

# Impact of organisational culture in the hairdressing sector commerce essay

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Culture is quite difficult to define, when we speak of culture we know what it is and what / how it is manifested in an organisation but a clear, unambiguous definition eludes us! This is because culture has different meanings, depending on life experiences, background, religion, belief and values.

Nonetheless, there are several influential writers on culture including Hofstede, Trompenaars, Hampden - Turner, Schein, Ouchi, Schneider and Barsoux, Deal and Kennedy and Handy, whose work is still recognised in contemporary organisations.

However, Handy, described culture in organisations as ' the way we do things around here'. These ' things' are accepted norms and values of an

organisation, developed over time into expected behaviour patterns. They generally emanate from top management level of the Organisation; but this is not always the case (Managing in Organisation, ABE Study Manual, 2008).

Even though it is reasonable to infer that culture can influence behaviour, this relationship is over-simplified by “strong culture” models.

According to Guy S. Saffold, III, (1988), if researchers are to precisely examine the link between culture and performances, they must assess other internal processes that affect performance.

Although, the literature on organisational culture and its correlation with business performance is rich and diverse, there are only a few empirical studies that profoundly explored this relationship. Furthermore, these studies simply focused on the impact on culture on medium to large organisation but few or little has focused specifically on small businesses in the hairdressing sector.

### **For this reason, this project will seek to**

Assess organisational culture using several theoretical frameworks

Evaluate if there is a link between organisational culture and performance in small hairdressing businesses

Identify the advantages and disadvantages of having a strong culture in hairdressing business

## Introduction

It is not the physically powerful, hasty and most ferocious who survive. It is the most flexible Charles Darwin

Organisations operate in a very unpredictable environment; hence survival depends on the organisations' ability to exploit resources; collaborate and adjust. There are extensive demonstrations (Kotter and Heskitt, 1992) that strong cultures support performance by creating value to stakeholders through consistency and high quality goods and services.

Deshpandé and Webster (1989) by exploring several studies in organisational behavior, sociology, and anthropology, defined organisational culture as a " pattern of shared values and beliefs that aid individuals understand organisational functioning and thus provide them with the norms for behavior in the organisation" (p. 4). Following these and other authors (e. g., Chatman and Jehn, 1994), organisational culture is conceptualized and quantified in terms of widely shared and strongly held values. The elements of organisational culture range from basic assumptions through values and behavioral norms to actual patterns of behavior (Rousseau, 1990). Values typically act as the defining elements of a culture, and norms, symbols, rituals, and other cultural activities revolve around them (Enz 1988). When the members of a social unit share values, an organisational culture or value system can be said to exist (Weiner 1988).

According to (Denison, 1984), if an organisation possesses a “ strong” culture by exhibiting a well-integrated and effective set of specific values, beliefs, and behaviors, then it will perform at a higher level of productivity.

On the other hand (Kotter & Heskitt 1992) concluded that... the statement that a strong culture is the basis for outstanding performance appears to be incorrect.

Burt et al (1999) agreed with Kotter and Heskitt to an extent but carried their analysis further. They suggest that the relationship between culture and performance depends upon the degree of rivalry. Their research showed that culture is important depending on the competitiveness of the market. They believed that market and culture go hand in hand. If firms have low rivalry in the market then strong culture is not an advantage. Furthermore in some markets where there is competition there is still no correlation between culture and performance.

Equally, (Sorenson, 2002) believed that strong cultures often hinders flexibility which is required for survival especially during sporadic transformations, such as we face currently, organisations with strong culture are most often crippled by their own organisational DNA.

Whether or not culture is an economical advantage depends upon the market situation. In the retail sector, culture may be a competitive asset. In a multifaceted market, culture appears to have no effect on economic performance (Douglas N. Ross, 2002).

“ It all depends”.

However, gaining a profound understanding of culture is essential in order to find out whether there is a link between organisational culture and performance. The next chapter begins with an overview of culture.

## **An overview of organisational culture**

The term organisational culture was used for the first time in the academic literature by Pettigrew in 1979 in the journal “ Administrative Science Quarterly”. Organisational culture was used to explain the economic successes of Japanese firms over American firms by motivating workers who were committed to a common set of core values, beliefs and assumptions (Denison, 1984). One of the most important reasons that explain the interest in organisational culture is the assumption that certain organisational cultures lead to an increase in organisational financial performance. According to Peters and Waterman (1982) successful organisations possess certain cultural traits of excellence. Ouchi (1981) showed a positive relationship between organisational culture and productivity.

We have seen many definitions of culture, earlier in the analysis, however, Edgar Scheins defined organisational culture more specifically as the basic assumption and beliefs that are shared by members of an organisation, that operates unconsciously and define in a basic taken-for-granted approach, the routine that build ups over time. In other words, culture is about that which is taken for granted but nonetheless contributes to how group of people respond and behave in relations to the issues they face. It therefore

has important influences on the development and change of organisational strategy (Johnson and Scholes, 2008).

According to Johnson and Scholes (2008), the culture of an organisation is often conceived as consisting of four layers which would be discussed in Fig. 1. below.

