ORGANIZATIONAL CULTURE AND MANAGING CHANGE

Sedef YENICE
Istanbul Bilim University and
Group Florence Nightingale Hospitals, Istanbul, Turkey

sedefyenice@gmail.com
sedef.yenice@florence.com.tr
Learning Objectives

• Define What Organizational Culture is and Explain Why it’s important
• Identify Organizational Culture – Schein - Model
• 7 Dimensions of Organizational Culture
• Explain the Role of Leadership to Built up an Organizational Culture
• Driving and Changing the Organizational Culture
• Build Organizational Alignment and Improve Employee Performance
• Creating a Strong Laboratory Culture
• Barriers to Organizational Change and Overcome the Challenges
What is Organizational Culture?

Each of us has a unique personality that influences the way we act and interact. An organization has a personality too—we call it CULTURE. Here’s what YOU need to know about organizational culture!

1. **Culture is perceived.** It’s not something that can be physically touched or seen, but employees perceive it on the basis of what they experience within the organization.

2. **Culture is descriptive.** It’s concerned with how members perceive or describe the culture, not with whether they like it.

3. **Culture is shared.** Even though individuals may have different backgrounds or work at different organizational levels, they tend to describe the organization’s culture in similar terms.
Defining Organizational Culture: Core Culture

We first need to understand the culture in general terms. The top management is in charge of cultural change and must have a deep understanding of the different layers and its respective elements and meanings in order to achieve change. One could struggle with illustrating culture because there is no tangible output that an organization produces—organization or corporate culture is just “there.

Edgar Schein (1928) is a Society of Sloan Fellows Professor of Management Emeritus and a Professor Emeritus at the MIT Sloan School of Management. Edgar Schein made a notable mark on the field of organizational development. Edgar Schein is well known for his ground breaking work on the Organizational Culture Model and divided the organizational culture into three different levels.

“The only thing of real importance that leaders do is to create and manage culture. If you do not manage culture, it manages you, and you may not even be aware of the extent to which this is happening.”

• In practice, the three levels of the Organizational Culture Model are sometimes represented as an onion model as it is based on different layers.
• The outer layer is fairly easy to adapt and easy to change. The deeper the layer, the harder it becomes to adjust it. Deeply embedded in the core of the onion we find the assumptions.
• Around the core we find the values. The artefacts and symbols can be found in the outer layers of the onion and these can be changed more easily. Between this layer and the layer in which the values are embedded, there may be another layer in which we find the so-called “heroes”; people who play or have played an important role in the organization and who are admired.
• The core of the onion is made up of assumptions. These are about “how the world works” according to the all the people who belong to the organization and stem from experiences and perception. These have partly become unconscious assumptions and they are considered to be self-evident therefore they need not be discussed.
How to Discover Your Organization’s DNA

The term “organization DNA” is sometimes used as a shorthand for an organization’s culture and strategy — a metaphor for what makes it unique. But there may be more to the metaphor. Understanding your organization’s DNA can help you know what you can and can’t do, and how to achieve agility and authenticity in a changing world.

- "It is the organization’s DNA—the way an organization "smells" and “behaves" with visible and invisible elements. Corporate culture is the host of visible manners and rituals, named artifacts, invisible espoused values and basic assumptions, by which a company differs from its environment.

- Culture influences decision making, behaviour and the motivation of employees—thus, individual and company performance.

How do you discover your own organization’s DNA?

- Start digging around in the company archives, talking to early employees and reading the corporate history. Look to the original vision and values of the founders. How did they see the world? What problem were they out to solve? What was their core insight about human behavior and the creation of value?

- Once you’ve found the DNA, map it to the company’s past and current business. Where is there stronger or weaker alignment? Finally, as you consider future strategies, how can you increase your “competitive plasticity” — the ability to express your DNA in new ways that create unique value and sustainable advantage.
Google has created a creative and innovative culture at their headquarters in California with an android googleplex, ....
bikes, ...
........and bringing your dog to work.
7 Dimensions of Organizational Culture
How Can Culture Be Described?
An organization’s culture may be shaped by one particular cultural dimension more than the others, thus influencing the organization’s personality and the way organizational members work. For example:

—Apple’s focus is product innovation (innovation and risk taking). The company “lives and breathes” new product development and employees’ work behaviors support that goal.

