**Introduction**

Organisational culture can be viewed through a plethora of lenses to gain an understanding of its impact on the development of an enterprise. This essay will analyse some of the theories to view organisational culture as a both a facilitator and a constraint for an enterprise’s growth. Organisational culture is difficult to define and explain; Schein (1985) suggests that it is also challenging to change the cultural element of an organisation (Cacciattolo, 2014). However, Shein (1985) presents organisational culture as a three-tiered structure. These three levels of culture are artifacts, espoused values and basic underlying assumptions, all of which must be considered when assessing the impact of organisational culture. Case studies from IKEA and Marks & Spencer will also be used to demonstrate how organisational culture can have a paradoxical impact on the development of an organisation. The case study of IKEA will highlight how a strong culture can positively enhance the development of an organisation. Alternatively, the study of Marks & Spencer will show how a poor management culture can disseminate across an entire organisation and create major issues when considering any future strategies or directions to implement. Finally, different theories regarding organisational culture can be considered, such as Dahlsrud’s five dimensions of corporate social responsibility, Carroll’s pyramid of corporate social responsibility, McGregor’s theory of culture, Porter’s value chain and the resource-based view. These will be utilised throughout this essay.

**Organisational Culture as a Facilitator**

There are a range of ways in which organisational culture can facilitate the strategic development of an enterprise. In the 21st century, there are growing expectations that companies place corporate social responsibility (CSR) initiatives at the heart of the company culture. To understand the positive impact that a sustainable culture can have on a business, CSR can be segmented into the following subgroups according to Dahlsrud’s five dimensions of CSR:

* Environmental
* Social - interaction and integration
* Economic
* Stakeholder
* Voluntariness (Dahlsrud, 2008).

The adoption of CSR initiatives has clear benefits which aid the positive perception of a business by customers and employees (Kurcharska and Kowalczyk, 2019). At company level, the corporate culture of an organisation can be a key aspect of gaining competitive advantage. This is partly achieved by employees having a ‘buy-in’ to the company due to culture aligning with their personal values, which results in a lower rate of staff-turnover (Lee at al., 2013). The concept of culture being important when considering sustained competitive advantage is supported by the resource-based view, which asserts that culture can be viewed as an intangible internal resource for sustained competitive advantage (Zahra et al., 2004). It can also be argued that CSR in culture can have an impact on the satisfaction of customers, business performance and financial performance (Phillips et al., 2019). If businesses are to develop, it is important that there is financial success to facilitate this development. These views on CSR in culture suggest that organisations implementing CSR practises should be continually developing.

If companies are achieving financial success as a result of a positive corporate culture, it allows for the economic expansion of their current CSR initiatives. From this perspective, the development of organisations alongside a strong organisational culture is cyclical; success breeds further success. According to Carroll’s Pyramid of CSR (appendix 1), the meeting of economic responsibilities by an organisation allows for an increase in ethical and philanthropic responsibility (Carroll, 1991). These are the segments of Carroll’s pyramid which are continuing to grow in value within society. Philanthropic and ethical behaviour by organisations ensures good corporate citizenship beyond expected business compliance; it is these acts which can enhance the organisational culture and develop organisations from a variety of perspectives (Carroll, 2016).

**Case Study**

A case study which shows the benefits of culture on the development of a business is IKEA. Under McGregor’s theory of culture, IKEA can be identified as a theory Y organisation which suggests that ‘employees are not inherently lazy, capable of self-direction and self-control, and capable of providing important ideas/suggestions that will improve organisational effectiveness’ (Kopelman et al, 2006: 255). This concept of theory Y has allowed IKEA to create an autonomous culture, where staff feel valued and assist the organisation to ensure its positive future development. Engaging employees in this manner aids the mutual growth of employees and an organisation through a shared set of values, clear vision and culture. IKEA achieves mutual growth through its distinctive corporate culture (Markos and Sridevi, 2010).

Culture can be identified as a secondary feature in Porter’s Value Chain. This is inferred through human resource management (HRM), with culture becoming an increasingly important aspect of HRM. IKEA’s HRM is based on the philosophy of its founder, Ingvar Kamprad. The philosophy of an organisation’s founder is an organisational determinant of company culture. Kamprad’s philosophy also places creativity and innovation as a major aspect of IKEA’s corporate culture.

An assessment of creativity and innovation demonstrates that organisational culture is a prominent determinative factor (Martins and Terblanche, 2003). This view is supported by Martins (1997) model which displays the determinants of organisational culture that influence creativity and innovation. This shows that organisational culture is congruent with theory Y ideas of continued learning, risk-taking and creative freedoms. However, this structure is only possible when it is facilitated by strong dimensions of organisational culture at a higher level, as witnessed within IKEA. It can be noted that IKEA’s success when internationalising was not as successful, as they failed to understand local cultural differences which reduced their sustained competitive advantage (Jonsson and Foss, 2011; Depuis and Prime, 1996).

