

Topic Briefing

Organisational Culture





What is Organisational Culture?

Culture as a Competitive Advantage?

Culture as a Liability?

Can Culture be Changed?

Essay Questions



What is Organisational Culture?

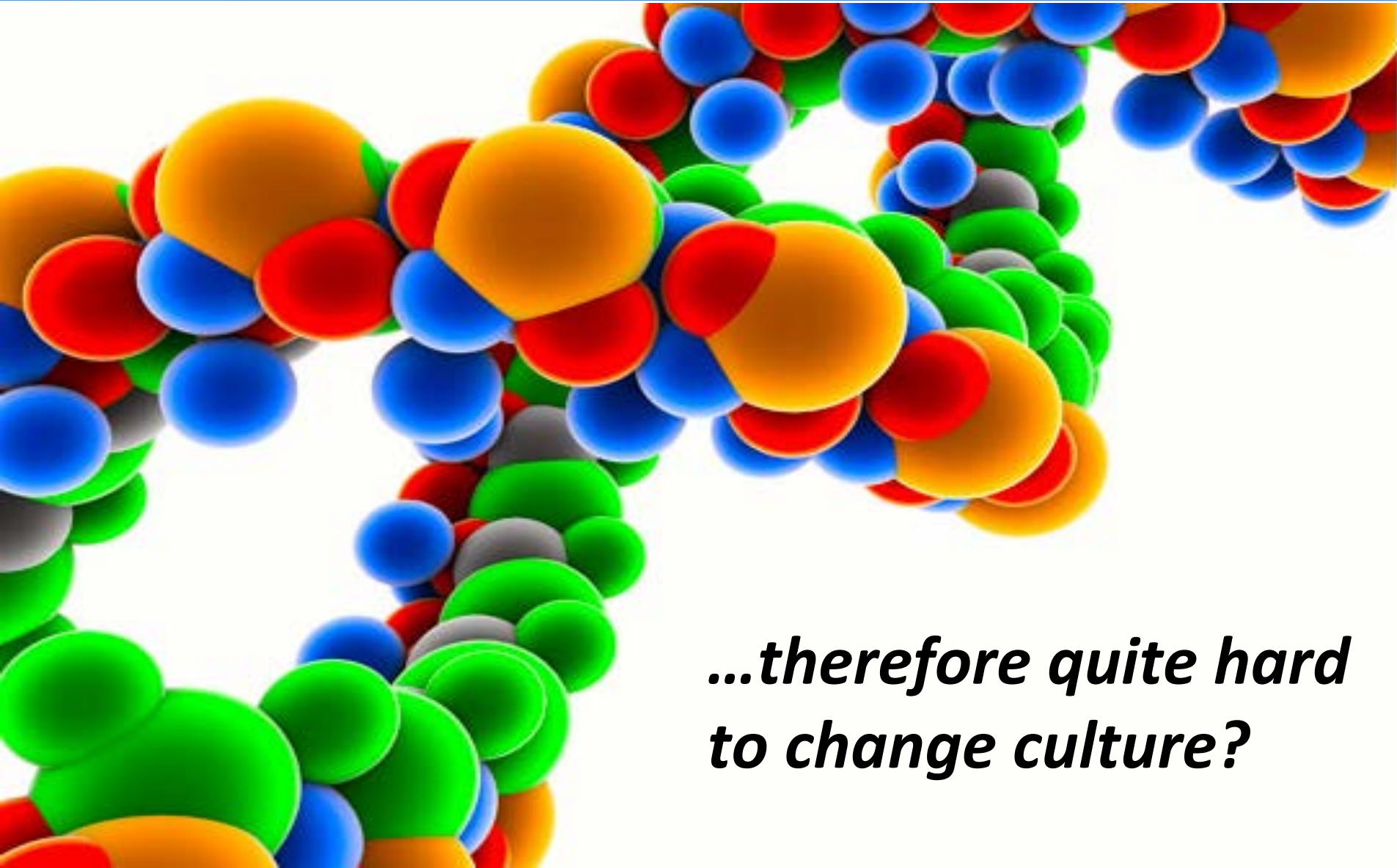
Handy's simple, memorable definition:
culture is...

