

## corporate culture



By Ron Medved

## YOUR CORPORATE CULTURE'S PERSONALITY

Culture is to organizations the way personality is to people. Culture and personality are “interior” domains. You often can't see a culture or personality, but it doesn't take you long to sense their presence—or your willingness to be in and around them.

When we speak of culture, we are referring to the habits, attitudes, beliefs, and expectations that are the unwritten code for the behavior in an organization. It is the shared values or behavioral norm. It can be intense, and one of its purposes is to perpetuate itself.

In organizational life, the “wrong” personality can be asked to leave the company, but how do you address a “wrong” culture? What is right or wrong about culture anyway? How does culture become healthy or unhealthy? Why is it a worthy business subject? Harvard researchers John Kotter and James Heskett, who have spent decades researching corporate cultures and their effect on the organizational behavior, write culture is “adaptive” or “un-adaptive.” Researchers Rod Cooke and Clay Rafferty make a similar distinction, between “defensive” cultures and “constructive” cultures.

Both have documented very significant differences in the revenue, net income, and stock prices in comparing the cultures of various organizations.

## WORK AS A CURSE

As an example, when analyzing defensive or un-adaptive cultures, Cooke and Rafferty look beneath the organizational skin to evaluate the way power, conflict, competitiveness, and perfectionism can impact culture in counter-productive ways.

Also, their studies assess the non-productive effects of passive-aggressive behavior in the workplace. In other words, they look at how fear-based organizations predictably cause the undesirable behaviors of avoidance, dependency, passivity, and extreme risk-avoidance.

In parallel studies, Gallop researchers have shown that 70 percent of organizational change initiatives fail, 70 percent of workforces are unengaged, and 70 percent of the leadership in these organizations are actually causing counter-productive cultures and don't know it. At its extreme, in an unhealthy culture, work is seen as a curse. As a consequence, the highest goal in these workplaces is actually to stop work—(“I can't wait till quitting time;” “I can't wait for the weekend;” “I can't wait to retire.”)

When the strongest desire is to get away from the pain of work, the unconscious defense mechanism is procrastination, creative avoidance, and

slovenly work. Estranged from work, what we are left with is a worldwide phenomena now being called “worker fatigue”.

## NOT WORK, BUT CHALLENGE

So what comprises a healthy culture?

Cooke and Rafferty's study of constructive cultures looks at the elements of achievement—orientation, self-actualization, humanistic-encouraging leadership, and dynamic teaming as key indicators toward defining a healthy culture. Caring about people and win/win orientations at work result in cultures that have an observable vibrancy and creativity. They are purposeful, people-oriented, and places of genuine wellness.

Kotter and Heskett analyzed 207 companies over an 11-year period (not during the “dot.com” era). The results are impressive:

- Revenue—unadaptive cultures: up 166 percent; adaptive cultures: up 682 percent.
- Stock prices—unadaptive cultures: up 74 percent; adaptive cultures: up 901 percent.
- Net income—unadaptive cultures: up 1 percent; adaptive cultures: 756 percent.

At the healthy extreme, a constructive or adaptive workplace is an exciting, rewarding place of challenge and accomplishment.

What is it that makes work not just a “want to,” but an adventure—for ourselves and, especially, for those we lead? Finally, what is our true life's work—rendering retirement a non-issue because we love what we are doing and see no good reason to stop?

## CULTURE AS STRATEGIC ADVANTAGE

One scientific approach to the issue is the relatively recent ability to measure culture—to benchmark an organization's collective, behavioral profile.

At The Pacific Institute, we have adopted a measurement instrument called the “Organizational Culture and Effectiveness Survey”. It provides insight into both a company's current culture and the ideal culture of an organization.

Analyzing the gap between the two highlights the areas and specific behaviors needing the most attention. The data gives leaders a window into the interior domain of their unique corporate culture. It can also double as a mandate for the need for change. Better yet, for a “return on culture.”

*Ron Medved is vice president for business development at The Pacific Institute. He can be reached at rmedved@pac-inst.com.*

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Key to your company's success is its habits, attitudes, beliefs and expectations.