

Week 3 Reading List

1. Open and Closed Systems

http://ezproxy.umuc.edu/login?url=http://go.galegroup.com/ps/retrieve.do?sort=RELEVANCE&inPS=true&prodId=GVRL&userGroupName=umd_umuc&tabID=T003&searchId=R3&resultListType=RESULT_LIST&contentSegment=&searchType=BasicSearchForm&atPosition=11&contentSet=GALE%7CCX3273100204&&docId=GALE|CX3273100204&docType=GALE

2. Environmental Uncertainty

http://asq.org/pub/qmj/past/vol10_issue4/jabnoun.html

3. Understanding Organizational Culture

https://saylordotorg.github.io/text_principles-of-management-v1.1/s12-02-understanding-organizational-c.html

4. Creating and Maintaining Organizational Culture

https://saylordotorg.github.io/text_principles-of-management-v1.1/s12-04-creating-and-maintaining-organ.html



In this module you will learn:

- You will understand what is meant by organizational culture and its impact on organizational success, design and strategy.
- You will explore ways to change organizational cultures that no longer serve the mission and vision of the organization.

Module 3

The Organization's Culture and Its Environment

What Is Culture?

There are many definitions of organizational culture yet all pointing to the idea that culture represents a shared understanding of "How we do things around here." It is comprised of written and unwritten, norms, beliefs, values, attitudes, and feelings that are expressed in the stories, rituals, ceremonies, behaviors, and the workplace's physical setting.

Culture has two levels: the seen and the unseen. At the visible level we can observe how people dress, the size of their offices, how they interact with each other, and the annual ceremonies and rituals that occur. Each of these visible signs of culture rests on an invisible set of values and beliefs about how the organization sees the world and how it thinks it should respond to it.

A company's culture is like an individual's personality. It shapes behavior—but at the organizational or work unit level. And like personality, it is very difficult to change or alter. Cultures determine how organizations respond to their environment. Some cultures are more rigid and inflexible than others. Strong cultures have set ways and patterns of responding to the world which is both a blessing and a bane. In these types of cultures people have tasted the "Kool-Aid" and they like it. While strong cultures pass on a sense of identity to its members, they can

Inhibit organizations from making necessary changes when the old way no longer works.

Where Does Culture Originate?

Organizational culture originates with the founder and reflects his or her personal ideals, values, and beliefs. If these ideas and values lead to success, then they become the "way of how things are done around here." Eventually, these ways become accepted as the "right" way of responding to the environment and become the basis for the organization's culture.

What Purpose Does It Serve?

Culture provides people with a sense of identity, guides their behavior, determines the way they communicate and interact with each other, and influences the way they respond to problems and challenges in the environment and helps them learn what is acceptable and what is not.

Culture impacts organizational structure. The way an organization is designed reflects the values of the culture. For example, organizations that value responsiveness, flexibility, autonomy, and adaptation will likely embrace horizontal, organic, and team-based structures.

How power is distributed and used in organizations reflect the values of the culture. For example, is power and authority position-based or is it based upon expertise and character? Culture impacts control and reward systems in organizations. Look at what people are rewarded for, and you will see the underlying values that are reflected in the reward systems.

Different Strokes for Different Folks

There are as many variations on culture as there are different types of organizations, but there are four recognizable types that we will focus on below.

Bureaucratic Culture:

This culture is characterized by the following attributes:

- Focuses on stability and consistency;
- Emphasizes formal rules, procedures, and policies;
- Relies on hierarchy for control;
- Relies on tradition ways of doing things to respond to the environment;

- Relies on written procedures and strict lines of authority;
- Reaching agreement with an emphasis on authority or positional leadership. Coordination and integration are primary, with the use of tools, such as policies, plans, directives, charts and graphics/PowerPoints, to provide information support.

Adaptable Culture (highly flexible, with external awareness) is an organizational culture that pays particular attention to the external setting and is quickly responsive to changing customer interests and needs. A major aspect of this cultural category is a sense of entrepreneurship for detecting, interpreting, and translating customer or potential market signals into plans and strategies. This is the likely culture of many small businesses and entrepreneurships. Employees are rewarded for innovation, creativity, and taking risks. Tech companies like Google, Apple, and Facebook hold adaptive work cultures.

Characteristics:

- Intention to create new products and services;
- The culture can be insufficient for attention to standardization and quality of product/service;
- Customer focused;
- Continuous learning around innovation and problem solving.

Clan Culture (more flexible, more internal in communication) is an organizational culture that has active involvement of staff to interpret customer or client needs. Because staff input is both attentive to customers and dominates major change strategies, the cultural environment often feels like a family. This category differs from a bureaucratic culture in flexibility, but like a bureaucracy may hold important goals and values—often termed vision, which dominates the strategy. Although clan culture is more often linked to smaller nonprofits, larger businesses can hold a clan orientation. Wegmans is an example—so also are Whole Foods, Nordstrom, and perhaps Hewlett Packard.

