Report

Organizational Culture Assessment Instrument

Public administration

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The Organizational Culture Assessment Instrument (OCAI)

The 'Organizational Culture Assessment Instrument' (OCAI) developed by Kim Cameron and Robert Quinn is a validated research method to examine organizational culture.

Much research went into the development of the OCAI. The American professor Robert Quinn and his colleague Kim Cameron developed the model of the Competing Values Framework. This framework consists of four Competing Values that correspond with four types of organizational culture.

Every organization has its own mix of these four types of organizational culture. This mix is found by the completion of a short questionnaire. This questionnaire is a valid method to indicate handles for change. The OCAI is currently used by 10,000 companies worldwide.

OCAI-questionnaire

The test-taker is asked to divide 100 points over four alternatives that correspond to the four culture types, according to the present organization. This method measures the mix of or extent to which one of the four culture types dominates the present organizational or team culture. By taking the test a second time, this time dividing the 100 points over the same alternatives according to what the test taker would like to see in the company, the desire for change can be measured.

The questionnaire can be found in the appendix.

Test takers will judge the six dimensions of their organization:
1. Dominant Characteristics
2. Organizational Leadership
3. Management of Employees
4. Organization Glue
5. Strategic emphases
6. Criteria for success

The results

From Quinn and Cameron's extensive research it was found that most organizations have developed a dominant culture-style. An organization rarely has only one culture type. Often there is a mix of the four organizational cultures.

Conflicts within the Competing Values Framework may be caused by the fact that the values and the corresponding organizational cultures compete with each other. This is because organizations can spend their money, attention and time only once.

Quinn and Cameron found that organizations which are flexible in their structure are most effective, which sometimes leads to contradictions within the organization. The 'best' organizations can handle competition within this framework well.

Every culture type works best in the activities domain corresponding to that particular culture type. So sometimes there is no ultimate 'best' organizational culture, although a specific type may be better than others in particular situations.

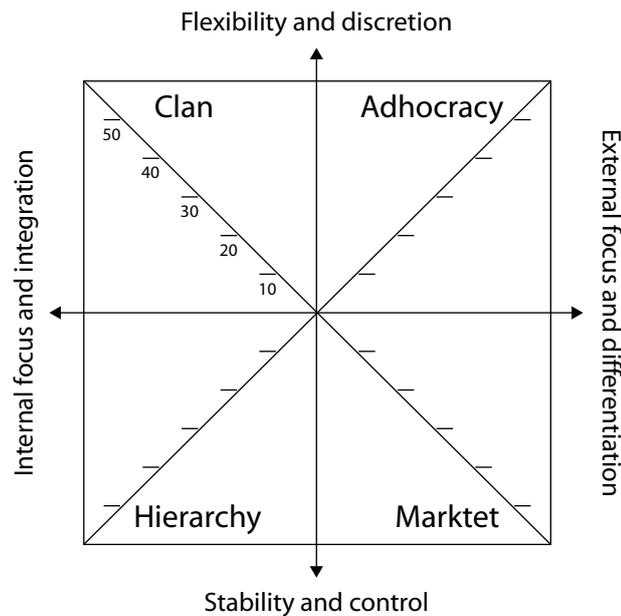# The Competing Values Framework

From a list of 39 indicators of effectiveness within the organization, two important dimensions were discovered by statistical analysis.

Cameron and Quinn came up with four quadrants, corresponding to the four organizational cultures that differ strongly:

- Internal focus and integration versus External focus and differentiation
- Stability and control versus Flexibility and discretion

To the left in the graph, the organization is internally focused (what is important for us, how do we want to work) and to the right, the organization is externally focused (what is important for the outside world, the clients, the market).

At the top of the graph, the organization desires flexibility and discretion, while at the bottom, the organization wants the opposite values: stability and control.

The diagram shows two axes: vertical axis labeled "Flexibility and discretion" (top) and "Stability and control" (bottom); horizontal axis labeled "Internal focus and integration" (left) and "External focus and differentiation" (right). The four quadrants are labeled Clan (top left), Adhocracy (top right), Hierarchy (bottom left), Marktet (bottom right). A scale on the upper-left diagonal shows 50, 40, 30, 20, 10.

The four culture types

1. The Clan Culture

A very pleasant place to work, where people share a lot of personal information, much like an extended family. The leaders or heads of the organization are seen as mentors and perhaps even parent figures. The organization is held together by loyalty or tradition. Commitment is high. The organization emphasizes the long-term benefit of human resources development and attaches great importance to cohesion and morale. Success is defined in terms of sensitivity to customers and concern for people. The organization places a premium on teamwork, participation, and consensus.

Leader Type: facilitator, mentor, team builder.

Value Drivers: commitment, communication, development.

Theory for Effectiveness: human development and participation produce effectiveness.

Quality Strategies: empowerment, team building, employee involvement, Human Resource development, open communication.

2. The Adhocracy Culture

A dynamic, entrepreneurial, and creative place to work. People stick out their necks and take risks. The leaders are considered innovators and risk takers. The glue that holds the organization together is commitment to experimentation and innovation. The emphasis is on being on the leading edge. The organization's long term emphasis is on growth and acquiring new resources. Success means gaining unique and new products or services. Being a product or service leader is important. The organization encourages individual initiative and freedom.

Leader Type: innovator, entrepreneur, visionary.

Value Drivers: innovative outputs, transformation, agility.

Theory for Effectiveness: innovativeness, vision and new resources produce effectiveness.

Quality Strategies: surprise and delight, creating new standards, anticipating needs, continuous improvement, finding creative solutions.

3. The Market Culture

A result-oriented organization whose major concern is getting the job done. People are competitive and goal-oriented. The leaders are hard drivers, producers, and competitors. They are tough and demanding. The glue that holds the organization together is an emphasis on winning. Reputation and success are common concerns. The long-term focus is on competitive actions and achievement of measurable goals and targets. Success is defined in terms of market share and penetration. Competitive pricing and market leadership are important. The organizational style is hard-driving competitiveness.

Leader Type: hard driver, competitor, producer

Value Drivers: market share, goal achievement, profitability

Theory for Effectiveness: aggressive competition and customer focus produce effectiveness.

Quality Strategies: measuring customer preferences, improving productivity, creating external partnerships, enhancing competitiveness, involving customers and suppliers.

4. The Hierarchy Culture

A very formalized and structured place to work. Procedures govern what people do. The leaders pride themselves on being good coordinators and organizers who are efficiency-minded. Maintaining a smooth-running organization is most critical. Formal rules and policies hold the organization together. The long-term concern is stability and performance with efficient, smooth operations. Success is defined in terms of dependable delivery, smooth scheduling and low cost. The management of employees is concerned with secure employment and predictability.

Leader Type: coordinator, monitor, organizer.

Value Drivers: efficiency, punctuality, consistency and uniformity.

Theory for Effectiveness: control and efficiency with appropriate processes produce effectiveness.

Quality Strategies: error detection, measurement, process control, systematic problem solving, quality tools