## **Fig. 1**

### **The four layers as described by Johnson and Scholes (2008) are**

Firstly, values are easily identifiable in an organisation, and are often documented statements about an organisation mission, objectives or strategies. However, they can be vague.

Secondly, beliefs are more specific but again they can typically be discerned in how people talk about issues in the organisation.

Thirdly, behaviors are the day to day way in which an organisation operates and can be seen by people both inside the organisation. This includes the work routines, how the organisation is structured and controlled and 'softer' issues around symbolic behaviors.

Finally, taken for granted assumption or paradigms are the core of an organisational culture. They are the facets of an organisation's life which people find difficult to identify and explain. The paradigm can underpin successful strategies by providing a basis of common understanding in an organisation, but can also be a major problem (Johnson and Scholes, 2008).

Similar conceptions of culture are offered by Dandridge et al. (1980), Pettigrew (1979), as well as Trice and Beyer (1984). Schein (1990) suggests that cultures are created through the way organisations have reacted to important incidents in the past and have thus evolved certain norms, as well as through the identification of organisational members with their leaders. As such, organisational cultures are perpetuated through the process of socialization of new members into the organisation.

Hofstede (1980) identified four dimensions of organisational culture: power distance, uncertainty avoidance, individualism /collectivism and masculinity / femininity. Later, Hofstede (1998: 238) defined organisational culture as a concept that has the following features:

- “ holistic (describing the synergy);
- historically determined (reflecting the past,);
- related to the things such a customs and symbols, (these are studied by anthropologist).
- socially constructed (moulded and preserved by the collection of individuals who collectively form the organisation);
- soft, and;
- difficult to change”.

This overview on culture provides useful insight in understanding culture from a theoretical standpoint which would be useful in this research analysis.



## Literature Review

It is arguable that the academic acceptance of culture, without the usual bickering and scepticism associated with new concepts, is a major indication of the perceived importance of the concept (Alvesson, 1990). However, this is not to infer that there is consensus on the meaning and relevance of the concept. On the contrary, there is widespread disagreement on the definition and scope of the organisational culture concept (Ogbonna and Harris, 1998a).

However, the link between organisational culture and high performance in an organisation has been very debateable; because there is little empirical evidence to suggest a direct link between culture and an organisational performance especially in small businesses. Of course failure to establish an empirical link does not mean that no such link exists. According to (Sköldberg, 1990), empirical study in the area is very difficult to carry out. Not only is culture difficult to capture but so is performance.

While it has been suggested that culture accounts for the economic performance of various countries (Hofstede, 1980; Hofstede and Bond, 1988), the idea of corporate culture also serves to provide a basis for understanding the differences that may exist between successful companies operating in the same national culture (Schein, 1990). Peters and Waterman (1982), for example, believed that successful organisations possess certain cultural traits of “excellence”. Ouchi (1981) presented a similar relationship between corporate culture and increased productivity, while (Deal and Kennedy 1982) argued that the performance of an organisation is dependent

on the degree to which the values of the culture are widely shared, that is, are 'strong'

Nevertheless, the claim that organisational culture is linked to performance is founded on the perceived role that culture can play in generating competitive advantage (Scholz, 1987).

Reed and DeFillippi, (1990) added that sustainable competitive advantage arises from the creation of organisational competencies which are both superior and imperfectly imitable by competitors.

Similarly, (Bryan Adkins, 2004) suggests that culture does matter, and a strong, effective culture will outperform a weak culture every time.

In a study done by (Coogan & Partners & Apos, 2005) they concluded also that companies who out-perform their competitors have specific cultural differences.

Early researchers who link culture to organisational performance are unequivocal in their claims. An illustration of this is derived from the works, (Deal and Kennedy, 1982; Ouchi, 1981; Pascale and Athos, 1981; Peters and Waterman, 1982) who argue that successful organisations are distinguished by their ability to promote cultural values which are consistent with their chosen strategies. Although this view met with initial popularity in the 1980s, the principal tenets of the argument have been subjected to extensive criticism from writers such as (Legge, 1994; Ogbonna, 1993; Willmott, 1993).

By the 1990s, researchers assessing the links between culture and performance were more cautious. For example, Gordon and DiTomaso (1992) and Denison (1990) both propose that there is a link between certain organisational culture characteristics and performance but each add a number of conditions. In particular, they note that culture will remain linked with superior performance only if the culture is able to adapt to changes in environmental conditions. Besides, the culture must not only be “strong” as suggested by writers such as Deal and Kennedy 1982, Ouchi, 1981 and Peters and waterman, 1982) but it must also have unique qualities which cannot be imitated. However, more recently, it has been suggested that the relationship between culture and performance, is fragile (Ogbonna and Harris: Leadership style organisational culture and performance 769 (Hop et al., 1992; Lewis, 1994; Lim, 1995; Ray, 1986; Willmott, 1993).

Sorenson, (2002) argued that continuous change; such as we encounter presently, strong cultured organisations are most often crippled by their own organisational DNA.

