The role of corporate culture in supporting business strategy

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THE ROLE OF CORPORATE CULTURE IN SUPPORTING BUSINESS STRATEGY

Master thesis

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STATEMENT ON ACADEMIC INTEGRITY

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Abstract

This thesis explores how a corporate culture which has clearly defined values can contribute to achieving business goals effectively. It investigates the connection between culture and strategy, what their combination offers to businesses, and why it might matter. Literature on both culture and strategy is used to build a strong theoretical foundation, while Atlantic Group, a fast-moving-consumer-goods corporation known for their prominent culture, is chosen to represent the empirical part of the paper. The literature suggests several benefits of fostering a strong culture within an organization, they are divided into three broad categories—change management, human resource management, and positive external image. The empirical data is obtained through extensive interviews with employees of Atlantic, all of whom represent different positions within the company. The aim of the interviews being comprehension of Atlantic's strategy, culture, and whether any of the benefits of a combined approach apply to them. The findings, while not unanimous, show that several benefits do in fact emerge when culture is fostered and intertwined with strategy. Motivation, satisfaction, and retention of employees, and change management being the most accentuated. This research offers practical implications for leaders, entrepreneurs, and managers aiming to enhance business management and leadership strategies.

Keywords: strategy, culture, change management, human resource management, leadership

1. Introduction

Both culture and strategy are terms commonly associated with successful organizations today, yet we still see companies with strong cultures never make it to the top, or companies with unique competitive advantages fail. Could there be a missing piece to the story? If a connection between the two does exist, where can it be found? The modern study of business strategy is thought to have started with Igor Ansoff's 1957 work *"Strategies for diversification"* in which he theorised the way a business might evolve in order to produce new revenue streams. Likewise, organizational culture has only become popular among academia in the late 70s and early 80s (Smircich, 1983; Pettigrew, 1979; Deal & Kennedy, 1982) of the last century. And while there have been attempts at connecting the two, even decades ago, the subject of culture linked to strategy has only become widely accepted rather recently, with the turn of the millennium. But despite its growing recognition, there are still gaps in our understanding of its impact on business, which makes it a compelling area for research and study.

1.1. Purpose of the thesis

So how does culture really stack up to strategy and business? Even after all the definitions, it is still not overtly clear, or evident, what culture does to improve upon a business. This thesis will take a deep-dive into this relationship. Is culture something to be created in order to advance the company's goals and strategy? Is culture among the key ingredients which make them successful and competitive? What role does culture play when it comes to changing strategy? Is there empirical evidence that culture has a positive effect on results? All of these are questions that this thesis aims to answer.

The goal of this research is to serve as compelling "proof of concept" for organizational leaders, highlighting the significance of culture and its interplay with strategy. Abstract concepts, such as corporate culture, are often difficult for even seasoned leaders to embrace, whereas younger generations might even take them for granted. The evidence for this study is drawn not only from literature, but also from empirical analysis of the Croatian company Atlantic group, examining their culture and its impact on their strategy and goals. This might provide the crucial link necessary to facilitate the practical applications of such abstract ideas.

1.2. Methodology

To gain insight into the relationship between culture and strategy, a mixed-method approach was employed, utilizing both primary and secondary data sources. The secondary sources include a wide array of materials ranging from scientific articles and reports, to books and dissertations. The primary source of data is collected through in-depth interviews with employees from different hierarchical levels and functions of Atlantic group. The interviewees were asked questions regarding both the features of corporate culture in their organization, and elements of the company's strategy. The interviewees were further questioned on the relationship between culture and strategy, with the hope of obtaining a deeper understanding of culture's role in strategy execution, maintenance, and outcome. By combining both sources of data, a more concrete and definite conclusion can be made which will be both grounded in theory and in practice.

While culture can also be measured quantitatively, these measurements often lack depth compared to qualitative measurements. Consequently, this thesis uses a qualitative approach through interviews as its primary source of data. This is not to diminish the value of quantitative approaches, as they can yield significant results. However, to truly uncover a company's culture, the underlying assumptions have to be explored, which can be best achieved through in-depth interviews.

1.3. Structure of the thesis

The thesis is made up of six sections. The introduction, the strategy section, the corporate culture section, followed by "The relationship between corporate culture and business strategy", the empirical results section, and the conclusion. The introduction outlines the purpose, methodology, and structure of the thesis. The strategy section introduces the existing research on strategy and competition, while the corporate culture section covers the definition, characteristics, and purpose of culture in organizations. The "Relationship between culture and strategy" section explains the link between the two, while the empirical research section presents the main findings, and dives into the shortcomings and limitations of the study. Finally, the thesis concludes by discussing the implications of the study.

2. Defining business strategy and its types

2.1. Business strategy defined

"Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat" ― *Sun Tzu, The Art of War*

A tactician wins battles, but a strategist wins wars. As in conflict, strategy is perhaps the most important aspect of business. Like corporate culture, business strategy has quite varying definitions despite an immense amount of research on the subject (Feurer & Chaharbaghi, 1995). Not many executives even know their company's strategy, let alone its definition, and in a staggering number of organizations employees are confused and frustrated because of a lack of clear strategic vision and goals (Collins & Rukstad, 2008). Given the diverse and evolving nature of the concept of strategy, it is imperative to explore it from various perspectives in order to fully comprehend its significant impact on businesses.

Chandler Jr. (1962) represents the view that a company's strategy is closely followed by its structure. He defines strategy as the identifying of fundamental long-term goals of a company, the appropriation of specific activities that work towards that goal, and the acquisition of the resources needed to carry out the activities. According to Chandler, these long-term goals could include diversification into new lines of business, expanding the volume of production, and setting up new plants and offices geographically distant from the original ones. In order to achieve these goals, allocating and relocating key resources is necessary; to carry out the goals, the company structure must evolve. To provide a clearer illustration, Chandler Jr. (1962) offers an example of a simple growth strategy through "geographical dispersion." As the principle of "structure follows strategy" suggests, the expansion into new geographic areas requires the development of a departmental strategy overseen by a centralized headquarters.

According to Porter (1996), strategy is the act of creating a different, unique, and valuable position in the market which should create not only a barrier to entry for new competitors, but also allow companies to be more efficient by creating a network of mutually supporting activities which will be more than just the sum of their parts. Porter (1996) states that the very crux of strategy and strategic positioning is to choose what not to do and how to be different from competitors[1]. Unlike Chandler, Porter bases his theory of strategy not on structure, but

[1] This is also something which famous marketing experts Al and Laura Ries reiterate in their 2009 work *"War in the boardroom"* – be different! They claim that one does not have to be necessarily better than the competition, but one must be different than the competition. This coincides perfectly with Porter's statement

rather focuses on the competitive forces present in any market or industry. Porter's 1980 work, *Competitive Strategy: Techniques for Analysing Industries and Competitors*, introduces the concept of the Five Forces framework, which provides a comprehensive understanding of an industry's competitive dynamics. These forces, namely the threat of new entrants, bargaining power of buyers and suppliers, threat of substitutes, and intensity of competitive rivalry, shape the competitive landscape. By analysing and strategically addressing each force, Porter argues that companies can create a distinct and valuable market position, thereby also creating a sustainable long-term competitive advantage. Some of the ways by which companies can address these forces are by establishing barriers to entry, such as through economies of scale or strong brand recognition, to deter new entrants, enhancing their bargaining power with buyers and suppliers, ensuring favourable terms and conditions, proactively identify and address substitute products or services to safeguard against potential threats, and navigate intense competition by differentiating themselves through unique offerings or cost leadership strategies.

Some academics primarily view strategy in terms of resources and capabilities inherent in businesses, neglecting the potential structural developments that may result from them, and the competitive environments they find themselves in. This view is called the "Resource-based view", or "RBV" in short. The RBV emphasizes the importance of a firm's internal resources and capabilities in achieving sustained competitive advantage, the essence of strategy. Birger Wernerfelt, Jay Barney, and Robert M. Grant are some of the most famous proponents of the resource-based view. Grant (1991) views strategy as something which best incorporates the firm's capabilities and uses the available resources to their full potential. Barney et al. (2001) characterize strategy as a firm's ability to control resources that are valuable, rare, highly inimitable, and which have no substitutes (often called the "VRIN" framework). Wernerfelt (1984) emphasized that the resources which lead to competitive advantage could be comprised of both tangible and intangible assets. Meaning, a firm's competitive advantage could come from both an efficient machine, and an employee with indispensable knowledge or expertise. In other words, strategy involves the hoarding of certain assets of value, both tangible and intangible.

Following the establishment of the resource-based view as a prominent theory in the field of strategy, a subsequent modification known as the "Dynamic Capabilities framework" (DCF) emerged. Dynamic capabilities are the company's ability to withstand rapidly

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that business strategy should take precedence over organizational effectiveness as organizational effectiveness is easily imitated and, therefore, does not differentiate from the competition.

changing environments by adapting its external and internal capabilities and competences (Teece et al., 1997). As one of the major proponents of the DCF, Teece (2022) holds that the RBV provides an inadequate explanation of business strategy since long-term firm viability requires more than just resource and competency pooling. In theory, both the RBV and DCF share similarities since they both emphasize the significance of a firm's resources in shaping its strategy and achieving a sustainable competitive advantage. However, they differ on two key points. Firstly, the DCF does not consider tangible assets to be as important as intangible ones, such as knowledge and culture. This is because the followers of the DCF believe that change is so rapid, no single machine or tangible asset can bring a sustained long-term advantage for companies. Secondly, the DCF recognizes that the primary resource of value is not a single knowledge base, expertise, or capability, but rather the ability to adapt to changing circumstances and needs for new knowledge and capability.

The latest prominent theoretical concept is the *"Blue Ocean strategy"* as defined in Chan Kim's and Renée Mauborgne's seminal 2004 work of the same name. Kim and Mauborgne (2014) describe two opposing approaches to gaining value: the red ocean and the blue ocean strategy. Red oceans represent existing industries, where competition is fierce, boundaries are well-defined, and companies strive to outperform rivals for a larger market share. However, as competition intensifies, profit and growth prospects diminish, turning products into commodities. In contrast, blue oceans represent unexplored market spaces devoid of competition. Companies can create blue oceans by either establishing entirely new industries, or by reshaping the boundaries of existing industries. Remarkably, Kim and Mauborgne have strayed far from all the strategy theorems and frameworks that have come before them, exactly alike their very concept of blue ocean strategy of moving away from the competition, rather than intensifying it. Previous theories primarily emphasize achieving long-term sustainable competitive advantage by outperforming rivals through various means such as structural advantages, market forces, or internal capabilities. The blue ocean strategy advocates none of these, but presents a fundamental paradigm shift in strategic management. It challenges the notion of direct competition by advocating the creation of uncontested market spaces where competition becomes irrelevant.

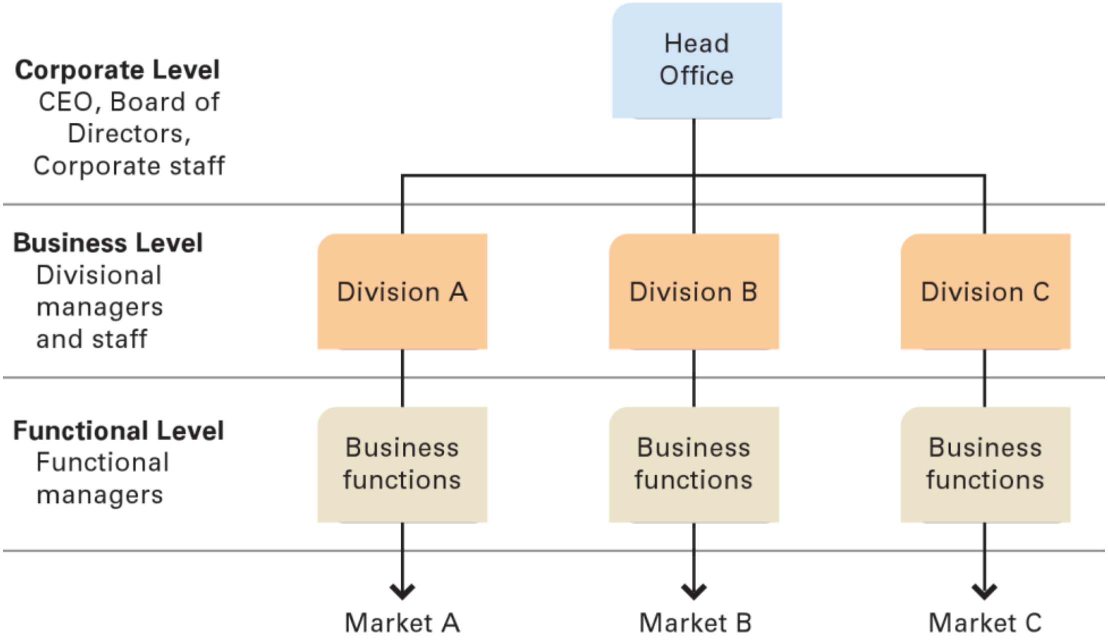
Not all viewpoints of strategy neatly fit into a single theorem, however. Rather, some perspectives draw upon elements from multiple theoretical frameworks. Collins' and Rukstad's 2008 work *"Can you say what your strategy is?"* is a prime example of this blending of ideas. While their approach does not align directly with a specific one, it incorporates elements from multiple theorems of strategic management, such as: Chandler's strategy-structure relationship, Porter's competitive forces, and the resource-based view. In their paper, Collins and Rukstad (2008) emphasize the significance of three key components for a successful business strategy: objective, scope, and advantage. The identification of objectives in their work aligns with Chandler's perspective on long-term goal setting. Chandler emphasizes the importance of setting clear and fundamental long-term goals for a company's strategy. Similarly, they stress the significance of defining concrete objectives for a company over the next five to ten years. The scope aspect in Collins' and Rukstad's work, which encompasses factors such as target customers, vertical integration, and geographic focus, resonates with Porter's emphasis on strategic positioning. Porter argues that strategy involves creating a unique and valuable position in the market, and a key aspect of this positioning is defining the scope of the company's operations. Collins and Rukstad acknowledge the importance of a clearly defined scope, as it helps companies determine which aspects to focus on and which to forego. Lastly, the concept of advantage in Collins' and Rukstad's work, which encompasses the value proposition and specific activities undertaken to achieve that proposition, reflects the resource-based view's focus on leveraging valuable resources and capabilities. The resource-based view emphasizes that a firm's competitive advantage is derived from its unique and valuable resources, both tangible and intangible. Collins and Rukstad recognize that a company's advantage is comprised of not only the value proposition it offers to customers but also the specific set of activities it undertakes to deliver that proposition effectively[2].

These strategy frameworks are mainly focused on just one area on the scope scale of strategy, which is the business strategy. More specifically, these frameworks focus on the strategy that businesses utilize to position themselves in their industries, thereby achieving a sustainable long-term advantage (in competitive markets or completely new ones). However, the term "strategy" in a business environment encompasses more than just the business strategy. From smallest to largest in terms of scope, the other two types of strategy include functional strategy and corporate strategy. Functional strategy refers to the strategies developed and implemented by various functional departments within an organization, such as marketing, finance, operations, human resources, and so on. These strategies are specific to each department and support the overall business and corporate strategies. For example, a company's marketing department may develop a comprehensive marketing strategy to identify target markets, create brand awareness, and implement effective marketing

[2] It is for this reason that Collins and Rukstad criticize Porter's work on strategy. They argue that while Porter presents a good theoretical framework for strategy, he does not give any practical solutions on how to enact on the framework.

campaigns. Functional strategies focus on optimizing the quality, efficiency, and resources within a particular function to contribute to the achievement of broader organizational objectives (Hill et al., 2014). Corporate strategy, on the other hand, refers to the overarching strategy that guides the organization at large. It involves making decisions at the highest level of the organization to determine the scope of the organization's activities and how various business units and divisions interact with each other. It focuses on questions related to the organization's portfolio of businesses, resource allocation, mergers and acquisitions, diversification, and overall strategic direction. For instance, a company pursuing a corporate strategy of diversification may acquire or merge with other companies to enter new markets or industries, expand its portfolio, and drive growth through synergies. In the case that the company is only a single-business company, its strategies on a business level and on the corporate level are identical (Hill et al., 2014). Likewise, if the organization operates in a multitude of different business environments, every business likely has its own business strategy overseen by one central corporate strategy (Hill et al., 2014). Below is a visual representation of the three different hierarchical levels within an organization that correspond to the three levels of strategy discussed above.

