Unit 15

Organizational Culture—Competitive Advantage

企业文化—竞争优势

Comprehension questions:
1. What is the definition of organizational culture given in the text?
2. What are the three characteristics of organizational culture?
3. How does organizational culture operate at both more visible and less visible level? Give examples to illustrate.
4. How do you understand Vijay Sathe's Model for observing and interpreting organizational Culture?

Part A Exercises
1) **Directions:** *Listen to the first news item carefully and decide whether the following statements are "T" (true) or "F" (false).*

(1) (   ) Unocal is going to negotiate with Chevron Corp. again Thursday on its merger offer.
(2) (   ) Chevron's April bid for Unocal is two dollars a share lower than CNOOC's proposed merger offer.
(3) (   ) CNOOC offers to acquire almost all outstanding shares of Unocal for a total of 67 billion US dollars in cash.
(4) (   ) Chevron would not allow Unocal to engage in discussions with CNOOC Ltd. until the date of the Unocal stockholders voting on the proposed merger.
(5) (   ) Unocal is an independent natural gas and crude oil exploration and production company.

2) **Directions:** *Listen to the second news item carefully and complete the following passage by filling the missing information.*

Mark Sirower, visiting professor at New York University, says surveys have repeatedly shown that about _____ of mergers fail to benefit acquiring companies, whose shares subsequently _____ their sector. Why? Colin Price, a partner at McKinsey, the management consultants, who specializes in mergers and _____, says the majority of failed mergers suffer from poor _____. And in about half of those, senior management failed to take account of the different _____ of the companies involved.

_____ corporate cultures takes time, which senior management does not have after a merger. Mr. Price says. "Most mergers are based on the idea of "let's increase

_____', but you have to have a functioning management team to manage that process. The nature of the problem is not so much that there's open _____ between the two sides. It's that the cultures don't meld quickly enough to take advantage of the _____ . In the meantime, the _____ has moved on.

Part B Exercises

1) Directions: *Listen to the first part of the report and fill in the following tables with appropriate information you hear.*

Table 1: Conflict between the two managers in a textile company:

	Opinion	**Reason**
The marketing manager	He wanted to _____ for fabrics from fashion companies..	If the company _____, then they would _____ _____ from the fashion companies later.
The production manager	He wanted the company to _____.	These _____ orders were costing the company too much _____.

Table 2: Diagnoses of the problem and recommendations for solving it:

	Diagnoses	**Recommendations**	**Steven's observation**
The French students	_____ had not resolved the conflict.	Take the problem to _____ who would tell them what to do.	See organizations as _____ of people with _____on top.
The German students	The organization lacked _____ and procedures for decision-making.	To develop the necessary structure and _____ _____.	See organizations as _____ machines.
The British students	The result of the poor _____of the two managers	Both managers are sent to a management course to improve their _____.	See organizations as _____ in which people have to negotiate.

2) Directions: *Listen to the last part of the talk and fill in the blanks with the missing words.*

Pyramids
In countries with _____ power distance and _____ uncertainty avoidance, people

like _____ and _____ to be concentrated in _____ person and they like activities to _____. A country with this combination of values is France, but this organization type might also be found in countries with a _____ of power distance and uncertainty avoidance scores. This group of countries includes Guatemala, _____, _____, _____, and Greece. In Japan it is not formal rules, but informal rules in the form of _____ and _____ _____ of doing things that define the structure.

Machines

In countries with _____ power distance and _____ uncertainty avoidance, people prefer to structure activities without _____ _____ at the top of the organization. They want their organizations to run like_____ _____. They want everyone to know what they should do without having to take orders from an _____ boss. _____ is a good example of a country in this group. German organizations may be more structured than most, but we would also expect to find similar organizations in Switzerland, _____, and _____ if scores on the value dimensions are _____ _____ of organizational forms and styles.

Markets

Countries with _____ uncertainty avoidance and _____ power distances prefer organizations that resemble _____ _____. The _____ is not as clearly defined and the _____ and _____ distances between people at various levels are small. People _____, _____ and generally work out problems as they arise. Good relationship skills are _____ for managers in this type of organization. Hofstede cites Great Britain as an example, but _____, _____, _____ and, to a lesser extent, _____, _____, _____ and _____ also fit into this group of countries.

Families

Countries and regions rooted in _____ culture tend to combine _____ power distance and ____ uncertainty avoidance. People in other Asian countries such as ____ and ____ show similar patterns. In these places the preferred organizational form is a ____ ____ and a rather ____ structure. The very powerful owner-manager operates like the ____ or _____ of an extended family. The boss makes _____and his policy takes ____ over formal procedures. Employees at lower levels in the organization may have _____ professional skills and good ideas about how something could be improved, but they will not _____ the boss.

Part C Exercises

1) *Directions:* *Listen to the first paragraph and fill in the blanks with appropriate words you hear.*

There are two basic ways to approach the _____ between different and _____ organizational cultures. One is by using a _____ _____ model, by which one cultural system _____ the other within the company, using the organization _____

and mnagement _____ of the dominant culture. The other approach is called the _____ _____ Model. In this model, the culturally synergistic organization takes the best of each culture and they are _____ together without _____ on the other. With this _____ and _____ for each culture, the organizational leaders can then solve problems _____.

