RCI Whitepaper

Understanding and Influencing Your Organizational Culture

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What is Culture?

An organization's culture is comprised of the set of values, beliefs, assumptions, principles, myths, legends, and norms that define how people *actually* think, decide, and perform. Culture is made up of what we both **see** (behaviors and structures) and what we **don't see** (assumptions, beliefs, and values). It involves *every* aspect of an organization's life — and the worklife of everyone who is part of the organization.

In his book *Organizational Culture & Leadership,* Edgar Schein, professor emeritus at the Sloan School of Management at MIT, defines culture as . . ."a basic set of assumptions that defines for us what we pay attention to, what things mean, and how to react emotionally to what is going on, and what actions to take in various kinds of situations".[1] Schein, an internationally respected researcher, consultant, and author should know. He is the founding father of the corporate culture field of study and has been in the forefront of developing strategies for both understanding and influencing it since the 1950's.

Schein adds that culture is "a pattern of shared basic assumptions learned by members of a group to solve their *external* problems of survival in the environment and their *internal* problems of integration that work well enough to be taught to new [employees] as the correct way to perceive, think about, and feel about all aspects of their daily life."[2] While the external problems for an organization relate to its financial competitiveness and its survival in the global marketplace, the internal problems relate to issues of coordination, goal setting, performance management, collaboration, etc. All of these shared basic assumptions are effective when they enable an organization to stay relevant and competitive in the marketplace as well as internally cohesive and integrated to achieve the organization's desired outcomes.

Culture, then, becomes the critical force for any organization's survival. By transmitting "what works" from one person to another, it helps employees deal effectively with both external and internal challenges. Culture offers insights and answers; it helps sustain the organization's practices and behaviors.

The Levels of Cultural Expression

In Schein's book *The Corporate Culture Survival Guide*, he suggests that there are three levels to every culture: *artifacts*, *espoused values*, and *underlying assumptions*.

At the most superficial or surface level, the cultural *artifacts* represent the things that we all can see, hear, and feel about the organization. The artifacts level is experienced through how

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[1] Schein, Edgar, Organizational Culture & Leadership, Second Edition, 1990, p. 22

[2] Schein, Edgar, lecture at the Cape Cod Institute, July 2001.

customers and employees are greeted when they walk into the organization; the stories, legends, and myths that employees tell each other at gatherings; even how employees dress; and the daily behaviors that employees demonstrate in service to their customers and team members, in completing their work, or in interacting with each other.

The *espoused values* level represents the explicit values that the organization identifies as the ideal: the vision for the organization, the goals the organization sets for each department, the behavioral norms that employees are expected to demonstrate in their daily work, and the core values that define who the organization is and what it expects employees to believe and practice. An organization's espoused values, for example, might include such things as the organization's strategic plan, its core value statements, and even its dress code.

Finally, according to Schein, the *shared underlying assumptions* level of an organization's culture are the invisible reasons why members of the group perceive, think, and feel as they do about the external survival and internal integration issues. These underlying assumptions, initially forged by those who founded the organization, evolve to become the set of assumptions and beliefs that people actually hold now. As new employees join the organization, they learn that "this is the way we do things here" and that these ways generally work for the organization — they get the results that people find successful, rewarding, and satisfying.

Not Just One Culture

Understanding and influencing your organization's culture is complicated by the fact that, at least according to Schein, every organization has at least three cultures: an *executive* culture, an *operational* culture, and a *technical* culture.[3] Each of these cultures shapes the attitudes, beliefs, values, behaviors, and attentions of those working within its influences.

The *executive* culture focuses exclusively on the long-range, financial survival, and achieving the strategic vision — sometimes at the expense of the employees who work for the organization. In this organizational sub-culture, what is important to its adherents is creating valued outcomes for customers and the relentless pursuit of actions that ensure the organization's long-term survival in a competitive world. Employees influenced by this sub-culture use the systems or strategies of hierarchy, accountability, command and control, and an external focus on "battling" the competition.

