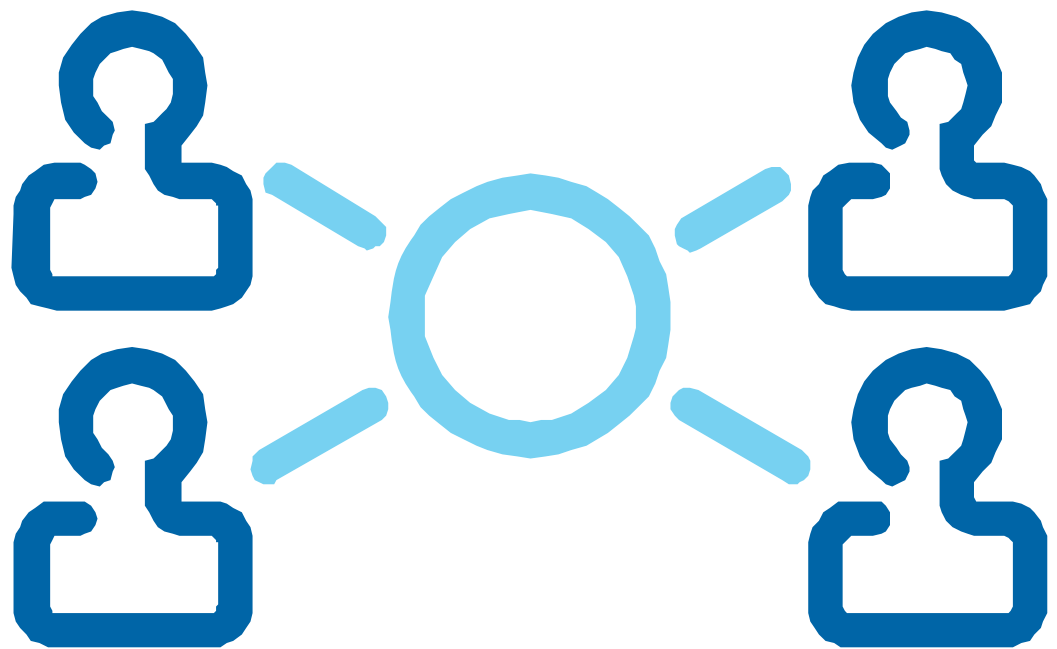# MEASURING CORPORATE CULTURE

October, 2009	How to create a healthy corporate culture

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Measuring Corporate Culture

HOW TO CREATE A HEALTHY CORPORATE CULTURE

DEFINING CORPORATE CULTURE

The terms organizational culture and corporate culture are for the most part interchangeable. Most writers refer to organizational culture as this is considered to be a more inclusive term referring to the culture of not-for-profit organizations as well as corporations. Consider the following definitions:

- A pattern of shared basic assumptions that the group learned as it solved its problems that has worked well enough to be considered valid and is passed on to new members as the correct way to perceive, think, and feel in relation to those problems. (Edgar Schein)

- A set of common understandings around which action is organized ... finding expression in language whose nuances are peculiar to the group (Becker and Geer).

- The set of the set of beliefs, values, and norms, together with symbols like dramatized events and personalities, that represent the unique character of an organization, and provides the context for action in it and by it. (Gareth Morgan)

- A set of understandings or meanings shared by a group of people that are largely tacit among members and are clearly relevant and distinctive to the particular group which are also passed on to new members (Louis).

- A system of knowledge, of standards for perceiving, believing, evaluating and acting ... that serve to relate human communities to their environmental settings (Allaire and Firsirotu).

- A culture is a way of life of a group of people - the behaviours, beliefs, values, and symbols that they accept, generally without thinking about them, and that are passed along by communication and imitation. (Edward T. Hall)

> **Which definition is the best fit for you and your organization?**
> **Write your working definition of organizational culture below:**

UNDERSTANDING THE RELATIONSHIP BETWEEN PEOPLE AND CULTURE IN AN ORGANIZATION

The Asymmetric Influence Model

The Asymmetric Influence Model examines the relationship between people and culture. It was developed by Calliope Learning based on our work with clients and our study of organizational theorists.

