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# Modeling Organizational Culture in a Financial Institution

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MODELING ORGANIZATIONAL CULTURE IN A FINANCIAL INSTITUTION

A Thesis  
Presented to  
The Faculty of the Department of Psychology  
Western Kentucky University  
Bowling Green, Kentucky

In Partial Fulfillment  
Of the Requirements for the Degree  
Master of Industrial/Organizational Psychology

By  
Lauren Ashley Rogers

April 2002

MODELING ORGANIZATIONAL CULTURE IN A FINANCIAL INSTITUTION

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# MODELING ORGANIZATIONAL CULTURE IN A FINANCIAL INSTITUTION

Lauren Ashley Rogers

April 18, 2002

56 Pages

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Ideal versus current organizational culture perceptions, differences in perceptions of culture between hierarchal levels and departments, and the strength of organizational culture were investigated in the current study. Organizational culture was measured by Cooke and Lafferty's (1987) Organizational Culture Inventory. There were differences in culture perceptions between ideal versus the current culture, hierarchal levels, and departments. The organizational culture was perceived to be weak in comparison to the four desirable styles indicated by the OCI profile.

## MODELING ORGANIZATIONAL CULTURE IN A FINANCIAL INSTITUTION

The present study examined organizational culture in a financial institution.

Organizational culture is the shared implied assumptions a group has learned through coping with external tasks and dealing with internal relationships. The strength of an organization's culture indicates (a) the strength of the founder and leaders of the organization, (b) the quantity and quality of shared experiences by the employees, and (c) the degree of organizational success. This study examined four potential differences in perceptions of the organizational culture: (a) differences between the ideal culture (as defined by the CEO) and the existing culture, (b) differences between organizational hierarchical levels, (c) differences across departments, and (d) differences between the ideal culture (as defined by a theoretical model) and the existing culture. The Organizational Culture Inventory (OCI) (Cooke & Lafferty, 1987) was administered to a sample of employees to measure the extent to which they believed they must exhibit certain behaviors and meet expectations within the organization. The OCI is among the most widely used and thoroughly researched tools for measuring organizational culture (Cooke, 1987). Upon completion of the OCI, an organization should be able to understand the concept of culture and its core dimensions, describe the current and ideal culture for the organization, express the need to change certain variables of the organization, and identify approaches for making the culture more effective (Cooke, 1987). Several hypothesized relationships between culture and the perceptions held by the employees of the organization were investigated.

A variety of definitions of organizational culture and a description of the three levels of culture will be presented. A description of the factors contributing to culture will

be provided. A review discussion of the literature related to the relationship between culture and the organization follows. These sections examine the importance of understanding culture, different cultures in the same organization, and the role the founder plays in creating the organization's culture. Then several models of organizational culture will be discussed. Finally, the hypotheses and the justification for each will be presented.

### *Organizational Culture Defined*

Organizational culture is a complex phenomenon. The word "culture" has several meanings and is difficult to understand. When combined with the word "organization," the phrase may create misunderstanding and confusion. In this section, definitions of organizational culture and an examination of the three levels of organizational culture will be provided.

Organizational culture is a complex entity that usually is oversimplified. It has been defined as the way members of an organization describe "the way we do things around here" or "our basic values." Over the past decade extensive research has been conducted on organizational culture and a variety of definitions have evolved from this research (Cooke, 1987; De Witte & Van Muijen, 1999; Louis, 1985; Schein, 1999; Schulz 2001). Organizational culture is a pattern of basic assumptions that a given group identifies, discovers, or develops in learning to cope with internal and external problems. Culture also includes the assumptions that underlie values, determine behavior patterns, and establish visible artifacts, such as dress codes and office layout (Schein, 1983). Ritti and Funkhouser (1982) defined organizational culture as the rules for surviving in an



organization, the concepts that a new employee must learn and adapt to in order to be accepted and to succeed in the organization (as cited in Schein, 1985).

Organizational culture also has been defined as the bond that holds the organization together. Schulz (2001) described organizational culture as providing structure, order, and stability to an organization. He stated that the culture of an organization allows people to know how to act to support the organization or the group in which they work. Organizations that understand how to successfully develop their culture will benefit from the advantages associated with increased production and a higher quality working environment (Schultz). Denison (1996) explained culture as the deep structure of an organization that is rooted in the values, beliefs, and assumptions held by the employees. The stability and fragileness of the culture results from the interactions among the employees of the organization.

A common theme when defining organizational culture is the inclusion of shared values, assumptions, and the creation of artifacts. The theme can be attributed to Schein (1999), one of the principal authorities on culture, who first described the three levels of culture as artifacts, shared values, and basic assumptions. These levels range from the easily observed (i.e., artifacts) to the unobservable (i.e., basic assumptions). The first level, artifacts, is what you hear, see and experience when you enter an organization. For example, when entering a financial institution one would notice the dress code, the décor of the building, and how the employees were interacting with one another. Schein (1999) stated that even though one knows how the organization presents itself and the way the employees interact, one doesn't know why the employees act as they do or why the

building is constructed as it is. In order to understand the observations made, one has to ask questions of those who work for the organization.

When diagnosing organizational culture, asking questions regarding “the reason things are the way they are” is associated with the next level of culture, shared values. At this level it is important that the questions asked are related to those artifacts that were confusing and hard to understand. Schein (1999) stated that it is beneficial to determine which employees would best be able to answer questions concerning their organization. Answers to these questions may be provided verbally or in the form of documentation about the organization. After gaining a better perspective, one may label an organization in terms of what he/she has learned. For example, after discussing the reason for no doors on the offices and the openness of the meetings, one may conclude that the financial institution is very team oriented. However, Schein (1985) cautioned that labeling an organization at this point in time would be dangerous. There are likely some behaviors that still have not been explained. Labels at this point could influence interpreting patterns of behavior and predicting future behavior incorrectly. Instead of labeling the organization, one must decipher the culture at a deeper level.

This deeper level is referred to by Schein (1999) as the third level, basic assumptions. Assumptions are somewhat more difficult to define and examine. Schein defined assumptions as the nature of human relationships, the nature of human nature and the organization’s relationship with the environment. According to Young (2000), basic organizational assumptions include the unobservable yet identifiable reasons employees see, think, and feel the way they do. Identifying these assumptions requires a historical investigation into the organization. Schein (1999) explained that most organizational

values, assumptions, and beliefs are initiated by the founders and primary leaders of the organization. The founders and leaders impose their values and beliefs on the employees, who then adopt those same values and beliefs, which eventually become assumptions about how to “fit in” and succeed in the organization. The essence of culture is these learned values, beliefs, and assumptions that are shared between the founders, leaders, and the employees.

Schein (as cited in Young, 2000) suggested the primary focus needs to be on the third level of culture, basic assumptions. The reason for this focus is that artifacts can be replaced and new values and beliefs can be introduced through modifying the mission statement. However, if the assumptions are not specifically addressed, the organization’s culture will likely remain unchanged.

#### *Factors Contributing to Culture*

A number of environmental and organizational factors should be considered when exploring organizational culture. External environmental factors are considered to be variables beyond the control of the organization. This category includes economical events, progression of the business, and technological advancements. De Witte and Van Muijen (1999) stressed the importance of an organization continually being aware of these external factors. Some external factors are constantly present, whereas others emerge at different times in an organization’s life cycle. Organizations can adapt to these environmental factors by creating the appropriate culture, which is dependent upon the factors currently impacting the organization.

Internal organizational factors are located in the immediate environment of the organization. These factors are considered to be controllable and subject to change.

However, some internal factors are easier to alter than are others (Cooke, 1987). The philosophy held by the leader of the organization has a considerable influence on the culture. For example, the leader's philosophy indirectly influences the norms, values, processes, and structure of the organization. The leader's vision for the organization is another factor that is malleable. The vision should be directed, flexible, and realistic in order to influence the culture effectively. The size of the organization is another internal factor that affects culture. Cooke (1987) indicated that organizations become more task oriented and less people oriented as they increase in size. Organizations can control this factor by limiting the number of employees hired, dividing the employees into subgroups, or residing in limited space buildings.

The history of the organization is considered to be an internal factor effecting culture. However, the organization can not alter its history by implementing new programs or revising their mission statement. A culture that resulted in a successful organization makes it difficult for employees to accept any changes to the organization (Schein, 1999). The current beliefs, values, and assumptions held by the employees evolved from those held by past employees and leaders. As organizational cultures differ depending upon their life cycle stages (i.e., start-up, mid-life, or maturity), Schein (2000) recommended asking the question "How old is the company?" when analyzing culture. The results from analyzing the culture will differ greatly depending upon the answer, which in turn affects how an organization will approach transforming its culture. Transforming the organizational culture requires the employees to go through a rapid unlearning process, which is very difficult for most employees.

The above named factors affect the structure of the organization, human resource practices, and managerial styles. For example, an organization that wanted to emphasize employee development would create training programs and more challenging jobs. The choices made by the organization, taking into account external environmental and internal organizational factors, determines the present culture of the organization. The organization's values are the aspect most affected by these factors. The strength and the intensity of an organization's culture can be measured by the extent to which these values are shared by members of an organization (Cooke, 1987). All of the identified factors significantly impact the culture and may be changed if the members of the organization believe the culture needs improving.

#### *Understanding Organizational Culture*

Understanding the culture of an organization is not simple. It takes time to fully comprehend the values, beliefs, and assumptions of a particular organization. However, it is essential for all employees to learn their company culture and why it is important. Schein (1985) listed three reasons why understanding organizational culture is crucial: (a) culture is usually misunderstood and confused with other concepts, such as climate, (b) organizational culture is very visible and has a great impact on employees and the organization and (c) individual and organizational performance and employee feelings can not be fully understood without taking the culture into account.

Misunderstanding international culture can cause wars and even failures of certain societies, but what about misunderstanding organizational culture? Misinterpreting organizational culture can negatively affect business strategy, integration of new

technology, communication, employee relations, and productivity (Schein, 1985). A better understanding of the culture is required to prevent the failure of an organization.

Culture is a dynamic process. Thus the best way to understand it is to investigate group and leadership theory. Schein (1985) explained that culture formation is comparable to group formation. If there is no group, there can be no culture. The intentions of the founder, which be discussed later, are the key to understanding culture formation. However, one cannot forget the environment and its affects on culture. The environment determines the constraints an organization may have to face as well as its options and possibilities. The environment initially influences culture, but the founder, leaders, and employees of an organization drive the culture.

The elements discussed should be taken into consideration when analyzing the culture of an organization. De Witte and Van Muijen (1999) questioned the values, beliefs, and assumptions to be considered when studying organizational culture and how to put them into a framework. They found that most studies had focused only on one specific domain of culture, either hierarchal relations or socialization. To fully understand the culture of an organization, they suggested that both hierarchal relations and socialization be considered along with all other domains of a particular organizational culture. The present study followed this advice of De Witte and Van Muijen by examining hierarchal relations, relations between subgroups, and the organization as a whole.

#### *Different Cultures in the Same Organization*

Several researchers discovered that there may be more than one culture present in an organization (Cooke, 1987; De Witte & Van Muijen, 1999; Louis, 1985; Schein,

1999). Different cultures may be found between the hierarchical levels and across subgroups in the organization. Martin, Sitkin, and Boehm (1985) stated mature organizations are likely to find subcultural boundaries along hierarchical and functional lines within the organization.

Cooke (1987) explored the possibility of different cultures being present in an organization by administering the OCI to employees in three organizations. He focused on differences associated with hierarchical levels, instead of the more common investigation of departments. Cooke found significant differences in culture across levels within the organization. He also found that those at the highest level viewed the culture as supportive of the organization's goals, whereas those in lower level positions reported the culture as being expectations only and not focusing on the goals.

