

# Organizational Behavior

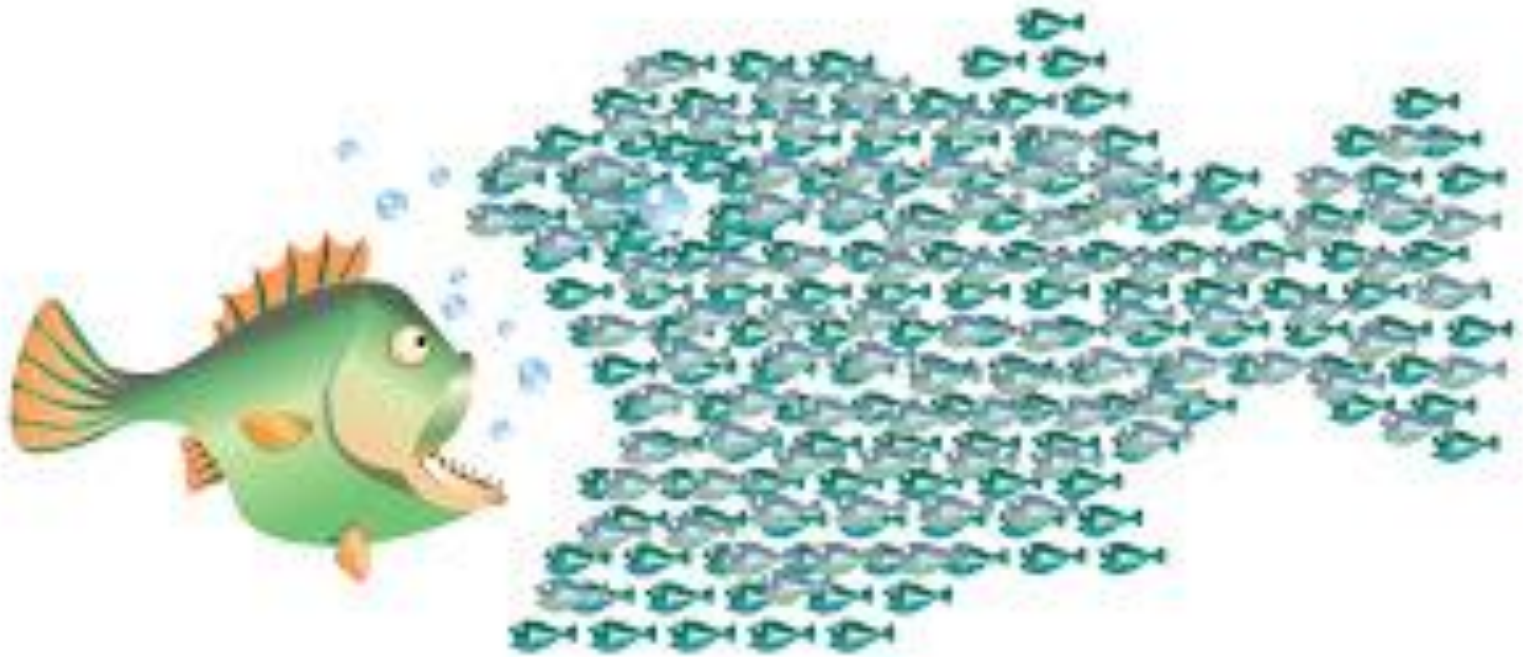
Managing organizational culture  
Session 6

# Agenda

- Session 6: Managing organizational culture
  - Culture
  - Norms
  - Identity

«Culture eats strategy for lunch...»

(attributed to **Peter Drucker**)

