

A diverse group of smiling business professionals, including men and women of various ethnicities, are posed together in a red-tinted setting. They are dressed in business attire, and their expressions are positive and engaged. The background is a solid, deep red color.

Melita Moretti, PhD

# Organizational Culture & Organizational Climate

Chapter Summaries\*

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# Organizational Culture vs. Organizational Climate

## Chapter Summaries\*

To understand the internal environment of a company or other institution, it is useful to have an understanding of both the organizational culture and the organizational climate. There are similarities and differences between the two.

**The similarities between organizational culture and organizational climate are as follows:**

- (1) both constructs are complex, multidimensional, and multilevel;
- (2) both constructs focus on a macro view of the overall effects of individuals and their behaviour in the organization;
- (3) with both constructs, we focus on the internal environment in the organization and not on individuals;
- (4) in the case of both, we focus more on the whole organization or its organizational unit (unit of analysis) more than on individuals;
- (5) the implementation of both constructs in the organization should have the greatest and direct influence on the founders, owners and managers;
- (6) the two constructs differ in the power and influence that is supposed to be important for understanding the multitude of interdependent effects of organizational culture and organizational climate in an enterprise or other institution;
- (7) both constructs cannot always be linked to the performance of a company or other institution.

The predominant differences between organizational culture and organizational climate are as follows:

- (1) the theoretical starting points of organizational climate are based on psychology and research mostly uses quantitative data collection methods, whereas the theoretical starting points for organizational culture are based on anthropology and qualitative data collection methods;
- (2) the organizational culture is oriented towards the past or the future; the organizational climate is geared towards the current situation;
- (3) organizational culture functions on the level of relationships and values, is relatively invisible and present in the subconscious of individuals; organizational climate acts within an individual's awareness, is more visible and works on the level of relationships and values;
- (4) organizational culture is more difficult to change than organizational climate, but both cannot be implemented easily and quickly;
- (5) organizational climate research is focused on strategic aspects, while organizational culture research mostly does not focus on a specific theme.

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\*Source: MORETTI, Melita. *Organizacijska kultura in klima: Kako blizu in narazen sta si? Kaj se raziskovalci posameznih konstruktov lahko učijo eden od drugega?* (Organizational culture and climate: similarities and differences. What can researchers of the two learn from one another?) (In Slovenian). In: MORETTI, Melita (ed.), MARKIČ, Mirko (ed.). *Organizacijska kultura in klima v Sloveniji* (Organizational Culture and Climate in Slovenia). Koper: Založba Univerze na Primorskem, 2017.

# Organizational Culture: Basis, Definition, Research, and Measuring Instruments

## Chapter Summaries\*

The study of organizational culture as we understand it today began in 1938 with Barnard's classic book on management and continued in 1979 with Pettigrew. There is no single criterion for understanding and studying organizational culture, because it depends entirely on the purpose of study.

Organizational culture is a multidimensional, complex, and multilevel construct that impacts an organization through values, anecdotes, artefacts, common assumptions, basic assumptions, ways of feeling, norms, customs, thinking, rituals, informal rules, philosophy, image, ideology, metaphors, assumptions, beliefs, celebrations, attitudes, leadership styles, tradition, vision, role models, stories, and knowledge. The organizational culture of a company or any other institution can be either strong or weak. Much like society as a whole, companies and other institutions have a mixture of organizational subcultures. Their formation is influenced by organization size, age, internal differentiation, etc.

Organizational subcultures in companies or other institutions make it harder to harness the full potential of employees, they create a "multicultural" organization. To study organizational culture, either the qualitative (qualitative research methodology) or quantitative (quantitative research methodology) approach can be used. The qualitative approach is suitable for small and flexible samples and is used to analyse the employee narratives (recorded text) about their experiences.

The most appropriate methods to use in qualitative organizational culture research are interviews and focus groups. The quantitative approach to researching organizational culture, on the other hand, is based on the use of a measuring instrument (a questionnaire; e.g. OCAI, DOCS, OCI®), such an approach is more cost-effective and allows for a wider sampling of the organization as well as the possible statistical verification of the presence of subcultures and the level of agreement on organizational culture.

