Understanding and *Changing* Your Organizational Culture

Tools for Practice

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SHRM

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The Grand Plan!

- CEO established ambitious quality, productivity, and profitability goals. A strategic plan was developed that laid out an aggressive five year plan to grow the company.

- Individual department goals were defined that linked back to these company-wide strategic goals

- CEO began an effort to reduce turnover (20%)

- A new HR manager was brought into ensure that hiring reflected the new strategic priorities

- A new performance management system was put in place to hold managers and supervisors accountable for their performance goals

- An employee advisory committee was created to provide a forum for staff involvement in decision making

- The CEO ramped up the sales team . . . With expectations that sales would require a doubling of last past year's production numbers

The Reality . . . (2 years later)

➢ The CEO struggled to get his managers to embrace department goals that did anything more than perpetuate the status quo

➢ Quality and productivity continued as problems

➢ The HR manager resigned after only two months

➢ Turnover continued to remain high at 18%

➢ No one — including the CEO — conducted performance reviews

➢ After a year the employee advisory committee was disbanded due to the lack of a clear goal and waning attendance

➢ Sales doubled (as promised), but quality and productivity problems plagued the company's ability to fulfill their commitments

➢ The CEO sold his company to a larger firm (but stayed on as general manager)

Behind the Failure . . .

- It wasn't the motives or intent of the CEO.

- It wasn't the lack of desire of employees to do the right thing.

- It certainly wasn't caused by the HR Director — who invested Herculean efforts to bring structure and order to what was previously a chaotic, random HR process.

- It wasn't due to the managers — who were working harder than ever.

- Failure, in part, resulted from <u>ZERO</u> attention paid to the company's *maladaptive* culture — the force that drove ALL of the above . . .

Our Learning Objectives . . .

By the end of this session, you will be able to:

1. Define what organizational culture is and why it's important

2. Describe the role culture plays in shaping the everyday thoughts, decisions, and actions by employees and leaders at all organizational levels

3. Assess the "health" of your organization's culture

4. Identify a step-by-step approach for changing your culture — once you understand it!

Questions About Organizational Culture?

➢ When you hear the phrase "organizational culture," what does it mean to you?

➢ What exactly is the culture of an organization?

➢ Why is it important that we understand our organization's culture?

➢ Is it possible to change a culture?

Organizational Culture

➢ The set of values, beliefs, assumptions, principles, myths, legends, and norms that define how people actually think, decide, and perform in the organization.

➢ The unseen hand that influences how we individually and collectively see ourselves, our organization, our leaders, and the world around us.

➢ Culture is the fundamental force behind an organization's success or failure.

Culture defined

Edgar Schein defines culture as . . .

A basic set of assumptions that defines for us what we pay attention to, what things mean, how to react emotionally to what is going on, and what actions to take in various kinds of situations.

The Aim of Culture

Enable the organization to respond effectively to the external forces.

Internal Integration Issues

To help people know where they fit in. To deal with anxiety and uncertainty. To provide direction.

External Survival Issues

Deeper Assumptions

To provide people a grounding in core beliefs concerning identity, power, autonomy, belief in others' good will, the source of "truth," and so forth.

The Organizational Culture

A Healthy Culture . . .

➢ A culture is healthy/effective to the extent that it *enables* an organization to achieve its objectives/goals

➢ A culture is unhealthy or maladaptive to the extent that it *disables* or prevents the organization from achieving its goals.

An Unhealthy Culture

➢ When the external or internal environment demands a change . . . But the prevailing *beliefs*, *assumptions*, *and norms held by organizational members silently work to stifle* innovation, adaptation, and the emergence of more effective organizational responses.

➢ Unhealthy cultures *marginalize* those who challenge the status quo (those who point out the maladaptive aspects of the culture and who try to introduce change)

Schein's Dimensions of Culture

- <u>Artifacts</u> — the visible manifestations of the culture (e.g. behaviors, goals, dress, rules, policies, practices, management systems, etc.).

- <u>Espoused Values</u> — what the organization *says* is important, what it values (e.g., core beliefs, principles, and values).

