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**THE MEANING  
AND MEASUREMENT OF  
ORGANIZATIONAL CULTURE**

**PHILIP LIONEL RAMSEY  
1985**

THE MEANING AND MEASUREMENT OF ORGANIZATIONAL CULTURE

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Philip Lionel Ramsey

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## ABSTRACT

A means of providing a Diagnostic Data Base for the management of an organization's culture was developed and tested.

The literature on organizational cultures was examined and two models of culture were presented. Shared values were central to both models.

An instrument for measuring culture, based on shared values, was developed and tested in three organizations. The data from the instrument was analysed along with interviews with the heads of the organizations. The interviews were analysed using the models presented in the thesis and Vaill's Time-Feeling-Focus model of Purposing by leaders of high-performing systems.

The data was able to differentiate between an organization displaying a high degree of integration, in terms of values, and the other organizations. It also provided other information which may be useful in the management of culture. There appeared to be a link between one of the models, the data produced by the instrument, and the interviews.

The instrument was critiqued and revised. Implications for improving organizational effectiveness were examined and suggestions for further research recommended.

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## 1.0 INTRODUCTION

As a nation, New Zealand's economic performance has been poor over the past few years. Many reasons have been given for this poor performance, including our geographic position, our dependence on other countries, and the state of the world economy. These reasons do not, however, seem to account fully for our failure.

New Zealand's economic performance may be related to the performance of the world economy, but we appear to be doing worse than many other comparable countries. The European Management Forum ranked New Zealand's industrial competitiveness as 20th of the 22 countries surveyed for 1983, after a ranking of 10th the year before (McPhee, 1983). New Zealand's drop from 10 to 20 was the largest move recorded. New Zealand ranked 22nd for industrial efficiency, 21st for dynamism of the economy, and 21st for the role of the state. These rankings were against countries in comparison to whom we have traditionally performed well.

The survey also suggested that our performance was not a result of our dependence on other countries' resources. New Zealand actually ranked higher than both Japan and Switzerland (the two highest ranked countries overall) for resources. New Zealand's productivity growth for the period 1972-1981 was 4.5%, whereas Singapore, a country with few resources other than people, had a

productivity improvement of 29.6% for the same period (Ng, 1983).

Another reason given for New Zealand's poor performance is the country's geographical position. A survey by TIME Magazine's Pacific Board of Economists (Alexander, 1983) looked at the economic performance of 12 Pacific nations, including New Zealand and forecast that in general these countries were "roaring out of the doldrums". Of New Zealand the survey said "Of all the Pacific countries surveyed, only New Zealand seems to be in an intractable slump". New Zealand was the only country surveyed with a negative economic growth in 1983, and the only one forecast to have a negative economic growth in 1984. So other countries with similar geographic positions are performing well. At the same time New Zealand's geographic position is actually extremely competitive, being a neighbour of some of the fastest growing markets of the world, in Asia.

Hugh Fletcher (1983) suggests that the reason for our failure is none of those previously mentioned, but rather is our people. That is, he believes we are lacking in terms of our ability to create organizations that have "cultures" which foster high performance.

Whyte (1978) has suggested that clues to whether an organization, group, or even a nation will perform to a high standard can be seen in its culture and language. For example, Peru is a nation where Whyte found people to have very low levels of need for

achievement, and this was reflected in the country's culture. For example they had no word that conveyed the concept of achievement. At the same time, people considered to be heroes in that culture tended to have been those who had tried valiantly and failed. Thus, the values that predominated were reflected in the culture.

The same can be said about New Zealand's culture. As Fletcher pointed out New Zealanders have achieved notable success in fields other than business, in particular sport. Indeed most of the heroes in New Zealand are sportsmen rather than statesmen, businessmen, or from other fields. Consequently there are high standards of excellence in sports which are not seen in other fields. In business the acceptance of mediocrity is indicated by commonly used phrases such as "she'll be right".

Another exception from this acceptance of mediocrity is in the field of agriculture, where Fletcher points out that sheep farmers have raised their productivity by 300% over the last decade. However this standard of excellence does not seem to be appreciated by other sectors of New Zealand society, who may not recognize the improvements made by farmers and who tend to denigrate their achievements.

The New Zealand culture (with regard to business) not only appears to accept mediocrity, but also appears to result in people being unable to distinguish mediocrity from excellence.

An example of this is a recently published claim that New Zealand retail management is "as good as the best in the world" (Wiggs, 1983). However, a recently conducted study showed that in retail stores in central Auckland 60% of people entering were not approached by a salesperson, even though salespeople had opportunities to approach. When salespeople did approach customers 75% of the approaches were saying "Can I help you?", which resulted in a negative response 90% of the time (Parker, 1983). Other approaches (used less than 25% of the time) nearly always resulted in an initial positive response. These findings, in what is one of New Zealand's most competitive retailing districts, show that New Zealand's retail management cannot be considered as excellent, contrary to Wiggs' article.

