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Culture and Strategy

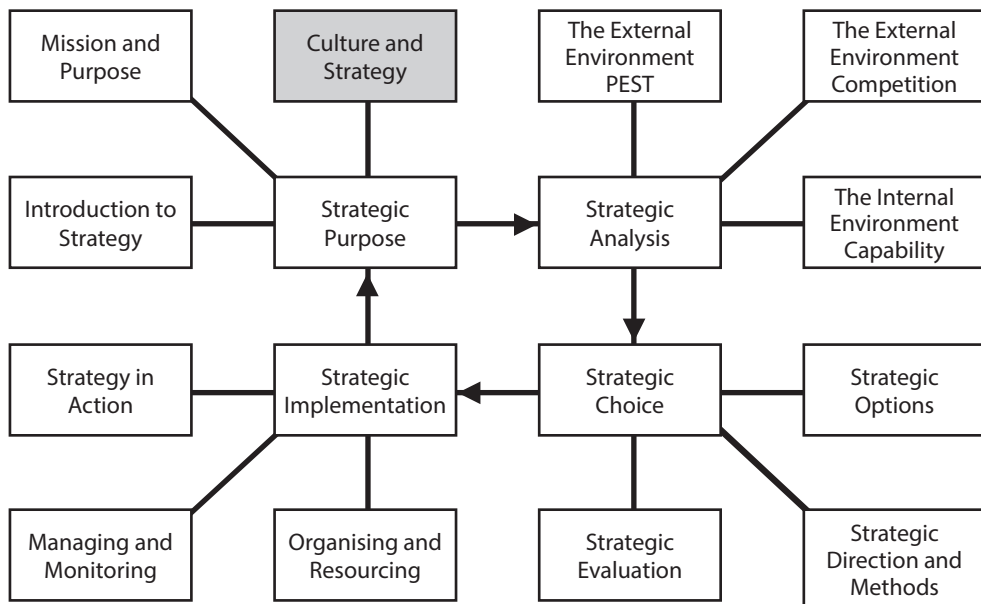


Figure 3.1

Learning outcomes

After studying this chapter and related materials you should be able to understand:

- Culture
- National culture
- Organisational culture
- Cultural web
- Reproduction and path dependency

and critically evaluate, explain and apply the above concepts.

Introduction

Culture:

a set of shared values, attitudes, goals, and practices that characterise a group of people.

At the end of Chapter 1 the complexity of strategy was emphasised. In particular it was stated that there are no universal goals shared by organisations and entities across the globe. Rather the human dimension of strategic planning was underlined. This human aspect draws attention to the fact that people operate as members of particular cultural groupings. Their behaviour patterns are moulded and formed by culture. So it is important to understand how individuals are embedded within organisations and entities which are prone to create cultural norms. Additionally, organisations themselves are embedded within a broader social system which sanctions and normalises certain behaviours and ideas.

To help understand these aspects of strategy this chapter initially studies the concept of culture and cultural reproduction at a general level. It then focuses on the cultural environment and national cultures within which tourism entities operate, before narrowing its analysis to consider culture at the organisation level. One of the key reasons to study the effects of culture is the challenge of strategic change. For if organisations cultivate a particular culture, and culture performs a role in determining behaviour, then culture may present a conservative pull that inhibits strategic change and innovation. This is the challenge of cultural reproduction (Bourdieu, 1973), or path dependency, where organisations and entities are prone to reproduce existing ways of doing things. Case study 3 identifies the corporate culture of the Walt Disney Company, discusses how it is maintained and transmitted and looks at the cultural challenges of a US company operating in China.

Case study 3: The Walt Disney Company

The Walt Disney Company (WDC) with headquarters in the USA was founded by Walt Disney in 1923 and has grown to its present position as a leading global entertainment and media company with interests in the five key areas of Media Networks, Parks and Resorts, The Walt Disney Studios, Disney Consumer Products and Disney Interactive. As such it is a key organisation in transmitting popular American culture to the rest of the world. The mission of WDC is to be one of the world's leading producers and providers of entertainment and information. Its three strategic priorities are:

- ◆ Unparalleled creativity
- ◆ Innovative technology, and
- ◆ Global expansion

WDC demonstrates a strong and distinctive corporate culture. Walt Disney, the founder of WDC had, and still has, a significant influence on the company's mission. He was always keen to promote a wholesome image for the company and was a strong believer in American values and the enduring WDC culture can be seen from a number of angles. For example the value statement of WDC is arranged over seven key ideas:

“Innovation

- ◆ We are committed to a tradition of innovation and technology.

