

Georgiana Lanca -2235141

Module: Organisational Culture (LCLM5005_LON)

Individual written report - SIEMENS

Lecturer: Richard Ashaye

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EXECUTIVE SUMMARY

This report analyses the organisational culture of Siemens AG using Schein's Three-Level Model and Hofstede's Cultural Dimensions. Siemens is a global engineering and technology company known for innovation, professionalism and long-term thinking. The report explains how culture shapes Siemens' structure, decision-making and ability to adapt to global challenges such as digitalisation and sustainability. It also evaluates cultural barriers and provides recommendations to strengthen agility, cross-cultural collaboration and ethical leadership. The aim is to present these ideas in a clear, easy-to-understand way suitable for academic assessment and presentation.

1. INTRODUCTION

Organisational culture is one of the strongest forces inside any company. It shapes how people behave, how decisions are made, how problems are solved and how employees interact. Mullins and Christy (2016) describe organisational culture as the shared values, beliefs and assumptions that influence “how things are done around here.” In global companies, culture becomes even more important because people from different countries and backgrounds must work together smoothly (Alvesson, 2013).

I chose Siemens AG for this report. Siemens is one of the biggest industrial engineering and technology companies in the world. Founded in 1847 in Berlin, Siemens now operates in more than 190 countries and employs over 320,000 people (Siemens AG, 2023). Siemens works in digital industries, mobility, energy, automation, healthcare technology and smart infrastructure. Its long history and global presence make Siemens a great organisation to study from a cultural perspective.

The culture at Siemens is built on engineering excellence, professionalism, innovation and long-term thinking. Siemens values careful planning, precision, ethical behaviour and technical expertise. These traits have shaped the company’s identity for decades (Mullins & McLean, 2019). At the same time, Siemens has adapted its culture to modern demands such as digital transformation, sustainability, diversity and ethical conduct.

Because Siemens operates worldwide, it faces cultural differences in every region. Managing this diversity requires a strong but flexible organisational culture that can align employees globally while respecting national differences (Prince & Hoppe, 2000).

To understand Siemens’ culture, I use two main frameworks:

- Schein’s Three-Level Model
- Hofstede’s Six Cultural Dimensions

These models help identify how Siemens’ cultural values influence structure, decision-making, employee behaviour and organisational performance. The report also evaluates whether Siemens’ culture helps or creates barriers and includes recommendations based on this analysis.

2. HOW ORGANISATIONAL CULTURE SHAPES SIEMENS' STRUCTURE AND DECISION-MAKING

Organisational culture strongly influences how a company is structured and how decisions are made. Some cultures prefer flexibility and creativity, while others value structure, hierarchy and planning (Mullins & Christy, 2016). Siemens' culture clearly affects how the organisation is designed and how leaders and employees act.

2.1 A culture built on professionalism and technical expertise

Siemens is deeply rooted in engineering excellence. This technical identity means the structure must support specialised knowledge. As a result, Siemens has:

- Specialist departments for technical fields
- Clearly defined roles and responsibilities
- Highly skilled teams
- Project-based work environments

According to Mullins (2019), organisations with expertise-based cultures tend to be more formal because specialist knowledge needs structure and coordination. Siemens reflects this perfectly. Engineers and technical experts often play key roles in decision-making and decisions are based on evidence and analysis.

2.2 A structured hierarchy with collaborative elements

Siemens does have hierarchy, but it also promotes teamwork. This balance fits Germany's moderately high power distance, where employees respect managers but still participate in discussions (Hofstede Insights, 2023).

This results in:

- Managers making final decisions
- Employees contributing knowledge
- Cross-functional collaboration between departments
- Clear reporting lines

This mixture keeps Siemens organised while still allowing innovation through teamwork.

2.3 Strong compliance and ethical decision-making

After corruption scandals in the mid-2000s, Siemens reformed its culture to focus strongly on integrity, transparency and compliance (Siemens AG, 2023). This has shaped the structure by adding:

- Ethical codes and guidelines
- Systems to check and audit processes
- Training on compliance
- Ethical considerations in decision-making

This demonstrates how culture can change after major organisational events.

2.4 Innovation encourages structural flexibility

Because Siemens works in fast-moving industries like digitalisation, AI and automation, it reorganises often to stay competitive.

