also, in organizations with a strong culture, that culture can substitute for the rules and regulations that formally guide employees. In essence, strong cultures can create predictability, orderliness, and consistency without the need for written documentation. Therefore, the stronger an organization's culture, the less managers need to be concerned with developing formal rules and regulations. Instead, those guides will be internalized in employees when they accept the organization's culture. If, on the other hand, an organization's culture is weak—if no dominant shared values are present—its effect on employee behavior is less clear.

Twitter employees give their company high marks for a strong culture of collaboration, learning, and open communication that allows them to share ideas and information in solving difficult problems. Employees value a work environment, including a rooftop garden at Twitter headquarters in San Francisco, where they can easily connect and work closely with colleagues.

Noah Berger/Reuters
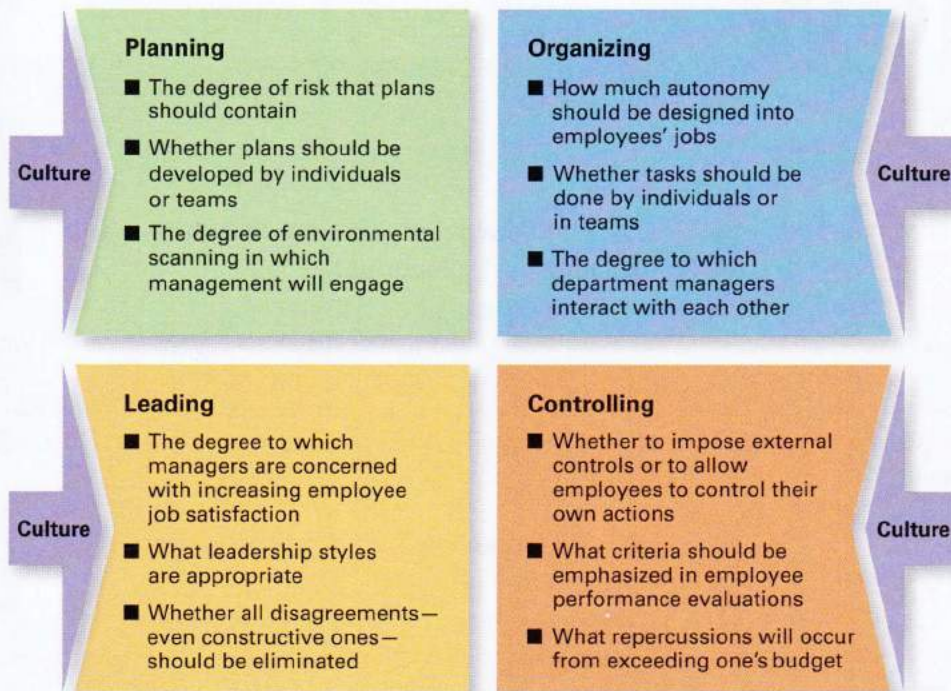
How Does Culture Affect What Managers Do?

Say What? Ten percent of executives say they *have not* identified or communicated an organizational culture.[37]

Houston-based Apache Corp. has become one of the best performers in the independent oil drilling business because it has fashioned a culture that values risk taking and quick decision making. Potential hires are judged on how much initiative they've shown in getting projects done at other companies. And company employees are handsomely rewarded if they meet profit and production goals.[38] Because an organization's culture constrains what they can and cannot do and how they manage, it's particularly relevant to managers. Such constraints are rarely explicit. They're not written down. It's unlikely they'll even be spoken. But they're there, and all managers quickly learn *what to do* and *not do* in their organization. For instance, you won't find the following values written down, but each comes from a real organization:

- Look busy even if you're not.
- If you take risks and fail around here, you'll pay dearly for it.
- Before you make a decision, run it by your boss so that he or she is never surprised.
- We make our product only as good as the competition forces us to.
- What made us successful in the past will make us successful in the future.
- If you want to get to the top here, you have to be a team player.

The link between values such as these and managerial behavior is fairly straightforward. Take, for example, a so-called "ready-aim-fire" culture. In such an organization, managers will study and analyze proposed projects endlessly before committing to them. However, in a "ready-fire-aim" culture, managers take action and then analyze what has been done. Or, say an organization's culture supports the belief that profits can be increased by cost cutting and that the company's best interests are served by achieving slow but steady increases in quarterly earnings. In that culture, managers are unlikely to pursue programs that are innovative, risky, long term, or expansionary. In an organization whose culture conveys a basic distrust of employees, managers are more likely to use an authoritarian leadership style than a democratic one. Why? The culture establishes for managers appropriate and expected behavior. You can see this in action at Winegardner & Hammons, a hotel management firm, where company leaders have built a "Winning Workplace Culture" with four characteristics: a positive work environment in which managers are encouraged to make employees feel cared for and valued; an employee selection process that encourages managers to focus on selecting the "right" employees; an employee engagement program that's based on training managers so they have the right skills, knowledge, and experience to nurture an engaging work environment; and a strengths-based workplace in which managers continually reinforce employees' strengths. What has this cultural focus led to? *Thirty-four percent lower employee turnover* and *11 percent higher profitability*.[39] That's the kind of outcomes that can be achieved *if* you pay attention to your organizational culture and *if* managers recognize appropriate and expected behavior in that culture.

Exhibit 2–5 Managerial Decisions Affected by Culture

Planning

■ The degree of risk that plans should contain

■ Whether plans should be developed by individuals or teams

■ The degree of environmental scanning in which management will engage

Culture

Organizing

■ How much autonomy should be designed into employees' jobs

■ Whether tasks should be done by individuals or in teams

■ The degree to which department managers interact with each other

Culture

Leading

■ The degree to which managers are concerned with increasing employee job satisfaction

■ What leadership styles are appropriate

■ Whether all disagreements— even constructive ones— should be eliminated

Culture

Controlling

■ Whether to impose external controls or to allow employees to control their own actions

■ What criteria should be emphasized in employee performance evaluations

■ What repercussions will occur from exceeding one's budget

Culture

Source: Robbins, Stephen P., Coulter, Mary, *Management*, 13th Ed., © 2016, p. 86. Reprinted and electronically reproduced by permission of Pearson Education, Inc., New York, NY.

As shown in Exhibit 2–5, a manager's decisions are influenced by the culture in which he or she operates. An organization's culture, especially a strong one, influences and constrains the way managers plan, organize, lead, and control.

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