Organisational Culture:
Creating the Influence Needed for Strategic Success

by

Richard J. Black


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Organisational Culture: Creating the influence needed for strategic success

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Richard J. Black

Dissertation submitted in partial fulfilment of the requirements for the degree of Master of Business Administration

2003
Dedication

To Jayne, Alexandra and Edward

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1 Abstract

The strategy team have technology ideas and frameworks that represent the best body of knowledge for creating real business value from technology, but only other teams – not the strategy team – can create the value, by broadly completing the strategy team’s ideas. The delivery teams often ignore the ideas. Sometimes real conflict emerges. It feels like the other teams think differently in a deeply rooted way. Could differences in organisational culture be to blame?

This dissertation examines the organisational culture perceived within BP’s energy trading technology team – known as Integrated Supply and Trading Digital Business (ISTDB). The focus is on the Strategy and Architecture team (S&A) who are responsible for assuring the long-term viability of technology delivered to the business by setting and enforcing technology standards with the technology delivery teams (Regional Businesses or RBs). S&A relies on influence and persuasion to build compliance with the standards as it does not have line management responsibility for the other teams.

S&A’s long-term goals conflict with RBs short-term business imperatives. This dilemma can bring S&A and RBs into dispute because of timescale pressures, unknown costs and differing appetites for new capabilities. This dissertation examines whether the cause of this conflict is differences in organisational culture.

The fieldwork collects several primary data sources. Semi-structured interviews analyse the nature of the conflict and a culture model is used to identify the types of organisational culture perceived within different teams.
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Issues addressed in this research include: how to identify organisational culture differences; how to discover if unconscious behaviour differences are contributing to conflict; and what are the best practices for influencing and persuading others.

This research concludes the perception of organisational culture is different between S&A and the RBs, and that it is a cause of conflict. The research also identifies that perceived organisational culture in ISTDB technology team as a whole is non-cohesive and not well aligned with the BP business strategy. This is a suboptimal arrangement for value creation. The author recommends both short-term and long-term shifts in working practices to correct this imbalance. The changes include a new emphasis on communications, new personnel hiring procedures and cross-cultural awareness training.

These changes will improve working practices and refocus the organisational culture. Increasing cultural coherence between the teams in this way will reduce conflict and lead to higher value creation by the teams.

**Keywords:** organisational culture, influence, persuasion, working practices, mandate, strategy, technology, architecture, soft skills, behaviour

**Contact Details:** Richard J. Black, blacr8@bp.com
2 Introduction

Ambiguity and heterogeneity, not planning and self-interest, are the raw materials of which powerful states and persons are constructed.

Padget and Ansell (1993)

Robust Action and the Rise of Medici, 1400 – 1434

Praegnanz: the perceived configuration will be as good as prevailing conditions permit. A good configuration is inferred to have such properties as simplicity, stability, regularity, symmetry, continuity, and unity.

Encyclopaedia Britannica (2003)

This section introduces the organisation examined in this research project, as well as the hypothesis, objectives and scope of the project.

2.1 BACKGROUND

2.1.1 Organisation

BP is the world’s second largest integrated oil company (after Exxon Mobil). BP’s activities span from oil and natural gas exploration to marketing petrochemicals. In 2002, BP reported $USD179B revenue and $USD6.8B profit after tax and employed 110,000 people [BP Annual Report 2002].
In July 2001, BP merged five Regional Businesses (RBs) into a new organisation called Integrated Supply and Trading (IST). These RBs include supply, oil trading, gas trading, power trading and finance units.

BP’s vision for IST is to create an integrated function - a single face to the world’s professional trading markets – to provide greater assurance and control, deliver increased efficiency and synergies, and create an improved platform for growth.

As with the RBs, the various information technology teams – known as Digital Business or DB within BP – merged to create ISTDB. IST leadership believes that technology capability is a key ingredient of competitive advantage for the business.

**2.1.2 BP Culture**

BP has long history of growth through mergers. This has led to a diverse corporate culture. BP communicates its organisational culture through the values in BP's brand.

