

# Definitions by scholars on corporate culture



**ASSIGN  
BUSTER**

In managing this corporate world, the social scientist and practitioners realized that some of the most important things to study and manage cannot be controlled directly. Then they found out that an organization needs a social energy called culture to moves people to act. In common, like an individual has personality, an organization also has culture, which is hidden but has unifying theme that provides meaning, direction and mobilization. It is practical to say that organization charts and employee manuals are simply not enough to get members working together.

According to Edgar H. Schein, 1985, culture is a shared philosophies, ideologies, values, beliefs, assumptions, and norms. In addition culture is also identified as source of solution to external and internal problems that has worked consistently for a group and it is also a guideline taught to new members as the correct path to perceive, think about, and feel in relation to those problems.

Stanley M. Davis, 1984, said corporate culture is the pattern of shared beliefs and values which gives a meaning for the members of an institution, and provide them with the behavior rules in their organization. Davis furthers explained that each and every organization will have its personal word or phrase to understand what it means by culture which some of that are being, core, ethos, identity, ideology, manner, patterns, philosophy, purpose, roots, spirit, style, vision and way.

In prominent to art and literature, lifestyles, ways of living together, value system traditions and beliefs, corporate culture is a set of distinctive

spiritual, material, intellectual, and emotional features of society or a social group. (UNESCO, 2002).

Culture refers to a core set of attitudes and practices that are shared by the members of a collective entity such as nation or firm. (Hofstede 2003; Smircich1983). Hampden-Turner , 1990 define corporate culture as a pattern of basic assumptions invented, discovered, or developed by a given group as it learns to cope up with its problems of external adaptation and internal integration that has worked well enough to be valid and to be taught to new members as the correct way to perceive, think, and feel in relation to these problems.

Corporate culture also known as a collection of uniform and enduring beliefs, customs, traditions, and practices that are shared and continued by the employees of a corporation. In common corporate culture comprises the attitudes, values, beliefs, norms and customs of a company, defining the way it progressing, how it succeed in economic and how it interacts with employees and suppliers. It is important to learn that culture is the result of an evolutionary process, being established throughout the history of a company and its leaders.

Liam Gorman, 1989, said corporate culture consists of values, norms, feelings, aspirations and hopes that are subtly hidden from view, but distinctly recognizable to a discerning manager.

Further Gorman, explained that Japan is success country which practices consistent corporate culture. Japan management and workers have emphasized the importance of shared values in matching and exceeding

<https://assignbuster.com/definitions-by-scholars-on-corporate-culture/>

levels of productivity, quality, innovation and service attained in western market.

So it is obvious that the shared values determine the success of Japanese business. Their behavior norms demonstrate a commitment to quality, problem solving and co-operative effort in greater degree than is general in compared to the organizations outside Japan.

It is also believed that there are two levels of culture which is the visible and the deeper level and the other is less visible. The visible aspects encompass behavior patterns, the physical and social environment and the written and spoken language used by the group. The less visible level of culture relates to the group's values and what Schein (1991) calls them basic assumptions.

The shared values consist of the goals and concerns that shape a group's sense of what it is turn out to be. These notions, about acceptable norms, values and behavior, can vary greatly in different groups, in some organizations people care deeply about money, in others about customer wellbeing or employee wellbeing. Some of these values may remain conscious and may be not.

Schein, for instance, points out that culture is the total of the collective or shared learning of the group as it develops its capacity to survive in its external environment and to manage its own internal affairs. It comprises the solutions to external and internal problems that have worked in the past and that are taught to new members as the correct way to perceive, think about and feel in relation to those problems.

In general view a culture is composed of:

- (1) Values and assumptions which prescribe what is important.
- (2) Beliefs on how things work;
- (3) Behavior norms – a set of attitudes that are easier to decipher than values and assumptions.

### **The nature of corporate culture**

The nature of corporate culture stated explicitly in a company's mission statement as the “ dominant values of the organization” (Deal and Kennedy, 1982). But to note the company's mission may say something about commitment to serving the customer, but its record in that regard may contradict what it says. Therefore the underlying values, assumptions and beliefs of corporate culture are more than simply strategic priorities and goals.

A process of cultural socialization arises informally from the existing employees and formally through induction training programmes. Harrison and Carrol (1991) explained that if an individual enters an organization where employees work in an environment of strong group and peer pressure, the individual adopts the employees' norms. Whereas when the group pressures are weak, the individual is likely to accept the norms encouraged by management.

