Culture and channelling corporate behaviour

APPENDIX 1: REVIEW OF THE ACADEMIC LITERATURE ON ORGANISATIONAL CULTURE

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This is part of a series of four reports that aims to assist boards in preparing to assess their corporate culture and in understanding how it can influence either functional or dysfunctional behaviour.

IN THIS SERIES...

The four reports in this series are:

- *Culture and Channelling Corporate Behaviour: Summary of Findings,* ACCA, 2014.

- *Culture and Channelling Corporate Behaviour, Appendix 1: Review of the Academic Literature on Organisational Culture,* ACCA, 2014.

- *Culture and Channelling Corporate Behaviour, Appendix 2: Findings from the ACCA–ESRC Roundtable Discussions,* ACCA, 2014.

- *Culture and Channelling Corporate Behaviour, Appendix 3: Results from the ACCA–ESRC Member Survey,* ACCA, 2015.

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Executive summary

This report forms part of a series of four reports dedicated to understanding corporate culture and the drivers of behaviour in organisations. It is the result of a year-long research project conducted by ACCA and the UK's Economic and Social Research Council (ESRC).

The report was produced in collaboration with Dr Graham Wilson to review some of the academic literature on organisational culture. It particularly looks at psychological aspects of management practices, offering innovative tools to effectively engage with organisational members, understanding what drives 'desirable' behaviour and what leads to sustained motivation.

'Desirable' here means making a sustainable contribution to long-term organisational success while 'undesirable' means undermining ability to be genuinely successful over the long term. For some firms, there is also ambiguous behaviour – essentially entrepreneurial activity that in limited circumstances benefits the organisation, but that can become undesirable if the degree of risk or potential impact goes beyond acceptable limits.

WHAT CAUSES UNDESIRABLE BEHAVIOUR?

Particular problems may arise when an organisation seeks to act in what it describes as an entrepreneurial fashion. This implies that some individuals will be expected to derive far greater value than others from a given set of resources, in a previously untested manner for which there may be few corporate constraints. In these circumstances, the individuals given responsibility for a certain level of performance may behave in ways that go beyond what others might expect or deem acceptable.

Misdemeanours within corporates are almost entirely the consequence of subjective misperceptions of one or a few individuals. These misperceptions may result from a belief that maximum achievable profit is the only result accepted within the organisation, or that the individual has been given implicit authority to work outside the established policies and procedures.

The decision to contravene acceptable standards remains one taken by an individual and it is predicated on their own attitudes to and perception of the limits to their behaviour, and other subjective norms.

WHAT MOTIVATES PEOPLE?

The intrinsic motivation of an individual far outweighs any extrinsic factors. Extrinsic factors will generally be demotivational – any positive effect is short-lived. The key intrinsic motivators are mastery of one's subject, autonomy, and psychological relatedness (ie whether or not one has a feeling of substantial common purpose with those around one).

The culture that any organisation needs to develop and maintain is one that embraces these three factors. This is the means by which behaviour within corporates (indeed, whole societies) can be channelled.

HOW TO ASSESS CULTURE?

In assessing a company's culture, there is a need to be cautious about instruments that do not conform to the norms of psychological research. There is a tendency to place quantitative measurement above qualitative description. In assessing culture, this is a mistake as most quantitative approaches are fundamentally flawed – particularly in this context. It is better to use non-prescriptive descriptive approaches.

The present review has identified a small number of areas for further investigation, along with questions for the development of these ideas in practical ways.

1. Desirable, undesirable and ambiguous behaviour

THE MULTIFACETED NATURE OF HUMAN BEHAVIOUR

In general, the mind finds it easier to see things in their simplest form. As a result, discussions about the behaviour of individuals within a corporate context tend to polarise. They often present the individual as either fundamentally good or bad. People who do not behave as Society expects them to do are seen as dysfunctional, whereas those who appear to toe the line are here described as functional.

This simplification does not help our understanding of human behaviour at work – if anything it obscures it. Human beings are complex and they are capable of moving to different positions along several spectra depending upon, among other things, their own values (which need not be fixed either), the rigidity of their own personality, and the myriad influences affecting them at any one time.

The simplified bi-polar perception of human behaviour leads to many fallacies in approaches to management so that attempts to channel, or govern, corporate behaviour are often ineffective.

ALTERNATIVE PERCEPTIONS OF CORPORATE MISDEMEANOURS

There are several perceptions of corporate misdemeanour that depend, to a greater or lesser extent, on the observer's views on capitalism, and the respective nature of organisational and individual behaviour.

One view is that fraud, or other dishonesty, is genuinely perpetrated by a few bad apples within a fundamentally sound organisation. This tends to be the model assumed by most justice systems and, of course, is a view that benefits those corporates.

An alternative view is that all profit-making enterprises are fundamentally driven to do everything that they can to make more profit regardless of the consequences. Although this 'economic theory of the firm' is not a 'mainstream' viewpoint, it is often presented by established media as well as by individuals with a particularly strong anti-capitalist leaning.

As Peter Drucker observed in 1994: 'The assumptions on which the organization has been built and is being run no longer fit reality. These are the assumptions that shape any organization's behavior, dictate its decisions about what to do and what not to do, and define what the organization considers meaningful results. These assumptions are about markets. They are about identifying customers and competitors, their values and their behavior. They are about technology and its dynamics, about a company's strengths and weaknesses. These assumptions are about what a company gets paid for. They are what I call a company's theory of business' (Drucker 1994).

Rhetoric by high-profile celebrity business leaders may seem to validate this picture, but academic evidence does not support it.

