

## **CHAPTER III**

### **CORPORATE CULTURE**

#### **3.1 INTRODUCTION**

In this chapter the culture concept is explained and some definitions of culture are offered. Levels of culture, some definitions of culture, types of culture, the formation, evolution, manifestation, and the role of corporate culture are discussed. The impact of corporate culture on organizational effectiveness and success are examined and the concept of culture management is explained. The steps in culture change, viz. alignment of strategy and culture, the actual and desired cultures, analysis of the artefacts, beliefs, values, and basic assumptions, analysis of organizational climate, analysis of management and leadership style, and the development of shared values are discussed. The resistance to culture change as well as the role of Human Resources (HR) in culture change are discussed.

#### **3.2 THE CULTURE CONCEPT**

Theron (1992:18-19) believes that “culture is a broad social phenomenon, which is evolutionary in nature and develops in response to circumstances in a particular society. It effects broader dimensions of social life, like organizations and social movements and ensures stability and continuity of a given society. Culture gives meaning to life and serves as a guide to individuals and groups” (Theron, 1992:18-19). Harris and Moran (1979:10) view culture as a problem-solving social phenomenon, which helps individuals and groups to deal with problems and cope with stress in a particular environment.

#### **3.3 DEFINITIONS OF CULTURE**

Various definitions are offered on the concept of culture. Malinowski (1944:1) sees culture as “that integral whole consisting of implements and consumer goods, of constitutional charters, of human ideas and crafts, beliefs and customs, a vast apparatus, partly material and partly spiritual, by which man is able to cope with concrete problems that face him”. Killmann, Saxton, Serpa and Associates (1985:5) view culture as “the shared philosophies, ideologies, values, assumptions, beliefs, expectations, attitudes and norms that knit a community together”. According to Theron (1992:20) “cultural groups utilize these interrelated psychological qualities to reach agreement on decision-making and problem-solving according to how they are accustomed to the way things are done”.

Hofstede (1980a:14) describes culture as “mental programming of the mind which distinguishes the members of one human group from another”. Hofstede (op. cit.) describes these mental programmes as intangible constructs which are stable and do not change over time. Theron (1992:21) argues that the stable quality of mental programmes which determine behaviour implies that the same person normally shows the same behaviour in similar situations. According to Hofstede (1980a:14), these mental programmes are partly unique and partly shared by others. He distinguishes three broad dimensions on the level of uniqueness in mental programmes, viz. the universal, the collective and the individual. The universal dimension is the most basic and shared mental programme in all people. An example of the universal dimension is the “biological operating system” of the human body. The collective dimension of mental programming is the area of subjective human culture, shared by people belonging to a specific group or category, which includes the group’s perception of general human activities (Hofstede, 1980a:15). The individual dimension of mental programming implies the impact of individual personality that differs from person to person. The individual dimension of mental programming is responsible for the rich variety of behaviours on the collective level (Hofstede, 1980a:16).

Culture is not only evident in individuals, but in groups of people such as ethnic groups, nations, or groupings of people in organizations. Members of a collective programme have usually been conditioned by the same learning and life experiences. The specific conditioning of members of a group and the difference evident in mental programmes of groups, explain the different perceptions of the same reality from group to group. These collective mental programmes that exist in the minds of members of a collective, are stable in nature and gives form to all institutions found in society (Hofstede, 1980b:43).

Krech, Crutchfield and Ballachey (1962:380) argue that behavioural patterns evident in a particular group or society and the beliefs, values, norms and premises that regulate behaviour, form the substance of a culture. Krech *et al.* (1962:346-349) distinguish two dimensions of culture, viz. explicit and implicit dimensions. The explicit dimension contains all the observable, verbal and non-verbal behavioural patterns of a group of people (Theron, 1992:22). The implicit dimension comprises the belief systems of a collective including cognition, needs, interpersonal response traits, attitudes, beliefs, values, norms, myths, legends, and superstitions (Krech *et al.*, 1962:49; Theron, 1992:28). The belief systems impact on, and influence behaviour of a member of the culture in a typical situation in that

culture (Krech *et al.*, 1962:351,380). A set of cultural arrangements is influenced by the physical environment, social interaction, and other culture groups (Theron, 1992:27).

### 3.4 LEVELS OF CULTURE

Schein (1990:8) distinguishes between structural levels of culture. Civilisations form the broadest structural level, followed by countries with ethnic commonality and then different ethnic groupings. The levels of occupation, professions and occupational community follows and the last structural level are organizations and subcultures within organizations (Schein, 1990:8). Besides these structural levels of culture, Schein (1985:13-14) identifies three levels of culture, viz. artefacts, referring to the visible, tangible, and audible behavioural patterns evident in the physical and social environment, basic beliefs and values of the organization, and the underlying conceptual categories and assumptions needed for thought processes, feelings, and behaviour.

