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Class Stream

# Executive summery

The purpose of this report is to investigate organisational culture and the way in which it differs between branches of the same organisation. The proposed research question was: Does organisational culture vary from one branch of an organisation to another? This area of organisational culture is relevant as managers may wish to understand the influence of personal identity and employees own cultures on the culture of the organisation. The authors of this report hope to provide insight into how culture can be affected and morph with a culture borne through diversity such as New Zealand’s.

The main objectives of the research undertaken are to find out about the culture in four branches of the same organisation and analyse if and why they differ. Using the Cultural Web, a model created by Johnson, Scholes and Whittington (2005) as a base for designing the questionnaire, this same model was the main basis of analysis. Specifically, the research discovered information about the powers structure, symbols of the organisation, stories told, rituals and routines followed, control systems and organisational structures in place.

The literature review places the study in perspective, bringing poignant points to light and raising awareness of underlying issues associated with organisational culture. Its shows there are many views and theories about organisational culture, but little conclusive research. In particular, the report on fast food and managers was important, outlining the use of top down control systems in this industry and the accompanying problems (Ogaard, Larson & Marnburg 2005). The same report explored the effect individual management style has on culture, as operating using a franchise system means that some degree of control over operation by the franchisee can influence what the organisations culture was originally.

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# Introduction

This report explores the idea of organisational culture, a topic that covers how and why people behave and think the way they do. Organisational culture affects the way a business runs and can also both help and hinder growth and success, dependant on how well it is managed and developed. Ideally a workplace culture promotes harmony, growth, development and communication, although as later seen this is not always the case. Location and socio-economic factors can influence organisational culture, especially in a multinational environment. Even different parts of the same country can have differences in culture, which translated to organisations with different branches in different geographical locations.

Specifically this report looks to do a number of things. Firstly, the literature report will define culture, including varying and contrasting views on the topic and how to best research it. The literature report will also explore three common models used for analysis and explanation of organisational culture, then going on to explore some research about the fast food industry and the impact of national culture on an organisations culture. This will put the rest of the report into perspective before moving on to the primary research. Following this, a description of the method used to obtain primary information can be found, including participants, materials used and the procedure for gathering data.

The findings of this report are then summarized and analysed, with main features of the findings highlighted. Moving on to the discussion of the findings, this report draws conclusions about the different branches and their varying organisational culture. Using the Cultural Web as a tool for analysis, these findings indicate significant variance between branches, most notably in the organisations control systems and symbolic aspects of their culture. Finally there is a short conclusion highlighting the main points from the research and its implications for the managers of the organisation researched and other managers in charge of a fast food franchise.

There are several notable limitations of this report which are outlined in more depth in the later sections, most notably the shallow nature of the questionnaire and the branches surveyed being all in Auckland and relatively central locations. The impact of this is discussed in the method and discussion sections. There are assumptions made that have also likely affected the outcome of the findings; that questions were answered accurately and honestly by participants and managerial style reflects the organisational culture intended by the organisation.

# Literature Review

Organisational Culture is a broad topic that can strongly influence how a firm operates. It is a subject that is often studied in relation to how it can influence performance of members of the organisation as well as the organisation itself. This report attempts to discover if the Organisational Culture of a particular Organisation differs between branches due to geographical location. This review will first look at what Organisational Culture is in its primary sense, moving on to discuss contrasting views on the subject. It will then look into various models that have been used to further define and give an aid for analysis of Organisational Culture. The models used are Johnson, Scholes and Whittington’s Cultural Web (2005), Hofstede's Cultural Dimensions (2003) and Schein’s Three Level theory (1992). This review will then explore and analyse existing research around the culture of the fast food industry and the impact geographical location has on research done about Organisational Culture.

There are different views on the best way to research organisational culture also; debate among scholars about research methods used can almost become personal. This is seen when McSweeny (2002) wrote a very critical article about Hofstede’s 1980 book in which he conducted research about organisational culture. The main criticisms were that surveys were an inappropriate measure of organisational culture, as are nations, subsidiaries are also an inaccurate measure of a nation’s culture, the data used was too old and there were not enough dimensions (McSweeney, 2002). Hofstede (2002) responded to this article in the journal that it was published, retorting with a list of many applications the research has already had, as well as that many of his criticisms are obsolete in that his new book covers many of those issues.