Corporate culture will be represented by a cloud (which we'll dive into later). Each of the people in the organization has some degree of influence over the culture. This is represented by an arrow pointing from the person into the cloud. Some people have a strong influence over the culture, others a weaker influence. This different level of influence is represented by a different thickness of arrow. When there are few people in the organization or when most of the influence is weak, then it's likely the organizational culture will also be weak, lacking consistency and pervasiveness. In larger organizations, with many strong influencers, you'll more likely see a correspondingly strong culture which is consistent, pervasive and well-understood.
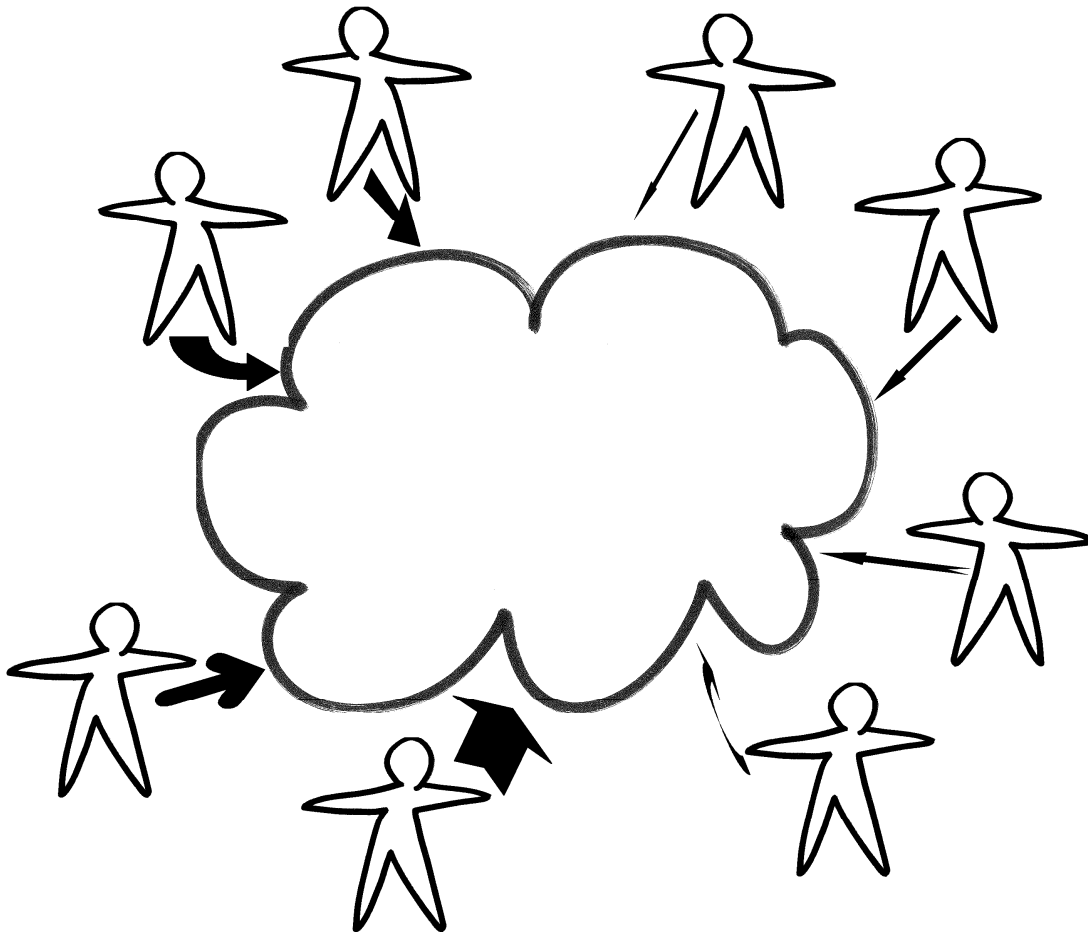
Figure 1. People influence the culture in different ways

Each person in the organization is also, to some degree, influenced by the culture. This is represented by an arrow in the other direction. The strength of the culture will determine to some extent the influence it has over members of the organization. However there will be significant variation between individuals, with some being heavily influenced by the culture and some being able to ignore it (or be oblivious to it).

Figure 2. Culture influences people in different ways

The degree of influence in either direction is infinitely variable and will change over time and circumstance. In this simplified model there are just have two levels of influence, strong and weak, represented by fat arrows and thin arrows.

Top left represents the people who have strong influence in both directions. The top right represents the people who do not have strong influence over the culture but are strongly influenced by it. Bottom left represents the people in the organization who strongly influence the culture but are not influenced by it. Finally in the bottom right we have the people who are neither strongly influenced by the culture or have influence over it.