Artefacts include the organization's written and spoken language and jargon, office utilization, technological output, structures within the organization, dress code and overt behaviour (Theron, 1992:35). Schein (1985:15) refers to values and beliefs as the sense of "what ought to be, as distinct from what is". This level of culture comprises ethos, philosophies, ideologies, ethical and moral codes, and attitudes (Ott, 1989:60), and reveals "how people communicate, explain, rationalise and justify what they say and do-and how they make sense of the first level of culture" (Sathe, 1985:10). Theron (1992:36) mentions that "level two elements of organizational culture often yield espoused values-what people will say rather than values in use which can be used to predict what people will do". Schein (1985:16) argues that many values remain conscious and are explicitly articulated as norms to guide members of a group on how to deal with key situations. Only validated values that are used continuously to solve the group's problems will be transformed into assumptions (Theron, 1992:36). According to Schein (1985:18) the true organizational culture resides in the basic underlying assumptions of people, which is the third level of culture. He defines basic assumptions as fundamental beliefs, values and perceptions that "have become so taken for granted that one finds little variation within a cultural unit. These basic assumptions tend to be non-confrontable and non-debatable". Basic assumptions include spirit, truths, transactional analytic concepts of organizational scripts guiding behaviour, perceptions, thoughts, and feelings (Schein, 1985:18; Ott, 1989:61). Deeply held assumptions in an organization often start off as values, but are validated as they stand the test of time, taken for granted and then take on the character of assumptions (Theron, 1992:38).

### 3.5 DEFINITIONS OF CORPORATE CULTURE

Hofstede and Bond (1988:6) define corporate culture as “the collective programming of the mind that distinguishes the members of one category of people from those of another”.

According to Flanigan and Finger (2000:305) and Harvey and Brown (1996:67) every organization has a unique culture, determined by the individual and group beliefs, values, attitudes and expectations, which interact with an organization's people, structure, and systems to produce behavioural norms (“the way things are done around here”).

According to Kaye (1998:13-15) everything that happens in an organization is driven by the organization's culture. It defines what the organization considers as being important and what it considers as being unimportant, how people celebrate successes, react to challenges, and deal with disappointments. If strategy defines where an organization wants to go, culture determines how - maybe whether - it gets there, because it controls how people make decisions and set priorities (Kaye, 1998:13-15; Case, 1996:42). Robbins (1998:595-596) adds to this view by referring to organizational culture as a system of shared meaning or a set of key characteristics that the organization values. The primary characteristics that capture the essence of an organization's culture include innovation and risk taking, an outcomes focus rather than techniques and processes, a people and team orientation, competitiveness, and a developmental focus.

Schein (1990:111) defines culture as “(a) a pattern of basic assumptions, (b) invented, discovered or developed by a given group, (c) as it learns to cope with its problems of external adaptation and internal integration, (d) that has worked well enough to be considered valid and therefore (e) is to be taught to new members as the (f) correct way to perceive, think and feel in relation to those problems”.

Theron (1992:33) defines organizational culture as “the social force that controls patterns of organizational behaviour by shaping members' cognition and perceptions of meanings and realities, providing effective energy for mobilization and identifying membership or non-membership”.

### 3.6 TYPES OF ORGANIZATIONAL CULTURE

According to Schein (1990:111) and Greenberg and Baron (2000:487) several subcultures, based upon occupational, professional, or functional divisions, usually exist within a single organization and it is important to keep the existence of these subcultures in mind when considering corporate culture and its effects. Three types of subcultures are distinguished by Martin and Siehl (1983:53), viz. enhancing, orthogonal and counter-cultural subcultures. An enhancing subculture always adheres to the core values of the dominant culture, while in an orthogonal subculture the people will adhere to the core values of the dominant culture, but also develop an unconflicting set of values peculiar to themselves. The core values of the counter-culture present opposition and a direct challenge to the dominant culture which leads to uneasy symbioses (Theron, 1992:42).

Handy (1987:188-196) distinguishes between four types of culture, viz. a power culture, a role culture, task culture, and a personal culture. Organizations with power cultures are proud, tough, competitive, and have the ability to move quickly and react to threats and danger. Power politics is a particular feature of large organizations where the diversity of people who think and behave differently, leads to tension, which can only be resolved through political means (Theron, 1992:43). Role cultures are often stereotyped as bureaucratic and are based on position power, not personal or expert power (Theron, 1992:43). According to Lessem (1989:292) role culture is based on the assumption that rational man is capable of organizing an organization in a logical way by means of a system of prescribed roles, sustained by rules and procedures. Handy (1987:196) views a task culture as a team culture being job or project orientated, where it derives its power and influence from expert power. Efficiency is enhanced by selection of individuals with the objectives of the organization. The unifying power of the team facilitates the formation and reformation of the project and other teams for specific purposes (Theron, 1992:43). Organizations with personal cultures are characterized by self-orientated individuals being given centre stage to do what they are good at, and the power base is usually expertise. Examples are social groups, families and small consultancy firms (Theron, 1992:45).

Deal and Kennedy (1982:107) distinguishes between four generic types of culture, viz. the tough guy-macho culture, the work hard and play hard culture, the bet-your-company culture, and the process culture. The tough guy-macho culture implies a high risk culture with rapid decision-making and feedback to individuals on their behaviour. This culture is also categorized with internal competition and requires a tough attitude (Theron, 1992:46). The

work hard and play hard culture is categorized by fun and a high level of relatively low risk activity where systems are designed to minimize risk. This culture values customers and their needs (Theron, 1992:46). The bet-your-company culture is categorized by high risk, big stake decisions and slow feedback from the environment. Deal and Kennedy (1982:116) describe this culture as “a duet of high risk and slow feedback”. It implies a huge risk for the future of the organization that invests large sums of capital in projects that might take years to develop and implement before success could be measured. The values of this culture are future orientated (Theron, 1992:46). Deal and Kennedy (1982:107, 119-120) describe a process culture as a focus on the technical perfection of the work performed. Process cultures are usually found in banks, insurance industries, and financial services organizations.