For example:

- Siemens Digital Industries
- The separation of Siemens Energy
- Investments in Industry 4.0 technologies

Handy (1982) argues that task-oriented cultures adapt their structures frequently, which fits Siemens perfectly.

3. IDENTIFYING SIEMENS' CULTURE USING SCHEIN AND HOFSTEDE

Schein's model helps us understand organisational culture by looking at it on three levels: what we can see, what the company says it believes, and the deep beliefs that guide behaviour (Schein, 2010). When we apply this model to Siemens, it becomes clearer how the company's culture is built and why employees act the way they do.

Artifacts: Visible features of the culture

At Siemens, we can clearly see the culture through physical and observable features such as:

- Modern offices and advanced engineering technology
- Digital communication tools and automated systems
- Professional behaviour and smart dress styles
- Cross-functional and international project teams
- Strong branding around innovation, precision and sustainability

These artifacts give the first impression of Siemens as a company that is professional, future-focused and globally connected. They show that Siemens values structure, innovation and high standards from the moment you walk in.

Espoused Values: What Siemens says it values

Siemens communicates several key values across the company, including:

- Innovation
- Integrity
- Customer focus
- Diversity and inclusion
- Sustainability
- Professional development and learning

These values are visible in speeches from leaders, official documents and global programmes (Siemens AG, 2023). They help employees understand what the company expects from them and what behaviours are encouraged.

Basic Assumptions: Deep cultural beliefs

According to Schein (2010), basic assumptions are the beliefs people hold without questioning them. At Siemens, these include:

- Technology improves society
- Rational and evidence-based decision-making is best
- Quality, precision and accuracy are essential
- Long-term planning brings success
- Expertise, knowledge and professionalism deserve respect

These assumptions form the “invisible foundation” of Siemens’ culture. They explain why Siemens invests heavily in research, why it focuses on long-term projects, and why engineering excellence is so central to the company’s identity.

3.2 Hofstede’s Cultural Dimensions

Hofstede’s model explains national culture using six dimensions. This is useful because Siemens operates worldwide and must manage cultural differences.

1. Power Distance (Hierarchy)

This dimension looks at how much people accept that power is unequal.

At Siemens:

Power distance is moderate:

- Employees respect managers
- Managers provide structure
- Employees still share ideas and participate

2. Individualism (Independence)

This dimension shows whether people prefer independence or group work.

At Siemens:

Individualism is high:

- Employees take responsibility
- People work independently
- Initiative and expertise matter

3. Masculinity vs Femininity (Competition vs Care)

Masculine cultures focus on achievement and performance.

Feminine cultures focus on cooperation and well-being.

At Siemens:

- Moderately masculine
- Focus on performance, innovation and results
- Also values diversity and employee well-being

4. Uncertainty Avoidance (Risk vs Rules)

This dimension shows whether people like clear rules.

At Siemens:

Uncertainty avoidance is high:

- Detailed planning
- Strong procedures
- Clear rules
- Careful risk management

5. Long-Term Orientation

This shows whether people think about the future or focus on short-term results.

At Siemens:

Long-term orientation is very high:

- Investment in research
- Large infrastructure projects
- Long-term sustainability goals

6. Indulgence vs Restraint

This shows whether people enjoy life freely or follow strict rules.

At Siemens:

Culture is restrained:

- Professional behaviour
- Work-focused attitude
- Structured environments

4. HOW SIEMENS USES CULTURE TO ADAPT TO ITS ENVIRONMENT

Every organisation must respond to pressures from the world around it—such as new technologies, shifting economic conditions, government regulations and changing customer expectations. Siemens' organisational culture plays a major role in how the company adapts to this external environment. Because Siemens works in highly dynamic industries like digital technology, automation, renewable energy and mobility, the company cannot remain static. Instead, its culture helps it evolve, innovate and stay competitive globally.

4.1 Adapting to Digital Transformation and Industry 4.0

One of the biggest challenges for modern companies is digitalisation. Siemens has responded to this challenge extremely well because its culture naturally supports innovation,

learning and technological advancement. As Mullins and McLean (2019) point out, organisations with strong professional and innovation-focused cultures are better positioned to embrace change.

Siemens shows this through:

- Large investments in digital technologies, such as automation systems, cloud platforms, smart factories and AI-driven solutions.
- The creation of Siemens Digital Industries, which drives Industry 4.0 strategies.
- The launch of Siemens Xcelerator, a digital transformation ecosystem connecting software, hardware and services.