Quality

- ◆ We strive to set a high standard of excellence.
- ◆ We maintain high-quality standards across all product categories.

Community

- ◆ We create positive and inclusive ideas about families.
- ◆ We provide entertainment experiences for all generations to share.

Storytelling

- ◆ Timeless and engaging stories delight and inspire.

Optimism

- ◆ At The Walt Disney Company, entertainment is about hope, aspiration and positive outcomes.

Decency

- ◆ We honor and respect the trust people place in us.
- ◆ Our fun is about laughing at our experiences and ourselves”

These core values are emphasised by Robert Iger, Chairman and Chief Executive Officer, The Walt Disney Company in the following statement to shareholders:

“Disney was also widely recognized as one of the world’s most admired and respected companies, an achievement I’m especially proud of because it reflects more than just our strong performance. It speaks to our integrity and unwavering commitment to act ethically and operate responsibly wherever we do business. For us, doing good is essential to doing well. We know that being a good global citizen is what you expect from our brand and, just as importantly, it’s something we expect from ourselves.”

According to the Disney Institute there are four interconnected processes that define an organization’s culture: employee selection, training, care and communication. But how is company culture transmitted to new staff? The designation of theme park employees as cast members promotes a strong cultural cue that they should emphasise performance and cultivate audience relationships. Visitors are called guests and creativity and innovation are central the WDC culture. Larry Lynch of the Disney Institute, Walt Disney World, Florida, explained the role of the WDC ‘university’ in inducting new staff:

... it all begins the day new Cast Members arrive for orientation at Disney University, the company’s internal training operation. The timing couldn’t be better to show them how our company thinks, to offer concrete examples of how creativity and innovation have helped us grow, and to emphasize how our ongoing traditions have been the steady hand that guides us. Those traditions are pointed out again when new Cast Members are introduced to their assigned workplaces. As they learn the culture of the company, they recognize the traditions in the standard operating procedures and established norms of their work areas. They see how the company has succeeded by placing a high

value on creativity. They understand that their ideas can add new insights and improve accepted practices ... our Cast Members learn from day 1 that Disney expects – and values – their input on how to make our best ideas even better. Idea generation becomes an integral part of the culture.

Of course this also demonstrates some possible tensions. On the one hand the company wishes to ensure standardisation whilst on the other hand to encourage creativity and innovation. Indeed there are criticisms that WDC employee induction can be stifling. As one observer commented:

Attend Disney U as a professional staffer and or senior employee: HR will instruct you as to what is expected in the 'employee visual package' the company is looking for. Briefly, it feels like Mattel Barbie Doll think, but that does sell.

A key mechanism for maintaining corporate values is through an organisation's reward and recognition programme. For WDC these are based upon quality of work, length of service, community volunteering and an Employee of the Month scheme. Employee of the Month can be a useful device for signalling and rewarding those attributes that the organisation values in its employees.

More general cultural issues have surfaced through some of the new theme park openings of WDC. For example, Disneyland, Paris opened in 1992 with the traditional WDC prohibition on the selling of alcoholic drinks. The idea that the Disneyland package could be successfully implanted, lock, stock and barrel into France, a country with a very distinct culture proved to be problematic. However the strategists at the Walt Disney Company, like most of us, demonstrated an ethnocentric view of the world. They saw France as if it were populated by Americans, rather than as if it were populated by the French. They were considerably surprised at the lack of enthusiasm by French visitors for a US inspired cuisine of soft drinks and fast food. And according to the BBC, Disneyland Paris was seen by French intellectuals as an affront to French culture.

The £1bn Disneyland, Hong Kong opened in 2005 with an entry fee of HK\$350 (£33) which translates to two weeks' wages for an average family from mainland China. The opening ceremony was attended by Chinese Vice President Zeng Qinghong, Hong Kong Chief Executive Donald Tsang, WDC CEO Michael Eisner, WDC CEO-elect Bob Iger, Mickey Mouse, Minnie Mouse and Goofy the Dog. Commenting in *The Guardian* Jonathan Watts observed:

The meeting of the world's biggest Communist party and the planet's best-known entertainment corporation would have been unthinkable to their founders. Walt Disney was a fervent anti-communist; Mao launched deadly purges of rightists and blocked Hollywood films ... [The scene] highlights the hybrid nature of modern China, where the desire to make money is now the dominant ideology. Often condemned as a vehicle for US cultural imperialism, Disney is now being embraced for the cash it can bring in. The park's economic spin-off is put at HK\$148bn [\$15bn] over four decades.

Watts quotes a professor of economics at Hong Kong University of Science and Technology, Francis Lui, who also observes the huge shift in China's communist cultural values: