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Human Capital Management: The Heart of Smart Business Management

BY PROF NICO MARTINS AND MRS ELLEN MARTINS

# ORGANISATIONAL CULTURE ASSESSMENTS

Determine the value of organisational culture assessments for organisational renewal.

IN TODAY'S GLOBAL BUSINESS ENVIRONMENT ORGANISATIONS ARE FACING CHALLENGES AND OPPORTUNITIES DUE TO THE CONSTANTLY CHANGING WORLD OF BUSINESS. THESE CHANGES ALSO AFFECT VARIOUS ASPECTS OF THE ORGANISATION'S FUNCTIONING SUCH AS THE ORGANISATIONAL CULTURE AND ORGANISATIONAL COMMITMENT.

The question is: can organisations use organisational culture to give them a competitive advantage? The answer is yes! Research in South Africa and abroad has shown that organisational culture still plays an important role in organisations.

## ROLE OF ORGANISATIONAL CULTURE

Researchers have researched and discussed organisational culture thoroughly in the previous millennium. This tendency was also followed by researchers and practitioners of the new millennium. A few of the important aspects relating to the role of organisational culture can be summarised as follows:

- > a strong culture provides shared values;
- > culture enhances organisational commitment;
- > culture affects performance of an organisation; and
- > culture compliments rational managerial tools by playing an indirect role in influencing behaviour.

Davidson (2003) summarises the importance of organisational culture by saying that "organisational culture can thus be said to give organisations the competitive edge".

## MEASUREMENT OF ORGANISATIONAL CULTURE

Over the past 50 years, organisational culture has been studied from various perspectives and two main quantitative measurement streams have emerged, namely:

- > survey instruments which focus on patterns or norms of behaviour, the first level of Schein's typology (figure 1); and
- > survey instruments which address the second level of organisational culture namely beliefs and values (figure 2).

Examples of these surveys are the typical surveys which classify organisations into particular taxonomies (role, achievement, power and support).

These taxonomies, for example the display in figure 1, enable one to see the differences between organisational cultures, and leads to the realisation that it is important to match people with specific cultures. It is also important to realise that organisations do not fit rigidly within one specific culture and that these cultures are often combined to a certain extent to create cultural balance.

The second type of survey categorises organisations in multiple categories or norms and gives a description of the organisation's strengths or weaknesses (see figure 2).

The organisational system is affected by the internal and external environment, and measurement of the culture dimensions determine the strengths and weaknesses of an organisation. All of these elements, depicted in the model (including the

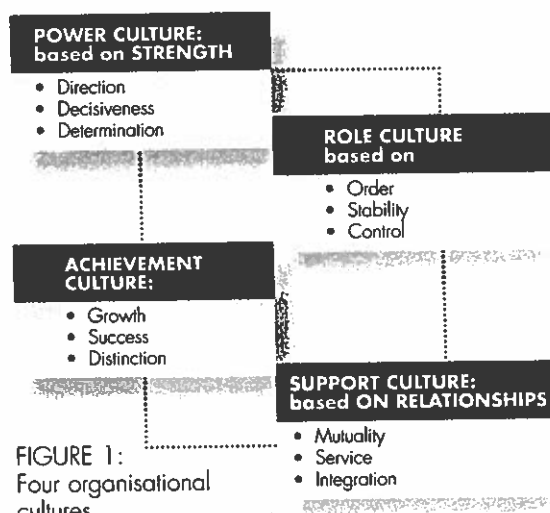


FIGURE 1:  
Four organisational cultures

subsystems), influence each other from an open system perspective.

This model offers a holistic approach that simultaneously examines the interdependence, interaction and interrelationship of the different subsystems of an organisation and elements of organisational culture.

## RESULTS FROM CULTURAL STUDIES

The methodology an organisation uses to diagnose the culture will depend on the purpose of the study, the possible interventions, the specific need identified and so forth. The important aspect is that the survey results need to be used to the benefit of the organisation and the employees. It sometimes appears as if an organisational culture study is just an academic exercise with no real value. Results from some organisational culture studies in South Africa show the opposite.

