

## Chapter 2: The Environment and Corporate Culture

- 1. Define an organisational ecosystem and how the general and task environments affect an organisation's ability to thrive:**
  - a. Organisational ecosystem:
    - i. Includes organisations in all the sectors of the task and general environments that provide the resource and information transactions, flows and linkages necessary for an organisation to thrive. Includes all elements existing outside the boundary of the organisation that have the potential to affect and influence the organisation
  - b. General and task environments:
    - i. Task: the layer of the external environment that directly influences the organisation's operations and performance.
      1. Customers: reputation and sales
      2. Competitors: competition, barriers to entry
      3. Suppliers: supply chain – competitiveness and effectiveness of supply chain partners.
      4. Labour market: relevant skills (computer literacy), education and training to meet demands of a borderless world.
    - ii. General: the layer of the external environment that affects the organisation indirectly.
      1. International: events originating in foreign countries: new competitors, customers and suppliers.
      2. Technological: scientific and technologic advancements in industry and society at large.
      3. Socio-cultural: demographic characteristics, norms, customs and values of the population within which the organisation operates. Age and education levels.
      4. Economic: economic health of the country or region of operation: consumer purchasing power, UE rate, interest rate.
      5. Legal-political: legislation, pressure groups.
      6. Natural environment: all elements that occur naturally on earth, including plants, animals, rocks and natural resources.
- 2. Explain the strategies that managers use to help organisations adapt to an uncertain or turbulent environment:**
  - a. The external environment creates uncertainty for organisation managers as they know what goals they wish to achieve, but information about alternatives and future events are incomplete and so must respond by designing the organisation to adapt to the environment or influence the environment.
  - b. *Adapt the organisation to changes in the environment by spotting and acting upon strategic issues:*
    - i. Boundary spanning roles: Roles assumed by people and/or departments that link and coordinate the organisation with key elements in the external environment. Serves two purposes: they detect and process information about changes in the environment, and they represent the organisation's interest to the environment.
      1. Marketing: span boundary to work with customers and suppliers: market research
      2. Business intelligence: spotting patterns, trends and relationships that may be significant
      3. Competitive intelligence: snooping information about rivals to spot threats or opportunities through financial reports, internet, news, contacts.
    - ii. Forecasting and planning: spotting trends so as to predict future events to soften the adverse effect of rapid shifts in the environment: from economic models to newspaper clipping services.
    - iii. Inter-organisational partnerships: managers work to reduce costs and add value to both sides through high level information sharing.
    - iv. Mergers and joint ventures: capitalise on each other's resources or experience.
  - c. *Influence the environment to make it more compatible with organisational needs:*
    - i. Advertising and public relations: influence customer's tastes. Influence public perception about organisation itself.
    - ii. Political activity: paying lobbyists to express views to politicians (Cancer Council)

iii. Trade associations: organisations with similar interests banding together to influence the environment.

**3. Define corporate culture and give organisational examples:**

- a. Corporate culture: the set of key values, beliefs, understandings and norms shared by members of an organisation.
- b. Organisational examples: symbols, stories, heroes, slogans and ceremonies and their relationship to corporate culture

**4. Explain organisational symbols, stories, heroes, slogans and ceremonies and their relationship to corporate culture.**

- a. Symbols: an object, act or event that conveys meaning to others (standards of behaviour: firing employee for theft)
- b. Stories: a narrative based on true events that is repeated and frequently and shared by organisational employees (design principles enunciated by Steve Jobs)
- c. Heroes: a figure who exemplifies the deeds, character and attributes of a strong corporate culture
- d. Slogans: a phrase or sentence that succinctly expresses a key corporate value
- e. Ceremonies: a planned activity that makes up a special event and is conducted for the benefit of an audience
- f. Relationship to corporate culture:

**5. Describe the four types of cultures and how corporate culture relates to the environment**

- a. Adaptability culture:
  - i. Characterised by values that support the company's ability to interpret and translate signals from the environment into new behaviour responses.
  - ii. Suited to an environment that requires fast response and high-risk decision making.
  - iii. Employees have the autonomy to make decisions and act freely to meet new needs, and responsiveness to customers.
  - iv. Allows businesses to move quickly to respond to rapid changes in the environment.
- b. Achievement culture:
  - i. A results-orientated culture that values competitiveness, personal initiative and achievement.
  - ii. Suited to organisations concerned with serving specific customers in the external environment, but without the intense need for flexibility and rapid change.
  - iii. Values competitiveness, aggressiveness, personal initiative, cost-cutting and willingness to work long and hard to achieve results.
- c. Involvement culture:
  - i. A culture that places high value on meeting the needs of employees and values cooperation and equality.
  - ii. Emphasises an internal focus on the involvement and participation of employees to adapt rapidly to changing needs from the environment.
  - iii. Places a high value on meeting the needs of employees, and the organisation may be characterised by a caring, family like atmosphere.
  - iv. Values such as cooperation, consideration of both employees and customers and avoiding status differences.
- d. Consistency culture:
  - i. A culture that values and rewards a methodical, rational, orderly way of doing things
  - ii. Uses an internal focus and a consistency orientation for a stable environment.
  - iii. Following the rules and being thrifty are valued, and the culture supports and rewards a methodical, rational approach.

**6. Define a cultural leader and explain the tools that a cultural leader uses to create a high-performance culture:**

- a. Cultural leader: The cultural leader articulates a vision for the organisational culture that employees can believe in. The cultural leader leads the day to day activities that reinforce the cultural vision.

b. Tool to create a high-performance culture:

- i. Values boost performance by shaping and guiding employee behaviour, so that everyone's actions are aligned with strategic priorities.
- ii. High performance, low cultural value organisations make success difficult to sustain in the long run because the glue that holds the organisation together – shared cultural values – is missing.
- iii. High-performance culture: a culture that:
  - 1. Is based on a solid organisational mission or purpose
  - 2. Embodies shared adaptive values that guide decisions and business practices
  - 3. Encourages individual employee ownership of both bottom-line results and the organisation's cultural backbone