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**THE RELATIONSHIP BETWEEN ORGANISATIONAL  
CULTURE AND STRATEGY FORMULATION IN  
SOUTH AFRICAN FIRMS**

BY

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Supervisor: Professor F. W. Struwig

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Port Elizabeth

January 1995

## DECLARATION

I declare that THE RELATIONSHIP BETWEEN ORGANISATIONAL CULTURE AND STRATEGY FORMULATION IN SOUTH AFRICAN ORGANISATIONS is my own work, that all the sources used or quoted have been indicated and acknowledge by means of complete references, and that this dissertation was not previously submitted by me for a degree at another university.

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FORMULATION IN SOUTH AFRICAN ORGANISATIONS**

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**SUMMARY**

The main objective of this study was to investigate the relationship between organisational culture and strategy formulation in South African organisations. Contemporary organisations are faced with new challenges and changes on the political, economic, social and technological front. In order to cope with these changes, organisations need to devise strategies. The question was asked whether the culture of organisations is conducive to the formulation of strategies.

In order to achieve the objectives of this study, a literature study and empirical research was conducted. Although the literature available on the individual concepts of organisational culture and strategy formulation is extensive, the literature tends to focus on only one of the two concepts, and the relationship between the two concepts is generally ignored. In this study the two individual concepts were examined and a comprehensive interaction analysis of culture and strategy was done. A model was developed to depict the main elements of

organisational culture. Managers increasingly realise the importance of organisational culture as a component of the strategic management process. However, confusion often exists on what organisational culture is.

A strategic management model indicated the central role organisational culture should play in the strategic management process. A diagnosis has to be made of which aspects of the present culture are strategy-supportive and which are not. It is important that organisations ensure there is a fit between culture and strategy.

The relationship between four different culture types (power, role, task and person) in an organisation was investigated, as was the manner in which those organisations formulated strategies. This investigation was part of the empirical research.

The purpose was to investigate the relationship between organisational culture and strategy formulation, and not to investigate the elements (manifestation) of an organisation's culture. Descriptive statistics and advanced statistical methods were used to assess this relationship empirically. The results showed significant differences between organisational culture and the manner in which organisations formulated strategies. These differences occurred especially in those organisations having a task, role and power culture.

It was concluded that organisations should place increased emphasis on aligning culture and strategy. Attempts should be made to include the culture of an organisation when formulating strategies. Each organisation needs to develop a keen awareness of its own culture and purposefully link all changes and strategies to its culture. The selection of strategies cannot only be based on financial and strategic implications, while the cultural aspects are being ignored. This can be a major determinant of corporate performance and the difference between a strategy's success or failure.

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## CHAPTER 1

### THE PROBLEM AND SCOPE OF THE STUDY

#### 1.1 INTRODUCTION

South African organisations are subject to a rapidly changing environment. Besides the global changes influencing South African organisations, there is also a new political dispensation. These political changes have opened international markets to South African organisations. The question, however, arises of whether South African organisations will be able to adapt to the rapidly changing environment and to compete internationally.

Spies (1990:4) forecasts that the most dominant characteristic of the world by the year 2000 will be the global integration of different countries. Considering this prediction, South African organisations should prepare themselves to operate and compete internationally.

In analysing the literature (see, for example, Certo & Peter 1991, Dessler 1986, Godet 1987 and Sharplin 1985) it appears that environmental analysis is an important element of the strategic management process. The process of monitoring the organisational environment to identify threats and opportunities creates many challenges for the strategic manager. The organisation's strategy reflects how it plans to adapt to the changing environmental conditions and maintain its effectiveness. Montanari, Morgan and Bracker (1990:34) stress the importance of environmental assessment to an organisation's strategic management.

Rue and Holland (1986:19) maintain that strategic management increases the awareness of the environment in which organisations operate. On the other hand, Certo and Peter (1991:5) even define strategic management in terms of a process

which should be matched to the environment. This outline indicates the role that strategic management plays in preparing organisations to adapt to the external environment.

South African researchers (see, for example, Kabat 1983; Kabat & Fielding 1981 and Woodburn 1984) are of the opinion that South African organisations do implement strategic management. Weeks (1988) also indicates the importance of and necessity for strategic management in South African organisations. Despite this notion, it is often said that strategic management has failed. Wilson (1994:12), however, is of the opinion that strategic planning is not dead but that it has changed dramatically since its inception in the early 1970s. It might be said that strategic planning has reflected the turbulence, change and uncertainty of the times in which it has evolved. Mintzberg (1994:107) concurs that strategic planning is certainly not dead - only a new approach has been taken.

Another concept that is still young and on which few reviews and critiques have been written, is organisational culture (Schneider, 1990:21). Weeks (1988:69) postulates that managers are increasingly realising the importance of organisational culture as a component of the strategic management process. Montanari *et al.*, (1990:233) maintain that a strategy is most likely to succeed when there is culture alignment. The organisational culture is therefore important to any organisation which wants to implement strategic management successfully.

The question can be raised of whether South African organisations, and especially those in the manufacturing sector, do implement strategic management, although their organisational culture is not conducive to formalisation and implementation of strategies. Against this background, this study will attempt to investigate the relationship between organisational culture and strategy formulation in South African organisations.

## **1.2 PROBLEM OF THE STUDY**

The importance of research into organisational culture is stressed by Fischer (1992:2) who maintains that the culture of an organisation is important to ensure its success in a rapidly changing environment. Handy (1985:196), however, indicates that it is difficult to define organisational culture precisely, as it includes the perceptions and feelings of people.

Thompson (1990:69) also stressed the important role of the culture of an organisation, indicating there is a clear relationship between an organisation's culture and the formulation of strategies. This relationship between organisational culture and strategy formulation is also clearly indicated by Thompson and Strickland (1984:240), who maintain that the organisational culture should be in line with the strategic plan. South African researchers (see, for example, De Klerk 1989 and Weeks 1988) are of the contention that the culture should be part of the strategic management process. None of these studies investigated specific culture types and their relationship with strategy formulation.

In the proposed research, particular attention will be paid to the relationship between the culture of an organisation, considering various cultural types and the formulation of strategies.

## **1.3 OBJECTIVES OF THE STUDY**

The main objective of this study is to investigate the relationship between organisational culture and the manner in which strategies are formulated.

### **1.3.1 Secondary goals**

To help achieve the main objective, the secondary goals of this study will be:

- (a) To provide an outline of the most important theories of organisational culture.
- (b) To highlight the historical development of the concept "organisational culture."
- (c) To develop a model depicting the elements that should be included in the culture of an organisation.
- (d) To examine the important role of strategy formulation in the strategic management process.
- (e) To investigate the link between organisational culture and strategy formulation as found in theory.

### **1.4 DEMARCATION OF THE STUDY**

The main aim of this study is to investigate the relationship between organisational culture and strategy formulation. To this end, a proportional stratified random sample of 3000 organisations, involved in the manufacturing, construction, electricity, trade and transport industries, was drawn. Only organisations employing 100 and more people will be included in the population.

The reason for the selection of this population is that these organisations are likely to be larger in scope and operation and will be more likely to implement strategic management. To enable an objective analysis of the relationship between organisational culture and strategy formulation in South African organisations, organisations from various industries, were included in the sample.

## **1.5 RESEARCH METHODOLOGY**

### **1.5.1 Data collection**

Information will be acquired from both secondary and primary sources.

#### **\* Secondary sources**

Useful information will be obtained from various publications, such as text books, journals and previous studies on the subject. Although the literature available on the individual concepts of organisational culture and strategy formulation is extensive, the literature tends to focus on only one of the two concepts and the relationship between the two concepts is generally ignored. Literature on the link between organisational culture and strategy formulation is limited.

#### **\* Primary sources**

Information will be gathered by means of an empirical study. A questionnaire containing close-ended questions will be administered. The data gathered by this survey will then be analysed.

### 1.5.2 The research design

To investigate the relationship between organisational culture and strategy formulation an empirical study will be undertaken. To achieve this, the research design will be as follows:

#### (a) The sampling method

Smit (1987:75) explains the importance of the sampling method and sample size. For the purpose of this study, a stratified random sample was drawn by Matrix Marketing (an organisation conducting research).

#### (b) The design of the questionnaire

To elicit information from respondents, a questionnaire containing forced-ranking questions and a seven-point Likert-type scale will be used. The questionnaire will consist of three sections: Section A (organisational culture), Section B (strategy formulation) and Section C (classification data).

A pre-test or pilot study will be conducted among similar respondents to establish whether the length and comprehensibility of the questionnaire are acceptable.

#### (c) Analysis of data

In order to analyse the data collected and to make meaningful conclusions, advanced statistical methods will be used. More specifically, the following methods will be used: descriptive statistics, factor analysis, multivariate and univariate analysis of variance methods.

## 1.6 DIVISION OF CHAPTERS

The study will be divided into eight chapters as follows:

- \* **Chapter 1** describes the scope of the study and methods used. It will include an introduction, statement of the problem and objectives, demarcation of the study and a brief description of the research methodology.
- \* **Chapter 2** will give an outline of the various definitions and concepts related to organisational culture, its historical development and the most important theories of organisational culture.
- \* **Chapter 3** will explore the literature on organisational culture. An appropriate model, depicting the most important elements that should be included in the culture of an organisation, will be developed.
- \* **Chapter 4** will provide a brief overview of strategic management, with special reference to strategy formulation.
- \* **Chapter 5** will investigate the link between organisational culture and strategy formulation.
- \* **Chapter 6** will outline the scope and methodology of the empirical research.
- \* **Chapter 7** will provide an exposition of the research results.
- \* **Chapter 8** presents a summary of the most important findings of the study, discusses the conclusions, highlights the study's shortcomings and gives suggestions for future research.

## 1.7 CONCLUDING REMARKS

In this chapter the problem and scope of the study was discussed.

It was apparent that culture plays an important role in an organisation. It was further emphasised that there seem to be a clear relationship between organisational culture and the formulation of strategies in an organisation.

A brief outline of the scope of the study and methods of investigation was given. In the Chapter 2 important definitions, historical development and theories of organisational culture will be highlighted.

## **CHAPTER 2**

### **DEFINITIONS, HISTORICAL DEVELOPMENT AND THEORIES OF ORGANISATIONAL CULTURE**

#### **2.1 INTRODUCTION**

In analysing the literature (see, for example, Hampden-Turner 1990, Pearce & Robinson 1991, Robbins 1992 and Schneider 1990) various definitions of organisational culture are found.

This chapter analyses various definitions and concepts related to organisational culture. As it is the main objective of the study to establish the relationship between organisational culture and strategy formulation, it is important to clarify the concept of culture in an organisational context. As a point of departure the various definitions of organisational culture will be analysed. Concepts related to organisational culture will also be investigated.

To further clarify the concept, a brief outline of the historical development of organisational culture will be given. An exposition of the most relevant theories will also be given, which will facilitate better understanding of the concept of organisational culture.

#### **2.2 DEFINITIONS**

According to Hall (1977:18) discussion of definitions and concepts in general can be very dangerous, but they also provide a better insight to the problem or phenomenon being investigated. With this in mind the following definitions will be discussed.

### 2.2.1 Organisation

The term "organisation" is widely used. It is not only the large national and international firms which can be classified as organisations, but the local grocery store, service station and fast-food restaurant also. A wide variety of definitions however, can be found for an organisation. One of the earliest definitions was advanced by Barnard (cited in Steers, 1991:298), who viewed an organisation as "a system of consciously co-ordinated activities of two or more persons".

Mondy, Sharplin, Holmes and Flippo (1986:163) define an organisation as two or more people working together in a coordinated manner to achieve group results. According to Baron (1983:9) it is "any social structure consisting of two or more persons who are independent and who work together toward one or more common goals".

The above three definitions seem to include similar elements, namely two or more people working together to achieve goals. An organisation can therefore fundamentally be viewed as the co-ordinated effort of two or more people who work together to achieve certain goals. In this study the concept "organisation" will be used instead of "firm". All firms can, however, by virtue of the above definition be viewed as organisations.

### 2.2.2 Culture

The term "culture" within a modern technical or anthropological context was established in 1871 in English by an anthropologist with the name of Taylor (cited in Weeks, 1988:45), who stated that culture or civilisation is "that complex whole which includes knowledge, belief, art, morals, law, customs and any other capabilities and habits acquired by man as a member of a society".

Writing about culture almost three decades ago, Mills (cited in Chorn, 1987:8) comments that:

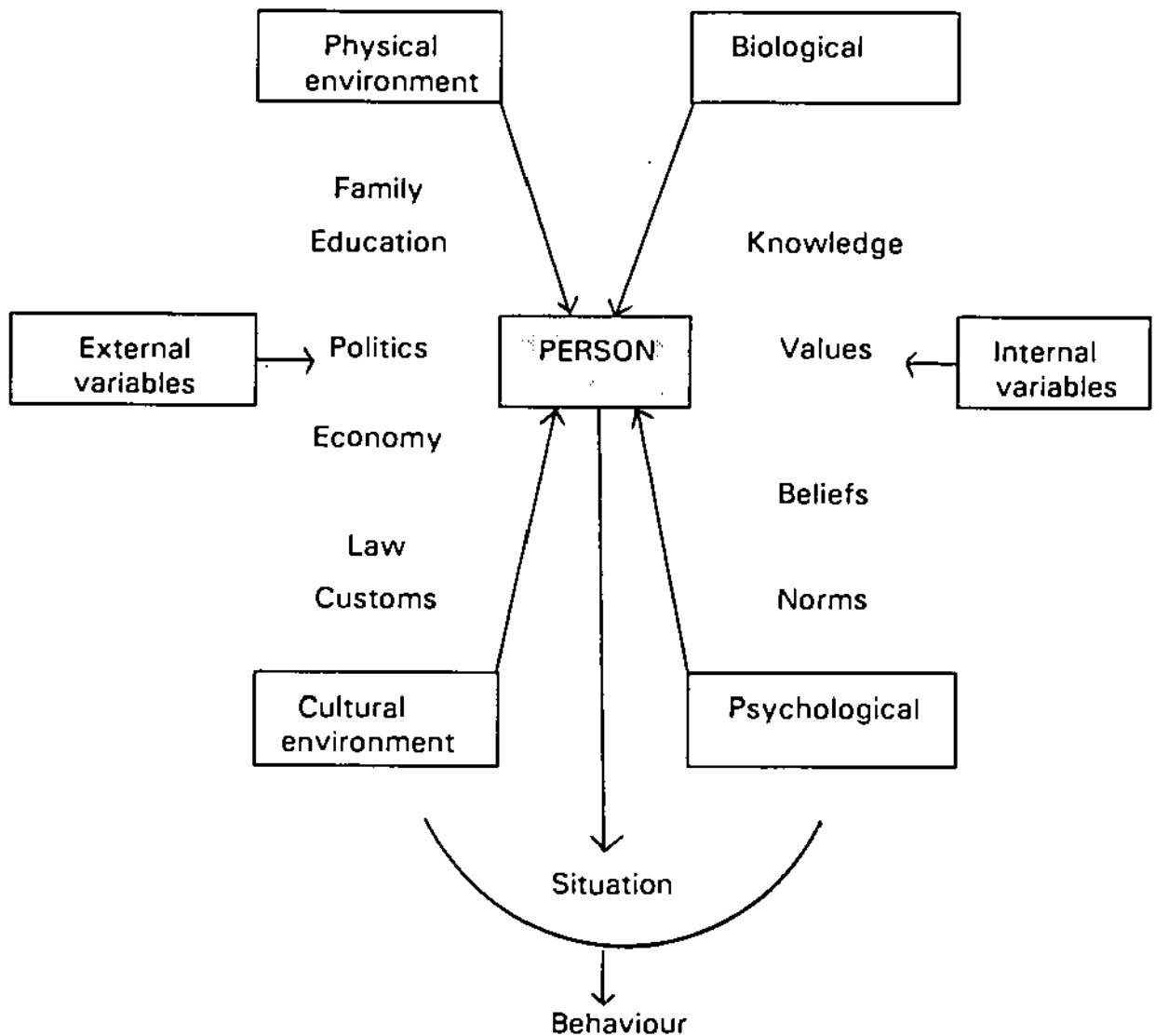
"... the concept culture is one of the spongiest words in social science, although, perhaps for that reason, in the hands of an expert, enormously useful. In practice, the conception of culture is more often a loose reference to social milieu plus tradition than an adequate idea of social structure".

Hall (cited in Hoecklin, 1993:15) asserts that it is helpful to think of culture as analogous to music - if another person has not heard a particular piece of music, it is impossible to describe. Despite this notion, Schein (1990:7) postulates that culture is a learned product of group experience and is therefore to be found only where there is a definable group with a significant history. Palazzolo (1981:85) on the other hand views culture as a "system of standards of conduct which orients individuals in their organised, meaningful relationships with one another".

Figure 2.1 illustrates that culture is one of the major determinants of human behaviour. Culture in union with other determinants therefore plays a major role in shaping the person and the situation. All these forces interact simultaneously and the person is the repository of all these influences.

As is clearly highlighted in Figure 2.1, the three most important internal variables influencing a person are values, beliefs and norms. These three elements of a culture will be discussed in the subsequent paragraphs. The cultural environment also influences the person.

Figure 2.1: Interaction model of culture and behaviour



Source: Adapted from Marsella, De Vos and Hsu (1985:289)

(a) Values

Triandis and Brislin (1980:96) indicate that values are " a standard that guides and determines action attitudes towards objects and situation ideology, presentations of self to others, evaluations, judgements, justifications, comparison of self with others and attempts to influence others".

Values contain a moral flavour, indicating an individual's ideas on what is right, good or desirable. Values are important to the study of organisational behaviour as they lay the foundation for the understanding of attitudes, perceptions, personality and motivations (Robbins,1992:25).

Table 2.1 gives an exposition of a seven-level hierarchy that describes personal values and life styles.

**Table 2.1: Value hierarchy of individuals**

LEVEL	VALUE	DESCRIPTION
1	Reactive	Individuals are unaware of themselves or others as human beings - react to basic needs
2	Tribalistic	High dependency. Strongly influenced by tradition. Power exerted by authority figures.
3	Egocentric	Strict individualism. Aggressive and selfish.
4	Conforming	Low tolerance for ambiguity. Difficulty in accepting other people's values, but want others to accept theirs.
5	Manipulative	Achieve own goals by manipulating other people/things. Seek higher status and recognition.
6	Sociocentric	More important to be liked and to get along with others than to get ahead.
7	Existential	High tolerance for ambiguity. Outspoken against inflexible systems and restrictive policies.

Source: Robbins (1992:26)

According to the value hierarchy, indicated in Table 2.1, it is possible to categorised individuals according to values possessed. Every individual has a set of values that forms a value system, which in turn influences a person's attitudes, perceptions, personality and behaviour. Lincoln and Kalleberg (1990:125) contend that the reason employees devote their hearts and minds to their employer lies in deep seated cultural values.

**(b) Beliefs**

The second element of culture, namely beliefs, is defined as "the acceptance of a proposition as fact. Beliefs are not necessarily in favour of or opposed to something they are simply statements that are assumed to have factual support" (Harber & Runyon, 1983:609). For example a person may believe that nuclear weapons have the capacity to destroy a country. This does not necessarily predispose that person to feel or act in any specific manner for or against nuclear weapons.

**(c) Norms**

Dessler (1986:401) states that norms are rules of behaviour and proper ways of acting, which have been accepted as legitimate by members of a group and which specify the kinds of behaviour expected of group members.

In the above paragraphs it was indicated that an organisation consists of two or more people who work together to achieve common goals while a culture consists of three elements, namely values, beliefs and norms. An organisation's culture is a combination of the two concepts, organisation and culture. In the following paragraphs the concept of organisational culture will be discussed, bearing in mind the two concepts as discussed above.

**2.2.3 Organisational culture**

Defining the concept organisational culture is a difficult task - one that many writers avoid by simply not defining the concept and assuming the reader understands the concept (Weeks, 1988:42). Williams, Dobson and Walters (1989:9) say that most people agree culture exists, but few agree on exactly what it is.

Various definitions have been given to the concept "organisational culture" within the context of anthropology, organisational psychology and management theory.

By 1952 Kroeber (cited in Fischer, 1992:2) already had identified 164 definitions related to organisational culture. For the purpose of this study, the following definitions have been extracted from the literature:

According to Schein (1990a:111) it is "a pattern of basic assumptions; invented, discovered or developed by a given group; as it learns to cope with its problems of external adaptation and internal integration, that has worked well enough to be considered valid and therefore is to be taught to new members as the correct way to perceive, think and feel in relation to those problems" (also see Table 3.2).

Kreitner (1989:550) views organisational culture as the collection of shared (stated or implied) beliefs, values, rituals, stories, myths and specialised language that fosters a feeling of community among organisation members.

Thompson and Strickland (1992:254) describe it as "the organisation's beliefs and philosophy about how its affairs ought to be conducted - the reason why it does things the way it does".

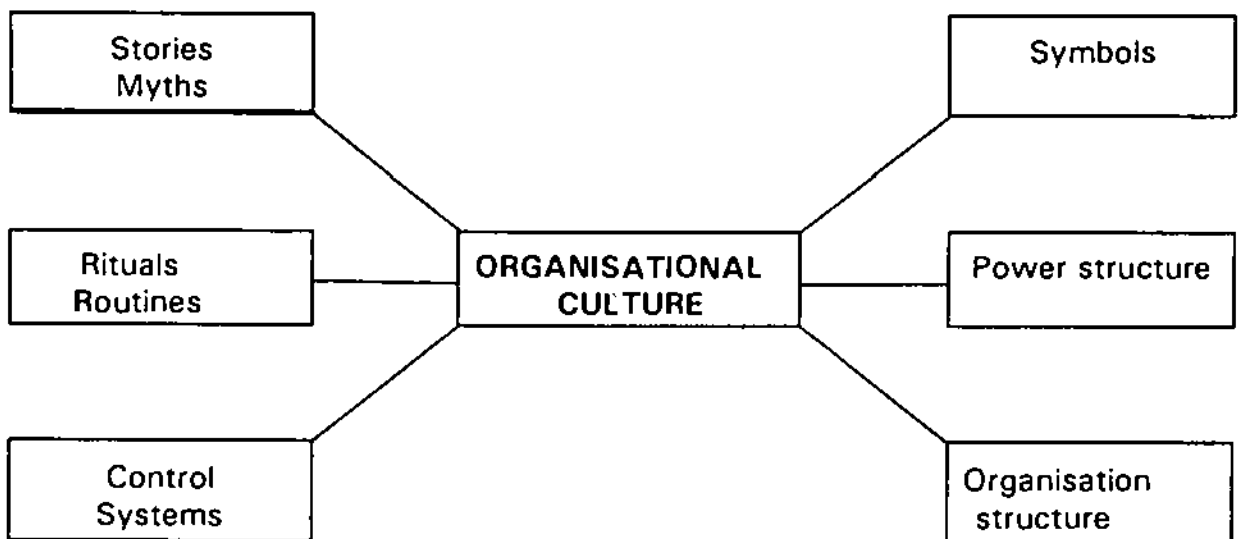
According to Schneider (1990:22) researchers make a distinction between culture as something an organisation is versus culture as something an organisation has. The first definition promotes the study of organisational culture as culture and is for the most part exploratory and descriptive in nature. The second definition of culture, as something an organisation has, promotes an investigation of organisational cultures as systems of shared meanings, assumptions and underlying values.

Montanari *et al.*, (1990:230) view organisational culture as a reflection of the dominant values, beliefs and norms of the organisation's members. It is the way a group maintains the integrity of its social structure - giving meaning to members' experience.

According to Gibson, Ivanevich and Donnelly (1991:46), organisational culture in simple terms is considered to be the "personality" or "feel" of the organisation. It attempts to explain and predict how organisations and people within the organisation behave in different circumstances.

Johnson (1992:31) indicates that organisational culture consists of various elements such as stories, myths, rituals, symbols, routines and control systems. Figure 2.2 shows these elements, which Johnson (1992:31) refers to as the "cultural web" of the organisation.

Figure 2.2: The "cultural web" of an organisation



Source: Adapted from Johnson (1992:31)

A summary of the various definitions on organisational culture is given in Table 2.2 below.

**Table 2.2: A summary of organisational culture definitions**

CONTRIBUTOR	IMPORTANT ELEMENTS
1. Schein	A pattern of basic assumptions, shared meanings and underlying values.
2. Kreitner	Shared beliefs, values, rituals, stories, myths and specialised knowledge.
3. Thompson & Strickland	An organisation's beliefs and philosophy about how its affairs ought to be conducted.
4. Schneider	Differentiate between culture as something an organisation is and something an organisation has.
5. Montanari, Morgan & Bracker	Dominant values, norms and beliefs of the organisation's members.
6. Gibson, Ivanevich & Donnelly	The personality or feel of an organisation.

From Table 2.2 it can be concluded that organisational culture consists of a set of values, norms, beliefs and assumptions shared by the people in an organisation. All these definitions on organisational culture can be summarised in the words of Drennan (1992:3) who advocates that culture is "how things are done around here; what is typical of the organisation".

#### 2.2.4 Organisational climate

Bookbinder (1984:47) attests to the fact that the term climate is easily confused with the term culture (see, for example, Van Niekerk, 1988:178). Although the concept organisational climate does not fall within the scope of this study, it is necessary to understand the interrelationship between the two concepts.

Organisational climate reflects the perception of individuals within the organisation, with regard to the attributes of the organisation, while organisational culture reflects the pattern of beliefs or values shared by members of an organisation (Weeks, 1988:60).

Bookbinder (1984:47) refers to organisation climate as the "set of attitudes employees have towards a number of issues (example pay, benefits, supervision and leadership at a given time".

According to Tagiuri and Litwin (1968:204), climate refers to the ways in which an organisation is seen as fitting together task and people inputs in handling its key problem areas.

Climate therefore measures whether expectations about working in an organisation are being met, while culture is seen as a pattern of beliefs and expectations that are shared by the members of the organisation (nature of expectations). Weeks (1988:67) postulates that within the context of strategic management it is these shared values or beliefs of the employees of the organisation that will be a major determinant in aligning culture to strategy (see Chapter 5), not individual perceptions given by the organisational climate.

### 2.3 HISTORICAL DEVELOPMENT OF ORGANISATIONAL CULTURE

Organisational culture as a concept is still young and therefore few reviews and critiques of the subject have been written (Schneider, 1990:21). Although various concepts such as group norms and climate have been used by psychologists for some time, the concept of culture has been used only in the last few decades (Schein, 1990a:109).

In the 1950s and 1960s the field of organisational psychology began to differentiate itself from industrial psychology. The focus shifted from individuals to larger units. As researchers become more concerned about understanding organisations and inter-organisational relationships, concepts from sociology and anthropology began to influence the field. The application of the concept "culture" to organisations within a given society started during the 1980s when researchers

found themselves needing the concept to explain differences in patterns of organisational behaviour (Schein, 1990a:110).

Montgomery and Porter (1991:135) postulate that in a world of increasingly global competition, nations have become more and more important. As the basis of competition has shifted more to the creation and assimilation of knowledge, the role of a nation has grown. Differences in national values, culture and histories all contribute to competitive success.

The question can be posed why certain nations perform better than others. In observing the differences, it was found that national culture is not a sufficient explanation (Schein, 1990a:110). There was a need for a concept that differentiated between organisations within a society - the concept of organisational culture served this purpose well.

According to Schneider (1990:19) the first formal writing on the concept of organisational culture is easily identified. Pettigrew (cited in Schneider, 1990:19) shows how the related concepts of symbolism, myths and rituals could be used in organisational analysis.

Deal and Kennedy (cited in Schneider, 1990:19) elaborated on these ideas of symbolism, myths and rituals. In 1983 the *Administrative Science Quarterly* and *Organisational Dynamics* devoted special issues to the culture concept (Schneider, 1990:19). These two special issues marked the beginning of the scholarly explication and study of culture in work organisations.

It is interesting to note, however, that the first formal writing on the concept climate was in 1939 when Lewin, Leppitt and White (Schneider, 1990:10) investigated the relationship between leadership styles and climates. In Table 2.3 an exposition is given of the development of the concept culture from 1979 to 1989.

**Table 2.3: The development of the concept culture**

DATE	AUTHOR	TITLE OF RESEARCH
1979	Pettigrew	On studying organisational cultures
1980	Dondridge, Mitroff & Joyce	Organizational symbolism: A topic to expand organizational analysis
1982	Deal & Kennedy	Corporate cultures
1983	Smircich	Concepts of culture and organizational analysis
1983	Barley	Semiotics and the study of occupational and organizational cultures
1983	Wilkins	The culture audit: A tool for understanding organisations
1983	Schein	The role of the founder in creating organisational culture
1984	Schein	Coming to a new awareness of organisational culture
1985	Schein	Organisational culture and leadership: A dynamic view
1986	Barney	Organisational culture: Can it be a source of sustained competitive advantage?
1987	Schriber & Gutek	Some time dimensions of work: Measurement of an underlying aspect of organisational culture
1988	Nahavandi & Malekzadeh	Acculturation in mergers and acquisitions
1989	Ott	The organisational culture perspective

Source: Adapted from Schneider (1990:15)

## 2.4 THEORIES OF ORGANISATIONAL CULTURE

According to Frost, Moore, Louis, Lundberg and Martin (1991:39) organisational theorists often claim that culture is best understood as a set of assumptions or an

interpretive framework that underpins daily life in an organisation. However, despite such theoretical pronouncements, few organisational researchers have actually studied the deep structure of a work setting. Most researchers (see, for example, Kreitner & Kinicki 1992, Robbins 1992 and Schneider 1990) have focused on symbolic phenomenon like stories, myths, logos, heroes and other verbal or physical artifacts.

Another interesting question asked by Schein (1985:148) is how two organisations with similar external environments and founders of similar origins came to have entirely different ways of operating a few years latter. In order to answer this one needs concepts and theories which enable one to look for cultural origins and which explain cultural dynamics in an organisation.

It appears however, that the theories on organisational culture are very limited. In the following section the most important theories and schools of thought on organisational culture will be discussed.

#### 2.4.1 Ecological-adaptationist school

According to Allaire and Firsirotu (1984:201) the main contributors to this school, such as Katz, Kahn, Burns, Stalker and Tannenbaum, state that culture is a system that relates human communities to their ecological settings. Organisations take on varied forms through a continuous process of adaptation to environmental factors (including the society's culture). There is a continuous quest for fit and equilibrium between the organisation and its environment.

#### 2.4.2 Historical-diffusionist school

According to the historical-diffusionist school, historical factors are responsible for cultural transformation. The particular time, circumstances and place of the organisation's founding may lead to strongly held values and beliefs, which will be

reflected in the organisational structures and processes. Contributors to this school are Chandler, Filley and House (Allaire & Firsirotu, 1984:202).

### 2.4.3 Ideational school

Three contrasting perspectives dominate the ideational school, namely the functionalist, structural-functionalist and interpretive perspective.

#### (a) Functionalist school

In the functionalist perspective, the organisation is seen as a purposeful and adaptive system, which produces culture as one of its outputs (Chorn, 1987:12).

The functionalist school postulates that culture is an instrumental aid by which a person is put in a better position to cope with problems in the course of need satisfaction. Main manifestations of culture are related to the basic needs of human beings. A person's need for satisfaction is reflected through work and participation in the structures and processes of the organisation. Organisations' goals and strategies reflect the values, needs and preferences of the founders, chief executives and key managers (see section 3.2.6 and 3.2.7). The main contributors to this school are Mayo, Maslow, McClelland and Likert (Allaire & Firsirotu, 1984:199).

Two different perspectives can be distinguished under the functionalist school, namely a comparative management approach and a corporate culture approach.

#### (i) Comparative management approach

In comparative management studies (Chorn, 1987:12), culture is seen as a background factor which helps to explain certain management and employee practices. Culture is viewed as an important influence on the development and reinforcement of particular patterns of beliefs. The culture of an organisation is

treated as an external variable, which is imported into the organisation through its members. Research focused on attempting to explain the differences in managerial and employee practices through the external variable, culture.

Major contributors to this approach are Smircich, Hofstede, Cummings and Schmidt (Chorn, 1987:12).

(ii) **Corporate culture approach**

The main aim of the corporate culture approach is to develop the concept of culture into a more carefully defined tool for the analysis and improvement of organisational performance. Culture is viewed as a by-product of organisations. Culture is therefore seen as an internal variable that interacts with other organisational variables such as technology, organisational structures and systems. Organisational culture is seen to play an important role in improving overall systematic performance (Chorn, 1987:13).

(b) **Structural-functionalist school**

Culture is made up of those mechanisms by which an individual acquires mental characteristics (values and beliefs) and habits that enable a person to participate in social life.

Organisations are systems with needs in functional interaction with the environment - a sub-system of a more comprehensive social system. Contributors belonging to this school are Parsons and Schein (Allaire & Firsirotu, 1984:200).

(c) **Interpretive perspective**

The third major perspective within the ideational school of thought is the interpretive perspective (Chorn, 1987:16). Culture is viewed as a root metaphor to conceptualise and study organisations. Three perspectives can be identified under

the interpretive perspective, namely cognitive, structural-psychodynamic and symbolic approach (Chorn, 1987:16).

(i) **Cognitive school of culture**

Advocates of the cognitive school of culture , for example Tagiuri, Schneider and Argyris (cited in Allaire & Firsirotu, 1984:203) believe that culture is a product of human learning and a way in which people organise their experiences of the real world into certain perceptions and concepts. Culture consists of whatever one has to know or believe in order to act in a manner acceptable to the society.

(ii) **Structural-psychodynamic approach**

The second approach in the interpretive perspective examines culture as a manifestation and expression of the mind's unconscious. The human mind is analysed in terms of various in-built constraints on psychic and physical content. Organisations are described as manifestations of the unconscious infrastructure and are revealed as expressions of human personality and competing values held by various groups (Chorn, 1987:19).

(iii) **Symbolic school of culture**

Culture is seen as a concept in terms of which human beings interpret experiences and use as a guide for action. Advocates of the symbolic school like Geertz and Barley (cited in Chorn, 1987:19) postulate that culture is an ordered system of shared and public symbols and meanings which give shape and direction to human experiences. Organisations are thus characterised by different degrees of sharing of values, norms, roles and expectations. Culture and the organisation are made up of a number of different components. It is important to study a variety of symbols in order to get an overall comprehension of the role of culture in an organisation (Allaire & Firsirotu, 1984:206).

#### **2.2.4 Leadership theory and culture**

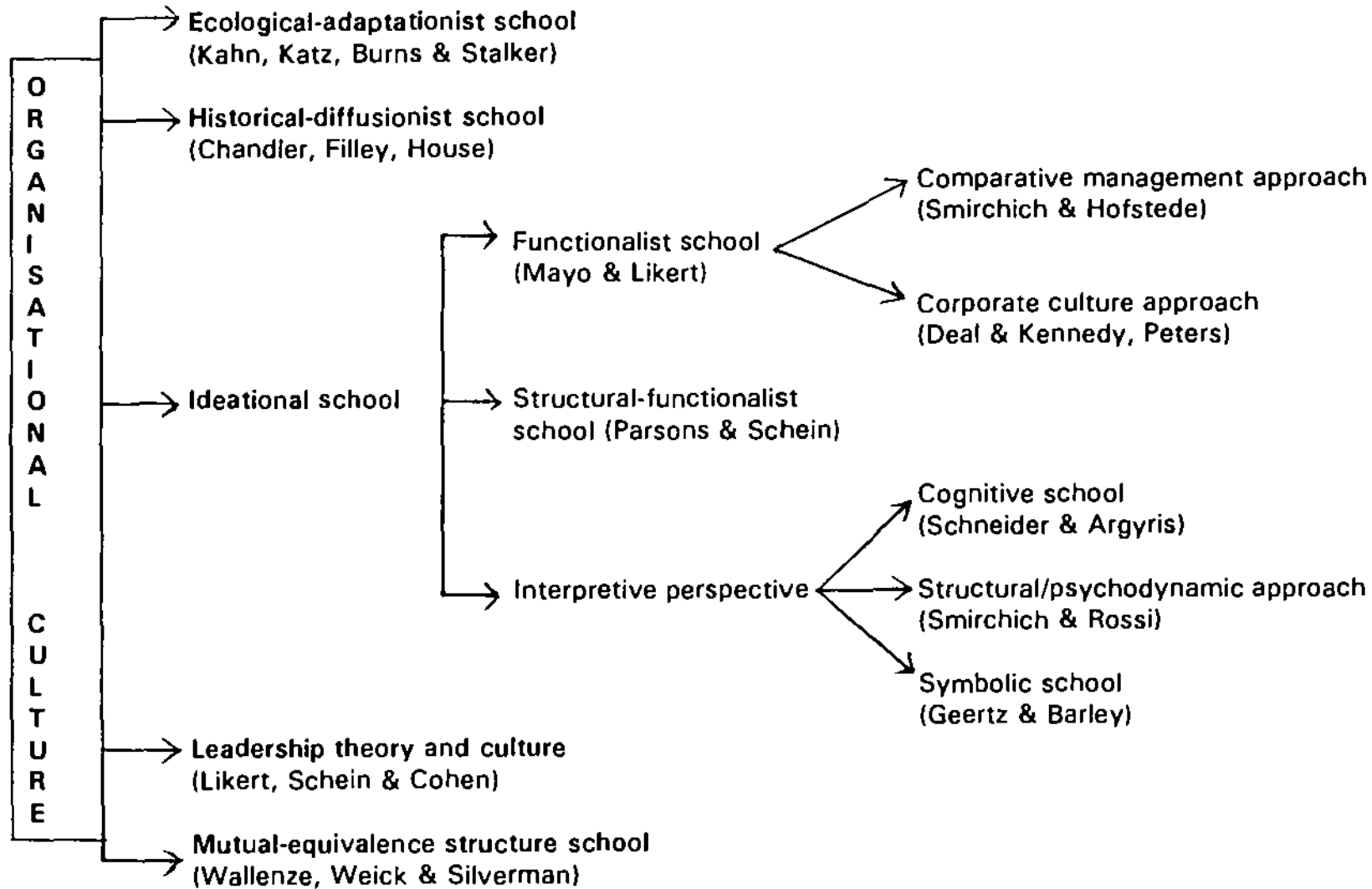
Many leadership theories look at the relationship of the leader to the group, and the effect of a leader's personality and style to the understanding of how cultures form and evolve. The process of leadership can therefore not be separated from the process of building culture. The emerging culture of a group will be shaped by the personality of the founder of the group (Schein, 1985:170). Further illustration of how the assumptions of founders/leaders become embedded in the culture of an organisation are provided in Chapter Three.

#### **2.4.5 Mutual-equivalence structure school**

Advocates of the mutual-equivalence structure school, for example Wallace, Weick and Silverman (cited in Allaire & Firsirotu, 1984:205) argue that organisations are convenient means through which participants or members seek to achieve their goals. Culture is seen as a system of instrumental cognitions which allow human beings with different motivations and cognitive orientations to participate in the social life of a community - it is a codified framework for the mutual prediction of human behaviour (Allaire & Firsirotu, 1984:205).

These theories are the basis for understanding how culture evolves and changes within the organisation. As was mentioned previously, the literature on organisational culture theories is limited. However, the summary of theories and schools of thought on organisational culture, presented in Figure 2.3, provide a useful basis for studying the concept of organisational culture. In figure 2.3 a summary is given of the most important theories and schools of thought on organisational culture and the major contributors.

Figure 2.3: Theories and schools of thought in the study of organisational culture



Source: Adapted from Chorn (1987:11)

## 2.5 CONCLUDING REMARKS

This chapter examined various definitions and concepts related to organisational culture. Although various definitions were given, Handy (1985:196) says that a culture cannot be precisely defined, for it is something perceived or felt. Despite this notion, for the purpose of this study, organisational culture will be viewed as a set of values, norms, beliefs and assumptions shared by people in an organisation.

In analysing the literature on the historical development of organisational culture, it is evident that this concept is of a fairly recent origin. What has really thrust the concept to the fore, is the rising concern of why organisations are not able to achieve objectives and their need to manage more effectively in a changing business environment (Bookbinder, 1984:47).

Cultural anthropologists have proposed diverse and complex theories of culture. An outline of the most important theories (see Figure 2.3) shows there are various schools of thought and theories with regard to organisational culture. The main theories or schools of thought on organisational culture are the ecological-adaptationist school, historical-diffusionist school, ideational school, mutual-equivalence school and leadership and culture. These theories serve as building blocks in understanding how culture evolves and changes within an organisation.

In analysing the literature (see for example Allaire & Firsirotu 1984) it appears that there is an absence of a solid theoretical grounding for the concept of organisational culture.

In the following chapter a theoretical perspective of organisational culture is given and a model will be developed, depicting the main elements that should be included in the culture of an organisation.

## CHAPTER 3

### ORGANISATIONAL CULTURE: A DESCRIPTIVE MODEL

#### 3.1 INTRODUCTION

The main objective of this chapter is to develop a model of organisational culture, depicting the main elements that should be included in the culture of an organisation.

Weeks (1988:69) maintains that managers are increasingly realising the importance of organisational culture as a component of the strategic management process - yet managers tend only to have a vague knowledge of the concept itself. Martins (1993:1) attests to the fact that despite an increasing awareness of organisational culture as well as the importance thereof, confusion exists on what organisational culture is. In order to attain a clear understanding of the concept organisational culture, the concept is analysed in depth.

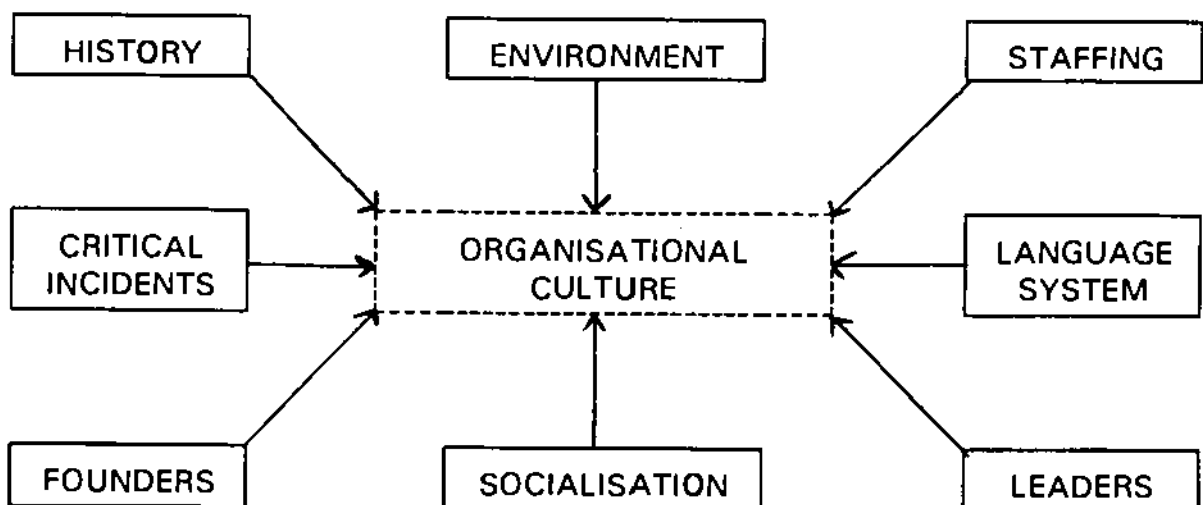
The chapter sets out to examine the various sources of culture in an organisation. As will be indicated, the culture of an organisation originates from various sources. Although every organisation has a unique culture, some general features or characteristics of organisational culture can be identified. Characteristics of organisational culture as proposed by various authors (see, for example, Fischer 1992; Hampden-Turner 1990 and Trice & Beyer 1993) are highlighted. The culture of an organisation also reveals certain dimensions. The most important dimensions of organisational culture are identified and briefly highlighted. In analysing the literature (see, for example, Kreitner & Kinicki 1992; Schein 1985 and Schrivastava 1985) it appears that culture in an organisation manifests itself in a variety of ways. An outline will be given of the various manifestations of organisational culture. A framework will also be given for deciphering the culture of an organisation.

