

## 9.11: What Is Organizational Culture?

### Learning Objectives

- Define culture for a business.
- Explain how culture can be a competitive advantage for a business.
- List the levels of culture.

**Organizational culture** is a term that can relate to any organization at all, from a church to a university. When talking about the culture of a business, you'll often hear the term "corporate culture." **Corporate culture** is, according to *INC Magazine*:

the shared values, attitudes, standards, and beliefs that characterize members of an organization and define its nature. Corporate culture is rooted in an organization's goals, strategies, structure, and approaches to labor, customers, investors, and the greater community. As such, it is an essential component in any business's ultimate success or failure.<sup>[1]</sup>

Like families (or nations), corporations have cultures. Sometimes those cultures "just happen." All too often, when corporate culture is not intentionally created, the culture winds up being disjointed or even antagonistic. Employees are all working toward different goals, in different ways, with different approaches. For instance, although Bob is dedicated to the idea of crafting quality products, Suzanne is eager to sell as much product as possible (even if the quality is only so-so). Meanwhile, Brad thinks the company should start making a wider range of products and is trying to push his ideas forward during sales meetings.

The idea of corporate culture developed from our knowledge of national, regional, and family cultures, and many theories exist about what makes a good (or poor) corporate culture. To get an idea of what a corporate culture looks like, think about families you know well. Some are formal whereas others are easygoing. Some work together toward shared goals whereas others encourage individuality and independence. Some are always having fun whereas others seem to be in a permanent state of internal conflict. We can describe corporate cultures in similar ways.

Although some businesses give little thought to corporate culture, many successful companies have cultures that are intentionally created or tweaked. Sometimes corporate cultures are the result of a founder's personal vision. But just as often, corporate cultures are created through a collaborative effort that involves not only upper management but also managers and employees.

### Practice Question

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### What Do Corporate Cultures Look Like?

Perhaps the best way to get an idea of what we're talking about when we talk about corporate culture is to consider some examples. Let's take a look at the cultures inside a few well-known companies.

#### IBM

IBM's founder Thomas Watson was one of the great developers of corporate culture. Based on a very different worldview than the one we have today, it encouraged morality, temperance, and consistency. Men who worked for IBM were expected to dress in a certain style (dark suits, white shirts) and behave conservatively. The "IBM Spirit" was even represented in corporate songs such as "Ever Onward" that employees were required to sing at gatherings and conventions.

The lyrics to "Ever Onward," captured in a songbook from 1937, are a great way to understand the original culture of a company that became one of the truly great icons of American business. Read one verse of the song that follows.

EVER ONWARD – EVER ONWARD!

That's the spirit that has brought us fame!

We're big, but bigger we will be

We can't fail for all can see

That to serve humanity has been our aim!

Our products now are known, in every zone,

Our reputation sparkles like a gem!

We've fought our way through – and new

Fields we're sure to conquer too  
For the EVER ONWARD I.B.M.<sup>[2]</sup>

Watch the following video to hear the song and find out more about IBM's early corporate culture:

A link to an interactive elements can be found at the bottom of this page.

You can [view the transcript for "IBM: Ever Onward" here \(opens in new window\)](#).

## Google

One business that has revolutionized the way of work and its vision about it is Google. Google has become known as the company with endless perks for its valued employees. Some of these include coffee bars, free meals, lounge breaks, and even the option to bring your pet to work! Google has locations worldwide, and management embraces the idea that a happy employee leads to a productive workplace. The company's long-term success ties back to its corporate culture and values. Here's a list of Google's core values, around which it builds its corporate culture:

1. We want to work with great people.
2. Technology innovation is our lifeblood.
3. Working at Google is fun.
4. Be actively involved; you are Google.
5. Don't take success for granted.
6. Do the right thing; don't be evil.
7. Earn customer and user loyalty and respect every day.
8. Sustainable long-term growth and profitability are key to our success.
9. Google cares about and supports the communities where we work and live.

