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A Primer on Organizational Culture

In a Word Culture guides the way individuals and groups in an organization interact with one another and with parties outside it. It is the premier competitive advantage of high-performance organizations. Sadly, for others, organizational culture is the most difficult attribute to change: it outlives founders, leaders, managers, products, services, and well-nigh the rest. It is best improved by organizational learning for change.



In Brief

The principal competitive advantage of successful organizations is their culture. Its study is a major constituent of organizational development—that is, the process through which an organization develops its internal capacity to be the most effective it can be in its work and to sustain itself over the long term.

Organizational culture may have been forged by the founder; it may emerge over time as the organization faces challenges and obstacles; or it may be created deliberately by management.

Organizational Culture Defined

Organizational culture comprises the attitudes, experiences, beliefs, and values of the organization, acquired through social learning, that control the way individuals and groups in the organization interact with one another and with parties outside it.

A standard typology refers to communal, networked, mercenary, and fragmented cultures. Numerous other typologies exist.¹ Nevertheless, the necessary notion to grasp is that organizational culture is determined by sundry factors that find expression in organizational structure, making structure itself an important culture-bearing mechanism.

[Organizational culture is] *A pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way you perceive, think, and feel in relation to those problems.*

—Edgar Schein

The figure below delineates 10 components that, together, influence organizational culture. Importantly, identifying discernible elements of culture allows organizations to determine features that can be managed to help implement and sustain constructive organizational change. But just as none of the 10 components in the figure shapes organizational culture on its own, none can individually support desired improvements.

¹Numerous other typologies exist. One distinguishes coercive, utilitarian, and normative organizations. (To this, others add another dimension, namely, the professional or collegial organization.) Another focuses on how power and control are delegated, with organizations labeled as autocratic, paternalistic, consultative (else democratic), participative (else power sharing), delegative, or abdicative. A third classifies organizations according to their internal flexibility (viz., clans or hierarchies) and external outlook (viz., adhocracies or markets). The four cultures that Charles Handy popularized are power cultures (which concentrate power among a few), role cultures (which delegate authority within highly defined structures), task cultures (which form teams to solve particular problems), and people cultures (which allow individuals to think themselves superior to their organization).

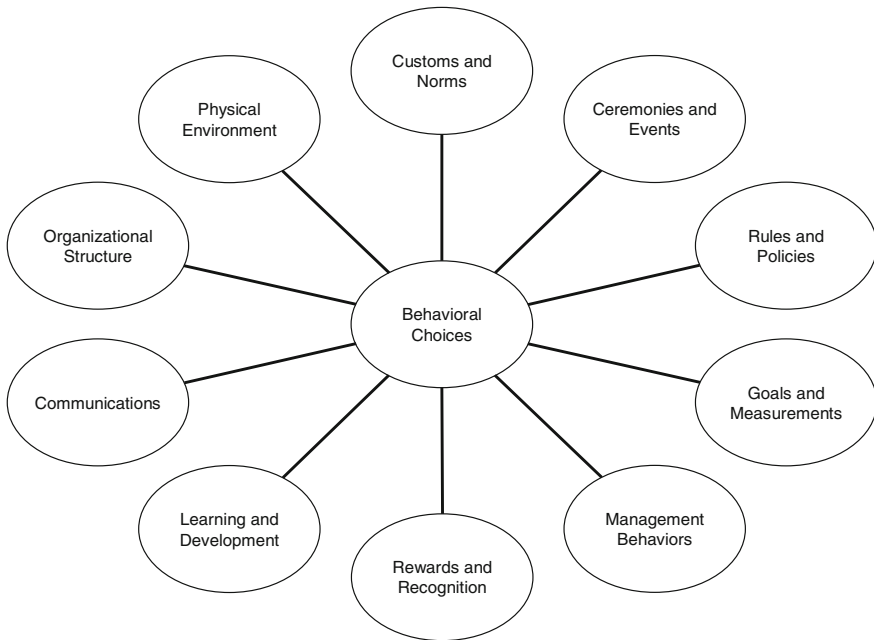


Fig. Components of organizational culture. *Source* Author

Strong and Weak Cultures

Organizational culture varies more than any other corporate asset, including large and tangible information and communications technology infrastructure. It is said to be strong where employees respond to stimuli because of their alignment with it. Conversely, it is said to be weak where there is little alignment, and control is exercised with administrative orders.

Organizational Culture and Change

The thing I have learned at IBM is that culture is everything.

—Lou Gerstner

Regardless, if an organization is to succeed and thrive, a knowledge culture must develop to help it deal with its external environment. But organizational culture is hard to change in the best circumstances. Employees need time to get used to new ways of organizing. Defensive routines pollute the system, more often than not unwittingly, and undermine it. The dynamics of culture change must be considered an evolutionary process at individual, group, organizational, and interorganizational levels, to be facilitated by psychologically attentive leaders who do not

underestimate the value of selection, socialization, and leadership. People cannot share knowledge if they do not speak a common language. And so there is a serious, oft-ignored need to root learning in human resource policies and strategies.

Organizational Learning for Change

Observers recognize a correlation between the orientation of organizational culture and organizational learning. Indeed, the inability to change organizational behavior is repeatedly cited as the biggest hindrance to knowledge management. For this reason, even if the need to take a hard look at an organization's culture extends the time required to prepare knowledge management initiatives, the benefits from doing so are likely to tell.

Organizations that are more successful in implementing knowledge management initiatives embody both operations- and people-oriented attributes. Typically, a learning culture is an organizational environment that enables, encourages, values, rewards, and uses the learning of its members, both individually and collectively. But many cultural factors inhibit knowledge transfer. The table below lists the most common frictions and suggests ways to overcome them. Most importantly, when sharing knowledge, the method must always suit the culture as that affects how people think, feel, and act.

Further Reading

ADB (2008) Auditing the lessons architecture. Manila

ADB (2009) Learning for change in ADB. Manila

Schein E (1999) The corporate culture survival guide. Wiley, Inc.

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