An exposition of various other aspects related to organisational culture will also be highlighted. The nature of organisational culture at various levels of analysis will be analysed. Types of organisational culture advocated by various researchers (see, for example, Handy 1985; Kono 1990 and Rue & Holland 1986) are also analysed. In analysing the concept of organisational culture, the importance of this concept in an organisational context, cannot be overemphasised. As it is one of the secondary goals of this study to develop a model depicting the elements that should be included in the culture of an organisation, the final section of this chapter deals with this aspect.

### 3.2 SOURCES OF CULTURE IN AN ORGANISATION

Robbins (1992:258) is of the opinion that an organisation's current customs, traditions and general way of operating are largely due to what it has done before and the degree of success it had with those endeavours. The content of an organisation's culture is derived from various sources. As illustrated in Figure 3.1 the most important sources of culture in an organisation are history, environment, staffing, socialisation, founders/leaders, critical incidents and language and rituals. These sources of culture in an organisation will be discussed in more detail in the following section.

Figure 3.1: Sources of culture in an organisation



### **3.2.1 History**

Rue and Holland (1986:440) assert that employees are aware of the organisation's past and that this awareness builds culture in an organisation. The way in which businesses operate is a continuation of the way in which businesses have always operated. Past experiences and practices serve as a guide and foundation for future conduct.

### **3.2.2 Environment**

According to Pearce and Robinson (1991:346) the influence of the business environment in general and the industry in particular, is an important determinant of shared assumptions. All organisations interact with the environment in which it operates - therefore the environment has a role in shaping the culture of an organisation. For example, organisations in industries characterised by rapidly technological changes, such as computer and electronic organisations, normally have cultures that strongly value innovation. Thompson and Strickland (1984:63) stress the importance of an assessment of any influences or trends in the external environment, which entails many facets, for example market trends, competitive forces, trends in technology, government policies and regulations and political and economic changes. The environment of an organisation therefore has an influence on the culture of a particular organisation.

### **3.2.3 Staffing**

According to Rue and Byars (cited in Weeks, 1988:85) the organisation tends to hire, retain and promote employees who are similar to current employees and therefore ensures that the current values and assumptions of the organisation are accepted. Through the selection process, applicants who may oppose the organisation's culture are eliminated. Therefore a person's ability to "fit in" can be an important criteria when selecting new applicants. Through the staffing process,

the organisation can assure that new appointed employees are suitable to fit organisational values and norms.

#### 3.2.4 Critical incidents

Schein (1990a:115) alleges that norms and beliefs in an organisation arise around the way members respond to critical incidents - something emotionally charged or anxiety producing. The manner in which organisational members respond to such an incident, tends to create a norm. For example, when an organisational member verbally attacks the manager and the manager counterattacks and the group members "concur" with silence or approval, it could be accepted that authority is sacred. This type of behaviour could be accepted as a norm in the organisation, which ultimately forms part of the culture of an organisation.

#### 3.2.5 Socialisation

Trice and Beyer (1993:130) views socialisation as the way in which "established cultures communicate to newcomers systematic sets of expectations for how they should behave." New employees are introduced and indoctrinated to the organisation, but also to the organisation's culture. Through this process a new employee learns the value, system, norms and required behaviour patterns of the organisation. Hebden (cited in Weeks, 1988:82) even describes the process of employee socialisation as the transmission of organisational culture.

According to Steers (1991:590) the socialisation process consists of three stages. The first stage in the socialisation process, called anticipatory socialisation, occurs when an individual is about to join the organisation. During this first stage an individual accepts the beliefs and values of the group - hoping that it may facilitate membership and acceptance by the group or organisation. Once inside the organisation, the individual enters the second stage of the socialisation process, namely the encounter stage. The individual encounters other members who show accepted attitudes and behaviour. Over a period of time the individual accept the

status of peers and superiors. During the change and acquisition stage the individual develops new self-images more consistent with those of other members in the organisation. New values and modes of behaviour are developed and the individual has been transformed from an outsider into a member of the group or organisation.

According to Kreitner and Kinicki (1992:284) there are various socialisation techniques, for example psychological contracts, realistic job previews, behaviour modelling, training and development and mentoring. It is therefore clear that the socialisation process serves as an important source of culture in an organisation. Socialisation programs also help enhance an organisation's continuity and chances of survival in an increasingly competitive and changing world.

### 3.2.6 Founders

Robbins (1992:258) maintains that the founders of an organisation, are the ultimate source of culture in an organisation. The founders of an organisation traditionally have a major impact in establishing the early culture of an organisation. The founder has a vision or mission of what the organisation should be. This vision or mission of the founder becomes embedded in all aspects of the organisation during the formation stage of an organisation.

### 3.2.7 Leaders

Trice and Beyer (1993:255) allege that despite the importance given to leadership in general analyses of organisations and management, the role of leaders in the cultures of organisations have received little attention. Blake and Mouton (1986:3) postulate that there are various ways how leaders shape culture in an organisation. The following are ways in which a leader can influence or shape culture in an organisation:

- (a) Leadership projects corporate vision.
- (b) Leadership provides a model that other organisational members could emulate.
- (c) Leadership establishes values and norms that subordinates can be expected to embrace.
- (d) Leadership sets the reward system that compensates people.
- (e) Leadership sets policies, regulations, procedures, rules and work standards.
- (f) Leadership creates systems and structures that indicate how information should flow and how work is to be executed.
- (g) An outcome of a leader's influence is the leader's attitudes toward customers.
- (h) Leadership can stimulate participation and teamwork in an organisation.

From the abovementioned it can be inferred that the leader in an organisation plays an important role in shaping the culture of an organisation.

### 3.2.8 Language system

Shrivastava (cited in Weeks, 1988:90) concurs that the culture of an organisation is orally manifested in the language system or jargon used by employees in communicating with each other. According to Trice and Beyer (1993:78) language is "a shared system of vocal sounds, written signs or gestures used by members of a culture to convey categorized meaning to each other". The terminology used to describe shared experience and assumptions of members of an organisation becomes accepted after repeated use. The terminology used therefore reflects the value and beliefs of the members of an organisation.

## 3.3 CHARACTERISTICS OF ORGANISATIONAL CULTURE

Thompson and Strickland (1992:253) maintain that every organisation has a unique culture. An organisation's culture can be weak and fragmented in the sense that

most people do not have a deep felt sense for the purpose of the organisation. On the other hand, an organisation's culture can be strong and cohesive when most people in the organisation understand and relate to the objectives and strategy of the organisation. The question that arises is how can the culture of an organisation be characterised? This section sets out to give an outline of the characteristics of organisational culture.

### 3.3.1 Characteristics proposed by Trice and Beyer

According to Trice and Beyer (1993:5) the following are the six major characteristics of a culture in an organisation:

#### (a) Collectiveness

Culture in an organisation cannot be produced by individuals acting alone, but originate as individuals interact with each other. Each individual has specific ways of managing various aspects of life, but until these specific ways come to be collectively accepted and put into practice, it does not form part of a culture. Belonging to a culture involves believing what others believe and do and collectively leads to the formation of a culture.

#### (b) Emotionally charged

Culture helps to manage anxiety and uncertainty, and the substance and form of a culture are therefore infused with emotion as well as meaning. Kluckhohn (cited in Trice & Beyer, 1993:6) asserts that culture is "a gigantic effort to mask life's fundamental insecurities". Members of a culture rarely dare to question core beliefs and values. Values, beliefs and norms within a certain society are deeply rooted and when these values, beliefs and norms are to be questioned or changed, emotions are sometimes charged.

#### (c) Historically based

Culture in an organisation cannot be separated from the history of a culture and does not arise overnight. A particular culture will be based in the unique history of

a particular group of people with a unique set of physical social, political and economic circumstances. Thorough examination of a culture will usually uncover cultural ideas and practices that originated at earlier points in its history.

**(d) Inherently symbolic**

Symbolism plays an important role in cultural communication and expression. Kassirjian and Robertson (1981:25) define a symbol as "a general term for all instances where experience is mediated; where an object, action, word, picture, or complex behavior is understood to mean not only itself, but also some other ideas or feelings". Symbols can infuse cultural communication and is seen as the most basic unit of cultural experience.

**(e) Dynamic**

Culture in an organisation is not static, but dynamic - culture is continually changing. Organisations often assimilate new groups and practices to deal with new demands and opportunities in a changing environment. As indicated in Section 5.6 various reasons and circumstances contribute to the fact that the culture in an organisation changes.

**(f) Inherently vague**

The culture of an organisation is inherently vague and ambiguous. Culture is not a monolithic single set of ideas, but rather incorporate contradictions, ambiguities, paradoxes and confusion. Geertz (cited in Trice & Beyer, 1993:7) views organisational culture as "an octopus, whose tentacles are in large part, separately integrated and poorly connected". Schein (1990:48) asserts that the pervasiveness of organisational culture makes it easy to ignore - its hard to get a grip on something that is pervasive.

### 3.3.2 Characteristics proposed by Hampden-Turner

The following are the most important characteristics of organisational culture identified by Hampden-Turner (1990:12):

**(a) Individuals make up a culture**

The culture of an organisation comes from the potential of an organisation's individual members. These members use culture to reinforce ideas, feelings and information which are consistent with the beliefs of individuals in an organisation.

**(b) Cultures can be rewarders of excellence**

The needs and aspirations of organisational members are expressed through the culture of an organisation. The process of culture forming is therefore inherently satisfying and a strong source of motivation. All organisational members strive to create an environment for their own feelings and ideas and a system for rewarding defined tasks.

**(c) Culture is a set of affirmations**

The culture of an organisation proves that no group or organisation can start from nothing. Organisational members need to be imbued with beliefs and assertions. Group members develop norms, values, procedures, purposes and shared agendas which lead to greater reassurance and certainty.

**(d) Cultural affirmations tend to be fulfilling**

The assertions that create a culture typically take form before a culture creates wealth and value for its members. A culture therefore became credible through continual commitments by group members.

**(e) Cultures make sense and have coherent points of view**

Even if organisational members do not share the values and beliefs of a culture, once these members grasp what these values and beliefs are, they will see the logic

of following the example of true members of the culture. It is impossible to appreciate an organisation's culture until it is understood that its actions follow logically from its beliefs and assumptions.

**(f) Cultures provide organisational members with continuity and identity**

Without a shared culture an organisation will not be recognisable and it would not be possible to distinguish between various organisations with regards to service and other qualities. Only if beliefs and values are shared and retain distinctive meanings over time, despite changing circumstances, can an organisation retain its sense of identity and continuity.

**(g) A culture is in a state of balance between reciprocal values**

An organisation's culture serves as a balancing act between turbulence and stability and continuity and change. In any organisation there are leaders and followers, those who send and receive signals and those who respond to these signals. A culture is therefore not simply a division of labour, but an integration of labour into a balanced whole.

**(h) Organisational culture is a cybernetic system**

Culture viewed as a cybernetic system, implies that it steers itself and perseveres in the direction stated, despite obstacles and interruptions. All cybernetic systems processes feedback about changes in the environment and adapt accordingly.

**(i) Cultures are patterns**

Culture is not a particular thing or object, but a pattern which appears through time and across an organisation. Information is distributed throughout a pattern and any piece of this pattern contains within it, a microcosm of the whole.

**(j) Cultures are about communications**

Many cultures facilitate communication, the sharing of experience and information. The values, beliefs and norms within an organisation is shared mainly through the process of communication. Organisations develop patterns of thinking and

communication within an organisation, through which cultural experiences, values, beliefs and norms are shared.

**(k) Cultures are synergetic in nature**

The word synergy is derived from the Greek word "syn-érge", which means "work with" and refers to the extent that different values held within a culture "work well" with each other. Synergies can be woven into the elements of organisational culture, which lead to harmonise cultural conduct.

### **3.3.3 Characteristics proposed by Fischer**

The following general characteristics of organisational culture proposed by Fischer (1992:6) are:

- (a) Organisational culture or an element thereof originates or exists because it fulfils an important need of the organisation.
- (b) Every organisation's culture is adapted for its specific needs and is therefore unique and diversified. However, because every organisation is subject to similar human and environmental restrictions, universal cultural characteristics originate.
- (c) Organisational culture develops at the same time on the formal and informal organisational levels.
- (d) Organisational culture develops in the whole organisation, but the various subsections also develop an unique culture.
- (e) Subcultures can develop in an organisation which could be incompatible with the overall culture and could have negative consequences.

- (f) **Organisational culture is not ethnocentric but relative, because culture serves a purpose within a given situation.**
- (g) **Culture could be seen as a learned product of group experience in that basic assumptions lead to the solution of organisational problems.**
- (h) **Organisational culture forms the basis for the level of performance of the organisation or the pursuit of stipulated performance.**

#### **3.3.4 Characteristics proposed by Rue and Holland**

According to Rue and Holland (1986:440) the following seven characteristics describe organisational culture:

**(a) Individual autonomy**

Individual autonomy refers to the degree of responsibility, independence and opportunities for exercising initiative in the organisation.

**(b) Structure**

The number of rules and regulations and amount of direct supervision that is used to oversee and control employee behaviour, also characterise the culture of an organisation.

**(c) Support**

Support refers to the degree of assistance and warmth provided by managers to subordinates.

**(d) Identification**

The degree to which members identify with the organisation as a whole, rather than with particular work groups or fields of professional expertise, is a particular characteristic of organisational culture.

**(e) Performance reward**

The degree to which reward allocations in the organisation (for example salary increases and promotions) are based on employee performance criteria, is another characteristic of the culture in an organisation.

**(f) Conflict tolerance**

Conflict tolerance refers to the degree of conflict present in relationships between peers and work groups as well as the willingness to be honest and open about any differences. The amount of conflict tolerance in an organisation therefore also characterises the culture of an organisation.

**(g) Risk tolerance**

Risk tolerance refers to which employees are encouraged to be aggressive, innovative and risk seeking. The level of risk tolerance in an organisation is also a reflection of the culture in an organisation.

Although Handy (1985:196) asserts that a culture cannot be defined precisely, for it is something that is perceived, something felt, it should be clear however, that an organisation's culture reveals certain characteristics which make it possible to identify or characterise the culture of an organisation. This view by Handy (1985:196) is also stressed by Trice and Beyer (1993:5) who characterised culture as something symbolic, emotional, pervasive and vague. Culture is less perceptible and more difficult to characterise or identify.

Hampden-Turner (1990:12) on the other hand characterised culture in terms of the advantages or value which culture has for the individual or group member. Characteristics such as rewarders of excellence, a set of affirmations, provision of continuity and identity and a state of balance between reciprocal values, emphasise the value of culture to an individual or group member. The characteristics proposed by Rue and Holland (1986:440) such as individual autonomy, identification and performance reward, correlates to a large degree with the characteristics proposed

by Hampden-turner (1990:12), as an indication of the value thereof to a group member. Fischer (1992:6) however, emphasizes general characteristics of organisational culture, in terms of the role that it plays in an organisation in order to satisfy the specific needs of an organisation.

Despite the fact that there are various characteristics of organisational culture, due to different viewpoints and perceptions, assessment of these characteristics provides an overall view of an organisation's culture.

In the following section the most important dimensions of organisational culture are analyzed.

### **3.4 DIMENSIONS OF ORGANISATIONAL CULTURE**

#### **3.4.1 Dimensions according to Steers**

According to Steers (1991:46) there are several ways to distinguish different organisational cultures from one another. Kluckholm and Strotbeck (cited in Steers, 1991:46) identified six dimensions:

##### **(a) Views on humanity**

A person's view of humanity ranges on a continuum from good to evil, trusted to distrusted and honest to dishonest. The key question is what is the true nature of human kind?

##### **(b) Perceptions of nature**

The perceptions of the relationship between mankind and the environment is another dimension of organisational culture. Should a person be in harmony with nature, attempt to control or harness nature. These perceptions can have a major impact on the policy of an organisation with regards to environmental conservation.

**(c) Approaches to interpersonal relations**

Various approaches can be applied to interpersonal relationships, for example individualism, group membership, seniority, wealth and power.

**(d) Views on activity and achievement**

A fundamental aspect to be viewed is whether the organisation wants to perform better and accomplish certain achievements (getting somewhere) or simply being (staying where one is).

**(e) Time requirements**

It should be determined whether organisations must focus on the past, present or the future. Does the organisation adhere to past experiences and assumptions or is it future orientated and equipped to adapt to changing circumstances?

**(f) Space requirements**

Another aspect to be considered, is how physical space should be used in the organisation. Key questions to be answered are, whether important people be physically separated from others and should important meetings be held privately or publicly? A practical consideration for the organisation would be the layout of offices - separate or open plan offices.

**3.4.2 Dimensions according to Bookbinder**

Bookbinder (1984:52) identified the following six broad, but totally independent dimensions of organisational culture:

- good management of employees
- organisational members' ability to cope with pressure
- organisation's orientation with regards to quality
- visions of the future
- willingness to take risks and to be innovative
- production of good financial results

### 3.4.3 Dimensions according to Schein

Schein (1990a:114) maintains that there are various underlying dimensions of organisational culture as exhibited in Table 3.1 below.

Table 3.1: Underlying dimensions of organisational culture

DIMENSION	KEY QUESTIONS AND CONCEPTS
The organisation's relationship to its environment	What are the organisation's basic assumptions about itself? Does the organisation perceive itself to be dominant, submissive, harmonizing or searching out a niche?
The nature of human activity	Is the <i>correct</i> way for humans to behave to be proactive, reactive, harmonizing, dominant, passive or fatalistic?
The nature of reality and truth	What is the organisation's basic assumptions about reality? How does one define what is true and what is not true and how is truth ultimately determined both in the physical and social world? By tradition, religion, rational process, conflict, resolution, trial and error or scientific tests?
The nature of time	What are the organisation's basic assumptions about the nature of time and how time is structured? Past, present or future orientation? What kinds of time units are most relevant for the conduct of daily affairs?
The nature of human nature	Humans are basically bad (lazy, self-seeking) Humans are basically good (hard working, committed, generous) Humans are basically neutral (mixed, capable of being good or bad) Is human nature perfectible or fixed?
The nature of human relationships	What is the ultimate basis for structuring all human relationships? According to tradition, hierarchy, group co-operation, individualism, competition. Is the best authority system, autocratic, paternalistic, consultation, participation, delegation?

DIMENSION	KEY QUESTIONS AND CONCEPTS
Homogeneity versus diversity	Should a group be highly diverse or highly homogeneous and should individuals be encouraged to innovate or conform?
The nature of space	What are the organisation's basic assumptions about the nature of space, how available is it? How is space utilized to symbolize status, power and peer relations?

Source: Adapted from Schein (1990a:114)

Schein (cited in Frost, *et al.*, 1991:248) further postulates that common cultural dimensions tend to be useful only at a fairly abstract level such as those shown in Table 3.2. The dimensions of culture shown in Table 3.2 are based on the analysis of what issues any group must resolve both internally and externally.

**Table 3.2: The external and internal tasks facing all groups**

External adaptation tasks	Internal integration tasks
1. The core mission, functions and primary tasks of the organisation with regards to its environment	1. The common language and conceptual system to be used - including time and space dimensions
2. The specific goals to be pursued by the organisation	2. The group boundaries and criteria for inclusion
3. The basic means to be used in accomplishing the goals	3. The criteria for the allocation of status, authority and power
4. The criteria to be used for measuring results	4. The criteria for intimacy, friendship and love in different work settings
5. The remedial and repair strategies if goals are not achieved	5. The criteria for the allocation of rewards and punishments
	6. Concepts for managing the unmanageable - ideology and religion

Source: Schein cited in Frost, *et al.*, (1991:249)

The external adaptation tasks and internal integration tasks in an organisation plays a fundamental role when underlying cultural dimensions in an organisation are identified and analysed.

When the different dimensions of organisational culture proposed by various authors (see, for example, Bookbinder 1994; Steers 1991 and Schein 1990) are analysed, it appears that certain dimensions are more common and universal than others. An individual or organisation's view with regard to humanity, nature, interpersonal relationships, human activity, time and space requirements can be seen as the most important dimensions of organisational culture. Other dimensions such as an organisation's ability to cope with stress, orientation towards quality, innovativeness and risktaking and the production of good financial results are often taken for granted and seem to obvious, but never the less display important dimensions of the culture of an organisation. Although it is sometimes difficult to measure or quantify a dimension, it can provide valuable insight into the subject or object being investigated.

In section 3.5 the various manifestations of organisational culture are analysed.

### **3.5 MANIFESTATIONS OF ORGANISATIONAL CULTURE**

Schneider (1990:156) maintains that it is not the definitions of culture that vary so widely, but the types of data being collected. A further problem that exists is that various outlays and descriptions are proposed, when analysing the content of culture. Some researchers refer to categories of organisational culture (Schrivastava, 1985:104), cultural forms (Trice & Beyer, 1993:77), determinants of culture (Thompson, 1990:81), manifestations of organisational culture (Kreitner & Kinicki, 1992:708) and components of organisational culture (Weeks, 1988:88). As Kreitner and Kinicki (1992:706) allege that organisational culture express itself in a rich variety of ways, the term "manifestations" will be used.

Pettigrew (cited in Weeks, 1988:87) concludes that "in describing and defining symbols, language, ideologies, beliefs, rituals and myths, it should be recognised that these concepts are to varying degrees interdependent and that there is some convergence in the way they relate to functional problems of integration, control and commitment. These concepts direct attention toward the mobilization of consciousness and purpose, the confiscation of meaning and the emergence of normative patterns". The manifestation of a culture in an organisation is therefore instrumental in conveying, interpreting and reinforcing the culture of the organisation. Weeks (1988:91) postulates that from a strategic management perspective the manifestation of the culture in an organisation are of particular importance, as it provides a means for deciphering the culture of the organisation.

This section gives an outline of how culture manifests itself in the organisation.

### 3.5.1 Symbols

Whyte (cited in Frost, et al., 1991:198) defines symbols as "words, objects, conditions, acts or characteristics of persons which refer to, or stand for, the relations among men and between men and their environment". Virtually any object can become a symbol of something to someone and are therefore ubiquitous in human society. A person is daily confronted by a variety of symbols, for example signs, logos, pictures, style of dress, length of hair and office furnishings. According to Trice and Beyer (1993:87) there are mainly three important types of symbols, namely objects, settings and performers and functionaries.

#### (a) Objects

Joseph and Alex (cited in Trice & Beyer, 1993:87) concur that the wearing of uniforms symbolise a whole series of behaviours that make up specific organisational roles and carry implications that the wearers of uniforms must behave in accordance with associated roles. Symbols of authority include for example physical barriers between employees and clients, formal or informal dress of receptionist and emblems of authority such as seals, certificates, diplomas,

photo's of political leaders and signs of prohibiting certain behaviour. Symbols of service include types of seating arrangements or other physical items which denote warmth, for example presence of reading material, vending machines, visible plants and decorative pictures. Another very important symbolising object in an organisation is the identifying signs and logos of the organisation.

**(b) Settings**

According to Kreitner and Kinicki (1992:708) the physical settings within an organisation display symbolic meaning. Physical settings refer to those things that physically surround people and provide them with immediate sensory stimuli as it carries out culturally expressive activities. Office arrangements, furnishing, desk accessories, automobiles and parking lots are examples of physical settings, displaying symbolic meaning.

**(c) Performers and fuctionaries**

The wearers of uniforms are identified as important cultural performers or functionaries who represent what the organisation means to the public. The uniforms of military personnel, clergy, doctors and judges have the property of identifying the wearers thereof as cultural performers or functionaries (Trice & Beyer, 1993:89).

### **3.5.2 Organisational languages**

Harber and Runyon (1983:129) allege that the unique factor in human communication is the incorporation of a language - a system of verbal and written symbols, which forms the actual substance of interaction between and among organisational members. Palazzolo (1981:65) further postulates that if an individual does not acquire language as part of the socialisation process, that individual would not be able to perform even the minimum requirements of human social interaction demanded by group membership. All organisations have its own characteristic languages that newcomers have to learn in order to understand the culture of the organisation and to function effectively.

**(a) Jargon and slang**

Ferguson and Heath view (1987:38) jargon as "the variety of language characteristics of specialists or workers in the same occupation or members of a particular clique or social group - its a hybrid form of speech in which the speakers use mostly simplified items from their own language". An example of jargon is when military personnel refer to the officer commanding as the OC. Slang is seen as an expression of people's feelings about life and life's encounters - an informal colloquial language, which may be regarded as the poetry of everyday life (Hayakawa, 1964:124). The phrase "sticking his neck out" is an example of slang used in an organisation. It should therefore be clear that during the socialisation process, every individual has to learn the language of the organisation.

**(b) Gestures, signals and signs**

Kreitner and Kinicki (1992:708) define a gesture as "movements of parts of the body used to express meanings". Examples of nonverbal forms of communication are handshakes, winks, nodding or shaking heads and bowing. A signal is seen as a detectable impulse by which sound, images or data are conveyed electronically or optically, either through air or by wire (Lesly, 1991:767). The sound of bells, buzzers, gongs, sirens, morse code and visual signals and signs like flags and flashing lights convey important and specific information. All these gestures, signals and signs form part of the language of an organisation.

**(c) Songs**

Trice and Beyer (1993:91) postulate that when viewing the language of an organisation, songs as examples of cultural forms, are often overlooked. The adding of music to words, adds new meaning to those words. The following song of International Business Machines (IBM) indicates the ideology and core values of the organisation:

### Ever onward - Ever onward

That's the spirit that brought us fame!  
 we're but, but bigger we will be,  
 we can't fail for all can see  
 That to serve humanity has been our aim!  
 Our products now are known in every zone,  
 Our reputation sparkles like a gem.  
 We've fought our way through - and new  
 Fields we're sure to conquer, too.  
 Forward, onward, IBM.

Cleverly cited in Trice & Beyer (1993:92)

#### (d) Humor and jokes

Another cultural manifestation using language is humour. Humour is a unique type of communication and is normally presented in such a way as to cause laughter (Tubbs & Moss, 1987:298). Humour in an organisation serves to reduce social distance and control hostilities. Humour does not always involve verbal exchanges - sometimes it arises when actions that do not fit and a particular situation occurs. Humour manifests itself through jokes, puns, slapstick and teasing. According to Adler (1989:276) the right joke can be an effective way to get attention or to make a point. Joke, banter and teasing are often used in high conflict situations in order to reduce tensions. The manifestation of humour in an organisation is therefore inevitably an expression of the culture of an organisation.

#### (e) Gossip and rumors

Gossip consists of informal talk among organisational members about other people and members and about recent related events (Trice & Beyer, 1993:95). Gossip frequently concerns supposed shortcomings, presumed scandalous behaviour and other negative aspects of the behaviours and lives of others. Organisational members hearing gossip, learn what the group culture approves and disapproves of. McQuail (1984:136) maintains that rumours are certain ideas or unverified reports and differ from gossip in that it focuses on groups or individuals that are unfamiliar to the teller. Such informal communication is often referred to as the

grapevine - known as accidental personal contacts during which information, own interpretation, rumours and half-truths are transferred (Van Niekerk, 1988:211).

(f) **Metaphors**

Hayakawa (1964:122) asserts that metaphors are "direct expressions of evaluations and are bound to occur whenever we have strong feelings to express - a reaction that does not distinguish between the animate and inanimate". The power of metaphor is illustrated by the familiar saying, "time is money". Time is viewed as a valuable asset and is often equated with money. Other examples of metaphors used in organisational language are expressions like "fighting" competitive battles, "capturing" market share, "firing" employees and "maintenance" of relationships. A metaphor can be an indication of the cultural values held by an organisation.

(g) **Proverbs and slogans**

According to Deal and Kennedy (cited in Trice & Beyer, 1993:99) proverbs are brief, popular sayings - capturing something organisational members deeply believe in, for example "rules tie our hands". This saying expresses organisational member's timidity and resignation to bureaucratic restrictions. Slogans are also brief sayings, but differ from proverbs in that slogans are statements deliberately invented to persuade others to do something (Hayakawa, 1964:283). The proverbs and slogans of an organisation is another means of how the culture of an organisation manifests itself.

### 3.5.3 Narratives

It is often necessary to tell how something is done. A narration describes a sequence of related happenings, explaining how something originated, happened, occurred, is done (Huebsch, 1989:33).

(a) **Stories and legends**

The most common cultural narratives in organisations are stories. A story is a narrative based on the events - often a combination of truth and fiction (Kreitner & Kinicki, 1992:708). Schein (1985:125) agrees that organisational stories often communicate the values and beliefs of founders or other central characteristics in the organisation. Legends are more uplifting than stories - portraying literally wonderful events (Trice & Beyer, 1983:103). These events cannot be fully explained by ordinary and mundane circumstances. Stories and legends both impart moral lessons that reinforce cultural ideologies.

(b) **Sagas**

Meyer (cited in Trice & Beyer, 1993:103) views sagas as "narratives about heroic exploits performed in the face of adversity - ideological parables that express, enhance and codify beliefs". A saga is the historical viewpoint of a wonderful event which is embellished with fictional details (Kreitner & Kinicki, 1992:708). Although sagas cover a period of history it is not mere history of the organisation, but are parts of the organisational culture that are told and retold to new members to explain the organisation. The following extract is an example of an organisational saga:

When Bill Hewlett and Dave Packard founded the company that bears their names in the 1940s, they started out in Bill's garage and used the Hewlett oven to make some of their first products. Very early they became convinced that innovation was achieved through people, and that teamwork was the key. This ideology led them to decide that they would not be a "hire and fire company." The strength of their convictions was severely tested in the 1970s, when a business decline made some cut in costs imperative. Instead of laying off some workers, they adopted a policy whereby their staff took a 10 percent pay cut and worked 10 percent fewer hours. H-P's keeping its full complement of staff, while other companies were taking lay-offs, conveyed the message that everyone on the team was valued and mattered to the company.

Wilkins cited in Trice and Beyer (1993:104)

### (c) Myths

According to Shrivastava (1985:104) myths reflect the members' shared interpretations of critical organisational events. Myths differ from sagas in that myths are largely inventions, because the events depicted in myths never happened, but were imagined. Organisational myths are deeply rooted in a set of cultural beliefs of an organisation, describing heroes (chief executive officers, favourites) and villains (representatives of controversial departments like internal audit and industrial relations). Myths also describe battleground (board meetings and annual meetings) in which "wars" are waged and organisational issues are resolved.

#### 3.5.4 Practices

Another way culture manifests itself in an organisation is the way in which organisational members follow certain prescriptions and prohibitions about how to behave in certain circumstances.

##### (a) Rituals and taboos

Adler (1989:217) maintains that rituals are detailed sets of techniques and repetitive behaviours, often carried out without much consideration - expressing certain physical attitudinal or status conditions. Some telephone behaviour is a good example of a ritual, when the listener utters certain ohs, grunts and sighs when listening to others. A handshake also signifies that two persons or parties recognise and accept one another. The negative counter part to the ritual is the taboo. Taboos specify which behaviours are prohibited - usually unspoken and unwritten. Among managers, taboos are product tampering, harmful product defects and discussion of unmentionables like amount of salaries or stock options received. Rites and rituals rarely have practical consequences, but do have expressive consequences (Trice & Beyer, 1993:109).

## (b) Rites and ceremonials

According to Kreitner and Kinicki (1992:708) a rite is "a relatively elaborate, dramatic planned set of activities that combines various forms of cultural expressions and that often has both practical and expressive consequences". Rites are typically enacted over and over on similar occasions with well-defined roles for people to perform. Each rite carries meaning - indicating the cultural values of an organisation. In Table 3.3 below the most important types of cultural rites are listed.

Table 3.3 Types of cultural rites

TYPE OF RITE	MANIFESTATION
<u>Individual Focus</u>	
1. Passage	Rites to mark the passage of members from one status to another, for example initiation and training rites.
2. Degradation	An act to strip individuals of powerful social identities and give them lesser ones, example firing and replacing of top executives.
3. Enhancement	Any public and ceremonious activities that enhance the personal status and social identities of organisational members, for example, prizes awarded to salespersons who reach certain quotas.
<u>Group Focus</u>	
1. Renewal	Rejuvenate and reinforce the existing social arrangements and help to legitimate the current social order. Planning activities, annual meetings, organisational development activities and job redesign are common organisational rites of renewal.
2. Conflict reduction	Developed to reduce conflicts emerging out of various features of organisational life that give more power and resources to some groups of persons than to others. Examples of conflict and reduction rites are collective bargaining and formation of committees.
3. Integration	Enables potentially divergent groups within organisations to interact socially and to share feelings that bind and commit members of the organisation as a whole. Examples of integration rites are Christmas parties and picnics.

TYPE OF RITE	MANIFESTATION
4. Creation	Emerged in organisations where members and management strongly believe in necessity of remaining flexible and adaptive to change. Examples of creation rites are the appointment of a vice-president for revolutions or a change agent.

Source: Adapted from Trice and Beyer (1993:111)

Special ceremonies such as awards or honours, dinners and annual gatherings can symbolically convey organisational values to members. The location of these meetings, the invitees and the agenda all communicate signals to organisational members as to what and who is regarded as important (Shrivastava, 1985:105).

### 3.5.5 Organisational heroes

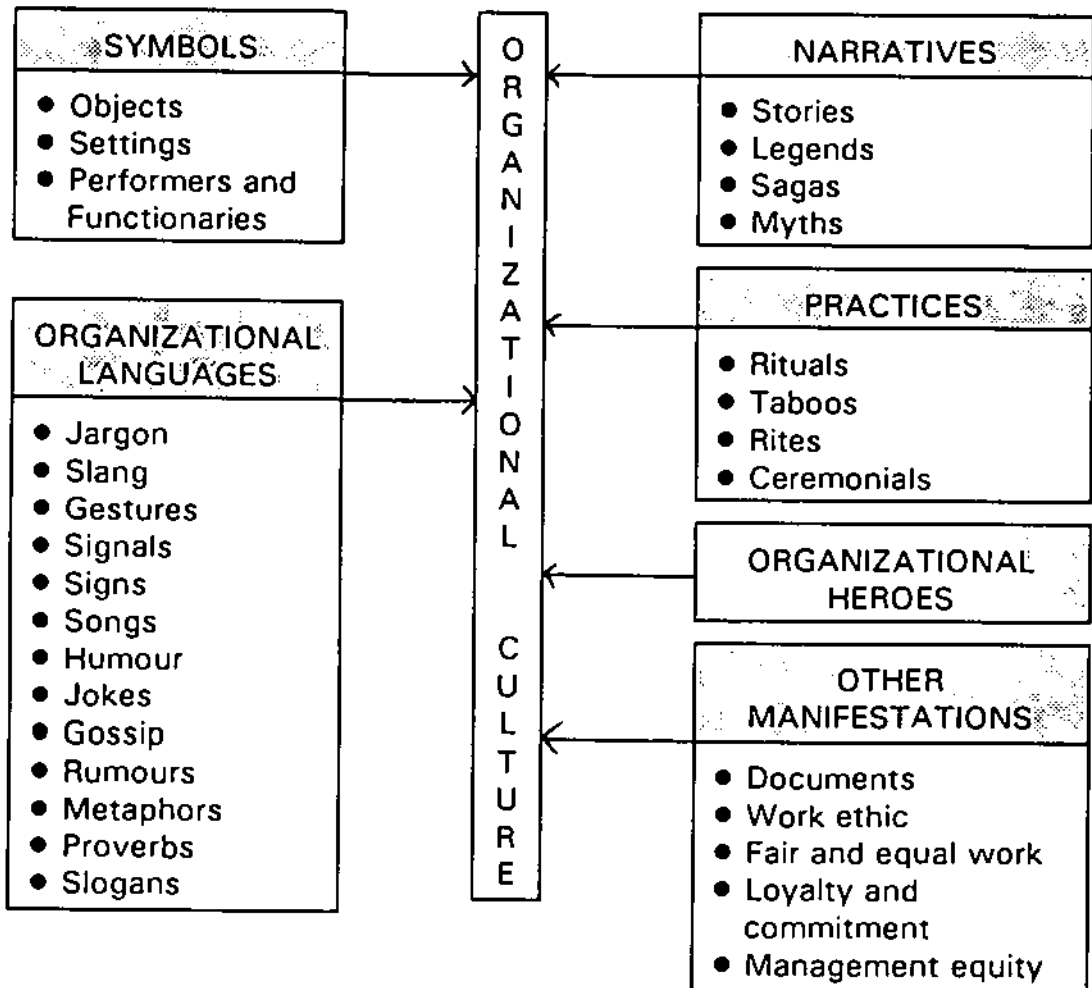
Kreitner and Kinicki (1992:707) maintain that organisational heroes are those individuals who personify the organisations highest ideals. When management makes heroes of outstanding employees, other organisational members should look at and identify with these heroes. Organisational heroes often personify the culture of an organisational, in that these heroes serve as role models of the culture of an organisation. Inventors are often regarded as organisational heroes.

### 3.5.6 Other manifestations

The culture of an organisation is also manifested through the documents being used in the organisation, work ethic and practice, fair and equal work opportunities, loyalty and commitment of organisational members and management equity (Gibson *et al.*, (1991:49).

Figure 3.2 exhibits the most important manifestations of organisational culture. As illustrated in Figure 3.2 the culture of an organisation expresses itself in a variety of ways.

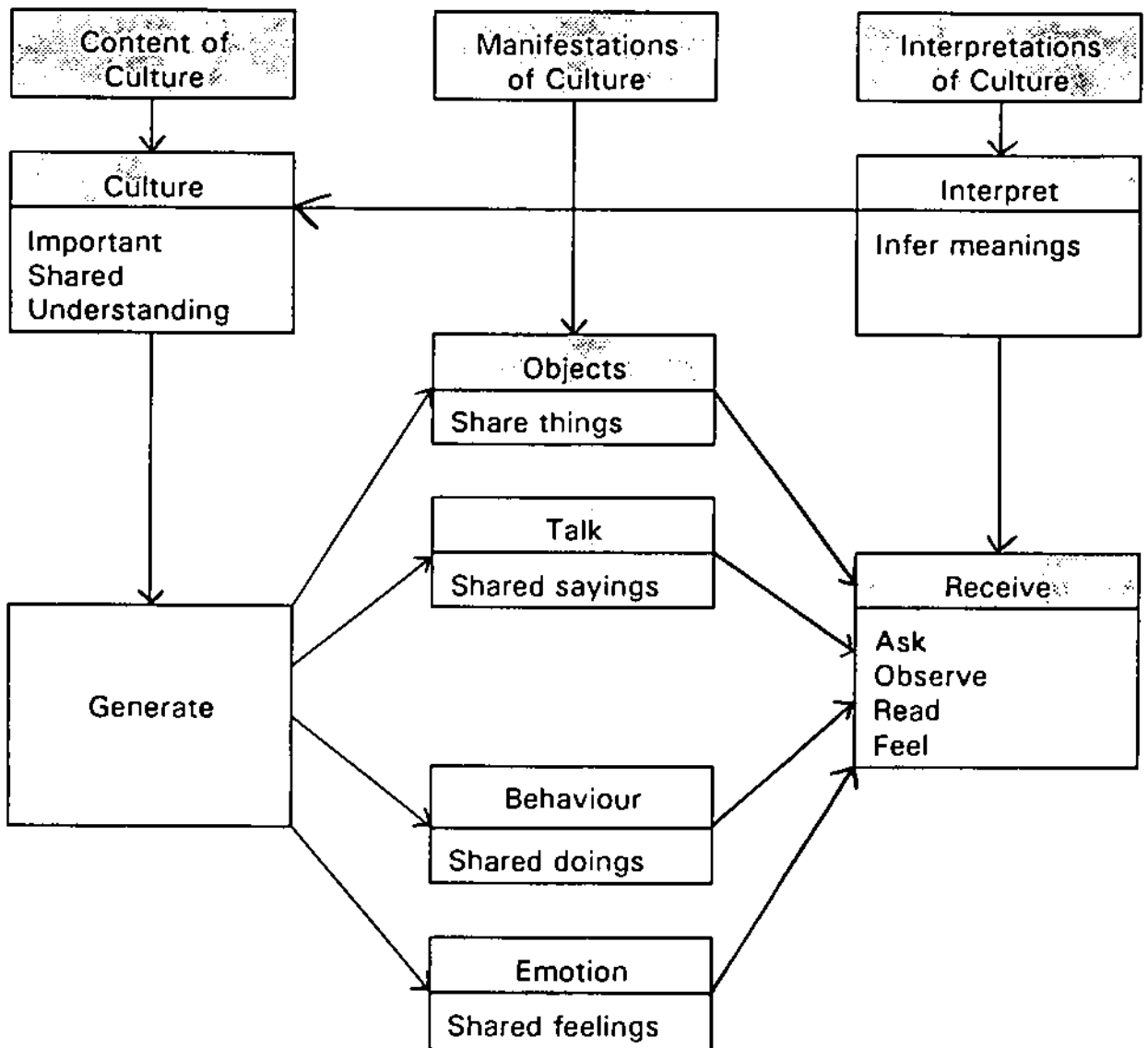
Figure 3.2 Manifestations of organisational culture



Rue and Holland (1986:443) postulates that any outside examination of culture is likely to be superficial. The major advantage of an outside diagnosis is the likelihood of objectivity. An inside diagnosis of culture in an organisation can be more detailed, but less objective. Sathe (cited in Kreitner, 1986:258) alleges that "... reading a culture is an interpretive, subjective activity. There are not exact answers, and two observers may come up with somewhat different descriptions of the same culture. The validity of the diagnosis must be judged by the utility of the insights it provides, not by its "correctness" as determined by some objective criteria". Deciphering an organisation's culture appears to be no easy task.

A framework for deciphering organisational culture is presented in Figure 3.3. The framework provides a systematic approach for ascertaining the content of an organisation's culture. Weeks (1988:96) asserts that the most subjective and difficult task in the process of deciphering the culture of an organisation is in separating the cultural content from the many manifestations of organisational culture (as illustrated in Figure 3.2).

**Figure 3.3 Framework for deciphering organisational culture**



Source: Adapted from Weeks (1988:97)

The central focus point of this framework is the determining of important shared understandings, beliefs or values, from shared sayings, things, doings and feelings (manifestations of culture). Very often these shared understandings have been held for an extensive period of time and are taken for granted. The shared understandings therefore have to be inferred from the manifestations of the organisation's culture.