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\*Source: MORETTI, Melita. **Organizacijska kultura: temelji, opredelitev, raziskovanje, merilni inštrumenti (Organizational culture: basics, definition, research, measuring instruments)** (In Slovenian). In: MORETTI, Melita (ed.), MARKIČ, Mirko (ed.). **Organizacijska kultura in klima v Sloveniji (Organizational Culture and Climate in Slovenia)**. Koper: Založba Univerze na Primorskem, 2017.

# Creation (Formation), Existence (Socialization), Revision and Changes of the Organizational Culture

## Chapter Summaries\*

The chapter examines the emergence and formation of organizational culture, socialization, revision, and its modification. The creation and shaping of organizational culture is influenced by the founders of the organization, the joint learning of the participants, the gradual process of consolidation, the culture of the wider social environment (organizations that operate in several countries have developed both a common organizational culture and a unique subculture in each country; at the same time, these subcultures have become aligned with the national culture of every country), and the activity in which the organization is involved.

Regardless of its type, for it continue, organizational culture must be "transferred" to new employees – they must be socialized into the culture. By "organizational socialization" we mean the procedures through which values, norms, beliefs, assumptions, required behaviours, etc., are transferred to new participants.

The current organizational culture should be regularly monitored by managers (by conducting organizational culture audits), with the aim of the sustainable development, improvements in management, and the effective achievement of goals and objectives. Auditing organizational culture should be a complex and time-consuming process which should be carried out only after careful planning, as the results of the audit may show that the organizational culture is not well-developed or that subcultures with values that differ greatly from core values are present. In such cases, the organizational culture needs to change.

Changing the organizational culture is meant to be a long and complex process, as it is deeply rooted in the design of the organization. To ease the process, in most cases it is best to change the top managers. The processes of changing organizational culture begin with the need for change and a shift in the transitional period in which great efforts are made to adopt new values and beliefs. In the long run, the organizational culture will be stable if it has a positive impact on the organization's results.

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\*Source: MORETTI, Melita. *Nastanek (oblikovanje), obstoj (socializacija), revizija in spreminjanje organizacijske kulture (Creating (building), sustaining (socialization), reviewing and changing the organizational culture)* (In Slovenian). In: MORETTI, Melita (ed.), MARKIČ, Mirko (ed.). *Organizacijska kultura in klima v Sloveniji (Organizational Culture and Climate in Slovenia)*. Koper: Založba Univerze na Primorskem, 2017.

# Organizational Climate: History, Concept, and Dimensions

## Chapter Summaries\*

In this chapter, we present a historical overview of organizational climate research. We defined the period from 1939 to the mid-1960s as the period of the beginning of research and understanding of climate as a whole as well as of climate-like constructs.

The period of the late 1960s to the end of the 1970s were defined as a period of expanding research on organizational climate. During this period, the organizational climate was not measured "directly" – researchers defined it indirectly through management, social-interpersonal relations, the reward system in the organization, etc. Quantitative research on the organizational climate as we know it today, only began in 1979-1980. We came up with the following definition of organizational climate:

"Organizational climate is a psychological process, a prevailing set of characteristics of the current work environment which employees directly or indirectly perceive and is the "main force" that influences employee behaviour. It is how most employees currently perceive the policies, practices, events, and individual procedures in an organization: what they feel, identify with, and expect."

— Melita Moretti, PhD & Mirko Markič, PhD

In the event that the organizational climate needs to be improved, it can be changed, although not easily, in a controlled manner based on the instructions, measures, and regulations implemented by managers through which they try to regulate the behaviour of individual employees. The organizational climate also changes uncontrollably due to the influences of the social and natural environment in which the organizations operate and is expected to negatively affect their operations.

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\*Source: MORETTI, Melita. **Organizacijska klima: zgodovina, pojem in dimenzije (Organizational climate: history, definition, and dimensions)** (In Slovenian). In: MORETTI, Melita (ed.), MARKIČ, Mirko (ed.). *Organizacijska kultura in klima v Sloveniji (Organizational Culture and Climate in Slovenia)*. Koper: Založba Univerze na Primorskem, 2017.

# Organizational Culture & Organizational Climate

A group of four smiling business professionals (three men and one woman) in a dark red overlay. The man in the foreground is wearing a dark suit, light shirt, and dark tie. The woman to his right is wearing a dark blazer over a light top. The two men behind them are also smiling and wearing suits. The background is a solid dark red color.

Melita Moretti, PhD