



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

Leadership and Management Theory and Practice **(LCBB 6022 BIRM)**

Session 4

Organisational Culture

Trawsnewid Addysg; Trawsnewid Bywydau
Transforming Education; Transforming Lives



www.uwtsd.ac.uk

Learning Objectives

Explore culture and its role in the workplace.

Introduce different theories of culture

Consider organisational examples

Organisational Culture

The purpose of organisational culture is to integrate, unify and provide employees with a sense of:

- organisational identity
- Fundamental rationale
- An ideology or philosophy.

These become the inner compass for employees to guide their work behaviours.



Purpose of culture



- Adaptation
 - External force.
 - Market Survival challenges



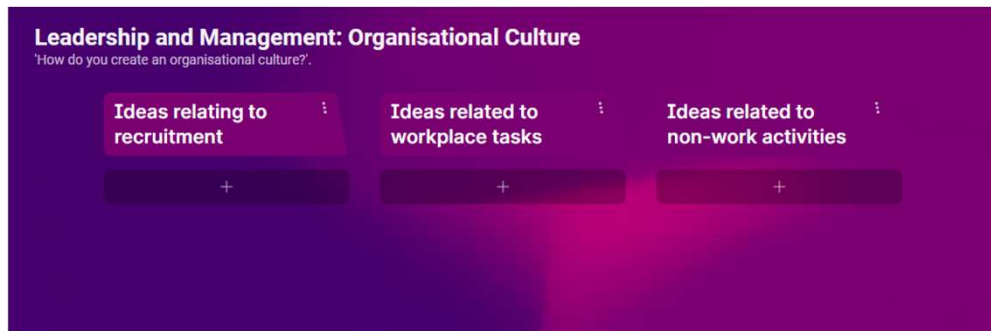
- Integration
 - Internal force
 - Reason for being

Benefits of a strong culture

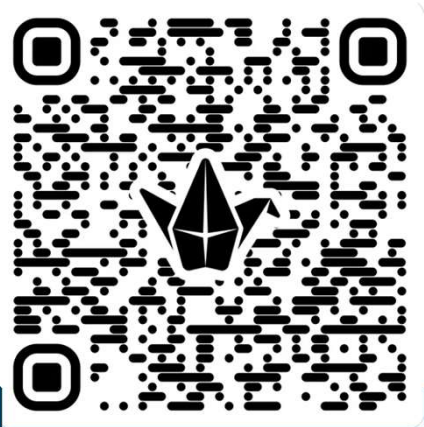
- Competitive advantage derived from innovation and customer service.
- Consistent, efficient employee performance.
- High employee motivation and engagement
- Strong company alignment towards



Developing organisational culture



- How would you develop a strong organisational culture?
- Post on the module Padlet.
- Be professional
- Be inventive



What do the textbooks suggest?

Cole and Kelly (2020) suggest the following approaches for developing a strong organisational culture.

- Recruit like-minded people.
- Socialise to instil and sustain ideologies.
- Communicate the work culture: symbols, rituals and stories.
- Promote, reward and punish employees
- Structure and design your working environment to reflect the culture,
- Display formal statements of the organisation's philosophy

How do these compare to your ideas?

What do the theorists say?

- There are four main theorists in relation to organisational culture:
 - Schein
 - Kotter
 - Hofstead
 - McKinsey

Schein explains how leaders *create and embed* organisational culture, Kotter explains how leaders *change* culture through transformational processes, and Hofstede explains how leaders are *constrained by national culture*. Together, they show that leadership both shapes and is shaped by culture, depending on the level of analysis.

