Linking organisational culture and values with a firm’s performance

A case study from the New Zealand airline industry

by

Cato Sæle

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ABSTRACT

The purpose of this research has been two fold. Firstly to conduct a cultural assessment of a New Zealand airline (referred to as “Pukeko Air Ltd.” for confidentiality reasons) in order to identify the perceived current and future preferred organisational culture and organisational values present in this organisation. Secondly to assess how selected organisational members associated the present and future cultural and values profile with organisational performance.

A hybrid research methodology was employed, where data was collected in two stages; one quantitative and the other qualitative. First, a quantitative survey questionnaire was distributed to all employees, effectively combining Cameron and Quinn’s (1999) Organisational Culture Assessment Instrument, and McDonald and Gandz’ (1992, p. 69) “Shared values for the modern business corporation”. Second, the results and outcome of the survey formed the basis for six qualitative interviews with senior management staff. The interview questions sought management’s interpretation of survey findings, and in particular the relationship between the current and future cultures and values and associations with organisational performance.

The findings from the research show a relatively close alignment between the current and preferred future organisational culture. This signifies that the organisation is in a good situation for the future. Moreover, the research project sought senior staff members’ perceptions of organisational culture’s role in performance. The findings suggest performance is somewhat affected by culture and values, and that these elements helps determining what sort of airline the organisation wants to become, as well as reducing impact of external factors affecting the company. The study indicates not only what type of culture and which values are deemed conducive to success from a management point of view, but also highlights the perceived importance of commitment and ownership in creating a strong culture in this New Zealand airline.
DECLARATION

Name of candidate: Cato Saele

This Thesis is submitted in partial fulfilment for the requirements for the Unitec degree of

Master of Business.

CANDIDATE’S DECLARATION

I confirm that:

• This Thesis represents my own work;

• The contribution of supervisors and others to this work was consistent with the Unitec Regulations and Policies.

• Research for this work has been conducted in accordance with the Unitec Research Ethics Committee Policy and Procedures, and has fulfilled any requirements set for this project by the Unitec Research Ethics Committee.

Research Ethics Committee Approval Number: 2006.723

Candidate Signature:                  Date:

19th March, 2007

Student number: 1224365
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ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>OCAI</td>
<td>ORGANISATIONAL CULTURE ASSESSMENT INSTRUMENT</td>
</tr>
<tr>
<td>CVF</td>
<td>COMPETING VALUES FRAMEWORK</td>
</tr>
<tr>
<td>HR</td>
<td>HUMAN RESOURCES</td>
</tr>
<tr>
<td>GM</td>
<td>GENERAL MANAGER</td>
</tr>
<tr>
<td>OCP</td>
<td>ORGANISATIONAL CULTURE PROFILE</td>
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1 INTRODUCTION

1.1 Overview

The airline industry is today one of the largest service industries. In 2000 the industry itself was worth more than US$1000 billion, employed more than 22 million people and it was the chosen means of transportation for around 1.25 billion people (D. Chan, 2000a). It is a fiercely competitive industry, where only the airlines who can adapt to the ever-present changes, transitions, and the environmental happenings can compete seriously (Appelbaum & Fewster, 2003; Quick, 1992).

Successful airlines must be prepared to handle turbulence not only in the skies, but also on the ground. The terrorist attacks of September 11th 2001 is just one event over recent years to hit the airline industry hard, leading to the downfall of European airlines such as Swissair and Sabena, and 200,000 airline staff being laid off in the USA and Europe in the months just after the attacks (Economist, 2001).

However, it is not all dark and negative in the industry. It appears some of the success stories from the airline industry can be attributed to having a well functioning corporate culture, most notably Southwest Airlines (e.g. Bunz & Maes, 1998; Laszlo, 1999; Quick, 1992; Smith, 2004), Singapore Airlines (D. Chan, 2000b), JetBlue (e.g. Fiorino, 2002; Weinstein, 2006), and West Jet (e.g. Mark & Crossan, 2002).

The role of culture cannot be overlooked in any organisation. In today’s turbulent world there is a need to adapt to frequent changes and the willingness to change must be in place. Organisational culture appears to play a significant role, even in airlines. While airlines such as Eastern Air Lines, Pan Am, Texas Air (although initially very successful), and People
Express failed, Southwest Airlines thrived. The intangible, powerful factor giving Southwest Airlines the most important competitive advantage and their success is said to be their organisational culture (Cameron & Quinn, 1999). While overseas studies show a linkage between culture and performance in major airlines, no study has been conducted in New Zealand, in particular one that focuses on a smaller airline.

The notion of organisational culture as an element of business is much covered in both academic literature and popular management literature over the last 25 years. Some businesses reflect a “strong” culture, others a “unique” culture that provide them with a competitive advantage when conducting their business. In particular, the airline industry has shown that organisational culture is an important element in succeeding within this industry. Even though the notion of organisational culture was sparingly discussed before 1980, the success story of Southwest Airlines of the USA goes back to 1971 and therefore so does the organisation’s culture. Southwest Airlines has been profitable for 32 consecutive years ("Southwest", 2005). The rest is history.

This success has not only been achieved by one airline in the business, but several. Numerous airlines have also replicated the Southwest model. There is talk of the “Southwest Effect”. In New Zealand there are not as many airlines operating as in the US or Europe. There are however, a few low cost and regional airlines in the market. Do these airlines emphasise the importance of organisational culture as a means to improve firm performance?

In spite of the limited size, the small New Zealand airlines must compete to gain any market share due to increasing competition from foreign airlines, as well as fierce competition on the Trans-Tasman and Pacific Islands flights and also increasing domestic competition. How can the element of organisational culture be an element in strengthening performance and competitive advantage, and to what degree is it perceived to affect the airlines’ performance?
1.2 Objectives of the study

This research explores the perceived role of organisational culture in the economic performance of a smaller New Zealand airline. The study aims to answer whether the organisation’s economic performance can be linked to its culture, and more particularly its values, based on the perceptions of its staff and senior managers. This research however, cannot prove that increased economic performance is directly attributable to its culture as many other factors are involved. A firm in the New Zealand airline market has been chosen to make such a study manageable, given its size and main offices primarily being located in Auckland, New Zealand.

This research identifies the organisational culture of a New Zealand small airline operator, and investigates its role in the performance of the company. The purpose of the research is to discover whether there are any gaps in the current organisational culture, as understood by senior management and its staff.

Hence, the specific research question has been formulated as:

“What is the perceived relationship between organisational culture and firm performance within a small New Zealand airline?”

While values are often viewed as being subsumed within the cultural concept (e.g. Schein, 1984; Trice & Beyer, 1993), they are also a distinct aspect that can be measured separate from the overall culture itself. This approach was adopted in the research sub-questions.

Resolution of this research question was addressed through the following five sub-questions:

1. How relevant is the organisational culture concept to this firm?
2. What is the perceived current and preferred culture of the airline?
3. What are the current and preferred values for this firm?
4. What is the perceived relationship from a staff point of view, between culture and values, and organisational economic performance in this firm?

5. How do senior managers perceive the relationship between their culture and economic performance?

This study will conduct a cultural study of the case airline in question, through assessing the perceptions of the entire pool of staff members, as well as the senior management, and present a cultural diagnosis with recommendations for future research.

This research is of particular importance to the airline in question which will get an objective assessment of its corporate culture with an analysis highlighting how far away the organisation is from the preferred situation as opposed to the perceived current situation. In addition, the study can provide valuable information on the role of organisational culture in the performance of small airlines with operations in New Zealand, as there are a very limited number of available cultural assessment studies of New Zealand airlines.

1.3 Methodology

The aim of this research in the New Zealand airline is to:

- **Identify** the current and preferred future organisational culture and organisational values of the company, highlighting any discrepancy between the current and preferred future situation.

- **Discuss** the findings of the above survey with those in more senior positions within the company, and identify the perceptions of senior management, comparing these with the findings of the survey. Particular reference is made to the relationship between culture and performance.
A survey will be used to identify perceptions from the organisation’s members on the elements of culture and values, and these will in return form the basis for discussion with senior management. These discussions will ultimately address the role of organisational culture and values in the organisation’s performance.

1.4 Outline of the thesis

This thesis will first start with a review of the existing literature, covering the main dimensions of organisational culture, organisational values, organisational culture assessment, and the role of organisational culture in the airline industry. Second, the thesis discusses the research methodology of the study, detailing data collection, survey instruments, samples, data analysis, as well as reliability, validity and limitations of the of the methodology. The results and findings of the research are presented thorough a framework of diagrams and models, while continuously discussing these findings. Finally, the researcher presents conclusions and implications, and the way to proceed for the airline company.
2 LITERATURE REVIEW

2.1 Introduction

This chapter explores the existing literature in the field of organisational/corporate culture and values, and how an organisation’s culture can affect performance. Primarily empirical research from articles in academic, peer-reviewed journals has been investigated but also published books in the field of organisational/corporate culture have been studied. Some of these books were rather groundbreaking in their field when released in the early 1980s and these books are today essential, seminal literature when studying organisational culture.

The review of literature first introduces the topic of organisational culture, discussing what culture in organisations is considered to be in the eyes of scholars and practitioners, as well as what it means to have “strong” cultures. Second, the concept of organisational values is presented. Third, the link between organisational culture and performance in the literature is assessed. Moreover, organisational culture assessment and the tools for diagnosing culture that have been developed over time are briefly introduced. Finally, the role of organisational culture in the performance of airlines is looked at before a gap in the literature is highlighted and a summary is presented.
2.2 Organisational culture

The concept of corporate culture has been a dominant topic in management literature in the Western world since the beginning of the 1980s (e.g. Barley, Meyer, & Gash, 1988; Salama & Easterby-Smith, 1994). Although the concept of organisational culture dates back to early sociological studies in the 1950s (Barley et al., 1988), it took up until the late 1970s and early 1980s for researchers and practitioners to appreciate its importance in organisational life. According to Hofstede, Neuijen, Ohayv, and Sanders (1990), the term “organisational culture” did not enter the U.S. academic literature until 1979, through Andrew Pettigrew’s article “On studying organizational cultures” (1979). The term “corporate culture”; however, was used some years before this by Silverzweig and Allen (1976). Today, Hofstede et al. (1990) argue, organisational culture has the same status in organisations as structure, strategy, and control, while Schwartz and Davis (1981) say there is actually a tight relationship between organisational culture and strategy.

2.2.1 What is organisational culture?

Organisational culture has been considered quite differently by scholars during the time the concept has been known and accepted. Wilkins (1983) argues how organisational culture is best seen as people’s customary behaviour and their taken-for-granted ways of seeing the world. Emphasis should, according to Wilkins (1983), be placed on the underlying, taken-for-granted assumptions as well as orientations of a group of people. This is in line with Schein (1992), whose emphasis and preference is on the basic assumptions among a group of people, because these tend to be taken for granted. Cameron and Quinn (1999) follow up on this and say that the organisational culture “refers to the taken-for-granted values, underlying assumptions, expectations, collective memories, and definitions present in an organization” (p. 14).
Culture can also be seen as ubiquitous, and covering all areas of group (i.e. organisational) life (Schein, 1990). Schein (1990) considers culture to be what a group learns over time as this group solves its own problems of survival in an external environment, as well as its problems of internal integration.

Harris and Cronen (1979) have seen organisational culture as a “master contract”, including the organisation’s self-image as well as rules that organise beliefs and actions in light of this image. Goffee and Jones (1996) consider culture to be “community”, that is the outcome of how people relate to one another. Pettigrew (1979) takes the concepts of purpose, commitment, and order and looks at how these are generated in an organisation. Through the feelings and actions of the founder, as well as through a mix of beliefs, ideology, language, rituals and myths, Pettigrew (1979) labels all of this organisational culture. Schwartz and Davis (1981) look at it from another angle, by looking at what organisational culture is not. Culture is, say Schwartz and Davis (1981), not climate; a view also held by Trice and Beyer (1993). Cameron and Ettington (1988) confirm that there is some confusion in the literature between culture and climate. Moreover, Schwartz and Davis hold that culture is a pattern of beliefs and expectations which is shared by the organisation’s members. Trice and Beyer (1993) further expand on the list of what cultures are not: not groupthink, not social structure, not metaphor, and finally, not necessarily the key to success. Conversely, the authors say that cultures are collective, emotionally charged, historically based, inherently symbolic, dynamic, and inherently fuzzy. Geert Hofstede (1991), long time guru on national cultures and its role in communication, negotiations, and business, believes organisational culture is holistic, historically determined, related to the things anthropologists study, socially constructed, soft, and difficult to change.
Yet another view is offered, which deals with industry characteristics and its role in organisational culture (Gordon, 1985, 1991). Gordon (1985) suggests that “factors such as the characteristics of the industry, the marketplace and the diversity, size, and market position of the organization define the broad outlines of an appropriate culture” (p. 121). In his research the author found that successful companies placed higher value on factors different to those who were less successful. However, Gordon’s view differs from Peters and Waterman (1982) by claiming there is not so much one winning culture as there are industry determinants of organisational culture development. Chatman & Jehn (1994) attempted to generate a more systematic assessment of industry effects on organisational culture, and through this research they re-opened the discussion commenced by Gordon (1985) almost a decade earlier. The authors offer empirical support for similarities among cultures of firms who operate in the same industry, as well as a link between culture and industry characteristics. They discovered, among other things, that innovation, stability and an orientation toward people and towards outcomes and results, as well as an emphasis on being easy going, putting attention to detail, and having collaborative or team orientation “are pervasive organizational culture themes” (p. 543). This proposed research will attempt to look for some of these elements in the airline industry.

There has always been little agreement as to what the concept of culture does and what it means to an organisation. Schein (1990) points to reasons for this confusion being that the study of organisational culture lends itself to numerous areas of study, within a great range of fields. Culture, says Schein (1990), lies at an intersection of a number of social that includes anthropology, sociology, social psychology and organisational behaviour. The fact that the study of organisational culture is influenced by numerous disciplines is recognised in the literature (e.g. Ouchi & Wilkins, 1985). It has been argued that even though societal and
community culture has been studied for many decades, organisational culture only gained attention in the last 25 years (Cameron & Ettington, 1988).

Lundberg (1990) holds that culture is:

- a shared, common frame of reference (that is, taken for granted and shared by a significant part of the members);
- acquired and governs (that is, socially learned and transmitted by its members, serving rules for their organisational behaviour);
- a common psychology (that is, it refers to the uniqueness of the organisation as well as contributing to its identity);
- enduring over time (that is, can be seen in all fairly stable unit regardless of size providing it has a reasonable history);
- symbolic (that is, it is manifested in observable elements such as language and behaviour);
- at its core, typically invisible and determinant (that is, at its foundation it consists of a configuration of deeply embedded values and assumptions);
- modifiable, but not easily so.

Clearly, organisational culture is embedded in most aspects of organisational life, as scholars have identified over the years.

### 2.2.2 Culture as something the organisation “is” versus something it “has”

Literature on organisational culture shows a distinction between whether culture is something an organisation is or has. Smircich (1983) investigated the ways culture has developed in the study of organisations, and distinguishes the approaches of critical variables from root metaphors. Cameron and Ettington (1988) looked at a number of definitions from the literature and highlight the view that culture is something an organisation has, rather than is;
the former being more prevalent in the sociological literature, while the latter is more prevalent in the anthropological literature. In another area of the literature, organisational culture is seen as socially constructed (e.g. Burt, Gabbay, Holt, & Moran, 1994; Rousseau, 1990; Schein, 1996), developed and shared by groups of people. Finally, according to Smircich (1983), “culture as a root metaphor promotes a view of organizations as expressive forms, manifestations of human consciousness” (p. 347).

2.2.3 Definitions

Classic works such as Peters and Waterman’s “In search of excellence” (1982) as well as “Corporate cultures: the rites and rituals of corporate life” (Deal & Kennedy, 1982) have given insight into the phenomenon of organisational cultures, through the description of successful cultures as well as how to influence one’s corporate culture. Schein (1992), among the earliest authors publishing works on organisational culture, observes that when certain things in groups are shared or held in common we can talk about having a culture in an organisation. A more extensive definition can be:

a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems (Schein, 1992, p. 12).

Stonehouse and Pemberton (1999) offer another view. They see organisational culture as consisting of “the values, attitudes and beliefs that steer the actions and behaviours of the individuals making up the organisation” (1999, p. 137). This is not unlike Hofstede’s (1991) view, stating that organisational culture is defined as “the collective programming of the mind which distinguishes the members of one organization from another” (p. 180). Ouchi (1981) sees it as “a set of symbols, ceremonies, and myths that communicate the underlying values
and beliefs of that organization to its employees” (p. 41). It has even been defined as bluntly as “the way we do things around here” (e.g. Deal & Kennedy, 1982; Kilmann, Saxton, & Serpa, 1986). This last view actually says a lot, in all its simplicity.

2.2.4 The role of organisational founders and leaders

The views above suggest the employees of an organisation are the ones developing the company’s culture. A different view is that the founder of the company, often the leader, is the one introducing the culture (Schein, 1983). The founder or founders of organisations have been seen to instil the basic underlying assumptions that form an organisation’s culture (Schein, 1984). Even more so, the leader is in some cases seen as the culture, for example in the case of Southwest Airlines, where there is a concern that the company culture might disappear the day the leader is gone (e.g. Bunz & Maes, 1998; Smith, 2004). The role of the founder or leader is acknowledged by numerous writers in the field, such as Pettigrew (1979) (in the shape of the entrepreneur), Trice and Beyer (1993) (charismatic founders), and Kotter and Heskett (1992) (top management implements vision/philosophy/strategy). Quick (1992) argues that even though culture can be seen as the means through which problems and challenges are addressed, an organisational culture cannot be seen as a replacement for suitable leadership; responsibility and problem-solving behaviour must be at the core.
2.2.5 Early associations of culture with performance and management

The foundations of literature on organisational culture, as we know it today, is to a large degree based on studies from the late 1970s and the mid 1980s (e.g. Denison, 1984; Martin & Siehl, 1983; Ouchi & Price, 1978; Ouchi & Wilkins, 1985; Pettigrew, 1979; Schein, 1984, 1985a, 1985b; Smircich, 1983) as well as groundbreaking published books from professionals in the field (e.g. Deal & Kennedy, 1982; Ouchi, 1981; Pascale & Athos, 1981; Peters & Waterman, 1982). In these years, some academic journals even published special issues on the topic of organisational culture, most notably *Academic Science Quarterly* (1983) and *Organizational Dynamics* (1983).

Wilkins (1983) argues that interest in organisational culture started as a result of major factors affecting American businesses, a view which is also shared by Trice and Beyer (1993). The first factor is seen to be the economic turbulence in the early 1980s. This turbulence resulted in strategic changes, acquisitions as well as attempted increases in innovation. The second major factor was the increased literature on the Japanese industry and its management style (Brannen & Kleinberg, 2000; Ouchi & Wilkins, 1985; Smircich & Calás, 1987; Wilkins, 1983). The Japanese were considered to do business and run their industry differently to American managers. Works by Ouchi (1981) as well as Pascale and Athos (1981), has showed that the Japanese appeared to be more concerned with the role of, and the management of an organisation’s culture. Weiss (1984) claims that personnel and investment practices in some Japanese companies are designed to encourage high performance, and that these management decisions are the reason for the high productivity, rather than attributing the difference to the organisation’s culture. Schein (1981); however, critiques of the published works of both Ouchi (1981) and Pascale and Athos (1981) are critical in that none of the authors present much evidence to justify the hypothesis that Japanese organisations are
successful mainly due to the management style they utilise. Nonetheless, following the works of these scholars on Japanese ways to do business, there have been claims that the most successful American companies share the same concern for the creation of strong cultures (e.g. Deal & Kennedy, 1982; Peters & Waterman, 1982). It did; however, take some time before culture was accepted as a fact of organisational life by managers, but eventually it became an integral part of organisations, and their organisational change programmes (Cooke & Rousseau, 1988). Today, organisational culture appears to be accepted by more and more leaders and managers as integral in organisational life and success.

2.2.6 Levels of culture

Culture has by many scholars been considered a layered phenomenon where a set of interrelated levels of meanings coexist (see, for example, Lundberg, 1990; Schein, 1984, 1992). Schein (1992) specifies three levels of culture. The first level consists of artefacts; what is visible and observable. The second level is espoused values/values and beliefs; those elements of an organisation that are shared among members, such as goals, strategies and philosophies, and that explains why people behave the way they do. The third level identified by Schein (1992) consists of the basic underlying assumptions: all those unconscious, taken-for-granted beliefs that exist within an organisation. These taken-for-granted assumptions are considered very powerful because they are less debatable and more difficult to confront than the espoused values (Schein, 1984). In addition to the three levels coined by Schein (1992), another level, 1B, has been added by Ott (1989); patterns of behaviour. These are the unconscious acts performed by organisational members without thinking about it, such as human resource practices as well as rites and rituals. Sackmann (1991) considers the different levels of culture, in saying that:

an understanding of culture in a given organizational setting requires an understanding of the ideational aspects of culture – the underlying process of sense making, the
cognitive construction, or the cultural knowledge that exists in a particular
organization and that are used to attribute meaning to observable behaviors and
corporate artifacts (p. 298).

The second and third level of culture is what this research will investigate, with an emphasis on the espoused values and the elements shared by organisational members.

2.2.7 Strength of culture

One of the more frequently cited cultural dimensions within the field of cultural research is the notion of cultural strength (Cameron & Ettington, 1988). Early published works on organisational culture argued that there is an absolute need for “strong” cultures in order for organisations to be effective. O’Reilly (1989) states two reasons for why strong cultures are valuable: the fit between organisational culture and strategy, and the increased commitment by employees to the firm. He argues these provide a competitive edge and that strong culture organisations in this way get an advantage over their competitors. Schein (1984) contests the notion of an absolute need for strong cultures to achieve effectiveness, by arguing how the relationship must be much more complex. He points to the need for a contingency or situational approach, and he holds that the critical variables are “contents of the culture and the degree to which its solutions fit the problems posed by the environment” (Schein, 1984, p. 7). However, Schein acknowledges that cultural strength is among the cultural dimension of primary interest. Other scholars (e.g. Deal & Kennedy, 1982; Sathe, 1983) agree with this view, referring to how clearly ordered shared beliefs and values are paramount for reinforcing organisational behaviour, which in turn are considered to be “strong” cultures. Peters and Waterman said in their book about the importance of having strong cultures:

"Without exception, the dominance and coherence of culture proved to be an essential quality of the excellent companies. Moreover, the stronger the culture and the more it was directed toward the marketplace, the less need was there for policy manuals,"
organization charts, or detailed procedures and rules. In these companies, people way
down the line know what they are supposed to do in most situations because the
handful of guiding values is crystal clear (Peters & Waterman, 1982, p. 76-77).

Saffold (1988) presents five weaknesses inherent in a strong culture hypothesis: the
assumption of unitary culture; the ambiguity of strength as a measure of culture; dependence
upon composite culture profiles; insufficient attention to culture-performance links; and the
use of inadequate methodologies. He also presents in his research three correctives to enhance
the validity of culture and performance studies: First, the use of appropriate measures of a
culture’s impact will help evaluate the cultural phenomena more than the generalised notion
of culture strength. Second, the researcher must use a contextual rather than a modal analysis
of culture. This can take the shape of a culture-performance framework that examines how
culturally conditioned processes can contribute to outcome, and is a better solution than
pointing to “a general fog of thick culture and to suggest that in some way this swirling mist
boosts performance” (Saffold, 1988, p. 552). Finally, attention to multiple interactions is
essential in order to assess the organisation’s widely dispersed cultural features. Alvesson
(2002); however, believes the three correctives - the appropriate measures, contextual
analysis, and attention to multiple interactions - may discourage researchers from attempting
to study the culture-performance relationship. Yet, this last corrective is very much in line
with other proponents of multiple-method approach to culture research (see, for example,
Martin & Siehl, 1983; Ouchi & Wilkins, 1985; Rousseau, 1990). Some debate appears to
surround cultural strength, and this is one factor the proposed research will look into with
regards to the case organisation.

2.2.8 Sub-cultures and counter cultures

Shared assumptions are said to form around functional units, just like these assumptions are
thought by founders to new members of the organisation (Schein, 1996). Organisations can be
characterised not only by a dominant culture, but just as much by what has been labelled subcultures (Cooke & Rousseau, 1988). It can be a work unit culture, a department culture, a division culture – basically any community within the corporate context (Sathe, 1983). These communities reflect the enactments of the myriad distinct work and social environments within an organisation (Cooke & Rousseau, 1988). Because members of an organisation will have similar experiences or educational background they will group together according to these similarities. Communicating across these functional groups is according to Schein (1996) difficult for the reasons that they have different goals and they attribute different meanings to the same words used. Shared assumptions will reflect how each functional group thinks. Such creation of subcultures is according to Cooke and Rousseau (1988) a natural by-product of the organisation’s tendency to differentiate by level and function.

Because organisational differentiation occurs it allows for counter cultures to emerge (Cooke & Rousseau, 1988; Martin & Siehl, 1983). Counter cultures represent ways of thinking and believing that are in conflict between subcultures. Conflicting subcultures are not necessarily counter cultures (Cooke & Rousseau, 1988). If elements of a dominant culture are shared in spite of there being differences between two departments we do not talk of counter cultures. In the opposite case, where the elements of the dominant culture are resisted, a counter culture is in place. The counter culture rise, according to Cooke and Rousseau (1988), is due to differentiation and insularity. The authors claim the insularity or narrow-mindedness is developed when units are protected from the pressure of the rest of the organisation by elements such as powerful leaders and geographic distance. As long as the boundaries are there the counter culture will prevail.
2.3 Values

In close relation to the concept of organisational culture we find the element of values. It has been considered an important component of organisational culture, with Sathe (1983) highlighting beliefs and values as primary components. Pettigrew (1979) holds that “culture is the system of such publicly and collectively accepted meanings operating for a given group at a given time” (p. 574) – in other words the values held by the organisation’s members.

Values, together with beliefs, have been considered one of the central cognitive components of culture, and these were by Sackmann (1991) illustrated as the hidden part of an iceberg that is not visible below the water line (fig. 2.1).