De Witte and Van Muijen (1999) stated that multiple subcultures in one organization are possible. They found several different influences that could cause multiple subcultures to surface. First, national culture can create subcultures due to differences in the employees' background and nationality. Next, business and industry impose different values on different divisions within an organization. For example, the loan department maybe more team oriented, whereas the sales department maybe more individually driven. Professional associations may separate employees into clusters of similarly trained individuals within an organization. Finally, the general public, which includes stakeholders, customers, and the government, may expect different services from each division of an organization.

Louis (1985) and Schein (1999) further supported the theory of multiple cultures in a single organization. Louis (1985) identified the potential for multiple cultures

emerging within one organization as one of the fundamental issues that needed to be considered when researching organizational culture. She stated that past culture theory suggested culture was pervasive throughout an organization. However, Louis considered the potential for multiple cultures. This view has allowed for research to focus on testing for subcultures within an organization. Accordingly, Louis mentioned that people may mistakenly assume that the findings from one work group or department apply at the corporate level.

Schein (1999) explained in more detail the way in which differing cultures occur in an organization. He stated that as companies grow, subunits develop that learn to adapt to external environmental factors. By adapting, these units cultivate their own beliefs and assumptions that are similar to the founder's core assumption, yet differ slightly. According to Schein, these subunits are not the only type of subcultures that form within an organization. Subcultures can arise with each set of employees and the managers at any given level with the organization. These employees hold assumptions about how work should be accomplished, which may differ from the values held by managers on the same issue. For example, bank tellers may develop shared assumptions based on their environment and job, whereas the Finance Department's beliefs may be based on its professional background. Schein addressed the issue of the CEO having a separate culture from the rest of the organization. He based this issue on the fact that the CEO's assumptions are defined by his or her environment, the board of directors, and CEOs from within the industry. In most organization's the CEO's subculture is not aligned with the other subcultures in the organization.



Schein (1999) stated that even though subcultures are present within an organization, it is important that each separate culture be aligned with the others because subcultures are a determinant of how the organization will function as a whole. Whether the differing cultures are between the CEO and the rest of the organization or between each of the departments, the overall culture will be a product of all subcultures combined.

### *The Role of the Founder*

In addition to different cultures existing within a single organization, the founders and leaders have been proposed as a factor affecting culture. How do the founders or leaders of an organization create organizational culture?

Several definitions of organizational culture were provided previously. However, Schein (1983) recommended defining it once more in order to better understand the role the founder plays in creating organizational culture. Schein stated that the existence of an organizational culture depends upon a number of employees interacting for the purpose of accomplishing a common goal in their defined environment. The role the founder plays is that of creating and shaping the particular group's culture. Since founders are the ones who have the initial idea of what their organizations' culture should be, they are likely to have biases on how to accomplish that idea. Difficulties founders encounter in establishing culture are those of articulating, teaching, and embedding his or her values into the employees of the organization. The process founders follow begins with stating his or her theory on how to succeed. However, Schein acknowledged that the final organizational culture reflects the interaction between (a) the initial assumptions and theories brought to the group by the founder and (b) what the group learns from its experiences.

Schein expounded upon the process founders take to embed their values, beliefs, and assumptions in *The Corporate Culture Survival Guide* (1999). The process includes primary and secondary embedding mechanisms. The primary mechanisms are behaviors such as what the founder attends to, measures, and controls regularly and how the founders react during crises. The secondary mechanisms are referred to by Schein as “articulation and reinforcement mechanisms.” Organization structure, rites, rituals, stories, and myths about the organization are considered to be secondary mechanisms. However, Schein stated that the most important mechanism is the leader’s own behavior. Do they “walk the talk?” Employees pay more attention to the actions than to the “talk” of a founder or leader.

Martin et al. (1985) reiterated the idea that a founder’s own values, beliefs, and assumptions are reflected in the culture of an organization. An organization’s success or failure is credited to the founder’s personal attributes and actions. Martin et al. mentioned several other researchers who view the founder as the prime mover behind the history of an organization and the one who articulates a vision and creates a culture for an organization. The authors also stated that the culture created by the founder will survive the death or departure of the founder from the organization. This issue is specifically relevant to the current study, since the founder of the financial institution departed after decades of dedication to the organization.

Siehl (1985) conducted a case study of the relationship between a founder resigning and managing the aspects of culture. A new CEO, with different values and beliefs had been appointed, resulting in managers seeing this leadership change as the perfect opportunity to change the culture. However, according to Martin et al. (1985) this

change would be difficult because the founder's culture should be able to survive in his or her absence. After a two year investigation, Siehl (1985) concluded that during a time of transition it is possible to manage the culture of an organization. The change is dependent upon the employees and whether or not they view the change as positive or negative.

Last, Schein (1985) explained that the process of culture formation is first the process of creating a small group. There are four main steps to culture formation. The first is the vision for a new venture by the founder. Next, the founder recruits people, who form the core group that shares the values and beliefs held by the founder. Then, the group begins to establish an organization. Finally, others are hired into the organization and the history begins. Schein stated that the founder has a major impact on how the organization solves its internal and external problems. Founders tend to have high levels of determination, strong assumptions about the role the organization should play in the business, and how the employees should interact with one another.

#### *Models of Organizational Culture*

Several models of organizational culture have been proposed throughout the study of organizational culture (e.g., Cooke & Lafferty, 1987; Hatch, 1993; Schneider, 2001; Schein, 1985). These models will be discussed in the following section. However, the Cooke and Lafferty (1987) model will be discussed in more detail as it is the model used in the present study.

Schein's (1985) model, mentioned previously, concerns those artifacts, values, and assumptions held by an organization. Schein claimed that assumptions are the key to understanding and/or changing a culture. Schein's view of organizational culture focuses

on what artifacts and values reveal about assumptions. According to Hatch (1993), Schein's model explores how culture changes and whether or not changes can be made.

Hatch's cultural dynamic model (1993) resembles Schein's model with two fundamental changes. First, Hatch's model introduces symbols as a new element, which permits his model to incorporate both Schein's theory and symbolic-interpretive perspectives. Second, elements of culture (i.e., assumptions, values, artifacts, and symbols) are less significant than in Schein's model, so that the relationships between the elements become more focal (Hatch, 1993). Furthermore, Hatch's model questions how culture is constituted by assumptions, values, artifacts, symbols, and the processes that link them, which is why it is viewed as dynamic. He proposed that culture is constituted by manifestation, realization, symbolization, and interpretation processes. Hatch defined manifestation as the process that allows cultural assumptions to be exposed in the perceptions, cognitions, and emotions of the organization's employees. Realization is the process of making values real through transforming expectations into material reality and altering values through the production of artifacts. The process of symbolization entails providing organizational artifacts with meaning. Finally, the process of interpretation involves investigating how symbols form and are formed by already existing ways of understanding. The culture dynamic model does not challenge Schein's view; it reaches beyond his view toward a more process-based understanding of organizational culture (Hatch, 1993).

After years of researching companies' cultures, Schneider (as cited in Schulz, 2001) identified four types of organizational culture. The four cultures can be acknowledged by their differing approaches to strategy, leadership, and organizational

behavior. Control, Collaboration, Competence, and Cultivation are the cultures proposed by Schneider. Control cultures are those whose goal is predictability and order. An organization with a Collaboration culture drives for close relationships with its customers. A Competence culture pursues excellence, innovation, and being first with new ideas. The last culture identified by Schneider was Cultivation culture, which attempts to provide its employees and customers with life enrichment. Schneider claimed that all organizations can be described by these four culture types (as cited in Schulz, 2001).

Cooke and Lafferty's (1987) model of organizational culture is similar to the four types of culture described by Schneider (as cited in Schulz, 2001). Cooke and Lafferty's model consists of three general clusters, each containing four cultural norms. The cultural norms represented in the clusters are the twelve styles investigated by the OCI. The three clusters differentiate between: Constructive cultures, Passive/Defensive cultures, and Aggressive/Defensive cultures. A constructive organizational culture is one in which employees are encouraged to interact and approach tasks in ways that will help them in reaching their personal goals. This type of culture results in high levels of motivation, satisfaction, teamwork, and service quality. The cultural norms associated with this cluster are achievement, self-actualizing, humanistic-encouraging, and affiliative norms. These norms are supportive of organizational objectives such as total quality management, transformational leadership, and continuous improvement. According to Cooke and Lafferty (1987), expectations by constructive cultural behaviors are promoted by goal setting, motivation processes, use of rewards, and employee involvement at the organizational level.

In the second cluster, passive/defense, the employees feel pressured to think and behave in ways that contradict their personal beliefs in order for them to be effective in the organization. Employees are expected to do whatever it takes to please others, especially their superiors. An organization with this type of culture experiences high levels of unresolved conflict and turnover. In addition, their employees have low levels of motivation and satisfaction. The norms associated with the passive/defense culture are approval, conventional, dependent, and avoidance. Cooke and Lafferty (1987) mentioned that these norms usually arise in organizations where McGregor's Theory X (1960) assumptions concerning people and work are central.

The final cluster proposed by Cooke and Lafferty (1987) is the aggressive/defensive culture. This culture's employees appear to be controlled, competent, and superior, even if they lack the knowledge, skills, abilities, and experiences. Any employees who seek assistance or admit shortcomings are viewed as incompetent by the organization. The aggressive/defensive cultural norms are oppositional, power, competitive, and perfectionistic and they tend to be pervasive in organizations that are fast-paced, emphasize quality control, and most have recently gone through a downsizing. According to Cooke and Lafferty, this type of organizational culture causes the employees' health, motivation, and teamwork to suffer.

#### *Current Study*

The current study addressed culture in a transitioning financial organization. The relationship between the ideal and current culture of an organization has not been studied in great detail. Schein (1999) mentioned that frequently the CEO's perception of culture is not aligned with the rest of the organization's view of the culture. The current study

attempted to determine the difference between the ideal cultural view held by the CEO of financial institution and the current view of the culture held by its employees, excluding the vice presidents. It was hypothesized that:

Hypothesis 1: There will be a difference between the CEO's ideal culture and the employees' perception of the current culture.

Cooke (1987) found that an organization may have multiple cultures, typically arising from hierarchal level differences. Based on this finding, it is hypothesized that the financial institution was differences in culture across the hierarchy. It was hypothesized that:

Hypothesis 2: There will be a difference in the perception of the organizational culture between the hierarchal levels (i.e., CEO's ideal compared to Vice Presidents; CEO's ideal compared to employees; and Vice Presidents compared to employees).

There is substantial evidence to indicate that subcultures are present within an organization (De Witte & Van Muijen, 1999; Louis, 1985; Schein, 1999). It has been found that organizational departments and groups of employees are capable of creating their own culture, separate from the overall organizational culture. The issue of varying cultures across departments will be explored in the present study. It was hypothesized that:

Hypothesis 3: Differences between sub-group cultures (i.e., departmental differences) will be found.

Last, the difference between the desirable culture (as defined by Cooke & Lafferty, 1987) and the existing culture will be examined. Cooke and Lafferty (1987) mentioned the importance of an organization's culture being strong on four of the twelve cultural styles measured by the OCI. An organization should be rated highly on Achievement, Self-Actualizing, Humanistic-Encouraging, and Affiliative by their employees, which would indicate that the organization has a strong culture. Cooke and Lafferty also defined the four cultural styles that would be considered weak and harmful to an organization. These four styles are: Approval, Conventional, Dependent, and Avoidance. Determining the strength will allow the organization to be made aware of any changes needed in order to accomplish a successful transformation of culture. It was hypothesized that:

Hypothesis 4: The institution's culture, as viewed by the employees, will be weak concerning the four desirable cultural styles, as defined by Cooke and Lafferty.