2) **Directions:** *Listen to the example of Shanghai General Motors with its 4S values and match each S with its explanation.*

(1) "Standardization"   A. Each partner must study each other's culture, understand the other's partner's way of doing things, benefit from each other and gain mutual understanding and support.

(2) "Study and Understanding"   B. On the basis of mutual benefits, both parties have learnt to compromise rather than hold tight one's ground. In this way, disputes and conflicts are easier to cope with.

(3) "Spring"   C. Each must abide by the regulations, rules and management systems, which are based on overseas conventions and domestic rooted traditions.

(4) "SGM" first   D. Flexibility is valued and stubbornness is devalued; take positive attitude toward anything; be pragmatic rather than ideological.

🧍 🧍 **Acting out**

1. Debate: The Best Organizational Culture
In Part B which country's students do you agree with, French, German or British? How would you diagnose the organizational problem in the case and how to solve it?

In your opinion what is the best organizational culture? Give examples such as IBM or Haier Group to illustrate your points.

2. Discuss: Cultural Synergy Model
In Part C what can we learn from the "4S" practices in SGM joint venture**?** Why is it so difficult to follow *Cultural Synergy Model* as opposed to *Cultural Dominance Model*?   Can you cite other merger failure examples to support your answer? What recommendations can you make to Chinese corporations for their future joint venture?

Key to Exercises
Part A
1)
   1. (F)   2. (T)   3. (F)   4. (F)   5. (T)
2)
Mark Sirower, visiting professor at New York University, says surveys have repeatedly shown that about <u>65 percent </u>of mergers fail to benefit acquiring companies,

whose shares subsequently underperform their sector. Why? Colin Price, a partner at McKinsey, the management consultants, who specializes in mergers and acquisitions, says the majority of failed mergers suffer from poor implementation. And in about half of those, senior management failed to take account of the different cultures of the companies involved.

Melding corporate cultures takes time, which senior management does not have after a merger. Mr. Price says. "Most mergers are based on the idea of 'let's increase revenues', but you have to have a functioning management team to manage that process. The nature of the problem is not so much that there's open warfare between the two sides. It's that the cultures don't meld quickly enough to take advantage of the opportunities. In the meantime, the marketplace has moved on.

Part B
1)
Table 1: Conflict between the two managers in a textile company:

	Opinion	**Reason**
The marketing manager	He wanted to accept small orders for fabrics from fashion companies.	If the company filled these small rush orders, then they would get larger orders from the fashion companies later.
The production manager	He wanted the company to refuse the small orders.	These small orders were costing the company too much money and time.

Table 2: Diagnoses of the problem and recommendations for solving it:

	Diagnoses	**recommendations**	**Steven's observation**
The French students	the general manager had not resolved the conflict.	take the problem to the general manager who would tell them what to do	see organizations as pyramids of people with manager on top.
The German students	the organization lacked the proper structure and procedures for decision-making	to develop the necessary structure and procedures for making these decisions.	see organizations as well-oiled machines.
The British students	the result of the poor negotiation skills of the two managers	both managers be sent to a management course to improve their relationship skills	see organizations as village markets in which people have to negotiate.

2)

Pyramids

In countries with large power distance and strong uncertainty avoidance, people like power and authority to be concentrated in one person and they like activities to be structured. A country with this combination of values is France, but this organization type might also be found in countries with a similar combination of power distance and uncertainty avoidance scores. This group of countries includes Guatemala, Mexico, Korea, Japan, and Greece. In Japan it is not formal rules, but informal rules in the form of customs and accepted ways of doing things that define the structure.

Machines

In countries with small power distance and strong uncertainty avoidance, people prefer to structure activities without concentrating authority at the top of the organization. They want their organizations to run like well-oiled machines. They want everyone to know what they should do without having to take orders from an all-powerful boss. Germany is a good example of a country in this group. German organizations may be more structured than most, but we would also expect to find similar organizations in Switzerland, Austria, and Israel if scores on the value dimensions are reliable predictors of organizational forms and styles.

Markets

Countries with weak uncertainty avoidance and small power distances prefer organizations that resemble local markets. The structure is not as clearly defined and the social and emotional distances between people at various levels are small. People negotiate, bargain and generally work out problems as they arise. Good relationship skills are essential for managers in this type of organization. Hofstede cites Great Britain as an example, but Ireland, Demark, Sweden and, to a lesser extent, the United States, Canada, Australia and Norway also fit into this group of countries.

Families

Countries and regions rooted in Chinese culture tend to combine large power distance and weak uncertainty avoidance. People in other Asian countries such as India and Malaysia show similar patterns. In these places the preferred organizational form is a strong leader and a rather loose structure. The very powerful owner-manager operates like the father or grandfather of an extended family. The boss makes decisions and his policy takes precedence over formal procedures. Employees at lower levels in the organization may have high-level professional skills and good ideas about how something could be improved, but they will not contradict the boss.

Part C

1) There are two basic ways to approach the interaction between different and distinct organizational cultures. One is by using a cultural dominance model, by which one cultural system dominates the other within the company, using the organization structure and management techniques of the dominant culture. The other approach is called the Cultural Synergy Model. In this model, the culturally synergistic organization takes the best of each culture and they are melted together

without infringing on the other. With this diversity and respect for each culture, the organizational leaders can then solve problems synergistically.

2)

(1) C   (2) A   (3) D   (4) B