Assignment 1:
Individual Written Business Essay.

Q(2). Organization culture is an important tool managers have at their disposal. Discuss the significance of organization culture and how managers can use this tool. (2000 words)

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Declaration: "I certify that I can provide a copy of the attached assignment if required" - "I certify that the attached assignment is my own work and that all material drawn from other sources has been fully acknowledged"

Signed: …………………………………….. **Dated:** …26th March 2009...

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INTRODUCTION

"Managers need to maintain a global mind-set, as well as create and maintain a cohesive organizational culture that supports strategy" – Lexmilian de Mello, 2009.

Taking an open perspective, each facet of organizational culture may be seen as an important environmental condition affecting the system and its subsystems.

As groups develop over time, they come across two main challenges, they are: the need to adapt to the external environment in order to survive, and the concept of integrating individuals into a 'whole' aggregate group.

There are three basic questions we should ask ourselves when analyzing culture, these are:

- What frames of reference make an organization possible?
- How do they originate?
- How are they communicated and sustained?

Four primary strengths of the organizational culture are:

- It encourages the view that the perceived relationship of a firm to its environment is also affected by the firm's basic assumptions.
- There is a focus for the human side of organizational life, and there is significance in learning in its most mundane aspects (ie: the culture in setting up an empty room).
- It requires members (including managers) to acknowledge the impact of their behavior onto the organization's culture. Participants should ask themselves as to what impact they are having on the social construction of the organization.
- It clarifies the importance of creating appropriate systems of shared meaning to assist work towards a desired outcome proactively.

(Organizational culture, 2009)

Given the importance of organizational culture this essay will discuss fundamental aspects that managers must take into consideration in order to effectively get an organization's work done.

CURRENT ORGANIZATIONAL CULTURE

All human management factors derive from organizational culture, which can be viewed as being in the center in perspective. Organizational culture only has received indirect attention in *turnover* studies, although, it has been studied in more depth in regards to a firm's commitment. Turnover studies are put into effect through the usage of an organizational culture index which profiles culture in three dimensions, these being: supportive; bureaucratic, and innovative. (Rigas, 2009)

It is generally seen that older employees tend to last longer within an organization than younger colleagues and this may be due to financial and social obligations that have more an effect on older employees. In contrast, younger colleagues with shorter tenure in their current organizations tend to perceive the organizations as being less bureaucratic and more supportive than their older colleagues who in turn are more experienced and apparently more sensitive to these features of their workplace. Although it may seem intuitive that professional growth needs will be accommodated best in innovative and supportive work environments these needs may also be satisfied in bureaucratic work environments (Sarros, Cooper and Santora, 2008). The different types of environments are mutually inclusive and each of them is able to support the individual's need for professional growth. However, those who perceive their organizations to be extremely bureaucratic are more likely to feel more overworked and consequently, justifiably so, efforts to minimize the levels of bureaucracy are recommended in the workplace.

> **Elements of organization culture may include:**
>
> - Customs and rituals.
> - Metaphors and symbols
> - Overt and implicit expectations for member behavior.
> - 'Shop' talk (local slang)
> - Stated and unstated values.
> - Stories and myths about the history of the group.
>
> (Morgan, 1997)

Manufacturing or service companies differ drastically from high-tech companies, particular with regard to the people management practices put in place. High-tech company's personnel are engaged in the creation and assimilation of new knowledge. Workers with knowledge are generally

working in egalitarian conditions (in which they are granted significant autonomy), are highly informal, have trust as well as ample resources to facilitate the knowledge creation process. Achievement and personal growth are important to the high-tech worker. These characteristics pose particular challenges for managing knowledge workers (Chow and Liu, 2007).

Organizational culture has been generally defined as a complex set of beliefs, values, and philosophies and symbols that in turn shape and define the way in which an organization conducts its business. Organizational culture is assumed by strategy researchers to be affecting across all employees within an organization and that this shared culture is transmitted through actions and behaviors of all participants within the organization.

