

2.5 Organisational (corporate) culture (HL)

The elements of culture

Having a strong, defined organisational culture can benefit businesses and their employees. A clear culture can create more harmony among employees making work more enjoyable, encouraging teamwork, and resulting in lower labour turnover and greater productivity. Employees will have a clearer understanding of the organisation, their relationships, expectations, and ‘the way we do things around here’. Weak or poorly defined culture, on the other hand, can create confusion and uncertainty among employees. This can lead to an increase in ‘negative gossip’ and a fall in productivity.

Elements of culture

Organisational culture is complex, but there are a number of key elements:

- **Vision, mission and values of the organisation.** The vision, mission ([Section 1.3.1 \(/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/vision-and-mission-statements-id-36516\)](/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/vision-and-mission-statements-id-36516)) and core values of an organisation are together called the guiding statements. These guiding statements can frame the organisational culture by informing the employees about the direction of the business. They also help employees spot situations and culture development that may not be in line with the business’s overall direction.
- **Practices.** Businesses should put their values into practice. If an organisation professes to be environmentally supportive, then this should be evident in their practices.
- **History and narrative.** Every great organisation has a story that influences the way employees view the organisation and their work in it. An understanding of ‘how we got to where we are’ can influence the assumptions, values and beliefs of those in an organisation.
- **People.** Recruitment practices ([Subtopic 2.4 \(/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/the-elements-of-culture-id-39402/print/\)](/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/the-elements-of-culture-id-39402/print/))

174702/book/the-big-picture-id-39054)) contribute to organisational culture. Businesses need thorough workforce planning and a robust recruitment process that is committed to finding the right people for the organisation.

Making connections

You will notice, in the discussion below, that it is impossible to separate culture from the elements of human resource management that you have been studying in the other subtopics of this unit.

Culture influences – and is influenced by – all the elements of human resource management. Thus, when you discuss culture, you will often be referring to a particular combination of human resource management practices.



Figure 1. The culture of an organisation influences and is influenced by all the elements of human resource management.

Credit: Constantine Johnny, Getty Images

Theory of Knowledge

Learner profile: Thinkers

Approaches to learning: Thinking skills (critical thinking)

Many businesses hire new employees who they know will fit into their business culture. While it can be argued that a business wants shared values among its employees, there is also a case for bringing in new employees who may disrupt the organisation.

Adam Grant is a prominent organisational psychologist at the Wharton School of Business. In **Video 1**, he explains why hiring for cultural fit is not always a good idea.

- What is the role of culture in knowledge creation?
- To what extent is the disruption of culture essential for new knowledge?

Adam Grant: Hire for Culture Fit or Add?



Video 1. Adam Grant explains why a business might not want to hire for cultural fit.

Organisational culture is also related to organisational structure ([Subtopic 2.2 \(/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/the-big-picture-id-39353\)\)](#), leadership style ([Subtopic 2.3 \(/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/the-big-picture-id-39392\)\)](#), codes of conduct, and rituals. **Figures 2** and **3** highlight some visual elements of organisational culture including dress code, workspace layout, and formality of communication ([Subtopic 2.6 \(/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/the-big-picture-id-39399\)\)](#)).



Figure 2. Formal dress and private space.

Credit: VioletaStoimenova, Getty Images



Figure 3. Informal dress and open space.

Credit: Pekic, Getty Images

Activity

Learner Profile: Reflective

Approaches to Learning: Self-management skills (reflection)

Here are two activities that can help you reflect on the role of culture in organisations.

Activity 1

Canadian tech company Left was founded in 2010 and specialises in providing sustainable and meaningful travel. It has been awarded *Best for the World* status by B Corp (<https://www.bcorporation.net/en-us>) for its approach to its workforce, in part because of its positive business culture.

Access the Left website (<https://www.left.io>) and find the core values of the company.

- How might the values listed by Left affect its approach to the four business functions: human resource management, finance and accounts, marketing and operations?
- To what extent do the core values of Left match yours? Would this be a company that you would be interested in working for? Why or why not?
- Do you think that social enterprises like Left have an easier or harder time establishing a positive business culture than for-profit commercial enterprises? Discuss this with a partner or in class.

Activity 2

When schools undergo accreditation from national or international organisations, they normally have to reflect on or rewrite their vision, mission and core values, which are together known as guiding statements.

Consider your school's guiding statements.

- To what extent do you think those statements are influencing the culture of the school?
- Do the school's practices need to change to be more in line with the guiding statements?
- Or do the guiding statements need to be updated to match the developing culture of the school?