



Section 2.5

Activity 2.5.1

Research task.

Activity 2.5.2

The most appropriate cultures for the following business situations might be:

- Power culture – a business struggling with poor sales, profits and cash flow
- Role culture – where each employee needs precise direction on the work they do
- Task culture – where a business has a particular project
- Person culture – where employees are highly skilled and want autonomy
- Entrepreneurial culture – in a franchise-based organisation.

Activity 2.5.3

1. Reasons for a corporate culture clash between HP and Compaq might include:
 - Different management cultures
 - Historical difference in the way the businesses have developed.
2. Consequences of a corporate culture clash might include the following impacts:
 - Decision-making becomes more difficult
 - Motivation of staff is negatively affected.
3. The merger of HP and Compaq might lead to cultural clashes which have the following damaging consequences:
 - There may be some degree of incompatibility where different cultures exist
 - There could be a negative impact on decision-making
 - Some staff could become demotivated
 - It may make it more difficult to manage the business.

It may also lead to some positive effects:

- It might offer new/innovative ways of looking at business issues
- A poor culture in one organisation may be improved by a good culture with a merged organisation
- Conflict can resolve business problems.



Activity 2.5.4

1. 'Corporate culture' is the beliefs, values and ethos that determines how people in an organisation work.
2. Factors that have influenced Porsche's corporate culture might include the culture of the:
 - Country where the business is based
 - Founder of the organisation
 - Industry within which the business operates.
3. If Porsche focuses on:
 - Clients then they will be satisfied and this supports sales revenue
 - Workers their productivity will improve, reducing unit costs
 - Suppliers they will supply efficiently.
4. The problems of adapting corporate culture when a domestic car manufacturer is taken over by a foreign car manufacturer include different:
 - Cultures of management
 - Cultures of workers
 - Methods of operation
 - Corporate objectives
 - Relationships with stakeholders (customers, government, local community, suppliers and banks).

Activity 2.2.5

1. The problems of Barclays not having shared values might include:
 - Lack of consensus on decision-making
 - Lack of focus on corporate objectives
 - Disagreements between managers that reduces motivation.
2. The steps the CEO might take to influence and change culture at the bank might include:
 - Concentrating on positive aspects of the business
 - Gaining full commitment of key personnel
 - Establishing new, agreed objectives
 - Encouraging 'bottom-up' communication
 - Training staff in the new approach
 - Changing the staff reward system to fit with the new culture.



Activity 2.5.6

One step the new management might have to take to change the culture of the organisation is moving from having profit as a main objective to having the service of the disabled workers as a main objective.

Exam practice question

1. 'Corporate culture' is the beliefs, values and ethos that determines how people in an organisation work.
2. One possible reason why Sally thought it necessary to change corporate culture at Regal Supermarkets might be:
 - Changing to be a plc means satisfying new shareholders
 - Increased competition in the market
 - Customers becoming more price conscious.
3. The type of culture Sally has introduced might be:
 - Power/entrepreneurial culture – due to the way the change has been managed, and the values of the business have also changed.
4. The extent to which a CEO can influence the culture of an organisation might depend on:
 - How much change the CEO is trying to bring
 - Organisation structure
 - Management style of the CEO
 - Time the CEO has to make changes
 - Power/influence of senior managers
 - Power/influence of workers (unions)
 - The support of the shareholders
 - Strength of the existing culture.

Key concept question

Globalisation might bring the following changes to corporate culture:

- Beliefs, values and ethos all changed by managers, workers and shareholders that come from other countries
- Corporate aims and objectives affected by the international environment
- Competition from businesses in other countries
- Operations management systems influenced by businesses in other countries
- HRM influenced by businesses in other countries



- Government and international rules and regulations of operating in the international business environment.