

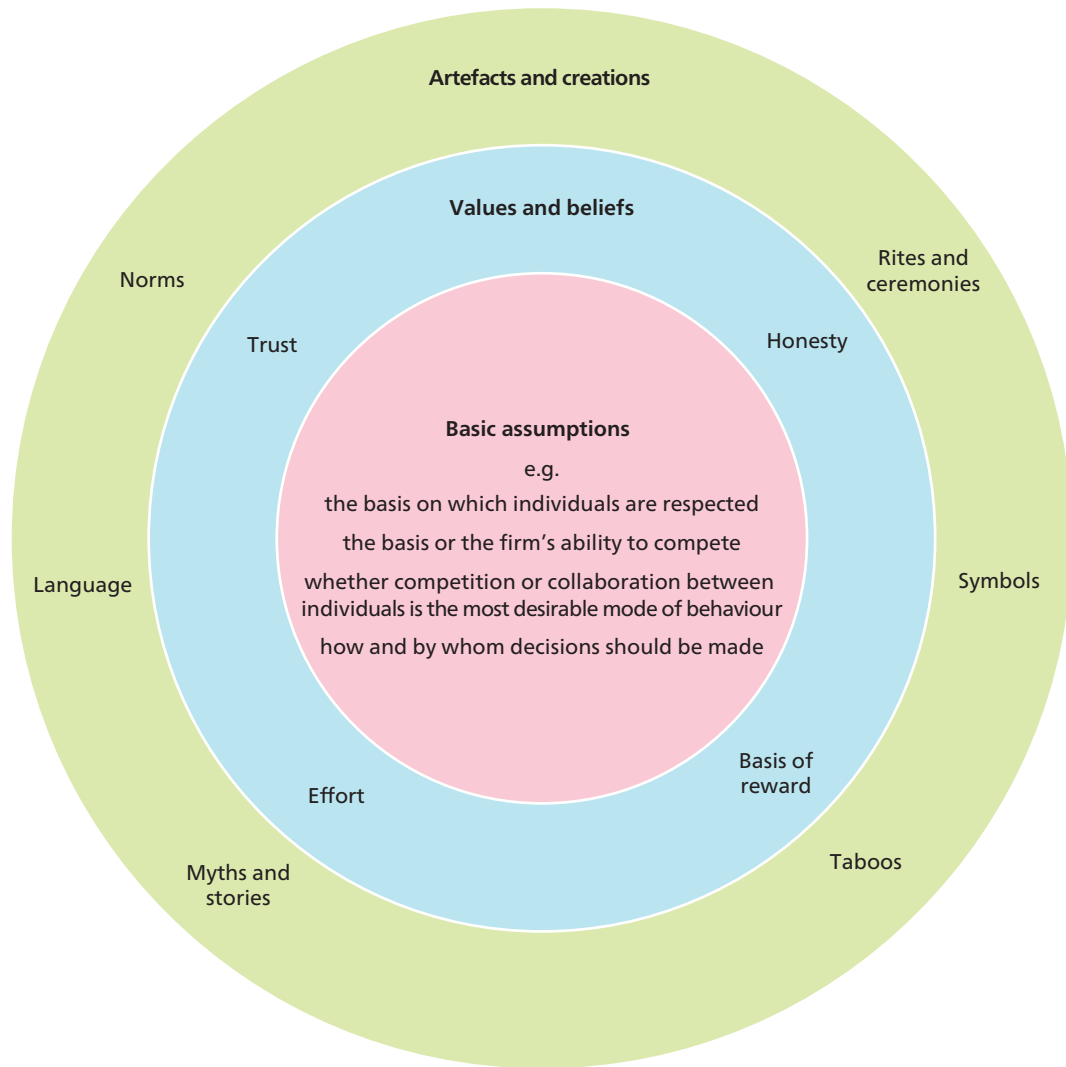


Figure 15.3 Schein's levels of culture

Source: Rollinson, D. *Organisational Behaviour and Analysis: An Integrated Approach*, fourth edition, Financial Times Prentice Hall (2008), p. 592, Reprinted and Electronically reproduced by permission from Pearson Education, Inc., New York.

Schein suggests that the basic assumptions are treated as the essence – what culture really is – and values and behaviours are treated as observed manifestations of the culture essence. **See Figure 15.3.**

Influences on the development of culture

The culture and structure of an organisation develop over time and in response to a complex set of factors. We can, however, identify a number of key influences that are likely to play an important role in the development of any corporate culture.

