

UNDERSTANDING ORGANISATIONAL CULTURE.

Checklist 232

» INTRODUCTION

The culture of an organisation is its personality and character. Organisational culture is made up of shared values, beliefs and assumptions about how people should behave and interact, how decisions should be made and how work activities should be carried out. Key factors in an organisation's culture include its history and environment as well as the people who lead and work for it.

An understanding of organisational culture is essential for effective leadership. Leaders and managers will be better placed to implement strategy and achieve their goals if they understand the culture of their organisation. Strategies that are inconsistent with organisational culture are likely to meet with resistance and will be more difficult or even impossible to implement, while strategies that are in line with it will be easier to put into effect and more likely to succeed. It is also important to understand the existing culture of an organisation when thinking of introducing changes.

It is often difficult to specify what exactly drives a particular culture, but easier to observe its effects – for example, the culture of an informal small software company may be quite different from that of a large financial corporation and different again from that of a hospital or a university. It can take years for new joiners to fully understand and absorb the culture, or this may happen relatively rapidly – the extent to which the organisation has a successful 'on-boarding' approach will be important here. However, in certain circumstances, an influx of new employees, especially at senior levels, can modify the existing culture. In practice it should also be recognised that while an organisation may have an 'umbrella' culture – broadly defining how things should be done and what is acceptable – subsidiary cultures can emerge based on work roles or other allegiances. Inevitably culture is experienced and interpreted subjectively by individuals in the context of their own beliefs, and also their perspective on the organisation - some facets may have more relevance for some people than others depending on their roles.

To gain an understanding of the culture of an organisation, its written and unwritten rules should be examined alongside the relationships, values and behaviours displayed by its people. This checklist begins by outlining some well-known approaches proposed by management theorists to classify organisational cultures. These suggest the dimensions you should look at when assessing expressions of culture in a particular organisation. Secondly, key steps to follow and questions to ask to help you gain this understanding are presented.

» DEFINITION

Organisational culture is the way that things are done in an organisation, the unwritten rules that influence individual and group behaviour and attitudes. Factors which can influence organisational culture include: the organisation's structure, the system and processes by which work is carried out, the behaviour and attitudes of employees, the organisation's values and traditions, and the management and leadership styles adopted.

Approaches to understanding organisational culture

A number of management thinkers have studied organisational culture and attempted to classify different types of culture. The following approaches may be helpful in assessing and understanding the culture of an organisation, but also illustrate its inherent complexity. Observers should recognise that an organisation's culture can be viewed from multiple angles, and that its characteristics can be reflected in a number of overlapping dimensions.

Edgar Schein believed that culture is the most difficult organisational attribute to change and that it can outlast products, services, founders and leaders. Schein's model looks at culture from the standpoint of the observer and describes organisational culture at three levels:

- › **Artefacts** - organisational attributes that can be seen, felt and heard by the uninitiated observer, including the facilities, offices, décor, furnishings, dress, and how people visibly interact with others and with organisational outsiders
- › **Espoused values** - the professed culture of an organisation's members. Company slogans, mission statements and other operational creeds are useful examples
- › **Basic underlying assumptions** - which are unseen and not consciously identified in everyday interactions between organisational members. Even people with the experience to understand this deepest level of organisational culture can become accustomed to its attributes, reinforcing the invisibility of its existence.

Geert Hofstede is well-known for his work exploring the national and regional cultural influences which affect the behaviour of organisations (see Related Models and Thinkers). He also collaborated with Bob Waisfisz to develop an Organisational Culture Model, based on empirical research and featuring six dimensions. These are:

- › **Means oriented vs goal oriented** - the extent to which goals (the 'what') or the means (the 'how') of conducting work tasks are prioritized. This may affect attitudes to taking risks or contributing discretionary effort
- › **Internally driven vs externally driven** - externally driven cultures will be more pragmatic, focusing primarily on meeting the customer's requirements, while internally driven cultures may exhibit stronger values
- › **Easygoing vs strict** - stricter cultures run on a high level of discipline and control, while easygoing cultures tend towards more improvisation
- › **Local vs professional** - the extent to which people identify with their immediate colleagues and conform to the norms of this environment, or associate themselves with a wider group of people and practices based on their role
- › **Open system vs closed system** – the extent to which newcomers are accepted and the differences they bring are welcomed
- › **Employee-oriented vs work-oriented** – the extent to which the employee's well-being is prioritised at the expense of the task, or vice versa.