Use the table below to write names or descriptions of the four types of people.

Can you place yourself in the table?

		Person influences culture	
	Level of influence	Strong	Weak
Culture influences person	Strong	Leader Social Convener Gossip	Victim Follower Passenger
	Weak	Disconnected Leader Isolated CEO S**t Disturber	Road Warrior Lone Wolf Rogue Trader

Table 1. The simplified Asymmetric Influence Model

There's no one right quadrant for people to be in. However, formal organizational leaders, by definition, have strong influence over the culture, whether they are aware of it or not!

What are the advantages and disadvantages of the various levels of influence, strong and weak, going in and out? Use the table below to write down your ideas.

	Advantages	Disadvantages
Strongly influence culture		
Only weakly influence culture		
Strongly influenced by culture		
Only weakly influenced by culture		

Table 2. Advantages and disadvantages of different influences

To complete the model we'll add one more feature. Once again this is a simplification of real life but it helps us understand the relationship better.

Each of the fat arrows heading into the culture can be either a positive influence or a negative influence. We're only worrying about the fat arrows because when an influence is weak it doesn't really matter very much whether it is positive or negative. We're also not interested in the influence the culture has over people since this is largely a function of the culture itself and will not vary much from person to person. For example a strongly positive culture will more or less have a positive influence over everyone in the organization. Similarly, a negative culture would have a negative influence over most people in the organization. It all depends on the state of the cloud, which we'll be looking at next.

| | | Person influences culture | | |
	Level of influence	Strong Positive	Strong Negative	Weak
Culture influences person	Strong			
	Weak			

Table 3. The Asymmetric Influence Model revisited

PEERING INTO THE CLOUD – HOW CAN WE MEASURE CORPORATE CULTURE?

A culture can look great from above …

and very different from below ….

We work with two assessments to help us in our organizational culture and values work. The Organizational Culture Inventory (OCI) from Human Synergistics is based on over 20 years of research and looks at expected behaviours as way to measure culture. These expected behaviours are divided into 12 areas allowing an organization or an individual's view of an organization to be plotted on a profile and compared to benchmark data from other organizations. The Individual Values Assessment (IVA) from the Barrett Values Centre looks at the values held by an organization (current and desired) and the values held by individuals within the organization. What is interesting is how different views of the same culture highlight different aspects of the culture.

The Organizational Culture Inventory (OCI)

The OCI looks at culture through four lenses – cultures mainly concerned with

- task

- people

- basic human needs (such as security)

- higher order needs (such as relationships and self-esteem)

There are 12 cultural styles that fall into each of these three areas:

- **Constructive** cultures which encourage members to interact with each other and solve problems in a manner that satisfies higher order needs.

- **Passive**/**Defensive** cultures which encourage members to interact with each other in a manner that neither facilitates nor disturbs the security of the status quo.

- **Aggressive**/**Defensive** cultures which encourage members to approach tasks in a forceful way that builds their status and security.

Data collected from completion of the OCI allows an organization to determine the current organizational culture, the desired culture and strategies for facilitating the changes needed to realize the ideal culture.

Human Synergistics' research suggests that ideal cultures fall within the constructive area. The chart on the next page is our interpretation of the organizational examples of each of their 12 cultural styles.

> **Based on the chart on the next page … which of the 12 styles best reflects your current organizational culture? Is that the best fit? What style might better serve your organization? What shifts need to take place?**

Culture	Style	Examples of associated expected behaviours	Examples of organizations that might have this culture
Constructive	Achievement	Take moderate risks, openly show enthusiasm, think ahead and plan.	Most high tech organizations, companies that set realistic goals
Constructive	Self-Actualizing	Communicate ideas, resist conformity, and be spontaneous.	Creative Design, Marketing, Advertising
Constructive	Humanistic-Encouraging	Resolve conflicts constructively, be a good listener, encourage others.	Schools, Universities
Constructive	Affiliative	Cooperate with others, be tactful, be open and warm.	Hospitals, Healthcare
Passive-Defensive	Approval	Be a "nice guy", back up those with most authority, agree with everyone.	Political, Government
Passive-Defensive	Conventional	Fit into the mould, accept the status quo, and avoid confrontations.	Religious Organizations
Passive-Defensive	Dependent	Be predictable, do what is expected, check decisions with superiors.	Nuclear, Oil/Gas, Anything heavily regulated
Passive-Defensive	Avoidance	Put things off, take few chances, wait for others to act first.	Political, Government, High Risk environments
Aggressive-Defensive	Oppositional	Point out flaws, oppose new ideas, be hard to impress, stay detached.	Audit, tax offices
Aggressive-Defensive	Power	Be hard and tough, demand loyalty, and never relinquish control.	Military
Aggressive-Defensive	Competitive	Be a "winner", always try to be right, be seen and noticed.	Sports teams and organizations that allow others to set their goals
Aggressive-Defensive	Perfectionistic	Persist and endure, keep on top of everything, never make a mistake.	Some IT companies, especially those that set unrealistic goals