—Southwest Airlines has made its employees a central part of its culture (people orientation) and shows this through the way it treats them.
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<th>Where Does Culture Come From?</th>
<th>How Do Employees Learn the Culture?</th>
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<td>Usually reflects the vision or mission of founders.</td>
<td><strong>Organizational stories</strong>: narrative tales of significant events or people - <strong>company DNA</strong>.</td>
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<td>Founders project an image of what the organization should be and what its values are.</td>
<td><strong>Corporate rituals</strong>: repetitive sequences of activities that express and reinforce important organizational values and goals.</td>
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<td>Founders can “impose” their vision on employees because of new organization’s small size.</td>
<td><strong>Material symbols or artifacts</strong>: layout of facilities, how employees dress, size of offices, material perks provided to executives, furnishings, and so forth.</td>
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<td>Organizational members create a shared history that binds them into a community and reminds them of “who we are.”</td>
<td><strong>Language</strong>: special acronyms; unique terms to describe equipment, key personnel, customers, suppliers, processes, products.</td>
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Audience Response

Organizational level

Let's discover how you view the overall culture of your organization:

• What actions are needed to improve the current culture?
• Is your the organization's purpose/mission memorable?
• How about the values? Are they distinctive and memorable?
• What does each value mean to you?
• How do leaders exert their authority through formal practices?
• What are some informal practices leaders rely on to get work done?
• How is success rewarded?
• How is failure addressed?
• Do leaders behave in a way that's consistent with your organization values?
• What motivates leaders?
• If we could do one thing to improve our culture, what would it be?
Organizations rise or fall on their Leadership – Iceberg of Ignorance

• In a study done by Sidney Yoshida – called “The iceberg of ignorance” – found that senior level management is often so far removed from day-to-day business operations that they fail to understand the systems and processes that affect both employees and customers.
• The study concluded that executive level managers were only aware of 4% of day-to-day problems, department managers were only aware of 9% of problems, employee supervisors knew of 74% of problems but the front-line employees knew 100% of problems that affected the quality of products or services that were being delivered to customers.
• The most troubling aspect of these study findings is that the very people who have the responsibility and ability to solve problems seem to be the very ones who don’t even know the problems exist for the employees who are responsible for serving the customer.
In this age of technology and information it is nearly impossible not to find a document of a scholarly nature. Having exhausted all internet resources, I turned to academia, which has access to volumes of scholarly works in databases not available to the general public. I reached out to my alma mater, Utah State University, at the Huntsman College of Business and more specifically, the Partners in Business program. After initial searches were exhausted, I was referred to the Shingo Institute, associated with the Partners in Business program. The executive director of the Shingo Institute executed a query deeper into the available data bases: No Sidney Yoshida. No 2nd International Quality Symposium during 1989 in Mexico. No paper entitled, “Quality Improvement and TQC Management at Calsonic in Japan and Overseas.” That is not to say he, or it, does not exist. There is just no record of it. It is also important to note that the date, if it exists, was within only one organization and different plants within that organization. Hardly representative of the population, and therefore more anecdotal than anything.

If there is no record, then where did this information come from. Although there may be truth rooted in the “Iceberg of Ignorance” there is nothing supporting it. This in turn suggests the “Iceberg of Ignorance” is likely a myth that has been perpetuated via the internet by well meaning individuals and organizations, interested in using it to advance their position or agenda in business.
Organizational Culture is the Shadow of the Leadership

Left unattended, the iceberg of ignorance leads to employee disengagement, frustration at the front-lines and consequently high attrition and poor business performance.

Leaders shape the organization culture through their behaviors.