## Method

### *Background Information*

The financial institution assessed was owned and operated by the founding family until recently, when the father stepped down as CEO and announced that a non-family member would be appointed as CEO. In the years that the institution was controlled by the family, there were few attempts to advance the organization to a level which was comparable to their competition. The family wanted to maintain the respect and quality of customer service they had been providing without making any alterations to the business. It was also important to them that their reputation of caring for their employees at every level of the organization be upheld. However, when the father stepped down, the new CEO set several goals for the organization, including advancing into the 21<sup>st</sup> century while still maintaining their loyal relationship to their employees. The new CEO believed it was more important now than ever before to continue to maintain a satisfying work environment where employees are respected and know their work is valued.

The financial institution has seen several revisions since the new CEO took office. Departments have been shifted, people have been reassigned, and procedures have been updated. Throughout the changes, the CEO wanted to ensure that the employees were satisfied with the workplace alterations and to identify any additional improvements that needed to be made. In order to generate this type of information, the CEO made the decision to conduct an assessment of the corporate culture. From this assessment, the CEO hoped to gain an understanding of how the employees viewed the culture of the institution. The assessment also would be used to identify positive aspects of the organization that should be maintained and negative aspects that required more attention

to make the workplace satisfying to the employees. The CEO contracted with an external consulting firm to administer the survey, analyze the data, and provide a summary report detailing the necessary steps the organization should take in order to create a positive corporate culture for its employees.

### *Participants*

Participants for the study were employees from all levels of the financial institution. Stratified random sampling was used to ensure the representativeness of the sample and the reliability and validity of conclusions reached. The organization employs ten vice-presidents, each supervising an unequal number of employees. Each supervisory group was used as a subpopulation in sample. Employees were randomly selected from each subpopulation on a proportional basis. Overall, the sample included approximately one-fourth of the organization's 600 employees resulting in a total of 142 employees, including the four vice-presidents. The CEO of the organization was also included in the sample. The process resulted in a sample that was proportionate in terms of positions and the number of employees in each position across the organization.

### *Instrument*

The instrument used in the assessment of the organizational culture of the financial institution was the Organizational Culture Inventory (Cooke & Lafferty, 1987). The Organizational Culture Inventory (OCI) is based on the conceptual structure of the Life Styles Inventory (LSI) (Lafferty, 1973). The LSI measures the extent to which employees exhibit the norms and expectations of an organization, whereas the OCI focuses on the extent to which employees feel they are expected to think and behave according to the norms of the organization. Those aspects of culture thought to have the

greatest impact on the behavior of employees and the functioning of the organization are utilized by the OCI. The OCI concentrates on the behavioral norms and expectations held by members of the organization, rather than measuring culture directly.

The OCI consists of 120 statements describing thinking and behavioral styles that employees of an organization may be expected to assume while working for the organization. These statements measure twelve different culture styles: Humanistic-Encouraging, Affiliative, Approval, Conventional, Dependent, Avoidance, Oppositional, Power, Competitive, Perfectionistic, Achievement, and Self-Actualizing. Responses to the statements are made on a 5-point Likert Scale with the anchors ranging from (1) not at all to (5) to a very great extent. Respondents may be asked to rate the OCI statements from two different perspectives: current and ideal. The respondents may answer in terms of how they view the current culture or they may respond to the statements in terms of their perception of the ideal culture. The statements are also answered with respect to the respondent's own department or to the organization as a whole, dependent upon the data the organization wants to obtain. In the current study, the employees were asked to complete the survey with regard to the current culture of their department in the organization. The OCI may be found in Appendix A.

There are additional items on the OCI that are optional. In the current study the respondents were asked to complete these items, which include nine demographic items and twelve questions that focus on employees feelings about working for their particular department in the organization. The latter set of items are written in the form of "to what extent. . ." questions, with the same 5-point Likert Scale as response options.

Once the inventory is completed, the 10 items measuring each style (i.e., the twelve mentioned above) are summed to yield a score for each style. Each style score allows a determination to be made concerning any differences across styles and between the theoretically ideal culture and the current culture. The twelve style scores can be plotted onto the Organizational Culture Profile. The profile is a circular graph, noted with the hour locations of a clock and divided into three clusters, each containing four of the twelve culture styles. The clusters allow the organization to see what aspects of the culture need improving or those that require more emphasis. In addition, the clusters demonstrate which aspects of the organization's culture should be decreased. These aspects may be ones that have a negative effect on the employees or the organizational culture.

The Organizational Culture Inventory is the result of a long-term research program conducted to develop a valid and reliable inventory for measuring organizational norms and expectations. The OCI has been tested in many organizations, including the Federal Aviation Administration, the United States Navy, and hundreds of other clients (Cooke, 1987). There is considerable evidence of the reliability and validity of the OCI. In its initial testing, the internal consistency reliabilities of the twelve styles ranged from .67 (Oppositional) to .92 (Affiliative). The profile portion of the OCI has been statistically adjusted or normed to correct for the differences in the manner in which people respond to the different scales. These norms are based on the responses of thousands of employees selected from a larger population of respondents from different organizations. The profile permits respondents to convert their raw total scores into

percentile scores, which provides a better understanding of the employee's particular sub-group culture or the organization's culture.

#### *Procedure*

Several weeks prior to the administration of the Organizational Culture Inventory, the CEO composed a memo, which was sent to those employees who had been selected to participate in the study by the Human Resource Department and the external consulting firm in order to ensure the employees anonymity. The memo contained background information explaining why the survey was being administered, a schedule of the OCI sessions, and who would be administering the inventory. A copy of the memo may be found in Appendix B.

The OCI was administered over a week period, in which 16 sessions were allotted for individuals to complete the OCI at their convenience. The test administrator explained again why the employees were there and what was expected of them. Each employee was asked to sign in and identify the department for which he or she worked. They were reassured that their responses to the inventory would remain completely confidential and that the only individuals with access to their responses would be the test administrators. The administrator explained that the employees were to rate the extent to which, in their department, they were expected to do the actions described by the 120 statements. The administrator also illustrated how to respond to one example statement to ensure the employees understood how to complete the inventory. The employees were given instructions to also complete the twelve questions on the back. Participants were informed that completing the nine demographic questions was optional, but strongly recommended. It was explained that the demographic questions might be used to

determine if there are any trends in the data according to age, background, education, level in the organization, etc. The final instruction given to the employees was to ensure they put their department name in the space provided at the top of the page. A period for questions allowed for any comments, concerns, or questions the employees may have had. Last, the administrator informed participants that the inventory would take from fifteen to thirty-five minutes to complete.

As each session began, no talking or comparing of responses was allowed. Each participant was allowed to approach the administrator to receive clarification or ask questions. When an employee completed the inventory, he or she was asked to place it on a table in the front of the room and was permitted to leave. At the conclusion of each session the inventories and sign-in sheet were collected by the administrator.

After the scheduled sixteen sessions were completed, those employees who were unable to attend were given the opportunity to complete an inventory in one of two make-up sessions. If employees were still unable to attend, the human resource department administered the inventory, sealed it in an envelope, and mailed it to the administrator's office.

The CEO and four vice-presidents of the organization completed the inventory prior the employee sessions. The vice-presidents received the same instructions as the employees, and the consultant was present while they completed the inventory. The CEO had instructed the consultant prior to the administration of the OCI that he intended to respond to the statements based on what he saw as the "ideal" culture rather than the current culture, which was the referent for all other employees.

### *Analyses*

Mean style scores were calculated for each level of the organization hierarchy-- that is, the CEO, the vice presidents, and other employees. To test Hypothesis 1, a one-sample *t* test was conducted for each of the twelve styles comparing the employees' perceptions with the CEO's ideal perception as the population parameters. Hypothesis 2 was examined by conducting the following analyses. An independent samples *t* test was conducted to determine the differences between the responses of the vice presidents and the employees. To determine if there are differences between the CEO's ideal and the vice presidents, a one-sample *t* test was conducted. To compare the CEO's ideal and the employees, a one-sample *t* test was conducted (repeat from Hypothesis 1). To test Hypothesis 3, a one-way analysis of variance was conducted. To test the final hypothesis, one-sample *t* tests were conducted on the four "ideal" cultural styles and the four negative cultural styles comparing the employees' perceptions with the model ideal as the population parameter. These analyses were also conducted for vice presidents' perceptions compared to the model ideal.

The responses associated with each hypothesis were plotted on the organizational culture profile, to include the ideal versus the current scores, the differences in the hierarchal level scores, and the sub-group differences. A comparison between the CEO's ideal with the model ideal was also conducted. Plotting these scores provided a visual representation of the data, which may assist the organization in understanding their culture.

## Results

Twelve composite scores, one for each cultural style of the OCI, were computed for each level of the organization hierarchy (i.e., the CEO, vice presidents, and employees). The twelve composite scores were computed by averaging responses on the items representing each cultural style for all individuals within a given level. The composite scores were used in the data analyses. The ideal scores for the four “desirable” and four negative cultural styles of the OCI were identified. The ideal scores were used to test Hypothesis 4.

Hypothesis 1, which is, there will be a significant difference between the CEO’s ideal culture and the employees’ perception of the current culture, was tested by a *t* test examining the difference between the composite score for the employees on each of the twelve cultural styles and the CEO’s ideal score on the twelve styles. The means, standard deviations, and *t* values are included in Table 1. A significant difference was found between the employees’ current perceptions and the CEO’s ideal culture perception on each of the twelve styles.

Hypothesis 2, which states that there will be a significant difference between the hierarchal levels of the organization, was tested by *t* tests comparing the scores of the CEO’ ideal with the composite scores of the vice presidents, the vice presidents with the employees, and the CEO’s ideal with the employees, (Note: the third comparison was made in Hypothesis 1, see Table 1). A significant difference was found between the CEO’s ideal perceptions and the vice presidents’ perception of the organizational culture on 11 of the 12 styles; no difference was found on the perfectionistic style. These results may be found in Table 2.



Table 1  
 Descriptive Statistics and One-Sample T Tests for CEO Ideal and  
 Employees' Perception

Dimension	Employee <i>M</i> ( <i>n</i> =140)	<i>SD</i>	CEO Rating	<i>t</i>
1. Humanistic- Encouraging	34.75	8.20	49	-20.55
2. Affiliative	36.70	7.84	50	-20.07
3. Approval	28.35	7.37	18	16.60
4. Conventional	29.82	7.49	21	13.93
5. Dependent	32.00	6.79	25	12.21
6. Avoidance	21.32	6.98	10	19.17
7. Oppositional	22.44	5.83	18	9.00
8. Power	24.71	7.49	22	4.28
9. Competitive	22.55	7.89	18	6.83
10. Perfectionistic	30.15	6.63	23	12.76
11. Achievement	35.47	6.46	46	-19.25
12. Self-Actualizing	31.70	6.18	41	-17.80

Note. *df* = 139 for all *t* tests.

\*  $p < .01$  for all tests

Table 2

## Descriptive Statistics and One-Sample T-Tests for CEO Ideal and Vice Presidents

Perceptions

Dimension	CEO Rating	VPs		<i>t</i>	p
		<i>M</i> (n=4)	<i>SD</i>		
1. Humanistic- Encouraging	49	26.50	3.69	-12.17	.001
2. Affiliative	50	28.50	6.60	-6.51	.007
3. Approval	18	30.50	4.35	5.74	.011
4. Conventional	21	36.25	4.11	7.42	.005
5. Dependent	25	39.25	4.71	6.04	.009
6. Avoidance	10	33.00	3.65	12.60	.001
7. Oppositional	18	28.00	3.16	6.33	.008
8. Power	22	31.25	5.18	3.57	.038
9. Competitive	18	27.25	4.42	4.18	.025
10. Perfectionistic	23	30.75	5.73	2.70	.074
11. Achievement	46	26.25	2.21	-17.81	.000
12. Self-Actualizing	41	27.25	2.21	-12.40	.001

Note. *df* = 3 for all *t* tests

A significant difference was found between the vice presidents and the employees' perceptions of the culture on five of the twelve styles (i.e., humanistic-encouraging, affiliative, dependent, avoidance, and achievement); no differences were found on seven of the twelve styles (i.e., approval, conventional, oppositional, power, competitive, perfectionistic, and self-actualizing). These results may be found in Table 3. The final part of Hypothesis 2 concerns the relationship between the CEO's ideal and the employees' perceptions of the culture. This relationship was tested in Hypothesis 1 and is reported in Table 1. A significant difference was found between the CEO's ideal and the employees' perceptions on all twelve cultural styles.

