

# Organizational culture critique essay

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Chapter 4. 1 Company with a strong culture15 Chapter 4. 2 Company with a weak culture15 Conclusions and Recommendations17 References18 Executive Summary Every company has their own culture about the way things are done in their organization. A culture gives shape to the company and will be for every company unique. In the report strong and weak cultures have been discussed. It can be concluded that companies with a strong culture are more profitable and perform better than companies with a weak culture.

It has been looked further at how organizational culture can be managed. It can be noted that managing a culture is not an easy task and management will need to know how to deal with employees' resistance. In order to stay competitive, companies will from time to time need to analyze their existing culture in order to find out if it is still appropriate in the current environment and make changes if necessary. Introduction

An organizational culture has been defined by Schein (1990 cited in Wilson, 2010) as “ a pattern of basic assumptions, invented, discovered, or developed by a given group as it learns to cope with its problems of external

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adaptation and integral integration, which has worked well enough to be considered valid, and therefore is to be taught to new members as the correct way to perceive, think, and feel in relation to those problems. ” It has been proven that companies with strong cultures are successful and profitable.

In today’s environment where globalization plays an important role, companies will need to be flexible in changing their organizational culture in order to stay competitive on the market. This report will discuss how organizational culture can be managed and what significant consequences it can have on the organizational performance. Chapter 1 Importance of Organizational Culture As seen in the Introduction, organizational culture is the way companies run their business. The organization culture deals with: • Behavior of the employees • Norms and values within the organization Philosophy of the organization • Rules in the organization • Way of thinking and acting in the organization Culture in the company can be seen as a guidance for the employees and will develop teamwork, due to the fact that members of the organization follow and share the same values, rules and goals, which will unite them. Teamwork in a company leads to better performance and increase of revenue. Teamwork also improves the relationships between the employees. A company without a culture has no sense of direction, which will lead to unmotivated people.

Further it can be noted that the importance of having a culture in an organization is to stand out from the crowd by creating an own image. Chapter 1. 1 The Components of Culture The components of culture are values, norms, artefacts and leadership or management style. Values As

stated by Schiffman and Kanuk (1994 cited in Armstrong, 2006), “ values help to determine what we think is right or wrong, what is important and what is desirable”. The values describe what needs to be done in the organization in order to reach the desired goals and to lead the organization to success.

Management will need to follow the values set by an organization in order to influence their employees. Norms Norms are the way people are supposed to behave. They are unwritten rules and are about our actions, what we say, the way we dress, etc. If norms are written, they are called policies or procedures. In a workplace, norms are passed on via word of mouth or behavior. Norms can be found in different behaviors, such as:

- The relation between management and employees
- The way employees work, for example, ‘ start early and leave late’, ‘ take half hour break, instead of one hour’, ‘ never refuse work’.

Formality during office hours.

- Performance of employees.
- The way anger is expressed.

Artefacts Artefacts are what is seen and feel by the employees on the workplace. They could be things as the working environment, the way people address each other, the kind of language people use in mails and on the work floor, etc.

Leadership style Leadership style can be described as the approach managers follow to run their team. There are four different extreme styles of leadership, namely:

- Charismatic/non-charismatic: These are leaders with a quiet and confident personality and can inspire employees to deliver performance.
- Autocratic/democratic: Autocratic leaders use force on their employees. Democratic leaders get the work done by encouraging their employees.
- Enabler/controller: Enablers use methods to make employees believe and

support their vision and work towards common goals. Controllers use manipulating power to convince employees. •

Transactional/transformational: Transactional leaders use reward/punishment method and are more focused on profitability. Transformational leaders are more concerned about the employees' well-being and will motivate them in order to reach company's goals. Chapter 1. Strong and Weak Organizational Cultures Organizational cultures can either be strong or weak. Strong organizational cultures are in organizations where the employees respect the policies and guidelines of the company. Employees are having pleasure in doing their job and are delivering high performance. Weak organizational cultures are in organizations where the employees are doing their job out of fear. The employees have no connection with the organization and will not do more than expected. These types of organizations don't motivate their people, which will lead to low performance or high turnover.

Chapter 2 Managing of Organizational Culture The role of management in an organization is to recognize what changes need to be made in the culture in order to stay competitive. Important for the company is to have a well-developed management philosophy in place. As described by French, et al. (2008), " a management philosophy links key goal related issues with key collaboration issues and comes up with a series of general ways in which the organization will manage its affairs". The advantages of a well-developed management philosophy are: • New situations can be adapted easily. Individuals are working together towards one goal of success. • It clearly defines the boundaries for everyone within the organization. One common goal for effectively managing culture within an organization is to get the

cooperation of the majority of the employees. This can be achieved by taking the following tactics into account:

- Good communication and education
- Involvement of the employees
- Negotiation with the employees
- Support of the employees
- Coercion (This has to be used as last option, when none of the above tactics are successful).

