

cadence

occasional paper

Corporate Culture

What is culture?

Culture has been described as 'the way we do things around here'. It is largely unconscious. Some aspects may be highly visible, others quite covert. Because it is so intangible, culture resists accurate, unambiguous description or the codification of implicit rules and norms.

Edgar Schein has included in his descriptions of culture: 'a pattern of basic assumptions' and 'the accumulation of prior learning based on prior success'. In a way, an organisation does not HAVE a culture; it IS a culture.

It may be strongly felt by individual members or it may be weak in its influence. Different groups within an organisation may exhibit divergent sub-cultures. The effect of a culture though is to consciously or unconsciously influence the behaviours and attitudes of group members towards certain norms at the heart of a shared identity.

Because culture motivates towards conformity, it is naturally a force for perpetuation and stability rather than for encouraging strategic change. Therein lies both culture's greatest strength and its weakness.

How does an organisation's culture form?

The creation of a culture may not be result of an overt, calculated management process. It may be a series of coincidences or an accidental pattern of leadership behaviour and managerial decisions. On the other hand, it may be quite deliberate.

Culture gets embedded via such things as:

- What the leaders pay attention to, measure and control
- How leaders react to critical, emotion-laden events and crises
- History of dealing with success, failure, advantage and disadvantage
- Tolerance and treatment of heroes, dissenters, and villains. Definition of who fits which category
- Deliberate role modelling
- Criteria for rewards and status
- Criteria for allocation of resources (money, time, people etc)
- Criteria for recruitment, promotion
- Organisational structure, systems and procedures
- Design of physical space, buildings etc
- Stories, legends, myths and symbols
- Formal charters and statements of philosophy

Collins and Porras tracked the features of organisations that experienced long-term success and one of the key features that they exhibited was 'cult-like cultures'. The cultures were all strong, led to recognisable behaviours and mindsets and employees either fit in or were quickly spat out.

Characteristics of the cult-like cultures included:

- A fervently held ideology
- Comprehensive indoctrination processes at induction (and often repeated at intervals)
- Tightness of fit of norms (buy in or get out)

cadence

occasional paper

- A sense of elitism (the organisation members saw themselves and their organisation as something special)

The pluses and minuses of a strong culture

It is easy to see the value that a strongly reinforcing culture can bring to an organisation to help it to achieve its aims. It can focus effort, self-police standards and harness energy and motivation in thousands of little ways.

According to Barney and others, strategic advantage comes from resources which are valuable, rare, inimitable and not easily substituted. In this sense, culture may provide the most powerful strategic source of advantage, provided it is a 'helpful' culture.

But what if the culture is 'sick' or unhelpful for an organisation's situation?

Porter once wrote a paper suggesting that the strength and uniformity of the culture in Japanese firms aided them in achieving the disciplines necessary for operational excellence (their key to 1980's prowess). But this same culture, in his view, diminished the ability of Japanese firm from being truly strategic. Porter felt that the cultural emphasis on consensus made it harder for these firms to make hard choices and more likely to end up in muddy compromises than in definite, distinct strategic positions.

So, what may be regarded as a strength in one set of circumstances, may constitute a weakness if the circumstances change. A 'cautious' culture may be very helpful in times when avoiding mistakes is crucial; it becomes a liability of 'risk aversion' if innovation becomes the need.

Unfortunately, cultures evolve very slowly (5-20 years is commonly quoted as the realistic timescale for major cultural change).

Can the process of cultural change be accelerated?

The fastest way to change a culture is to change the people. But this may not always be practical or ethical and the loss of experience may create bigger problems than you started with.

But there are examples where companies have set up a new subsidiary or a new site to enable a different culture to form for a specific project. And changing the people at senior management level does have a speeding up effect of culture change.

The other, less drastic, levers of culture change include:

- Orientation and on-going training
- Socialisation in workplace
- Rigorous up-through-the-ranks policies to recognise 'right' behaviours
- Exposure to hero figures and role models
- Unique language and terminology
- Corporate rituals
- Tight screening processes to ensure fit of hires
- Incentives and rewards consistent with culture
- Tailoring of all Human Resource policies (eg recruitment, training, promotion, performance management, remuneration, etc) to reinforce key behavioural messages
- Celebration of success and tolerance of failure which does not breach core ideology
- Constant communication
- Physical settings which are supportive

cadence

occasional paper

If an organisation is aiming to deliberately foster a particular type of culture, then a coordinated approach is needed to re-designing all these levers to ensure that they reinforce the same message.

The big lesson is that culture change does not come about just by executive speech making, it requires an integrated approach to people strategies, companywide.

Cadence Consulting Limited

P O Box 22 191, Wellington

Phone: 0800 222 353

www.cadence.co.nz