Hypothesis 3 states that the departments within the organization will have different views of the organization's culture. A one-way analysis of variance (ANOVA) was conducted in order to determine the differences between the departments in their perception of the 12 styles. Eight departments from the financial institution were sampled in the study. The results indicated that there is agreement between the departments on ten of the twelve cultural styles and disagreement on the cultural styles of humanistic-encouraging and dependent. A Tukey post-hoc analysis was conducted to determine which departments differed from each other on these two cultural styles. Only two departments differed on their ratings of the humanistic-encouraging cultural styles, Human Resource Department and the Management Assets Department. The Human Resource Department ( $M= 42$ ;  $SD=6.63$ ) rated the style more favorably; the ratings of the Management Assets Department ( $M= 27.33$ ;  $SD=11.72$ ) were significantly lower than the ratings from the Human Resource Department. Two departments differed from each other on their ratings of the dependent cultural style, the Trust Department and the

Management Assets Department. The Trust Department gave more favorable ratings ( $M=24.33$ ;  $SD=1.53$ ) to the dependent cultural style than did the Management Asset Department ( $M=39.67$ ;  $SD=10.11$ ).

Table 3

Descriptive Statistics and One-Sample T-Tests for Vice Presidents and Employee

Perceptions

Dimension	Employees (N=140)		VPs (N=4)		<i>t</i> (df=142)	p
	<i>M</i>	<i>SD</i>	<i>M</i>	<i>SD</i>		
1. Humanistic-Encouraging	34.75	8.20	26.50	3.69	2.00	.047
2. Affiliative	36.70	7.84	28.50	6.60	2.07	.040
3. Approval	28.35	7.37	30.50	4.35	-.579	.564
4. Conventional	29.82	7.49	36.25	4.11	-1.70	.090
5. Dependent	32.00	6.79	39.25	4.71	-2.12	.036
6. Avoidance	21.32	6.98	33.00	3.65	-3.32	.001
7. Oppositional	22.44	5.83	28.00	3.16	-1.89	.061
8. Power	24.71	7.49	31.25	5.18	-1.73	.086
9. Competitive	22.55	7.89	27.25	4.42	-1.18	.239
10. Perfectionistic	30.15	6.63	30.75	5.73	-.179	.858
11. Achievement	35.47	6.46	26.25	2.21	2.84	.005
12. Self-Actualizing	31.70	6.18	27.25	2.21	1.43	.154

The four desirable styles (i.e., achievement, humanistic-encouraging, self-actualization, and affiliative) were rated among the highest across departments. However, two of the undesirable styles (i.e., dependant and conventional) were also rated among the six highest rated styles. The results of the ANOVA and means for each of the 12 styles may be found in Table 4.

Table 4

Analysis of Variance for Departmental Views of Organizational Culture

Source	M	SD	MSE	<i>F</i> (7, 78)	<i>p</i>
1. Humanistic-Encouraging	36.56	7.22	51.66	2.437	.026
2. Affiliative	37.29	7.13	56.35	1.335	.245
3. Approval	27.91	6.83	53.91	2.019	.063
4. Conventional	30.68	7.40	56.19	1.087	.380
5. Dependent	32.94	6.19	40.78	2.132	.050
6. Avoidance	21.85	7.23	47.29	.805	.586
7. Oppositional	23.26	6.35	36.98	1.375	.228
8. Power	24.18	6.41	49.96	.663	.703
9. Competitive	23.47	8.02	53.63	1.536	.168
10. Perfectionistic	29.79	6.53	41.85	.628	.731
11. Achievement	36.26	5.17	33.10	1.216	.304
12. Self-Actualizing	31.82	6.83	42.01	.781	.605

Hypothesis 4, which states that the financial institution's culture as viewed by the employees and the vice presidents will be weak concerning the four cultural styles considered to be "desirable," was tested by conducting two sets of one-sample t tests comparing the four "desirable" styles against the four negative styles. The first set of t tests (see Table 5) compared employees' responses with the ideal score for each of the twelve cultural styles. Employees differed from the model on all of the "desirable" styles and all of the negative styles. The second set of t tests (see Table 6) compared the vice presidents' responses against the ideal score of the four "desirable" and four negative cultural styles. The vice presidents agreed with the model on the "ideal" style of affiliative and the negative style of approval. The vice presidents differed from the model on the "ideal" styles of humanistic-encouraging, achievement, and self-actualizing and the negative styles of conventional, dependent, and avoidance.

The responses associated with each hypothesis were plotted on the organizational culture profile. This procedure produces a visual representation, which the organization may use as a guide to understanding the organizational culture. The profiles include the ideal versus the current responses, the differences in the hierarchal level perceptions, departmental responses, and the overall strength of the organizational culture. The profiles may be found in Appendixes C through F, respectively.

One final comparison was made by plotting the CEO's ideal view of the target culture against the ideal culture suggested by the model. This comparison may be found in Appendix G. The CEO's ideal culture was very close to the ideal culture as he agreed with the model on the four negative styles and one positive style. On the remaining three positive styles, the CEO gave higher ratings than the model.

Table 5

Employees' Perceptions compared to Model "Desirable" and Negative Cultural Styles

Dimension	Model Ideal	Employee (N=140)		<i>t</i> (df=129)	<i>p</i>
		<i>M</i>	<i>SD</i>		
Desirable Styles					
1. Humanistic-Encouraging	43	34.75	8.20	-11.89	.00
2. Affiliative	42	36.70	7.84	-7.99	.00
11. Achievement	43	35.47	6.46	-13.76	.00
12. Self-Actualizing	40	31.70	6.18	-15.89	.00
Negative Styles					
3. Approval	24	28.35	7.37	6.98	.00
4. Conventional	20	29.82	7.49	15.50	.00
5. Dependent	26	32.00	6.79	10.47	.00
6. Avoidance	15	21.32	6.98	10.70	.00

Table 6

Vice Presidents' Perceptions compared to Model "Desirable" and

Negative Cultural Styles

Dimension	Model Mid-point	Vice Presidents (N=4)		<i>t</i> (df=3)	<i>p</i>
		<i>M</i>	<i>SD</i>		
Desirable Styles					
1. Humanistic- Encouraging	43	26.50	3.69	-2.54	.06
2. Affiliative	42	28.50	6.60	-1.84	.14
11. Achievement	43	26.25	2.21	-3.17	.03
12. Self-Actualizing	40	27.25	2.21	-3.47	.03
Negative Styles					
3. Approval	24	30.50	4.35	1.33	.26
4. Conventional	20	36.25	4.11	3.84	.02
5. Dependent	26	39.25	4.71	3.07	.04
6. Avoidance	15	33.00	3.65	2.78	.05



## Discussion

This study of organizational culture in a transitioning organization compared the ideal culture to the existing culture, explored differences in perceptions of the organization's culture between hierarchical levels and across departments, and examined the overall strength of the organization's culture relative to the OCI (Cooke & Lafferty, 1987). Several hypotheses were tested. The results showed mixed support for past research and the proposed hypotheses.

### *Comparison of Ideal Culture to Existing Culture*

A limited amount of research has been conducted concerning the relationship between the ideal and current culture of an organization. Schein (1999) found that a CEO's perception of the culture is not always aligned with the view held by employees in the organization. The current study found supporting evidence for Schein's proposition. Differences were found between the CEO's ideal view and the employees' current perception of the organization's culture. The CEO declined to provide his view of the current culture, precluding direct comparison of the CEO's current perception with the employees' current perceptions. Employees had higher ratings on the four negative styles and lower ratings on the four desirable styles in comparison to the CEO's ideal. These results indicate that the CEO anticipates that the culture will be positive and desirable, whereas the employees see the culture as being negative and undesirable. One explanation for these differences in perceptions is that the CEO provided his view of the ideal culture rather than his view of the current organizational culture. Another explanation may lie in the fact that the organization is currently undergoing a great deal of change, which most employees find stressful.

*Differences between Hierarchal Levels*

The perceptions of organizational culture between the hierarchal levels were examined. Cooke (1987) discovered that differences in perceptions of culture typically arise between hierarchal levels in an organization. The current study hypothesized that there would be hierarchal differences between the CEO and vice presidents, vice presidents and employees, and the CEO and employees, mixed results were found.

Significant differences were found between the CEO's ideal and the vice presidents' perceptions on eleven of the twelve styles. The one style that was not statistically significant approached significance. These results indicate that the CEO and the vice presidents disagree on the financial institution's culture. It should be noted again that the CEO is reporting his ideal culture while the vice presidents are reporting their perception of the current culture. The vice presidents' extreme ratings were on the negative styles, whereas the CEO's extreme ratings were on the desirable styles of organizational culture. One explanation for these differences is the amount of interaction the vice presidents have with the employees in comparison to the CEO's interactions. Since a high percentage of the employees report directly to the vice presidents, it allows the vice presidents to understand how the organization is perceived by the employees. Another explanation is the vice presidents' role in the organization. They report to the CEO, who gives them directions on how to handle the employees or other issues within the organization. This interaction provides the vice presidents with an understanding of how the CEO expects the employees and themselves to behave. If the vice presidents are not provided the opportunity to interact with the CEO or give their opinions concerning

what the organization needs, this lack of interaction could contribute to their negative view of the culture.

In comparing the vice presidents' perceptions with the employees' perceptions, a significant difference was found on five of the styles, whereas no differences were found on the other seven styles. Thus, the vice presidents have perceptions of the organizational culture similar to those of the employees on more than half of the styles. One possible explanation for the similar perceptions between the employees and the vice presidents is the high degree of interaction between the two groups. However, three of the styles on which the vice presidents and employees differ are considered to be desirable styles. The employees perceive the culture to be higher on the desirable styles than do the vice presidents. This difference may result from the vice presidents having a better perspective than the employees on the overall of the organization. The employees are privy to what happens on the surface, but not to the confidential organizational issues the vice presidents are likely to know.

The final comparison in Hypothesis 2 concerned the relationship between the CEO and the employees' perceptions of the culture discussed in relation to Hypothesis 1. One explanation was provided for the differences found between the CEO and the employees. However, the separation between the CEO and the employees is another possible explanation for the differences in their perceptions. There is little interaction between these two hierarchal levels, which could result in differences in perceptions of the culture. It may be that the employees are more immersed in the culture than the CEO, which may provide the employees with a better understanding of the current culture. Furthermore, the CEO's view is a projection of how he anticipates the organization's

culture to be in the future, and thus his future perception of the culture is likely to more positive than the current view held the employees.

#### *Differences between Departments*

Several researchers have found evidence indicating that subcultures may be present within an organization (De Witte & Van Muijen, 1999; Louis, 1985; Schein, 1999). Departments and groups of employees have the ability to create their own culture, separate from the organizational culture. The current study hypothesized that subcultures would be present within the organization, however this assumption was not supported. The eight departments reported similar perceptions of the organizational culture on 10 of the 12 styles, which indicates that, for the most part, they agree with each other on their view of the organization's culture. One possible explanation for this agreement lies in the history of the organization. The financial institution has existed for decades as a family owned and operated business. This structure allowed the organization to have a stable culture that was communicated to employees. Another possible explanation for the agreement may be the interrelated functions of the departments. Each department is required to communicate frequently with other departments in order to accomplish their work. For example, the branches have to correspond with the loan department, which in turn needs to interact with the corporate banking department in order to process any loans that are pending.