Values can be considered as our own, personal “bottom line”, and it becomes clear that organisations are also considered to have values in that one can read between the lines of every decision made and every objective formulated (Posner, Kouzes, & Schmidt, 1985). In other words, values set patterns for activities, opinions, and actions (Ouchi, 1981). Accepted operational definitions of the term were formulated in early discussions on values (e.g. Brown, 1976; Fallding, 1965). Fallding (1965), for example, holds that a value “is a
generalized end that guides behaviour toward uniformity in a variety of situations” (p. 224). Another view is that a value can refer “to a single prescriptive or proscriptive belief which transcends objects and situations to which attitudes are tied” (Brown, 1976, p. 16). This is somewhat in line with Connor and Becker (1975) who say that a value can be seen as “global beliefs about desirable end-states underlying attitudinal and behavioural processes” (p. 551). Wiener (1988) claims that there is a certain amount of agreement between researchers in the field of organisational culture that shared values is a key element in the definition of culture. As long as existing values support the right goals and strategies, culture can be seen as an important asset in the organisation (Wiener, 1988). Not studying shared values is one of Wiener’s (1988) critiques of earlier publications on organisational culture (e.g. Deal & Kennedy, 1982). Studies like this one emphasised for example organisational structure, leadership style, and reward systems, but not the importance of having shared values.

2.3.1 Shared values

Shared values at the organisational level are seen as an important component of organisational culture (e.g. O'Reilly & Chatman, 1996; Schein, 1985b). Shared values among the members of an organisation is considered to be an organisational value system (Wiener, 1988). Figure 2.2 shows a value system’s contribution to the cultural maintenance process.

Meglino and Ravlin (1998) highlight values as modes of behaviour, as they are frequently used by researchers as well as practitioners to describe an organisation’s culture (Schein, 1985b). They also claim that most theorists consider values as products of culture and they emphasise how value similarity creates a culture or social system, drawing on the work of Kluckhohn (as cited in Meglino & Ravlin, 1998). Finally, Meglino and Ravlin (1998) hold that values specify behaviour needed to satisfy individuals’ needs, in the same way that an organisation’s culture specifies necessary behaviours for the organisation to survive in its
environment. This is referred to as external adaptation (Schein, 1985b). Conversely, according to the authors, it is also possible for an organisation’s culture to promote values that are not appropriate for survival. They also emphasise that shared values may not necessarily result in higher performance if the values do not also encourage the correct behaviours for the performance of the task as well as organisational survival. Chatman (1991) employed the Organizational Culture Profile (OCP) to compare individual values and organisational values, collecting responses from senior employees in order to predict value congruence at organisational entry. Values were assessed upon entry, and then again at a later stage, with results showing that employees will fit in better as they gain organisational experience as opposed to when they originally enter into the organisation. Through socialisation the employees’ values had been shaped to fit the values of the organisation.

**Figure 2.2: A sequence of processes and events contributing to the transmission and maintenance of organisational value system**

**Source:** Wiener (1988)
2.3.2 Values in the workplace

Values of managers and employees of organisations are phenomena that have captured researchers’ interest for some time (Meglino & Ravlin, 1998). Posner and Schmidt (1984; Posner & Schmidt, 1992) twice investigated the values of American managers. The first time they found that integrity was the characteristic most highly rated by managers. In the second study, this was again found to be true. Therefore, it was concluded that managerial values are enduring, as the findings were remarkably consistent over time (Posner & Schmidt, 1992). Presumably, this applies to other values as well, but is not much discussed by the authors.

In the literature a distinction is made between values and work values. The latter implies that a set of values govern employee work behaviour, and Pine and Innis (1987) hold that work values are “an individual’s needs and priorities and consequent personal dispositions and orientations to work roles that have the perceived capacity to satisfy those needs and priorities” (p. 280). For any multinationals to become global organisations, diverse individual work values must converge and be integrated into a common set of values, in order to create a universal corporate culture (Ralston, Holt, Terpstra, & Kai-Cheng, 1997).

To consider values in the workplace is really about probing for reasons why people work and how they behave in their jobs, and the way in which they do it (Posner & Munson, 1979). Values are neither attitudes nor behaviours; rather, they are considered the building blocks of the behaviour of and the choices made by individuals (Stackman, Pinder, & Connor, 2000). It has been well documented in the literature from the early 1980s that having deeply embedded shared values can contribute to competitive advantage (see, for example, Pascale & Athos, 1981; Peters & Waterman, 1982).
2.3.3 Values and organisational effectiveness

It has been demonstrated empirically that values affect organisational effectiveness (e.g. O'Reilly, Chatman, & Caldwell, 1991; Posner et al., 1985). O’Reilly et al. (1991) found an association between person-organisation fit and turnover, and this was linked back to how individual preferences matched the organisational realities. This, in turn, can be linked to how agreement among members of an organisation about central values can define organisational culture (Rousseau, 1990). Enz (1988) also considers values an important part of organisational culture, and discusses value congruity as a way to determine consensus between functional groups and top management.

Peters and Waterman (1982) argue in their book that shared values represent the core of corporate cultures. Hofstede et al. (1990); however, claim to have shown empirically that shared perceptions of daily practices are found at the core of the organisational culture. A reason for this, Hofstede et al. (1990) claim, is in the way “the U.S. management literature rarely distinguishes between the values of founders and significant leaders and the values of the bulk of the organization’s members” (p. 311).

In the 1990s core values considered important for organisational success were listed by scholars in the field. Lawrence (1998) summarises some of the most important humanistic and developmental values and highlights “…organisational learning, development, innovation, creativity, increased participation and equity, teamwork, high trust between employer and employee, respect, openness, honesty, commitment, cooperation, flexibility, diversity, and a recognition of equal opportunity” (p. 159) as the key areas. Besides this, some authors argue that congruence of values can result in higher levels of organisational performance through for example increased commitment (e.g. Chatman, 1991; Peters & Waterman, 1982). Peters
and Waterman (1982) hold that excellent companies are driven by coherent value systems and that it is the values of the leader that influence the organisation.

Congruence between the core values of the organisation and the individual is considered beneficial by those arguing the case for the necessity of having shared values in the organisation (e.g. Chatman, 1991; McDonald & Gandz, 1992). Robert Haas of Levi Strauss & Co. has argued that a company’s values are crucial to its competitive success and that values drive the business (Howard, 1990). Although several value surveys have been developed (e.g. Rokeach, 1973; S. H. Schwartz, 1992), one set of relevant shared values for the modern business corporation has been presented by McDonald and Gandz (1992). They suggest a list of 24 value concepts, and the list was developed by asking senior managers and consultants to express their views on shared values. According to McDonald and Gandz (1992) elements of these values exists to some degree in all organisations, although their relative importance will vary.

There appears to be a clear association between values and organisational culture, and the role of these elements at an organisational level. Other scholars have emphasised the importance of how shared beliefs and values must be in line with the needs of the organisation, as well as its business and its members (Sathe, 1983). Should this not be the case in any given organisation, it can result in dysfunctional consequences. Sathe (1983) summarises the role of having the correct and appropriate organisational values by claiming that “culture is a liability when the shared beliefs and values are not in keeping with the needs of the organization, its members, and its other constituencies” (p. 10).
2.4 Culture and performance

The role of organisational culture in organisational performance is a topic that has received extensive coverage in the literature; although, from different viewpoints and with different findings as to its relevance. Alvesson (2002) summarises four views on the relationship between organisational culture and performance: the strong-culture thesis, where a strong culture leads to high performance; the exact opposite, where high performance leads to creation of “strong” culture; the contingency approach, where certain cultures are appropriate and necessary and; and finally the “adaptive cultures”, which are the key to better performance through its ability to respond to environmental changes quickly.

At the earliest stage, Peters and Waterman (1982) argued their case for “strong” cultures and its role in the so-called 62 “excellent” US companies. This spurred a generation of researchers to further investigate the role of organisational culture in an organisation’s performance, effectiveness, and profitability. Even though Peters and Waterman (1982) have harvested some critique for their publication, primarily for *In Search of Excellence*’s conceptual and research underpinnings (see, for example, Carroll, 1983), it has always been considered an important and groundbreaking work.

In the mid-eighties Denison (1984) stated that there is little evidence on the impact of an organisation’s culture on its performance, but was later going to make new discoveries. Gordon (1985) discovered around that same time that companies in dynamic industries shared cultural values that contributed to increased stability. By the early nineties; however, a link between organisational culture and performance had been better established by the same before mentioned Denison (1990), although primarily for the short term. He found that organisations with participative cultures were performing better than those cultures that were
not. This is in line with Burt, Gabbay, Holt, and Moran (1994), who hold that a feature of culture important for an organisation’s performance is the extent to which the employees buy into it.

After this initial period of interest around the role of culture in performance, a number of other scholars built on the foundation laid by the likes of Daniel Denison through empirical research (e.g. Denison & Mishra, 1995; Gordon & DiTomaso, 1992; Kotter & Heskett, 1992; Marcoulides & Heck, 1993; Sørensen, 2002). Some degree of correlation has also been found by Burt, Gabbay, Holt, and Moran (1994), as well as by Ogbonna and Harris (2000), to mention a few. Rashid and his colleagues (2003) found from studying organisational culture literature that there is a clear link between culture and organisational performance. However, Lewis (1994) concludes her study of a tertiary institution in Australia by stating that behaviour is the only thing that can directly affect an organisation’s performance. Lewis (1994) points out that “while behaviour may be one embodiment of culture, culture is certainly not the only determinant of behaviour (p. 51)”.

From this range of literature, it appears as the role of organisational culture in performance has received increasingly more interest and acceptance over the years. Although such a relationship is difficult to prove, some of the above mentioned scholars have found different degrees of correlation. This relationship will be addressed in the proposed research.

2.4.1 Culture’s role in competitive advantage, effectiveness, and profit

Culture appears to also have an effect on other elements of organisational life which can be linked to performance. Such writings include competitive advantage (e.g. Barney, 1986; L. L. M. Chan, Schaffer, & Snape, 2004; Peters & Waterman, 1982; Pfeffer, 1995; Sadri & Lees, 2001); organisational effectiveness (e.g. Cameron, 1986; Den Hartog & Verburg, 2004; Denison & Mishra, 1995; Quinn & Cameron, 1983; Steers, 1975); the role of culture in
financial matters such as economic performance (e.g. Calori & Sarnin, 1991; Rashid et al., 2003; van der Post, de Coning, & Smit, 1998), as well as revenue growth (e.g. Christensen & Gordon, 1999; Denison & Mishra, 1995).

Superior business performance has also been seen as a result of an interaction between organisational culture, industry environment, and top management. Wright, Theerathorn, Tu, Gilmore, and Lado (1992) found some evidence of this in their study of 47 businesses. This takes Gordon’s (1985) discussion of industry characteristics and its role in organisational culture one step further in adding top managers as a factor.

Ouchi (1981) attributes the financial success of certain Japanese firms to their strong emphasis on humanistic values, while Pascale and Athos (1981) similarly hold that the Japanese upper hand over the American businesses all came down to their focus on human relations.

Culture’s role in performance can be seen from another angle. Strong culture has been seen to clarify an organisation’s goals and practices. Employees’ uncertainty with regards to risk involved in taking one action or another can be reduced and the employees can respond quicker to each event (Burt et al., 1994).

Marcoulides and Heck (1993) suggest a model of more variables that influence organisational performance. A set of observable variables and latent constructs helps define an organisation’s culture, as well as how these variables help explain the level of performance (fig 2.3). This illustrates the fact that organisational culture is not limited to just a few variables, and more importantly, that these variables are interconnected. One can presume that if one variable is overlooked, the level of performance could be affected.
In a more recent article by Kaliprasad (2006) the author refers to those organisational cultures who achieve higher revenue, higher net income, workforce expansion, and stock-price growth, as being high performance cultures, showing the organisational culture’s impact on long-term economic performance. Furthermore, for an organisation to sustain a high performance culture, it must know how to address the following five performance gaps: marketplace and senior leaders’ perception of the marketplace; senior leaders’ perceptions of the marketplace and the organisation’s vision, mission, values, and strategies; the vision, mission, values, and strategies and direct leadership practices; leadership practices and employee behaviours that meet customer needs; and finally enabling infrastructures and support of behaviours compatible with sustainable high performance. Ultimately, Kaliprasad (2006) claims, the quest to becoming a high-performing organisation from an internal systems point-of-view, is simply a question of better understanding of people. From this it can be concluded that if staff members do not buy into the visions, missions, values, and actions of management, performance as well as the organisation as a whole, is likely to suffer.
2.4.2 Uniqueness of culture

Barney (1986) presents arguments for how certain firms can enjoy competitive advantage over its competitors, and as a result, sustained superior financial performance. In order to achieve this, three conditions must be met: the culture must be valuable; the culture must be rare; and the culture must be imperfectly imitable. Barney (1986) argues that all three conditions must be in place. Emphasis is placed on the need for an imperfectly imitable culture, because “the culture-driven success of one firm creates an incentive for other firms to modify their cultures to duplicate that success (Barney, 1986, p. 659)”. As a result, because few other firms can obtain the same benefits and engage in activities in order to obtain them, firms that have valuable, rare, and imperfectly imitable cultures will enjoy positive economic consequences of its culture. This is an organisational element that needs to be protected, and it is where the organisation can harvest strong competitive advantage from. Moreover, it partly represents the explanation behind some organisational success stories from the past three decades. This uniqueness of culture will be investigated in the proposed research project.

2.4.3 Approaches to the culture-performance relationship

There are numerous ways to approach the complex relationship between culture and performance. Alvesson (2002) distinguishes between three versions of how managers can work with culture. The first is to consider culture as building blocks in an organisational design, containing the norms, values, beliefs, and behaviour styles of the organisation’s employees. Management is in control of the culture. Second, achieving shared understanding can be done by allowing management to shape organisational reality in a favourable way. Management and culture are inter-dependable. Finally, looking at organisational culture as a diagnostic instrument can assist in making better decisions and avoiding mistakes. Culture is considered to be strong and resistant, and management must adapt to it.
2.4.4 Critique of the culture-performance link

Not all scholars are willing to accept the idea of a link between culture and performance without putting forth some question marks. Critiques of Peters and Waterman’s *In search of excellence* (1982) are well known (e.g. Carroll, 1983). Others are equally unwilling to fully accept the propositions that have appeared in the literature. For example, Saffold (1988) claims that simple models for relating culture to performance no longer fit what has been uncovered about the role of organisational culture in organisations; there is a need for a more sophisticated understanding of the culture-performance link.

Despite some scepticism towards the culture-performance link, the 1990s saw at least 10 empirical survey studies being published (Wilderom, Glunk, & Maslowski, 2000). Yet most of these, Wilderom et al. (2000) reports, had serious weaknesses such as a small number of participating organisations, and intra-organisational respondents that were not representative of the organisational culture as a whole.

In summary, it is difficult to say exactly how organisational culture impacts a company’s performance. Whipp, Rosenfeld, & Pettigrew (1989) conclude their study by saying that some elements of culture “may supply vital links between the rational aspects of policy and the subjective, less tangible features of employees’ behaviour exactly because of the way values pervade an enterprise” (p. 582), meaning there is little reason to doubt there is a link between culture and performance; however, vague it may or may not appear to researchers.

2.5 Organisational culture assessment

This section will present some of the techniques available to researchers when it comes to assessing organisational culture. Assessing the organisation’s culture can be seen as a possible means of checking for congruence in terms of where the organisation is currently (that is, at
the time of observation) as opposed to the future desired goals, strategies, and results (Marcoulides & Heck, 1993). Even though the organisation’s culture has been a hot topic among organisational culture scholars for more than 30 years (Barley et al., 1988), there is still little agreement on how to actually measure culture (e.g. Locatelli & West, 1996; O'Reilly et al., 1991), and whether a culture audit will actually produce any clear answers (Wilkins, 1983).

2.5.1 Appropriate means of measurement

A main shortcoming of culture measurement tools is seen by Mallak, Lyth, Olson, Ulshafer, and Sardone (2004) to be an inability to surface unanticipated findings, meaning they assume the ability to provide the information necessary to understand and manage culture. In addition, multiple methods are needed to “crack” the culture, something which can be done best using variety of sources. As there is (so far) not one best method for diagnosing organisational culture (Cameron & Quinn, 1999) such a claim would be the same as saying there is one best organisational design, one best style of leadership, and one best set of organisational dimensions in an organisation’s success.

O'Reilly et al. (1991) developed the Organizational Culture Profile (OCP) in order to investigate person-culture fit in organisations and calculate this fit by “correlating the profile of organisational values with the profile of the individual’s preferences” (p. 494). This way, they demonstrated the OCPs ability to assess people as well as organisation. The authors conclude that the results show reasonable reliability and validity, and claim that an important finding of the initial study was that a link between an individual’s preference for a certain culture and the culture of the organisation the person joins can be seen, and that this is related to satisfaction, commitment and, ultimately, turnover.
The use of the Critical Incident Technique (CIT) offers, according to Mallak et al. (2004), a means for identifying good and poor service episodes across a variety of industries. This technique for measuring culture offers “a rich methodology for surfacing an organization’s culture from a bottom-up perspective” (Mallak et al., 2004, p. 180). Although primarily used in the health care sector, it can be used in most service industries; however, it is not the appropriate tool for this research project, as it needs development to fit the situation in which it is going to be used.

A summary of instruments available for culture assessment has been put together by Ashkanasy, Broadfoot, and Falkus (2000). A classification of 18 instruments, made between 1975 and 1992, was developed in order to allow for comparison between the numerous surveys available to the researcher on organisational culture. The instruments measured levels ranging from behaviours to beliefs and values. First, Ashkanasy et al (2000) divided the 18 instruments into those who measure patterns of behaviour and those who measure values and beliefs. The former (in which three could be categorised) focus on the first level of Schein’s (1985b) typology and the latter (in which 15 could be categorised) focus on Schein’s (1985b) second level of organisational culture.

Furthermore, Ashkanasy et al. (2000) divide the 15 culture instruments measuring values and beliefs into two categories; typing or profile scales. Typing scales deals with taxonomies and the profiling scales deal with measuring the strengths and weaknesses of organisational members’ values and beliefs. Ashkanasy et al. (2000) point out that little significant development of survey measures of culture has been developed since 1992. The only notable exception is the “Global Leadership and Organizational Behavior Effectiveness” (GLOBE) instrument, which has been developed for cross-national studies of organisational culture and
leadership. Multiple method studies of culture appear to be shared by scholars as the best way of capturing and diagnosing an organisation’s culture.

Finally, survey assessment of organisational culture has been attributed numerous advantages by researchers (Ashkanasy et al., 2000). Examples are that they allow for replication and cross-sectional comparison, as well as helping initiation of culture change efforts. One widely accepted cultural measurement tool is the OCAI instrument (Cameron & Quinn, 1999).

2.5.2 Organisational Culture Assessment instrument

The Organisational Culture Assessment Instrument (OCAI) was developed from a two dimensional framework which represented the “core values” of an organisation (Quinn & Rohrbaugh, 1981). Quinn and Rohrbaugh (1983) later developed the Competing Values Framework (CVF), and based on this Quinn and Cameron (1983) developed a model for predicting organisational life cycle development. The CVF is also the theoretical model upon which the OCAI was based (Cameron & Quinn, 1999). The tool has so far been used in almost 10,000 organisations around the world, in almost any thinkable sector such as private and public sector, health care, education, and start-ups (Cameron, 2004).

According to Igo and Skitmore (2006), the notion of competing values “has been rated as one of the 50 most important models in the history of business study and has proven its worth since its conception in the mid 1980s” (p. 125). Furthermore, it has shown to serve as guide and indicator in terms of cultural change, motivation of employees as well as development of leadership skills (Igo & Skitmore, 2006).
2.6 Organisational culture and the success of airlines

There is little critical literature on how culture has played a role in an airline’s success. However, one airline stands out when it comes to attributing success to the company’s culture, and that is Southwest Airlines. Southwest Airlines is probably one of the best known success stories in the airline industry with a number of articles and even books written about its particular culture (e.g. Bunz & Maes, 1998; Gittell, 2003; Quick, 1992; Smith, 2004). Gittell (2003) has written an entire book on Southwest Airlines, emphasising the power of relationships rather than just accrediting the company’s success to its culture, leadership, and strategy. Sometimes authors have written about Southwest in order to compare the organisation with other airlines (Seal & Kleiner, 1999), trying to identify what others could do better. The easy going, relaxed corporate style of the organisation, as well as having shared goals, shared knowledge as well as mutual respect is said to be contributing elements of the airline’s culture towards it’s success (Smith, 2004).

Empirical research on how an organisational culture contributes to an airline’s success appears to be limited. Quick (1992) notes that suggesting culture is the only variable in an organisation’s economic success, or even an important variable, is unsubstantiated. Rather, he suggests that culture can be seen as “the connective tissue knitting together an organization’s people so that they can succeed in the face of environmental challenges and opportunities” (Quick, 1992, p. 45). Smith (2004) supports this by listing several elements in Southwest’s competitive cost advantage, in addition to the organisational culture: people job security, fare structure system, reservation system, and meal costs, to name but a few.

Quick (1992) recognises that the leaders of some airlines have contributed to an organisational culture which has fostered success, providing the examples of Robert Crandall (American Airlines), Frank Lorenzo (Texas Air), and most notably, Herb Kelleher (Southwest

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Airlines). The impact of the leader or founder on the organisational culture is in line with the findings of Schein (1983), who found that entrepreneurs are strong-minded in what they want to do with their original idea, clearly affecting the culture. Lorenzo (Texas Air) and Kelleher (Southwest) are examples of this, both coming from start-up airlines.

Southwest Airlines are in a league of their own, showing profit for 32 of the last 33 years (Flint, 2005) and much credit for this has been given to former CEO Herb Kelleher, now executive chairman. His niche strategy, together with contribution in creating a unique organisational culture, has helped Southwest Airlines earn the status as one of the most successful airlines in the history of the industry. In an industry which is struggling overall, Kelleher has shaped a culture which helps the company to overcome the constant challenges faced, as well as the work environment (Quick, 1992). Quick (1992) goes on to highlight what was identified by Schein (1983) as the “artefacts” and “creations” deriving from the values, beliefs, and assumptions of the leader, regarding people as well as the work itself, as a major contributing factor in the organisational culture of the airline.

2.6.1 Airline culture and performance

In their study of the role of organisational culture on performance, Kotter and Heskett (1992) undertook important research on organisational culture with regards to airlines and their performance. In their study they found that American Airlines had a very good fit between their organisational culture and the environment they operated in, while a competitor Northwest Airlines had only an average good fit with their environment. American Airlines were also found to have the appropriate culture to value leadership from its managers. Leadership practices will according to some scholars (e.g. Kaliprasad, 2006) guide employee behaviour, which in return must be appropriate to meet customer demands. This can play a contributing role in creating a high performing organisation.
In their study of firm performance, Kotter and Heskett (1992) investigated a number of other airlines as well: American Airlines (12), Continental (180), Delta (9), Eastern (199), Northwest (83), Pan Am (196), Piedmont (87), TWA (194), United (116), and US Air (73); with the companies’ rank in terms of cultural strength as identified in 207 American companies shown in brackets. The airlines in this survey were all large airlines at the time of investigation; however, Eastern Airlines and Pan Am have since ceased operation, while Piedmont has gone through numerous restructurings. Throughout the study, American Airlines is frequently recognised as one of the stronger performers of all 207 companies, based on a number of financial indicators. Moreover, having the 12th highest culture score of all participating companies, the conclusion is that American Airlines has a high-performing organisational culture.
2.7 Summary

There is clearly some evidence that organisational culture plays a role in the success of organisations. In the airline industry we can see that the examples of Southwest and American Airlines have been highlighted a number of times over the last decades. Even though there is a lot of research undertaken on organisational cultures in general, there is little specifically on the role of culture in the airline industry and how this relates to its performance. Moreover, what has been written on culture in airlines has mostly been published in journals and magazines that do not base their articles on primary research.

What has been done in terms of empirical research has contributed to knowledge of how organisational culture impacts an organisation’s performance, through approaching investigation into culture with appropriate qualitative research techniques. Still, there is clearly a gap in the literature to be filled concerning in particular the role of culture in airline performance. This researcher’s research question will attempt to start closing this gap when addressing the effects of organisational culture in airline success. First, investigating the role of organisational culture and organisational values in smaller airlines has not been given much attention, apart from what has been done primarily in Southwest airlines. Second, little research exists on the role of culture and values in a New Zealand airline.

The next chapter will present the research methodology used in this research to collect and analyse data on organisational culture and values in the New Zealand airline industry.
3 METHODOLOGY

3.1 Introduction

The purpose of this section is to give an account of how the researcher behind this thesis designed and conducted the research. In this section a number of issues are presented: Research methodology, methods of data collection, formulation of a research question, the online survey tool, the interview process and the selection of the sample. Furthermore, relevant methods for analysing the data collected are presented, the limitations to the research, as well as what ethical considerations the researcher had to take into account before the study could be initiated.

This research in the New Zealand airline industry aims to identify a link between organisational culture and organisational performance. The primary research question for this research has been formulated as: “What is the perceived relationship between organisational culture and firm performance of a smaller New Zealand airline?” To answer this main question, five sub questions have been developed:

1. How relevant is the organisational culture concept to this firm?
2. What is the perceived current and preferred culture of the organisation?
3. What are the current and preferred values for this organisation?
4. What is the perceived relationship from a staff point of view, between culture and values, and organisational economic performance in this firm?
5. How do senior managers perceive the relationship between their culture and economic performance?
3.2 Research methodology

A hybrid method methodology was used in this study in order to get the relevant data needed for this project. The hybrid methodology is used in this context to collect data from a number of sources in the organisation, through a qualitative and quantitative process, as one source of information or one method would not suffice when investigating organisational culture.

Harrigan (1983) explains how hybrid methodologies are characterised by multiple data sources, and that such studies need a carefully structured sample design. Cooke and Rousseau (1988) hold that “qualitative and quantitative methods are complementary approaches to the study and assessment of organizational processes and attributes” (p. 246). The authors also argue that any culture intervention based on only qualitative data collection techniques have a tendency to be too broad and therefore also vague. This approach deals with the understanding of human behaviour, based on participants’ own frame of reference (Collis & Hussey, 2003). This approach fits with this proposed research, as perceptions of culture are of primary interest. In addition, Healy and Perry (2000) emphasise that the positivist approach is insufficient when looking at the social science area, and this study is more consistent with a social science orientation.

This particular project also used elements of the case study approach. It involved a one-organisation case study of a New Zealand airline, where quantitative and qualitative approaches were used to complement each other. Case studies have been seen as a methodological tool for three types of research: descriptive, explorative, and explanatory (Yin, 1994). The two latter explain situations without any single outcome, and causal relationships respectively. Stake (1995) defined descriptive and explorative case studies as being a disciplined and qualitative inquiry mode into single cases, however not essentially qualitative (Stake, 2000). This research is explorative in that it delves into an organisation’s
culture, looking at what sort of culture is present and how it reveals itself. Moreover, this research is explanatory in that it aims to establish a link between the current cultural situation, the organisational values, and how these elements are interpreted by management. Ultimately, the outcome should provide an insight into what ways the organisational culture affects performance.