On the contrary, empirical research from the 1960s suggests that most corporates actually base their decisions on suboptimal compromises adopted to reduce conflict among the coalitions of individuals within them (Cyert and March 1963; Packer 2008). This is very similar to the phenomenon of group-think subsequently described by Janis (1982), though there are many other more complex psychodynamic processes at play in a management cohort (de Board 1978), and groupthink itself is not particularly well validated experimentally (Turner et al. 1992).[1]

A less extreme view is that both the leaders and the culture of some profit-making enterprises place too great an emphasis on profit and as a result those leaders and/or their staff may act in ways that are subsequently considered to have been inappropriate.

A third perception follows from the first two, namely that some individuals are the unfortunate scapegoats of a corrupt organisation – they happen to be the ones who were caught.

More cynical still is the view that the individual who is caught was merely pursuing an unspoken corporate ambition but went beyond the conduct that even their masters wanted to be seen as having contemplated. While this perception is supported by the evidence from studies of the incremental nature of unethical behaviour and especially the work of Milgram (1963), which has entered popular management models, this work is regarded very poorly by most behavioural scientists – partly because of the ethics of the experiments, partly

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1. Throughout the roundtables conducted by ACCA, participants often recognised the phenomenon of groupthink as a usual feature of boards (ACCA 2014).

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because the interpretation of the results (even if correct) is not sufficiently clear cut, but mostly because the accounts of it appear to have been exaggerated and distorted to favour the author's interpretation (Blass 2013; Perry 2012).

It can be helpful to see an individual's behaviour as desirable (when they are pursuing their goals while adhering to ethical expectations), undesirable (when they are clearly going outside those expectations) and ambiguous (when they are going outside those expectations but their subjective decision making has not been adequately influenced by the organisation).

ENTREPRENEURIAL BEHAVIOUR

Of particular interest in the present context is the nature of entrepreneurial behaviour in a corporate setting. It is the pursuit of this that it is said can lead an individual from behaving 'desirably' to acting 'undesirably'. Their behaviour itself may not have changed, but the degree of risk that they are prepared to take in their decision making has increased.

The study of entrepreneurship, entrepreneurial behaviour, and the psychology of entrepreneurs has been pursued for many years, indeed since the term was first coined in 1723. There have been countless attempts to define entrepreneurship, and yet there is no single definition that seems to fit every case well.

Key to most, nonetheless, is the idea that the entrepreneur creates considerably more value out of a given set of resources than a non-entrepreneurial (sometimes described as an administrative) manager. Some would suggest that this must involve some degree of innovation; others that it necessitates the taking of risk; and some that the entrepreneur has an ambition to achieve something that is beyond their existing resources.

Although the term is often applied to new enterprises, an entrepreneurial strategy is not uncommon among mature ones seeking to rejuvenate themselves in some way.

For this project, there are two directions that perhaps need exploration: the nature of the mature institution that seeks to be entrepreneurial, and the behaviour of individuals who are encouraged to be entrepreneurial within a mature institution, regardless of the overall strategy.[2]

If entrepreneurial behaviour leads to enhanced added value, beyond what would be expected from the resources currently available, achieved in innovative ways, then it is clear why this appeals to a mature organisation whose leaders perceive that it should demonstrate exceptional performance.

Contrary to popular belief, which assumes that they are somehow more likely to take risks, among genuine entrepreneurs the decision-making process is typically no different from that seen in a normal population

(Brockhaus 1980). There is no evidence that they are more likely to take risks.

The behaviour of individuals encouraged to be entrepreneurial within a mature organisation is not, however, necessarily the same as that of their self-directed counterparts. The term 'intrapreneurial' (Pinchot and Pinchot 1978) is sometimes used and this distinction is perhaps important. Individuals operating in this manner are believed to have a different attitude to risk and to respond to a different set of motivators and incentives.

In a study of 150 middle managers within a large European financial institution strategically pursuing a more entrepreneurial culture, Johanna Mair demonstrates that their behaviour is largely determined by their own subjective interpretations of the support around them (Mair 2002). She emphasises that these individuals (who could be described as 'intrapreneurs') have a significant role in proactively controlling their own behaviour, and that it was their own belief in their ability to be entrepreneurial that determined whether they would be or not.

Contrary to popular belief, the empirical results suggested that individual cognitive and emotional qualities do not affect intrapreneurial behaviour directly, though they do shape the individual's perception of their 'playing field'.

Mair's conclusions (2002) are similar to those of Cohen and colleagues. In an

2. It would be interesting to explore the dynamic between reward, risk and innovation. Arguably, it is innovation rather than the taking of risk that leads to reward. The process of innovation may of course involve risk, but there is not necessarily any direct relationship between the level of risk taken and the degree of innovation or reward generated.

analysis of 39 corporate fraud cases perpetrated between 1992 and 2005, the authors show that the ethics of an organisation's management team, their attitudes, subjective norms and perception of both controls on their behaviour and any moral obligations, are better predictors of fraudulent behaviour than other measures normally employed by auditors (Cohen et al. 2010). This is further borne out by research by Ajzen (1991), which demonstrates that individuals use their own beliefs and values, and their perception of those of their 'significant others', to supplement their rational decision-making process.

The economics profession has been criticised for failing to recognise the impact of individual ethical perspectives on decision making (Colander et al. 2009). Some work is beginning to emerge in which attempts are being made to codify attitudes to risk and ethics (Mikes 2009).

SUMMARY

Misdemeanours within corporates are almost entirely the consequence of subjective misperceptions of one or a few individuals. These misperceptions may result from a belief that maximum achievable profit is the only result accepted within the organisation, or that the individual has been given implicit authority to work beyond the established policies and procedures.

It can be more helpful to see an individual's behaviour as desirable (when they are pursuing their goals while adhering to ethical expectations),

undesirable (when they are clearly going outside those expectations) and ambiguous (when they are going outside those expectations but their subjective decision making has not been adequately influenced by the organisation).

These individuals may have been influenced by a corporate culture that has evolved over time and that over-emphasises profit; but the decision to go beyond ethical limits is still an individual one, albeit sometimes made with inadequate guidance and support.