### **3.7 THE FORMATION AND ROLE OF CORPORATE CULTURE**

#### **3.7.1 THE FORMATION AND EVOLUTION OF CORPORATE CULTURE**

Factors affecting the formation of a corporate culture include the influence of founders and management, its history, size and technology used, various factors of the external environment, goals and objectives, and the beliefs, values, norms, assumptions, attitudes and expectations of individuals and groups (Handy, 1987:197; Greenberg and Baron, 2000:496).

Ivancevich and Matteson (1999:93) argue that corporate culture evolves over a period of time and can be influenced by powerful individuals, but typically evolves when individuals and groups interact and work together.

#### **3.7.2 THE MANIFESTATION AND ROLE OF CORPORATE CULTURE**

Armstrong (1999:96-97) proposes that corporate culture is expressed by behaviour in the area of management style, the organization climate, and corporate values and norms. Corporate values are the beliefs of what will lead to success for the organization and the unwritten rules or norms used to set guidelines for behaviour. The organization climate is the working atmosphere as perceived and experienced by employees. This will encompass people perceptions and reactions to the characteristics and quality of the corporate culture and its values (Armstrong, 1999:96-97).

According to Greenberg and Baron (2000:488) the role of corporate culture is to provide a sense of identity to its members, to enhance commitment to the organization’s mission, and to reinforce behavioural standards.

### 3.8 CORPORATE CULTURE, ORGANIZATIONAL EFFECTIVENESS AND SUCCESS

According to Harvey and Brown (1996:68) the most critical factors in organizational strategy and success are management style and culture. Denison (1990:5-6) agrees that there is a close relationship between organizational culture and organizational success. The success of effective and high performance organizations are usually attributed to a combination of beliefs, values, policies, procedures, and practices. There is a relationship between effectiveness and the translation of core beliefs and values into policies and practices. Specific practices regarding the management of human resources, management of the internal environment, planning strategy, work design, decision-making, and conflict handling influence performance and effectiveness (Denison, 1990:5-6).

Robbins (1998:602) argues that organizational culture can be a liability, where the potentially dysfunctional aspects of a strong culture can impact on organizational success. Strong cultures can become barriers to change where practices that led to previous successes, can lead to failure when those practises are not aligned with environmental needs, transformation and change (Robbins, 1998:602). Managing diversity is a strategic process to change the organization's culture to one that values diversity and should be implemented as part of business objectives (Dobbs, 1998:161-174). Many organizations view diversity as a problem to overcome or manage, but few organizations recognise the impact of diversity on organizational culture, and as a potential source of organizational success (Miller, 1998:151-160).

According to Denison (1990:5-7) there are four integrative principles by which an organization's culture influences its effectiveness, viz. involvement, consistency, adaptability, and mission principles. Denison (1990:7) argues that involvement and participation might be seen as a management strategy for effective performance but might lead to a better work environment for the worker with these needs and expectations, leading to a sense of ownership, commitment and responsibility. The consistency principle refers to the positive impact a strong culture can have on organizational effectiveness (Denison, 1990:8). He argues that the shared values, symbols and beliefs influence employees to be committed to the objectives and policies of the organization. This system of internalized values acts as an effective control system coordinating the objectives and behaviour of the members of the organization (Denison, 1990:8). The consistency principle is fundamental in developing a strong, effective culture and a committed workforce (Theron, 1992:51). Theron (1992:51) argues that a management system that exerts constructive pressure for employees to perform,

needs a high degree of integration and coordination, which is brought about by a close alignment between central values and beliefs and actual policies, practices and objectives. The adaptability principle of Denison (1990:9-11) covers three mutually supporting aspects which impacts on organizational effectiveness, viz. the ability to perceive and react to the external environment, the ability to respond to the needs of internal customers, and the capacity to restructure and institutionalise behaviour and processes which allow the organization to adapt (Theron, 1992:51). The mission principle implies organizational culture to be driven by a clear mission, which defines the appropriate course of action, purpose and meaning to the organization and its workforce (Denison, 1990:13).

Sherwood (1988:7-9) claims that efficient, high performance work cultures are characterized by high energy and enthusiasm, a quality drive, efficient organizational structures and work designs. Other features include a shared sense of purpose and vision, teamwork, delegation and empowerment, opportunities, and the integration of people and technology. The development of an efficient work culture revolves around five key elements, viz. people, technology, political processes, the environment, and the links between these five elements (Sherwood, 1988:18).

### 3.9 **CULTURE MANAGEMENT THROUGH CULTURE CHANGE**

According to Harvey and Brown (1996:70-71) and Greenberg and Baron (2000:496) several factors make it highly unlikely that the culture of a given organization will remain entirely constant over long periods of time. Shifting market conditions and increased competition, new technology, new legislation, changes in human resources, internal processes or structure changes, virtually assure that organizational culture will have to change as well.

