

How Leaders Define Organizational Culture

By

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Corporate culture is one of those terms that wanders in and out of vogue. At one time theorists and consultants thought studying it would answer all the critical questions. At other times, thought leaders scoffed at the notion of culture even playing a major role in an organization's success.

Certainly, people have lost patience with vague and nebulous counsel about what they should do to create or improve their company's culture. Instead, they want concrete advice and pragmatic solutions. The authors of *In Search of Excellence* offered this direction after studying forty-three American companies that had been more successful than their counterparts, primarily because they defined their cultures by the following eight attributes:

1. A bias for action
2. Staying close to the customer
3. Autonomy and entrepreneurship
4. Productivity through people
5. Executives' "hands on" approach
6. Sticking with the knitting: doing only what the business does best
7. Little bureaucracy
8. Dedication to the company's values

These eight attributes don't just spring forth from the earth fully developed; leaders have to plant the seeds and then carefully cultivate them, consciously and consistently acting as the attentive gardener of the culture. Therefore, leaders do well when they understand the nature of culture, the things that can compromise it, and the actions they should take to ensure its growth and viability.

What is Culture?

Culture involves a pattern of shared beliefs that a group has developed over time to address its unique challenges and opportunities. These beliefs have worked well enough to be considered valid, and therefore, important enough to be taught to new members as the correct way to address important issues. When an individual joins an existing culture—like those in typical organizations—a transformation takes place. Through communication, interactions, and common social activities, new members learn the meanings of the group's symbols, attitudes, values, and beliefs common to members of the organization. Typically, if the new person's views match those of others in the organization, the climate will be positive.

Subtle and vague, as a rule, culture reveals itself slowly to the most astute. Sometimes, however, culture makes itself obvious. For example, in my study of the Vietnam POWs, I learned that the aviators who were imprisoned in the north had all belonged to the military's "fighter culture" prior to being shot down. Irreverent and self-confident, these men had learned to scoff at death through traditions like singing songs about it at Friday-night happy hours.

Instead of viewing death as a taboo or scary subject, this group chose to jeer at it and glorify it—behaviors that served them well when they found themselves behind bars, uncertain of their safe return. While in captivity, they honed their culture through new symbols, like the tap code that they used for sending and receiving messages through the walls. They also created a culture of honor that required each man to resist cooperating with the captors and to take care of his fellow POWs. Their traditions and behaviors served them well enough that they taught them to each man as he entered the system—and to thousands of military members who would later attend POW survival training.

How Do We Create and Preserve Culture?

In my work with hundreds of different companies, I have witnessed failing cultures or failed attempts to create a new culture. The primary reason? A significant disconnect between espoused beliefs and behaviors—especially among those at the top.

The plaque in the company's foyer may state "we value each member's contribution," but if managers quash any attempts to change the status quo, the culture will remain one that embraces traditional approaches, even when innovation would make better sense. Further, employees will resent the gulf between what the company pretends to be and what it is.

Leaders who don't serve as exemplars of the culture also give people reason to suspect that the true culture does not match the advertised one. For instance, a leader may continually demand teamwork from his direct reports but never reward these efforts, choosing instead to set up competition among departments that encourages knowledge hoarding and silo thinking.

What difference does it make? Apart from the obvious—that flawed culture doesn't make sense—it's bad business. You can't expect to attract, much less retain, the best and brightest in your industry if you fail to create a culture where they can do their best work. If you've lost a star performer in the last year, you should explore why that person left and ask yourself if anything related to the shared beliefs and behaviors in the company might have contributed to the loss.

Loss of key talent will alert you to a culture problem, but by then, it will be too late—at least to save the departing person. Here are other indicators that your culture needs attention:

- Process and procedure routinely trump productivity.

- *Who* produces the work often overshadows the quality of the work, and different rules exist, depending on the person's status in the organization.
- People make commitments they don't keep.
- Risk-aversion, not innovation, describes the organization's focus.
- The company grapevine buzzes with rumors that people often consider credible.

To encourage any behavior, you need to reward it, both tangibly and intangibly. Leaders often overlook the cheapest and most effective way to reward: simple compliments. Leaders should also reward attempts that fail. Above all, you can't punish mistakes if you want to create a culture of learning and innovative.

The number one intangible of corporate culture involves boss behavior. Most people leave their bosses, not their job, industries, or companies. Organizations that model and demand respectful interpersonal behavior from their employees, and punish or replace those who don't exhibit it, take great strides in doing one of the most important things to retain stars. Top performers simple won't put up with temper tantrums, bad language, and fear tactics; and they won't stay in a culture that either allows them or encourages them.

Does Culture Remain Important in Today's Economy?

Culture has always been important, but in today's world, it has taken on new significance. People no longer perceive that they must stay in a bad or uncomfortable position just because their fathers worked there or because they have always worked there. As the economy improves and the music starts, the game of musical chairs will begin anew. The best and brightest will be the first to leave and the hardest to replace. With the internet, LinkedIn, Facebook, Twitter, and all the other cyber ways of communicating information, news of bad bosses and unwelcoming cultures will travel around the world in seconds. If you haven't taken steps to create a pleasant work environment, you can bet your competition has.

Some define culture by things like the company's involvement in charity work or "greening." While nice and community-centric, these don't play major roles in retaining talent. People might initially feel pride in identifying themselves with a company that donates significantly to local charities or that encourages its employees to volunteer for certain causes. These kinds of things look good in press releases; however, they don't really have much impact on the actual culture, unless the company commits to a certain cause over time and makes a difference in the success of the venture.

For example, a company that truly encourages volunteerism gives people time off from their jobs to volunteer, hosts events for charities, sponsors favorite charities' golf tournaments, and showcases their leaders' involvement with the cause. Culture is what you "teach" new

generations of employees. No teaching occurs if you give lip service to a cause but never truly support it.

Conclusion

When asked to advise senior leaders on organizational culture, I encourage them to tie strategy and talent decisions together. This single act does more to change a culture than any other. If you get the best and brightest in the industry deciding on the direction your company should take, they will influence new employees to do the same. This brings about a culture change when decision makers realize that only when you have the right people doing the right thing can great things happen for an organization.