Organizational Assessment: Guessing Won't Work

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In today's fast, dynamic, and competitive global economy, a critical factor in the business world is organizational effectiveness. Companies rarely have sufficient time to assess their employee cultures and organizational processes, but those assessments are exactly what will enable success or spell failure. Thousands of books and self-proclaimed experts suggest that they have a packaged strategy to ensure cultural alignment and organizational effectiveness. The truth is, however, that no single answer or model fits all. Skill, experience, and work are necessary for assessing and managing a culture. Many organizations use consulting firms that employ scientific testing and assessment tools to accomplish the professional assessment. These firms have experience in behavioral and cultural evaluations. Such assessments can spare organizations the devastating impact of a dysfunctional or destructive organizational culture. Nothing will kill a business faster. Few things will create employee satisfaction better than organizational and cultural harmony. How can an organization be sure its culture is compatible with its business goals, objectives, and new hires?

Introduction

It is crucial that an organization's culture is in alignment with its strategic objectives.

In a survey of human resources executives, respondents consistently picked "importance of culture" as a key company priority and concern. It is crucial that an organization's culture is in alignment with its strategic objectives. Guessing that it is or hoping that it will be has little chance of making it so. To achieve alignment, requires active involvement in the social system. An accurate assessment of the organization and its culture is needed to be able to align the culture with the objectives. Culture is made up of the deeply held beliefs, values, principles, norms, and perceptions shared by members of the organization. The culture differs from the organization's climate and the organizational values in that climate refer to policies, practices, procedures, and routines that establish the formal organization; published company values are those ideals professed by the management. Naturally, climate, value, and culture are connected, but culture creates the underlying paradigm that puts the organizational behaviors into context for the members of the organization. Real organizational values, of course, would be those also shared by the rest of the organization.

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Each group of people, or each organization, has a unique personality and way of achieving organizational effectiveness. The demands of the global economy and new work force make leadership, management, and organizational effectiveness critical issues for organizations in the 21st century. Today's organizations employ a work force that has much greater autonomy and individualization, which makes the job of managing and leading more difficult. The new intellectual work force will not blindly follow a company's direction if it is out of sync with the organization's real culture. Knowing what their real culture is has become a survival factor for many organizations.

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In today's world, less time passes between decision and result. Few things can have a more negative impact than managers, employees, and organizations that are not aligned. The culture and paradigm of the work force are the bedrock upon which organizational effectiveness sits. If the base is weak, the processes and activities dependent on the people in the organization will keep falling out of alignment. Still, some believe that the "I am the boss, and you will obey" approach will work, but this tactic never has worked; that kind of behavior will draw active resistance and sanctions from the 21st-century worker and organization.

Assessment Importance

Often, this culture will provide the context for supporting either desired organizational behavior and effectiveness or undesired resistance and conflict.

As often pointed out, an undisputed dynamic of organizational life is that a group's leader has the most significant impact on the behavior of a group and its alignment with the larger organization or society. To succeed, managers need the good will of the organizational leaders who are not necessarily the hierarchically most superior or powerful people in the organization. In fact, employees often seek advice from informal leaders or elders within an organization, despite these leaders' lack of formal power or authority. It is the informal leader's advice that will reflect the true culture of the group. Often, this culture

will provide the context for supporting either desired organizational behavior and effectiveness or undesired resistance and conflict.

Organizations rarely fail because of capacity, capability, or character. If the organization is unsuccessful, it is usually because the practices, goals, and processes being implemented by the managers just don't fit the culture of the organization; or the existing culture just will never align with the organizational objectives. For example, a culture emphasizing democratic process, equal say, and consensus might work well in a military unit until it needs to accomplish a combat mission that requires command, direction, hierarchy, and discipline. The culture must align with the organizational purpose. Culture and mission alignment is not as easy to create in today's modern business organizations.

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Often, managers fail to understand that the internal culture is a subset of an extended organization, which includes the enterprise's management, employees, shareholders, vendors, customers, business partners, influential partners (such as communities and governments), and employee links (such as schools, churches, and health organizations). It is unrealistic to think that managers will only need to successfully deal with controllable resources and variables within company walls. A successful manager and leader is an adroit social integrator first and a business expert second. In fact, the higher up the corporate ladder a manager progresses, the more this is true.