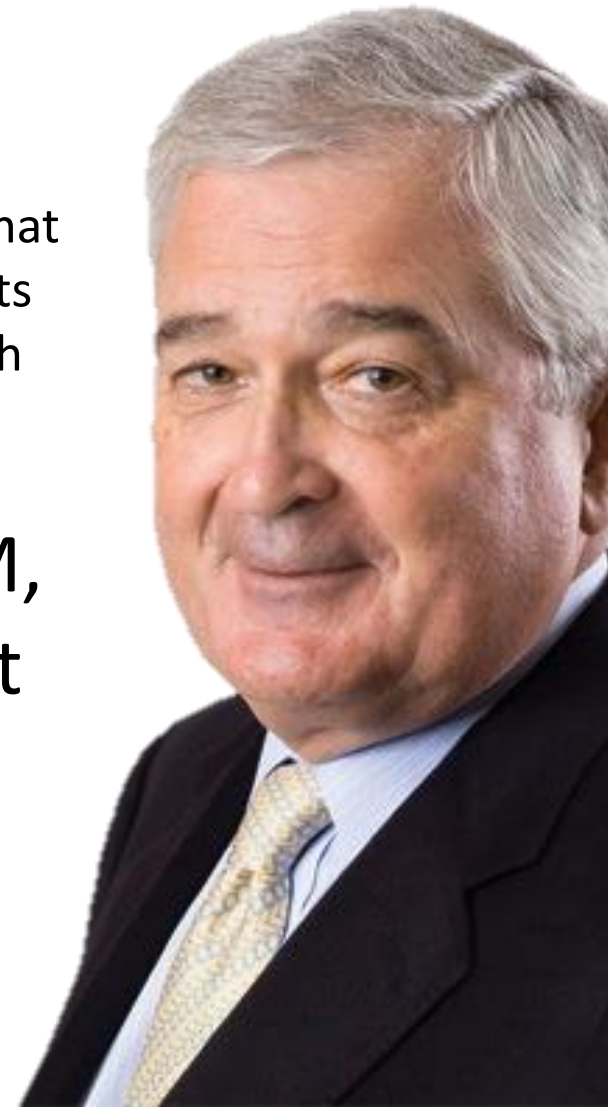


# Culture...

“Until I came to IBM, I probably would have told you that culture was just one among several important elements in any organization's makeup and success — along with vision, strategy, marketing, financials, and the like...

I came to see, in my time at IBM, that culture isn't just one aspect of the game, it is the game.

In the end, an organization is nothing more than the collective capacity of its people to create value.”  
(Lou Gerstner, 2002, CEO of IBM)



# Culture (O'Reilly 1989)

- Defining culture:

«A pattern of **beliefs and expectations**

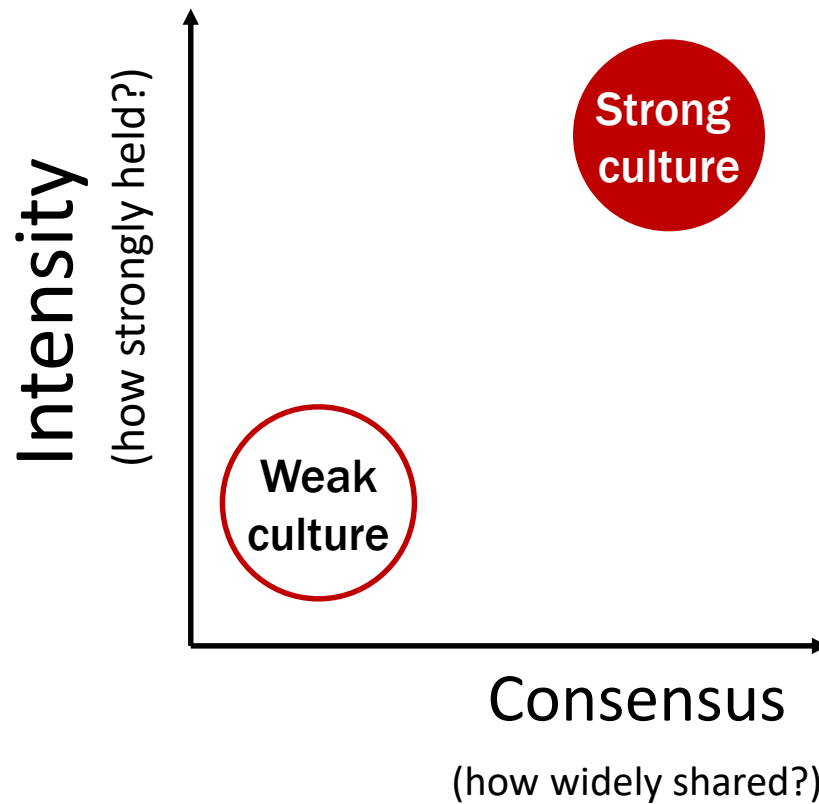
**shared** by the organization's members.