Charles Handy links organisational structure to organisational culture. Handy describes:

- › **Power Culture** - power is concentrated among a few with control and communications emanating from the centre. Power cultures have few rules and little bureaucracy; decision making can be swift
- › **Role Culture** - authority is clearly delegated within a highly defined structure. Such organisations typically form hierarchical bureaucracies where power derives from a person's position and little opportunity exists for expert power
- › **Task Culture** - teams are formed to solve particular problems with power deriving from expertise
- › **Person Culture** - here, all individuals believe themselves superior to the organisation. As the concept of an organisation suggests that a group of like-minded individuals pursues common organisational goals, survival can become difficult for this type of organisation. However, looser networks or contractual relationships may thrive with this culture.

Gerry Johnson and Kevan Scholes developed the Cultural Web in 1992. It is a representation of the taken-for-granted assumptions of an organisation which helps management to focus on the key factors of culture and their impact on strategic issues. This can identify blockages to and facilitators of change in order to improve performance and competitive advantage.

The Cultural Web contains six inter-related elements:

- › **Stories** - the past and present events and people talked about inside and outside the company
- › **Rituals and routines** - the daily behaviour and actions of people that signal acceptable behaviour
- › **Symbols** - the visual representations of the company including logos, office decor and formal or informal dress codes
- › **Organisational structure** - includes structures defined by the organisation chart, and the unwritten lines of power and influence that indicate whose contributions are most valued
- › **Control systems** - the ways that the organisation is controlled including financial systems, quality systems, and rewards
- › **Power structures** - Power in the company may lie, for example, with one or two executives, with a group of executives or a department, or it may be more evenly distributed in a 'flat' organisational structure. These people have the greatest amount of influence on decisions, operations, and strategic direction.

» ACTION CHECKLIST

A broad initial impression of an organisation's culture can be gained by:

1. Reading:

- › the organisation's vision, mission and value statements, as well as documents setting out the its strategy and objectives
- › publications, reports and newsletters. Reflect on what is mentioned, emphasised or omitted and how the organisation presents itself
- › the organisation's website and intranet, including its presence, (or lack of presence) on social media platforms.

2. Reviewing the organisation's context and environment

- › How might the organisation's sector (public/ private/ not-for-profit) affect its culture?
- › Does the industry have particular characteristics which could affect the way that people think and behave?
- › What does the organisation's formal structure look like?
- › What does the whole 'system' look like - what kinds of processes are in place for getting things done?

3. Talking to people who work for the organisation

- › What are their impressions of the organisation and which words would they use to describe it (e.g. professional, experienced, friendly, stable, secure)?
- › What kinds of behaviours are expected of employees, and which are actually exhibited?
- › Are the messages they get about culture consistent across all levels and units within the organization?
- › Are vision, mission and objectives shared and owned by every employee, or only by members of dominant groups?
- › To what extent is information on financial performance shared with employees?
- › What is their view of senior management?
- › Are they happy working for the organisation, or what exactly might prompt them to leave.

4. Making physical observations

- › Do the furnishings and décor make a particular statement?
- › How formal or informal are the offices and working environment?
- › Do people dress for work - formally or informally?
- › Do people dress differently depending on their position within the organisation?
- › How do people dress for special appointments and meetings?

5. Assessing communication styles

- › How do employees usually communicate with one another (face-to-face, phone, email)?
- › How do people at different levels in the organization address one another?

- › Are new ideas communicated only from the top down, or do they also filter up from the bottom?
- › How much communication takes place through informal as opposed to formal channels?
- › How are organisational decisions communicated to employees?
- › Is performance feedback given regularly?
- › How accessible or approachable are senior managers and directors?
- › Do employees feel free to express controversial views openly?