How to utilize the OCAI

Organizations use the OCAI for different reasons.
- The OCAI will provide you with an impression of what the staff considers important. In that sense it can be used to gauge whether employees are content.
- The OCAI can also be used as a zero measurement preceding any company changes. Once these changes have been made, a second assessment can be performed.
- The OCAI helps to improve internal communication, if different cultures are mapped between different departments or locations.
- The OCAI is a useful tool in mergers or reorganizations
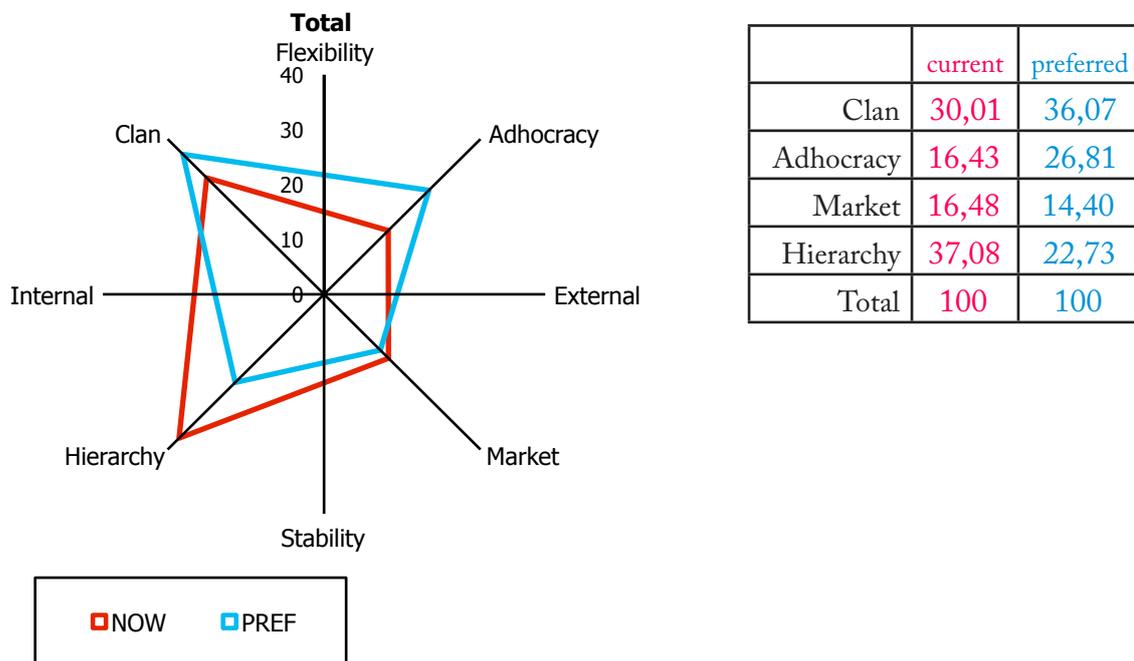- The OCAI can also be used if there is a high staff turnover or absence through illness.

Cameron has stressed the use prior to mergers: measuring organizational culture should precede any merger in the same way as a financial analysis. The feasibility and, after targeted interventions, the success of the merger depend on it.

Measuring organizational culture has some major advantages:

♦ People become aware of the current and of the preferred culture. Where are we now and where do we want to or have to go? This can generate momentum for change.

♦ It is easier to predict which measures of change will turn out to be effective. Management will get more grip on change.

♦ Resistance to change can be anticipated; it will not happen completely unexpected.

♦ It offers starting points to encourage employees and thus use their energy and creativity that leads to more support for change.

♦ It is the basis for a step-by-step, systematic change plan.

♦ Successful, lasting change revitalizes everyone; the organization will be given new momentum leading to [causing] all kinds of positive effects.

♦ The OCAI assessment is the first intervention to initiate change.

Discussing the outcome, dialogue and awareness are very important, as stressed by Cameron & Quinn. It will initiate the mental process required to bring about lasting change: intentions will turn into behavior and actual change is a fact.

Results Public administration

	current	preferred
Clan	30,01	36,07
Adhocracy	16,43	26,81
Market	16,48	14,40
Hierarchy	37,08	22,73
Total	100	100

Above you will find a diagram or profile of Public administration (451 test-takers). The cultural profile is a mix of the four cultural 'archetypes'. The red lines represent the current culture and the blue lines represent the preferred culture. From this we can deduct the following:

The dominant culture

The strength of your culture is determined by the number of points awarded to a particular cultural type. The higher the score, the more dominant the cultural type. Research has shown that strong cultures correspond with homogeneity of efforts, a clear sense of direction, an unambiguous environment and services.

The extent to which a company needs a strong, homogenous culture (instead of a varied, balanced mix of cultures) often depends on the environment: is the environment complex, how flexible should the organization be in order to respond effectively to a changing situation? If a culture is strong, changes will require more efforts.

In this case we see the following:

The dominant culture is the type that scored highest, in this case hierarchy culture (37,08 points): structure, procedures, efficiency and predictability. Followed by clan culture

(30,01 points): a very pleasant place to work where people share a lot of themselves and commitment is high. Third is market culture (16,48 points): result-oriented, production, goals and targets and competition. The adhocracy culture is present as well (16,43 points): a dynamic, entrepreneurial, and creative place to work.