The table below shows these values [BP].

| Progressive in the restless search for improvement | No engagement in bribery or corruption in any form |
| Commitment to developing staff – based on merit alone, regardless of background, gender, nationality or sexual orientation | Commitment to learn from every mistake and to do everything in our power to ensure that mistakes are never repeated |
| Commitment to the principle of transparency in all dealings | Commitment to protecting the natural environment |
| No participation in partisan political activity, and no political contributions in any country | Commitment to the safety of staff, and to the safety of the communities in which BP operates |
| Performance driven | Working within the law |

Table 1: BP’s Values
2.1.3 Socialisation

BP promotes the socialisation of ideas for building the consensus needed for the successful launch and delivery of projects. Socialisation requires managers to influence and persuade others to achieve agreement. At the beginning of projects, gaining broad agreement involves extended periods of negotiation. After projects have launched their progress quickens as all participating parties effectively share the same expectation of the project.

BP teams must achieve high levels of influence and persuasion to create value and be successful. It is not enough to imagine new ideas, define technical standards, or envisage new strategies. Teams only create real value when they successfully deliver and adopt what were once just thoughts.

Teams sometimes fail to settle arguments. It often seems they think differently in some basic and deeply held way. For example: S&A works towards improving the ISTDB ‘community’, whereas RBs strive to deliver to their individual business. This dissertation examines whether a difference in organisational culture is the cause of these differences between S&A and the RBs.

2.1.4 S&A Services

The Strategy & Architecture team assure the long-term viability of technology delivered to the business by setting and enforcing technology standards with RBs. S&A relies on influence and persuasion to build compliance with the standards as it does not have line management responsibility for the other teams. S&A does not usually deliver solutions direct to the business units, but instead relies on the delivery capability of RBs.

S&A provide four core services to the RBs: Vision and Strategy; Architecture; Roadmaps; and Research & Development. Vision and Strategy provide the Digital Business response
to the IST business strategy. Architecture describes the basic infrastructure shared by all technology projects. Roadmaps show the life cycles for applications and technologies. Research & Development tests and introduces new technologies to IST.

Without group-wide oversight of DB investment, individual RBs may unconsciously double investment or reinvent best practices. S&A helps to spread best practices evenly across IST. These best practices originate from within other RBs, other divisions at BP, other energy industry participants, or technology industry solution providers.

### 2.1.5 S&A Working Practices

S&A works with RB development teams, other DB teams in BP, technology vendors around the world and industry participation groups. S&A's work builds a significant knowledge base of best practices. These best practices however need to be employed within the RB if they are to generate any value. The other teams will not automatically use the artefacts, especially as S&A holds no direct line management responsibility for the other teams. S&A need to transfer this knowledge using communication skills coupled with influence and persuasion.

Like much of IST, S&A relies heavily on electronic mail for communication. Although this is not as effective as face-to-face meetings, it is does help to bridge the difference in time zones and geographic locations across ISTDB.

Regular design review workshops with RB project teams help S&A to influence solution designs. These meetings vary in structure, but all aim to provide the assurance that projects make conscious decisions about their designs, rather than unconsciously adopting the most recently used design, or the designs suggested by individual vendors.

Weekly progress reporting communicates S&A activity to management.
RBs work more closely with the business than S&A. Without RB-level feedback to S&A, S&A will become gradually isolated from the businesses, and will lose awareness of best practices and will lose the ability to communicate the cross-IST value of those solutions.

S&A also works internally to maintain the body of knowledge. S&A spends significant time preparing artefacts (such as presentations, documents and checklists) to help communicate guidelines, standards, road maps and architectures with the other teams.

2.1.6 Challenges

This dissertation focuses on challenges facing the DB Strategy & Architecture (S&A) team within ISTDB. Individual Regional Businesses (RBs) often regard corporate-wide programmes as having a negative impact on their regional business objectives.

How can S&A best resolve the conflicting interests of corporate-wide programmes and business unit imperatives? For example: RBs often repeatedly create pieces of infrastructure because no one project can justify the extra cost to build the higher-quality infrastructure needed in the longer-term.

Are there specific behaviours that unconsciously contribute to these conflicts? For example: At times, S&A assumes that the value of best-practice is obvious to all without taking the time to confirm that others understand, or without exposing others to the same expert sources of knowledge.

