

LEADERSHIP:

Theory, Application, Skill Development

2d Edition
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Chapter 12

Leadership of Culture, Diversity, and the Learning Organization

Chapter 12

Learning Outcomes

- The power of culture.
- Distinguish between a weak and strong culture.
- Low and high performance cultures.
- Symbolic and substantive leadership actions.
- The four cultural value types.
- Framework for understanding global cultural value differences.
- Primary reasons for embracing diversity.
- Leader's role in creating a diverse culture.
- Leader's role in creating learning organization.

Organizational Culture

- Great culture is the common denominator among great companies
- High-performance companies have high-performance cultures

Culture

The set of key values, assumptions, understandings, and ways of thinking that is shared by members of an organization and taught to new members



CULTURE

- Each organization has unique culture
- Based on the values & principles displayed by leaders
- Has its own stories & myths
- Determines how to responds to threats & opportunities
 - In both the external & internal environment
- Deeply rooted
 - Core essence of organization
 - Often first expounded by founder

CULTURE & STRATEGY

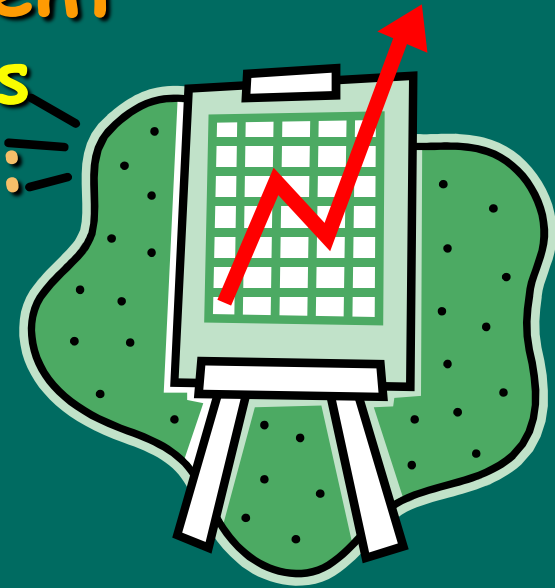
- Must match
- Energized members to do their jobs
- When out of sync
 - Reduces efficiency & effectiveness
- When culture is well matched to strategy
 - Can lead to successful organization
 - Creates internal unity
 - Helps organization to adapt to external environment
 - Creates strong member identification with the organization

CULTURE

- *Weak*: Little agreement on values & norms of member behavior
- *Strong*: Clear, explicit set of principles & values
 - Used to conduct business
 - Mgmt communicates values & principles, continuously
 - Shared throughout organization
 - Does not significantly change when new leader is chosen

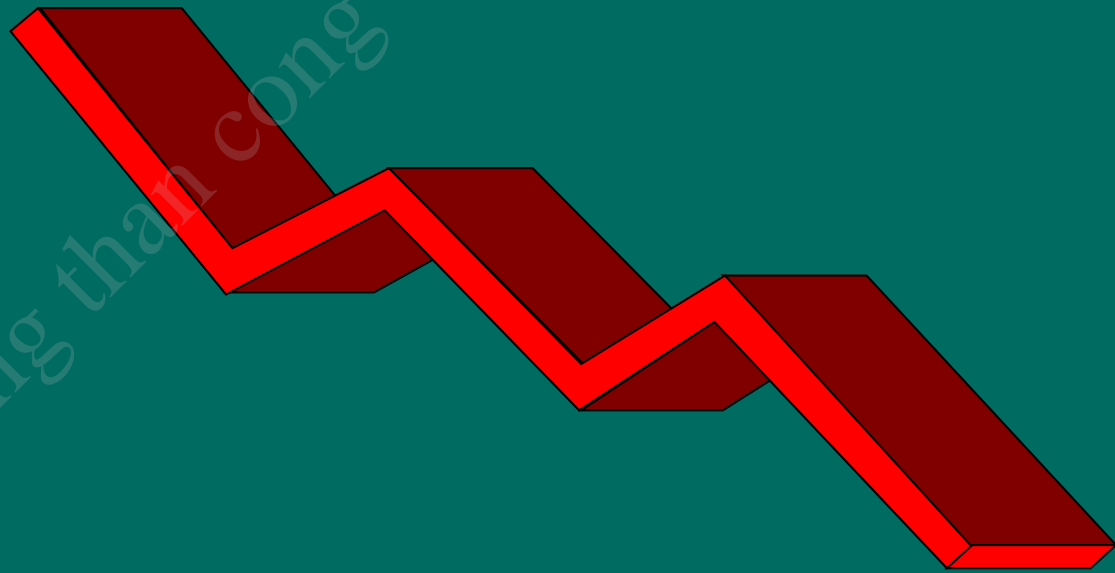
FACTORS FOR STRONG CULTURE

- Strong founder or leader develops principles, practices, & behavior for:
 - Customers' needs
 - Strategic requirement
 - Competitive environment
- Total organizational commitment
 - To operating under these values
- Unwavering commitment from:
 - Employees
 - Customers
 - Shareholder
 - Other stakeholders



