



# Why Organizations Do What They Do: Part I

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## **Corporate Culture and the Need for Leadership**

That culture exists in organizations is widely accepted, although there continues to be widespread disagreement and debate regarding what an organization's culture is and the role it plays in influencing both individual and group behaviors. Some argue that the concept of culture is over-emphasized, that it does not play a significant role in the actions of an organization. Others maintain that members of any organization are bound and controlled by its culture, unable to break free from its rules, values, norms and accepted ways of performing. Not so topical, however, is the understanding of the role of leadership in shaping, maintaining, and changing the culture of an organization. The role of the leader in shaping an organization's culture has recently become recognized as the key role of organizational leadership.

In today's competitive environment, change is continuous and instant. Organizations are continuously reinventing themselves to remain competitive and the ones that succeed are those who have built a culture that can accommodate rapid change and are comfortable with it. And while products, programs, and procedures may change continuously, an organization's culture presents an altogether different set of challenges for organization leaders. Even in organizations that are highly flexible and able to react to changes in the market instantly, the culture within them remains stable, resistant to change, and, in most cases, enigmatic. For organizations that have undertaken significant change efforts and failed, the reason almost certainly lies in the failure to understand the culture.

Attempting to understand the culture of any organization that is more than just a few years old and whose members number more than 50 can be a complex and difficult endeavor. Ask yourself these questions about your organization:

1. What is really important at your organization?
2. Who gets promoted at your organization?
3. What gets rewarded?
4. Who fits, who doesn't?

I recently gave a presentation to some mid-level managers on the topic of corporate culture and asked them this question: ***Describe your organization in ten words.*** A start-up business manager described her organization as “An organization dedicated to helping women attain their full potential.” I found it interesting that she described a for-profit enterprise in this manner. Her description made no mention of her organization's services or products for its customers or the fact that it was a business. It was focused internally, on its employees, primarily composed of women. I wonder if she intended the culture-creating message she was sending to the members of her organization by professing this statement.

Culture is dynamic and fluid. It is multi-leveled, and in the case of large organizations, compartmentalized. Some of it is visible, but most aspects of culture are difficult to see. Culture has breadth and depth. Succinctly, culture is the *personality* of the organization. Edgar Schein has described culture as consisting of three levels within an organization. Imagine an iceberg where only a small fraction of the iceberg is visible. Below the surface lies the essence of any organization's culture: **its basic assumptions.**

The most readily visible level of any organization's culture is what we see. It's easy to identify. Examples are the physical space occupied by an organization, the appearance within the walls of an organization, the attire of its members, even policy and public statements of organizations fall into this category. The physical environment reflects an organization's culture, but it is a mistake to reach conclusions about a culture based on observations of its environment. Only after delving deeper can one conclude why things in the physical environment are what they are.

The middle level of culture is the level of values, both stated and unspoken. Most organizations today have statements of values, and in a great number of cases those values are public statements, visible for customers and members of the organization to see. They may or may not reflect the *true* values of an organization. For example, an organization may state one of its values is *Teamwork*, but its rewards system doesn't compensate anyone for their contributions as a team. An organization that has

customer service as a public value yet has a relatively high level of customer dissatisfaction may need to examine why this value seems inconsistent with results.

As a new member of an organization, do you ever remember asking, “Why is it that we do it this way?” only to be told “We’ve always done it this way?” Answers like this reflect the deepest level of culture in organizations: its basic assumptions. The bedrock of an organization’s culture is its basic assumptions. They are the most difficult to uncover and understand and yet without understanding them it may be impossible to lead, change or steer an organization.

### **Assumptions are key drivers of culture.**

Assumptions are embedded deep into the fabric of an organization. The older or more mature the organization, the more difficult assumptions are to uncover. Most, if not all, members of an organization share assumptions. Basic assumptions become the *personality* of an organization because they have been accepted as reality by its membership. They are *the way it’s done around here*. Assumptions are formed around how an organization has succeeded in the past.

### **What is NOT Culture.**

If a physician treats a patient’s sore and swollen knee with ice to alleviate pain, yet does not perform more probative testing to determine the reason for the pain, he will be unable to heal his patient. Too often, leaders believe they can diagnose culture by attempting to measure “climate.” Culture is not the climate of an organization. Climate measurements of work conditions, employee satisfaction, and open communications do comprise a component of culture, but they cannot articulate its basic assumptions—the *why* of organizational behavior. Likewise, an examination and understanding of an organization’s values is an incomplete attempt to comprehend culture.

### **So, what’s the leader’s role? What should leaders do about culture?**

Stay tuned, in December we’ll answer these questions.