Aligning Culture with Human Resource Strategies

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Abstract

The purpose of this study is to gain insights into the relationship between organizational culture and strategic human resource management. The study explores the components of organizational culture, assessment of culture, the need for cultural change, and organizational change strategies with regard to human resource strategies including staffing, training and development, talent management, performance management, compensation, benefits, and employee relations.A review of the literature has indicated extensive research into the nature of organizational culture, and the effectiveness of various strategies for implementing organizational change initiatives. But the research has given little attention to the holistic and synergistic relationship between organizational culture and human resource strategies. The research also suggests that most cultural change efforts proceed with limited attention to the systemic nature of organizational phenomenon.

Keywords:organizational culture, human resource strategies, strategic HR, alignment

Introduction

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Background

Organizational culture as a concept has a fairly recent origin. Use of group norms and climate can be traced back to the 1930's where it was used by psychologists. However, the concept of culture was first used by Katz and Kahn in 1978 in *The Psychology of Organizations (*Schein, 1990*)*. Japan's phenomenal business success and thedecrease in U.S. production moved researchers to reexamine knowledge on organizational management (Plakhotnik & Rocc*o, 2011*). Over the years there have been many varying definitions for corporate culture. Deal and Kennedy (1982) define it as "the way things get done around here." According to Schein (2004,) "it is a pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems." In the sixth edition of their book, Human Resource Management, Jackson and Mathis state it "consists of the shared values and beliefs that give members of an organization meaning and provide them with rules for behavior" (2012, p. 3). Deal and Kennedy write that values form the heart of corporate culture (2000, page 14). The common theme here is "shared." Organizational culture's roots can be traced back to the concept of group norms documented by the Hawthorne experiments. According to Roethlisberger, these experiments were conducted at the Hawthorne plant of the Western Electric Company that revealed output as a form of social behavior (Hersey &Natemeyer, 2011).

As abstract as the concept of organizational culture may be, it is often grounded in clearly identifiable characteristics. These may include:

- A shared understanding of the organization's mission.
- Values that guide decision-making and activity at all levels in the organization.
- The focus and management style of senior officers.

- How employees think of their relationships with management, one-another, partner organizations, and clients.
- How an organization conducts its day-to-day business (Clouthier&Desson, 2010, p. 2).

It must be also be acknowledged that most organizations do not have one overall culture that permeates the entire organization. Subcultures exist within departments, product divisions, geographic areas, etc. Palthe and Kossek (2002) argue that subcultures and their supporting routine, habits, and norms within an organization enable, transform, or constrain the implementation of a firms's HR strategies. Further, they suggest a typology of organization cultural dimensions that have been empirically tested by Hofsted et al. (1990), and Yeungeg al. (1991). The four types of subcultures are: employee-centered, profession-centered, task-centered, and innovation-centered. In the employee-centered culture, high levels of employee commitment and loyalty are generated by paying significant amounts of attention to employees' well-being. The profession-centered culture is characterized by many professional rules and policies. The task-centered culture (the "rational culture" in Yeungs' typology) emphasizes the accomplishment of tasks and goals, and stresses the importance of rules and processes. Finally, the innovation-centered culture is characterized by a strong commitment to innovation, learning, and creativity.

Relevance to Human Resources

While the human resource department is not solely responsible for the creation or modification of an organization's culture, it would be beneficial for them to have a seat at the strategy table to create or change the existing culture. "…culture affects service and quality, organizational productivity, and financial results. One facet of the culture of the organization, as viewed by the people in it, is that culture may affect the attraction and retention of competent employees" (Jackson & Mathis, 2012). HR builds the foundation for organizational culture. Staffing, training and development, talent management, performance management, compensation, benefits, and employee relations are some of the core functions of HR and they set the tone and are predictors of employee morale and thus production. "…there are many ways that different aspects of an organization's culture may combine to influence performance" (Kotbra et al., 2012).

> For Schein, organizational culture exists at three levels: artifacts, values, and underlyingassumptions. Artifacts refer to what people feel and observe when experiencing aculture of an organization. Values refer to goals, principles, or norms of an organization..Underlying assumptions refer to the unconscious and taken-for-granted beliefs that representthe source for values and actions within the organization (Plakhotnik & Rocc*o,* 2011).

An organization's culture should not be confused withits mission statement or the image that the organization portrays. Ideally, these things should mirror each other; however this is not always the case. The culture is the reality in which employees operate on a daily basis.

The recent HR literature has explored the concept of an HR audit as a starting point for identifying opportunities for improvement. An HR audit is an assessment of existing policies and practices in comparison to best-practices and industry-standard benchmarks. It is essentially a comparison between "what is" and "what should be." Rothwell and Kazanas (1994) take it further and suggest that an HR audit should concern itself with the extent to which the HR activity supports, and is consistent with, the purpose of the organization which it serves. However, research conducted by Cannings and Hills (2012), suggests that the many documented HR audit models, and the approaches offered by those who promote HR audits, does not bear this out.

