

# Organizational culture effectiveness in virgin atlantic commerce essay



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This essay is researched and phrased to understand, firstly what an Organizational culture is, its attributes and characteristics. It states how organizational culture plays a vital role in defining the effectiveness of a company, especially large scale corporations. Therefore we look briefly into explaining the importance of an appropriate culture, its evolvement over the years and some of the trends that have emerged within this culture. The essay centrally focuses on the different types of cultures and their characteristics, further relating these characteristics to Virgin Atlantic; our selected case for the essay. In addition, the essay aligns itself with the latest structural trends of Virgin Atlantic and the leadership tactics of Sir Richard Branson. Once defined, these features of Virgin Atlantic are then reverted back to the various culture types and the most predominant culture is singled out and explained in scrutiny. The final part of this section deals with the importance of culture consciousness to a business and its managers while merging with other organizations, internal or external.

## **INTRODUCTION**

“ Organizational culture eats strategy for breakfast”

### **Deborah Elizabeth Finn**

Site: [http://blog.deborah.elizabeth.finn.](http://blog.deborah.elizabeth.finn.com/blog/_archives/2007/1/30/2697087.html)

[com/blog/\\_archives/2007/1/30/2697087.html](http://blog.deborah.elizabeth.finn.com/blog/_archives/2007/1/30/2697087.html)

### **What is Organizational Culture?**

Over the years, experts have surged to research the key elements of organizational culture. The term organizational culture has become a crucial part of any business. This is because it forms the foundation towards how a

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business operates, displays itself in the public eye and ultimately the type culture the business wants to sow in their employees. <http://www.emeraldinsight.com/Insight/viewPDF.jsp?contentType=Article&Filename=html/Output/Published/EmeraldFullTextArticle/Pdf/0800180302.pdf>”&HYPERLINK “<http://www.emeraldinsight.com/Insight/viewPDF.jsp?contentType=Article&Filename=html/Output/Published/EmeraldFullTextArticle/Pdf/0800180302.pdf>”

An Organizations culture has therefore become such an important aspect in a company’s success. Some of the various definitions of the term Organizational culture are:

According to Gareth Morgan, she describes organizational culture as: “ The set of the set of beliefs, values, and norms, together with symbols like dramatized events and personalities that represents the unique character of an organization, and provides the context for action in it and by it.” ( source <http://www.organizationalculture101.com/definition-of-organizational-culture.html>)

Edgar Schein’s take on the definition of organizational culture is: “ A pattern of shared basic assumptions that the group learned as it solved its problems that has worked well enough to be considered valid and is passed on to new members as the correct way to perceive, think, and feel in relation to those problems.”

(source <http://www.organizationalculture101.com/definition-of-organizational-culture.html> )

Pervasive, deep, largely subconscious, and tacit code that gives the ‘feel’ of an organization and determines what is considered right or wrong, important or unimportant, workable or unworkable in it, and how it responds to the unexpected crises, jolts, and sudden change. All new employees must assimilate this code (‘learn the ropes’) to know the correct way to behave and what to expect from other employees. It extends also to production-methods, marketing and advertising practices, and to new product creation. Expressed commonly as “It’s how we do things here,” it is unique for every organization and one of the hardest thing to change. (<http://www.businessdictionary.com/definition/organizational-culture.html>)

From the various definitions obtained a common trend or pattern emerges from all of them. Many would second that the definitions clearly underline that organizational culture consists of values, beliefs and assumptions in organizations. It is a unique factor that varies from company to company and the manners in which processes are done are also unique. The definitions also help underline that it is a perceived culture according to philosophy, experiences and assumptions that a business holds close to itself.

Though the first two definitions are similar in nature the third definition goes a bit further. The definition goes on to explain that when employees are aware of these norms that they should play an active role in trying to learn as well as practice these norms in their daily work lives. It also states that it

helps give guidelines into procedures and policies that go into the everyday business environment.

Organizational culture helps define how a business should conduct itself, the involvement of employees in their decision making process and the importance of employee commitment. Furthermore the definition ends by saying how this overall helps performance, service, production quality, safety and attendance standards of a company.