These examples show how Siemens' culture of engineering excellence and continuous improvement helps employees feel comfortable working with advanced tools, adopting new technologies and developing digital skills. Instead of fearing digital change, the culture encourages staff to see it as an opportunity.

4.2 Responding to Globalisation and Cultural Diversity

As a company operating in more than 190 countries, Siemens faces the complexity of working across many national cultures. This includes different communication styles, leadership expectations and work behaviours. Prince and Hoppe (2000) explain that cross-cultural competence is essential for multinational companies to function effectively and Siemens clearly recognises this.

To respond to globalisation, Siemens promotes values such as inclusion, respect, teamwork and international collaboration. The organisation runs leadership programmes that bring together managers from different countries, helping them understand cultural differences and develop global mindsets.

The culture supports collaboration through:

- Multinational project teams
- International mobility programmes
- Global communication platforms
- Diversity and inclusion initiatives

Because Siemens' culture values professionalism and respect, employees are encouraged to listen to one another and learn from different cultural perspectives. This helps reduce misunderstanding and build stronger teamwork across borders.

4.3 Sustainability and Environmental Pressures

Sustainability is becoming one of the biggest external pressures businesses faces, driven by public expectations, government regulations and global climate priorities. Siemens has transformed its culture to align with these changing expectations. Today, sustainability is not just a corporate slogan — it is part of Siemens' identity.

Siemens AG (2023) highlights sustainability as a core strategic pillar. The company focuses on:

- Low-carbon technologies
- Smart and energy-efficient infrastructure
- Clean mobility solutions
- Circular economy principles
- Reducing emissions in its own operations

Siemens' culture of long-term orientation (seen in Hofstede's dimensions) supports this perfectly. Instead of focusing only on short-term profits, Siemens invests heavily in future-oriented solutions that will benefit society for decades.

4.4 Managing Competitive Pressures in a Fast-Changing Market

Siemens competes with global companies such as ABB, GE, Hitachi and Schneider Electric. In fast-moving technology industries, competition is fierce. What helps Siemens stay competitive is its culture of high performance, accuracy and continuous improvement.

Handy (1982) argues that organisations with strong task-oriented cultures tend to respond effectively to external challenges. Siemens reflects this exact pattern. The company constantly redesigns structures, supports employee training and invests in research and development to stay ahead.

For example:

- Siemens regularly reorganises business units to improve focus.
- It collaborates with universities and research institutions worldwide.
- Continuous innovation is encouraged throughout the organisation.

Because employees share a strong belief in engineering excellence, they naturally push towards improvement, efficiency and creativity.

4.5 Adapting to Regulations, Legal Expectations and Ethical Standards

Large global organisations face strict restrictions from governments, industry standards, safety regulations and ethical expectations. After Siemens experienced corruption issues in the mid-2000s, the company dramatically changed its culture to prioritise ethics and compliance.

Today, Siemens focuses heavily on:

- Integrity
- Transparency
- Anti-corruption policies
- Compliance training
- Ethical leadership

This cultural shift was essential for rebuilding global trust and meeting regulatory demands (Siemens AG, 2023). Employees now understand that ethical behaviour is not optional; it is a non-negotiable part of the culture and decision-making process.

4.6 Overall Summary of Cultural Adaptatio

Taken together, Siemens' culture enables the company to respond effectively to digital transformation, globalisation, sustainability pressures, ethical expectations and highly competitive markets. Its culture is a stabilising force, but also a driving force — giving Siemens both the discipline to maintain high standards and the flexibility to innovate.

5. IS ORGANISATIONAL CULTURE A BARRIER OR AN ENABLER?

When analysing Siemens' organisational culture, it becomes clear that culture acts both as a powerful enabler and, at times, a constraint on effectiveness. On the positive side, Siemens benefits from a culture deeply rooted in professionalism, engineering excellence and long-term strategic thinking. These cultural strengths help the company maintain high quality standards, build trust with global stakeholders and continuously innovate in areas such as automation, digitalisation and sustainable technologies.

The strong ethical values embedded in the culture since the company's reform period also support employee integrity, responsible behaviour and transparent decision-making, which together contribute to a positive organisational reputation and reliable performance.