Conclusion: apparently there is a mixture of cultures where an emphasis is placed on procedures and planning.

Discrepancy between present and preferred culture

Look at the difference between the current and the preferred culture. Red represents the current culture, blue represents the preferred culture. Differences of over 10 points are especially relevant and should induce the company to take action. This discrepancy yields important information about any desired changes; which direction should the organization move in?

NB As Kim Cameron stated in an interview, if the difference is less than 10 points, this doesn't mean no action is required.

In this case we see:

The largest desired difference can be seen in hierarchy culture, with a decrease of 14,35 points: the focus on formality could be considerably less. Subsequently adhocracy culture with an increase of 10,38 points could be more focused on innovation. Clan culture increases with 6,06 points and market culture decreases with 2,09 points.

The dominant culture in the preferred situation becomes clan culture, followed by adhocracy culture, hierarchy culture and market culture.

Cameron & Quinn stick to the principle that urgent action is required if the difference is higher than 10 points: this is valid for hierarchy culture (-14,35 points) and adhocracy culture (+10,38 points).

Cultural Congruence

Congruence on the six aspects means that strategy, style of leadership, reward system, management of employees and organizational characteristics are based on the same values, and fall into the same cultural quadrant.

Research shows that successful organizations often have a congruent culture. They experience fewer inner conflicts and contradictions. Cultural incongruence will often stimulate an awareness of the necessity of change. It will take a lot of time and debate; it leads to differences in values, views, targets and strategies.

Sometimes the incongruence specifically occurs between different departments or people. It may be interesting to assess these separately.

Dominant Characteristics

1. Dominant characteristics
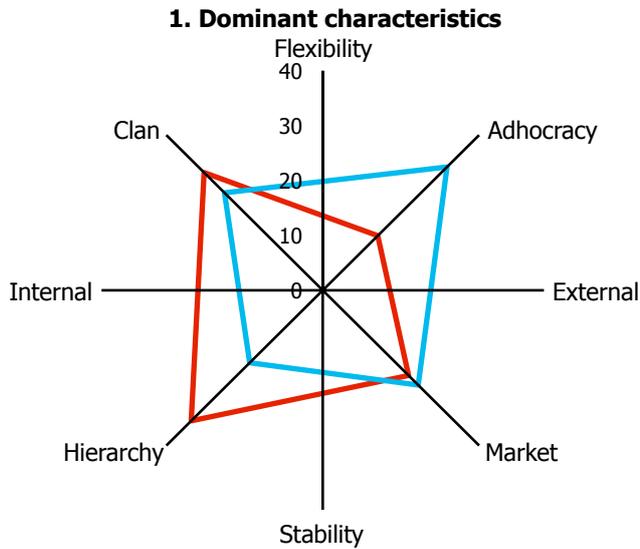
	current	preferred
Clan	30,34	25,12
Adhocracy	14,07	31,79
Market	21,95	24,42
Hierarchy	33,64	18,67
Total	100	100

For this aspect hierarchy culture scores highest: 33,64 points. The dominant characteristics are formalized and structured where procedures govern what people do. The other cultural types have respectively scored as follows: clan culture (30,34 points), market culture (21,95 points) and adhocracy culture (14,07 points).

Both in adhocracy culture and in hierarchy culture the point difference between the current and the preferred situation is greater than, or equal to, 10 (+17,72 and -14,96 points respectively). Clan culture decreases with 5,22 points, this also requires attention. Market culture increases with 2,47 points.

Organizational Leadership

2. Organizational leadership

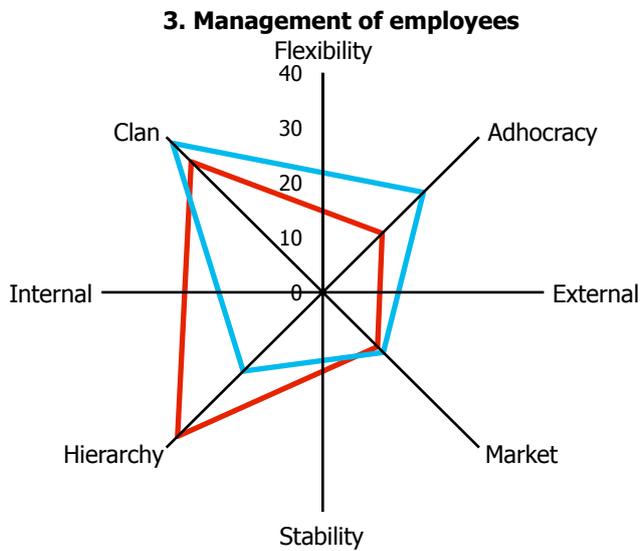|	current	preferred
Clan	27,96	35,80
Adhocracy	20,12	25,21
Market	23,11	13,79
Hierarchy	28,80	25,20
Total	100	100