**“The way we do
things around
here!”**

Every organisation “does things” differently
– some more distinctively than others



Think of organisational culture as the DNA of a business



***...therefore quite hard
to change culture?***

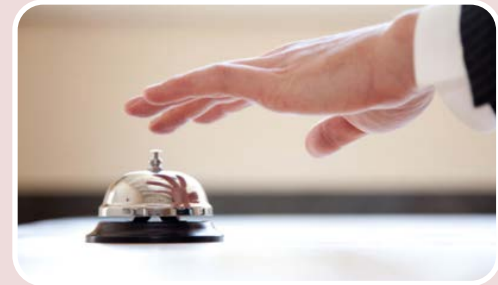
Various ways of identifying culture



**How decisions
are made**



**Methods & style
of
communication**



**How customers
are treated**

Lots of research done on this...

Two culture “gurus”



Charles Handy



Ed Schein

Handy's Four Classes of Culture

Power

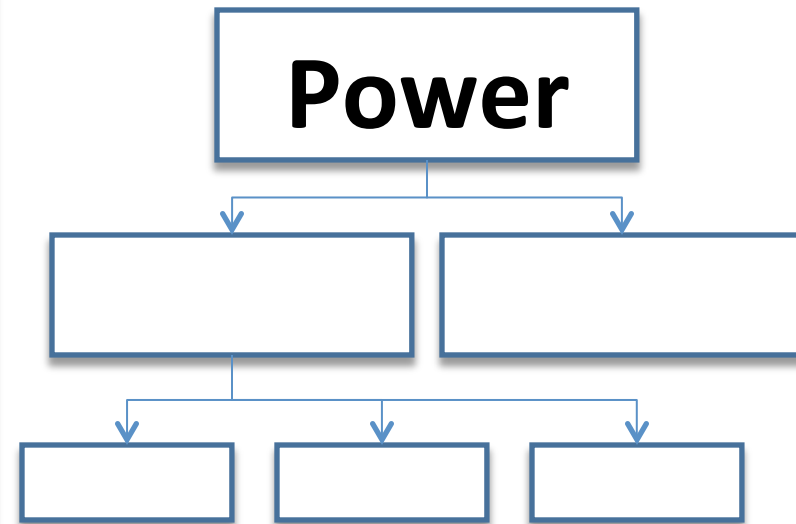
Role

Task

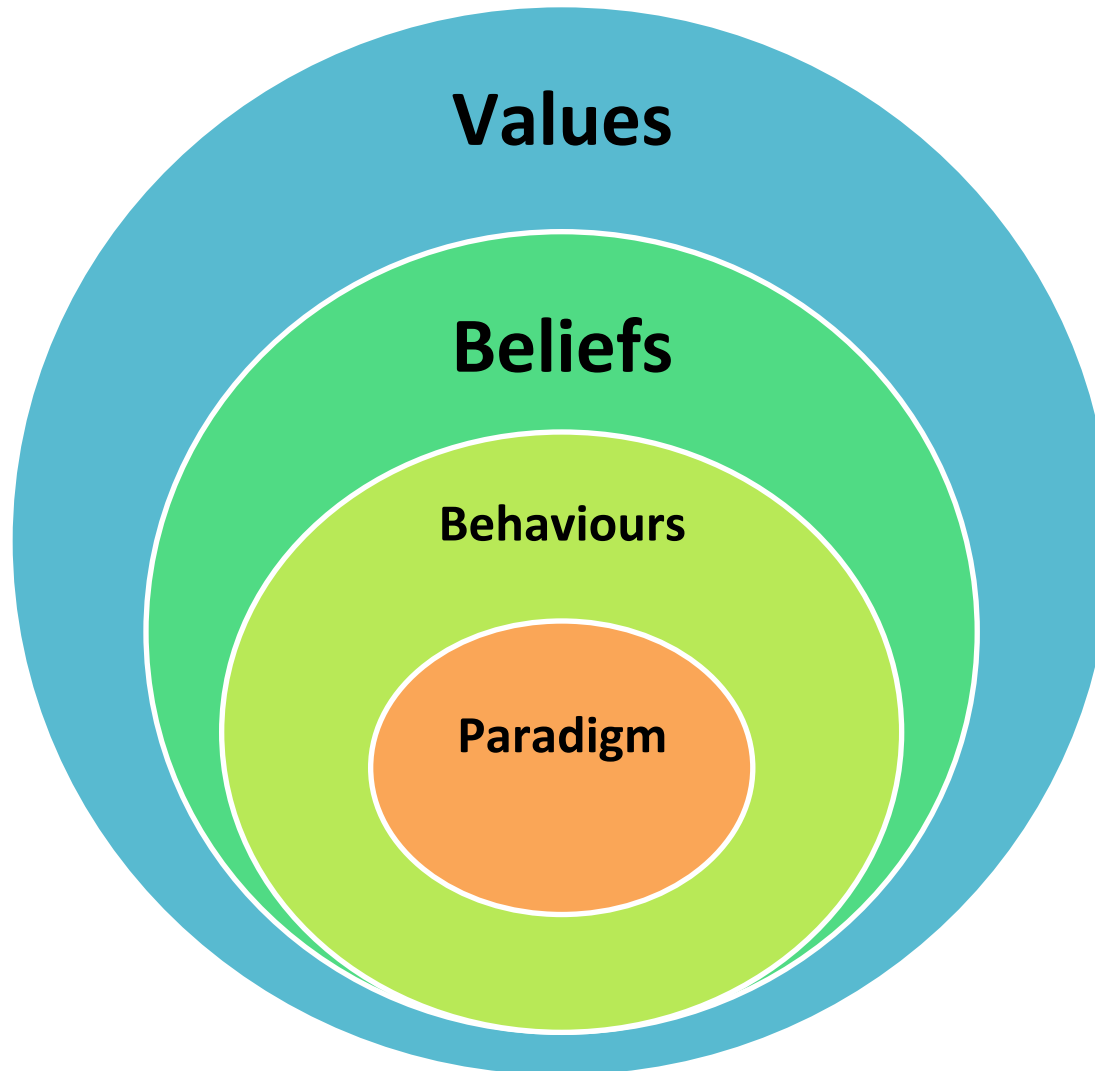
Person

Role culture

- **People have clearly delegated authorities within a highly defined structure**
- **Hierarchical bureaucracy**
- **Power derives from a person's position**



4 layers of organisational culture



Source: E Schein
Organisational Culture, 1998

Schein's 4 layers

Values

- Often formally stated / communicated (e.g. our “core values”)

Beliefs

- More specific than values
- How people talk about issues facing the organisation

Behaviours

- Day-to-day ways in which an organisation operates
- E.g. work routines, org structure

Paradigm

- The set of assumptions held in common that are taken for granted
- **Usually not talked about** – they are just generally accepted

Schein: key link between leadership & culture



*“the only thing of real importance that leaders do is to
**create and
manage culture”***

Another way to analyse culture:

Strong v weak

Strong

Staff understand and respond to culture
Little need for policies and procedures
Consistent behaviour
Culture is embedded

Weak

Little alignment with business values
Inconsistent behaviour
A need for extensive bureaucracy & procedures

Strong culture is not always good culture!