## Apple

Google likes to make sure its employees are having fun, but Apple's corporate culture is a bit more focused on getting things done. Its founder, Steve Jobs, passed along a set of core values that make it clear that competition, focus, and hard work are part of the organizational culture:

1. We believe that we're on the face of the Earth to make great products.
2. We believe in the simple, not the complex.
3. We believe that we need to own and control the primary technologies behind the products we make.
4. We participate only in markets where we can make a significant contribution.
5. We believe in saying no to thousands of projects so that we can really focus on the few that are truly important and meaningful to us..
6. We believe in deep collaboration and cross-pollination of our groups, which allow us to innovate in a way that others cannot.
7. We don't settle for anything less than excellence in every group in the company, and we have the self-honesty to admit when we're wrong and the courage to change.<sup>[3]</sup>

Compare Apple's values to those of Google. Apple focuses on competition, outcomes, and excellence, whereas Google emphasizes values such as having fun, behaving ethically, serving the customer, and engaging with the wider world. Both companies make digital products, both have seen great success, and both attract plenty of dedicated employees. But because the corporate cultures are so different, Apple and Google attract different people who have different personal goals, work styles, and expectations.

## Corporate Culture as a Competitive Advantage

Why is it so important to have a strong, positive corporate culture? There are three good reasons:

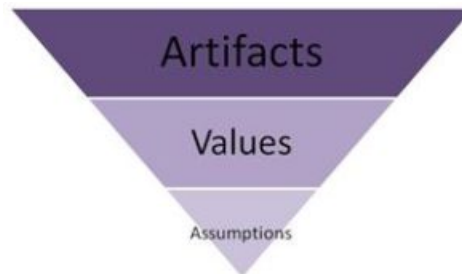
- A strong culture helps employees, customers, and the general public to identify your corporate values. Say, for example, that your company culture values innovation. In that case, your employees will know that they will be encouraged to come up with new ideas—and your customers will know that your products and services are likely to have a creative or unique quality.
- Companies with strong, coherent cultures attract high-quality employees who believe in the same values as the corporation. Once those employees come on board, they start to feel that they "belong" because they are part of a shared culture. Employees who feel that their jobs are a great match for their personal values are more likely to be loyal to their employers. After all, they are doing what they enjoy doing for an organization that shares their ideals and goals.

- A strong corporate culture can help a corporation to build its brand. For example, Starbucks has built a culture and brand that includes very public dedication to international fair trade. Customers who care about fair trade are more likely to buy from—and stay loyal to—Starbucks.

### ? ? PPractice Question

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## Levels of Corporate Culture



E.H. Schein's model of corporate culture includes artifacts, values, and assumptions

E.H. Schein is a theorist who studies corporate culture. In 1992, he wrote a book titled *Organizational Culture and Leadership*, which suggests that there are three levels of corporate culture. At the core of a culture are basic **assumptions** about human behavior, which are usually so ingrained into the culture that they're difficult to pinpoint. Surrounding the assumptions are expressed **values** drawn from those assumptions. These usually appear in the form of standards, rules, and public expressions of the organization's philosophy. At the surface level are **artifacts** that are the outcome of the assumptions and values—these appear as actions, policies, the physical environment, office jokes, and so on.

For example, when Home Depot, under the leadership of a new CEO, needed to return the company to its customer-centric roots in 2007, it quickly introduced artifacts—buttons and awards—to remind everyone who came first: customers. Sales associates began wearing buttons that invited customers to ask for help. Associates were rewarded for outstanding customer reviews and recognized in meetings with sales plaques and more buttons. With a renewed focus on its stated value of providing excellent customer service, Home Depot began hiring people who loved serving customers instead of worrying about costs and profits. Management did not completely abandon the cost discipline of its previous CEO, but it loosened the reins substantially. The underlying assumption was that profits would return if the company took care of customers. Profits did return, although the competition from Lowe's has been stiff.

There is no right or wrong set of assumptions and values, and companies can be successful no matter which values they embrace. You are, however, most likely to do well with a company that shares your beliefs. Just looking around a workplace can help you to determine whether a company values hierarchy or shared authority, individual achievement or teamwork.

### ? ? Practice Question

<https://assessments.lumenlearning.co...essments/12251>

1. "Corporate Culture," Inc. 2017. <https://www.inc.com/encyclopedia/corporate-culture.html>. ↩
2. "IBM Rally Song, Ever Onward," IBM, [https://www-03.ibm.com/ibm/history/multimedia/everonward\\_trans.html](https://www-03.ibm.com/ibm/history/multimedia/everonward_trans.html) ↩
3. Have you ever read about Apple's core values? (2017, May 25). Retrieved September 15, 2017, from <https://thinkmarketingmagazine.com/apple-core-values/> ↩

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- Video: Ever Onward: IBM . **Authored by:** Computer History Museum. **Located at:** <https://www.youtube.com/watch?v=YBpNzzz1XgU>. **License:** *All Rights Reserved*. **License Terms:** Standard YouTube License

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