#### *Overall Strength of the Organizational Culture*

The strength of an organization's culture determines whether or not the employees will accept and learn the culture. Cooke (1987) stated that determining the strength of the culture allows the organization to decide what changes should be made to

accomplish a successful transition of the existing culture. The current researcher hypothesized that the organizational culture would be weak in the desirable styles and strong on the negative styles, as defined by the OCI profile.

The current study compared both the employees' responses and the vice presidents' responses with the ideal score for each of the twelve styles. The employees' responses demonstrate they have lower perceptions on the four desirable styles and slightly higher perceptions on the negative styles than the ideal. This difference indicates the employees' view the organizational culture as weak, suggesting that changes should be considered. The employees see the organization as approval, dependent, avoidant, and conventional oriented. Cooke (1987) suggested a possible explanation for the employees' ratings, the demands and requirements made of them by the organization. Employees may believe they are expected to behave in ways that oppose their personal beliefs. The organization may suggest that the employees follow certain procedures that are beneficial to the business, however the procedures are unethical. The employees may feel obligated to follow these procedures in order to remain employed or at the least gain approval from the CEO even if it goes against their personal beliefs.

The vice presidents' responses are similar to the employees' perceptions of the culture. The vice presidents rated the desirable styles more negatively than did the employees and rated the negative styles higher than the employees and the model. An explanation for these ratings is the amount of information the vice presidents know in relation to the organization. The vice presidents are privy to confidential organizational information such as information about the economic standing of the organization, whether the CEO is being honest with the employees, or what future plans for the

organization and the employees. Also, the vice presidents have to deal with feedback from the CEO and the employees, which may cause a more negative view of the organization. The vice presidents relay information from the CEO to the employees, which cause the vice presidents to be the middle men in the organization. When the employees feel there are problems within the organization they report them to the vice presidents, who either try to solve them or communicates them to the CEO. If the CEO does not attempt to solve the problems, the negativity from the employees falls on the vice presidents. In comparing the two groups, the vice presidents rated the organization's culture weaker than did the employees.

In general, the vice presidents and employees share similar views of the organizational culture. Both view the culture less positively than the model. The vice presidents rated three (i.e., humanistic-encouraging, achievement, and affiliative) of the four desirable styles less favorably than did the employees. The self-actualizing style was the only desirable style for which no difference was found between the two groups.

## Applications

The current study provides some insight into how the members of the organization perceive the organization's culture that may be beneficial to the organization. These data provide some indication of what needs to be changed within the organization, what the CEO should do to provide a better culture for his employees, what the employees want from their employer, and many other suggestions for the organization's improvement.

The CEO has an ideal view of what the organization's culture should be. A comparison of the CEO's ideal view of the target culture against the ideal culture suggested by the model indicated that the CEO rated the four desirable styles very high and the four undesirable styles low. The CEO rated the humanistic-encouraging style twice as high as the model's ideal rating. The results concerning Hypothesis 1 indicate the employees perceive the current organizational culture to be far from the CEO's. However, the four desirable styles were the styles rated highest by the employees, unfortunately, two of the negative styles were also rated high. In this situation, the CEO needs to communicate to the vice presidents and the employees his intentions concerning the anticipated culture. If the CEO can convince the employees that the ideal/model culture is desirable, then the discrepancy between the employees and the model and between the employees and the CEO can be used to motivate the employees to accept cultural change and to work toward accomplish that change. The CEO should concentrate on making positive changes to the organization that will lead to his ideal organizational culture. Another suggestion would be to educate the employees about the culture during recruitment, orientation, and specific training sessions for current employees. Employees

should become actively involved in changing the culture; they need to release the past culture instilled by the previous CEO. Interviews, unrelated to the current study, conducted prior to the administration of the OCI indicated that employees are not provided with many opportunities to discuss their opinions concerning the organization. The CEO needs to provide more opportunities for the employees to communicate their opinions regarding what needs to be altered in the organization.

The perceptions of culture of both the vice presidents and the employees differ from the CEO's perceptions. One method to address the differences between the vice presidents and the CEO in their view of the organizational culture is to determine exactly where and why they differ. It may be beneficial for the CEO to hold meetings with the vice presidents to determine why their views are different. These meetings may lead to improvements in communication and in the interactions between the two levels, and subsequently in the organization's culture. The meetings likewise may lead to an improved relationship, where the vice presidents feel comfortable offering their opinions concerning various aspects of the organization.

The minimal differences between the views of vice presidents and employees indicated they are more aligned with each other than either is with the CEO. However, the organization may need to investigate the cultural styles on which the two levels differed (i.e., humanistic-encouraging, affiliative, dependent, avoidance, and achievement). Once again, a determination needs to be made why these differences exist. Since the vice presidents dictate to the employees what is expected of them, the vice presidents should focus on being positive and supportive toward the employees. The vice presidents should try to incorporate what they have learned through their interactions



with the CEO and his cultural expectations. This communication will allow the employees to feel more involved and may provide them with the opportunity to make suggestions.

The eight departments agreed on ten of the 12 styles, which indicated the departments have very similar views of the organizational culture. However, the culture indicated by the departments is not the ideal view held by the CEO or the desirable profile defined by the OCI model. The organization needs to focus on aligning employees in each department with the CEO's ideal and the model's desirable styles. The managers of each department may need to educate their employees on what culture is expected and what the employees should do to fit into the new culture.

In relation to the strength of the organization's culture, it was found that both the employees and the vice presidents perceive the culture as weak in the four desirable styles and strong in the four negative styles. These findings provide valuable information regarding where and how the organization needs to change. First, the organization needs to set goals and target objectives concerning where the organization's culture should be and needs to identify actions to reach those goals. Cooke and Lafferty (1987) suggested that an organization use rewards and encourage employee involvement to enhance the desirable styles targeted by an organization. Also, the organization needs to focus on increasing motivation, satisfaction, and teamwork of their employees. Each of these is considered to be an element of the four desirable styles.

The organization may decrease the presence of the negative styles through several methods. First, the organization needs to focus on eliminating norms that contradict its employees' personal beliefs. If impossible, then the organization should provide

employees with the opportunity to disagree with what is expected. The organization should focus on making the culture more accepting and open to new ideas or opposition to current policies and procedures. This exchange will allow the employees the opportunity to voice their concern about the organization. According to Cooke and Lafferty (1987), there is usually unresolved conflict and a high turnover rate associated with the four negative styles. Therefore, the organization should focus on implementing conflict resolutions techniques. Attention should be given to possible turnover problems. The organization may consider implementing conflict resolution training or seminars on how to handle conflicts in the organization. These sessions should be available to all employees, not just the lower level workers. To resolve the turnover problem, the organization should determine why the employees are leaving the organization and take steps to prevent further nonfunctional turnover. Finally, the organization should focus on increasing the motivation and satisfaction of its employees.

## Limitations

There are several limitations to the current study. The most critical limitation of the study stems from the fact that the CEO data are based on his ideal culture for the organization while employee data are based on their perceptions of the current culture. Employees were instructed to complete the OCI in terms of their perceptions of the current culture, while the CEO agreed to complete the survey only in terms of his ideal organizational culture. The absence of the CEO's current view of the culture limits the study in a number of ways. First, comparing the CEO's ideal perception to the employees' current perceptions may be misleading. Had employees reported their ideal culture or the CEO his view of the current culture, there may have been more agreement. As we were only able to compare ideal versus actual, we do not know if the results accurately portray the differences between the CEO and the employees. Second, the only valid comparison between hierarchal levels is that between the vice presidents and the employees. Finally, the CEO's current view of the organizational culture would be useful in making recommendations for alternations to the culture.

The OCI instrument also introduces several limitations. Questionnaires are the most common method for collecting research data; however, there are drawbacks associated with questionnaires. It is difficult to determine if the responses given by the employees are accurate and honest. The employees were asked to complete the questionnaire by the CEO which may have caused their responses to be inflated. The employees may have been apprehensive about responding honestly due to a fear of reprimand or reprisal by the CEO. Furthermore, some researchers (Cooke & Lafferty, 1987; Schein, 1999) believe that culture questionnaires do not assess every aspect related

to culture. They suggest the questions or the statements on these inventories sample only surface issues relevant to culture and that it is impossible to determine the underlying reasons for an organizational culture through a questionnaire.

Future researchers should consider using multiple methods of data collection. For example, future researchers could use a questionnaire such as the OCI, observations, and structured interviews to obtain the information regarding the organizational culture. Observation and interviews as additional data collection methods allow the researchers to gain a better, more complete understanding of the organizational culture.

The study is also limited by the sample size of the vice presidents. The organization has ten vice presidents; however, only four completed the survey. The small number of vice presidents participating in the study may threaten the validity of the conclusions. It is not possible to determine if the views of the four participating vice presidents is representative of all ten vice presidents.

In the future, researchers should convince the CEO of the importance of completing the inventory in a manner that provides the data needed to make meaningful comparisons and draw meaningful conclusions. Researchers should also explain to the CEO the problems and limitations that arise when drawing conclusions based on insufficient data. In addition, all vice presidents should be strongly encouraged to participate in data collection.

The organization should consider conducting the study annually to determine if perceptions have changed and if the organization's culture is becoming more closely aligned with the desired model. If change has not occurred, the organization should consider altering its methods to better affect the desired change.

## Conclusion

The current study explored the relationship between the ideal culture and the current culture, hierarchal differences in cultural perceptions, departmental differences in perceptions, and the strength of the organizational culture. Results suggested that the ideal culture differs from the current culture. Employees and vice presidents have similar perceptions of the organizational culture, but both differ from the CEO's ideal culture. Departmental differences were not found, indicating that the organization's departments agree in their view of the culture. Finally, the strength of the organizational culture was found to be weak in comparison to the ideal profile, which is consistent with the CEO's ideal culture.

The current study is specific in nature. It deals with one particular organization and may not generalize to other organizations. However, this study was grounded in theory and should provide useful information for the host organization. If successful culture transition is accomplished, it may encourage other organizations to focus on improving their culture.

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**Appendix A**  
**Organizational Culture Inventory**



## Organizational Culture Inventory: Introduction

Every organization has its own culture and set of expectations for its members. For example, some organizations are "competitive" and members feel that they must out-perform one another; other organizations are "cooperative" and members are more likely to feel they should work together as a team.

This inventory presents a list of 120 statements which describe some of the behaviors and "personal styles" that might be expected or implicitly required of members of organizations. Please read

Please think about what it takes for you and people like yourself (e.g., your co-workers, people in similar positions) to "fit in" and meet expectations in your organization.

Using the response options to the right, indicate **the extent to which people are expected to:**

Please start here and work down the columns.  
↓ (use pencil or ballpoint pen; press hard).