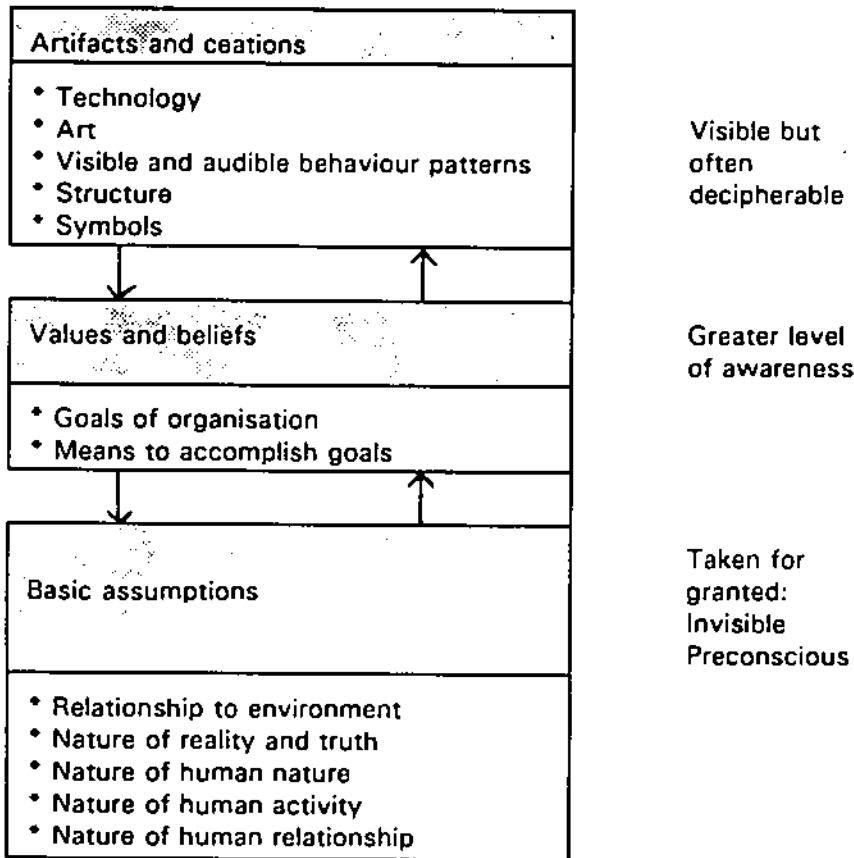
Hagedorn (cited in Weeks, 1988:94) maintains that "culture in particular companies is easy to describe, if you know what you are looking for and how to find it. The systematic approach is a culture profile which begins with a little detective work, but consists mainly of asking a sample of experts to answer a set of open-ended questions, a skilled profiler then interprets the responses". Schein (1985:112) in contrast believes it is one thing to feign basic cultural essence as the pattern of assumptions that underlie what people value and do - it is quite another thing to determine what that underlying pattern of assumptions actually is. Organisational culture does not reveal itself easily - it is clearly there, but to articulate and describe it is a comprehensive task.

With a broad framework as a basis of how organisational culture manifests itself in an organisation, section 3.6 will highlight the three levels of organisational culture.

### **3.6 LEVELS OF ORGANISATIONAL CULTURE**

A good deal of academic research and descriptive analysis (see, for example, Hampden-Turner 1990; Schein 1985 and Thompson 1990) addressed the nature of culture at various levels of analysis. Fischer (1992:5) advocates that the presentation of organisational culture on various levels, contribute to the integration of various viewpoints and the better understanding thereof. Schein (1985:14) contends that it is important to consider culture as operating at three levels, namely artifacts and creations, values and basic assumptions.

**Figure 3.4: Levels of organisational culture**



Source: Adapted from Hampden-Turner (1990:22)

### 3.6.1 Artifacts and creations

This level represents the organisationally created social and physical environment of the organisation - the most visible level of organisational culture. This level of organisational culture looks at physical space, the technological output of the group, written and unspoken language, artistic productions and overt behaviour of members (Thompson, 1990:82).

### 3.6.2 Values and beliefs

The second level of organisational culture represents values (what "ought" to be) and beliefs (what "is"). Values become beliefs through a process of cognitive transformation. When the values of the organisation are tested and socially

validated, consensus develops about the relevance and worth of these values and become accepted as beliefs. Not all values, however, undergo such transformation (Chorn, 1987:23)(also see section 2.2.2 for a discussion on values and beliefs).

### 3.6.3 Basic underlying assumptions

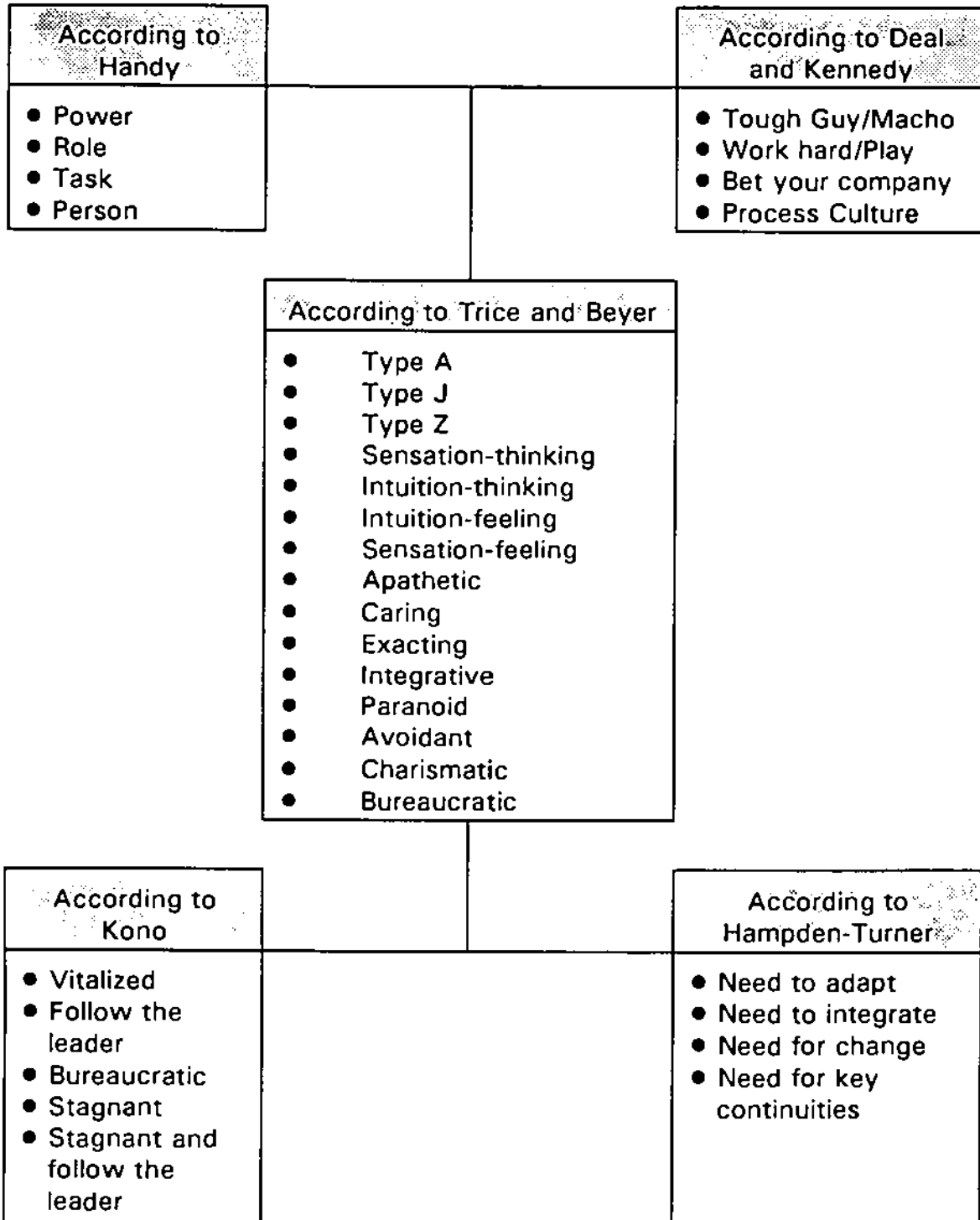
When a solution to a problem works repeatedly, it is taken for granted. These basic assumptions tell group members how to perceive, think about and feel about things and are generally non-debatable and non-confrontable. Because these assumptions are taken for granted it is normally invisible and very difficult to clarify (see Table 3.1 for an analysis of the underlying dimensions of organisational culture)(Schein, 1985:18).

As clearly indicated, the three levels of organisational culture differ from each other with regards to perceptibility, abstractness and level of awareness. In the following section the various types of organisational culture will be highlighted.

## 3.7 TYPES OF ORGANISATIONAL CULTURE

Although Fombrum (1983:139) advocates that the culture of each organisation is unique in scope and content, some researchers (see for example Deshpandé & Parasuraman, 1986, Kono, 1990 and Rue & Holland, 1986) attempt to classify cultures into various types. Rue and Byars (cited in Weeks, 1988:106) even postulate that there are as many distinct cultures as there are organisations. Despite this notion, this section attempts to identify various typologies of organisational culture, but should not be seen as distinctive. Although this section refers to the culture of an organisation, it should be remembered that the organisation consists of individuals with different cultures. Motshabi (cited in Human, 1991:117) highlights the importance of managing cultural diversity in the workplace. This is of paramount importance in the South African context with its cultural diversity.

Figure 3.5: Types of organisational culture



### 3.7.1 Classification according to Handy

Handy (1985:188) presented a typology of organisational culture for understanding ideological conflicts that arise within organisations. Deep seated beliefs exist within organisations about the way work should be conducted within the organisation. This model presents a four fold classification of organisational culture which embraces a power, role, task and person culture (this typology will also be used during the empirical research).

#### (a) The power culture

Harrison (cited in Weeks, 1988:106) characterised a power orientated ideology as follows:

An organisation that is power-orientated, attempts to dominate its environment and vanquish all opposition. It is unwilling to be subjected to any external law or power, and within the organisation those who are powerful strive to maintain absolute control over subordinates.

Harrison cited in Weeks (1988:106)

This culture depends on a central power source, with rays of power and influence spreading out of a central figure. There are few rules and procedures in this type of culture - control is exercised largely by the centre figures. The power culture, also sometimes named the club culture (Thompson, 1990:74), are proud and strong cultures. Its structure is best described as a web (see Figure 3.5). Size is a problem for power cultures - the web can break if it seeks to link to many activities. Another characteristic of power cultures is that a lot of faith is put in the individual and little in committees or team work. The power culture correlates with the tough-guy, macho culture described by Deshpandé and Parasuraman (1986:31) as indicated in section 3.7.2.

#### (b) The role culture

The role culture is often stereotyped as bureaucracy. The organisational culture is build around defined jobs, rules and procedures. The accompanying structure can

be pictured as a Greek temple (see Figure 3.5). This culture operates according to logic and rationality. The role organisation rests its strength in its pillars - its functions or specialities. Top management is characterised by a small span of management, the pediment. The organisation tends to operate within a stable external environment where creative or innovative behaviour is discouraged as a rule. This culture type is slow to perceive the need for change and slow to change even if the need is seen. Role cultures offer security and predictability to the individual. Emphasis is on how things are done rather than on their outcomes. Employees who are orderly, punctual and detail orientated are well suited to a role cultural environment. The role culture correlates well with the process culture identified by Rue and Holland (1986:443).

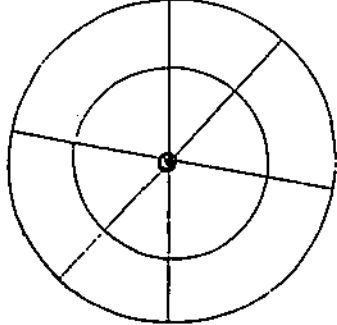
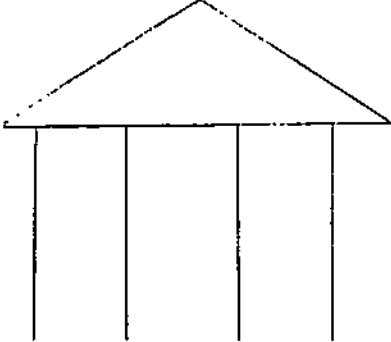
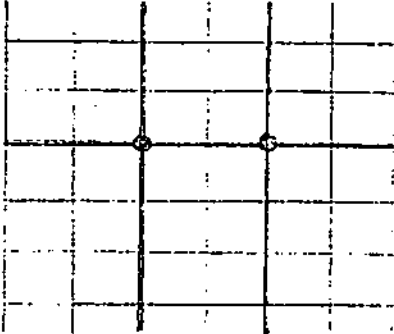
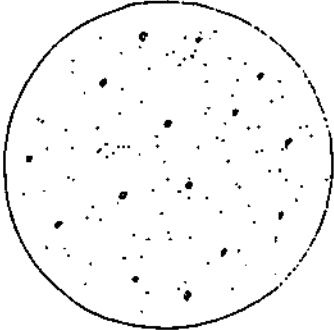
(c) The task culture

The task culture is job or project orientated. The accompanying structure can be best represented as a net, with some of the strands of the net thicker and stronger than the others. Most of the power and influence lies at the interstices of the net, at the knots. This culture is also extremely adaptable. For a particular problem situation people and other resources can be drawn from various parts of the organisation on a temporary basis. The so-called matrix organisation is one structural form of the task culture. Influence within the organisation is based on expertise rather than on personal authority. It is best characterised as a team culture that largely corresponds with the work-hard, play-hard culture that is described by Deshpandé and Parasuraman (1986:31).

(d) The person culture

The individual is the central point in the person culture. The organisation exists to help the individual rather than the other way round. Its structure is pictured as a cluster or galaxy of individual stars. Groups of professional people, such as doctors, dentists and architects are examples of a person culture. Clearly, not many organisations can exist with this sort of culture, since organisations tend to have objectives over and above the collective objectives of those who comprise it. Handy's model is illustrated in Figure 3.6 below.

Figure 3.6: Handy's cultural types

Type of culture	Diagrammatic representation	Structure
Power		Web
Role		Greek Temple
Task		Net
Person		Cluster

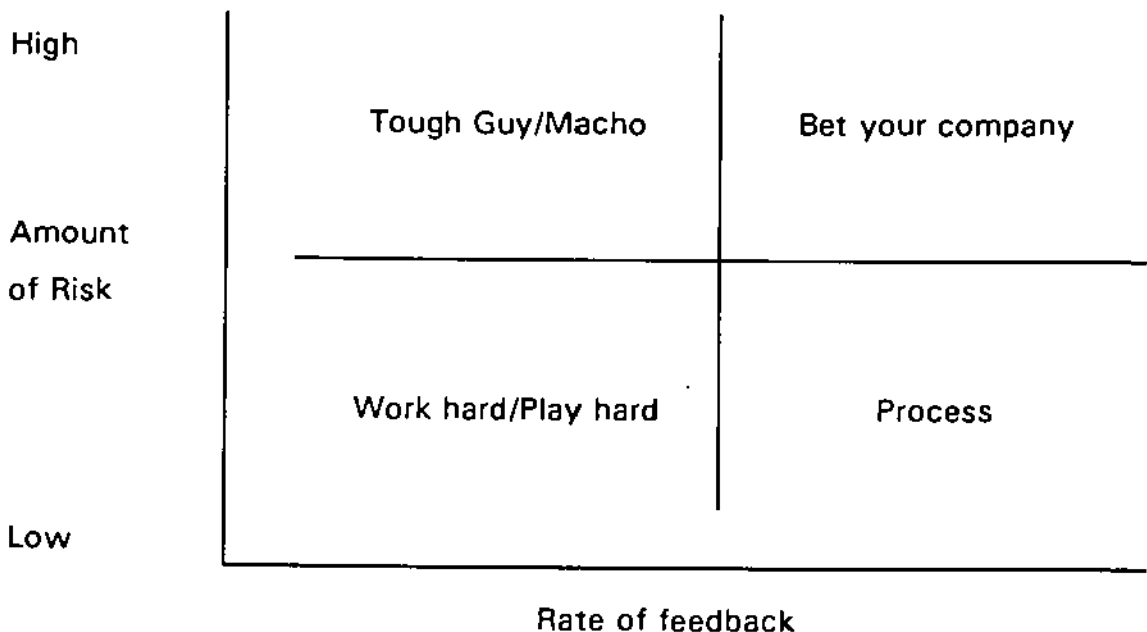
Source: Adapted from Thompson (1990:75)

The prevailing culture that exists within a particular organisation can be determined by means of a questionnaire. The questionnaire used by Handy (1985:214) is included as Appendix A in this study. Weeks (1988:108) postulates that the cultural types identified by Handy may not characterise the culture of every organisation, but it provides a basis for classifying the culture of many organisations and also indicates the problems associated with the categorisation of organisational culture.

### 3.7.2 Classification according to Deal and Kennedy

Deal and Kennedy's model (cited in Deshpandé & Parasuraman, 1986:31) depicts four generic cultures, based on the following two dimensions: the degree of risk associated with the organisation's activities and the speed at which organisation's and employees get feedback indicating success of decisions or strategies.

Figure 3.7: Deal and Kennedy's cultural model



Source: Adapted from Deshpandé and Parasuraman (1986:31)

**(a) Tough guy, macho culture**

When stakes are high and feedback is fast, the ability to make quick decisions and to live with risks, requires toughness. Teamwork is not that important to this culture type. The value of co-operation is ignored and there is no opportunity to correct mistakes. This culture tends to reward individuals who are temperamental and short-sighted. Big advertising campaigns and expensive construction projects are characterised by the tough guy, macho culture.

**(b) Work hard/play hard**

When risks are small and feedback is fast, then activity is the key to success. There is a need for volume and team members are friendly and outgoing. The typical high pressure world of sales offered an example of the work hard/play hard culture. Organisational members are encouraged to "find a need and fill it".

**(c) Bet-your-company culture**

In this culture type the organisation exists in a world of very slow feedback to high-risk investments. It is vital to make the right decision, so that the organisation moves slowly and deliberately. The bet-your-company culture could be found in capital goods organisations, investment banks and architectural firms.

**(d) Process culture**

In low-risk situations with slow feedback, employees must focus on the way things are done, rather than on the outcome of what is done. Organisational members from the process culture become cautious and protective. The process culture is exemplified by accounting departments and large bureaucratic organisations.

**3.7.3 Classification according to Kono**

According to Kono (1990:10) there are five types of organisational culture, namely the vitalised, follow-the-leader and vitalised, bureaucratic, stagnant and stagnant with strong leader type. These five types of organisational culture, characterised according to seven factors or elements are shown in Table 3.4.

Table 3.4: Kono's cultural types

Types	1 Vitalized	2 Follow the leader and vitalized	3 Bureaucratic	4 Stagnant	5 Stagnant and follow the leader
General characteristics	Value in innovation. Many ideas presented	Follow the leader	Procedures and rules are respected	Tradition oriented	Follow the leader
(1) Value	Innovation oriented	Following the leader is a value	Procedure-oriented. Safety first	Safety first	Safety of self. Safety first
(2) Information	Information collection is oriented to outside environment	Information comes from the higher ranks	Oriented to technical knowledge	Internally oriented	Top down
(3) Idea Presentation	Many spontaneous ideas presented. Many opposing ideas	Do only as directed. No opposing ideas	Perfect and completed plan is necessary. High level of specialization	Habitual few new ideas. No opposing ideas	Few new ideas presented. Do as directed
(4) Risk taking	Not afraid of failure	Failure is the responsibility of the leader	Afraid of failure	Afraid of failure	Afraid of failure
(5) Cooperation	Little social distance between the leader and the follower. Good teamwork	Follow the leader. Mutually competitive	Hierarchy is necessary. Responsibility and authority are clear	Do not trust the higher ranks. Mutually separated	Large vertical social distance. Mutually separated
(6) Loyalty to the organisation	Two extremes	Work for lifetime	Work for lifetime	Quit the company if better opportunities are available	Quit the company if better opportunities are available
(7) Motivation	High sense of responsibility	Little sense of responsibility	Follow the rule	Low sense of responsibility	Low sense of responsibility

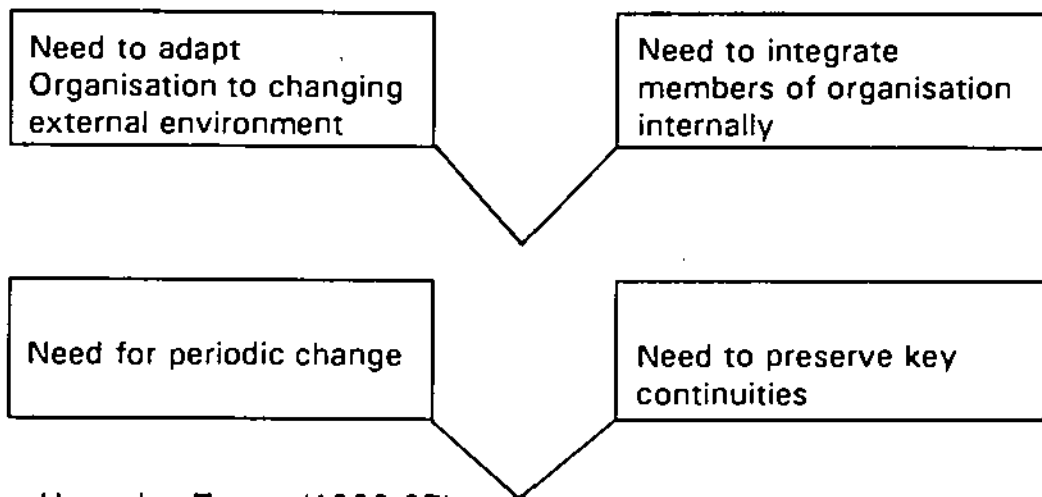
Source: Kono (1990:10)

### 3.7.4 Classification according to Hampden-Turner

The Hampden-Turner model (1990:24) assumes that a culture's main function is try to mediate dilemmas. A dilemma is a pair of apparently contradicting statements. The everyday issues arising in an organisation take the form of dilemmas, for example the decision whether new products should be developed more quickly, to beat competitors on time or to win on quality. The culture should therefore reconcile the dilemma. If big risks are taken, there are ways of getting

feedback faster. Informality needs to be recognised and absorbed into more formal understandings. The degree of decentralisation in an organisation should also be analysed. Figure 3.8 represents the dilemmas visually. The two sides of the dilemma is viewed as the need to adapt externally and to integrate internally.

**Figure 3.8:** The Hampden-Turner model to mediate dilemmas



Source: Hampden-Turner (1990:27)

### 3.7.5 Classification according to Trice and Beyer

Trice and Beyer (1993:17) identified various classifications of types of organisational culture. These types of organisational culture is shown in Table 3.5, indicating the dominant ideologies of each type.

**Table 3.5: Trice and Beyer's typologies of organisational culture**

Type	Dominant Ideologies
Type A	Hierarchical control, high specialization Short-term employment, individual responsibility, individual decision-making
Type J	Clan control, low specialization, lifetime employment, collective responsibility, collective decision-making
Type Z	Clan control, moderate specialization, long-term employment, individual responsibility, consensual decision-making
Sensation-thinking	Impersonal, abstract, certainty, specificity, authoritarian
Intuition-thinking	Flexible, adaptive, global notions, goal driven
Intuition-feeling	Caring, decentralized, flexible, no explicit rules or regulations
Sensation-feeling	Personal, homelike, relationship driven, non-bureaucratic
Apathetic	Demoralising and cynical orientation
Caring	High concern for employees, no high performance expectations
Exacting	Performance and success really count
Integrative	High concern for employees with high concern for performance
Paranoid	Fear, distrust, suspicion
Avoidant	Lack of self confidence, powerlessness, inaction
Charismatic	Drama, power, success, abject followership
Bureaucratic	Compulsive, detailed, depersonalized, rigid

Source: Adapted from Trice and Beyer (1993:17)

Although various types of organisational culture were identified, it should be kept in mind that the culture of each organisation is unique in scope and content. These

types of organisational culture are however helpful in identifying and deciphering the culture of an organisation. The following section will highlight the importance of organisational culture.

### 3.8 IMPORTANCE OF ORGANISATIONAL CULTURE

Normann (cited in Peters & Waterman, 1982:104) comments that the "most crucial process going on in any company may be the continuing interpretation of historic events and adjustment of the dominating business idea in that context". From this introductory quotation, it should be clear that the culture of an organisation plays an important role in any organisation. Various researchers (see, for example, Montanari et al., 1990; Robbins 1992; and Schneider 1990) highlights the most important functions of organisational culture, indicating its importance.

Montanari, et al., (1990:232) alleges that strong organisational cultures have been cited as a reason for continued excellence, superior financial performance and the ability to adapt and innovate. The culture of an organisation also supports and reinforces the organisation's strategy (see Chapter 5).

The effects of organisational culture on the strategy of an organisation is also emphasised by Schein (1986:84). Many new strategies have been devised, but can not be implemented because it requires assumptions, values, beliefs and ways of working that differ from the organisations prior assumptions. Schein (1986:84) also indicates the following reasons why organisational culture plays an important role in an organisation:

- (a) Often failures of mergers, acquisitions and diversifications could be ascribed to a "cultural mismatch".
- (b) Failure to integrate new technologies into an organisation can be seen as a culture change problem.

- (c) If groups in an organisation get into conflict with each other, it is often difficult to reduce the conflict, because a group needs to maintain its identity, and one of the best ways of maintaining that identity is to compare and contrast it with other groups. The conflict helps build and maintain intragroup culture.
- (d) Ineffective meetings and communication breakdowns can productively be analysed from a cultural perspective - how people perceive and understand things because of different cultural membership.
- (e) The organisational culture also plays an important role in the socialisation process of "fitting people into a structure" (see section 3.2.5).
- (f) Productivity is a cultural phenomenon at the same work group level and at the level of the total organisation.
- (g) Organisational culture also leads to consensus on the core mission, primary tasks and latent functions of the organisation. The culture of a particular organisation will have a critical influence when determining the mission of an organisation - its reason to be.
- (h) Consensus on remedial and repair strategies are also influenced by the culture of an organisation. Responses to crises provide opportunities for culture building and reveal aspects of the culture that have already been built.
- (i) Organisational culture indicates group boundaries and criteria for inclusion. Consensus on criteria for membership is always a means of determining whether a culture unit exists in any given group.
- (j) The specific rewards and punishments, and the way in which it is administered, constitute one of the most important cultural characteristics of an organisation.

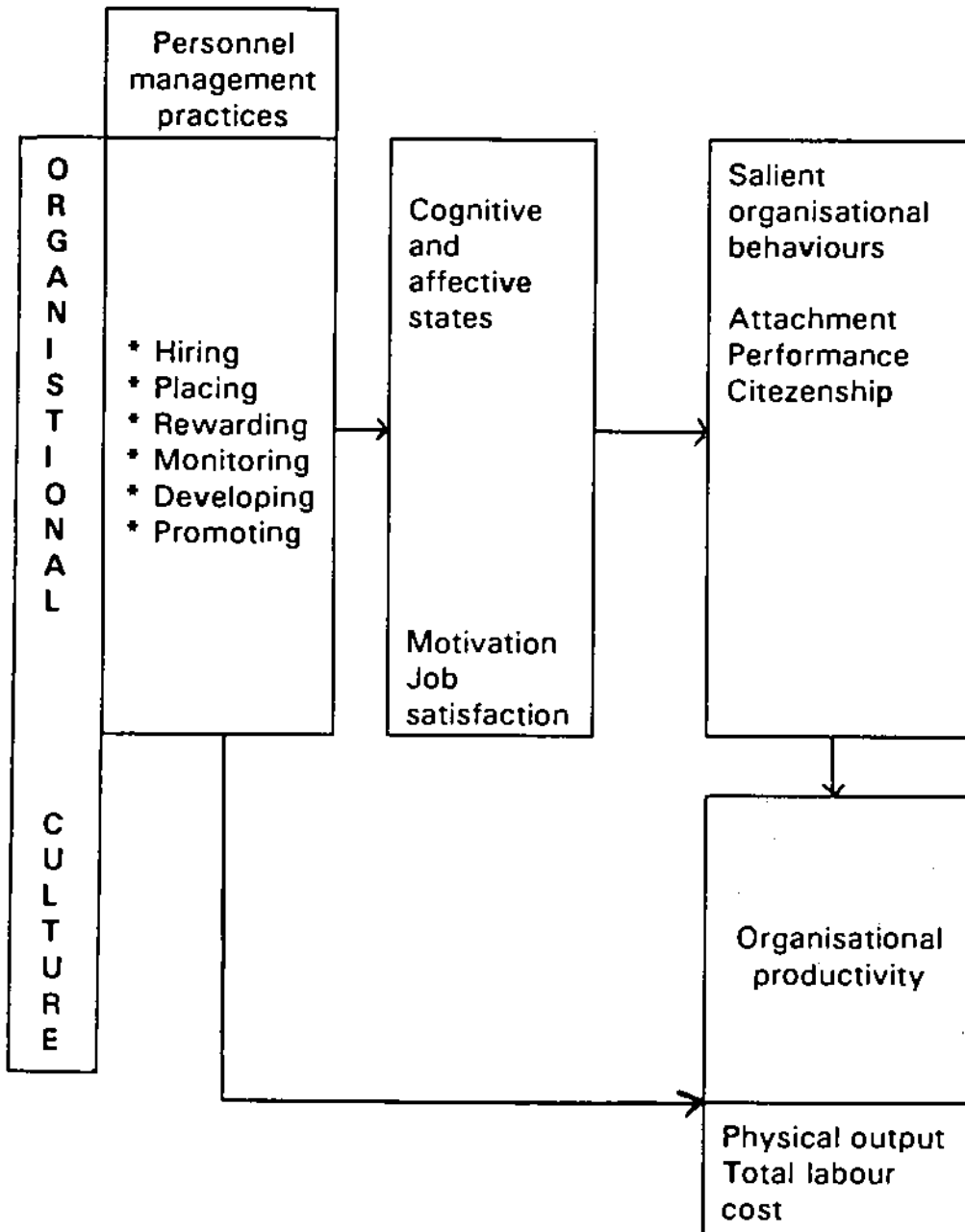
Robbins (1992:256) maintains that culture performs a number of functions within an organisation. Firstly, it has a boundary defining role - creating distinctions between organisations. Secondly, it conveys a means of identity for organisational members.

Thirdly, the organisational culture facilitates the generation of commitment to something larger than one's individual self-interest. Fourthly, it leads to social system stability - culture is the glue that holds the organisation together. Finally culture serves as a sense-making and control mechanism that guides and shapes the attitudes and behaviour of groups members.

Schneider (1990:286) asserts that the concept of organisational culture have various utilities among other:

- (a) Organisational culture can be useful in planning mergers, acquisitions and strategic planning.
- (b) It can be helpful to organisations and individuals in connection with recruitment, selection and career planning.
- (c) Organisational culture may be useful in developing a "strong" culture in an organisation, thereby providing several benefits: increased member identification, commitments and co-operation; greater behavioural clarity; greater consistency in decision making and performance; enhanced socialisation and more successful planning.
- (d) The culture of an organisation may be a key to enhancing financial performance.
- (e) Organisational culture also have an influence on the productivity of an organisation, as illustrated in Figure 3.9.

Figure 3.9: A Model of culture and productivity



Source: Adapted from Schneider (1990:289)

As indicated in section 3.7 the importance of organisational culture could not be underestimated. In any organisation the culture plays a vital role in various spheres of the organisation. The final section of this chapter proposes a model of what should be included in the culture of an organisation.

### 3.9 A MODEL OF ORGANISATIONAL CULTURE

The previous theoretical analysis of the various aspects with regard to organisational culture serves as a foundation for the development of a model, depicting the main elements of an organisation's culture.

When analysing the model as illustrated in Figure 3.10, seven main components can be identified. Component 1 shows that the content of an organisations' culture is derived from various sources. The history, environment staffing, critical incidents, socialisation, founders, leaders and language system of an organisation can be viewed as the sources or origin from which a culture arises.

Once the sources or origin of an organisation's culture has been identified, component 2 of the model suggests that the culture should be identified. Although every organisation has a unique culture, certain characteristics appear to be common characteristics of all organisational cultures. Despite the fact that a culture is sometimes very pervasive and vague, the identification of certain characteristics make it more observable and identifiable.

A further aspect of organisational culture, which helps to clarify a culture, is the various dimensions of such a culture. An organisation's view on humanity, nature, interpersonal relationships, activity and achievement, time and space requirements, reality and truth, homogeneity and diversity are underlying dimensions of organisational's culture (component 3).

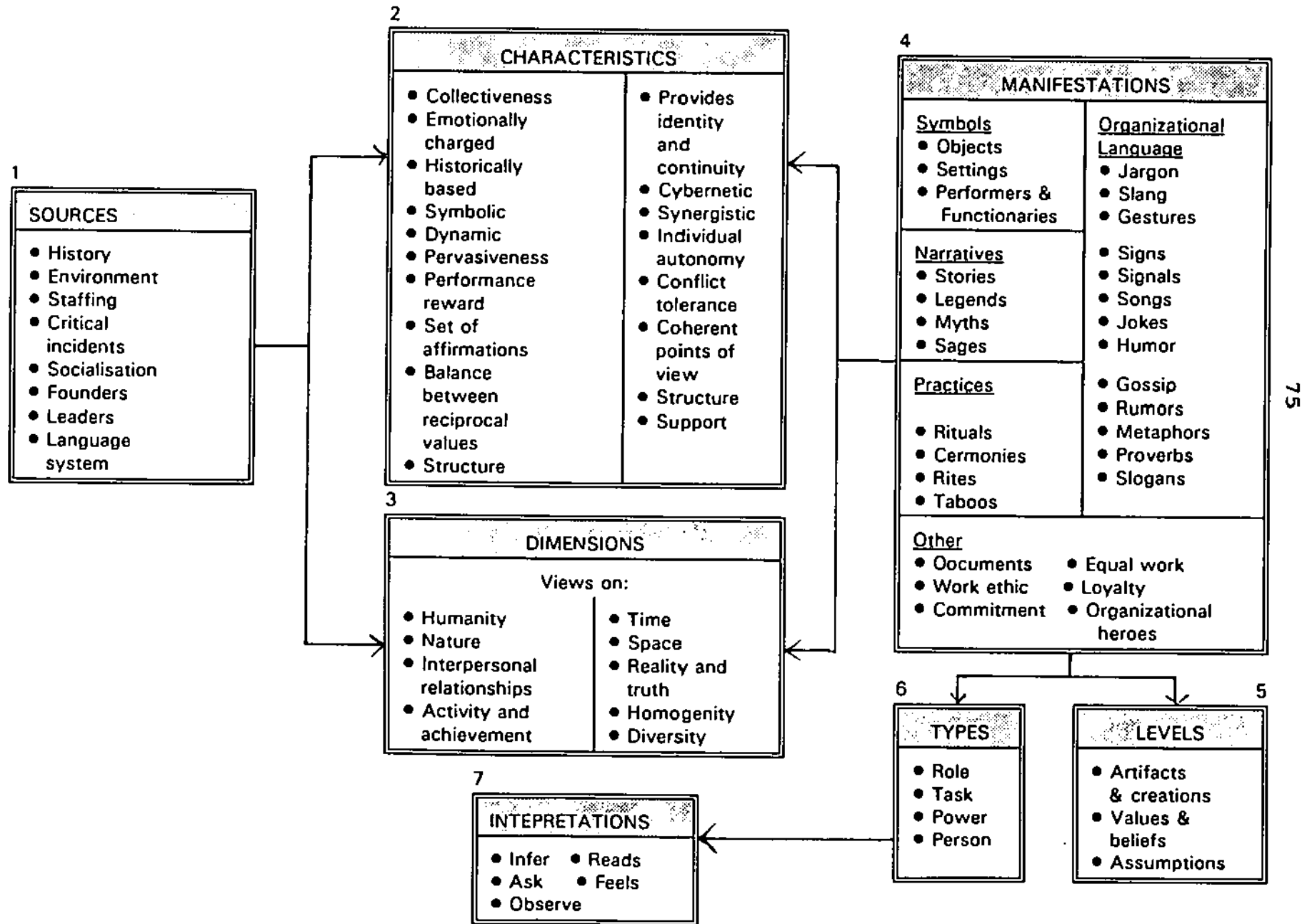
Component 4 of the model shows that the characteristics and dimensions of a culture, culminate in various manifestations - expressing itself in a variety of ways. Symbols, narratives, practices and organisational languages are examples of the most important manifestations of organisational culture. All the various manifestations of culture are ways on how the culture of an organisation expresses itself - sometimes directly perceivable. These manifestations play an important role in the description of an organisation's culture.

The next component of the model illustrates that the nature of a culture can be analysed at various levels, being artifacts and creations, values and beliefs and assumptions. These levels of organisational culture range from the most visible level (artifacts and creations) to the invisible level, which is taken for granted (assumptions).

Component 6 proposes that once the sources, characteristics, dimensions, manifestations and levels of organisational culture have been identified, a culture can be classified according to a certain type. Although every organisation is unique in scope and content, the most common types of organisational culture are the role, tasks, power and person culture. This component will be the focus point of the empirical survey. During the empirical survey it will be investigated whether organisations exhibiting a certain organisational culture type, formulate strategies in a certain manner or not.

The final component of the model indicates how the individual or group member interprets the culture of an organisation, by means of inferring, asking, observing, reading and feeling.

Figure 3.10: A Model of Organisational Culture



### 3.10 CONCLUDING REMARKS

It is important for contemporary managers to have a clear understanding of the organisational culture concept, as management needs to understand the basic process involved in the formation and preservation of organisational culture.

An analysis of the various sources of organisational culture illustrates that the culture of an organisation originates from various sources. Some of the most important sources of organisational culture, is an organisation's history, environment, staffing process, critical incidents, socialisation process, founders, leaders and the language system of the organisation. Although every organisation has its own unique culture, certain common characteristics of organisational culture could be identified. Characteristics proposed by: Trice and Beyer (1993:5) are collectiveness, emotionally charged, historically based, inherently symbolic, dynamic, inherently vague; Hampden-Turner (1990:12) are: individuals make-up a culture, cultures can be rewarders of excellence, culture is a set of affirmations, cultural affirmations tend to be fulfilling, cultures make sense and have coherent points of view, provide members with identity and continuity, culture is in a state of balance between reciprocal values, a cybernetic system, patterns and is more or less synergistic. The characteristics proposed by Fischer (1992:6) and Rue and Holland (1986:440) were also highlighted.

There are various dimensions to distinguish organisational cultures from one another. An organisation's view on humanity, nature, interpersonal relationships, activity and achievement, time and space requirements (Steers, 1991:46) and the environment, reality and truth, human nature and homogeneity and diversity (Schein, 1990a:114) are all indications of cultural dimensions. The culture of an organisation manifests itself in a variety of ways in the organisation. Examples of manifestations of organisational culture are objects, settings, performers and functionaries (symbols); jargon, slang, gestures, signals, signs, songs, humour, jokes, gossip, rumours, metaphors, proverbs and slogans (organisational language); stories, legends, sagas and myths (narratives); rituals, taboos, rites and ceremonials

(practices) and organisational heroes. The manifestation of culture in an organisation can be instrumental in conveying, interpreting and reinforcing the culture of an organisation.

The nature of culture at various levels of analysis, show that culture operates at three main levels, namely artifacts and creations, values and beliefs and lastly basic assumptions. The typologies of organisational culture provides a mechanism for identifying cultural forms. Types of organisational culture are role, task, person and power (Mondy, 1985:188); tough guy/macho, work hard/play hard, bet-your-company and process (Deshpandé & Parasuraman, 1986:31). Other classifications of types of organisational culture are also given by Kono (1990:10); Hampden-Turner (1990:24) and Trice and Beyer (1993:17). It should however be kept in mind that the culture of each organisation is unique in scope and content.

With a broad framework of knowledge on the concept of organisational culture, the relevant importance of organisational culture are often underestimated. The culture in an organisation therefore plays an important role in the daily administration and performance of an organisation. Robbins (1992:256) concurs that culture is the glue that holds the whole organisation together.

The main aim of this chapter was to develop a model that depicts the main elements of what should be included in that culture of an organisation. The model consists of seven main components, proposing that various aspects contribute to the formation and identification of an organisation's culture.

## CHAPTER 4

### STRATEGIC MANAGEMENT: A THEORETICAL OVERVIEW

#### 4.1 INTRODUCTION

The nature and role of strategic management practised in organisations are well covered in the literature (see, for example, Certo & Peter 1991, Pearce & Robinson 1991, Rue & Holland 1986 and Thompson & Strickland 1984). This chapter attempts to provide only a brief theoretical overview of strategic management, with special reference to strategy formulation.

In order to provide clarity on the concept strategic management, the chapter begins as a point of departure, by defining important related concepts to strategic management. Concepts such as strategy, strategic, management and strategic management will be highlighted. A brief overview is also given of the historical development of strategic management, briefly outline the most important milestones in its development.

The decision-making hierarchy of an organisation typically contains three levels. Thompson and Strickland (1984:50), maintain that the desired outcome is the creation of a hierarchy of objectives that spans the organisation from top to bottom and the formulation of a corresponding hierarchy of strategies. Corporate, business and functional level strategies will be identified and briefly discussed. A brief outline is also given of the most important characteristics of strategic decisions.

A final aspect of strategic management to be covered is that of the strategic management process, with special reference to strategy formulation. Various researchers (see, for example, David 1993; Montanari *et al.*, 1990 and Sharplin 1985) view the strategic management process as consisting of various components or phases. A model will be developed depicting the main components of the

strategic management process. Special attention will be devoted to the strategy formulation phase. Another fundamental aspect to be analysed is the nature and role of organisational culture in the strategic management process. Hoecklin (1993:29) maintains that with increasingly global markets and competition, managers need to pay attention to the strategic value of organisational culture.

## **4.2 DEFINITIONS**

In order to understand the nature of strategic management, clarity should be given of the most important concepts which underlie this process.

### **4.2.1 Strategy**

According to Ansoff and McDonnell (1990:43) the military usage of strategy can be defined as "the science and art of deploying forces for a battle".

Within an organisational context, strategy can be defined as a set of decision-making rules for guidance of organisational behaviour. The word "strategy" is derived from the Greek word "strategos", which means a general (indicating the military origin of the concept). McCarthy, Minichiello and Curran (1987:12) view a strategy as a means of achieving the objectives and mission of an organisation.

Henderson (cited in Montgomery & Porter, 1991:5) defines a strategy as "a deliberate search for a plan of action that develop a business's competitive advantage and compound it". Strategy can therefore be seen as a plan or course of action ensuring that the mission and objectives of the organisation is achieved.

### **4.2.2 Strategic**

Sharplin (1985:6) maintains that the word strategic means "of great importance within an integrated whole". This concept indicates that the process of strategic

management is of vital importance and should be a co-ordinated effort of the whole organisation.

#### 4.2.3 Management

There are as many definitions of management as there are books on the topic. For the purpose of this study only two definitions will be extracted from the literature, which capture the basic content of the management concept.

Van Fleet (1988:9) asserts that management can be defined as a set of activities directed at the efficient and effective utilisation of resources in the pursuit of certain goals.

Mescon, Albert and Khedouri (1988:15) define management as the process of planning, organising, motivating and controlling in order to formulate and attain organisational objectives. Management can therefore be viewed as all those activities executed in the organisation to attain the organisation's objectives.

#### 4.2.4 Strategic management

According to Hahn (1991:27) strategic management is based on the fundamental ideas of strategy and management and includes the development and communication of corporate goals, the strategic plans, corporate philosophy and culture.

Weeks (1988:28) advocates that strategic management is a "process whereby the organisation is optimally positioned in its competitive environment, to ensure both the survival and growth of the organisation". Rue and Holland (1986:5) agree with this statement and elaborate by stating that strategic management includes all those top management activities which determine the long-run direction and performance of the organisation, by ensuring that careful formulation, proper implementation and continuous evaluation of the strategy takes place. Strategic

management is defined by Pearce and Robinson (1986:3) as the planning, directing and controlling of an organisation's strategy related decisions and actions that result in the formulation and implementation of plans designed to achieve an organisation's objectives.

In analysing all the definitions found on strategic management, certain common elements can be identified. Strategic management can be viewed as all those management activities directed at formulating and implementing a strategy, to ensure the survival and growth of the organisation in order to realise stated missions and objectives.

The following section will give a concise outline of the history and origin of strategic management.

### **4.3 HISTORICAL OVERVIEW OF STRATEGIC MANAGEMENT**

Corporate planning and strategic management have a long history and have passed through various stages (refer to Table 4.1).

According to Godet (1987:95) the first attempts at corporate planning date from the end of the 19th century. The development of rational organisation and division of labour, led to the creation of large industrial organisations. Production took place on large scale and organisations began to grow and diversify its activities. This raised certain organisational problems and challenges to management. During 1920 a few organisations in the United States of America began to apply strategic objective setting (Godet, 1987:95).

