

Organizational Culture

With illustrations from Liar's Poker

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Elements of Culture

- Cognitive schemas (metaphors, scripts and frames that mold our expectations and help us assign meaning and order to the stream of experience)
- Shared meanings (Common interpretations of events)
- Perceptions (How the world is, how things work. Implicit theories of the market, of management, of politics, of human nature)
- Prescriptions and Preferences (What the best way to do things is; What they want to happen)
- Behavioral codes (How to dress, how to act, what kinds of things you can joke about, is it cool to be late?)
- Basic values (What is really important; what is evil)
- Myths and legends (Stories about the past: knowledge of the stories identifies you as belonging, and often the stories have hidden points like this is what happens to people who...)
- Heroes and heroines.
- Emblems (objects that have meaning, like group t-shirts, gold watches)
- Rituals

Schemas

- central metaphors like the jungle
 - Jungle guides
 - Big swinging dicks
 - eat or be eaten
- the market always has a fool. If you can't see one, it's probably you.
- Trainee to geek to Michael to big swinging dick

Shared Meanings & Perceptions

- "equities" is more than just stocks, it means lower status, boring
 - these are often unique to the company
- Chernobyl
 - when the Chernobyl nuclear power plant meltdown occurred, traders immediately start buying things, because they know that the effect of a disaster will be to make certain things scarce, like uncontaminated foods (potatoes), and alternative energy (oil).
- “blowing up a customer”
- a trader has to trust his gut
- best way to manage a trader is get out of his way
- “Customers have very short memories”
- “jamming bonds”
- “you are proof that some people are born to be customers”

Emblems & symbols & rituals

- 41st floor
- big swinging dick
- victory lap
- equities in dallas
- Friday feeding frenzy

Myths, Legends, Stories

- the liar's poker story: the million dollar bet.
- the pranks (suitcase, cafeteria)
- incidents in the training class
- key moments like selling of the olympia and york bonds

Heros & Heroines

- Meriwether: mythical status
- Rubin: iconic

Basic Values

- success and courage
- not honesty, not integrity

Prescriptions & Preferences

- Don't talk to the press
- we want to be the biggest, meanest most dominant force on wallstreet
 - Versus: we want to be known as honest

Behavioral Codes

- How to dress, how to act, what kinds of things you can joke about, is it cool to be late, etc.
- in mortgage dept., dress any way you want
- don't invite a senior mgr to have threesome, but sexual harassment ok.
- blowing up customers is ... understandable
- pranks are ok
- swearing is ok

Unmentionables

- Arab blacklist
- Mentioning money in job interview

Subcultures

- Each group has own culture to some extent
- Occupational subcultures
 - Mortgage traders
- Regional subcultures
 - London office vs New York office

Origins of Culture

- Larger social units within which a given culture is contained
 - National cultures
 - Occupational cultures
- Adaptation to environment
 - Routinized solutions to recurrent classes of problems

Management Issues

- What kind of culture do you want?
 - Salomon created jungle for traders
 - Creativity, passion, roi, changing environment
 - Doesn't develop managers; uncontrolled costs
 - Disney created precision machine
 - Efficiency, minimize routine exceptions, stable environment
 - Hard to adjust to environmental change
- Strong culture facilitates coordination & action
 - Widely shared, internally consistent
 - But may prevent change
 - Salomon (bonds vs equities) vs drexel
- Managing the merger & coordinating across units

Career Point of View

- Knowing the culture is source of competitive advantage
- Joining a new organization
 - Avoiding faux pas
- Getting your way
 - When making decision, top mgmt will favor course of action in line with how they see world
- Cultural toolkit
 - Opportunist's use of memo and victory lap

Discovering an Org's Culture

- Distinguish surface elements (clothing) from underlying principles, processes
- What past problems must have been encountered repeatedly to generate the present culture?
- How do they talk about non-group members?
- How do people gain power/status? What is evil?