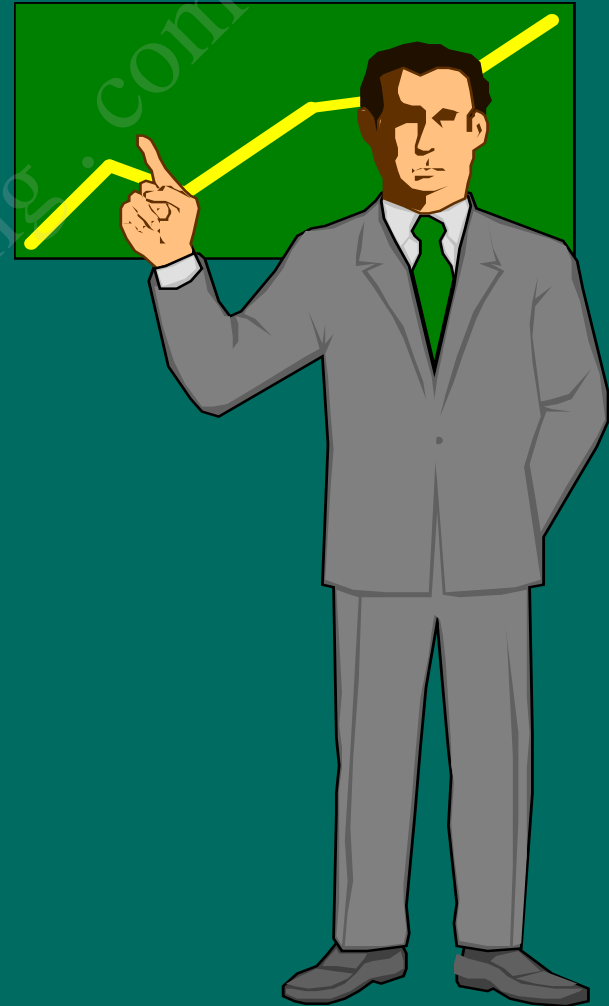
Characteristics of Low-Performance Cultures

- Insular thinking
- Resistance to change
- Politicized internal environment
- Unhealthy promotion practices



Characteristics of High-Performance Cultures

- Culture reinforcement tools
- Intensely people oriented
- Results oriented
- Emphasis on achievement and excellence



Symbolic Leadership Actions for Shaping Culture

- Leaders serve as role models
- Ceremonial events for high achievers
- Special appearances by leaders
- Organizational structure