Dosoglu-Guner (2007) established a strong link between firm sizes, managerial attitudes towards exporting, and the associated activities of firms. The findings of this exploratory research indicate four major conclusions. First, market culture appears to be a useful variable in discriminating non-exporters from exporters. In specific this indicates that exporting firms tend to be less customer-driven, and less competitive oriented than non-exporting firms. Dosoglu-Guner (2007) does mention further that these findings are contrary to what should have been expected and that mayhap a plausible explanation can be offered in light of the relationship between domestic market size and internationalization.

Dosoglu-Guner (2007) points out that there is significant discrepancy in organizational culture of exporting and non-exporting firms with regard to clan culture. Exporting activities do not seem to be of a major concern for organizations that value internal orientation and organizational cohesiveness. As the results indicate, exporting firms are less internally oriented as evidenced in previous studies.

Dosoglu-Guner also illustrates that there is no significant hierarchy culture difference between exporting and non-exporting firms. However, adhocracy is found to be a minor variable in discriminating non-exporting firms against

exporting firms. Organizations tend to develop cultures that better align with their industrial/business environment suggesting that firms that compete in dynamic industries score high in the adaptability scale.

ASSETS IN ORGANIZATIONAL CULTURE

An organization's future capabilities are strongly affected by its intellectual assets, and its collective learning. Organizations with highly motivated and capable employees will not be effective in recognizing new knowledge, in order to assimilate and apply it, if the teams within the firm are not successful in building a supportive learning environment. The personal nature of knowledge increases the need to utilize knowledge and motivation in sharing. Culture is the most critical factor that influences knowledge creations, sharing, and use (Chow et al, 2007).

"There is a positive connection between return on investment (ROI) and strategic orientation when culture is measured as a strategic unit" – Weinzimmer, Franczak and Michel (2008).

Organizational-behavior (OB) literature has established some level of criterion-related validity, which gives OB researchers a better understanding of the overall construct validity of organizational culture (Weinzimmer et al, 2008). Managers researching on strategy can learn from the OB literature in terms of developing consistent methods and measures to develop consistency across analysis.

For firms to realize the benefits with partnership outsourcing, the manager must create a fundamental change in the organizational culture, behaviors and structure. There is a need to approach supplier relationships as a cooperative partnership rather than as an adversarial relationship. This need demonstrates that the competitive marketplace is constantly adapting and changing to new environments in order to assure critical survival.

Organizational culture is reproduced over time, is socially embedded and constructed, and can be a liability or organizational asset. As an asset it facilitates organizational decision making, eases communication and control to potentially generate higher levels of commitment and cooperation. Organizational culture may result in efficiency when activities are accomplished with a lower expenditure of capital and resources.

INCONSISTENCIES WITH THE MEASUREMENT OF CULTURE

While it is commonly believed that culture directly impacts performance, results across studies vary, in part, due to lack of a consistent measure of culture (Weinzimmer et al, 2008). When there is little in the way of replication, and hence validation, yield of ambiguous validity criterions result which in turn confuse a direct connection between performance and culture

There is generally a lack of consensus among studies attempting to set criterion-related validity between performance and culture at the strategy level. One reason for that may be that researches use inconsistent definitions of organization culture resulting in differences in frameworks between separate authors. Some authors warrant the use of less orthodox measures, thus arguing that culture is unique in each organization which limits the generalization of works in terms of the predictive view of specific cultural dimensions.

Organizational culture should mimic talent management in a variety of ways if it is to be deemed effective, although there is only a fine line in similarities. The idea that *organizational culture* is attractive occurs for several reasons. As a result managers feel they should be doing more about developing their organization's workforce for the future, but at times it just becomes too difficult to derive what organizational culture goal is ideal for the firm's operations. Organizational culture should be fit for purpose, and should focus towards development goals. Cultural obstacles also arise from structurally set confines such as whether the organization operates in a devolved or centralized way, particularly in terms of global or corporate versus unit or local talent markets. The organization structure tends to dictate what is done more readily at the corporate center and what can be more devolved (Garrow and Hirsh, 2008).