## **Types of Organizational Cultures**

It would be right to say that every organization follows a certain type of culture. Over the years, subject experts have often tried to ideally categorize different types of cultures. To be precise every culture type adheres to their set of values, communication methods, leadership skills and all other characteristics that engage with job performance and satisfaction. There are quite a few types of culture, although the main types of culture are:-

**Clan Culture** – Is participative in nature, where teamwork and job engagement are high attributes.

**Hierarchy Culture** – A chain of command system, where delegations and ordering of tasks is the main feature.

**Market Culture** – A more competent culture where goals and profit attainment are key features.

**Adhocracy Culture** – A business culture where creativity and individualism is highly preferred.

(<http://www.emeraldinsight.com/Insight/viewPDF.jsp?contentType=Article&Filename=html/Output/Published/EmeraldFullTextArticle/Pdf/0800180302.pdf>”&HYPERLINK “<http://www.emeraldinsight.com/Insight/viewPDF.jsp?contentType=Article&Filename=html/Output/Published/EmeraldFullTextArticle/Pdf/0800180302.pdf>”  
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According to Line, B. M in her journal article on types of organizational culture, she was able to use the fundamental typologies and compare them to animal metaphors to help further understand the characteristics of the typologies. Her main cultures that can be applied to Harrison’s model are:

Lion - This assumes that there is central leader which heads the pack (organization). He/she serves as the focal role model and all central decision making is processed through him/her.

Chimpanzee - The chimpanzee culture assumes that all individuals are intelligent but individuals do have their barriers as well. However co operation is the fundamental focus in order to achieve high success.

Gorilla - The gorilla culture is said to one which is gentle, quite lighthearted and joyful, passive and interconnected. Though these aspects are dominant there is still an element of fear of the leader.

Cat - Cat cultures are rather independent and can be linked Task and Personal type cultures. Individuals are assumed to be intelligent, independent and possess the skills needed to make sound decisions

## **Importance of Organizational Culture**

Organizational culture as mentioned before has become a focal factor in any organization, it helps all members to work towards a mutual ends by selecting the appropriate cultural means. (Assgt - article) Organizational culture has many applications. Organizational culture helps create a framework towards an effective organization. The culture employed by the top level is only a supplementary tool that should be used along with various managerial tools in order to get the desired output from employees. Through a combination of employee work environment and norms at the company supplemented by tools such as technology it paves the way efficiency. (asst - aluko) Right culture at a work place directly links to employee's job satisfaction and Organizational citizenship which in turn increases efficiency. (Assgt - [http://www.emeraldinsight.com/Insight/ViewContentServlet\\_contentType=Article&Filename=\\_published\\_emeraldfulltextarticle\\_pdf\\_1190140205](http://www.emeraldinsight.com/Insight/ViewContentServlet_contentType=Article&Filename=_published_emeraldfulltextarticle_pdf_1190140205))

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Organizational culture is directly proportional to some extent regarding absenteeism and staff turnover. A firm's culture can determine the employee satisfaction and success through challenging and motivating task attributes. ([http://www.emeraldinsight.com/Insight/viewPDF.jsp?contentType=Article&Filename=](http://www.emeraldinsight.com/Insight/viewPDF.jsp?contentType=Article&Filename=html/Output/Published/EmeraldFullTextArticle/Pdf/0160260204.pdf)

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Organization culture helps provide a code of conduct that is important to maintain. It helps communicates to all parties be it internal and external the type of organization they are. A strong culture helps it members get into a mind set and help cultivate a set of values, beliefs and assumptions which indirectly influence behavior.

## **The evolution of Organizational Culture**

Over the years, the world of Organizational Culture has been evolving. Companies are starting to take measures to mold employees, in new environments which essentially helps the effectiveness of the company.

In the recent years we have seen many revolutionary founders shape and change the way the way their organizations are defined. Some leaders that have radically changed their organizations culture are:

Sir Richard Branson of Virgin,

Donald Trump from Trump international



## Mark Zuckerberg of Facebook

Each of these individuals started up these remarkable companies with their own visions and ensured that they didn't follow the orthodox methods of starting up business. Instead they used their own philosophies and ideas and brought a new mind set to their organization. Thus the evolution of innovative leaders shaping Organizational culture was born.