The behavior of the senior team has a direct impact on the performance and productivity of the entire organization. Therefore, it is important for management to focus on cultivating a great culture rather than to have an unintentional culture develop. Once a culture develops it is difficult to change.
Organizations can’t change if leaders can’t change with them

- Walking the talk and integrity
- Increased teamwork and cross-organizational collaboration is preached.
- High performance leadership teams understand that their collective and individual behavior casts a positive or negative shadow across the entire organization.
- The role of the leader requires modeling the desired behavior and letting others see the desired values in action. To become effective leaders, they must become aware of their shadows and then learn to have their actions match their message.
- The head of an organization or a team casts a shadow that influences the employees in that group.
- The shadow may be weak or powerful, yet it always exists. It is a reflection of everything the leaders does and says.

“If you can’t fly, then run. If you can’t run, then walk. If you can’t walk, then crawl. But whatever you do, you have to keep moving forward.”

MARTIN LUTHER KING, JR.
MINISTER AND ACTIVIST

Forbes
The iceberg that sinks organizational change – How does the iceberg impact organizational change?

- Some aspects of organizational culture are visible on the surface, like the tip of an iceberg, while others are implicit and submerged within the organization.
- Because these ingrained assumptions are tacit and below the surface, they are not easy to see or deal with, although they affect everything the organization does.

- Most of an icebergs bulk lies below the surface. Ships that ignore the ice below the water are in mortal danger. Likewise, organizational change efforts may flounder because of a lack of organizational focus.
- The change management iceberg is visualizing the essence of change in organizations: Dealing with organizational barriers. It is better to be mindful of things below the surface!
- It’s like trying to build a house without a foundation – it'll look good for a short while, until the walls fall down!

Retrieved August 12, 2018 from https://www.torbenrick.eu/blog/change-management/iceberg-that-sinks-organizational-change/
Driving organizational culture change
Changing an organization’s culture

• The hardest part of a business transformation is **changing the organizational culture** – the mindset and instincts of the people in the organization.
• An **existing culture** is based on shared philosophies, ideologies, values, assumptions, beliefs and attitudes.
• Transforming, sustaining and allowing for evolution of a culture is a complex process requiring a clearly articulated strategic aim, underpinning objectives and long term programme coordination and mobilization of resources.

Retrieved August 12, 2018 from https://www.torbenrick.eu/blog/culture/create-a-culture-change/
What are the keys to create a cultural change? Cultural change that sticks?

CREATE

- **C**larify values and organizational culture code
- **R**einforce the vision and purpose – Ensure that everyone in the organization is clear on vision, values, culture code and how those elements lead to success
- **E**mpower behaviors aligned with values, culture code and vision
- **A**lign conversations up and down the organization
- **T**arget effort on high impacts areas
- **E**mphasize success, plan for wins, celebrate change

Retrieved August 12, 2018 from https://www.torbenrick.eu/blog/culture/create-a-culture-change/
The Process of Cultural Change

- Cultural change cannot happen overnight either in one week of meetings, or through a few memos sent from higher ups.
- To effectively shape the bottom of the iceberg – those deeply-ingrained beliefs held throughout the organization – change must happen over a longer period of time, one to three years, where leading is done by example, and employees have the support they need to grow.
- Any cultural change involves changing the mindset and instincts of each person in the company.

PATIENCE AND PERSISTENCE IS REQUIRED

http://www.visualcapitalist.com/iceberg-organizational-culture-change/
THE HIDDEN CHALLENGES OF ORGANIZATIONAL CHANGE

Organizational culture is slow to build, pervasive and hard to change. Organizations may try to shortcut the process of cultural change by:

• **Changing practices without changing values** – Leaders often create new programs or policies without attempting to change the underlying beliefs that guide individual choices. Employees and supervisors who don’t believe in the change will at best not support it, and at worst undermine it.

• **Confusing “espoused” values with underlying values** – Leaders often develop and publish new values, but forget to work on changing employees’ beliefs about how the world works. Ignoring what’s below the surface is **what will ultimately undermine organizational transformation**.

These phrases and others like it typically refer to the complex, subtle practices that become ingrained in an organization’s culture, to the point where they become part of its identity.

https://www.torbenrick.eu/blog/culture/mindful-things-organizations-surface/
Culture change is an important ingredient for organizational agility

Rapid changes in competition, demand, technology and regulations have made it more important than ever for organizations to be able to respond and adapt quickly. In today’s business environment, organizational agility is no longer a luxury, but a necessity. Being infinitely adaptable is the key here.