A clear distinction should be drawn between strategic planning and strategic management. Strategic planning is an essential element of strategic management. Smit and Cronje (1992:107) viewed strategic management as consisting of two distinctive but interactive phases, namely the formulation of a strategy and the

implementation of a strategy. The first phase is referred to as strategic planning. Montanari *et al.*, (1990:4) concur that strategic planning is the analyses of environmental conditions and organisational capabilities and the formulation of plans. The concept strategic planning emerged in the 1960s and was also known as long range planning. Many factors contributed to the development of long range or strategic planning. Among the most important factors were the rapidly technological and economic changes that took place, larger investments and dual structure of the workforce and rising level of education (Godet, 1987:98).

However, in 1973 strategic planning did not escape the wave of criticism and scepticism. The need arose not only for strategy formulation, but also for strategy implementation and control (Wright, Pringle & Knoll, 1992:7).

Strategic planning was aptly renamed strategic management. Two distinct research paths were initiated during the 1970s. According to Hunger and Wheelen (1993:163) the first approach, called strategic portfolio analyses, emphasised that the best way to assess an organisation's current situation, is to analyse what the organisation does best and where the opportunities are the greatest.

The second approach is called the strategic culture approach, which singles out a corporate dimension which had been neglected by strategic analysis - the human factor. This approach will be analysed in Chapter 5.

Table 4.1 provides a brief outline of the historical development of strategic management.

**Table 4.1: Historical development of strategic management**

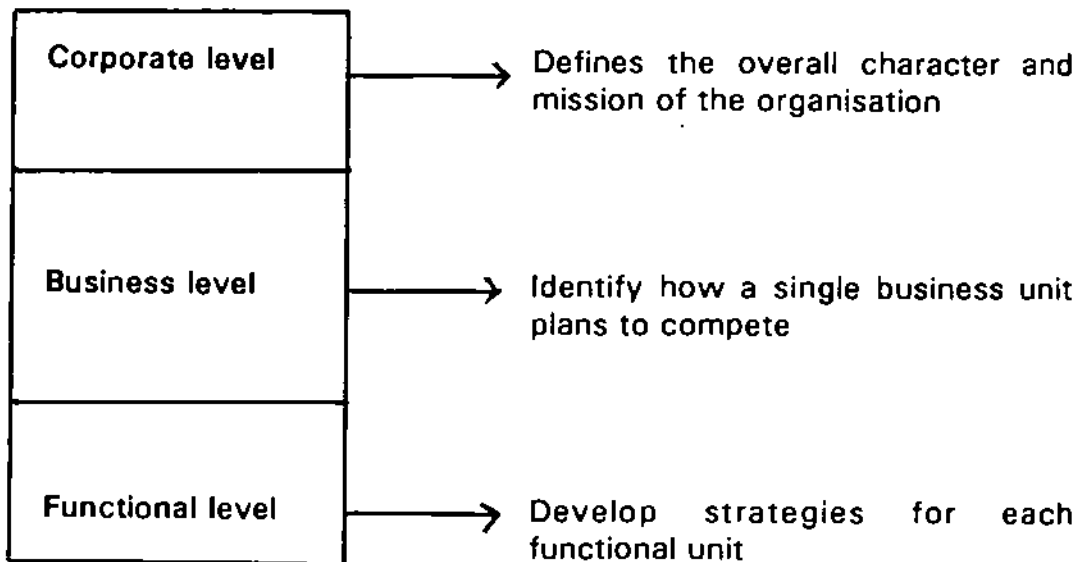
YEAR	NATURE OF DEVELOPMENT
1884	Scientific management - F.W. Taylor
1916	General principles of administration - Henri Fayol
1920	Strategic objective setting
1945	Systematic forward planning Growth and diversification of organisations
1960	Planning became a fundamental activity Long-range planning
1973	Need for corporate planning - environmental uncertainty
1973	Corporate planning was renamed strategic management

The following section attempts to identify the most important levels of strategic management.

#### 4.4 LEVELS OF STRATEGIC MANAGEMENT

In analysing the literature, it appears that most researchers (see, for example, Higgins & Vincze 1989, Sharplin 1985 and Thompson & Strickland 1984) identified three levels of strategic management, namely corporate, business and functional level strategies (refer to Figure 4.1).

**Figure 4.1: Levels of strategic management**



According to Figure 4.1 the following levels of strategic management can be identified:

#### 4.4.1 Corporate-level strategy

According to Thompson and Strickland (1984:50) the corporate-level strategy is "top management's game plan for directing and running the organisation as a whole". Sharplin (1985:6) agrees that corporate-level strategy defines the overall character and mission of the organisation, the product/service segments it will enter or leave and the allocation of resources. Corporate-level strategic management answer such questions as the following:

- \* What are the purpose of the organisation?
- \* What image should the organisation project?
- \* What are the ideals and philosophies the organisational members should possess?
- \* What are the organisation's business(es)?
- \* How can the organisation's resources best be used to achieve organisational goals.

#### 4.4.2 Business-level strategy

Montanari et al., (1990:8) advocate that most discussions on strategic management focus on the business-level of strategy development. Strategic managers at this level are responsible for analysing the environment for opportunities and threats.

The organisation's internal capabilities have to be match to the threats and opportunities in the environment. Structures, processes and systems have to be designed to guide all functional areas of the organisation. Business-level strategic management seeks to answer questions as the following:

- \* What specific products/services will be produced/ delivered?
- \* Who are the customers of the organisation?
- \* How can the strategic business unit best conform to the total organisational's ideals and philosophies and support organisational purposes? (Sharplin, 1985:7)

#### 4.4.3 Functional-level strategy

Higgins and Vincze (1989:10) postulate that at the bottom of the decision-making hierarchy is the functional level, composed of product, geographic and functional areas. Annual objectives and short-term strategies in such areas as production, research, finance, marketing and human relations are developed. The principal responsibility however is to execute the organisation's strategic plans (Pearce & Robinson, 1991:5).

The corporate, business and functional strategies form the basic ingredients of an organisation's strategic approach to management. The contents of these strategies vary principally with the mission and type of organisation. The following section will highlight the most important characteristics of strategic management decisions.

#### 4.5 CHARACTERISTICS OF STRATEGIC MANAGEMENT DECISIONS

Various decisions are taken with regard to formulating strategies for an organisation. According to Johnson and Scholes (1984:6) strategic decisions have the following characteristics:

- (a) Strategic decisions are concerned with determining the scope of an organisation's activities.
- (b) Strategic decisions attempt to match the activities of an organisation to the environment in which it operates.
- (c) Strategic decisions also attempt to match the organisation's activities to its resource capabilities.
- (d) Major resource implications is often the result of strategic decisions taken.
- (e) The strategy of an organisation is also influenced by the values and expectations of those organisational members responsible for strategy development.
- (f) The long-term direction of an organisation is also affected by strategic decisions.
- (g) Strategic decisions are often complex in nature, involving many considerations.

Table 4.2 give an exposition of the characteristics of strategic decisions on various levels.

**Table 4.2: Characteristics of strategic level decisions**

	<b>CORPORATE LEVEL</b>	<b>BUSINESS LEVEL</b>	<b>FUNCTIONAL LEVEL</b>
<b>LEVEL OF MANAGEMENT RESPONSIBILITY</b>	Top management	Upper-middle management	Operating management
<b>SCOPE</b>	Entire organisation	Strategic or single business unit	Functional, geographical product area
<b>TIME SPAN</b>	Long-range 0 - 5 years	Intermediate 1 - 3 years	Short-range 0 - 1 year
<b>SPECIFICITY</b>	General statements of direction and intent	Concrete and operationally orientated	Action and implementation orientated

Source: Rue and Holland (1986:12)

In analysing these characteristics it appears that strategic decisions taken on corporate-level are more conceptual and abstract and are for longer periods. Business-level decisions help bridge decisions at corporate and functional levels, while functional level decisions implement the overall strategy. Functional-level strategies are more concrete, action-orientated and for shorter time periods.

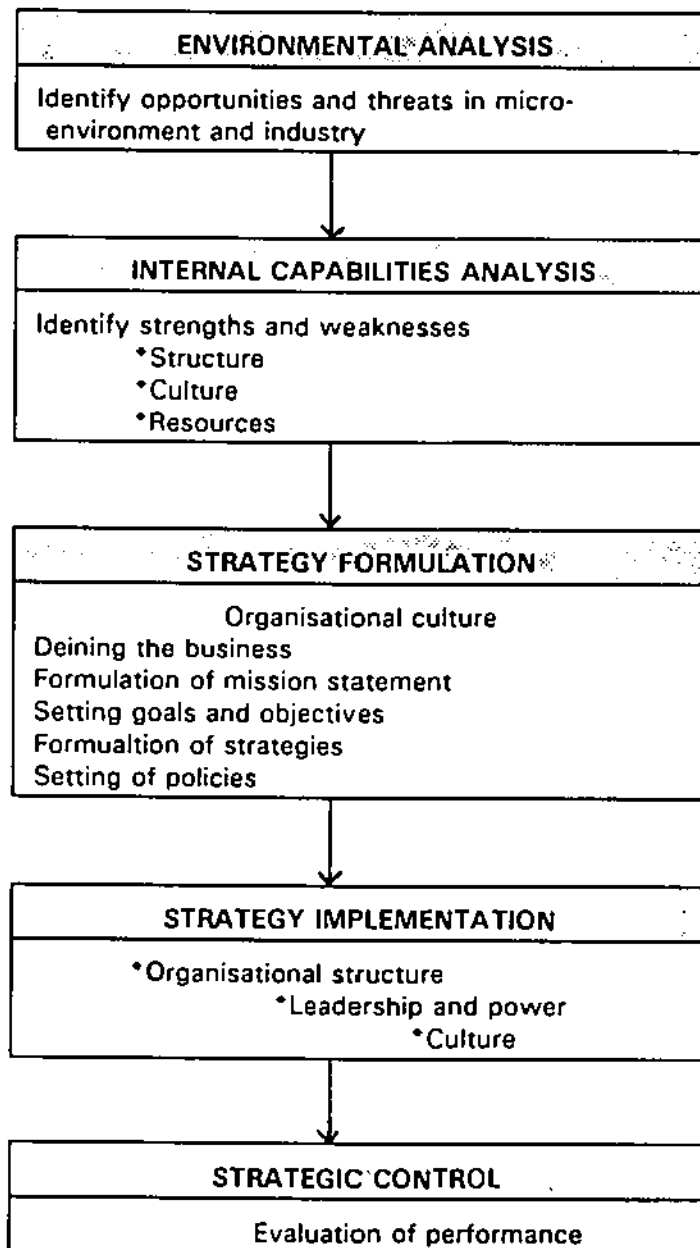
Section 4.6 will provide an analysis of the strategic management process.

#### **4.6 STRATEGIC MANAGEMENT PROCESS**

Johnson and Scholes (1984:17) postulate that there is a danger in thinking of the process of strategic management as a neat sequence of steps. Gluck, Kaufman and Wallleck (cited in Sharplin, 1985:10) concur that the process of strategic management and the model thereof is only an expository device - no model can accurately represent real-world diversity.

In analysing the literature (see, for example, Higgins & Vincze 1989; Hunger & Wheelen 1993 and Wright *et al.*, 1992) it appears that the strategic management process has certain basic components. Rue and Holland (1986:57) maintain that most successful strategic management approaches share several common components and a common sequence. The similarity among the various general models of strategic management, facilitated the development of a model as illustrated in Figure 4.2. This general model depicts the main components of the strategic management process.

Figure 4.2: Strategic management model

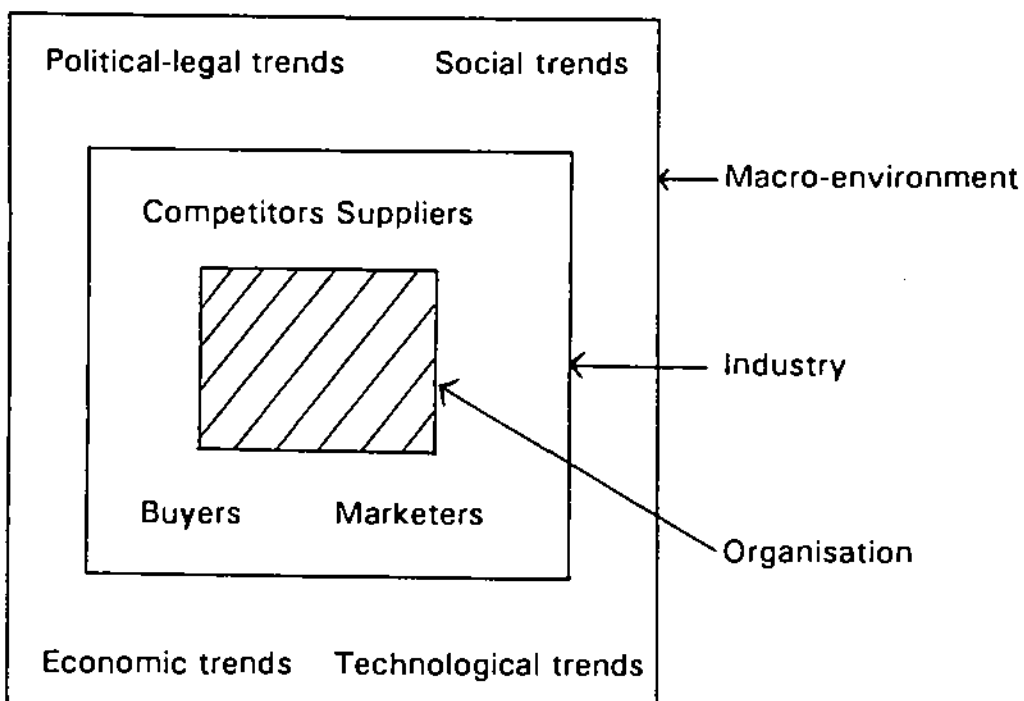


These components will be discussed in more detail, with special reference to strategy formulation.

#### 4.6.1 Environmental analysis

Every organisation exists within a complex network of environmental forces. Wright *et al.*, (1992:17) distinguish between the macro-environment and industry of an organisation. All organisations are affected by political-legal, economic, technological and social systems and trends, which comprise the macro-environment of an organisation. Each organisation also operates within a more specific environment termed an industry - a group of organisations that produces competing products and services. According to Pearce and Robinson (1991:13) all these conditions and forces in the external environment affects an organisation's strategic options, but are beyond its control. When analysing the external environment, all opportunities and threats posed to the organisation, must be identified. Figure 4.3 illustrates the main elements of conducting an environmental analysis.

Figure 4.3: The elements of conducting an environmental analysis



With special reference to South-Africa, the country is facing new challenges and changes on the political front. It is therefore inevitable that South-African organisations which conduct a thorough environmental analysis, should be aware of the political-legal trends influencing the organisation. A contemporary political-legal trend is the implementation of an affirmative action policy (see, for example, Duncan 1993, Musewe 1994, Sunter 1987, Van der Spuy 1994 and Wingrove 1993).

The manner in which affirmative action policies are being executed differ from organisation to organisation. The question can be posed whether the culture of an organisation influences the implementation of affirmative action in the organisation. This question will be addressed during the empirical study.

A further aspect which need to be addressed in a changing South-African environment is the position of the poor and under privilege. The important role that the private sector can play to address this problem cannot be ignored (Sunter, 1989:82). The social responsibility of an organisation towards deprived communities, should therefore be emphasised and be of strategic concern (Jackson, 1984:21 and Roodt, 1987:4). The question remains: to what extend does the culture of an organisation influence the implementation of social responsibility programmes.

#### 4.6.2 Internal capabilities analysis

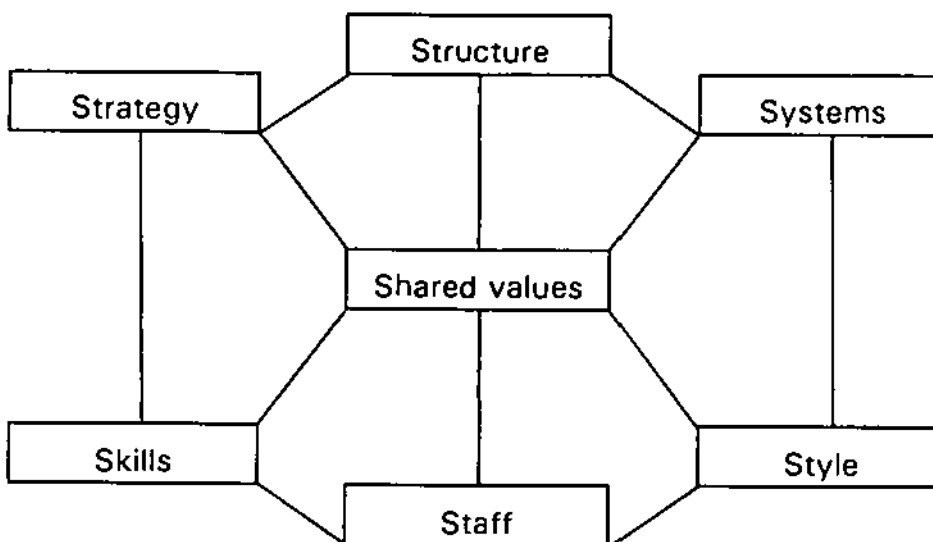
Strategic management also look inward to the organisation and determine its strengths and weaknesses. According to Montanari *et al.*, (1990:13) this analyses reveals the demands of current operations on an organisation's human, financial, material, management and technical resources. Sharplin (1985:54) is of the opinion that contemporary managers tend to be aware of the organisation's strengths, but are less knowledgeable about its weaknesses.

The strengths and weaknesses with regard to the organisational structure needs to be identified and analysed. Hunger and Wheelen (1993:13) refer to the structure as the way an organisation is categorised in terms of communication, authority and workflow.

A comprehensive device known as the McKinsey 7-S framework (cited in Peters & Waterman, 1982:9) was developed to help strategists evaluate organisations along seven dimensions, thereby identifying organisational strengths and weaknesses. These seven dimensions are strategy, skills, staff, style, systems, structure and shared values. Shared values are the focus of the framework, because it is the fundamental ideas around which an organisation is built (also see Chapter 5). Thompson and Strickland (1984:253) alleges that this framework conceptualise the interconnections among what an organisation does and why these interconnections are important in trying to affect change.

Figure 4.4 illustrates McKinsey's 7-S framework which serves as an aid for identifying the strengths and weaknesses (internally) of an organisation.

Figure 4.4: The McKinsey 7-S framework



Source: Thompson and Strickland (1984:253)

The last component of an internal capabilities analysis is that of cultural analysis. It is interesting to note however, that many strategic management models (see, for example, Higgins & Vincze 1989; Hofer, Murray, Charan and Pitts 1984 and Wright *et al.*, 1992) do not specifically include culture as a component of the strategic management process and not even as part of the internal capabilities analysis or strategy formulation phases.

Hunger and Wheelen (1993:13) however, include organisational culture as part of the internal environmental analysis. For the purpose of this study, this approach will be used as indicated in the model of strategic management (Figure 4.2).

The question which arises is whether South-African organisations take its culture in to account, when formulating strategies.

Weeks (1988:33) alleges that few researchers specifically include organisational culture as a component of the strategic management process, which is a reflection of the lack of understanding that exists for the concept, organisational culture, from a strategic management perspective. This special relationship between strategy and culture will further be discussed in Chapter 5.

Analysing the internal environment of an organisation is therefore a prerequisite for identifying the strong and weak points of an organisation. A thorough internal analysis allows an organisation to match current capabilities to environmental conditions and to assess the feasibility of possible strategies.

A comprehensive analysis of the strategy formulation process will be highlighted in the following section.

#### 4.6.3 Strategy formulation

Thompson and Srickland (1984:41) postulate that "while it is easy to visualise strategy as being a continuously evolving managerial game plan or road map for

achieving organisational objectives and for getting the organisation where it wants to go, it is another thing to understand what a general manager needs to consider and to do in order to forge a full-blown strategic plan". It is thus clear that the task of strategy formulation is comprehensive and plays a fundamental role in the strategic management process.

McCarthy et al., (1987:315) view strategy formulation as the continuous monitoring and evaluation of the present strategy and begins with the identification and description of that strategy. According to Hunger and Wheelen (1993:13) strategy formulation is the development of long-range plans for the effective management of environmental opportunities and threats in the light of corporate strengths and weaknesses.

De Bruyn and Kruger (1993:31) stress the important role of formulating strategies within a rapidly changing environment. Management should take note of environmental changes and incorporate these changes in the formulation of strategies for the organisation.

The various components which constitute strategy formulation, will be discussed. A crucial aspect to bear in mind is the critical role played by organisational culture.

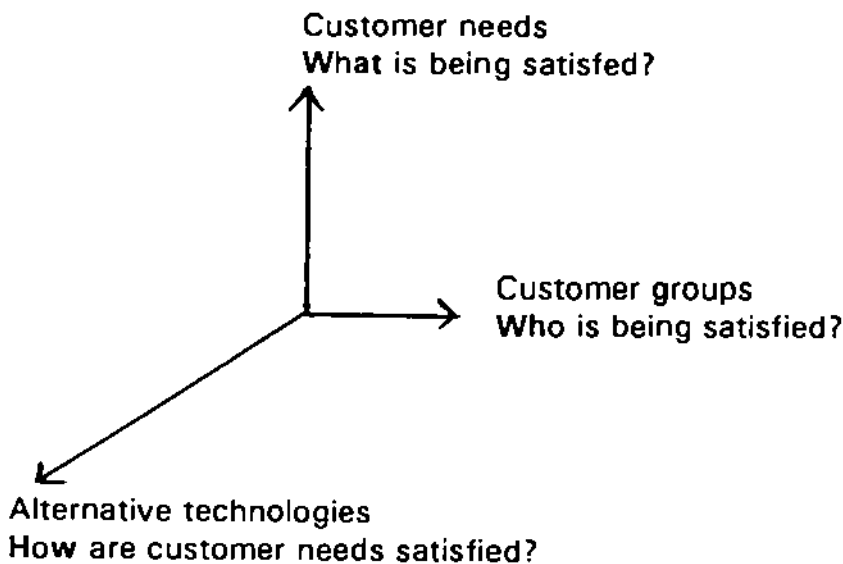
(a) **Defining the business**

The logical starting point in formulating strategy is with a clear concept of the business of an organisation, what will it be and what it should be. Robinson (1986:17) states that defining a business is a major creative act, because strategic success depends on defining the business in a way that leads to competitive superiority.

Drucker (cited in Thompson & Strickland, 1984:44) argues that a business is not defined by the organisation's name or statues, but by the want the customer satisfies when buying a product or service.

When defining the business of an organisation, the customer's behaviour, expectations and values should form the central issue of concern. Managerial neglect of defining the business of an organisation is often the most important cause of organisational failure. Strategists should therefore, as a starting point, clearly define the business of an organisation. Figure 4.5 illustrates the three dimensions of defining the business of an organisation.

**Figure 4.5: Defining the business of an organisation**



Source: Adapted from Thompson and Srickland (1984:45)

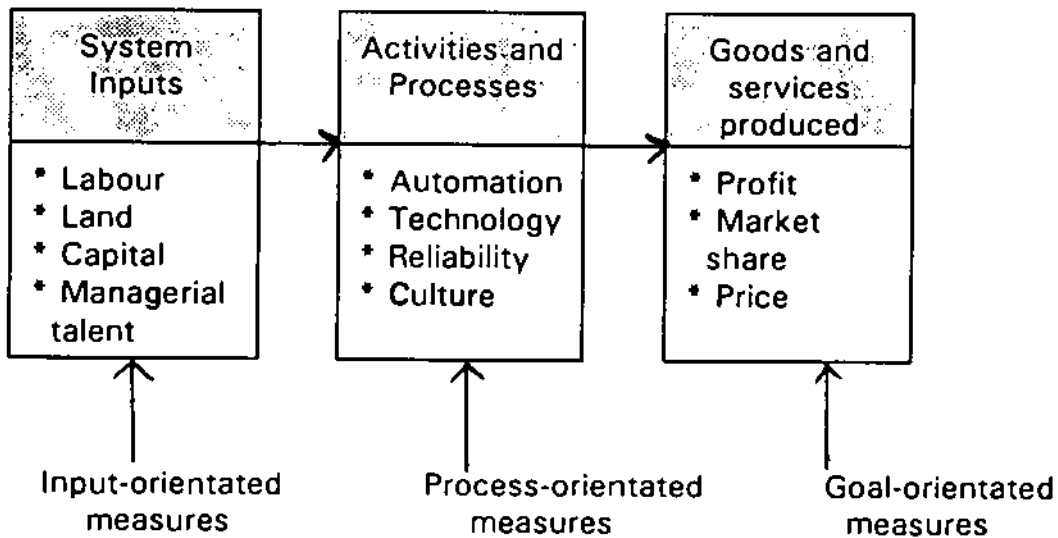
In answering the three questions who is being satisfied, what is being satisfied and how are the customer's needs satisfied, the strategist attempts to define the business of an organisation.

#### (b) Mission statement

Pearce and Robinson (1991:54) define a mission statement as "the fundamental purpose that sets a firm apart from other firms of its type and identifies the scope of its operations". It is an enduring statement of an organisation's intent - embodying the philosophy of the organisation.

Figure 4.6 illustrates the different focal points for organisation missions.

Figure 4.6: Focal point for organisation missions



Source: Thomas (1988:32)

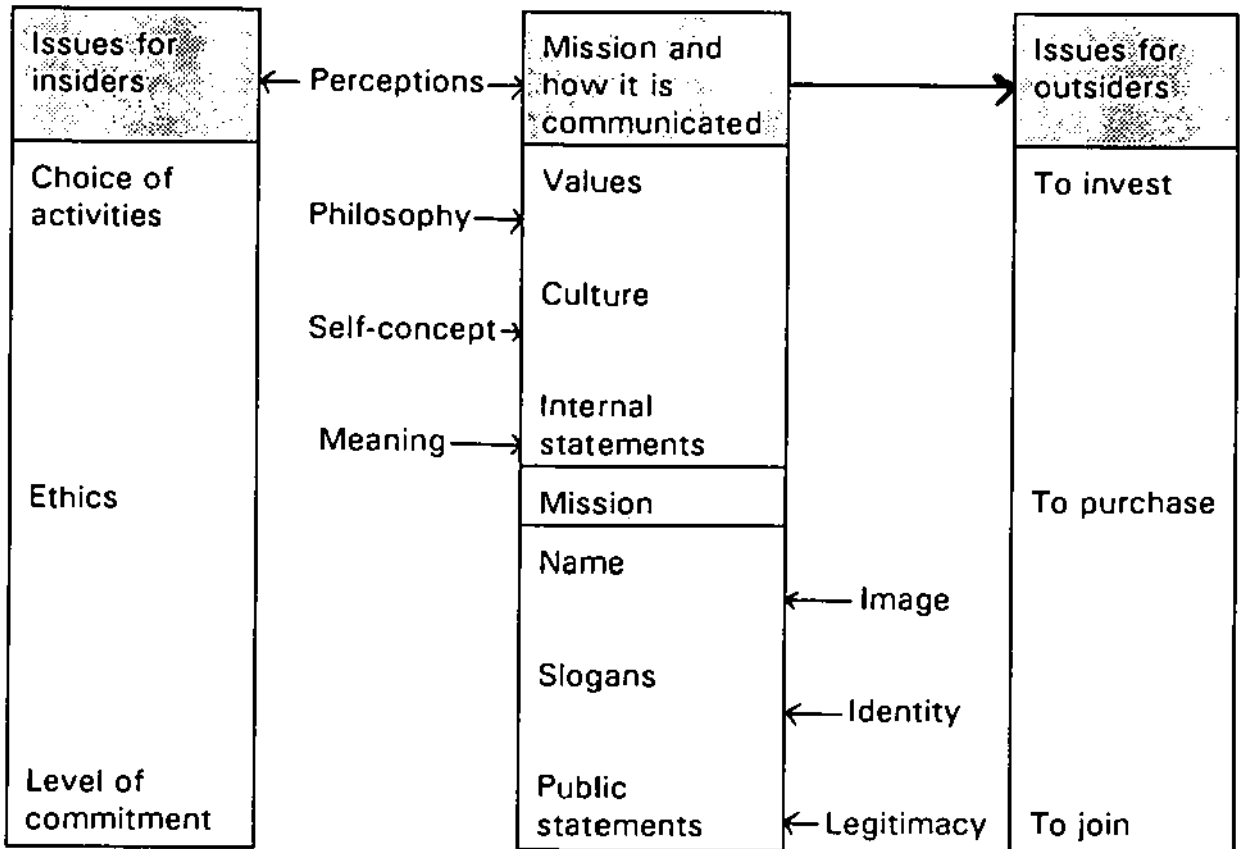
When formulating a mission for an organisation, an organisation's inputs, activities, processes and desired outcomes should be focused on. From Figure 4.6 it should be clear that when formulating the mission for an organisation, the culture (process-orientated measures) of the organisation should also be taken in to account.

Rue and Holland (1986:229) also emphasise that the mission and how it is communicated to insiders and outsiders, should among others, focus on the culture of the organisation, as highlighted in Figure 4.7. The question can once again be raised whether South-African organisations focus on its culture when formulating mission statements.

It is important that the mission statement of an organisation be explicitly communicated to outsiders through its image or identity, to understand the fundamental purpose of the organisation. The mission must, however, also be accurately communicated through the value and culture system of the organisation.

It is clear that the culture of an organisation is an important vehicle for transmitting the mission statement of the organisation.

Figure 4.7: Purpose of mission statements



Source: Adapted from Rue and Holland (1986:229)

(c) Objectives and goals

Ansoff and McDonnell (1990:43) postulate that objectives and goals are the yardsticks by which present and future performance of the organisation is measured. Smit and Cronje (1992:58) argue that the terms goal and objective are often used interchangeable. Hunger and Wheelen (1993:15) are of the opinion that the two terms are often confused. However, semantical differences in the usage of the terms are for the purpose of this study, of secondary importance.

Some areas in which an organisation might establish goals and objectives are highlighted by Higgins and Vincze (1989:14):

- \* Innovation
- \* Productivity
- \* Physical and financial resources
- \* Profitability
- \* Managerial performance and development
- \* Worker performance and attitude
- \* Public responsibility

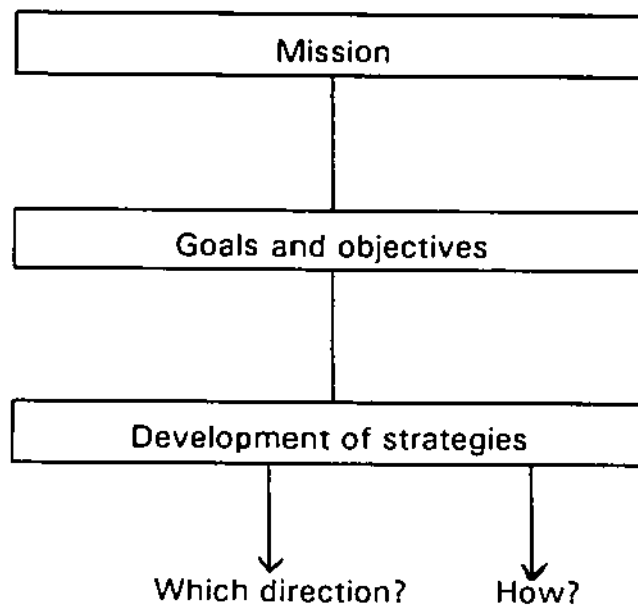
Objectives and goals can therefore be seen as measurements for implementing the mission of an organisation.

#### (d) Strategies

A strategy was defined in section 4.2.1 as a plan or course of action, ensuring that the mission and objectives of the organisation is achieved. According to Godet (1987:146) the relevant strategy requires that the choice of action fits the objectives of the organisation within the framework of its mission. The formulation of a strategy should always be taken within the context of the organisation's mission, goals and objectives.

Montgomery and Porter (1991:5) further emphasise that strategy is a deliberate search for a plan of action that will develop an organisation's competitive advantage. A strategy should therefore be developed, taking the competitive situation into account. Two important aspects of the development of strategies are highlighted by Johnson and Scholes (1984:169), namely the alternative directions in which the organisation may choose to develop and the methods by which the direction of development might be achieved.

**Figure 4.8: Development of strategies**



Source: Adapted from Johnson and Scholes (1984:170)

A final aspect with regard to strategies is that strategies can be developed on corporate, business and functional level, as discussed in section 4.3.

The final component of strategy formulation, namely the setting of policies will be highlighted in the following section.

#### (e) Policies

The selection of the most appropriate strategy is not the end of strategy formulation. According to Thomas (1988:10), policies to define the ground rules for implementation, have to be established. These policies provide the parameters within which decisions are made. Table 4.3 illustrates the three different types of policies directing strategic decisions.

**Table 4.3: Types of policies**

TYPE	NATURE
1. Organisational	Closely related to the mission of the organisation - guidelines to evaluate strategies
2. Functional	Guide the action of different business units eg. specifying advertising media, quantity discounts etc.
3. Operating	Concern day-to-day decision-making eg. seniority, customer refunds etc.

The subsequent section deals with the strategy implementation phase of the strategic management process.

#### 4.6.4 Strategy implementation

Alexander (1989:119) asserts that although strategy implementation is viewed as an integral component of the strategic management process, little has been written or research on it. This notion is also stressed by various authors (see, for example, Jauch & Glueck 1988; Thomas 1988 and Whittaker 1978) who further emphasised that the strategic management process does not end when the organisation decides what strategy to pursue. There must be a translation of strategic thought into strategic action. Although strategy implementation perse, falls beyond the scope of this study, its interrelationship with strategy formulation and more specific organisational culture, deems it necessary to highlight certain aspects.

Certo and Peter (1991:130) state that if either of strategy formulation or implementation is poorly done, the result is likely to be the failure of the overall strategy.

Figure 4.9 illustrates the importance of both tasks in matrix form and suggests the probable outcome of the four possible combinations.

**Figure 4.9: Relationship between strategy formulation and implementation**

		STRATEGY FORMUALTION	
		Good	Poor
STRATEGY IMPLEMENTATION	Good	Success •	Roulette •
	Poor	• Trouble	• Failure

Source: Certo and Peter (1991:131)

Wernham (cited in King & Cleland, 1987:439) alleges that strategy implementation can be a problematic process. The most frequent strategy implementation problems are depict in Table 4.4.

**Table 4.4: Strategy implementation problems**

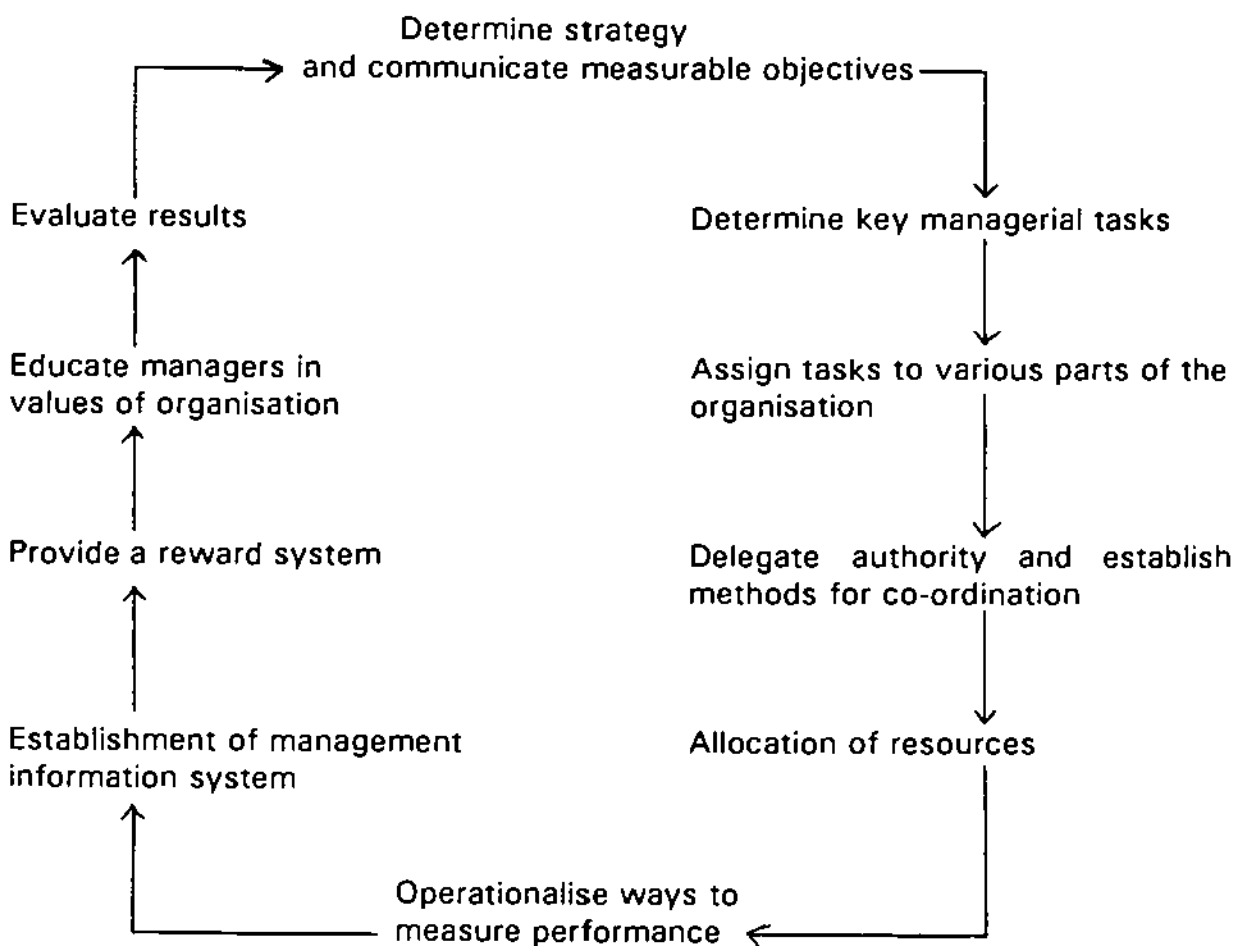
1. Time consuming	6. Inadequate training and instructions to employees
2. Unforeseen problems surfaced during implementation	7. Uncontrollable environmental factors
3. Coordination and implementation activities	8. Inadequate leadership and direction given by managers
4. Competing and crises activities	9. Key tasks and activities not properly defined
5. Insufficient capabilities of employees involved	10. Inadequate information monitor systems

Source: Adapted from Alexander (1989:120)

Before focusing the attention on specific aspects with regard to strategy implementation (refer to Figure 4.2) the strategic implementation process will briefly be outlined.

As illustrated in Figure 4.10 the strategic implementation process flows from and into the determination of strategy, emphasising the link between implementation and choice of strategy.

Figure 4.10: Strategic implementation process



Source: Adapted from Jauch and Glueck (1988:307)

Although Figure 4.9 constitute a process, there is not necessarily a sequence of activities - in many cases structures and reward systems are already in place in an organisation and as such affects strategy formulation.

Effective strategy implementation requires managers to consider a number of issues, such as how the organisation should be structured to put its strategy in to effect and how such variables as leadership, power and organisational culture should be managed to enable employees to work together in carrying out the organisation's plans.

(a) **Organisational structure**

Jain and Singhvi (1973:34) postulate that the matching of strategy and organisational design presents a challenging opportunity to management. The organisation must be structured in such a way that it will be permit it to carry out the strategy.

According to Dess and Miller (1993:258) organisational structure refers to "the formalised pattern of intersections that link the tasks, technology and people of a firm". Boone and Kurtz (1992:253) further emphasise that organisations are not static structures depicted in organisational charts, nor smoothly oiled man-machine systems.

Organisational structures are designed to ensure that resources are used most effectively towards accomplishing the organisation's mission. In developing an organisational structure the designer must adhere to various principles of organisation as depict in Table 4.5.

The organisational structure therefore identify the key activities within the organisation and the manner in which it will be co-ordinated to achieve the organisation's strategic purpose.

**Table 4.5: Principles of organisation**

1. Establish clear objectives	8. Match responsibility with authority
2. Assign necessary functions	9. Delegate decision-making
3. Avoid duplication of functions	10. Clarify reporting relationships
4. Limit functions per individual	11. Avoid more than one boss per individual
5. Group related functions	12. Avoid excessive hierarchial levels
6. Use consistent patterns by level	13. Keep the organisation simple
7. Define responsibility clearly	14. Avoid excessive structural changes

Source: Cannon (1968:312)

To determine whether an organisation's structure is appropriate for implementing the organisation's strategy, a manager must analyse how compatible the structure is with such features as the organisational strategy, need for coordination, number of levels and grouping of activities.

**(b) Leadership and power**

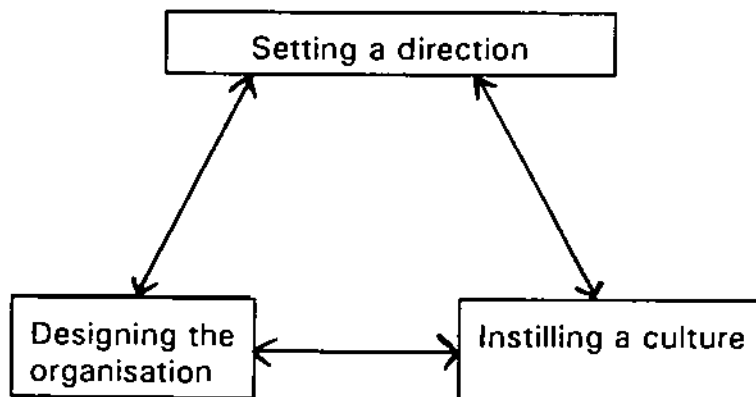
Any strategy, no matter how well conceived, is doomed to failure unless it is effectively implemented. The previous section examined how an organisation should be structured to carry out its strategy. This section deals with how management can ensure that the organisation's members are implementing strategies effectively.

According to Pearce and Robinson (1991:340) leadership is a seemingly vague and concealed concept which is an essential element of effective strategy implementation.

Other researchers (see, for example, Cannon 1968; Dunford 1992 and Wright *et al.*, 1992) concur by emphasising the most important role of leading the organisation strategically.

Figure 4.11 illustrates the three key interrelated strategic leadership activities. A leader's strategies are of little value to the organisation if the leader does not direct sufficient consideration and effort towards implementation.

Figure 4.11: Key strategic leadership activities



Source: Dess and Miller (1993:321)

Another related aspect which need mentioning, is the political or power system within the organisation. According to Burns and Stalker (1961:144) the political or power system of an organisation is "the product of the various demands, which are made on the total resources of the organisation and the amount of say which individuals or groups have in the destiny of the firm as a whole". To influence the behaviour of others, a leader must possess power. Effective implementation of strategy requires management to influence the behaviour of others in ways which will lead to accomplishment of the mission and objectives of the organisation.

(c) **Organisational culture**

As was mentioned in section 4.6.2 most models on strategic management, with special reference to the strategy formulation phase do, not include culture as an important element. However, in analysing these models (see, for example, Certo & Peter 1991; David 1993 and Wright et al., 1992) it appears that most models include organisational culture as an element of the strategy implementation phase.

David (1993:274) maintains that "strategists should strive to preserve, emphasise and build on aspects of an existing culture that support proposed strategies. Aspects of an existing culture that are antagonistic to a proposed strategy, should be identified and changed (see section 5.6). Organisational culture can therefore facilitate or hinder an organisation's strategic actions. The significance of organisational culture for implementing strategies is that it influences the behaviour of employees, directed at achieving organisational objectives.

Strategy implementation often necessitates the introduction of change to organisations. Managers may spend long periods of time on deciding on a strategy and too frequently this strategy is then announced to the organisation with the expectation that organisational members will accept and implement the strategy. Often during strategy formulation, individual values, skills and abilities needed for successful strategy implementation are not considered. David (1993:279) stresses the need to match individual abilities and aptitudes with strategy implementation tasks to be considered in strategy choice.