A leader therefore is a focal element in Organization culture, and they chose those candidates that can embody their vision. As Mintzberg's Managerial Role theory states that leaders fall onto the Interpersonal Sub heading, the employees see that leader as a role model to act and behave, and strive to be more like the person. This links back to a common goal being achieved by the entire company that links it to its success.

The environment in which employees work in has also been an attributing factor as well to the change. On observing organizations like Google we find their work settings for employees very free and lax. The standard image of office being a cage for employees has changed and turned into an area which brings out a positive environment.

## **Emerging Trends of Organizational Culture**

Corporations have tried new methods in order to shape the way their organization operates. One common trend being followed by most industries nowadays is the concept of green organizations. For such organizations the trend is to save the environment and these can be achieved in many ways.

Businesses have reduced paper consumption and switching from Styrofoam cups to paper cups or cones. Such small things influence employee

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perception. Through these practices employees are able to be aware of the organizations expectations and try their level best to be socially responsible.

Some organizations have taken this concept far such as KLM where if employees live a certain distance away from the company they must use the trains. Other practices also include concept of casual dress codes. This concept helps employees to dress down and relax whereas in some organizations have actually taken the opportunity to make it a norm like Google and Microsoft, and it works extremely well for them.

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## **MAIN BODY**

As mentioned earlier, there are various types of cultures and numerous authors have tried to categorize them based on characteristics. Here, we discuss the definitions and characteristics of the 4 main types of cultures Clan, Market, Hierarchy and Adhocracy in depth.

Clan

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(used intro and characteristics sections)

Clan organizational culture consists of business-orientated organizations in which individuals are located on a common territory and connected strongly and personally in a meaningful business relationship. Clan cultured organizations are believed to be an “ extended family” by some authors [Cameron, K., & Quinn, R., (1999). *Diagnosing and Changing Organizational Culture*. New York: Addison-Wesley.] because of the visions, goals and aims they share and understand amongst each other; the general direction of the organizations is mutual. These organizations have been noticed to work hand in hand and assisting each other rather than competing with one another.

According to Andrew Chan, several of the main characteristics of clan organizations have been recognized that ultimately keeping them stable and protected. He is convinced that the organization’s need to believe in individuality of its members and their internal stability. Some others characteristics include trust, isolationism, respect for the organization’s values, beliefs and practices, and a selection of clan individual clan superiors that are in charge.

Clan organizational culture has shown spectacular performance for the organizations and the unity of organizations helps nurture the culture itself, that can vastly expand the culture and benefit its individuals and members to work together. It is said to be a vital component of the organization.

Adhocracy

[http://cims.ncsu.edu/downloads/Research/71\\_WDWK\\_culture.pdf](http://cims.ncsu.edu/downloads/Research/71_WDWK_culture.pdf)

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**(only used the table)**

An adhocracy cultured organizational culture is generally attributed to innovation. An adhocracy organization is more comfortable with the idea of a drastic change, particularly from outside the organization. People in the organization are considered as approachable, high-risk takers because of how open they are to the idea of change [Cameron, K., & Quinn, R., (1999). *Diagnosing and Changing Organizational Culture*. New York: Addison-Wesley].

According to Denison, the main characteristics of an adhocracy organization are the flexibility and ability to adapt with new ideas, conditions and situations and embrace them without much of a hassle.

Market

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**(PAGE 221 & 229)**

A market cultured organization is one which emphasizes on getting its final job done as fast and efficiently as possible. Processes in these establishments are completed professionally and efficiently as everyone is working hard to gain a competitive advantage over other organizations. This culture is sometimes contrasted against clan, as they are contradictory.

According to Cameron and Freeman, market cultured organizations have a few signature characteristics that they all share. They are very competitive, and dedicated to have the upper hand & very achievement and goal orientated, working together towards uniqueness. Although the people are goal orientated, studies indicate that levels of job satisfaction are low in a market cultured organization compared to other cultures.

Hierarchy

[http://www.haworth.com/en-us/Knowledge/Workplace-Library/Documents/Four-Organizational-Culture-Types\\_6.pdf](http://www.haworth.com/en-us/Knowledge/Workplace-Library/Documents/Four-Organizational-Culture-Types_6.pdf)

**(used Page 3 hierarchy & Page 5 hierarchy box)**

Hierarchy organizational culture can be described as a very well planned and organized and formal culture. Organizations within this culture seem to know exactly what they want, and how they are going to go about and achieve it. They are more focused on efficiency, all working towards long term goals that they are trying to achieve. These organizations generally aim to keep constant control, whilst maintaining their reputations and keeping costs low.

