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# Analysis on the relevance of company culture values at worker level inside business organisations

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## **Glossary**

CVF      Competing values framework

## 1 Introduction

This paper takes at face value various accounts of culture and climate from the business and public sector, and parses them through a critical lens, highlighting the feats, as well as the blind spots of studies pertaining to company culture and climate. Our analysis is put forward in relation with validated business models that are available within the modern day neoliberal economical climate across different parts of the world. In doing so, the paper follows the development of capital production in current times, as well as throughout the recent history of the last two centuries. The paper goes to highlight that, due to a misalignment between the personal involvement, material conditions and hierarchical positioning between line employees and top management inside the current framework of production, top-down culture alterations in large private organisations are effective, at most, only as much as subsequent data analysis is able to show, while mapping the degree to which workplace values are embedded within an individual worker's mindset turns out to be an unrealistic task.

## 2 The notion of company culture

One topic that pertains to the correlated fields of business management, sociology and anthropology, is parsing notions such as “company culture”, “company climate”, “business strategies” and “growth monitoring”. We need to bear in mind, as analysts in the second half of the 20th century did, that we are in muddy waters when it comes to analysing topics from such angles. Whereas concepts such as “return of investment” or “debt accrual” can be steadily observed and interpreted based on hard data, when it comes to measuring the human incentives causing economical behavior, the story deepens.

In regards to the first two, there are overlaps in sentiment, but also disagreements as to what even constitutes company “culture”, in relation or opposition to company “climate”. Various voices contend that a distinction between culture and climate lies in the fact that the climate of an organisation consists essentially of shared perceptions, whereas the culture of an organisation is made up of shared assumptions. Other sources, on the other hand, see culture merely as an extension of climate, even

pointing to the iceberg model: what you see at first glance when analysing a company is just a small part of the human dynamics powering it (Willcoxson L., Millett B., 2000). One stance that reunites such diverse philosophies would be best summed up by the following phrase:

The key elemental components of climate - the explanatory powers of the concept [...] lie in its potential to conceptually link organisational and individual behavioural phenomena.

"The management of organisational culture", Willcoxson L., Millett B., 2000, p. 93

In looking at the parameters that study businesses' development, we are met with different schools of thought, weighing in on the different approaches that different cultures give rise to: for the purpose of anecdotes, we take a look at the typological American model, with accents on individuality, turbulence, quick aggregate profit, early-on enthrallment of potential VPs / shareholders and strong corporate pressures, as it is pitted against the classical German model, where trust, stability, a slow but safe pace of production and mutual achievement are valued first.

Finally, when it comes to the philosophy of organisational systems, we are met with a plethora of views: from the "unitarist" theory, which states that organisations thrive when the core values of the initial founders are perpetuated and maintained harmoniously, to the anarcho-organisational view that business success is merely a happy occurrence when most involved actors manage to selfishly pursue their own interest towards a convenient common goal.

These and other points will be discussed in the chapters below.

## 2.1 Modes of measurement

The idea of a company culture was explored in the '70s and '80s more extensively by writers such as Hofstede (Hofstede, cited in Wallace, Hunt and Richards, 1999). Based on a survey administered with no less than 88,000 responses, performed on IBM employees throughout 66 countries, Hofstede concluded that there are four main axes when analysing company culture, which he named as follows:

(i) “individualism” (described as the measure of pursuit of self-interest versus the interest of the wider congregation of which the individual is part of);

(ii) “uncertainty avoidance” (the degree of minimising uncertainty versus tolerance of ambiguity);

(iii) “power distance” (measuring how distant/formal versus close/informal the relationships between superior and subordinates are);

(iv) “masculinity” (defined as the extent to which success is defined in terms of traits such as assertiveness or ambition, as opposed to feats such as caring and nurturing).