Hybrid research techniques where elements of qualitative and quantitative methods are combined are common in studies involving social research (e.g. Burchell & Kolb, 2003; Harrigan, 1983). This hybrid approach was employed in this study to answer the research questions. First, the quantitative approach was employed. In this research, members of the organisation were surveyed regarding their perceptions of the organisational culture and values. The quantitative approach is most often found in the sciences, where the ultimate goal is to identify facts or understand the concept. In science the researcher should not be biased but stay objective, and look at large samples in order to find a definitive true answer from which to try to generalise from the sample to a population (Collis & Hussey, 2003). In this research, a survey questionnaire tool was used to highlight any potential gap between the current and preferred culture as perceived by a sample of the organisation’s employees and the management team. Furthermore, Amaratunga, Baldry, Sarshar and Newton (2002) claim that the strengths of the quantitative approach is in the fact that it can provide wide coverage of the range of situations, and that it is cost-efficient as well as fast to execute. For this student research to be feasible it must be both cost-efficient and executed quickly and effectively, as the total time available for conducting the actual research is strictly limited.

The qualitative approach is frequently employed in the social sciences and is also employed in this study. The data gathered with this approach tends to be, according to Collis and Hussey (2003), rich and subjective and is likely to come from a small sample. Some strengths of this
approach, according to Amaratunga et al. (2002), is the ability to look at a process or situation over a longer period of time, increasing the ability to understand people’s meaning as well as the ability to pick up on new issues, should they arise during the process. Ahmad and Ali (2003) present further strengths of the qualitative methodology by claiming it provides greater accuracy, higher level of detail, as well as providing a deeper understanding of the concept investigated. Ahmad and Ali (2003) summarise by saying the qualitative methodology “is used where there is a concern for understanding how things happen and how they are related, rather than only measuring the relationship between variables” (p. 2).

In this study one to one interviews are used in line with Ahmad and Ali’s view: to develop a greater understanding of the concept researched. That concept is in this case an organisation’s culture and the picture that has been created of this particular culture through the Organisational Culture Assessment Instrument (OCAI). Interviews were used in order to understand any potential shift in culture and values in the organisation from the present situation and into the future, and to bring into light any reasons for this development. In the case of this research it has been important to use the qualitative interviews to fully understand the quantitative data collected through the survey questionnaire.

Easterby-Smith, Thorpe and Lowe (1991) hold that a qualitative approach to interviews is appropriate when there needs to be a high degree of confidentiality regarding the issue discussed (e.g. commercially sensitive areas – quite common in the airline industry). This fits nicely with this researcher’s proposed research. Semi-structured interviews with open-ended questions allow the interviewer and interviewee to discuss views and interpretations on the subjects in question.
Cultural studies are often regarded as being interpretive in nature. Taking an interpretivistic perspective on organisational culture is a recognised approach by a myriad of scholars (e.g. Collins & Smith, 2004; Maull, Brown, & Cliffe, 2001; Schultz & Hatch, 1996). As this study sought to identify the meanings associated with culture, this approach was used as it permitted the executives to explain what culture meant to them and the organisation.

In this study, combining elements from a survey questionnaire of a single case organisation, as well as semi-structured interviews, was a way of mixing methodologies. Mixing methodologies “allows you to take a broader, and often complimentary, view of the research problem or issue” (Collis & Hussey, 2003, p. 76). Even though Collis and Hussey (2003) point to difficulties in mixing methodologies, it is commonly employed by researchers (for discussions, see e.g. Ouchi & Wilkins, 1985; Van Maanen, 1979).

The purpose of this mixed methodology research in this study was to:

- Obtain data from staff members on the current and the preferred organisational culture in a small New Zealand airline through the use of the OCAI assessment instrument as an electronic questionnaire described by Cameron and Quinn (1999).

- Obtain data on the values of staff members in a small New Zealand airline through using an electronic questionnaire based on shared value concepts identified by McDonald and Gandz (1992).

- Identify from a staff point of view, through qualitative comments in an electronic survey, the importance of the organisational culture, as well as what is the perceived
relationship between culture and values, and organisational economic performance in this firm.

- Interview senior managers in order to gain their perceptions of the survey findings and how these are associated with economic performance in the airline.

3.3 Data Collection Methods

Data collection was completed in two stages. Stage one consisted of a survey questionnaire of the organisation’s more senior employees. This three-part questionnaire was made into an e-survey and made available online to staff via email (Appendix 1 page 172). Part one of the questionnaire collected demographic data, while parts two and three of the survey have utilised the instrument developed and made popular by Cameron and Quinn (1999) and the values employed in the study by McDonald and Gandz (1992). The combination of Cameron and Quinn’s (1999) Organisational Culture Assessment Instrument and values survey of McDonald and Gandz (1992) have not been previously reported in the literature.

Part two is based on the Competing Values Framework (CVF) initially developed by Quinn and Rohrbaugh (1981; Quinn & Rohrbaugh, 1983) and employs the survey tool developed by Cameron and Quinn (1999) – the Organizational Culture Assessment Instrument (OCAI). The CVF study method has proven validity and reliability through literally thousands of organisational culture analyses (Cameron & Quinn, 1999). Furthermore, Cameron and Quinn claim that the OCAI has been found to predict organisational performance (1999), which was of importance to this research. This part comprises six questions on organisational culture which are to be answered twice, where respondents highlight the difference between the current and the preferred future organisational culture. The preferred culture reflects perceptions of what constitutes a high performing organisation. Additionally, asking
organisational members, especially key executives, to respond to culture assessment instruments with regards to what behaviours they believe are critical in achieving organisational goals as well as preferred future strategies, is what Cooke and Rousseau (1988), consider to be a way of facilitating the identification of behaviour desired and needed from all organisational members. This fits with the researcher’s project, as it aims to identify the views of senior managers and staff members in general, and to what degree these are aligned and in line with organisational goals.

The third part of the questionnaire used elements of a study by McDonald and Gandz (1992) and consisted of a list of 24 shared value concepts from which the respondents select eight that they believe most strongly describe the current organisation, and which eight values are the most appropriate for the future. Parts two and three allow for a useful cross-referencing with previous studies. An online version of this survey questionnaire was developed by the researcher, and made available on the survey tool site http://www.questionpro.com for respondents to access electronically whenever it suited them.

The organisation had at the time of conducting the research between 350-400 staff members in total, based across New Zealand. This number could not be more specific due to there being a great number of part-time employees and contracted staff members. The three-part survey was sent out to all staff members having an email address or who had chosen to subscribe to company email directly to their private email account.

Stage two of the research was undertaken through interviewing key executives at the most senior levels of the organisation. A maximum of ten interviews were initially planned to be conducted, but only 6 interviews were finally scheduled due to a lack of availability of senior executives in the organisation at the time of the interviews. The purpose of the interviews was
only to follow up on the results from the survey and it was not the intention of the researcher to create a full new set of data. There were two reasons for this: First, creating too much new data from the interviews with management would result in excess information, ultimately making the research too vast and unmanageable for the proposed scope. Second, senior management staff needed only give their interpretations and perceptions on the outcome of the survey questionnaire to give an insider’s view of why the results show what they do.

Interviews can be seen as part of both the positivist and interpretivistic approach (Collis & Hussey, 2003). The main difference between the two is the way in which questions are formulated. The research approach suggested conducting in-depth interviews with semi-structured open-ended questions, in order to explore the answers in depth; as opposed to the positivist questions which are closed (i.e. the possible answers are predetermined and limited in numbers). The researcher allowed the interviewees to deliberate freely on each question by asking for perceptions, interpretations, and personal views in order to try and get an idea of why the organisational culture and values were diagnosed the way they were. Had closed questions been asked this could have limited the way interviewees were able to express their perceptions.

Stage two of the research moved the setting of the research one level up, from staff members at all levels of the organisation to senior managers, rather than broadening the scope. The questions asked at this stage were based on the analysis of the findings of the survey as well as key ideas from the literature on culture and performance. The interviews were conducted at different levels of management from departments including HR, marketing, IT, and finance, operations, as well as the GM. These were the key informants of the organisation.
With the assistance of the organisation, the electronic survey was distributed over email throughout the organisation. Furthermore, senior managers (key informants) were targets for interviews following analysis of the survey results. They were also nominated by the organisation, and the main selection criterion was that they should hold management positions. The interviews took place in October and November of 2006.

3.4 Survey instruments

The strength of the survey instrument used in this research according to Cameron and Quinn (1999) is that it requires the respondents to only answer six items. These six dimensions are: dominant characteristics, organisational leadership, management of employees, organisation glue, strategic emphases, and criteria of success. Cameron and Quinn (1999) argue that

This instrument has been found to be both useful and accurate in diagnosing important aspects of an organization’s underlying culture. It has been used in more than a thousand organizations that we know of, and it has been found to predict organizational performance (p. 18).

Commonly, the instrument is completed twice, as was the case for this research as well – first to assess the current situation of the organisation, and the second time to assess how respondents would prefer their organisation to be in for example five years.

3.4.1 The Format of the Questionnaire

The questionnaire used for this research consists of three parts. Part one consisted of general questions on demographics such as age, gender, and length of service to the organisation.

Part two of the questionnaire replicated in full the Organisational Culture Assessment Instrument (OCAI) by Cameron and Quinn (1999). Following short but concise instructions
the respondents had to go through the six elements of the OCAI (dominant characteristics, organisational leadership, management of employees, organisation glue, strategic emphases, and criteria of success) twice. Each of these questions had four alternatives and a total of 100 points should be divided among the alternatives A, B, C, and D. The OCAI is constructed in a way that the respondent gives his or her answers to how they perceive the current situation as well as the preferred future situation by answering the same set of questions twice (See Appendix 1 on page 172).

The third part of the questionnaire was based on a study by McDonald and Gandz (1992), where they listed 24 values deemed to be relevant in the context of modern business corporations. The values were listed in their original form and context, along with the accompanying definitions (See Appendix 2 page 181). The only modification made was in changing the value aggressiveness to the more “New Zealand-friendly” assertiveness.

According to the Oxford English Dictionary the meaning of these words is the same, although aggressiveness can be considered to have a rather different meaning in New Zealand. Making minor adaptations to how a list of values are reported has been done by other scholars (see, for example, Lawrence, 1998). In this study, the respondents were asked to choose eight of the 24 listed values, through identifying for themselves which are considered to be the most important eight values in the organisation. These eight values were not ranked in any way.

3.4.2 Pilot Study

Eight fellow students and colleagues without any prior knowledge of this survey instrument were invited to do a pilot test of the online survey prior to it being sent out to the actual respondents, and all of them accepted. They came from different backgrounds and with different languages (five to be exact) as their mother tongue. Collis and Hussey (2003) argue that it is the important to pilot questionnaires before they are distributed, even if it is just on
colleagues and friends as it will help spot glaring errors you otherwise would not spot yourself. In this case, the pilot participants were asked to give their feedback to the following questions:

1. How long did it take you to complete the survey?
2. Did you feel the survey took too long to complete?
3. Did you feel discouraged by having to complete the same six questions in Section 2 twice?
4. Did you find the instructions given prior to each section to be clear and explanatory, having never seen this questionnaire before?
5. Could any the sections of the questionnaire be misunderstood or misinterpreted and if you believe so please demonstrate how?
6. If NO to question 3 and/or 4; do you have any suggestions with regards to how instructions could be improved?

Participants spent on average 14 minutes to complete the pilot survey, none of them felt it was too long, and they were all comfortable with having to answer the OCAI twice. Instructions were only slightly altered following the pilot test, for greater clarity and understanding, also with regards to possible respondents whose first language was not English.

3.4.3 Research Participants/Subjects

The questionnaire was sent out to all members of the organisation as this proved to be feasible given the electronic nature of the questionnaire as well as being in the interest of the case organisation. The recipients all had email addresses in the company or they subscribed to email from the company to their private e-mail address. The recipients received the questionnaire as a URL taking them straight to the e-survey. The survey was available for two
working weeks, and a reminder was sent out halfway through the process. The questionnaire was to be completed in the respondent’s own time.

Following an analysis of the results from the survey, interviews with ten senior managers was planned. These executives represented most departments in the organisation and were nominated by the company itself based on their availability and accessibility. Eventually a total of six interviews were conducted due to unavailability issues.

3.4.4 The Nature of the Interview

In this particular research, findings from the survey of the organisation’s senior employees were discussed via the interview with the senior management of the airline in an attempt to discover how they interpreted the results, and whether there are any discrepancies between what was identified in the survey and what was perceived by this group concerning the company. Collis and Hussey (2003) highlight that interviewees can be reluctant to be truthful about certain issues, should the setting not be a confidential one-to-one situation. In a fiercely competitive industry in which airlines operate, there will always be elements of the business that cannot be disclosed for fear of losing competitive advantage. For this reason, factual figures on performance were not investigated. Rather, questions based on the findings from the survey were asked in order to get management’s interpretation of what the results could signify in this organisation. During the course of the interviews, each person was asked the same five questions:

- The first one aimed to determine whether the respondent believed the organisational culture concept had any particular importance for the airline industry;
- The second question allowed the person to give an opinion on the shift in the OCAI diagram;
• The third question allowed for interpretation of the values that had the greatest increase or decrease in importance;

• The fourth question asked the respondent to relate organisational culture to the company’s performance;

• Finally, each interviewee was asked to comment on particular incidents which show the organisation’s unique culture and why it can be considered appropriate or not.

The interview questions can be seen in Appendix 3, page 182.

3.5 Data Analysis

The data gathered from the survey was subjected to quantitative analysis. All survey data gathered was transferred to Microsoft Excel for calculation. Only simple calculations were needed to draw up average culture plots for the organisation as well as to determine each value’s relative importance. Excel was also used to create the numerous diagrams, charts and tables that became the result of all the gathered data.

The interviews from the qualitative part of the research were recorded and transcribed verbatim in order to facilitate analysis of the interview contents. The transcripts were investigated both manually and by creating nodes using QSR’s qualitative research software N6 in order to highlight and collate themes. According to the software developer’s website N6 is appropriate to group together concepts so that meaningful context can be interpreted. The software is appropriate for organisational analysis and mixed method research in particular ("QSR", 2006). Themes were identified during the interviews, and later reviewed with respect to the organisational culture literature available. This is presented in Chapter 4 “Results and Discussion”.
3.5.1 Demographics

The following demographic information was collected: gender, age, length of service with the organisation, management vs. non-management role, and finally what department the respondent belonged to. The demographics data were collected in order to check for significant differences between gender and age groups, but more importantly differences between different departments and with regards to total time with the organisation.

3.5.2 Analysis of Organisational Culture Assessment Instrument

OCAI scores from each of the 28 (30 in the case of the current situation) participants were entered into an Excel spreadsheet for easy calculation of necessary averages used in OCAI plots. Scoring the OCAI is relatively easy as it requires primarily simple arithmetic calculations (Cameron & Quinn, 1999). For each completed OCAI survey (Appendix 1) returned, in step one all A responses in the NOW column for the six dimensions were added together and then divided by six. This results is an average score for the A alternatives in the NOW column. This step was repeated for alternatives B, C and D as well. Step two was to add all the responses from the PREFERRED column for the A, B, C, and D responses.

A worksheet developed by Cameron and Quinn (1999) was used throughout the calculation of the average OCAI plots, by incorporating this into an Excel-document (Appendix 4 page 183). The scores emerging as a result of the OCAI where plotted on a graph in yet another worksheet in order to draw a picture of the organisation’s culture. The graph used for plotting the scores is shown below in figure 3.1. It has been argued that “insight and understanding is best created, not by submitting data to statistical test, but creating pictures of data” (Tukey, as cited in Cameron & Quinn, 1999, p. 55). The picture created from the OCAI data assists the researcher in highlighting certain attributes of the organisational culture that would have been
less obvious without this visual depiction. Moreover, Cameron and Quinn (1999) argue that “the OCAI focuses on some core attributes of an organization that reflects its culture” (p. 55). The rating of six core attributes (dominant characteristics, organisational leadership, management of employees, organisation glue, strategic emphases, and criteria of success) has given indications as to what type of culture is dominant in the organisation. An example of a culture plot for the current and preferred culture is illustrated in figure 3.2.

3.5.3 Reliability and Validity of OCAI

According to Collis and Hussey (2003), reliability is concerned with whether the findings of the research is credible or not. They also say that if research findings can be repeated, the findings are reliable.

Cameron and Quinn (1999) hold that reliability in the context of the OCAI refers to the extent to which the instrument measures culture types consistently. Numerous studies have confirmed the OCAI’s reliability (e.g. Quinn & Spreitzer, 1991; Yeung, Brockbank, & Ulrich, 1991; Zammuto & Krakower, 1991). These studies reinforce the researcher’s confidence in using the OCAI for this particular study. Cameron and Quinn (1999) further strengthen this argument in saying that “sufficient evidence has been produced regarding the reliability if the OCAI to create confidence that it matches or exceeds the reliability of the most commonly used instruments in the social and organizational sciences” (p. 140).

Validity is the extent to which findings of the research actually represent what is happening in reality (Collis & Hussey, 2003). Cameron and Quinn (1999) say that validity refers to the extent to which phenomena that are supposed to be measured are actually measured; In the case of the OCAI it refers to whether the instrument really measures the four types of organisational culture (adhocracy, clan, hierarchy, and market).
Figure 3.1: The Organisational Culture Profile

Figure 3.2: Culture Plot, current and preferred future situation

Source: Cameron & Quinn (1999)
Faulty research procedures and misleading measurements can undermine the validity of a particular research. Collis and Hussey (2003) highlight two different types of ways to assess validity of research. First, *face validity* deals with making sure the measures or tests used really do measure what they are supposed to measure. Second, *construct validity* deals with the fact that there are phenomena, *hypothetical constructs*, which are not directly observable and that require the researcher to demonstrate that observations and findings can be explained by the construct. With regards to this study, face validity deals with whether the respondents found the survey tool believable or not, in the sense that it actually did measure organisational culture. No issues arose from the pilot test and no comments had been made during the two weeks the survey was active. Similarly, construct validity in relation to this study deals with whether inference can actually be made by the researcher from the use of the OCAI survey tool as well as the values construct, and back to the theories upon which these survey instruments are based on.

According to Cameron and Quinn (1999), no study of the OCAI has produced contradictory disconfirmatory evidence, however, a number of studies have produced evidence for its validity (e.g. Cameron & Freeman, 1991; Quinn & Spreitzer, 1991; Zammuto & Krakower, 1991).

### 3.5.4 Analysis of Organisational Values

In the third part of the survey questionnaire respondents had to choose 8 values (in no particular order) from a list of 24. This allowed the researcher to create a picture of which values are present in the organisation today versus those values that are considered important for the future. Any values currently present but less emphasised for the future could therefore be deemed less important for the organisation.
The results of the third part of the survey questionnaire were plotted into Excel to facilitate ranking of chosen values. Excel also allowed for easy creation of tables of frequency.

McDonald and Gandz (1992) embedded these 24 values across the same four quadrants (clan, adhocracy, hierarchy, and market) Cameron and Quinn (1999) did with the organisational culture. This allows for a cross-referencing of findings of the OCAI and the values identified by McDonald and Gandz (1992). By plotting the values for the current and preferred future situation in Figure 3.3 based on the frequency of which they have been selected as important by respondents, the figure will create a picture of the organisational values which can be compared with the outcome of the OCAI (see Figure 4.31, page 108).

Figure 3.3: Shared value concepts embedded in Quinn and McGrath’s model of organisations (McDonald & Gandz, 1992, p. 69)
3.5.5 Analysis of Open-ended Interviews

Transcripts of the six interviews were all processed manually using a highlighter to group together reoccurring themes and separate particularly useful quotes from the rest of the interview transcript. The interviews were also processed using QSR’s software for qualitative research, N6, to compare with what was found previously.

3.6 Ethical Considerations

The research project adhered to Unitec New Zealand’s ethics process, and gained ethical approval from the Unitec Research Ethics Committee (UREC) with approval number 2006.723. Furthermore, key management personnel within the New Zealand airline were approached and gave written approval to approach members of staff for completion of the survey questionnaire, as well as allowing for interviews with key senior staff members. The interviewees were presented with a participant information sheet regarding the research, and following a brief explanation of the interview process they were asked to sign a consent form. No consent forms were required for the survey, as the respondents gave their consent upon choosing to complete it.

Moreover, the completed thesis makes no direct reference to any employee within the organisation, and all data collected will remain totally confidential. Finally, upon completion, a copy of this research thesis will be made available to the General Manager of the organisation.
3.7 Summary

Using a hybrid method combining qualitative and quantitative methods, this single organisation case study was conducted in a New Zealand airline company. Employees were surveyed using an electronic questionnaire distributed online, and the findings from the survey questionnaire were discussed via an interview with members of senior management. These interviews were recorded and transcribed, and analysis of the total pool of data was undertaken using Microsoft Excel and QSR’s N6. In the next chapter, results from the data collection are presented in detail and discussed continuously.
4 RESULTS AND DISCUSSION

4.1 Introduction

The results and findings of this research are presented in the sections below. This chapter explores findings related to the main research questions, as well as the sub questions identified. This chapter also presents a discussion of the key results and findings that have been revealed in this research. Issues found are highlighted, and compared with the literature where relevant. The discussion primarily presents a picture of the organisational culture and values particular to this case organisation, based on the perceptions of the organisation’s members. The relevance of this particular culture to the organisation, and whether it is appropriate as well as aligned with the culture preferred for the future, is also discussed. Finally, conclusions, further implications and directions for further research are presented in the next chapter.

The goal of this research was to investigate the perceived relationship between organisational culture and firm performance in a New Zealand airline. This chapter presents a discussion of the key findings that have been revealed, with regards to the original research questions:

1. How relevant is the organisational culture concept to this firm?
2. What is the perceived current and preferred culture of the organisation?
3. What are the current and preferred values for this organisation?
4. What is the perceived relationship from a senior staff point of view, between culture and values, and organisational economic performance in this firm?
5. How do senior managers perceive the relationship between their culture and economic performance?
The chapter is split into four sections:

- First, the findings and results from the electronic survey questionnaire is presented, divided into the same three groups as the questionnaire itself: Demographics, the Organisational Culture Assessment Instrument (OCAI) by Cameron and Quinn (1999), and McDonald and Gandz’ (1992) shared values relevant to a modern business corporation.

- Second, each research question is answered with regards to the findings of the survey and the interviews, and compared with the literature. This section combines the survey outcome with the interview findings.

- Third, the responses from the survey questionnaire’s other comments are presented, and discussed where relevant.

- Finally, the chapter is summarised before leading into the final chapter presenting conclusions.

4.1.1 Research process and challenges

The researcher intended from the outset of the process to approach a New Zealand airline in which to conduct the actual research on culture and values. A total of seven airlines of varying sizes with operations in New Zealand were initially approached, of which several responded to the request, although one company expressed more interest than the others. This company agreed to become the case organisation for this research.

Distributing the online survey was a more time consuming process than expected. The company researched required a confidentiality agreement of their own, in addition to the Unitec Research Ethics Committee (UREC) approval of the research guaranteeing full confidentiality. Following the signing of the company confidentiality agreement, the survey
was finally distributed on October 16th 2006 and responses were received over a two week period.

The findings from the survey formed the basis for the questions for the face to face interviews with staff in senior management positions. Each interviewee was requested to interpret the outcome of the survey based on their perceptions. The delay in gaining the company confidentiality agreement extended the timeline for the project. Because the researcher himself was on a tight completion timeline for the field work, some interviews which were cancelled could not be rescheduled in time.

4.1.2 Plotting an Organisational Culture Assessment Instrument (OCAI) profile

Each respondent completed the OCAI section of the survey twice to determine the current and future preferred culture of the organisation. For each individual questionnaire completed, the As, Bs, Cs, and Ds were calculated and the average for each of these was determined. That results in a score for each of the six alternatives in the OCAI. This is calculated for both the present and future results. Results from each survey respondents were entered into an Excel spreadsheet and an average based on all respondents has been calculated. This average is used for plotting the OCAI quadrants throughout this chapter.

4.1.3 Interviews

In late October 2006 the researcher conducted six individual semi-structured interviews with senior management staff at Pukeko Air Ltd. Results of the survey questionnaire formed the basis of the topics discussed with the interview subjects, and these yielded the main themes for this section concerning the interview findings. On the outset of the research, a proposed maximum of ten interviewees were going to be approached. A group of nine individuals were eventually identified as appropriate and later approached, but in the end three declined to participate due to workload reasons. Reasons for choosing the interviewees are explained in
detail in chapter 3 under data collection. No interviewee is directly referred to in this section; rather their ideas are grouped together as a set of emerging themes arising from the six interview sessions.

The interview subjects were selected from all major departments in order to cover the perceptions that are likely to be representative of business as a whole. A list of potential interviewees was suggested by the company’s General Manager, with the final decision resting with the researcher. The General Manager, together with managers from five primary areas of business (operations, functional/administrative, management, and “others”), were interviewed on the basis of the results from the survey questionnaire. The researcher used the QSR N6 software for helping identifying recurring themes in the transcripts from the interviewees. The same process was undertaken manually by the researcher using highlighter pens of different colours, a process possible due to the relatively small number of interviewees.
4.2 Survey results part 1: Demographics data

In total, 28 individuals responded to the whole survey questionnaire, representing approximately 8 % of all members of the organisation. Because the organisation could not be more specific about how many employees who actually received the survey invitation (350-400 potential recipients), this percentage is not necessarily accurate. Of those who completed the survey, 53 % were male and 47 % female. Furthermore, of those completing the survey 50 % were aged 40 and above, 33 % between 30 and 39, and the remaining 17 % were aged between 18 and 29 years. The current organisation consists of employees from what was once two separate organisations, with 63 % coming from the younger and smaller of the two organisations and the remaining 37 % come from the larger and more well-established firm.

None of the respondents had been hired directly into the new organisation. The percentage of respondents having been four years or more with either of the individual companies totalled 67 %. Those having been with the organisation for one to four years total 30 % and the remaining 3 % had been with the organisation for a year or less. Sixty percent of the respondents considered themselves to be in management position, while 40 % considered themselves not to be part of the company management.

Finally, 30 % of respondents belonged to a functional/administrative department, 30 % belonged to an operational department, 17 % considered themselves part of management, and the remaining 23 % belonged to other departments within the organisation (Fig. 4.1).
From the survey respondents’ demographic data presented above, there are issues that stand out and merit some comments. First, it can be noted that 50% of the respondents are 40 years and above. Age is often said make a difference as to willingness to change, especially in terms of deep seated values and beliefs. This may or may not make a difference in the event where it is concluded that a particular culture or some values are emphasised too much or too little.