The Cultural Web is a model designed by Johnson, Scholes and Whittington (2005) that explores the idea of Organisational Culture as six interconnecting ideas, particularly useful for analysis of an organisations culture. These ideas make up the paradigm of the work environment. Stories about events, employees and people outside the company that are actively shared speak volumes about what the company values and what they want to portray about rewarded and discouraged behaviour and attitudes. The daily behaviour of people makes up Rituals and Routines, signaling acceptable responses to given situations and behaviour, as well as mirroring the values of the company and management. Symbols stand as a visual representation of the organisation and its values, including uniform and dress codes, logos and office or store design. Organisational Structure is both the written and informal rulings of power and influence that show whose contributions and opinions really count. Control systems are how the organisation maintains control over the day to day running of the business, including the financial systems, quality and reward systems in place. Power Structure shows how widely decision making and influence is spread, including influence over policy, strategy and operations.

These six parts to the paradigm can overlap, what you find out about one sub section will invariably tell you something about another, for example if you find that an organisation has strong control systems in place for reward and punishment, this often related to the power structure of the company, dictating who can give rewards and punishment and for what, which is determined by upper management. The inter-relating of these ideas makes it a good model for wide discussion of the topic. However, it can be difficult to closely analyse which parts of an organisations culture are inefficient or causing less than desirable behaviour, as this model makes it difficult to pinpoint exact areas.

Organisational Culture is a far reaching and widely debated topic that covers how and why people behave and think the way they do. This report has explored different views on what organisational culture is, with the common view being that it evolves with a company and its people, affecting the way in which the company is operated and how decisions are made. Contrasting views were then explored, including what organisational culture is, how research should be done about the subject and whether or not results of research from one country are relevant to others. Three common models used for analysis were then explained and summarized briefly, as well as analysed for what ways they were useful. It was concluded that the Cultural Web made it difficult to pinpoint exact areas of the culture, Hofstede’s model (2003) focused mainly on national culture and Schein’s model is very simplistic and suited to shallow analysis of culture. This report then shows the problems associated with multinational organisations and adaptation to culture changes, specifically in the fast food industry where many top down control systems exist. To research organisational culture many aspects must be taken into account and concrete conclusions can be hard to come by, especially in a national culture that is diverse and changing. Organisations can either fight changes in culture or adapt with them, either approach presents new problems that must be overcome. Although literature about this topic is extensively theory, often the conclusions drawn from research is also theory rather than fact, making this subject ever changing and case specific.

# Method

## Participants

The participants of the questionnaire included staff from four different branches of the fast food organisation studied. These thirty one displayed a range of demographic qualities. Participants ages ranged from 16 to 45 with most people surveyed belonging within the 20-25 year old age bracket. Several ethnicities were present at each branch including Asian, NZ/European and Pacific Islanders. Both male and female employees participated in the questionnaire although overall there was a larger proportion of males than females within the workplaces (refer to appendix 1)

## Materials

The questionnaire distributed was developed in relation to the Cultural Web Model for Organisation Culture by Johnson, Scholes and Whittington (2005). In the questionnaire there are six sections, each containing three statements which correspond to a different part of the cultural web. A scale of 1-5 is given for participants to rate each statement from Strongly Disagree to Strongly Agree. The scores of the statements within each section are then weighted and an average figure is used to describe the rating of that section of the branch’s organisational culture.

The process of refining the questionnaire involved several drafts and discussions with the class lecturer. It was important that the questionnaire was as good as possible so as to mitigate bias and the gathering of inadequate results. Despite attempts at minimising weaknesses, the materials proved to contain some. The term organisational culture was not defined clearly enough on the questionnaire information sheets. This proved to be problematic as some managers that were approached to complete the surveys felt threatened. They believed they were being negatively judged according to factors on a personal level and did not feel comfortable with the process. A clearer description of what the questionnaires were actually measuring may have reduced this participation problem.