Hofstede’s study, reported by Keely, proves the point of how locally measured values can differentiate substantially from national averages (Wallace et al, 1999, p. 554). Following the administration of queries to 300 male & female officers of the Victoria Police of Australia, the results indicated that individuality was much lesser prevalent in the organization (pinpointing to a culture based on cooperation), whereas power distance was much greater than what would be found in private enterprises (showing the more formal, “respect-based” relations of the police institution). The three authors’ preliminary conclusion is: culture, organisational climate, and managerial values are related, but that the causal directions are largely not presumed. This implies that, although you can infer behavioural and attitudinal aspects from the characteristics of the institution at play, there exist flexible, indeterminant factors about the direction in which core values for the employees may change along time – one of them being, for example, the view that seniority and stability in the position, rather than immediate performance, is the factor that should be correlated with immediate reward. However, as contented in the document, as Australia’s public institutions would be undergoing pressures to transition to a more reward-based system, it is conceivable to see portions of the officers’ responses alter accordingly in potential future studies.

Michael Keely (1983) was an important pioneer in restructuring this field, with his push of non-objective questioning and dissection of company culture. One of his points was that organisations exist as a voluntary agreement between different parties to achieve different goals. Nowadays, in organisational culture analysis we have at our disposition bimodal axes such as “homogenous versus heterogenous”, cultures, “balanced versus

dissonant cultures”, and so on (Fletcher and Jones, cited in Wallace et. al, 1999, p. 551).

Company culture, in its simplistic form, can be understood as consisting of fundamental values, belief systems, assumptions. Climate, on the other hand, would comprise more empirically accessible elements, such as behavioural and attitudinal characteristics. For this purpose, Jones and James derived 6 dimensions of climate (cited in Wallace et al., 1999, p. 552):

- 1) Leadership facilitation and support;
- 2) Workgroup co-operation;
- 3) Conflict vs. ambiguity;
- 4) Professional and organisational esprit;
- 5) Job challenge, importance, and variety;
- 6) Mutual trust.

## 2.2 Differences and interferences

Hofstede’s conclusions indicate that results vary largely by country, pointing to the fact that company cultures indeed rely on the surrounding values of the region in which said company is based. However, his work received fair criticisms for the issues discussed above, such as extrapolating conclusions about national differences from a single work entity, plus inferring results based on attitude surveys without other modes of measurement.

In 1983, Louis argued that the concept of organisational culture came forward more as a result of dissatisfaction with the previously known ways of analysing dynamics inside work organisations. Louis further argues that things such as myths and symbols have an underlying tenet that they are all expressions of culture (Louis, 1983, cited by Wallace et al., 1999, p. 550). With his findings at hand, Louis criticizes the traditional methods of analysing business culture over the fact that they are limited in understanding individual instances of culture based on outlooks or attitudes found in the workplace, and rather rely on “universal” variables lacking local cultural background in their studies. The new approach brought forward by Louis set the basis for a new,

more holistic and introspective branch in the study of organisational culture of public and private entities.

Climate is held to be a summary perception of how an organisation deals with its members and environments, and thus develops specifically from internal factors primarily under managerial influence (Ostroff and Schmitt, 1993). Organisational culture, by contrast, is created from a broad range of internal and external influences, some of which have been argued to lie beyond managerial control (Alvesson, 1991).

“The relationship between organisational culture, organisational climate and managerial values”, Wallace et. al., 2000, p. 553)

### 2.3 Dimensions of freedom

In “The Americanization of the German model” by Erik H. Schlie and Malcolm Werner (Schlie. E. H., Werner M., 2000), the authors look at historical companies such as Daimler-Benz, Siemens, Chrysler, and Rolls-Royce to map the evolution of managerial styles on each side of the Atlantic, and infer valuable takeaways from doing so. The narrative follows that in the last two decades of the 20th century, traditional German entities have subtly loosened the grip on the “ten commandments” of the German business model and slowly started to adapt, in a mixed-approach fashion, to some of their American counterparts’ styles. Namely, the notions of trust between the company, supplier, stakeholders, and other links in the chain are still highly valued, but we see a liberalization in the incentivization process, a push towards quicker sought-after profits, or opening the window towards a shareholder having bigger leverage in the board of the company (which later goes to influence new upcoming German companies to liberalize the process even more so). Even more so, in the years up to 2000, many German companies would have also adhered more to human resources, planning and organisational values such as formal international groupings of HR managers, all of which are more specific to the Anglo-Saxon business world (Ferner A. and Varul M., 2000, p. 116.)