Figure 1 - Three levels of strategy



Source: Hill et al., 2014

2.2. Types of business strategies and their purpose

To avoid unnecessary complexity and maintain clarity of strategy in this paper, it is essential to choose a baseline framework from the five distinct theorems of strategy described in the previous chapter. Although the blue ocean strategy provides a comprehensive framework that potentially encompasses all others, it also provides an overly broad perspective. Therefore, to gain a more focused result, Michael Porter's forces framework and generic business strategy concept was chosen. Generic business strategy is a term coined by Porter in his seminal work *"Competitive strategy"* from 1980. Generic strategies are a theoretical concept of the most basic types of business strategies through which companies can distinguish themselves on the market and gain an advantage over the competition. Companies typically gravitate towards adopting a specific strategy while also developing distinctive value-creation processes and activities that render each business strategy inherently unique. Porter recognizes three different types of generic business strategies, the cost-leadership strategy, the differentiation strategy, and the focus strategy. He defined each generic strategy as one with advantages and disadvantages, but none of them as a "one-size-fits-all". Furthermore, Porter (1997) claims that some strategies can be combined, such as the focus strategy pairing well with either the cost-leadership or differentiation strategy, although pursuing both cost-leadership and differentiation at the same time is not economically feasible.

2.2.1. Cost leadership strategy

Of the three, the cost leadership strategy is likely the most common and widely adopted business strategy. It is a strategy in which efficiency of production, cost reductions and economies of scale play a major role in achieving the lowest possible price of product or service (Porter, 1997). Companies that use the cost leadership strategy seek to gain market share by positioning themselves as being less expensive than their competitors (Banker et al., 2014). A cost leader typically demonstrates a willingness to prioritize quantity, cost reduction, and broad market appeal over product quality and catering to specific customer segments (although this may not be the case for companies using both cost and focus strategies). In their pursuit of cost leadership, these companies place a strong emphasis on achieving economies of scale, which involves maximizing operational efficiency, leveraging purchasing power, and optimizing production processes to drive down costs and achieve a competitive edge in pricing. By attaining economies of scale, cost leaders can offer products or services at the lowest possible price in the market.

Porter (1997) provides several theoretical benefits a cost leader may enjoy. One of the significant advantages of the cost leadership strategy is the protection it provides against potential undercutting by less efficient competitors. If the cost-leading company maintains a higher level of efficiency than its rivals, it can establish a cost advantage that makes it challenging for others to match or surpass its prices. Moreover, the cost leader’s position in the market is relatively safeguarded against new entrants, as the barriers to entry for competitors aiming to replicate the cost structure and achieve comparable economies of scale can be substantial, provided the leader consistently invests in maintaining its position. Another key aspect of the cost-leadership strategy is the greater flexibility it grants in terms of price setting and response to supplier and consumer demands. Cost leaders, due to their cost advantages and efficient operations, have more freedom to adjust prices while still maintaining profitability. This flexibility enables them to respond to market dynamics, competitive pressures, and changes in customer preferences. Additionally, the cost leader’s ability to offer competitive prices and potentially lower overall industry prices can create challenges for suppliers seeking to negotiate higher prices.

However, Porter (1997) also highlights several drawbacks associated with the cost-leadership approach. One significant challenge is that becoming a cost leader typically requires an early advantage or head start as cost control and efficiency are generally not the primary focus of young companies. Economies of scale, one of the major enablers of a cost leadership strategy, are practically impossible to achieve in the early stages of a company's life cycle. Establishing a cost advantage and building efficient operations from the beginning can be an even more difficult task for new entrants entering the market if the already existing barriers to entry are high. Additionally, maintaining the price difference and sustaining the cost leadership strategy over the long term requires continuous effort. Companies must constantly invest in process optimization, streamlining operations, and seeking innovative ways to reduce costs. This ongoing commitment to efficiency improvement is crucial to staying ahead of the competition and retaining the cost leader position. Amit (1986) views experience and learning to be essential for cost leaders as it is the primary way of sustaining long-term output efficiency, and therefore their competitive advantage. The relentless pursuit of cost reductions can also often come at the expense of product quality. Striking the right balance between cost optimization and maintaining an acceptable level of quality is a delicate challenge that cost leaders must navigate. Lastly, when multiple strong players in an industry vie for the position of cost leader, it is likely to lead to intense price competition. As each competitor strives to offer the lowest price, the overall profitability of the industry may suffer. The relentless drive to cut costs and lower prices to gain a competitive edge can erode profit margins for all players involved, making it more challenging to sustain profitability and invest in future growth. This is in line with Banker et al.'s (2014) hypothesis that cost leaders cannot sustain performance in the future to the same degree as differentiators can because the beneficial effects of the cost leadership strategy dissipate over time. This is likely because the techniques and technology crucial for greater efficiency are easily imitable by competitors, especially if the cost leaders do not consistently invest in learning and internal technological innovation. Amit (1986) supports this claim, stating that if a cost leader adopts a myopic attitude toward learning and improving, its future output will suffer.

2.2.2. Differentiation strategy

The second generic strategy is the differentiation strategy. When certain value-adding activities are carried out in a way that creates a perception of superiority along customer-valued dimensions, a business is differentiated (Day & Wensley, 1988). In general, the strength of differentiation lies in its rarity and the difficulty of replication, which in turn contributes to a sustainable competitive advantage (Semuel et al., 2017). This distinctiveness can manifest in various aspects of the value proposition, extending beyond the product or service itself. Differentiation strategies do not necessarily have only different products or services, they can encompass superior marketing efforts, building strong brand awareness, fostering exceptional customer relations, emphasizing innovative design, enhancing ease of use, leveraging advanced technology, optimizing user interface and user experience, and more (Porter, 1997). Two e-commerce companies may have the exact same product offering, yet one could stand out because of its exceptional care for customers. According to Porter, differentiation often accompanies higher prices, which are justified in the eyes of consumers by the perceived added value that the company offers. In essence, consumers are willing to pay a premium for something they consider more valuable or worthwhile to meet their specific needs and preferences. By effectively differentiating themselves, companies strive to create a unique market position and cultivate a competitive advantage.

The adoption of a differentiation strategy offers several significant benefits for companies. By pursuing this strategy, organizations can effectively protect themselves from the negative effects of price elasticity of demand[3], especially when their perceived values are sufficiently high. Unlike companies focused on cost leadership, those following a differentiation approach tend to enjoy higher profit margins. These higher margins serve as a protective cushion against both intense competition and potential challenges posed by suppliers. Consequently, companies implementing a differentiation strategy can achieve greater financial resilience in the face of market pressures. The ability to command premium prices contributes to enhanced profitability and sustainability, which allows differentiation-focused companies to have a financial commitment in products or services that may otherwise be discarded as unprofitable. This is crucial for differentiators since their ability to innovate directly affects the long-term sustainability of their competitive advantages. This idea is also supported by Tellis and Golder (1996), who claim that since market dominance requires vision and perseverance over a long period of time against significant research and marketing odds, firms must commit financial resources to survive this struggle, particularly when revenues do not cover the costs. Differentiation also enables firms to position themselves in a unique market segment where they can leverage their distinctive features and offerings to increase their protection from substitutes. Comparatively, Banker et al. (2014) found that, while both differentiation and cost leadership strategies are associated with better short-term performance, the beneficial effects of the cost leadership strategy dissipate over time and do not enable companies to sustain performance in the future to the same extent as the

[3] Price elasticity of demand measures the responsiveness of quantity demanded to changes in price. It quantifies how sensitive the demand for a product or service is to changes in its price.

differentiation strategy. Not only did they find that financial performances of cost leaders erode over time, but also that differentiators' performance increases over the same period.[4]

The adoption of a differentiation strategy brings numerous benefits for companies; however, it is important to acknowledge some of the shortcomings associated with implementing such a strategy. One significant concern is that companies may become confined to specific market segments if their products or services are perceived as exclusive. While this exclusivity may create a sense of differentiation and appeal among a specific target audience, it can also limit the company's market reach and potential customer base. Depending on the market dynamics and customer preferences, this confinement to niche segments may or may not have negative consequences on the company's bottom line. Another challenge lies in the costs involved in implementing a differentiation strategy. In technology-driven industries, for example, research and development expenses can be exorbitant as companies strive to create and maintain innovative and unique offerings. Similarly, other sectors may face high material costs, elevated employee salaries, or significant investments in IT services to deliver differentiated products or services. Generally, areas that receive more attention, are not as standardized, and are of higher quality require substantial capital investment. Adding to the downside of cost, it is important to note that while the differentiation strategy can lead to higher and more sustainable profits, it also increases the riskiness of the firm (Banker et al., 2014). Banker et al.'s research has shown that differentiation-focused companies tend to show higher volatility in their future financial gains, indicating greater uncertainty and variability in their financial performance. This higher level of risk can pose challenges in terms of financial stability and predictability, requiring companies to carefully manage their resources, leverage risk mitigation strategies, and maintain a robust financial position. This ensures that, much like with cost leadership, setting up a company for differentiation is not an easy task, especially for a younger company which may not have the same financial backing an already established market player might have. Lastly, differentiation carries the constant risk of imitation by competitors. When a company successfully differentiates itself in the market, it becomes a prime target for rivals seeking to replicate its unique features, offerings, or value propositions. The emergence of copycats can erode the company's competitive advantage over time, impacting its market share, customer loyalty, and profitability. To mitigate this risk, differentiating companies

[4] Banker et al.'s (2014) study involved the examination of 12,849 historic annual company snapshots over a span of 14 years to gather data for the research. Return on assets (ROA) was used as the main indicator of financial performance. As a safety against potential accounting differences, the authors also used operations cash flow (CFO) as a metric instead of ROA. The results were similar.

must consistently invest resources into innovation, staying ahead of competitors and continuously refreshing their value proposition to maintain their distinctiveness and customer appeal.

2.2.3. Focus strategy

The focus strategy, also called a niche strategy, is a versatile approach that is in many ways like the differentiation strategy. It centres around the crucial aspect of targeting a specific niche or segment within the market and customizing products or services to precisely address their unique needs (Porter, 1997). It is worth noting that the words "niche" and "segment" are not interchangeable in the context of a focus strategy, as emphasized by Shani and Chalasani (1992). In segmentation, the process involves breaking a large market into smaller pieces, focusing on the differences in the marketplace. This is what they call a top-down approach. On the other hand, niche marketing takes a bottom-up approach, starting from the needs of a few customers and gradually expanding to a larger customer base, with an emphasis on similar needs and consumption patterns within the target group. The strategy acknowledges that the demands and preferences of the niche group diverge from those of the broader market, necessitating differentiation in order to cater to their specific requirements effectively. By adopting the focus strategy, companies aim to establish a competitive advantage by concentrating their efforts on a distinct market segment and tailoring their offerings to create a compelling value proposition for the targeted customers. However, it is worth noting that the focus strategy is not exclusively employed as a proactive means to gain a competitive advantage. In certain cases, companies utilize this strategy as a defensive measure to protect their position in the market. A study conducted by Parrish et al. (2006) focusing on US textile and apparel companies revealed that most of the respondents adopted the focus strategy primarily for defensive purposes against low-cost international competitors. The focused approach allows organizations to align their resources, capabilities, and messaging more precisely with the needs and preferences of the chosen niche, enhancing their potential for success in capturing the loyalty and attention of their target customers. The focus strategy offers companies the opportunity to carve out a unique market position and distinguish themselves from competitors by aligning their value proposition with the specific demands of a well-defined customer segment.

Adopting a focus strategy offers several notable benefits for companies. Firstly, companies can capitalize on the opportunity to position themselves as cost leaders within their selected target segment. By focusing their resources and operations on a specific niche, organizations can optimize their cost structure and operational efficiencies, enabling them to offer competitive pricing to their target customers. This cost leadership positioning enhances their competitive advantage by providing customers with compelling value for their money and attracting price-sensitive buyers within the chosen segment. Secondly, the focus strategy allows companies to create a level of insulation against competitors and substitute products (Porter, 1997). By concentrating their efforts on a well-defined market niche, companies can establish a strong presence and reputation within that segment, making it more challenging for competitors to penetrate and encroach upon their market share. Additionally, the company's tailored offerings and deep understanding of the unique needs of the target customers can create a higher degree of customer loyalty. This loyalty can result in repeat business, long-term relationships, and positive word-of-mouth recommendations, further solidifying the company's position within the chosen market segment. This was found to be the case in Parrish et al.'s (2006) research. Their study revealed that the potential of a niche market is heavily dependent on a strong, devoted customer base that would not be easily swayed by the competition.

However, it is essential to consider the potential drawbacks associated with the focus strategy. One significant challenge highlighted by Porter (1997) is the substantial capital investments required for this strategy, like those of the differentiation strategy. Companies pursuing a focus strategy need to allocate significant financial resources to differentiate their offerings and effectively cater to the specific needs of the target niche. This financial commitment can pose a burden on the company, especially if the returns on investment do not meet expectations or if the market conditions change. Another downside of the focus strategy is the inherent risk of other non-focused services or products meeting the demands of the niche target audience. Despite the company's efforts to tailor its offerings to the specific needs of the niche, there is a possibility that alternative products or services emerge that can effectively fulfil the requirements of the target audience. This can lead to a dilution of the company's competitive advantage and potentially reduce its profitability.

3. Features of corporate culture

"Fish don't know they're in water until they come up for air" — *David F. Wallace*

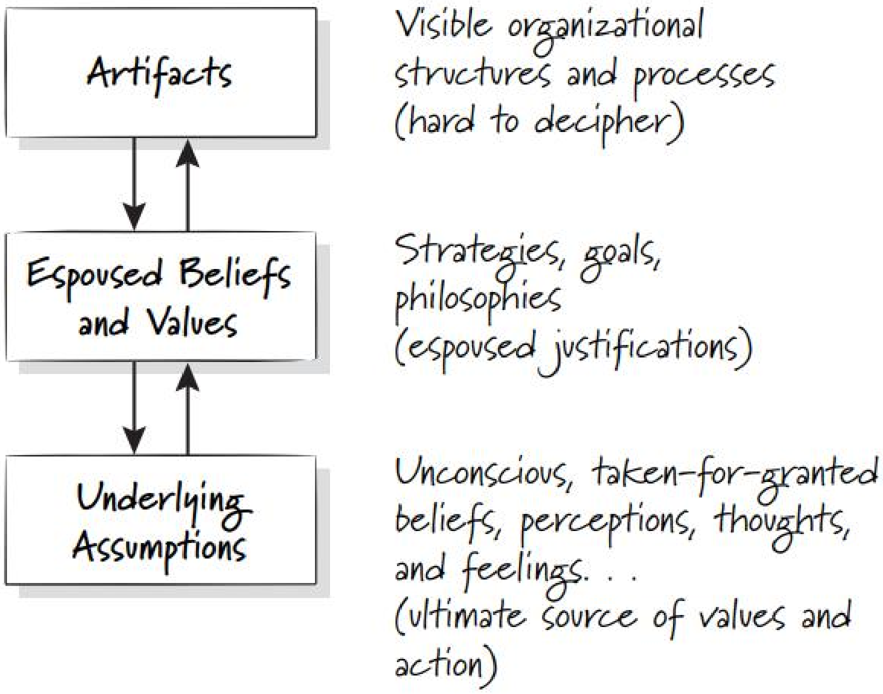
In the modern business landscape, the significance of culture has captured widespread attention and recognition. Today, culture permeates not only the social national, and political context but also the dynamic environment of organizations, being called corporate culture. Gorton et al. (2021) make a distinction between corporate and societal or national culture by stating that national culture is influenced by thousands, or even millions of individuals making everyday choices, yet corporate culture is intentionally moulded by a firm leader in order to achieve a certain goal. As organizations navigate the complexities of modern business, corporate culture plays an important role in shaping their identity, values, and overall functioning. While the term "corporate culture" is widely acknowledged, its multifaceted nature and varied interpretations make it hard to understand, and even harder to steer.