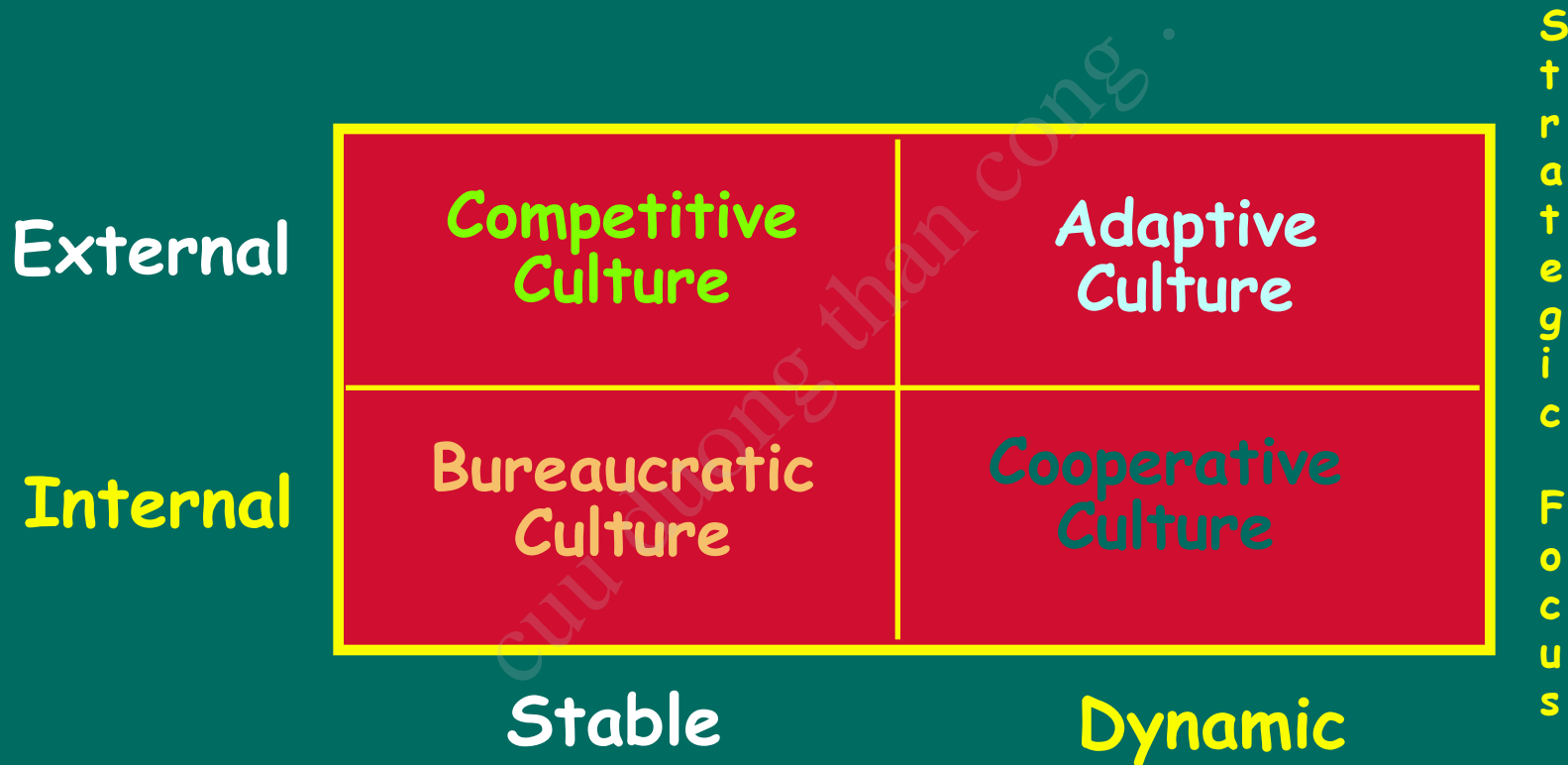
Substantive Leadership Actions for Shaping Culture

- Replace members of old culture with new members
- Change dysfunctional policies and practices
- Reengineer strategy-culture fit
- Realign rewards/incentives, resources
- Facilities design
- Develop a written statement



Types of Organizational Culture

Degree of Environmental Turbulence



Source: Based on M.D. Youngblood, "Winning Cultures for the New Economy," *Strategy and Leadership* 28, 6 (Nov/Dec2000): 4-9; G.N. Chandler, C. Keller and D. W Lyon, "Unraveling the Determinants and Consequences of an Innovative-Supportive Organizational Culture," *Entrepreneurship Theory and Practices* 25, 1 (Fall 2000): 59-76; J.R. Jr. Fisher, "Envisioning a Culture of Contribution," *Journal of Organizational Excellence* 20, 1 (Winter 2000): 47-52.1

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CULTURAL VALUE TYPES

- **Cooperative**

- Period of change & uncertainty
- **Internal focus**
- Empowers employees to respond to changes in outside environment
- **Emphasizes: Teamwork, cooperation, consideration, social equality**

- **Adaptive**

- **Fast changing business environment**
- External strategic focus
- **Encourages introduction of new strategies**
- Risks accepted
- **Do what is necessary for success**
- Reward to employees for experimenting

CULTURAL VALUE TYPES

- **Competitive**
 - Stable business environment
 - External strategic focus
 - Focus on specific targets
 - Drive to win is what holds the organization together
- **Bureaucratic**
 - Stable environment
 - Internal focus
 - Strict rules & procedures
 - Highly structured
 - Efficiency driven
 - Very vulnerable to changes in environment

Values

- Generalized beliefs & behaviors that are considered by an individual or group to be important
- Relationships between leaders & members are based on shared values
- Employees learn organizational values by observing leaders

Ethics

- Provide guidelines for conduct & decision making
- Leadership must have high ethics for the organization to have them
- Top management must be committed to high ethics

Supporting High Ethical Standards

- Codes of ethics
 - Formal statement
 - May be part of mission statement
- Ethics Committees
 - To oversee ethical issues
- Ethics Ombudsperson