These values can be mapped to more deeply-rooted behavioural traits, that then reflect outwards at an organisation level. Schein has argued that culture consists of three dimensions – assumptions (at the deepest core), values (middle level) and artefacts, which are at the highest visible plane in behaviour. (Schein, cited in Parker R. and Bradley L., 2000, p. 127). Another valuable take that we find here is the integration perspective versus the differentiation perspective. The integration perspective refers to

the idea that cultural change is when homogenous values slowly replace a previously held set of values in an organisation. The differentiation perspective says that there is no general-level consensus or common framework, and instead, what we experience in an organization is subcultures shifting.

The overlaps between these two perspectives gives us that values, (the middle level), are the ones preferred in analysis (as opposed to assumptions or artefacts, which are too ingrained or too surface-level, respectively). The competing values framework (CVF) has 2 axes: internal/external and flexibility/control (Parker R., Bradley L., 2000, p. 128). Their permutation generates a matrix that encompasses 4 types of organisations:

- 1) Internal process model = control/internal (hierarchical culture);
- 2) Open system model = flexibility/external;
- 3) Human relations model = flexibility/internal;
- 4) Rational goal model = control/external;

Inside of an organization, previous research has illustrated that these 4 styles of culture can coexist, however, the managerial challenge is getting them to coexist harmoniously.

The traditional model of public administration follows in line of the model 1). As opposed to private entities, public entities are subjected to political power as opposed to market forces or shareholder interests. Since the 1980, new models have been proposed to flexibilize public administration: Peter and Waterman's *In Search of Excellence* provides a checklist of successful organization as inspiration. This new managerial framework was thought to effectivize the public sector by essentially separating the activity of such publicly funded institutions into 2: on one hand, the policy development role, and on the other, the execution (service delivery function). Among other features, this switch included augmented competition by means such as privatization or contracting out. The desire was to gravitate more towards a rational model of CVF (control/external). Another relevant aspect in this discussion was the notion of isomorphism (taking inspiration from their private counterparts).

Following study results by this book's authors, it turns out that 4 out of the total 7 of the departments from the Queensland public sector were still heavily skewed towards an internal model, so not much change/adaptation to the new federal-level change had taken place (Parker and Bradley, 2000, p. 136-137) . Why? Some theories talk about how change can't be imposed from above. Another hypothesis? Simply that public institutions are fundamentally different to their core, compared to private ones, and these factors just do not mutate – they will remain ingrained in structures based on hierarchy, control, respect, and tradition. Research backs up the fact that public is different compared to private, in matters such as diversity of goals, resource access, or the nature of constraints met.

#### 2.4 Dimensions of change

Smircich (Smircich, 1983, cited in Ogbonna E., 1992, p. 42) saw two paradigms of understanding culture: something that an organization *has* versus something that an organization *is*. Weick (cited in Siehl, 1985, p. 125, cited in Ogbonna E., p. 42) also stated that “organisations don't have cultures, they are cultures”. The prevalent view is that this constitutes the basis for why a culture might be so hard to change, and the action should be treated carefully. Why is that? Because culture is something innate, unconscious, or quasi-lacking the awareness of the individuals comprising an institution. The academics who believe that culture cannot essentially be changed have met criticism coming from their opponents, who claim that the first ones have “change” in mind at too deep a level required for an organization, and namely at the level of the “assumptions”. The critics contend that, in that case, prospects of change could indeed be close to impossible. They argue that there is no need to dive that deep for an effective, visible change at institution level.

However, culture morphs and is passed down, gets adopted and then becomes mainstream, so along this path we are able to see social and behavioural markers of culture at play. According to Schein, culture is an adaptive agent which enables the members of the organization to cope with the problems of survival. This naturally implies that when a culture has outlived itself, the members will find and adapt to new ways of justifying its existence, to preserve their own role inside the organization. On

the account of Bates “culture is capable of locking people in their own problems” (Bates, 1984, cited in Ogbonna, 1992, p. 44).

When on the process to try to change the culture, the gap between the desired behaviour (stage 4) and the prevailing norms is called “the norm gap”. Potential routes for success are proposed: change the leader of the organisation, or make the existing leader(s) strongly change their habits and conduct in line with the new desired form of organization, to provide the employees with a role model. Other key learnings: control of flow of information, maintaining clear and consistent communication with the employees in regards to the new style of leadership, performance/rewards systems.