Edgar Schein (1997): Leaders as the Primary Shapers of Culture

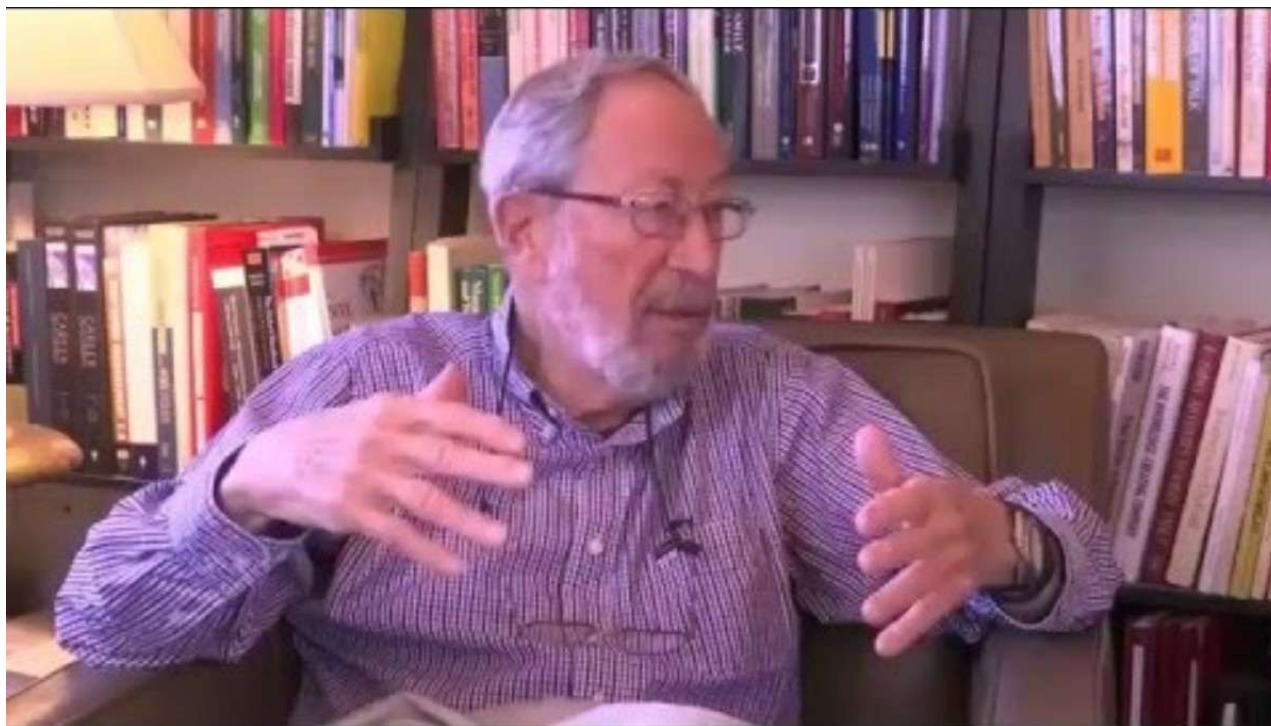
Schein argues that organizational culture and leadership are inseparable. Culture is largely created, embedded, and changed by leaders, especially founders and senior executives. Asserting that:

- Leaders create culture through what they pay attention to.
- Leaders shape culture through reactions to crises.
- Role modelling is more important than formal messaging
- Allocation of rewards and status embeds values.
- Hiring, promotion and firing decisions shape culture.
- Leaders institutionalize culture through systems and structures.
- Founders have a disproportionate influence
- Culture change requires leadership transformation.



It is what you **do**
not what you say.

Edgar Shein



John Kotter: Leadership and Culture Change

Kotter focuses on how leaders change organisational culture, especially during transformation. He suggested that:

Leadership and Management are different – management maintains systems; leadership drives change and cultural evolution.

Culture changes last, not first: Values and norms shift after new behaviours produce visible success.

Change is driven through vision and urgency: Leaders must create a compelling vision and a strong sense of urgency to mobilise people.

Role modelling is essential: Leaders must personally embody the behaviours they want others to adopt.