**Competitive
advantage**

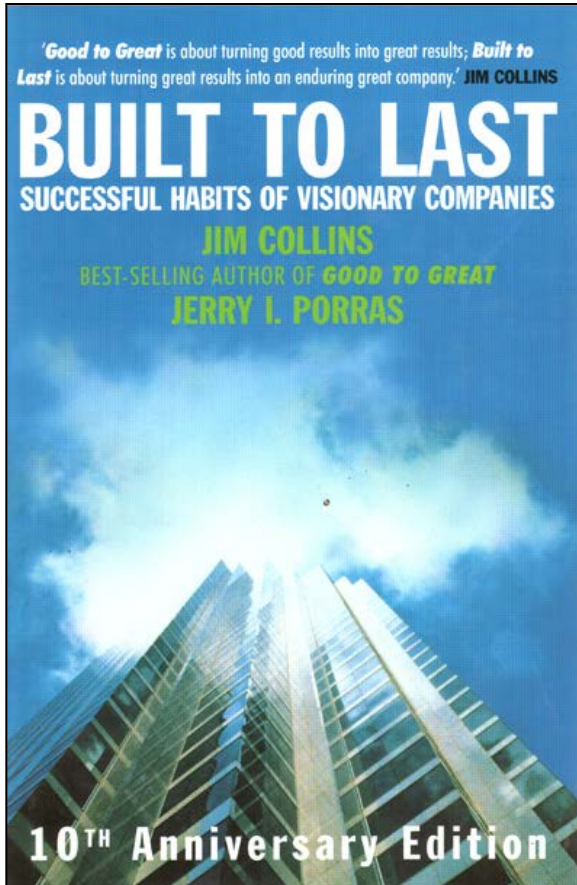


**Weakness
/ Liability**



Culture as a Competitive Advantage?

Analysis from “Built to Last”



**“A clear,
sustained culture
is stronger than any
as a factor in
continued success”**

A great example of a business built on strong, positive culture

Customers are “**guests**”

A job is a “**part**”

A uniform is a “**costume**”

Being on duty is “**onstage**”

Being off duty is “**backstage**”



2 Classic Case Studies in Positive Culture



Zappos

(Online Shoe Retailer)



Southwest Airlines

World's Largest Low-Cost Airline

Zappos



**“your culture
is your brand”**

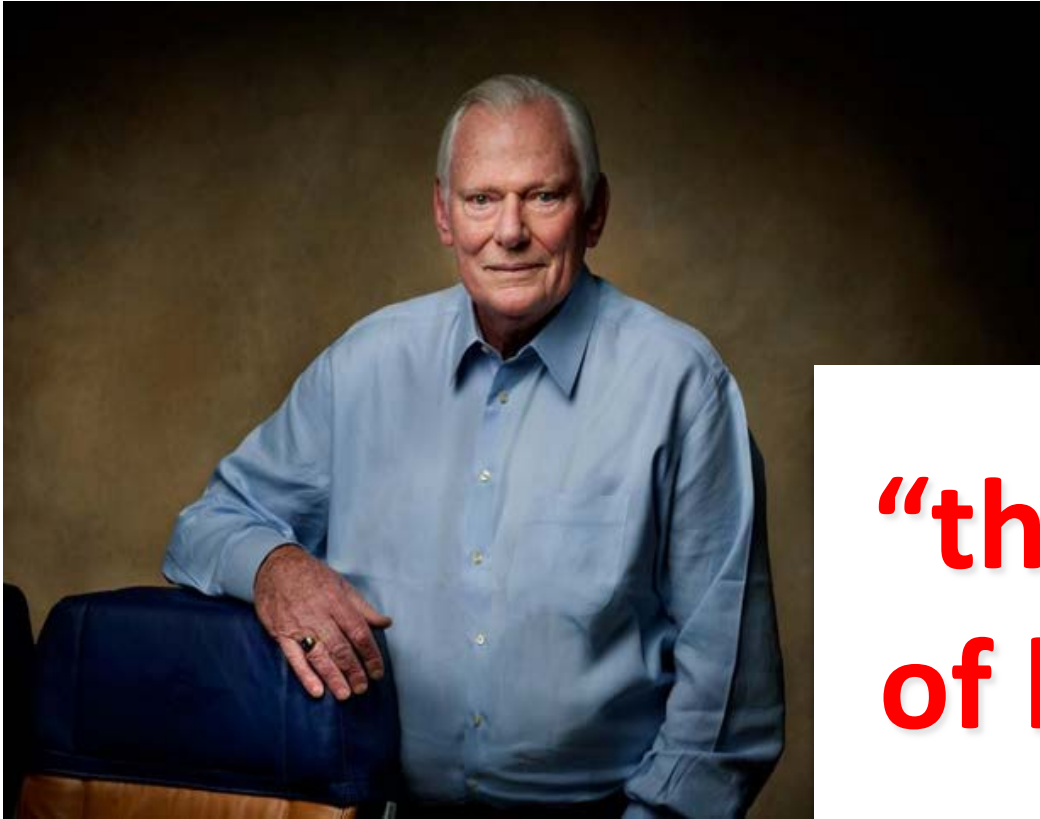
The Zappos culture

“If you get the culture right, most of the other stuff will just take care of itself”