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Hierarchy cultured organizations tend to show a stable and smooth work environment and running.

According to Bruce M. Tharp, some of the key characteristics that a hierarchy cultured organization withholds are control, organization, stability and order; all these characteristics assist the organizations move towards their long term goals. There are appointed leaders of the organization that are qualified to monitor the several hierarchy levels of the organization to maintain stability.

## **VIRGIN ATLANTIC**

“ A business has to be involving, it has to be fun, and it has to exercise your creative instincts.”

Richard Branson – Business

The virgin story has been one which has been inspiring. Some authors have even gone to extent of calling it an “ unusual organization” (org structure and corp culture ref) because of its uniqueness in conducting business.

Virgin Atlantic was born from a mere phone call and an exchange of ideas between Randolph Fields a California lawyer and Branson. Branson was pleased with the idea and even went to extent to dramatize the inaugurating event by appearing in a World War 1 outfit. (virgin atlantic airways-pdf on virgin 2nd ref.). In order to get his plans off the ground and away from the run way he knew he had to develop a new set of business skills in order to see to its success. Richard Branson has become a synonym for Virgin by

displaying what has been termed as a ‘hippie culture’ of a “counter cultural enterprise”. (Bransons culture and business philosophy 3rd ref)

“The Culture of Virgin Group is a worldwide phenomenon” (breaking in a new culture: virgin blue story- google) .

Virgin Atlantic’s organizational culture is based on a ripple effect theory where the culture is laid down at the top and is reinforced by the leader. (establishing the culture ref). Virgin Atlantic’s Organizations follow a less formal culture, which helps the staff to be more committed, fun-loving, hardworking and accountable of the company’s well being. This helps us to believe that Virgin is distinct and successful and has been built up by Richard Branson as a result of several changes in its tactical direction and entrepreneurial growth (<http://assets.leeds2.emeraldinsight.com/Insight/ViewContentServlet; jsessionid=C42BEBF808F616B98ED4083083E859EA? contentType= Article&Filename= Published/EmeraldFullTextArticle/Articles/1600050601. html>). One of the more predominant cultures that can be identified in Virgin Atlantic is the Adhocracy culture. When Branson started the company he modeled it with his set of personal beliefs and values which he later transformed into his organizational culture. The business embodied his eccentric nature, playfulness and his ability to think outside the box and not allow others sway him from his beliefs. He is a man who follows cut throat manifestations by portraying his disrespect for hierarchical structure and authority. (org structure and corp culture - ref).

“ If you keep your staff happy then the customer will be happy, and if you keep the customer happy then the shareholders are happy” (Virgin. N. d).

The employees at Virgin, weren't paid too high to provide the services that they do, but it is the culture of the organization that was blended by the beliefs of Branson that led to such positive and motivated staff. (<http://www.blackwellpublishing.com/grant/docs/15Virgin.pdf>) (Pg 16-18). A simple example of this was the mere fact that unlike many Airline companies, Virgin Atlantic did not focus on trying to reduce the hotel cost at which it placed its crew members. This idea of Virgin Atlantic's CEO of placing his employees first, customers second and shareholder's third led to the succession of Virgin Atlantic. (<http://assets.leeds2.emeraldinsight.com/Insight/ViewContentServlet; jsessionid=AF579D9B18E944EC5EBF81A601AF0AFC? contentType= Article>) (<http://assets.leeds2.emeraldinsight.com/Insight/ViewContentServlet; jsessionid=AF579D9B18E944EC5EBF81A601AF0AFC? contentType= Article&Filename= Published/EmeraldFullTextArticle/Articles/0110080501.html>) (Filename= Published/EmeraldFullTextArticle/Articles/0110080501.html). Hence,

“ Common sense counts for way more than pure intellect.”



The leaders quote enhances corporate culture to a level where employees want to act like him and follow his beliefs, thus following the company's mission. Richard Branson motivates staff to think innovative and to be individuals which allowed them to work and reap profits with a sense of engagement, style and empowerment. Therefore, Richard Branson played a role of a figurehead, distinctively his staff acted upon his values but with a sense of freedom and autonomy. (Johns, G. & Saks, A. M. (2001).