The goals that individuals are set, and the incentives applied, may distort their perceptions, as may the observable behaviour of line management, and the values that their behaviour appears to imply.

Organisations need to understand that there is more to considering overall performance than simply short term profit; the more effective means of achieving improved performance are those that advance the consensus-building and conflict-resolution skills of the coalitions within them.

Institutions seeking to promote more entrepreneurial behaviour need to tread very carefully. Individuals charged with this responsibility need more support in understanding their role and the expectations of them; the incentives that are applied to them need to be rigorously examined to ensure that ethical limits are understood and not open to misinterpretation by the individuals.

The significance of the subjective personal interpretation in determining the decision-making and observable behaviour of individuals throughout an organisation needs to be appreciated. Substantial effort needs to be devoted to ensuring that individuals are best equipped to make such interpretations in a manner consistent with corporate (and society's) expectations.

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2. The drivers of individual behaviour

Human motivation has been studied for thousands of years. Modern theories are primarily psychologically based, whereas earlier attempts to understand why people behave the way they do stemmed largely from a philosophical perspective. Current theory suggests a variety of drives for our behaviour.

FREUD – THE ID, EGO AND SUPER-EGO

The modern theories worth considering probably begin with Freud, who considered that there were three fundamental processes within the mind that determine how individuals will behave in a given situation (Freud 1920; Freud 1921).

The id is a set of uncoordinated instinctual motivations; the super-ego comes largely from our upbringing, and provides a critical and moral dimension to our decisions; the ego acts as mediator between the other two, using experience and logic. In this way, the super-ego (possibly supported by the ego) can stop you from doing certain things that your id may want you to do.

The instinctual drives that the id acts upon are present from birth, and are the source of all our physical needs, wants, desires, and impulses – especially those to do with sex and power. The id tries to avoid any emotional or physical pain and to maximise the sense of pleasure.

The ego and super-ego are important controls on our behaviour – without them, the unchecked id would lead to impatience, excessive eating, sexual licentiousness, financial greed, constant scoring of points and so on.

PAVLOV AND CONDITIONED RESPONSES

Classical conditioning is a form of learning that occurs when a 'conditioned stimulus' (CS) is paired with an 'unconditioned stimulus' (US); the former causes an animal to perform an automatic 'unconditioned response' (UR) to the US (Pavlov 1927).

After pairing is repeated (some learning may occur already after only one pairing), the organism exhibits the UR in response to the CS when this is presented alone. From this point onwards, the UR is known as the 'conditioned response' (CR) to the CS. The usual example given is the experiment that Pavlov performed with dogs. When a dog is presented with food (US) it will salivate (UR). If, each time food is given, a bell is rung (CS), after a short while the dog will salivate on hearing the bell (CR) even though no food is present. In the same way, individuals can be taught to associate previously unrelated phenomena, such as a particular action with a particular reward.

B.F. SKINNER AND THE BEHAVIOURIST SCHOOLS

Building on Pavlovian conditioning, BF Skinner was interested in both reinforcing a positive behaviour and reducing a negative behaviour. His approach introduced the idea that rewards would increase productivity, and that penalties would discourage negative behaviours (Skinner 1951).

Although he was not, strictly speaking, a behaviourist, there was considerable overlap here with behaviourist ideas. The behaviourists sought to work with observable behaviour and not with unproven (at the time) physiological models or the conjecture necessary when considering thoughts and beliefs. Skinner's approach was called 'radical behaviourism' because it did embrace these aspects.

These are models of learning and it is important to consider them in any study of behavioural change. Behaviourism in essence says that changes in manifested behaviour can be achieved through extensive repetition of the desired behaviour, while good habits are rewarded and bad habits are discouraged. In a classroom, the teacher would be in charge, taking complete control, assessing what was right and what was wrong, giving praise when they felt an answer was right and 'negative reinforcement' when it was wrong.

This contrasts with the contemporary preference for andragogic (or student-led) education, where the learner has responsibility for the learning process.

This seems to be an area for further study. Not only is behaviourism going through an academic resurgence under the label 'behaviour analysis' but it is also emerging as a major contributor to understanding the processes of gaming behaviour and the growth of social media.

MASLOW AND HIS HIERARCHY OF NEEDS

It sometimes seems as though the only model of motivation is that of Maslow, as it appears on almost every leadership and management course. It has many critics (Wahba and Bridwell 1976; Neher 1991), and few managers seem to have any idea how to apply it,

or use it to assess their organisation's efforts, to motivate their staff.

In his paper, Maslow suggests that people are motivated to satisfy physical and innate needs – ones that are called 'deficiency' needs – and then their 'being' needs, such as personal fulfilment (Maslow 1943).

Almost certainly, the prevalence of this model in management circles has reinforced the idea that people can be motivated by pay. Other needs, such as security of employment, property and resources, identified by Maslow are less likely to be fulfilled by work, given the trends in employment in the last quarter century. Similarly, working practices, such as the growth in home working and the shift towards self- and hourly-employment even among professionals, make it harder to fulfil needs for self-esteem through feedback and engagement with peers and others.

Despite the criticism, one aspect of Maslow's work that was a significant departure from the norm, was that he studied what he called 'exemplary' people and even his 'lab subjects' consisted of only the healthiest 1% of college students (Mittelman 1991). He wrote (in the language of the day) that 'the study of crippled, stunted, immature, and unhealthy specimens can yield only a cripple psychology and a cripple philosophy'; it was in the same work that Maslow coined the phrase 'positive psychology' (Maslow 1954).

Much contemporary understanding of human behaviour had been based on the observations of those with significant problems, so the idea of studying those who were fully functional was relatively novel.