Tony Hsieh (Founder & CEO) Zappos

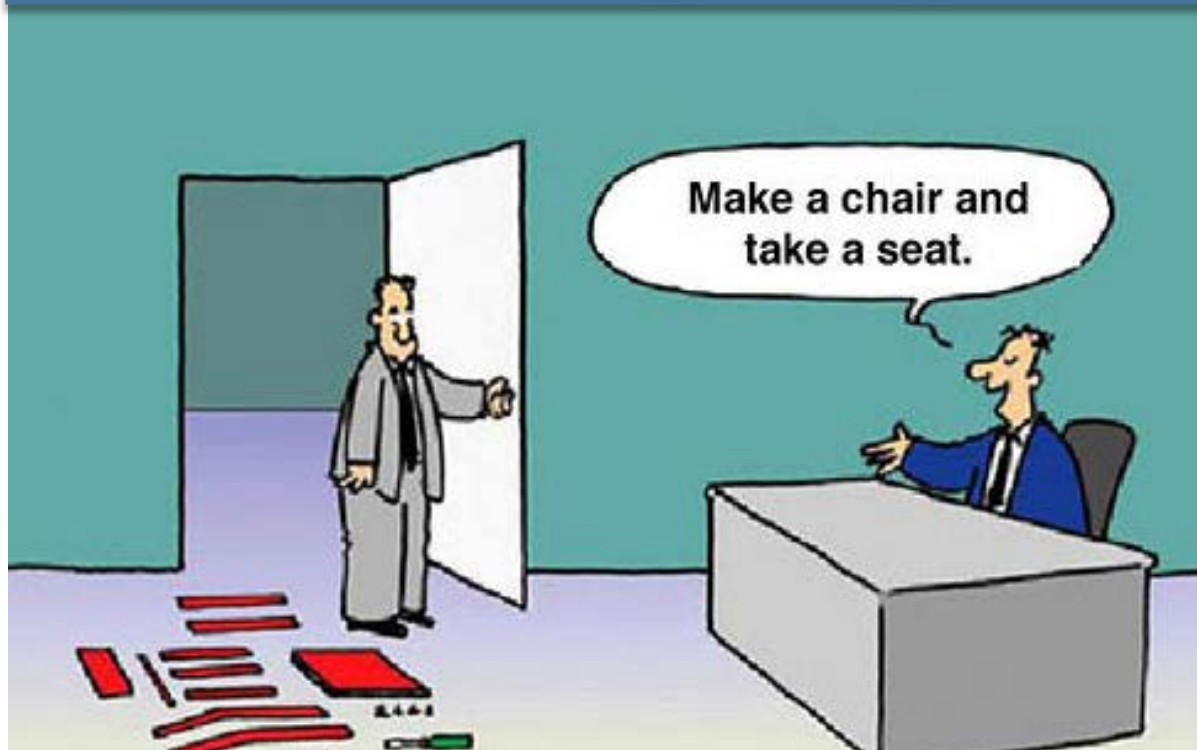
Southwest Airlines



**“the business
of business is
people”**

IKEA – one of the BEST examples of culture as a competitive advantage

Applying for a job at IKEA



Culture at Ikea – deeply embedded

"The culture in Ikea is within each and everyone of us and that we, as co-workers within Ikea, create, develop and move the culture everyday that we come to work"