So how do organizations know whether they are organizing and managing in a way that is compatible with the organization's culture? Companies can conduct an organizational assessment that investigates, analyzes, and diagnoses group behavioral factors, and processes and determines the organization's behavioral norms and culture.

Assumption-based beliefs are almost always wrong.

Too often, managers and management teams act on their gut feelings about how employees feel or what motivates employees. Those assumption-based beliefs are almost always wrong. It requires a trained and objective observer to determine what the real culture is. Often, top-level managers have an optimistic view of how the organization is functioning, and their view is not shared by individuals of lower status in the organization.

Only a rigorous assessment of behaviors and perspectives within a company will produce an accurate understanding of what makes the organization tick. Only this kind of professional analysis can give a business the knowledge to formulate and implement procedures, practices, and organizations to achieve an alignment that will lead to the company's meeting its objectives.

Hagberg Consulting Group (Foster City, California; **www.hcgnet.com)** is a leading supplier of services such as pre-hire assessment, executive development, organizational effectiveness, cultural assessment, and succession planning. Dr. Arthur Resnikoff, a consulting psychologist with Hagberg Consulting, illustrates why organizations so often find themselves in a state of organizational dysfunction. "Leaders often think the organization's culture is what they have decided in an off-site meeting. Because there are so many measures of culture, it is really hard to know how the various levels of the organization see these issues from their perspective. For example,

measurements of how adaptable the company is, what the level of trust in upper management is, how confident employees are on the future of the organization, or how much stress individuals may feel are just a few of the issues that are hard to know without an in-depth view of the entire organization."

Unlike many cultural assessment analyses, Hagberg Consulting's includes methodology, tools, and a consultative analysis:

- Its cultural assessment tool (CAT) is an objective, quantitative survey first administered to a stratified random sampling of a company's employees.

- Organization members are interviewed in depth for two hours so key cultural elements can be identified.

- The CAT measures employee perceptions of 42 aspects of organizational culture, including dimensions such as politics, customer focus, innovation, trust, experience, diversity, and teamwork.

- Conclusions quantify the degree of the culture's fragmentation or integration and the degree to which employees agree what their beliefs and values are.
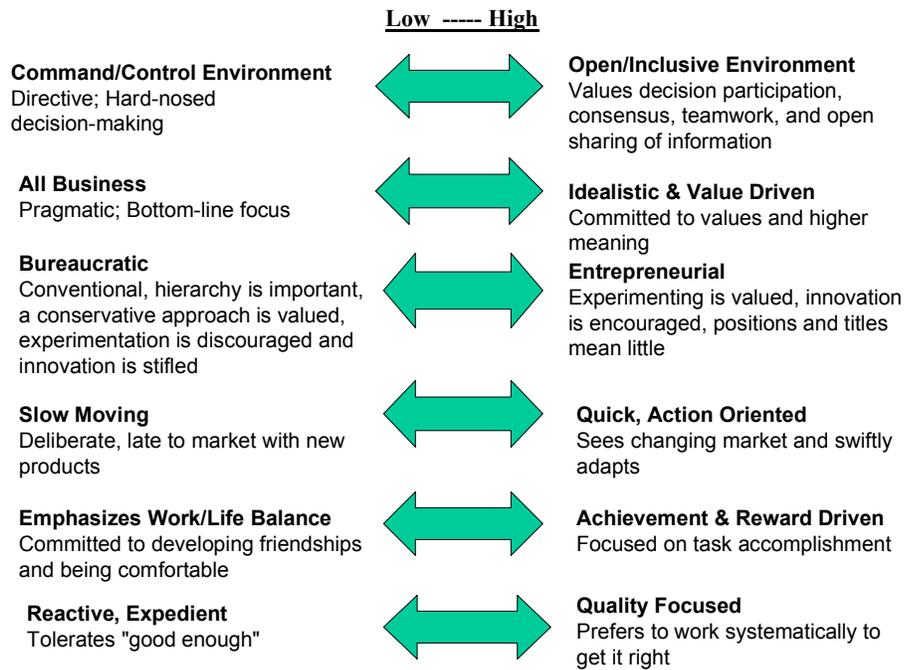
Figure 1 shows how Hagberg Consulting's "Factor Profile of Culture" report dimensions are contrasted to provide a picture of the culture.