It is all too easy to forget the less rational and instrumental, the more expressive social tissue around us that gives our daily tasks and objectives meaning, but for people to function within any given setting, they must have a continuing sense of what that reality is all about in order to be acted upon (Pettigrew, 1979). Culture is the system of such publicly and collectively accepted meanings operating for a given group at a given time (Pettigrew, 1979). Pettigrew's conceptualisation of culture provides an academic definition to the more colloquial "fish in water" phenomenon. In other words, individuals often only recognise the true nature of their organization when removed from the same, just as a fish recognizes water when removed from its natural environment. Schein (2010), in his book *"Organizational Culture and Leadership",* describes culture as a pattern of behaviours, assumptions and ideas, which were created as groups or organizations overcame their external and internal problems, that were successful enough to be accepted by the group and, thus, are to be taught to new members of the group as the norm to which they must conform to. Hofstede's definition of culture bears similarities to the concept of biological evolution, wherein the best ideas, norms, and solutions survive, while those less effective become unwanted and die off. The goal is then to ensure the survival of the entity, as individuals adapt and align themselves with the most advantageous ideas, norms, and assumption. Hofstede (2003) defines culture as a collective conditioning of individuals thoughts that separate one group, or one type of people, from another, while also adding that culture is to a group what character and personality is to an individual. If the fact that a leader's character can heavily influence an organizations' effectiveness is considered true, it can then be inferred that a collective character (culture) can also influence it in some capacity. O'Reilly (2008) defines culture through a more managerial approach. He thinks of culture as a social control system in which all stakeholders in an organization willingly want to be a part of. This behaviour arises from the intrinsic motivation of individuals to meet the expectations and standards set by their peers, as each person strives to live up to the social norms and values established within the organization. Thus, it can effectively be used as a system of control without the drawbacks. Understanding the nature of culture sheds light on its significance in forming individuals and groups within an organization.

3.1. Definition and characteristics of corporate culture

Even though organizational culture shares many common aspects and traits across contemporary research, it still has no clear singular definition or interpretation. Different researchers may emphasize different aspects or dimensions of organizational culture based on their theoretical frameworks and research interests. Additionally, organizational culture can vary across different industries, contexts, and organizational levels, further contributing to its diverse interpretations. In order to accurately carry out the research proposed in this paper, a baseline view of corporate culture must be asserted. Edgar Schein and his view on organizational culture is one of the most influential and recognizable among academia and it is for this reason that his concepts are used.

Figure 2 – Schein's culture model



Source: Schein, 2010

Schein (2010) divides culture into three levels based on visibility, recognition, and the level of impact on the overall culture; the artifacts, the espoused beliefs, and the underlying assumptions. The artifacts are the most superficial components of culture and they manifest themselves as anything from the clothes one wears to observable rituals, style, jargon, and others (Schein, 2010). May (2001) recognizes three types of cultural artifacts, the physical, the informational, and the conceptual. Physical artifacts are the organization's actual spaces and things, such as furniture, artwork, rooms, meeting rooms, and others. On the other hand, lists, directories, databases, and computer programs are good examples of information artifacts, which are primarily informational or computational in nature. Objects that we use in our conceptual or mental space are known as conceptual artifacts; examples include metaphors, stories, patterns, etc. These conceptual artifacts can be leveraged by organizations through retelling their history, and self-reflective insights to understand the present, and direct future actions, promoting growth and adaptation (May, 2001). Similarly, Dandridge et al. (1980) divide artifacts, or symbols, to verbal, action, and material symbols. Among material symbols, an organization's logo is not something that has a distinct meaning or an independent existence; rather, it is an externalized, obvious, and concrete representation that represents the unique identity of the entire organization. The action symbol can be presented through a ritual. Dandridge et al. (1980) give a specific example of early patriarchal cultures where male leaders have been observed to go through a ritual in order to attain a special position in the community and be allowed to enter the “men’s hut” which confers on them special rights and responsibilities. They observe similar rituals for specific groups of individuals in modern organizations. Among verbal symbology, the most potent and enduring idea appears to be that of myth or legend. Many major corporations produce bound volumes that present the story of the organization, including anecdotes about founders or crucial events, all with the intent of passing on the myth or legend to new members of the organization. The definitions and classifications of artifacts or symbols vary greatly from author to author; however, they do share commonalities. As ideologies, arguably their most important function, one of their key characteristics is their power to impel individuals to action and to foster a sense of belonging (Pettigrew, 1979; O’Reilly, 2008). However, these artifacts can be challenging to decipher as they are inherently linked to deeper intents, values, or assumptions, as noted by Schein (2010). Relying solely on artifacts to understand organizational culture would be a mistake, as their true meaning goes beyond surface-level interpretations. Therefore, a comprehensive understanding of culture requires looking beyond the artifacts alone. A good analogy is to compare artifacts to symptoms of a disease or illness. For example, a heart attack is often accompanied by pain in the left arm, however, it would be wrong to assume that the problem stems from the arm itself. To understand the root cause of culture, one must dig deeper.

A level below the artifacts are the espoused values and beliefs. These espoused values represent the “correct” way of thinking within an organization. It is often observed that these values focus on what individuals say is the reason for their behaviour, and what they often rationalize for their behaviour (Spencer-Oatey, 2012). In other words, they are not the source of the behaviour, rather a symptom (of a deeper assumption). Schein (2010) explains that these values are a direct result of a leader’s own values, morals and assumptions which is then imprinted onto the group conscious under the assumption that those same views and morals led to successfully solving a problem. Over time, as more problems are solved, this view becomes more and more ingrained in the organization and can eventually become a subconscious value known as an underlying assumption. While not the deepest level of culture, espoused values are unique in a sense that they can potentially affect all the other levels of culture due to a process called “retroactive manifestation” (Hatch, 1993). Through this retroactive manifestation, values can either be maintained or alternated. In the context of retroactive maintenance, values and assumptions are aligned, and no additional adjustment is required. In this scenario, the alignment between assumptions and values serves to reinforce the underlying assumptions, providing organizational members with a sense of confirmation that their culture is functioning harmoniously and everything is in order. Retroactive alternation, however, can lead to a fundamental change in underlying assumptions by interjecting new or alien values into the culture, usually by higher management. Schein (2010) suggests that if these new values consistently yield positive results, they gradually become ingrained in the organization's culture, taken for granted, and eventually incorporated into its core assumptions. For this to occur, however, new values must at first conflict with pre-existing values; otherwise, no change would take place, and retroactive manifestation would only confirm pre-existing ones (Hatch, 1993). The challenge of evaluating espoused values lies in their subjective nature; espoused values cannot be analytically or empirically tested in order to produce a right or wrong answer, at least not easily or accurately. Schein (2010) addresses this matter by stating that moral dilemmas, aesthetic choices and others go through the process of social validation. Social validation does not need to go through trial and error in order to cement values in a group, social validation does the cementing by way of social interaction and group psychology. Namely, any group or collective is subject to forces such as societal pressure, and as a result, individuals take actions in order to be socially validated by the group.[5] Basically, the members of a group do not need to empirically determine a fact to be right in order to take the fact as a given. When it comes to the process of value integration itself, introducing and maintaining them is not an easy feat. If the values are not explicitly and consistently enacted, often due to a lack of leadership example, they become empty words and aspirations without any merit to them (Schein, 2010; Fehr, 2018; Guiso et al. 2015). Without active demonstration and reinforcement by leaders and key individuals within the organization, values lack substance and fail to have a meaningful impact on employees' attitudes and behaviours.

The last and deepest level of culture are the underlying assumptions. The underlying assumptions are espoused values that have been tried and tested so often that they have become "the new normal" (Schein, 2010). They have become so common in the organization that the members take them for granted and use them on an unconscious level. A good way of looking at these unconscious values is like asking a fish if it knows it is in water. The likely answer is, no. Consider Hatch's (1993) example of an underlying assumption that individuals

[5] Humans are, at their core, social animals. Societal acceptance was something intrinsic to our survival as a species and is, by consequence, deeply ingrained in our psychology. There are people that are opposed to this idea to assert their independence; however, they are either deluding themselves, or live deeply unsatisfying lives by being ex-communicated by the larger group (Greene, 2019).

are lazy by nature, and how this seemingly trivial attitude can lead to substantial changes in organizational culture. The assumption of inherent laziness (usually from leadership roles) generates expectations of laziness from those below the leader's stature, which then shapes the perception of what lazy behaviour is. Under these circumstances, an individual thinking about a problem while sitting in a lounge might be considered lazy, when he could actually be contributing to the company in a significant manner. This perception, combined with other underlying assumptions, influences thoughts and emotions associated with such behaviour. For instance, in an organization that sees productive and hardworking behaviour as a key to success, laziness is likely to be viewed negatively. At the same time, the underlying assumption of inherent laziness contradicts the same expectation of productive and hardworking behaviour, as lazy individuals are not expected to act in that way. This contradiction then supports a value for control (as granting autonomy to lazy individuals is believed to result in little or no value). That is, despite the compatibility of autonomy with a value of productiveness as essential for organizational success, the assumption of laziness interferes with an effort/autonomy value framework and reinforces an effort/control value framework. These underlying values lie at the root of all other levels of culture and are not visible immediately unless one takes a deep dive into the organization. They are also very implicit in that they are enacted constantly, albeit unconsciously, in the organization, but when asked explicitly about them, the employee might not have a straight answer. Or on the other hand, the employee might also find the question redundant as the values are so common that they consider them a given, even for outsiders of the organization. "When informants refuse to talk about something or consider us insane for bringing it up, we know we are dealing with an assumption" (Spencer-Oatey, 2012). Considering the unconscious and/or implicit nature of this ingrained behaviour, it is understandably difficult to grasp and to ascertain; and even more so difficult to change or implement. Participatory approaches to changing underlying assumptions are more likely to produce changes that stick and are felt in everything organization members do (De Witte & Van Muijen, 1999). Altering assumptions is the only means of effecting lasting transformation within a culture.

3.2. Identifying, changing, and maintaining corporate culture

Given the intrinsic ambiguity surrounding the concept of organizational culture, the tasks of accurately identifying, changing, or maintaining it can be challenging. Such tasks are crucial for organizations to effectively leverage their culture to gain value. To achieve this, however, organizations must possess a comprehensive understanding of the dimensions that shape corporate culture, as well as the models available to assess or remodel it. There are three dimensions that affect corporate culture; from broadest to narrowest they are the national culture, the business environment culture, and the organization culture. All these dimensions have a high interdependence and, thus, corporate cultures are always a mix of these factors, although they do vary in significance. Models of corporate culture are frameworks that allow management to gauge what type of culture is present in an organization and, if necessary, to change it. Although there are many, this paper examines two models which were thought to be significant. These are the Handy model, and the Cameron & Quinn model. Another model which is examined is Lewin's change model. Not classified as a culture model as it does not assess culture, this model does outline how best to go about influencing individuals' behaviour and the social context.

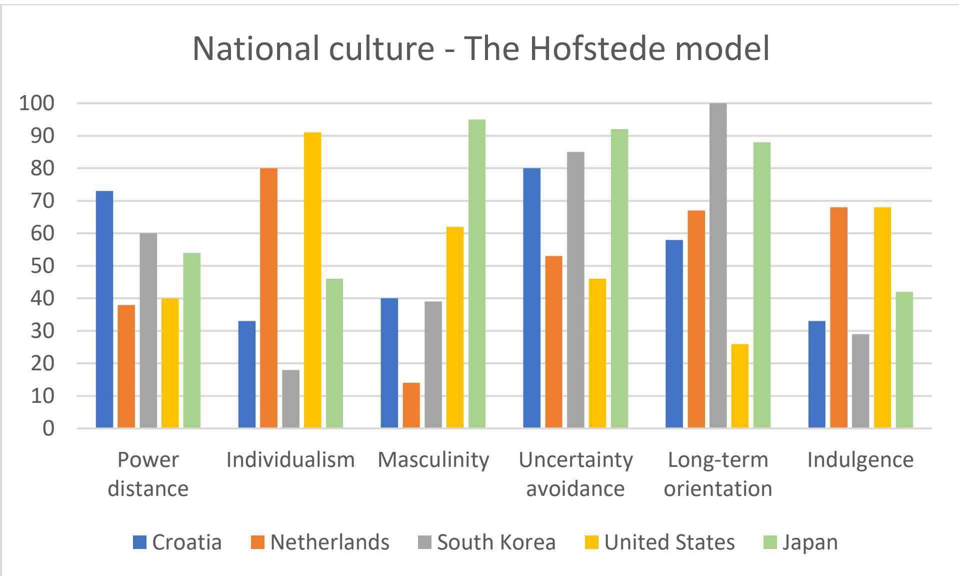
3.2.1. Culture dimensions: national, business, organizational

In scope, the national culture is the broadest dimension as it affects all organizations within the national context. When talking about national culture, no academic is more renowned than the late Dutch sociologist and psychologist Geert Hofstede. In his seminal work, "*Culture's Consequences"*, Hofstede defines six aspects (two of which were added subsequently) of national culture that affect the corporate setting; power distance, uncertainty avoidance, individuality, masculinity, long-term orientation, and indulgence. Each of these dimensions has two extremes, or opposites, which have specific characteristics associated with them.[6] Power distance is described as the degree to which less influential or less powerful individuals of groups or organizations accept and expect that power is and/or should be distributed unequally (Hofstede, 2011). It is an observable fact from human society and behaviour that differences in status, hierarchy, and influence exist. However, the question asked here is how well do individuals accept this fact. As George Orwell famously put it, "all animals are equal, but some are more equal than others". Uncertainty avoidance is the extent to which a certain group of people are tolerant and adaptable to change (Hofstede, 2011). Simply put, nations with high uncertainty avoidance generally have a smaller appetite for change, while nations with a high degree revel in it. Individuality is divided into "individualism" and "collectivism" as two opposites. It is characteristic of people in nations that are individualistic to speak their minds on issues more freely, while people in more collectivist nations value harmony more than honesty (Hofstede, 2011). Masculinity, much like individualism, is divided into "masculinity" and "femininity" as opposite sides of the

[6] It is important to note that these characteristics are (often) not representative at face-value as they constitute the extreme poles of an attribute. It is surmisable that most people show such traits in much milder tones.

same coin. Masculinity represents traits such as assertiveness, courage, ambition, and strength, while femininity represents emotion, modesty, balance, and empathy. These values do not represent individuals but rather a general trend of the overall population (Hofstede, 2011). For example, women in masculine societies tend to be more assertive, while men in feminine societies tend to be more caring. Long vs. short term orientation is a somewhat more complex dimension which encompasses factors such as tradition, patriotism, social values, and morality. Hofstede (2011) noted that long-term orientation highly correlates with countries affected by the teaching of Confucius, with a strong work ethic. Hofstede (2011) notes that short-term orientated societies tend to have a larger sense of shame, value tradition more and hold that one can objectively see what is good and what is evil. Long-term orientated societies value adaptability and relativity in all things. Hofstede (2011) writes that a long-term society is likely to look at good and evil with context in mind, rather than in absolute terms, they are more likely to change traditions in accordance with the times and circumstances. Lastly, indulgence relates to the societal stance on having fun and living life to the fullest. Countries that have a high indulgence tend to be happier, perceive life as being in one's own control and have higher birth-rates, but also tend to be more obese and unhealthier, have more lenient societal views regarding sex, and do not value order as much. Low indulgence, or restrained countries, rank lower in overall happiness, have a feeling of helplessness, and have less leisure time, but also have fewer obesity problems, are less lenient to sexual deviancy, and have a larger propensity for order. Figure 3 below shows how these values are presented graphically and shows data for the five selected countries according to Hofstede's research.