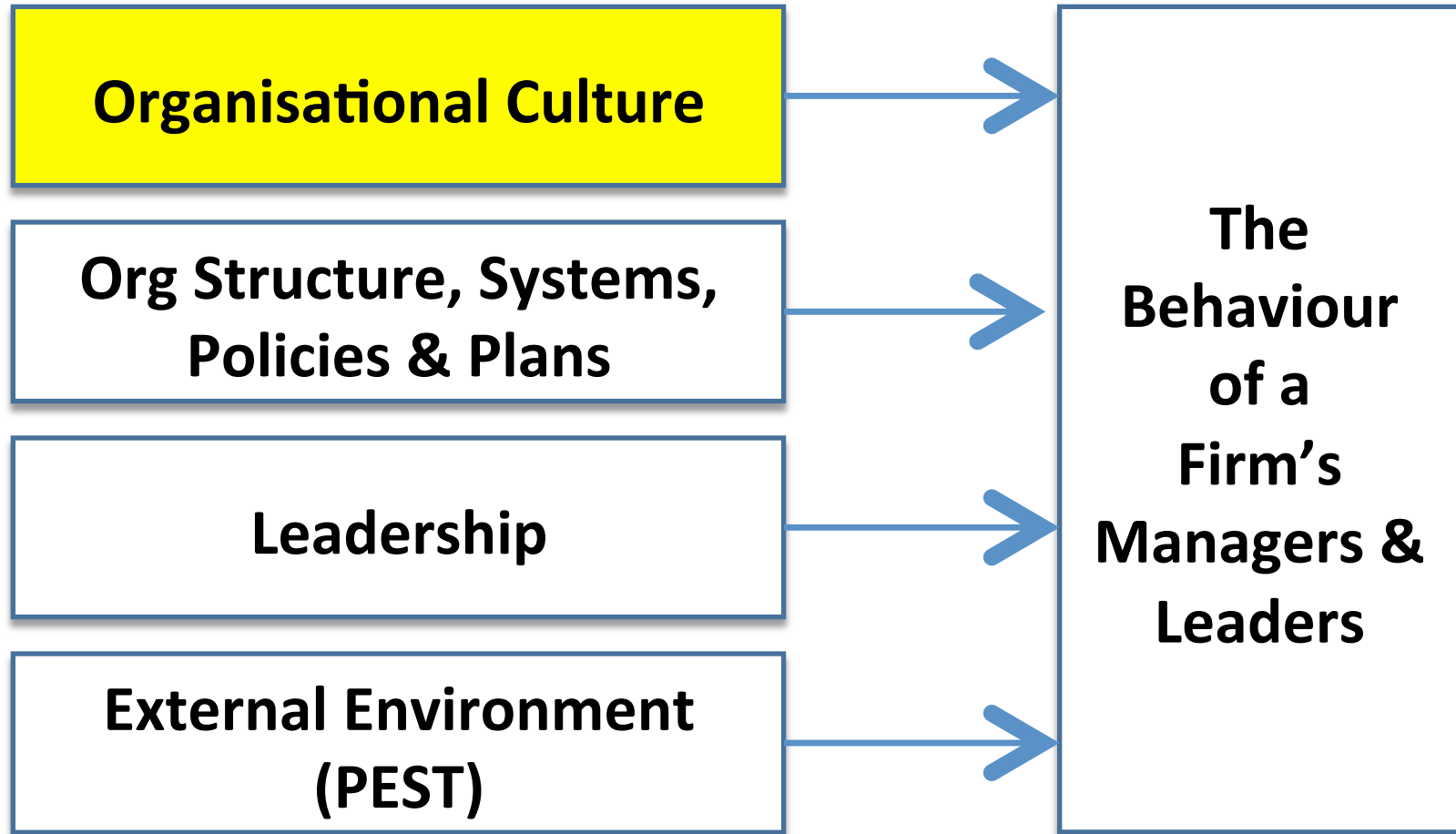
Culture at Ikea – set by the founder





Culture as a Liability?

4 Factors that Shape Managerial Behaviour



Shadow of the Leader?



A phenomenon where the organisational culture is the reflection of the founder or senior team

What causes toxic organisational culture? Look at the leadership

**“A fish
rots from
the head
first...”**



Toxic culture

"A toxic culture in an organisation creates an **environment** that can **damage** the emotional, physical or financial wellbeing of employees, customers and those associated with that organisation".

Plenty of examples of toxic culture!



Note the link with business ethics!