WHAT ARE COMMON TRAITS OF AGILE ORGANIZATIONS?
- Agile organizations never rest on their success and regularly seek to improve even when they are successful.
- There is alignment and clarity around the mission, and vision and values.
- They embrace failure as a learning opportunity, have a strong purpose, a vitality and a learning mindset.
- Rapid decision-making happens not just during a crisis, but every day.
- There is a strong ability to execute, high levels of accountability, customer-centric thinking and strong cross-organizational synergy.
- Creating a culture of agility is possible and should be the first strategic priority because it is the culture that spawns an organization’s ability to adjust in any direction and execute any strategy.

https://www.torbenrick.eu/blog/culture/agile-organizational-culture/
SUCCESSFUL ROWING EIGHTS OPERATE AS A UNIT

Ever watched a rowing eights event? To achieve success, the rowers must stroke at the same pace with the blades of every oar pulling at the same depth in the water. Organizational alignment is the absolute compatibility between the strategic and cultural paths.

Each member of the team knows what their job is during the race and that they can rely on their coaching, training, boat, and equipment, and the skills, technique, and commitment of their teammates while the race is on.

When team alignment and cohesion is off, the boat strays off course, essentially wasting time, energy, and the resources that were invested in trying to achieve the goal of winning the race.

It’s very much the same for an organization. Without alignment, the best strategic plan will never be fully achieved because organizational alignment is the glue that makes strategy execution excellence happen.

An aligned organization gets things done faster, with less effort, and with better results, and is more agile and responsive to changing business conditions.

Ultimately, a high level of organizational alignment is essential for achieving increasingly better business performance results now and in the future! That’s why organizational alignment is so important for achieving better performance results.
How to Build Organizational Alignment and Improve Employee Performance

- HOW DOES YOUR STRATEGY LOOKS LIKE IN ACTION
- BUILD AN AWARENESS OF CULTURE
- MEASURE YOUR CULTURE
- COMMUNICATE YOUR STRATEGY
- CASCADE YOUR STRATEGY
- DEFINE KEY CULTURE IMPROVEMENTS
- LINK ALL WORK ACTIVITIES WITH YOUR STRATEGY
- LINK ALL EMPLOYEES WITH YOUR STRATEGY
- MEASURE PROGRESS
- HOW TO BUILD A STRONG CULTURE

Retrieved August 12, 2018 from https://www.torbenrick.eu/blog/culture/how-to-build-organisational-alignment/
Individual level
Understand how the organization's values and purpose align with the goal and purpose of each employee:

1. Which activities bring you satisfaction regardless of whether you receive rewards and recognition? What part of your role inspires you the most?

2. Are there personal habits you believe they need to start, stop or continue to better align with the goals of the organization?

https://www.torbenrick.eu/blog/culture/how-to-build-organisational-alignment/
How to Hold People Accountable and Performance Management

Everybody, somebody, anybody, and nobody

Does this little story sound familiar?
• This is a story of four people named Everybody, Somebody, Anybody, and Nobody.
• There was an important job to be done and Everybody was asked to do it.
• Everybody was sure Somebody would do it.
• Anybody could have done it, but Nobody did it.
• Somebody got angry about that because it was Everybody’s job.
• Everybody thought Anybody could do it, but Nobody realized that Everybody wouldn’t do it.
• It ended that Everybody blamed Somebody when Nobody did what Anybody could have done.

But how to avoid this?
• How to hold people accountable?
• How to create a culture of accountability and hold people accountable?
• How to handle performance management?

http://dnabehavior.com/blogbeta1/10-ways-to-cultural-change/
How to Create a High Performance Organization

Actually It’s SIMPLE

Set expectations

Invite commitment

Measure progress

Provide feedback

Link to consequences

Evaluate effectiveness
Creating a Strong Laboratory Culture

• The responsibilities of a lab manager are to lead and manage the lab in the midst of team dynamics. In a weak lab culture, team members have low productivity, are confused about their assignments, complain about other team members, and show a lack of involvement.