What Ogbonna notices in the middle of his paper is that, when brought into workshops and pushed toward change, employees may only change temporarily, as they feel they are being part of a study or “testing phase”. This particular category of observer effect had been previously dubbed “the Hawthorne effect” and it actually applies well in correlation to what other business management researchers had also remarked in their respective papers. Case in point: the study employed in the UK over a five-year period, where management attempted to shift organisational culture into a more customer-oriented approach, resulted in the cashier employees behaving seemingly more positive and open towards the customers – however, this effect was shown to be, more than anything, caused by fear of sanctions in the context of job security, and didn’t correlate to any proven positive mental change in workers’ minds, in relation to the notion of company culture (Ogbonna and Wilkinson, 1990, cited in Ogbonna E., 1992, p. 50-51). Even more so, a temporarily achieved coming together of employees during such a phase of bonding (met during workshops or other commonly held activities), can be perceived as a threat by the organisation leaders, possibly foreshadowing worker rebellion or union:

Indeed, far from changing to suit management’s aims, the collectivism which attempts to change culture can breed may become counter-productive as the workers may use this to their advantage.  
(Ray, 1986, cited in Ogbonna, 1992, p. 51).

### 3 On the shortcomings of culture shifts in organisational studies

In a more recent paper from 2007, namely, "Motivation, incentives and organisational culture" by Patricia Milne (Milne P., 2007), the Findings category reads right off the bat:

The paper finds that reward and recognition programmes can positively affect motivation, performance, and interest within an organisation. While a little more problematic, team-based incentives, if designed appropriately, can also encourage and support a range of positive outcomes. But research has yet to reveal whether programmes of this type will influence employees to share their knowledge and learning. Neither is there any research-based evidence to show that these activities do provide the expected or hoped for return on the, sometimes, large amounts of money that organisations invest in them.

This kind of prefiguring conclusion is, in a way, echoing some similar points derived from the works discussed in the above subchapters. In the midst of all these congruent and conflicting theories about business management, the main downfalls that researchers seem to agree upon seem to be two in number: 1) defining the very object of the studies, as well as defining the relations between the objects measured (culture, climate, modes of business) and how the paradigms of them may diverge or overlap from study to study; 2) noticing an unreachable valley: the uncertainty about which motivational programs (if any at all) manage to actually gear the employees of an organisation towards a desired common goal, mindset or culture.

The first aspect is more abstract and comes across as more of a self-containing issue: in a non-hard science such as business studies, it is expected for bodies of research to encounter difficulties in assessing the objects of study that they can only have greater knowledge of in the first place once the studies complete. However, other neighbouring sciences such as psychology, sociology or anthropology go to show that such relational impediments can be minimized and even overcome in time, with the help of a large framework of study, a guiding set of principles (e.g. a behaviouristic versus a psychodrama-based approach in psychology), repeated, coordinated and falsified empirical testing, plus a fervent academic community willing to fight, debate and struggle over crystalizing one theory over another.

The disadvantages that business management studies face, in this context, are a thinning of every one of those parameters: a much more recent subject with seemingly few roots in previous pre-forms that the human sciences have, business management

studies seem to act narrowly, with no defined ideological framework, which concludes to a surface-level interpretation of the acquired data. Whether it is looking at transcontinental business models for companies, analysing the structure of a police department, or surveying the employees of an organisation, the premises of such papers start and end on a small parcel of land. If we come to conclusions that public sector organisations have a natural reflex to revert to a more hierarchical nature than private enterprises, why is that, and how can it be helpful in impacting the incentives of people in such organisations? This type of queries would invite more participation and guidance, at least for the purpose to funnel them in a clear direction.