Organizational Behaviour: Understanding and managing life at work. Fifth Edition. Addison Wesley: Toronto). Such a culture relates right to the Adhocratic and Clan style of culture, in which employees were asked to be creative, participative and feel as a part of the family.

The aspects that make up Virgin Atlantic most predominant culture were stated in the Blackwell published case study on Virgin(virgin atlantic ref) , Virgin Atlantic was unique and was able to revamp Air travel and integrate with the two polar opposites in terms of traditional ways of operating an airline. The Economist in April 2000, reported that Virgin Entertainment (Another organization of the Virgin family) was owing 172 million pounds to the banks and was not in capital terms to pay that. Nevertheless, Richard Branson, decided not to sell any of his companies, making sure he would settle the outstanding owing This clearly signifies their ability to take chances and go big in order to get that edge over the competition. (" Behind Branson," The Economist, February 21, 1998, pp. 63-6.). This strategy combined with the beliefs of Richard Branson, gave birth to the Virgin Atlantic Adhocratic culture which the company is known for. Also, according to (<http://www.emeraldinsight.com/Insight/ViewContentServlet?>

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html), the Virgin brand established by Branson is known to be ‘challenging and cheeky’. This simple projection of the brand image developed by Richard Branson very boldly claims Branson’s personal adhocratic values and beliefs, Virgin Atlantic was able to go beyond conventional ideas and create a unique brand. Richard Branson was a rebel leader whose business strategies revolved around not giving into conventional methodologies. This was achieved by making their employees adopt a risk-taking attitude and inspiring them to become more entrepreneurial in nature. Richard Branson is a stern believer in the concept that all his business operates with a SBU concept. He prefers that all business ventures operate to make profits in a distinct fashion. (org structure and corp. culture ref). Again, an influence of an Adhocracy culture is in the happening, as entrepreneurship was highly recommended.

Though Virgin Atlantic has instilled its employees with the aspects of an adhocratic culture, there is evidence that other cultures are present even in their minute form. As mentioned above Richard Branson’s take on Virgin Atlantic was anything but a hierarchical culture. Virgin being a large group of horizontally enlarged businesses undergoes minimum bureaucracy levels to oppose the Hierarchy methods of management. In Virgin, every staff is asked to be a self-manager, bringing out the best of their potential. Branson <https://assignbuster.com/organizational-culture-effectiveness-in-virgin-atlantic-commerce-essay/>

models the business with the philosophy of reduced levels of hierarchy, shortened gaps of communication, flexible and informal organization structure. (last para of org. structure and corp culture/case study)

The fact that Richard Branson wanted to depict his values all throughout Virgin was a clear indication of how vital the organizational culture was in the success of Virgin Atlantic. By carefully recruiting people with innovative ideas, with a competitive drive to excel and also people who are willing to take the initiative, Virgin Atlantic ensured that all the employees instilled the company values within them and followed them accordingly. By giving employees a sense of belonging and empowerment, Virgin Atlantic stuck to its roots of an adhocratic culture, with some exceptions from the clan culture. (cfincase reference).

When looking at Clan culture from the Virgin Atlantic point of view, it was designed in a way to give its employees sense of responsibility and freedom which lead to employees generating innovative ideas in a joyful and positive environment. The grounds on which the Virgin employees worked where intended to nurture team work and strong entrepreneurial atmosphere.

According to the Harvard Business Review, Virgin Atlantic was a pioneer in introducing a system that revolved around Value Innovation. First class flights were considered to be a high cost generator, therefore Virgin decided to eliminate the whole idea of having a first class section in 1984, allowing its business class customers to experience ultimate services. Though they were competing in an environment with many airline giants, they stuck to their guns because of their unique organizational culture and its values and thus

became successful. This step, involves creating value for their greatest customers, therefore greater market proposition. Their logic has shown great success as statistics in 2004 showed that they were the airline with one of the highest sales per employee. Therefore in such cultures it can be observed that high risk equals to high returns. Virgin can be definitely associated with the Market type of culture as its sub-culture due to its goal attainment qualities and competitiveness. ( [http://hbr.org/pdf-dep/200810/IBM\\_US/ValueInnovation.pdf](http://hbr.org/pdf-dep/200810/IBM_US/ValueInnovation.pdf))