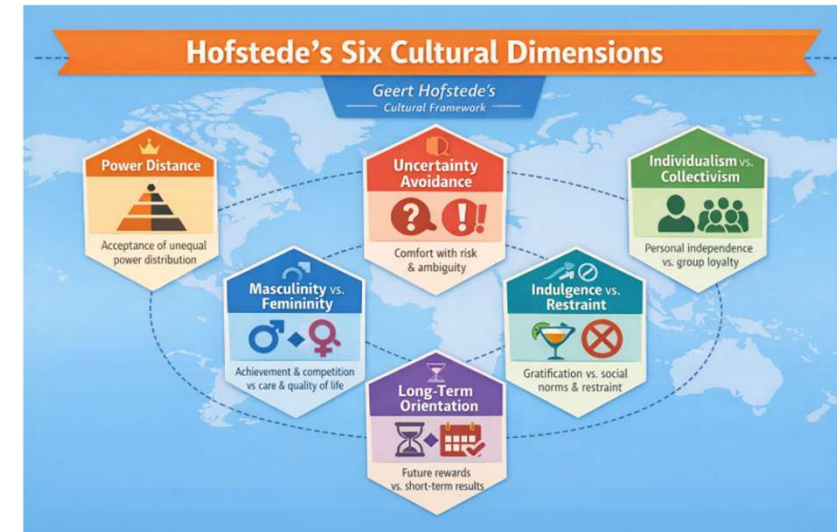
Reinforcement anchors culture: New practices become culture only when they are tied to performance, promotion, and success.

Geert Hofstede: National Culture and Leadership

Hofstede examines culture at the national level, suggesting that National culture strongly shapes workplace behaviour as well as leadership expectations vary across countries.

He identified Six cultural dimensions to explain differences :

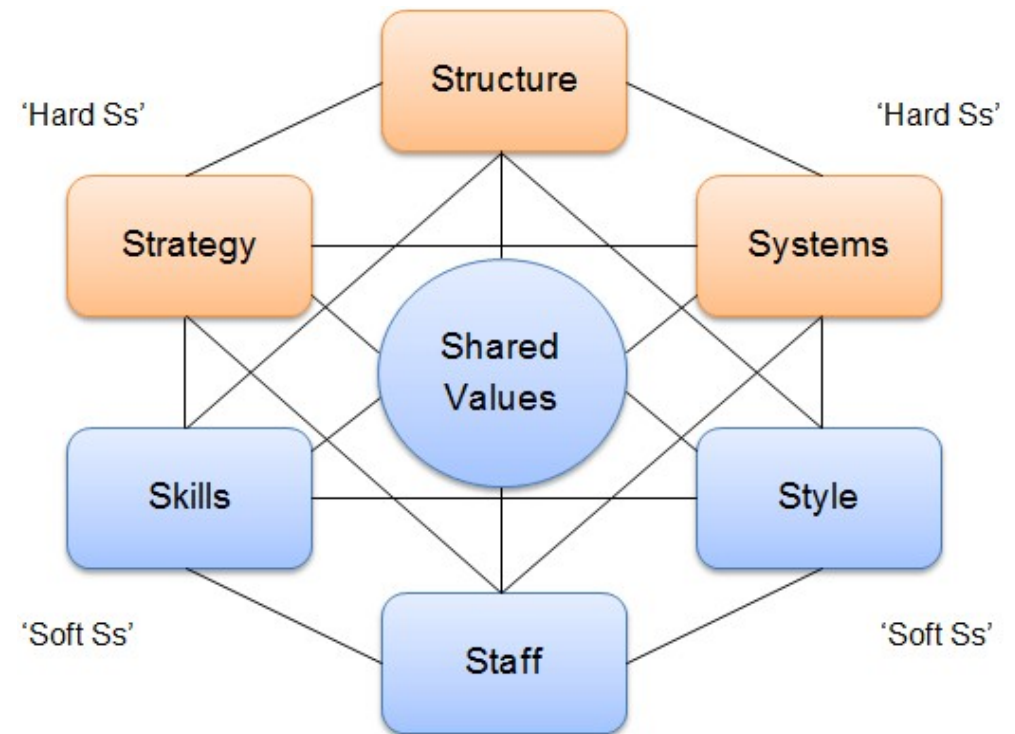
- Power Distance
- Individualism vs. Collectivism
- Masculinity vs. Femininity
- Uncertainty Avoidance
- Long-Term Orientation
- Indulgence vs. Restraint



Leaders **cannot** easily change national culture: They **must adapt** leadership styles to fit cultural contexts. Misaligned leadership causes friction: Practices effective in one culture **may** fail in another.

McKinsey & Company – The 7-S Framework

- The McKinsey 7-S Framework argues that organizational effectiveness depends on the alignment of seven interdependent elements.
- Culture is not a single component but is **embedded** primarily in the “soft S’s” and **reinforced** by the “hard S’s”.