It is thus clear that there exist an important relationship between organisational culture and strategy implementation. Management can develop the best and most impressive strategies, but these strategies are doomed for failure when implemented in an organisation with a culture which does not support that strategy. However, even more important, is that the organisational culture should be taken in to account when a strategy is formulated.

#### **4.6.5 Strategic control**

Evaluating the performance of an organisation is an integral part of the strategic management process. According to Thomas (1988:332) strategic control is a system designed to assist managers in assessing the organisation's progress towards the accomplishment of its goals. Evaluation allows managers to determine whether strategies are meeting, exceeding or falling behind expectations. Certo and Peter (1991:163) concur by defining strategic control as a special type of organisational control that focus on monitoring and evaluating the strategic management process in order to make sure it is functioning properly.

Most researchers (see, for example, David 1993; Higgins & Vincze 1989 and Wright et al., 1992) depict the strategic control process consisting of three basic steps, namely the setting of standards, measuring of performance and comparing it with the standards and to take corrective action if performance is not in harmony with standards.

The strategic control process therefore provides feedback that is necessary for determining whether all steps of the strategic management process are functioning properly.

#### **4.7 CONCLUDING REMARKS**

Since the early seventies a new approach to management emerged, enabling an organisation to adapt to changes in the environment, namely strategic management. Various concepts such as strategy, strategic, management and strategic management were highlighted. Strategic management can fundamentally be seen as a process of formulating and implementing strategies in order to achieve the objectives of the organisation.

A historical overview of strategic management reveals the path of development since the introduction of scientific management until corporate planning was renamed strategic management. Another important aspect was emphasised, namely the different levels of strategic management. Three strategic management levels were identified: corporate, business and functional. Various characteristics of strategic management decisions were also identified.

Lastly, a brief overview was given of the strategic management process. A basic model of strategic management was developed depicting the main components of the process. According to the model, five basic components were identified: environmental analyses, internal capabilities analyses, strategy formulation, implementation and control. Special reference was given to the strategy formulation phase. In analysing the model, the important role of organisational culture was highlighted. However, it was noted that many strategic management models do not specifically include culture as part of the process. During the internal capabilities analyses, strategy formulation and implementation phases, purposeful attempts should be made to ensure that the culture of an organisation is in line with its strategy.

According to Thompson (1990:89) culture and strategic change are unquestionably linked. This special relationship between culture and strategy will further be discussed in Chapter 5.

## CHAPTER 5

### STRATEGY AND CULTURE: AN INTERACTION ANALYSIS

#### 5.1 INTRODUCTION

One of the secondary goals of this study is to investigate the link between organisational culture and strategy formulation. This chapter sets out to examine the interactive role between strategy and culture in an organisation. Weeks (1988:113) postulates that in literature the interaction of the concepts strategy and culture is scarce. This chapter will therefore attempt to provide better insight into the interaction taking place between strategy and culture.

As values constitute one of the major components of a culture, an illustration will be given of how values held by organisation members, eventually influence the strategy pursued by an organisation. A cultural perspective of corporate strategy formulation will also be highlighted according to the Boston Consulting Group Matrix. The relationship between corporate strategic portfolio management and organisational culture is demonstrated in this matrix. A contingency model of strategic cultural planning will be viewed, integrating the Boston Consulting Group Matrix, business product life-cycle and the different culture typologies. Special attention needs to be given to cultural compatibility when organisations implement growth strategies. The most common example of external growth strategies are mergers and acquisitions. Dess and Miller (1993:334) stress that a corporate merger involves not only the merging of corporations, but also a merging of culture. Various cultural implications need to be considered when mergers and acquisitions are planned.

A comprehensive theoretical foundation is provided, illustrating the interactive role between culture and strategy. Leontiades (cited in King & Cleland, 1987:518) argues that "the financial aspects of the strategy may show fantastic financial

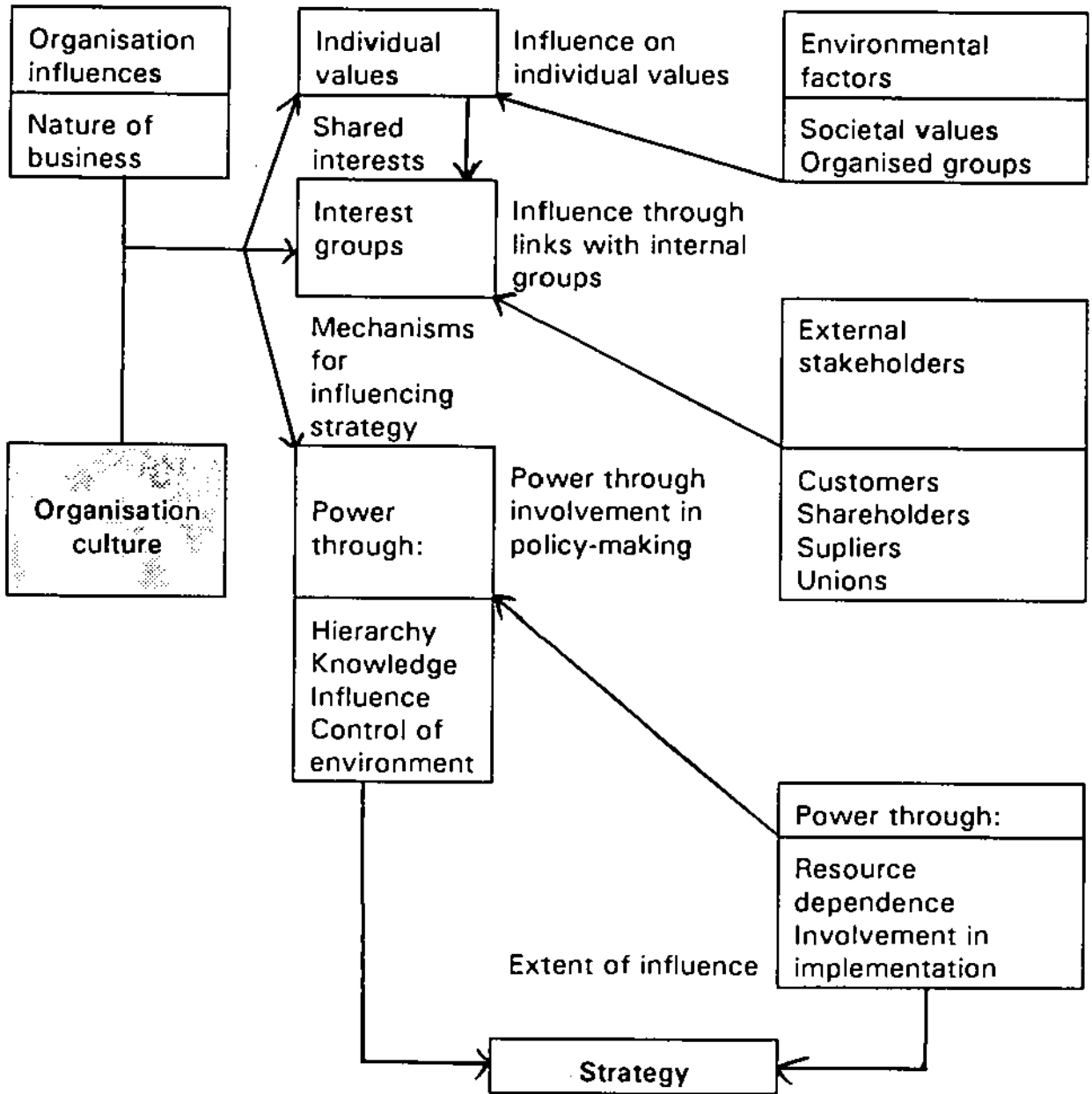
results, however, unless the people's side of management is addressed and dealt with as meticulously as the strategy itself, the personnel difficulties of making it work can render the other considerations moot". From this quote it should be clear how important it is to ensure that the organisation creates a fit between strategy and culture.

The last section in this chapter deals with the managing of culture change. Offermann and Gowing (1990:99) attest that the challenge of management is to establish a new organisational culture that reflect shared values and which will lead to congruency between strategy and culture.

## **5.2 HOW VALUES INFLUENCE ORGANISATIONAL STRATEGY**

In Chapter 2 it was stated that values are one of the major components of a culture. When analysing the interactive role of strategy and culture it is therefore important to understand how values can influence the strategy of the organisation. To understand how values of individuals can influence the strategies of the organisation, the process is broken down into various parts, as illustrated in Figure 5.1.

Figure 5.1: How values influence organisational strategy



Source: Johnson and Scholes (1984:117)

Organisations consist of a large number of individuals who represent a variety of individual values. These values of individuals are also influenced by the nature of the organisation. In addition, the attitudes of individuals are also influenced by the culture of the organisation. Individuals in an organisation share a variety of interests and values with others within the organisation.

Outside stakeholders such as shareholders, customers and unions can also influence the value system within the organisation.

According to Palazzolo (1981:85) values in an organisation form a system of social morality which place constraints upon the behaviour of individuals. Thompson (1990:69) agrees by stating that strategy in an organisation can only be analysed and understood if one appreciates the basic culture and values of an organisation. Therefore the values held by organisational members will influence the strategies pursued by an organisation. The following section will view strategy formulation from a cultural perspective.

### **5.3 CORPORATE STRATEGY FORMULATION: A CULTURAL PERSPECTIVE**

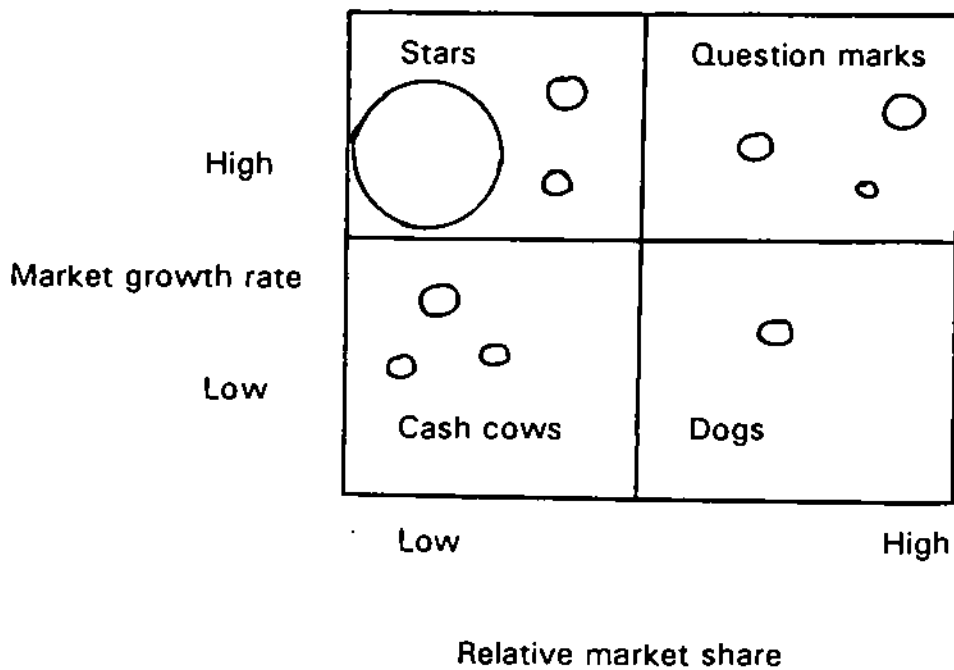
Howe (cited in Weeks, 1988:129) maintains that the Boston Consulting Group Matrix is one of the most widely accepted basis for corporate strategy formulation. This view is shared by various authors (see, for example, Certo & Peter 1991; Pearce & Robinson 1991 and Sharplin 1985). The Boston Consulting Group Matrix ideally serves the purpose of demonstrating the relationship between corporate strategic portfolio management and organisational culture.

The Boston Consulting Group Matrix is illustrated in Figure 5.2. According to Godet (1987:133) the vertical axis indicates the market growth rate and the horizontal axis the market share dominance or relative market share. The strategic business units of the organisation are plotted on the matrix in terms of its relative market growth rates and competitive positions. The size of each circle is proportional to the sales revenue of the respective business (Sharplin, 1985:62).

In analysing the matrix the strategic business units within the four cells are usually referred to as question marks, stars, cash cows and dogs - moving counter clockwise through the matrix, beginning as question marks and ending as dogs

(Ansoff & McDonnell, 1990:67). Each business plotted on the matrix have certain strategic implications when formulating a corporate strategy.

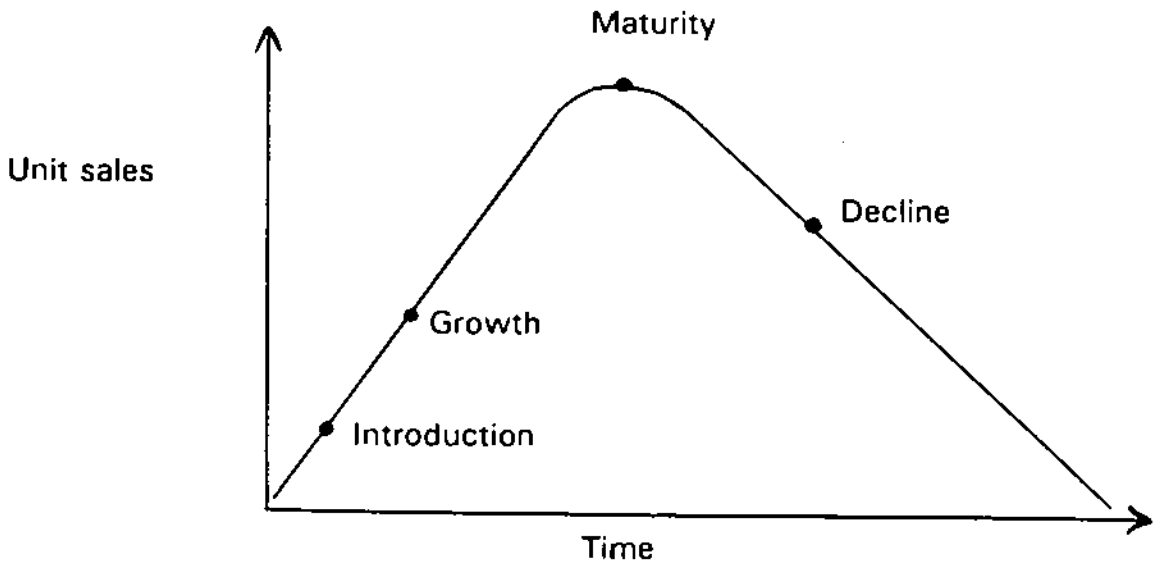
Figure 5.2: The Boston Consulting Group matrix



Source: Certo and Peter (1991:104)

Deshpandé and Parasuraman (1986:30) advocate that this movement through the matrix provides a conceptual link with the business-product life-cycle model as depicted in Figure 5.3

Figure 5.3: The business-product life-cycle



Source: Robinson (1986:75)

According to Deshpandé and Parasuraman (1986:30) there is a direct correlation between the organisational culture and both the business-product life-cycle and the Boston Consulting Group Matrix. This correlation is illustrated in the contingency model of strategic cultural planning (Figure 5.4).

Figure 5.4: The contingency model of strategic cultural planning

Market growth rate	High	Bet your company Stars Growth	Tough guy/macho Question marks Introduction
	Low	Work hard - play hard Cash cows Maturity	Process Dogs Decline
		High	Low
		Relative market share	

Source: Deshpandé and Parasuraman (1986:33)

With reference to the organisational culture typologies, illustrated in Figure 5.4, also refer to section 3.7.2. Increased emphasis is placed on the need for acquiring alignment between the culture of the organisation and its corporate portfolio strategy. The contingency model of strategic cultural planning suggests that special attention needs to be given to cultural compatibility when organisations implement corporate growth strategies.

Deshpandé and Parasuraman (1986:36) allege that organisations should only acquire business units that are compatible with its own core values. Each organisation needs to develop a keen awareness of its own culture. Weeks (1988:136) contend that where business units function within a dominant corporate culture, the central values of the organisation will be a major determinant in the selection of suitable strategies involving mergers and acquisitions. Originally the selection of corporate portfolio strategies were based on financial and strategic implications, while the cultural aspects was ignored in the selection of appropriate strategies. The supplementing of a cultural perspective leads to a more balanced system of strategy formulation.

The importance attributed to acquisitions and mergers as part of an organisation's strategic portfolio management will be discussed in the subsequent section.

#### **5.4 ACQUISITIONS AND MERGERS: CULTURAL IMPLICATIONS**

Contemporary organisations operate in a dynamic business environment. In order to survive, the organisation must formulate and implement a strategy that provides for organisational growth and that is responsive to environmental changes.

According to Hunger and Wheelen (1993:182) the most common examples of external growth strategies are mergers and acquisitions. Sharplin (1985:62) views a merger as the combination of a two or more business units, while an acquisition is viewed as the purchase of one organisation or subunit by another. According to

Kotler (1988:48) these mergers and acquisitions can be achieved through vertical and horizontal integration and conglomerate and concentric diversification. In depth discussion of these typologies, however, falls outside the scope of this study.

Traditionally, mergers and acquisitions were based on financial and technical considerations. This is contended by Jauch and Glueck (1988:253) who assert that although some literature might give the impression that merging is primarily a financial question, more evidence is arising that human factors are also essential to a merger's success.

Before implementing a growth strategy, based on mergers and acquisitions, it is necessary to establish whether there are irreconcilable mismatches between the prospective business unit's culture and that of the organisation's own core beliefs and values. Purposeful attempts have to be made to access the culture of the acquired business units, in order to establish major cultural gaps before implementing a strategy. Weeks (1988:139) postulates that failure to successfully integrate the disparate cultures of the merging strategic business units, often lead to a "culture shock" for the concerned units.

It should be clear that the cultural dimensions of an organisation can no longer be ignored in the formulation and implementation of strategies. The interactive role between culture and strategy will be analysed in more detail in the following section.

## **5.5 THE IMPACT OF CULTURE ON STRATEGY**

In Chapter four some important cultural implications within a strategic management perspective were identified. The interactive role between strategy and culture was further highlighted by the McKinsey 7-S framework (see Figure 4.4). According to this framework seven variables, namely organisational structure, systems, strategy, shared values, skills, staff and style need to be aligned in order to achieve synergy

within the organisation. Strategy and culture are therefore interacting concepts. This section attempts to provide a more comprehensive theoretical foundation for the interactive role between culture and strategy.

Wilkins (cited in Morgan, 1993:110) advocates that "although an organisation's culture may be taken for granted when it is in harmony with a company's business, changes that do not take culture in to account are fraught with peril". De Lisi (1990:84) concur by stating that societal values are a fundamental driving force, influencing everything in the organisation. From these two statements it should be clear what the important relationship is between strategy and culture.

Schriavastava (1985:105) alleges that various stages of strategic decision-making are directly or indirectly shaped by the culture of an organisation. By influencing strategic decision processes, organisational cultures also indirectly influence the content of strategies. The influence of culture on strategic decision processes, is illustrated in Figure 5.5.

Figure 5.5: Influence of culture on strategic decisions

Myths and sagas	Problem formulation	Misidentification of problem Simplification of problem
Language systems Metaphors	Generation of alternatives	Constrained set of alternatives Promote technical understanding
Symbolism Rituals Ceremonies	Consensual undertaking	Misunderstanding Convey complex meanings Stifle innovation
Value systems	Strategic choices	Moderate economic choices Shape moral/social commitments

Source: Schriavastava (1985:106)

Although organisational cultures are conceptually elusive, it has important influences on corporate strategy. Personal values (as depicted in Figure 5.5) of top management involved in strategy formulation can influence corporate strategies. Managers must therefore foster the development of cultural processes that support strategic decision-making. The challenge facing managers in charge of strategy making, is to examine cultural manifestations in an organisation and its impact on strategy.

Wright, *et al.*, (1992:189) is of the opinion that organisational culture can facilitate or hinder an organisation's strategic actions. Any changes in strategy should be accompanied by corresponding changes in organisational culture, otherwise the strategy is likely to fail. Montanari, *et al.*, (1990:233) contend that a strategy is most likely to succeed when there is cultural alignment - that is when the right strategy is aligned with a supportative culture. Alignment can result from changes in strategy, culture or both.

David (1993:237) also argues that it is beneficial to view strategic management from a cultural perspective, because success often depends on the degree of support that strategies receive from an organisation's culture. Thompson and Strickland (1992:254) agree that it is the strategy formulator's responsibility to select a strategy compatible with the prevailing organisational culture and that it is the strategy implementer's task, once a strategy is chosen, to bring organisational culture in to close alignment with the strategy. A diagnosis has to be made of which aspects of the present culture are strategy-supportive and which are not. Normally, managerial actions taken to tighten the culture-strategy fit are both symbolic and substantive.

The first step to harmonise the culture with the strategic plan is to be consciously alert to shape organisation's habits and values to fit the needs of the strategy. The second step is to exploit available opportunities to make changes that improve the alignment of culture and strategy. The third step is to ensure that the actions and decisions of subordinates and managers are in line with the purposeful creation of

the desired culture. Step four is to proactively build and nurture the organisation's psychological and attitudinal commitment to strategy in order to produce a temperamental fit between culture and strategy.

Implanting the needed culture-building values and behaviour depends on the sincere, sustained and committed effort of top management. Pierce and Robinson (1991:348) provides in Figure 5.6 a framework for managing the strategy-culture relationship.

**Figure 5.6: Framework for managing the strategy-culture relationship**

		1	4
Necessary changes in key organisational factors to implement new strategy	Many	Link changes to basic mission and organisational norms	Reformulate strategy or prepare for longterm change
	Few	2 Synergistic focus on reinforcing culture	3 Managing around the culture
		High	Low
Potential compatability of changes with existing culture			

Source: Pierce and Robinson (1991:348)

According to this framework an organisation is faced with four basic situations in managing the strategy-culture relationship, namely to link all changes to the mission or norms of the organisation, to reinforce the current culture, to manage around the culture or to reformulate the strategy.

Schein (cited in David, 1993:275) indicates that there are various elements available to management in linking culture to strategy (see Table 5.1)

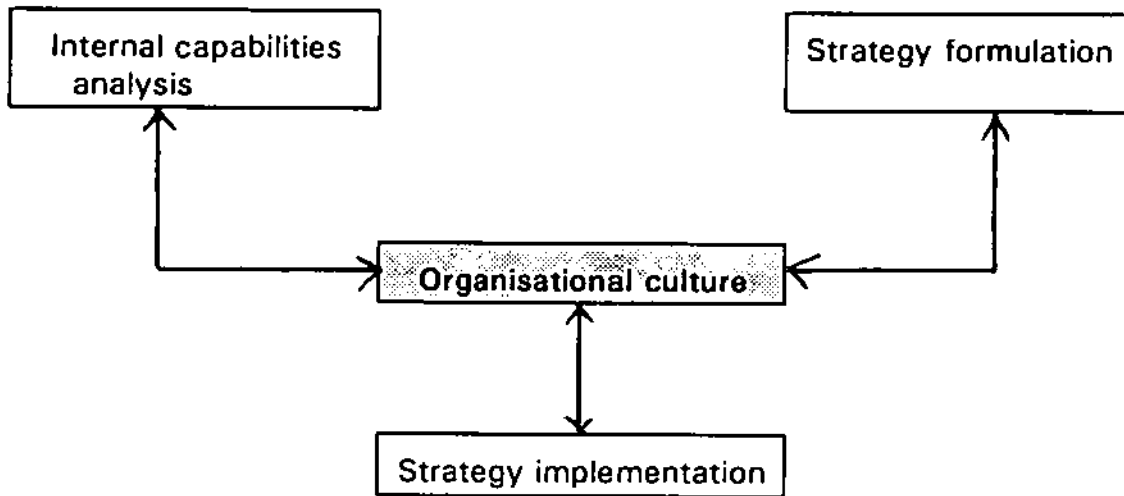
**Table 5.1: Elements to link culture to strategy**

1.	Formal statements of organisational philosophy, materials used for recruitment, selection and socialisation.
2.	Designing of physical spaces, facades and buildings.
3.	Role modelling, teaching and coaching by leaders.
4.	Reward and status systems, promotion criteria.
5.	Stories, legends, myths and parables about key people and events.
6.	What leaders pay attention to, measure and control.
7.	Leader reactions to critical incidents and crisis.
8.	How the organisation is designed and structured.
9.	Organisational systems and procedures.
10.	Criteria used for recruitment, selection, promotion and recruitment.

All the above mentioned elements can be purposeful attempts from management's side to link the culture of the organisation to the proposed strategy. All strategic actions and decisions should incorporate all the elements that could possibly link the culture of an organisation to its strategies.

As was briefly noted in Chapter four, there are particular concrete and conceptual links between culture and strategy (refer to strategic management model, Figure 4.2). When analysing the model, organisational culture form part of the internal capabilities analyses, strategy formulation and implementation phases. When the strengths and weaknesses of the organisation are determine, special attention need to be paid to the nature and extend of an organisation's culture. Also during strategy formulation and implementation, the cultural compatibility of the organisation need to be considered.

**Figure 5.7: The central role of organisational culture in strategic management**



In analysing the literature (see, for example, Kono 1990; Morgan 1993; Schrivastava 1985 and Thompson & Strickland 1992) it is evident that no attempt was made to investigate specific culture types and their relationship with internal capabilities analyses, strategy formulation and implementation. In the empirical research that follows, the relationship between four organisational cultural types and strategy formulation, will be investigated.

From Figure 5.7 it should be clear that organisational culture plays a central role in the strategic management process. Organisational culture will therefore also be important to implement strategic change. The managing of cultural change to achieve congruency between strategy and culture, will be covered in the subsequent section.

## 5.6 THE MANAGEMENT OF CULTURAL CHANGE

Most researchers (see, for example, Basil & Cook 1974; Burack 1991; Dunford 1992 and Manning 1992) attest to the fact that organisational culture is both complex and difficult to change. Egan (1985:287) concurs that "facilitating changes in the culture of individuals and systems is a long, arduous process and that some ideal forms of cultural change are still beyond the capacity of human beings".

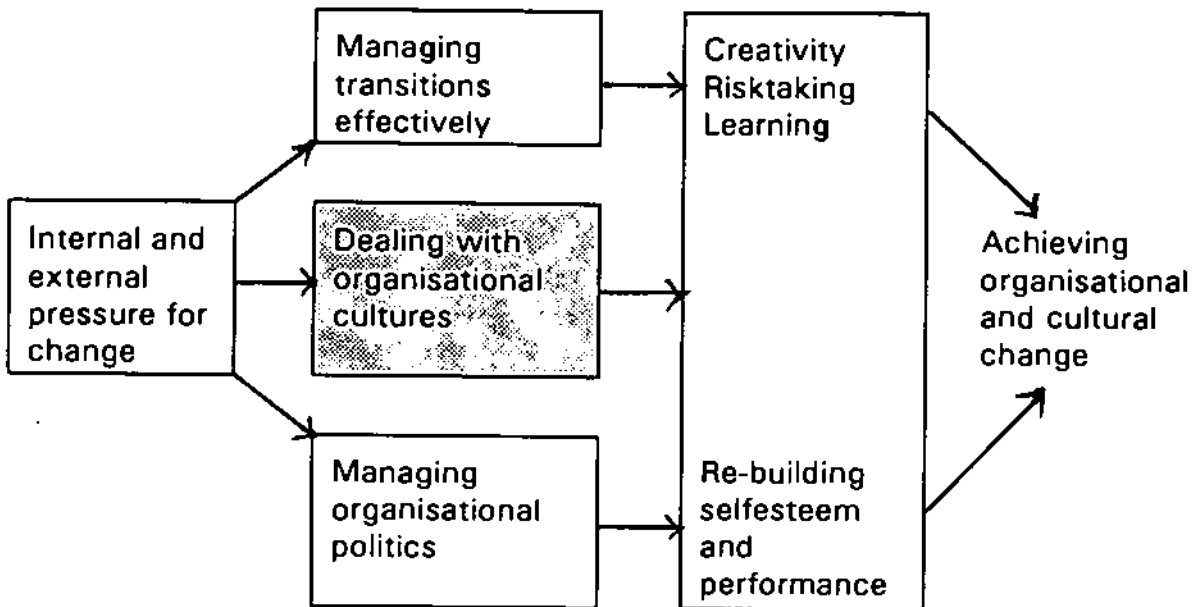
Despite this notion that organisational culture is complex and difficult to change, Human & Horwitz (1992:8) and O'Toole (cited in Haskins & Mitchell, 1989:28) contend that a truly successful culture is one that institutionalise change. Cultural changes are normally triggered by a need to cope with changes in the organisation's internal and external environmental context.

Deal and Kennedy (cited in Trice & Beyer, 1993:395) define culture change as a real change in the behaviour of people through out the organisation, so that it reflects a new pattern of values, norms and expectations. Taylor and Sparks (1977:292) agree that management should adopt a philosophy of change and that radical re-orientation in management style is sometimes necessary.

Most researchers (see, for example, Kono 1990; Schein 1990 and Thomas 1988) contends that introducing cultural change is a three-step process. The first step, known as unfreezing, refers to efforts to make a person or organisation willing to change. Change, the second stage, involves selection of techniques to implement the change. Refreezing involves reinforcing and supporting the change so that it becomes a relatively permanent part of organisational behaviour.

Figure 5.8 illustrates an integrated approach to the management of strategic and cultural changes.

**Figure 5.8: Management of changes**



Source: Adapted from Carnall (1989:136)

As depicted in Figure 5.8, the key point is that only by co-ordinating the management of transition, dealing with organisational cultures and handling organisational politics, can an environment be created which is conducive for organisational and culture change.

Most literature (see, for example, Dess & Miller 1993; Johnson 1992 and Sharplin 1985) on organisational culture, concur that it is difficult to change the culture of an organisation, because any culture is deeply rooted in beliefs and values that members have internalised. The question which arises is what is the best manner to change the culture of an organisation.

Rue and Holland (1986:444) proposed a matrix for evaluating the risk associated with attempting to implement a new strategy within the existing culture (see Figure 5.9). A planned change resulting from a new strategy is positioned on the matrix with regards to its compatibility with the existing culture and its importance to the strategy. According to the matrix any proposed change that shows up higher in strategic importance than cultural compatibility, is seen as an unacceptable level of risk (the shaded areas on the matrix).

Figure 5.9: Cultural risk matrix

Importance of strategy	High			
	Medium			
	Low			
		High	Medium	Low

Compatability with existing patterns of behaviour

Source: Rue and Holland (1986:444)

Management should therefore attempt to use less risky efforts, evaluate the proposed strategy or as a last resort change the culture. The most appropriate time to make changes in people's value system is when these people are new to the organisation.

In Table 5.2 some general guidelines are provided for bringing about significant changes in an organisational culture.

Table 5.2: Guidelines for organisational cultural change

1.	Conceptual understanding of existing organisational culture.
2.	Sweeping changes and head-on confrontations with embedded values should be avoided.
3.	Consider modifying as many of McKinsey's 7-S elements.
4.	Do not rely on vision statements alone to implement changes - "live the new culture".
5.	Persevere - the culture process is long.

Source: Dess and Miller (1993:334)

## 5.7 CONCLUDING REMARKS

Chapter Three and Four dealt with culture and strategy respectively. Chapter Five attempted to integrate the two concepts within a cultural context, due to a lack of literature.

As a basic point of departure, it was illustrated by means of a model, how the values of individuals, influence the strategies pursued by an organisation. Peters and Waterman (1982:280) assert that clarity on the value system (which constitute the major part of an organisation's culture) is essential for excellence, however not all organisations have the right sort of values. Management must therefore ensure that the value system of the organisation is conceptually understood, as these values have a direct influence on the strategies pursued by the organisation.

Corporate strategy formulation was analysed from a cultural perspective, according to the Boston Consulting Group Matrix. This matrix is a rational and analytical approach guided primarily by market opportunities and trends. A contingency model of strategic culture planning, developed by Deshpandé and Parasuraman (1986:33), was analysed to explain the compatibility between culture and strategy. Strategic integration of cultural concepts into action responses to environmental changes is therefore necessary. In order for organisations to survive in a dynamic and changing environment, it is necessary to adopt strategies which eventually will lead to organisational growth. Mergers and acquisitions should not only be seen as the purchase or combination of organisations, but also as the merging of different cultures. Cultural implications could therefore no longer be ignored.

A thorough analysis was provided to illustrate the impact of culture on strategy. Although many researchers (see, for example, Fombrum 1983; Morgan 1993 and Pierce & Robinson 1991) indicate strong relationships between strategy and culture, Montanari *et al.*, (1990:232) alleges that culture by itself cannot assure success. Purposeful attempts should be undertaken to ensure that alignment of both strategy and culture takes place. If however the organisational culture need

to be changed, management is faced with the toughest management challenge (Manning, 1992:32). Useful guidelines were provided to assist management in the cultural change process.

In Chapter 6 the scope and methodology of the empirical research will be outlined.

## **CHAPTER 6**

### **THE EMPIRICAL RESEARCH: SCOPE AND METHODOLOGY**

#### **6.1 INTRODUCTION**

Erwee (1986:A2) defines research as "seeking through methodical processes to add to one's own body of knowledge and, hopefully, to that of others, by the discovery of non-trivial facts and insights". Zikmund (1994:7) agrees by emphasising that the reason for conducting research is to develop and evaluate concepts and theories (basic research). A properly planned research project should facilitate the achievement of research objectives. In order to ensure that the data obtained are relevant and reliable, a carefully planned research design is to be developed.

In this chapter the manner in which the research project was planned and executed will be outlined. The first aspect to be highlighted is the sample design, covering aspects such as the determination of the population, sample, sample size and sampling technique. The second aspect deals with the survey design, covering aspects such as questionnaire design, pilot study and data collection and data processing procedures.

As a mail survey was used in this study, it is also important to pay attention to low response rates associated with mail surveys and how to deal with this problem.

#### **6.2 THE RESEARCH DESIGN**

According to Chadwick, Bahr and Albrecht (1984:26) a research design consists of the preparation of a plan whereby verifiable knowledge about the research problem is obtained. Labovitz and Hogedorn (1981:42) view the research design as a set of logical procedures which designate the manner in which individuals or

other units are compared and analysed. It is the basis for making interpretations from the data gathered.

The development of an effective research design can therefore be seen as the basic plan which guides the data collection and analysis phases of the research project. It is important that the research design will ensure that the information gathered is consistent with the study objectives and that the data is collected by economical and accurate procedures (Erwee, 1986:D1).

The three major functions of research designs can be summarised as follows:

- \* It provides the researcher with a blue print for addressing research topics.
- \* It dictates boundaries of research activities.
- \* It enables the researcher to anticipate potential problems in the implementation of the study.

Aspects that will be discussed in this section, include sample and survey design and data collection and processing procedures. The analyses and interpretation of results will be covered in Chapter 7.

### 6.2.1 The design of the sample

Sampling is most frequently used in survey studies. McNeill (1990:36) stresses the important role of sampling in the research process. Luck and Rubin (cited in Struwig, 1991:158) concur by stating that research conclusions and implications are usually based on sampling procedures.

It is therefore crucial for researchers to understand the rationale behind sampling, thus ensuring that research results are reliable and valid. Various aspects of sample design such as the population, sample, sample size and sampling technique will be dealt with in the following paragraphs.

(a) **Defining the population**

Saslow (1982:410) defines a population as "the entire set of subjects about which the researcher wants information". Labovitz and Hagedorn (1981:57) stress the crucial role of defining the population clearly, because it makes the selection of representative samples more probable. Cost and time restrictions make it virtually impossible to study an entire population or universe. The researcher, however, as a starting point, needs to define the aggregate of all the elements about which information is sought.

Dillon, Madden and Firtle (1990:267) highlights three assumptions about defining target populations:

- \* The target population must be consistent with the objectives of the study.
- \* Any other qualities that respondents should possess in order to be included in the sample must be clearly specified.
- \* All decision rules for inclusion and exclusion of respondents from the survey must be mentioned.

For the purpose of this study the target population is chosen from South African organisations. Private and public companies and close corporations employing more than 100 employees were included in the population. It can be argued that organisations employing more than 100 employees are larger in scope and operation, and will more likely implement strategic management.

**(b) Defining the sample**

Sampling is the selection of a fraction of the total amount of units of interest, for the ultimate purpose of being able to draw general conclusions about the entire body of units (Parasuraman, 1991:474). Sampling is thus the process of drawing elements from the larger population or universe.

Smit (1983:178) identify two primary objectives with regard to sampling, namely:

- \* to make certain deductions and generalisations about the population and
- \* to test statistical hypotheses about the population as true or false.

It is important that researchers ensure that the sample which had been drawn, comply with certain requirements. The ultimate test of a sample design is how well it represents the characteristics of the population it intends to represent. Good sampling is characterised by validity, accuracy and precision (Emory & Cooper, 1991:243), reliability (Zikmund, 1994:356) and random and representativeness (Smit, 1983:178).

Another aspect which needs to be highlighted is that of a sampling frame. According to Bailey (1982:85) a sampling frame refers to the complete list of all units from which the sample is drawn.

The sample was randomly drawn by Matrix Marketing. Clear instructions were given on how the sample should be drawn. It would be impractical to include all organisations in South Africa. Choosing a proper sampling frame is thus necessary. For the purpose of this study it was decided to include the organisations from the following categories (activities) in the sample frame:

- \* Manufacturing
- \* Electricity
- \* Construction
- \* Trade
- \* Transport
- \* Other (activities not listed)

(c) **Sample size**

How large a sample should be is a function of the variation in the population parameters under study and the estimating precision needed by the researcher (Emory & Cooper, 1991:248).

According to Parasuraman (1991:495) the only way to predict a parameter value from sample data is to determine an estimate in the form of a confidence interval, usually the 95% confidence interval. Alreck and Settle (1985:93) alleges that these confidence levels are of little value to experienced researchers, because the calculations require fairly accurate estimates of population variance, which is seldom known in advance. Nelson (1982:354) concur by identifying three major factors associated with key variables of interest in research: desired precision, population variability and desired confidence coefficient.

Churchill (1988:467) and Dillon et al., (1990:279) both indicate appropriate sample sizes used for human and institutional populations, as well as for marketing research. According to Churchill (1988:467) the appropriate sample size of a national survey of institutions where many sub-group analyses are necessary, would be 1000+. Dillon et al., (1990:279) suggest that the typical size of a national probability marketing study should be 1000 - 1500.

Due to factors such as cost, time and low response rates, a sample of 3000 (1000 x 3) was chosen and it was decided not to do a follow-up study.

(d) **Sampling technique**

In analysing research literature (see, for example, Baker 1988; McCall 1994 and Saslow 1982) the two overarching designs that describe sampling procedures are probability and non-probability sampling each with various approaches.

For the purpose of this study a probability sampling procedure, namely a proportional stratified random sample was drawn. According to Bailey (1982:95) a stratified sample is obtained by dividing the population into non-overlapping groups, called strata, and then selecting a simple random sample from each stratum. The sample size of each stratum is given by the proportion of the population that falls in that stratum. Therefore the sample will have specified characteristics in exact proportion to the way in which those characteristics are distributed in the population.

Erwee (1986:F9) suggests the following primary advantages associated with proportional stratified random sampling:

- \* It enhances the representativeness of the sample in relation to the population for some characteristics.
- \* It is usually a better estimate of some of the true population characteristics.
- \* The sampling error is reduced.
- \* It eliminates the necessity of having to weight the elements according to their original distribution in the population.

A proportionate stratified random sample of 3000 organisations were drawn.

Table 6.1 depict the forms of enterprise of organisations in the sample.

Only four percent of the respondents did not indicate the form of enterprise and two percent indicated other forms of enterprise.

**Table 6.1: Forms of enterprise of the sample**

FORMS OF ENTERPRISE	NUMBER OF ORGANISATIONS	% of Total	% Return
Public Companies	490	16	4
Private Companies	2212	74	27
Close Corporations	298	10	63
<b>TOTAL</b>	<b>3000</b>	<b>100</b>	<b>94</b>

The survey design will be discussed in the following section.

### 6.2.2 Survey design

To survey is to question persons and to record their responses for analysis (Emory & Cooper, 1991:318). Baker (1988:165) views survey research as a method of collecting primary data in which a specially defined group of individuals are asked to answer a number of identical questions.

According to Saslow (1982:13) a survey study is a large scale observational study done on a group of humans. The instrument of observation is usually a questionnaire or structured interview.

Considering the size of the sample and resulting cost and time implications, a mail survey was best suited for this study. Nelson (1982:102) postulates that mail surveys are a fairly simple data collecting technique and is not very time consuming. The possibility of interview bias is also eliminated. Mail surveys are, however, not without disadvantages. Low response rates are the most serious problem regarding mail surveys (Dillon *et al.*, (1990:182).

#### (a) Questionnaire design

According to Parasuraman (1991:363) a questionnaire is simply a set of questions designed to generate the data necessary for accomplishing research objectives.

Although designing questionnaires may appear to be simple, there are no rules that can ensure a flawless questionnaire. Table 6.2 provides the basic steps in questionnaire design.

**Table 6.2: Steps in questionnaire design**

NO.	DESCRIPTION OF STEP
1	Decide on question content
2	Decide on questioning approach
3	Decide on response format
4	Decide on question wording
5	Decide on question sequence
6	Decide on physical characteristics
7	Pretest, revision and final draft

Source: Erwee (1986:E6)

The content and format of the questionnaire will be briefly dealt with in the following paragraphs.

\* **Questionnaire content**

The main aim of the study is to achieve the objectives, as set out in paragraph 1.3. The questionnaire should therefore collect the data necessary to achieve the research objectives.

The questionnaire was divided into three sections. Section A of the questionnaire consists of questions investigating the type of organisational culture that exist in each organisation. Section B of the questionnaire scrutinised the way in which strategies are being formulated in South African organisations. Section C of the questionnaire attempts to provide the classification data of respondents.

- **Questionnaire format**

According to Zikmund (1994:324) there are two basic types of survey questions: open-ended response questions (unstructured questionnaire) and close-ended questions (structured questionnaire).

In this study only close-ended questions were used. According to Bailey (1982:123) fixed-alternative questions offer the following advantages: the answers are standard and can be compared, answers are easier to code and analyse, respondents are often clearer about the meaning of the question and the answers are relatively more complete.

According to McCall (1994:9) a scale of measurement is the ordered set of possible numbers that may be obtained by the measurement process. Sections A and B of the questionnaire contained an ordinal scale of measurement. Nelson (1982:240) refers to an ordinal scale as a scale which reflects only magnitude and does not possess the characteristics of equal intervals or an absolute zero point. The type of ordinal scale used in Section A of the questionnaire, was forced ranking, where respondents were asked to rank four statements (reflecting four culture types) in order of importance/preference. The type of ordinal scale used in Section B of the questionnaire was a 7-point Likert-type scale, which involves a series of statements related to the attitude in question (strategy formulation). Respondents were asked to rate their attitude towards various aspects of strategy formulation on a 7-point scale, ranging from strongly agree to strongly disagree. Section C of the questionnaire contained a nominal scale of measurement. According to Smit (1983:208) a nominal scale assigned numeric values in order to divide the data in certain categories. Respondents were asked to provide some biographical data of their organisations. Question six of the questionnaire was the only open-ended question, investigating the designation of the respondent.

Table 6.3 illustrates the content and response format of the questionnaire.