- <u>Tacit Assumptions</u> — the often unspoken shared assumptions that define how things really work in the organization (e.g., the CEO is clueless, the VP of operations is really in charge, and "whatever you do, cover up your errors").

Cultural Artifacts

➢ The overt/outward manifestations of the culture

➢ The physical and visible evidence of what drives the organization

➢ They are neither good nor bad — they just simply exist

➢ Types of artifacts: daily behaviors, goals, plans, dress, hours of work, rules, policies, practices, systems, structures, the "look and feel" of a place, and mechanisms that describe what the culture is and what it has evolved to.
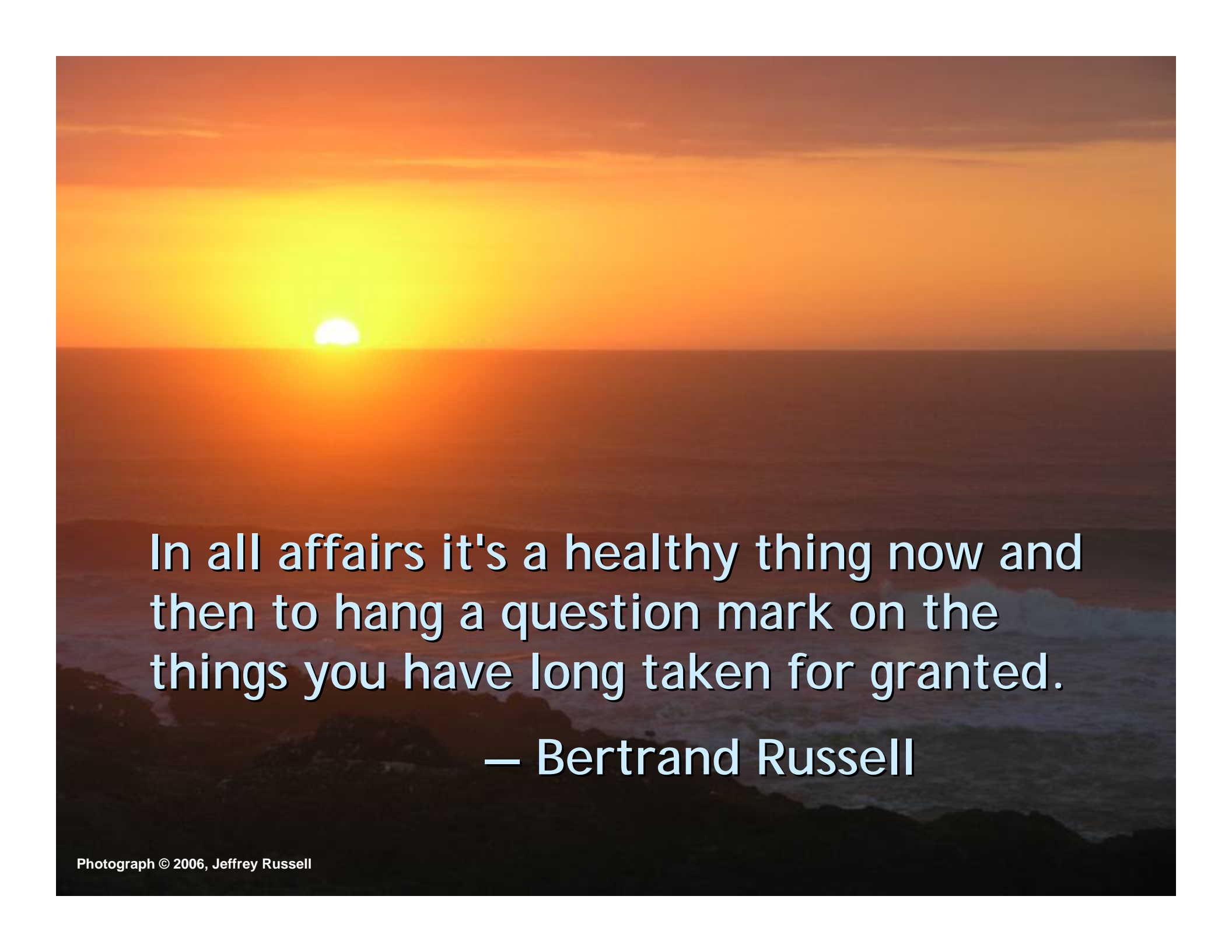
Espoused Values

➤ The core beliefs, principles, and values that the organization officially declares as its creed

➤ Often reflect the "founders" priorities and principles

➤ Found in strategic plans, the president's "message," orientation programs, performance standards . . .