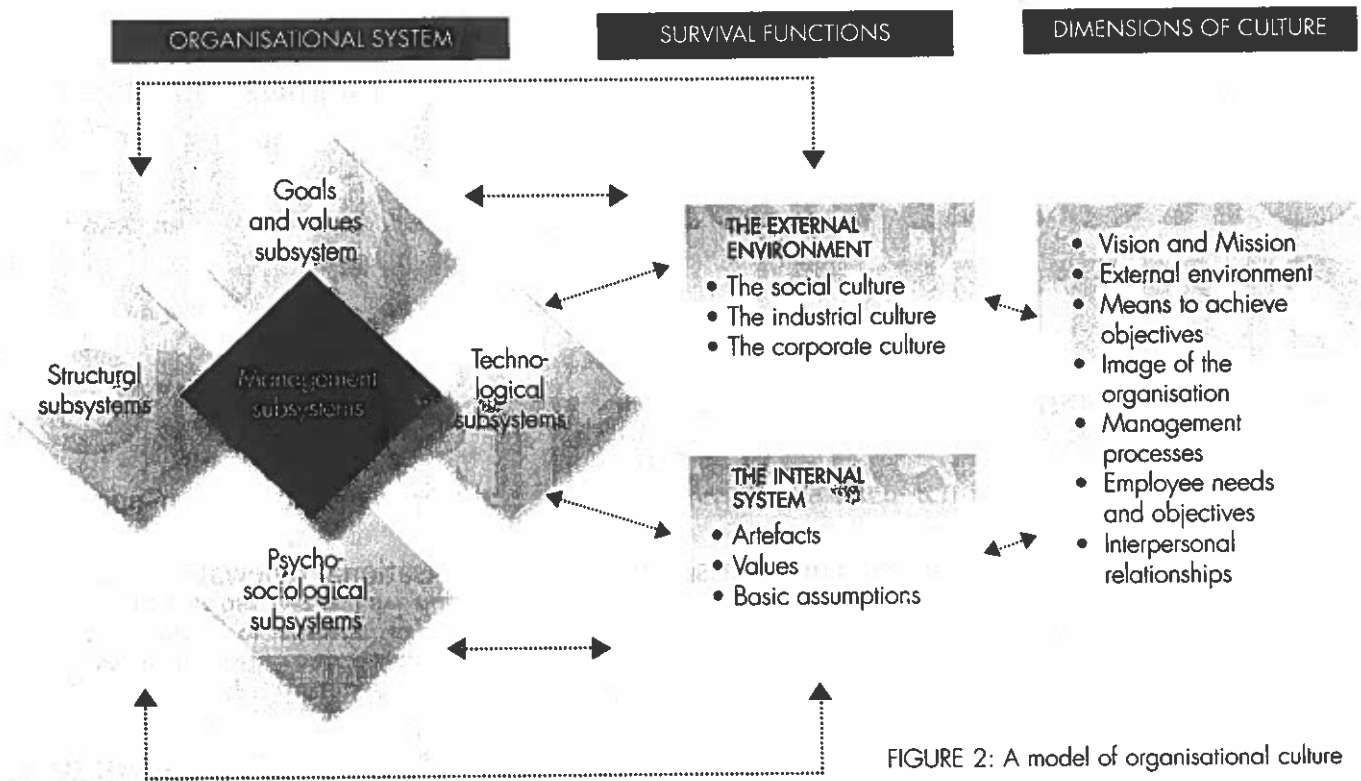


FIGURE 2: A model of organisational culture

Some of the interesting results are:

- > employees who are affectively committed to an organisation are more willing to maintain their relationships than normative and continuance committed employees;
- > subcultures are formed in regions or divisions that are further away from Head Office, due to:
  - different interpretations of the vision and mission;
  - geographical distance from Head Office;
  - different experiences in leadership in region;
  - operationalisation of the vision and mission according to the needs and circumstances of a specific region;
- > specific biographical groups, such as race and job grades, influence the creation of subcultures due to different interpretations and understanding of the culture;
- > high team involvement is negatively correlated with profitability, individual performance is more important in the financial sector;
- > the higher the scores on the vision dimension the higher the profitability;
- > the higher the score on the consistency trait, the lower the profitability; and
- > top management turnover is positively related to the degree of cultural differences during mergers and acquisitions.

**IMPLICATIONS FOR ORGANISATIONS**

- > Measure subcultures before internal changes are planned/implemented;
- > Take note of subcultures when strategies for regions or geographical areas are compiled and implemented;
- > Measure organisations' cultures before a merger or acquisition is planned, pay as much attention to the culture fit as to the issues of strategic fit and financial analysis;
- > Do not assume that employee commitment is positively affected by all types of cultures;
- > Defining or analyzing an organisation's culture can assist management to allocate resources more effectively;
- > An understanding of subcultures can assist management to manage relationships between levels and race groups more effectively;

**IN SUMMARY**

Organisational culture assessments make good economic sense. The value of understanding the organisational culture and sub cultures of an organisation is that it can assist management to manage employee relations more effectively, to develop more appropriate strategic and operational plans for regions, to allocate resources more effectively and

to understand the role of subcultures in managing the diverse needs of customers. **HRF**

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