Characteristics:

- Focus on empowering workers to solve problems easily, quickly;
- Emphasis on teams and team work;
- Attention to developing capability of workers within the organization. There can be an "in-group" or belonging aspect. The dynamic of "in-group" can be both an asset and a challenge to the clan culture, especially for the smaller nonprofit. Strong relationships may make it more difficult to stay open to external trends critical to survival.

Mission-Oriented Culture (more stable, but with an external focus) centers on customers and their markets needs and interests, but provides equal attention to internal resources/products offered in order to compete successfully. Most corporations, larger law firms, and professional services consulting groups hold a mission culture. Examples include Northrop-Grumman, Boeing, and PriceWaterhouseCoopers.

Characteristics:

- Focus on vision to brand the mission externally, while internally using it to build staff commitment;
- Attention to the strategic goals and objectives. There can be strategic questions raised about too much focus on achievement (profit) in this culture without appropriate corporate social responsibility;
- Leadership provides strategic direction

(Daft, 2013)

Everyday Signals of Organizational Culture

Because the business culture is like the air around you, it is hard to determine its influence when you are in the middle of it. But there are markers which provide sign-posts of organizational culture influencing, supporting or impacting how people work. The larger cultural signals occur through communication and other interactions. A work culture will have its particular messages, phrases, terms, or frequently used "pet" words, or short-hand -- sometimes referred to as "jargon."

Communications and non-verbal interactions will suggest important but little discussed factors including:

- Use of power or influence (sometimes referred to as authority or responsibility);
- Status and appropriate interaction across levels (i.e. use of higher or lower power distance);
- Rewards and punishments (formal such as promotions or disciplinary; and less formal like inclusion, or not);
- Appropriate or accepted methods for explaining the unexpected, not predicted.

More visible artifacts of a company culture can be tracked easily by listening and observing. Some of the signposts are:

- Who is regarded as a hero or villain and why (this recognition suggests important operating values);
- Sharing of anecdotes or examples emphasizing wins or losses (point to achievement interests);
- Symbols given or awarded to staff and how those rewards are communicated indicate levels of relationship.

Common prestige symbols include the corner office, designated parking space, location on an upper level floor, business-class flight tickets, a corporate country club or golf club membership;

- Exertion of influence or power in communication—sometimes described as "office politics." But examining the use of power for whether it is formal/legitimate or more of the informal "mover and shaker" variety is important and complex. The repeated use of formal policies and procedures points to a company culture oriented towards stability and structure (bureaucratic or mission). The use of more informal information, but information vetted through trusted colleagues, is often a clan type of culture, while informal information, a sense of being open to influence from the environment and whoever claims and explains the trend, is usually an adaptive culture.

Edgar Schein's extensive research suggests ways in which this invisible force, i.e., culture, can be identified:

- What leaders pay attention to, measure, and control on a regular basis;
- How leaders react to critical incidents, important problems to solve, or an organizational crisis;
- Observed criteria by which leaders allocate scarce resources (observations of setting priorities, and reasons suggested informally when workers review priorities);
- Deliberate coaching, training, role modeling (mentoring) activities, or lack of those professional learning activities;
- Observed criteria by which leaders allocate rewards and status (observations of who and what is rewarded; who is recognized/has status, and for what actions);
- Observed criteria by which leaders recruit, select, promote, retire and exclude workers (examination of the reasons suggested informally for who gets selected as well as why people are excluded in plans and decision-making).

Culture Change

As mentioned earlier, organizational culture is analogous to human personality. And like personality, it is very difficult to change or alter. Some cultures are more rigid and inflexible than others. Strong cultures have set ways and patterns of responding to the world, which is both a blessing and a bane. In these types of cultures, people have tasted the "Kool-Aid" and they like it. While strong cultures pass on a sense of identity to its members, they can inhibit organizations from making necessary changes when the old way no longer works.

While not impossible, cultures can change over time. Attitudes, values, and beliefs tend to solidify over time and

often become "the way." When that happens "the way" becomes sanctified, and deviations from it are considered like doctrinal heresy. So how do we change culture? If we follow the Change Model established by John Kotter we may begin to see the path toward change.

First, we must create a compelling reason why the organization's culture must change. If the reason is not compelling enough, then inertia will take hold. Second, we must communicate the compelling reason and provide a vision for a future that is different and better than the current state.

Third, we must build a guiding coalition made up of a broad cross-section of the organization to herald the change and build support for it. They must also design a detailed plan for moving the organization from its current state to its ideal future state. The guiding coalition is responsible for developing and implementing the change plan and to celebrate small victories along the way. The new way must be institutionalized through training, reward, and performance management systems that align with the new values of the organization.