THE POSITIVE PSYCHOLOGY MOVEMENT

In 1998, Martin Seligman, professor of psychology at the University of Pennsylvania, began his term as president of the American Psychological Association. He chose as his theme 'positive psychology' and in so doing effectively launched a new discipline into the field. Building on the work of various humanistic psychologists – Abraham Maslow, Carl Rogers, and Erich Fromm – Seligman and his peers have focused attention on human happiness and flourishing.

Alongside Seligman as a pioneer in this field is Mihaly Csikszentmihalyi, whose work on 'flow' is particularly well known (Csikszentmihalyi 1990). He describes our happiest state as one of 'flow' where we are: 'completely involved in an activity for its own sake. The ego falls away. Time flies. Every action, movement, and thought follows inevitably from the previous one, like playing jazz. Your whole being is involved, and you're using your skills to the utmost' (Geirland 1996).

Csikszentmihalyi has outlined nine component states of achieving flow, including 'challenge-skill balance, merging of action and awareness, immediate and unambiguous feedback, concentration on the task at hand, paradox of control, transformation of time, loss of self-consciousness, and autotelic experience' (Fullagar and Kelloway 2009).

Much of Csikszentmihalyi's recent work is on the factors that contribute to motivation, challenge, and overall success in an individual. One

personality characteristic that Csikszentmihalyi has researched in detail is that of intrinsic motivation, from which he established that intrinsically motivated people are more likely to be goal-directed and enjoy challenges that could lead to increased overall happiness (Csikszentmihalyi 2012).

He identified intrinsic motivation as a powerful trait, allowing the individual to optimise and improve positive experiences, feelings, and overall well-being through personal challenges. The results have been interpreted as a new personality construct, a term Csikszentmihalyi has called 'work orientation', which is characterised by 'achievement, endurance, cognitive structure, order, play, and low impulsivity'. A high level of work orientation in students is said to be a better predictor of grades and fulfilment of long-term goals than any school or household environmental influence (Wong and Csikszentmihalyi 1991).

TWO-FACTOR MOTIVATION – INTRINSIC AND EXTRINSIC FACTORS

It was Herzberg (1968, reprinted 1987) who first proposed that there were some factors influencing motivation that were extrinsic and some that were intrinsic. He went on to demonstrate that the intrinsic ones ('motivators') motivate people, but the extrinsic ones ('hygiene factors') generally have no effect unless they are negative, when they act to demotivate. This is known as a two-factor model. Absence of motivators does not demotivate, but negative issues affecting the hygiene factors do.

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Typical intrinsic motivators were respect for the person, challenging work, recognition, and responsibility.

Typical negative hygiene factors that demotivate were perceived lack/loss of job status, threatened job security, perceived inequality or unfairness of salary and fringe benefits.

Hygiene factors depend on perception and therefore also on information. To take a hypothetical example, a graduate in their mid-20s, working for a reputable organisation, meets a peer at a mutual friend's wedding. They have not met since graduation. Over dinner they swap experiences. Their work is equally challenging, they have the same kinds of relationship with peers and managers, and they have comparable responsibilities. Ironically, these motivating factors are probably not being managed by anyone in their organisation. Over the course of the conversation it emerges that one of them works for an organisation that encourages home-working one day per week, routinely holds discussions with all staff about the company and its trading position, and has a transparent reward structure based on job role and achievement of very clear goals. One company is managing the hygiene factors, the other is not. One friend emerges from the weekend just as happy as ever, the other emerges feeling less inclined to 'go the extra mile'.

MOTIVATION AND LEARNING STRATEGIES

It was not until the 1970s that researchers established the relative dominance of intrinsic motivators over extrinsic ones. In the 1980s, this field of research was given the name 'self-determination theory' (SDT) – essentially it concerns the motivation that leads people to make choices without any external influence – in other words, where the individual's behaviour is self-motivated and self-determined (Deci and Ryan 2002). The field has grown considerably in the last decade.

Edward Deci and Richard Ryan proposed three main intrinsic needs involved in self-determination. These three psychological needs motivate the person to initiate behaviour and are essential for the psychological health and well being of an individual. They are said to be universal, innate and psychological and are the need for competence, autonomy and psychological relatedness. The work of Deci and Ryan has recently been popularised by Dan Pink, who adopted the terms 'Mastery', 'Autonomy' and 'Purpose' respectively (Pink 2009):

Mastery: involves devoting many hours of reflective practice to becoming truly proficient at a skill.

Autonomy: is about assuming moral responsibility and accountability for one's actions.

Purpose: is the universal desire to interact, to be connected to, and to care for others – in the sense of having a shared higher purpose with those people.

Our understanding of the processes by which our brains operate is rapidly expanding with recent developments in imaging and neuroscience. While this is probably beyond the scope of the current project, it is important to acknowledge this work. A recent example can be found in Frith and Frith (2010).

SUMMARY

Individual behaviour is predominantly shaped by intrinsic motivations – a desire to master one's work, to take responsibility for it, and for it to be focused on a shared higher purpose.

It is only with very highly repetitive tasks of the kind studied by F.W. Taylor (1911), where virtually no cognitive effort (ie thinking) is called for by the worker, that extrinsic rewards (such as performance-related pay) will have any impact on output. If they are applied where thinking is important then they can have a negative impact on output.

3. Contemporary practices that discourage desirable behaviour

Although this is not the focus of the current project, inevitably questions arise about the effectiveness of some contemporary practices.

LIMITS OF RULES AND PROCEDURES

Organisations appear to be slowly acknowledging that they need their staff to be able to act responsively to situations around them. Attempts to systematise behaviour (such as the scripted behaviour of offshore call centres) seem to have led to higher levels of customer dissatisfaction and subsequent migration, poor PR, and damaged reputations (Whitaker et al. 2008).

While some still try to control the behaviour of their staff through draconian compliance structures, others are recognising that better-informed and trained staff given the freedom to operate within reasonable boundaries are often able to achieve better outcomes for both the customer and the company (Kling 1995).

