



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





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





Culture Resistance to Change

- 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



Information

- 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 extent, 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.

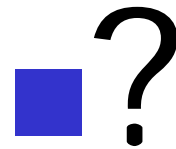




OD Values

- Respect for people
- Trust and support
- Power equalization
- Confrontation
- participation

Questions





Reference

- Brown, D.R. & Harvey, D. (2006). *An experiential approach to Organizational development*, (7th ed.). Upper Saddle River, NJ: Prentice Hall.