Schein's *operational* culture involves its followers in channeling the actions of employees toward the organization's strategic objectives. This organizational sub-culture is concerned with competency development, operational planning, deployment, dealing with contingencies, collaboration in achieving desired outcomes, and performance feedback systems. Employees who operate within the *operational* culture worry most about keeping people moving in the right direction and achieving desired results. As Art Kleiner argues in his article entitled "The Cult of Three Cultures," "Operations people appreciate teams; they understand, as nobody else does, how to get a bunch of disparate individuals to pull together."[4]

The third of Schein's sub-cultures is that of the *technical* or *engineering* culture. The employees who function within this sub-culture focus on the technical and mechanical aspects of daily work. They are interested in applying technical knowledge and insight to organizational puzzles and challenges. They are pragmatic, perfectionistic, focused on efficiency and

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[3] Ibid.

[4] Kleiner, Art, "The Cult of Three Cultures," Strategy+Business, Issue 24, p. 2

elegance (sometimes to the exclusion of people), and attracted to "pure challenge" — doing something because it can be done (not necessarily because it should be done).[5]

Why is understanding these three organization sub-cultures important? It's important because there is, by nature of their cultural preferences, an inevitable clash between the values, beliefs, and approaches of these sub-cultures. As Kleiner argues, "People immersed in any one of these corporate cultures have a hard time seeing that others have a different reality. Thus, operators who see people as potentially valuable team members, executives who see them as expendable resources, and [technical specialists] who see them as troublesome nuisances may bristle when confronted by someone from a different professional culture."[6] These sub-cultural conflicts, if not understood and addressed by the organization, can create disunity, internal turmoil, confusion, and, eventually, organizational disintegration.

When exploring these organizational sub-cultures, it's also important to recognize that the organization's president or CEO may not necessarily be a follower of the *executive* culture. Depending upon her or his background within the industry — and the kind of leadership the board of directors was seeking when making the hiring offer — the executive may represent the *operational* or even the *technical* sub-culture.

Similarly, front-line managers may or may not reflect the *operational* sub-culture and technical support staff may or may not be adherents of the *technical* sub-culture. The sub-cultures that individual staff members follow tend to reflect the sub-culture in which they were immersed in their educational studies, their first job, or when they first joined the organization.

When each sub-culture understands and appreciates the value that the other sub-cultures bring to the organization, the resulting synergy can catapult the organization toward its strategic goals. When these sub-cultures align, a compelling and competitive vision is articulated, staffers are guided toward this vision, and all technical systems enable people to do their work effectively and efficiently.

Strategies for Changing an Organization's Culture

In the article "Connecting Culture to Organizational Change" (*Human Resources Magazine,* March 1996, pp. 84-90), T. Galpin suggests that because changing the basic assumptions and beliefs of the underlying cultural is *very* difficult, the best approach for influencing specific aspects of a culture that you want to change involves targeting only those components that are most critical for implementing and sustaining the changes that concern you.

Galpin suggests targeting one or more of the following cultural components to help bring about the change that you seek:

- Rules and policies
- Goals and measurements
- Customs and norms
- Training
- Ceremonies and events
- Management behaviors
- Rewards and recognition

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[5] Schein, Ibid.

[6] Kleiner, Ibid., p. 3

- Communications
- Physical environment
- Organizational structure

Edgar Schein suggests that, for cultural change to occur, "survival anxiety must be greater than learning anxiety."[7] Schein argues that cultural change requires unlearning one set of assumptions about the organization and the world and learning a new set of assumptions. This "learning anxiety" emerges as people struggle to find a way to make sense of the world during the transition from one set of assumptions that have worked okay in the past to a new set that may *not* work as well in the future. Survival anxiety — the fear that the organization won't survive without the cultural change — must be strong enough, suggests Schein, to overcome the stress and uncertainty of learning a new way to operate in the world.

Summary: Strategies for Influencing Your Culture

So what, in summary, are the secrets to overcoming cultural inertia and the anxieties around learning and change? While there are no "secrets" or easy paths towards bringing your organization's culture to life, there are some simple actions that organizational leaders can take. Here is what emerges from this exploration of how organizations have successfully led cultural change:

♦ **Know your culture**. Don't begin a cultural change without understanding where you're beginning. Do an assessment of your organization's cultural strengths and potential vulnerabilities. You can go in with a vision for what you want to achieve, but if you don't know how the culture will respond you are likely to fail.