### RESPONSE OPTIONS:

- |                         |                           |
|-------------------------|---------------------------|
| 1. Not at all           | 4. To a great extent      |
| 2. To a slight extent   | 5. To a very great extent |
| 3. To a moderate extent |                           |

<input type="checkbox"/> point out flaws	<input type="checkbox"/> stay detached and perfectly objective	<input type="checkbox"/> be hard to impress	<input type="checkbox"/> question decisions made by others
<input type="checkbox"/> show concern for the needs of others	<input type="checkbox"/> oppose new ideas	<input type="checkbox"/> look for mistakes	<input type="checkbox"/> remain aloof from the situation
<input type="checkbox"/> involve others in decisions affecting them	<input type="checkbox"/> help others to grow and develop	<input type="checkbox"/> oppose things indirectly	<input type="checkbox"/> refuse to accept criticism
<input type="checkbox"/> resolve conflicts constructively	<input type="checkbox"/> be a good listener	<input type="checkbox"/> take time with people	<input type="checkbox"/> play the role of the "loyal opposition"
<input type="checkbox"/> be supportive of others	<input type="checkbox"/> give positive rewards to others	<input type="checkbox"/> encourage others	<input type="checkbox"/> help others think for themselves
<input type="checkbox"/> stay on people's good side	<input type="checkbox"/> agree with everyone	<input type="checkbox"/> back up those with the most authority	<input type="checkbox"/> be liked by everyone
<input type="checkbox"/> be a "nice guy"	<input type="checkbox"/> stay conscious of fashion	<input type="checkbox"/> switch priorities to please others	<input type="checkbox"/> out-perform their peers
<input type="checkbox"/> do things for the approval of others	<input type="checkbox"/> make sure they are accepted by others	<input type="checkbox"/> compete rather than cooperate	<input type="checkbox"/> be a "winner"
<input type="checkbox"/> "go along" with others	<input type="checkbox"/> always try to be right	<input type="checkbox"/> be the center of attention	<input type="checkbox"/> maintain an image of superiority
<input type="checkbox"/> win against others	<input type="checkbox"/> be seen and noticed	<input type="checkbox"/> never appear to lose	<input type="checkbox"/> turn the job into a contest
<input type="checkbox"/> work to achieve self-set goals	<input type="checkbox"/> explore alternatives before acting	<input type="checkbox"/> set moderately difficult goals	<input type="checkbox"/> think ahead and plan
<input type="checkbox"/> accept goals without questioning them	<input type="checkbox"/> take on challenging tasks	<input type="checkbox"/> pursue a standard of excellence	<input type="checkbox"/> take moderate risks
<input type="checkbox"/> be predictable	<input type="checkbox"/> be a good follower	<input type="checkbox"/> work for the sense of accomplishment	<input type="checkbox"/> openly show enthusiasm
<input type="checkbox"/> never challenge superiors	<input type="checkbox"/> ask everybody what they think before acting	<input type="checkbox"/> follow orders . . . even when they're wrong	<input type="checkbox"/> know the business
<input type="checkbox"/> do what is expected	<input type="checkbox"/> please those in positions of authority	<input type="checkbox"/> check decisions with superiors	<input type="checkbox"/> willingly obey orders

each statement and indicate the *extent to which* the behavior described helps people to "fit in" and meet expectations in your organization.

When responding to the statements, you might find it helpful to consider the behaviors expected by and rewarded by people in higher positions. Please keep in mind that all the statements refer to the way people *within* your organization are expected to *deal with one another* rather than with people external to the organization.

**After You've Completed The Inventory —**

1. SEPARATE the front and back pages and total your responses on the SCORING SHEET.
2. TRANSFER your 12 totals to the Organizational Culture Profile on the other side of this page.
3. RETAIN this page and the Culture Profile.
4. Please provide the background information requested. RETURN THE SCORING SHEET so we can combine your responses with those of others.

<input type="checkbox"/> cooperate with others	<input type="checkbox"/> use good human relations skills	<input type="checkbox"/> motivate others with friendliness	<input type="checkbox"/> be tactful
<input type="checkbox"/> deal with others in a friendly, pleasant way	<input type="checkbox"/> treat people as more important than things	<input type="checkbox"/> be open, warm	<input type="checkbox"/> act forceful
<input type="checkbox"/> think in terms of the group's satisfaction	<input type="checkbox"/> share feelings and thoughts	<input type="checkbox"/> stay on the offensive	<input type="checkbox"/> play "politics" to gain influence
<input type="checkbox"/> show concern for people	<input type="checkbox"/> demand loyalty	<input type="checkbox"/> build up their power base	<input type="checkbox"/> be hard, tough
<input type="checkbox"/> never relinquish control	<input type="checkbox"/> use the authority of their position	<input type="checkbox"/> personally run everything	<input type="checkbox"/> maintain unquestioned authority
<input type="checkbox"/> personally take care of every detail	<input type="checkbox"/> work long, hard hours	<input type="checkbox"/> set unrealistically high goals	<input type="checkbox"/> do things perfectly
<input type="checkbox"/> not "rock the boat"	<input type="checkbox"/> never make a mistake	<input type="checkbox"/> be precise . . . even when it's unnecessary	<input type="checkbox"/> view work as more important than anything else
<input type="checkbox"/> avoid confrontations	<input type="checkbox"/> treat rules as more important than ideas	<input type="checkbox"/> keep on top of everything	<input type="checkbox"/> appear competent and independent
<input type="checkbox"/> make a "good impression"	<input type="checkbox"/> tell people different things to avoid conflict	<input type="checkbox"/> always follow policies and practices	<input type="checkbox"/> persist, endure
<input type="checkbox"/> conform	<input type="checkbox"/> accept the status quo	<input type="checkbox"/> cast aside solutions that seem different or risky	<input type="checkbox"/> fit into the "mold"
<input type="checkbox"/> be non-committal	<input type="checkbox"/> put things off	<input type="checkbox"/> not get involved	<input type="checkbox"/> push decisions upward
<input type="checkbox"/> make "popular" rather than necessary decisions	<input type="checkbox"/> "lay low" when things get tough	<input type="checkbox"/> wait for others to act first	<input type="checkbox"/> be open about self
<input type="checkbox"/> take few chances	<input type="checkbox"/> never be the one blamed for problems	<input type="checkbox"/> be spontaneous	<input type="checkbox"/> enjoy their work
<input type="checkbox"/> shift responsibilities to others	<input type="checkbox"/> be concerned about their own growth	<input type="checkbox"/> do even simple tasks well	<input type="checkbox"/> think in unique and independent ways
<input type="checkbox"/> emphasize quality over quantity	<input type="checkbox"/> resist conformity	<input type="checkbox"/> communicate ideas	<input type="checkbox"/> maintain their personal integrity

**Organization/Department (or Code Number):** \_\_\_\_\_

The following questions focus on your organization and how you feel about working there. (Circle one response for each of the items.)

<b>To what extent...</b>	not at all	to a slight extent	to a moderate extent	to a great extent	to a very great extent
1. ...do you <i>clearly know</i> what is expected of you as a member of this organization? .....	1	2	3	4	5
2. ...do you receive <i>inconsistent</i> messages regarding what is expected? .....	1	2	3	4	5
3. ...do you feel you comfortably "fit in" as a member of this organization? .....	1	2	3	4	5
4. ...does your job require you to think and behave <i>differently</i> than would otherwise be the case? .....	1	2	3	4	5
5. ...would you personally go out of your way to make sure that a customer/client feels good about the service you've provided? .....	1	2	3	4	5
6. ...are you satisfied being a member of this organization? .....	1	2	3	4	5
7. ...does the organization respond effectively to the changing needs of its customers/clients? .....	1	2	3	4	5
8. ...do you expect to be with this organization two years from now? .....	1	2	3	4	5
9. ...do you believe the organization will get repeat business from its present customers/clients? .....	1	2	3	4	5
10. ...does your organization have a reputation for superior customer service? .....	1	2	3	4	5
11. ...would you recommend this organization to someone like yourself as a good place to work? .....	1	2	3	4	5
12. ...would you recommend this organization to potential customers/clients seeking the products or services it offers? .....	1	2	3	4	5

It would be most appreciated if you would respond to the items below. The information you provide will be used to identify trends across groups in your organization (and to support our ongoing research effort). Your responses will be treated with the strictest confidentiality.

<p><b>AGE</b></p> <input type="checkbox"/> 1. Under 20 <input type="checkbox"/> 2. 20-29 <input type="checkbox"/> 3. 30-39 <input type="checkbox"/> 4. 40-49 <input type="checkbox"/> 5. 50-59 <input type="checkbox"/> 6. 60 or over <input type="checkbox"/> 9. Prefer not to respond	<p><b>ORGANIZATIONAL LEVEL</b></p> <input type="checkbox"/> 1. Non-management <input type="checkbox"/> 2. Line management <i>(supervising non-management personnel)</i> <input type="checkbox"/> 3. Middle management <i>(managing managers)</i> <input type="checkbox"/> 4. Senior management <input type="checkbox"/> 5. Executive/Senior Vice President <input type="checkbox"/> 6. CEO/President <input type="checkbox"/> 7. Owner <input type="checkbox"/> 9. Prefer not to respond	<p><b>ORGANIZATION TYPE</b></p> <input type="checkbox"/> 1. Accounting <input type="checkbox"/> 2. Communications/Publishing <input type="checkbox"/> 3. Computers <input type="checkbox"/> 4. Construction <input type="checkbox"/> 5. Consulting <input type="checkbox"/> 6. Educational <input type="checkbox"/> 7. Energy <input type="checkbox"/> 8. Financial <input type="checkbox"/> 9. Health Care <input type="checkbox"/> 10. Hospitality <input type="checkbox"/> 11. Insurance <input type="checkbox"/> 12. Manufacturing <input type="checkbox"/> 13. Military <input type="checkbox"/> 14. Not-for-Profit <input type="checkbox"/> 15. Pharmaceutical <input type="checkbox"/> 16. Public Sector <input type="checkbox"/> 17. Retail <input type="checkbox"/> 18. Transportation/Distribution <input type="checkbox"/> 19. Other: _____ <input type="checkbox"/> 99. Prefer not to respond	<p><b>PROFESSION/OCCUPATION</b></p> <input type="checkbox"/> 1. Accounting <input type="checkbox"/> 2. Advertising <input type="checkbox"/> 3. Administrative staff <input type="checkbox"/> 4. Assembly line <input type="checkbox"/> 5. Consulting <input type="checkbox"/> 6. Data processing <input type="checkbox"/> 7. Direct labor (not assembly) <input type="checkbox"/> 8. Education <input type="checkbox"/> 9. Engineering <input type="checkbox"/> 10. Finance <input type="checkbox"/> 11. Law <input type="checkbox"/> 12. Management (general) <input type="checkbox"/> 13. Management information <input type="checkbox"/> 14. Marketing <input type="checkbox"/> 15. Medicine <input type="checkbox"/> 16. Nursing <input type="checkbox"/> 17. Personnel/Training <input type="checkbox"/> 18. Production <input type="checkbox"/> 19. Public relations <input type="checkbox"/> 20. Purchasing <input type="checkbox"/> 21. Research/Development <input type="checkbox"/> 22. Sales <input type="checkbox"/> 23. Secretarial/Clerical <input type="checkbox"/> 24. Skilled trade <input type="checkbox"/> 25. Social Work/Psychology <input type="checkbox"/> 26. Strategy/Policy <input type="checkbox"/> 27. Student <input type="checkbox"/> 28. Other: _____ <input type="checkbox"/> 99. Prefer not to respond
<p><b>SEX</b></p> <input type="checkbox"/> 1. Female <input type="checkbox"/> 2. Male <input type="checkbox"/> 9. Prefer not to respond	<p><b>SALARY (Annual)</b></p> <input type="checkbox"/> 1. \$18,000 or less <input type="checkbox"/> 2. \$18,001 to \$25,000 <input type="checkbox"/> 3. \$25,001 to \$35,000 <input type="checkbox"/> 4. \$35,001 to \$45,000 <input type="checkbox"/> 5. \$45,001 to \$60,000 <input type="checkbox"/> 6. \$60,001 to \$75,000 <input type="checkbox"/> 7. \$75,001 to \$90,000 <input type="checkbox"/> 8. \$90,001 plus <input type="checkbox"/> 9. Prefer not to respond	<p><b>YEARS WITH ORGANIZATION</b></p> <input type="checkbox"/> 1. Less than 6 months <input type="checkbox"/> 2. 6 months to 1 year <input type="checkbox"/> 3. 1 to 2 years <input type="checkbox"/> 4. 2 to 4 years <input type="checkbox"/> 5. 4 to 6 years <input type="checkbox"/> 6. 6 to 10 years <input type="checkbox"/> 7. 10 to 15 years <input type="checkbox"/> 8. More than 15 years <input type="checkbox"/> 9. Prefer not to respond	
<p><b>ETHNIC BACKGROUND</b></p> <input type="checkbox"/> 1. Asian <input type="checkbox"/> 2. Black or African American <input type="checkbox"/> 3. Hispanic <input type="checkbox"/> 4. White/Caucasian <input type="checkbox"/> 5. Other: _____ <input type="checkbox"/> 9. Prefer not to respond			
<p><b>EDUCATION (check highest level)</b></p> <input type="checkbox"/> 1. High school <input type="checkbox"/> 2. Some college <input type="checkbox"/> 3. Associate's/Technical degree <input type="checkbox"/> 4. Bachelor's degree <input type="checkbox"/> 5. Some Graduate work <input type="checkbox"/> 6. Master's degree <input type="checkbox"/> 7. Doctoral degree <input type="checkbox"/> 8. Other: _____ <input type="checkbox"/> 9. Prefer not to respond			

Research and development by:

Robert A. Cooke, Ph.D.

