

FACTFILE: GCE BUSINESS STUDIES

UNIT A2 1: STRATEGIC DECISION MAKING – MODELS OF CULTURE IN A BUSINESS: HANDY & HOFSTEDE



Models of Culture in Business

Learning Outcomes

Students should be able to:

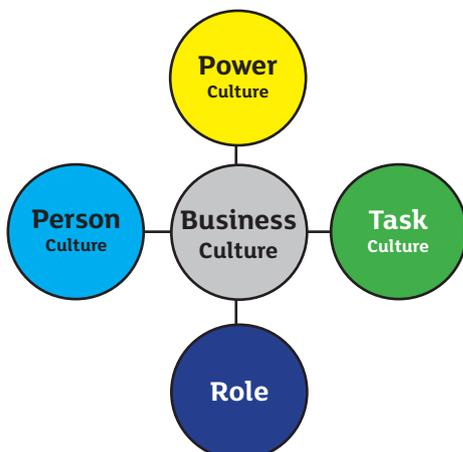
- Demonstrate and apply knowledge and understanding of organisational culture
- Apply knowledge and understanding of, and analyse and evaluate 2 of the models of culture prevalent in a business.
 - Handy
 - Hofstede



Culture Models

According to “The Business Dictionary” (2015) Organisational culture encompasses values and behaviours that **“contribute to the unique social and psychological environment of an organisation.”**

In other words, it an organisation’s way of **doing things**. Charles Handy presents organisational cultures as classified into four major types; power; person; task and role.



This dominant type of culture is clearly visible in an organisation where decision-making is restricted to a few people. This central power base dictates exactly what happens within the organisation so there tends to be few rules and regulations. Employees are rated according to their achievements rather than their behaviour within the business. Also, as subordinates are not consulted or invited to share the decision-making process is quick and efficient.

Task Culture



This type of culture is prevalent in an organisation where the 'task' is the main focus of all business activities. Employees are organised into teams - ideally around five members - with expertise drawn from different areas of the business to maximise the potential for success. Within this matrix type structure power is not owned by any particular individual therefore the team dynamic is crucial to achieving an innovative solution to the task/project set. In general, members of the team are highly motivated as all individual ideas and opinions are taken on board to reach a successful outcome for the business.

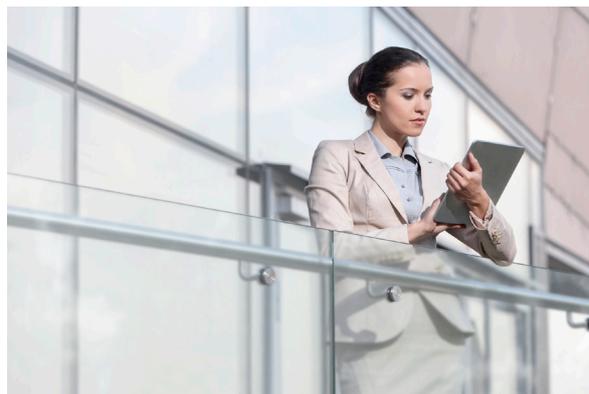
Role Culture



This type of culture is most common in tall organisational structures that have a narrow span of control and long chain of command. The level of responsibility and power is dictated by the 'role' played by the person within the organisation. Delegation is allocated on the basis of merit i.e. individual employee's qualifications and experience. Employees are accountable for

their level of performance within their designated role. This type of organisation is bureaucratic by nature with many rules controlling the behaviour of employee. Decision making is slow due to the longer chain of command and the risk of distorted communication is greater.

Person Culture



Within the organisation individuals become more concerned about their personal objectives rather than the corporate objectives. When this 'person culture' takes over, the business as a whole can suffer as employees demonstrate little loyalty to management.

Another model of business culture was devised by Hofstede in 1980. He based his 'Organisational Cultural Model' (often referred to as 'Hofstede's Multi-Focus Model') on extensive research carried out in three different areas of the world among 160 000 IBM workers in 50 countries. Hofstede found that elements of both regional and national culture impacted on the way organisations and the people within them behaved. Examples of the cultural elements Hofstede considered in his research included family, religious beliefs, ethnic groups, legislation, politics, work ethic and business organisation.

Hofstede identified 6 autonomous dimensions plus 2 semi-autonomous dimensions as shown in the table below:

No.	Autonomous Dimension
1	Organisational Effectiveness
2	Customer Orientation
3	Control
4	Focus
5	Approachability

6	Management/Philosophy
	Semi-autonomous Dimension
7	Degree of acceptance of leadership style
8	Degree of identification with your organisation

The extreme spectrum of each Dimension is summarised in the tables that follow:-

D1: Organisational Effectiveness	
Very	Very
Means-Orientated	Goal-Orientated
vs	vs
Employees focus on 'HOW' to carry out their job in the least stressful or demanding way while avoiding risks.	Employees embrace risks and targets set by management and strive to be innovative in their job

D2: Customer Orientation	
Very	Very
Internally driven	Externally driven
vs	vs
Employees are totally customer-focused in their job role. They are very happy to meet customers' needs as they know their efforts are supported by the firm's underlying ethics and honesty in all its activities.	Employees under pressure to meet customers' needs at all costs. Results valued more than ethics.

D3: Control	
Very	Very
Easy going work culture	Strict work culture
vs	vs
Employees are used to a casual internal structure with few rules and little discipline. Outcomes are uncertain leading to confusion, inefficiency and improvisation.	Employees experience a tight structure, with clearly defined rules roles and discipline. Outcomes are planned and targets met leading to greater clarity and efficiency.

D4: Focus	
Very	Very
Local Culture	Professional Culture
vs	vs
Employees identify closely with the workplace and they feel under pressure to be accepted and liked by everyone. There is strong emphasis on internal issues and lack of long-term vision.	Employees do not concern themselves with the internal social aspects of the business but prefer to maintain a professional distance. Instead they are focused on the long term future of the business.

D5: Approachability	
Very	Very
Open Culture	Closed Culture
vs	vs
Employees are very open and friendly towards each other and to visitors to the business. New employees are made to feel welcome.	Employee keep very much to themselves and visitors are treated with caution. New employees have to work hard to earn respect from others.

D6: Management/Philosophy	
Very	Very
Employee orientated	Work orientated
vs	vs
Staff welfare is high on the agenda. Employees expect management to take their personal problems into consideration even if it means that productivity will suffer.	Management are very task focused and employees feel pressure to perform. This may be done to the detriment of staff welfare.

D7: Degree of Acceptance of Leadership Style	
This focuses on the extent to which employees consider the leadership style chosen by managers to be their own preferred style. If the chosen style is acceptable to employees then it is more likely that productivity will rise and morale will be high and vice versa.	

D8: Degree of Identification With Your Organisation

This focuses on the extent to which employees can identify with the organisation and all the activities associated with it. It may be that people can identify strongly with many of the aspects of the organisation but not them all. Equally it's possible that an employee doesn't consider them important enough even to contemplate forming an opinion.

Revision Questions

1. Explain what is meant by organisational culture.
2. Explain Handy's Task and Role Culture.
3. Analyse the benefits to a business of using Hofstede's Multi-focus Model.
4. Read the case study, BM Bargains and discuss the advantages and disadvantages to the business of having a Power Culture.