Figure 3 - The Hofstede model



Source: Hofstede Insights Organizational Culture Consulting. Retrieved August 26, 2022, from https://www.hofstede-insights.com/

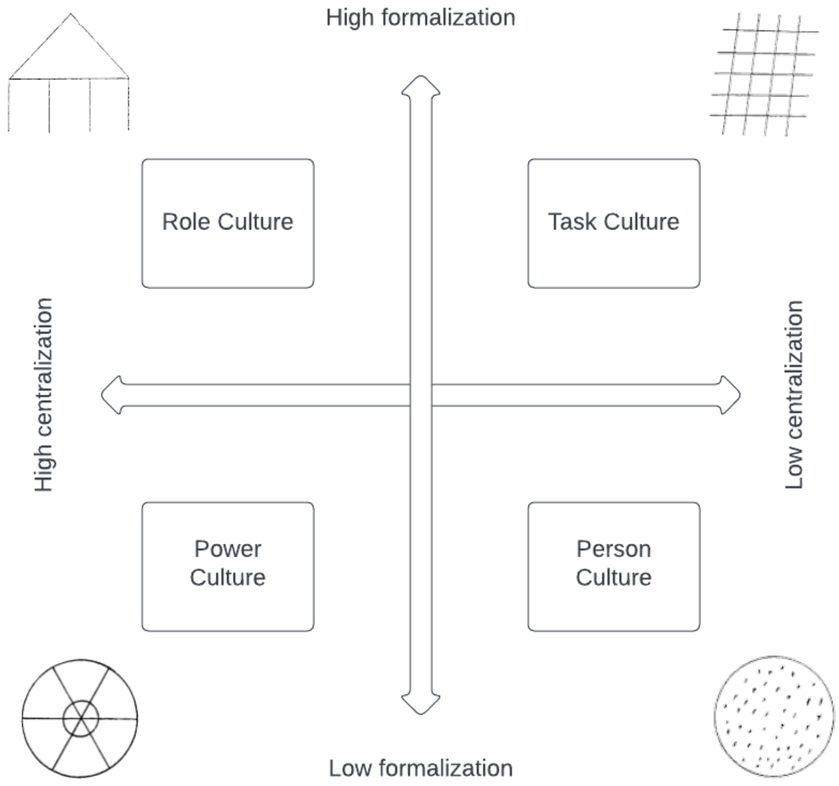
The business environment is something that is essential to "the way of doing business" in companies, and as such is also essential for culture formation. Business environments, and their unique problems, vary quite drastically from industry to industry, and, in vain of Schein's definition of culture, these problems lead to new solutions and new social constructs that ultimately form the new culture. The examples are numberless as every industry is assuredly different from one another. Take for instance a hedge fund, a software development firm, and a marketing agency; a hedge fund might develop a very aggressive and competitive culture as it operates in a "dog-eat-dog" market in which problems are solved ruthlessly, a software development firm may develop a culture of innovation in which being at the cutting-edge of technology is the norm since the firm had to move fast and develop quickly in order to survive, and a marketing agency could perhaps evolve into a kind of "home away from home", as being unformal is when the team is at its most creative. The possibilities really are endless and one may never know in which way a culture might develop. Business environments give a kind of framework that moulds most of the players inside a given environment, whether for better or worse. It would be quite rare, or even impossible, to find a company with a culture of extreme flexibility and innovation in a market which is heavily regulated by the government, such as healthcare or insurance.

Definitively one of the most perplexing details of organizational culture is the fact that two companies who operate in the same nation, and even industry, can have entirely different cultures (Schein, 2010). The organization dimension is the narrowest dimension of influence on corporate culture as it applies only to individual firms rather than an industry or nation. And although it is the narrowest in scope, it has the strongest influence on corporate culture. This dimension is used interchangeably with "leadership" since the leadership of organizations is what develops it the most. Leaders, through their presence and behaviour, serve as role models whose words and actions shape expectations of individuals; when leaders do not meet the expected standards of the culture present within the organization, such as showing reluctance to go the extra mile or disregarding clear instances of misconduct, they cannot expect improved performance from their employees (Fehr, 2018). Furthermore, the actions and words of leaders define and mould the context of actions, providing a reference point for the members of that context to guide their own actions and interpretation of similar situations (Smircich & Morgan, 1982). If one were to look at the three dimensions as a painting, the national dimension would be the frame, the business environment would be the background, and the leadership would be the focus of the painting. But although the vocal point, leaders alone cannot sustain or change culture. Aside from their behaviour in organizations, Schein (2010) states that leaders (or founders) must deliberately and carefully choose the members of the organization, and manipulate their values and beliefs for the company to succeed in its given environment. One of the most famous examples has to be Apple's renowned organizational culture as an innovation pioneer that can be attributed in part to Steve Jobs. After Jobs left and John Sculley took over, the company underwent a shift in focus, leading to a decline in appeal and performance (Tushman & O'Reilly, 1996). It was only when Jobs returned that Apple regained its status as an innovation leader and regained popularity. While some may argue that Jobs' business acumen contributed to the turnaround, it is important to note that Jobs had a distinct aversion to the business profession, and Sculley was a respected leader in his own right. Countless examples exist of companies experiencing irreversible declines after the departure or passing of influential leaders.

3.2.2. Models of organizational culture

Models of organizational culture are a common tool used by management in order to get a culture breakdown of a company. The models themselves are usually consisted of two dimensions whose cross-sections define different culture types; this creates a kind of broad classification system which helps to identify the culture of a company. In a sense, this classification could be thought of as Porter's generic strategies for culture. As the generic strategies provide a base for more refined strategies, so to do the classifications of culture types provide a base for more complex organizational cultures. Naturally, these models come with certain advantages and disadvantages. On one hand, they greatly reduce the complexity of culture analysis, they reduce the time needed for a culture analysis, and they simplify the interpretation with a broad typology based on a number of dimensions. On the other hand, Schein (2010) claims that they are a limiting factor since culture is based on more dimensions than can be implemented in such models, they cannot provide an in-depth picture of the culture (cannot determine underlying assumptions), and might not even be relevant to what managers are trying to achieve. This section describes two such models, namely Handy's and Cameron & Quinn's.

Figure 4 - Handy culture framework



Source: Created by author based on Handy's (1976) culture model

The first model, the Handy model, was introduced by Charles Handy in his 1976 work "*Understanding organizations*". In his model, Handy classifies culture types according to two variables, centralization, and formalization. The four ensuing cultures are the role culture, the task culture, the power culture, and the person culture.

The role culture is a cross between high centralization and high formalization, it is a culture where procedures, rules, and order are highly valued. Compared to Cameron and Quinn's (2006) model, it is similar to their hierarchy culture. Well-structured hierarchies and efficiency in organization are a given in these companies. Although, some issues may arise with role cultures such as following the rules even when it is clearly disadvantageous to do so. They also tend exhibit a tendency to be resistant to change, taking a long time to recognize the necessity for change and even longer to implement it, even when the need is acknowledged (Handy, 1976). When faced with shifts in the market, evolving product requirements, or changes in the competitive landscape, role cultures are inclined to persist in their current path, believing in their capability to mould the future according to their own established pattern. Typical firms that develop role cultures are ones that take advantage of economies of scale and operate in environments which are not as volatile, such as the banking industry. Handy (1976) describes that the success of a role organization relies on its ability to function in a consistent and predictable environment. If the upcoming year mirrors the current year, allowing the tested rules of the present year to remain effective, favourable outcomes can be expected. In situations where the organization has control over its environment, such as in a monopoly or oligopoly market, or when the market is stable, predictable, or when the product life cycle is extended, following established rules, procedures, and programmed work will lead to success.

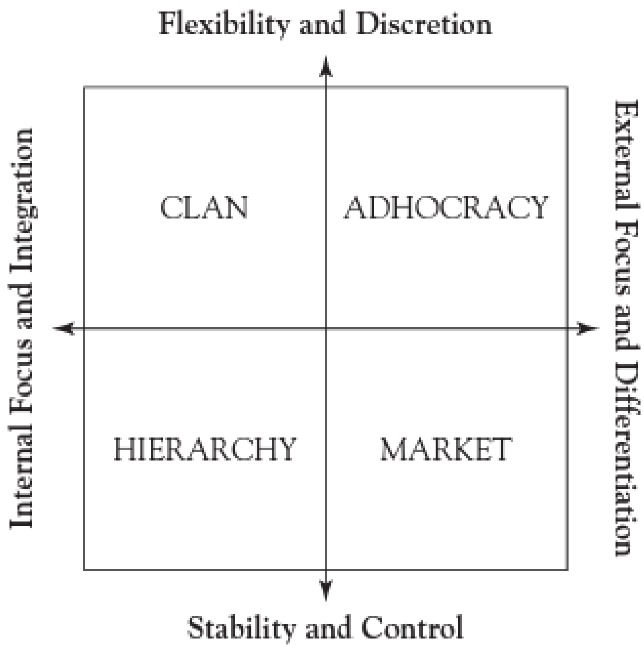
The task culture is one in which formalization is high, yet centralization is low. This is due to the very nature of the culture as power, status, and rank are primarily achievable through specialization and expertise rather than through hierarchy. Thus, the distribution of power creates a situation in which there is little centralised authority and many individuals who hold a degree of power. Task culture is very adaptable as organizations operate quickly because each group should have all necessary decision-making authority within it (Handy, 1976). It is found in markets with fierce competition, short product lifespans, and environments where quick decision-making is crucial (Handy, 1976). It is also a good fit for ambidextrous organizations who strive to be both exploitative of tried-and-true practices, and explorative of new trends, as suggested in Tushman and O'Reilly (1996). The downside of such cultures is that they are decidedly hard to control. Handy (1976) explains that top management only retains control by allocating projects, people, and resources, but little operational control can be imposed over the methods of working or the procedures without violating cultural norms. Vital projects are, thus, given to good people with no restrictions on time, space, or materials. However, when those same resources become scarce, the culture can start breaking down; politics then becomes a major part of culture since teams need to lobby top management in order to continue functioning at the same level.

Depicted as a web with a central authority, power culture is one in which centralisation is key and formality is not as prominent. A power culture is in many aspects like an autocracy, all the resources, assets, and control are centralised in one person (or political body) which has unlimited authority and free reign over all matters of interest. Mintzberg (1984) considers it the job of the founding leader to create the initial structure and hire talent when starting an organization by themselves – something he calls autocratic organization formation. Mintzberg (1984) continues that the initial autocracy may or may not last long, depending on the leader and culture. Organizations with this kind of culture can move swiftly and react well to threats or danger, but whether they do so depends on the individual or individuals in the centre (Handy, 1976). The disadvantages of power culture are clear-cut; the culture might work well if the source of power is competent and adaptable to the environment, however, it may also be disastrous if the power source is tyrannical and incapable. Power culture organizations may experience low morale and high turnover as people fail or leave the competitive environment because they are frequently perceived as tough or abrasive (Handy, 1976). Usually, these types of cultures are found within smaller organizations as it would be decidedly difficult to maintain such power in a bigger organization. Indeed, the only way that a power culture can expand is through the creation of other power cultures, as one would collapse if stretched too thin (Handy, 1976).

Lastly, the person-oriented culture is both low in centralization, and in formalization. Although not present in many organizations, many people cling to some of its principles (Handy, 1976). The individuals with an affinity for this culture take necessary actions to maintain their positions within organizations. However, fundamentally, they view organizations as platforms upon which they can develop their own careers and pursue their personal interests. While these pursuits may indirectly contribute to the organization's overall benefit, that is not the primary motive behind their actions (Handy, 1976). Person culture is somewhat niche, as "typical" organizations cannot be sustained with a loose form of organizing, which this culture is a product of. Handy describes such organizations as more like clusters of individuals than real organizations with clear standards and objectives; its primary purpose being for the individuals themselves rather than some superordinate cause. These types of organizations have very few formal procedures and lack any meaningful central authority. As in task culture, the person culture would be most suited for highly individualistic experts, or freelancers, that join together in order to achieve a certain goal.

Organizations that neatly and precisely fit into only one of these four cultures are rare (Handy, 1976). Most are a kind of cultural mix in which all types of culture interplay to various degrees. Handy (1976) describes organizations as having different kinds of states or activities at any given time. Different departments, jobs, and responsibilities within organizations ideally require a different culture. Naturally, most parts of an organization benefits from a role culture as it brings stability and formality to established processes. The power culture is too coercive, while the task culture is too hard to maintain in most cases. Departments and positions that are related to R&D, change, and innovation are usually fond of the task culture which allows a large degree of flexibility and decentralised decision-making not offered by the role culture whose focus is on procedure. The power culture is commonly found in departments or positions that deal with crises, unexpected events, and leadership since these activities require quick and decisive action by a leader or committee. The task culture is too decentralised, and the role culture is too bureaucratic to be effective in such positions. Thus, organizations should not be overrun by only a single culture, but by a cultural mix (Handy, 1976).

Figure 5 - The Cameron & Quinn competing values framework



Source: Cameron & Quinn, 2006

The second model is the Cameron & Quinn competing values culture assessment model, or CVF (competing values framework) in short. The model was introduced in Cameron & Quinn's 1999 work *"Diagnosing and Changing Organizational Culture. Based on the Competing Values Framework"*. Like Handy's model, the CVF is based on two distinct dimensions that serve as the foundation for defining culture typologies. These dimensions were found to be the most consistent factors in various organizations, and were thus implemented as axes for the framework (Cameron, 2009). 2The first axis distinguishes between an emphasis on flexibility, and on control. Flexibility inherently consists of attributes such as innovativity, versatility, and adaptability, reflecting an organization's ability to embrace change and respond to dynamic environments. On the other hand, control values efficiency, stability, and consistency, emphasizing the need for order and structure within the organization. The second axis of the CVF revolves around the internal and external focus of organizations. Some companies prioritize an internal focus, valuing efficiency and adherence to established rules and procedures. These organizations tend to concentrate on optimizing their internal operations to achieve their goals. In contrast, other organizations may be externally inclined, appreciating a more competitive and market-orientated approach. They are driven by the need to adapt to market demands, outperform competitors, and position themselves strategically within the industry. The four culture types that result from the intersections of the two axes are the adhocracy culture, the clan culture, the hierarchy culture, and the market culture.