The second aspect of organisational studies' lack of grasp refers precisely to the employee's minds. Ways of appealing to an organisation's members can vary from implementing a rewards-based system, to holding workshops, team-buildings, changing the CEO, directing clear communications regarding paradigm changes in the enterprise, and so on. Different approaches return different results, which the writers measure in their study – however, they possess the self-awareness to realize at least some of the following open-ended questions: a) can there can be an overall line of pursuit and congruence between the interests of the business owners/shareholders, middle management, and line workers?; b) following whatever action was taken by the company, will the employees actually believe and internalize the desired change of mindset?; c) will the employees' productivity in their field of work actually increase and stay increased after a successful study finishes; d) furthermore, will they then express and propagate this mental shift naturally, in between them, and as a part of regular life? Let us shorten them as follows:

- a) Congruence of interest;
- b) Belief and internalization;
- c) Productivity increase;
- d) Natural propagation of ideas.

Although the researchers' overall sentiment on these parameters seem to mirror uncertainty and reluctance, in a big portion of working life's cases, these questions can be answered simply: "No." In the following subchapters, I will make the case for why I believe that to be the case.

### 3.1 A short history of work in modernity

To understand how work culture builds and affects an individual, we must first take a step back and look at the individual itself. What is a person? What are their symbolic constituents? Along what axes do they live and manifest themselves? In what walks of life are they part of? From the above-discussed already cemented fields, we have some general consensus upon conceptions, such as: an individual is a sentient, self-sufficient being (via the French Enlightenment) with needs and desires (which intertwine along Maslow's pyramid) that lives in a society of some sort (Rousseau and Locke's notions of social contract), faces strong pressures in adaptation, conformation and resistance (Darwin, Dawkins) and is knowledgeable of their own mortality (see Freud's notion of "death drive"), which ultimately acts as an anchor and pressure point in the trajectory of their lives.

Extrapolated further, what is very distinct about humans is their high affinity towards group-based societies. We are closely dependent on our peers, whether we realize it to its full extent or not, and, in fact, the very society that humans have built (allowing them to escape the food chain all together) is only possible through shared, sustained, collaborative efforts.

Modern life casually divides a regular western-based person's time into sleep, work, and leisure time (usually in the 8 + 8 + 8 hours triad). Although this can seem almost natural, on humanity's timescale this is a very recent introduction to our way of life, dating back to as little as 150 years ago. Before this scheme, what we would encounter was much more extended work hours, going to 12 hours/day or more, cruder working conditions, few workers' rights, the persistence of child labour in western societies, and so on. What actually brought about these changes that we view as expected nowadays, such as workplace rights, the two-day weekend, holidays, paid maternal leave and the 8-hour day, was the socialist-led revolutions from the beginning of the 20th century.

Work is generally understood as the prestation of services by a person, for themselves or for someone else, for the incentive of monetary gain. Money is the universal constant that is guiding our lives, millennia after switching from primitive barter-based methods of exchanging goods and services. In the most common, fortunate cases that

we experience in the western world, work is a consensual contract between the worker and the hirer, oftentimes backed by a written contract that's operating under the laws and work stipulations of the country in which it was emitted in.

However, even though the agreement to work is consensual (with both the hiring entity needing workforce, and the worker needing an income), in a post-industrial society, the worker doesn't own neither the product of their work, nor the time invested periodically in exerting said work, nor do they bask in the direct profits reaped from their work, nor do they have a real say in how the organisational structures that they themselves power from the bottom up get to function, nor do they necessarily possess the inner motivation or passion towards the object of work. This supposition is all akin to Karl Marx's theory of alienation, as it was first described in his "Paris Manuscripts" of 1948.

After migrating from a small village type of economic society, we are currently in the present iteration of global neoliberalism and capitalism, which comes with its own inherent, undefeatable restraints. Two-three hundred years ago, people in Europe and North America were largely rural, living in smaller communities where work roles were self-implied. In the case of free members of society, they were able to extract their own profit by working the lands and selling the crops, by being a farmer, by providing communal services (welder, clothes maker, priest, homemaker). In many cases, since a large portion of the population in any given society was already acting as a producer or provider of some sort, they were also self-sustainable – meaning that, in the case of intra-village business going south, a family could still largely rely on the crops they reaped and the animal products they can derive from their own backyard. In darker times such as drought or famine, intracommunal support becomes a valuable asset to the life of the community. Due to the closely-knit relational nature of such small societies, in such times of uncertainty, neighbours were able to help each other with food and housing. The rules of the land were much more informal and prone to written legislation than they are nowadays, and the general morals and lines of thought were conducted in accordance to the "common sense" guidelines of the community.