How do employees perceive the leaders or head of the organization, how do they behave?

The leaders are considered to be coordinators and organizers (hierarchy culture: 28,80 points). And they have more qualities: mentors and parent figures (clan culture: 27,96 points). They are also considered to be hard drivers, producers and competitors (market culture: 23,11 points). Leaders are least considered to be innovators and risk takers (adhocracy culture: 20,12 points).

The difference between the current and the preferred situation does not exceed 10 points in any of the culture types. There is no obvious necessity to introduce a new mix of culture types.

Both market culture, clan culture and adhocracy culture require further attention with a decrease of 9,33 points, an increase of 7,84 points and an increase of 5,09 points. Hierarchy culture decreases with 3,60 points.
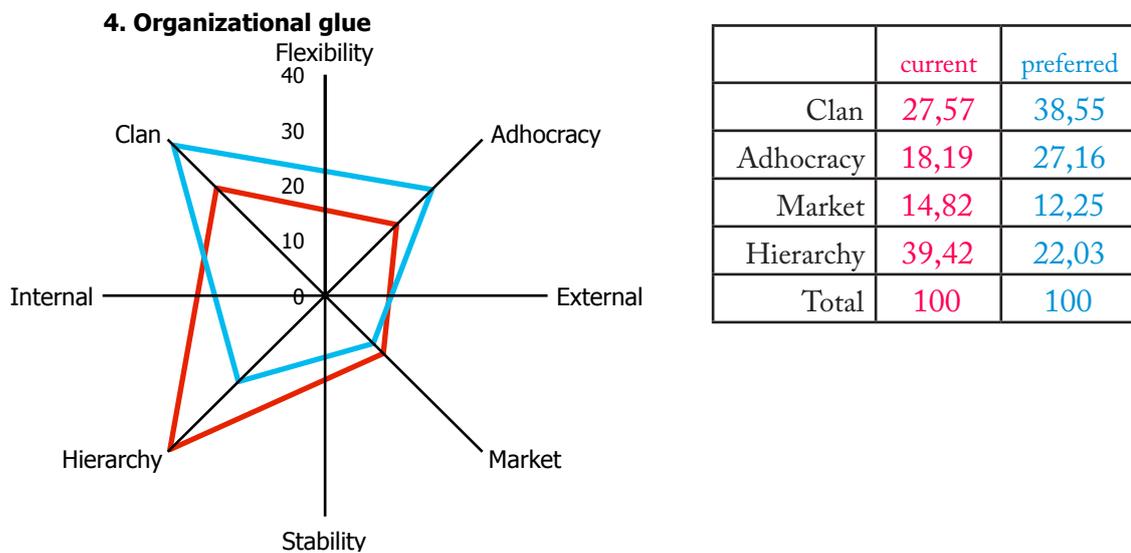
Management of Employees

3. Management of employees

	current	preferred
Clan	33,64	38,42
Adhocracy	15,21	25,76
Market	14,02	15,49
Hierarchy	37,13	20,33
Total	100	100

Security of employment, conformity, predictability and stability in relationships are important: management of employees match the hierarchy culture with 37,13 points.

Secondly we see clan culture (33,64 points): teamwork, consensus and participation. Individual risk taking, innovation, freedom and uniqueness score 15,21 points (adhocracy culture). Hard-driving competitiveness, high demands and achievement are least prevalent, market culture scores 14,02 points.