Summary of Models and Theories

Model	What it explains	Role of culture
Schein	How culture is created & embedded.	Deep assumptions shaped by leaders.
Kotter	How culture changes.	Result of sustained behavioural change.
Hofstede	Why cultures differ across countries.	National values shape expectations.
McKinsey 7-S	How culture must align with organisation.	Shared Values linked to all systems.

Why Cultural Intelligence Matters in Management and Leadership

In modern organisations:

- Teams are increasingly multicultural and global
- Leaders operate across national, organisational, and professional cultures
- Cultural misunderstanding can lead to conflict, exclusion, and poor performance

Cultural intelligence enables managers to:

- Adapt leadership style to different cultural expectations
- Communicate effectively across cultures
- Build trust and legitimacy in diverse teams
- Avoid ethnocentrism and stereotyping

The Cultural Intelligence (CQ) Model

Christopher Earley & Soon Ang



The Four Dimensions of Cultural Intelligence
Adapting Across Cultures



THINK | LEARN | MOTIVATE | ACT

Earley and Ang Model of Cultural Intelligence CQ

Metacognitive CQ (Cultural Awareness & Reflection)

- Ability to reflect on and question cultural assumptions
 - Monitoring one's thinking during cross-cultural interactions
- Example:* Adjusting communication style after noticing misunderstanding.

Cognitive CQ (Cultural Knowledge)

- Understanding cultural norms, values, and practices
 - Knowledge of differences in leadership, communication, and hierarchy
- Example:* Knowing how power distance affects decision-making.

*newid Addysg; Trawsnewid Bywydau
forming Education; Transforming Lives*

Earley and Ang Model of Cultural Intelligence CQ

Motivational CQ (Drive & Interest)

- Willingness to engage with cultural differences
 - Confidence and curiosity in cross-cultural situations
- Example: Actively seeking international assignments or diverse teams.*

Behavioural CQ (Adaptability in Action)

- Ability to adapt verbal and non-verbal behaviour
 - Adjusting leadership and communication styles appropriately
- Example: Changing feedback style to suit cultural expectations.*

The Cultural Intelligence (CQ) Model

Christopher Earley & Soon Ang



The Four Dimensions of Cultural Intelligence
Adapting Across Cultures



Linking Management theories with Culture

Classical Management Theories and Culture

Classical management theories such as scientific management, bureaucracy, and administrative management align more closely with cultures characterised by:

- High power distance
- Strong respect for hierarchy
- Preference for rules and formal authority

Classical approaches are often more accepted in cultures where unequal power distribution is seen as legitimate.

However, in low power-distance cultures (e.g. many Western European contexts), classical approaches may be perceived as authoritarian, leading to reduced engagement and motivation. This highlights a key limitation of classical theory: its assumption of compliance rather than consent.

Classical theories may still be effective, but **only when culturally aligned** with employee

Human Relation Theories and Culture

Human relation approaches
(Behavioural theories) emphasise:

- motivation,
- participation,
- social relationships,

These closely align with:

- Democratic leadership
- Transformational leadership
- Low power distance cultures

Human Relation Theories and Culture

In individualist cultures, human relation approaches resonate strongly because they prioritise:

- autonomy,
- recognition, and
- personal development.

Leadership styles that encourage participation and empowerment are therefore more likely to be perceived as legitimate and motivating.

However, in collectivist cultures, behavioural leadership may need adaptation. Excessive individual recognition or open disagreement with leaders can be culturally uncomfortable illustrating that human relations theories are not culturally neutral, despite their human-centred focus.

These theories may unintentionally impose Western assumptions about individuality and voice.

Systems Theory and Culture

Systems theory offers a useful lens for understanding culture because it views organisations as open systems influenced by their environment. Culture can be conceptualised as:

- An input (values, beliefs, norms)
- A process (shared meaning-making)
- An output (observable behaviour and leadership expectations)

From a leadership perspective, systems thinking encourages:

- Cultural awareness across organisational subsystems
- Sensitivity to unintended consequences
- Context-responsive leadership decisions

Systems theory avoids cultural stereotyping by emphasising interdependence and complexity.