**Organisational Culture as a constraint**

Poor organisational culture can be evident in organisations for different reasons. The culture of an organisation can be broken down into workplace culture, particularly for small and medium sized enterprises (SME) who may only be operational in a handful of locations. This is important when assessing workplace culture as it allows the hierarchy of an SME to have greater control and accountability of an organisations culture in comparison to multinational enterprises (MNE). This is often referred to as a loss of cultural diversity. As the world has increased in cultural diversity, attitudes in the workplace have had to adapt to eliminate sexual discrimination and racism (Stainback, 2011). These forms of discrimination encompass wider issues around gender stereotypes, racial stereotypes and workplace ‘banter’.

Cases of discrimination, racism and bullying continue to be present in many workplace cultures and can constrain the strategic development of an organisation. As aforementioned by Schein (1985), the cultural element of an organisation is seen as the most challenging aspect to change. Poor organisational culture can cause internal toxicity and lead to a reduction in productivity by employees. If these environments are not eradicated, there can be negative effects to an organisation’s long term successes and prosperity (Anjum et al., 2018).

In addition to creating internal problems, poor organisational culture can create negative public opinion regarding an organisation. This is concurrent with the view held by Hald et al. (2020:1), who believe organisational culture is ‘a key factor in large-scale and avoidable institutional failures’ such as corruption and accidents. These views form part of a wider understanding on how organisational failure occurs and the constraints this can place on organisations.

**Case Study**

A case study that demonstrates how organisational culture constraining the strategic development of organisational culture is Marks & Spencer (M&S). Founded in 1894 by Michael Marks, M&S has demonstrated a highly unusual resistance to change by operating as a variety chain store for over 100 years (Davies, 1999). The status of M&S as one of the greatest and most successful retailers in the world has faded, with the acceleration of this decline attributed to some internal factors with the company. This contradicts various research that acclaims M&S for its management techniques, as previously other companies have analysed M&S for inspiration on how to operate for decades (Mellahi et al., 2002).

A major issue in the decline of M&S has been the strategic drift, which has been caused by a rigid culture within the company that has not been susceptible to change (Bird and Witherwick, 1986). It is vital that the culture of a company matches the consumer base, but it must also adapt to attract a wider consumer base. In the case of M&S, new generations have not been attracted to the company. This shows that the culture of M&S has developed from a rare and valuable asset into a major factor of the decline of the company through poor leadership which had no real strategy (Gill, 2012).

In 2017, M&S chairman Archie Norman stated, ’This business has been drifting, under fulfilling its customer promise not for five years, not 10 years but 15 years and maybe beyond’ (Wood, 2017). The strategic drift is emphasised by a reversal of the planned expansion of the Simply Food stores. A culture led by various management teams showed serial levels of underperformance and left the business without addressing the drift in competitiveness displayed by M&S. (Wood, 2017; Marks & Spencer; 2018). This lack of adaptation by M&S is also an example of contingency theory not being implemented. Prior to the turn of the century, management at M&S saw the breakdown of supply chains, due to weak decision making, internal conflicts and overall chaos at the top level of the organisation (Storey et al., 2005). The overall strategic drift of M&S and successive managerial changes occurring without a successful transition or transfer of knowledge saw the company constrain its development and fall behind its competitors.

A further effect of the strategic drift at M&S saw the organisation go through a period of de-internationalisation. This process represents a reduction in the cross-border activities of M&S from the UK to other countries (Benito and Welch, 1997). The internationalisation of M&S is analysed by Burt et al. (2002:192), who argue that it was an ‘inglorious failure’ for a company who should be viewed as ‘global retail elite’, yet M&S now find themselves fighting for their lives in the UK instead. This shows that M&S are overly dependent on their UK operations for success.

**Conclusion**

For organisational culture to facilitate the strategic development of organisations, a multi-domestic strategy is most suitable. This strategy allows for additional local responsiveness when compared to a global strategy. A global strategy was the chosen method by IKEA, who failed to understand that the needs of customers are not homogenous and therefore neither should be the culture of the organisation when looking to internationalise. Domestically, IKEA is an exemplary case of how to manage culture from the senior levels of management to drive success through the entire company. Overall, it is evident that organisational culture can make or break the success of a company. Companies with a strong culture that operate as an organisation of culture are benefitting by improving staff morale, customer confidence, organisational reputation and their financial performance. These factors create a clear set of operational directives and goals for an organisation to aspire to reach (Morgan, 1986). The strategic development of organisations closely aligns with the theory of sustained competitive advantage and it is evident throughout the analysis and literature that culture is key to both of these aspects.

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**Appendix**

Diagram

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Appendix 1: Carroll’s Pyramid of Corporate Social Responsibility (Carroll, 1991

Diagram

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Appendix 2: Organisational Culture on Creativity and Innovation (Martins, 1997).