

importance of organisational culture essay sample

[Business](#), [Organization](#)



In this study, an organisational culture refers to the four categories of culture; clan, market, adhocracy and hierarchy relate to organizational effectiveness. It is whether the organization is internally or externally focused on customer satisfaction. It is very important so that when organisation has an ability to adapt various cultures, it would lead to high efficiency when a chaos or conflict created within organisation. An organisation with strong cultures will have a great influence on its employee behavior, reduce turnover rate and increase cohesiveness.

The characteristics of organisational culture are attention to detail, encourage employee to be innovative and risk taking, people focused, teamwork focused, outcome focused, stability and risk tolerance. Outcome orientation focuses on management decisions and sees results rather than processes used to achieve those results. Team orientation focuses on teamwork rather than individual. Risk tolerance is a degree of employees encouraged to be aggressive, innovative and risk taking.

The relationship between culture and leadership may have far reaching effect on the performance of the team members in an organization. Culture may affect the way the team members of an organization observe and attempt their work. An effective organization culture does not just happen overnight, it is refined by management and reinforced by employees over a period of times. In other words, the culture in an organization has a prospective to support organization performance and members' satisfaction.

The importance of the culture is it represents guidelines which guide the employees and give them sense of direction at workplace. The organisation

culture decides the way employees interact in the workplace. It is also promotes a healthy relationship among the employees and motivates individuals. It unites employees coming from diversity background. Edgar Schein (1999) suggests that organizational culture is even more important today than it was in the past. Increased competition, globalization, mergers, acquisitions, alliances and various workforce developments have created a greater need for the attention on culture in an organisation.

Aeon has been in Malaysia for 28 years and successfully established a strong trusted brand. Aeon has set a benchmark for itself in excellent customer service such as high worker's discipline and maintain a high standard level of hygiene in their food as well environment. Hypermarkets and supermarkets are very popular in Malaysia, with international competitors playing major roles such as Tesco in foreign countries and local domestic player such as Giant, Econsave, Mydin, The Store. This hypermarkets emphasis on the development of customer satisfaction for long term of sales revenue. However, to drive for customer satisfaction, many of these hypermarkets faced with number of impediments which include market analysis, increase competition and rising customer expectations. Aeon holds 29% of market shares after Tesco. Carrefour was acquired by the AEON and changes the name to AEONBIG and remains its significant as one of market player in the retail industry. Aeon has greater focus on employees and customer satisfaction. Aeon adopts clan culture which focuses on nurturing environment and market culture that emphasize on price competition of products within retail industry.

Giant have been familiar with everyday low prices, big variety and great value. This showed that Giant was perceived by the consumers as the cheapest for everyday groceries. Giant holds second biggest market share in retail industry in Malaysia in the year 2010. Giant and other small players like The Store, Mydin adopts market and hierarchy culture which focus on stability and low cost. These local hypermarkets more concerns on completion of goals that assigned to employees. The disadvantage of this culture is there is no innovation and supportive environment within the organisation. In addition, there is lack of collaboration and share of information across the reporting structure. We can see that is less managers on the floor to monitor and lack of communication between managers and employees. Employees do not have flexibility to share ideas with managers. Everyone has to follows rules and procedures. Some of the employees might work under autocratic leadership and not able to perform to their best knowledge.

Tesco has two types of retail stores which are Tesco hypermarket and Tesco extra hypermarket. Tesco holds the biggest market share 34 per cent in the industry. We can see that Tesco adopt clan and adhoracy type of culture. It is friendly and easy culture which employees enjoy working rather than work as a stress. Perhaps it is an UK based company that adopts more western culture. Tesco is a communicative type of organisation whereby employees are encouraged to talk to each other and improve new ideas for the organisation.

In a dynamic and competitive environment, AEON could adopt adhocracy to focus on external environment and be more flexible. It should also further encourage new innovation, new ideas and take more risk in order to perform better.

AEON

Culture: clan and market oriented

- Strong company leaders with a strong sense of direction and purpose
- Everyone knows each other professionally in a friendly environment
- Provides in house training and opportunity to Japan to hone their skills
- High employee motivation and loyalty
- Diversity culture
- Less productive; spend more talking rather than doing the work
- Adopt more adhocracy for new innovation and take more risk

Tesco

Culture: clan and adhocracy

- innovative and take high risk
- High employee motivation and loyalty
- Strong company leaders with a strong sense of direction and purpose -

Diversity culture

Giant, Econsave

Mydin

The Store

Clan, Market and Hierarchy

- Emphasize on higher profit
- Products is cheap and fine

Giant tagline: everyday low prices, big variety and great value Econsave

tagline: Compare our price

Mydin tagline: Why pay more? Buy at wholesale prices!

- Lack of communication with all employees regarding policies and company issues
- More talking than doing their jobs
- Lack of diversity
- Less productive; spend more talking rather than doing the work

With 30 Aeon outlets across Malaysia, it has built a strong reputation as a leading chain of General Merchandise Stores (GMS) and supermarkets. The group currently has 1.2m Aeon members that contribute 66% of its total revenue. This gives Aeon an advantage which enables the group to pass on some of the increases in costs to its consumers.

Majority of the management team have been in the retail industry for more than 20-30 years and possess in-depth industry knowledge. With their extensive experiences, they have been the backbone of the company in terms of constructing the business to be the leading retailer in Malaysia. Aeon is usually offered to be an anchor tenant in most shopping malls in Malaysia. It has competitive advantage over its competitors as it is able to bargain a better deal on the rental and leasing agreement. For example,

anchor tenant can generally have a lower rental rate. (Source: Bursamarketplace).

The high volatility of global economy and Malaysian government economy policies may result lower consumption due to low disposal household income. In addition, the implementation of Goods and Services Tax (" GST") in 2015 may also creates short term slower down the retail industry due to consumers' consumption adjustment to GST.

Malaysia Retailers Report. From: http://etp.pemandu.gov.my/upload/etp_handbook_chapter_8_wholesale_and_retail.pdf

Market performance. table. From: http://www.bursamarketplace.com/index.php?ch=26&pg=93&ac=8714&bb=research_article_pdf

Competitor Prices. table. From: <http://www.nzgrocery.com/catalog?search=milo>

Background segments. Words. From: <http://www.forbes.com/companies/aeon/>

Market performance. data. From: <http://klse.i3investor.com/servlets/stk/6599.jsp>