Chapter 2. 1 Skills needed for Managing Organizational Culture and Culture Change Managers should have the following skills in order to successfully manage their organizational culture and culture change:

- **Diagnostics skills:** This is a skill managers should have to find the appropriate solutions for all kind of problems. The managers should know how to gather the required information from their employees in order to know what is causing the problem and how the problem can be solved.
- **Strategic skills:** Managers need strategic skills to plan ahead.

Managers should have a vision in which direction they want the company to go and what actions/plans to take to reach their goals. The strategy process regards, analyzing the plan and environment (factors which may influence the plan); next brainstorm and find different options and solutions; finally evaluate the different options and select the best one.

- **Culture skills:** This is skill managers need to know how to lead people with different behaviors and different customs. Managers should understand, know how to communicate and approach people with different cultures in the workplace.
- **Change management skills:**

Managers will have to deal with changes in their workplace. These can be minor changes, such as switching to new computer programs or major changes such as reorganization. Managers should have the skills to convince

employees of the changes need to be made and get the cooperation of the employees. Chapter 3 Organizational Culture Change As seen already, in order for companies to stay competitive and survive in the economy, they will need to adapt to the changing surrounding environment. This means that companies will have to change their current culture if it hampers them in achieving their goals.

Organization culture change can be due to external and internal forces. Chapter 3. 1 External Forces External forces are forces from outside which will affect the organization's strategy and its role in the market. External forces are also called environmental forces. The external forces on their turn can be categorized in factors indirectly influencing the organization and factors directly influencing the organization. Factors indirectly influencing the organization can be political, environmental, social, economical and legal factors.

By conducting a PESTEL analysis, companies can have a clear picture of those surrounding factors. Factors directly influencing the organization, also known as the micro-environment are the customers, share-holders, suppliers and competitors. Chapter 3. 2 Internal Forces These are forces which will occur within the organization. These forces can start at the leaders of the organization and will be passed to the employees. This is called a top-down direction, for example a new leader with new values, new mission, new beliefs and new strategies.

The forces can also start at the employees and go to the top. This is known as the bottom-up direction, for example employees not happy with the management of the company or the strategies used to reach targets.

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Chapter 3. 3 Resistant to Change Changing the culture of an organization will not always be without certain difficulties. Employees will tend to resist change due to the following factors:

- Employees care about their own interest
- Employees don't have sufficient confidence in the new organization
- Employees misunderstanding the concept The culture has become a part of tradition
- Employees have other visions and goals
- Employees fear of having economic or status loss
- Employees fear of having difficulties with the changes
- Employees fear that the changes will disrupt their social relationships with other employees

In order to successfully implement changes in a culture, Kotter (1995), a professor at Harvard Business School, has created an 8-step change model: 1. Create urgency. In order to get the whole company to support the change, management will need to develop methods to demonstrate the urgency of the change.

Kotter suggests having honest and convincing dialogues with the employees, instead of just showing statistics. Get the people to think the same way about the change. If needed, take people from outside the organization to give presentations and empower the arguments. Step 1 is the most important step and sufficient time should be spent at this step. In order to be successful, the change should be supported by 75% of the employees. 2. Form a powerful coalition. Form a group of influential people, which can continue to convince the other employees.

These people should be from all levels and from different departments in the organization and should have strong leadership skills and the required expertise. The formed group will have to work together as a team and stay



committed to their task. 3. Create a vision for change. The vision has to be clear and easy to understand for the employees. When the vision is clear, people can follow directions more easily and do what is expected from them. The vision should not be in more than two sentences and need to be explained in not more than five minutes by the coalition group.

A ‘ vision speech’ will have to be developed and practiced regularly. 4. Communicate the vision. After the vision has been created, it needs to be communicated effectively and frequently, to get it embedded in the employees’ minds. The vision should not only be communicated during meetings, but every time during every occasion. Important as well is to be a leading example. Demonstrate what is expected from the employees. 5. Remove obstacles. Identify the obstacles which are in the way of implementing the change. This can be done by hiring change agents who have to take care of implanting the changes.

Use incentives for people who support the change. Employees, who are not willing to change, need to be found out why they are showing this behavior. This step requires quick action. 6. Create short-term wins. Set short-term targets, instead of one long-term goal. These short-term targets will show the effectiveness of the change and won’t give people not supporting the change, the chance to come with negative comments. Short-term targets can be achieved easier and every target achieved will motivate the employees. Important is that the first targets should not require high investment. 7.

