

Corporate Culture: Its Connection to Organizational Success

By Marcel Faggioni

In this day and age, we often hear management theorists and organizational behaviouralists tout the importance of having a unifying corporate culture. Despite their preaching, business and organizations fail to place a great deal of effort in fostering a corporate culture, which drives its employees towards a common goal. Why is this? Some would argue that many managers and leaders view the concept of “Corporate Culture” as somewhat elusive and intangible. Many in leadership positions also don’t value the effort in focusing much attention on this softer side of managing an organization. To the detriment of the corporate culture, more value is placed on the more immediate and short-term needs of the business or organization. This article is meant to provide some element of clarity on this topic and to explore the reasons why “corporate culture” plays a defining role in the success of many organizations and businesses.

First, let’s us begin with defining the term “corporate culture’ (also known as “organizational culture”). A widely accepted definition is “... a system of shared beliefs and values that develops within an organizational structure and that guides the behaviour of its workforce”. Most would also add that no two corporate cultures are exactly the same. Alternatively, it could be said that corporate culture is as unique as the business or organization. No two organizations are the same; therefore, one should not expect the corporate culture of one organization to fit or be perfectly identical within another organizational setting. Corporate culture is unique and is a by-product of the human element within the business or organization.

With the definition of corporate culture behind us, let’s tackle the question as to “why it is important for an organization to have a unifying corporate culture?” The most obvious reason is that a workforce sharing a unified vision of the direction of organization can create the type of solidarity and commitment required to effectively achieve the organizational mission and associated objectives. Change needed to enhance organizational stability and maintain market dominance is typically achieved with less effort if the corporate culture is widely shared by the majority of personnel. If all members of the organization have the same mindset, one would naturally expect less resistance and challenge as an organization or business embarks on a new venture requiring some element of organizational change. The converse therefore holds true. Organizations plagued with strong and diverse countercultures experience much higher levels of resistance and challenge to change, regardless of the reasons for organizational change. Countercultures are patterns of values and ideologies that ostensibly reject those of the existing culture. Countercultures contribute to the deterioration of the prevailing organizational fabric, thereby generating strife and chaos within the organization’s rand and file.

A unified corporate culture often contributes to greater cohesion among employees and greater emphasis on teamwork. The positive off-shoots and dividends of such a team-focused working environment are quite numerous and include such things as positive employee morale, lower rates of absenteeism, lower rates of turnover and higher productivity gains. These advantages are often cited and documented in much of the current organizational behaviour literature.

Successful companies such as Hewlett-Packard, Wal-Mart, Southwest Airlines and Nordstrom have long recognized the merit of nurturing a unified and shared corporate culture. In the case of Hewlett-Packard, this corporation has been able to maintain its market supremacy in the laser printer segment, despite the countless attempts by Japanese companies to unseat it. Many would point to Hewlett-Packard's unifying "HP Way" philosophy as its main weapon in fending off the competition. For these corporations, the prevailing and dominant corporate culture has allowed them to maintain market dominance and financial buoyancy even during times of economic downturns.