Scores can show how well that organization's culture is aligned with the objectives.

The "ideal culture" encompasses what individuals view as the important factors for accomplishing their strategic objectives. The gaps between the actual and ideal cultures are indicators of what an organization needs to focus on to bring about the changes necessary to move toward meeting its objectives. An organization's scores on desired cultural factors can be used to determine the behaviors necessary to accomplish the organizational goals. Scores can show how well that organization's culture is aligned with its objectives. If improved organizational effectiveness is desired, the assessment exercise identifies the areas that need development and the behavioral changes that will most effectively align the culture with the objectives. The advantage of Hagberg Consulting's exercise is that it enables an organization to scientifically quantify the "soft" components of organizational culture with data and analysis so that optimal alignment and effectiveness may be achieved.

Figure 1

Contrasted Dimensions from Hagberg Consulting Group's Sample Factor Profile of Culture Report

<u>Low ----- High</u>

Command/Control Environment
Directive; Hard-nosed
decision-making

⟷

Open/Inclusive Environment
Values decision participation,
consensus, teamwork, and open
sharing of information

All Business
Pragmatic; Bottom-line focus

⟷

Idealistic & Value Driven
Committed to values and higher
meaning

Bureaucratic
Conventional, hierarchy is important,
a conservative approach is valued,
experimentation is discouraged and
innovation is stifled

⟷

Entrepreneurial
Experimenting is valued, innovation
is encouraged, positions and titles
mean little

Slow Moving
Deliberate, late to market with new
products

⟷

Quick, Action Oriented
Sees changing market and swiftly
adapts

Emphasizes Work/Life Balance
Committed to developing friendships
and being comfortable

⟷

Achievement & Reward Driven
Focused on task accomplishment

Reactive, Expedient
Tolerates "good enough"

⟷

Quality Focused
Prefers to work systematically to
get it right

Source: Hagberg Consulting Group, 2000

Each item must be evaluated in a way that ensures validity and repeatability.

The factors reflected in Table 1, taken from one of Hagberg Consulting's sample assessment reports, indicate the complexity of an organization's culture. As part of its cultural assessment of a company, Hagberg Consulting uses 39 dimensions of organizational health, which fit into key assessment areas such as leadership, communication, and motivation. Table 1 shows the complexity of an organizational assessment and indicates the difficulty in arriving at an accurate evaluation. Each item must be evaluated in a way that ensures validity and repeatability.