Both in hierarchy culture and in adhocracy culture the point difference between the current and the preferred situation is greater than, or equal to, 10 (-16,80 and +10,55 points respectively). Clan culture increases with 4,78 points. Market culture increases with 1,47 points.

Organization Glue

4. Organizational glue

	current	preferred
Clan	27,57	38,55
Adhocracy	18,19	27,16
Market	14,82	12,25
Hierarchy	39,42	22,03
Total	100	100

The glue that holds the organization together is formal rules and policies. Maintaining a smooth-running organization is important (hierarchy culture: 39,42 points).

Next we see loyalty and mutual trust. Commitment to this organization runs high: clan culture scores 27,57 points.

Third we see commitment to innovation and development. There is an emphasis on being on the cutting edge (adhocracy culture: 18,19 points).

Finally we see an emphasis on achievement and goal accomplishment. Aggressiveness and winning are common themes: market culture scores 14,82 points.

Both in hierarchy culture and in clan culture the point difference between the current and the preferred situation is greater than, or equal to, 10 (-17,39 and +10,98 points respectively). Adhocracy culture increases with 8,97 points, this also requires attention. Market culture decreases with 2,56 points.

Strategic Emphases

5.Strategic emphases
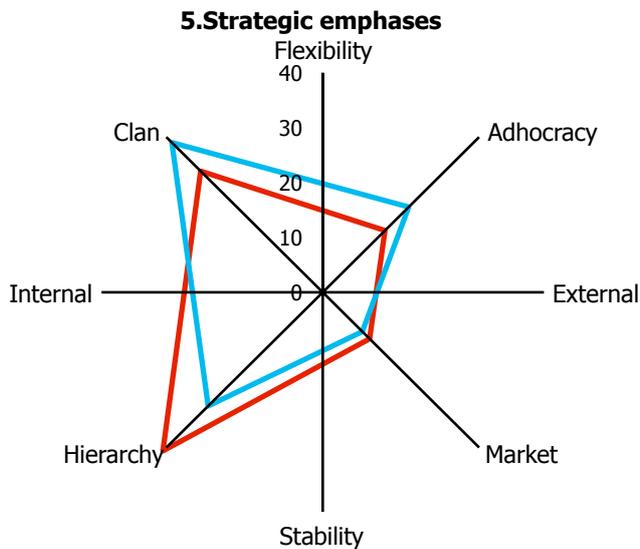
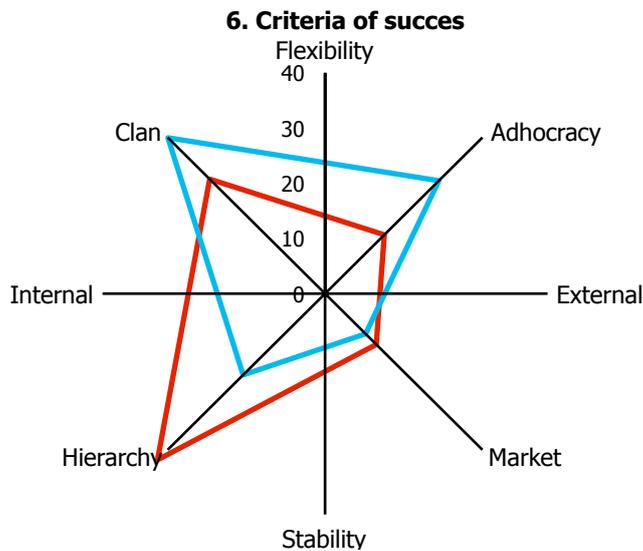|	current	preferred
Clan	31.23	38.58
Adhocracy	15,92	21,98
Market	11,98	10,13
Hierarchy	40,87	29,31
Total	100	100

The organization emphasizes permanence and stability. Efficiency, control and smooth operations are important. These are strategic emphases according to hierarchy culture (40,87 points).

Second with 31,23 points we find clan culture. Emphases are on human development. High trust, openness, and participation persist.

Third we see acquiring new resources and creating new challenges. Trying new things and prospecting for opportunities are valued (adhocracy culture: 15,92 points). Finally we see competitive actions and achievement. Attaining targets and winning in the marketplace are dominant (market culture: 11,98 points).