These beliefs and expectations **produce norms**

that powerfully shape the **behavior** of individuals and groups.»

(Schwartz & Davis 1981)

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- Defining culture:

«A pattern of beliefs and expectations  
shared by the organization's members.

These beliefs and expectations produce norms  
that powerfully shape the behavior of individuals and groups.»  
(Schwartz & Davis 1981)

- Defining norms:

«Expectations about what are  
appropriate attitudes and behaviors »

(performance, resource attribution, communication, rewards, dress, etc.)

(O'Reilly 1989)

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# Hawthorne experiments

(Mayo, 1924-1932, Western Electric Company)



Goal: To discover the drivers of work productivity

# Hawthorne experiments

(Mayo, 1924-1932, Western Electric Company)



Findings: Increase in productivity...

- Caused by variation of work conditions (not wc themselves)
- Caused by segregating teams (when holding wc constant)
- Is averaged-out at the group level, not individual-level (even when introducing individual-level incentive system)

Conclusion:

- Social relations have a strong impact on productivity
- Social relations fuel or limit productivity -> depending on the norms of the group

# Conformity experiments (Solomon Asch, 1950s)



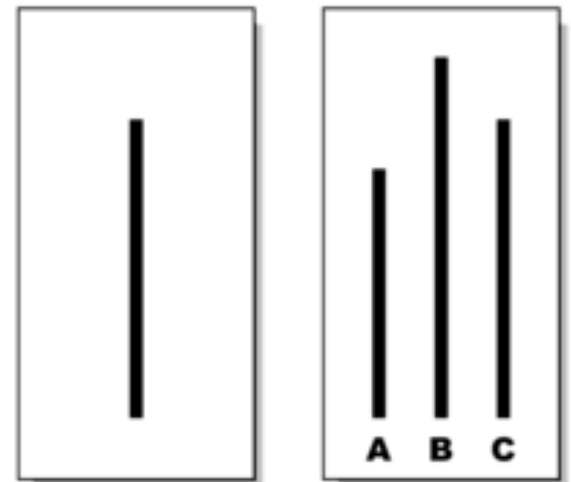
- Task:

Indicate which line is of the same length among A,B,C

- Processus:

All participants are instructed except one.

They unanimously give the same answers – and sometimes wrong. The experiment candidate answers last or second-to-last.



# The influence of norms: A reminder...



.... and yet  
another  
experiment  
on norms!



# Deviance from norms (I): The dark side

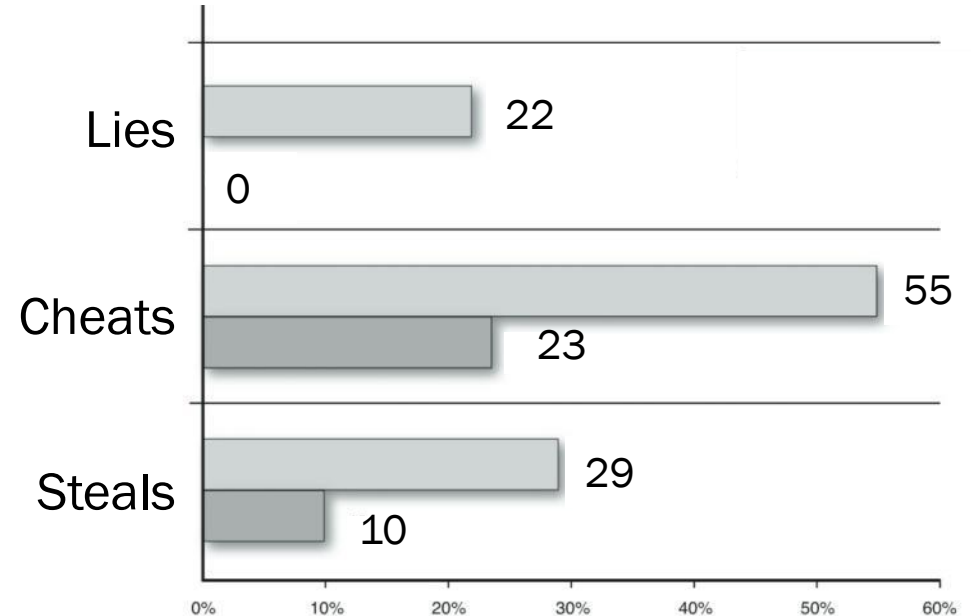


Juge: «Avez-vous le sentiment de défier le système ?»

