
CULTURE AND CORPORATE SUCCESS

How your organizational climate sets the stage for success

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The lunch-hour lecture may be a great idea, but it is not what we have in mind when we say that culture influences productivity. Mozart in the morning does not necessarily mean that five extra tons of ore will be produced per employee per shift.

Organizational Culture

When we speak of the culture of an organization, we refer to *the behaviour patterns and standards that bind it together*. Some organizational cultures encourage productivity; many do not.

Culture should not be confused with climate. Climate is the short-term mood of an organization. Unlike culture, it is fragile and subject to change.

But culture – the sum of behaviour patterns and standards in an organization – is built up over many years. There is no such thing as “instant culture”. It is possible that a positive climate will erode a strong counter-productive culture, but it will take generations. Other than changing virtually all management staff, there is no quick fix.

It is almost always more productive to use the standards of the current culture, however alien to the organization’s goals, rather than to force-feed new standards.

What is Culture?

An organization’s culture encompasses everything it does and everything it makes. That is, it not only affects the manner in which managers manage (consequently shaping employee behaviour), it also affects the way in which the organization processes its product and provides services to its customers.

An organization’s culture – the sum total of what it makes and what it does – is influenced by its beliefs. For example, if we believe, as many managers still do, that the blue-collar worker is capable only of operating a machine, then the organization is overlooking the possibilities of collaborative goal setting, positive feedback, open dialogue, and innovation. A navigator who believes the world is flat will refuse to explore the far horizon for fear of falling off the edge. So too these tradition-bound managers resist exploring new ways to manage. They have been thrust into an authoritarian style of management.

What does Culture tell us?

The culture of the company for which we work tells us what is right, what is wrong, what to believe, what not to believe, how to react, and how to feel.

We are told (or it is implied by the company’s actions) that our employee population is really a multi-class society made up of those who punch a clock and those who do not, those who have group life insurance at a fixed benefit and those whose benefits are two or three times their annual salary, and so on. The company’s culture tells us that hourly-paid employees are docked for time off to visit a doctor, yet salaried employees are granted reasonable time off with pay.

Additionally, our company’s culture tells us whether we should focus on quantity, or on quality. Without thinking, most of us would agree that quality is the universal aim.

But when the production and quality control managers make arrangements to increase the speed of the manufacturing line while reducing the quality tolerance level, what message comes across to the employees? And if these employees challenge their managers on the sacrifice of quality in favour of quantity, and the managers reply, “You do your work, and I’ll do the thinking,” what are these employees likely to believe the company values most?

When there is a logical reason for changes, such as the customer having indicated a preference for lesser quality at a lower price, then why not explain this to the employees? They will understand that the customer can and should dictate to the organization and not the other way around.

Culture affects Productivity

If, as we have said, a company’s culture is the sum of what it makes and what it does, it follows that the words and actions of the quality control and production managers reflect the values and beliefs of senior management. Generally, behaviour patterns are most strongly influenced by the leaders of the organization.

Simply stated, productivity is the art of getting the company’s products and/or services to the customer at the lowest possible cost. But it is more than that – it is related to quality, to customer needs and to

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labour relations. In other words, productivity and good management are inseparable.

“Good Management”

“Good management” can be even more difficult to understand than productivity. If productivity and good management are merely different sides of the same coin, why is it that only a very small percentage of companies have sound, productive enterprises, while the majority of profit-oriented companies have difficulty making a profit?

Frankly, we have no simple answer to this riddle. But we do know that organizational culture and productivity are closely related.

Productivity is a result of motivation – and motivation thrives in a good climate. If management is to transform this fragile good climate into a long-lasting culture for success, it will have to focus on several factors.

Organizational Clarity

The degree to which the goals and plans of the organization are clearly perceived by its members rises in proportion to the employees’ feelings of involvement in the goal-setting and planning procedures. Lists of objectives and detailed plans are less important than fostering this feeling of involvement and direction.

Decision-Making Structure

Is there a free flow of information for decision making throughout the organization, and does the structure for disseminating that information allow for positive outcomes? We tend to forget that the main purpose of structure is to facilitate decision making, not to develop new organizational charts and lines of authority. In some organizations, and especially in the high-tech sector, ambiguity or looseness of structure may be preferable.

Organizational Integration

How much cooperation is there among various units of the organization? Do they communicate effectively to help achieve the organization’s objectives? Future-oriented companies tend to cut through red tape by forming temporary task forces, made up of people from various disciplines, which sidestep hierarchical structures.

Relationship of Management Style to Culture

The use of an authoritarian style in a democratic culture is disastrous: resistance is inevitable. Similarly, democratic management in an authoritarian culture leads to the chickens-without-heads syndrome. People

who have worked in an authoritarian climate will have been discouraged from using their own initiative when doing their jobs. They have not felt free to question constraints, and have not sensed that top management will support them if they have made poor decisions. They have not been allowed to develop entrepreneurial traits that enhance innovation and ultimately productivity.