Can S&A work more effectively with the RBs? For example: RBs can launch projects successfully through design and build phases without officially ever needing to consult with S&A.

2.2 HYPOTHESIS

Organisational culture differences are a significant barrier to S&A influence with the RBs.
2.3 DISSERTATION STRUCTURE

Section 2 – this section – introduces this research. Section 3 identifies the pre-existing body of knowledge by reviewing the main theories of organisational culture, influence and persuasion. Section 4 discusses the research method that uses an observation diary, interviews and a survey to examine culture and working practices. Section 0 presents the results of the primary research. Section 6 analyses the research results and discusses the implications for IST. Section 7 presents the recommendations, benefits and opportunities for further research.

Figure 1: Dissertation Structure

2.4 AUTHOR’S OBJECTIVES

- Examine organizational culture and organizational behaviour theories as they apply to enterprises
- Identify barriers to, and preconditions for, group-wide strategic influence and persuasion in the corporate environment
- Create a transformation plan for achieving group-wide strategic influence for S&A within ISTDB.

2.5 SCOPE

2.5.1 Organisational Scope

This dissertation studies IST Digital Business – the technology department at IST. The commercial business teams at IST are out of scope.
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<table>
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<th>In Scope</th>
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<th>ISTDB RBs (OA, EAO, NAGP, EF and EH)</th>
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</thead>
<tbody>
<tr>
<td>Out of scope</td>
<td>IST central functions</td>
<td>IST RBs (OA, EAO, NAGP, EF and EH)</td>
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</table>

Table 2: Organisational Scope of this research

2.5.2 Concept and Subject Scope

This dissertation reviews theories of organisational culture, organisational behaviour, influence and persuasion. It specifically excludes technology issues.

2.6 GLOSSARY

This dissertation uses the following BP abbreviations throughout.

‘DB’ or Digital Business is the BP term for information technology

‘EAO’ refers to Europe & Africa Oil, one of the IST regional businesses

‘EF’ refers to European Energy and Finance, one of the IST regional businesses

‘EH’ refers to Eastern Hemisphere, one of the IST regional businesses

‘GIO’ refers to the Global Infrastructure Office with ISTDB. This central team provide support, network and hardware services for all IST businesses.

‘IST’ the Integrated Supply and Trading division of BP. IST contains five regional businesses or RBs.

‘ISTDB’ refers to the information technology team within BP IST.

‘NAGP’ refers to North America Gas & Power, one of the IST regional businesses

‘OA’ refers to Oil Americas, one of the IST regional businesses

‘RB’ or Regional Business is the BP term for the individual business units that make up IST. Each RB contains a regional Digital Business department.

‘S&A’ refers to the central Strategy & Architecture team in ISTDB.
3 Literature Review

This section reviews key theories related to this dissertation and discusses their application in the corporate context. The ideas come from the pre-existing body of knowledge on topics such as organisational culture, organisational behaviour and the psychology of influence and persuasion.

There are two sections. Section 3.1 reviews organisational culture theories. Section 3.2 reviews influence and persuasion theories. Section 3.3 discusses the implications of the literature review for S&A.

3.1 ORGANISATIONAL CULTURE THEORY

3.1.1 The culture of nations

Geert Hofstede began researching national cultures in the 1970's, and later began working with organisational cultures [Hofstede 1997; IRIC]. His work focuses on cross-cultural research and on intercultural cooperation in and between organizations. He continues to provide cultural analysis services to firms such as Philips, ABN.AMRO, Accenture and IBM [ITIM].

Hofstede's research found that national culture is revealed in several ways. Hofstede describes these as symbols, heroes, rituals and values.

Symbols include words, gestures, pictures and objects. They are easily visible to people outside the culture. Symbols are the most visible components of culture.

Heroes are people living or dead, real or imaginary who serve as models of behaviour.

Rituals are collective activities, technically superfluous in reaching desired ends, but considered as socially essential within a culture.
Values are the core of national culture and are the broad tendencies for preference of certain states of affairs over others. People pick up values early in life (before the age of ten) and are often unconscious of them. This unconsciousness means that people are usually unable to discuss cultural values. It also means that outsiders are unable to observe cultural values directly. Researchers must infer cultural values from the way people act under various circumstances: evil versus good; dirty versus clean; ugly versus beautiful; unnatural versus natural; abnormal versus normal; paradoxical versus logical; irrational versus rational.