Second, more than 60% of the respondents have backgrounds derived from either one of the two former companies that make up the case organisation. Staff members who were previously employed by two separate organisations now represent a new and separate organisation. If this sample is representative for the organisation as a whole, this can result in the culture of this organisation being dominated by members who worked in either of the two previous companies. Should the cultural values associated with these two earlier companies be inappropriate for the future of the organisation, it may be difficult to communicate to this majority of staff that certain values are inappropriate for the future. Finally, 67% of the respondents have spent four years or more with either organisation. This can be a sign that – should it be representative for the organisation as a whole – the majority will have a good idea of what kind of culture is present and what values are accepted, which in return can mean the culture is deep-seated.
4.3 Survey results part 2: Organisational culture

The results of the OCAI as identified in the organisation is in this section presented graphically, plotted in a four quadrant figure as developed by Cameron and Quinn (1999). In this chapter these figures are completed based on member perceptions of the current and preferred future situation in the organisation, for the organisation as a whole as well as for selected demographics data, in order to illustrate in numerous ways the perceived cultural situations.

4.3.1 Perceptions of the current organisational culture

Because the OCAI focuses on core attributes of the organisation being surveyed, the ratings of survey respondents give an indication of the types of dominant culture present in the organisation, as well as the preferred future culture should there be any difference (Cameron & Quinn, 1999). A culture profile based on perceptions of the current situation has been developed for the organisation surveyed, based on 30 respondents who completed the survey up until this point (Fig. 4.2).
Figure 4.2: Respondents perceptions of the current culture shown on the OCAI profile (n=30)

<table>
<thead>
<tr>
<th>Quadrant (OCAI)</th>
<th>Average Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>A: Clan Culture</td>
<td>28</td>
</tr>
<tr>
<td>B: Adhocracy Culture</td>
<td>19</td>
</tr>
<tr>
<td>C: Market Culture</td>
<td>26</td>
</tr>
<tr>
<td>D: Hierarchy Culture</td>
<td>27</td>
</tr>
</tbody>
</table>
4.3.2 Organisational culture preferred for the future

After the respondents had to deliberate on their current organisational culture they were asked to consider what would be an appropriate culture profile for the organisation in the future. In the survey, “future” was in this case considered to be in “about five years time”. The cultural profile for the preferred situation turned out only slightly different from the current situation (Fig. 4.3).

![Figure 4.3: Respondents perceptions of the preferred future organisational culture situation (n=28)](image)

Table 4.2: Average scores for the four OCAI quadrants as shown in Figure 4.3

<table>
<thead>
<tr>
<th>Quadrant</th>
<th>Clan Culture</th>
<th>Adhocracy Culture</th>
<th>Market Culture</th>
<th>Hierarchy Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>30</td>
<td>23</td>
<td>23</td>
<td>24</td>
</tr>
</tbody>
</table>

65
When the perceptions of the current and future preferred culture are put together the difference can be illustrated as shown in Figure 4.4. (n = 30 NOW and n = 28 FUTURE)

**Figure 4.4: Current vs. preferred future culture in the organisation (n=30 NOW, n=28 FUTURE)**

<table>
<thead>
<tr>
<th>A: Clan Culture</th>
<th>B: Adhocracy Culture</th>
<th>C: Market Culture</th>
<th>D: Hierarchy Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NOW</strong></td>
<td>28</td>
<td>19</td>
<td>26</td>
</tr>
<tr>
<td><strong>FUTURE</strong></td>
<td>30</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td><strong>Difference</strong></td>
<td>+ 2</td>
<td>+ 4</td>
<td>- 3</td>
</tr>
</tbody>
</table>
4.3.3 Profiles for individual items on the OCAI

According to Cameron and Quinn (1999) it can be informative to plot scores for each of the six individual questions on the OCAI, permitting the researcher to determine whether or not each cultural attribute reflect the same dominant culture type. The authors also hold that this allows the researcher to determine whether or not, as well as to what degree the current culture is congruent with the preferred future culture.

In the case organisation the individual items have been plotted in Figures 4.5 and 4.6 below. When comparing the scores for each of the six items on the quadrant profiles, it is clear that there are no major discrepancies between the current and preferred situation. The few notable exceptions are seen in Organisational Glue, Management of Employees, and Criteria of Success. First, quadrant D (hierarchy) in Organisational Characteristics is much less emphasised for the preferred culture (from 28 to 17). This is in line with the preferred dominant culture, where the emphasis on The Hierarchy Culture for the preferred culture is reduced overall, although not as much as for the isolated element of Organisational Characteristics.

Quadrants C and D retreat somewhat in Management of Employees as seen in Figures 4.5 and 4.6 (from 30 to 21 and from 31 to 23 respectively). Once again there is less emphasis on the Hierarchy quadrant for the preferred culture, this time together with the Market quadrant. Coincidentally, these quadrants go back the most for the dominant culture as well, and could indicate a desire for a shift of focus in terms of how employees are managed.

Finally, quadrant A under the attribute Criteria of Success is more emphasised in the preferred culture, gaining another eight points (from 23 to 31). This could indicate that there is a belief
that more of the Clan attribute is needed in order to sustain success in the future. The Clan culture moves in the same direction in the dominant culture as well.

It should be noted, however, that Cameron and Quinn (1999) hold that the researcher should be sensitive to differences of more than ten points, something that only occurs in the attribute Organisational Characteristics. It can be concluded that the discrepancies identified in Pukeko Air are not always of greatest importance; rather, they appear to confirm the overall culture plots for the current and preferred situation.
Figure 4.5: Profiles for individual items on the OCAI - Current situation (n=30)

Organisational Characteristics
A: 31, B: 20, C: 22, D: 28

Organisational Glue
A: 34, B: 19, C: 23, D: 25

Organisational Leader
A: 25, B: 23, C: 25, D: 27

Strategic Emphasis
A: 24, B: 21, C: 25, D: 29

Management of Employees
A: 29, B: 20, C: 30, D: 31

Criteria of Success
A: 23, B: 15, C: 29, D: 31
Figure 4.6: Profiles for individual items on the OCAI - Future desired situation (n=28)

Organisational Characteristics
A B C D
30 27 23 17

Organisational Leader
A B C D
29 24 19 26

Management of Employees
A B C D
33 22 21 23

Organisational Glue
A B C D
34 21 21 21

Strategic Emphasis
A B C D
29 23 21 24

Criteria of Success
A B C D
31 17 24 27
4.4 Organisational culture plots based on demographic data

In the following section, differences in perceived organisational culture are presented based on demographic criteria collected in the survey. Figures 4.7 and 4.8 illustrate the differences in perceived culture by management staff and non-management staff, for both the current and preferred future situation (n=30 and 28 respectively). Figure 4.9 illustrates the perceived current situation only for the two groups (n=30), and Figure 4.10 illustrates the preferred future situation only for the two groups (n=28). This latter figure has been developed to enable an easier comparison with what is important for the future, which is possibly more relevant than the current situation.

Overall, there is not much difference between the views of management and non-management concerning Pukeko Air’s organisational culture. The greatest difference for the current situation is seen in the Hierarchy culture (quadrant D); however, the difference is only seven points. For the preferred situation the difference is even less; it appears as if the two groups do agree upon where they want to be some time into the near future.

Figures 4.11 (n=30) and 4.12 (n=28) illustrate the perceived differences based on respondents’ time with the organisation, grouped by those who have been with the organisation for less than four years and those who have been there for more than four years. Figure 4.13 illustrates the perceived current situation only for the two groups (n=30), and Figure 4.14 illustrates the preferred future situation only for the two groups (n=28). Dividing the respondents based on their time with the organisation does not reveal any real differences between the two groups. This suggests that there is little difference in the views on culture whether respondents have spent more or less than four years with either organisation making up the current one.
Furthermore, Figures 4.15 (n=30) and 4.16 (n=28) show the situation with regards to whether the respondents entered into the current organisation through organisation A or organisation B. They illustrate any cultural discrepancies resulting from respondents entering into the future from different backgrounds. Figure 4.17 illustrates the perceived current situation only for the two groups (n=30), and Figure 4.18 illustrates the preferred future situation only for the two groups (n=28). While the current situation is almost identical for the two groups, there is a gap between the two groups when looking at the Market culture. The difference of ten points is important, most likely resulting from the combining of separate companies with different organisational cultures, possibly representing an area which needs attention from management.

Finally, the organisation is for the sake of this research split into departments (n=30 NOW, n=28 FUTURE): operations (Fig. 4.19), management (Fig. 4.20), functional/administrative (Fig. 4.21), and finally one group named “others” (Fig. 4.22). Figure 4.23 places the four units against each other, presenting a picture of the differences between departments as perceived by respondents today. Similarly, Figure 4.24 presents a picture of the preferred future organisational culture situation of the organisation. While it is not surprising to see differences in views on organisational culture between various departments, any discrepancy of at least ten points should be noted. Clan culture (quadrant A) and the Market culture (quadrant C) display differences of ten points at most for the former and 12 points at the most for the latter. The departments which are furthers apart should be looked at more closely, however, such differences may reflect essential distinctions between departments given their functional requirements.
4.4.1 Organisational culture: management vs. non-management

Table 4.4: Scores for Figure 4.7

<table>
<thead>
<tr>
<th></th>
<th>A: Clan Culture</th>
<th>B: Adhocracy Culture</th>
<th>C: Market Culture</th>
<th>D: Hierarchy Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOW</td>
<td>31</td>
<td>21</td>
<td>25</td>
<td>23</td>
</tr>
<tr>
<td>FUTURE</td>
<td>29</td>
<td>24</td>
<td>26</td>
<td>21</td>
</tr>
<tr>
<td>Difference</td>
<td>-2</td>
<td>+3</td>
<td>+1</td>
<td>-2</td>
</tr>
</tbody>
</table>

Table 4.5: Scores for Figure 4.8

<table>
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<tr>
<th></th>
<th>A: Clan Culture</th>
<th>B: Adhocracy Culture</th>
<th>C: Market Culture</th>
<th>D: Hierarchy Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOW</td>
<td>25</td>
<td>19</td>
<td>26</td>
<td>30</td>
</tr>
<tr>
<td>FUTURE</td>
<td>32</td>
<td>21</td>
<td>22</td>
<td>25</td>
</tr>
<tr>
<td>Difference</td>
<td>+7</td>
<td>+2</td>
<td>-4</td>
<td>-5</td>
</tr>
</tbody>
</table>
Figure 4.9: Perceived culture, management vs. non-management: current situation

Table 4.6: Scores for Figure 4.9

<table>
<thead>
<tr>
<th></th>
<th>A: Clan Culture</th>
<th>B: Adhocracy Culture</th>
<th>C: Market Culture</th>
<th>D: Hierarchy Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOW: MGMT</td>
<td>31</td>
<td>21</td>
<td>25</td>
<td>23</td>
</tr>
<tr>
<td>NOW: NON-MGMT</td>
<td>25</td>
<td>19</td>
<td>26</td>
<td>30</td>
</tr>
<tr>
<td>Difference</td>
<td>6</td>
<td>2</td>
<td>1</td>
<td>7</td>
</tr>
</tbody>
</table>

Figure 4.10: Perceived culture, management vs. non-management: preferred future situation

Table 4.7: Score for Figure 4.10

<table>
<thead>
<tr>
<th></th>
<th>A: Clan Culture</th>
<th>B: Adhocracy Culture</th>
<th>C: Market Culture</th>
<th>D: Hierarchy Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>FUTURE: MGMT</td>
<td>29</td>
<td>24</td>
<td>26</td>
<td>21</td>
</tr>
<tr>
<td>FUTURE: NON-MGMT</td>
<td>32</td>
<td>21</td>
<td>22</td>
<td>25</td>
</tr>
<tr>
<td>Difference</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>
4.4.2 Organisational culture: time with organisation

Figure 4.11: Less than four years with the organisation: now vs. future

Table 4.8: Scores for Figure 4.11

<table>
<thead>
<tr>
<th></th>
<th>A: Clan Culture</th>
<th>B: Adhocracy Culture</th>
<th>C: Market Culture</th>
<th>D: Hierarchy Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOW</td>
<td>31</td>
<td>21</td>
<td>25</td>
<td>23</td>
</tr>
<tr>
<td>FUTURE</td>
<td>33</td>
<td>23</td>
<td>22</td>
<td>22</td>
</tr>
<tr>
<td>Difference</td>
<td>+2</td>
<td>+2</td>
<td>-3</td>
<td>-1</td>
</tr>
</tbody>
</table>

Figure 4.12: More than four years with the organisation: now vs. future

Table 4.9: Scores for Figure 4.12

<table>
<thead>
<tr>
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<th>A: Clan Culture</th>
<th>B: Adhocracy Culture</th>
<th>C: Market Culture</th>
<th>D: Hierarchy Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOW</td>
<td>26</td>
<td>19</td>
<td>26</td>
<td>29</td>
</tr>
<tr>
<td>FUTURE</td>
<td>30</td>
<td>21</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>Difference</td>
<td>+4</td>
<td>+2</td>
<td>-2</td>
<td>-5</td>
</tr>
</tbody>
</table>
Figure 4.13: Perceived culture, less than four years vs. more than four years with the organisation: current situation

Table 4.10: Scores for Figure 4.13

<table>
<thead>
<tr>
<th></th>
<th>A: Clan Culture</th>
<th>B: Adhocracy Culture</th>
<th>C: Market Culture</th>
<th>D: Hierarchy Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOW: &gt; 4 YEARS</td>
<td>31 21 25 23</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NOW: + 4 YEARS</td>
<td>26 19 26 29</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Difference</td>
<td>5 2 1 6</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 4.14: Perceived culture, less than four years vs. more than four years with the organisation: preferred future situation

Table 4.11: Scores for Figure 4.14

<table>
<thead>
<tr>
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<th>A: Clan Culture</th>
<th>B: Adhocracy Culture</th>
<th>C: Market Culture</th>
<th>D: Hierarchy Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>FUTURE: &gt; 4 YEARS</td>
<td>33 23 22 22</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FUTURE: + 4 YEARS</td>
<td>30 21 24 24</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Difference</td>
<td>3 2 2 2</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.4.3 Organisational culture: entry through organisation A or organisation B

**Figure 4.15: Entry through organisation A: now vs. future**

![Diagram](image1)

**Table 4.15: Scores for Figure 4.20**

<table>
<thead>
<tr>
<th></th>
<th>A: Clan Culture</th>
<th>B: Adhocracy Culture</th>
<th>C: Market Culture</th>
<th>D: Hierarchy Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOW</td>
<td>26</td>
<td>20</td>
<td>26</td>
<td>28</td>
</tr>
<tr>
<td>FUTURE</td>
<td>28</td>
<td>22</td>
<td>30</td>
<td>21</td>
</tr>
<tr>
<td>Difference</td>
<td>+2</td>
<td>+2</td>
<td>+4</td>
<td>-7</td>
</tr>
</tbody>
</table>

**Figure 4.16: Entry through organisation B: now vs. future**

![Diagram](image2)

**Table 4.16: Scores for Figure 4.21**

<table>
<thead>
<tr>
<th></th>
<th>A: Clan Culture</th>
<th>B: Adhocracy Culture</th>
<th>C: Market Culture</th>
<th>D: Hierarchy Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOW</td>
<td>29</td>
<td>19</td>
<td>25</td>
<td>27</td>
</tr>
<tr>
<td>FUTURE</td>
<td>33</td>
<td>22</td>
<td>20</td>
<td>25</td>
</tr>
<tr>
<td>Difference</td>
<td>+4</td>
<td>+3</td>
<td>-5</td>
<td>-2</td>
</tr>
</tbody>
</table>
Figure 4.17: Perceived culture, entry through A vs. B: current situation

Table 4.14: Scores for Figure 4.17

<table>
<thead>
<tr>
<th></th>
<th>A: Clan Culture</th>
<th>B: Adhocracy Culture</th>
<th>C: Market Culture</th>
<th>D: Hierarchy Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOW: ENTRY A</td>
<td>26</td>
<td>20</td>
<td>26</td>
<td>28</td>
</tr>
<tr>
<td>NOW: ENTRY B</td>
<td>29</td>
<td>19</td>
<td>25</td>
<td>27</td>
</tr>
<tr>
<td>Difference</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>1</td>
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</tbody>
</table>

Figure 4.18: Perceived culture, entry through A vs. B: preferred situation

Table 4.18: Scores for Figure 4.23

<table>
<thead>
<tr>
<th></th>
<th>A: Clan Culture</th>
<th>B: Adhocracy Culture</th>
<th>C: Market Culture</th>
<th>D: Hierarchy Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>FUTURE: ENTRY A</td>
<td>28</td>
<td>22</td>
<td>30</td>
<td>21</td>
</tr>
<tr>
<td>FUTURE: ENTRY B</td>
<td>33</td>
<td>22</td>
<td>20</td>
<td>25</td>
</tr>
<tr>
<td>Difference</td>
<td>5</td>
<td>0</td>
<td>10</td>
<td>4</td>
</tr>
</tbody>
</table>
4.4.4 Organisational culture: departmental analysis

Figure 4.19: Operational departments: now vs. future

Table 4.16: Scores for Figure 4.19

<table>
<thead>
<tr>
<th></th>
<th>A: Clan Culture</th>
<th>B: Adhocracy Culture</th>
<th>C: Market Culture</th>
<th>D: Hierarchy Culture</th>
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<tbody>
<tr>
<td>NOW</td>
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<tr>
<td>FUTURE</td>
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<td>18</td>
<td>24</td>
<td>28</td>
</tr>
<tr>
<td>Difference</td>
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<td>+2</td>
<td>-6</td>
<td>-3</td>
</tr>
</tbody>
</table>

Figure 4.20: Management: now vs. future

Table 4.17: Scores for Figure 4.20

<table>
<thead>
<tr>
<th></th>
<th>A: Clan Culture</th>
<th>B: Adhocracy Culture</th>
<th>C: Market Culture</th>
<th>D: Hierarchy Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOW</td>
<td>25</td>
<td>22</td>
<td>31</td>
<td>22</td>
</tr>
<tr>
<td>FUTURE</td>
<td>26</td>
<td>26</td>
<td>29</td>
<td>19</td>
</tr>
<tr>
<td>Difference</td>
<td>+1</td>
<td>+4</td>
<td>-2</td>
<td>-3</td>
</tr>
</tbody>
</table>
Figure 4.21: Functional/administrative departments: now vs. future

Table 4.18: Scores for Figure 4.21

<table>
<thead>
<tr>
<th></th>
<th>A: Clan Culture</th>
<th>B: Adhocracy Culture</th>
<th>C: Market Culture</th>
<th>D: Hierarchy Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOW</td>
<td>30</td>
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<td>24</td>
<td>25</td>
</tr>
<tr>
<td>FUTURE</td>
<td>32</td>
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</tr>
<tr>
<td>Difference</td>
<td>+2</td>
<td>+3</td>
<td>0</td>
<td>-5</td>
</tr>
</tbody>
</table>

Figure 4.22: Other departments: now vs. future

Table 4.19: Scores for Figure 4.22

<table>
<thead>
<tr>
<th></th>
<th>A: Clan Culture</th>
<th>B: Adhocracy Culture</th>
<th>C: Market Culture</th>
<th>D: Hierarchy Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOW</td>
<td>33</td>
<td>20</td>
<td>19</td>
<td>27</td>
</tr>
<tr>
<td>FUTURE</td>
<td>33</td>
<td>22</td>
<td>20</td>
<td>24</td>
</tr>
<tr>
<td>Difference</td>
<td>0</td>
<td>+2</td>
<td>+1</td>
<td>-3</td>
</tr>
</tbody>
</table>
Figure 4.23: Perceived culture, operations/management/functional/other: current situation

Table 4.20: Scores for Figure 4.23

<table>
<thead>
<tr>
<th></th>
<th>A: Clan Culture</th>
<th>B: Adhocracy Culture</th>
<th>C: Market Culture</th>
<th>D: Hierarchy Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOW</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OPERATIONS</td>
<td>23</td>
<td>16</td>
<td>30</td>
<td>31</td>
</tr>
<tr>
<td>MANAGEMENT</td>
<td>25</td>
<td>22</td>
<td>31</td>
<td>22</td>
</tr>
<tr>
<td>FUNCTIONAL</td>
<td>30</td>
<td>21</td>
<td>24</td>
<td>25</td>
</tr>
<tr>
<td>OTHER</td>
<td>33</td>
<td>20</td>
<td>19</td>
<td>27</td>
</tr>
</tbody>
</table>

Figure 4.24: Perceived culture, operations/management/functional/other: preferred future culture

Table 4.21: Scores for Figure 4.24

<table>
<thead>
<tr>
<th></th>
<th>A: Clan Culture</th>
<th>B: Adhocracy Culture</th>
<th>C: Market Culture</th>
<th>D: Hierarchy Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>FUTURE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OPERATIONS</td>
<td>30</td>
<td>18</td>
<td>24</td>
<td>28</td>
</tr>
<tr>
<td>MANAGEMENT</td>
<td>26</td>
<td>22</td>
<td>29</td>
<td>19</td>
</tr>
<tr>
<td>FUNCTIONAL</td>
<td>32</td>
<td>26</td>
<td>24</td>
<td>20</td>
</tr>
<tr>
<td>OTHER</td>
<td>33</td>
<td>22</td>
<td>20</td>
<td>24</td>
</tr>
</tbody>
</table>
4.5 Research question #1:  
“How relevant is the organisational culture concept to this firm?”

All respondents without exception considered organisational culture to be an important element in the airline industry, with terms such as “very relevant”, “vital”, “absolutely crucial”, and “pretty important” being used to describe its importance. Moreover, being “young”, “energetic”, “enthusiastic”, and “fun” was seen as desired characteristics for the industry in the future.

The understanding of the concept of organisational culture appeared to be problematic to some respondents, although not all, with one giving an account of how organisational culture is “the constellation of all the things, that of artefacts and habits and beliefs of an organisation” – not unlike several definitions of culture presented by scholars (e.g. Ouchi, 1981; Schein, 1992; Stonehouse & Pemberton, 1999).

Because of the degree of customer interface, participants believed that organisational culture is the one way you can really differentiate yourself from the opposition, as what is actually offered by airlines is a rather standardised product. What actually reflects how the customer is going to perceive the organisation as a whole, was viewed to be the organisation’s culture, through his or her interactions with the company. In the words of one respondent, “organisational culture is probably the essence of competitive advantage for our industry” – being an industry primarily focused on cost and efficiency means that the opportunity to offer differentiation in the context of customer service is driven by the culture. The organisational culture is ultimately seen as important to the type of airline the organisation wants to be.

There is a must for the industry to differentiate and add value through the personality of the organisation’s staff. Having got customers “on board” in the sense of having created loyalty
towards the company, this is maintained through how customers experience what staff are like on board. Respondents perceived the culture to be what should be permeated throughout the organisation.

One respondent pointed to the relevance of national culture and national identity in a relatively small market such as New Zealand. Because different cultures can be successful, respondents held that airline culture is unlikely to be any much more important to a New Zealand airline compared to the USA and Australia. This is, according to some interviewees, a reason why a New Zealand identity is important to Pukeko Air Ltd.

Too much emphasis on product and infrastructure, and at the same time ignoring organisational culture, was considered inappropriate by interviewees. Respondents repeatedly pointed to how some airlines have a very strong culture (e.g. Southwest Airlines in the USA) and how this was well known to be an inspiration for many in the industry. Having a strong and unique culture like Southwest means it is going to be a competitive advantage that is not easily imitable or stolen, providing it pervades throughout the organisation, which was perceived as desirable by an interviewee.

Respondents recognised a big fear of becoming too entrenched in terms of their culture, which can lead to resistance of change. Entrenched cultures like these were not considered to be conducive to running a successful airline. It was also believed that there are groups within the organisation today who embrace change due to a great number of relatively small teams, leading to what one respondent referred to as a “can do” attitude. Not always having to go through formal processes meant that the company can implement initiatives quickly when market changes required it. This relevance of sub-cultures in an organisation was pointed out by a number of interviewees, and that there are good and bad ones of these scattered across the organisation. No particular reference was made to a particular “good” or “bad” sub-
culture, although it could be inferred from the conversations that the management team was considered to be a well-working sub-culture. One respondent wanted to see the good sub-cultures “bottled and spread around the organisation”.

It was emphasised that there is a cultural divide within the organisation today, with staff coming from different backgrounds and therefore having different mindsets. The target, however, is to give staff the right environment in which to deliver good service. The organisation intends to take the good elements from each unit and wrap them into one great culture.

Finally, it was noted by one respondent that culture is important but that it appears to be driven by a few people at the top. These people push the organisation in the direction they thought the company should be heading.

Overall, when senior management in this organisation reflected on the relevance of culture to the industry they all agreed in principle that it is most definitely relevant, but it was pointed out the organisation cannot be all about culture. It must, however, be emphasised and it must be appropriate to matter. Interpretations of these discussions are presented in the next section.

4.5.1 Perceived importance of organisational culture to the company and industry: an interpretation by the researcher

From the opinions presented above, it is clear that the relevance and importance of organisational culture to the airline industry was recognised by the organisation’s senior management. In the airline industry respondents agreed unanimously that organisational culture is a key point of differentiation in the industry. When all actors in the market reach the limits of what degree of differentiation can be made on the basis of cost and efficiency, organisational culture was perceived to be one of the areas where it is still possible to stand out in the crowd. This differentiation is possible because of the degree of customer interface,
and the element of customer service which is allegedly driven by the organisation’s culture. This is in agreement with the available but limited literature on the role of organisational culture in the success of airlines. As highlighted by Quick (1992), culture is not the only variable in an airline’s success. Rather, it should be perceived as a connective tissue helping the organisation succeed in the competitive environment. Smith (2004) lists a number of other elements that are important for Southwest Airlines, things that are not necessarily related to the organisational culture. There is essentially more to an airline’s success than just the culture, and a parallel can be drawn to the works of for example Smircich (1983) and Cameron and Ettington (1988) where the debates concerns whether culture is something an organisation is or something it has – is it the organisation itself which is the culture, regardless of its people, or does it have a certain culture namely because of its people and everyone involved. Because the culture at Southwest Airlines is most likely impossible to copy, and because this culture has resulted in other areas of business unique to this airline, the organisation can be said to have a well functioning culture at the same time as it is the culture. Only having or only being a culture can potentially mean there is a weakness in place. The organisation can loose all its employees and thereby losing the culture, while if the culture is solely embedded in the organisation’s name, history, management and so on, it can be difficult for employees to grasp the cultural elements. Together, however, having some and being some can potentially compliment each other, and strengthen the cultural element – possibly leading to higher performance.