Table 1
Hagberg Consulting Group's Company Cultural Assessment Dimensions

Cultural Characteristic/Behavior	Low Score Behavior	High Score Behavior
Aggressiveness	Non-opportunistic	Actively seeks and seizes opportunities
Pressure, stress, and pace	Easy-going, relaxed pace and environment	Tense, high-pressured, and rushed environment
Sociability	Not friendly, little socializing	Socially affiliating, friendly atmosphere
Financial/bottom-line focus	De-emphasizes financial performance	Focused on financial performance
Risk taking	Cautious, plays it safe	Encourages risk taking, new ventures
Performance pressure	Strives for work/life balance	Hard driving; workaholic
Loyalty (employee)	Employees unattached to organization	Strong employee loyalty and allegiance
Competitor awareness	Indifferent to competition	Focused on competition
Loyalty (management)	Management is unconcerned about loyalty	Management fosters loyalty
Procedural formality	Formalized rules, policy driven	Informal rules and procedures
Nimbleness	Unresponsive, slow to change course	Swiftly adapts to changing needs
External focus	Insular, inwardly focused	In tune with industry and market
Supporting employee growth	Indifferent to employee growth and development	Supportive of employee growth and development
Customer driven	Indifferent to customer needs	Customer focused, service oriented
Creativity and innovation	Bound to conventional approaches	Values innovation, highly creative
Goal orientation	Vague, open-ended goals	Focused on clear, fixed goals
Organizational identity	Weak sense of connection and belonging	Strong sense of connection and belonging
Learning	Indifferent to learning	Places a priority on continuous learning
Individualism	Pressure to conform	Nonconforming, individualistic
Commitment to core values	Little attention to core values	Emphasizes and adheres to core values
Broader meaning	Not focused on broader meaning	Committed to broader meaning
Autonomy	Micromanages, tightly controls employees	Promotes employee independence
Trust	Distrusting, cynical, on guard	Trusting, unguarded
Acceptance of change	Avoids change, maintains status quo	Embraces and values change
Information sharing	Censoring, secretive	Open, communicative
Candor	Discrete, tactful, indirect	Candid, straightforward
Freedom of expression	Squelches emotions	Openly expresses emotions
Meritocracy	Promotion based on connections, loyalty, seniority	Promotion based on merit and achievement
Valuing excellence	Just-get-it-done environment	Committed to excellence
Accountability	Disregards responsibility for performance	Instills ownership of performance
Respect for the individual	Indifferent to employee needs	Human-centered, supports employee needs
Time horizon	Reactive, focused on short-term results	Focused on long-term planning, results
Confronting conflict	Suppresses and avoids conflict	Openly acknowledges conflict
Teamwork	Emphasizes individual contributions	Collaborative, cooperative, team oriented
Decision participation	Unilateral decision-making	Participative, consensus oriented
Business ethics	Little attention to business ethics	Adheres to highest ethical standards
Freedom from politics	Power struggles, manipulation abounds	Politics-free atmosphere
Hierarchy	Highly stratified, level conscious	Flat, egalitarian
Diversity	Lacks diversity awareness	Values and promotes diversity

Source: Hagberg Consulting Group, 2000

Organizational Effectiveness and Leadership

Executives of the enterprise must know what behavioral characteristics and norms are important and what areas could benefit from change.

To optimize the effectiveness of a group or enterprise, the firm needs to make sure that behaviors and perspectives are aligned with goals. Before they can take the necessary steps to achieve alignment, however, the executives of the enterprise must know what behavioral characteristics and norms are important and what areas could benefit from change. As noted earlier, senior leadership has an enormous impact on the effectiveness of an organization. The right leadership can create organizational synergy that will lead to superior worker contribution, satisfaction, and retention; whereas the wrong leadership will cause social (team) dysfunction resulting in delayed projects, poor quality, and increased worker turnover. IDC Human Resourcing Strategies research shows that the most common reasons for organizational failure are incompatible goals, values, and behaviors. How individuals and teams are organized, supported, and integrated will determine whether the organization has a chance at success. The leader/executive who must create that organizational alignment needs to be the enabler and catalyst for success. It is imperative that organizations have a solid understanding of the organizational culture. The dynamics and culture of every organization constantly change. Assessment and alignment, therefore, must be continual.

Conclusion

A professional assessment of a company's culture is critical to the success of the group and the company. Many of the best companies have internal experts dedicated to continual organizational cultural assessment and recommended-change management. They often enhance their results by using an expert firm: Its consultants must be competent; it must scientifically validate the instruments it uses; and it must practice privacy, confidentiality, and thoroughness. The kind of crucial information needed to make an informed decision is available only through a rigorous and scientific process.

When discussing human interaction and behavior as key enablers of organizational effectiveness, it is important to recognize that the dynamics of every organization are constantly changing. The work force and the organizational goals will constantly change; therefore, assessment, alignment, and change management must be ongoing processes.

Cultural and organizational alignment will not happen by chance.

Cultural fit and organizational alignment will not happen by chance. Only through solid assessment and change management will alignment and resulting organizational effectiveness occur.

The key to success is to do the assessment well before designing change programs aimed at enhancing organizational effectiveness and results.

Companies that do not continually assess and align organizational culture and fit will never achieve alignment or organizational effectiveness. These organizations are doomed to failure.

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