Example Espoused Values

➢ We value teamwork in achieving great results for our customers

➢ Quality is our first responsibility

➢ Our people are our most important asset

➢ We value the airing of diverse perspectives when making decisions

➢ Our decision making process is thoughtful, rational, deliberative, and grounded in sound data

➢ People are held accountable for their results

➢ We encourage and reward innovators and risk takers

Surfacing the Tacit Assumptions

➢ Every organization begins with a set of guiding beliefs/principles (some espoused, others implied/assumed)

➢ Over time these principles are taken for granted and disappear from awareness — "This is just the way we do things here."

➢ Organizational success reinforces the tacit assumptions and makes them stronger

➢ In healthy organizations, failure leads to the gradual extinguishing of the tacit assumptions that no longer work

➢ In unhealthy organizations . . . *maladaptive tacit assumptions live on!*

In all affairs it's a healthy thing now and then to hang a question mark on the things you have long taken for granted.

— Bertrand Russell

Harmonious Tacit Assumptions

➤ When the organization's overt behaviors, systems, policies, rules, etc. (artifacts) are congruent with what it says it believes (espoused values), the organization's *tacit assumptions* are operating in ways that are consistent with and reinforce the organization's *espoused values*.

Discordant Tacit Assumptions

➢ When the organization's overt behaviors, systems, policies, rules, etc. (artifacts) are inconsistent or conflict with its espoused values . . . our task is to identify the underlying and often unstated tacit assumption(s) driving these behaviors.

➢ A tacit assumption may also be maladaptive when it promotes behaviors/actions/policies (artifacts) that lead to a decline in organizational effectiveness.

➢ These "disconnects" between behaviors and values and the maladaptive assumptions are bad when they erode an organization's ability to achieve its goals.
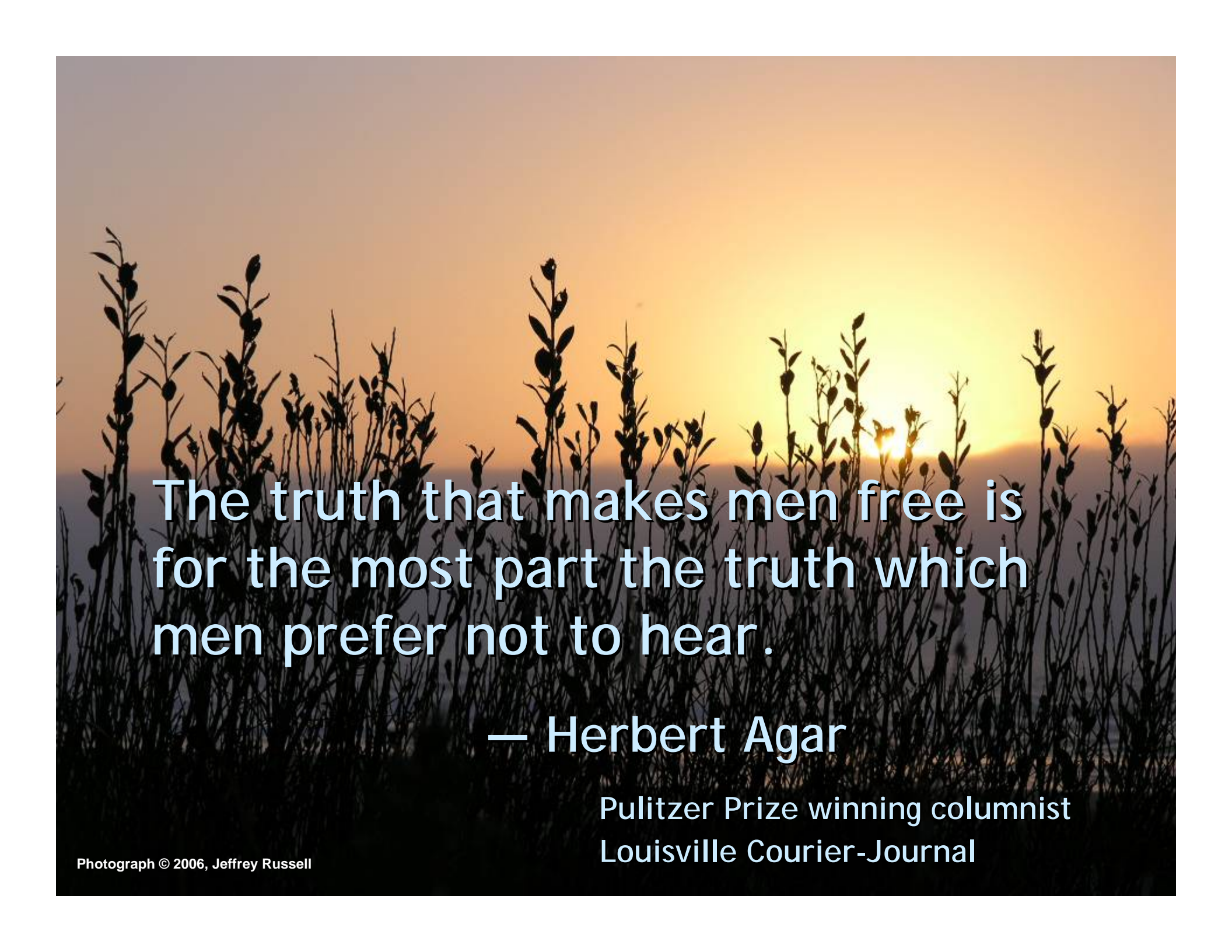
Tacit Assumption Example