An adhocracy is both externally focused and flexible, it is a form of culture that responds best to the hyper turbulent, constantly accelerating circumstances that characterize the organizational world of the twenty-first century (Cameron & Quinn, 2006). It is often found within start-ups and unicorns, software development firms, and consulting companies, all of which operate in such turbulent environments. The leaders of adhocratic organizations are usually visionaries, risk-takers, and entrepreneurs, so it comes as no surprise that these organizations are by nature very entrepreneurial and flexible places. Comparative to Handy's task culture, power and authority in deep adhocracies is often decentralized, flowing between individuals and task teams depending on the problem at hand (Cameron & Quinn, 2006). Value for these organizations is derived from ambidexterity and innovation, however, these qualities can also be possible burdens if not managed properly. Namely, the downside of disruption as a product of innovation is instability, these organizations can become very chaotic very quickly. On top of that, they also tend to be the riskiest both in terms of markets they operate in, and in terms of employment. In other words, there is a high risk of organization bankruptcy. Success in adhocracies hinges on producing unique and original offerings (Cameron & Quinn, 2006).

The clan culture is a combination of flexibility and internal focus. Instead of the fast-paced dynamism and external focus of adhocracies, clan cultures can often seem more like extended families than economic entities; they are characterized by shared values and goals, cohesion, participativeness, individuality, and a sense of "we-ness" (Cameron & Quinn, 2006). In the modern organizational environment, there is a growing recognition of the significance of clan cultures in attracting and retaining employees, leading to an increased adoption of these cultures in organizations. Leaders of clan cultures could be described as having low power distance, highly committed to the organization, and highly focused on employees. The leaders are seen as mentors, facilitators, and even as parent figures (Cameron & Quinn, 2006). Flexibility of clan organizations is also enhanced because the affiliative[7]

[7] Goleman (2017) describes that the affiliative leadership style centres on individuals, prioritizing their emotions over tasks and objectives. Leaders who embrace this style prioritize the happiness of their employees

(clan) leader typically does not impose needless restrictions on how employees complete their work, like a parent who modifies household rules for a developing adolescent, and instead gives people the freedom to complete their work in the manner they believe is most effective (Goleman, 2017). Despite its obvious advantages, clan culture does have clear weaknesses. The affiliative style leadership can allow subpar performance to go uncorrected, and employees may believe that mediocrity is tolerated (Goleman, 2017). Furthermore, the affiliative style leaves people rudderless when they need clear instructions to navigate through complex challenges; in fact, if overused, this style can actually lead a group failure (Goleman, 2017). In other words, when the needs of the team and individual preferences take precedence over the collective needs of the company, it can have a serious detrimental impact on the organization and its ability to survive.

Hierarchy culture is the first of the two control cultures, and it is mostly found in companies concerned with strict internal policy, and bureaucracy. Typical examples could be found in very stable and/or regulated industries, such as banking or in the public sector. Because of a relatively stable business environment in which these companies often find themselves in, it is possible for them to integrate and coordinate tasks and functions, maintain the uniformity of goods and services, and maintain control over employees and jobs (Cameron & Quinn, 2006). The organizations that are driven by such bureaucratization are often colloquially called “well-oiled machines”, referring to their efficiency and optimization. A company with a hierarchy culture is distinguished by a formalized, structured workplace where procedures control what employees do (Cameron & Quinn, 2006) The leaders of such cultures are first and foremost good coordinators and organizers who value procedure over flexibility. The organization’s long-term concerns are consistency, predictability, and efficiency (Cameron & Quinn, 2006). Any kind of deviancy from the norm is liable to leadership and social scrutiny. Compared to Handy’s model, the hierarchy culture shares similarities with the role culture, as they both exhibit comparable characteristics and challenges. Hierarchical companies tend to exhibit a strong resistance to change, often displaying a slow and reluctant response even when change becomes necessary. Moreover, these organizations place a strong emphasis on strict adherence to rules and procedures, even if they appear nonsensical or outdated.

Lastly, the market culture is a combination of external focus and control. Some of the terms synonymous with this culture are competition, rivalry, market positioning, and

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and seek to foster a harmonious work environment. They focus on building strong emotional connections, which in turn cultivate loyalty among their team members, leading to various advantages.

expansionist growth. It functions primarily through monetary exchange as opposed to a hierarchy culture where internal control is maintained by rules, specialized jobs, and centralized decisions. In other words, the primary objective of market culture is to engage in various transactions (such as exchanges, contracts, and sales) with different stakeholders in order to establish a competitive edge (Cameron & Quinn, 2006). As with adhocracies, market culture is no stranger to adaptability and a fast pace of development since it is thought that market competitiveness is what brings competitive advantage. Companies with this kind of culture are very focused on margins, targets, sales KPIs, and profitability. Competitive and productive individuals are praised by the organization's social framework, while leaders of such organizations often exhibit assertive, deterministic, and aggressive characteristics. A famous example of a market culture leader is Jack Welch who famously said that every General Electric business must be a market leader, or at least a close second. Failure to achieve such a position led to the business being sold. Companies with market cultures are almost a certainty in well-defined and mature markets as the culture is often the only option of survival among the many competitors. However, a market culture also has its downsides. The intense focus on competition, rivalry, and market positioning can create an overly competitive internal environment, leading to burnout among employees. An overly competitive external environment can also lead to inefficient "price wars" in which industry margins fall drastically. Cooperation and collaboration may also be lacking as individuals prioritize personal success over collective goals.

It is important to note that organizations can exhibit any type of culture, but can also exhibit a mix of the cultures. Having a good mix, depending on the environment and industry, can be a very potent advantage for organizations. Cameron & Quinn (2006) highlight that the failure of leaders who lack managerial skills and managers who lack leadership abilities is inevitable. It is important to recognize that change without stability leads to chaos, and innovation without productivity remains impractical. Cameron and Quinn's (2006) research findings indicate that both leadership and management are essential for strengthening, maintaining, changing, or establishing a culture in any of the quadrants. There is no requirement that an organization's profile form be dominated by one side or the other or that it emphasizes the top or bottom of the profile.

3.3. Changing and maintaining corporate culture

In order to find success in the long-run, organizations must reorientate and realign themselves by implementing new strategies which increase the chances of their survival in a changing environment; these shifts commonly transpire through intermittent evolution in structure, skills, and culture (Tushman & O'Reilly, 1996). The ability to change culture is perhaps as important, if not more, than creating one in the first place. This sentiment rings especially true today when change comes faster than ever, both in terms of internal organization growth, and in terms of external environments and technology. Change is a concept more closely related with psychology than business, and as such is not easy to enact or understand on a more profound level. Thus, the study of organizational psychology arose to bridge this knowledge gap. Schein (1996) writes that very few people have had such an influence on organizational psychology as did Kurt Lewin. Lewin is credited with creating the so called "Lewin's change model" or the "Unfreeze-change-refreeze model" in his 1947 work *"Frontiers in group dynamics: Concept, method and reality in social science"*. Although Lewin intended for the model to be used in a social context, such as for combating racism, it would eventually become the dominant model for change in business environments thanks to the work of authors such as Schein.

Figure 6 – Lewin's change model

Source: Created by author based on Lewin's (1947) change model

The model itself involves three steps: unfreezing the present status, changing the status, and refreezing the new status (Lewin, 1947). According to Schein (1996), the unfreezing process requires leaders to induce disconfirmation and "survival anxiety", but also a psychological safety to counterbalance the anxiety. The inductions are necessary in order to instil a sense of urgency in members of the organization, only in this way will the members overcome their anxiety of change. However, Schein (1996) argues that psychological safety is also needed in order for the target to accept the new information or status; without this safety, the target could easily relapse into denial in order to avoid anxiety. The fundamental issue with change is that it naturally comes hand in hand with resistance, and this resistance comes from anxiety. When individuals face (perceived) psychological danger, they usually resort to defence mechanisms such as denial, dissociation, projection, or acting out in order to reduce their anxiety (Bovey & Hede, 2001). In order to effectively unfreeze the current culture, managers must be aware of the root cause of the resistance which will inevitably follow.

Schein (1996) continues that the second phase of the change model involves "cognitive restructuring", or "reframing". Put very simply, it is the process in which the wanted change occurs. Identifying a desired culture and specifying strategies intended to bring about the change is possible, but the fundamental culture of the organization will not change unless the change process becomes personalized, unless people are willing to engage in new behaviours, and unless there is a change in the managerial competencies displayed in the organization (Cameron & Quinn, 2006). Thus, Schein (2010) explains that individuals learn new ideas, and new standards of evaluation primarily through one of two mechanisms: either by copying a role model and psychologically identifying with that person, or by coming up with new ideas until one that works is found. A role model in the organization is usually the leader, or a key individual in terms of hierarchy or any other key metric. Role models can be excellent catalysers of change; however, they may not produce change that is long-lasting. This is because there is a possibility that when the role model is removed from the organization, those who identified with the model can revert to their old habits. A common example of this is the decay of an organizational culture after the founder leaves the organization. On the other hand, learning by doing allows individuals to assess their environments and create unique solutions that fit their own personalities (Schein, 2010). Individuals will much sooner accept something they had a part in, rather than an external force (a role model in this case). Leadership figures must then set non-negotiable goals, but allow enough freedom to let individuals figure out their own path toward it.

Once the process of cognitive restructuring has successfully finished, the last phase of Lewin's change model, referred to as "refreezing", begins. This phase of refreezing is necessary since the cognitive change that occurred might not survive since it does not fit the existing social environment; for the change to take root, it must be refrozen (Schein, 1996). The refreezing ensures the hardening of the newly adopted values and beliefs, thus reinforcing them as the "new normal". Crucial to the process is the continual reinforcement of these fresh cognitions with supporting evidence and valid confirmations. The absence of such evidence may trigger a reversal to the exploration for potential solutions, thereby prolonging the change process altogether. Once significant confirmation is obtained from important sources – both internal (an individual's intrinsic motivation and recognition of the need for change) and external (peer recognition, or organizational support), the new beliefs and values become more stable and accepted. However, this stability is not fully immune to further changes. If subsequent evidence emerges that contradicts the newly adopted culture, it can potentially destabilize the refrozen state, therefor prompting the initiation of a new cycle of change (Schein, 2010).

When the refreezing phase and cognitive restructuring have taken place, the organization can shift its focus to maintaining its culture. It is important to reinforce the new behaviour and beliefs with consistent practices and actions, which can be accomplished by aligning systems, processes, and policies with the desired culture. Leaders remain a crucial factor in modelling the new culture and promoting it through their behaviour and decision-making, even after the transition is complete. Regular assessment and evaluation of cultural alignment can help identify areas of improvement and provide opportunities for further development. By actively nurturing and sustaining the desired culture, the organization can establish it as a fundamental aspect of its identity, an underlying assumption. Consistent communication and feedback loops are also crucial to ensure that the new culture remains relevant and adaptable to the evolving needs of the organization.

4. The relationship between corporate culture and business strategy

"Culture eats strategy for breakfast" — *Peter Drucker*

Perhaps not to be taken at face-value, but Peter Drucker was on to something with his now famous quote. After exploring both strategy and culture on their own, this chapter clarifies the connection between them, and why it is important. "*Bringing corporate culture to the bottom line*" by Denison (1984) made an early attempt at connecting corporate culture with organizational effectiveness through financial ratios and financial data of companies present on the S&P 500 index. The results were resoundingly one-sided: companies with higher participation rates in decision making and better organization of work[8] performed comparatively better than those who were found lacking in such areas. This proved that there indeed was some kind of connection between the two. The research on culture and performance, particularly in relation to strategy, has significantly advanced, requiring a more nuanced approach. While the current understanding of this topic has become more intricate, Denison's work played a pivotal role in initiating the connection between the two seemingly disparate elements.

4.1. Strategy as a determinant of culture

"Start with why" — *Simon Sinek*

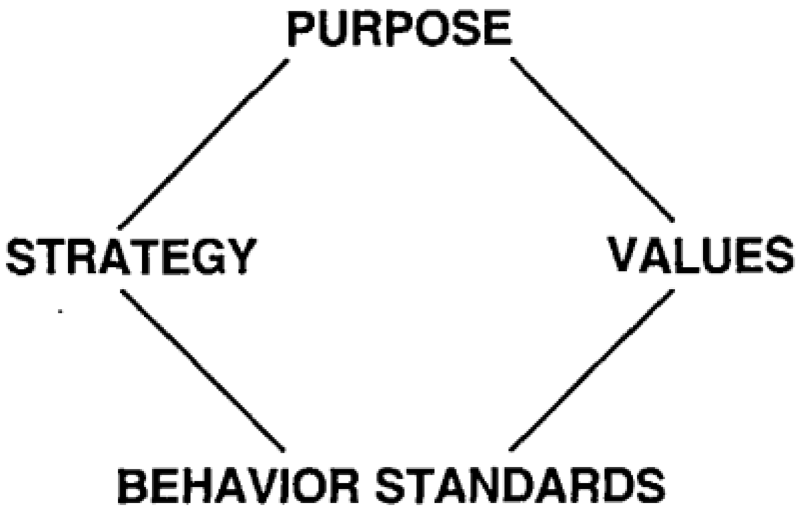
The question of what determines what between strategy and culture is a lot like the common question of what came first, the chicken or the egg? On the one hand, strategy can influence and shape culture by defining the organization's priorities, goals, and direction, which in turn shapes the values, norms, and behaviours that exist within the organization. On the other hand, culture can also have an impact on strategy by influencing how decisions are made, how resources are allocated, and how an organization responds to its environment. The idea that strategy determines culture can be seen in O'Reilly (2008). O'Reilly states that each organization possesses an underlying competitive strategy, whether explicitly stated or implied, which guides its positioning relative to competitors. Once established, it sets forth essential tasks or goals that necessitate alignment among people, structure, and culture. For instance, opting to compete through innovation rather than price demands a fitting formal structure and control system. The chosen strategy significantly influences the informal culture, as the organization's norms must actively support the strategy's successful execution. This sentiment suggests that organizational culture is both born from and tailored to a specific

[8] Denison noted that higher participation rates and better organization of work do not necessarily equate to organizational culture, but are still parts of it.

strategy. An opposing view can be seen in Schein (2010) and Johnson (1992). Schein maintains that culture fundamentally determines strategy within an organization, as strategic options are restricted by the prevailing cultural norms and values. Personal viewpoints and underlying assumptions held by top management influence the feasibility and acceptance of strategic choices, with decisions often aligning with the organization's cultural identity and self-perception. Similarly, Johnson (1992) holds that decision-making processes that lead to strategic decisions and the development of strategy in organizations do not simply happen, rather, they are the result of the application of managerial experience. Therefore, the underlying assumptions that are encapsulated in the concept of managerial experience and organizational culture are most likely to be the "guidance" that gives rise to strategy. As empirical evidence, Schein (2010) gives the example of his time in a pharmaceutical company when a decision to sell a profitable subsidiary company was driven by cultural considerations. The leadership of the company prioritized a focus on scientifically-driven businesses dealing with significant issues, rather than producing seemingly trivial products like the ones the subsidiary produced. Even though it was logical and profitable to keep the company in the portfolio, the leadership did not see the subsidiary as fitting for the image they had of the company.

Both views of the reciprocity have merit, and both are valid. Yet, there is another view which is less deterministic, and more flexible. In 1992, Andrew Campbell published his work "*The power of missions: Aligning strategy and culture*" in which he explained the interplay between strategy and culture. He hypothesised that both culture and strategy are connected through an organization's mission, alongside purpose. This interrelationship is made evident from his theoretical framework called the "Ashridge mission model".