Jérôme Kerviel : «Absolument pas. Dans les salles de marché, c'est un peu le sport national de planquer [ndlr : une partie de ses activités]. Tout le monde le fait, moi peut-être plus que les autres, mais j'essayais de rapporter le plus d'argent possible à la banque».

Source: Le Figaro, 16/6/2010

Group condition  
Individual condition



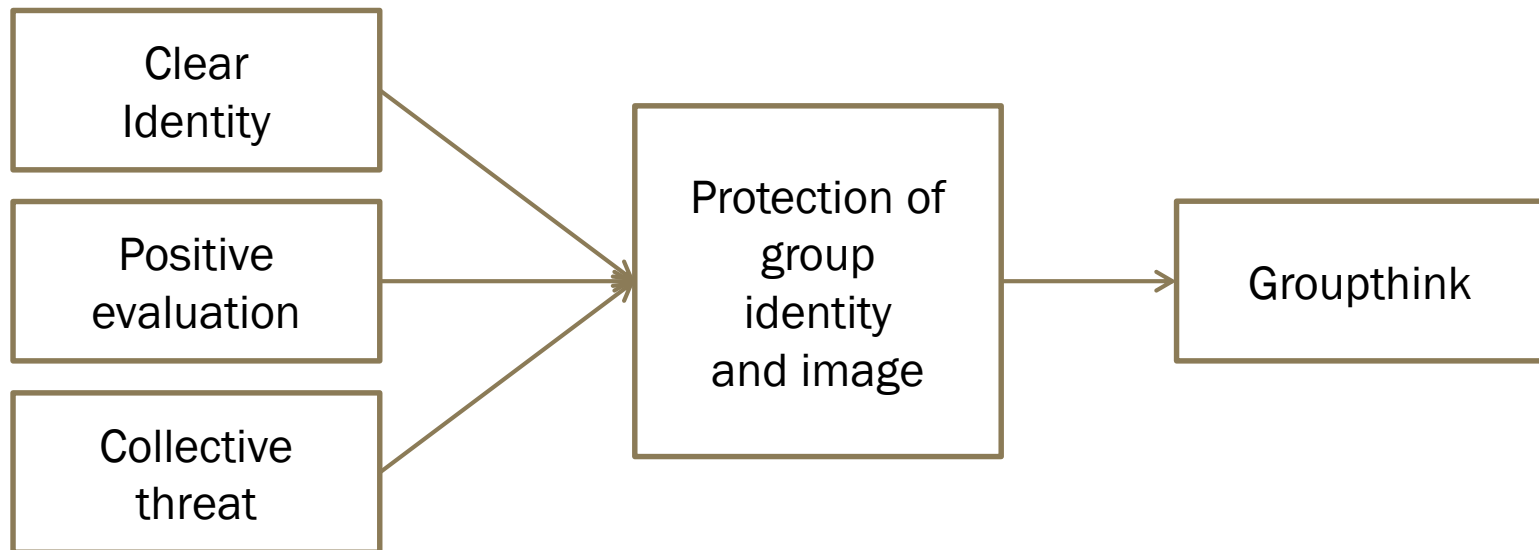
Source: Erez/Elms/Fong (2005)

# Deviance from norms (I): The bright side



# Groupthink

- Definition: « A phenomenon in which the norm for consensus overrides the realistic appraisal of alternatives».



Source: Robbins / Judge / Campbell 2010



# Groupthink: How to introduce innovations?

Step and Variable	Model 1	S.E.	Model 2	S.E.
Block 1: Controls				
Age	0.28 *	0.09	0.31 **	0.08
Gender (female=1)	0.10	0.25	0.10	0.20
Education (graduate+=1)	0.05	0.24	0.08	0.19
Tenure at organization	-0.34 **	0.03	-0.31 **	0.02
Area (south=1)	-0.18 *	0.23	-0.01	0.19
Time spent with ref. group (salience)	-0.01	0.72	-0.02	0.58
Block 2: Main effects				
OID distinctiveness effect of Innovation (1)			0.17 *	0.11
OID incongruence effect of Innovation (1)			-0.28 ***	0.10
OID prestige effect of Innovation (1)			0.31 ***	0.12
$R^2$	0.10		0.44	
$R^2$ adj.	0.06		0.40	
Overall $F$	2.43 *		10.85 ***	

n=154. Standardized coefficients are shown.