Possible signs of toxic culture

- Weak leadership
- Authoritarian or bullying leadership
- Lack of transparency & morality
- Dishonesty & corruption
- Reluctance to embrace change
- Lack of openness and honesty



Changing Culture

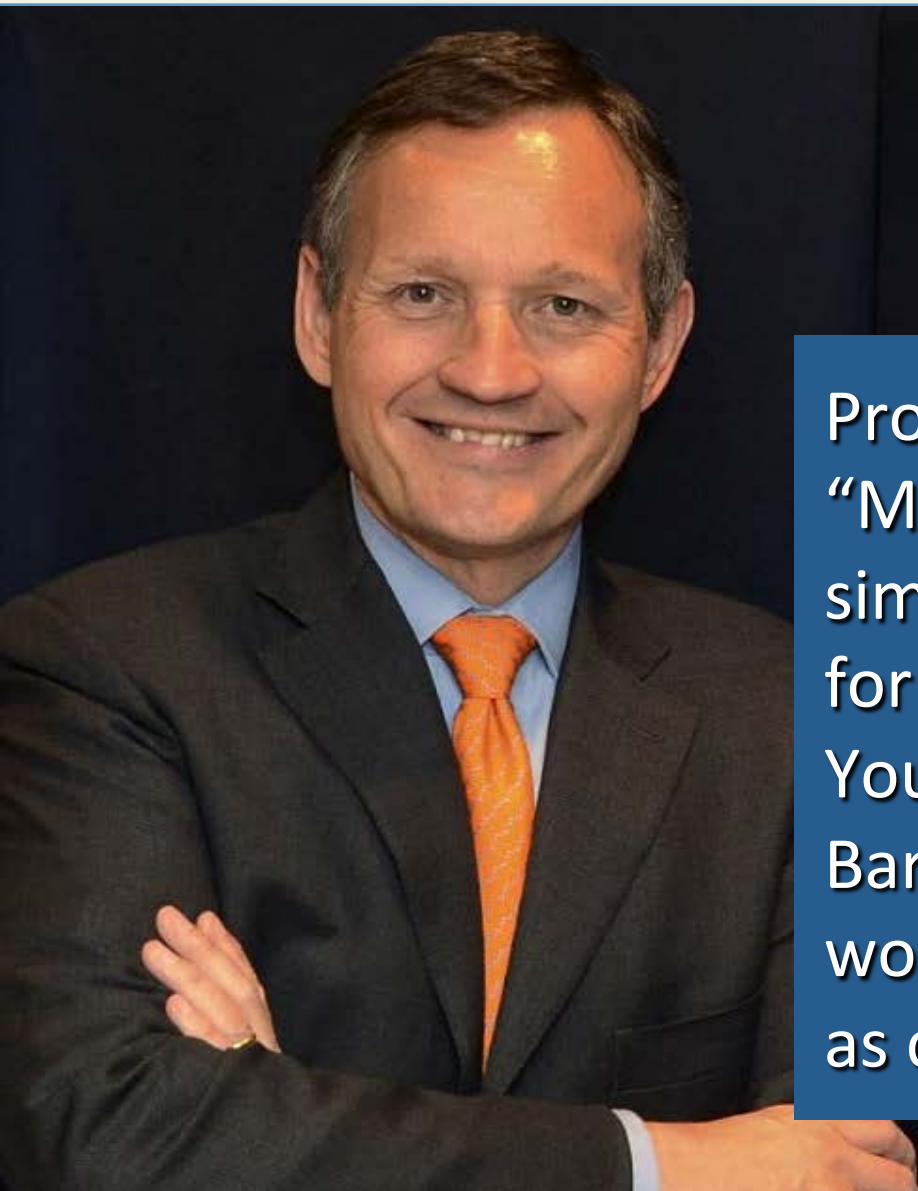
The classic case study of when culture change was required...



Why might a culture need changing?