Figure 7 - The Ashridge mission model



Source: Campbell (1992)

Campbell (1992) states that the organization's purpose identifies the people it serves, while the organization's strategy identifies the business it should be in and how it will gain a competitive edge. The values and behaviour represent the organization's culture; values provide the moral (as opposed to the pragmatic) justification for a particular behaviour, while behaviour lets employees learn and adopt the organization's values through observing it from coworkers. As opposed to being in any deterministic relationship, the four elements are on even ground, only being subservient to the mission itself. Upon revisiting the chicken dilemma and the earlier notions of determinism, it becomes evident that neither strategy nor culture holds absolute dominion over the other. Instead, their relationship exhibits intricate complexity, entailing multiple inputs. As organizations exist as unique microcosms, they encompass many interwoven components and connections, each contributing to the company's purpose and mission. Campbell (1992) puts forth a proposition that the mission, serving as the organization's foundational reason for existence, is the decisive factor influencing both strategy and culture.

To illustrate this complexity, this thesis explores one of the many inputs of the relationship between culture and strategy, leadership. Leadership is one of the most crucial elements in shaping organizations (Quick, 1992; Cameron & Quinn, 2006; Schein, 2010; Fehr, 2018). However, leaders are not static or simple entities, and therefore, each introduces a unique character that contributes to creating a distinct organizational microcosm. Consider three hypothetical leaders, each leading their own automobile companies. Leader A operates from a strategic standpoint, identifying an underserviced market gap and building their company to address this niche. Consequently, the cultural elements of the organization are tailored to meet strategic objectives, perhaps fostering a culture of agility, innovation, and customer-centricity. Contrastingly, leader B is driven by a passion for a specific car manufacturing methodology – “their way of doing things” – thus placing culture at the heart of their company. In this scenario, strategy is viewed through the lens of this existing culture, giving birth to a strategy that upholds this unique method of production. Lastly, leader C operates from a more holistic perspective, where both strategy and culture are leveraged towards a higher organizational mission. This leader adapts both elements to serve their organizational goal, thereby fostering an integrated approach that aligns strategy and culture in pursuit of that goal. To categorize one approach as superior to the others would be a mistake, as such generalizations oversimplify the complex reality of organizational life. It is crucial to understand that the efficiency of each approach is context-dependent and may be influenced by a multitude of factors including industry dynamics, market conditions, and the individual personalities involved. This examination of leadership is only a part of the multifaceted relationship between strategy and culture, but it exemplifies the significance of both elements and the lack of a one-size-fits-all approach in determining their reciprocal dynamics.

4.2. Corporate culture as a source of competitive advantage within the scope of business strategy

“If you don’t have a competitive advantage, don’t compete” — *Jack Welch*

Organizational culture is widely recognized as a strategic asset that can greatly influence a company’s performance (Schein, 2010; Cameron and Quinn, 2006; Flamholtz and Randle, 2012; Tushman and O’Reilly, 1996; Fehr, 2018). Flamholtz and Randle (2012) even go so far as to call culture the “ultimate strategic asset” since it is non-perishable, invisible, and practically inimitable for any outside party. However, due to the abstract nature of culture, and certainly due to its complexity, defining exactly how it helps strategic effectiveness is anything but simple. There is no unanimously agreed upon framework or model that would work as a baseline. Rather, there are numerous authors who contribute to the explanation in various ways, and with various metrics. Despite the multitude of approaches, a set of common themes does emerge from the literature. This section highlights these shared aspects by outlining two key ways through which organizational culture creates a competitive advantage for organizations employing any generic strategy frameworks; human resource management, and the maintaining of a positive external image.

4.2.2. Human resource management

The first avenue through which culture creates competitive advantage is by acting as an implicit control mechanism, and as a tool to maintain employee satisfaction and motivation — collectively called "Human resource management". Eaton & Kilby (2015) remark that people determine whether an organization is successful or unsuccessful, and culture regulates and modifies behaviour of people throughout the entire workforce. Perhaps the most intuitive among the advantages, the positive impact culture has on these employee factors is well-supported in literature. However, before delving deeper into the evidence of culture's effect, it is necessary to explain why it might even matter.

Fehr (2018) states that corporate culture is crucial since the prevailing social norms of the organization always influence how people behave; therefor, in order to achieve the company's performance objectives, it is in the company's best interest to mould these norms through the development of a strong culture. As noted earlier, O'Reilly (2008) sees culture as a sort of implicit control mechanism that guides employees at every turn and in every situation. It creates a social value system which regulates itself, as opposed to an overseer acting as a regulator. Control can, however, also be exerted in more explicit ways, such as through a directive leader and direct monitoring, but these methods may introduce a new set of problems if used too often. Burnout and low morale can be a common hazard in such firms, making employees feel anxious[9]. Furthermore, shirking poses a challenge, given it is impossible to monitor every employee at all times. Culture mitigates these hazards by acting as a mediator, an invisible hand guiding employees' actions. Employees thus feel more in control of their decision-making, while also following a path that has been laid out for them by the company culture. Through this social fabric, they are more likely to work diligently even if their behaviour is not overseen (Fehr, 2018). But even if these hazards are a non-problem in organizations without implicit control mechanisms, guidance and coordination is still hard to achieve only with explicit leadership, or "leading from the front". Such leadership, while necessary, may not suffice to align individuals and teams with the broader objectives of the organization. Taken that Campbell's (1992) concept of mission is highly beneficial to the success of an organization, there still needs to be a system of control that

[9] In his work, Greene (2019) remarks that each individual upholds three fundamental self-perceptions: intelligence, goodness, and freedom. According to Greene, these self-perceptions form the basis of an individual's self-concept and are zealously protected. Should any of these self-perceptions be challenged, the individual invariably responds with negative emotions. In contexts where control is explicitly exerted, it is plausible that at least one of these self-perceptions is under assault. This intrusion can thus trigger a defensive response in the individual, leading to feelings of anxiety.

ensures adherence to the mission, ideally one from which the previously mentioned hazards are absent.

On the other hand, even if an organization is successful in mitigating negative behaviour and providing sufficient coordinated guidance with or without an implicit mechanism, it can still face issues stemming from low employee satisfaction, which can in turn hinder organizational effectiveness. When employees become dissatisfied with their job, their commitment falls and they start searching for alternative opportunities. When presented with a better opportunity, the employee may leave the company. However, in the absence of such new opportunities, they may engage in a process of emotional or mental “disengagement” from their current organization. (Lok & Crawford, 2004). In recent years, the term “quiet quitting” has been popularized to depict such a scenario. “Quiet quitting” refers to a situation where dissatisfied employees disengage from their work, reducing their productivity and commitment, even while they remain formally employed. These employees do only the minimum required for the work to be considered done. However, depending on the job position, their tasks and obligations may require a greater level of finesse or a more thoughtful approach to be handled effectively. Both employee turnover and “quiet quitting” can be highly detrimental to an organization. Flamholtz and Randle (2012) believe that culture plays a crucial role in attracting, motivating, and retaining potential talent, as it makes companies “attractive to work for”. While attracting will be covered in a following section, motivation and retention of talent seem highly important in the face of the aforementioned problems. Lok & Crawford’s (2004) study of the correlation between corporate culture and employee satisfaction and commitment empirically illustrates culture’s importance. Their regression analysis includes a number of factors, including some national differences between western and eastern nationalities, however, the key elements include: job satisfaction, job commitment, innovative culture, bureaucratic culture, and supportive culture. The three cultures bear high resemblance to Cameron and Quinn’s CVF; the innovative culture represents an adhocracy, the bureaucratic culture resembles a hierarchy, while the supportive culture can be seen as a clan culture. They find that both job satisfaction and commitment are significantly positively correlated with two of the three cultures.

When looking at job satisfaction, a strong correlation was found with adhocracy and clan cultures, indicating a relationship between these flexible, collaborative, and innovative cultural types and employees’ overall satisfaction. An explanation for the adhocracy correlation is that such cultures put less constraints on employees who thus feel more in control, as suggested in Cameron and Quinn (2006). This consequently leads to a feeling of empowerment and of significance, feeling like their choices and decisions matter. Also, being in an adhocratic culture typically means being at the forefront of a certain field. It is not to discredit that individuals might find these companies highly appealing as they have a feeling of doing something that matters, drawing a sense of fulfilment and importance from their contribution. Looking at the clan culture, it is reasonable that it would be correlated with employee job satisfaction as these cultures prioritize employees' well-being highly, as suggested by Cameron and Quinn (2006). Interestingly, no correlation was found between job satisfaction and bureaucratic culture, which may be due to the typically rigid and hierarchical nature of such environments. In terms of job commitment, the strongest correlation was found with adhocracy cultures which may again be explained by a feeling of empowerment and of significance that the culture presents to employees. The correlation was slightly lower with clan cultures this time, although still high. It would suggest that employees who perceive themselves to be valued and looked after show increased commitment to the organization. As with satisfaction, the correlation was also notably weak with bureaucratic cultures, potentially due to the same reason. The strongest correlation of all was found between job satisfaction and commitment, suggesting that employees who are satisfied with their job tend to be more committed and vice versa. While this may not be definitive proof of a causal relationship, the findings do suggest that a linkage does exist.

4.2.3. External image

The second avenue through which culture creates advantage for organizations is by creating a positive external image about the company. The value of this external image can be two-fold – by attracting potential talent to the company, and by projecting a positive image that can resonate with other stakeholders, such as customers.

Stating clear corporate values draws in employees who share those values (Guiso et al., 2015). organizations with strong positive cultures can convey a strong positive image, called "employee branding" by Flamholtz and Randle (2012), which can be a significant strategic asset. In every industry, an organization's workforce is an important asset, and in some industries, such as the IT or consulting industry, it is arguably the most valuable strategic asset able to be leveraged for a competitive advantage. Knowledge and know-how are what drive these industries, and the individuals possessing such expertise are the backbone of the organization. Therefore, "employee branding" becomes an essential determinant of the company's ability to attract top talent. In their research of the effectiveness of integrity as a corporate value (a cultural trait valuable for the finance industry), Guiso et al. (2015) have found that it was positively correlated to the attractiveness of job offerings. By taking data from two sources, the "Great place to work" survey and the "Universum" survey, they were able to link that companies which are perceived by their employees to have high integrity are more likely to attract talent. Their finding highlights the importance of values beyond mere written statements, which they find to have no correlation with any benefit. This suggests that only when employees genuinely perceive their organizations as having high integrity, it elevates the company's reputation in the job market. This culture-driven reputation brings about a competitive edge in talent acquisition. In other words, when top talent sees a company's commitment to values like integrity, they view these firms as more attractive and are more inclined to consider them as ideal places to work. When an organization consistently attracts top-tier talent because of its commitment to corporate values, it further strengthens its ability to retain a resilient market position.

The second reason why an organization might want to cultivate a positive external image is to gather goodwill from its customers, end-users, and all other stakeholders. According to Hatch and Schultz (2001), the reason is four-pronged, three of which are included in this paper; goodwill decreases costs, fosters a sense of community, and serves as a seal of approval. The benefit of reduced cost and of the approval seal go somewhat hand-in-hand with each other. A positive image, perhaps born from a culture of excellence and meticulousness, can often become an approval seal which signals to customers that a particular brand is worth the investment. This seal can thus become a valuable marketing tool to be used in order to fuel the company's growth. Once the approval is established, the company could efficiently capitalize on marketing economies of scale, combining its different product promotions into one cohesive brand campaign, thereby realizing significant cost savings (Hatch & Schultz, 2001). To illustrate this point further, we can take the example of a multi-brand corporation in the fast-moving consumer goods industry. While marketing a specific brand is possible, corporations can jumpstart their growth phase by marketing their already know corporate public image, thus increasing marginal returns in both the long and short runs. Not only does the corporate image serve to facilitate the brands, but the brands also (preferably) do so in return for the image, cementing its public perception even further. Community cultivation similarly reduces customer hesitation to invest in a product. However, it is different in that it targets a different emotion in customers altogether. While the approval seal aims at the rationality of a customer, affirming that a product is functionally superior than an alternative, the community building aspect of an external image resonates with the customer's emotions. Many consumers are prepared to pay a premium for a mark of distinction that makes them feel part of a community (Hatch & Schultz, 2001). Of all the corporate culture benefits, creating a community around a product is especially influential. It not only attracts and keeps loyal the core customer-base, but it also offers a pronounced differentiation from competitors. In this regard, community building becomes a key sustainable competitive edge. While culture alone cannot create a community, it undeniably plays a pivotal role in its formation. There are myriad examples of companies using this to their advantage, such as Apple, Harley Davidson, Starbucks, Coca-Cola, Nintendo, and LEGO to name a few. These companies have successfully harnessed the power of community, creating loyal followings that are deeply invested in the brand's products, and overall narrative.

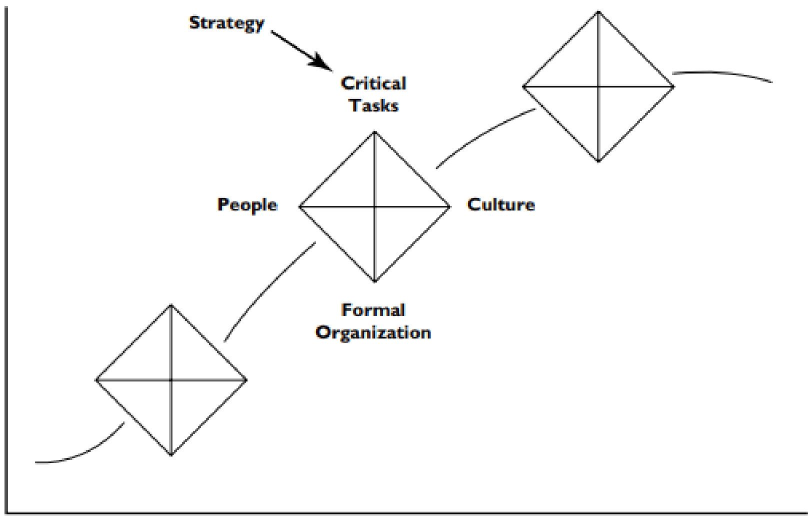
Brands like Apple, Harley Davidson, Nintendo, and LEGO foster deep emotional connections with consumers, transcending mere loyalty. Apple fans champion its uniqueness, while Harley riders share adventures symbolizing freedom. Nintendo users bond over nostalgia, and LEGO enthusiasts unite in creativity. These ties promote repeat purchases and potent word-of-mouth marketing, often surpassing paid ads. Direct feedback from these communities' shapes product evolution. Essentially, these companies do not just sell products; they sell emotions and experiences, making them central to consumers' identities.

4.3. The role of culture in changing strategy

"There is no more delicate matter to take in hand, nor more dangerous to conduct, nor more doubtful in its success, than to be a leader in the introduction of changes. For he who innovates will have for enemies all those who are well off under the old order of things, and only lukewarm supporters in those who might be better off under the new." — *Niccolò Machiavelli, The Prince*

Corporate culture can also create an advantage for organizations through enabling successful strategy implementation, evolution, and change. We can collectively call this "change management". This avenue was separated from the other two as both human resource management and positive external image add to the success of a strategy currently in place, while change management's purpose is to change the strategy altogether. In order to understand why culture is key to change management, it is necessary to understand why, how, and when change happens in organizations. Much like individuals maturing through various life stages, organizations navigate through distinct phases, known as the organization life-cycle. Tushman and O'Reilly (1996) explain that organizational growth can be characterized by a pattern, depicted through an S-curve, and that all organizations develop according to it. This curve, depicted in figure 8, outlines the three main stages of an organization's life cycle: introduction, growth, and maturity/decline. Each stage presents its unique set of challenges and opportunities, calling for different strategic approaches, and changes in the organization's culture.