Table 4. Thumbnail overview of the OCI cultures

Barrett's Seven Level Values Model

The values assessment provides two views of organizational culture. This maps your personal values, how you see the current culture and your desired culture. Each of these is mapped onto a seven-level model, with each level contributing to organizational performance.

Service	7	Long-term viability
Making a Difference	6	Collaboration
Internal Cohesion	5	Shared vision
Transformation	4	Continuous Improvement
Self-Esteem	3	Best Practices
Relationship	2	Customer Satisfaction
Survival	1	Financial Stability

Figure 3. Barrett's 7 level model

There's a link between the 7 levels and the influence on the culture ... if the strong influencers of culture hold predominantly levels 1, 2 and 3 personal values, then the current culture will be predominantly at levels 1, 2 and 3.

If the strong influence is full spectrum, then you'll more likely see a full spectrum current culture.

> **As a leader, how strong is your influence over the culture of your organization? Is there a strong correlation between your personal values and the current culture? If not, why not?**

Cultural Values Assessment

Comora (200)

	Personal Values	Current Culture Values	Desired Culture Values
Level 7			
Level 6			
Level 5			
Level 4			
Level 3			
Level 2			
Level 1			
	PL= 10-0 | IRS (P)= 7-3-0 | IRS (L)= 0-0-0	PL= 6-4 | IROS (P)= 0-1-5-0 | IROS (L)= 0-1-3-0	PL= 10-0 | IROS (P)= 3-3-4-0 | IROS (L)= 0-0-0-0

Matches

PV - CC 0
CC - DC 3
PV - DC 3

Personal Values			Current Culture Values			Desired Culture Values		
1. honesty	87	Level 5	1. customer satisfaction	96	Level 2	1. accountability	113	Level 4
2. accountability	84	Level 4	2. market focus	80	Level 3	2. customer satisfaction	107	Level 2
3. responsibility	77	Level 4	3. bureaucracy (L)	77	Level 3	3. continuous improvement	92	Level 4
4. commitment	70	Level 5	4. short-term orientation (L)	67	Level 1	4. commitment	77	Level 5
5. humor/fun	70	Level 5	5. image (L)	58	Level 3	5. teamwork	74	Level 4
6. reliability	69	Level 3	6. teamwork	54	Level 4	6. quality	72	Level 3
7. balance (home/work)	66	Level 4	7. profit	53	Level 1	7. employee fulfillment	65	Level 6
8. adaptability	64	Level 4	8. blame (L)	51	Level 2	8. balance (home/work)	62	Level 4
9. ethics	58	Level 7	9. continuous improvement	51	Level 4	9. integrity	62	Level 5
10. family	58	Level 2	10. organizational growth	51	Level 1	10. open communication	58	Level 2

Black Underline = PV & CC	Orange = CC & DC	P = Positive	L = Potentially Limiting	I = Individual O = Organizational
Orange = PV, CC & DC	Blue = PV & DC		(white circle)	R = Relationship S = Societal

Values Plot   Copyright 2008 Barrett Values Centre   August 2008

Figure 4. Sample Dot Plot

The dot plot above provides a snapshot of an organization that has some congruence between personal, current and ideal values. It also has some limiting values (noted with the L in the second column) which we will work with in more detail.

**What personal, current and ideal culture values might you identify for your organization?
Would there be any potentially limiting ones?**

Business Needs Scorecard

An organizational culture that has values at all seven levels does not guarantee business success.