These include history, primary function and technology, strategy, size, location, management and leadership, and the environment.¹²

- **History.** The reason, and manner in which, the organisation was originally formed, its age, and the philosophy and values of its owners and first senior managers will affect culture. Corporate history can be an effective induction tool to assist a growth programme, and help integrate new employees by infusion with the organisation's culture and identity.¹³ Failure in mergers and acquisitions can arise from cultural clashes and failure to integrate different cultures.¹⁴
- **Primary function and technology.** The nature of the organisation's 'business' and its primary function have an important influence on its culture. This includes the range and quality of products and services provided, the importance of reputation and the type of customers. The primary function of the organisation will determine the nature of the technological processes and methods of undertaking work, which in turn also affect structure and culture.
- **Strategy.** Although a business organisation may pursue profitability, this is not by itself very clear or a sufficient criterion for its effective management. The organisation must give attention to objectives in all key areas of its operations. For example, the emphasis placed on long-term survival or growth, avoiding risks and uncertainties, or concern for broader social responsibilities. The combination of objectives and resultant strategies will influence culture, and may itself be influenced by changes in culture. **(See also Chapter 16.)**
- **Size.** Usually larger organisations have more formalised structures and cultures. Increased size is likely to result in separate departments and possibly split-site operations. This may cause difficulties in communication and inter-departmental rivalries with the need for effective co-ordination. A rapid expansion, or decline, in size and rate of growth, and resultant changes in staffing will influence structure and culture.
- **Location.** Geographical location and physical characteristics can have a major influence on culture – for example, whether an organisation is located in a quiet rural location or a busy city centre can influence the types of customers and the staff employed. An example could be a hotel or restaurant. Location can also affect the nature of services provided, the sense of 'boundary' and distinctive identity, and opportunities for development.
- **Management and leadership.** Top executives can have considerable influence on the nature of corporate culture. Examples could include the key roles played by Sir Richard Branson, Anita Roddick, founder of The Body Shop.

Another example is *Louis Gerstner*, who remade the ossified culture of computing giant IBM bred by the company's success, rebuilt the leadership team and gave the workforce a renewed sense of purpose.¹⁵ A further example is Harriet Green who between 2012 and 2014 completely transformed the financial fortunes of travel operator Thomas Cook. Before her appointment as CEO, Thomas Cook was described by the *Financial Times* as 'a near-death experience'. Such was the impact of Harriet Green that after her sudden departure £360 million was wiped off the share price of the company. However, all members of staff help to shape the dominant culture of an organisation, irrespective of what senior management feel it should be. Another important influence is the match between corporate culture and employees' perception of the psychological contract **(discussed in Chapter 1)**.

- **The environment.** In order to be effective, the organisation must be responsive to external environmental influences. For example, if the organisation operates within a dynamic environment it requires a structure and culture that are sensitive and readily adaptable to change. An organic structure is more likely to respond effectively to new opportunities and challenges, and risks and limitations presented by the external environment. **Recall the discussion on mechanistic and organic systems in Chapter 12.**



What examples can YOU provide of people who have exercised considerable influence over corporate culture? What about the vice-chancellor of your university?

The cultural web

In order to help describe and understand the culture of an organisation, *Johnson et. al.* present a cultural web, which brings together different aspects for the analysis of organisational culture (see Figure 15.4).

- **Routine behaviours** – ways in which members of the organisation behave towards each other and towards those outside the organisation and which make up how things are done or how things should happen.
- **Rituals** – particular activities or special events through which the organisation emphasises what is particularly important; can include formal organisational processes and informal processes.

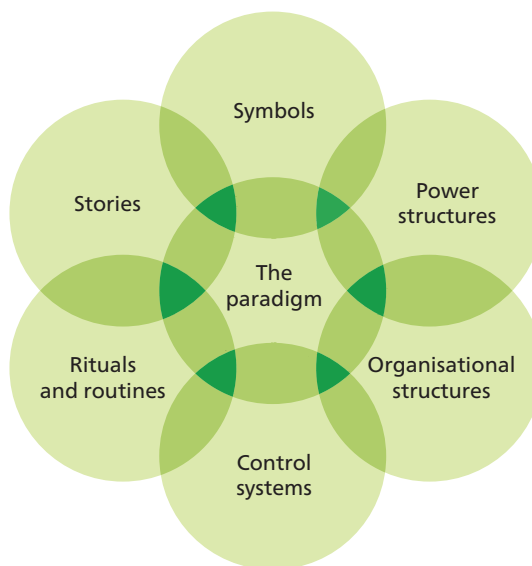


Figure 15.4 The cultural web

Source: Johnson, G., Whittington, R., Scholes, K., Angwin, D. and Regnér, P. *Exploring Strategy*, tenth edition, Pearson Education Ltd (2014), p. 156. Reprinted and Electronically reproduced by permission from Pearson Education, Inc., New York.