Finally, corporate cultures tend to change slowly over time. Kotter and Heskett (1992) explained that culture evolves as a result of the turnover of group members, changes in the company's market environment and general

changes in society. Wilkins and Ouchi (1983) quoted a number of examples of organizations claiming to experience great distress because the culture cannot be changed or because its members will not change fast enough.

In summary, the consensus from the academic literature suggests that corporate culture is the visible and less visible norms, values and behavior that are shared by a group of employees which shape the group's sense of what is acceptable and valid. These are generally slow to change and new group members learn them through both an informal and formal socialization process.

Culture can vary from one organization to another, or even within one organization. From the findings, western researchers have noticed aspects of culture such as the direction, the strength and pervasiveness of core values are characteristics which greatly contribute to the success of companies.

There are three interrelated aspects of impact which is direction, pervasiveness, and strength.

## **Strength**

The strength of culture can be referred to the extent to which members of an organization embrace the values of the culture. The impact of strength is the level of pressure that a culture exerts on members in the organization, regardless of the direction. For an example, do the members feel compelled to follow the dictates of the culture or do they feel that the culture only mildly suggests them to behave in certain ways? The social energy captured in culture can range from very weak to very strong. If a culture only mildly suggests what to do, the direction of the culture is largely inconsequential. A

culture that captures the group's energy and imagination and moves activity in the right direction will help the organization achieve its goals. For instance customer service, will take a higher priority in some organizations than in others.

## **Pervasiveness**

Pervasiveness refers to the extent to which beliefs and values are shared amongst departments in an organization. The pervasiveness of impact is the degree to which the culture is widespread, or shared, among the members of the group. Whether the culture seen the same way by all members or seen differently by different members within the organization? If each member of a work group influenced to behave in a different way, then the work group will not be able to act as a unit and will be immobilized. Culture depends on experience and departments are likely to have different problems to solve, different experiences which lead to differences in culture.

## **Direction**

Direction refers to the extent to which the culture conjunct behaviour in line with the expressed strategy of the organization, or behavior take steps to the express strategy. The direction of impact is the course that culture is causing the organization to follow. Does culture push members to behave in ways that are counter to the formal mission and goals of the organization by culture moving the organization in the right direction?

Those are the three aspects of impact affect the performance of the organization. A culture has positive impact on an organization when its brings behavior in the right direction, with widely shared among the

members of work group and puts strong pressure to follow the established culture.

From a managerial point of view, a culture can be said to be positive if it creates behavior consistent with the expressed strategy by constitutes values owned by members at all levels. But it has negative impact if the culture is such that it is strong and pervasive but antagonistic to company's goal. Then the organization has big problems in the strategy area.

### **Guiding belief and daily belief in corporate culture**

The peoples have all sorts of beliefs, from profound to trivial. Guiding beliefs give direction to daily beliefs. At work, there may be a guiding belief that every employee should have the opportunity to develop to her/his maximum potential. Daily beliefs at work then might stress honest and regular feedback, meaningful performance, promotion from within and excellent development programs.

Guiding beliefs comes in two varieties. There are external beliefs that how to compete and how to direct the business and there are internal beliefs about how to manage, how to direct the organization. Guiding beliefs rarely change. They are held in the realm of universal truths, and are brought enough to accommodate any variety of circumstances.

Daily beliefs are equally part of a corporation's culture, they should not be confused with guiding beliefs. Daily beliefs are rules and feelings about everyday behavior.

## **Culture and strategy**

Guiding beliefs and distinguishing them from daily belief are important because of the link between beliefs and strategy. Strategy proceeds from guiding beliefs which was roots from which strategies grow.

If strategy is a statement of what a company wants to accomplish, and organization is the vehicle for how the company will accomplish it, then guiding beliefs are the statements of why the company wants to accomplish the strategy.

## **The HP Way – an example of corporate culture for a whole industry**

Since the early years, HP has come out with a management style which had never existed in any other larger companies before. The two founders of HP created a new type of corporate culture which was called “ the HP way.”

HP always renounced the “ hire and fire” mentality, which meant to employ many workers for a single big time and to dismiss them soon later on.

