

# 14. ORGANISATIONAL CULTURE

## Introduction

- What is organisational culture?
- Strong and weak organisational cultures
- Professional and production cultures
- Two levels of organisational culture
- Organisational rites
- Corporate culture

# WHAT IS ORGANISATIONAL CULTURE?

## Coverage

- Long standing, often unwritten, rules and regulations
- Special language for effective communication
- Relevant shared standards on critical work aspects
- Matter-of-fact prejudices
- Social etiquette and demeanor standards
- Established customs on how to relate to peers, subordinates and superiors

# STRONG AND WEAK ORGANISATIONAL CULTURES

- Strong cultures – possess cohesive sets of values and norms that bind organisational members
  - Foster employee commitment to achieve organisational goalsAccording to some experts, strong cultures generate high performance
  - source for competitive advantage
- Sets of values shared by successful organisations
  - Bias for action
  - Hands-on value-driven approach
  - Stick to the knitting
  - Emphasise customer-oriented values
  - Commitment to invest in human resources
- Weak cultures – little guidance given to employees about how they should behave
  - Organisational behaviour is coordinated through the formal organisational structure

# PROFESSIONAL AND PRODUCTION CULTURES

- Professional culture – foster desire to increase value of human resources for long-term effectiveness
  - stress long-term employment, develop career paths, invest heavily in training and development, encourage supportive work attitude development
  - give employee stock ownership plans
- Production culture – employment practices based on short-term
  - Minimum investment in employees who perform simple, routine tasks
  - Values of noncooperation, laziness and loafing, and work norms of output restriction is common

# TWO LEVELS OF ORGANISATIONAL CULTURE

<b>Observable Culture</b>		<u>Stories</u> - Tales about events conveying core values		
		?		
<u>Rites and Rituals</u> - Celebration of heroes and events showing core values	?	<u>Core Culture</u> <u>Values</u> - Beliefs about the right ways to behave	□	<u>Heroes</u> - People (past and present) who show core values
		?		
		<u>Symbols</u> - Language and other symbols conveying core values		

# ORGANISATIONAL RITES (George & Jones)

<u>Type of Rite</u>	<u>Example of Rite</u>	<u>Purpose of Rite</u>
Rites of passage	Induction and basic training	Learn and internalise norms and values
Rites of integration	Annual office party	Build common norms and values
Rites of enhancement	Presentation of annual award	Motivate commitment to norms and values
Rites of degradation	Dismissal of top executive	Change or reaffirm norms and values

# CORPORATE CULTURE

Terminal value – A desired goal that an organisation *seeks* to achieve

- Excellence
- Stability
- Predictability
- Profitability
- Innovation
- Economy
- Morality
- Quality

Instrumental value – A desired mode of behaviour that an organisation *wants* its members to observe

- Working hard
- Respect traditions and authority
- Being conservative and cautious
- Being frugal
- Being creative and courageous
- Being honest
- Taking risks
- Maintaining high standards

# REVIEW

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# *Continuation*

- Entrepreneurial culture
  - Terminal value – excellence through innovation
  - Instrumental values – working hard, being creative, taking risks
- Conservative culture
  - Terminal value – desire stability and predictability
  - Instrumental values – emphasise caution, stress obedience to authority

## Sources of terminal and instrumental values

- Role of founder – substantial influence on organisational culture
  - establish organisation values
  - select employees with similar values and interests
- Development of ethical values – some organisation cultural values to control the way employees behave
  - stress treatment of people with respect, in a fair manner, and in a way that promotes their well-being