



Cover Story

Strong Corporate Culture is Key to Survival

By Tan Chee Teik

Established companies have strong corporate culture. Through good times and bad, this culture is the cement that keeps staff together as members of the same family. Culture is evolved over a long period. It is driven by top management and supported by the rank and file.

CORPORATE culture reflects the expectations of staff and managers about the way things are done in the company. Edgar Schein defined culture as "a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems."

The role of a company leader, particularly the founder, in building culture is critical. A change of CEO can affect the culture of a company. If the CEO is promoted from within, the effect is less.

Some firms have a culture of innovation. Staff suggestions about new products are taken seriously. If the product is successful, staff is rewarded. This is a culture that encourages and supports ideas from its staff, and delivers innovation to its customers.

Innovation

Sony Corporation is one company that encourages innovation. The firm's co-founder, Masaru Ibuka, took the lead and instilled an atmosphere of innovation in the company. He wanted to create a company that would break the popular concept after World War II that the Japanese were copycats. Thus, Sony later created the Walkman, Trinitron colour television, and the Clié handheld organiser.

Xerox Corporation has a culture of innovation. Founded in 1876 by inventor Thomas Edison, General Electric Co prides itself in innovation. Its slogan is "Imagination at work".

Such companies with employees motivated to come up with fresh ideas will benefit from the rewards of innovation. They are able to solve problems quickly, grasp opportunities, and stay ahead of the competition.

Dr John Nirenberg of the School for International Training, USA, believes that culture can be created and it is easiest when done from the outset as a startup. It also evolves over time whether it is shaped deliberately or takes a life of its own.

"However, to change a culture takes a long time and a lot of effort and no matter how much effort is made to reduce the pain and anxiety, it is a stage that needs to be confronted and worked through. The bigger the change the bigger the pain and longer the time it will take," he adds.

Greg Kinnaird, managing director of the Australasian Management Centre says: "From a leadership perspective, the complexity and pace of change is more than what most managers and executives can handle on their own. Corporate leaders have to rely heavily on the employees at all levels in the organisation to assist them."

He suggests that when the workplace culture works in a collaborative and supportive manner, employees are satisfied and their input and contributions are valued by managers.

One of the core objectives of a leader is to make sure that their people are growing and developing a learning environment. When this happens, then the result can be observed on the bottom line of the balance sheet.

Kinnaird comments that all too frequently, the positive and negative outcome of corporate cultural change is caused by the way it is implemented by leaders: Too fast, too slow, or not at all.

Companies that use a fast, focused, and simultaneous approach to cultural change often reap the benefits of doing so. Rather like ripping of a Band-aid very quickly, the pain is often reduced if it is done quickly.

He recommends the following actions to be taken by senior management to influence corporate culture:

Be transparent about problems. As a leader it is important to recognise and clearly communicate that there is or may be a performance gap. It is critical that your organisation doesn't become complacent with its current performance.

Effective communication strategies will include the need to move towards an innovative, action results orientated working environment. The object is to communicate without blame or fault by leading by example and walking the talk when dealing with cultural change initiatives.

Identify the cause to change. Design and develop an energetic workplace that works with you to support that cause and need for cultural change. As a leader, provide staff with a challenge to identify and find aspects of the current corporate culture that will sabotage the future success of workplace initiatives.

Re-assess your talent pool. As a leader you may have to change your people to change your corporate culture. Although, not always the best or practical option. You may want to consider transferring people to another department or establishing an out-placement programme. Your objective is to look for visible and symbolic activities that will unleash the creative gene within each person in your workplace. It is important to identify and reward your top creative performers so that they act as early adopters in the cultural change process.

Set the scene. A leader should set the scene of the workplace and clear role model the new and expected behaviours. As a leader you need to strive to have a dynamic, innovative, action orientated culture. This can be done by actively campaigning and sharing your expectations formally and informally with your people.

Consider conducting workplace rituals that signal the end of the old and the beginning of the new. For example, one organisation burnt their old corporate uniforms while unveiling the new corporate uniforms.

Be innovative. Have creative and innovative people on your team so that you start to develop a reputation for being an innovation pioneer. You will find value in reviewing your workplace practices and processes. Encourage people to challenge all existing norms and paradigms. Tap into the creative intelligence that already exists in your workplace by suggesting to your people to get involved in coming projects. Creativity and innovation is a logical process generated by intrinsic not extrinsic rewards.

Manage the creative mindset. When managing your creative team you will naturally be dealing with people who are likely to behave in an "ad-hoc" manner rather than with "analytical and predictable" behaviour. You are managing the intellectual and human capital, rather than physical and resource capital. You must learn to be adaptable and flexible at balancing tangible goals within an intangible environment when working with creative and innovative people.

Transmitting and Expressing Corporate Culture

Corporate culture can be transferred through statements of a company's philosophy, values, charter, and credo. (see *Box Story*)

Learning from Others

Xerox Mission Statement

Our strategic intent is to help people find better ways to do great work-by constantly leading in document technologies, products and services that improve our customers' work processes and business results.

Xerox Values

Since our inception, we have operated under the guidance of six core values:

- We succeed through satisfied customers
- We deliver quality and excellence in all we do
- We require premium return on assets
- We use technology to develop market leadership
- We value our employees
- We behave responsibly as ac corporate citizen.

Source: Xerox Corporation

When Walt Disney was asked about the secret of his success, it was reported that he said: "I dream, I test my dreams against my beliefs, I dare to take risks, and I execute my vision to make my dreams come true." From this philosophy came the philosophy of Disney Co: Dream, Believe, Dare, Do. Today, the way the company trains and empowers its employees, manages creativity and innovation, and provides service to its customers are influenced by this four-pillared philosophy.