The Business Needs Scorecard (BNS) provides another view of the current culture and desired culture. Where there's a fit, each value is mapped onto one of six business needs areas. This is an extension of the work pioneered by Kaplan and Norton. The four areas they identified are present in the BNS, and two more have been added, Societal Contribution and Culture.
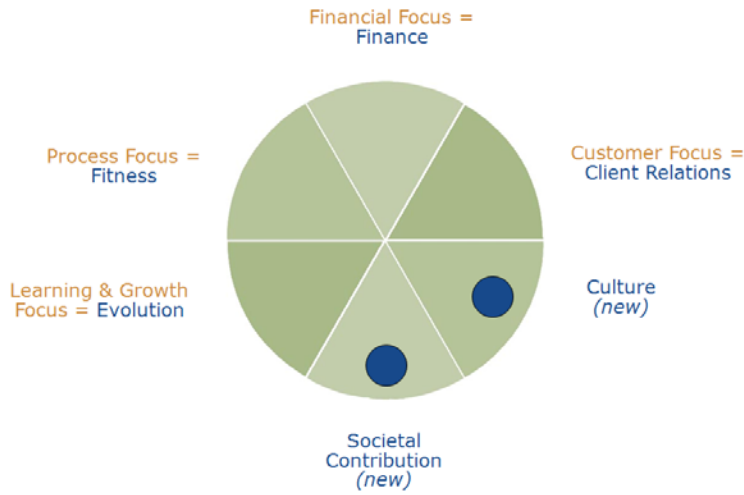

Figure 5. BNS compared to work of Kaplan & Norton

There's been some interesting work looking at the BNS scores of long-lasting successful companies. Based on an analysis of the mission and vision statements from "Built to Last" companies (Collins and Porras) ... an emphasis on Culture and Fitness seem to be important.
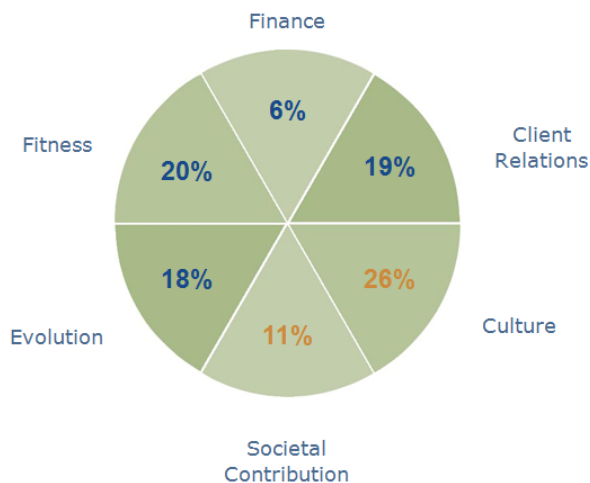

Figure 6. Average BNS of Built to Last companies

There are a couple of different ways of slicing the BNS that are worth looking at.

Represents the tangibles or classic measurables of an organization

Represents the intangibles or less easy measurables of an organization.

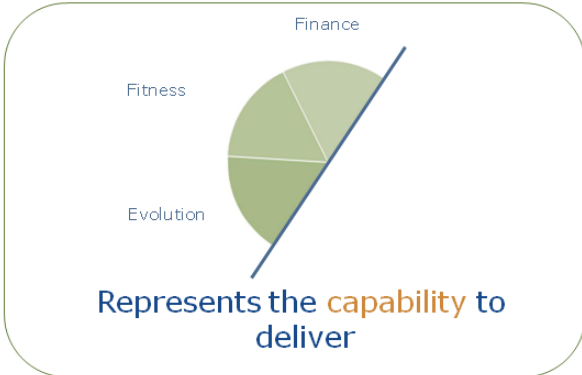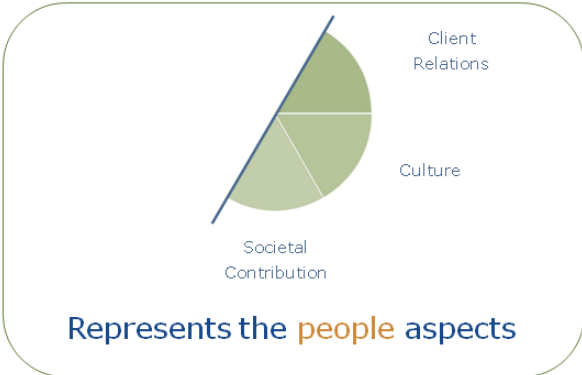Represents the people aspects

Represents the capability to deliver

Figure 7. BNS sliced in two ways.

ESTIMATING THE COST OF A POTENTIALLY LIMING CULTURE (PLC)

The Cost Analysis survey is designed to get a feeling for the size of financial loss that the potentially limiting values (PLV's) are placing on an organization. This is particularly effective when members of a group do not think that the PLVs have any significant meaning. Doing a bottom line analysis often gets their attention.

