

## Organizational Culture: Four Essential Aspects

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Discussion of “corporate” or organizational “culture” has been growing over the past couple decades, and for good reason.

“Culture” is the organizational/group counterpart to what we call “character” in an individual. It’s all well and good for an individual to say that he or she is committed to x, y, or z. But do they have the strength of *character* to make it happen? Character is about our capability, readiness, and inclination to act in one way or another. Character is about the muscle, will, and skill to walk our talk. The positive inclinations and capabilities we often call “virtues” of character; the negative ones have been called “vices.”

So too in organizations and businesses: it is our corporate character---our culture---that either enables or disables our performance. An “accidental” or “misaligned” culture has the same chance of success as an out-of-shape competitor in the Olympic Games. A toxic, negative business culture has the same chance of success as a toxic team culture and organization in professional sports.

No matter how glorious our mission and vision or how exemplary our code of ethics and business conduct, the wheels are going to come off if the cultural strength is not there. As Lou Gerstner wrote in *Who Says Elephants Can't Dance?* (HarperBusiness, 2002; p. 182), “I came to see, in my time at IBM, that culture isn’t just one aspect of the game---it *is* the game.”

Business cultures have four aspects, four layers, four components. Neglecting any one of these aspects is a recipe for weakness.

### Physical Culture

Our physical infrastructure is laden with values. What I mean by that is that our buildings and grounds, our furnishings and office set-up, our fleet of company vehicles, our equipment, hardware and software, all shout out “teamwork” (or “individual”) .....”class hierarchy” (or “equality”) .....”beauty” (or “ugly”).....”share” (or “protect”) .....”come on in and make yourself comfortable” (or “go away”) ..... and so on. Don’t expect your organization to build camaraderie and teamwork if your office configuration leads them away from each other and provides no congenial meeting space---or if every computer has its own distinctive program configuration.

The point is to figure out carefully what the core values of your culture need to be for success, and then embed those values in the physical infrastructure of the company.

### Organizational Culture

Our policies, structures, and processes are also laden with values. For example, our communication and information processes are positive, inclusive, and transparent—or negative, exclusive, and obscure. Some information *should* and *must* be protected, of course. The point is to examine our internal and external communication policies and align them with our core values. A second, obvious, example here is compensation: if our compensation is all individual, don’t expect teams to perform at their best. If it is all about team and group, don’t expect individuals to be as motivated in some circumstances.

The point is that the core values of our company culture need to be intentionally embedded in the org chart, the policies and processes by which we operate.

### Personnel Culture

The third level of culture is that of human flesh and blood. If we believe that “teamwork” is a critical core value but we hire individualists, no matter how high performing in other ways, our culture will limp along.

If “fun” is a core value (Southwest Airlines, Whole Foods) and we hire grumpy personalities, no matter how expert in flying or groceries, our culture will be out of alignment. In *Good to Great* Jim Collins talks about the critical importance of “getting the right people on the bus” and the wrong people off.

The point is that the personal character traits and values of employees must align with the core values of the culture or we will not achieve the excellence and ethics we hope for.

### **Informal Culture**

The fourth level of culture is the informal atmosphere, the company rituals and habits, the stories told around the water cooler. It’s how we dress, greet one another, celebrate or mourn together (or alone), make decisions, react to news, good and bad, and so on. Actually, in the corporate culture literature, this aspect of culture gets quite a bit of attention. The difference between casual, fun cultures like Southwest Airlines or Trader Joe’s and their more straight-laced counterparts fascinates observers. It is important for managers and leaders to take a cultural reading at this level and take action to build a healthy, positive informal atmosphere. People spend a huge part of their lives in the workplace; making sure that that workplace experience is positive and enabling is just smart leadership.

***A cultural anthropologist (like Indiana Jones) would pay careful attention to (1) the physical, (2) the organizational, (3) the people, and (4) the informal aspects of any new civilization they discovered. Business leaders can’t afford to overlook any of these aspects of their own corporate cultures as they pursue excellence and ethics.***