It should be apparent by now that such compliance models contradict current understanding of performance-enhancing approaches ('intrinsic motivation' achieved through 'mastery', 'autonomy' and 'psychological relatedness').

LIMITS OF PAY-FOR-PERFORMANCE

As discussed above, typical incentive schemes are more likely to demotivate than motivate people. They provide a means of establishing 'unfairness' and become a 'hygiene factor' as described by Hertzberg (1968/1987).

Even leadership-development programmes, a favoured retention strategy for financial firms, often run counter to the core intrinsic motivators – aside from their content's failure to support the development of these, the process by which candidates are selected creates an expectation that soon ceases to be a positive motivator and becomes a source of discontent among participants, while producing a sense of unfairness among those who were not selected.

SUMMARY

In a later section ('Channelling corporate behaviour'), we will see that it is individual development, especially in the area of psychological relatedness, that is particularly significant in channelling behaviour at work.

Lack of process-skills awareness leads to fragmentation, pointless competition between groups at work, and ultimately suboptimal results achieved by compromise.

Despite this, few organisations embed such awareness in employee training and, when they do so, the resources devoted to it are far too short-term for it to be effective, and are generally based on models that are sketchy at best, and sometimes completely unsubstantiated.

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4. How corporate culture influences behaviour

CONTEMPORARY CONCEPTS OF ORGANISATIONAL CULTURE

Although interest in corporate culture became dominant in the 1980s, its origins can be traced considerably further back. Of course, observing that an organisation has a culture is one thing, but key to the present study is its impact on behaviour. Fisher has suggested that the earliest recorded example of this influence was in 431 BC, when Pericles recorded his assessment of the reason why Athens won the Spartan War: namely that Athens had developed particularly strong, coordinated teamwork (Fisher 2000).

Most authorities today would agree that what is known about organisational culture has evolved over the last century.

Earlier attempts had been made by some entrepreneurs, particularly by the Quaker merchants of the 18th century, to create a climate within their organisations that was consistent with their values and, by addressing the workers' wider needs, would lead to enhanced productivity. Nonetheless, this was more about living congruently with deeper beliefs than about the conscious use of culture itself.

Ironically, it was probably F.W. Taylor's work on 'scientific management' (Taylor 1911) that prompted contemporary interest in culture per se. Taylor had advocated a detailed technical approach to monitoring and streamlining production, largely reducing most tasks to short, fast, highly repetitive steps. This could produce improvements in productivity, though at the cost of considerably more managerial effort and usually some form of incentive scheme (Sheldrake 1996).

The downside of this dehumanised approach, which ignored the social dimensions of work, was reduced morale, little commitment and considerable friction between the workers and the 'observers' (Calhoun 2002).

Emerging from the recognition of this discontent was the 'human relations movement' – particularly the work of Elton Mayo (1933). This school of thinking was largely anthropological, applying understanding of informal social structures to the behaviour of people at work. Not only were the theories themselves of value, but the research methods were too. Certainly, studies of organisational culture owe much to the work of Benedict, Mead, Radcliffe-Brown, Malinowski, and Geertz (Ouchi and Wilkins 1985).

In parallel, however, psychologists and economists began to explore culture as a key influencer (Moorhead and Griffin 1989). The Tavistock Institute in the UK, a centre of the psychoanalytic school, became home to a large number of key researchers in organisation culture, including Elliott Jacques (Jacques 1951), but also key names such as Wilfred Bion, John D. Sutherland, John Bowlby, Eric Trist, and Fred Emery. Kurt Lewin, although not based at the Tavistock, was seen by many as strongly influential.

Key works from this period include Donald Roy's study of 'Banana Time', which focuses on job satisfaction and the informal interactions among a small workgroup of factory machine-operatives (Roy 1960), and Elliott Jacques' *The Changing Culture of a Factory* (Jacques 1951). The Banana Time concept is that employees will make their workplace more tolerable by participating in off-task camaraderie. The term arose because of a collectively determined lunch break, the start of which was signalled with a banana from a worker's lunch box.

Elliot Jacques defines organisational culture in these terms: 'The culture of the factory is its customary and traditional way of thinking and of doing things, which is shared to a greater or lesser extent by all its members, and which new members must learn, and at least partially accept, in order to be accepted into service in the firm…[It] consists of the means or techniques which lie at the disposal of the individual for handling his relationships, and upon which he depends for making his way among, and with, other members and groups' (Jacques 1951).

The period was dominated by economic downturns, conflicts between employees and their employers, and a general disillusionment with bureaucratic approaches. Academics were also rebelling against a research culture that demanded quantification of everything and pseudo-experimental design (Trice and Beyer 1993).

The study of corporate culture offered a rich stream of metaphorical and conceptual thinking that challenged these ideas (Martin et al. 2004). There were relatively few academic studies of organisational culture until the 1980s when there was a boom in interest in the topic among management consultants. The exceptions were Pettigrew (1979) – who appears to have coined the term, Baker (1980), and Hofstede (1980).

It appears that three popular management books were responsible for the substantial growth in popular interest in organisational culture; Ouchi (1981); Peters and Waterman (1982) and Deal and Kennedy (1982).

The core premise of these, and many subsequent popular books, was that successful organisations focus on their culture (Jordan 1994). Typical was this

quote from Peters and Waterman: 'Without exception, the dominance and coherence of culture proved to be an essential quality of the excellent companies. Moreover, the stronger the culture and the more it was directed toward the marketplace, the less need was there for policy manuals, organization charts, or detailed procedures and rules'. (Peters and Watrerman 1982)

In this way, culture acts as an effective regulator of highly empowered staff and delegated power (Weick 1987).

These books were criticised for their informal style and lack of rigour (Wright 1994), but they clearly gave considerable impetus to subsequent more rigorous academic study (Barney 1986). A simple search of the British Library catalogue of PhD theses submitted since 2004 reveals more than 140 UK-based studies alone.