According to (Dean Mcfarlin), when organisation with well-defined culture is operating in somewhat steady milieu, their core competences and strategies are in alignment with the business objectives. In such environments, well structured cultures enable an organisation to function like “new machines,” sailing down by outstanding performance. That said, if the environment becomes extremely unstable, companies must become innovative and efficiently exploit resources to stay on top. However, companies with well-built cultures may find it difficult to adapt to such extremely unpredictable

situation. A well-defined culture makes it easy for employees to clutch onto the existing status quo and, simultaneously, less willing and enthusiastic about exploring new ways of performing the task. The underlying principle is that a strong organisational culture may be something of a “two-fold sword.” When you believe in the existing culture of the organisation, it becomes hard to replace them with new ideas even if it a source of “competitive disadvantage”.

Some researchers believed that strong cultures may, however, impose a level of stability on organisations, and such stability has mixed implications for performance.

Denison and Mishra (1995) found that “stability traits” such as a firm’s mission, consistency, and normative integration, were related to its profitability. Specifically, organisations with strong cultures had greater returns on investments, but only in the short run; after three years the relationship between cultural consistency and performance became negative (Denison, 1990).

Sorensen found that strong culture organisations were more financially successful in stable environments and less successful in dynamic environments. Thus, while cultural strength and stability may enhance organisational performance in the short run and in stable environments, they may also inhibit an organisation’s ability to change, adapt, or innovate.

Finally it is not possible to say that organisational culture – in general or a specific type of culture has a clear and simple effect on performance but this

does not mean that there is no connection between culture (however defined) and performance; on a general level there certainly is. Whipp et al. (1989: 582) believed that 'elements of culture may supply vital links between the rational aspects of policy and the subjective, less tangible features of employees' behaviour exactly because of the way values pervade an enterprise'. Propositions of how culture brings about distinct outcomes, however, often seem problematic. Either the causal link is speculative and uncertain or it is difficult to separate culture from outcome. Some of the authors treated in some depth above (Schein and Louis), run into problems when they claim correlations between organisational culture and what they treat as other elements.

However it is difficult, even misleading, to say that the culture as a whole has been a significant cause of financial returns.

Despite the claims for a link between organisational culture and performance is very rich and diverse, few studies appear to have actually examined the existence as well as the nature of this relationship. Strong cultures and its influence on performance are questionable in the current dynamic environment, besides some theorists query the universality of a culture-performance link.

## **Research design and Methodology**

The subject of organisational culture and its influence on performance has attracted extensive interest from many scholars, students and researchers alike, but their interest has focused extensively on medium to large

businesses but little has focused directly on the influence of organisational culture on the performance of small businesses, hence my interest in the subject matter.

This research would be conducted using both primary and secondary research methods of data collection. The primary method proposed is semi-structured interview and the secondary methods would be text books and journal articles.

After careful analysis of past literature on culture and performance, qualitative research design such as interview was clearly appropriate. Consequently, a sample of 30 businesses in the hairdressing industry would be selected via the utilisation of a systematic random selection procedure with appropriate units to be selected on a variety of criteria, including company turnover, date of registration, and number of employees.

In order to limit potential measurement error, responses would be required from key Personnel, knowledgeable in a variety of tactical and strategic activities (Bowman and

Ambrosini, 1997; Snow and Hrebiniak, 1980; Hambrick, 1981; Nayyar, 1992).

Undeniably, a plethora of prescriptive articles and books such as Alan Bryan & Emma Bell (2003) Business Research Methods, proposed useful suggestions on effective research design, formulation and execution which would be helpful in this research and as a result improve content validity and

reliability and most importantly covers ethical issues associated with research.

The efficient and effective administration and implementation of the research method (semi-structured interview) is key and the researcher is aware that this could influence the overall success of data generation and the achievement of satisfactory responses (Dillman, 1978; Churchill, 1991; Faria and Dickinson, 1992).

A pilot study will be carried out to pre-test the research instrument (Baker 1994: 182-3). The study would be undertaken because it would establish whether the sampling frame and technique is correct.

Semi-structured interview would be used; this would allow questioning to be guided as is required also many points that needed to be made clearer would be done much more easily than in something like a mailed questionnaire (Frey and Oishi 1995: 03). However, according to (Breakwell, Hammond and Fife-Schaw 1995: 238) this technique heavily relies on the respondent being willing to give accurate and complete answers.

Additionally, it gives the freedom to explore general views or opinions in more detail. On the other hand this method would be very time consuming and expensive.

Finally a tape recorder would also be used so that the data could be referred to at a later date and thus make the analysis more reliable.

## Conclusion

Nowadays, organisations operate in a dynamic environment and they must learn to adapt in order to survive.

According to the literature review some researchers such as (Ouchi, 1981) believed that a strong culture is linked to high performance in an organisation. Whereas, Writers such (Kotter & Heskitt 1992) concluded that ...the statement that, ' well-built culture produce outstanding performance emerge to be completely incorrect.' Most interestingly, the culture-performance relationship is seen as a " two-fold sword" (Dean Mcfarlin).

On completion of this project there would be light on whether there is an organisational culture-performance link in small hairdressing businesses.

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