Outside of societies with free citizens, we could mention a couple of other ways of living that were prevalent in recent history: as regular peasants and slaves. In a village or small city with a strong administrative presence, it was often that a clan of noblemen families would have ownership of both the land and livestock, leaving regular villagers

to subsist solely by providing services between themselves or to the boyars. Whenever land work was being delivered to the boyar, exploitation and low pay were present, as it was always in the self-interest of the boyars and higher administration to keep the rest of the population deprived of power and access to resources. Thus, this functioned as a weird symbiosis, and a form of late-stage feudalism, where most people would have been described as free persons of their own accord (meaning they do not live under slavery conditions, they live in their own house and have their own families), but their horizon of choice was invariably limited to a constant low threshold of quality of life. On the other hand, slavery functioned as a much stronger occurrence on this spectrum between freedom and non-freedom: as a slave, you are completely deprived of your human rights, you do not have your own home, you are forced to live inside or around your master's house, your work is not being remunerated, but rather, you are only kept at survival level for the sheer reason of being able to provide work.

The industrial revolution brought about impending changes that affected all types of societies. Technological advances led factories and the consolidation of industries such as the metallurgic industries, the auto industry, or the mass-consumption industry. A surge in life expectancy and life conditions, as well as increased natality in the latter half of the 19th century, lead to condensation of population. Present day-like cities began to form, growing in numbers, and people migrated towards urban centres. A traditionalistic way of life was becoming less and less of an option for the general population, and a shift towards centralized work and production was taking place in lieu of an agricultural and self-sustainable populace. This determined a spiral effect: since more and more people were leaving livestock and land to move to the cities and work in factories, the remaining providers needed to be centralized as well, and land work had to be automated at a non-local level with the use of machinery, in order to feed the rest of the population. This led to an increase in demand for modern jobs, and so the cycle continued.

### 3.2 The switch to early capitalism

The introduction of artificial lightning and improvement in modes of transportation, along with the galloping advances of technology, were some of the features that helped transition from the industrial to the modern capitalist era. In doing so, workers who had

been previously working land or otherwise, back at home, were now finding themselves working in a factory, for the factory owner and against a fixed sum. The advantages of this new way of life were advertised as a cosmopolite life in the city with new possibilities. But the disadvantages were much more prevalent in the lives of workers and their families: exploitative conditions, low wages, and a loss of agency.

Workers agree to sell their own labour for money, but the implication is that during the process they also sell their own personal time, since work takes time. During work time, a worker cannot fully be in touch with their thoughts, cannot pursue alterations in the work procedures, they cannot change the routine, switch roles, as these are all already decided by the supervisors for purposes such as control of production and minimization of risk and loss. In this new paradigm of the economy, workers are coagulated as necessary cogs inside a larger machinery, as opposed to the paradigm of a personified, family-type of business (e.g. grocery store, shoe store) that the workers would have had back in the village

Furthermore, because of the very nature of this economic system at place, the business owner does not and cannot pay the workers an accurate estimation of their production value, as this now comes in direct conflict with their own interest and the larger interest of the business. The company owners have worked to build and consolidate the cooperation, they had to hire and buy a facility for the work to take place in, they need to pay rent, utilities, and taxes for the products they will be selling, and they are in charge with the stress of management, marketing, selling, profit, business growth, risk aversion and bankruptcy avoidance. Any trimestral or annual profits also must now be gathered and used carefully, as a safety net for potential future hazards, and as a means of re-investing in the expansion of the company. Not only does the company fall under the shadow of its own challenges, but on this free market it also faces competition from other similarly-scoped societies.

In this uncertain scheme, any cost met along the way should be minimized as much as possible or cut. Here, workers no longer fulfil the function of a business member in a small enterprise, they are solely working agents. Their presence in the workplace comes off as a calculation: they incur costs from the employer in the forms of salaries, and they may generate sales from the production value they provide. Even with their best interest in mind, the business owner simply cannot try to offer the workers

acceptable wages, as this will directly diminish the overall profit of the organisation. With less or no profit, there is a much wider range of risk of failure at the slightest unfavourable season, and the possibility of growth and expansion is also limited. All this would happen while other similar enterprises wouldn't employ such worker-centred strategies, and thus it would be only a matter of time until the other companies thrived, putting the first company out of business. In this paradigm, a factory owner also cannot provide real decisional liberty to the workers, because this can tumble down in an overturn of power where workers demand higher salaries, less hours, and so forth.