#### 3.9.1 **A DEFINITION OF CULTURE MANAGEMENT AND CULTURE CHANGE**

According to Armstrong (1999:97) culture management is the process of developing or reinforcing an appropriate culture in the organization. Armstrong (1990:80; 1999:97-98) explains that culture management is concerned with culture change, culture reinforcement, implementation, and change management. According to Harvey and Brown (1996:70-71) culture change implies a “change in the basic values, in the hearts and minds of employees and management”. Armstrong (1999:97) explains culture change as the diagnosis of the present culture, and the development of values that are congruent with the organization’s mission, strategies, technologies and environment. The aim should be to achieve changes in the organizational climate, management style and organizational behaviour (Armstrong,



1999:97). Culture reinforcement is needed of the values in the present culture that are applicable to the new culture as well. Planning and implementation on the basis of the above steps indicate what aspects of the culture as defined by assumptions, values, climate and management style need to be changed and what aspects should be maintained or reinforced (Armstrong, 1990:80). Change management is needed to enable the culture to adapt successfully by building commitment to the mission, strategies and values (Armstrong, 1999:98).

### 3.9.2 STEPS IN CULTURE CHANGE

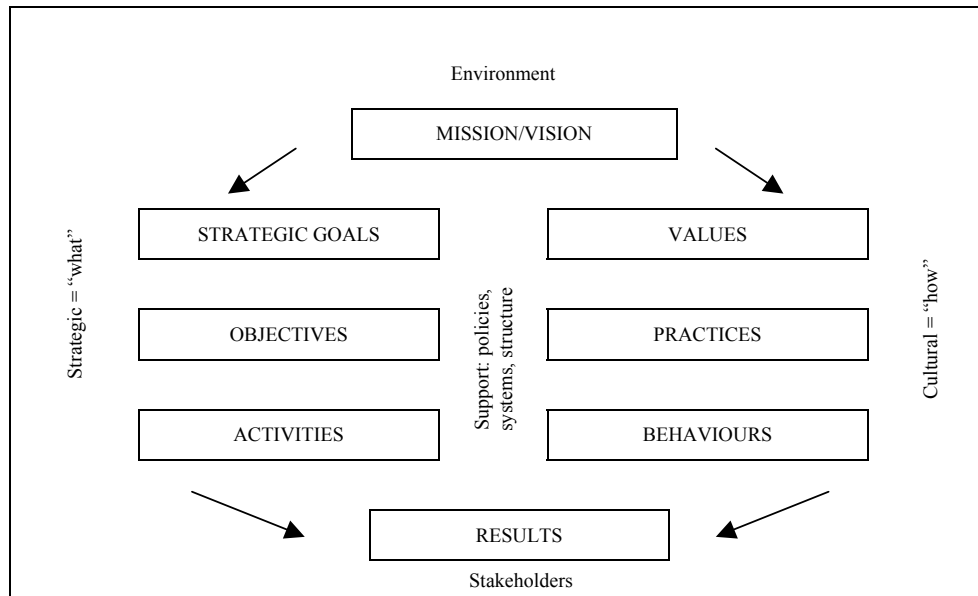
Corporate culture is embedded in the very nature of organizations and impacts on organizational effectiveness and success. Sherrington and Stern (1997:27) identified the steps in changing a corporate culture (or department subculture), viz. alignment of corporate culture and corporate strategy, needs assessment, executive direction, infrastructure, collateral organization, training and development, tracking, and evaluation. The alignment of corporate culture and corporate strategy is essential when any significant organizational change occurs. This organizational alignment is concerned with the compatibility and consistency between the strategy and culture. During the needs assessment the desired culture will be determined by focusing on the mission, strategy, technology, and environmental factors, scrutinizing the present culture by analyzing the artefacts, the beliefs and values, and basic assumptions, organizational climate, and management style across all subcultures in the organization. Data will be gathered and analyzed with regard to the current culture and the desired culture, and the gaps need to be identified. Executive direction implies that management addresses the results of the needs assessment and develops a new philosophy, standards for success, role definitions, and other leadership decisions that will form and drive the new culture. Executives should start the culture change initiative for the development of shared values that are aligned with the mission and strategy. Infrastructure implies that all policies, procedures, and systems need to be changed or instituted to fully support the new culture and to ensure alignment with the desired values. The infrastructure addresses role expectations, accountability, and HR systems. Collateral organization implies that the implementation and communication of change initiatives should be monitored either by a steering committee, compliance monitors or other culture change groups. Training employees and managers will ensure new role expectations, new attitudes to such matters as customer service, quality, managing and motivating people for improved performance; to increase commitment to the organization and its values; to review and challenge assumptions, and to improve competencies or

develop new or relevant competencies. Organization development interventions should focus to improve coordination, teamwork, commitment, and conflict management. Tracking and evaluation are needed to communicate on progress, provide feedback from all stakeholders, and to add amendments to the change programme where needed. These steps will be discussed next.

### 3.9.2.1 THE ALIGNMENT OF STRATEGY AND CULTURE

Renton (1997:20) argues that the days of organizations being driven exclusively from the top have passed and he emphasizes the utilization of the total people-power of the organization. Management determines the strategy, provides direction and leadership, and manages the change that is needed to stay ahead in the face of ever-increasing competition. A key ingredient for success is developing a corporate culture that fully supports the strategy and the continuous change (Renton, 1997:24). Management and staff share the responsibility for developing and maintaining the supportive corporate culture of the organization. According to Jackson (1993:34) developing a new consistent culture is a process that should ideally involve a representative culture change team.