The Inconsistency . . .

➢ Espoused Value: Our organizational credo says that we value diverse perspectives when making decisions.

➢ Cultural Artifact: In reality, only a few people are the decision makers and only a narrow range of perspective is sought and listened to.

Tacit Assumption Example

➤ <u>The Underlying Assumption</u>: What we <u>actually</u> value is rapid decision making by people with the greatest technical knowledge.

➤ The discordant result (artifact): opinions offered by those without this technical knowledge aren't listened to and those who offer them aren't valued by the organization — until they earn their technical knowledge "stripes."

The truth that makes men free is for the most part the truth which men prefer not to hear.

— Herbert Agar

Pulitzer Prize winning columnist
Louisville Courier-Journal

Quality is impossible if people are afraid to tell the truth.

– W. Edwards Deming

Father of Quality Improvement movement
(b. 1900 – d. 1993)
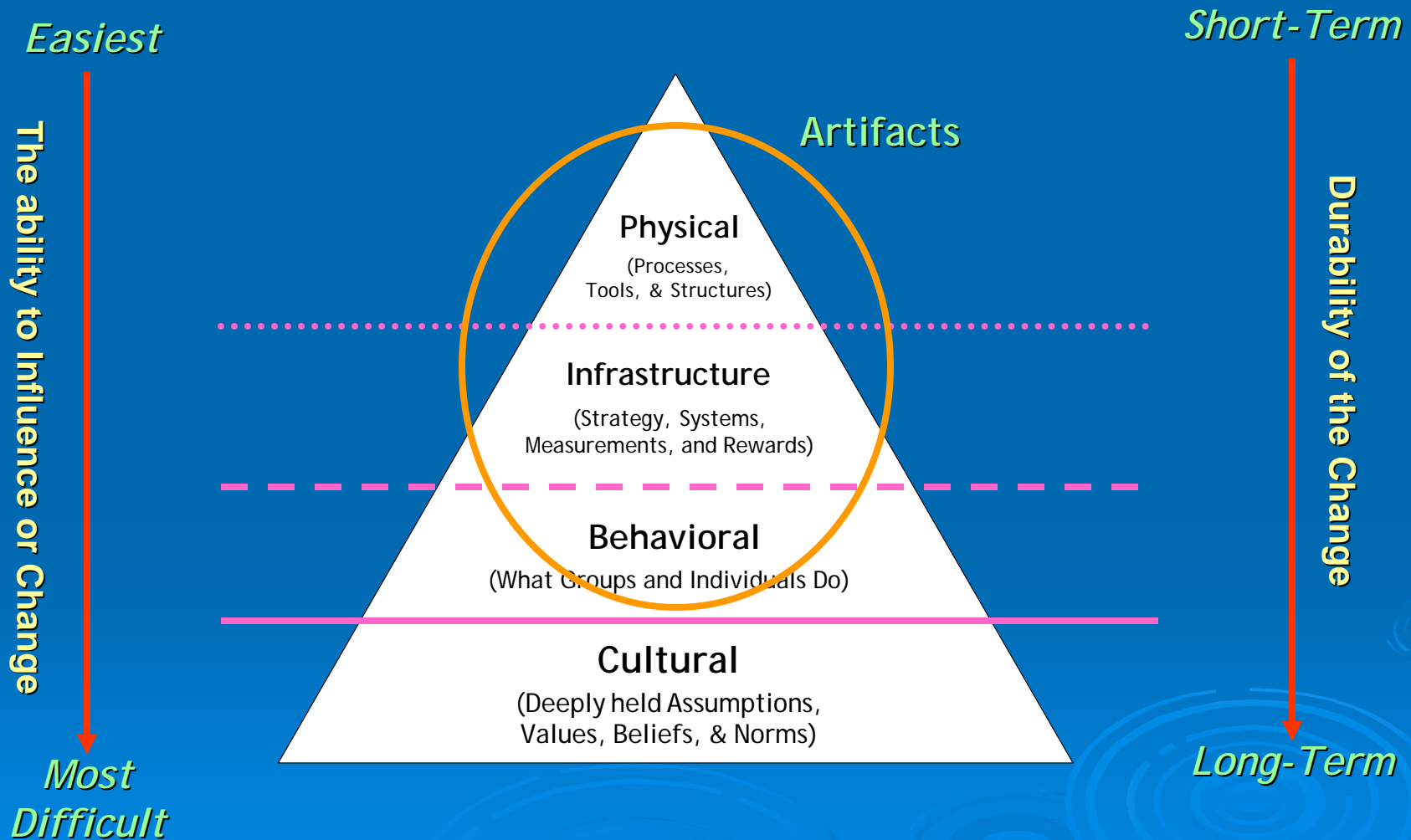
A Proposed Process . . .
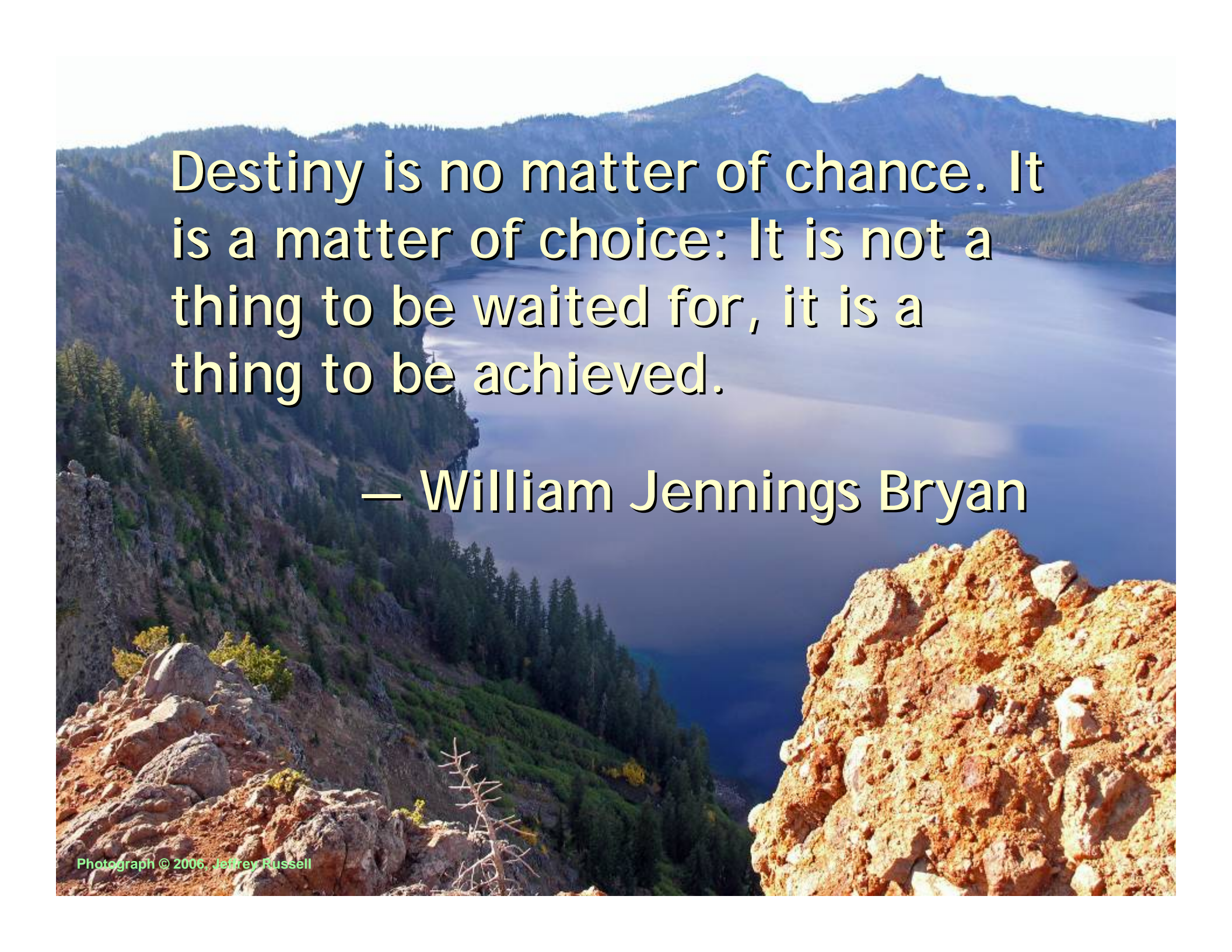
1. Define the <u>business case</u> . . .