Leaders operating globally must recognise that changes to leadership style in one cultural context can affect trust, performance, and communication in another.

Contingency Theory: The Strongest Cultural Link

Contingency theory provides the most explicit connection between culture, leadership style, and management approach. Its core assumption that there is *no one best way to manage* aligns directly with cultural awareness principles.

Leadership effectiveness depends on:

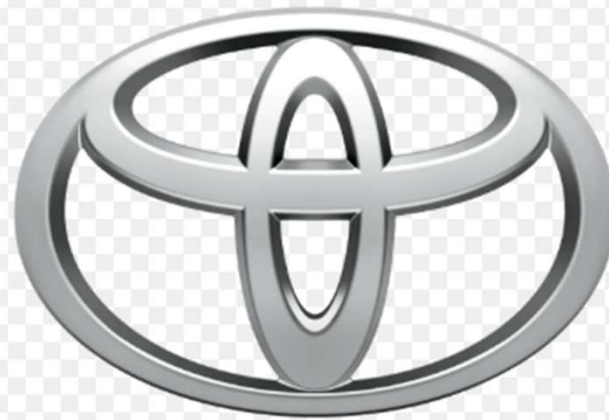
- Cultural expectations of authority
- Communication norms
- Attitudes to risk and uncertainty

Contingency theory therefore reframes cultural awareness as a **strategic leadership competence**, not simply interpersonal sensitivity.

Cultural awareness operationalises contingency theory in global management practice.

Which theories of
leadership, management or culture
are you drawn to for your assignment?

Organisational Examples



TOYOTA



Toyota and Culture



Toyota's management approach is strongly influenced by **Japanese cultural values**, including:

- Collectivism
- Respect for hierarchy
- Long-term orientation
- Emphasis on harmony (*wa*)



Using Geert Hofstede's framework:

- Japan scores relatively **high** on uncertainty avoidance, explaining Toyota's emphasis on standardisation
- Strong long-term orientation supports investment in training and gradual improvement

However, Toyota has faced challenges when transferring these practices internationally, particularly in cultures that prioritise individualism or short-term results.



Microsoft and culture



Microsoft is a global technology corporation operating in highly competitive and innovative markets. Historically criticised for a rigid, internally competitive culture, Microsoft underwent a significant cultural transformation from 2014 onwards.



Under CEO Satya Nadella, Microsoft shifted from a “know-it-all” culture to a “learn-it-all” culture, emphasising:

- Continuous learning
- Collaboration
- Psychological safety

This cultural shift aligns with learning organisation theory and challenges traditional performance-driven cultures.

Microsoft and culture



Microsoft's transformation reflects:

- Human Relations (behaviour) management theory – focus on motivation, engagement, and development
- Systems theory – recognising interdependence between culture, structure, and performance
- Contingency theory – adapting leadership style to a changing competitive environment

Nadella's leadership is often described as:

- Transformational
- Empathic
- Inclusive

Emotional intelligence plays a central role, particularly empathy and self-awareness.

This contrasts with earlier transactional and competitive leadership styles within the organisation.

NETFLIX



Netflix and culture

Netflix operates in a fast-moving, creative, and highly competitive digital entertainment industry. It is widely known for its unconventional management and HR practices.

Netflix promotes a “freedom and responsibility” culture, characterised by:

- High autonomy
- Minimal formal controls
- Emphasis on performance over loyalty

This culture prioritises results, transparency, and accountability.



Netflix and culture



Netflix management reflects:

- Contingency theory – rejecting universal management practices
- Contemporary management approaches – agility, flexibility, decentralisation
- Limited reliance on classical bureaucracy

While behavioural theory is present, motivation is largely performance-based, rather than relational.

Leadership at Netflix is:

- Hands-off
- Results-oriented
- High accountability

Leaders provide context rather than control, expecting employees to self-manage. This style requires high emotional intelligence but offers limited psychological safety for some individuals.

Summary

- **During the session today we have:**
- **Discussed culture in the workplace**
- **Discussed theories of culture**
- **Linked theories of management with theories of culture**
- **Looked at organisational examples**