According to Harvey and Brown (1996:68) the most critical factors in organizational strategy and success are management style and organizational culture. Organizational culture can be a liability, where the potentially dysfunctional aspects of a strong culture can impact on organizational success (Robbins, 1998:602). Both strategy and culture provide important business direction and contribute to organizational success (Tosti, 1995:20). The model in Figure 3.1 provides a framework for examining the relationship between organization's culture, strategy, and performance.

**FIGURE 3.1: THE RELATIONSHIP BETWEEN STRATEGY AND CULTURE.**

(Source: Tosti, 1995:20)

The model in Figure 3.1 depicts two independent paths for providing direction - for helping people move from the global statement of an organizational mission and vision to specific organizational results. These two independent paths are strategic and cultural. The strategic path (what must be done) on the left-hand emphasizes the broad strategic goals the organization will work toward, the objectives that everyone should accomplish, and the tasks and activities that must be performed to meet the goals and objectives (Tosti, 1995:19). The cultural path (how things should be done) on the right-hand emphasizes the business values implied by the mission and vision, the practices that reflect those values, the applicable behaviours that will represent the business values and practices to everyone (Tosti, 1995:19). The directional paths do not operate in isolation but interact with the external environment, its internal support systems, and all its stakeholders (Tosti, 1995:21).

The key implication of this model is that any significant organizational change - whether strategic or cultural - must take into account organizational alignment which is concerned with the compatibility between the strategic and cultural 'paths' and consistency within them (Tosti, 1995:19). Developing a mission statement that defines corporate mission, vision and values provides the foundation for aligning strategy and culture (Renton, 1997:24).

### 3.9.2.2 THE ACTUAL AND DESIRED CULTURES

Jackson (1993:34) argues that in order to build the most appropriate culture, it is necessary to have a clear idea of the strategic influences on the organization. Once this has been accomplished, the present (actual) and desired cultures and the 'gap' can be examined to identify the direction in which the organization's members would like to see the culture develop and where the largest 'gap' exists. Determining the desired culture, as reflected by the organization members' opinions, may not be best for the organization - this occurs where all employees are not clear on the organizational vision, mission, critical success factors and strategies or where leaders have not been successful in translating their sense of direction to the rest of the organization. When determining the desired culture and identifying the extent of 'gaps', the leadership can gain useful understanding of the ability and willingness within the organization to make changes in the values system which underpins particular norms (Jackson, 1993:34).

### 3.9.2.3 ANALYZING ARTEFACTS, BELIEFS, VALUES, AND BASIC ASSUMPTIONS

In order to understand the present culture the artefacts, the basic assumptions, beliefs and values need to be analyzed. Schein (1985:13-14) refers to artefacts as the visible, tangible and audible behavioural patterns evident in the physical and social environment. The analysis of the artefacts will identify the factors applicable to the desired culture and those factors that need to be changed (i.e. language and jargon, dress code, and overt behaviour).

South African organizational cultures are characterized by a diversity of values. Krech et al. (1962:102) see values as beliefs about what is good or desirable and what is bad or undesirable. The belief systems impact on, and influence behaviour of a member of the culture in a typical situation in that culture (Krech et al., 1962:351,380). Allport (1958:24) defines values as “the goal objectives of human motivation, personally attributable to or derived from the basic needs or instincts”. Renton (1996:25) sees values as deep-down beliefs about what it takes to run lives successfully. Because they reflect attitudes to what is the 'right' way to behave (plan, work hard, quality results, integrity, reward results), they are the informal guidelines that people put into practice every day of their lives. Values represent people's views of the way things really should be and what they should expect of those around them. Everyone has and owns a collection of values which is used to set priorities, to make decisions, to manage relationships, to evaluate their own behaviour and the behaviour of others (Renton, 1996:25). Values lay the foundation for the understanding of attitudes and motivation and it influences perceptions and behaviour (Robbins, 1998:133). Deal and

Kennedy (1982:22) advance three characteristics of the value systems of successful organizations, viz. they have a clear and explicit philosophy about conducting business, values are shaped to conform to the business environment, and the values are known and shared by all employees. McDonald and Gandz (1992:64) define shared values as “the glue of the organization”, “an overall sense of definition”, and “divisional planets revolving around a corporate sun, shared values acting as the gravitational force”. Organizational values are central to organizational culture and impacts on organizational behaviour, viz. give character and identity to the organization and its members (Deal and Kennedy, 1982:23), determine its design, interpersonal relationships, goals, focus areas, decision-making, problem-solving, and ethical conduct (Theron, 1989:85;1992:101).

