

Economic Organization Culture

Allen Barclay

College of Natural Sciences, Colorado State University

College of Management, Metropolitan State University

1801 Campus Delivery, 11 Weber

Fort Collins, CO 80523-1801

Tel: 970-491-5365 E-mail: allen.barclay@colostate.edu

Abstract

Organizational culture is a phenomenon that exists in all companies. Author Edgar Schein states “Culture is both a dynamic phenomenon that surrounds us at all times, being constantly enacted and created by our interactions with others and shaped by leadership behavior, and a set of structures, routines, rules, and norms that guide and constrain behavior.” (Schein, 2004, p.1) Most authors and researchers, including Schein, focus on the psychological aspects of why cultures exist and how they influence the organization. This paper intends to look at the economic impact of organizational culture. Since these cultures do exist, what do they do to increase or even decrease the bottom line or profit of the organization? This paper will discuss the economic issues that relate to organization culture. Understanding and working within an organizational culture is a skill that can be grown in any leader. Managers must learn leadership skills to become successful.

Keywords: Organization Culture, Leadership, Economic Change

1. Introduction

Organization culture is a phenomenon that exists in all companies. Author Edgar Schein states “Culture is both a dynamic phenomenon that surrounds us at all times, being constantly enacted and created by our interactions with others and shaped by leadership behavior, and a set of structures, routines, rules, and norms that guide and constrain behavior.” (Schein, 2004, p.1) Most authors and researchers, including Schein, focus on the psychological aspects of why cultures exist and how they influence the organization. I want to look at the economic impact of organization culture. Since they do exist, what do they do to increase or even decrease the bottom line or profit of the organization? This paper will discuss the economic issues that relate to organization culture.

2. Organizational Cultural Impact on Productivity

As the world shrinks and companies grow, diversity becomes a more relevant cultural topic. When it comes to organizational culture, many leaders approach employee diversity as a topic to avoid, like it is better to treat everyone the same. Many leaders use the old adage of treating people equally will provide equal results. Nothing can be further from the truth. Within any organizational culture, most people do not enjoy being treated the same as everyone else. Most people want to be seen as individuals.

A Study by Walker Information, a research firm based Indianapolis stated; “that employers spend too little time showing workers they matter, as manifested in lack of communication and lack of interest in new ideas and contributions. A majority of employees feel underappreciated, according to a 1999 survey. Forty percent of employees who rated their boss’s performance as poor said they were likely to look for a new job; or eleven percent of those who rated it excellent said they would.” (Kinicki & Williams, 2008)

Many employees will give that extra bit of effort when they know the organization’s leadership will support them in the way they want to be supported. And “in an organization, the leader has to work with the group that exists at the moment, because he or she is dependent on the people to carry out the organization’s mission.” (Schein, 2004, p. 417) It is these same people that will be doing the work to meet any organization’s demands.

Organizational culture is the concept of dealing with people with differences, keeping in mind that any time you have more than one person you will have differences. Author Maura Cullen states “valuing diversity starts off as something that we do and grows into something that we are.” (Cullen, 2008) Instead of avoiding organizational culture, embrace the uniqueness of each employee. Managers need to learn that the more they know about organizational culture of a business, the more that manager can learn what helps motivate employees to be more productive.

Leaders may find initial success in a corporation without regards to the organization’s culture. But this will not last long. If a manager is task oriented but loses a bunch of people along the way and morale is at an all time low; where does that leave the organization? If people are beating down the doors to leave, then there is a problem. “The number one reason people quit their jobs, it’s believed, is their dissatisfaction with their supervisors.” (Kinicki & Williams, 2008) Success should not be derived solely from whether you completed the project but whether you and your staff completed the project and enjoyed the work along the

way. Leaders should derive satisfaction from knowing that they supported the staff through a tough job with a sense of humility, humor, and accomplishment.

Most organization's culture is based on employees wanting to feel valued. From a training perspective it costs roughly eleven times more to train a new employee than it does to keep an existing employee. It then becomes time to slow the revolving door of employee turnover within organizations and find a way to keep the talented people that organizations have already invested in with so much time and money. From an economic perspective, very few people leave good jobs. And most people in good jobs will tell you they work for great managers.

3. International and National Perspective

Traditional western management tends to focus on outcomes and strategies. Where Asian management styles tend to focus on what the customer wants and needs. Michael Porter wrote that "Japanese [organizations] have a deeply ingrained service tradition that predisposes them to go to great lengths to satisfy any need a customer expresses...becoming all things to all customers." (Porter, 1996) This focus creates a gap between what the employee can accomplish and doing whatever it takes to make the customer happy.

Organizations in the United States might market that they focus on the customer, but their end results usually tend to focus on the shareholders. The need to create a profit will supersede any internal or external customer service focus. Return on investment becomes the modus operandi and managers are left without time to focus on learning about their subordinates.

Neither focus is correct, or incorrect. It is not a bad thing to focus on the organizations return on investment, nor is it a bad thing to focus all your effort on your customers. But either way, you cannot create great customer service or a solid return on investment without the proper employees in place. Where a western organization like Southwest Airlines will focus on "short haul, low-cost point-to-point service" (Porter, 1996), not really considered going out of their way to provide service that their customer want, they do still provide great service and are recognized for service year after year. Honda and Toyota on the other hand have been working diligently to focus on exactly what customers want, and still they are both reaping the benefits based on company market share growth, "[Toyota is] the world's most profitable automaker - and soon to be its biggest - now has a 15% market share in the U.S., where it sold 2.5 million cars and trucks last year." (Taylor, 2007)

What becomes important to these organizations relates to how all three of these companies understand the culture and treat their employees, not what they focus on for their processes. National or International organizations must place an emphasis on how they currently treat their employees. And understanding the organizational culture is one way to learn about how to treat employees.

4. Conclusion

Understanding and working within an organizational culture is a skill that can be grown in any leader. Managers must learn leadership skills to become successful. Where a manager will work to meet organizational goals, a leader will learn the culture of the business and employees to create a more effective workforce. "Leadership is often confused with

management. But a person can be a leader without being a manager and many managers could not ‘lead a squad of seven-year-olds to the ice-cream counter.’” (Gardner, 1986) Cameron and Quinn agree and state in their book *Diagnosing and Changing Organizational Culture* “Leaders who are not managers are bound to fail, just as managers who are not leaders are bound to fail.” (Cameron & Quinn, 2006, p.80) And it is this point that I have conveyed in this paper, managers and people in leadership positions must take the time required to become more organizationally culture-centered. They must utilize relationship building skills and become more familiar with the culture of their business to be more effective and efficient in the long run. Organizational cultures do exist, but it is the managers and leaders that understand how to use these cultures that will benefit the most when dealing with the economics of business.

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