Furthermore, some of the airline’s senior managers made comments that pointed in the direction of an agreement that the organisational culture is a contributing factor in determining what type of airline the company wants to be. This type of relationship has been discussed by O’Reilly (1989), who claims the role of a strong culture is to reinforce the fit between culture and strategy, as well as strengthening the commitment of employees to the
firm. Creating a unique organisational culture based on the company’s strategy certainly helped Southwest Airlines, as pointed out by Flint (2005).

Another reason why Pukeko Air’s management consider organisational culture to play an important role in the industry today is the role staff have in contributing towards creating loyalty to the company. The case organisation’s culture has, according to one interviewee, contributed in deciding what kind of people are hired for the job, and for this reason it appears as though culture also plays a role in strategies of differentiation considered relevant in an industry offering a rather standardised product.

The role of national culture was by the majority of interviewees perceived to be of importance for the airline industry, particularly in a relatively small market like New Zealand. Airline cultures were said to not be very different regardless of country of operation, which is why the national identity plays a role as well. In the event where New Zealanders choose to fly “home grown” airlines rather than foreign airlines, this was by management believed to have implications for any foreign entrant. It was believed that the operational cultures of different countries would seemingly be the same across the industry, and being a local company may for this reason affect business in a positive manner. It is important to note that the researcher has found no evidence in the literature to support this, however, this was an experience made by the organisation.

The findings identify another important issue in the role of organisational culture in airlines. It was agreed upon by the managers interviewed that placing less importance on the culture and too much focus on product and infrastructure can be counter productive. Unlike product offerings and material elements of the companies, a strong culture becomes a competitive advantage that cannot be easily stolen or imitated, as long as it is strong enough to permeate
the organisation (cf. Barney, 1986). This also fits with Cameron and Ettington’s (1988) work on the role of cultural strength, saying that there must be a strong culture in place for an organisation to be effective. This notion has of course been contested, and arguments claimed that such relationships are more complex (e.g. Schein, 1984).

At the same time, there was a fear expressed by interviewees of becoming too entrenched in the current culture and therefore resistant to change, ultimately an undesirable situation not considered conducive to successful airlines. In this context, sub-cultures within the company were highlighted as some groups within the organisation are always more open to change than others. The groups who are considered more willing to change were said to have the kind of culture that is desired throughout the organisation. Emergence of sub-cultures with different assumptions and beliefs are common according to Cooke and Rousseau (1988), as what is perceived as reality tends to be differentiated by level and function. For this reason, different cultures emerge throughout an organisation. In the case organisation there appeared to be some awareness of which sub-cultures have the right mentality, and this is the mindset that the organisation should copy and try to introduce into other areas of the business.

From the discussion above it can be concluded that organisational culture is considered an important element in the success of the airline industry in general, and the case organisation in particular. The relevance of organisational culture to the industry is a relationship which is difficult to establish, however, based on comments made by the airline’s management it is recognised as being both relevant and believed to be able to make a difference.
4.6 Research question # 2:
“What is the perceived current and preferred culture of the organisation?”

The current and preferred cultures for Pukeko Air are shown in Fig 4.2 and 4.3 on pages 64 and 65. Sections 4.6.1 to 4.6.4 represent the views of the six interviewees. The respondents were asked to present their understanding of the OCAI diagram, and give an account of their thoughts regarding the current (Fig. 4.2 page 64) and future situation (Fig. 4.3 page 65), with emphasis on the changes between “now” and “preferred future” situation (Fig. 4.4 page 66). Each interviewee was provided with a short description of the four cultures, in order to highlight their differences. They then attempted to interpret the cultural shift, through discussing the present versus the future situation. Most respondents treated each quadrant separately, other referred back and forth between the four.

4.6.1 The Hierarchy Culture

Table 4.22: The Hierarchy Culture (n = 30 Current, n=28 Future)

<table>
<thead>
<tr>
<th>Culture Type</th>
<th>Current %</th>
<th>Future %</th>
<th>Difference</th>
<th>Current Rank</th>
<th>Future Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hierarchy Culture</td>
<td>27 %</td>
<td>24 %</td>
<td>3 % reduction</td>
<td>2nd</td>
<td>2nd</td>
</tr>
</tbody>
</table>

The Hierarchy culture is one of the quadrants which is attributed less relative importance for the preferred future situation. All interviewees acknowledged the importance of the Hierarchy culture in the airline industry, which is why it is currently the second most dominant culture in the organisation. It was recognised that an element of hierarchy is an absolute necessity for any airline having to adhere to rules, regulations and policies. According to the management staff’s interpretation of this shift, employees want to be innovative and dynamic, which is seen as important capabilities for an industry in almost constant change. On the other hand, the reason why hierarchy culture is, and will remain in the future, the second strongest culture...
is the absolute need for rules, regulations, and policies in an airline. Clear rules and standard procedures are needed to operate according to safety regulations of aviation authorities.

Respondents noted how an airline cannot have staff innovating while flying an aircraft or performing engineering tasks on aircrafts. Some elements of the business needs clear rules and standard procedures to be followed. However, as one interviewee commented: “Hierarchical tends to mean that decisions aren’t made where the knowledge is greatest”, such as decisions that must be made while in the air, and the main office cannot be contacted easily. This can somewhat explain the reduced importance of this culture. Conversely, it was perceived that one reason why the Hierarchy culture loses a few points is because the industry is so dynamic and constantly changing that innovation is absolutely necessary to keep up with the competition. On the other hand, an element of stability and control was perceived as crucial.

Furthermore, it was recognised by respondents that moving slightly away from hierarchy culture deals with an innate preference New Zealanders will have towards this type of organisation. Hierarchy is, according to several of the interviewees, not considered to be a highly ranked element in the New Zealand national identity. Another reason relates back to how the industry has some degree of military heritage, and how engineers and the Air Force always have worked under a logical, structured environment. Finally, it was believed that distancing oneself from the hierarchy was simply human nature, as staff want to have more control themselves, rather than control being imposed on them. The interpretations of the hierarchy culture fits nicely with the culture profile as presented by Cameron and Quinn (1999) in table 4.27.
4.6.2 The Market Culture

Table 4.23: The Market Culture (n = 30 Current, n=28 Future)

<table>
<thead>
<tr>
<th>Culture Type</th>
<th>Current %</th>
<th>Future %</th>
<th>Difference</th>
<th>Current Rank</th>
<th>Future Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Culture</td>
<td>26 %</td>
<td>23 %</td>
<td>3 % reduction</td>
<td>3rd</td>
<td>Joint 3rd</td>
</tr>
</tbody>
</table>

The culture in this quadrant was considered to represent the competitive industry the airlines are in and that the company needs a big element of the Market culture, both today and for the future. Respondents also interpreted the fact that Market culture did not change much means it is commonly accepted across the organisation that the organisation needs an element of that to be competitive. “You have to have an element of that, I don’t think you’ll find that any reducing” was a comment by an interviewee. Continuing to uphold the Market culture and being market driven was perceived to contribute in making sure the company stays competitive. Operating in such a highly competitive market, which shows no sign of becoming less competitive, will make sure the company keeps driving hard to maintain the competitiveness. Finally, the market element was considered “inevitable but not always palatable”. Continuing to be market driven was perceived to be a reason why people will come back to the company. Cameron and Quinn’s (1999) Market culture profile can be clearly recognised in these perceptions, as the company perceives itself to be competitive, and with an emphasis on beating the competitors.

4.6.3 The Adhocracy Culture

Table 4.24: The Adhocracy Culture (n = 30 Current, n=28 Future)

<table>
<thead>
<tr>
<th>Culture Type</th>
<th>Current %</th>
<th>Future %</th>
<th>Difference</th>
<th>Current Rank</th>
<th>Future Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adhocracy Culture</td>
<td>19 %</td>
<td>23 %</td>
<td>4 % increase</td>
<td>4th</td>
<td>Joint 3rd</td>
</tr>
</tbody>
</table>
Reasons for increase in the Adhocracy culture were perceived to be a desire for more innovation and growth. There was an agreement towards the importance of innovation and growth being important elements in succeeding in the highly competitive airline industry. Respondents were of the opinion that the present leader of the company is an Adhocracy type of person, which is one reason a key value in the organisation now, and even more so in the future, is innovation. The organisation allows its employees to be innovative and to contribute with ideas. This is in line with the desired reduction in emphasis on hierarchy culture. Still, the Adhocracy culture has least dominance in the organisation today, in spite of interviewees claiming the current leader in an “adhocracy type of person”, and one commenting that “[adhocracy] is looking at what we are trying to go for, which is more innovation and visionary, rather than the traditional, what we’ve done in the past”.

In an airline there are groups of employees who are by nature not innovative, and who prefer to follow a hierarchy and procedures. Furthermore, another reason why the future situation has a greater emphasis on the Adhocracy culture was believed to be that the words “innovator”, “entrepreneur”, and “visionary” are seen as attractive characteristics to the New Zealand culture. Conversely, at the opposite end words such as “co-ordinator”, “monitor”, “organiser”, “hard driven” and “competitor” are considered less attractive from a New Zealand point of view. Another reason was considered to be the need for increased decision speed in the future in order to keep up with competitors and the increased flexibility and individuality of the Adhocracy culture allows for this to be facilitated. Finally, it was noted that in addition to being innovative there is also the need to retain key people, which was seen as one reason why the four cultures are rather balanced at this organisation.
4.6.4 The Clan Culture

Table 4.25: The Clan Culture (n = 30 Current, n=28 Future)

<table>
<thead>
<tr>
<th>Culture Type</th>
<th>Current %</th>
<th>Future %</th>
<th>Difference</th>
<th>Current Rank</th>
<th>Future Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clan Culture</td>
<td>28 %</td>
<td>30 %</td>
<td>2 % increase</td>
<td>1&lt;sup&gt;st&lt;/sup&gt;</td>
<td>1&lt;sup&gt;st&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

Upon hearing the Clan culture mentioned, all respondents immediately used analogies in the line of the company being “one big happy family”. This was seen as important in order to get people to work together, and making sure everyone is pulling in the same direction. The strengthening of Clan culture in the future can be seen as a result of recent changes in the organisation, and a fear that these are elements of a culture that may or may not be as much emphasised in the future.

Teamwork was considered to be a building block for delivering consistent customer service and, in doing this it was noted by one respondent that you must get the leadership right to get the teamwork right. The respondent also pointed out that teamwork is considered by the employees to be an important element in success, which can be an explanation for the desired increase in the Clan culture quadrant. The teamwork used today as a tool for achieving success can also explain the dominance of Clan culture, together with a Clan culture being conducive for confident decision making and risk taking; all which is in line with the culture profile defined by Cameron and Quinn (1999).

The notion that Clan culture is a building block for delivering consistent customer service can be a reflection of how Market culture remains strong but almost unchanged. It was reiterated that superior customer service can be a competitive advantage and an important element in the competitive industry. A Clan culture was considered more united, and for this reason
employees are more likely to be innovative and confident in their decision making, as well as prepared to take risks. Furthermore, respondents repeatedly referred to Clan culture as something that is easier to have in smaller groups but acknowledged that with the right leadership this can be done across organisations of most sizes. A challenge for the leadership is to stay close to the workforce and be there as a coach and mentor, which is not always easy in the industry with people on the ground and in the air. Being flexible and working as a team is seen as important, but it was pointed out that being sensitive to the customer will still be of the utmost importance.
4.6.5 Perceived cultural situation in the case organisation: Researcher’s interpretation

The organisational culture as perceived today shows no clear dominating culture, based on the results from the survey questionnaire distributed in the company. However, three of the four cultures are more pronounced than the last one, with Clan culture (28), Hierarchy culture (27) and Market culture (26), ranking ahead of the Adhocracy culture (19). This means the relative importance of each culture today can be ranked as follows:

I. Clan Culture  
II. Hierarchy Culture  
III. Market Culture  
IV. Adhocracy Culture  

When looking at the future preferred organisational culture we see a slight shift in the direction of the upper two cultures. Clan Culture (30) is preferred as the most dominating culture for the future, ahead of Hierarchy culture (24), followed closely by Adhocracy culture (23) and Market culture (23) given equal importance. The new rank, therefore, is as follows:

I. Clan Culture  
II. Hierarchy Culture  
III= Adhocracy Culture  
III= Market Culture  

This suggests that the cultural preferences for the future have not changed in terms of relative importance, however, their strengths have changed somewhat. The Clan culture is the most desired culture for the future, scoring higher than the three other cultures that are given almost equal importance.

Table 4.26: Differences between culture strength, now and future

<table>
<thead>
<tr>
<th></th>
<th>A: Clan Culture</th>
<th>B: Adhocracy Culture</th>
<th>C: Market Culture</th>
<th>D: Hierarchy Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NOW</strong></td>
<td>28</td>
<td>19</td>
<td>26</td>
<td>27</td>
</tr>
<tr>
<td><strong>FUTURE</strong></td>
<td>30</td>
<td>23</td>
<td>23</td>
<td>24</td>
</tr>
<tr>
<td><strong>Difference</strong></td>
<td>+ 2</td>
<td>+ 4</td>
<td>- 3</td>
<td>- 3</td>
</tr>
</tbody>
</table>
In order to interpret the culture profiles drawn up based on the respondents feedback, Cameron and Quinn (1999) propose that the profiles can be interpreted from the standpoints of differing perspectives. They refer to six different comparison standards: type of culture; discrepancies between current and preferred future culture; strength of the dominating culture; congruence of the profiles based on different attributes and demographic groups; comparison with the average culture profile of almost one thousand organisations; and comparability with some general trends over more than ten years’ work with the instrument.

Table 4.27: The organisational culture profile

<table>
<thead>
<tr>
<th>Culture Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Clan Culture</td>
<td>A very friendly place to work where people share a lot of themselves. It is like an extended family. The leaders, or the heads or the organisation, are considered to be mentors and perhaps even parent figures. The organisation is held together by loyalty and tradition. Commitment is high. The organisation emphasises the long-term benefit of human resources development and attaches great importance to cohesion and morale. Success is defined in terms of sensitivity to customers and concern for people. The organisation places a premium on teamwork, participation, and consensus.</td>
</tr>
<tr>
<td>The Adhocracy Culture</td>
<td>A dynamic, entrepreneurial, and creative place to work. People stick their necks out and take risks. The leaders are considered innovators and risk takers. The glue that holds the organisation together is commitment to experimentation and innovation. The emphasis is on being on the leading edge. The organisation’s long-term emphasis is on growth and acquiring new resources. Success means gaining unique and new products or services. Being a product or service leader is important. The organisation encourages individual initiative and freedom.</td>
</tr>
<tr>
<td>The Hierarchy Culture</td>
<td>A very formalised and structured place to work. Procedures govern what people do. The leaders pride themselves on being good coordinators and organisers who are efficiency-minded. Maintaining a smooth-running organisation is most critical. Formal rules and policies hold the organisation together. The long-term concern is on stability and performance with efficient, smooth operations. Success is defined in terms of dependable delivery, smooth scheduling, and low cost. The management of employees is concerned with secure employment and predictability.</td>
</tr>
<tr>
<td>The Market Culture</td>
<td>A results-oriented organisation whose major concerns is with getting the job done. People are competitive and goal-oriented. The leaders are hard drivers, producers, and competitors. They are tough and demanding. The glue that holds the organisation together is an emphasis on winning. Reputation and success are common concerns. The long-term focus is on competitive actions and achievement of measurable goals and targets. Success is defined in terms of market share and penetration. Competitive pricing and market leadership are important. The organisational style is hard-driving competitiveness.</td>
</tr>
</tbody>
</table>

Source: Cameron and Quinn (1999, p. 59)
Type: The role as most pronounced in the organisation is not only held by one culture, but shared by three culture of almost identical perceived importance. Cameron and Quinn (1999) hold that the culture with the highest scores are the cultures that tend to be mostly emphasised in the organisation, as the culture types are said to identify the basic assumptions, styles and values that predominate. Based on the scores, the Clan culture is the culture that is most emphasised in this organisation, and therefore ultimately the dominant culture, with Hierarchy and Market culture following very closely. According to the authors this is important to know in order to determine whether the organisational culture matches the demands of the competitive environment, as this compatibility must meet the demands of the operational environment. What characterises a Clan culture has been explained in a few sentences in Fig. 4.27.

Discrepancies: It is of importance to identify the discrepancies between the current and preferred culture. This must be done in order to design a map for any potential change. Cameron and Quinn (1999) emphasise that one should pay particular attention to discrepancies of 10 percentage points and more. The organisation in question can be said to be in a rather good position in this sense, as the greatest discrepancy between current and preferred culture can be seen in the Adhocracy culture, showing a difference of only four points. The dominating culture(s) are not making any radical shifts. Rather, the already dominating Clan culture is reinforced while the other dominating Hierarchy culture remains number two, in spite of being allocated less strength for the future. Market culture, currently regarded as number three, falls back slightly and shares the role as the least emphasised culture for the future, along with the Adhocracy culture. Still, it is important to acknowledge how Adhocracy culture takes a great stride forward in relative importance in the future. Again, what these culture types entail can be seen in Fig. 4.27.
**Strength:** Cultural strength relates to the actual score allocated to each culture type. Higher score equals a stronger, more dominant culture. As highlighted by Cameron and Quinn (1999), research has revealed that strong cultures “are associated with homogeneity of effort, clear focus, and higher performance in environments where unity and common vision are required” (p. 63). Cultural strength and its importance for organisations to be effective is commonly accepted in the cultural literature (e.g. Cameron & Ettington, 1988; Deal & Kennedy, 1982; O'Reilly, 1989; Peters & Waterman, 1982).

In spite of the relatively small difference between the three cultures with highest score achieved, based purely on the scores, **Clan culture** is the strongest in the organisation today. However, even though the organisation cannot be said to have any one dominant culture today, at the opposite end the **Adhocracy culture** must be said to be the weakest culture, trailing the highest scoring culture by nine points.

When looking at the preferred future culture, culture strength becomes slightly more evident. The **Clan culture** will be six points ahead of number two, **hierarchy culture**, which in return is only going to be one point ahead of the other two culture types. Overall, considering the gaps will never reach ten points in any direction, it appears as the organisation is not going to be largely dominated by any one culture in the future either.

**Congruence:** In a congruent culture, strategy, leadership style, reward system, management of employees, and dominant characteristics have a tendency to emphasise the same set of cultural values (Cameron & Quinn, 1999). According to the authors, the individual plots look similar in congruent cultures, while the shapes in incongruent culture will have different shapes. They also relate this congruence to performance, saying how “although not a prerequisite for success, [congruent cultures] are more typical of high performing organisations than incongruent cultures. This view is also shared with other scholars on the
field, with for example Peters and Waterman (1982) who say that “the dominance and coherence of a culture proved to be an essential quality of the excellent companies” (p. 76).

Looking at Figure 4.5 and 4.6 on pages 69 and 70, it is possible to get an idea of the situation at the case organisation. Overall there is not too much difference between the six items. Organisational characteristics (Q #1), Organisational Leadership (Q #2), Strategic Emphasis (Q #5), and Criteria of Success (Q #6) look similar, while Management of Employees (Q #3) and Organisational Glue (Q #4) are similar, although slightly different from the rest. Clan culture does show a difference between highest and smallest score of 11 points, Adhocracy culture has a difference of eight points, Market culture displays a difference of eight points, and Hierarchy culture displays a difference of only six points at most. According to Cameron and Quinn’s (1999) advice on looking for discrepancies of more than ten point, only Clan culture displays a tendency to stand out, primarily because of its relatively high maximum score of 34 points (see table 4.28).

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<th>A</th>
<th>B</th>
<th>C</th>
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<tbody>
<tr>
<td>Q #1</td>
<td>31</td>
<td>20</td>
<td>22</td>
<td>28</td>
</tr>
<tr>
<td>Q #2</td>
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<td>23</td>
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<td>27</td>
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<td>Q #3</td>
<td>29</td>
<td>20</td>
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<td>31</td>
</tr>
<tr>
<td>Q #4</td>
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<td>25</td>
</tr>
<tr>
<td>Q #5</td>
<td>24</td>
<td>21</td>
<td>25</td>
<td>29</td>
</tr>
<tr>
<td>Q #6</td>
<td>23</td>
<td>15</td>
<td>29</td>
<td>31</td>
</tr>
</tbody>
</table>

Similarly, in terms of the preferred future situation there is a difference of five points in Clan culture, ten points in Adhocracy culture, five points in Market culture and ten points in Hierarchy culture (see table 4.29).
Table 4.29: Scores for individual items on the OCAI - Future

<table>
<thead>
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<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
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</thead>
<tbody>
<tr>
<td>Q #1</td>
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<td>Q #4</td>
<td>34</td>
<td>21</td>
<td>21</td>
<td>21</td>
</tr>
<tr>
<td>Q #5</td>
<td>29</td>
<td>23</td>
<td>21</td>
<td>24</td>
</tr>
<tr>
<td>Q #6</td>
<td>31</td>
<td>17</td>
<td>24</td>
<td>27</td>
</tr>
</tbody>
</table>

Overall, Organisational characteristics (Q #1) is the attribute which shows the most clear discrepancy, as illustrated in Figure 4.25. The other five organisational attributes display very little movement when the present and the future are compared.

Figure 4.25: Difference between current and future perceptions of "Organisational characteristics"

Norm comparisons: The final perspective for interpretation highlighted by Cameron and Quinn (1999) is to compare the organisation against an “average organisation”. The average culture plot from when the authors published their book can be seen in figure 4.26. When this is compared with the case organisation we can see there is a difference between the average culture and that of the case organisation (Fig. 4.27). Obviously, this average does not reflect any “ideal” culture, as both high performers and those who are not doing so well are represented in this average. We do see, however, a greater emphasis on the Clan culture and
Adhocracy culture than in the average organisation, and a lower emphasis on the Market culture than in the average organisation.

Figure 4.26: An average culture plot for more than 1000 organisations

![Average Culture Plot](image)

Source: Cameron and Quinn (1999, p. 66)

Figure 4.27: Current organisational culture vs. average plot for more than 1000 organisations (case organisation in bold)

![Current Organisational Culture Plot](image)
4.6.6 Trends in organisational culture

In Cameron and Quinn’s (1999) work on with the Organisational Culture Assessment Instrument (OCAI), they have put together their observations of more than a thousand organisations and see how some trends have emerged. First, the authors say, top managers tend to rate clan scores higher than would fellow managers in lower levels of the organisation. Second, trends show that adhocracy scores are generally rated lowest in the average organisation. Typically, the authors hold, fewer firms are dominated by the Adhocracy culture as opposed to domination by any of the three other cultures. This corresponds well with the case organisation as Adhocracy culture is the culture which appeared to have least presence of the four cultures, scoring significantly lower than the rest (see, for example, fig. 4.27 in the previous section).

A third trend shows that companies have a tendency to gravitate toward an emphasis on Hierarchy culture and Market culture. It is pointed out that once the organisation is dominated by the lower two quadrants, it is difficult to direct the company towards the top two. Also, the lower two tend to be dominating the longest. This is currently not the case for this organisation, as Clan culture dominates today and is perceived to be strongest in the future as well. However, due to the relatively small difference between three of the culture types, and the low score of Adhocracy culture, the culture plot looks like it is gravitating towards the bottom half, just like the trend predicts.

Furthermore, management consultants have recently equated the upper quadrants with “leadership” and the lower two quadrants with “management” (Cameron & Quinn, 1999). Cameron and Quinn (1999) discuss how it is a common belief that “leadership” emphasises teamwork, innovation, and change (as found in Clan culture and Adhocracy culture), while
“management” favours the stability and productivity (as found in the hierarchy culture and Market culture). However, the authors say they do not agree with this distinction between leadership and management, arguing their point that leadership and management is needed in order to strengthen, maintain, change, or create any of the four cultures. In the case organisation, it is fair to believe there must be elements of both leadership and management in place, considering the relative equal dispersion across all four cultures. Essentially, the authors argue, “both leadership and management are needed for organizational effectiveness […] all four culture types (and the management competencies that accompany them) are valuable and necessary” (Cameron & Quinn, 1999, p. 71).

Finally, the last trend discussed by the authors is that there are paradoxes in cultural profiles, and that an organisation need not be dominated by any one side of the quadrant, or only the top or the bottom. High performing organisations can simultaneously emphasise Clan culture and Market culture, or Hierarchy and Adhocracy culture. In the case of the research organisation, the left side of the quadrant is dominating. In Cameron’s (1986) research on organisational effectiveness it was pointed out that organisations who are effective can behave in contradictory and an flexible ways. Stability and control resulting from the Hierarchy culture, and support for and development of employees in the Clan culture can very well result in high organisational effectiveness. This is not unlike for example Peters and Waterman’s (1982) ideas.
4.7 Survey results part 3: Organisational values

In addition to assessing their own organisational culture with regards to the present and future situation, in the third part of the survey respondents also examined the current and preferred future organisational values. Based on McDonald and Gandz’ (1992) shared values for the modern business corporation the 24 values presented in that study has been used for this third part.