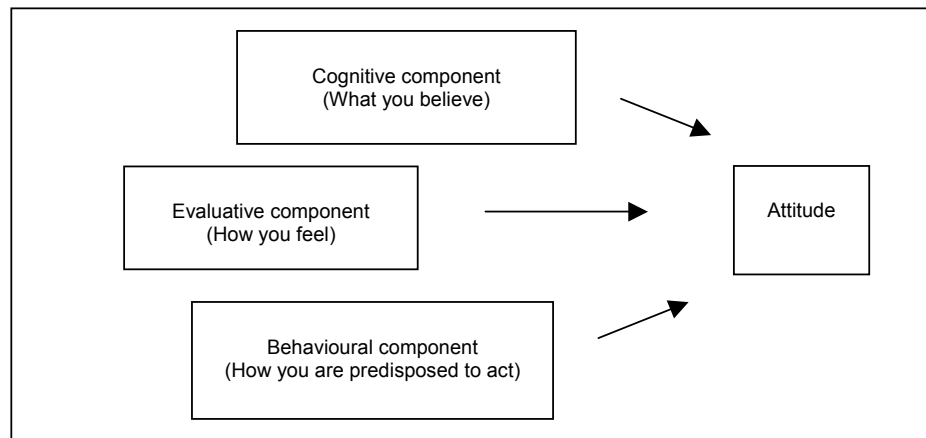
In order to determine the gap between the present corporate culture and the desired culture, the values and beliefs within the organization and its subcultures need to be analyzed. McDonald and Gandz (1992:64) state that if an organization hopes to see a set of shared values manifest itself in increased capability and effectiveness, those values must be brought out into the open and discussed. According to McDonald and Gandz (1992:64) the analysis should focus on the identification of the shared values across the diversity of the workforce, boundaries and all subcultures in the organization, tracking of these core values in the actions, behaviours, policies, procedures and practices, analyzing if the shared values support or impede the vision and the competitive advantage of the organization (McDonald and Gandz, 1992:64). The authors argue that management must ensure that its shared value set is appropriate for the diverse workforce, given their skills, goals, tasks, and cultural or ethnic beliefs. The analysis should focus on the sense of meaning of the core values, the commitment to the core values, the manner in which they empower employees, and the manner in which the organization recognizes and reinforces these values in the selection, training, compensation, promotion, and corporate communications programmes (McDonald and Gandz, 1992:64).

Only validated values are transformed into assumptions (Theron, 1992:36). According to Armstrong (1990:80-81) the analysis of the cultural assumptions should focus on the type of business and the nature of the market place, the business style at present (aggressive, competitive, opportunistic or reactive, dynamic or static), and the orientation to the market (production or technology-orientated), the way work is organized and structured (bureaucratic or informal, multi-level or flat structures), the human resources (diversity, competencies, needs and expectations), the manner in which employees are treated (as

partners or servants, open, two-way communication, participation in problem-solving and decision-making, motivation or controlled people management). The assumptions could be invalid, in which case they need to be challenged, or they could be valid and not acted upon, in which case they need to be reinforced (Armstrong, 1990:81).

#### 3.9.2.4 ANALYZING THE ORGANIZATIONAL CLIMATE

Guastello (1987:165-183) argues that changes in performance levels, rates of absenteeism, and turnover are best described by a non-linear interactive process that is controlled by employee abilities, intrinsic and extrinsic motivational factors, and organizational climate variables. Armstrong (1999:96) defines organizational climate as the perception (views, opinions and feelings) about the culture in the organization. According to Altmann (2000:15) these perceptions are descriptively based rather than value based. Altmann (2000:15) argues that organizations that want to remain competitive and maintain a competent and motivated workforce, should focus their attention on a key component of organizational success – the organizational climate. Nave (1986:14-19) suggests that climate surveys focus on four factors that affect the climate within the organizational context, viz. communication patterns, management practices, employee morale and motivation, and the job itself. People could be asked what they think is good and bad about the organizational climate. This can be done comprehensively by an attitude survey or by using focus groups – special semi-structured discussion groups of employees set up to elicit shared attitudes and beliefs about the organization (Armstrong, 1990:84). According to Greenberg and Baron (2000:170) work-related attitudes can be defined as lasting feelings, beliefs, and behavioural tendencies towards various aspects of the job itself, work settings and the people involved. Figure 3.2 indicates that attitudes have three major components.

**FIGURE 3.2: THE BASIC COMPONENTS OF ATTITUDES.**

(Source: Greenberg and Baron, 2000:169)

Greenberg and Baron (2000:170) argue that work-related attitudes are one of many factors influencing organizational behaviour with important outcomes such as job performance, absence from work, and voluntary turnover. In this and many other situations, a link between work-related attitudes and important aspects of either individual behaviour or organizational functioning may exist, but other factors may moderate it, or make it difficult to observe. Three prominent work-related attitudes are discussed next.

According to Greenberg and Baron (2000:170) job satisfaction involves positive or negative attitudes toward one's work. Job satisfaction is affected by many factors relating to organizational policies and procedures, specific aspects of jobs and work settings, and personal characteristics of employees. Job satisfaction affects important aspects of organizational behaviour, such as absenteeism, withdrawal, and voluntary turnover. Its impact on task performance is less certain, but some evidence indicates that it may have an effect on citizenship behaviour (Greenberg and Baron, 2000:170-179).

According to Robbins (1998:142) job involvement measures the degree to which a person identifies psychologically with his or her job, their active participation in the job, and considers his or her perceived performance level important to self-worth.