‘Figure 2:  Hofstede’s Manifestations of national culture’ shows his layering of cultural elements. The term ‘practices’ is used to group the externally visible parts (symbols, heroes and rituals). Practices may also be thought of as conventions, customs, habits or traditions.

Figure 2: Hofstede’s Manifestations of national culture
3.1.2 The culture of organisations

The collective programming of the mind that distinguishes the members of one organisation from another.

[Hofstede 1997]

National cultures and organisational cultures are distinct. Unlike national culture, organisational cultures consist mainly of practices (the symbols, heroes and rituals that are externally visible). People learn organisational cultures later in life within the workplace. Unlike national culture values, people are conscious of organisational culture values [Hofstede 1997].

There is no standard definition of ‘organisational culture’, although Hofstede suggests that most writers would agree that organisational culture has several defining characteristics:

- Holistic – the whole is more than the sum of the parts

- Decided by a group’s history

- Related to anthropology with respect to rituals and symbols

- Socially constructed – created and preserved – by groups of people who work together for an organisation

- Largely ‘soft’ in nature, consisting of behaviours rather than tangible goods

Writers disagree on how difficult it is to change organisational culture. The opinion varies from difficult through to manageable. There are two schools of thought on the core makeup of organisational culture, one based on shared values and the other on
working practices. For example: Peters and Waterman consider that shared values represent the core of organisational culture, while Hofstede’s research suggests that ‘shared perceptions of daily practices’ (not shared values) are the core of an organisation’s culture [Peters & Waterman 1982; IRIC]. Changing shared values is seen to be more difficult than changing working practices because people hold values more deeply.

Organisational sociologists and business management consultants alike have stressed the role of the ‘soft skills’ in organisations for some time. Organisational culture – being a label for the shared mental software of the people in an organisation – is a convenient way of repopularising these views of the importance of soft skills.

Organisational cultures can deviate from the accepted national culture and create a competitive advantage for firms. This is true when the organisational culture reinforces company strategy. Studies at IRIC reveal a significant correlation between culture strength – that is, homogeneity of culture – and results orientation at organisations [IRIC].

**3.1.3 Organisational subculture**

Cultural differences may exist at several levels. These levels not only include ‘national’ and ‘organisational’, but also ‘occupational’ and ‘departmental’. Differences in occupational culture may emerge exist where groups belong to different occupations, even if they belong to the same organisation – for example: traders, accountants, lawyers and information technologists. Departmental cultures exist within corporations and may include similar professional teams located at different offices or with different product responsibilities – such as the London office and the Leeds office, or oil traders and power traders.
‘Subculture’ is the term for these different islands of cultures within an organisation. Mergers may introduce subcultures to organisations. Research of large corporations has found subculture traces associated with pre-merger entities even 20 years after the merger [IRIC].

### 3.1.4 Organisational counter-culture

Martin and Siehl also noted that organisational culture is not monolithic. They identified several types of subculture, including ‘counter-culture’. Counter-culture directly opposes the organisation’s core assumptions, values and beliefs. These ‘counter-cultures’ create the potential for conflict among employees [Martin & Siehl 1983].

Counter-culture serves two roles in an organisation. Firstly, it upholds standards of performance and ethical behaviour, which provides a valuable source of organisational intelligence and provides a critique of the dominant organisational culture. Secondly, it serves as the breeding pool for the emerging values that keep firms connected with customers, suppliers, society and other stakeholders. Counter-cultures speed up the discovery and adoption of new values emerging in changing environments.

Trompenaars and others have worked extensively with firms to identify ‘maps’ of organisational culture and to resolve those cultures [Trompenaars & Hampden-Turner 2000]. They argue that extraordinary value creation occurs from the successful harmony of culture and counter-culture.

### 3.1.5 Dimensions of culture

Researchers use ‘dimensions’ to compare different cultures. Dimensions simply measure aspects of cultures relative to other cultures. Standard types of culture may be identified by analysing dimensional scores from culture identification models and surveys.
Researchers and consultancies disagree both on the number of ‘standard’ dimensions, and on the nature of those dimensions. There are over two dozen published dimension models. Each of these models defines a ‘standard’ set of dimensions and a matching ‘standard’ identification methodology. Some researchers openly publish their models while others hold their models as proprietary. Table 3 below provides an outline of several popular culture dimension models for comparison.