UTILIZING ORGANIZATIONAL CULTURE

Unfavorably to managers, in the strategy literature, there is no valid measure to link organizational culture to strategy-level performance at firm level. Weinzimmer, et al, states that a list of common cultural stances is a crucial step in designing and implementing a methodical measure that can be acted upon along distinct repeatable dimensions. Below we list the seven cultural propositions that have appeared constantly through organizational performance literature:

Table 1: Cultural Propositions

Type	Brief Description (See; Weinzimmer et al, 2008 - for full proposition analysis on each type)
1	There is a positive relationship between firm-level performance and risk tolerance as a cultural attribute.
2	There is a positive relationship between firm-level performance and innovation as a cultural attribute.
3	There is a positive relationship between firm-level performance and market orientation as a cultural attribute.
4	There is a positive relationship between firm-level performance and strategic orientation as a cultural attribute.
5	There is a positive relationship between firm-level performance and action orientation as a cultural attribute.
6	There is a positive relationship between firm-level performance and acceptance of change as a cultural attribute.
7	There is a positive relationship between firm-level performance and employee development as a cultural attribute.

In order to effectively scan trend environments so as to incorporate organizational culture we can analyze six main phases of strategic-foresight, these being; framing, scanning, forecasting, visioning, planning, and acting – these further explained in the works of Hines (2006).

Organizational culture's long term future is hazy and uncertain, and hidden within may be potential change drivers that may lead to alternative future outcomes. It becomes the manager's goal to understand and act upon information more creatively than his/her competitors so as to motivate the team through better culture recognition and adaptation.

Manager's can utilize the tools available through organizational culture so as to identify the key change-drivers and uncertainties affecting the issues that a strategic-forecasting team is targeting. Vision and action are key elements for a manager to bridge a plan for the organization. By jotting down a series of alternative futures the company can quickly point the goal it wants to achieve

whilst remaining focused through the usage of a mission statement or imbued workplace culture. Managers do not control organizational culture overnight, and indeed the 'acting' phase is largely about communication, thus making the abstract more concrete, ie: What is to be done, who will do it, how, and when?

An engaging process is essential in order for the manager to have any significant effect on organizational culture. It should be noted that some cultures are hard to budge, and at best the manager can *dent* these cultures so that it performs more satisfactorily in contrast to its competitors.

An appropriate organizational culture is essential in order to effectively design and implement an integrated supply strategy. By establishing an integrated purchasing system that often focuses on competitive strength more often than not exemplifies that we have a supply strategy in place. For example, firms can integrate information with tasks, develop purchasing strategies and integrate suppliers with long-term goals (Whitfield and Landeros, 2006). In order for supply managers to be more strategic, in their thinking, it is essential that they evaluate corporate intelligence such as environmental and business trends – which in turn is directly related to organization culture as a whole.

It is a fairly recent concept to think of the concept of supplier diversity being directly integrated with an enriched organizational culture, and it is to these ends that a manager should aim his firm to be if it is to compete in this global world of today.

In effect, effective managers know how to use their organization's culture in order to identify any drastic changes that must be made within the organization to stay tuned to current events such as an ever changing environment and culture. Identification of all tell tale signs of a plausible culture change, due to external or internal influences, must lie within the manager's scope of control for prompt active response. The tools by which manager's use organization culture are covered next.

HOW MANAGERS USE ORGANIZATION CULTURE

Excellent managers ought to foster the correct surroundings in order for their subordinates to transform themselves for the better. Good managers are also good at self-analysis, are effective communicators, apt, likeable and approachable. Barry (1992), states that a manager should rely on his/her relationship with individual team members to ensure that the subordinate (defined as the 'pupil') respects the "coach's" experience, knowledge and power. Coaching can be seen a an useful tool for the manager in order to provide opportunity to increase personal knowledge, comprehend a job, assume responsibility and make better decisions.

"If a manager fully embraces the coaching management paradigm, without an existing organizational culture supporting this philosophy, he or she is unlikely to succeed." – (Barry, 1992)

In order to shape and mold organization culture the manager can also implement a number of tools, such as:

- Stories
- Symbols
- Power
- Controls

- Routines & rituals
- Changing subordinate mindset

(Macaulay and Clark, 1998)

The culture change process does eventually confront a number of ethical issues. Such issues can be related to the role of change agents and the ethical outcomes of the 'unfreeze-change-freeze' process.

Woodall (1996) suggests that strong cultures are most definitely not

> **Checklist to implement a service culture:**
>
> - Recognize the impact.
> - Identify your organization's culture, its strength and weaknesses.
> - Build on a culture instead of destroy it – it's easier.
> - Let go of un-useful aspects.
> - Think of rewards and their impacts.
> - 'Actions' speak stronger than words.
> - Listen to the organization culture and its customers.
>
> (Adapted from Macaulay et al, 1998)

associated with long-term business success. A number of well known organizational casualties bear out this point. Strong culture can even

desensitize an organization to signals from its business environment, as briefly illustrated in the case of IBM (see Appendix).

Coulson-Thomas (1991) suggests successful management of relationships is of critical importance to business success. The top management issues carried in a survey of the British Institute of Management (BIM) shows that 'very important' replies are 'building longer term relationships with customers' and 'introducing a more customer oriented culture'.

Organization tools that managers can implement to control and shape culture within a workplace also include; 'competitive differentiation', 'focusing/prioritization of effort' and 'competitor analysis'.

Another tool that a manager may use in order to influence organization culture is the concept of 'legal culture'. According to Nelken (2003), "Legal culture is about whom we are and not just what we do". Questions should be asked as to: "What can be learned, and what is likely to be obscured, by defining 'law' in terms of litigation rates?" – Nelken, 2003.

Legal culture is a concept that can be enforced since it is legislated, and it can serve to capture essential intervening variable that influence the large social transformational within an organization – it is a means to a start and to an end.

DISCUSSION & CONCLUSION

It is clear that knowledge accessibility, and sharing, remain as critical factors in order to sustain knowledge creation processes. Organizational cultures that are characterized by richness in communication, informality, knowledge absorption, and the transfer of learning, display characteristics of cultures that promote knowledge sharing. Active self-development programs, interdisciplinary teamwork, and a climate for learning are conducive to collaboration and knowledge exchange.

A competitive or bureaucratic culture (traditional control system) creates no significant benefit for organization performance. The needs for technological development, and innovation, were covered, and it is clear that these needs are not compatible with a control culture. Chow, et al, (2007) supports the hypothesis that a sharing culture and supportive reward system promotes knowledge related performance.

Organizational culture often is an important source of management leverage that may allow strategic leverage in order to take full advantage of marketing opportunities. As a consequence of organizational culture, partnership sourcing can be especially useful by making use of supplier diversity in order to maximize new opportunities.

Finally, strategy and organization-behavior worlds have largely divided view on the culture-performance relationship. Performance levels should be able to be predicted at multiple levels with a fully developed organizational culture. The challenge for the future is to intertwine strategy and organizational-behavior cultures.

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APPENDIX

The following shows a profile of culture value by industry:

Table 2: Cultural Value (Lee and Yu, 2004)
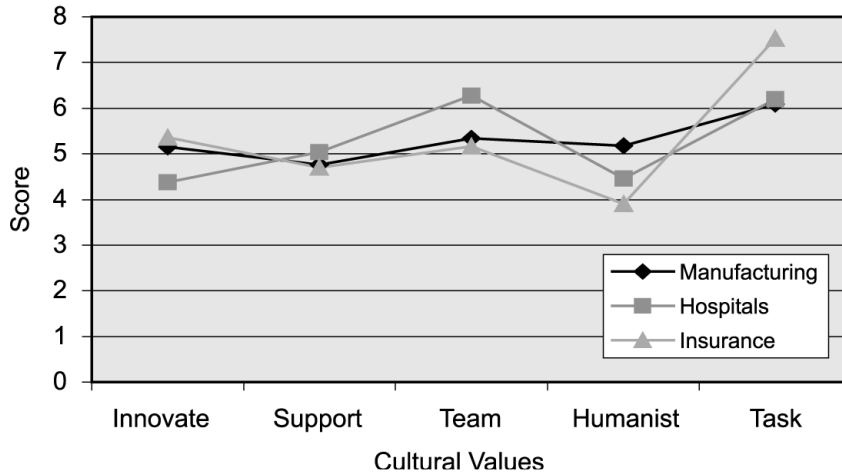
The next diagram illustrate as to how a firm can identify and hence shape their organization to fit within their topical areas:

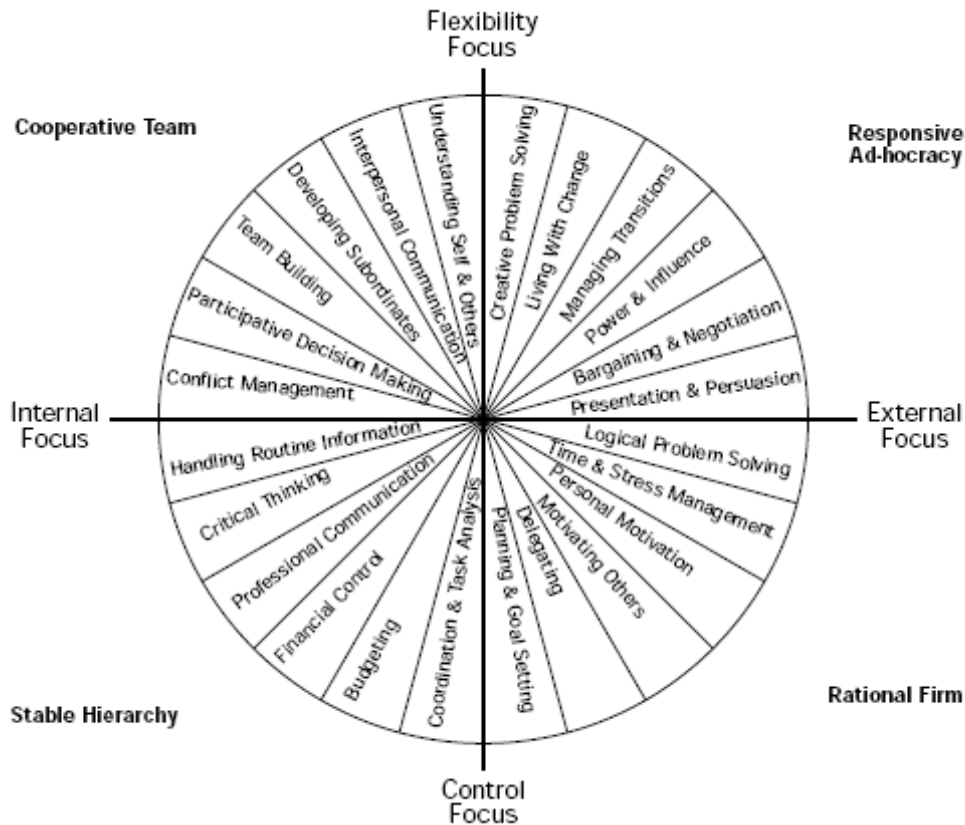**Table 3: Human resource development topical areas (Brown and Dodd, 1998)**

Table 4: Management Issues; Coulson-Thomas (1991)

Ranked in order of 'very important' responses	
Building longer term relationships with customers	74%
Introducing a more customer oriented culture	72%
Competitive differentiation	47%
Focusing/prioritisation of effort (eg. segmentation and sector marketing)	38%
Competitor analysis	36%
Reorganising around the customer	31%
Account management	18%
Account information	16%

Source: BIM report *Beyond Quality*, 1990

IBM CREDO

"IBM defines diversity as all human characteristics that make us unique as individuals. It includes everyone and excludes no one."

J. T. (Ted) Childs, Jr
Vice President, Global Workforce Diversity
IBM Corporation

"In a world divided by diversity (whether cultural, political, or religious), creating an inclusive workplace can be challenging. IBM believes that global enterprises like ours are among the few platforms available for diverse individuals to come together to create value across societies. We must take advantage of this opportunity. We believe that our products and services create a better world. We also believe that our diversity values and business philosophy touch many people and encourage tolerance. The way we do business is creating a better world." (IBM Web site, 2009)