• In a strong lab culture, team members are productive and involved, have clarity about the goals of the lab, and have positive relationships with other team members. Because team dynamics define “lab culture,” building a strong lab culture starts with building the right team.
Six Ways to Help Get You Started in Building a Strong Culture.

S = Set expectations – The first step is to be crystal clear about what is expected
I = Invite commitment – Buy into the goals
M = Measure progress – Measure their ongoing performance
P = Provide feedback – Honest, open, ongoing feedback is critical
L = Link to consequences – Administering appropriate consequences
E = Evaluate effectiveness – Review how the process has been handled

Team members will appreciate the goals of the lab if expectations are communicated to them at the outset, as expectations represent the collective belief system on which the lab is based and the information gathered from lab training over time.

http://www.visualcapitalist.com/iceberg-organizational-culture-change/
Genovesi L. Lab Manager. April 07, 2014
IFCC EMD - Committee on Clinical Laboratory Management (C-CLM)
ORGANIZATIONS WITH THE MOST ENGAGED EMPLOYEES HAVE:

- 22% better profits
- 21% higher productivity
- 10% higher customer rating
- 25% to 26% less employee turnover
- 37% less employee absenteeism
- 48% fewer safety incidents

http://www.visualcapitalist.com/iceberg-organizational-culture-change/
• Team members function best within a well-defined infrastructure for ordering supplies and using the shared equipment and lab space.
• A well-defined infrastructure will cut down on conflicts among lab members.
• Every team member should be encouraged to be responsible for keeping things organized and be responsible for their part.

Setting an infrastructure

BE ON BRAND
Make your workplace and employee practices reflect your mission and values.

Solving Problems

• Promoting problem-solving through teams with specific skills is a significant factor in defining the relationship dynamics between team members and setting the tone for a strong lab culture.
• Successful problem solving is on a case-by-case basis.

BE TRANSPARENT
Share successes, failure, challenges, and organizational changes with your team.

• Also depends on the level of commitment of the team members to the team.

Promoting Communication

• Positive communication is an important factor in a well-functioning lab, and poor communication is indicative of a lack of commitment to the team.
• Promoting communication—verbal, email, text, phone, radio, and documentation—is key.
• To promote communication, you need to be accepting and welcoming of diversity, whether it is cultural, local, or external.
Showing appreciation

Team members want to feel appreciated and recognized for their hard work and contribution. Appreciation comes in the form of pay raises, bonuses, or public recognition.

REWARD VALUABLE CONTRIBUTIONS

Give employees sincere recognition for good work.

Encouraging work-life balance

Including fun and occasions for sharing in the life of the lab promotes work-life balance, which not only benefits team members but also boosts work productivity.

PRIORITIZE WELL-BEING

Make employees’ mental and physical health a priority.
• When team members feel that the company is making a positive impact on the world, they will be empowered by the acknowledgment of their own contribution and impact on the company.

• When team members are encouraged to grow in their roles, they will be empowered to work harder.

• Emphasizing the importance of each team member will go a long way in diffusing any ill will between team members. It will also make it easier for team members to collaborate as a group.

• Mutual respect between team members diffuses any perceived favoritism and promotes positive relationships and collaboration.

• Lab managers can also help team members grow through opportunities for training and continued education.

Genovesi, L. Lab Manager. April 07, 2014

http://www.visualcapitalist.com/iceberg-organizational-culture-change/
Features of Starbucks Coffee’s Organizational Culture

The company describes its organizational culture as *a culture of belonging, inclusion and diversity*. In this regard, the main features of Starbucks’ organizational culture are:

- Servant Leadership (“employees first”)
- Relationship-driven approach
- Collaboration and communication
- Openness
- Inclusion and diversity

Starbucks’ *organizational culture* is powerful because it is tightly linked to the company’s distinctive capabilities. The feel of Starbucks stores isn’t created merely by the layout and the décor – it exists because the people behind the counter understand how their work fits into a common purpose, and recognize how to accomplish great things together without needing to follow a script.
Change is not the Problem
Resistance to Change is the Problem

8 MOST COMMON BELIEFS AND REASONS THAT PEOPLE RESIST CHANGE

1) There isn’t any real need for the change
2) The change is going to make it harder for them to meet their needs
3) The risks seem to outweigh the benefits
4) They don’t think they have the ability to make the change
5) They believe the change will fail
6) Change process is being handled improperly by management
7) The change is inconsistent with their values
8) They believe those responsible for the change can’t be trusted

Expecting resistance to change and planning for it from the start of the change management program will allow the leaders to effectively manage objections.

