Title: Organizational Cultures, Innovation, and Change
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Chapter 9

- What is the nature of organizational culture?
- How do organizations support and achieve innovation?
- How do managers lead the processes of organizational change?
Organizational Culture

- Organizational culture is the personality of the organization
- Organizational culture shapes behavior and influences performance
- The observable culture is what you see and hear as an employee or customer
- The core culture is found in the underlying values of the organization
- Value-based management supports a strong organizational culture
Organizational Culture

- Culture is the personality of the organization
  - Shared beliefs and values that guide behavior of organization members
ORGANIZATIONAL CULTURE

Strong Cultures

• Organizational culture shapes behavior and influences performance
  – Strong cultures are clear, well defined and widely shared among members
  – Socialization helps new members learn the culture
Observable Culture

- Observable culture is what you see and hear

Diagram:
- Observable Culture
  - CORE CULTURE
    - Core Values
      - Beliefs about the right ways to behave
    - Heroes
      - People (past and present) who display core values
    - Symbols
      - Language and other symbols conveying core values
    - Stories
      - Tales about events conveying core values
    - Rites and Rituals
      - Celebration of heroes and events displaying core values
Organizational Culture

- Core culture is the underlying values of the organization
- Core values are the beliefs that shape behavior
• Guided by relentless focus on our five imperatives, we will constantly strive to implement the critical initiatives required to achieve our vision. In doing this, we will deliver operational excellence in every corner of the Company and meet or exceed our commitments to the many constituencies we serve. All of our long-term strategies and short-term actions will be molded by a set of core values that are shared by each and every associate.
We are a global family with a proud heritage passionately committed to providing personal mobility for people around the world.
Our mission is to operate the best specialty retail business in America, regardless of the product we sell. Because the product we sell is books, our aspirations must be consistent with the promise and the ideals of the volumes which line our shelves. To say that our mission exists independent of the product we sell is to demean the importance and the distinction of being booksellers. As booksellers we are determined to be the very best in our business, regardless of the size, pedigree or inclinations of our competitors. We will continue to bring our industry nuances of style and approaches to bookselling which are consistent with our evolving aspirations. Above all, we expect to be a credit to the communities we serve, a valuable resource to our customers, and a place where our dedicated booksellers can grow and prosper. Toward this end we will not only listen to our customers and booksellers but embrace the idea that the Company is at their service.
To be Earth's most customer-centric company where people can find and discover anything they want to buy online.
Values

• Values based management works hard to make sure the core values show
• Symbolic leaders use language and symbols to establish and reinforce organizational culture
ORGANIZATIONAL CULTURE

Workplace Spirituality

- Workplace spirituality involves creating meaning and community for employees
  - Common elements are meaningful work, respect for diversity, work life balance and ethical behavior
  - Symbolic leaders model and teach the culture and values
9.2 Innovation

- Organizations pursue process, product and business model innovations.
- Green innovations pursue and support the goals of sustainability.
- Social innovations seek solutions to important societal problems.
- Commercializing innovation turns new ideas into stable products.
- Innovative organizations share many common characteristics.
INNOVATION

Types of Innovation

• Innovation – taking a new idea and putting it into practice
  – Process innovation results in better ways to do things
  – Product innovation results in new or improved goods or services
  – Business model innovations are new ways to make money
INNOVATION

Types of Innovation

• Green innovations
  – Earth friendly business models

• Social innovations
  – Business models that help solve the world’s social problems

• Social Entrepreneurship
  – Ways to solve social problems
Commercializing Innovation

• Commercializing innovation
  – Turns ideas into products, services or processes
Commercializing Innovation

• Reverse innovation
  – takes products created for small or emerging markets and moves them into larger distribution
## Innovative Organizations

### Characteristics of highly innovative organizations

<table>
<thead>
<tr>
<th>Strategy includes innovation</th>
<th>Culture values innovation</th>
<th>Structures support innovation</th>
<th>Management supports innovation</th>
<th>Staffing for creativity and innovation</th>
</tr>
</thead>
</table>
Leading Change

• Organizations pursue both transformational and incremental changes.
• Three phases of planned change are unfreezing, changing and refreezing.
• Managers use force-coercion, rational persuasion, and shared power change strategies.
• Change leaders identify and deal positively with resistance to change.
Types of Change

- Change leaders
  - Leaders who take responsibility for change

**Change leaders**
- Confident of ability
- Willing to take risks
- Seize opportunity
- Expect surprise
- Make things happen

**Status quo managers**
- Threatened by change
- Bothered by uncertainty
- Prefer predictability
- Support the status quo
- Wait for things to happen
Types of Change

• Transformational change
  – Results in major and comprehensive redirection of the organization

• Incremental change
  – Smaller change that aligns systems and practices with strategy
Kurt Lewin described change as a three part process.

**PHASE 1: Unfreezing**
- **Change leader’s task:** create a felt need for change
- This is done by:
  - Establishing a good relationship with the people involved.
  - Helping others realize that present behaviors are not effective.
  - Minimizing expressed resistance to change.

**PHASE 2: Changing**
- **Change leader’s task:** implement change
- This is done by:
  - Identifying new, more effective ways of behaving.
  - Choosing changes in tasks, people, culture, technology, structures.
  - Taking action to put these changes into place.

**PHASE 3: Refreezing**
- **Change leader’s task:** stabilize change
- This is done by:
  - Creating acceptance and continuity for the new behaviors.
  - Providing any necessary resource support.
  - Using performance-contingent rewards and positive reinforcement.
## ORGANIZATIONAL CHANGE

### Strategies for leading change

<table>
<thead>
<tr>
<th>Change Strategy</th>
<th>Power Bases</th>
<th>Managerial Behavior</th>
<th>Likely Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Force–Coercion</td>
<td>Legitimacy</td>
<td>Direct forcing and unilateral action</td>
<td>Faster, but low commitment and only temporary compliance</td>
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<tr>
<td></td>
<td>Rewards</td>
<td>Political maneuvering and indirect action</td>
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<td></td>
<td>Punishments</td>
<td></td>
<td></td>
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<tr>
<td>Rational Persuasion</td>
<td>Expertise</td>
<td>Informational efforts using credible knowledge, demonstrated facts, and logical argument</td>
<td></td>
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<tr>
<td>Shared power</td>
<td>Reference</td>
<td>Participative efforts to share power and involve others in planning and implementing change</td>
<td>Slower, but high commitment and longer term internalization</td>
</tr>
</tbody>
</table>
Organizational Change

• Change leaders identify and deal positively with resistance to change
  – Positive tactics
    • Education and communication
    • Participation and involvement
    • Facilitation and support
    • Negotiation and agreement
  – Negative resistance tactics
    • Manipulation and cooptation
    • Explicit and implicit coercion
Organizational Change

• Why people resist change
  • Fear of the unknown
  • Disrupted habits
  • Loss of confidence
  • Loss of control
  • Poor timing
  • Work overload
  • Loss of face
  • Lack of purpose