However, alongside these strengths, Siemens' culture also presents certain barriers that can limit flexibility and responsiveness. For example, the high level of uncertainty avoidance—an important part of both German culture and Siemens' internal culture—means that employees and managers often prefer detailed planning, risk avoidance and strict procedures. While this ensures accuracy and safety, it can also slow down decision-making and reduce the organisation's ability to quickly adapt to change. Additionally, the moderately hierarchical structure, while helpful for clarity, can sometimes discourage employees from challenging authority or presenting unconventional ideas, which may hinder creativity and innovation.

The global nature of the organisation also introduces cultural complexities, as employees from different countries may interpret communication styles, leadership approaches and expectations differently, potentially resulting in misunderstandings or reduced efficiency. Finally, Siemens' large size and formal processes can lead to bureaucratic delays, making the organisation less agile in meeting rapidly changing market demands.

Overall, Siemens' organisational culture is generally a strong asset, but it carries inherent barriers that the company must continually manage. Understanding these barriers is essential for ensuring that Siemens remains competitive and adaptable in a fast-changing global environment.

6. EVALUATION AND RECOMMENDATIONS

6.1 Evaluation of Positive Impacts

Siemens' organisational culture has a significant positive influence on its performance. The focus on professionalism and technical expertise supports the delivery of high-quality engineering solutions that meet global industry standards. This contributes to customer satisfaction and enhances the organisation's credibility in competitive sectors such as automation, mobility and energy. Siemens' ethical culture also ensures that employees act responsibly and transparently, which strengthens trust among investors, partners and regulatory bodies. Furthermore, the company's strong long-term orientation enables continuous investment in research, innovation and sustainability, ensuring Siemens remains at the forefront of technological developments. The structured environment also provides stability and clarity for employees, which can improve engagement, loyalty and productivity.

6.2 Evaluation of Negative Impacts

Despite these strengths, several cultural characteristics limit Siemens' ability to operate as quickly and flexibly as modern markets sometimes demand. High uncertainty avoidance, for example, results in a preference for extensive planning and reduced willingness to take risks, which can delay innovation and slow down the implementation of new strategies. The hierarchical elements within the culture can also create communication barriers, as employees may hesitate to question decisions made by senior leaders. In addition, the sheer size and complexity of the organisation often produce bureaucratic procedures that make it harder to respond rapidly to emerging challenges. Global cultural diversity, although valuable, may lead to differences in expectations, working styles and communication patterns, which can complicate coordination and teamwork if not managed effectively.

6.3 Recommendations

To overcome these barriers and strengthen the effectiveness of the culture, Siemens would benefit from enhancing cross-cultural communication and competence across its global workforce. By expanding intercultural training and promoting leadership development with an international focus, the organisation can reduce misunderstandings and improve global collaboration. Additionally, Siemens should encourage a stronger sense of psychological safety so that employees feel comfortable expressing their ideas, raising concerns and

challenging established practices without fear of negative consequences. Introducing more agile working methods—such as shorter decision-making cycles, iterative project structures and cross-functional teams—could help counterbalance the effects of high uncertainty avoidance and make the organisation more adaptable. Siemens could also work to increase diversity within leadership roles, bringing a wider range of perspectives to strategic decision-making and promoting innovation. Finally, reviewing internal processes to reduce bureaucratic steps where possible would help make the organisation more efficient and responsive, enabling Siemens to maintain its competitive edge in a rapidly evolving technological landscape.

CONCLUSION

In conclusion, the organisational culture of Siemens emerges as a central force that shapes the company's identity, behaviour and long-term performance. Through the lens of Schein's model, it becomes clear that Siemens' visible practices, stated values and deeper assumptions work together to create a culture grounded in professionalism, engineering excellence and ethical responsibility. Hofstede's dimensions further reveal how national and organisational cultural traits—such as long-term orientation, structured hierarchy and high uncertainty avoidance—shape how Siemens communicates, plans and makes decisions across its global operations. These cultural characteristics have proven to be major strengths, enabling Siemens to deliver high-quality technological solutions, maintain stakeholder trust and innovate in areas such as digitalisation and sustainability.

However, the same cultural traits also create challenges. A strong preference for structure, planning and risk avoidance can make Siemens less agile in responding quickly to market changes, while global cultural differences may complicate collaboration. Despite these limitations, Siemens' culture remains a vital enabler of success. By continuing to invest in cross-cultural competence, promoting psychological safety and simplifying overly bureaucratic processes, Siemens can strengthen its adaptability while preserving the core cultural values that have supported its growth for more than 175 years.

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