From these points stems the main living paradox of this early industrialized capitalism: in order to survive, citizens need to become workers and sell their labour. The people whom they sell their labour to are business owners, who are doing their best to keep wages and conditions as low as possible for the workers. Without alternatives for survival, the workers must accept and subjugate their time and labour under the guise of the organisation. The owners face both pressures of failure and competition, so they are ill-advised to raise the wages, while a revolt on the side of the workers risks ending in either them losing their jobs – or, if the measures turn out to be implemented, in the business losing profits and thus nosediving into bankruptcy, which then puts everyone out of work. We are thus faced with a peculiar middle state, where exploitation and underpayment not only are occurrent, but they become a core tenet of the economic model at play.

In this model of a newly established free market, other forces start to emerge and disparities are solved by the laws of supplies and demand. Let's consider an overly simplified model of these hypothetical businesses' history: Company A is paying its workers salary X. After a while, company B starts to turn bigger profits, but faces the same issues with a low production quality that company A has, so, instead of reinvesting all the profit, it decides to invest a fraction of it into paying slightly higher Y-level wages, for motivation and attraction of good talent. Seeing this, some workers of company A might be tempted to flee and join company B, which would free up workforce in company A. With this man loss on their hands, A can sense the impending crisis and adapt by raising their own salaries to match the ones provided by B, in order not to lose precious production time and attract good talent fast. Or, alternatively, they might try to continue on a grunt path, making use of the still low salaries that haven't

driven everyone away yet, in order to sustain temporary higher profits and try to boost growth.

Let's say that, in the long run, company A's choice of slightly raising the wages turns out beneficial, as they manage to recover their workforce and thus meet production levels once again comparable to company B. In this scenario, by price-matching B's levels and attaining similar profit values, the two companies have landlocked each other into an economic equilibrium, where not much further action is needed in the context of their rivalry over workforce (for these situations, it is relevant to look at John Nash's ideas of game theory applied to real-life economics). While this is a slightly good outcome for the material conditions of the worker, as the wages have increased, the means by which this came to be are unfavourable.

As both company A and B now have very similar economic markers related to costs and profit, they will both bend towards increasing production and profits at the same rates. As society around them expands and grows bigger, the consumption will convert into higher profits, but with no overall push for any improvement of the worker's benefits. No matter how well-off any of the companies turn out to be, at no point will their expansion be tied in any way to the increase in the workers' betterment, even if the workers are themselves the wheels who generate the sales in the first place. As the businesses grow larger, they will want and need to expand more; with bigger profits, bigger risks will commence, and the competition may grow fiercer between the two commercial societies. But without any external factor, such as an observed decline in quality or external regulation, at no point is the improvement of the workers' life a priority for the business worker.

Let's say that, alternatively, after company B's initial move to push up salaries, company A doesn't conform, keeps salaries low and ends up losing most of their workforce (or that it does raise them, but the advantage that B gained in the race is enough to lead to A's financial demise). In that case, the news couldn't be happier for B: one of the other players has just disappeared, leaving full control of the market to themselves. If the scenario with a landlock provided no incentive to increase worker's rights or wages, now, with a monopoly or oligopoly in the horizon, a company has even less incentive to do so. Taking hold of a market twice the size while incurring the same costs, they will now certainly be able to freeze wages and possibly even lower them, in

the absence of strong regulation (although in economic timelines, impositions are usually upwards incrementally, so the decision might translate into more working hours, instead). Not only that, but they are now able to push prices up for their products as much as the purchasing power of their environment allow, before falling down the cost/benefit slope into bankruptcy. They will be able to force the prices as high to the ceiling before meeting the equilibrium of the maximum sale price, the same way that previously, having competition forced them into worker wage equilibrium.