Most prominent: hierarchy culture should decrease considerably, as indicated by the preferred cultural situation. Hierarchy culture would score 29,31 points. With a decrease of 11,57 points compared to the current culture, this is definitely a point of interest. Clan culture increases with 7,35 points which requires attention and adhocracy culture increases with 6,07 points, this also requires attention. Market culture decreases with 1,86 points.

Criteria of Success

6. Criteria of succes

	current	preferred
Clan	29,33	39,94
Adhocracy	15,06	28,93
Market	13,02	10,30
Hierarchy	42,59	20,83
Total	100	100

Finally, the criteria of success. What are the definitions of success in the organization, and which criteria are used to determine how successful the organization is?

The organization defines success on the basis of efficiency. Dependable delivery, smooth scheduling and low-cost production are critical (hierarchy culture: 42,59 points).

Additionally, success is determined based on development of human resources, teamwork, employee commitment and concern for people (clan culture: 29,33 points).

Next, the organization values having the most unique or newest products. It is a product leader and innovator (adhocracy culture: 15,06 points).

Finally, the organization is considered successful based on winning in the marketplace and outpacing the competition. Competitive market leadership is key (market culture: 13,02 points).

The point difference between the current and the preferred situation is greater than, or equal to, 10 in three out of four cultural types. A new mix of cultural types is highly desirable. Hierarchy culture decreases with 21,76 points, adhocracy culture increases with 13,86 points and clan culture increases with 10,61 points. Market culture decreases with 2,72 points.

Congruence

In conclusion, after closely studying all six aspects, we could postulate that the current working culture is reasonably congruent. Less than 6 of the 24 differences (4) are larger than or equal to 5 compared to the average culture. In all aspects hierarchy culture is the dominant culturetype.

Appendix: OCAI-questionnaire

Dominant Characteristics

A. The organization is a very personal place. It is like an extended family. People seem to share a lot of personal information and feat ures.

B. The organization is a very dynamic entrepreneurial place. People are willing to stick out their necks and take risks.

C. The organization is very results-oriented. A major concern is getting the job done. People are very competitive and achievement-oriented.

D. The organization is a very controlled and structured place. Formal procedures generally govern what people do.

Organizational Leadership

A. The leadership in the organization is generally considered to exemplify mentoring, facilitating, or nurturing.

B. The leadership in the organization is generally considered to exemplify entrepreneurship, innovation, or risk taking.

C. The leadership in the organization is generally considered to exemplify a no-nonsense, aggressive, results-oriented focus.

D. The leadership in the organization is generally considered to exemplify coordinating, organizing, or smooth-running efficiency.

Management of Employees

A. The management style in the organization is characterized by teamwork, consensus, and participation.

B. The management style in the organization is characterized by individual risk taking, innovation, freedom, and uniqueness.

C. The management style in the organization is characterized by hard-driving competitiveness, high demands, and achievement.

D. The management style in the organization is characterized by security of employment, conformity, predictability, and stability in relationships.

Organization Glue

A. The glue that holds the organization together is loyalty and mutual trust. Commitment to this organization runs high.

B. The glue that holds the organization together is commitment to innovation and development. There is an emphasis on being on the cutting edge.

C. The glue that holds the organization together is an emphasis on achievement and goal accomplishment.

D. The glue that holds the organization together is formal rules and policies. Maintaining a smooth-running organization is important.

Strategic Emphases

A. The organization emphasizes human development. High trust, openness, and participation persist.

B. The organization emphasizes acquiring new resources and creating new challenges. Trying new things and prospecting for opportunities are valued.

C. The organization emphasizes competitive actions and achievement. Hitting stretch targets and winning in the marketplace are dominant.

D. The organization emphasizes permanence and stability. Efficiency, control and smooth operations are important.

Criteria of Success

A. The organization defines success on the basis of development of human resources, teamwork, employee commitment, and concern for people.

B. The organization defines success on the basis of having the most unique or newest products. It is a product leader and innovator.

C. The organization defines success on the basis of winning in the marketplace and outpacing the competition. Competitive market leadership is key.

D. The organization defines success on the basis of efficiency. Dependable delivery, smooth scheduling and low-cost production are critical.

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