J. Clayton Lafferty, Ph.D.



**Appendix B**  
**Memo to Employees**

**Memo  
Executive Administration**

---

**TO:**

**FROM:**

**DATE:**

**SUBJECT:**

---

Dear NAME,

has long had a reputation of caring for its employees and associates at every level of the organization. It's more important today than ever that we continue to pursue this goal of maintaining a satisfying workplace where employees are respected and valued, they know their contributions matter and they feel like they're an important part of a winning team.

To help us in our objective of continuously seeking to improve our workplace we're undertaking an assessment of our corporate culture. You are one of about 175 employees who have been randomly selected to participate in this process.

I ask that you attend one of the sessions listed on the next page to anonymously complete a survey called the "Organization Culture Inventory". The complete session will take approximately 30-45 minutes.

We've contracted with an external agency to administer the survey, conduct the data analysis and create a summary report. will be hosting sessions in which you and others will complete and return the surveys.

Please call to sign up for one the sessions listed in order to complete the OC  
If you have any questions about the sessions, please call either

Thank you for your cooperation.

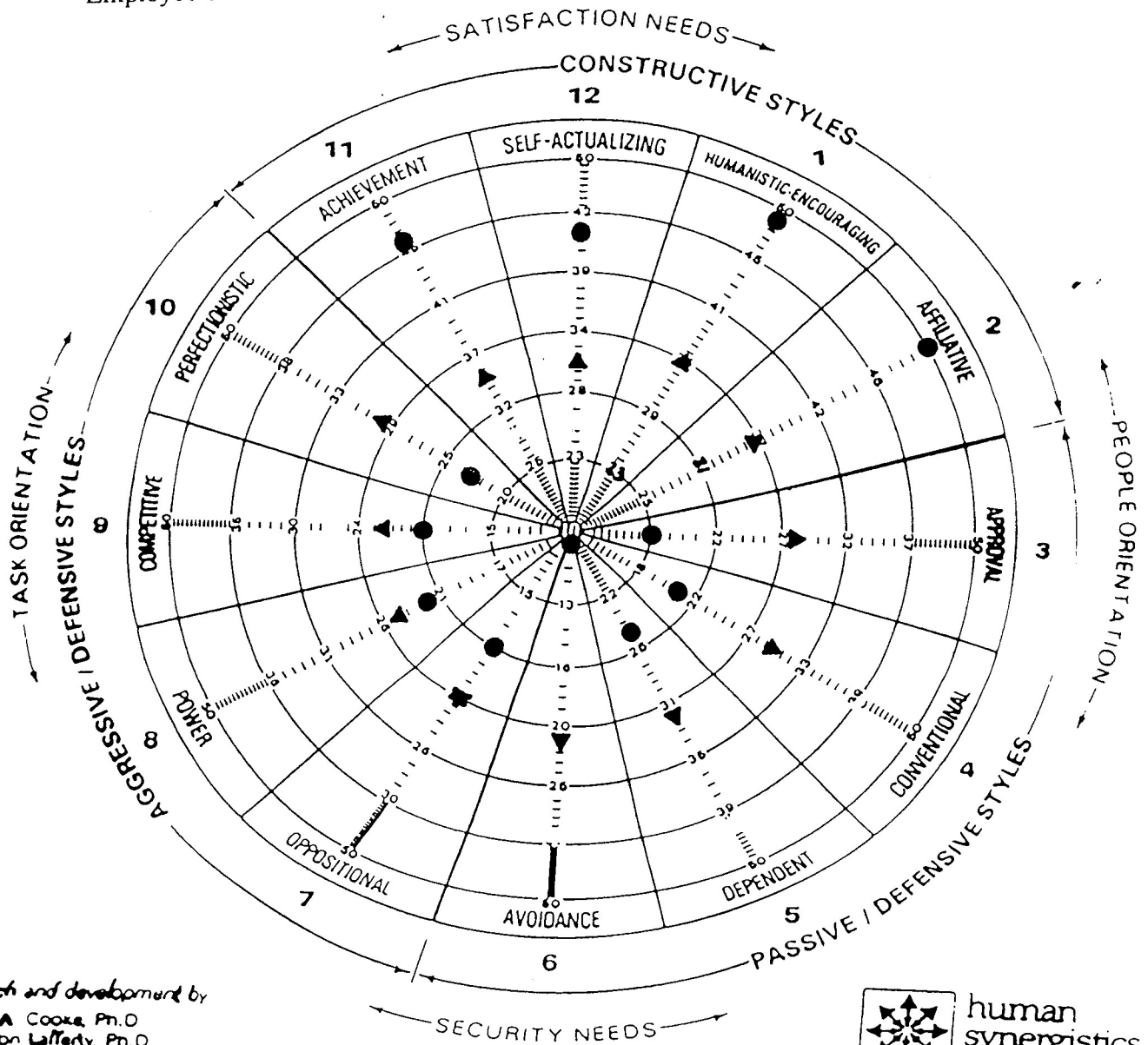
Sincerely,

**Appendix C**

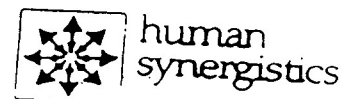
**CEO's Ideal and Employees' Current Perceptions of Culture**

# ORGANIZATIONAL CULTURE PROFILE

- = CEO Ideal
- ▲ = Employee's Current



Research and development by  
 Robert A. Cooke, Ph.D.  
 Clinton Lafferty, Ph.D.