2. Identify the cultural <u>artifacts</u> that touch on <u>all</u> aspects of organizational life.

3. Identify the espoused <u>values</u> — What do we <u>say</u> we believe?

4. Compared the espoused <u>values</u> with their related artifacts (match them up).

A Proposed Process . . .

5.   Identify inconsistencies and <u>disconnects</u> between the artifacts and the espoused values.

6.   Surface the underlying <u>assumptions</u> when there are disconnects. What *explains* the disconnects?

7.   Highlight the <u>cultural</u> strengths (this is your starting point).

8.   Highlight potential cultural <u>vulnerabilities</u> — areas that erode organizational effectiveness or create employee anxiety.

9.   Develop your cultural response <u>strategy</u> that builds on your cultural strengths while directly confronting the maladaptive tacit assumptions and artifacts.
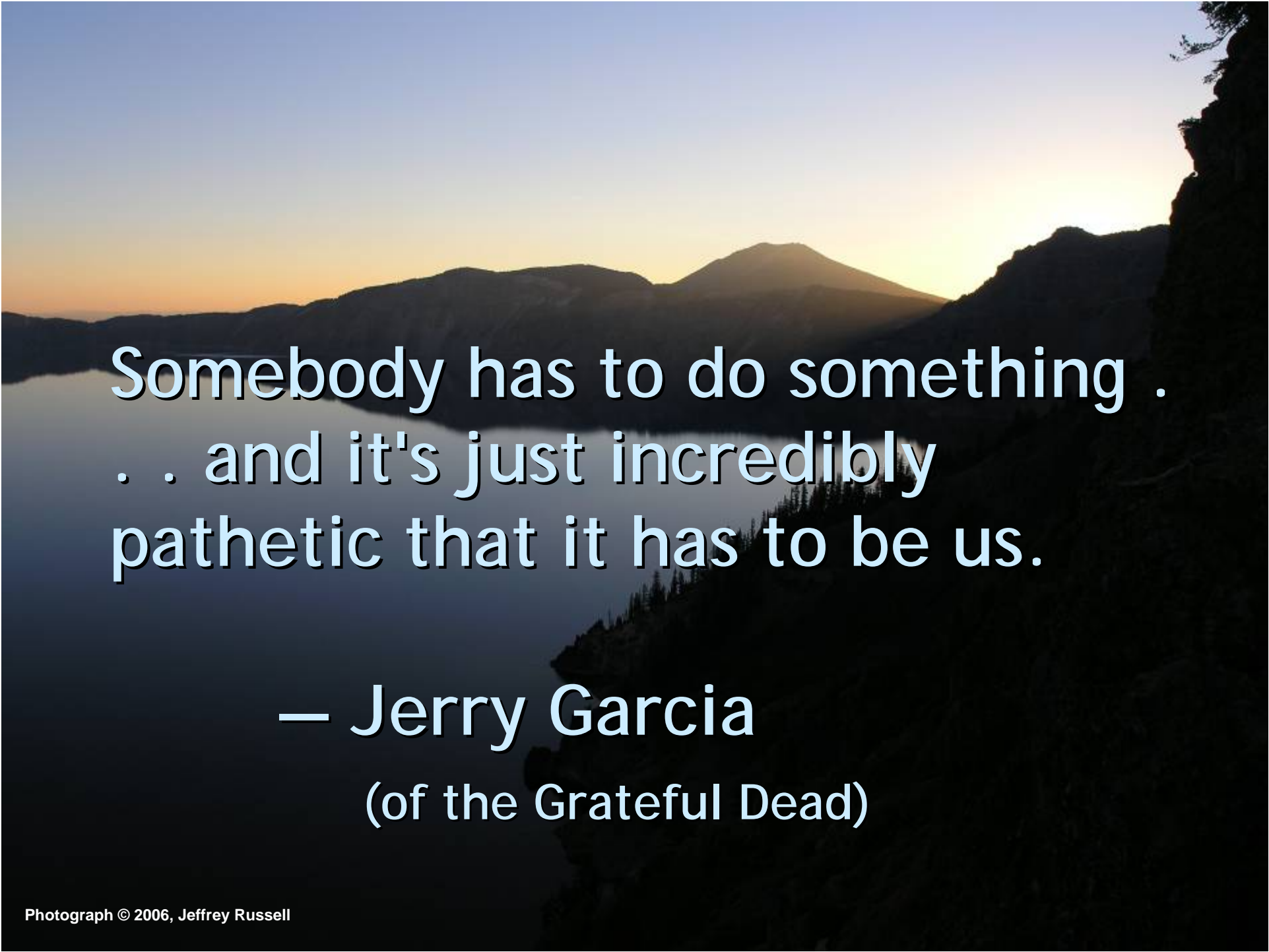
The Four Organizational Levels

Easiest

Short-Term

The ability to Influence or Change

Durability of the Change

Artifacts

Physical
(Processes,
Tools, & Structures)

Infrastructure

(Strategy, Systems,
Measurements, and Rewards)

Behavioral

(What Groups and Individuals Do)

Cultural

(Deeply held Assumptions,
Values, Beliefs, & Norms)

*Most
Difficult*

Long-Term

Destiny is no matter of chance. It is a matter of choice: It is not a thing to be waited for, it is a thing to be achieved.

— William Jennings Bryan

Somebody has to do something . . . and it's just incredibly pathetic that it has to be us.

— Jerry Garcia

(of the Grateful Dead)

Thank You!

Best of luck at understanding and *changing* your organizational culture!

For a special article entitled "Twenty Principles for Changing Your Culture" give me your business card with e-mail address (write "20 Principles" on your card).

For a FREE subscription to Workplace Enhancement Notes, leave your business card with me.

For a copy of this PowerPoint presentation and for more information about changing your organizational culture, contact Russell Consulting at www.RussellConsultingInc.com

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