Figure 8 - Organizational evolution



Source: Tushman & O'Reilly, 1996

In the introduction stage, an organization is just starting out. Here, the culture is typically entrepreneurial, characterized by flexibility, innovation, and risk-taking. The strategic focus is primarily on differentiation, carving out a focused niche, and setting a sustainable direction for growth. As the organization enters the growth stage, strategy often needs to adapt — typically towards cost-efficiency — to manage different circumstances and priorities. At this point, due to the increased complexity, the culture must shift towards emphasizing structures, processes, and systems to maintain operational efficiency. Then comes the maturity or decline stage, a period of potentially falling revenues and market share. At this point, the organizational culture may become reactive or defensive. Strategic focus might be on revitalization or searching for new business opportunities. Often, it may necessitate a dramatic strategic shift including a radical change in culture.

Each of these transition periods presents a massive threat to organizations since change inherently brings with it instability, and each stage of maturity requires an organization to adapt and/or implement a different strategy in order to stay relevant. However, changing strategy to enable the transition is no simple feat. When an organization, by choice or necessity, follows a strategic course intended to move it into a different life-cycle stage, a deeply ingrained corporate culture, born out of a different strategy and mindset, can be a significant roadblock (Deshpandé & Parasuraman, 1986). This internal resistance to change often hinders the successful implementation of new strategies. In the same vein, Ahmadi et al. (2012) state that numerous organizational failures can be attributed to poor implementation rather than the formulation of the strategy itself. They argue that a meaningful strategy only becomes effective when it is predominantly put into action. In context, it is not the theoretical part of strategic planning that is often lacking, rather the practical part needed to see the new strategy through. This observation explains the rationale for Tushman and O'Reilly's (1996) sentiment that an organization's ability to survive the transitions between life stages successfully depends on its capability to manage the inherent change of direction a transition brings. Effectively managing change, therefore, becomes a critical competitive advantage, and corporate culture the key to this process.

Ahmadi et al.'s (2012) research on the correlation between pronounced cultures in organizations, based on Cameron and Quinn's CVF, and successful strategy implementation, empirically shows the effect a strong culture can have on change management. In their study, they find that every type of culture in the CVF — adhocracy, clan, hierarchy, and market — is positively correlated to strategy implementation[10]. This conclusion seems rather logical when looking at the CVF culture types themselves, although a similar conclusion can be made with other culture frameworks, as seen in Deshpandé and Parasuraman (1986)[11]. The clan and adhocracy cultures showed the strongest correlation with successful strategy implementation since both types are characterized by their flexibility, which allows organizations to adapt more readily to changes and incorporate new strategies seamlessly. The clan culture, being the most strongly correlated, demonstrates the power of cohesion and shared values. These organizations form tight bonds where the collective interests supersede individual goals, ensuring smooth transitions during strategic changes. Similarly, organizations with an adhocracy culture, being dynamic and innovative, inherently embrace change as part of their operations. They continually adapt and improve, which naturally fosters the execution of strategic change initiatives. On the other hand, the control cultures, while less flexible, have also shown significant positive correlations with strategy implementation. Organizations with a market culture focus heavily on external transactions and competition, and they can efficiently implement strategies when they align with their competitive goals. The hierarchy culture's structured and controlled environment could still

[10] Ahmadi et al. separate the strategy implementation procedure into five applicable dimensions: policy formation, policy implementation, resources, motivation, structural factors.

[11] Deshpandé and Parasuraman (1986) use Deal and Kennedy's Corporate cultures model as a framework. Although different from Cameron and Quinn's CVF, a parallel can be made

oversee strategy implementation. Despite its lower correlation, it is important to note that such a culture can effectively enforce change through systematic procedures and clear protocols, even if the change itself might not be universally accepted. To preface this, Deshpandé and Parasuraman (1986) remark that even though a business with a culture anchored to a particular stage of the life-cycle will most likely find the shift to the next challenging, a business with an absence of a strong culture could be marching towards total inaction.

5. Empirical research on the relationship between corporate culture and business strategy

5.1. Research methodology

The study involved hour-long interviews with four employees from the Atlantic Group, each representing different roles and levels within the organization. The selection of diverse roles aimed to minimize bias and improve the reliability of the findings. The exact demographics of the interviewees can be seen below in Table 1. During the interview, the employees were asked 9 open-ended questions in order to get insight into features of organizational culture, but also segments of organizational strategy. Each of the 9 questions were designed to measure a specific segment of culture, such as power distance, flexibility, leadership etc. The structure of the research results mirror the paper's overall layout, progressing from strategy to culture and ending with their intersection within Atlantic. In examining the connection between culture and effectiveness in Atlantic, the discussion focuses on the three primary benefits identified by this paper: change management, human resource management, and a positive external image. The presence of these benefits in Atlantic is substantiated through insights from the interviews and corroborated by Atlantic's annual shareholder reports.

Table 1 - Interviewee demographics

	Gender	Age	Tenure (years)	Division	Position
1	M	45	2	SBU Beverages	Operations Director
2	F	45	2	SBU Beverages	R&D Category management
3	F	48	12	SBU Beverages	R&D Director
4	F	-	-	People & Culture	Head of People & Culture

Source: Made by author

5.2. Research results

Atlantic Group, based in Croatia, is a key player in South-Eastern Europe's fast-moving consumer goods (FMCG) industry. Since its start in the 1990s, the company has grown its product range and added to it through mergers and acquisitions. Some of its most popular brands include Cedevita, Argeta, Smoki, and Cockta. More than just making products, Atlantic Group has an infrastructure for distributing goods, including those from other global brands. This combination of producing and distributing gives them a unique position in the FMCG industry by being vertically integrated. The company also prides itself for responsible business practices and its corporate culture, looking at both its profits and its impact on society, employees, and the environment.

5.2.1. Strategy at Atlantic

Atlantic's size and structure demand it to have three separate levels of strategy; as described previously in this paper, those are the corporate, business, and functional level strategies. The functional and business strategies all relate to individual brands under Atlantic's umbrella. For example, Cedevita leadership employs a unique business strategy suited for the brand on a particular geographic market. Cedevita could thus, according to the generic strategies, be a differentiator, a cost-leader, or a focused brand. Within Cedevita, its marketing department employs a certain marketing strategy, as does the sales department and every other department under the brand. Another brand, such as Argeta, will have a completely different (or similar) approach depending on its particular circumstances. Its business strategy is different from Cedevita, and so are all of its functional strategies. However, the corporate level strategy transcends all the individual brands and looks at strategy on a macro level.

The group's historic corporate strategy demonstrates a multifaceted approach. In the 2000s their rapid expansion was propelled by both organic growth, vertical integration and a series of mergers and acquisitions, most notably with Cedevita in 2001. More recently, the company has shifted to a retrenchment strategy, divesting from non-core businesses. A consequence of slowing growth as the group enters the maturity stage of the company life-cycle. This is confirmed from both their annual reports, citing that they sold off multiple brands from their portfolio in 2019, and the interviews done with Atlantic's employees. This retrenchment can be seen all the way up to their 2022 annual report. Interestingly however, a new strategic shift happened in 2021 with the launch of two completely new brands, signalling a resurgence in growth strategy. Although not from M&A, this new growth is fuelled by internal means, or in-house product development. They have chosen to tap into so called "white spots"—market areas that might be new to the region but have seen success elsewhere—with two new products. "BoomBox" offers a healthy oat breakfast option and "JimmyFantastic" brings in a new chocolate choice to the market. By diving into these underserved areas in their regional markets, Atlantic hopes to find new customers and boost its growth, perhaps even create a new S-curved life-cycle as seen in Tushman and O'Reilly (1996). This mix of growth and retrenchment, vertical integration, coupled with their commitment to people and culture, paints a picture of a comprehensive approach to strategy.

5.2.2. Corporate culture at Atlantic

Atlantic first officially formalised its culture in 2012 after its merger with the then equally big company, Droga Kolinska. The culture was found to be a significant advantage (or disadvantage if mishandled) to an easy integration, thus making future change successful. At that point, three key value pillars, and later a fourth, were recognized to be of importance to Atlantic: passion, growth, openness, and care. The first of the pillars, passion, seems to be more than just a buzzword at Atlantic; it represents the aspiration to wholeheartedly commit to every task, underlined by the principle of "bringing your heart into everything you do". This is not merely about what is done, but rather how it is accomplished, with an intense emphasis on the energy and emotion invested. It was explicitly stated as a core value (directly or indirectly) in Atlantic by all but one of the respondents, and most of the respondents seemed obviously passionate about their positions. Interestingly, a phrase was mentioned during an interview with respondent 4 which highlights a somewhat unconventional corporate philosophy: "passion over profits". While this does not negate the significance of profitability for Atlantic, it underscores the belief that if an employee is truly driven by a project or idea, it can gain substantial traction within the company hierarchy. Furthermore, it seems to underline the company's appreciation for employee motivation and commitment. Passion was also said to bring competitiveness, this suggests a market orientation in Atlantic. Given the highly competitive nature of the FMCG industry, this market-driven orientation is certainly logical.

The second pillar, growth, has been a defining value for Atlantic, not just in terms of profitability and brand evolution, but also in the personal and professional development of its employees. A decade ago, Atlantic's rapid growth, primarily driven by mergers and acquisitions, necessitated the nurturing of internal talent expertise. This context adds weight to tales of sales or distribution representatives eventually ascending to board positions. As was stated by respondent 1, "Atlantic provides an environment for growth, like an ocean of opportunities". Yet, recent times have seen a deceleration in this growth trajectory. As Atlantic enters a maturity phase in its life-cycle, there is a noted slowdown in both organizational and employee growth. However, the company's principle of growth remains evident in their strategic shift. Instead of expanding through acquisitions, Atlantic now aims for product development-driven growth by exploring white-spots. This is also brought to the forefront from interviewee enthusiasm about development opportunities, well after Atlantic has entered maturity.

Openness, formerly termed as “creativity”, was created as the third pillar value at Atlantic. Originally, creativity cantered around Atlantic’s ability to be agile and adaptable. The change from creativity to openness was initiated by Atlantic in order to formalise their desire to seek and value diverse opinions and perspectives, values not originally part of the creativity pillar. A sentiment from respondent 4 is that the company’s change management, while much improved since the formalisation of the company’s culture, is not on an adequate level. Within certain departments, there is resistance that is encountered when new projects are rolled out. Yet, the transformative nature of openness has been evident in multiple instances. From a company that lacked any long-term planning, Atlantic’s embrace of this value has guided them to adopt biennial long-term planning. Illustrations of this change are also evident in simple, yet very telling, operational modifications. For instance, senior management transitioned from email communications about meetings on moment notice to more structured and anticipatory planning. The proactive approach of the management, choosing to engage with employees around the office rather than sticking to the traditional open-door policy, marks another significant change. Furthermore, the company’s shift towards flexible working hours and hybrid work models showcases their adaptive strategy, particularly evident in their response to the challenges of the COVID-19 pandemic.

The last of Atlantic’s value pillars, care, introduced in 2019, stands out prominently. Interviews with employees highlight care as the value they perceive to be most dominant within the company. Although the respondents also felt strongly about passion, care was the value that seemed to be accentuated the most. Such as when Atlantic’s “HORECA” division, which caters to hotels, restaurants, and cafés, had to halt operations due to the pandemic, the company made the decision not to let go of any employee. When asked about motivation, respondent 1 refered to the pandemic, and stated that “In Atlantic, people come first”, and that it authentically cared for them during the crisis. Other examples include the company stepping in to assist when an employee’s family member is unwell or offering child scholarships in the unfortunate event of an employee accident. Historically, care was embedded within the passion value. However, to better show the company’s caring spirit, it was separated to spotlight the company’s commitment to its employees’ well-being. This care extends beyond immediate concerns to a broader scope, encompassing environmental, social, and governance (ESG) factors. Atlantic’s management even has key performance indicators that include an ESG index, which integrates a “people index” covering facets like engagement, retention, and talent development.

In examining Atlantic’s culture through the lens of Cameron & Quinn’s CVF, the four pillars play a significant role. Interviews revealed that all major facets of the CVF were present in the company, with emphasis on certain values correlating to specific quadrants of the CVF. The value of care clearly aligns with the clan culture, and its pronounced emphasis suggests clan is the most dominant culture at Atlantic. Respondent 1 clearly shows this with his statement that “people come first”, as did the rest of the respondents by emphasizing “care” as one of the most prominent values of the company. It is also evident that other values, such as passion, growth, and openness, intrinsically support the clan orientation, creating a nurturing, inclusive, and growth-minded atmosphere.

The market culture, characterized by competitiveness and a desire to excel, is chiefly manifested in the passion pillar, with the statement of respondent 4: “pouring one’s heart into their work to surpass competitors”. Respondents 1 through 3 also adds that they “always try to be the best”, suggesting a competitive spirit.

Hierarchy culture, representing stability and structured processes, is definitively, but subtly, present. No respondent proactively mentioned stability as an important factor, yet respondent 4 was directly asked about stability and answered that “it is definitely something a big corporation has to have, and what potential employees look for in a perspective employer”. This value is also inferred from various KPIs, development program processes (part of the growth value), and the intrinsic need for order within such a big corporation.

Adhocracy, with its emphasis on innovation and adaptability, is the least dominant cultural trait. However, traces are still visible, notably in product innovation endeavours. Respondent 2 confirms this by saying that “Atlantic try to be the first on the market”. Respondent 4 also gives a tangible example of the “Cedevita2GO” patent, it being a novelty on the market at the time. On the other hand, respondent 4 also stated that “Atlantic is not a start-up”, clearly alluding to the fact that they are not an innovation leader. It is entirely possible that this characteristic is more localized, notably within departments like R&D, rather than being a sweeping company-wide emphasis. In sum, while Atlantic embodies aspects of all four quadrants of the CVF, the clan and market cultures are most prominently displayed, with hierarchy also being essential, albeit less celebrated, and adhocracy being least emphasized. But, does Atlantic’s culture actually have an effect on its strategy by creating a different, unique, and valuable position in their markets? To answer that, all three potential advantages shown in this paper's research—change management, human resource management, and external image—are explored through the lens of Atlantic's culture.

5.2.3. Reciprocal relationships between strategy and corporate culture

Atlantic has reached a mature stage in its life-cycle, as evidenced by its slowing growth. This maturity did not occur overnight, however; Atlantic underwent notable company-wide transformations. A pivotal moment was the merger with Droga Kolinska in 2010. Given the widespread notion that many M&As falter due to cultural clashes, Atlantic's growth strategy post-merger is quite revealing. Their success in multiple M&As speaks volumes about their adaptive culture. However, referencing Deshpandé & Parasuraman (1986), it is highlighted that a deeply entrenched culture can be a double-edged sword when shifts are necessary. Respondent 4 supported this by stating that "practices and behaviours that once propelled Atlantic to success might now be potential hindrances in the evolving marketplace". It is for this reason, among others, that the value of openness is being fostered within Atlantic. By consistently assessing competency gaps—either biannually or triennially—the company not only identifies areas for improvement but also ensures its continued adaptability in the face of evolving circumstances. When comparing the company's state in 2012 with now, it is clear many departments have become more adaptable. It is possible that the challenges in change management might have stemmed from Atlantic's comparatively low emphasis on an adhocratic culture, thus not being as flexible or open to change. This logic gains weight when looking at the FMCG industry Atlantic finds itself in, an industry with a comparatively[12] low ceiling for innovation. Without an external driver that could have otherwise propelled the company to be more flexible, it is understandable why adhocratic traits are not as represented. Atlantic's transitions into a new strategic direction focused on retrenchment and in-house product development perfectly aligns with their current life-cycle stage. This suggests that even more shifts are on the horizon since, if a new S-curve is to be achieved, significant change has to be made throughout the company.

