

Changing CORPORATE CULTURE

BY DR VICTOR S.L. TAN

THERE is a great strategic flaw in the way most organisations go about change. They change their structures, processes, technologies or strategies without addressing the fundamentals that drive the organisation. And yet these fundamentals are the components that influence and guide the behaviour of people in organisations. It is these very basic components that make up the corporate culture of an organisation. Unless an organisation takes time to shape its corporate culture to the desired change, the effort and results will not be sustainable.

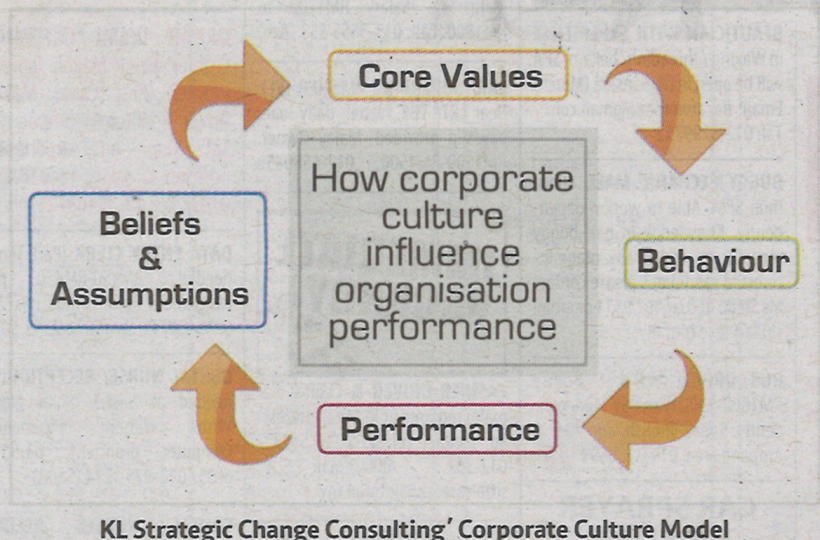
WHAT IS CORPORATE CULTURE?

Corporate culture is the way people do things in an organisation. It is set of norms comprising beliefs, attitudes, core values and behavioural patterns shared by people in an organisation.

It is these shared beliefs, core values and patterns of behaviour which influence the performance of an organisation. The beliefs are those assumptions or perceptions about things, people and the organisation as a whole taken as true or valid. For example, an organisation that

believes in the potential of people and has the core value of respect will have desired pattern behaviour of treating people well.

Thus, corporate culture is important as it will determine whether an organisation survives in the face of change and turbulence in the environment. In the model developed by KL Strategic Change Consulting Group, it shows a direct correlation between how an organisation's beliefs and assumptions influence the core values, which in turn shape the behaviour of people. And it is this behaviour pattern that ultimately affects the performance of an organisation.



CHARACTERISTICS OF CORPORATE CULTURE

How does one go about specifically describing the corporate culture of an organisation?

There are a certain set of characteristics that an organisation values which distinguishes itself from other organisations. It is this set of characteristics that provide a start for how to describe the corporate culture of an organisation. Overall, organisation behaviour experts agree that there are 10 characteristics that, when combined, provide insights into the essence of the culture of an organisation. The following are the 10 differential characteristics:

- 1. Individual initiative:** the degree of responsibility, freedom and independence that individuals have.
- 2. Risk tolerance:** the degree to which employees are encouraged to be aggressive, innovative and risk-taking.
- 3. Direction:** the degree to which the organisation creates clear objectives and performance expectations.
- 4. Integration:** the degree to which the units within the organisation are encouraged to operate in a coordinated manner.
- 5. Management support:** the degree to which managers provide clear communication, assistance and support to their subordinates.
- 6. Control:** the number of rules and regulations, and the amount of direct supervision that is used to oversee and control employee behaviour.
- 7. Identity:** the degree to which members identify with the organisation as a whole rather than with their particular work group or field of professional expertise.
- 8. Reward system:** the degree to which reward allocations (that is salary increase and promotions) are based on employee performance criteria in contrast to seniority, favouritism, and so on.
- 9. Conflict tolerance:** the degree to which employees are encouraged to air conflicts and criticisms openly.
- 10. Communication patterns:** the degree to which organisational communications are restricted to the formal hierarchy of authority.

To understand the corporate culture of an organisation, employees are invited to participate in rating these characteristics from a continuum from low to high with a scale from 1 to 10. By collating the input of a representative sample of employees, a composite picture of the organisation culture can be determined. This description will provide a good starting point for employees to develop a common understanding about the organisation, the way things are done and how people are supposed to behave.

THE BENEFITS OF CORPORATE CULTURE

How does corporate culture help an organisation? What benefits can an organisation derive from developing a strong and conducive corporate culture? In our corporate culture work, we have found that our clients benefitted in the following ways:

- It helps align the company towards achieving its vision and goals.
- It increases the team cohesiveness and serves as a 'glue' that bonds people together
- It shapes the behaviour of staff through core values and desired behaviour to enable the organisation to be more effective and efficient.
- It promotes consistency, resolves conflict and facilitates coordination and control.
- It increases motivation of staff through a sense of belonging and loyalty.

In the classic 1992 study of 200 companies by Harvard Business School researchers John Kotter and James Heskett, it was found that corporate culture has a strong impact on the performance of the organisations. This landmark study provides four significant conclusions as follows:

- Corporate culture can have a significant impact on a firm's long-term economic performance.
- Corporate culture will probably be an even more important factor in determining the success or failure of firms in this new millennium.
- Corporate cultures that inhibit strong long-term financial performance are not rare, they develop easily, even in firms that are full of reasonable and intelligent people.
- Although tough to change, corporate cultures can be made more performance enhancing.

A company with a strong positive culture inspires people to continue to learn, grow and improve. Research has shown that employees have higher motivation and satisfaction working in organisations which are well managed and have management and employees who practise sound principles, common beliefs and shared values.

The results of change initiatives can only be successful and sustainable if company also develops a conducive corporate culture to support such efforts. They need to inculcate beliefs, assumptions and core values that shape behaviour towards the desired results – and that is, addressing the core of fundamental change – the change in corporate culture.



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