The brutal fact is that about 70% of all change initiatives fail. But why? In most of the cases organizational-change failures are driven by … negative employee attitudes and unproductive management behavior. The most general lesson to be learned from the many studies is that organizational culture is the most common barriers.
Why does organizational failure occur at such a high rate?

1) Failure to make a **compelling case for change** – People need to make sense of the change before they change
2) Not involving the employees – Leaders believe top-down still works
3) Ignoring current **organizational culture** – Failure to understand and shape the informal organization
4) Real **change happens at the bottom** of the organization – It does not happen at the town hall meeting or through the intranet
5) Not **dealing proactively with resistance**
6) Failing to celebrate small wins –
7) Change management is a dolphin, not a whale

• The most important thing about culture is that it’s the only sustainable point of difference for any organization. Anyone can copy an organization’s strategy, but nobody can copy their culture.
• Culture is how organizations do things.
• The values and behaviors that contribute to the unique social and psychological environment of an organization.
• Organizational culture defines a jointly shared description of an organization from within.
• Organizational culture is the sum of values and rituals which serve as glue to integrate the members of the organization.
• Organizational culture is a system of shared assumptions, values, and beliefs, which governs how people behave in organizations.
• Organizational culture is civilization in the workplace.
• Organizational culture refers to the philosophies, attitudes, beliefs, behaviors and practices that define an organization.
• Culture is the organization’s immune system.
• It over simplifies the situation in large organizations to assume there is only one culture... And it is risky for new leaders to ignore the sub-cultures.
A strong lab culture is the result of a combination of factors such as nurturing the growth of each team member while requiring that person’s continued commitment and collaboration with the team.

Achieving and maintaining this balance has certain benefits for the lab manager and the team members, such as positive relationships, business longevity, and growth.
Useful Links and Further Readings

- https://www.hbr.org/
- https://hbr.org/2018/08/how-to-tell-your-team-that-organizational-change-is-coming
- https://hbr.org/product/strategy-that-works-how-winning-companies-close-the-strategy-to-execution-gap/13974-HBK-ENG
- https://www.torbenrick.eu/t/r/lop
- https://www.torbenrick.eu/blog/change-management/iceberg-that-sinks-organizational-change/
- https://www.torbenrick.eu/blog/change-management/embarking-on-any-change/
- Petersen, CV. Clinical Laboratory News. JUL.1.2017
- Genovesi L. Lab Manager. April 07, 2014
- Muenz R. Lab Manager. February 03, 2017
- Graziano M. Lab Manager. October 19, 2016 and https://www.keenalignment.com/
How to Tell Your Team That Organizational Change Is Coming

by Liz Kislik

AUGUST 00, 2019
How People Analytics Can Help You Change Process, Culture, and Strategy

by Chantrelle Nielsen and Natalie McCullough
MAY 17, 2018

Executive Summary

It seems like every business is struggling with the concept of transformation. Ultimately, this is about changing a system of systems, all made up of the most complex system of all – people. For this reason, organizational transformation is uniquely suited to the analysis, prediction, and experimental research approach of the people analytics field. Those working in this field in Microsoft’s Workplace Analytics department find that there are three types of transformations that can benefit from people analytics: process transformation, cultural transformation, and strategic transformation.
michelleobama Nelson Mandela’s story reminds us that even in the darkest of times, change is always possible— but only if we’re willing to work for it and fight for it. On the 100th anniversary of Madiba’s birth, let us honor his memory by recommitting ourselves to the work of his life.
THANK YOU!