Respondents had to choose a set of values corresponding to what they perceive is currently present in the organisation as well as what values they would most prefer to be emphasised for the future, in order to be successful and high-performing. The researcher decided that respondents were to choose eight of the 24 values, representing 1/3 or the total, rather than simply ranking or rating each value on a Likert type scale for all 24 by importance (Table 4.30). Instructing the respondents to select a set of values based on whether these are considered to be important or not, allows each respondent to leave out the values considered to be of less importance for the organisation. On the other hand there is a risk of social bias: the respondent will select a set of values which sounds good to have in an organisation, rather than having to rank each of the 24 values by importance. Furthermore, it was perceived to be less time consuming for respondents to choose eight values. Following this the values could be shown in rank order of importance as seen from a present point of view as well as a future preferred point of view.
Table 4.30: Results of values as chosen by survey respondents (n=28)

<table>
<thead>
<tr>
<th>VALUE</th>
<th>FUTURE</th>
<th>NOW</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADAPTABILITY</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>COOPERATION</td>
<td>16</td>
<td>18</td>
</tr>
<tr>
<td>HUMOUR</td>
<td>15</td>
<td>16</td>
</tr>
<tr>
<td>CREATIVITY</td>
<td>14</td>
<td>13</td>
</tr>
<tr>
<td>BROAD-MINDEDNESS</td>
<td>13</td>
<td>7</td>
</tr>
<tr>
<td>DEVELOPMENT</td>
<td>13</td>
<td>7</td>
</tr>
<tr>
<td>ASSERTIVENESS</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>FAIRNESS</td>
<td>12</td>
<td>7</td>
</tr>
<tr>
<td>OPENNESS</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>INITIATIVE</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>ECONOMY</td>
<td>9</td>
<td>13</td>
</tr>
<tr>
<td>AUTONOMY</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>SOCIAL EQUALITY</td>
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<td>10</td>
</tr>
<tr>
<td>COURTESY</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>CAUTIOUSNESS</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>MORAL INTEGRITY</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>LOGIC</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>EXPERIMENTATION</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>FORGIVENESS</td>
<td>4</td>
<td>5</td>
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<tr>
<td>OBEDIENCE</td>
<td>3</td>
<td>9</td>
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<tr>
<td>CONSIDERATION</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>FORMALITY</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>DILIGENCE</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>ORDERLINESS</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

In Figure 4.28 the organisational values for the current and future situation are listed together, ranked by preferred future situation. Moreover, for an overview of the current and preferred future values only, these are listed separately in Figures 4.29 and 4.30. In Figures 4.31 and 4.32, the values have been split into the top and bottom half for greater clarity, still ranked by the preferred future situation. These were also the graphs presented to the interviewees for interpretation when they were asked to give their perceptions of why certain values gained support while others lost support.
Figure 4.29: Organisational values ranked by current situation

ORGANISATIONAL VALUES RANKED BY CURRENT SITUATION

VALUE

COOPERATION
ADAPTABILITY
HUMOR
CREATIVITY
ECONOMY
DILIGENCE
ASSERTIVENESS
LOGIC
EQUALITY
SOCIAL EXPERIMENTATION
OBEDIENCE
CONSIDERATION
COURTESY
INITIATIVE
AUTONOMY
BROAD-MINDEDNESS
CAUTIOUSNESS
DEVELOPMENT
FAIRNESS
FORMALITY
MORAL INTEGRITY
ORDERLINESS
Figure 4.30: Organisational values ranked by preferred future situation
4.7.1 Top and bottom of the ranked values

Figure 4.31: Top 12 values ranked by preferred future situation
Figure 4.32: Bottom 12 values ranked by preferred future situation

Bottom 12 values ranked by desired future situation

- Social Equality
- Courtesy
- Caution
- Moral Integrity
- Logic
- Experimentation
- Forgiveness
- Obedience
- Consideration
- Formality
- Diligence
- Orderliness

Legend:
- FUTURE
- NOW
Table 4.31: Shared value concepts embedded in Quinn and McGrath's model of organisations (values identified in Pukeko Air Ltd. ranked by relative importance)

<table>
<thead>
<tr>
<th>Quadrant 1: The Consensual Culture Purpose: Group Cohesion</th>
<th>Quadrant 2: The Developmental Culture Purpose: Broad Purposes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salient values:</td>
<td>Salient Values:</td>
</tr>
<tr>
<td>Broad-mindedness</td>
<td>Adaptability</td>
</tr>
<tr>
<td>Consideration</td>
<td>Autonomy</td>
</tr>
<tr>
<td>Cooperation</td>
<td>Creativity</td>
</tr>
<tr>
<td>Courtesy</td>
<td>Development</td>
</tr>
<tr>
<td>Fairness</td>
<td>Experimentation</td>
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<tr>
<td>Forgiveness</td>
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<tr>
<td>Humour</td>
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<td>Moral Integrity</td>
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<tr>
<td>Openness</td>
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<tr>
<td>Social Equality</td>
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<tr>
<td><strong>Position in ranking</strong></td>
<td><strong>Position in ranking</strong></td>
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<tr>
<td>16th</td>
<td>5th</td>
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<td>13th</td>
<td>20th</td>
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<td>1st</td>
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<td>3rd</td>
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**Information Processing Styles:**

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<tr>
<th>The Clan</th>
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<tbody>
<tr>
<td>Discussion</td>
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<td></td>
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<tr>
<td>Participation</td>
<td></td>
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<tr>
<td>Consensus</td>
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<tbody>
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<td>Invention</td>
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<tr>
<td>Innovation</td>
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**Information Processing Styles:**

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<th>NOW</th>
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<td>Computation</td>
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<table>
<thead>
<tr>
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<th>NOW</th>
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<tbody>
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<td>Goal Clarification</td>
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<td>Individual Judgement</td>
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<tr>
<td>Decisiveness</td>
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</tbody>
</table>

Source: McDonald and Gandz (1992, p. 69)
Based on McDonald and Gandz’ (1992) shared value concepts embedded in Quinn and McGrath’s model of organisations (table 4.31), the identified values from the case organisation have been ranked by importance, based on the number of times each value has been chosen. The value’s rank has been listed next to the value itself, and highlighted in bold if there has been a shift of more than ten places between the current and preferred future situation.
Finally, the rankings from table 4.31 have been embedded in the culture plot in figure 4.33, to illustrate reasons for the shift between “now” and “future” as seen in the OCAI. This graph is produced for the purpose of displaying how the combination of Cameron and Quinn’s (1999) and McDonald and Gandz’ (1992) tools for assessing organisational culture and organisational values respectively, can be used for cross referencing. The shifts in each of the four culture quadrants can this way be explained by the increased or reduced emphasis on the values which fit in to their respective quadrants (cf. table 4.31). Increased importance of broadmindedness and moral integrity contribute to strengthening of the Clan culture, and increased importance of development contributes to the strengthening of the Adhocracy culture. Similarly, less emphasis on values such as obedience and diligence are reasons for the weakening of the Hierarchy and Market culture respectively.

A key point emerging from combining the results of the two survey instruments is in what quadrant the majority of preferred values can be found. From the culture plot it is already clear that the future dominating quadrant is Clan culture. Incidentally, in this quadrant we also find five of the Top 10 values preferred for the future. Conversely, in the Hierarchy quadrant we find five of the lowest ranked values, even though Hierarchy Culture is the second strongest culture for the future. Moreover, the values which fit into the Hierarchy quadrant are perceived to be “hard”, often undesirable values, while the values we find in the Clan quadrant are perceived to be “soft” and presumably desirable values. At the case organisation, it can be concluded that the “soft” values are presumably more desirable; however, the “hard” values belonging in the Hierarchy quadrant are recognised as necessary due to the highly regulated aviation industry.
4.7.2 Value analysis by demographics

Figure 4.34: Organisational values: Management role vs. non-management role (NOW and FUTURE n=28)

(Figure 4.34 illustrate the differences in perceived culture by management staff and non-management staff, for both the current and preferred future situation)
Figure 4.35: Organisational values: Less than 4 years with organisation vs. more than 4 years (NOW and FUTURE n=28)

(Figure 4.35 illustrate the perceived differences based on respondents’ time with the organisation, grouped by those who have been with the organisation for less than four years and those who have been there for more than four years)
Figure 4.36: Organisational values: Way of entry into current organisation (NOW and FUTURE n=28)

(Figure 4.36 shows the situation with regards to whether the respondents entered into the current organisation through organisation A or organisation B, and illustrates any cultural discrepancies resulting from respondents entering into the future coming from different backgrounds)
Figure 4.34 should enable any major differences between the perceived values of management and non-management staff to be highlighted. The columns that show clear differences between management and non-management, or the current and future situation, are of particular interest. Notable differences in the current culture can be seen in the following values (number of times chosen by management, non-management respectively in brackets - n=28): broad-mindedness (1,6), creativity (4,7), initiative (1,7), and obedience (2,7).

Differences in the preferred future culture can be seen in broad-mindedness (3,10), fairness (3,9), and social equality (1,6). Although these groups are not directly comparable in their present form, as the two groups management and non-management do not consist of the same number of people, it can give an indication as to how desired each value is. It should be noted that none of these differences are very dramatic, although it shows there are gaps, as well as where the gaps are, between management and non-management respondents.

Whether respondents have spent more than or less than four years with either organisation making up the current unit can make a difference as to their perceived values (Fig. 4.35).

Differences in the current values can be seen in the following values (number of times chosen by “less than four years”, “more than four years” in brackets): cooperation (5,13), diligence (4,8), economy (4,9), and obedience (2,7). The future values which stand out are: broad-mindedness (4,9), cautiousness (1,6), cooperation (6,10), economy (2,7), fairness (3,9), humour (10,5), and moral integrity (0,7). Interestingly, humour is the only value among both the current and preferred future ones which is ranked higher by those having spent less than four years with the organisation. A reason for this may be the fact that those having been with the organisation less than four years have an idea of work being a lot of fun and humour. These could also be staff members joining the organisation on entry level, and therefore they have a different view on what work should be like.
The third demographic element concerns which organisation the respondents originally joined from, prior to the current organisation being formed (Fig. 4.36). This is, not surprisingly, where the greatest gaps can be seen. Differences in the current values can be seen in the following values (number of times chosen by “organisation A”, “organisation B” in brackets): 

- broad-mindedness (0,7), cooperation (6,12), creativity (3,10), development (1,6), diligence (4,8), initiative (2,6), and social equality (3,7). 

The future values which stand out are: 

- autonomy (1,8), cooperation (4,12), creativity (4,10), development (4,7), fairness (4,8), humour (5,10), and social equality (1,6). 

With staff coming from different backgrounds there is always a risk these will bring with the different values, which is clearly the case here. Although there is agreement on the vast majority of values, there are a few key values that need to be addressed.
Figure 4.37: Organisational values: Departmental values as currently perceived (n = 28)

(The organisation has been split into departments: operations, management, functional/administrative, and one group named “others”. Figure 4.37 places the four units against each other, presenting a picture of the differences between departments as perceived by respondents today)
In the same manner as figure 4.37 above, figure 4.38 presents a picture of the preferred future organisational values.
While the analysis of Figures 4.34 to 4.38 concerning the demographics criteria above is relevant, examining different departments in the organisation, and how well aligned may be more relevant. It is no surprise that differences do exist within organisations just as much as between them, as each department typically forms their own culture; and is part of a wider work unit culture, or division culture (Sathe, 1983).

In the case organisation we find the greatest gaps in the following values, as perceived today (highest, lowest in brackets): adaptability (2, 6), creativity (1, 5), humour (2, 8), initiative (0, 4), logic (0, 5), and social equality (1, 6). The greatest gaps in the preferred future values turned out as follows: adaptability (3, 7), assertiveness (1, 6), courtesy (0, 4), creativity (1, 6), humour (2, 7), initiative (1, 6), and openness (1, 5). What this shows is that when comparing departments, major differences likely exist in the set of values perceived to be important. This can be a concern for the organisation for several reasons. First, it can ultimately prevent the development and emphasis of any one dominant culture throughout the organisation, should this be desirable from the organisation’s point of view. Although we have seen from the overall culture plot that there is little discrepancy between the current and preferred organisational culture (fig. 4.4), these values are integral in shaping an organisation’s culture as seen in Table 4.31. Second, values must be aligned across the organisation for all staff members to pull in the same direction, something which according to figures 4.37 and 4.38 is not the case today. Even though sub-cultures are normal in an organisation, some fundamental values ought to be equally strong in all departments. Values shape culture, and in order to be valuable culture should be strong according to O’Reilly (1989). He gives two reasons for this: it can result in a fit between culture and strategy, as well as increased commitment from the employees. For management at Pukeko Air to successfully keep up with industry changes strategies must be in place to swiftly react to any changes in regulations, fuel prices, and customer demands. This is where commitment might facilitate implementation of strategy.
4.8 Research question #3: 
“What are the current and preferred future values for this organisation?”

4.8.1 Values perceived more important for the future

This section presents comments from senior managers via the interviews concerning selected values that were noteworthy in some way, and are based on the values listed in the survey questionnaire. Figure 4.31 and 4.32 on page 108 and 109 were presented to the interview subjects, and they were first asked to comment on the values that were considered to be more important for the future, including those values with the greatest gap between the current and preferred future situation (Fig. 4.28 page 105).

Table 4.32: Broadmindedness (n = 28)

<table>
<thead>
<tr>
<th>Value</th>
<th>Current Score</th>
<th>Future Score</th>
<th>Difference</th>
<th>Current Rank</th>
<th>Future Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadmindedness</td>
<td>7</td>
<td>13</td>
<td>+6</td>
<td>16th</td>
<td>5th</td>
</tr>
</tbody>
</table>

Broadmindedness: The interviewees agreed in general that broad-mindedness was a desired value for the future because individual business units have tended to be somewhat “siliced” in the past. People protected their work and made their own performance look good, rather than cooperating. Another view that was shared by interviewees is that management has not been seen as open enough for ideas, because recent changes to the organisation has affected the time spent listening to people. This was seen as a concern to most respondents, particularly because the change processes was not as democratic as they could have been. Finally, being broadminded was considered important because it stimulates the innovation necessary to be competitive.

Table 4.33: Development (n = 28)

<table>
<thead>
<tr>
<th>Value</th>
<th>Current Score</th>
<th>Future Score</th>
<th>Difference</th>
<th>Current Rank</th>
<th>Future Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development</td>
<td>7</td>
<td>13</td>
<td>+6</td>
<td>16th</td>
<td>5th</td>
</tr>
</tbody>
</table>
Development: All respondents without exception acknowledged that there has not been as much investment into staff development as should have been. An over emphasised focus on organisational development means individual development has been neglected, and would be the reason why development is a much desired value for the future. It was pointed out that there is no point having lots of people if no investment is going to be made into them, and that this can result in people moving elsewhere in order to feel valued.

Table 4.34: Fairness (n = 28)

<table>
<thead>
<tr>
<th>Value</th>
<th>Current Score</th>
<th>Future Score</th>
<th>Difference</th>
<th>Current Rank</th>
<th>Future Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairness</td>
<td>7</td>
<td>12</td>
<td>+5</td>
<td>16th</td>
<td>7th</td>
</tr>
</tbody>
</table>

Fairness: In the context of the airline, respondents perceived that overall it is not a very fair environment they operate in. The airline industry being a highly unionised industry, fairness will always be high on the agenda. Furthermore, some interviewees were aware of staff having taken more responsibility during times of transition and change, and who have not been rewarded or recognised for their services. Ultimately, interviewees noted, staff should be rewarded for the job they do and not for their length of service.

Table 4.35: Moral Integrity (n = 28)

<table>
<thead>
<tr>
<th>Value</th>
<th>Current Score</th>
<th>Future Score</th>
<th>Difference</th>
<th>Current Rank</th>
<th>Future Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moral Integrity</td>
<td>4</td>
<td>7</td>
<td>+3</td>
<td>23rd</td>
<td>13th</td>
</tr>
</tbody>
</table>

Moral Integrity: While some points did come up during the interviews, not all respondents presented their views on moral integrity. One perception which was repeated was related to how change initiatives can lead to someone losing their job, and whether this is always done in the most ethical way.
4.8.2 Values perceived less important for the future

Values that were considered *less important* for the future, primarily those values with the biggest gap between the current and future preferred situation, were also presented to the interviewees (Fig. 4.32 page 109).

Table 4.36: Consideration (n = 28)

<table>
<thead>
<tr>
<th>Value</th>
<th>Current Score</th>
<th>Future Score</th>
<th>Difference</th>
<th>Current Rank</th>
<th>Future Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consideration</td>
<td>8</td>
<td>3</td>
<td>-5</td>
<td>13th</td>
<td>20th</td>
</tr>
</tbody>
</table>

**Consideration:** Even though consideration appeared to be a desirable value in the organisation, there was a consensus among respondents that the organisation can be too considerate. Being too family oriented and caring could mean things happen that should not happen, and that this degree of informality could mean too little focus on business issues and too much focus on people issues. It was also noted that consideration relates to fairness, one of the values survey respondents wanted more of in the future, meaning that the organisation can be too considerate to the extent that fairness is affected. Another perception was that a reduction in consideration relates to the desire for more structure. This could reduce job security and help staff discover where they fit in.

Table 4.37: Diligence (n = 28)

<table>
<thead>
<tr>
<th>Value</th>
<th>Current Score</th>
<th>Future Score</th>
<th>Difference</th>
<th>Current Rank</th>
<th>Future Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diligence</td>
<td>12</td>
<td>2</td>
<td>-10</td>
<td>6th</td>
<td>23rd</td>
</tr>
</tbody>
</table>

**Diligence:** All participants seemed to agree that diligence is an organisational value that does not fit with what this organisation is all about. Having gone through a lot of change recently people have been known to put in a significant amount of hours to get things moving along the change process. It was perceived that work life and personal life have not been balanced recently. People would like more stability from now on. The resistance to diligence was also
as attributed to human nature, because no one would want to work very hard over a significant period of time. It was also recognised that this could even be dangerous, both to the company and the individual.

Table 4.38: Experimentation (n = 28)

<table>
<thead>
<tr>
<th>Value</th>
<th>Current Score</th>
<th>Future Score</th>
<th>Difference</th>
<th>Current Rank</th>
<th>Future Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experimentation</td>
<td>9</td>
<td>4</td>
<td>-5</td>
<td>10th</td>
<td>18th</td>
</tr>
</tbody>
</table>

Experimentation: Another value considered less important for the future is experimentation. Senior managers perceived it as an important organisational value, however, it was recognised that the sheer amount of change in the organisation means lots of projects have been tried internally. Too much testing of new things leads to “a little change fatigue element”, as commented by an interviewee. In the competitive industry there is not much room for error, and one should get things right the first time. Furthermore, it was noted that the organisation wants broad-mindedness but not experimentation, which was by management perceived as conflicting notions. Moreover, to achieve innovation as identified in the Adhocracy quadrant (see figure 4.4) you also need to experiment, which was also believed to be conflicting.

Table 4.39: Obedience (n = 28)

<table>
<thead>
<tr>
<th>Value</th>
<th>Current Score</th>
<th>Future Score</th>
<th>Difference</th>
<th>Current Rank</th>
<th>Future Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obedience</td>
<td>9</td>
<td>3</td>
<td>-6</td>
<td>10th</td>
<td>20th</td>
</tr>
</tbody>
</table>

Obedience: Not ranking obedience as an important value for the future was perceived by interviewee subjects as being a product of human nature. Wanting more autonomy and freedom is more common in today’s organisations. Respondents agree that employees would want to take responsibility and accountability for their own actions, rather than orders being pushed down from the top. Several respondents emphasised that certain groups within an airline are obedient and rule bound by nature, and need to be this way as well due to the
regulatory nature of the industry. Obedience being ranked as relatively little desired ties well with the results from broadmindedness, as identified by one respondent. Ultimately, obedience can prevent innovation, which is a desired value.

Table 4.40: Economy (n = 28)

<table>
<thead>
<tr>
<th>Value</th>
<th>Current Score</th>
<th>Future Score</th>
<th>Difference</th>
<th>Current Rank</th>
<th>Future Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economy</td>
<td>13</td>
<td>9</td>
<td>-4</td>
<td>4th</td>
<td>11th</td>
</tr>
</tbody>
</table>

**Economy:** The minor change to a value such as economy was attributed to how the small margins in the industry force airline to cut costs everywhere to keep up with competition. This was perceived as possibly being seen as a threat by employees, worried about their jobs.

Table 4.41: Logic (n = 28)

<table>
<thead>
<tr>
<th>Value</th>
<th>Current Score</th>
<th>Future Score</th>
<th>Difference</th>
<th>Current Rank</th>
<th>Future Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logic</td>
<td>10</td>
<td>5</td>
<td>-5</td>
<td>8th</td>
<td>17th</td>
</tr>
</tbody>
</table>

**Logic:** In spite of having being one of the values changing the most with regards to the preferred future situation, little explanation could be provided by the interviewees as to why this particular one is looking at such a major shift. Some views were however offered, mostly relating to how a desire for more innovation and creativity as previously identified does not necessary involve any large degree of logic. Creative thinking is ultimately seen as a contrast to rational thinking. If staff are supposed to come up with new ways of doing things it is perceived “they have to be a little bit less logical sometimes”.

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4.8.3 Perceived organisational values: an interpretation by the researcher

The four organisational values most chosen by respondents for the current situation are adaptability, cooperation, humour, and creativity. These values are according to McDonald and Gandz (1992) defined as:

**ADAPTABILITY:** Being flexible and changing in response to new circumstances

**COOPERATION:** Being cooperative and working well with others

**HUMOUR:** Creating fun and being light-hearted

**CREATIVITY:** Developing new ideas and applying innovative approaches

Interestingly, these are also the four values most desired by the organisation’s employees for the future. Between 50 % and 60 % of the 28 respondents had chosen these values as one of their future preferred eight from the total of 24 values. A further 35 % to 46 % of the 28 respondents had chosen the next six values on the ranked list, with the remaining 14 values being chosen by a maximum of 32 % of all respondents.

Figure 4.28 on page 105 illustrate graphically the values’ preferred by the respondents, clearly showing how some values which are emphasised today are not particularly desired for the future. During the interviews with senior management staff, the subjects were presented with slides of Figures 4.31 and 4.32 on pages 108 and 109, representing the top and bottom half of the values, ranked by which values were perceived as being desired for the organisation’s future.

In the top half, three values stand out, namely Broadmindedness, Development and Fairness. These values display a discrepancy in the sense that they are considered less important today than what is preferred for the future. Definitions by McDonald and Gandz (1992) are:
**BROAD-MINDEDNESS:** Accepting different viewpoints and opinions  
**DEVELOPMENT:** Achieving personal growth, learning and development  
**FAIRNESS:** Being fair and providing just recognition based on merit

The interviewees were questioned on possible reasons for why *broad-mindedness* is a desirable value for the future. It was perceived that parts of the business had been somewhat excluded from the rest during recent changes, and that this could be considered as the opposite of being broad-minded. In addition, change efforts have resulted in less time for individual innovation and limited time for listening to staff. Rather, emphasis has been on organisational development with less democratic processes than what was probably desired by staff. This has resulted in individuals protecting their work and emphasising their own performance, rather than making efforts to cooperate.

In close relation to *broad-mindedness* the second value which is perceived to be desired and important for the future is *development*. In a similar manner this is a value believed to be important for the future, due to the limited investment into staff that has taken place recently. Once again interviewees reiterated that personal development has been neglected when the organisation has been taken into new directions. A primary concern was identified as the risk that staff may leave if they feel they are not being invested in. Staff who are not feeling valued are likely to move on, according to some interviewees.

The third value believed to be more important for the organisation’s future than it is today is *fairness*. Interestingly, the comparatively low emphasis on this value can, according the respondents, also be linked to the recent change processes. Some employees who have taken on more responsibility during times of transition and change are said to not feel they have been rewarded and recognised accordingly for their efforts. Another element impacting the value of *fairness* is perceived to be the fact that the airline industry is not necessarily a fair
environment to work in. Being a highly unionised industry, fairness was perceived to always be high on the agenda in an airline.

In the bottom half of the value rankings, five values stand out. These values display a discrepancy in the sense that they are considered to be emphasised in the organisation today, however not as desired for the future. Overall, there appears to be more values that should be less emphasised in the future, than values that should be more emphasised. Again, definitions for these five values are provided by McDonald and Gandz (1992) and are as follows:

<table>
<thead>
<tr>
<th>Value</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONSIDERATION</td>
<td>Being caring, kind and considerate</td>
</tr>
<tr>
<td>DILIGENCE</td>
<td>Working long and hard to achieve results</td>
</tr>
<tr>
<td>EXPERIMENTATION</td>
<td>Taking a trial and error approach to problem solving</td>
</tr>
<tr>
<td>OBEDIENCE</td>
<td>Complying with directions and conforming to rules</td>
</tr>
<tr>
<td>LOGIC</td>
<td>Being rational and thinking in terms of facts and figures</td>
</tr>
</tbody>
</table>

Consideration is a value which has lost support and which some interviewees tied in with fairness. On first look consideration can appear to be a desirable value to have in an organisation, however, the interview subjects all agreed that an organisation can be too considerate. This appears to have been the case in the organisation over recent times, as becoming too family oriented has meant things that should not happen has been allowed to go by unmentioned. Focus was said to have moved away from business and onto people issues. This way fairness in the company is affected in a negative way, something which corresponds with fairness being a value the respondents want more focus on. There is, however, a conflict between this statement saying focus has moved to people, and the previously identified broad-mindedness and development both being explained by a lack of focus on people. The explanation probably lies in the fact that too much consideration has in the case organisation been said to take away elements of structure in the job, in return leading to uncertainty on the
job, as identified by interviewees. From this it appears as broad-mindedness and development both imply a lack of focus on people development in this organisation, as opposed to a wrong focus resulting from excess consideration.

Management’s surprise at learning from the interview sessions that experimentation is perceived to be a value less desired for the future, was shortly afterwards followed by reflections on how lots of new things had been tried out in the organisation during recent change processes. On the other hand, it is difficult to explain why there is increased desire for broad-mindedness and less desire for experimentation although one explanation for this can be based in the wording of each definition. Furthermore, to achieve the increased innovation desired as identified in the Adhocracy culture quadrant of Figure 4.4 (page 66), there was a shared belief that experimentation is needed. Respondents did concede that this is a value that might have scored higher had it not been for recent changes.

Another value less desired for the future, obedience, suggests an increased emphasis on broad-mindedness. Although less emphasis on obedience was perceived to be a reflection of human nature, respondents agreed that employees would want to take responsibility and accountability for their actions rather than having to take order from the top. Even though the airline industry in some areas is rule bound and obedient due to its regulated nature, obedience can still be seen as an impediment to innovation.

In terms of a reduced focus on logic, management interviewees did not have as many explanations to present. Most significantly, it can be tied in with other values such as broad-mindedness and the desire for more innovation and individual creativity. It was pointed to
how being creative does not necessarily involve much logic, and how creative thinking is seen as a contrast to rational thinking as the definition of the value indicates.

Finally, *diligence* is the value emphasised today which takes the greatest drop in relative importance, falling 17 places from 6th to 23rd place when ranked against the other values (Table 4.31 page 110). Ultimately, diligence was not perceived to be a value describing what the organisation is all about. Again, this goes back to recent change and the significant amount of work employees have had to put in to keep the organisation moving in the right direction. The balance between work life and personal life was said to have suffered during this period and may be the explanation why the organisation is seen as being diligent today. In addition, in line with *obedience*, resistance to *diligence* can be seen as a natural tendency in human nature, in particular when employees have had to work hard over a long period of time. More importantly, diligence can be considered as a stressful element and a failure to address this could lead to a weakened company in the future.
4.9 Research question # 4:
“What is the perceived relationship from a senior staff point of view, between culture and values, and organisational economic performance in this firm?”