Ethics Ombudsperson

- A person charged to act as the organization's conscience
- Hears & investigates complaints
- Points out ethics failures to top management

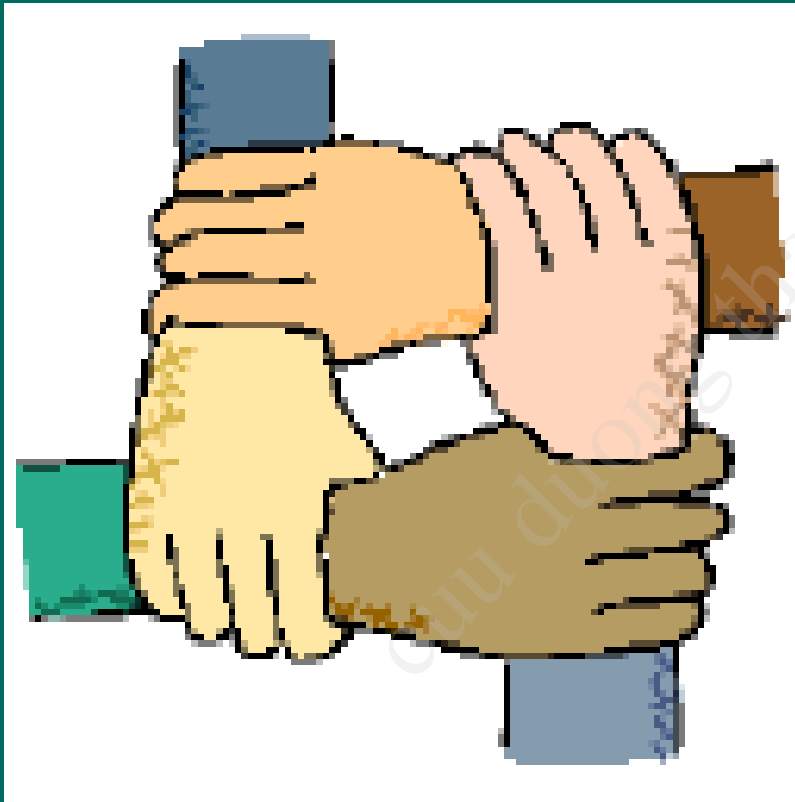
Supporting High Ethical Standards

- **Training Programs**
 - Teach employees to internalize ethics into performance of business
- **Disclosure Mechanisms**
 - Allow individual to report ethics violations without retribution

MORAL REASONING

- Process used by leaders to make decisions about ethical behaviors
- **Stages**
 - Pre-conventional level
 - Based on self-interest
 - Conventional level
 - Based on gaining others' approval
 - Post-conventional level
 - Based on universal, abstract principles which can transcend law

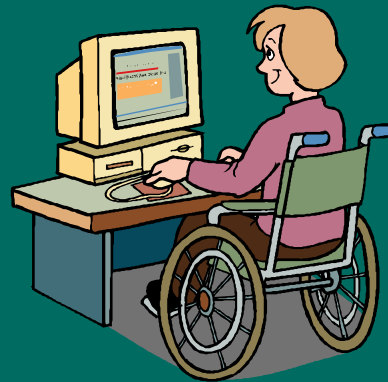
Diversity



The
inclusion of
all groups
at all levels
in an
organization

The United States

- Population very diverse
- Called the “melting pot”
- Becoming increasingly diverse
- Work force also changing
 - More Minorities
 - More Women








STRENGTH OF DIVERSE ORGANIZATION

- Marketing advantages
- Development & retaining talented people
- Cost effectiveness
- Creativity



Framework of Value Dimensions for Understanding Cultural Differences

	High Uncertainty Avoidance	High Power Distance	Long-term Orientation	Masculinity
				
Collectivism	Low Uncertainty Avoidance	Low Power Distance	Short-term Orientation	Femininity

Management Commitment



ACHIEVING DIVERSITY

- Remove obstacles
 - Stereotypes & prejudice
 - Ethnocentrism
 - Outdated policies & practices
 - Glass ceilings
 - Unfriendly work environment



Achieving Diversity



Culture of Diversity

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graph TD; A[Culture of Diversity] --> B[Low Levels of Conflict]; A --> C[Bias-Free Environment]; A --> D[Diverse Leadership Structure]; A --> E[Strong Identity with Organization];
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Low Levels
of
Conflict