## Procedure

The following description was what researchers did to carry out primary research within fast food branches.

Researcher entered the branch and asked to speak to the manager.

This process was reasonably effective as it ensured permission was granted by managers before the questionnaires were circulated. Also, specific dates were arranged to ensure a consistent time frame existed across all branches. However, there were several weaknesses with this procedure. First, it was not decided by the research team how many questionnaires would be offered to each branch. Because of this, each branch was given a different amount of questionnaires to complete and this may have affected final results. Second, by allowing only a three-day period to fill in the questionnaires, not all staff may have had to opportunity to fill one out. Many causal staff members only work during weekends while other employees may only work during the week. In order to get an accurate representation of the organisational culture one week should have been allowed for the questionnaire completion to ensure most employees had the opportunity to participate. Third, researcher communication was not as clear as it could have been. As mentioned earlier, some managers did not agree to the research within their fast food branch. This problem may have been alleviated if the researchers planned a specific oral explanation to deliver to managers outlining exactly the purpose and function of the research. As such, none of the above occurred and the results gathered may have been affected by the negative impact of these.



Figure

This section is a presentation of the findings discovered through conducted primary research. Data relating to the six sections of Johnson and Scholes cultural web model are displayed as well as a detailed comparision between results of each branch. The X axis of all graphs shows the four branches surveyed. The Y axis measures the strength of a particular aspect of organisatinal culture within the workplace. The values 1-5 are a direct coresspondant to the scale given to participants who were surveyed. This provides consistant and accurate result interpretation.

The graph above is a summary of all the findings. Below are detailed graphs and explanations of the individual data.

This graph indicates the degree of power within the branches surveyed. Branch A scored the highest average rating which was 3.67. Closely followed was branch B with an average score of 3.50. D had a moderate score of 3.23 while the lowest score, 3.00 is shown in branch C.

The graph above shows the degree to which stories and myths were expressed by employees in the selected four branches. Branch C scored the highest average of 4.33. Branch B got a score of 3.89 in this aspect; 0.44 less than branch C. The score of branch A reached 3.29 while branch D got the lowest result 2.83, which is 1.5 less than the result of branch C. Half of the employees in branch A had neutral judgement in regards to their managers. More positive comments on managers were shown in branch D and some working experiences were not shared among the majority of the employees.



# Discussion

## Power structures

Power structures include the control that those in senior positions have over other employees. To measure the extent of power structures within the chosen branches, three statements were offered to respondents to rate their agreement on an appropriate scale. These statements were:

Our manager oversees every decision

Head office controls many aspects of our branch

I follow instructions given by my manager or assistant managers only

Responses to the above varied between the four branches. Branch A displayed the highest level of power structure while branch C scored the lowest in power structure. These results were interesting as they contradicted Hofstede’s power distance cultural factor.

Power distance is the acceptance that power within an organisation is distributed unequally for example; acknowledgement that managers have more influence within a branch of fast food than delivery staff. In Hofstede’s model, it is suggested that Asian cultures have a higher power distance positioning than New Zealanders who score relatively low in comparison. This assumption did not match the results obtained from the four branches surveyed.

The highest scoring power branch had the largest number of NZ/European staff employed. According to the model, such a staff team should have a low power-distance index, with staff caring little about power distribution. The opposite was however apparent. Branch C who had a large proportion of Asian to NZ/European staff also challenged Hofstede’s supposition. In theory, such a staff team should have had a high power distance, but they did not.