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monitoring by looking closely at the external and internal environments.

Corporate culture can be transmitted via the behaviour modelled by management. If management adopts an open communication policy, it keeps staff informed of happenings and the future plans of the company at regular briefings. This encourages healthy two-way communication. Management must practise what the firm believes. If there is a gap between what is in the company's charter and what is practised by management, then staff will be sceptical about the company culture.

For example, the criteria used for recruitment, reward, status, selection, promotion, and termination should be transparent. Favouritism and nepotism must be kept to the minimum.

Stories, legends, and myths of key people and events in the firm's history help to inspire the employees. Staff of such companies feel very proud when they give out their business cards. For example, many Chinese medical firms use the photo of their founder as a trade mark. This picture of an aged founder helps to spell out the message of reliability and proven quality over the years.

Key People

The main factor for Sony Corporation's success can be attributed to the culture instilled by Akio Morita and Masaru Ibuka. For them, Sony's people are like a family. Every member of the company should be treated like they were part of a family. Between Ibuka and Morita was a friendship and trust somewhat like brotherly love. The founders' conviction trickled throughout the company.

Sony's founders encouraged the employees to be independent and take calculated risks. While employees at many factories are punished for their mistakes, Sony executives find it unwise and unnecessary to define individual responsibility too closely.

Corporate culture is found in the organisational systems and procedures. If there are well-documented systems and standard operational procedures, the staff can respond quickly to problems and this leads to better efficiency.

On the surface, any visitor to a company's premises will notice the ambiance of the physical environment and its people. They will notice how the workstations are organised. Some companies frown on staff displaying photos of their loved ones at the workstations or as wallpapers in their personal computers. Visitors will notice the noise level of the office, whether it is like a lively bee hive or silent as Changi Prison. Most noticeable will be the beaming faces of the employees who greet people they meet along the corridors rather than giving them a suspicious look.

Milton Moskowitz writing in the *California Management Review*, stated that the characteristics of working places in good companies not found in other companies include: making people feel they are part of a team; encouraging open communications; stressing on quality; sharing profits; and reducing rank distinctions.

Caste Culture

A female Indian engineer working in Singapore pointed out two common corporate cultures in the workplace in India: "Because of the privileges accorded to the lower caste after independence, many have risen to senior positions in the company. But the Brahmins find it difficult to take orders from supervisors from the lower caste."

She observes: "In traditional Indian society, women are subservient to men. This mindset is carried over to the modern workplace so that male engineers find it difficult to take orders from their female superiors. I am glad that this practice is not condoned in Singapore."

Japanese companies give a lot of attention to inculcating corporate culture among their employees. The first step in the culturisation process is done during the orientation of new employees. Information about the company is provided through video presentations and short talks by senior managers. The topics covered include history of the company, values, philosophy, and rules and regulations.

During the year, rituals can help to reinforce the corporate culture. The rituals include celebration of Japanese festivals, annual athlete meet, annual dinner, daily exercise, birthday recognition, commendation ceremony, and picnics.

Some firms provide uniforms with the company logo to emphasise the sense of belonging and loyalty. The philosophy in many companies is based on wa, harmony.

However, when Japanese companies are set up in other Asian cities, they find it difficult to transfer the corporate culture to the subsidiaries. This may be because the homogeneity that is found in Japan is not found in the diverse races typical of other Asian countries. It could be that since the Japanese are wary about appointing locals as senior managers, this policy causes apathy towards the company culture. The oft-repeated excuse for not allowing locals to head the subsidiaries is that they are unable to communicate well with the head office in Japanese. If locals can master English, French, and other foreign languages, Japanese should not be a problem.

Managing Corporate Culture

Managing corporate culture involves the constant assessments and monitoring by looking closely at the external and internal environments.

These will reveal the nature of the changes that are taking place or are expected to take place in these environments. These changes will help to effect changes in the corporate culture according to the demands of the environment.

Senior managers must take the lead in managing corporate culture. They should not leave the responsibility to the human resource managers. When senior managers show that they respect corporate culture and support it fully, there will be a trickle-down effect to the lower ranks.

In an article on corporate culture, Douglas Richardson suggests some ways to manage corporate culture: Management should gather information about the value that affects the culture most and about the staff who are the company's focal points. From the information, they can design a plan to reinforce or restructure those norms that do most to affect the culture. All staff must participate in the process of building corporate culture. Use opinion leaders and role models as implementors. Management must encourage employee feedback and participation.

Toyota Way

Toyota Motor Corporation is reputed for excellence in manufacturing achieved through the Toyota Way culture. In the book *The Toyota Way*, Jeffrey Liker describes the Toyota Way as "The pattern of basic assumptions that a given group has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid, and, therefore to be taught to new members as the correct way to perceive, think and feel in relation to those problems."

Jane Beseda of Toyota Sales explained the Toyota Way simply: "The Toyota Way matches everything that team members do every hour of the day. So they are swimming in this culture and this philosophy. We're always doing Kaizen projects. It's part of who we are."

She has put it very aptly that for corporate culture to succeed it must be part of the environment like fish surrounded by water. Employees must be immersed in this environment at all times when they are at the workplace.

Nirenberg agrees that senior management will be the driver of culture. It will send the signals about what counts, what gets rewarded or penalised, how the group will treat its members and the kinds of goals it will set for itself.

He says: "Literally all policies and behaviours send cultural messages whether they are conscious or unconscious. Sub-cultures are possible but they aren't as powerful. Some departments might be more adventurous (marketing, for example) while others will be less so (accounting, for example). Trying to change the culture without top management buy-in will be doubly difficult and may be terminally frustrating. It depends on the

relative degree of autonomy a department or individual manager has in their domain."

References

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