Organisational culture is sometimes referred to as company, workplace or corporate culture, and it has been embedded in most organisation-wide improvement agendas since the 1980s, expressed through the use of such terms as 'excellence', 'empowerment', 'total quality', 'business process re-engineering', 'triple bottom line', 'corporate social responsibility', and the 'balanced scorecard'. This approach has made the transition from being described as a fad by some to being accepted as a critical construct in management theory (Ogbonna and Harris 2002).

Most other organisational variables are now associated, in the media, with culture.

Various approaches to the study of organisational culture

Change	Chin et al. (2002)
	Cunha and Cooper (2002)
	Rashid et al. (2003)
	Jones et al. (2005)
Employee attitudes and behaviour	Cabrera et al. (2001)
	Svarstad et al. (2001)
	Haas et al. (2002)
	Alas and Vadi (2004)
	Bowen (2004)
	Enes and de Vries (2004)
Leadership	Block (2003)
Learning	Lin et al. (2002)
	Akgün et al. (2003)
	Lea (2003)
	Aksu and Özdemir (2005)
Job satisfaction and staff retention	Conway and McMillan (2002)
	Gifford et al. (2002)
	Lund (2003)
	Carmeli (2005)
	Raiger (2005)
Performance	Gordon and Di Tomaso (1992)
	Ogbonna and Harris (2002)
	Shover and Hochstetler (2002)
	Sørensen (2002)
	Fey and Denison (2003)
	Scott et al (2003)
	Moynihan and Pandey (2004)
	Flamholtz and Kannan-Narasimhan (2005)
	Mannion et al. (2005)
Sustainability	Probst and Raisch (2005)

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DEFINING CORPORATE CULTURE

It is hard enough to define the words 'organisational' and 'culture', let alone the two together. As early as 1979, academics were warning that there was a danger of over-simplifying the understanding of organisational culture (Pondy and Mitroff 1979).

In two meta-reviews, Ott identified 74 components of organisational culture (Ott 1989), and Van der Post and his team recognised over 100 (Van der Post et al. 1997). Some of these are highly abstract (eg warmth), some open to considerable debate around definitions (eg integration), and others are quite the opposite, being readily observable (eg rituals to support values).

Such lists have limited usefulness, and so early attempts were made to consolidate them. One of the most commonly adopted is that of Schein, in which a three-layer model of culture consists of artefacts, values, and basic assumptions (Schein 1991).

Artefacts form the top level of an organisation's culture and are the most visible. These include the physical environment, products, technology, patterns of behaviour, and the use of language. The second tier is of values that influence behaviour. They incorporate moral and ethical codes, ideologies and philosophies. The final tier comprises basic underlying assumptions: those fundamental beliefs, values, and perceptions that affect individuals' thinking, behaviour and emotions. This last tier represents aspects that have been internalised to such an extent that they have become largely unconscious.

Edgar Schein provided his own definition: 'Culture can now be defined as a pattern of basic assumptions, invented, discovered, or developed by a given group, as it learns to cope with its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore is to be taught to new members as the correct way to perceive, think, and feel in relation to those problems' (Schein 1991).

A few authors have further developed Schein's model of organisational culture. For instance, Ott distinguishes between artefacts such as technology, and those that are repetitive patterns of behaviour (Ott 1989). Hawkins distinguishes between five levels: artefacts, behaviour, mind-set, emotional ground, and motivational roots (Hawkins 1997). Hatch focuses on describing how the understanding of a culture might change from its initial manifestation to the point where interpretations are made; this approach emphasises that it is not only the culture that is changing but also the perspective of the observer (Hatch 1993).

DESCRIBING CORPORATE CULTURE

Although these models provide a framework for the investigation of organisational culture, they are still insufficient to describe a particular culture. This is compounded because within any one organisation, there are likely to be many different subcultures. Russell Mannion and Andrew Street suggest that 'looking for commonality may be less rewarding than an examination of differences' (Mannion and Street 2009). For example, an organisation that prides itself on its culture of breaking down barriers and enabling people may have a staff services department where the real culture is very different.

There may be many reasons for the evolution of these micro-cultures – some will be easy to hypothesise about, others far harder.

As organisations globalise, divest, acquire and merge, so the dynamics of their cultures – how they change in time – make them even harder to describe. As there is a component of national or ethnic culture within many corporate cultures, this too complicates their interpretation, especially post-merger or during expansion (Markus and Kitayama 1991).

Bolon and Bolon suggest that because micro-cultures may not have evolved from the overall culture in the first place, they should be referred to as 'idio-cultures' rather than micro- or subcultures (Bolon and Bolon 1994).

Within a moderately sized institution, with a number of subcultures – some of which have evolved from an original, overarching organisational culture and some of which have not – it can be more helpful to consider the overall culture as a web of interwoven subcultures (Jordan 1994; Kemp and Dwyer 2001; Jaskyte and Dressler 2004).

If a particular subculture has evolved to such an extent that it does not align with the overall one, then this would be described as a counterculture (Martin and Siehl 1983). Its existence may create friction and undesirable behaviours. Nonetheless, if cultural attributes such as high levels of competition exist between most of the clusters of people representing an organisation' subcultures, then the organisational culture itself needs to be understood in those terms.

There is a contrary argument, that in practice corporate cultures are not as diverse as they may be portrayed and that leaders have a vested interest in making themselves appear to be

different, when these differences are not as significant as they would like (Martin et al. 1983).

One further complexity is the relatively recent use of the term 'organisational climate'. To some authors the two terms are synonymous (Denison 1990); to others culture is qualitative and climate is quantitative; culture is an anthropological term, whereas climate is meteorological, implying different extended metaphors.