- Improved business performance
 - Declining profits and sales
 - Low quality or standards of customer service
 - Loss of market share or leadership
- To respond to significant change
 - Respond issues around ethics & illegality
 - Change of ownership (e.g. acquisition)
 - Change of leadership (e.g. a new CEO)
 - Economic conditions (e.g. downturn)

Many new CEOs state their intention of “changing the culture”

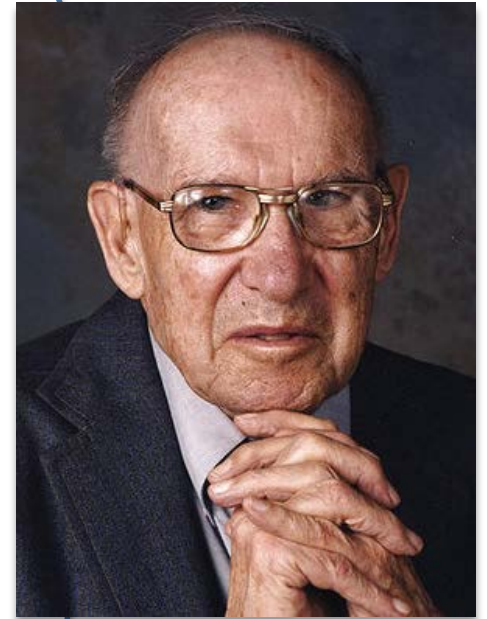


Project Transform

“My message to those people is simple: Barclays is not the place for you. The rules have changed. You won't feel comfortable at Barclays and, to be frank, we won't feel comfortable with you as colleagues.”

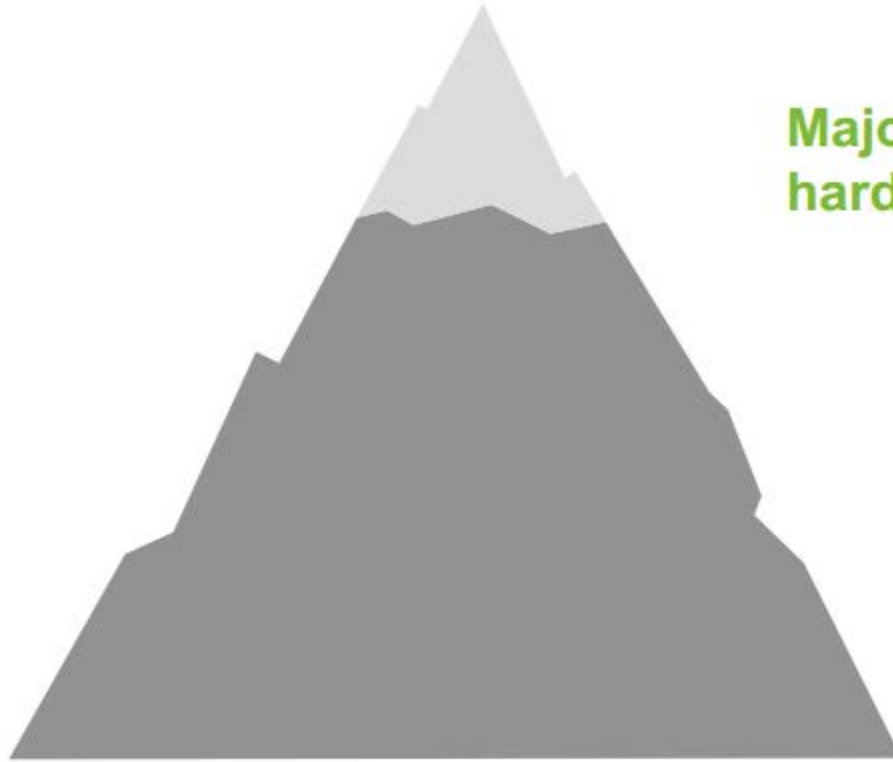
Drucker on changing culture

“Company cultures are like country cultures. Never try to change one. Try, instead, to work with what you’ve got.”



Peter Drucker

Can culture be changed?



Major culture overhauls are hard to do and often fail

It's a long race — culture evolves slowly

Momentum is hard to sustain

Only attempt a major overhaul if it is really necessary



Essay questions to plan

Key Essay Topics Linked to Culture



Leadership



Vision & Values



Ethics & CSR



Innovation



Change process



Tech Change

Essay questions on culture

- **Does an innovative culture guarantee success?**
- **Can a new CEO change organisational culture quickly?**
- **Does organisational culture determine success in a rapidly changing external environment?**
- Is organisational culture the main cause of unethical business behaviour?
- Is strong organisational culture an asset or a liability?

Continue the conversation...

@tutor2u

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