Organizational Vitality

Is the organization judged to be dynamic, measured by the boldness of its goals and its responsiveness to changing conditions? Are employees allowed to make mistakes? Are they allowed to make enough mistakes? Are employees punished for their mistakes, or are they encouraged to learn from their mistakes?

Compensation

Is the system of compensation equitable, competitive and related to long-term and short-term performance? Does it help to reinforce a success orientation, yet avoid being too positive? If too positive, the employee comes to expect ever-increasing rewards. If too negative, the employee may retaliate by working to rule.

Human Resource Development

Do employees perceive opportunities within the organization that will allow people to develop their full potential? How does the company deal with obsolescence? Are older or “unnecessary” people fired? Does management give credit to those outgoing people for their career contributions? Or is there a “what have you done for me lately?” attitude on the part of management? How honourably does the company act in these situations?

Organizations that hope to create a culture for success focus on improving the above areas. But if the combination of capital, creativity and human resource management that makes up the organization’s culture is not success oriented, then the outcome will be failure.

Recognition of Human Behaviour

Concerning the relationship between culture and productivity, behavioural scientists generally agree that:

- People are not rational. Professional mind-watchers have been telling us that human beings are the ultimate study in conflict and paradox.
- All of us are self-centred; seek praise and recognition; and think of ourselves as winners, not losers.

- We operate as much by gut feelings as we do by logical, rational thinking.
- We are creatures of our environment, are sensitive and responsive to external rewards and punishment, but we are also strongly motivated by internal pressures.
- We are looking for meaning in our lives and will make great sacrifices for those employers who will provide us with meaning. At the same time, we need to feel that we are in charge of our own destinies.

These human characteristics fly in the face of many currently favoured management practices. For example, how does Company X handle the seemingly irrational employee, the person seeking recognition or the one whose ideas are based on emotion rather than logic? Often, he or she is ostracized, disciplined or criticized.

Many (possibly most) organizations do not know how to handle behaviour that is, after all, only human. So what do they do? They set up systems and procedures that assume most employees are lazy, are disinterested in their work or their company, and cheat with abandon. These rules and regulations are designed to not only punish deviant behaviour, but also to encourage productive performance. What they've really produced, however, is a climate and ultimately a culture that works against productivity.

Employee behaviour is influenced by the organization's expectations of how employees act. If the company creates rules and regulations to apprehend offending employees, employees will be caught and disciplined. The cycle repeats and repeats. If a manager believes employees are lazy, his or her belief is confirmed when an offending employee is caught. Furthermore, if the only way an employee can get recognition is by breaking the rules, then he or she will break the rules. Negative recognition is better than none at all.

Changing Corporate Culture

There is a way out for companies that find themselves in this counterproductive merry-go-round. They can improve their corporate culture by recognizing that:

- Corporate culture emanates from the top. It is top management's responsibility to effectively recruit, train, teach, and coach managers so that they in turn provide desirable role models for the employees in their charge. In other words, the way these managers behave, the way they lead, and the way they think sets a

climate and, ultimately, a culture for success.

- From the top down, executives must realize that people are unique, are frequently irrational, and are always complex.
- The organization should establish procedures that take into account the duality in human nature. It should provide both meaningful work and direction while satisfying in some measure an employee's need to feel independent.

Successful companies have in common certain basic values and beliefs. Generally, the drive to provide a top quality product or service affects virtually every function of these organizations, and they hold tenaciously to the belief that it is possible to achieve excellence.

The Road to Success

These successful organizations focus on the marketplace and are responsive to the needs of the consumer. Regardless of the "economy of scale" argument that says large companies are more efficient, many of the most successful organizations appreciate that small equals good. They accept and act upon the belief that work should be intrinsically satisfying, that employees can handle autonomy, and that the result is increased efficiency.

In these successful organizations, personnel policies are established with the realization that the only true discipline is self-discipline. Guidelines are established to ensure that supervisors provide regular and positive feedback, praise and coaching. Employees see that the organization values the individual and her or his integrity, and that discipline provides a framework. It gives employees confidence to experiment, as their confidence stems from knowing what really counts in the organization.

The successful organization thrives on internal competition, a value that is consistent with our North American way of life. We compete for school grades, and we believe in the free enterprise system.

Successful companies are often characterized by open, frequent and intense communication, or a feeling of informality and a go-with-the-flow attitude. Internal politics are a minor consideration.

Behavioural scientists such as McGregor and Likert base their management theories on the belief that humans are by nature experimenters, thrill seekers and inventors. They indicate that management should

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provide meaningful work and equitable compensation, and that jobs should be whole and exciting work modules. Given this, the average employee would be happy to contribute, add new ideas, and boost productivity.

In business, the key to success is productivity. The overriding cultural values that influence a company's productivity level include the intention to produce quality products and to provide quality service. Its production practices and its products will reflect creativity and innovation. Informality

will be the preferred communication practice. The company will appreciate that customers are the reason for its corporate existence, and treat them accordingly.

The successful company will also recognize that its human resources are the only ones that can reason, and that its people should be treated with the dignity and respect it affords its customers. There will be no hint in the organization's culture that only workers work, and only managers manage.