According to Robbins (1998:143) organizational commitment involves attitudes on the part of individuals toward their organization. High levels of organizational commitment are associated with strong acceptance of the organization goals and values, and a willingness to

exert efforts on its behalf. Organizational commitment stems from many different factors (e.g. the level of responsibility or autonomy connected with a given job, employee ownership of the organization). It affects several aspects of organizational behaviour (e.g. absenteeism, turnover)(Baron and Greenberg, 2000:181). Organizational commitment is a better predictor of organizational behaviour than job satisfaction alone, because organizational commitment is a more global and enduring response to the organization as a whole (Robbins, 1998:143).

The assessment of employee attitudes can help organizations to manage change. Attitude assessments should cover the following three levels, viz. job satisfaction, job involvement, and organizational commitment. The analysis regarding the organizational climate should access the identification with organizational goals and values, perceptions of organizational policies, procedures and practices, specific needs and expectations of work including responsibility, performance standards, feedback on performance, challenging and motivating jobs, adequate support and guidance in the work environment, opportunities for growth, fair reward systems, recognition and promotion systems, the approach to work (reasonably flexible and informal or bureaucratic), risk taking, openness of management regarding innovation, new ideas and problem-solving, feelings of warmth and good fellowship in the atmosphere, and whether the organization is seen as an employer of choice where staff are motivated and valued for their contributions (Armstrong, 1990:82-83).

South Africa's human resources hold the key to its success. Competitive levels of productivity, customer service and product quality need motivated and committed staff. Restructuring, re-engineering, transformation and making more use of technology may be necessary, but positive employee attitudes are critical to long-term success. With knowledge of the current attitudes of employees it will be possible to target the areas that need attention. The measurement of employee attitudes can help organizations to manage change. The challenge for organizations is to measure and acknowledge the prevailing attitudes and then explore the reasons behind them. This information enables HR to propose a programme of action.

#### **3.9.2.5 ANALYZING MANAGEMENT AND LEADERSHIP STYLE**

Analyzing the management and leadership styles are of vital importance during culture change because leaders are there to influence and motivate staff during the culture transition. In order to be effective in this role leaders need certain personality traits, competencies, motivation, attitude, and behaviour. The steps in organizational culture



change, viz. alignment of organizational strategy and organizational culture, the actual and desired cultures need to be determined, an analysis of the artefacts, beliefs, values, and basic assumptions is needed and the organizational climate should be analyzed through attitude measurement, but for successful change of organizational culture, effective management and leadership are needed to motivate individuals and to facilitate culture change.

Armstrong (1990:84) argues that a change in management style is best achieved by example from senior management. Management style will also be strongly influenced by the previous steps of strategy and culture alignment, the desired culture and values, and the analysis of organizational climate. When managers are appraised, their management style should be a subject for discussion and agreement should be reached between the people concerned on where changes are desirable. Self-appraisal and appraisals from seniors, peers and subordinates should be encouraged (Armstrong, 1990:84). Formal assessments of the competency profiles of management would help to determine development needs such as knowledge and skills, establishing own motivation and commitment to culture change, analyzing leadership qualities and behaviour (task-oriented, person-oriented), analyzing perceptions and assumptions about change, and leadership styles for a diverse workforce. This analysis would provide insight as to where the focus should be for individual leaders to be more effective during the culture change programme.

#### 3.9.2.6 DEVELOPMENT AND IMPLEMENTATION OF SHARED VALUES

The alignment of corporate culture and corporate strategy, changes needed for the desired culture (focusing on the mission, strategy, technology and environmental factors), and the analysis of the artefacts, beliefs, values, basic assumptions, organizational climate and management style across all subcultures in the organization, will provide information on the changes needed during culture change. The development of shared values is vital to address the “gap” between the actual and desired corporate cultures. McDonald and Gandz (1992:64) observe that organizations confronted by change on the one hand and their traditional set of shared values on the other hand have been carefully analyzed and found to be dysfunctional. They should analyze their willingness and capacity to change those shared values, the specific changes required, the subculture(s) affected, and analyze their commitment to those changes (including senior management).

With all the information at hand the values for the new culture can be developed through participation of all employees and subcultures. The core values of the organization can be determined and should be discussed – at board level and throughout the organization. The core values should be restated formally on the basis of these discussions, reinforced and acted upon by other culture change activities (Armstrong, 1990:84). Development of shared values, the communication and implementation of the new shared values should be driven by line management to ensure commitment and responsibility. Renton (1996:27) argues that the various messages and communication methods must focus consistently over time on the same core values (behaviours and priorities), be reinforced by all the management processes that control behaviour and priorities (recruitment and selection, induction and training, performance management, systems and work processes, recognition and rewards), and be evaluated in the same way as every other management process is evaluated.

Values will only be effective if they are shared, developed with representation across all subcultures, structures and levels of employees, believed in, acted upon and pursued relentlessly (Armstrong, 1990:82). According to Renton (1996:25) shared values will make certain aspects of organizational life obsolete, viz. multiple layers of management and supervision, comprehensive rule books and procedure manuals, and tight controls and policing to ensure employees behave the way they should.

McDonald and Gandz (1992:64) suggest different propositions of shared values for different organizations or cultures. “Relationship-oriented organizations will emphasize and reward the shared values of broad-mindedness, consideration, cooperation, courtesy, fairness, forgiveness, humor, moral integrity, openness, and social equality. Change-oriented organizations will emphasize and reward the values of adaptability, autonomy, creativity, development, and experimentation. Task-oriented organizations will emphasize and reward the values of aggressiveness, diligence, and initiative, and organizations interested in maintaining the status quo will emphasize and reward the values of cautiousness, economy, formality, logic, obedience, and orderliness” (McDonald and Gandz, 1992:64).