**Table 6.3: Questionnaire content and format**

SCALE OF MEASUREMENT	TYPE	CONCEPT EMPHASISED	QUESTION NUMBER
<b>SECTION A</b>			
Ordinal	Forced ranking	Types of organisational culture	1 - 15
<b>SECTION B</b>			
Ordinal	7-point type Likert scale	Planning of strategies	14,15,16,17 19
		Mission formulation	4,5,8,12,13, 18
		Policy formulation	9,10,11, 20
		Defining the business	1,2,3,6,7
<b>SECTION C</b>			
Nominal		Main activity	1
		Form of enterprise	2
		Employment size	3
		Annual gross income	4
		Type of environment	5
	Open-ended question	Designation of respondent	6

Parasuraman (1991:396) is of the opinion that even the most experienced questionnaire designer may make mistakes that can only be detected through an external evaluation. It was therefore decided to conduct a pilot study.

#### (b) Pilot study

Saslow (1982:87) views a pilot study as a small scale research project that is not expected to provide any final conclusions. The main aim is to identify any possible flaws/mistakes. Questionnaires were given to 10 organisations in Port Elizabeth. After processing and analysing the data from the questionnaires, it was further

refined and some minor changes were made to the questionnaire. The questionnaire was ready to be used in the actual data collection procedure.

**(c) Collection of data**

An important aspect to take note of when administering questionnaires is the possibility of low response rates (McNeill, 1990:40).

The following measures were implemented to help solve the problem of low response rates:

- \* The questionnaire was pretested during a pilot study to facilitate its acceptability.
- \* The issues of anonymity and confidentiality were also ensured.
- \* Covering letters were personally signed by the researcher to make it less impersonal (see Appendix B).
- \* Reply-paid envelopes were included with the questionnaires.
- \* Questionnaires were printed in blue and in a smaller format in order to make it appear more attractive and easier to complete.
- \* Postage of questionnaires was done after month-end (5 May).
- \* Results of the study will be available to interested respondents on request.

Three thousand (3000) covering letters, questionnaires and return-paid envelopes were posted on 5 May 1994 to 490 public companies, 2212 private companies and 298 close corporations. As was explained in Section 6.2.1 (c) only one mailing was done (no follow-up).

**(d) Data processing**

After the data has been collected, it must be put into a form which will enable it to be analysed (Baker, 1988:107). Various aspects such as inspection, editing,

coding and transferring of data are being dealt with during the data processing procedure.

Once a questionnaire was received from a respondent, it was inspected to determine its acceptability. Each questionnaire was given a reference number (Q1-Q188) and the receipt date was also noted. From the 201 responses, 13 questionnaires were regarded as unusable and were not analysed. A summary of the return of questionnaires is given in Table 6.4.

**Table 6.4: Return of questionnaires**

	NUMBER OF QUESTIONNAIRES POSTED	NUMBER RECEIVED	%
Usable questionnaires	3000	188	94
Non-response:			
Incorrect		8	4,0
Reasons		5	2,0
Total response	3000	201	6,7
Total usable response		188	6,27

As indicated in Table 6.4 the response rate of this survey is 6,70% (201 organisations from the possible 3000 included in the sample). The effective response rate (usable questionnaires) is 6,27% (188 responses from a possible 3000). Although measures were taken, dealing with the problem of low response rates (refer to Section 6.2.2 (c)), it appears that the response rate is still low. The aspect of a low response rate will further be discussed in Chapter 8.

During the editing process all questionnaires were scrutinised for any inconsistencies, legibility and completeness. The coding of questionnaires was done by the researcher. The coding procedure was fairly easy, due to the fact that forced ranking (1 - 4) and a 7-point Likert-type scale were used (close-ended questions). Only one open-ended question was asked (designation of the respondent). Unanswered and ambiguous answers were coded "0".

The data was transferred on to a database in the Quattro Pro V4.0 computer programme. All data was transferred by the researcher, ensuring consistency and accuracy. Once the data was transferred, random spot checks were done to ensure that data was transferred correctly. A statistical computer package for social sciences (SPSS-PC) was used to process the results. The data was ready for statistical analyses.

### **6.3 CONCLUDING REMARKS**

In order to achieve the objectives of this study a research design was developed to obtain knowledge about the research problem.

The first aspect covered in the research design was the design of the sample. A proportional stratified random sample of 3000 was drawn by Matrix Marketing. Research conclusions and implications are normally based on sampling procedures. Researchers should therefore ensure that a scientific and representative sample has been drawn.

The second aspect dealt with in the research design is the survey design. During a survey, primary data is being collected. In order to obtain the necessary data a mail survey was used, by means of administering a questionnaire. Various aspects of questionnaire design such as content and response format were highlighted. To eliminate possible flaws or mistakes in the questionnaire, a pilot study was conducted. The collection and processing of data were also discussed. It was indicated that a distinct disadvantage of mail surveys is low response rates. Despite the fact that various measures were taken to ensure a higher response rate, a response rate of 6,70% was achieved.

In Chapter Seven the presentation and interpretation of research results will be viewed.

## CHAPTER 7

### DATA ANALYSIS: PRESENTATION AND INTERPRETATION

#### 7.1 INTRODUCTION

Chapter 7 describes the statistical procedures used to empirically assess the relationship between organisational culture and strategy formulation.

Boyd, Westfall and Stasch (1985:469) view data analysis as the summary and manipulation of facts and figures to yield information in such a form that will solve the research problem. This information should lead to conclusions, recommendations and decisions.

A set of statistical tools were used to analyse the data collected. As a starting point, the validity and reliability of the measures used in the study will be determined. In order to provide an overview of the results, a preliminary data analysis will be executed. Parasuraman (1991:625) states that the main aim of a preliminary data analysis is to reveal characteristics of the basic composition of the data that has been collected. To summarise the results, frequency distributions and other descriptive statistics will be used.

The data obtained for this study, has been collected by means of a questionnaire, consisting of different variables. The relationship between these variables will be established by means of a factor analysis and multivariate analysis procedures.

No reference will be made to any implications or recommendations. These aspects will be covered in Chapter 8.

## 7.2 THE VALIDITY AND RELIABILITY OF THE MEASURES USED IN THE STUDY

Reliability refers to whether the measurement procedures assign the same value to a characteristic each time it is measured, while validity is concerned with whether the research actually measures what it intends to (McCall, 1994:289).

In order to establish the reliability of the measures used in this study, Cronbach's alpha was used in this study. This method indicates the internal consistency of the measures used. According to Bryman and Cramer (1990:71) the results of Cronbach's alpha should be above 0,8 to indicate internally-reliable measures of the variables.

The alpha's obtained for Section B of the questionnaire (20 questions), are presented in Table 7.1 (see Appendix A for a copy of the questionnaire).

Table 7.1: Internal reliability (Cronbach's alpha) for Section B of the questionnaire

Question Number	Alpha
QB1	0,9046
QB2	0,9060
QB3	0,9048
QB4	0,9040
QB5	0,8999
QB6	0,9029
QB7	0,9056
QB8	0,9018
QB9	0,9078
QB10	0,9054
QB11	0,9034
QB12	0,9018
QB13	0,9003
QB14	0,9059

Question Number	Alpha
QB15	0,9014
QB16	0,9030
QB17	0,9037
QB18	0,9016
QB19	0,9006
QB20	0,9027
Overall	0,9078

The overall reliability coefficients of Cronbach's alpha for Section B of the questionnaire is 0,9078. The value of 0,9078 indicates that the measures are internally reliable (Cronbach's alpha > 0,8).

External reliability is tested when the degree of consistency over time is measured and involves a re-test of the same sample. As it is not the objective of this study to develop a measurement instrument, this aspect was not calculated.

The face validity of measures were ensured both by means of consulting secondary sources to incorporate theoretical aspects and a pretest of the questionnaire.

Based on a literature study and a pretest it is believed that the measures used in the questionnaire demonstrates face validity. The measurement instrument used in Section B of the questionnaire could therefore be regarded as being valid and reliable.

### 7.3 PRELIMINARY DATA ANALYSIS

Parasuraman (1991:625) postulates that a researcher should first get a feeling for what the data are like, before using sophisticated techniques. The preliminary data analysis may also provide useful insights pertaining to research objectives and

suggest meaningful approaches for further analysis of the data. A method for summarising results is to arrange them in a frequency distribution and make use of descriptive statistics.

According to Chadwick *et al.*, (1984:358) a frequency distribution is simply a list of all the possible categories of each variable, showing the number of respondents in each category. Descriptive analysis refers to the transformation of the raw data into a form that will make them easy to understand and interpret. The most common descriptive statistics are those that provide the researcher with measures of central tendency and measures of variability (Dillon *et al.*, (1990:458).

The descriptive statistics for this study were obtained by using the SPSS-PC computer package. In Chapter 6 it was mentioned that the questionnaire consists of three sections. Section A focused on the culture of an organisation, Section B investigated the strategy formulation process in organisations, while Section C contained biographical information about respondents. The results obtained in these three sections will be presented in frequency distributions in the subsequent paragraphs (also refer to Appendix C).

### 7.3.1 Descriptive statistics used for inspection of data

The researcher has a variety of statistics available to summarise data. As was mentioned, the most common descriptive statistics are measures of central tendency and variability.

Zikmund (1994:388) refers to central tendency as the approach used by the researcher to inspect the data to establish the "centre" or "middle area" of the frequency distribution (the most likely response to a question). Techniques used to measure central tendency are the mean, median and mode.

Emory and Cooper (1991:473) explain that measures of variability indicate the score of dispersion about the mean (how the data are dispersed around the central

tendency). The technique used to measure the variability of data is the standard deviation (average amount of deviation from the mean). As mentioned in Section 7.2 it is important to establish the reliability of the measures.

One technique to establish reliability is to calculate the standard error of the estimate (Struwig, 1991:193). The standard error of the estimate is directly related to the variation in the population. Therefore, the more the respondents tend to differ from one another, or vary in their responses to questions, the higher the standard error will be. The descriptive statistics obtained in this study will be discussed in the following section.

### 7.3.2 Descriptive statistics: Analysis and summary

Before analysing and presenting the survey results, it would seem necessary to provide a conceptual outlay of the questionnaire.

**Table 7.2** Questionnaire outlay

Section	Topic	Amount of questions	Coding of questions
A	Organisational culture	15 (each with four statements)	A1, B2, C3, D4 ... A15, B15, C15, D15
B	Strategy formulation	20	QB1 - QB20
C	Classification data	6	QC1 - QC6

(See Appendix A for a copy of the questionnaire).

#### (a) Section A: Organisational culture

Although frequency distribution tables for each individual question were drawn and analysed, it seemed that the presentation of these tables in this Chapter was unnecessary, as they only provide a means for inspecting the data (see Appendix C for frequency tables of the results of the study).

**Table 7.3: A summary of the results obtained from the analysis of Section A of the questionnaire**

Nr.	Topic	Sum Value	Rank
1	View of superior		
		356	2
		543	4
		332	1
2	View of subordinates	503	3
		477	3
		584	4
		271	1
3	Priorities of organisation members	451	2
		576	3
		344	2
		310	1
4	Achievers in organisation	640	4
		806	4
		366	2
		294	1
5	Treatment of organisation members	565	3
		621	4
		471	3
		339	1
6	Nature of control	409	2
		480	2
		545	4
		296	1
7	Acceptance of control	538	3
		509	3
		339	1
		392	2
8	Task assignment	533	4
		487	3
		436	2
		303	1
		621	4

Nr.	Tonic	Sum value	Rank
9	Basis for work performance		
		638	4
		422	2
		261	1
10	Co-operation	549	3
		563	4
		452	2
		288	1
11	Competition	543	3
		511	3
		419	2
		345	1
12	Conflict	569	4
		480	3
		578	4
		321	1
13	Decision-making	471	2
		434	3
		355	1
		418	2
14	Communication	643	4
		432	3
		379	1
		412	2
15	Organisations' environment	620	4
		585	4
		364	2
		349	1
		562	3

Table 7.3 provides an overall view of the results obtained from Section A of the questionnaire. An important key aspect of the questionnaire to bear in mind when analysing the results of Section A of the questionnaire, is that the manifestation of four cultural types were investigated (refer to Section 3.7). Section A consists of 15 questions each containing four statements, reflecting the four culture types:

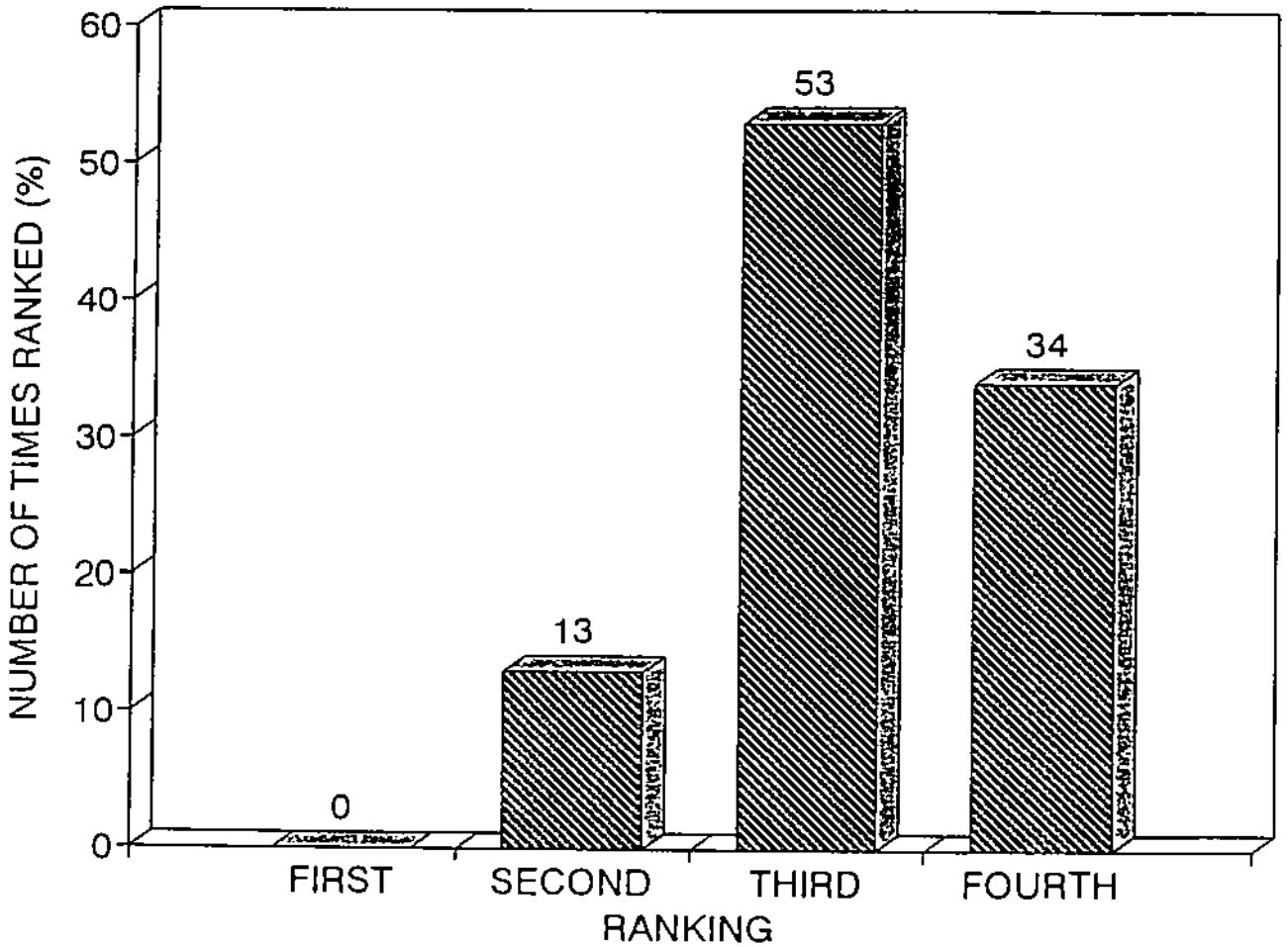
- First statement - Power culture
- Second statement - Role culture
- Third statement - Task culture
- Fourth statement - Person culture

The 15 questions of Section A of the questionnaire tested key aspects/areas of organisational culture. Respondents were asked to rank each statement (reflecting a culture type) in order of importance, from one (1) to four (4). The sum value for each statement was obtained from the frequency tables. The sum value reflects the overall total ranking for each statement. Individual statements were then ranked. Those statements with the lowest sum value were regarded as the most important (ranked 1). The highest sum value reflects therefore the least important statement and was ranked fourth.

In Figure 7.1 to 7.5 the most important results on the different culture types are given. It was determined how many times each of the 15 statements (for each culture) were ranked first, second, third and fourth ( $n = 15$ ).

\* Power Culture

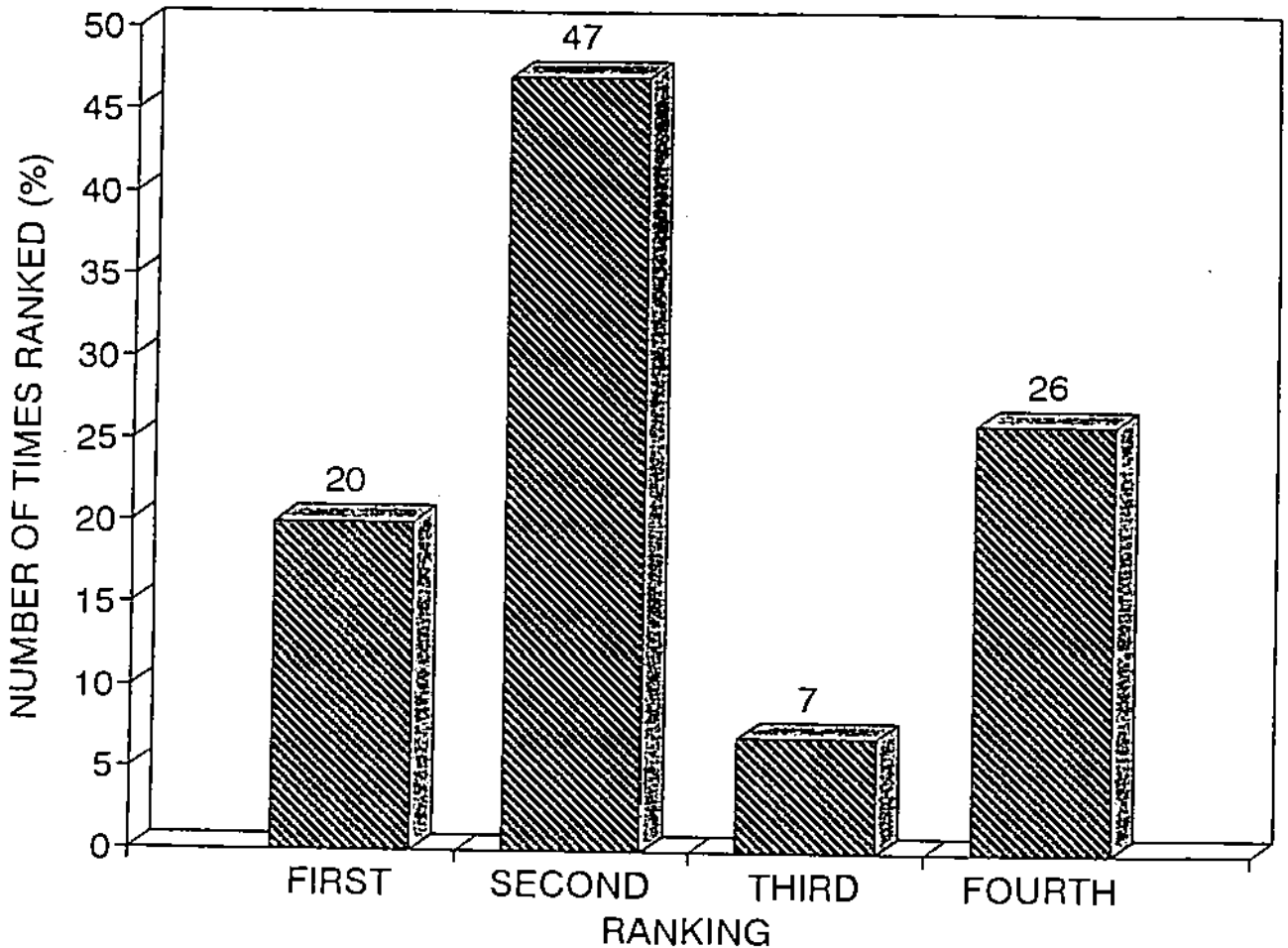
Figure 7.1: Results on the overall ranking of the power culture type



The power culture was never ranked overall first on any of the 15 statements. The majority of the time (53%) it was ranked third and 34% of the time fourth. The only two aspects on which the power culture obtained lower rankings were the view of the superior (strict but fair) and the nature of the control process (people are controlled and influenced by rewards and punishments). This correlates with the fact that power cultures has absolute control over subordinates and that control is exercised by central figures.

• Role Culture

Figure 7.2 Results on the overall ranking of the role culture type



The role culture was ranked first, 20% of the time and second, 47% of the time. The role culture was ranked overall first, in the following three dimensions: acceptance of control (role prescribes that he is responsible for directing others), decision-making (decisions are made by persons whose job description carries the responsibility) and communication (commands flow from top to down within functional pyramids that meets at the top). Interesting to note that the role culture was ranked first in all three instances where the task culture was not ranked first

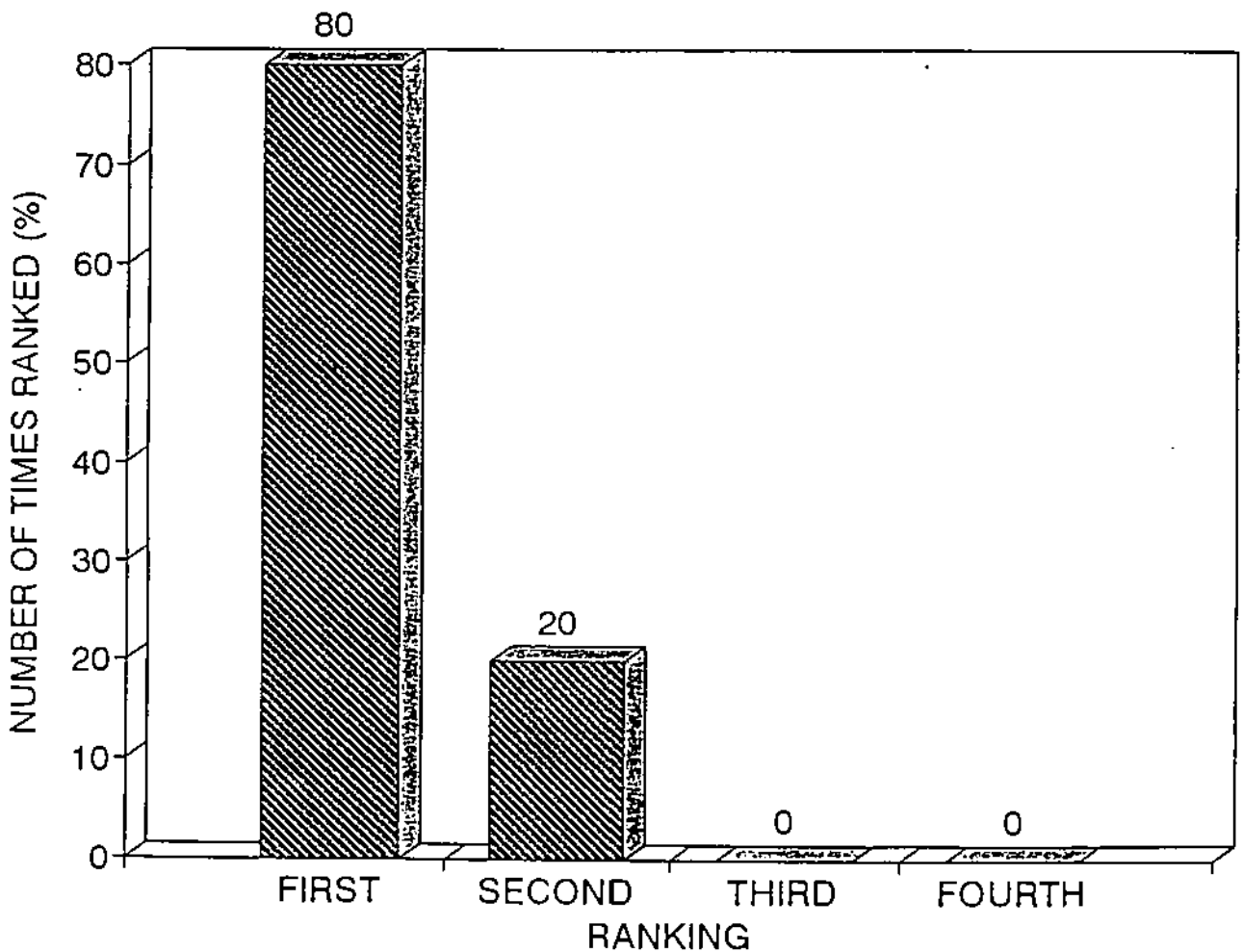
In management literature (see for example Newman, Warren and McGill 1987, Smit & Cronje 1992 and Van Niekerk 1988) control, decision-making and communication is often regarded as, amongst others, the tasks or functions of a manager. It

therefore appears that these three important management tasks are more likely to be manifested through a role culture.

Dimensions on which a role culture was ranked overall second included: priorities of organisation members, achievers in the organisation, task assignment, basis for work performance, co-operation, competition and organisational environment. The management task or function of organisation, is therefore more dominant in a role culture.

\* Task Culture

Figure 7.3: Results on the overall ranking of the task culture type



Task culture appears to be the most dominant culture type and was ranked overall first, 80% of the time. As was mentioned, the only three dimensions on which task

culture was not ranked first are: acceptance of control, decision-making and communication. These dimensions were dominant in a role culture.

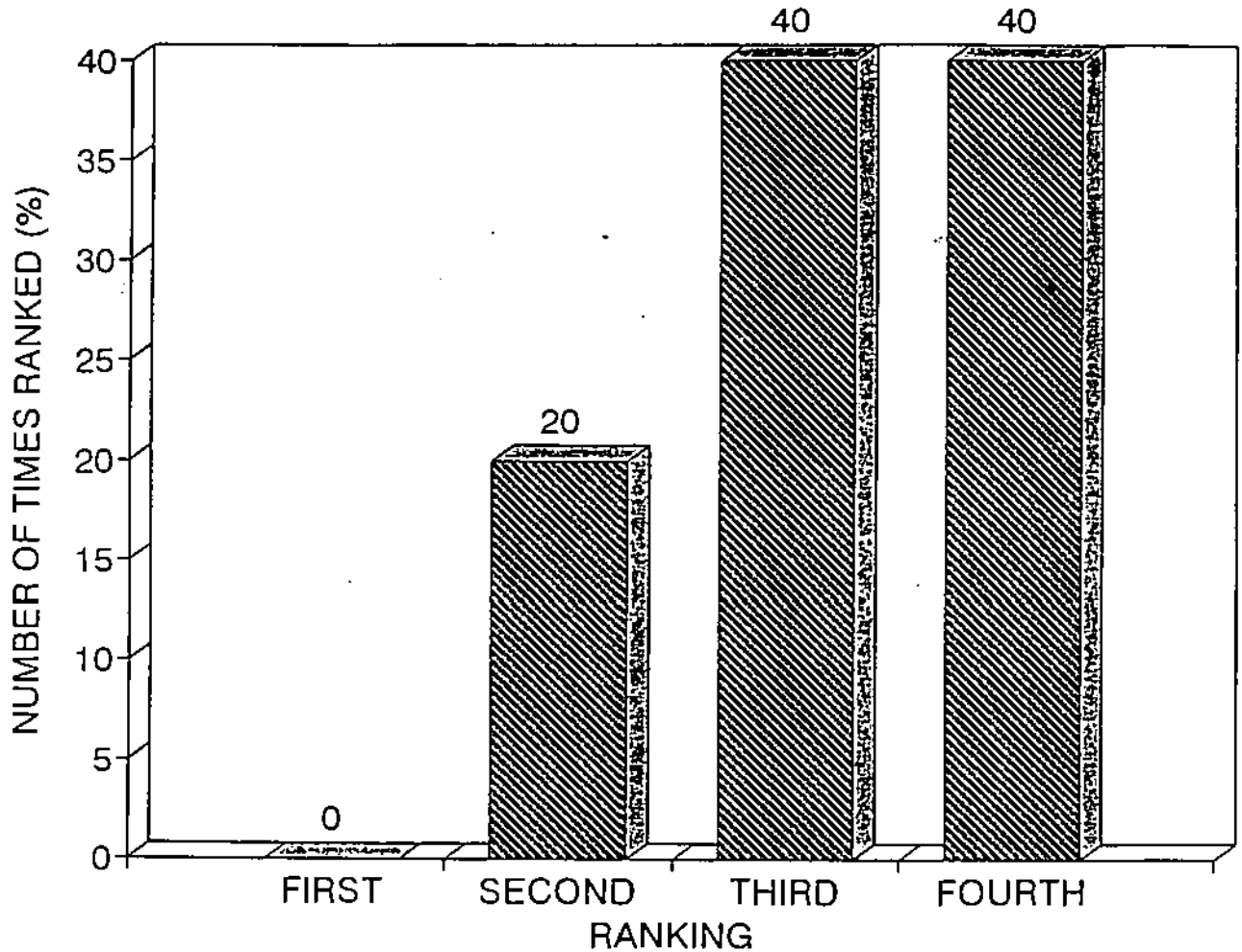
Task culture was never ranked third or fourth. The task culture was manifested through and dominated by the following dimensions:

- Superior is open-minded in matters concerning the task.
- A good subordinate is self-motivated to contribute his best to the task.
- Priorities of organisation members is the requirements of the task.
- Achievers in the organisation are committed to getting the job done.
- The individual is treated as a co-worker who has committed his skills to the common cause.
- People are controlled by discussion of task requirements.
- Basis of task assignment is the expertise requirements of the job to be done.
- Basis for work performance is personal commitment to the task or goal.
- Co-operation takes place when joint contribution is needed to make progress in the task.
- Competition is for excellence of contribution to the task.
- Conflict is resolved through discussion of the merits of the work issues involved.
- Environment of the organisation is viewed as a complex of imperfect systems that is to be reshaped by the achievements of the organisation.

The most outstanding feature of a task culture is that it is job or task orientated - the emphasis is on getting the job done.

## \* Person Culture

Figure 7.4: Results on the overall ranking of the person culture type



The person culture was never ranked first on any of the 15 dimensions. Twenty percent of the time it was ranked second in the following dimensions: view of the superior (willing to give help to others towards their development), treatment of the individual (a worthwhile person in his own right) and conflict (resolved by open discussion of the personal needs and values involved). All these three dimensions relate to the personal treatment and needs of the individual which were lower ranked and therefore more dominant. It correlates with the fact that in a person culture the individual is the central point. Forty percent of the time a person culture were overall ranked third and 40% of the time fourth.

Table 7.4 illustrates the total sum value for the different culture types.

**Table 7.4: A summary of the results on the manifestation of different organisational culture types**

Overall ranking	Culture type	Total sum value	Number of statement
1	Task	4931	3
2	Role	6597	2
3	Power	7755	1
4	Person	8217	4

Through the survey as indicated in Table 7.4 the task culture seemed to be the most dominant culture type and was ranked overall first (lowest sum value indicates its dominance). The following critical factors characterise a task culture (refer to Section 3.7):

- Job or task orientated
- Extremely adaptable/flexible
- Team culture
- Whole emphasis is on getting the job done
- Works quickly - each group has decision-making power
- Judgement by result
- Operates in competitive markets
- Integration, sensitivity and creativity more important than depth of specialisation
- Individual freedom
- The end product/service is all important

The role culture was overall ranked by respondents as the second most dominant culture type in South African organisations. The role culture are being manifested through the following critical factors (refer to Section 3.7):

- Stereotyped as bureaucracy
- Define jobs, rules and procedures in detail
- Operates in stable external environment
- Creative and innovative behaviour is encouraged
- Slow to perceive the need for change
- Emphasis is on how things should be done, rather than outcome/results
- Embark on low risk situations
- Job descriptions (roles) often more important than the individual who fills it

The power culture was overall ranked as being the third most dominant culture type in organisations. The following critical factors characterise a power culture:

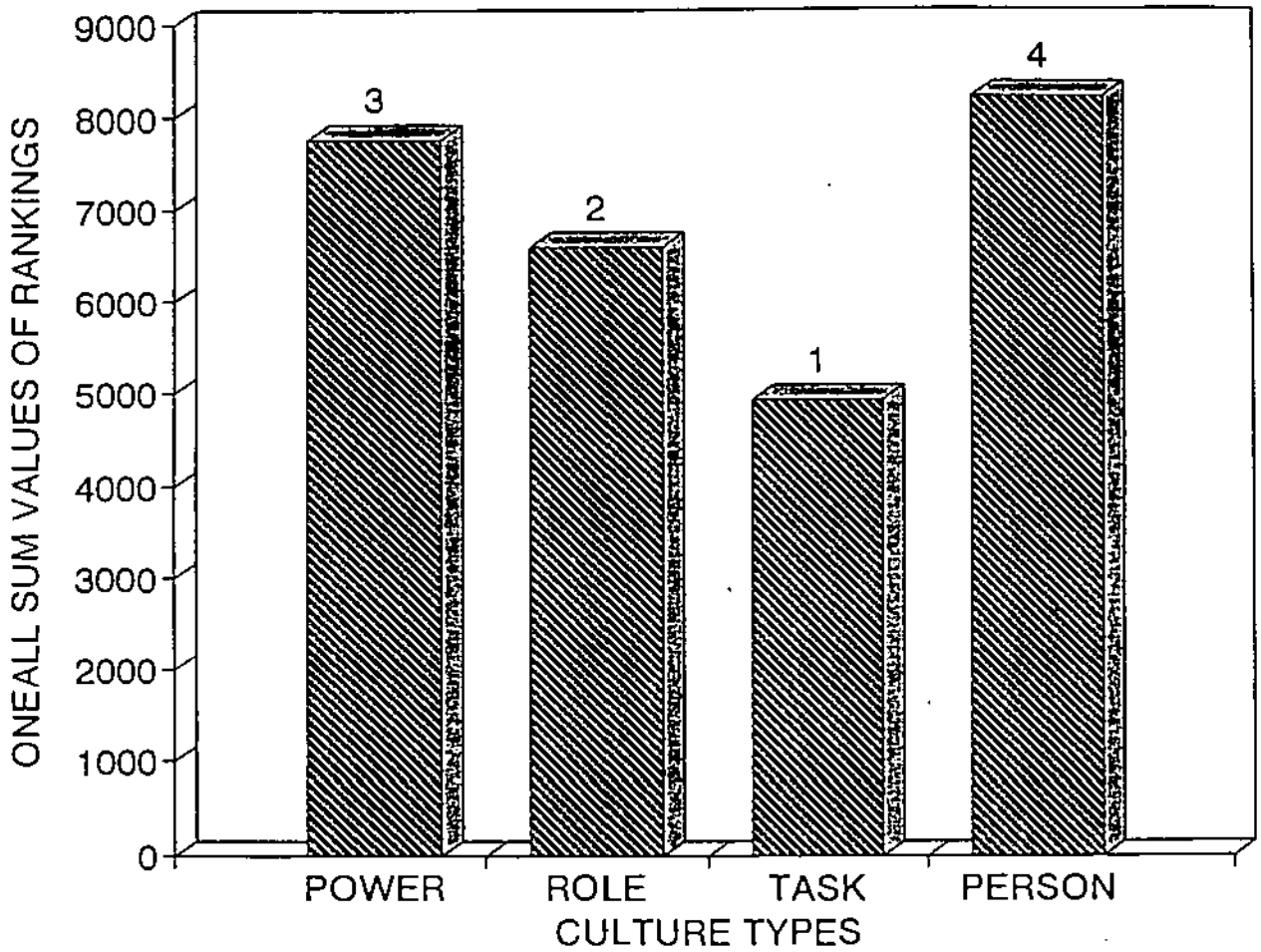
- Dominate its environment
- Absolute control over subordinates
- Strong central power source
- Value of co-operation is often ignored
- Few rules and procedures in the organisation - little bureaucracy
- Risk taking
- Innovative/adaptive to change
- Proud and strong cultures

The person culture obtained the highest total sum value and was therefore ranked last. Critical factors which constitute a person culture are:

- Individual is the central point
- Organisation exist only to serve/assist individuals within it
- Individuals are normally experts in their fields
- Organisation seeks to develop the personal goals/needs of their employees

The manifestation of these culture types are illustrated in Figure 7.5.

Figure 7.5: Manifestation of the different organisational culture types



In Table 7.5 an illustration is given of a summary of the descriptive statistics for the different culture types.

Table 7.5: A summary of the descriptive statistics for the different organisational culture types

Statistic	Power culture	Role culture	Task culture	Person culture
Mean	2,750	2,339	1,749	2,914
Mode	3,200	2,333	1,533	2,867
Median	2,867	2,333	1,667	2,867
Standard deviation	0,613	0,361	0,432	0,432
Standard error	0,045	0,026	0,032	0,032

Meaningful and useful descriptive statistics to be analysed for the purpose and scope of this study is the mean, mode, median, standard deviation and standard error.

Analysing the mean scores for the four culture types correlates with the overall ranking order (preference) of the culture types. The mean score for the task culture (1,749) is the lowest, which indicates its dominance. The mean score for a role culture is 2,339 (second lowest) and for a power culture it is 2,750 (third lowest). The person culture obtained the highest mean value, which indicates that it is the least dominant culture type.

The standard deviation for all culture types is low: power (0,613), role (0,361), task (0,432) and person (0,432). The low standard deviation indicates that there is a low variance in dispersion of scores around the mean. The low standard error for power (0,045), role (0,026), task (0,032) and person (0,032) ensures that the reliability of the measures (questions) is acceptable and respondents do not vary greatly in responses.

**(b) Section B: Strategy Formulation**

Section B of the questionnaire consists of 20 questions, which had to be answered on a 7 point Likert-type scale. The main purpose was to investigate the manner in which organisations formulate strategies.

Table 7.6 illustrates the descriptive statistics for the 20 variables included in Section B of the survey questionnaire.

**Table 7.6: A summary of the descriptive statistics for the variables included in Section B of the questionnaire**

Variable	Mean	Mode	Median	Standard deviation	Standard error
QB1	5,926	6,000	6,000	1,177	0,086
QB2	4,771	5,000	5,000	1,465	0,107
QB3	5,271	6,000	6,000	1,420	0,104
QB4	5,723	7,000	6,000	1,523	0,111
QB5	4,989	6,000	5,000	1,615	0,118
QB6	5,287	6,000	6,000	1,415	0,103
QB7	5,830	6,000	6,000	1,153	0,084
QB8	5,176	6,000	5,000	1,494	0,109
QB9	4,649	5,000	5,000	1,704	0,124
QB10	4,745	5,000	5,000	1,669	0,124
QB11	4,590	5,000	5,000	1,702	0,124
QB12	4,404	5,000	5,000	1,846	0,135
QB13	5,548	7,000	6,000	1,396	0,102
QB14	3,410	1,000	4,000	2,098	0,153
QB15	5,468	7,000	6,000	1,514	0,110
QB16	4,973	7,000	5,000	1,798	0,131
QB17	4,957	6,000	5,000	1,648	0,120
QB18	5,479	7,000	6,000	1,685	0,123
QB19	5,202	6,000	5,000	1,481	0,108
QB20	4,574	5,000	5,000	1,715	0,125

Table 7.6 illustrates that the majority of variables have a mean value above the neutral value of four. This means that, taking the mean as appropriate measure, the respondents on average, tend to formulate strategies according to the model. Alreck & Settle (1985:327), however, alleges that the mean is not always the best measure to use when continuous data is analysed. The shape of the distribution will influence the choice of central tendency technique. If the shape of distribution is positively or negatively skewed and high peak (positive kurtosis) the mode is an

appropriate measure to use and if the distribution is positively or negatively skewed and low peak (negative kurtosis) then the median is the appropriate measure to use.

From Table 7.6 it can be seen that there are two variables with a mean score below 4,5. These low scores indicate that these two variables need attention in the formulation of strategies (by judgement one can assume that 4,5 is a low score, based on the score of four which indicates a neutral position).

The first variable to be analysed is the formal defining of the business of an organisation (QB1). The mode for QB1 is six. This value shows that on average, respondents agree moderately that they formally define the business of the organisation, clearly indicating what it is and what it should be. Ninety percent of the respondents falls in the value range of 5 - 7 on the Likert-type scale, therefore agree that they formally defines the business of the organisation. Only 3% of the respondents fall in the value range 3 - 7, while 7% were neutral (indicated point four on the scale).

The second variable is the accounting of organisation member's values and expectations (QB2). The mode for QB2 is five. This value shows that on average, respondents agree slightly that they do account for the values and expectations of organisation members, when defining the business of the organisation. Sixty five percent of the respondents fall in the value range of 5 - 7 on the Likert-type scale, therefore agree that values and expectations of organisation members are taken into account when defining the business of the organisation. Only 17% of the respondents were neutral (value 4) and 17% disagree that they account for organisation members' values and expectations (1% did not answer this question).

The mode for QB3 is six. Seventy six percent of the respondents agree that they take care of the needs of all employees, irrespective of sex, race or religion. Only 13% of the respondents were neutral and 9% disagree that they take care of the needs of all employees (2% of the respondents did not answer this question).

The fourth variable is the formulation of a mission statement (QB4). The mode for QB4 is seven. Most of the respondents (81%) agree that they do formulate a mission statement, 8% were neutral and 11% disagree that they do formulate a mission statement. The mode of seven therefore illustrates that on average, most respondents agree strongly that they do formulate mission statements.

The next variable (QB5) tests whether the organisation ensures that the mission statement is well known to all parties in the organisation. The median for QB5 is five, therefore indicating the midpoint of the distribution. Sixty eight percent of the respondents agree that their organisations ensure that the mission statement is well known to all parties in the organisation, 14% were neutral and 18% disagree.

The development of an effective management information system (QB6) is the next variable to be analysed. The mode for QB6 is six. Most of the respondents (80%) indicated that their organisations have a well developed management information system, which is essential for effective strategic management. Only 10% of the respondents were neutral and 8% disagree with having a well developed information system (2% of the respondents did not answer this question).

The seventh variable, adaptation to a new political dispensation (QB7), reflects a mode value of six. Most of the respondents (90%) fall in the value range 5 - 7, indicating that they agree with the fact they will be able to adapt to a new political dispensation. Only 6% of the respondents were neutral and 4% disagree that their organisations will be able to adapt to a new political dispensation.

Mission statements which reflect the value system of the organisation is the eighth variable to be analysed. The mode for QB8 is six. Seventy percent of the respondents agree that their organisations' mission statement reflects the value system of their organisation. Eighteen percent of the respondents were neutral and 12% disagree that the mission statement of the organisation reflects the value system of their organisation.

QB9 investigated whether organisations include affirmative action as an element of their mission statement. The median for QB9 is five. This value shows that on average, the respondents tend to include an element of affirmative action in their mission statements. Sixty one percent of the respondents agreed, 19% were neutral and 20% disagree that their organisations include an element of affirmative action in their mission statement.

Social responsibility as an element of mission statements (QB10), with a median score of five, is the next variable to be analysed. Sixty two percent of the respondents fall in the value range 5 - 7, therefore agree that their organisations include an element of social responsibility in their mission statement. Only 16% of the respondents were neutral (4) and 22% disagree, therefore indicating that their organisations do not include social responsibility as an element of their mission statement (1 - 3).

The commitment of organisations to the upliftment of deprived communities (QB11) is the next variable which shows a median value of five. Fifty eight percent of the respondents agree that their organisations are committed to the upliftment of deprived communities, while 19% were neutral and 23% disagreed.

The twelfth variable attempts to investigate whether organisations review their mission statement on an annually basis (median  $\mu$  = five). More than half of the respondents (53%) agree that the mission statement of their organisations are being reviewed annually, while 16% were neutral and 31% disagreed. This variable also has a mean score of below 4,5 and indicates that this aspect needs special attention in strategy formulation.