Thomas Watson Jr. (1963) suggested that cultural issues may be of significant importance. He stated that "the basic philosophy, spirit, and drive of an organization have more to do with its relative achievement than do technology, economic resources, organizational structure, innovation, and timing". Watson was the head of IBM, an organization that has consistently achieved success while focusing on its "philosophy, spirit, and drive".

According to Wilkins (1983) concern for organizational cultures is presently high for two main reasons. Firstly, because of the dynamic environments organizations are presently in. There are important cultural implications for organizations where they are experiencing rapid growth, changes in strategy, diversification,

conflict, or retrenchment, and to be successful managers need to be aware of these. Secondly, there is high concern because of the examples of successful companies, particularly Japanese ones, that have displayed a concern for management philosophy and company culture, and used this to motivate people and to help guide company efforts. Wilkins also points out that the work of Peters and Watermann (1982) and Deal and Kennedy (1982) has been influential, by showing that organizations in the U.S.A. have experienced success where they have shown similar concern for these cultural issues.

#### 1.1 EXAMPLES OF EXCELLENCE

Peters and Watermann (1982) and Deal and Kennedy (1982) provide a large number of examples of excellence for people wanting to look at organizations. In both of the above books the authors found examples of U.S. companies who consistently performed in a superior fashion, and analysed what they were doing that made them different.

As mentioned earlier these examples of excellence along with Japanese companies have been a major reason for the concern for organizational cultures. One interesting thing about these works is that much of the information has come from works published by members, and often the Chief Executives, of the organizations considered excellent. We have already mentioned Thomas Watson,

Jr., the CFO of IBM who wrote A BUSINESS AND ITS BELIEFS about IBM (1963). Other well-known examples of this are Alfred Sloan's MY YEARS WITH GENERAL MOTORS (1964), Ray Kroc's GRINDING IT OUT (1977) about McDonalds, and Hewlett and Packard's THE HP WAY (1980). Through all of these the authors concern for the character of their organizations is evident, and the books have often been used within the respective companies as a means of affirming that character or culture.

Japanese managers have also been very ready to express their philosophies and beliefs, and those of their companies, on paper for the benefit of both those in the organization and outsiders. It appears to be characteristic of excellent companies that they don't mind sharing their philosophies. Often the organizations themselves are an expression of the founder's philosophy and he has a desire to spread this to others, and instills it in those others making up the organization so that they too seek to spread it.

For these reasons there are plenty of examples of excellent companies who have had a high concern for their cultures. These are not limited to Japan and the U.S.A. but can be found throughout the world. However, as Fletcher (1983) says, there appears to be a lack of these sort of companies in New Zealand. Where companies or groups do succeed, however, there tends to be a feeling that they shouldn't do so well. A common belief is that they are succeeding at the expense of someone else, as with the

farmers who are experiencing the productivity gains mentioned earlier. Where there are examples of excellence in New Zealand these need to be recognized and supported, to foster excellence.

## 1.2 PURPOSE OF THE STUDY

Blake and Mouton (1969) point out that the culture of an organization can be a force to prevent needed change. They refer to this as "culture drag". If organization cultures can be managed then presumably this "drag" can be reduced, and an organization's culture could be a force which enables change.

One of the requirements that managers need in order to change something is an ability to measure that which they want to change (Gilbert, 1978). Without this ability managers cannot set goals for change, determine where they are in relation to goals, or know when they have achieved them. For these reasons being able to measure culture is critical if managers want to manage it in their organizations.

At the present time there has been relatively little information on the measurement of culture despite an increase in the concern being shown for the area, and the amount being written about it. What has been written tends to rely on fairly subjective, non-quantifiable data, such as the "culture audit" described by Wilkins (1983). This tends to rely on observations of behaviour in organizations that reveal assumptions people make

concerning their work, or "the way things are done around here",

The purpose of this thesis, then is to provide a means by which managers can measure culture, in order for them to be able to manage it.

In order to do this the thesis will first of all examine the meaning of "culture" and the different definitions given to it and the synonyms used for it in literature in the area. From there two models of culture were developed and these will be explored, to enable a better understanding of the concept and a basis for the measurement of culture.

The models presented suggest that shared values are central of central importance in an organization's culture and that a culture can be measured by measuring the values held by people in the organization. The thesis will look at the development of an instrument for doing this. The instrument was tested by surveying three organizations. Interviews were also held with the leaders of these organizations and analysed to see whether these supported the models and the validity of the instrument. The thesis reports the results of these surveys and interviews, and looks, finally, at the implications the findings have for those concerned with organizational effectiveness, and the areas where further research needs to take place.

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