The current consensus therefore appears to be that the two do represent slightly different aspects of the same phenomenon and that care should be taken not to use the terms interchangeably. Hoy first suggested that climate was more about people's perception whereas culture could be measured more absolutely (Hoy 1990). The two are seen as influencing one another, and therein lies the potential – the use of corporate climate (ie people's perception of a culture) to influence that culture itself.

DESCRIBING CULTURE ON THE BASIS OF ITS FUNCTION

Smircich suggested that the study of organisational culture could be considered from two perspectives: that it is a variable and therefore is something that an organisation HAS, or that it is a metaphor and so something that an organisation IS (Smircich 1983).

If culture is accepted as a variable, then it can be seen as providing a sense of identity and commitment to the bigger picture, building stability, and guiding the behaviour of the organisation's members. The two are not mutually exclusive, but they prompt different ways of looking at culture and, especially, how it may be influence.

In a similar approach, Alvesson reports on the purpose that organisational culture serves, and identifies eight underlying metaphors that can be used to understand how a particular culture influences its members (Alvesson 2002).

- Exchange-regulator – a control mechanism regulating delivery and reward

- Compass – giving direction and priorities

- Social glue – common ideas, symbols, and values, providing a sense of identity

- Sacred cow – basic assumptions and values to which people are strongly committed and which they will strongly guard

- Affect-regulator – provides a code for the expression of emotions

- Disorder – where there is ambiguity and fragmentation

- Blinders (aka Blinkers [UK]) – where there are significant unconscious aspects leading to blind spots

- World-closure (ie closed world) – an environment in which people are unable to explore critically or to cross existing social boundaries.

Both approaches project onto the organisation an individuality – a personality. This raises questions about how to influence the organisation at a level beyond the conscious and unconscious behaviour of the individuals within it but rather at the level of the behaviour of the organisation itself.

Organisational culture is not something that evenly permeates an institution.

Different functions may have a stronger or weaker affinity with the various aspects of the organisation's culture, so that rather than developing a number of sub-cultures, there may be a need to focus on specific elements, such as morality, within a single function, team or department (Ray 1986).

SUMMARY

The model discussed here is one that presents corporate culture as a variable associated with organisations. It serves to provide a common sense of identity and engagement with a bigger picture while building stability and guiding the behaviour of the organisation's members.

It is more complex than a monolithic culture as it recognises that any workplace potentially has many overlapping ideo-cultures, some of which have evolved from a common ancestor but with others probably emerging locally. Such cultures may be partly based on observable characteristics, but they can also be formed through people's perceptions and any assessment of culture needs to accommodate both these objective and subjective aspects.

While the mechanisms by which culture operates may not be fully understood, metaphors are useful for illuminating how it influences behaviour. It does this in a number of quite specific ways: by influencing performance and reward, giving direction, determining priorities, reinforcing a sense of common identity, protecting common values, determining how emotions will find expression, promoting (or preventing) ambiguity and fragmentation, reinforcing taboos, precluding (or encouraging) critical examination, and encouraging (or discouraging) relationships across social boundaries.

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5. Assessing corporate culture

AN ANALYSIS OF THE ASSESSMENT OF ORGANISATIONAL CULTURE

In their major review of organisational culture for the NHS, Mannion and Street conducted a substantial analysis of the published psychology and organisational behaviour literature related to the measurement and assessment of corporate cultures (Mannion and Street 2009).

The resources for the current project are limited and to replicate the analysis performed by Mannion and Street (2009) would call for a substantial further investment, so this report draws as much as possible from Mannion and Street' results, supplementing them where necessary.

As an organisation's culture is, fundamentally, about human behaviour, the guiding science for its assessment is psychology. Although there may be many different ways of assessing culture within an individual enterprise, the wider acceptance of an instrument's merit is going to be determined by its conformance to the norms of psychological research, accessibility by those interested in using it, and the growth of a body of research data with which comparisons can be made.

The following criteria are among those that an instrument would be expected to satisfy.

- Appropriateness – there are many psychometric instruments, but only a few are deemed suitable for the assessment of organisational culture.

- Acceptability – concerns whether people will agree to complete a given assessment, and do so within norms of accuracy rather than (for example) spoiling the form.

- Feasibility – considers whether the instrument can, realistically, be correctly administered. Many require training, and specialised scoring or interpretation, and are in danger of being misapplied.

- Susceptibility – concerns an instrument's design and the risk that responding to one question will affect the response to another. This kind of bias is common when sets of personal values are being considered.

- Reliability – takes several forms, but fundamentally relates to the likelihood that the same result will be produced if the instrument is used more than once. Thus, 'high repeatability' means that an individual respondent would produce the same result if they completed the assessment again within a certain period of time. 'High reproducibility' means that different people completing the assessment would produce the same (or comparable) results as a previous group. Finally, reliability is also concerned with the amount of random variation that occurs when a group of people complete the assessment – too much unexplained variation may suggest that the assessment has failed to identify key factors.

- Validity – concerns whether the instrument actually measures what it is claimed to measure, in the way that is intended – for example, can it be used predictively?

- Responsiveness – to reveal the impact of change over time, the instrument must be sufficiently sensitive to detect changes on a realistic scale over time.

- Interpretability – relates to how scores on any instrument are interpreted/understood. Problems arise when a scale, say of power balance, reports scores from 1 to 5 but it is not clear what 1 or 5 actually represents.

- Applications – this term is a reference to the range of situations in which the instrument has been used. Its credibility depends on there being a diverse range of applications relevant to the purpose for which it is being used.

Some instruments will be devised to assess culture in a specific context, such as clinical environments, but this immediately reduces their wider applicability because of the limited amount of comparative data.

The majority of work on organisational culture has concentrated on business, education and healthcare environments, but the most useful instruments rely on the availability of this comparative data and so are likely to have been developed with generic applications in mind.

Many organisations interested in assessing their own culture wish to make internal comparisons and, as noted earlier, an individual institution's overall culture is a result of a number of overlapping sub- or ideo-cultures. For an instrument to be effective at assessing organisational culture it therefore needs to be able to distinguish between these. It is unlikely that one devised for a particular environment will therefore be of widespread use.