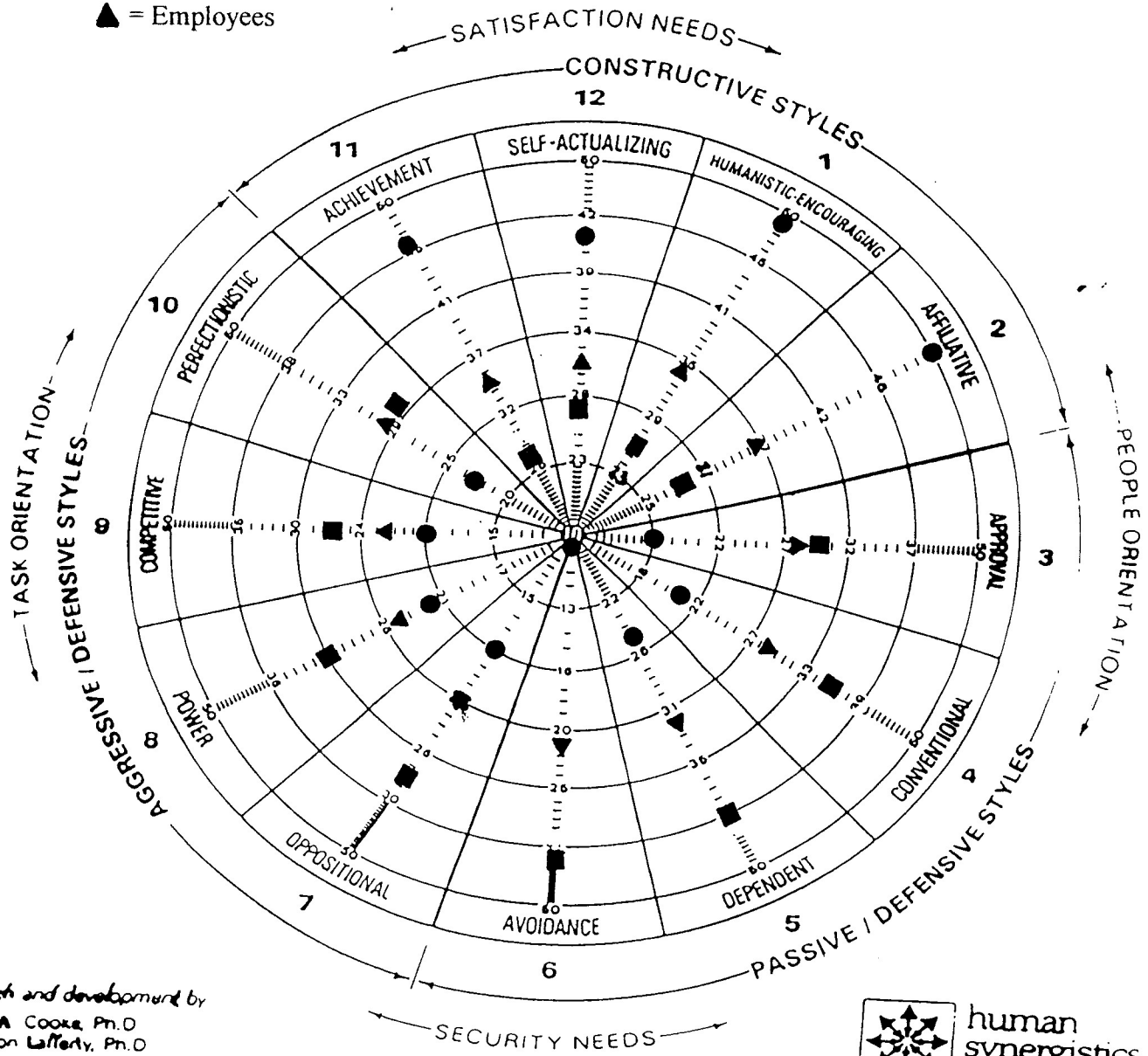


**Appendix D**  
**CEO, Vice Presidents, and Employee Perceptions**

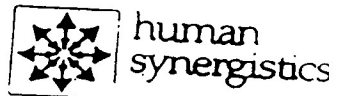


# ORGANIZATIONAL CULTURE PROFILE

- = CEO
- = Vice Presidents
- ▲ = Employees



Research and development by  
 Roberta Cooke Ph.D  
 Clayton Lafferty Ph.D

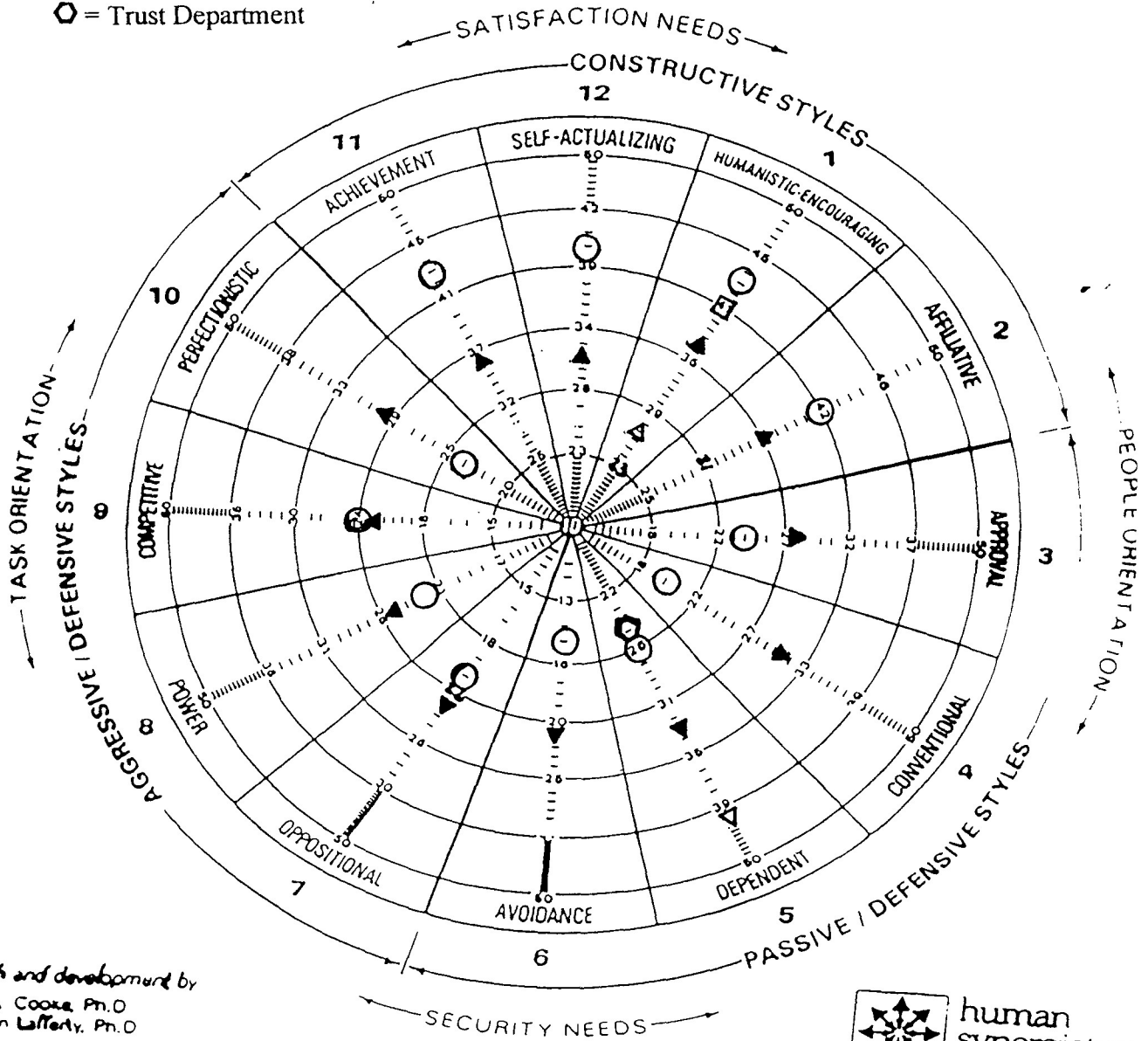


**Appendix E**

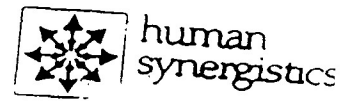
**Departmental Perceptions of Organizational Culture**

# ORGANIZATIONAL CULTURE PROFILE

- = Model
- ▲ = Across Departments
- △ = Management Assets Department
- = Human Resource Department
- = Trust Department



Research and development by  
 Robert A. Cooke, Ph.D.  
 Clayton Lafferty, Ph.D.

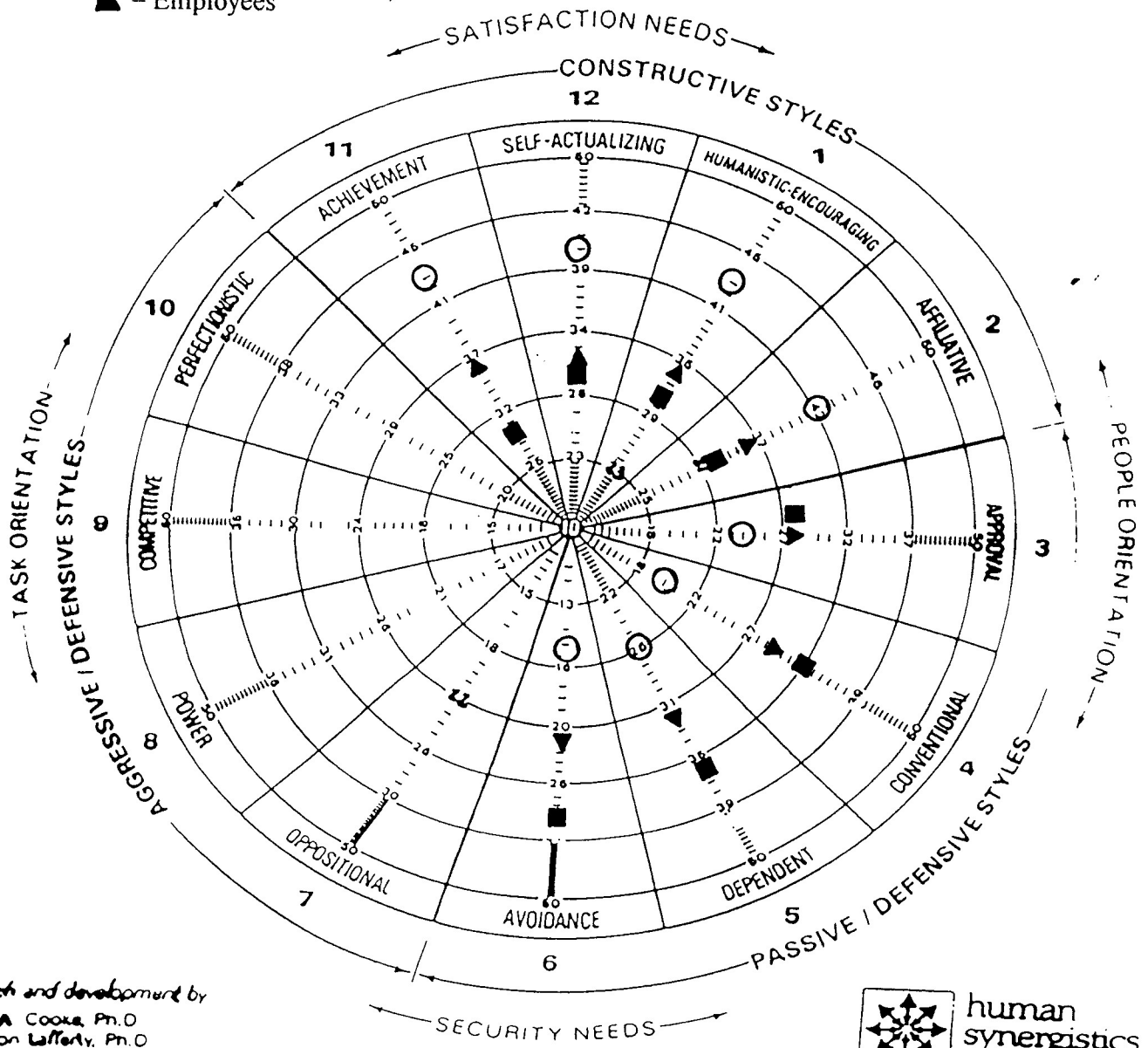


**Appendix F**

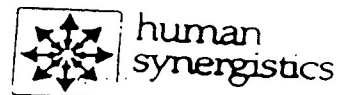
**Employees and Vice President compared to the Model**

# ORGANIZATIONAL CULTURE PROFILE

- = Model
- = Vice Presidents
- ▲ = Employees



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 Robert A. Cooke, Ph.D.  
 Clayton Lafferty, Ph.D.

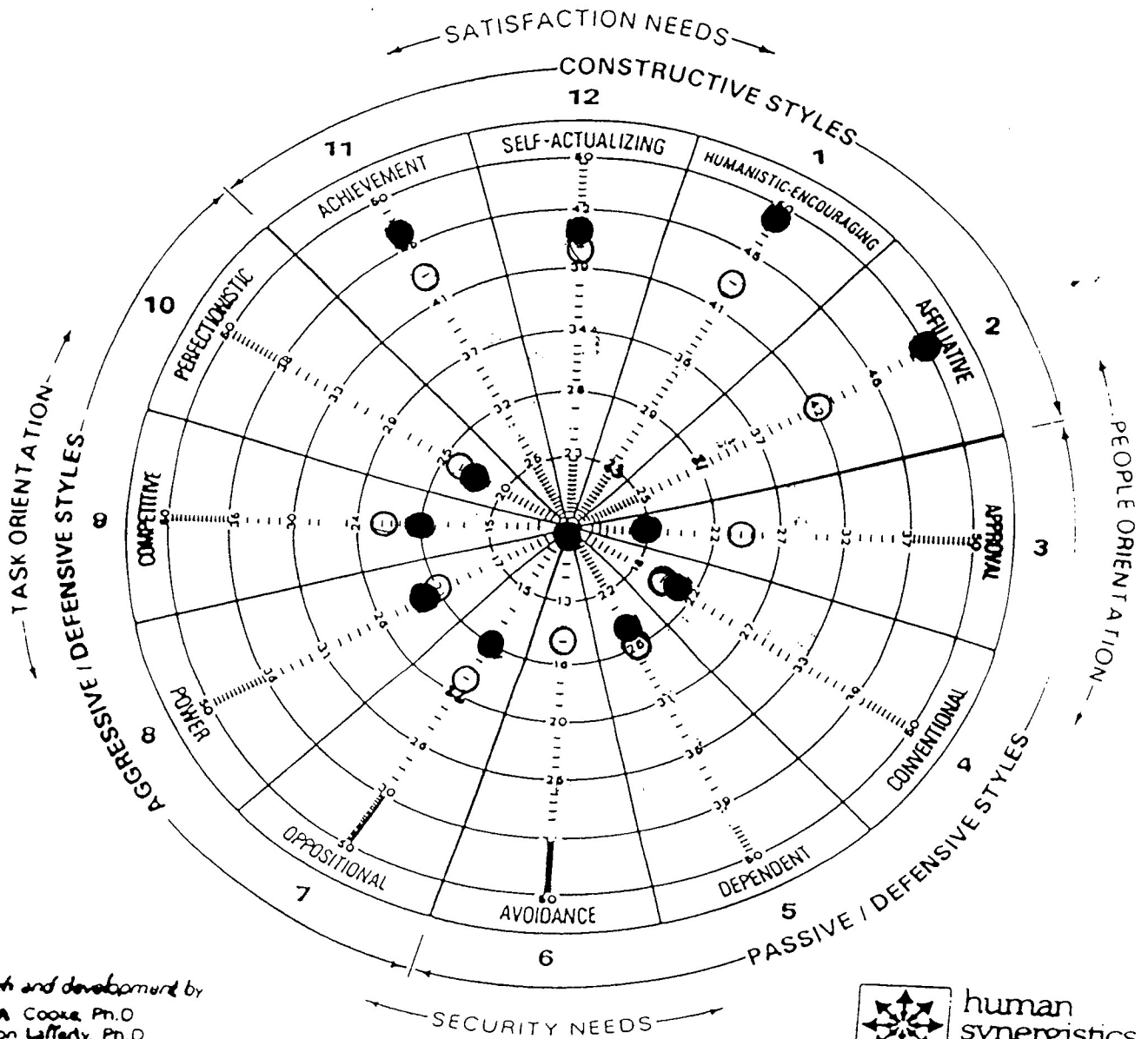


## **Appendix G**

### **CEO's Ideal compared to the Model**

# ORGANIZATIONAL CULTURE PROFILE

○ = Model  
● = CEO



Research and development by  
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Clinton Liffert, Ph.D.