<sup>1</sup> $p \leq .10$ ; \* $p \leq .05$ ; \*\* $p \leq .01$ ; \*\*\* $p \leq .001$ ; all two-tailed

OID = Organizational identity (as perceived by the workforce)

Source: Bubenzer (2009)

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# Organizational identity



Characteristics that are seen as:

- central
- enduring
- distinctive

(Albert / Whetten 1985)

# Strong Identity



# Polaroid: Effects of a strong identity on innovations



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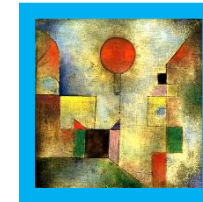


# Social identity:

## «Minimal group» studies by Henri Tajfel (1)

- **Question:** Participants were asked which painting they **preferred**: Klee or Kandinsky ?

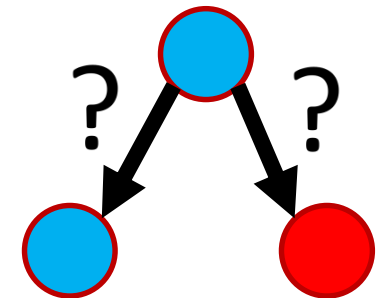
Group A:  
Klee



Group B:  
Kandinsky



- **Task: Distribute** a sum of **money** to a person of each group («ingroup» vs. «outgroup» person)





# Social identity:

## «Minimal group» studies by Henri Tajfel (2)

- Now: Predetermined alternatives for distributing money

«Klee» group member

«Kandinsky» group member

7	8	9	10	11	12	13	14	15	16	17	18	19
1	3	5	7	9	11	13	15	17	19	21	23	25

« MD »

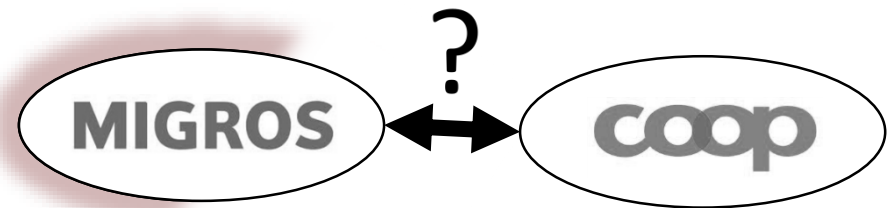
« F »

« MIP »

« MJP »

# Implications for organizations

- What we want:  
A positive self-image  
as members of a group
- What we do:  
Seek characteristics which  
positively distinguish us from  
relevant comparison groups
- What results:  
An identity with central and enduring  
characteristics that provide us with a  
positively differentiated self-image.



# Dilemma: Identity and Innovation ?

- We need and love a our positively distinct identity as it serves our self-image!
- We thus block innovations, when they question the identity of our organization!



# How can identity and innovation be both successfully managed?



Identity-based innovation execution.

# Identity-Innovation execution toolset

## Identity Sonogram

What are key characteristics of the organization's identity ?



## Innovation Seismogram

Is the innovation perceived as supporting or threatening the identity ?



## Identity - Innovation Logogram:

Build communications on identity-strengthening stories and arguments

# Case: Apple's alliance with Microsoft



- 1997: Loss of >USD 700m in Q2
- Steve Jobs returns as interim CEO
- Holds keynote at the Macworld conference
- Announces a far-reaching alliance with Microsoft



# Case: Apple's alliance with Microsoft



1. Sonogram: What are key identity elements of Apple (1997):

- «Think different»
- «Genius»
- «Freedom, challenge Big Brother»

2. Seismogram: Is the alliance with Microsoft an identity-threat?



3. Logogram: Which arguments could Jobs use to communicate that Apple's positive differentiation from Microsoft will not be lost but strengthened ?