## Control systems

As described in the literature review, control systems are an aspect of organisational culture which describe how the organisation maintains control over the day to day running of the business. Some examples of control relative to the fast food industry were given to respondents who were asked to rate their importance. These were;

1. Cleanliness is closely monitored

2. There are consequences for being late

3. There are clear procedures for dealing with customer complaints

The results from the questionnaires revealed a similar overall trend to that of the power structure element. Branches A and D both scored higher than branches C and D. This was however to be expected as Johnsons and Scholes cultural web model was designed with an expectation that factors would overlap, especially between these two areas. While the relative rank of branches was the same, overall control systems scored higher than power with branches A and D scoring a mean value of 4.25, which translates to ‘agree’. This may be attributed to the higher retention of staff than branches B and C. In these branches, the majority of staff members have worked with the organisation for less than one year in comparison to A and D staff working for 1-5 years. This long standing working position may influence the staff’s responsiveness to controls as they understand their importance and are willing to abide by set rules.

## Routines and Rituals

.As discussed in the findings, branches A and D received the highest average ratings, followed by branch B then C. According to the cultural web model, a high rating in routines and rituals can be translated to mean that there exists a strong correlation between employee actions and management or company values (Johnson and Scholes, 2005). When employees feel strongly about their routines and rituals, they can carry out tasks in confidence, knowing what is expected of them.

## Symbols

Symbols Within an organisation, symbols are a visual representation of branch values. The statements used to measure the degree to which participants valued symbols are listed below:

1. Wearing the correct uniform is important for the stores image

2. We speak in a more formal manner at work

3. Our positions/titles are clearly visible to each other and customers

## Organisational Structure

The awareness of power within a workplace can be a description of the Organisational Structure. The statements that were used to measure the degree of structure within the 4 branches are as follows:

When a manager is not around, authority is held by those who have been with the company the longest

I am required to stick to tasks related to my job description

Career progression is based upon standards that have been clearly laid out for me

Stories and Myths

As discussed in the findings, branch B received the highest average rating and branch C received the lowest average rating, branches A and D were higher than branch C and were both similar in their average ratings. According to the cultural web model, a high rating in organisational structure can be interpreted as the company having both the written and informal rulings of power (Johnson and Scholes, 2005). When employees feel strongly about the structure of the organisation, that influence will be shown to the employers through their contributions and opinions.

The degree of stories and myths portrayed within an organisation can be seen through the level of communication within the company. Stories and myths speak volumes about what the company values and the image exposed through the behaviours and attitudes of the employees. The following statements were used to analyse the degree of stories and myths amid the 4 branches:

1. We share stories about employees – past and present

2. We share stories about difficult and troublesome customers

3. We talk about managers often in a negative way

Branch C scored the highest rating of stories and myths by quiet a considerable amount as identified in the findings. Branch B was the next highest rating

Interpersonal communication, as discussed in the literature review, is the process by which information is sent and received from one source to another. The communication process can be disrupted and is always affected by noise; physical distractions, cultural differences, mixed messages etc. Brach C had an extremely high rating of stories and myths in comparison to the other branches; this could be due to the noises that occur during the day to day work. For instance the proportion of men to women at all the branches is significantly high at 71% male and 29% female. This could influence the noise factor of physical distractions, with an uneven mixture of men to women, distractions could become more apparent and lead to disruptions in the communication line as discussed.

# Conclusion

Organisational culture is a difficult topic to identify exact causes and effects of issues and events, as many ideas and theories interrelate and mix so that many theories and ideas can go into explaining results of research. Because of this, the questionnaire used to conduct primary research for this report was based on the Cultural Web, a model created by Johnson, Scholes and Whittington (2005) that is flexible in its analysis of organisational culture. The questions related to different parts of this model, so when it came to analysing the results it was easy to see what the results meant in terms of culture.

The findings showed that branches displayed similar levels of both Power and Organisational Structure which reinforces the idea that the cultural web model is one that is interlinking. Ideas and values expressed in one aspect of the web will often impact others. Branches that scored highly in Stories and Myths which largely measured communication between staff members, received low scores in Control, Structure and Routines and Rituals. This indicated a lack of conformity to organisational and management values. When the ERG theory was applied to the branches, it may be suggested that staff at branch C especially will be operating under a mere existence mind frame. Branches A and D often scored similarly and this may be attributed to the management styles. As discussed throughout the report, managers play a defining role in the culture of a workplace.

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# Appendix

This graph shows that the majority of employees surveyed were males (71%). Only 29% were females.