Instead, the company offered its employees almost perfect job security. Even in 1974, when the U. S. economy was in a profound crisis and many people were unemployed, HP avoided layoffs by a four-day workweek, which was a unique measure in corporate America.

The two founders trusted in the individual’s own motivation to work and treated their employees as a family members. Where the custom to call each other by the first name was a normal routine, which even the two chiefs were only known as Bill and Dave.

The workers in HP were given chance to participate in the company with stock options and were even paid additional premiums when HP was successful and today it known as profit sharing. These beneficial acts is served to identify the employees with their work and to encourage them. In addition to that , the HP way also included extensive employment benefits such as scholarships for the employee's children.

By the end of the 1950s, Bill and Dave planned to write down the company's objectives, which were to serve as guidelines for all decision-making by HP people, since the company had grown ever larger. With some changes, those objectives are still valid today. They list out as follows, profit, customers, fields of interest, growth, our people, management, and citizenship. And these objectives are to be achieved through teamwork.

HP's strategies nowadays comprise mainly the " Management by Objectives", " Management by Wandering around" meaning informal communication within the company, and " Total Quality Control" which aims at producing highly qualified products. Since then the HP way is seen as model for corporate culture in many countries.

The roots of many subsequent companies are located in HP, for instance such as Steve Wozniak, who worked at HP and later co-founded Apple. This has led to the establishment of a new corporate culture in Silicon Valley and many firms have tried to imitate the HP did and ad opted measures such as stock options, innovative work rules, teamwork, and profit sharing.

[http://www.silicon-valley-story.de/sv/hp\\_way.html](http://www.silicon-valley-story.de/sv/hp_way.html)

<https://assignbuster.com/definitions-by-scholars-on-corporate-culture/>

## **Cultural benefits**

A culture that fosters relentless innovation may help ensure that the firm stays constantly at the leading edge of innovation. (Govindarajan and Kopalle 2004; Tellis and Golder 2001). As we understand so far, corporate culture means something have to do with the people and the unique quality or character of organizations.

Corporate culture is instrumental in an organization's success. It provides the workplace environment for the employees of an organization. When people work in an environment that they perceive as rewarding, they are more likely to perform at a high level.

Furthermore, a company's success is the result of the organization performing certain tasks very well. Corporate culture is what determines these work environments, as well as the tasks in which an organization excels.

By maintaining a positive culture, an organization is able to enjoy many benefits. While the morale is improved, with high teamwork in an enjoyable environment, there will be more potential for new idea and information sharing. Due to the free flow of information, the learning process continuous to improve. Besides that with a culture it also helps attract and retain good employees.

Southwest Airlines is one of an example company which benefits positive effects from the corporate culture. By encouraging informality, the CEO Herb Keller wants the staff to have fun at their jobs. He values the employees by acknowledging their birthdays, weddings and deaths by notes and cards.

<https://assignbuster.com/definitions-by-scholars-on-corporate-culture/>

With this culture Southwest turnaround times less than half the industry average.

At Hewlett Packard with problems several years ago, HP change its culture where staff are required to formulate three personal and three professional goals each year, and are encouraged to cheer those that meet them, such as getting away early to be with family. Two years into the program, HP reports no loss in productivity despite staff working shorter hours and there is an increased staff retention rate. The program has been marked by the extent to which managers bought in, and modeled it in their personal lives.

Managers should institute cultural change by modeling the behavior they wish to encourage, then reinforce the desired culture with visionary statements, slogans, celebrating employees' successes or promotions, distributing newsletters, hiring culture-compatible staff.

Positive corporate culture is now a prerequisite for success rather than a competitive advantage, it allows the hiring and retention of top-quality staff. If a corporate culture is lowering morale, a top-down approach is needed, setting out the vision from the top and demonstrating acceptable behavior. Improving workplace culture makes employees' experience happier and this in turn leads to improved.

There is no point to change a thing called culture if it does not affect what goes on in organization. But the fact is culture does affect organizational behavior and performance. Culture is the driving force in changing the world. The question how companies find a new identity in this world can only be answered by considering their corporate culture. Alan Wilson said the <https://assignbuster.com/definitions-by-scholars-on-corporate-culture/>

behavior and attitudes of staff are a key input to a service organization's identity.

<http://www.evancarmichael.com/Human-Resources/840/Examples-Of-Strong-Corporate-Cultures.html>