<table>
<thead>
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<th>Source</th>
<th>Model</th>
<th>Culture Type</th>
<th>Dimensions</th>
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</thead>
<tbody>
<tr>
<td>Hofstede</td>
<td>5D Model</td>
<td>National</td>
<td>Power-Distance, Individualist-Collectivist, Masculinity, Uncertainty Avoidance, Long-term Orientation</td>
</tr>
<tr>
<td>ITIM</td>
<td>Multi-focus</td>
<td>Organisational</td>
<td>Process-Results Orientated, Internally-Externally driven, Normative-Pragmatic, Local-Cosmopolitan, Employee-Work Oriented, Acceptance-Rejection leadership style</td>
</tr>
<tr>
<td>Trompenaars</td>
<td>6 D Model</td>
<td>Organisational</td>
<td>Universalism-Particularism, Individualism-Communitarianism, Specificity-Diffusion, Achievement-Ascription, Sequential-Synchronic, Internal-External Control</td>
</tr>
<tr>
<td>McShane</td>
<td>4 Types</td>
<td>Organisational</td>
<td>Control, Performance, Relationship, Responsive</td>
</tr>
<tr>
<td>Delobbe</td>
<td>5D Standard</td>
<td>Organisational</td>
<td>Recognition-Support, Commitment-Solidarity, Innovation-Productivity, Control, Continuous Learning</td>
</tr>
</tbody>
</table>

Table 3: Different Culture Dimension Models

**Hofstede’s Five National Culture Dimensions.** Hofstede’s ‘5 D model’ is the most widely cited set of culture dimensions. This model came from studies of IBM first published in 1980. His identification questionnaire is proprietary [Hofstede 1997; ITIM].

The first dimension ‘Power-Distance’ shows the extent to which the less powerful members of society accept that power is unequally shared. The second dimension
‘Individualist-Collectivist’ measures the difference between societies where there are few ties beyond those of the nuclear family and those societies where people belong to strong, cohesive in-groups. The third dimension ‘Masculinity’ describes the differences between ‘masculine’ societies where men are concerned with material success while women are interested in the quality of life, and ‘feminine’ societies, where men and women are equally concerned with quality of life. The fourth dimension ‘Uncertainty Avoidance’ measures the extent to which people feel threatened by the uncertain or unknown. This is expressed in a need for formality, predictability and clear rules. The fifth dimension ‘Long-Term Orientation’ measures the extent to which people favour a practical, future-oriented perspective - fostering virtues like perseverance and thrift - over short-term thinking.

**ITIM’s ‘Multi-focus’ Model for Organisational Culture.** After forming his national culture model, Hofstede went on to define a model for organisational cultures [ITIM].

ITIM is a professional culture training company that financially supports the research activities of the Institute for Research on Intercultural Co-operation (IRIC). IRIC is a non-profit foundation set up by Hofstede and others to continue research into culture.

ITIM’s model contains 7 primary dimensions and 31 sub-dimensions. ITIM chooses a partial list of sub-dimensions for each organisational test according to individual client needs. Their identification model is proprietary.

It is difficult to see any likeness between Hofstede’s earlier national culture dimensions and his later organisational culture dimensions. This is consistent with the finding that national and organisational cultures are composed of different elements.

Repeated research using this model finds that most effective organisations have a higher degree of homogeneity around performance-lead culture. The results also pointed out
that although individuals may be both job and employee oriented, most organisations favour one or the other.

_Trompenaars & Hampden-Turner’s Seven Organisational Culture Dimensions._ Trompenaars ‘7-D model’ is another popular model. Trompenaars & Hampden-Turner’s method is proprietary. [Trompenaars & Hampden-Turner]

Hofstede and Trompenaars have publicly argued over the validity of each other’s work, sometimes exchanging journal article for journal counter-article. First, Hofstede reanalysed Trompenaars published data and only found two of the seven cultural dimensions that Trompenaars had claimed. Then, Trompenaars criticised Hofstede’s model as being a simple classification model rather than a process of strategic culture management like his own. Trompenaars also claimed that Hofstede’s model is purely theoretical – incapable of being applied in the real world [ITIM; Cambridge 1998].