Build on the change. In order to see if the change is really successful, it has to be given time. Evaluate every success and work on continuous

improvement. The kaizen philosophy can be used to know more about continuous improvement. 8. Anchor the changes in corporate culture. Make the new systems and strategies part of the organizational structure. Don't deviate from the values that support the changes and use them all the time in everyday work. Make sure that the coalition group will continue supporting the change and make sure that new hired employees also get to know about the change and values.

Important ' don't(s)' when implementing culture change: 1. Don't change the management team by bringing in own staff. New people who share the same vision can be brought in, but also stick to the existing team. 2. Don't start to reorganize the team. First be clear about the vision and then set up management roles. 3. Don't use force or coercion in order to reach goals.

Chapter 4 Consequences on Organizational Performance Organizations with strong culture and organizations which are willing to change their culture to new situations will perform better than organizations which don't.

The following disadvantages can be summarized for organizations with a weak culture:

- No orientation: There is no specific goal in the company to work towards. Companies with no vision will lead to disoriented employees and financial losses.
- No motivation: Companies who only think about making money are not concerned about their employees' well-being. This will create unmotivated employees. Unmotivated employees will lead to low performance and eventually to loss of customers and clients.
- Individual goals: In a company with a weak culture, departments are working at cross purposes and are only focusing on individual goals.

Individuals tend to forget that they should be working towards one company goal. • No teamwork: Companies with weak cultures don't stimulate teamwork. Employees have their individual thoughts and only think about their way as being the best. This will lead to conflict within the organization and employees not communicating with each other. The advantages and disadvantages of respectively strong and weak cultures will be illustrated by taking examples of a company with a strong culture and one with a weak culture. Chapter 4. 1 Company with a strong culture

Google can be seen as a company with a strong culture. The company was founded in 1998 and has grown to a company with more than 30,000 employees and has more than 70 offices in more than 40 countries. The company's revenue has grown with 45%. Google believes that it thanks to their employees they are doing good business and are successful. They hire people who are intelligent and prefer ability over experience. Although Google has offices all over the world, their employees share one common goal and vision. The company has a culture where ideas are shared between all levels in the organization.

The company also provides social activities to their employees and entertainment and relaxing facilities within the workplace. Google has their values, which they call the "10 things" to stay true to their customers and deliver quality. These values are revisited from regularly in order to check if they still comply. As cited by Larry Page, CEO of Google, "We don't just want you to have a great job. We want you to have a great life. We provide you with everything you need to be productive and happy on and off the clock".

Chapter 4. 2 Company with a weak culture

As example of a company with a weak culture can be taken BP. The disastrous oil spill of the company in 2010 is seen as a result of poor corporate culture. With its aim to save costs and only looking at profitability, the company didn't take safety measures into account, which lead to the spill of more than 200m gallons of oil in the Gulf of Mexico and the dead of eleven rig workers. The drilling manager used force when giving orders to the drilling contractors and not listening to concerns and risks of the contractors regarding the short-cuts. The company was overconfident, thinking that nothing could go wrong.

The company has suffered a major economic loss and will need to pay a total amount \$78bn to economic and medical claims from more than 100, 000 businesses and individuals. The company had four consecutive annual losses and only in the second half of last year they reported a profit. The worst part of all is that the company has created an image of a bad reputation, which they will not get rid of easily. Conclusions and Recommendations Looking at the two examples, it can be concluded that companies not effectively managing their culture will have a poor organizational performance.

It has also been noted that a weak organizational culture will lead to loss of profits and even to a bad reputation. As described by Armstrong (2006), there are no ideal cultures, but appropriate cultures. For this reason, there is no real guidance of how a company's culture should be managed. Management will from time to time have to check if their culture still fits in the current environment. Analyzing of the existing culture can be best done through open-ended questionnaires (Wilson, 2010). Overall it can be concluded that companies with a strong culture, create a etter working

environment for their employees, which will lead to motivated people, which in turn will lead to high performance. ` References Alpert, R. T. , 200-. Managing Cultural Diversity in the Workplace, Part 2. [online] Available at: [http://www. diversityresources. com/managing-cultural-diversity-in-the-workplace. htm](http://www.diversityresources.com/managing-cultural-diversity-in-the-workplace.htm) [Accessed 20 January 2013] Armstrong, M. , 2006. A Handbook of Human Resource Management Practice. 10th ed. London: Kogan Page Limited. Associated Press in New Orleans, 2012. BP settlement over Deepwater Horizon oil spill approved by federal judge. The Guardian, [online] 22 December 2012.

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