

Reflection essay on organisational culture

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



The Intel Corporation produces microprocessors that are used in computers. It has a market share of over 75% and has been praised for its highly innovative culture. Do you think that an innovative culture can be relied on to guarantee the future success of a business? Justify your answer with reference to Intel and/or other organisations you know. (40 marks) An organisation's culture refers to 'the way we do things around here' and is determined by the values, attitudes and beliefs of the people who work within it.

As such, culture will undoubtedly influence the success of a business. In particular, it can be argued that an innovative culture can lead to business success because it enables companies to share ideas more freely and thus innovate and develop their business strategy. Furthermore, in light of Handy's view of "discontinuous change" being ever more present in the business world, an innovative culture is likely to enable business to be flexible enough to cope with challenges that the future holds.

However, it is important to bear in mind that when a business possesses over 75% market share that it benefits from economies of scale which can be an important determinant of success, regardless of culture. Perhaps more importantly, not every successful international business possesses an innovative culture. A successful business strategy can be underpinned by other business cultures and thus the type of industry a business is in, and the different challenges it faces may determine what is the most suitable culture for them.

Innovative cultures are essential in companies who are involved in technological markets, where developing new products and ideas can be key

to success. The Intel corporation operate a very innovative culture which has lead to huge dominance of the market, capturing 75% market share after the production of microprocessors used in computers. Another example where innovation has lead to success is atGoogle, where CEO Eric Schmidt commits to innovation, making sure all employees are comfortable sharing ideas and opinions.

The relaxed feel around the company allows employees to be creative, which has allowed Google to be one step ahead of competitors, which is especially important working in a technological industry. BMW use a similar culture where everyone is expected to help find solutions. They have a network of committed associates with few hierarchical barriers, allowing every employee to voice their opinion. This culture has allowed BMW to promote new products and get the product just right through thousands of brainstorming sessions.

These examples show how innovation can lead to success in technological industries. Innovative culture can be relied on to guarantee the future success of a business, as the externalenvironmentis constantly changing. This can be linked to Charles Handy's theory of ' discontinuous change' which means that in the future change is constant, and therefore an innovative culture would most likely guarantee a business success.

Being highly innovative would mean that managers would have to be flexible and react to the constantly changing external environment, therefore adopting an innovative culture would mean businesses would have to come up with ideas and strategies for the future in order for the business to remain competitive and successful. Innovative culture should equip firms with the

ability to cope better with change. For example Intel's strategy of diversification where they use tactics such as job swapping and controlled employee role changes to increase the efficiency of their teams.

This is useful as the workforce is flexible to the externally changing environment, and can guarantee future success of a business as they would be able to react to any change within the business. Hence I think that an innovative culture can determine the future success of the business, especially in a technological industry as the external environment is constantly changing meaning a firm has to be flexible and prepared to react and respond if it wishes to remain competitive and profitable.

If a business did not react to changes and maintained their current strategies and plans then this could have negative effects on the business such as a declining market share due to competitors coming up with new innovative ideas and hence a lower profit. One way in which we can see that an innovative culture cannot be relied on to guarantee the success of a firm is that there are other organisations that have a different cultural approach that have been very successful.

I believe that the culture within Tesco has significantly helped it to become one of the most successful retailers in Britain. Tesco use a person and role culture which I believe have helped to contribute to the success of the firm, there are 'six levels between the till operator and the CEO' in Tesco and I would think that this would have helped lead to the success of the firm as employees would feel like an important asset of the firm and are therefore motivated to work harder for the benefit of the business.

Also it is evident in Cadburys, the biggest confectionary retailer in England who take a role and task approach to their culture that an innovative culture is not needed to guarantee the success of a firm. I believe that the putting an emphasis on results and giving staff specific roles within the business has led to the success of Cadburys as there is a specific focus on achieving targets and working as a team which I believe can highly motivate employees.

So it is evident in a range of businesses that an innovative culture is not the key to success in business, various different cultural approaches such as task and role can have a significant contribution towards the success of an organisation. However, it can be argued that the size of Intel's organisation provides it with its main competitive edge. Intel has a market share of 75% bringing with it certain benefits that are arguably more influential to its success than its innovative culture.

A firm of this size is likely to benefit from economies of scale, propagating lower unit costs that can lead to higher profit margins. Higher profit margins enable greater re-investment into the firm, allowing Intel to continuously expand. Therefore, it seems apparent that even without its innovative culture, the sheer size of the firm would enable it to compete successfully. However, one cannot say that a large firm is guaranteed future success as demonstrated by the IBM monopoly that quickly lost majority market share to Microsoft and today only operate within a business-to-business niche market.

Although business “ success” is essentially easy to measure through examining market share, revenue, profit and other such measures, the

factors that lead to such success are less easy to see. Factors such as a strong business strategy, good leadership, a favourable competitive environment and culture all contribute to a business's success but being able to separate out which factor contributes more to success is near impossible. Furthermore, being able to measure how effective an innovative culture versus a role or person culture is very difficult. Ultimately, the 'best' culture will vary according to industry and the nature of the business structure itself. Some industries such as the technology industry has developed its products at an exponential rate, inconceivable just 20 years ago. The nature of such a fast moving industry relies on quick and consistent innovation which is no doubt dependent on an innovative, networked culture like the type we see at Google and BMW.

Other industries such as retailing and supermarkets, however do not face such radical and constant need to develop their product offering, and factors such as good quality service and product quality may be more important. As a result, a role and person based culture are more likely to lead to success. However, in light of Handy's "discontinuous change" theory, all businesses, regardless of industry will face an ever changing external environment and so although an innovative culture may not be the most suitable per se, having an element of innovation and flexibility is key to any business intending to succeed in the future.