6. Looking at the nature of decision making and the impact on stakeholders

- › What processes are in place for decision making at strategic and operational levels?
- › How are decisions actually made? To what extent are employees consulted or involved in decision making? To what extent are managers empowered to take decisions in their own areas responsibility?
- › How are HR policies such as reward and recognition formulated and put into practice?
- › What level of priority and attention is given to customer service and how are customer queries and complaints handled?
- › How is the balance between customer and business benefits handled when designing products?
- › How effectively are statutory regulations being applied?

7. Considering timekeeping

- › To what extent is flexible working accepted and supported?
- › What time do people come to work and do they arrive punctually?
- › Are coffee or tea breaks taken? Do they become extended breaks?
- › Do people work their set hours only or do they stay late?
- › Are employees under pressure to work long hours?

8. Analysing groups and networks

- › Do people appear to prefer working in groups or individually?
- › Is team work actively promoted?
- › Do people gather together at lunch?
- › Do people socialise at work and/or outside the workplace?
- › Do sub-networks with their own cultures exist within departments or within professional groups?
- › Are people encouraged to work outside of their department or silos?
- › Are there any cross-functional projects or teams?
- › What happens when mistakes are made? Do employees fear blame and recriminations from managers or other team members if they make mistakes or are these regarded as opportunities for learning and development?

9. Looking at how meetings are conducted

- › How much time do managers spend in meetings?
- › Are meetings handled in a quick and efficient or are they lengthy and bureaucratic?
- › Who speaks at meetings? Does everyone participate?
- › Are people encouraged to share ideas?
- › What do people say if they arrive late for a meeting?

10. Consider organisational boundaries

- › What types of positions do women and members of minority groups hold in the organisation?
- › Is saving face important to people?
- › Is there a sense of stability, or a feeling of insecurity arising from constant, unexpected changes?
- › Is there a shared language of jargon and acronyms?
- › What induction processes are in place for new employees?



POTENTIAL PITFALLS

Managers should avoid:

- › assuming that an organisation's culture can be fully understood through superficial observation

- › believing that the values expressed, for example, in mission statements necessarily reflect the values actually practised by the organisation.



ADDITIONAL RESOURCES

BOOKS

Changing organizational culture, Mats Alvesson

London: Routledge, 2015

This title is also available as an [ebook](#)

Above the line: how to create a company culture that engages employees, delights customers and delivers results, Michael Henderson

Milton, Australia: Wiley, 2014

Organizational behaviour, 2nd ed, Ray French, and others

Chichester: John Wiley, 2011

See particularly Chapter 7.

Gods of management, Charles Handy,

London: Souvenir Press, 2011

This title is also available as an [ebook](#)

Organizational culture and leadership, 4th ed, Edgar H Schein

San Francisco Calif: Jossey Bass, 2010

This title is also available as an [ebook](#)

Organisation culture: getting it right, Naomi Stanford,

London: Economist, 2010

Organizational behaviour and management, 4th ed, John Martin and Martin Fellenz,

Andover: Cengage Learning EMEA, 2010

See Chapter 14.

Understanding organizations, 4th ed, Charles Handy

Harmondsworth: Penguin Books, 1993

This is a selection of books available for loan to members from CMI's library. More information at:

www.managers.org.uk/library

JOURNAL ARTICLES

Culture change, Cliff Moyce

Management Services, Spring vol 59 no 1 2015, pp28-30

Demystifying culture, Jane Sparrow

Training Journal, March 2014, pp 23-26

Physician, heal thyself? Ian McDowell

Training Journal, April 2013, pp 27-30

The way we do things around here, Sarah Nicholas

Director, March 2011, pp 56-59

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RELATED THINKERS

- 10 Charles Handy: understanding the changing organisation
- 03 Geert Hofstede: cultural diversity
- 45 Edgar Schein: careers culture and organisational learning

RELATED MODELS

Handy's four types of organisation culture
Hofstede's cultural dimensions
Johnson and Scholes' cultural web

INTERNET RESOURCES

The Hofstede Centre Organisational Culture Model
<http://geert-hofstede.com/organisational-culture.html>



NATIONAL OCCUPATIONAL STANDARDS FOR MANAGEMENT & LEADERSHIP

This checklist has relevance for the following standard:
Unit BA8 Develop your organisation's values and culture



MORE INFORMATION

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Revised November 2015