# Case: Apple's alliance with Microsoft





# Case: Apple's alliance with Microsoft



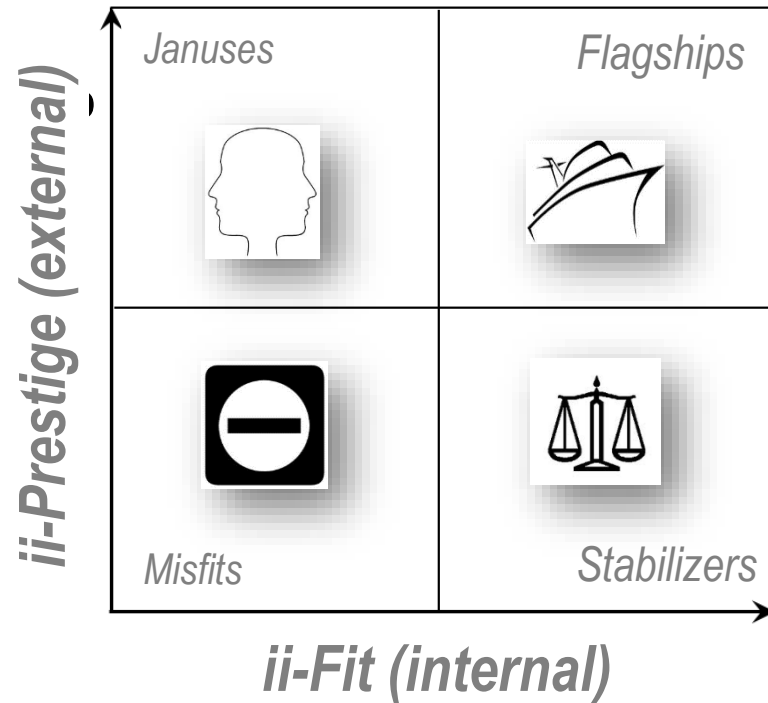
Identity-threatening decision	Identity-supporting communication
<p><i>Internet Explorer will be the <b>default browser</b> on the Macintosh.</i></p> <p><i>[Audience boos...]</i></p>	<p><i>«Since <b>we believe in choice</b> ... ,</i></p> <p><i>[Audience laughs...]</i></p> <p><i>... since <b>we believe in choice</b> we're going to be shipping other Internet browsers, as well, on the Macintosh, and the user can, of course, change their default should they choose to.»</i></p> <p><i>[Audience applauds ...]</i></p>

# Case: Apple's alliance with Microsoft



Identity-threatening decision	Identity-supporting communication
<p><i>Microsoft will buy a significant <b>equity stake</b> of Apple.</i></p>	<p><i>“So hopefully what you've seen here today are some beginning steps that give you some confidence that we, too, are going to think <b>differently</b>, and serve the people that have been buying our products <b>since the beginning</b>. Because a lot of times people think that they're crazy. But in that craziness, we see <b>genius</b>, and those are the people we're making tools for. Thank you very much.”</i></p> <p><i>[Standing ovations ...]</i></p>

# IIM<sup>©</sup> : Identity - Innovation Matrix



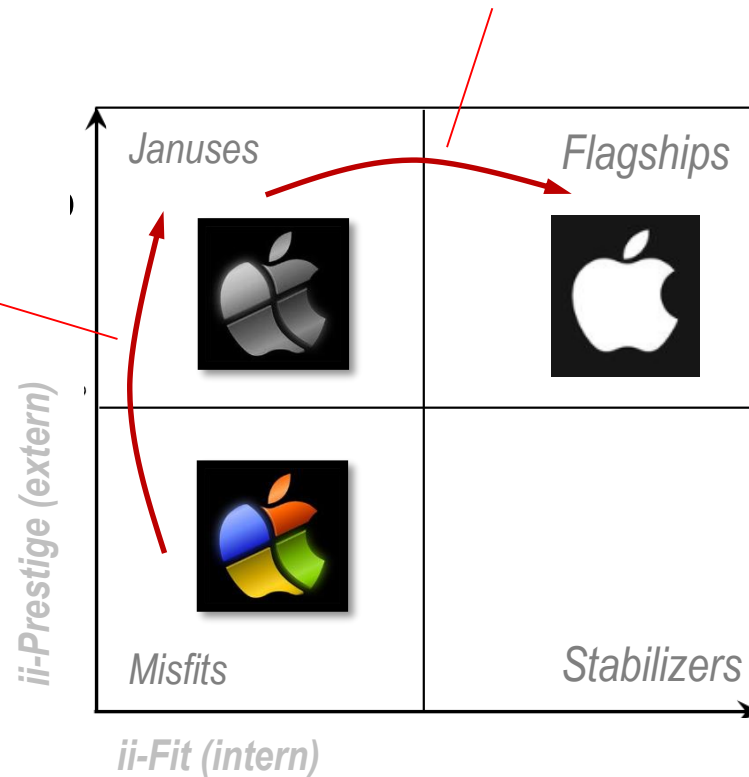
# IIM<sup>©</sup> for Apple's alliance with Microsoft

Example:

«We will continue to be those who think differently.»