In the case organisation both the survey respondents and the interviewees were asked about their perceptions on the role of organisational culture on the company’s performance. At the end of the questionnaire the survey respondents were asked two broad Likert-scale questions, in contrast to the rather specific considerations that needed to be made after having deliberated on the perceived situation of the organisation. The first question presented the statement “Organisational culture is important to the performance of Pukeko Air Ltd.” The outcome is illustrated in figure 4.39.

![Figure 4.39: Overall perception of organisational culture relevance to organisation (n=28)](image)

Sixty percent of the respondents reported they “strongly agree” to this statement, while 25 % “agree” with this. This means 85 % of the respondents rate organisational culture as something positive for the organisation and its daily performance. It shows that respondents actually believe a well-functioning organisational culture will make a difference to the organisation’s performance. With 85 % of respondents indicating that they agree with culture being important, this can signify a willingness to develop a unitary culture where all members
of the organisation pull in the same direction. 15% of total responses said they did not have an opinion or disagreed with the statement. However, because of the relatively low response rate from some departments it is important to note that this may not be altogether representative for the organisation. Rather, it shows a snapshot of the organisation as a whole, and gives an indication of what the situation is like.

In a similar manner, a convincing 92% of all respondents strongly agree or agree with the statement “organisational values are important for sustaining success at the organisation” (Fig. 4.40). Only 8% were neutral to, or disagreed with this statement. One reason for this outcome may be that the concept of organisational values are more easily understood than organisational culture, due to the fact that several of the values expressed in this research can actually be felt in day-to-day activities.

![Figure 4.40: Overall perception of organisational values relevance to organisation (n=28)](image)

Based on the outcome of these two questions, it is reasonable to accept that in the mind of the organisation’s employees, organisational culture and organisational values do make a difference in terms of good performance and success. This can be seen as a good starting
point for building awareness of culture and values, as the large majority of respondents already perceive organisational culture as something relevant to the company and that they actually believe it can be a competitive advantage. This formed the basis of the discussions with management regarding research question four, on the role of organisational culture and values in the company’s performance.

All six interviewees stated that organisational culture does make a difference to an organisation’s performance; however, they tend to list different reasons. Three of the interviewees distinguished between financial and overall performance of the company. Being an airline you can achieve overall excellent performance in the form of for example, customer service without being successful on the balance sheet. It was noted by one interviewee that in a period of change there is a tendency for staff to be a lot more reactive in their decision making simply because there is no time for proactive strategic thinking and because of this, performance will suffer. One interviewee commented that this links back to being broadminded, and not isolated, in what the company is doing. The culture that is being driven through at the moment holds that each employee has to be aware of the decisions made and how these can impact everything else in the organisation. Moreover, it was noted by one interviewee that there is currently a lack of a shared vision in the organisation. Values that are handed down to the organisation imply compliance, but if you have values and a vision that comes from within, that applies commitment. The link between organisational culture and performance ultimately depends on a strong link between vision and values, and whether the values truly reflect the organisation as a whole.

There was a shared perception that getting commitment from your employees will lead to good performance, with four of the six interviewees supporting this view. It all comes down
to buy-in and the shared vision and it was pointed out that companies who have a shared vision can do great things, with one respondent emphasising “yeah, I think that is the key – commitment”.

In another discussion with an interviewee, it was noted that the values you want the organisation to have are not necessarily the actual values that are found within the organisation. Distinct groups within the organisation results in various sub-cultures, which are quite common also with airlines. Different groups have certain values, and their output can translate into performance in different ways. Therefore, the perception is that there are few universal values that can result in performance within an airline. It appeared to be commonly accepted that certain groups within the organisation could be more flexible, which could potentially result in increased performance.

It is important to highlight that the managers were aware that external factors such as fuel prices are among the elements most crucial to the company’s performance. However, strong culture in the organisation has proven in the past to impact performance, and this is what the company aims to return to through a cultural shift. Resetting the culture at the case organisation is done in order to achieve higher levels of performance, as was pointed out by one member of management.

Finally, a comment was made saying that culture is not going to matter in performance unless managers understands it and know how to translate this connection into action. Without acting it out themselves and showing they know how to, staff are not likely to buy into it. Moreover, there was a perception that staff are going to work well for their manager, and in the event where they do not like their manager they are not going to work well for them. Ultimately, if
staff get along with their managers, they are going to work well, and this can translate into increased performance.

4.9.1 Relationship between culture and performance: an interpretation by the researcher

The 4th research sub-question concerns the link between culture and performance. Ultimately, this is a relationship which is difficult to prove, but based on the findings from the survey and interviews conducted in this research an attempt will be made to find some evidence.

At the early stage of research on organisational culture, Denison (1984) argued that there was little evidence on the impact of culture on organisational performance. The link was better established by the early nineties with Denison (1990) turning around completely and now leading the way, having found some evidence in his research. In Pukeko Air Ltd. the role of culture on the organisation’s performance can be viewed from two angles: from a perception point-of-view, and based on what has emerged from the survey regarding culture alignment.

Firstly, all senior managers questioned on the role of culture in the organisation do believe that having a well-functioning culture will make a difference as to whether performance will be good or bad. This could be considered an important step on the way to building a great culture. Had senior management not been aware of nor interested in the organisation’s culture they would have invested little interest and time into it. Culture’s role as an element in performance has probably been ignored for as long as organisational culture itself has been considered taken-for-granted, underlying assumptions. Secondly, when looking at the culture plot in Figure 4.4 on page 66, illustrating the differences in current and preferred future culture, it is obvious there is little real discrepancy between the current and future situation. Although there are differences between the two sets of quadrants, the organisation can be
considered to be in a positive position, in particular when Cameron and Quinn (1999) advises the culture researcher to pay particular notice of any discrepancy of more than 10. This does not occur in any quadrant when diagnosing the culture of Pukeko Air as a whole.

Denison (1990) found that organisations with participative cultures performed better than the organisations whose cultures were not as participative. This is in line with what is currently being practised at Pukeko Air, where employees are reminded to be aware of how all decisions made can impact to some degree on every other part of the organisation. Moreover, the increased desire for more *broadmindedness* in the organisation can be a sign that the culture is not yet as participative as it could be, leaving room for further improvement and fine-tuning of the culture for it to contribute in performance excellence.

Although many of the 24 values used for this study are shared across the organisation, and the culture shows little discrepancy between the current and future preferred situation, there was reportedly a lack of shared vision in the organisation. This element leaves the organisation’s performance vulnerable, as identified by Kaliprasad (2006). He argues that in order to sustain a high performance culture, certain gaps must be closed. Among these are the senior leaders’ perceptions of the marketplace and the organisation’s vision; as well as the vision and direct leadership practices. Because of a perceived lack of shared vision there could be problems in filling these gaps, ultimately preventing a high performance culture from emerging.

A key element emerging from discussions with senior management was commitment. The senior managers were clearly aware of the significance of commitment, and its significance is echoed in the literature. O’Reilly (1989) presents commitment as a reason why a strong culture is valuable, and commitment as a value was highlighted as being an important value
for organisational success (Lawrence, 1998). Because the culture in Pukeko Air is relatively aligned it can be considered to be strong, and from this we can assume that commitment might also be strong. However, from the survey it was commented by 15 % of respondents leaving additional comments, that more commitment is needed from management. Scholars have pointed out that an increase in commitment is a key element in attaining higher levels of organisational performance (e.g. Chatman, 1991; Peters & Waterman, 1982). Moreover, a shared vision also plays a role in commitment, as highlighted in one interview. With the shared vision lacking as identified above, there is an element that should be addressed in order to further improve performance.

The comments made regarding how the current culture and the values that can be found in the organisation, are not necessarily the right culture or the right values for the organisation at any given time, is also something which is discussed by researchers. Schein (1984, p. 7) holds that the important thing is the “contents of the culture and the degree to which its solutions fit the problems posed by the environment”, which ultimately is a contingency or situational approach. As long as existing values support the right goals and strategies, culture can be considered an important asset (Wiener, 1988).

Another element that was discussed with management was the differences in performance within the organisation, and between the different departments. Figures 4.19 to 4.24 on pages 79-81, as well as 4.37 and 4.38 on pages 118-119, illustrate differences (and similarities) between departments within the organisation. Because all departments can be expected to understand “good” performance differently, it is difficult to compare them. From the OCAI survey it has been revealed that the differences in organisational culture between the four primary groups identified for the purpose of this research (operations, management,
functional, and one labelled “others”) are not greatly different, with the exception of the Clan and Market quadrant in the current culture (Fig. 4.22 page 80). In these two groups, the discrepancy is ten and twelve points respectively. These individual culture plots all contribute towards the overall culture plot, which appears to be aligned and almost free from major gaps. The desire from management for more flexibility from certain groups within the organisation is likely to be something that can be influenced to a certain degree, through making sure certain values are emphasised while others should be less emphasised. Having congruence between core values of the individual and groups, and the organisation, has been found to be beneficial to the organisation, resulting in stronger commitment (Chatman, 1991; McDonald & Gandz, 1992). Shared values can lead to a strong culture, and a strong culture can in return lead to business excellence, which is ultimately what any organisation seeks (Peters & Waterman, 1982).

The culture-performance link has never been a straightforward issue for researchers, as highlighted by Marcoulides and Heck (1993). The authors argue that this relationship is not easy to establish, due to the number of variables involved. Senior managers at Pukeko Air acknowledged in a similar manner that numerous elements are involved, while also conceding that one of the primary factors affecting their company and industry is fuel prices. This is perhaps the one element affecting performance that cannot be influenced by management. Ultimately, this issue relates back to the first sub-question on the relevance of organisational culture in the airline industry, where the element of culture was highlighted as a primary competitive advantage for today’s airlines.

In summary, we have seen that organisational culture is perceived to play a role in high performance in the case organisation, although one not easily identified or established. The case organisation has an aligned and strong culture; both important for high performance.
4.10 Research question # 5: “How do senior managers perceive the relationship between their culture and economic performance?”

The final question from the interviews was a relatively open one, which related to how organisational culture has specifically impacted the case organisation in any positive way in times of change, transition, or isolated incidents. The interviewees were asked to come up with examples of situations from their own experience. This question is closely linked to research question four, and the majority of information which was gathered for that question was repeated by the interviewees for this final question. Parallels were in many cases already drawn between the case organisation and the culture-performance link in the previous question, which resulted in a limited pool of data for discussion. Certain issues did however emerge.

Working in small teams was mentioned as one way of dealing with times of organisational change. This allowed for openness and honesty towards fellow colleagues.

The concept of commitment was echoed by all respondents as a primary reason why projects have been successful in the past. Staff have been said to show this commitment through using a lot of discretion to do whatever necessary to avoid disruption of flights. Staff coming to work on their days off, in particular crew, rather than getting cancellations, has not been uncommon. It is perceived to be part of the integrity of the employees.

It was recognised that crew may or may not care about “colleagues” on the ground, but they will still go great lengths for their colleagues in the air. Yet, this shows strong commitment to the company and fellow employees, and also a great sense of ownership.

During periods of change the perceived diligence can be seen through all the “blood, sweat, and tears” people have put in over recent times, which was considered impossible without the
degree of commitment. Ultimately, if people did not care they would not have done this for their company.

When looking at the findings presented above, it is clear that most comments made during the interview sessions concerned “commitment”. This appears to be a key element in the case organisation, and perhaps a key element in the organisation’s future plans. As argued by O’Reilly (1989) commitment is an element in a strong culture and a contributor in helping organisations getting an advantage over their competitors. With regards to the airline industry in particular, Quick (1992, p. 45) notes that culture should only be considered as “the connective tissue knitting together an organization’s people so that they can succeed in the face of environmental challenges and opportunities”.

In summary, this final research question overlaps research question four, and comments given on both of these effectively contribute to answering both research questions. They have been presented here separately with the purpose of highlighting areas where the case organisation most vividly see how their organisational culture contributes towards a higher performance. In the end, interviewees partly used examples from their own organisation when presented with question four, thereby leaving less to comment upon for this final research question. Research question five does, however, relate closely to the open ended comments left by survey respondents at the very end of the survey questionnaire which is addressed in detail in the next section.
4.11 Thematic grouping of open ended question response

The survey questionnaire included one open ended question at the very end, allowing respondents to provide any comment and feedback on matters relating to the organisation’s culture and values, or these concepts in general. Almost 54% of the survey respondents, totalling 15 respondents chose not to record their comments, leaving 13 respondents who chose to comment. The comments made are summarised in the section below by major themes that emerged from the analysis of the additional comments completed at the end of the survey. For reasons of confidentiality, the number of people referred to in this section is not always specified.

4.11.1 Communication

Of the comments reported in the open ended question, issues involving communication were the most prevalent. Eight of the 13 respondents (61%) commented on issues concerning inadequate internal communication. It was commented that not enough information is released from the company to the staff. A general lack of, or inadequate communication between management and staff was considered by several respondents as a problem. Others put it differently, saying that staff are not listened to and that this can result in people leaving the company. It was commented that one possible reason for this was individual’s uneasiness about change, resulting from a lack of information needed to get through a change process. In return, “poor attitudes are not addressed and left to fester”, as commented by one respondent. More communication from management regarding the ongoing situation was wanted and needed by respondents, with one respondent commenting that “being open and discussing what is happening even if they do not know” is an absolute must.
4.11.2 Support

Support is another area identified, with 46% of comments submitted (6 respondents) mentioning a lack of support from management. Some respondents feel they are not considered important to the organisation, with one respondent feeling there is no support from his or her manager, and that this treatment affects the necessary creativity and innovation that should be a product of workers. Conversely, one respondent argues that there are managers who work tirelessly towards increasing staff moral and ethics, but the respondent recognises that more work can be done in this area. Another respondent would also like to see the morale boosted in order to achieve a competitive spirit. Several respondents feel that some groups of staff are treated more favourably than their own group, resulting in the favoured groups getting all the benefits. One respondent notes that consideration for workers goes a long way, and that management must uphold dignity and integrity towards hardworking staff in spite of what the industry is facing.

4.11.3 Leadership

Another area important to respondents is leadership, as commented by 30% of respondents, totalling four people. It appears to be a common belief that there are some areas of the business lack the appropriate leadership necessary. An increased focus on leadership and mentoring as opposed to only financial results is deemed necessary by one respondent. This was in fact echoed by one of the interviewees: “One of those challenges for our leadership team is how do you stay close to that work force and be there a coach and facilitator and all that sort of thing and keep that participation in it”. This is recognised as a challenge by management, and can be a likely reason for why some staff members have commented on this issue in the survey.
Although leadership is an element that cannot easily be replicated, it is important to note how a great airline such as Southwest Airlines has often been characterised by great leadership. Furthermore, one survey respondent noted that management is more interested in developing their own skills rather than developing individual skills as well as improving the company as a whole. Overall, this perceived lack of leadership quality was noted by one respondent who considered that it creates instability in the work place. The impact of the leader on the organisation’s culture is in line with the findings of Schein (1983), who looked into how the leader often introduces an organisational culture. The airline industry has seen some very important and significant leaders – both entrepreneurs and other strong-minded characters (Quick, 1992). The Pukeko Air management claimed to be entrepreneurial, although not only through its leader and its managers. This is seen as a key value that needs to be spread throughout the organisation. Even though Pukeko Air does not still have its founders at the helm of the organisation, many elements of the original culture is, according to interviewees, still in place.

Finally, when looking at the preferred future culture in Figure 4.4 page 66, we see that the culture has one dominant quadrant in the top half, and one in the bottom half. As previously mentioned, management consultants have equated the upper quadrants of the Clan and Adhocracy with “leadership” and flexibility and the lower two of Market and Hierarchy quadrants with “management” and stability. In this study the culture plot is spread almost equally across the four quadrants (Clan 30 %, Adhocracy 23 %, Market 23 %, Hierarchy 24 %), suggesting a strong emphasis on both leadership and management, which is a good sign for Pukeko Air.
4.11.4 Commitment

It was noted by some respondents that more commitment is needed, with one particular respondent feeling that management should accept responsibility before passing anything on to staff, making them accountable. It was also noted that there is now more responsibility given in the organisation, however, without the necessary authority.

4.11.5 Miscellaneous views

- It was recognised that there is an element of “fun” in the organisation, and that this contributes in keeping some people at the organisation.

- It was also felt that the culture has changed dramatically recently, from “a fun and caring environment to one that is unstable and uncaring”. The emerging culture is considered by some respondents to be not as suitable for the company, and that building a different culture could make the organisation a better place to work.

- Working towards a shared vision was highlighted by another respondent, saying that the important thing is getting the basics right and establishing a set of behaviours that will ultimately build a good culture.

- It appears to be some confusion regarding corporate identity. Having been formed from separate organisations there is confusion as to what the organisation should be identified as. With business spread over multiple premises respondents feel there is a lack of unity, and that not even managers know the right identity.
4.11.6 Concluding remarks about the comments and feedback

Allowing the survey respondents to comment freely on the notions of culture and values before submitting the survey, was done specifically to gather any additional perceptions people would have on their mind regarding these issues that were not addressed in the three part survey. With little over half of all respondents choosing to leave some form of comment, this could signify that culture and values do occupy a place in employees’ minds. Most respondents appear to have a clear idea of what it means to have an organisational culture, and also what they want it to be like. A problem with allowing respondents to comment freely on any theme is the way in which such comments could potentially be presented, without compromising confidentiality when numbers are small. Some things that could be revealed are perhaps only known by a small group of people, this way putting this group at risk. Most comments, however, are in agreement and can easily be presented. These are ultimately the comments which are useful for the researcher, and can be linked to the available literature and the study as a whole.

This section has provided a useful insight into the minds of half of all survey respondents, and their views on the organisation’s culture and values. Some of what has been revealed can be considered valuable information for the organisation, as this has been the respondents’ best opportunity to express their opinions in an anonymous setting. Moreover, the thematic grouping has reiterated the importance of such elements as commitment and leadership to the organisation’s members, which also surfaced in the interviews with managers.
4.12 Conclusions about the research questions

4.12.1 Conclusions concerning research question one

In the literature the role of organisational culture in airlines has already been highlighted numerous times (e.g. Bunz & Maes, 1998; Gittell, 2003; Quick, 1992; Smith, 2004), although primarily as an element of success within a small group of airlines. In the case airline the role of culture was unanimously acknowledged by senior managers as something crucial to success, due to the limited possibilities of differentiation in the industry. The culture can, according to an interviewee in this research, be decisive in determining what type of airline the company wants to be, and members of the organisation are considered as contributors towards the customer’s experience, which in return creates loyalty to the company. Even more so, the case organisation’s management believed that too little emphasis on culture and too much focus on product and infrastructure could be counter productive. At the same time, becoming too entrenched in the culture can result in resistance to change, which is an equally undesirable situation. Furthermore, sub-cultures were recognised by senior management as something which is both useful and desirable in an organisation, and that management is paying attention to this element of organisational life. Taking elements from sub cultures perceived to be good and spreading it across the organisation was considered a possibility for the future. In summary, organisational culture was perceived to be of importance to the airline industry in general, and the case organisation in particular. While conceding that the element of culture and its role in business is not easily grasped, it is clearly recognised. As a result of this awareness, the organisation is already paying much needed attention to the element of culture, and aims to continue to do so. The answer to the first research question appears to be that the organisational culture concept does have some degree of relevance to the case organisation, based on management perceptions and the available literature.
4.12.2 Conclusions concerning research question two

The findings reveal that Pukeko Air has primarily a Clan culture within the organisation today, and this is also the case in terms of what culture is desired for the future. There is no major discrepancy between the current and preferred future organisational culture as seen in the culture plot comparing the present and the future (Fig. 4.4 page 66). Based on this it can be assumed that the organisational culture does not at this stage need to be changed, meaning the organisation is more or less exactly where it wants to be for the future.

The most important difference between the present and the future can be seen in the Hierarchy culture quadrant. The OCAI reveal a slight desired increase in emphasis on Hierarchy and Clan culture, and a small reduction in emphasis on Hierarchy and Market culture. The relative importance of each culture quadrant remains almost unchanged, however, each quadrant’s strength have changed, with Clan culture being the most desired culture for the future, and Hierarchy and market culture following closely. Moreover, when compared to an “average” organisational culture plot based on 1000 previous diagnoses, the difference between the case organisation and this average is not significant, as no quadrant has a gap in score of ten or more. Also when looking at trends related to organisational culture there is congruence. Although the “average culture plot” and the trends do not aim to describe any “one right culture”, it is interesting to discover there is little difference between the case organisation and what has been revealed elsewhere in terms of organisational culture. In summary, the organisation has a Clan culture in the organisation today, which is the culture perceived to be strongest in the future as well. This answers research question two.

4.12.3 Conclusions concerning research question three

A set of values did stand out to the organisation’s members as more important than the rest. However, what was perceived to be emphasised in the organisation today was not necessarily
considered important for the future. Four values remain almost equally important in the future as they are perceived to be today: *Adaptability, cooperation, humour,* and *creativity.* The values which have been identified as displaying the greatest gaps when ranked against each other are *broad-mindedness (up 11 places), moral integrity (up 10 places), development (up 11 places), obedience (down 10 places),* and *diligence (down 17 places).* This set of values basically answer research question three. The complete list of values accompanied by scores can be seen in Table 4.31 on page 110. It is important for the airline to acknowledge the organisational values which gain and lose support, in order to make sure the right values are emphasised as the company develops and grows. The differences in these values also help explain the shifts in the culture quadrants, once again highlighting how the two research tools used allow for cross-referencing. In addition, differences in emphasised values are somewhat different when making a distinction between management and non-management staff, the time spent with the organisation, where the respondent was employed previously, and most evidently, what department or business unit the respondent belongs to.

4.12.4 Conclusions concerning research question four

The airline’s senior staff did indeed believe organisational culture makes a difference in terms of their economic performance. Half of those interviewed did, however, distinguish between financial performance and overall performance of the company, which could signify that finances is not everything when this organisation is defining success and high performance. Still, the fact that organisational culture is recognised as an important element of business success can be considered an important step towards in the right direction. Had the situation been the opposite, and no attention had been paid to culture, the organisation would have neglected something which by both scholars and practitioners (e.g. Kaliprasad, 2006; Ouchi, 1981; Peters & Waterman, 1982) is said to truly make a difference in sustaining success. It
was, however, concluded by everyone involved that even though organisational culture is important for success, there are external factors such as fuel prices which affect the airline industry significantly, and which cannot be controlled. A well functioning culture cannot be considered the solution to all organisational worries; rather, it must be seen as the connective element holding the influencing elements of an organisation together.

The aligned culture at Pukeko Air Ltd. can be seen as one contributor in achieving high performance. A set of strong values which are agreed upon by the majority of respondents will play an important role as well, as employees attempt to identify with their organisation. The absence of this could ultimately affected staff commitment, which in return could impact on performance. Moreover, the lack of shared vision which has been revealed raises some concern, as this could potentially prevent a high performing culture from emerging.

Considering that the culture of the organisation is aligned according to the findings of this research, it is likely to also be strong. Even across different departments it has been uncovered that the culture is to a large degree shared. From this it can be assumed that commitment today is equally strong. In spite of this, comments were made saying more commitment is needed from management. Ultimately, shared vision and commitment are two decisive elements in building a high performing organisation.

This sub question can be answered through pointing to findings showing how management are aware of a link between culture and performance, and also perceive it as relevant to sustained success. Cultural strength can lead to higher commitment, which in return is can positively impact organisational performance.
4.12.5 Conclusions concerning research question five

Senior managers at Pukeko Air Ltd. did feel their organisational culture is already conducive to success and superior performance, while revealing how certain organisational practices such as team work helps in coping with organisational change. Moreover, the notion of commitment, this time in connection with ownership, came up as an important factor in achieving competitive advantage, and ultimately a strong economic performance.

The thematic grouping of the comments which were left at the end of the survey questionnaire also reflects what was considered to be good and bad about the present culture. Lack of communication and support from management were to two most prevalent issues arising, while leadership and commitment were other issues repeatedly mentioned. From this we see that even though organisational commitment is perceived by management to be high, it is just as much a concern to some employees.

The answer to this final research sub question is basically that managers of the organisation do indeed perceive the current organisational culture to be conducive to success. This is a result of certain organisational practices as well as high levels of perceived commitment and ownership from all staff members.
4.13 Summary

This chapter has reported many elements of this organisation’s organisational culture and values, and has given the researcher an insight into the present as well as preferred future cultural situation. Findings from the survey questionnaire as well as the interviews with management have been used to discuss the five research sub-questions in this research.

First, findings have been presented through both illustrative pie diagrams and OCAI diagrams which were drawn up based on the perceptions of the current and preferred future organisational culture. From the culture plot it has became clear that the Clan culture, Hierarchy culture and Market culture has an almost equally strong presence in the organisation, with the Adhocracy culture currently being the least emphasised.

When the future preferred situation was plotted on the graph, the Clan culture took the dominating cultural role in the organisation, while the other three cultures have a very similar importance. When the current and future cultures are plotted together, the Adhocracy culture showed the largest increase in importance followed by the Clan culture. Conversely, the other two cultures were perceived a being less critical. Following the portrayal of the overall organisational culture profile, a set of OCAI plot diagrams were portrayed based on the demographics data presented first in this chapter. This pool of data formed the basis for discussion of research questions one and two, allowing the interviewees to present their perception on the role of organisational culture in the airline industry in general, and in their own company in particular. Culture’s impact was acknowledged, but it was agreed that organisational culture cannot be considered the solution to all problems faced by the industry.

The organisational values chosen by survey respondents were also presented graphically, ranked by their importance in the current as well as the preferred future situation. It became
clear that values such as adaptability, cooperation, humour, and creativity remained almost unchanged between the two time periods, in other words were equally desired for the future as they are today. There were however some disparities in values between the current and preferred future situation such as broad-mindedness, development, fairness at the top (i.e. a desired increase in emphasis in the future), and obedience, consideration, logic, and diligence (i.e. reduced emphasis in the future) at the bottom.

Organisational values were presented with respect to demographics data, illustrating differences between for example departments and time within the organisation. The values identified were also embedded across the OCAI plot displaying both the current and preferred organisational culture, displaying the usefulness of combining the two survey tools used for this research. These findings formed the basis for discussion of research question three.

Research question four was discussed based on the perceived relationship between organisational culture and values, and the organisation’s performance. The vast majority of survey respondents and all six interviewees believed there is a tight link between a well-functioning organisational culture and high performance. An even greater percentage agrees that organisational values are important to the success of the firm, with a persuasive 92% saying they agree or strongly agree. In addition, findings from Research Question five were presented and discussed based primarily on information derived through the interviews. This final question was discussed while also incorporating elements from the survey questionnaire, where respondents were asked to comment freely on organisational culture and values in general or with regards to the organisation. A set of common themes emerged and the responses could be grouped together and linked to the research questions. This way the themes could occasionally contribute to the researcher’s discussion of the research questions. The most prevalent themes were communication, support, commitment, leadership;
essentially a group of important issues that appeared numerous times across survey findings and discussion with interviewees.