The work by Mannion and Street, was based on English-language academic publication databases and so most of

the instruments that they identified came from the US, Britain or Australia. The spread of ideas, policies and practices generally tends to be through common languages unless a deliberate attempt is made to collaborate across them. This international cultural dimension must have an impact on the applicability of any instrument used to assess corporate culture.

From their research, Mannion and Street (2009) identify 70 instruments and approaches that are in use to assess organisational culture. Of these, 22 lacked adequate reference data, leaving 48 to be reviewed as instruments. Although there are instruments in use today that originated in the 1950s, the majority were published in the 1990s.

These instruments broadly fall within three categories: those that endeavour to assign aspects of a culture to types; those that apply the culture to predefined scales; and those that are far less prescriptive, but provide a methodology for the consistent description of a culture.

Typological assessments tend to focus on predefined models and are therefore limiting in their outcomes. Hofstede highlighted the problems of this approach. He also observed that dimensional instruments can assess either values or practices (Hofstede 2001).

Values are rooted heavily in an individual's early life experience and so, again, instruments that focus on these are limited in value for assessments of organisational culture. Those that are representative of practices that are generally acquired in the workplace may offer more benefit.

It is the non-prescriptive tools that have greatest promise for the open-ended, yet consistent, mapping of cultures within organisations. Among the latter, Mannion and Street (2009), identified the following methods.

- Ethnography

- Concept mapping/pattern matching

- Critical incident technique

- Cultural assessment survey

- Cultural consensus analysis

- Interactive projective test

- Laddering

- Metaphorical analysis

- Narratological approach

- Repertory grids

- Semiotics

- Storytelling

- Twenty statements test

These non-prescriptive methods are clearly much preferred by researchers over the more commercial quantitative approaches of dimensional and typological instruments (Ott 1989; Morey and Morey 1994; Tucker et al. 1990; Hussey and Hussey 1997). They usually draw upon the observation of participants, interviews, discussions and documentary analysis. Their interactivity allows a more rapid response to the results, richer and more diverse options can be identified and greater engagement of the organisations' members with the results can be achieved than would otherwise be possible (Sackman 2001).

SUMMARY

A considerable amount of research and analysis of methods of assessing corporate culture has been performed in the healthcare context by Mannion and Street (2009). Among the main conclusions from this are that methods that depend on predetermined models and types are problematic in the assessment of organisational culture. Instead, qualitative methods, of which there are a number of strong contenders, provide more effective means of accurately documenting corporate culture in useful ways.

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6. How to influence corporate culture

Smircich's analysis led to a more considered approach to culture change – in particular, how culture could be used strategically to direct an organisation: 'how to mould and shape internal culture in particular ways and how to change culture, consistent with managerial purposes' (Smircich 1983).

If culture is a characteristic that an organisation has, then we might ask whether it can be 'taught' or 'caught', or whether it has 'genetic'-like properties capable of being selected for 'fitness'. In each case, it is necessary to explore the mechanisms by which these can be influenced.

The idea that culture is a root metaphor implies that it is not 'concrete' and is therefore merely a kind of human expression, albeit one that is capable of penetrating every aspect of an organisation. This makes it difficult to influence; although managers may be able to change some of a culture's outward manifestations, the basic assumptions held by the organisation's members will be the same (Buchanan and Huczynski 1997).

The symbolic model introduced by Smircirch (1983) changes the nature of the questions that might be asked: 'the researcher's attention shifts from concerns about what do organizations accomplish and how may they accomplish it more efficiently, to how is organization accomplished and what does it mean to be organized?' (Smircich 1983).

The metaphorical model was taken one step further by Joanne Martin, when she explored three different metaphorical abstractions: integration, differentiation and fragmentation (Martin 1992).

Seeing the necessary kind of behavioural change as an adaptive challenge rather than a technical problem is key. As Heifetz suggests: 'The most common leadership failure stems from attempting to apply technical solutions to adaptive challenges' (Heifetz and Laurie 2001).

SOCIETY AS AN ORGANISATION

The OECD, in its *Key Competencies Report*, defines a competency as 'the ability to successfully meet complex demands in a particular context through the mobilisation of psychosocial prerequisites (including both cognitive and noncognitive aspects)' (Rychen and Salganik 2003). It is important to realise that this does not equate to educational achievement – it is about the impact that individuals have.

The OECD report was the result of a substantial five-year international cross-disciplinary research programme, drawing on academics and international organisations such as UNESCO, the World Bank, the International Labour Organization, and the UN Development Programme – whose purpose was to determine the key competencies needed for countries to thrive in the 21st century.

The Project's final report identified three top-level categories of competence that again bear a strong resemblance to the intrinsic motivators identified by Deci and Ryan (2002). The categories are: acting autonomously, interacting in socially heterogeneous groups, and using tools (including language) interactively.

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Returning to the corporate environment, the work of the OECD and the NHS indicates that the kind of change that is needed is not technical but adaptive.

Drawing on qualitative tools, a language could be developed to define the new idio-culture of 'society' deemed desirable. A common understanding is then needed of the competencies required for this society to be successful and function properly. These will reflect the intrinsic motivators: competence, autonomy and psychological relatedness.

SUMMARY

There is still much to explore about the mechanisms by which corporates can be influenced to adapt in a way that is desirable both for the organisation and society.

The review of some of the literature on corporate culture, behaviours and motivators suggest that non-prescriptive descriptive approaches are best suited to assess the various cultures one organisation may have. To influence these, it is recommended that incentive structures be carefully examined so that organisational members are best motivated in adopting sustained desirable behaviours.

Providing a common sense of identity and engagement with a bigger picture while building stability, and nurturing a sense of improvement and development, seems to be one way of achieving this.

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