Whether organisations have clearly defined goals and objectives, indicating what should be achieved so that the mission statement could be realised (QB13), shows a mode value of seven. Most of the respondents (80%) fall in the value range 5 - 7, portraying that their organisations have clearly defined goals and objectives. Only 13% of the respondents were neutral and 7% disagree.

QB14 investigated whether organisations have a strategic planning department, which operate on a permanent basis. This variable obtained a mean value below 4,5. Only 34% of the respondents agree that their organisations have a permanent strategic planning department, while 16% were neutral and 50% disagreed. The high standard deviation of 2,098 indicates a large spread of the responses.

The purposeful development of strategies to achieve objectives of the organisation (QB15) shows a mode value of seven. Seventy eight percent of the respondents indicated that their organisations develop strategies to achieve the objectives of the organisation, while 10% were neutral and 12% disagreed.

The median for QB16 is five. Sixty six percent of the respondents agreed that their organisations use well recognised techniques to identify strategies for their organisation. Sixteen percent of the respondents were neutral and 18% disagree that their organisations make use of techniques to identify strategies.

QB17 investigated the involvement of all management levels in strategy formulation. The mode value for QB17 is six. Sixty nine percent of the respondents agreed that all management levels are involved in the formulation of strategies, while 14% were neutral and 17% disagreed.

The annual reviewing of strategic plans is the next variable to be analysed (QB18). The mode for QB18 is seven. A total of 78% of the respondents indicated that their organisations review its strategic plans on an annual basis. Only 8% of the respondents were neutral (value four) and 14% disagreed (value 1 - 3).

The mode for QB19 is six. This variable indicates whether or not organisations have clearly defined policies, which provide the ground rules for the implementation of strategies. A total of 73% of the respondents agreed that their organisations have well defined policies, while 15% were neutral and 11% disagreed (1% did not answer this question).

The last variable (QB20) investigated the application of an affirmative action policy in organisations. The median for QB20 is five. Sixty percent of the respondents agree that their organisations constructively apply an affirmative action policy, while 13% of the respondents were neutral and 27% disagreed. Table 7.7 summarises these results.

**Table 7.7: A summary of the percentage respondents who agree/disagree with the variables in Section B of the questionnaire**

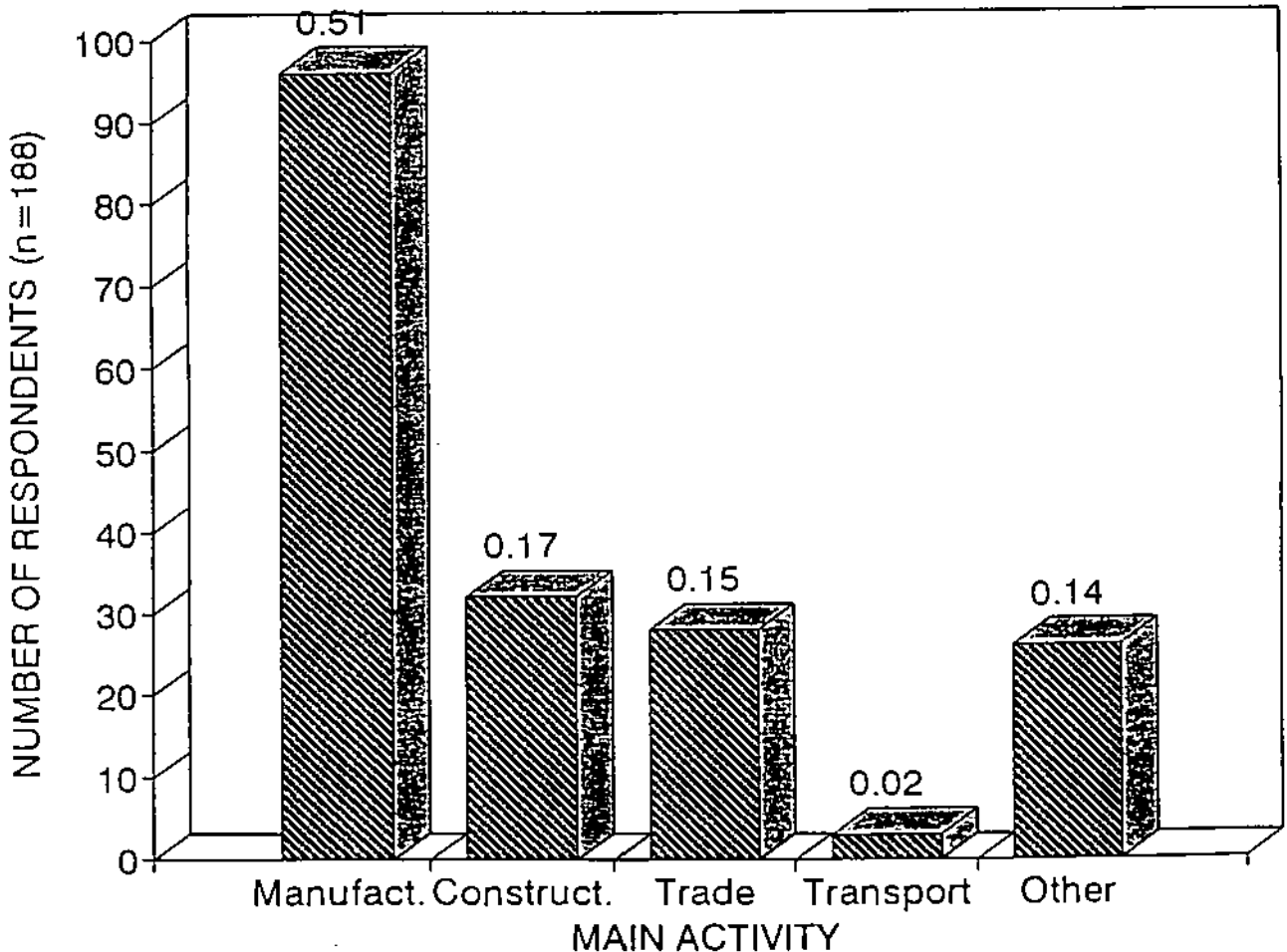
Variable	Agree (5 - 7) %	Neutral (4) %	Disagree (1 - 3) %	No response	Total
QB1	90	7	3		100
QB2	65	17	17	1	100
QB3	76	13	9	2	100
QB4	81	8	11		100
QB5	68	14	18		100
QB6	80	10	8	2	100
QB7	90	6	4		100
QB8	70	18	12		100
QB9	61	19	20		100
QB10	62	16	22		100
QB11	58	19	23		100
QB12	53	16	31		100
QB13	80	13	7		100
QB14	34	16	50		100
QB15	78	10	12		100
QB16	66	16	18		100
QB17	69	14	17		100
QB18	78	8	14		100
QB19	73	15	11	1	100
QB20	60	13	27		100
AVERAGE	70	13	17		100

From Table 7.7 it appears that on average 70% of the respondents fall in the value range 5 - 7 (agree), 13% were neutral (value 4) and 17% of the respondents fall in the value range 1 - 3 (disagree). It therefore appears that most of the respondents (70%) agree with the aspects that should be included in strategy formulation and that they in fact do formulate strategies in an effective manner.

(c) Section C: Classification data

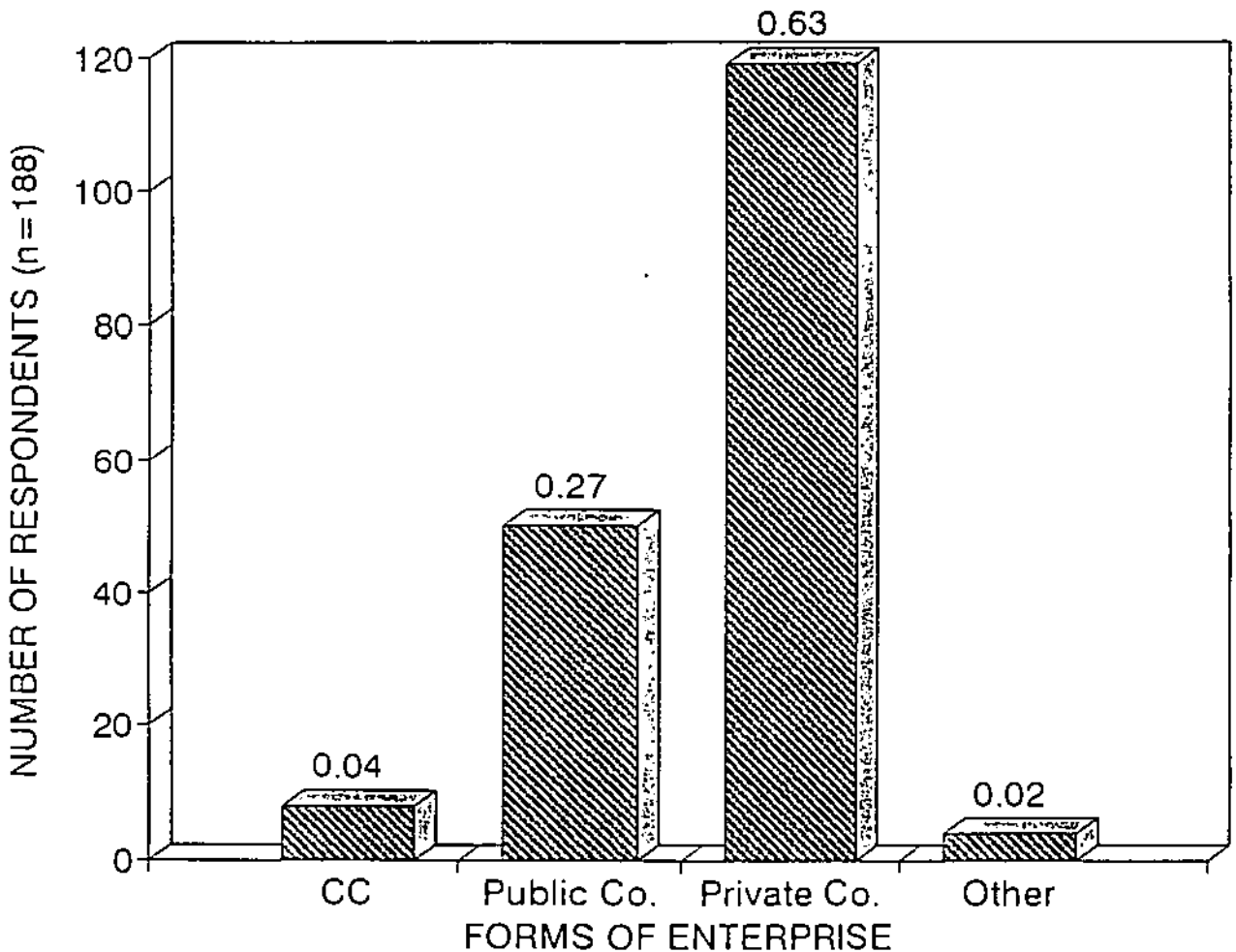
The main purpose of Section C of the questionnaire was to obtain biographical data about respondents. This section consists of six questions: main activity, forms of enterprise, employment size, annual gross revenue, type of environment and designation of respondent. Figure 7.6 illustrates the main activity of the organisation to which respondents belonged to.

Figure 7.6: Main activity of organisations



The four main activities were: manufacturing, construction, trade and transport. As indicated in Figure 7.6, 51% of the responding organisations' main activity is manufacturing. More than half of the respondents are therefore employed in organisations whose main activity is manufacturing. Seventeen percent represents the construction industry and 2% are in the transport industry, while 14% of the respondents were employed in other industries such as mining, engineering and information technology (1% of the respondents did not complete this question). Figure 7.7 depict the various forms of enterprises.

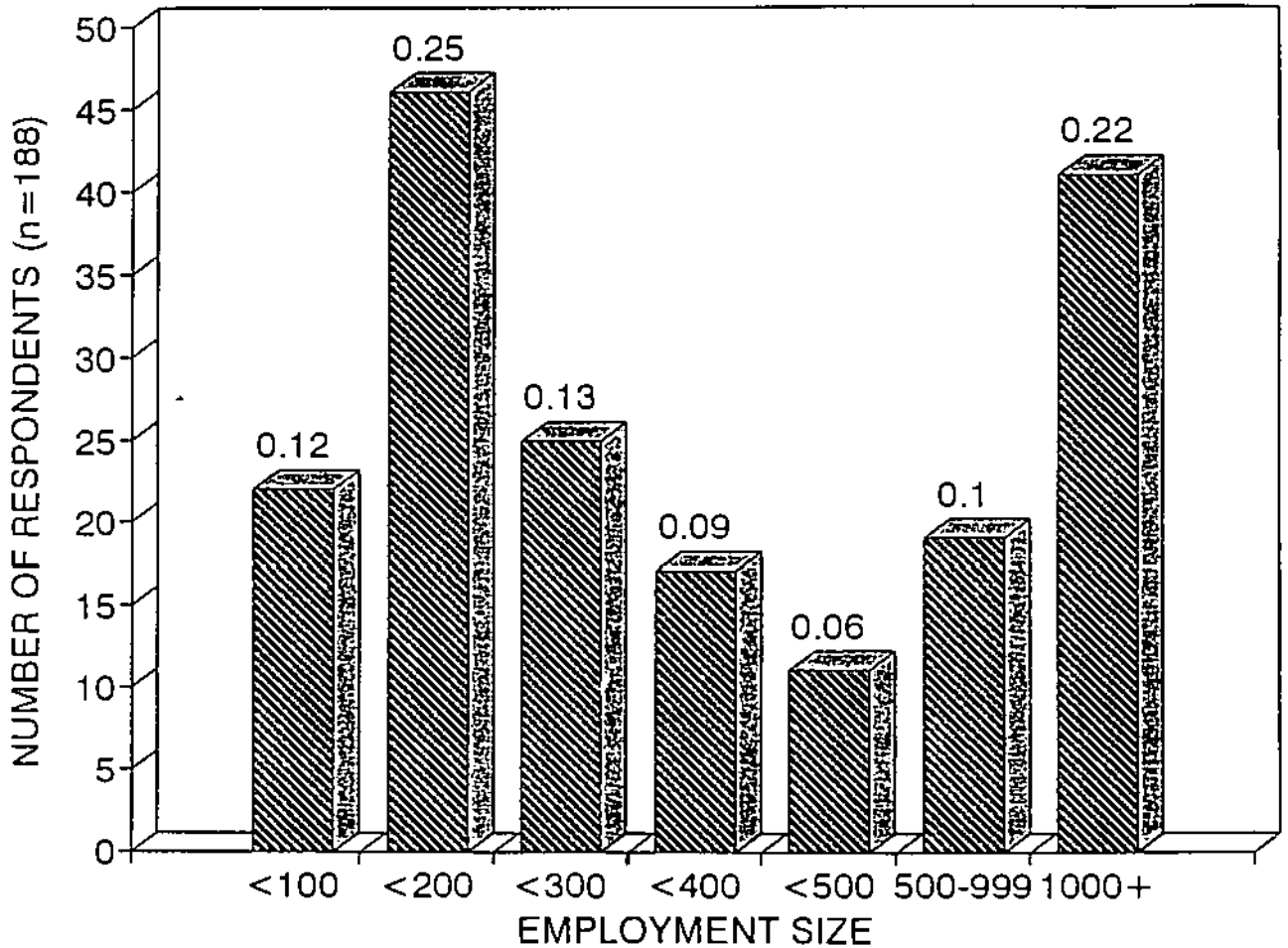
Figure 7.7: Forms of enterprises



From Figure 7.7 it appears that 63% of the respondents are being employed in organisations which are private companies, 27% are in public companies and 4% in close corporations and 2% in other types of enterprises (eg. multi-national). 4% of the respondents did not complete this question.

In Figure 7.8 the employment size of the various organisations are given.

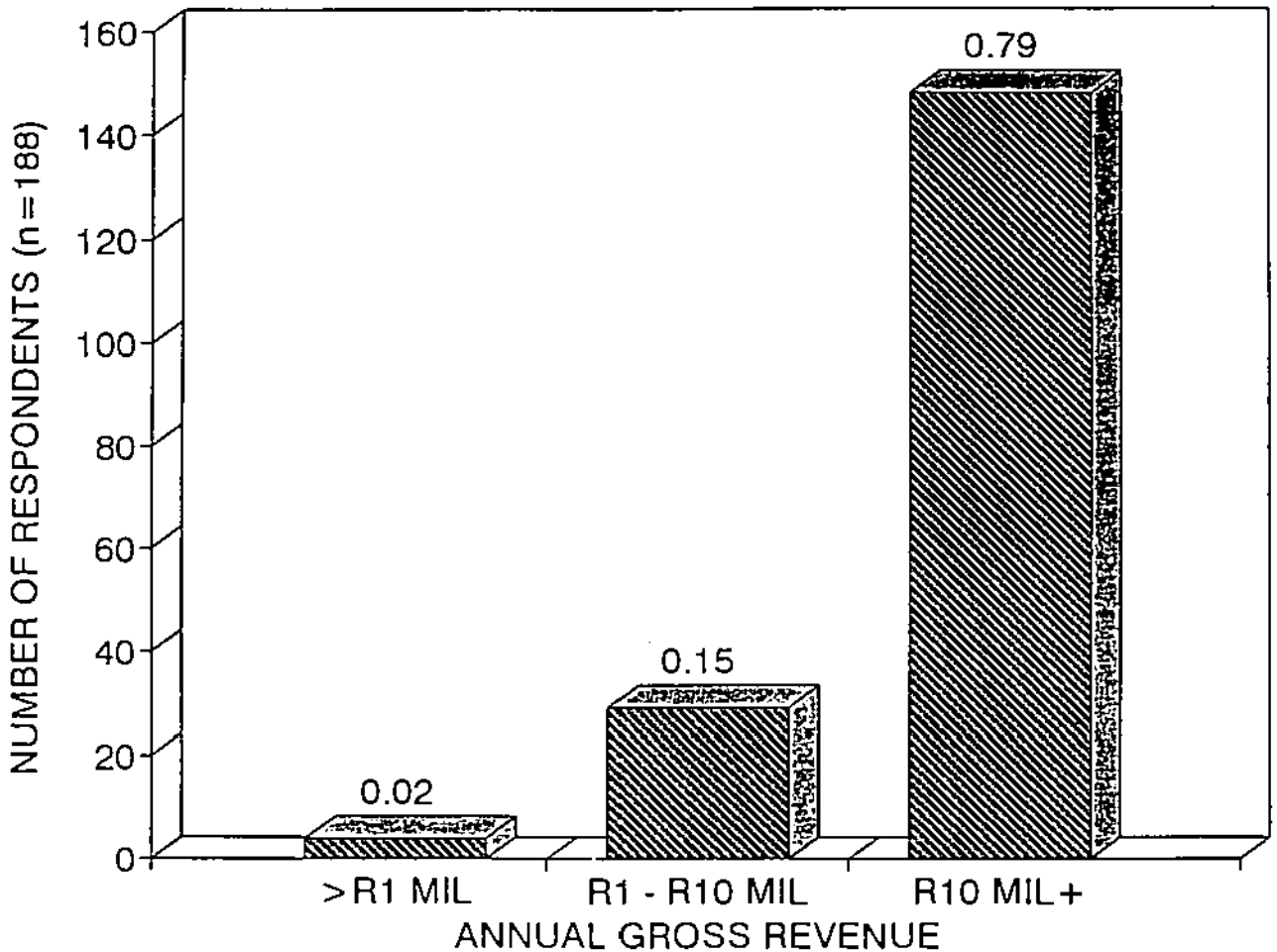
Figure 7.8: Employment size of organisations



Twenty five percent of the organisations have an employment size which varies between 100 and 199. Organisations with an employment size of more than 1000 represents 22% of the response group. The third significant employment size group are those organisations with an employment size of 200 to 299 (4% of the respondents did not complete this question).

The annual gross revenue of organisations are given in Figure 7.9.

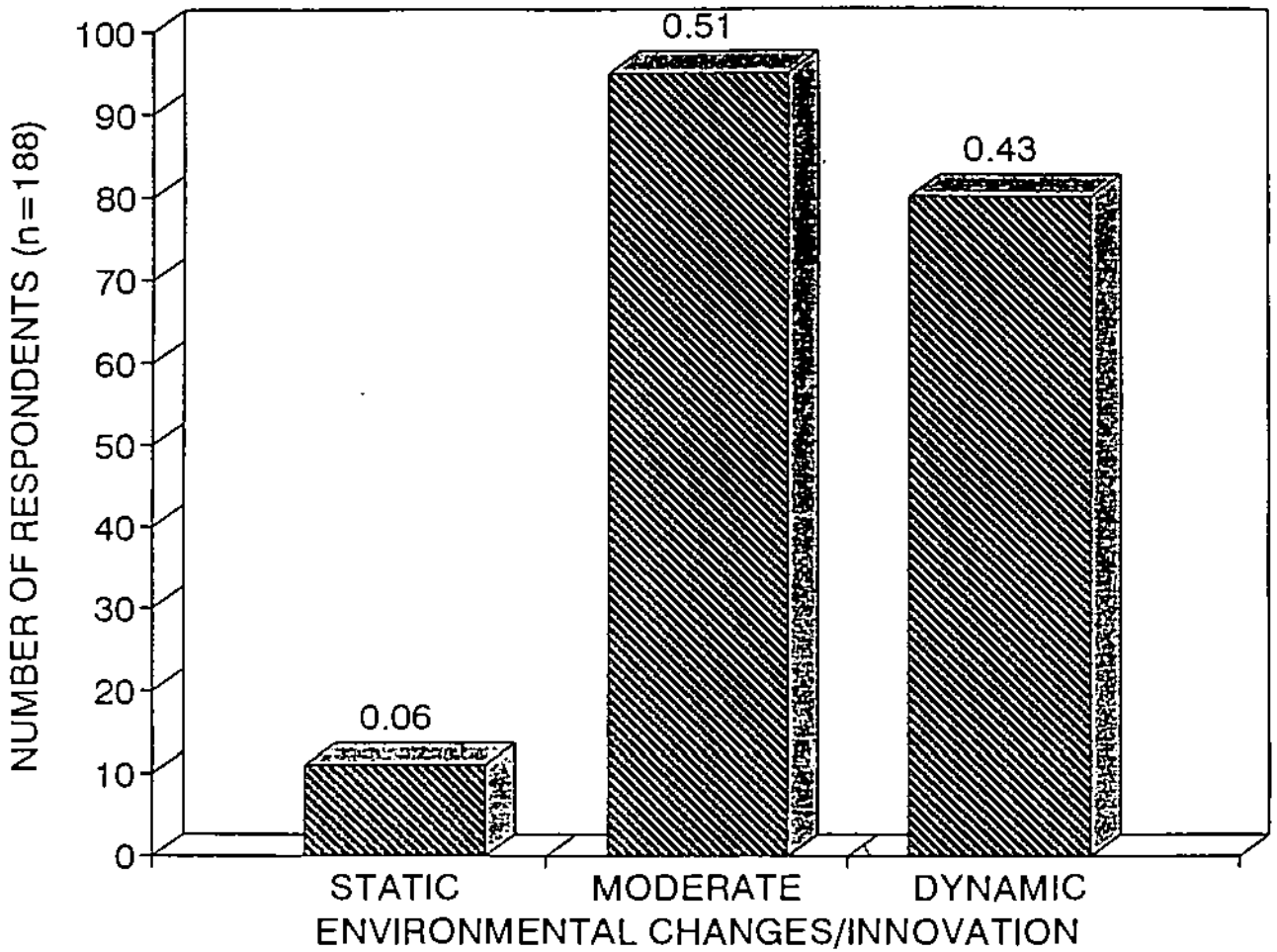
Figure 7.9: Annual gross revenue in rand



Seventy nine percent of participative organisations have an annual gross revenue of more than R10 million. Fifteen percent of the organisations have an annual gross revenue of between R1 million and R10 million, while 2% have an annual gross revenue of less than R1 million. Most of the participative organisations are therefore from the higher income group.

The type of environment in which organisations operate, are given in Figure 7.10.

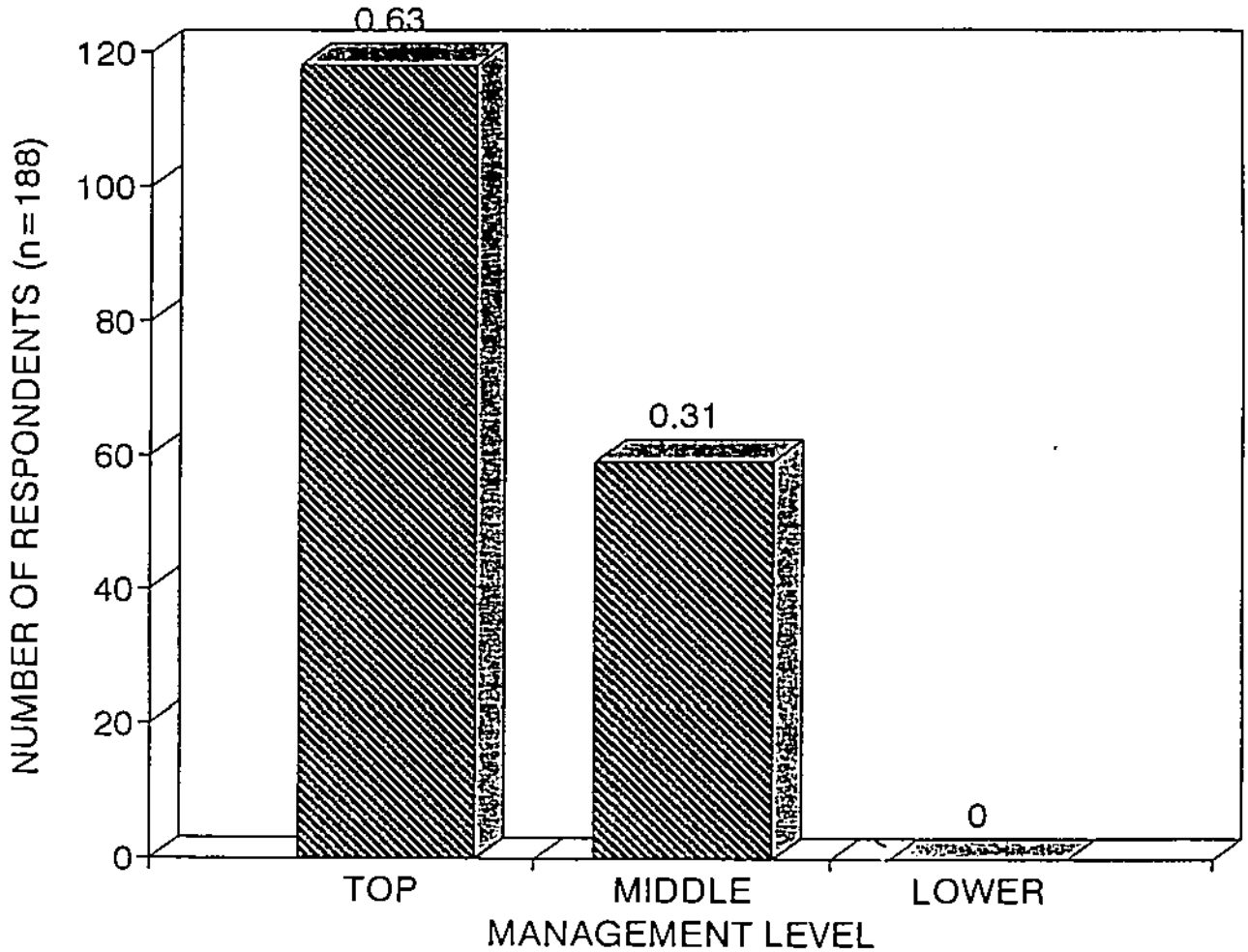
Figure 7.10: Type of environment



From Figure 7.10 it should be clear that more than half (51%) of participative organisations describe their environments as being characterised by moderate changes/innovation. Of these organisations, 43% operate in a dynamic environment. Only 6% describe their environments as being static. It could therefore be concluded that the majority of organisations view their environment as not static, but one with moderate changes.

Figure 7.11 illustrates the last aspect of Section C of the questionnaire, namely the designation of respondents.

Figure 7.11: Designation of respondents



Classifying respondents according to managerial level, it shows that 63% of the respondents could be classified as being part of top management. Thirty one percent of the respondents can be viewed as being part of middle management. No one of the respondents were part of lower level management (6% of the respondents did not answer this question).

#### 7.4 THE RELATIONSHIP BETWEEN THE DIFFERENT VARIABLES

Section B of the questionnaire investigated the manner of strategy formulation in organisations. The variables in this section were based on aspects of strategy formulation, as depict in Figure 4.2.

A method which is known as factor analysis, group a number of variables together. Parasuraman (1991:757) defines factor analysis as a technique that analyses data on a relatively large set of variables and produces a smaller set of factors (which measure the same aspect). A group of variables measuring the same aspect, is known as a factor. The SPSS-PC computer package was used to perform this factor analysis. The results were obtained by selecting four factors that constitute strategy formulation, using the varimax rotation of factors. The results obtained are given in Table 7.8.

Table 7.8: A rotated factor matrix of the twenty strategy formulation variables

Variable	Factor 1	Factor 2	Factor 3	Factor 4
QB15	0,79144	0,30666	0,08593	0,09127
QB19	0,79022	0,16445	0,15719	0,25890
QB17	0,75116	0,08003	0,06715	0,22684
QB16	0,68969	0,42045	0,04744	0,01447
QB14	0,44461	0,12953	0,21446	0,31093
QB4	0,14670	0,86523	0,05417	0,02974
QB8	0,22874	0,74127	0,16726	0,15693
QB5	0,23472	0,74116	0,18809	0,27405
QB18	0,52671	0,54260	0,13891	0,06301
QB13	0,40789	0,48660	0,18317	0,39043
QB12	0,22630	0,46797	0,38493	0,25429
QB10	0,03323	0,16840	0,80350	0,19178
QB9	0,14633	0,4432	0,79007	0,06781
QB11	0,05117	0,18218	0,77849	0,26106
QB20	0,41740	0,05143	0,69748	0,10253
QB2	0,15084	0,07126	0,05021	0,78384
QB3	0,10697	0,01170	0,35978	0,72545
QB6	0,28591	0,32370	0,09631	0,57776
QB1	0,18587	0,44607	0,06548	0,57455
QB7	0,06704	0,18374	0,38894	0,43528

Table 7.8 outlines the factor loadings obtained. According to Zikmund (1994:587) factor loading are roughly analogous to the correlation of the original variable with the factor - a measure of importance of the variable in measuring each factor. As seen in Table 7.8, variable QB15 has a factor loading of 0,79144 on Factor 1. Using the factor loadings, the variables can be grouped into four respective factors according to the highest values obtained. Table 7.9 outlines the variables grouped into four factors.

**Table 7.9: Results of the factor analysis of the strategy formulation variables**

Factor 1	Factor 2	Factor 3	Factor 4
Planning of strategies	Mission formulation	Policy formulation	Defining the business
QB14	QB4	QB9	QB1
QB15	QB5	QB10	QB2
QB16	QB8	QB11	QB3
QB17	QB12	QB20	QB6
QB19	QB13		QB7
	QB18		

In analysing the factors in Table 7.9, Factor 1 includes the variables related to the planning of strategies. Factor 2 includes variables related to formulation of mission statements. Factor 3 contains the variables related to policy formulation and Factor 4 includes crucial aspects in defining the business of the organisation. It is interesting to note that these factors correlates with the elements of strategy formulation as illustrated in Figure 4.2. In the following section these factors will be used in searching for relationships between the variables.

## 7.5 THE SEARCH FOR RELATIONSHIPS

Each question in the questionnaire used to obtain data, can be regarded as a variable, as the response to each question can vary.

In Section A of the questionnaire there are 15 categories of variables, with a total of 60 variables. In Section 7.3.1(c) the variables contained in Section C of the questionnaire was discussed. The variables in Section C of the questionnaire would be used to investigate the relationships with the variables in Section A and B of the questionnaire.

Table 7.10 illustrates the number of variables and categories of Section A and C of the questionnaire.

**Table 7.10: A summary of the variables contained in Section A and C of the questionnaire**

SECTION A OF THE QUESTIONNAIRE		
Number	Category	Number of variables
1	View of the superior	4
2	View of subordinates	4
3	Priorities of organisation members	4
4	Achievers in the organisation	4
5	Treatment of individuals	4
6	Nature of control process	4
7	Acceptance of control	4
8	Basis for task assignment	4
9	Basis for work performance	4
10	Co-operation	4
11	Competition	4
12	Conflict	4
13	Decision-making	4
14	Communication	4
15	Organisational environment	4
TOTAL		60
SECTION C OF THE QUESTIONNAIRE		
Number	Category	Number of variables
1	Main activity of organisation	5
2	Forms of enterprise	4
3	Employment size	7
4	Annual gross revenue	3
5	Environment of the organisation	3
6	Designation of respondents	3
TOTAL		25

The 60 variables of Section A of the questionnaire was ordinal data variables, using a forced-ranking scale. The variables of Section C of the questionnaire was on a nominal scale.

According to Nelson (1982:423) a relationship between variables means that their measurement values, either occur jointly or vary together. There is therefore a measurement of association (relationship) between variables or not. It is important

that the researcher determines the type of variable being used, as well as which variable will be viewed as dependent and which as independent (Alreck & Settle, 1985:301).

McCall (1994:282) refers to the dependent variable as the one whose values are being affected, while the independent variable is the one affecting the other.

Some of the possible relationships are being listed below:

- Is there a relationship between the main activity of an organisation and the culture of an organisation?
- Is there a relationship between the form of enterprise and the type of organisational culture?
- Do organisations of various employment sizes have different organisational cultures?
- Is there a relationship between the annual gross revenue of an organisation and the type of organisational culture?
- Is there a relationship between the environment in which an organisation operates and the culture of that organisation?

To investigate these relationships, the organisational culture (variables of Section A) are the dependent variables as they will be affected by other variables. The variables of Section C of the questionnaire will be the independent variables.

Jagdish (cited in Emory & Cooper, 1991:627) defines multivariate analysis as statistical techniques, which focus upon and cultivates the structure of simultaneous relationships among two or more phenomena.

Parasuraman (1991:654) emphasise that there are two factors which are crucial in choosing an appropriate analysis procedure, namely the number of variables to be analysed and the nature of the data collected on each variable. According to this criteria and for the purpose of this study the multivariate analysis of variance (Manova) will be used.

The Manova procedure, which uses Wilks' lambda multivariate test of significance, will be used to investigate if there is a difference between the dependent variables, based on the independent variables or not. The hypothesis on which Wilks' lambda multivariate test of significance is based, states that there is no difference between the dependent variables of various groups, as determined by the independent variable (Struwig, 1991:209). If the value ( $p$ ) obtained by the Wilks' lambda F-test of significance is smaller than 0,05 then the hypothesis is rejected - there is a significant difference between the variables. There is a highly significant difference between the variables if  $p < 0,01$ . The univariate analysis of variance utilising the univariate F-test, will be used to determine where the differences occur. This test uses the independent variables individually, in order to determine which of the dependent variables are different.

#### 7.5.1 Multivariate analysis of Section A of the questionnaire and the independent variables (Section C)

- (a) The relationship between the main activity of an organisation and the type of organisational culture

In this section the relationship between the first independent variable, the main activity of an organisation and the dependent variables (Section A of the questionnaire) will be investigated. It will be determined whether the main activity of an organisation influence the type of culture of an organisation. The results of the Manova analysis of variance test used to investigate these differences, are given in Table 7.11.

Table 7.11: The results of the tests to investigate relationships between the main activity of an organisation and the types of organisational culture

TEST	DEPENDENT VARIABLE	P VALUE
1. Wilks' lambda F-test of significance	All	0,721

In analysing the p value of 0,721 of the Wilks' lambda F-test of significance, it can be concluded that there is no significant difference between the main activity of an organisation and the culture of an organisation ( $p > 0,05$ ).

It therefore seems that there exist no relationship between the main activity of an organisation and the culture of an organisation. Organisations with a main activity of manufacturing do not differ significantly from organisations with other main activities, regarding the type of culture of an organisation. Bowditch and Buono (1994:327), however, postulate that cultural differences between organisations in the same industry can be just as great as cultural differences across industries.

(b) The relationship between the forms of enterprise and organisational culture

The question can be raised whether a close corporation, public or private company tend to have different culture types. The results obtained are given in Table 7.12.

**Table 7.12: The results of the tests to investigate relationships between the forms of enterprise and types of organisational culture**

TEST	DEPENDENT VARIABLE	P VALUE
1. Wilks' lambda F-test of significance	All	0,110

From Table 7.12 it can be seen that there is no difference (Wilks' lambda  $p = 0,110$ ) between the forms of enterprise and culture of an organisation. It therefore appears that there is no relationship between the forms of enterprise (independent variables) and the culture of an organisation (dependent variables). Organisations with various forms of enterprise do not differ significantly regarding the type of organisational culture.

- (c) The relationship between the employment size of an organisation and organisational culture

The results obtained for investigating whether organisations of various sizes have different culture types, are illustrated in Table 7.13.

**Table 7.13:** The results of the tests to investigate relationships between the employment size of an organisation and types of organisational culture

TEST	DEPENDENT VARIABLE	P VALUE
1. Wilks' lambda F-test of significance	All	0,141

In analysing the results from Table 7.13 it can be concluded that there is no significant difference (Wilks' lambda  $p > 0,05$ ) between the employment size of an organisation and the culture type of an organisation. It should be clear that there is no relationship between the size of an organisation, as determined by the number of employees, and the type of organisational culture.

- (d) The relationship between the annual gross revenue of an organisation and organisational culture

For the purpose of this study a large organisation will be one with an annual turnover of above R10 million, a medium size organisation one with an annual turnover of between R1 and R10 million and a small organisation will have a turnover of less than R1 million. The results obtained for this section are given in Table 7.14.

**Table 7.14:** The results of the tests to investigate relationships between annual gross revenue and types of organisational culture

TESTS	DEPENDENT VARIABLES	P VALUE
1. Wilks' lambda F-test of significance	All	0,007
2. Univariate F-test of significance	Power	0,010
	Role	0,192
	Task	0,001
	Person	0,911

Considering the Wilk's lambda p value of 0,007, there seems to be a highly significant difference between the annual turnover and culture of an organisation. The univariate F-test of significance, indicate a significant difference for power culture (p value < 0,05) and a highly significant difference for task culture (p value < 0,01).

There is a relationship between organisations with different annual turnover and the power and task cultures.

(e) The relationship between the type of environment and organisational culture

In this section it will be determined whether different types of environments influence the culture of an organisation. The type of environment ranges from static, moderate changes to a dynamic environment. Do organisations operating in different environments have different organisational cultures? The results to this question are given in Table 7.15.

**Table 7.15:** The results of the tests to investigate relationships between the type of environment and organisational culture

TESTS	DEPENDENT VARIABLES	P VALUE
1. Wilks' lambda F-test of significance	All	0,013
2. Univariate F-test of significance	Power	0,040
	Role	0,116
	Task	0,079
	Person	0,201

According to Wilks' lambda F-test of significance, there is a significant difference ( $p$  value  $< 0,05$ ) between the type of environment in which an organisation operates and the culture of an organisation. In analysing the results of the univariate F-test of significance, it appears that only the power culture shows a significant difference ( $p$  value  $< 0,05$ ).

This is in agreement with literature where a power culture is one, that attempts to dominate the environment in which the organisation operates (Handy, 1985:188). The role, task and person cultures show no significant difference with relation to the environment ( $p$  values  $> 0,05$ ).

#### 7.5.2 Multivariate analysis of Section B of the questionnaire and the independent variables (Section C)

In Table 7.9 the results of the factor analysis of the strategy formulation variables were given. Section B of the questionnaire (dependent variables) consist of 20 questions/variables. According to the factor analysis, these 20 variables were grouped into four respective factors. This section attempts to investigate the relationship between these four factors and Section C of the questionnaire (independent variables), using the multivariate analysis of variance (Manova) and the univariate analysis of variance procedures.

Some of the possible relationships to be investigated, are listed below:

- \* Is there a relationship between the main activity of an organisation and the strategy formulation process in an organisation?
- \* Do various forms of enterprises differ in the manner in which they formulate strategies?
- \* Is there a relationship between the employment size of an organisation and strategy formulation?
- \* Do organisations with different annual gross revenue differ in the manner in which they formulate strategies?
- \* Is there a relationship between the environment in which an organisation operates and the strategy formulation process in an organisation?
- \* Does the hierarchial position of the respondent and the manner in which they perceive strategy formulation differs?

- (a) The relationship between the main activity of an organisation and strategy formulation

In this paragraph it will be investigated whether organisations with different main activities differ in the manner in which they formulate strategies. The results of the Manova test to investigate these differences, are given in Table 7.16.

**Table 7.16:** The results of the test to investigate relationships between the main activity of an organisation and strategy formulation

TEST	DEPENDENT VARIABLES	P VALUE
1. Wilks' lambda F-test of significance	All	0,271

From Table 7.16 it can be deducted that there is no significant difference between the main activity of an organisation and strategy formulation (Wilks' lambda p value

= 0,271). Thus, it appears that there is no relationship between the main activity of an organisation and the strategy formulation process in an organisation.

(b) The relationship between the forms of enterprise and strategy formulation

The results on the differences between the forms of enterprise and strategy formulation are given in Table 7.17.

**Table 7.17:** The results of the tests to investigate relationships between the forms of enterprise and strategy formulation

TEST	DEPENDENT VARIABLES	P VALUE
1. Wilks' lambda F-test of significance	All	0,053

Considering the p value of Wilks' lambda F-test of significance of 0,053, it can be concluded that there is no difference between the variables: forms of enterprise and strategy formulation ( $p > 0,05$ ).

(c) The relationship between the employment size of an organisation and strategy formulation

The employment size of an organisation can be used to distinguish between large and small organisations. The results obtained of the relationship between employment size and strategy formulation are given in Table 7.18.

**Table 7.18:** The results of the tests to investigate relationships between employment size of an organisation and strategy formulation

TEST	DEPENDENT VARIABLES	P VALUE
1. Wilks' lambda F-test of significance	All	0,279

Table 7.18 illustrates that according to Wilks' lambda F-test of significance there is no difference between the employment size of an organisation and strategy formulation ( $p > 0,05$ ).

- (d) The relationship between the annual gross revenue of an organisation and strategy formulation

In this paragraph it will be investigated whether organisations which different annual gross revenue differ in the manner in which they formulate strategies. The results are given in Table 7.19.

**Table 7.19:** The results of the tests to investigate relationships between the annual gross revenue of an organisation and strategy formulation

TEST	DEPENDENT VARIABLES	P VALUE
1. Wilks' lambda F-test of significance	All	0,136

From Table 7.19 the following conclusions can be made:

The p value of 0,136 of the Wilks' lambda F-test of significance indicates that there is no significant difference ( $p > 0,05$ ) between the annual gross revenue of an organisation and the strategy formulation process.

- (e) The relationship between the type of environment in which an organisation operates and strategy formulation

The results of the tests to investigate relationships between the type of environment and strategy formulation are given in Table 7.20.

**Table 7.20: The results of the tests to investigate relationships between the type of environment and strategy formulation**

TESTS	DEPENDENT VARIABLES	P VALUE
1. Wilks' lambda F-test of significance	All	0,000
2. Univariate F-test of significance	Planning	0,000
	Mission statement	0,005
	Policy formulation	0,050
	Defining the business	0,011

From Table 7.20 the following conclusions can be drawn:

The p value of 0,000 of the Wilks' lambda F-test of significance, indicates that there is a highly significant difference between the type of environment in which an organisation operates and strategy formulation ( $p < 0,01$ ).