Example:

«We believe in choice and will maintain it for our customers.»

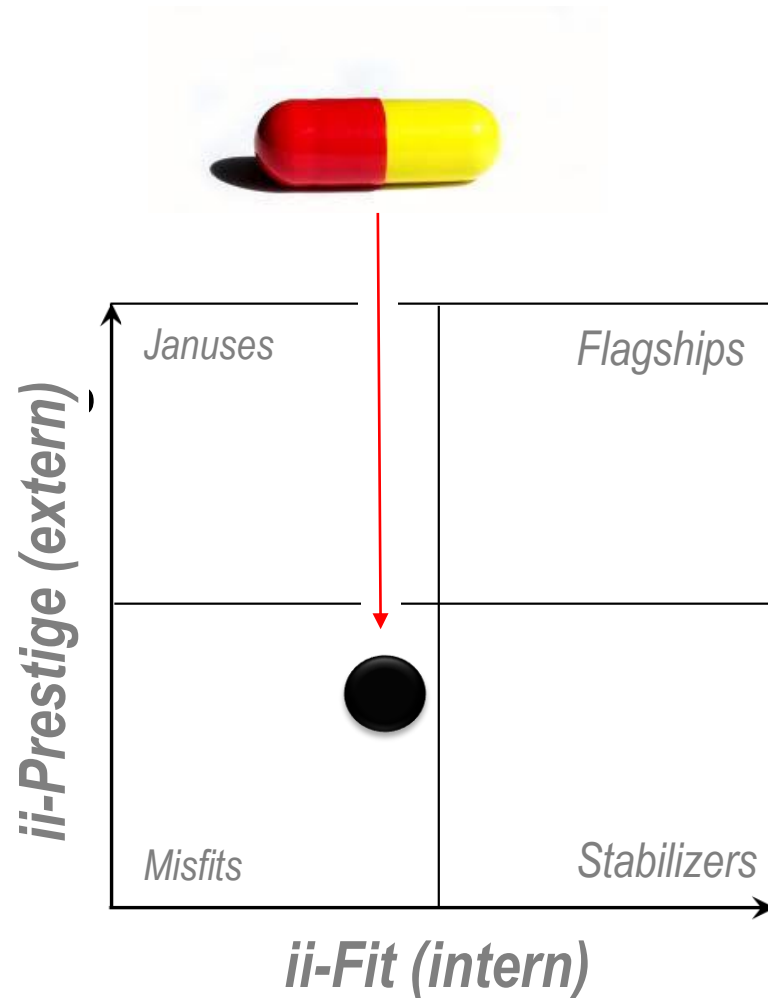


# Introducing the HEALTHCO study

- Innovation: A new therapeutic «*innodrug*»,  
A new customer segment  
(up to now served by SELCO)
- Sample: Nationwide sales team (n=154)



# IIM<sup>©</sup> for HEALTHCO's innovation portfolio (only «innodrug» shown)



# HEALTHCO study: Qualitative findings

- Differences in perception of identity-fit within same context
- Differences result from communication and sensemaking!



« With *innodrug*  
we continue to be  
HEALTHCO »



« With *innodrug*  
we become like  
SELLCO »

# HEALTHCO study: Quantitative findings

A higher perceived innovation - identity fit was related to :

- Higher member identification with the innovation
- More effort in promoting the innovation («extra-role»)
- Better launch and sales performance of the innovation





# Management conclusion: Identity-based innovation execution drives innovation success

- The perceived **fit of an innovation with the organizational identity** is often crucial for the success or failure of an innovative change initiative.
- The perceived innovation – identity fit is a matter of **communication** and guided sensemaking.
- An identity-based innovation execution approach can create **identification** with innovations and thus be a key driver for the **success of innovative change initiatives**.