Once the shared values have been developed they should become part of organizational behaviour and be reinforced in all HR systems and management practices. Renton (1996:27-28) argues that management has a vital role to play in this regard. Managers need to clarify with their employees what values and behaviours are expected, inspected, and rewarded in their team. They also need to ensure everyone knows why they are important to the success

of both the individual and the team (Renton, 1996:28). Managers need to define with their team what each value means to them and how it will be monitored in practice, regularly monitoring the progress in living the values and implementing the improvements needed, assessing the demonstration of shared values in performance management (both team and individual performance), implementing and tracking all shared values in the HR processes, appointing compliance monitors (and all employees) to report on observed behaviour and issues in aligning established practices with each shared value, lead by example, behaviour modelling (in meetings, discussions and reviews, when questioning, challenging, and recognising employees), living the values and championing the values publicly, and publicly recognising the behaviour of organization 'heroes' who have shown dedication to corporate values.

### 3.10 RESISTANCE TO CULTURE CHANGE

Armstrong (1990:83) argues that the analysis of assumptions, values, climate and management style should indicate any areas where changes need to be made or the existing situation reinforced. Culture change is and can be difficult, painful and prolonged. Quick results might be wishful thinking. Fundamental changes can take years, and organizations should anticipate resistance to change. Cultural assumptions and values may be deeply entrenched and people will not give them up easily. Organizations cannot simply issue a new charter of corporate values and expect people to act on them whole-heartedly and at once. Values should be shared, developed across all differences in the organization, relevant and valid (Armstrong, 1990:83).

Tichy and Devanna (1990:79-84) argue that successful planning and implementation of culture change require management anticipation of the key reasons for cultural resistance to change, viz. cultural filters resulting in selective perception, “regression to the good old days”, and a lack of climate for change. Cultural filters resulting in selective perception implies that organizational culture may highlight certain pertinent values, making it difficult for members to perceive other ways of doing things. Management should have the knowledge and skills to anticipate the resistance to change and to manage the change initiatives accordingly. Because people feel secure when returning to the past it is of vital importance for them to clearly understand the change initiatives, and be involved as far as possible from the planning stage to the implementation stage. People would also like to know how they can benefit personally.

Harvey and Brown (1996:74), Robbins (1998:616) and Armstrong (1999:99-100) add to the views of Tichy and Devanna by identifying the key factors in culture change, viz. management's ability to lead with a vision and by example, management's understanding of the old culture, management's ability to apply incentives to motivate employees to take ownership of change initiatives, management's ability to encourage, recognise and reinforce change in employees, selection, promotion and support to employees who live the new values, redesign of the socialization process, the HR policies and systems to align with the new values, and if necessary changing current subcultures through transfers, job rotation, and/or terminations, and patience because largescale change takes time. It is critical that an integrated and planned approach is followed where everyone is involved, linking and aligning the strategy and the desired culture, and tracking the progress.

### 3.11 HUMAN RESOURCE'S ROLE IN CULTURE CHANGE

Ndala (1996:27-28) states that the modern, learning organization will be judged in terms of its ability to use knowledge, and its effectiveness will be based on intelligence, information and ideas. Such an organization is governed by consent and participation rather than by command, and people will contribute because they identify with the core values and purpose of the organization. Managers should seek applicants who have inner motivation and whose values match those of the organization (Buhler, 2000:17). According to Ivancevich and Matteson (1999:77) intervening conditions are needed to evolve a positive, cohesive culture. Organizations should develop a sense of history about the successes of the past and should promote a sense of membership and commitment during recruitment, placement and socialization practices, promote intergroup coordination, participative decision-making, job security, career management, and development (Ivancevich and Matteson, 1999:77).

According to Sherrington and Stern (1997:27) HR professionals must play three critical roles in changing an organization's culture, viz. change HR's own subculture to be a role model for the larger organization, facilitate the culture change in the rest of the organization, and influence the culture. Facilitate the culture change implies that HR as a business partner must be an integral part of the planning and decision stages of change, provide direction for the change initiatives, provide the knowledge and skills training for change agents (all managers) to ensure success, and help drive the process of culture change. HR must influence the culture providing perspective and feedback especially regarding "people" aspects, support line management where needed and create supportive

changes in policies, procedures, and systems. Culture change will not be successful as a HR initiative but need the commitment, drive and support of all line management and employees.

### 3.12 **CONCLUSION**

From the discussion it is evident that corporate culture is complex and resists change. It can have a major negative impact on organizational success if managed improperly.

Organizations in today's fast changing environment need an innovative corporate culture that incorporates the history of the organization, employees' needs, the organization products and services and the market place. Changing a corporate culture is difficult, but not impossible and starts with a shared vision, alignment of strategy and culture, and empowerment of employees. Building a new corporate culture involves quality information regarding the actual and desired culture(s) as well as a culture management programme to analyze artefacts, beliefs, values, and basic assumptions, organizational climate, and management style. All this information should then be incorporated and a holistic, integrated approach followed to culture change. The vital role of HR in culture change was also discussed.