These differences occur in the following elements of strategy formulation: planning of strategies, mission formulation and defining the business ( $p < 0,05$ ). The type of environment in which an organisation operates does exhibit a relationship with strategy formulation process in an organisation.

- (f) The relationship between the respondents' position in an organisation and strategy formulation

In Table 7.21 the results of the tests to investigate whether the respondents' position in an organisation influence the strategy formulation process, are given.

**Table 7.21:** The results of the tests to investigate relationships between the respondents' position in an organisation and strategy formulation

TESTS	DEPENDENT VARIABLES	P VALUE
1. Wilks' lambda F-test of significance	All	0,024
2. Univariate F-test of significance	Planning	0,008
	Mission statement	0,645
	Policy formulation	0,819
	Defining the business	0,050

In analysing the p value of the Wilks' lambda F-test of significance, it can be seen that there is a significant difference in the responses of the different management levels and strategy formulation ( $p < 0,05$ ). The p values of the univariate F-test of significance indicate that this difference occur in the planning of strategies ( $p = 0,008$ ). There are therefore differences in how the various management levels perceive the planning of strategies of their respective organisations.

### 7.5.3 Multivariate analysis of Section A of the questionnaire (independent variables) and Section B of the questionnaire (dependent variables)

In this section it will be investigated whether organisations with different organisational culture types differs in the manner in which they formulate strategies. The different culture types, namely power, role, task and person, will be the independent variables and strategy formulation the dependent variable.

#### (a) The relationship between power culture and strategy formulation

The results on the relationships between power culture and how strategies are being formulated in such organisations, are given in Table 7.22.

**Table 7.22:** The results of the tests to investigate the relationships between power culture and strategy formulation

TESTS	DEPENDENT VARIABLES	P VALUE
1. Wilks' lambda F-test of significance	All	0,000
2. Univariate F-test of significance	Planning	0,000
	Mission statement	0,000
	Policy formulation	0,000
	Defining the business	0,001

Considering the p value of the Wilks' lambda F-test of significance of 0,000, it can be concluded that there is a highly significant difference between a power culture and the manner in which these organisations formulate strategies (p value < 0,01).

These differences occur in all the elements of strategy formulation. According to the univariate F-test of significance, power cultures show a highly significant difference in all the elements of the strategy formulation process. It therefore appears that organisations with a power culture tend to formulate strategies in a certain manner. These organisations differ in how they plan strategies, formulate mission statements and policies and how they define the business of the organisation.

(b) The relationship between role culture and strategy formulation

In this paragraph it will be investigated whether an organisation with a role culture differs in the manner in which strategies are being formulated for the organisation. The results of the Manova and univariate analysis of variance tests are given in Table 7.23.

**Table 7.23:** The results of the tests to investigate relationships between role culture and strategy formulation

TESTS	DEPENDENT VARIABLES	P VALUE
1. Wilks' lambda F-test of significance	All	0,017
2. Univariate F-test of significance	Planning	0,001
	Mission statement	0,050
	Policy formulation	0,284
	Defining the business	0,182

From Table 7.23 it can be concluded that there is a significant difference between a role culture and the manner in which these organisations formulate strategies (Wilks' lambda  $p = 0,017$ ).

In analysing the p values of the univariate F-test of significance, this difference occur only in the planning of strategies (a highly significant difference - p value < 0,01). Organisations exhibiting a role culture tend to differ in the manner in which they plan strategies for the organisation.

(c) The relationship between task culture and strategy formulation

The results on whether organisations exhibiting a task culture differs regarding the strategy formulation process, are illustrated in Table 7.24.

**Table 7.24:** The results of the tests to investigate relationships between task culture and strategy formulation

TESTS	DEPENDENT VARIABLES	P VALUE
1. Wilks' lambda F-test of significance	All	0,000
2. Univariate F-test of significance	Planning	0,000
	Mission statement	0,000
	Policy formulation	0,001
	Defining the business	0,001

From Table 7.24 the following conclusions can be made:

The Wilks' lambda F-test of significance indicates that there is a highly significant difference between a task culture and strategy formulation ( $p$  value  $< 0,01$ ).

These highly significant differences occur in all the strategy formulation elements ( $p < 0,01$ ). It thus appears that organisations with a task culture differs regarding the manner in which they formulate strategies.

(d) The relationship between person culture and strategy formulation

The results of the relationship between organisations with a person culture and the strategy formulation process in an organisation, are given in Table 7.25.

**Table 7.25:** The results of the test to investigate relationships between person culture and strategy formulation

TEST	DEPENDENT VARIABLES	P VALUE
1. Wilks' lambda F-test of significance	All	0,112

Considering the p value of the Wilks' lambda F-test of significance of 0,112, it can be deducted that there is no significant difference between organisations with a person culture and strategy formulation in an organisation.

A summary of all the results obtained to investigate relationships between organisational culture and strategy formulation is presented in Table 7.26.

**Table 7.26:** A summary of the results of investigating relationships between the independent variables (culture types) and strategy formulation

Independent variables	Manova procedure: Do differences exist?	Univariate analysis of variance: Differences occur in:
Power culture	Highly significant difference	Planning Mission statement Policy formulation Defining the business
Role culture	Significant difference	Planning
Task culture	Highly significant difference	Planning Mission statement Policy formulation Defining the business
Person culture	No significant difference	

Table 7.26 indicates that there are significant differences between the independent variables (culture) and dependent variables (strategy formulation).

As seen in Table 7.26 the power and task cultures show highly significant differences in the manner in which strategies are being formulated. The role culture shows only a significant difference in the planning aspect of strategy formulation. The person culture shows no significant difference in any of the strategy formulation elements.

In Chapter 3 it was indicated that organisations with a person culture, place a high emphasis on the person working in that organisation - everything centres around the person in the organisation. The person culture is typically eminent in professional organisations, such as lawyer and doctor practices (Handy, 1985:195), which falls beyond the boundaries of the population included in this study.

## 7.6 CONCLUDING REMARKS

This chapter reports the results of the statistical analysis performed. Nelson (1982:409) emphasise that the researcher should analyse and present the data collected in a meaningful form in order to realise research objectives. The reliability of the measures used in this study was established by means of Cronbach's alpha. The overall reliability coefficients of Cronbach's alpha for Section B of the questionnaire is 91%.

A preliminary data analysis was conducted in order to obtain a feeling for what the data were like. The results were summarised by means of frequency distributions and descriptive statistics, for example measures of central tendency and variability. The most dominant organisational culture appears to be a task culture, while a person culture seems to be the least dominant culture type.

The relationship between the variables were investigated by means of a factor analysis, which group a number of variables together. According to the varimax rotation of factors it was established that strategy formulation consists of four factors: planning of strategies, mission and policy formulation and defining of the business of the organisation. Further relationships between the variables were investigated, using multivariate and univariate analysis of variance. It appeared that there is a clear relationship between the culture of an organisation and the manner in which they formulate strategies.

Conclusions and recommendations, based on the results, will be discussed in Chapter 8.

## CHAPTER 8

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 8.1 SUMMARY

South African organisations are subject to a rapidly changing environment. Besides the global changes and challenges facing South African organisations, the country also has a new political dispensation. These political changes have opened international markets to South African organisations. The question, however, arises of whether they will be able to adapt to the rapidly changing environment and to compete internationally.

Visser (1992:8), is of the opinion that South African organisations and especially the manufacturing sector, are not ready to compete internationally. This study paid particular attention to the relationship between organisational culture and the formulation of strategies. Only one variable in the strategic management process, namely strategy formulation, was compared with the culture of an organisation. The reason why only one variable was used is found in a study conducted by Struwig (1991), where she found that strategy formulation is the one variable in strategic management that needs special attention. Fischer (1992:2) further stressed the importance of research in organisational culture.

The relationship between organisational culture and strategy formulation was investigated in the following manner:

- \* An outline of the most important theories of organisational culture was given.
- \* The historical development of organisational culture was highlighted.
- \* A model, depicting the most important elements included in the culture of an organisation was developed.

- \* The important role of strategy formulation in the strategic management process was examined.
- \* The link between organisational culture and strategy formulation in an organisation was investigated.

Both primary and secondary research was necessary. The research process used is outlined in the following paragraphs.

Chapter 2 outlined the various definitions and concepts related to organisational culture. The historical development of organisational culture and the most important theories on organisational culture were also highlighted.

Chapter 3 explored the literature on organisational culture. Various aspects of the concept were discussed: sources, dimensions, levels and types of organisational culture. A model was developed, depicting the most important elements that should be included in the culture of an organisation.

A brief overview of strategic management, with special reference to strategy formulation, was given in Chapter 4. Aspects such as the historical development of strategic management, levels and characteristics of strategic management were highlighted. A model was developed of the strategic management process, indicating the five main components of the process.

Chapter 5 investigated the link between organisational culture and strategy formulation. The impact of culture on strategy was analysed. The secondary research process was concluded in this chapter.

In Chapter 6 the scope and methodology of the empirical process were outlined. The design of the sample and questionnaire, collection of data and data processing procedures were discussed. A proportional stratified random sample of 3000 organisations was drawn by Matrix Marketing and a mail survey administered.

Questions consisted of close-ended questions using forced ranking and a Likert-type scale of measurement.

The results of the survey and discussion were given in Chapter 7. The relationship between organisational culture and strategy formulation was empirically assessed by means of various statistical procedures, such as descriptive statistics, factor analysis and multivariate and univariate analysis of variance procedures.

In the following section the most important conclusions drawn from the study are highlighted below.

## **8.2 CONCLUSIONS**

This research emphasised fundamental aspects of the relationship between organisational culture and strategy formulation in South African organisations.

### **8.2.1 Conclusions drawn from literature study**

In the literature there are various definitions of the concept "organisational culture". It was concluded that organisational culture consists of a set of values, norms, beliefs and assumptions shared by people in an organisation. A distinction was made between organisational culture (shared beliefs and expectations) and organisational climate (attitudes towards various issues in the organisation). An analysis of the historical development of organisational culture indicates that the concept is fairly young. Various theories of organisational culture serve as a basis for understanding how culture evolves and changes within an organisation.

After a theoretical analysis of the various aspects with regard to organisational culture, a model was developed, depicting the main elements of an organisation's culture. This model has seven main components:

- Component 1 shows that the content of an organisation's culture is derived from various sources.
- Component 2 suggests that the culture should be identified (that is, it has certain characteristics).
- Component 3 refers to the various dimensions of an organisation's culture.
- Component 4 of the model shows that the characteristics and dimensions of a culture culminates in various manifestations.
- Component 5 illustrates the nature of culture at various levels of analysis.
- Component 6 depicts the different types of organisational culture.
- Component 7 indicates how individuals or group members interpret the culture of an organisation.

In analysing all the definitions found on strategic management, certain common trends can be identified. Strategic management can be viewed as all those activities directed at formulating and implementing a strategy to ensure that the objectives of the organisation are realised. The similarity among the various general models of strategic management, facilitated the development of a model of strategic management, consisting of five main components:

- Environmental analysis
- Internal capabilities analysis
- Strategy formulation
- Strategy implementation
- Strategic control

As strategy formulation forms the main aspect of investigation in this study, it was discussed thoroughly. The strategy formulation phase of strategic management consists of the following elements:

- Organisational culture
- Defining the business of the organisation
- Mission statement
- Goals and objectives
- Formulating strategies
- Setting policies

It was emphasised that organisational culture should form part of the strategic management process. Organisational culture was included in both strategy formulation and implementation and internal capabilities analysis. The interactive role between organisational culture and strategy formulation was examined extensively. Weeks (1988:113), however, postulates that in literature the integration of these concepts is scarce.

No attempt was made in previous research to investigate the type of organisational culture that exists and the manner in which the organisations executed strategy formulation. This aspect was examined during the empirical study. During the literature study it was found that there should be purposeful attempts to ensure that alignment of both culture and strategy take place. The following are guidelines for management to initiate change in organisational culture:

- Existing organisational culture needs to be understood conceptually.
- Major changes and confrontations with embedded values should be avoided.
- Consider modifying as many of McKinsey 7-s framework elements as possible (strategy, skills, staff, style, systems, structure and shared values).
- Do not only rely on vision statements - live the new culture.
- Persevere - cultural change is a long process.

## 8.2.2 Conclusions drawn from empirical research

### 8.2.2.1 Descriptive statistics conclusions

#### (a) Types of organisational culture

The results showed that a task culture was the most dominant type of organisational culture implemented by the organisations of respondents. Task culture was ranked first overall. Of all the surveyed organisations, it appears that a person culture is the least dominant type of culture and was ranked last.

#### (b) Strategy formulation

It can be concluded that, on average, organisations tend to formulate strategies effectively. Two specific aspects of strategy formulation that need special attention, were identified: the annual revision of mission statements and the operation of a permanent strategic planning department. Other issues and aspects related to strategy formulation, which also seem to leave room for improvement were:

- \* Commitment to the upliftment of all communities
- \* Inclusion of an element of affirmative action in mission statement
- \* Inclusion of an element of social responsibility in mission statement
- \* Accounting for organisational members' values when defining the business of the organisation
- \* Mission statements should be known to all parties in the organisation
- \* The use of recognised techniques for identifying strategies
- \* The involvement of all levels of management in the formulation of strategies
- \* Constructive application of an affirmative action policy

### **8.2.2.2 Conclusions on the relationship between organisational culture and independent variables**

Statistical analysis was used to describe relationships between the type of organisational culture and other characteristics of the organisations. The results lead to the following conclusions:

#### **(a) Main activity of the organisation**

There is no relationship between the culture of an organisation and its main activity. Organisations with manufacturing as their main activity do not differ significantly from organisations with other main activities, as to their type of organisational culture.

#### **(b) Forms of enterprise**

The results showed that there is no relationship between organisations with various forms of enterprise and the type of organisational culture. There is no clear relationship between the cultures of close corporations, public and private companies.

#### **(c) Employment size of the organisation**

There is no relationship between the employment size of an organisation and the type of organisational culture. There is no clear relationship between organisations with different number of employees and the culture of those organisations.

**(d) Annual gross revenue of the organisation**

The results obtained indicated that there is a highly significant difference between the annual gross revenue and culture of an organisation. This difference occurs especially in organisations with power and task cultures.

**(e) Environment of the organisation**

There is a significant difference between the type of environment in which an organisation operates and its culture. This difference is particularly seen in a power culture, which correlates with the fact that a power culture dominate its environment. There appears to be no significant difference between role, task and person cultures and the environment in which these organisations operate.

### **8.2.2.3 Conclusions on the relationship between strategy formulation and independent variables**

Analysis of strategy formulation in South African organisations produced the following conclusions:

**(a) Main activity of the organisation**

Analysis of the results showed that there is no relationship between the main activity of an organisation and the strategy formulation process in an organisation.

**(b) Forms of enterprise**

Organisations with different forms of enterprise do not differ significantly regarding the manner in which they formulate strategies. No clear relationship could be investigated between the forms of enterprise and the manner in which strategies were formulated.

(c) Employment size of the organisation

It appears that the employment size of an organisation has no direct relationship with the manner in which the organisation formulates strategies.

(d) Annual gross revenue of the organisation

The results emphasised that organisations with different annual gross revenues do not differ in the manner in which they formulate strategies. There is no clear relationship between the annual gross revenue of an organisation and its strategy formulation process.

(e) Environment of the organisation

The type of environment in which an organisation operates is related to strategy formulation. Specific aspects of strategy formulation which have a direct relationship with the environment of an organisation are: planning of strategies, formulation of mission statements and defining the business of the organisation. It is evident that the environment, whether static, dynamic or characterised by moderate changes, is related to how the organisation formulates strategies.

(f) Position of the respondent

Respondents of this survey were from both managerial and top management positions. Analysis of the results indicates that the hierarchical position of respondents and the manner in which they perceive strategy formulation differs. This is seen specifically in how the various management levels perceive the planning of strategies in their respective organisations.

#### **8.2.2.4 Conclusions on the relationship between organisational culture (independent variables) and strategy formulation (dependent variables)**

The main objective of this study was to investigate the relationship between organisational culture and strategy formulation in South African organisations. Do organisations which exhibit different cultures differ in the manner in which they formulate strategies? The conclusions drawn from the results obtained will be discussed in the following paragraphs.

##### **(a) The relationship between power culture and strategy formulation**

Results obtained from the survey indicates that there is a highly significant difference between a power culture and the manner in which the organisation formulates strategies. Organisations exhibiting a power culture differs in how they plan strategies, formulate mission statements and policies and how they define the business of the organisation.

##### **(b) The relationship between role culture and strategy formulation**

Analysis of the results show that there is a significant difference between a role culture and the manner in which strategies are formulated. Further analysis, however, indicates that organisations with a role culture only differ from others in planning strategies. Role cultures have no relationship with the formulation of mission statements and policies and defining the business of the organisation. The relationship between an organisation with a role culture and strategy formulation is therefore not as clear and direct as that with an organisation dominated by a power culture.

##### **(c) The relationship between task culture and strategy formulation**

Organisations with a task culture plan strategies, formulate mission statements and

policies and define the business of the organisation in a different manner to those with other cultures. Organisations with a task culture differ significantly on how they formulate strategies.

(d) **The relationship between person culture and strategy formulation**

Analysis of the results show that a person culture has no relationship with the strategy formulation process of an organisation. The person culture shows no significant difference with any of the strategy formulation elements.

### **8.3 RECOMMENDATIONS**

As a result of this survey, several aspects of organisational culture and strategy formulation seem to need particular attention. In the following paragraphs the most important recommendations and managerial implications will be discussed.

#### **8.3.1 The determination and role of organisational culture**

It is important for management to understand the various theories of organisational culture, as these theories serve as a basis for understanding how culture evolves and changes within an organisation.

The model which was developed, depicting the main elements of an organisation's culture, can be used as a guideline and starting point for identifying the culture of an organisation. The following seven steps can be used in describing the culture of an organisation:

- (i) **Identify the sources of organisational culture.**
- (ii) **Describe the characteristics of an organisation's culture.**
- (iii) **Identify the various dimensions of organisational culture.**
- (iv) **List the various manifestations of a culture in an organisation.**

- (v) Describe the nature of culture at various levels of analysis.
- (vi) Specify the type of organisational culture.
- (vii) Interpret the culture of an organisation.

The following are some general recommendations with regard to organisational culture:

- \* It is important that organisations establish their culture individually. Purposeful attempts should be made to identify the type of culture of an organisation.
- \* Management should realise the increasing importance of organisational culture as a component of the strategic management process.
- \* To assess the culture of an organisation is no easy task. Any outside examination of culture is likely to be superficial, but more objective. Inside diagnosis of culture, however, will be more detailed, but less objective. The focus in the deciphering of organisational culture is the determination of shared understandings, beliefs and values, from words, deeds and feelings in the organisation (manifestations of culture).
- \* Cultural change in an organisation should be handled carefully. When the culture of an organisation needs to be changed, one should bear in mind that it involves people. To facilitate changes, rewards, values and beliefs should be altered to accommodate the existing behaviour of employees, and at the same encourage new demanded behaviour.

The following are specific recommendations, based on the conclusions drawn from the study, on the relationship between organisational culture and the independent variables (biographical data):

- \* Management should realise that there appears to be no relationship between the culture of an organisation and the main activity of an organisation. The main activity of an organisation therefore seems to play no role in determining an organisation's culture.

- \* Management should note that the forms of enterprise (whether private or public company or close corporation) bears no direct relationship with the culture of that organisation.
- \* Management should recognise that there appears to be no clear relationship between the employment size of an organisation and the culture of an organisation. The amount of people employed by an organisation will therefore not determine the culture of an organisation.
- \* It is important to realise that there is a highly significant difference between the annual gross revenue of an organisation and its culture. The cultures of those organisations which have power and task cultures in particular, tend to show a relationship with the annual gross revenue of those organisations. In order to investigate whether the annual gross revenue of an organisation bears a relationship with the culture of an organisation, it is necessary to first identify the type of organisational culture. If the organisation has a power or task culture, it can be deduced that the annual gross revenue of the organisation played a role in the determination of those cultures (power and task).
- \* After analysis and identification of an organisation which has a power culture, management should realise the important role that the environment plays in the determination of a power culture, because these cultures dominate their environment.

### 8.3.2 Strategy formulation in South African organisations

The following are specific aspects and issues that management should pay attention to:

- \* Organisations which intend to implement strategic management can use the following five steps as guidelines: environmental analysis, internal capabilities analysis, strategy formulation and implementation and strategic control.

- \* Purposeful attempts should be made to define the business of the organisation, to clearly indicate what it is and what it should be.
- \* Action should be taken to formulate a statement of general purpose (mission statement), which must be well known to all parties in the organisation. This mission statement should reflect the value system of the organisation.
- \* In devising strategies, management should be flexible. South African organisations operate in conditions subject to new political changes. Organisations should be able to adapt to the new political dispensation in order to be progressive and competitive.
- \* In order to have well developed strategies, management must ensure that the organisation has a well developed management information system. This information system must be flexible, relevant and cost effective.
- \* Management should endeavour to ensure that mission statements include elements of affirmative action and social responsibility. Organisations should realise that they not only exist to make a profit, but should also get involved in the upliftment of communities.
- \* Although it was found that few organisations have a strategic planning department operating on a permanent basis, organisations should consider the possibility of introducing a department or section which handles all strategic planning aspects of the organisation on a permanent basis.
- \* It is imperative that organisations which conduct a thorough environmental analysis, be aware of the political-legal trends influencing the organisation.

The following are specific recommendations based on the conclusions on the relationship between strategy formulation and the independent variables (biographical data):

- \* From the responses it was clear that the main activity of an organisation shows no relationship with the manner in which it formulates strategies.
- \* Management should realise that the various forms of enterprises do not differ significantly in the manner in which they formulate strategies.

- \* Management should recognise that the employment size of an organisation bears no direct relationship with the manner in which the organisation formulates strategies.
- \* It is also interesting for management to know that the annual gross revenue of an organisation has no clear relationship with the strategy formulation process in an organisation.
- \* It is further important for management to realise that the type of environment in which an organisation operates, is related to its strategy formulation process. Specific attention needs to be given to the following aspects of strategy formulation, which seem to be related to the environment of the organisation: planning strategies, formulation of mission statements and defining the business of the organisation. It is necessary for the organisation to identify the type of environment in which it operates (ranging from static, with moderate changes to dynamic) and then to pay particular attention to the aspects of strategy formulation listed above.

### 8.3.3 Relationship between organisational culture and strategy formulation

Recommendations, based on the conclusions drawn from the relationship between organisational culture and strategy formulation, are listed below:

- \* Increased emphasis should be placed on the need for alignment between culture and strategy.
- \* A general guideline in this regard should be that strategy formulators should select a strategy compatible with the prevailing culture. Once a strategy has been chosen, they must bring the organisational culture into close alignment with the strategy. A diagnosis has to be made of which aspects of the present culture are strategy supportive and which are not.
- \* Implanting the needed culture-building values and behaviour depends on the sincere, sustained and committed effort of top management.

- \* Management should realise that there is a highly significant difference between an organisation with a power culture and the manner in which it formulates strategies. Organisations with a power culture will differ in how they plan strategies, formulate mission statements and policies and how they define the business of the organisation. All the aspects of strategy formulation need to be looked at if the organisation exhibits a power culture, due to the fact that power cultures show a highly significant difference in the manner in which they formulate strategies.
- \* If it appears that the organisation exhibits a role culture, management should pay particular attention to the planning of strategies, because there is a significant difference between those with a role culture and the manner in which they plan strategies. Other aspects of strategy formulation seems not to be directly related to a role culture.
- \* Management should note that organisations with a task culture formulate strategies in a certain manner (indicates that there is a strong relationship). Task cultures differ significantly regarding all aspects of strategy formulation.
- \* Strategy formulators belonging to organisations which exhibit a person culture should realise that there does not seem to be a relationship between the culture of the organisation and the strategy formulation process in the organisation.

#### **8.4 SHORTCOMINGS OF THE STUDY**

This study has certain shortcomings which need to be considered:

Firstly, the low response rate (6,7%) can be regarded as a limitation of this study. Although various measures were taken (see Section 6.2.2 (c)) to ensure a higher response rate, it was still unsatisfactory. An external factor which could have contributed to this low response rate was the time period in which the empirical research was conducted (post-election euphoria).

Secondly, the role of trade unions as a major stakeholder in the shaping of an organisation's culture and strategies was ignored.

Thirdly, the study was restricted to the manufacturing sector of the economy. A similar study including the service and primary sectors is proposed.

## 8.5 FURTHER RESEARCH PROPOSALS

The following research topics can be proposed:

- \* Culture-strategy compatibility in the service and primary sectors of the economy.
- \* The influence of trade unions in the shaping of organisations' culture and strategies.
- \* Culture diversity in the work place: Its influence on organisational culture and strategies.
- \* The influence of an organisation's culture on the implementation of affirmative action.
- \* The nature and extent of person cultures in South African organisations.
- \* The relationship between organisational culture and strategy implementation.

The following is an appropriate statement with which to conclude this study:

" ... growing emphasis on organisation and culture as critical ingredients in the execution of strategy. The attention to culture represents perhaps the greatest departure from the past - it represents a recognition that the values, motivation and behaviour of the organisations' members are critical determinants of corporate performance and so of the success or failure in implementing strategy".

Wilson (1994:23)

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APPENDIX A

A COPY OF THE SURVEY QUESTIONNAIRE

**VISTA UNIVERSITY  
QUESTIONNAIRE**



(Hierdie vraelys is ook op aanvraag in Afrikaans beskikbaar)

Below are statements which deals with the culture of your organization (Section A) and strategy formulation within your organisation (Section B). Kindly ensure that you answer ALL questions.

**SECTION A  
ORGANISATIONAL CULTURE**

Rank each statement in order of importance. Put "1" against the statement which best represents the dominant view in your organisation, "2" for the next closest to your organisation's position and through to "3" and "4".

	Rank
<b>MY SUPERIOR:</b>	
Is strict but fair	<input type="text"/>
Avoids to exercise authority to his own advantage	<input type="text"/>
Is open-minded in matters concerning the task	<input type="text"/>
Is responsive to the personal needs of others	<input type="text"/>
<b>A GOOD SUBORDINATE IN MY ORGANISATION:</b>	
Is loyal to the interest of his superior	<input type="text"/>
Avoids actions that embarrass his superior	<input type="text"/>
Is self motivated to contribute his best to the task	<input type="text"/>
Is willing to give help to others towards their development	<input type="text"/>
<b>A GOOD MEMBER OF MY ORGANISATION GIVES FIRST PRIORITY TO:</b>	
The personal demands of the superior	<input type="text"/>
The responsibilities of his own role	<input type="text"/>
The requirements of the task	<input type="text"/>
The personal needs of the individual involved	<input type="text"/>
<b>PEOPLE WHO DO WELL IN MY ORGANISATION:</b>	
Has a strong drive for power	<input type="text"/>
Are responsible with a strong sense of loyalty to the organisation	<input type="text"/>
Are committed to getting the job done	<input type="text"/>
Has a commitment to the development of people	<input type="text"/>
<b>MY ORGANISATION TREATS THE INDIVIDUAL:</b>	
As though his time was at the disposal of his superiors	<input type="text"/>
As though his time was available through a contract having responsibilities on both sides	<input type="text"/>
As a co-worker who has committed his skills to the common cause	<input type="text"/>
As a worthwhile person in his own right	<input type="text"/>
<b>PEOPLE ARE CONTROLLED AND INFLUENCED BY:</b>	
Personal exercise of economic/political power (rewards and punishments)	<input type="text"/>
Impersonal exercise of economic/political power to enforce procedures and performance standards	<input type="text"/>
Discussion of task requirements	<input type="text"/>
Concern for other persons involved	<input type="text"/>

**7. IT IS LEGITIMATE FOR ONE PERSON TO CONTROL ANOTHER'S ACTIVITIES:**

- a. If he has more authority in the organisation
- b. If his role prescribes that he is responsible for directing others
- c. If he has more knowledge relevant to the task at hand
- d. If the other person accepts that the first person's instruction can contribute to the other's learning


**8. THE BASIS OF TASK ASSIGNMENT IS:**

- a. The personal judgement of those in authority
- b. The formal divisions of functions in the system
- c. The expertise requirements of the job to be done
- d. The personal needs for growth of the individual organisation members


**9. WORK IN MY ORGANISATION IS PERFORMED OUT OF:**

- a. Personal loyalty towards a powerful individual
- b. Personal loyalty towards the organisational system
- c. Personal commitment to the task or goal
- d. Enjoyment of the activity for his own sake


**10. PEOPLE IN MY ORGANISATION WORK TOGETHER:**

- a. When they are required to by higher authority
- b. When coordination are specified by the formal system
- c. When joint contribution is needed to make progress in the task
- d. When the collaboration is personally satisfying


**11. COMPETITION IN MY ORGANISATION**

- a. Is for personal advantages
- b. Is for higher position in the formal system
- c. Is for excellence of contribution to the task
- d. Is for attention to one's own personal needs


**12. CONFLICT IN MY ORGANISATION:**

- a. Is controlled by the intervention of higher authorities
- b. Is suppressed by reference to procedures
- c. Is resolved through full discussion of the merits of the work issues involved
- d. Is resolved by open discussion of the personal needs and values involved


**13. DECISIONS IN MY ORGANISATION ARE MADE BY:**

- a. The person with the higher authority
- b. The person whose job description carries the responsibility
- c. The person with the most knowledge about the problem
- d. The person most affected by the outcome


**IN THE APPROPRIATE COMMUNICATION STRUCTURE OF MY ORGANISATION:**

Commands flow from top to down in a simple pyramid

Commands flow from top to down within functional pyramids that meets at the top

Information about task requirements flow from the centre of task activity upwards and outwards

Information flows from person to person based on voluntary relationships


**THE ENVIRONMENT OF MY ORGANISATION IS RESPONDENT TO AS THOUGH IT WERE:**

A competitive jungle in which all are against all

An orderly system in which competition is limited

A complex of imperfect systems that is to be reshaped by the achievements of the organisation

To use it as a play and work space for the growth of members


**SECTION B  
STRATEGY FORMULATION**

Mark your response to each statement by means of a CIRCLE, e.g. 5 on the following 7-point scale:

- 5) Agree strongly      (5) Agree slightly      (3) Disagree slightly      (1) Disagree strongly  
4) Agree moderately      (4) Neither agree nor disagree      (2) Disagree moderately

	Agree strongly				Disagree strongly				Office use
My Organisation:									
1. Formally defines the business of the organisation, clearly indicating what it is and what it should be	7	6	5	4	3	2	1		
2. Takes into account the values and expectations of organisation members when defining the business of the organisation	7	6	5	4	3	2	1		
3. Take cares of the needs of all employees, irrespective of sex, race or religion	7	6	5	4	3	2	1		
4. Do formulate a statement of general purpose (mission statement)	7	6	5	4	3	2	1		
5. Ensures that the mission statement is well known to all parties in the organisation	7	6	5	4	3	2	1		
6. Has a well developed management information system which is essential for effective strategic planning	7	6	5	4	3	2	1		
7. Will be able to adapt to a new political dispensation if required	7	6	5	4	3	2	1		
8. Formulates a mission statement which reflects the value system of the organisation	7	6	5	4	3	2	1		
9. Includes an element of affirmative action into its mission statement	7	6	5	4	3	2	1		
10. Includes an element of concern for the community (social responsibility) into its mission statement	7	6	5	4	3	2	1		
11. Are committed to the upliftment of deprived communities	7	6	5	4	3	2	1		
12. Reviews its mission statement annually in order to adapt to changes in the environment	7	6	5	4	3	2	1		
13. Has clearly defined goals and objectives, indicating what should be achieved so that the mission could be realised	7	6	5	4	3	2	1		
14. Has a strategic planning department which operates on a permanent basis	7	6	5	4	3	2	1		

	Agree strongly				Disagree strongly			Office use
	7	6	5	4	3	2	1	
15. Purposefully draw up plans of action (develop strategies) to achieve the objectives of the organisation	7	6	5	4	3	2	1	
16. Uses well recognised techniques (e.g. SWOT analysis) identifying strategies for the organisation	7	6	5	4	3	2	1	
17. Involve all levels of management to formulate strategies	7	6	5	4	3	2	1	
18. Reviews its strategic plans annually	7	6	5	4	3	2	1	
19. Has clearly defined policies which provide the ground rules for the implementation of strategies	7	6	5	4	3	2	1	
20. Constructively applies an affirmative action policy	7	6	5	4	3	2	1	

## SECTION C

## CLASSIFICATION DATA

Please provide the required information by circling the appropriate number.

<b>1. MAIN ACTIVITY</b>		<b>3. EMPLOYMENT SIZE</b>	
Manufacturing	1	< 100	1
Construction	2	100-199	2
Electricity	3	200-299	3
Trade	4	300-399	4
Transport	5	400-499	5
Other (Specify)	6	500-999	6
<b>2. FORM OF ENTERPRISE</b>		1000+	7
Close corporation	1	<b>4. ANNUAL GROSS REVENUE IN RAND</b>	
Public company	2	0 - R999 999	1
Private Company	3	R1 million - R10 million	2
Other (Specify)	4	Above R10 million	3

<b>5. How would you characterise the ENVIRONMENT in which your organisation operates</b>	
Static	1
Moderate changes/innovation	2
Dynamic	3

6. DESIGNATION OF RESPONDENT: \_\_\_\_\_

*Thank you for your kind cooperation*

**APPENDIX B**

**A COPY OF THE COVERING LETTER**



PORT ELIZABETH CAMPUS  
PRIVATE BAG X813  
PORT ELIZABETH 6000  
REPUBLIC OF SOUTH AFRICA  
TEL (041) 64-4200  
FAX (041) 64-2859

PORT ELIZABETHKAMPUS  
PRIVAATSAK X813  
PORT ELIZABETH 6000  
REPUBLIEK VAN SUID-AFRIKA  
TEL (041) 64-4200  
FAKS (041) 64-2859

5 May 1994

Dear Sir/Madam

Management in the nineties is faced with challenging changes. The culture and strategies of the organisation will play an important role in adapting to these changes.

Often management devise strategies which fail when implemented. To address this problem a study, which is aimed at identifying the role of **organisational culture in strategy formulation**, has been undertaken by the Department of Business Management at Vista University, Port Elizabeth. It is envisaged that this study will provide important guidelines for improving strategic planning in organisations.

We earnestly appeal to you to kindly complete the attached questionnaire and return it in the reply paid envelope before **31 May 1994**. Your name or the name of your organisation can in no way be linked to the final results. The results of this study will be available on request.

Thank you for your valuable time and assistance.

E.E Smith  
Department of Business Management

APPENDIX C

FREQUENCY TABLES OF THE RESULTS OF THE STUDY

VISTA UNIVERSITY  
QUESTIONNAIRE



(Hierdie vraelys is ook op aanvraag in Afrikaans beskikbaar)

How are statements which deals with the culture of your organization (Section A) and strategy formulation in your organisation (Section B). Kindly ensure that you answer ALL questions.

SECTION A  
ORGANISATIONAL CULTURE

Rank each statement in order of importance. Put "1" against the statement which best represents the dominant view in your organisation, "2" for the next closest to your organisation's position and through to "3" and "4".

MY SUPERIOR:	(Number (%) of times ranked first)	Rank
Is strict but fair		39,9
Avoids to exercise authority to his own advantage		9,6
Is open-minded in matters concerning the task		37,8
Is responsive to the personal needs of others		5,3
<b>A GOOD SUBORDINATE IN MY ORGANISATION:</b>		
Is loyal to the interest of his superior		17,6
Avoids actions that embarrass his superior		5,3
Is self motivated to contribute his best to the task		67,6
Is willing to give help to others towards their development		4,3
<b>A GOOD MEMBER OF MY ORGANISATION GIVES FIRST PRIORITY TO:</b>		
The personal demands of the superior		10,1
The responsibilities of his own role		36,7
The requirements of the task		49,5
The personal needs of the individual involved		3,2
<b>PEOPLE WHO DO WELL IN MY ORGANISATION:</b>		
Has a strong drive for power		10,6
Are responsible with a strong sense of loyalty to the organisation		31,9
Are committed to getting the job done		49,5
Has a commitment to the development of people		5,3
<b>MY ORGANISATION TREATS THE INDIVIDUAL:</b>		
As though his time was at the disposal of his superiors		11,2
As though his time was available through a contract having responsibilities on both sides		20,2
As a co-worker who has committed his skills to the common cause		43,1
As a worthwhile person in his own right		23,4
<b>PEOPLE ARE CONTROLLED AND INFLUENCED BY:</b>		
Personal exercise of economic/political power (rewards and punishments)		23,4
Impersonal exercise of economic/political power to enforce procedures and performance standards		10,1
Discussion of task requirements		61,7
Concern for other persons involved		3,7

7.	<b>IT IS LEGITIMATE FOR ONE PERSON TO CONTROL ANOTHER'S ACTIVITIES:</b>	
a.	If he has more authority in the organisation	18,1
b.	If his role prescribes that he is responsible for directing others	40,4
c.	If he has more knowledge relevant to the task at hand	27,1
d.	If the other person accepts that the first person's instruction can contribute to the other's learning	8,0
8.	<b>THE BASIS OF TASK ASSIGNMENT IS:</b>	
a.	The personal judgement of those in authority	21,8
b.	The formal divisions of functions in the system	21,8
c.	The expertise requirements of the job to be done	52,7
d.	The personal needs for growth of the individual organisation members	2,7
9.	<b>WORK IN MY ORGANISATION IS PERFORMED OUT OF:</b>	
a.	Personal loyalty towards a powerful individual	7,4
b.	Personal loyalty towards the organisational system	19,7
c.	Personal commitment to the task or goal	69,1
d.	Enjoyment of the activity for his own sake	3,2
10.	<b>PEOPLE IN MY ORGANISATION WORK TOGETHER:</b>	
a.	When they are required to by higher authority	12,2
b.	When coordination are specified by the formal system	14,4
c.	When joint contribution is needed to make progress in the task	63,3
d.	When the collaboration is personally satisfying	8,0
11.	<b>COMPETITION IN MY ORGANISATION</b>	
a.	Is for personal advantages	17,0
b.	Is for higher position in the formal system	21,8
c.	Is for excellence of contribution to the task	53,2
d.	Is for attention to one's own personal needs	6,4
12.	<b>CONFLICT IN MY ORGANISATION:</b>	
a.	Is controlled by the intervention of higher authorities	21,3
b.	Is suppressed by reference to procedures	10,1
c.	Is resolved through full discussion of the merits of the work issues involved	48,9
d.	Is resolved by open discussion of the personal needs and values involved	18,1
13.	<b>DECISIONS IN MY ORGANISATION ARE MADE BY:</b>	
a.	The person with the higher authority	30,9
b.	The person whose job description carries the responsibility	41,0
c.	The person with the most knowledge about the problem	23,4
d.	The person most affected by the outcome	3,2

## IN THE APPROPRIATE COMMUNICATION STRUCTURE OF MY ORGANISATION:

Commands flow from top to down in a simple pyramid	28,2
Commands flow from top to down within functional pyramids that meets at the top	30,9
Information about task requirements flow from the centre of task activity upwards and outwards	34,6
Information flows from person to person based on voluntary relationships	4,8

## THE ENVIRONMENT OF MY ORGANISATION IS RESPONDENT TO AS THOUGH IT WERE:

A competitive jungle in which all are against all	5,3
An orderly system in which competition is limited	38,3
A complex of imperfect systems that is to be reshaped by the achievements of the organisation	47,3
To use it as a play and work space for the growth of members	8,0

SECTION B  
STRATEGY FORMULATION

Mark your response to each statement by means of a CIRCLE, e.g. 5 on the following 7-point scale:

Agree strongly (5) Agree slightly (3) Disagree slightly (1) Disagree strongly  
Agree moderately (4) Neither agree nor disagree (2) Disagree moderately

Organisation:	Agree Strongly							Disagree Strongly
	7	6	5	4	3	2	1	0
Formally defines the business of the organisation, clearly indicating what it is and what it should be	35,0	37,0	17,0	0,4	1,0	0	1,1	0,5
Takes into account the values and expectations of organisation members when defining the business of the organisation	10,1	22,9	30,9	16,5	13,3	3,7	1,0	1,1
Take care of the needs of all employees, irrespective of sex, race or religion	18,7	30,8	25,0	13,3	5,3	4,3	1,0	
Do formulate a statement of general purpose (mission statement)	39,9	29,3	12,2	0,0	5,0	2,7	1,0	0,5
Ensures that the mission statement is well known to all parties in the organisation	18,1	24,5	23,0	13,0	8,0	0,4	3,2	
Has a well developed management information system which is essential for effective strategic planning	18,0	31,9	28,7	0,0	4,0	4,3	2,1	
Will be able to adapt to a new political dispensation if required	31,9	35,1	23,4	0,4	1,0	-	1,0	
Formulates a mission statement which reflects the value system of the organisation	20,2	28,7	20,7	17,0	0,4	4,3	2,1	
Includes an element of affirmative action into its mission statement	12,0	21,0	25,5	10,1	0,0	0,4	0,0	0,5
Includes an element of concern for the community (social responsibility) into its mission statement	15,4	21,3	26,1	10,0	0,5	0,0	5,0	0,5
Are committed to the upliftment of deprived communities	12,2	21,0	23,4	10,1	0,0	0,4	7,4	
Reviews its mission statement annually in order to adapt to changes in the environment	10,5	13,0	21,0	10,0	14,4	0,5	0,0	
Has clearly defined goals and objectives, indicating what should be achieved so that the mission could be realised	20,0	20,7	21,3	12,0	3,7	1,0	2,1	
Has a strategic planning department which operates on a permanent basis	0,5	12,2	13,0	10,0	0,0	0,0	31,0	

	Agree Strongly							Disagree Strongly
15. Purposefully draw up plans of action (develop strategies) to achieve the objectives of the organisation	30,3	27,7	20,2	9,6	6,8	3,7	1,1	0,5
16. Uses well recognised techniques (e.g. SWOT analysis) identifying strategies for the organisation	24,5	21,3	19,7	15,4	6,9	5,9	5,9	0,5
17. Involve all levels of management to formulate strategies	16,5	27,7	24,5	13,8	7,4	4,8	4,8	0,5
18. Reviews its strategic plans annually	35,6	25,5	16,5	6,0	6,9	3,2	3,7	0,5
19. Has clearly defined policies which provide the ground rules for the implementation of strategies	19,1	29,6	23,9	14,9	7,4	2,1	1,8	1,1
20. Constructively applies an affirmative action policy	13,8	17,6	26,2	13,3	13,8	6,9	5,9	0,5

## SECTION C

## CLASSIFICATION DATA

Please provide the required information by circling the appropriate number.

1. MAIN ACTIVITY	1,6%	0	3. EMPLOYMENT SIZE	3,7%	0
Manufacturing	51,1%	1	< 100	11,7%	1
Construction	17,0%	2	100-199	24,5%	2
Electricity	-	3	200-299	13,3%	3
Trade	14,9%	4	300-399	9,0%	4
Transport	1,6%	5	400-499	5,9%	5
Other (Specify)	13,8%	6	500-999	10,1%	6
2. FORM OF ENTERPRISE	3,7%	0	1000+	21,8%	7
Close corporation	4,3%	1	4. ANNUAL GROSS REVENUE IN RAND	3,7%	0
Public company	26,6%	2	0 - R999 999	2,1%	1
Private Company	63,3%	3	R1 million - R10 million	15,4%	2
Other (Specify)	2,1%	4	Above R10 million	78,7%	3

5. How would you characterise the ENVIRONMENT in which your organisation operates	0,5%	0
Static	5,9%	1
Moderate changes/innovation	50,5%	2
Dynamic	42,6%	3

0,5% 4

6. DESIGNATION OF RESPONDENT: \_\_\_\_\_

*Thank you for your kind cooperation*