Hofstede work remains the most often cited, not least because Hofstede has now published over 100 research articles since his original work and because his book has enjoyed popular sales worldwide.

These two leading global researchers of culture were both born in the Netherlands and continue to be based in the Netherlands.

_McShane’s Four Organisational Types._ McShane defines four dimensions to identify perceptions of organisational culture and has published a self-assessment survey with a scoring model [McShane & Von Glinow 2003].

By concentrating on ‘perceptions’ of culture rather than the culture itself, McShane asserts that assessments do not need to explore physical artefacts. This simplifies the assessments, although there is a risk that perceptions may not match reality.
The table below describes the four McShane dimensions.

<table>
<thead>
<tr>
<th>McShane Dimension</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control</td>
<td>Values the role of senior executives to lead the organisation. The goal is to keep everyone aligned and under control</td>
</tr>
<tr>
<td>Performance</td>
<td>Values individual and organisational performance and strives for effectiveness and efficiency.</td>
</tr>
<tr>
<td>Relationship</td>
<td>Values nurturing and well-being. Considers open communication, fairness, teamwork and sharing parts of organisational life.</td>
</tr>
<tr>
<td>Responsive</td>
<td>Values the ability to keep in tune with the external environment, including being competitive and realizing opportunities</td>
</tr>
</tbody>
</table>

Table 4: McShane's Four Organisational Culture Types

The tables below compare McShane’s culture types with those of Hofstede:

<table>
<thead>
<tr>
<th>McShane</th>
<th>Hofstede</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control</td>
<td>High Power Distance and High Uncertainty Avoidance</td>
</tr>
<tr>
<td>Performance</td>
<td>High Masculinity and Low Uncertainty Avoidance</td>
</tr>
<tr>
<td>Relationship</td>
<td>Low Masculinity and Low Individualism</td>
</tr>
<tr>
<td>Responsive</td>
<td>Uncertainty Avoidance and Masculinity</td>
</tr>
</tbody>
</table>

Table 5: Culture Dimensions - McShane vs. Hofstede

This dissertation uses an adapted version of McShane’s model with Steven McShane’s expressed permission. McShane designed his survey as a self-assessment exercise that allowed individuals to examine their own preference for organisational culture types. For this research, the context of the questions (but not the form) has been changed to allow individuals to express their perception of the culture they are currently working within. Section 4.1.3 explains these adaptations and the choice of this model on page 42.

*Delobbe’s Five ‘Standard’ Dimensions of Organisational Culture.* Another recent contribution to the field is Delobbe’s review of twenty different culture models and dimensions sets. The review showed the large variety of dimension labels, even though
four conceptual domains seem to be common to most. Delobbe concluded that no model covered the four conceptual domains completely and that most measured numerous other dimensions whose relevance across organizational contexts was questionable.

The research sought to create a new standard organisational culture model that would enable culture dimension measurements comparable across organisations [Delobbe et al 2002]. Delobbe has not yet published the ‘ECO’ method.

3.1.6 Difficulties in Identifying Cultures

Choosing between the dozens of culture dimension sets (also known as models) significantly complicates organisational culture research. Many identification tests remain proprietary, expensive to run and are not available to researchers [Denison; Hagberg; HSCAR; ITIM; Trompenaars & Hampden-Turner].

Rousseau’s research highlights further difficulties [Rousseau 1990]. His work shows how measuring the insider’s perspective of culture (the etic view) is difficult. Organisational subcultures exist wherever there are groups with enough social stability (for example, common history, stable membership) to carry a culture. As a social process, the degree of conscious experience of culture varies by person. Measuring manifestations of unconscious experience is beyond the scope of many business management activities. Rousseau also finds that measuring the outsider’s perspective (the emic view) is complicated because not all cultural elements are accessible to outsiders.

3.1.7 Reuniting Organisational Culture

Organisations change through growth, decline, merger and takeover and this naturally spurs evolution of their organisational culture and subcultures.