♦ **Know what cultural elements of your organization you want to influence.** Be clear about the cultural change you want to create. What aspects of the culture are out of "sync" with what you want to have in place in your organization? Having a clear vision of what kind of culture will sustain your organization's long-term success will be critical to your cultural change efforts. Without a clear vision, the destination is likely to be remain elusive.

♦ **Identify a business reason for the cultural change**. Schein argues that people will have a hard time embracing a change in the culture if there's not a compelling reason to think — and eventually act — in a different way. Before initiating a cultural change, make sure you can articulate a clear reason why people need to pay attention. You need to create a felt need and get people out of their chairs in order to make them receptive to the new assumptions, ways of thinking, methods, and behaviors.

♦ **Identify your high leverage**. It's not enough to have a compelling vision of your ideal culture. That alone isn't likely to be enough to move people in a new direction. Use "high leverage" strategies: leadership, core values, vital conversations, performance management and reward systems, etc. to get people's attention and to give them direction toward a new way of thinking and acting. Identifying and using your high leverage are critical to enabling a successful change effort.

♦ **Understand the potential clash of organization sub-cultures**. Is there evidence of Schein's three organizational sub-cultures in your organization? The *executive, operational,* and *technical* sub-cultures each brings a different set of interests, values, and areas of concerns to organizational life. When your cultural change efforts require these sub-cultures to change their ways — or if it brings these sub-cultural differences into conflict — your cultural change

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[7] Schein, Ibid., p. 188

efforts will be blunted. In your exploration of your organization's culture, look for the subcultures, identify the ways in which each might be affected by the change, and then approach each with a specific change strategy. Based upon their values and assumptions, each is likely to have a different response to a change effort.

♦ **Keep your cultural change efforts alive.** Be wary of cultural fads and "one shot wonders" where the cultural change wave passes from view after a few attempts — or where the change wave is surpassed by yet another wave. Employees are always on the lookout for such "flavors of the month" and some will find comfort in the idea (or the hope) that "this too shall pass." Your change effort will be strengthened if you know your vision; the ideal culture that you want to create or bring about in your organization. Just don't begin a cultural change effort unless you and your leadership team are committed to and have the patience to endure the long process that a cultural change will require.

♦ **Be patient.** Changing your organization's culture isn't an easy thing to do. While in some cases you may begin to see immediate results, in other cases, it may take years. The general consensus among cultural change experts is that deep cultural change may take up to six to eight years — and that's when you do everything right.

♦ **Begin with your cultural strengths**. Edgar Schein encourages cultural change leaders to see their culture as essentially strong and effective. If it weren't an effective culture, Schein argues (doing an adequate job at responding to the external challenges and internal integration issues) then it probably wouldn't have survived. "Always think initially," says Schein, "of the culture as your source of strength. It is the residue of your past success. Even if some elements of the culture look dysfunctional, remember that they are probably only a few among the large set of others that continue to be strengths." Schein adds that cultural change leaders should try to build on existing strengths rather than simply changing "those elements that may be weaknesses."[8]

Need Help with Your Cultural Transformation?

Russell Consulting, Inc. (RCI) helps organizations understand and change their cultures. Creating a "cultural change team" and assessing employee perceptions of the culture, RCI enables you to gain a clear picture of your cultural strengths, your cultural vulnerabilities in the context of your desired outcomes, and help you then *shape* your culture using high leverage strategies and tools. Contact us today to learn more about our cultural assessment and change services.

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[8] Schein, Ibid., p. 189

About Jeffrey and Linda Russell

Russell Consulting, Inc. (RCI) provides consulting and training services to organizations in the areas of leadership, strategy, and change. With a special focus on helping companies and their leaders achieve their great performance outcomes, RCI engages its clients in discovering their own path to success — by helping them identify their aspirations and assets and by assisting them in developing strategic and operational plans to achieve their goals.

Co-Directors Linda and Jeff Russell have authored nine books, most recently *Leading Change Training*, *Strategic Planning Training*, *Change Basics*, *Ultimate Performance Management*, *Engage Your Workforce*, *Strategic Planning 101*, *and Fearless Performance Reviews*.

For more information on RCI and its services — and to download or request the current and past issues of its publication *Workplace Enhancement Notes* — visit Russell Consulting, Inc. Online at www.RussellConsultingInc.com or contact us via telephone at 608.274.4482 to explore the ways we can help you achieve your goals.

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