Chang and Huang (2005) have suggested that to improve firm performance and create firm competitive advantage, HR must focus on a new set of priorities. These new priorities are more strategic, and less oriented towards traditional HR functions such as staffing, training, performance appraisal, and compensation. Most HR audits are still internally focused, assessing the compliance of the HR function with legal and regulatory requirements, efficiency of processes and staff, comparison of key employee metrics to industry standards (e.g., cost per hire, time to competency, turnover rate, retention, etc.). Very few audit criteria reflect HR's contribution to organizational performance, workforce development, and organizational culture.

Changing Organizational Culture

Miriam Webster defines change as "to make different". According to Bate et al., "Organizational culture has consistently emerged asa pivotal variable in determining the success of effortsto implement institutional change" (Latta, 2009).

Denning (2011) posits that changing an organization's culture is one of the most difficult leadership challenges because an organization's culture comprises an interlocking set of goals, roles, processes, values, communications practices, attitudes and assumptions. Changing an organization's culture is no easy feat; it is not a one-step fix, but a process that will take time and resources.

Denning (2011) further lists the frequent mistakes in trying to change culture as:

- Overuse of the power tools of coercion and underuse of leadership tools.
- Beginning with a vision or story, but failing to put in place the management tools that will cement the behavioral changes in place.
- Beginning with power tools even before a clear vision or story of the future is in place.

The notion that employees are resistant to change isn't entirely true. They resist change when they are unsure of the impact that it will have on them. Murray writes that changing an entrenched culture is tough and to do so you must win the hearts and minds of the people you work with (Murray, n.d.).

Kim and Renee Mauborgne cite four hurdles that a manager faces when implementing changes in an organization:

1. Cognitive – people must have some understanding of why the change in strategy or in culture is needed.
2. Limited resources – inevitably, changing an organization will require shifting resources away from some areas and towards others.
3. Motivation – ultimately, workers have to want to make the change.
4. Institutional politics.

To overcome these hurdles, recognize that you won't be able to convert everyone at once, get people to buy into change as necessary, use your resources wisely, and finally build a coalition with a respected person on the inside (Murray, n.d.).

Organizational cultural change initiatives and human resource strategies must also take into account the reaction of every level of employee. Detert et al. (2000), in their review of the role of culture and change initiatives in organizations, call for future research to explore the role of organizational subcultures to better understand why some initiatives give rise to positive changes and others cause a maintenance of the status quo. They argue that organizations have paid limited attention to the values and beliefs of lower-level employees, "acting as if their management subculture represents a unitary, organization-wide culture." Green (1988) has argued that even the most brilliant HR strategy is useless if not socially acceptable.

Findings and Conclusions

Organizational culture is that thing that is sometimes called the status quo, nature of the business, the way we do things, etc. It literally will make or break a company's success. Cameron and Quinn emphasize that the success of organizations is not only determined by specific external conditions, for example, barriers to market entry, rivalry in the industry, and supplier and buyer power. They conclude that the remarkable and sustained success of some U.S. companies (e.g., Southwest Airlines, Wal-Mart, etc.) "has had less to do with market forces than with company values It is abstract, but with very tangible affects (Dauber, et al., 2012). A manager joining a new organization should be aware of exactly what culture exists there by doing their due diligence through research. It is something that is deeply imbedded and rarely changed because of this so if the culture is not complimentary of their needs it should be avoided. If a manager desires to change an organization's culture they must first have the support of the power players to include the board of directors. Without this group's buy in, the change is destined to fail. Communication is a key factor; the reasoning should be explained to all employees if they are to buy in. This is a change that must have the majority on board if it is to succeed. HR sets the foundation of an organization's culture through its core functions and from there it resonates throughout the organization chart. Managers and HR should collaborate when creating or changing organizational culture. For this to occur they both should have a seat at the strategy table. Finally, organizational culture is the DNA of a company; it defines it at its core.

A review of the literature has indicated extensive research into the nature of organizational culture, cultural assessment, validation of assessment instruments, and the effectiveness of various strategies for implementing organizational change initiatives.

Similarly, in regard to strategic human resources, the extant research has explored human resource audit methods, implementation of human resource improvement programs, the relationship between human resource policies and procedures with performance, retention, and morale. But the research has given little attention to the holistic and synergistic relationship between organizational culture and human resource strategies. The research also suggests that most cultural change efforts proceed with limited attention to the systemic nature of organizational phenomenon.

Suggestions for Future Research

Future research efforts should further explore the relationship between organization culture and strategic human resources. There is a need for a conceptual framework for understanding the alignment between HR strategy and culture. Such a model would be expected to assist business practitioners in creating holistic and synergistic organizational cultural change initiatives and human resource strategies. The model would also inform strategies for maximizing service and quality, organizational productivity, and financial results.

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