Changing the Culture

Chapter 3
Objectives

- Recognize the importance of corporate culture to organization success.
- Identify the key factors used in assessing corporate culture.
- Describe the culture and organizational factors that lead to effective organizations.
Creating a Concept of Change
Creating a Concept for Change

- Change, massive change, is having an impact on all facets of society, creating new dimensions and great uncertainty.

- Change is inevitable.
Understanding Corporate Culture
Reinventing lies not in marginally changing the current way of doing business, but creating totally new approaches, new technologies, and new markets.

Managers must be able to recognize when changes are necessary and must possess the skills and competence to implement these changes.
Understanding Corporate Culture

- **Organizational Management** is one method for bringing about a proactive managerial planned culture.

- **Organizational Development** is a long-range effort to introduce planned change throughout an organization.
What is Corporate Culture?

Corporate Culture is defined as an interdependent set of beliefs, values, ways of behaving, and tools for living that are common in a community that they tend to perpetuate themselves, sometimes over long periods of time.
Corporate Culture

- Culture is derived from both the management and the organization itself.
- Managers, through their actions and words, define a philosophy of how employees are treated.
Corporate Culture

- The job description and the way an organization is structured, such as a tall hierarchy versus a flat hierarchy, will influence the development of the culture.

- Management style, and corporate culture are central factors in the success of a company.

- Set the tone for the whole organization and influence the communication, decision-making and leadership patterns for the entire organization.

- There is no basic culture that works best for the organization.
Henry Migliore identified a set of 20 cultural factors

- **Membership identify**: employees identify with the organization as a whole on their type of job or field of professional expertise.
- **Team emphasis**: the degree to which work activities are organized around teams rather than individuals.
- **People focus**: the degree to which manager empowers the employees within the organization.
- **Autonomy**: the degree to which rules, regulations, and direct supervision are used to control employee behavior.
- **Control**: the degree to which rules, regulations, and direct supervision are used to control employee behavior.
- **Risk Tolerance**: the degree to which employees are encourage to be aggressive, innovative, and risk-seeking.
Corporate Culture and Success

- Corporate culture gives the organization a sense of how to behave, what to do, and where to set the priorities in getting the job done.

- Today’s rapidly changing environment, many corporate cultures fail to adapt to change and therefore fail as economic entities.
Corporate Culture and Success

- Cultures often clash following mergers, downsizing, or other restructuring.
- Both mergers and internal restructuring involve bringing groups together that may have different goals, operation cultures.
- International mergers can be more complex
  - Bring national cultures together
  - Languages
The Impact of Key Factors

- In order to create a winning culture, manager needs to adapt their managerial style, values, and goals to fit the changing demands of the environment.

- Tomorrow’s leaders will be those who are more flexible and innovative.
Key Factors to Improve Organizations/Effectiveness

- Create a Vision for the Future
- Develop a Model for Change
- Reward Changes
Culture Resistance to Change
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- Changing a corporate culture is not easy.
- Culture emerges out of the shared behavior and the working relationships of organization members that have developed over time.
Understanding Corporate Culture
Tools for Change

- Management changes to improve strategy are more likely to succeed if the factors that shape the culture can be identified and managed.
Three Organizational Tool
/ Adaptive Organizations

- Information
- Support
- Resources
People feel free to go outside their department to gather information

Open communication patterns

Open-book communication-teaches employees to understand the accounting and financial statements/use the knowledge in their work
Support

- Organization supports people in taking risks
- Organization removes the fear to fail
- Organization provides support from the corporate management as well as cooperation of peers and subordinates
Resources

Organization provides the resources such as funds, staff, equipment, and materials, to carry out the project.
Key Factors/ Cultural Change

- Understand the old culture
- Encourage change in employees
- Follow understanding units
- Don’t impose culture change
- Lead with a vision
- Large scale change takes time
The Goals and Values of OD
The Goals and Values of OD

OD programs focus:

- Managerial effectiveness-management of specific organizational goals and objectives.
- Managerial efficiency-ratio of output (results) to input (resources)
- Motivation climate- set of employee attitude and morale that influence the levels of performance.
OD Professional Values and Ethics

- Expertise
- Autonomy
- Commitment
- Code of Ethics
OD Implementation Issues

- The success of an OD program, is to a great extend, dependent upon the fit between OD values and the organization's values.
Ethical Values/Change Program

- The compatibility of the values of the OD practitioners and the organization.
- The changes imposed on the members.
- Determining the priority of the goals
Imposed Change

- Organizations are political systems.
- Top management usually decide to initiate OD program.
Determining the Priority of the Goals

- Which of the goals of an OD program is likely to be given precedence.
OD Values

- Respect for people
- Trust and support
- Power equalization
- Confrontation
- Participation
Questions
Reference