## **Mergers – Importance of Organizational Culture during a Merge**

As stated by (book reference <http://books.google.com/books?hl=en&v=onepage&q&f=false>)&[HYPERLINK "#v=onepage&q&f=false"](http://books.google.com/books?hl=en&v=onepage&q&f=false) Ir= [HYPERLINK "#v=onepage&q&f=false"](http://books.google.com/books?hl=en&v=onepage&q&f=false) id= mN4NjYsQe90C[HYPERLINK "#v=onepage&q&f=false"](http://books.google.com/books?hl=en&v=onepage&q&f=false) oi= fnd[HYPERLINK "#v=onepage&q&f=false"](http://books.google.com/books?hl=en&v=onepage&q&f=false) pg= PR7[HYPERLINK "#v=onepage&q&f=false"](http://books.google.com/books?hl=en&v=onepage&q&f=false) dq= successful+mergers[HYPERLINK "#v=onepage&q&f=false"](http://books.google.com/books?hl=en&v=onepage&q&f=false) ots= oNIC7sFHgQ[HYPERLINK "#v=onepage&q&f=false"](http://books.google.com/books?hl=en&v=onepage&q&f=false) sig= kLwjeywjTTDHxxoGT9-P9pH-M4s#v=onepage[HYPERLINK "#v=onepage&q&f=false"](http://books.google.com/books?hl=en&v=onepage&q&f=false) q[HYPERLINK "#v=onepage&q&f=false"](http://books.google.com/books?hl=en&v=onepage&q&f=false) f= false) , the result of globalization gave birth to a lot of mergers and acquisitions in the 1990's. In order to keep up with

the constant change of market, companies have had to broaden their horizons in terms of their work philosophy. In doing so, companies have evidently recognized the importance and complexities involved in working with various cultures during a merger period and have gone out of their way to work around these tribulations. Managers, in particular, have realized that proper knowledge of their merging party can help them make the right decisions and form an effective synergy. “ Organizations involved in large, long term projects pay little attention to cultural factors” these were the words of Patrick J. Rich, the former chairman of Royal Packaging Van Leer (reference). As stated in the (reference) , managers today lack the sense of awareness, understanding, willingness and ability due to which they fail to give Organizational Culture the focus it deserves, be it in organizations in themselves or during mergers.

Mergers and large scale organizational integrations require the leaders to focus on two aspects before they take a step towards any acquisition, the operational and the cultural aspects (reference). While the organizational focuses heavily on coinciding work processes, organizational systems and other procedures, the cultural aspect looks into how important it is for people during a merger to work harmoniously together in an environment that promotes willingness and the ideology of acceptance and understanding. (reference). This statement clearly signifies the importance of having a well coordinated culture between the integrating parties, in order for them to be successful in their areas of work. If managers are able to work carefully in assessing this cultural aspect, they will surely find it much easier to go along with the corporate acquisition. Looking further into the cultural aspects

during a merger, and how helpful it would be for managers to know about this aspect, and also its vitality in defining the success rate of any merger or acquisition, a research paper written by Mitchell Lee Marks will help us understand the concept in greater detail. According to (<http://www.emeraldinsight.com/Insight/ViewContentServlet?Filename=Published/EmeraldFullTextArticle/Articles/0230100306.html>) , less than 20% of corporate integrations achieve their desired financial outcomes all due to an array of reasons; one of them quite evidently being the formation of a cultural clash during these periods and managers not being able to cope up with these cultural spar's due to inadequate knowledge. The elements that form these cultural clashes are those of a ' we versus they' relationship (reference), this coupled with the tendency of people of the two merging companies to list out the differences amongst one another rather than the similarities leads to troubles during acquisitions. Moreover, the clash of the way the two companies do business, their organizational flow, their different styles of management, intensified by the varying values and beliefs of the two colliding cultures can further fuel the problem. (<http://www.emeraldinsight.com/Insight/ViewContentServlet?Filename=Published/EmeraldFullTextArticle/Articles/0230100306.html>) . If managers have amp