Atlantic's human resource management operates as both an implicit control mechanism and a vital tool for employee retention. The intricate impact of culture within a social setting can be challenging to measure accurately. Without prolonged exposure in the very environment under study, drawing definitive conclusions can be difficult. The interviewees

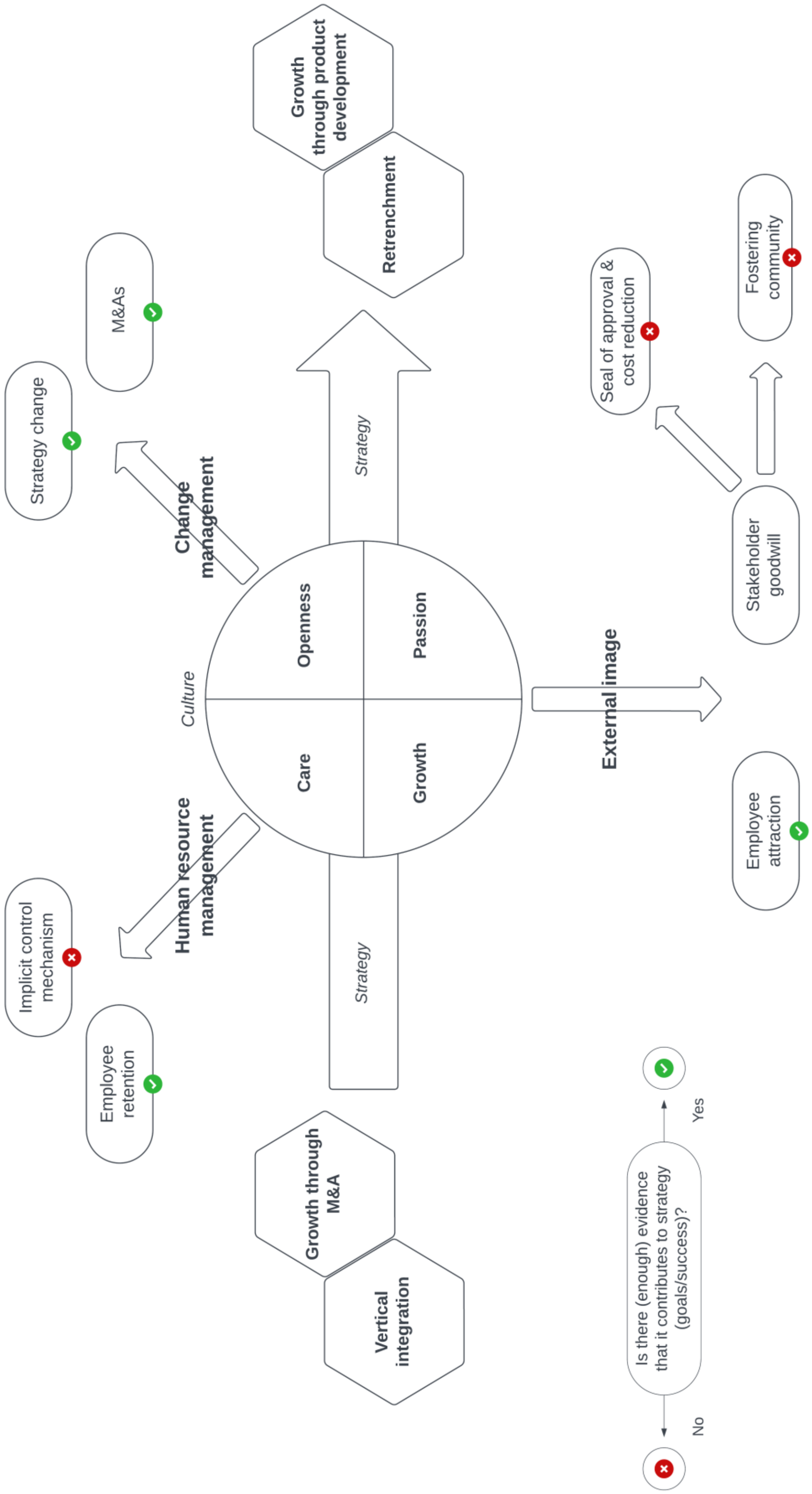
[12] "Comparatively" is used conservatively here as not to make a definitive statement. As in any industry, innovation plays a major role in their technological advancement, and it is undeniable that any industry changes tremendously with the passage of time. However, it is also true that other industries are more prone (or susceptible) to rapid, revolutionary change due to fast advancements in technology, such as the IT industry. The FMCG industry is relatively stable in this regard, and is thus comparatively, but not absolutely, less innovative than other industries.

were nevertheless asked about such observations, and were very telling. Respondent 4 recalls that “when employees were previously asked if they viewed Atlantic as a consumer-centric company, the predominant response was negative”. Contrast that to the present where, respondent 4 continues, “the response is now overwhelmingly positive”. This transformation does not merely originate from top-down directives but from behavioural cues employees see from their colleagues. In other terms, Atlantic made an effort to instil customer-centric values, but it was the implicit social mechanism that did some (or most) of the work by way of colleague observation. Regarding employee satisfaction, the current sentiment within Atlantic is that one cannot have satisfied customers without having satisfied employees. But the dominant emphasis on care is not solely altruistic—it plays a pivotal role in the company’s staff retention. Notably, care does not reside on the periphery but is central to management KPIs, in the form of ESG, ranking alongside financial metrics like sales and EBITDA. The ESG index incorporates a people index that evaluates employee engagement, retention, and development. On a broader scale, evidence of Atlantic’s commitment to its workforce is shown by the leap in yearly company-wide engagement surveys—from a mere 45% in 2012 to an admirable 83% in 2022. These engagement surveys, revealed by respondent 4, are essential goals of the people and culture department (P&C), and thus an essential part of Atlantic’s strategy, which highlights how important the satisfaction of talent is in the company. And while care is undeniably paramount, it is worth noting that their other values also contribute to employee retention, as observed in all 4 respondents. The growth of employees, a passionate work environment, and an openness which values different opinions all contribute toward the goal of talent motivation, satisfaction, and retention.

Lastly, a positive external image has concrete implications for Atlantic, both when it comes to attracting employees and influencing stakeholders. A clear illustration of this can be seen in the “top of the mind employer” metric, brought up by respondent 4. Between 2016 and 2018, Atlantic climbed the ranks from being a top 10 employer in only one national market to achieving that status in two markets. Public feedback associated terms like “successful”, “socially responsible”, “good reputation”, and “career opportunity” with Atlantic. These descriptors not only provide insights into how the external world views Atlantic, but also highlight its strengths, particularly in the context of employee attraction. Considering the aspect of cost-saving and public approval seal, Atlantic does not evidently use this to their advantage. Respondent 4 phrased that “they did not want to be a branded house, they wanted to be a house of brands”, which captures this divergence. It is also evident from their marketing efforts that the brands are not connected in any way, and that each brand stands on its own, as far as the public is concerned. The approval seal might still be present in a different way, however. Despite them being a house of brands, respondent 4 states that "they do want to leverage their corporate reputation to the benefit of every individual brand by showing their already established corporate values". This might suggest that this approval seal is not directed toward external stakeholders, but to potential internal ones. To clarify, this means that Atlantic leverages their approval seal—culture of passion, growth, openness, and care—to lure potential new employees. Community-wise, Atlantic's vision, "we are here to inspire people to give flavour to their everyday moments", gives a hint at their approach. They aim to offer more than just products, as seen with brands such as Cedevita and Argeta. Cedevita's marketing efforts, for example, lean heavily towards promoting health, both mental and physical; while Argeta places smiley faces on their packaging to promote feelings of happiness. This focus on community and emotional connection, as observed in previously mentioned global brands, is also a tactic employed by Atlantic. By tapping into feelings, they not only build customer loyalty but also foster a sense of belonging and identity among their consumers.

An illustration of the reciprocity between strategy and culture in Atlantic can be seen below, in figure 9. Centrally placed are the four facets of Atlantic's culture, showing their key status within the company. On the other hand, strategy is shown to be fluid, changing over time, with the help of culture. From the central circle emanate three arrows, showing the three ways in which culture helps strategy and company goals. The green and red icons indicate if enough evidence exists which shows that one of the theoretical advantages has an effect in Atlantic. The icons do not indicate if the advantages do or do not exist at all, however, since their existence is not proof enough of an effect on strategy and goals.

Figure 9 - Role of culture in supporting Atlantic's strategy



Source: Created by author

5.3. Research limitations

One of the limiting factors of this research is the nature of the research itself. The primary data was collected through interviews with members of different departments of Atlantic. The interviews were a favourable alternative to questionnaires as they provide a stronger basis for deep cultural analysis. There is more finesse that could be analysed during an interview, such as the interviewees' expressions, or tone of voice regarding a certain question or event. With culture, these non-verbal factors often prove more telling. However, this also leaves the door open for misinterpretation and bias; human error is a factor that has to be taken into account with this research. Additionally, some beneficial elements of culture are not able to be reliably researched, such as the implicit control mechanism or the fostering of a community, due to time constraints. The mechanism is a factor which requires the researcher to spend time within the social environment which is researched as it is only then that these cultural cues can be noticed. On the other hand, fostering of a community would require extensive research on Atlantic's external stakeholders, which was not a focus in this thesis. Likewise, the sample may not be diverse enough (both in terms of function and in terms of hierarchy) since most of the interviewees come from management positions. They have been trained to know and promote values which the people and culture department makes. While the theoretical background providing the basis for this paper is sound, further research on the subject should take these limiting factors into account.

6. Conclusion

Based on the empirical research, Atlantic's culture has an effect on its strategy by creating a different, unique, and/or valuable position in their markets. Change is an ever-present phenomenon in Atlantic's journey, since its inception, its growth phase, and now in its consolidating maturity. As identified in the literature, each strategy shift, and stage transition brings major change to organizations. By fostering a culture of openness, and adaptability to change, Atlantic has evidently managed to navigate through multiple life-cycle stages, strategic shifts, and M&As, circumstances that might have otherwise been detrimental to the viability of an organization.

Human resource management is evidently one of the most important aspects in Atlantic's corporate strategy. Atlantic uses it both as a potent retention tool, and potentially as an implicit control mechanism. The retention predominantly comes from Atlantic's most recent cultural value, care. Care was covered extensively in the paper and was shown on multiple occasions to be beneficial for employee satisfaction, motivation, and retention. As for the control mechanism, the empirical research does not show a clear answer. While some evidence does exist from evolved employee opinions regarding Atlantic's customer-centricity, it is not enough to warrant a definitive claim. The mechanism itself is something deeply imbedded into an individual's psyche and, without a deeper examination, does not easily surface.

Lastly, the positive image Atlantic has made for itself during its life has paid dividends, at least partially. Of the benefits a positive image garners, Atlantic has made good on account of being an attractive employer, and possibly of fostering a greater emotion within consumers when engaged with their products. Interviews and survey data showed that Atlantic is a prestigious organization when it comes to employee attraction. Both the "top of mind" surveys, and public opinion keyword research showed promising results, one of a company which is successful, socially responsible, stable, and full of opportunity. Regarding the emotions Atlantic conveys, it does a good job of having a clear vision and goals, it is a company that "inspires people to give flavour to their everyday moments". However, while this sentiment is beneficial on paper, no evidence was found when it came to empirical results. It is not known if the emotion Atlantic is trying to convey sets it apart from competing products, and whether consumers would prefer theirs based on the message they preach. Nevertheless, culture has shown that it is an indispensable asset in Atlantic's arsenal, and will continue to be an indispensable asset in the years to come.

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1. How would you describe Atlantic's culture? What are the first 5 company values that come to mind when talking about your work environment? Can you provide examples of behaviours or decisions that reflect this?
    a. Based on your experience in Atlantic, how would you rank the following traits in terms of their prominence: innovativeness, competitiveness, efficiency, and collaboration?
    b. How does the culture compare to other companies you worked for or know of?
    c. Is there any aspect of Atlantic's culture you feel could be enhanced or evolved?
2. How would you describe the leadership of the company? What traits do they embody/value the most?
    a. How would you describe the communication between you and the leadership in Atlantic?
    b. Do you have more than one person that you answer to?
    c. How does Atlantic approach and manage interpersonal conflicts or differences in opinions? Can you provide an example of a recent conflict, how it was handled, and the impact it had on the individuals involved?
    d. How is failure addressed? Is failure necessary for long-term success, even if costly?
3. In the context of Atlantic's corporate goals, can you discuss some strategic initiatives that have been pivotal in shaping the company's direction?
4. Can you describe a time when Atlantic underwent a significant strategic shift or transformation? Was the shift successful?
    a. How did people (you) feel about the change?
    b. How did the prevailing corporate culture influence people's (your) adaptation and response to that change?
5. In your time at Atlantic, have there been moments where you've observed colleagues or teams make decisions or take initiatives that, even if not directly instructed, seemed naturally in sync with what Atlantic stands for?
6. How does Atlantic treat career development, and how does it approach recognition/rewards? Which traits does Atlantic value in people?
    a. Are there cultural aspects within Atlantic that you feel contribute to your enthusiasm or motivation?
    b. Have you observed any cultural attributes within Atlantic that seem to drive enthusiasm or motivation among your colleagues?
7. Have you observed any trends or feedback from potential hires regarding what attracts them to Atlantic, especially elements not outright advertised by the company? For example, word of mouth about Atlantic as an employer.
8. Some companies, like Starbucks, have found success by offering more than just a product. While primarily selling coffee, Starbucks has built a global reputation around a unique ambiance and experience, a "feeling". Does Atlantic have any products or services that, in your view, offer something beyond their primary function?
9. Can you describe how Atlantic's company culture and strategy interact?

Otto Raškaj

Business development specialist

PROFILE

I am a recent graduate with a Master's degree in Business from the Faculty of Economics and Business at the University of Zagreb. My academic background has equipped me with a strong foundation in various aspects of business. My recent work experience has built on this foundation, as I gained first-hand practical knowledge of several business aspects, such as: marketing, human resources, management, accounting, and strategy. I consider myself a generalist with a keen interest in strategy, leadership, entrepreneurship, culture, and psychology. I am motivated to apply my knowledge and enthusiasm to contribute to projects that I find to be meaningful. I am excited to continue my professional journey where I can leverage my education, experience, and passions to change the world.

EXPERIENCE

January, 2023 - Present

Oglasnik.hr I Zagreb

BUSINESS DEVELOPMENT SPECIALIST

In my role as a Business Development Specialist, my responsibilities encompassed a range of vital functions. I played a key role in shaping our organization’s long-term strategy through research and analysis. I also took on leadership of a small marketing team, collaborating closely with both internal colleagues, and external freelancers to ensure cohesive marketing efforts. I actively participated in the recruitment of new marketing, sales, and IT team members. Effective coordination with our development lead allowed for streamlined software development and system administration. Beyond these efforts, I maintained essential connections – from financial statement reviews with the accounting department to legal consultations on matters of compliance, GDPR, copyright, and employment law. Additionally, I utilized my interpersonal skills to address and resolve conflicts.

October, 2021 - January, 2023

Posao.hr I Zagreb

DIGITAL MARKETING INTERN

During my tenure as a Digital Marketing Intern, I contributed to various aspects of the digital marketing plan. I executed Facebook advertising campaigns for clients, using social media to reach targeted audiences effectively. My responsibilities also extended to tracking and reporting on campaign metrics, employing tools such as Google Analytics and Facebook Insights. In close collaboration with Google marketers, I played a role in crafting Google Ads advertising campaigns and ensuring website SEO compliance. Beyond this, I took on the role of a community manager, fostering engagement and enhancing brand interaction within the online community. My contributions furthered the success of our digital initiatives.

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Education

2021
BACHELOR DEGREE IN BUSINESS
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2023
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Languages

Croatian ●●●●●

English ●●●●

German ●