Finally, concluding remarks about the research sub questions have been presented, leading this research project into the final chapter synthesising conclusions, recommendations, limitations, and implications.
5 CONCLUSIONS AND IMPLICATIONS

5.1 Introduction

This research provides an exploratory insight into the organisational culture and particularly the values of a New Zealand airline, through asking the question:

**What is the perceived relationship between organisational culture and firm performance of a smaller New Zealand airline?**

Five sub-questions emerged from the main research question:

- How relevant is the organisational culture concept to this firm?
- What is the perceived current and preferred future culture of the organisation?
- What are the current and preferred future values for this organisation?
- What is the perceived relationship from a senior staff point of view, between culture and values, and organisational economic performance in this firm?
- How do senior managers perceive the relationship between their culture and economic performance?

The conclusions from the pool of data resulting from the five sub-questions cover a diagnosis of the organisational culture and organisational values of the case-study organisation Pukeko Air Ltd., as well as how culture impacts the airline’s performance. First, conclusions concerning each research question have been presented in Chapter 4, and a summary of these conclusions appear in the paragraphs below. This conclusions section will treat each research question individually. Second, an attempt to answer the main research question based on sub question conclusions is presented. Finally, recommendations for the case organisation, limitations to the research, and implications for future research is presented.

5.2 Summary of conclusions concerning the research questions

Conclusions to each of the five research sub questions have been presented in detail at the end of Chapter 4. Brief summaries to each of these conclusions are presented in the section below.
5.2.1 Research question one

Research question one looked for support for, and perceptions of the role of organisational culture in the aviation industry, and asked “How relevant is the organisational culture concept to this firm?”

- Organisational culture is from a staff member and management point of view perceived to be of importance to the aviation industry in general, and Pukeko Air in particular, as is also the case in many other industries. Culture’s relevance is highlighted in the literature, although it is rarely considered the only element in success (Quick, 1992; Smith, 2004)

- Organisational culture is perceived to be particularly relevant to this airline due to lack of possibilities of differentiation from other airlines in the market it operates, and because culture can play a contributing role as to what kind of airline this organisation wants to become

- The Pukeko Air management claimed to pay attention to organisational culture already before this study was conducted. This awareness of organisational culture can facilitate building and shaping a strong and appropriate culture, as the company most likely has some insight into elements of its own culture

In conclusion, the first research question has been answered with the help of discussions with the organisation’s management and the available literature. Culture’s positive impact is highlighted in the literature, and the airline’s management supports this view. Culture can contribute in shaping the organisation, and is perceived to be an element in becoming a successful company.
5.2.2 Research question two

Research question two looked into the culture of the organisation, and asked “What is the perceived current and preferred future culture of the organisation?”

- Clan culture is the dominant culture today and is, according to the survey, the most preferred culture for the future

- Clan culture, the strongest culture in Pukeko Air today as well as for the preferred future situation, is characterised by people focus and is considered an “extended family” where commitment is high. Having a strong culture has been said to lead to higher commitment (O'Reilly, 1989), and with Clan culture being the strongest culture one can assume commitment will remain high

- There is little difference between current and preferred future cultural profile that suggests that the organisation is likely to be in a good position for the future

- Hierarchy culture looks set to remain the second strongest cultural type, but its strength is likely to be reduced if the preferred cultures for the future actually materialise. It has been recognised by management that an element of Hierarchy culture is needed in the aviation industry in general and Pukeko Air in particular, due to laws, regulations, and policies these companies must adhere to

- The gap between Pukeko Air’s culture plot and an average culture plot based on 1000 organisations is small. Although this average does not represent any ideal culture plot, it is of interest to Pukeko Air to see whether or not their culture plot differs drastically when compared with this average (Cameron & Quinn, 1999)
In conclusion, the second research question has been answered with an electronic edition of Cameron and Quinn’s (1999) “Organisational Culture Assessment Instrument”. This survey tool has revealed that the organisation has a Clan culture today, and that this looks set to be the strongest culture in the future as well.

5.2.3 Research question three

Research question three looked into the values of the organisation, and asked “What are the current and preferred future values for this organisation?”

- Four values have been revealed as more desired than the rest of McDonald and Gandz’ (1992) list of 24 values: Adaptability, cooperation, humour, and creativity. These appear to be equally desirable for the future as for the present.

- Three values from the complete list of 24 values stand out as being more desired for the future: Broad-mindedness, moral integrity, and development.

- Obedience and diligence are, based on the survey findings, values which are perceived to be emphasised today, but that are less desired for the future.

- The desire for more broad-mindedness, moral integrity, and development explains in part the strengthening of Clan culture and Adhocracy culture. Similarly, the weakening of obedience and diligence play a role in the reduced strength of the Hierarchy and Market cultures.

In conclusion, the third research question has been answered with an electronic version of McDonald and Gandz’ (1992) list of 24 values for the modern corporation. This survey tool has revealed a set of values which are considered strongly emphasised today: Adaptability,
cooperation, humour, and creativity. These are the values preferred for the future as well, which should mean the organisation is in a good situation for the future. A set of values more desired for the future have also been revealed (broad-mindedness, moral integrity and development), while other should be attributed less emphasis (obedience and diligence).

5.2.4 Research question four

Research question four looked into the relationship between organisational culture, values and organisational performance, and asked “What is the perceived relationship from a senior staff point of view, between culture and values, and organisational economic performance in this firm?”

- The organisation’s members, both managers and non-managers, have in general a strong belief in organisational culture as an element in high performance and success

- A need to differentiate between economic and overall performance was acknowledged by senior managers, as was revealed during interview sessions. It was perceived that one can be successful in the industry even without high profit margins, as elements such as customer satisfaction and loyalty are important to an airline

- Senior staff claims to already pay attention to the organisation’s culture, which confirms management’s interest in this element of organisational life

- External factors such as fuel prices are recognised as inhibitors to high performance, as it cannot be controlled. In the same manner, arguments have been put forward that organisational culture cannot be controlled either. Alvesson (2002), on the other hand, holds that managers can work with culture in different ways. On the one hand, managers can consider culture as building blocks in an organisational design,
containing the norms, values, beliefs, and behaviour styles of the organisation’s employees. Management is in this case *in control* of the culture. Conversely, looking at organisational culture as a diagnostic instrument can assist in making better decisions and avoiding mistakes. Culture is considered to be strong and resistant, and management is *not in control* and must in this case adapt to the culture

- It was commented in the survey questionnaire that there is a lack of shared vision in the organisation. This can be a concern to Pukeko Air, and can prevent a high performing culture from emerging. Kaliprasad (2006) are among those who argue that a vision must be in line with the marketplace and the leadership practices. In addition, Cameron and Quinn (1999) claim that a strong culture is associated with “homogeneity of effort, clear focus, and higher performance in environments where unity and common vision are required” (p. 63). This reinforces the claim that a shared vision is necessary at Pukeko Air to achieve high performance, as cultural strength can be affected negatively if there is no common vision.

- Because the culture has been identified as strong, commitment can be expected to be strong as well. Some comments in the survey did, however, concern a perceived lack of commitment from management. Cultural strength can be negatively affected should commitment be weak or even absent (O’Reilly, 1989).

In conclusion, the fourth research question has been answered through the available literature on culture and performance in general and the role of culture in airline performance in particular. This literature has been compared with perceptions from the organisation’s senior management. This organisation’s management appears to have belief in culture as a driving force behind higher performance. In addition, findings show that a shared vision must be in
place to build a strong culture with high commitment. This can ultimately result in a higher organisational performance.

5.2.5 Research question five

Research question five looked for perceptions from managers regarding the relationship between culture, values and performance, in asking “How do senior managers perceive the relationship between their culture and economic performance?”

- With regards to the case organisation’s own culture, management believed that this was already a successful one that could continue to support strong performance.

- The findings suggest that commitment and ownership are considered important elements in creating competitive advantage and strong performance in the case organisation. Increased commitment can potentially result in higher levels of organisational performance (Chatman, 1991; O'Reilly, 1989; Peters & Waterman, 1982). In addition, comments were made saying commitment and support from management could have been better, and that the leadership exercised is not always appropriate. This view differs from the perceptions of management, who believe commitment is high throughout. This could be a concern for the organisation.

In conclusion, the fifth research question has been answered through allowing senior managers to consider whether or not the organisation’s particular culture has been conducive to high performance in the past, and whether it can lead to continued strong performance in the future. The senior staff members interviewed have a strong belief in their own culture as an element in success, and it is perceived to remain an important element in future success. Ownership and commitment are considered key components in economic performance, and while some managers believe these elements are in place, survey results challenge this view.
5.3 Conclusions about the main research question

The five sub questions from the previous section were carefully developed to resolve the main research question: “What is the perceived relationship between organisational culture and firm performance of a smaller New Zealand airline?” Each sub question has addressed an element of either organisational culture or organisational values, or an association of these with performance in the airline industry in general and the case organisation in particular. The answer to the research question is multifaceted.

First, findings from this research indicate that organisational culture and organisational values are perceived to have relevance to this New Zealand case airline. In the case of Pukeko Air, the company has a relatively aligned culture when the current and preferred future situation is compared, something that might suggest a strong culture and that the company is likely to be well positioned for the future. Second, organisational culture is partially characterised by a set of values which employees can relate to or not. The degree to which the organisation can gather support for this set of values will likely contribute to shaping the future culture of this organisation. In the case of Pukeko Air, the values which are preferred in the organisation matches the preferred future organisational culture. Similarly, the least desired values belong mostly with the culture types that are the least desired.

In conclusion, it is evident that the relationship between organisational culture and firm performance is perceived to be closely linked. Convincing results from survey respondents, as well as comments made by interviewees, are in agreement that a smaller New Zealand airline can benefit from having a strong, well-functioning organisational culture which embraces the right set of values. A key finding here is the fact that both the current and preferred future values are relatively aligned.
Finally, scholars on the field of culture and performance argue that commitment is a reason why a strong culture is valuable, and that it is also an important value in organisational success (Lawrence, 1998; O'Reilly, 1989). At Pukeko Air, good performance is considered a result of having a shared vision which creates cultural strength and commitment. A senior manager echoed this and concluded: “Yeah, I think that is the key – commitment”.

5.4 Recommendations

Based on these conclusions concerning the organisational culture and values in this study, some recommendations can be offered for possible consideration by Pukeko Air.

First, even though the research reveals a great deal of alignment of the overall organisational culture, there are differences between the organisation’s departments which can be viewed as sub-cultures. Identifying well-functioning sub-cultures and which features are associated with effectiveness in this sub-culture, and then disseminating across departments where this culture would be relevant, could be an area of investigation for the organisation in the near future.

Second, the different departments appear to have different values, which in itself is not surprising. However, having too few shared values throughout the organisation can ultimately prevent the creation of, and emphasis on any primary dominant culture. This could be looked at more in-depth in order to ensure at least certain values, as identified in this research, are accepted throughout the organisation.

Finally, even though the findings from this study indicate the case organisation has a well-aligned organisational culture, there may be a desire to change certain elements of the culture. This can be useful for moving the organisation in a new direction, or for responding to an environmental or market challenge. Cameron and Quinn (1999) presents a formula for organisational culture change, and this could be investigated should it be deemed necessary.
5.5 Limitations

With most research there are limitations associated with the process involved (Lawrence, 1998), and applies to this study as well. First, as highlighted in the case whereby respondents are asked to rate themselves there is always the possibility of social desirability bias where respondents can easily select values or cultural orientations that present a favourable impression. This study deals primarily with member perceptions rather than any firm realities of their culture and values, and how this is associated with performance. Perceptions cannot be considered absolutes; rather, they are all about different realities.

Second, because of the small number of participants in some of the departments of the organisation surveyed in phase one of the data collection, fears of compromised anonymity may further affect the responses given. When employees in small departments respond to the survey it is highly likely they would want to paint a prettier picture of the situation, fearing that being one of a small number of employees in any given department can compromise their anonymity. Choosing not to respond to the questionnaire at all is another likely action.

Finally, the overall low response rate to the survey compared with the total number of potential recipients, together with a relatively small number of interviewees, is in itself a limitation to this study. This means the demographic groupings will have smaller numbers than would have been desirable, and limits the ability to generalise within and beyond the study.
5.6 Implications for further research

In terms of the role of culture in the airline industry in general, future research needs to investigate even more airlines, and how their organisational culture and values are conducive to high performance. This is relevant in order to highlight and find ways to replicate the positive aspects of successful companies in the aviation industry. This way an entire struggling industry can reap the benefits of what only some airlines are enjoying today.

This thesis represents a step on the way towards identifying an organisational culture and organisational values which are conducive to high performance among airlines in New Zealand. The importance of this study is in the combination of two accepted tools for assessing organisational culture and organisational values; McDonald and Gandz’ (1992) values for the modern business corporation, and Cameron and Quinn’s (1999) “Organisational Culture Assessment Instrument”. The combination of these has not previously been reported in the literature. Moreover, this research has allowed for cross referencing of findings from the OCAI and the values identified by McDonald and Gandz (1992), as a set of values perceived to be present in the case organisation has been embedded across Cameron and Quinn’s (1999) four culture quadrants. The implications of both the culture type and the set of identified values being the same for the current and preferred future situation, is an important outcome for the case organisation. With the current situation at the organisation being perceived by senior staff to deliver high performance, Pukeko Air appears to be in a good position for the future, as both the current culture and current values are the same culture and values preferred for the future. These findings represent a starting point towards developing a guideline for shaping an airline’s organisational culture, so it can achieve and maintain strong performance, while at the same time the findings enhance the knowledge available in this field of study.
REFERENCES


Dear Pukeko Air Ltd. employee:

You are invited to participate in a survey on organisational culture in Pukeko Air Ltd. In this survey, employees are being asked to answer questions concerning perceptions of the company's organisational culture and values.

The researcher is a final year Master of Business [MBus] student at Unitec New Zealand in Auckland and this research project is prepared in partial satisfaction of the requirements of this degree.

Your participation in this study is completely voluntary. However, I hope you choose to participate as this will provide valuable information for my research project and results that can be of benefit to the company.

Your survey responses will be strictly confidential and data from this research will be reported only in a summary report. If you have questions at any time about the survey or the procedures you may contact me, the researcher, Cato Saele on 021 XXX XXXX or by email cato.saele@gmail.com, or my supervisor Dr. Noel Burchell at nburchell@unitec.ac.nz.

It will take approximately 15 minutes to complete the questionnaire. It consists of three sections and you can follow your progress on top of the page.

Thank you very much for your time and support. Please start with the survey now by clicking on the Continue button below.

PART 1: DEMOGRAPHICAL DATA

This information will only be available to the researcher and your answers will not be used in any way that will identify you as an individual.

Please indicate your gender

☐ Male

☐ Female
Please indicate your age

- [ ] 18-29
- [ ] 30-39
- [ ] 40 +

Please indicate how you first entered the organisation

- [ ] Through A
- [ ] Through B
- [ ] Through C

Please indicate your number of years with the XYZ group of organisations (A, B, and C)

- [ ] < 1 years
- [ ] 1 to < 4 years
- [ ] 4 years +

Your position in the organisation is characterised as

- [ ] Management
- [ ] Non-management

Please indicate your department

- [ ] A
- [ ] B
- [ ] C
- [ ] D
- [ ] E
- [ ] Other

PART 2: ORGANISATIONAL CULTURE ASSESSMENT

In completing this questionnaire, you are providing information that will be used to develop a picture of your organisation’s culture and values. There are no right or wrong answers. Please answer the questions based on your experience of the company and just be as accurate as you can.

This section consists of six questions. Each question has four alternatives. Allocate the 100 points among these four alternatives based on your perceptions of the current situation in your company. For example, in question one, if you think alternative A is very strong in your organisation, alternative B and C are somewhat less but similar, and alternative D is hardly present at all, you might give 55 points to A, 20 points to B and C, and five points to D. Just
be sure your total equals 100 points for each question.

HINT: After filling in three of the four alternatives, the fourth one will be calculated automatically in most web-browsers!

Dominant Characteristics *

A. The organisation is a very personal place. It is like an extended family. People seem to share a lot of themselves. [NOW]
B. The organisation is a very dynamic entrepreneurial place. People are willing to stick their necks out and take risks. [NOW]
C. The organisation is very results oriented. A major concern is with getting the job done. People are very competitive and achievement oriented. [NOW]
D. The organisation is a very controlled and structured place. Formal procedures generally govern what people do. [NOW]

Values must add up to 100

Organisational Leadership *

A. The leadership in the organisation is generally considered to exemplify mentoring, facilitating, or nurturing. [NOW]
B. The leadership in the organisation is generally considered to exemplify entrepreneurship, innovating, or risk taking. [NOW]
C. The leadership in the organisation is generally considered to exemplify a no-nonsense, aggressive, results-oriented focus. [NOW]
D. The leadership in the organisation is generally considered to exemplify coordinating, organising, or smooth-running efficiency. [NOW]

Values must add up to 100

Management of Employees *

A. The management style in the organisation is characterised by teamwork, consensus, and participation. [NOW]
B. The management style in the organisation is characterised by individual risk-taking, innovation, freedom, and uniqueness. [NOW]
C. The management style in the organisation is characterized by hard-driving competitiveness, high demands, and achievement. [NOW]
D. The management style in the organisation is characterised by security of employment, conformity, predictability, and stability in relationships. [NOW]

Values must add up to 100
Organisation Glue *

A. The glue that holds the organisation together is loyalty and mutual trust. Commitment to this organisation runs high. [ ] NOW
B. The glue that holds the organisation together is commitment to innovation and development. There is an emphasis on being on the cutting edge. [ ] NOW
C. The glue that holds the organisation together is the emphasis on achievement and goal accomplishment. Aggressiveness and winning are common themes. [ ] NOW
D. The glue that holds the organisation together is formal rules and policies. Maintaining a smooth-running organisation is important. [ ] NOW

Values must add up to 100

Strategic Emphases *

A. The organisation emphasises human development. High trust, openness, and participation persist. [ ] NOW
B. The organisation emphasises acquiring new resources and creating new challenges. Trying new things and prospecting for opportunities are valued. [ ] NOW
C. The organisation emphasizes competitive actions and achievement. Hitting stretch targets and winning in the marketplace are dominant. [ ] NOW
D. The organisation emphasises permanence and stability. Efficiency, control and smooth operations are important. [ ] NOW

Values must add up to 100

Criteria of Success *

A. The organisation defines success on the basis of the development of human resources, teamwork, employee commitment, and concern for people. [ ] NOW
B. The organisation defines success on the basis of having the most unique or newest products. It is a product leader and innovator. [ ] NOW
C. The organisation defines success on the basis of winning in the marketplace and outpacing the competition. Competitive market leadership is key. [ ] NOW
D. The organisation defines success on the basis of efficiency. Dependable delivery, smooth scheduling and low-cost production are critical. [ ] NOW

Values must add up to 100
In this section, allocate 100 points across the four alternatives in the same manner as in last section, only this time allocate on the basis of how you think it should be in for example 5 years time, i.e. the PREFERRED future situation of the organisation.

Dominant Characteristics *

A. The organisation is a very personal place. It is like an extended family. People seem to share a lot of themselves.
B. The organisation is a very dynamic entrepreneurial place. People are willing to stick their necks out and take risks.
C. The organisation is very results oriented. A major concern is with getting the job done. People are very competitive and achievement oriented.
D. The organisation is a very controlled and structured place. Formal procedures generally govern what people do.

Values must add up to 100

Organisational Leadership *

A. The leadership in the organisation is generally considered to exemplify mentoring, facilitating, or nurturing.
B. The leadership in the organisation is generally considered to exemplify entrepreneurship, innovating, or risk taking.
C. The leadership in the organisation is generally considered to exemplify a no-nonsense, aggressive, results-oriented focus.
D. The leadership in the organisation is generally considered to exemplify coordinating, organizing, or smooth-running efficiency.

Values must add up to 100

Management of Employees *

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Values must add up to 100

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Values must add up to 100

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Values must add up to 100
PART 3: SHARED VALUE CONCEPTS

In this section you are going to choose **EIGHT** of the 24 values listed below, and tick the box next to it if you feel this value CURRENTLY most applies to Pukeko Air Ltd. Repeat the same step with regards to the values that you think best represent the PREFERRED future situation. You can choose the same eight values if you believe these are the most important for the future, or a whole new set – **as long as the total in each column comes to no more than EIGHT**.

When you have completed this section, please recount the number of ticks one last time to ensure you have only chosen **eight (8)**.

<table>
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<th>PREFERRED FUTURE VALUES OF THE ORGANISATION</th>
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<tr>
<td><strong>ADAPTABILITY</strong> - Being flexible and changing in response to new circumstances</td>
<td></td>
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<tr>
<td><strong>ASSERTIVENESS</strong> - Being assertive and pursing goals vigorously</td>
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<tr>
<td><strong>AUTONOMY</strong> - Being independent and free to act</td>
<td></td>
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<tr>
<td><strong>BROAD-MINDEDNESS</strong> - Accepting different viewpoints and opinions</td>
<td></td>
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<tr>
<td><strong>CAUTIOUSNESS</strong> - Being cautious and minimizing exposure to risk</td>
<td></td>
</tr>
<tr>
<td><strong>CONSIDERATION</strong> - Being caring, kind and considerate</td>
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<td><strong>COOPERATION</strong> - Being cooperative and working well with others</td>
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<tr>
<td><strong>COURTESY</strong> - Being polite and having respect for individual dignity</td>
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<tr>
<td><strong>CREATIVITY</strong> - Developing new ideas and applying innovative approaches</td>
<td></td>
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<tr>
<td><strong>DEVELOPMENT</strong> - Achieving personal growth, learning and development</td>
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<tr>
<td><strong>DILIGENCE</strong> - Working long and hard to achieve results</td>
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<tr>
<td><strong>ECONOMY</strong> - Being thrifty and careful in spending</td>
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<tr>
<td><strong>EXPERIMENTATION</strong> - Taking a trial and error approach to problem solving</td>
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<tr>
<td><strong>FAIRNESS</strong> - Being fair and providing just recognition based on merit</td>
<td></td>
</tr>
<tr>
<td><strong>FORGIVENESS</strong> - Being forgiving and understanding when errors occur</td>
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<tr>
<td><strong>FORMALITY</strong> - Upholding proper ceremony and maintaining tradition</td>
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<tr>
<td><strong>HUMOR</strong> - Creating fun and being light-hearted</td>
<td></td>
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<tr>
<td><strong>INITIATIVE</strong> - Seizing opportunity and taking responsibility without hesitation</td>
<td></td>
</tr>
<tr>
<td><strong>LOGIC</strong> - Being rational and thinking in terms of facts and figures</td>
<td></td>
</tr>
<tr>
<td><strong>MORAL INTEGRITY</strong> - Being honourable and following ethical principles</td>
<td></td>
</tr>
<tr>
<td><strong>OBEEDIENCE</strong> - Complying with directions and conforming to rules</td>
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</tr>
<tr>
<td><strong>OPENNESS</strong> - Being straightforward, sincere and candid in discussions</td>
<td></td>
</tr>
<tr>
<td><strong>ORDERLINESS</strong> - Being neat, tidy and well-organized</td>
<td></td>
</tr>
<tr>
<td><strong>SOCIAL EQUALITY</strong> - Being equal to others and avoiding status differences</td>
<td></td>
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</table>
Organisational culture is important to the performance of Pukeko Air Ltd. *

Organisational values are important for sustaining success at Pukeko Air Ltd. *

Please take the opportunity to give me some additional feedback on any matters relating to the culture or values of the organisation, or culture and values in general.

Please contact cato.saele@gmail.com if you have any questions regarding this survey.
APPENDIX 2 – DEFINITION OF ORGANISATIONAL VALUES ACCORDING TO MCDONALD AND GANDZ (1992)

ADAPTABILITY - Being flexible and changing in response to new circumstances

ASSERTIVENESS - Being assertive and pursing goals vigorously

AUTONOMY - Being independent and free to act

BROAD-MINDEDNESS - Accepting different viewpoints and opinions

CAUTIOUSNESS - Being cautious and minimizing exposure to risk

CONSIDERATION - Being caring, kind and considerate

COOPERATION - Being cooperative and working well with others

COURTESY - Being polite and having respect for individual dignity

CREATIVITY - Developing new ideas and applying innovative approaches

DEVELOPMENT - Achieving personal growth, learning and development

DILIGENCE - Working long and hard to achieve results

ECONOMY - Being thrifty and careful in spending

EXPERIMENTATION - Taking a trial and error approach to problem solving

FAIRNESS - Being fair and providing just recognition based on merit

FORGIVENESS - Being forgiving and understanding when errors occur

FORMALITY - Upholding proper ceremony and maintaining tradition

HUMOR - Creating fun and being light-hearted

INITIATIVE - Seizing opportunity and taking responsibility without hesitation

LOGIC - Being rational and thinking in terms of facts and figures

MORAL INTEGRITY - Being honourable and following ethical principles

OBEDIENCE - Complying with directions and conforming to rules

OPENNESS - Being straightforward, sincere and candid in discussions

ORDERLINESS - Being neat, tidy and well-organized

SOCIAL EQUALITY - Being equal to others and avoiding status differences
APPENDIX 3: INTERVIEW QUESTIONS

EXAMPLES OF STARTING POINTS FOR DISCUSSION WITH THE ORGANISATION’S MANAGEMENT

- How relevant is the “organisational culture concept” to the airline industry today? What role do you think it has to play in New Zealand airlines?

- **OCAI plot diagram:** Looking at this diagram you can see that the organisation is relatively stable with the current situation as opposed to the preferred future situation. Why do you think this is the case (all the changes happening taken into consideration)? Can you see (reading the brief descriptions on handout) any explanation why the future situation should be positioned more towards the A and B quadrants?

- **Values diagram Top and Bottom 10:** Look at the Top 10 organisational values - Why do you think can be the reason for the significant changes in values such as Broad-mindedness, and Development? Can you see any explanation for the decrease in values such as Experimentation, Obedience, and Diligence?

- How do you perceived the relationship between organisational culture and values, and organisational performance in this firm, from your point of view as a senior staff member? Could you give an example?

- Finally, can you give an example of when the organisations unique culture and/or values has helped it through a particular crisis/problem/transition, or had a positive impact on performance in this organisation?
### APPENDIX 4: EXAMPLE OF WORKSHEET FOR SCORING THE OCAI

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