Bias-Free
Environment

Diverse
Leadership
Structure

Strong
Identity with
Organization

Strong Support Network
for Women and Minorities

LEARNING ORGANIZATIONS

- Skilled at creating, acquiring, and transferring knowledge
- Modify behavior to reflect new knowledge and insight
- Value experimentation, initiative, innovation, flexibility

LEARNING ORGANIZATIONS



- Strong top-mgmt support
- Provide resources to foster learning at all levels
- Emphasis on both long-and short-term performance
- Little fear of failure

Learning Organization Characteristics

- Learning embedded in culture
- Visible & strong management support
- Mechanisms & structures to nurture ideas
- Knowledge & information is disseminated
- Resource are committed in fostering learning

Learning Organization Characteristics

- Employees empowered to resolve problems
- Equal emphasis on short- and long-term performance
- Deep desire throughout to develop, define, and adapt
- People are not afraid to fail

The Traditional vs The Learning Organization

Traditional

- Stable environment
- Vertical structure
- Top-down strategy
 - Centralized decision making
- Rigidly defined and specialized tasks
- Rigid culture not responsive to change
 - Formal systems of communication

Learning

- Changing environment
 - Flat structure
- Collaborative strategy
 - Decentralized decision making
- Loose, flexible, and adaptive roles
 - Adaptive culture
- Continuous improvement
 - Encourages change
 - Open exchanges without filters

LEADERS OF LEARNING ORGANIZATIONS

- Encourage creative thinking
- Create climate to encourage experimentation
- Provide incentives for learning & innovation
- Encourage systems thinking
- Create culture for team & individual learning

LEADERS OF LEARNING ORGANIZATIONS

- Have system to channel & nurture creative ideas & innovation
- Create shared vision for learning
- Broaden employees' frames of reference
- Create environment that allows learning from mistakes

Discussion Question #1

What are similarities and differences between the cooperative culture and the adaptive culture?



Discussion Question #2

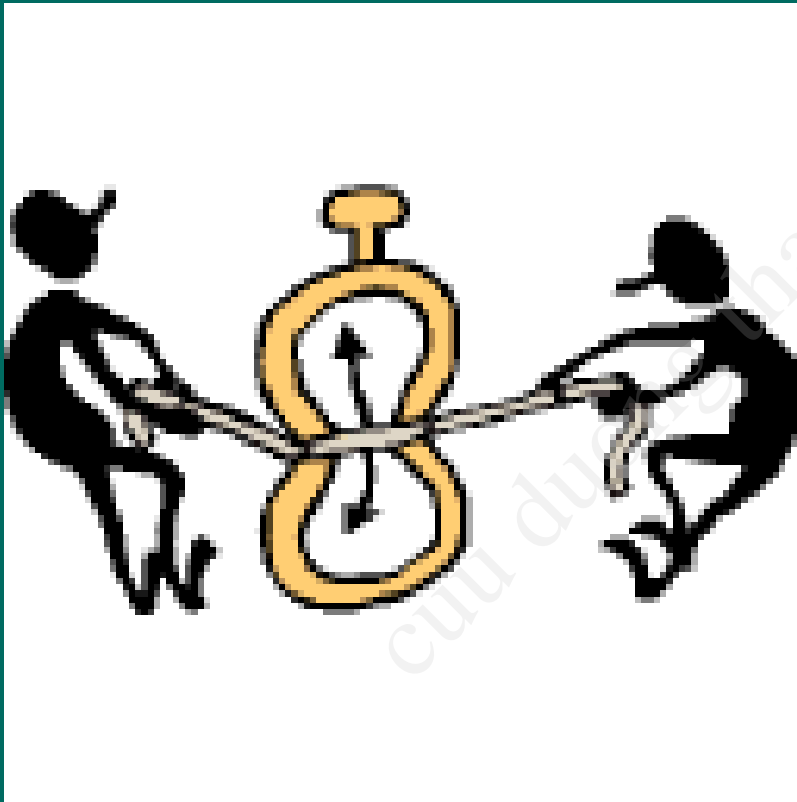


How does a code of ethics help enforce ethical behavior in an organization?

Discussion Question #3

How would individualism as a value dimension among followers affect their interaction and relationship with other coworkers who display collectivism?

Discussion Question #4



What potential problems could develop in a case where a leader has a scarce time orientation but his followers have an abundant time orientation?

Discussion Question #5

Why has the “melting pot” mentality of multiculturalism been replaced with the “salad bowl” mentality?



Discussion Question #6



What are the major obstacles often encountered in trying to achieve diversity?

Discussion Question #7

What are the leading characteristics of learning organizations?