This research into the cost of PLVs was initiated from a comment by a Chief Finance Officer. "So we have a poor culture and our people are unhappy, but that doesn't cost us money, does it?"

Step One – Identify the Potentially Limiting Values (PLVs) you want to work with. For the purposes of this exercise use the PLVs you identified above … and/or those you believe your colleagues would identify. Or, you could use the PLV's from Figure 7 on page 12. There's space for four in the tables below but it's possible to work with more or less values. List the PLVs, along with a brief explanation in the left column of the table below.

Step Two – Survey key individuals to estimate lost productivity and lost opportunity associated with each PLV. For the purposes of this exercise just use your own figures.

Limiting Value	Lost Productivity How much of your productivity is lost to this limiting value in percentage terms?	Lost Opportunity How much opportunity is lost to this limiting value in percentage terms?	Please give some examples
1			
2			
3			
4			

Table 5. The PLV Survey Form

Step Three – Enter this data into a spreadsheet (we'll use the next table and do the math ourselves) and for each PLV calculate the average for lost productivity and lost opportunity.

	PLV1		PLV2		PLV3		PLV4	
	Lost Prod.	Lost Opp.	Lost Prod.	Lost Opp.	Lost Prod.	Lost Opp.	Lost Prod	Lost Opp.
Person1								
Person2								
Average								

Table 6. Collating the data from the survey

Step Four – Transfer data into the final spreadsheet. Again, we'll use the tables below and do the math ourselves.

Company Name	
Total income	
Gross percentage profit	
Salary	

PLV	Lost Productivity	x salary	Lost opportunity	x income x profit
1				
2				
3				
4				
Total				

Total Cost of Potentially Limiting Values	

Table 7. Calculating the total cost of a less than ideal culture.

SUMMARY

Everyone in an organization is, to some extent, influenced by its culture. The culture of the organization is, to some extent, influenced by every member of the organization. The culture of a large organization cannot be changed overnight, but that doesn't excuse leaders who ignore organizational culture.

Use what you know about the current culture, desired culture and personal values to:

- Develop an organizational vision that clearly reflects the desired culture.

- Use personal values and desired culture as a leverage point to create change.

- Frame your communications in ways that will resonate with the aspirations of others.

- Be more conscious and deliberate about how you influence the culture – remember ... as a leader, everyone is watching you ... often when you least expect (or want) to be watched!

You'll be able to lead an organization best when you understand its culture.

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Human Synergistics - http://www.hscanada.com/

Barrett Values Centre - http://www.valuescentre.com/

CALL US FOR A FREE CONSULTATION TODAY

This is a very brief introduction to the role of values in creating a positive organizational culture and cannot replace the insights from a conversation. If you have any questions and/or would like a free consultation on how you can better influence the culture in your organization, email us at info@calliopelearning.com or call us at 250-213-6239 to set up an appointment.

Would you like to be on our email list to receive updates and more tidbits about leadership and culture? Sign up for our newsletter at http://www.calliopelearning.com/resources/newsletter.php or our blog at http://calliopelearning.com/wp/

About Calliope Learning

At Calliope Learning we help you create learning leaders, people who continually learn their way into outstanding performance. We work with individuals and teams who are committed to sustainable organizational performance through engaging, fun and purposeful learning. We want people to find, enjoy and make the most of their learning and leadership potential.

Calliope Learning has evolved out of our shared commitment to designing and facilitating meaningful learning which leads to healthy organizational culture. Collectively, we have spent too much time in programs and activities that have discouraged our learning excitement and potential, and left us uninspired, drained and de-motivated. We have taken the time to find out what inspires people to learn and lead and built this into our work. You can expect the following benefits from working with us:

- Practical, results oriented facilitation and coaching which leads to higher engagement and performance of leaders

- Engaging, creative and fun facilitation and coaching skills which leads to higher participant satisfaction

- A creative and fresh approach to the development of learning activities and job aids to help transfer the learning from the classroom to the workplace

- Experience with multiple generations and with all levels of the organization leads to a respectful, fun and productive learning and team culture

- Meaningful and successful collaborative consulting arrangements with clients that have resulted in meeting their organizational goals and providing returns on their investment

- A combination of academic expertise, business acumen and courageous relationships ensures leadership programs are up to date, relevant, based on sound practices and challenge participants to learn their way into outstanding organizational performance