With this power acquired, it is now almost a guarantee for the business to boom in accordance with consumption increase. To accommodate the newly arisen demand, factory B might then expand even more, opening new job positions without any increase in wages. This will initially be felt like a boost to the local economy, as the direct effect is that it takes citizens out of unemployment, but the benefits averages down and falls in the medium-term, as the new pack of employees will face the same exploitation and discrepancy between their real work output and the fractional wage that they receive as compensation. Let us bear in mind that this slow process that changes the socio-economic landscape of the town would have happened anyway, whether company B would be holding a monopoly, or with actors A, C, D, and E and so forth being present on the market as well.

Looking at the industrial revolution with this model of expansion in mind, we can see how private enterprises are contributing to the expansion of industries and the advancement of technology. But in the process of doing so, they are co-opting the citizens as part of their own force, slowly levelling out the purchasing power of society and shaving off any excess beyond the minimum wage that they can get away with offering. In the long run, this can lead to workers finding themselves less powerful and liberated than they were practicing free trade in their previous small communities. As their output no longer depends on free interactions, there is not any upward mobility or change, and the movement of life itself has become paralyzed by being cordially forced to work outside their homes 12 hours/day, 6 days/week. Have all the workers and their families still lived in closed communities, their individual purchasing powers would have been adjusted naturally, based on what products for trade each has to offer, and based on local debt or loans. In the industrial capitalism model, instead, the purchasing power is not resulted any longer from their interactions, but as the companies in their communities become larger, it is actively pitted between the worker and the company

itself, being capped at a fixed level. In their leisure time, the workers must deal with the necessities of life, and they also end up buying products from the same companies that they are working at. They make the purchases from their own capped salaries, but also at a price mark-up set by their executives (for a modern-day correlation, see South Park's notion of the "consumer-worker", created as satire in relation to the Amazon company's expansion and takeover of small city workforces).

With this rotational arrow model, the workers, in their added quality as individuals and as consumers, are deprived of their true portions of wealth at multiple checkpoints, and slowly become estranged and ignorant in relation to their own labour value, their rights of living, and their own identity as persons. The city thus consolidates into a vast but closed economic model that leeches off the vast majority of the society and stealthily transfers financial power from the citizens to the hands of a small cohort of business owners. The cycle is, by excellence, unbreakable at multiple points: the workers cannot revolt too much, because the downturn of the company determines their own economical fall. They also don't have a realistic choice of switching to better opportunities, because companies will practice wage-matching inside the same industries. At the same time, the owners don't have incentives to neither increase the wages of the workers, nor to adapt the sales price to real local purchasing power standards, as losing any profit is the beginning of decline in the face of their competitors. And all throughout this model, each actor faces the pressure of keeping the system afloat: if one enterprise falls, it punches inside the population and may cause a ripple effect that leads to the other ones failing as well, with the finality being an economic crash. In other words, the workers see themselves as crucial elements in this newly created house of cards, where they bizarrely must fight for the maintenance of the status-quo that is propelling their soft exploitation, in order to avoid being financially ruined.

### 3.3 Parallels with today's work model

What do we obtain when we compare England's 1880s economical model with today's business world? To begin with, lot of differences. In the white-collar aisles of the western world of today, we no longer have the crude exploitation and worker abuse from back in the smoky times of the industrial period: the standard work week is 40

hours with mandatory break(s), there is a mandatory national-devised minimum wage regulating businesses, and many other workers' rights that had been considered a luxury two centuries ago are easily provided. However, if we look at it critically, the guiding principles for work relations has not drastically changed. In the context of the 2020s, instead of a primitive, wild form of capitalism, we have a regulated, policy-driven, globally-conscious type of capitalism, sensible to market forces and political interference. Neoliberalism, as it is called by mainstream economists, has advantages such as breaking physical barriers around the globe, allowing employees to move and interact with new cultures. The disadvantages consist of items such as allowing companies to deprive their home countries of a fair proportional GDP increase (via accurate taxation), while increasing the overall exploitation index by constantly shifting workforce in and out of the cheaper parts of the world (South Asia, Eastern Europe).

What hasn't changed, however, are the resulting phenomena of capitalism: privately-owned enterprises gaining mass and leverage, employing ever-changing workers to produce their revenue at a fractional wage of the resulted profits, and solving wage disparities by pitting against each other on the open market. From a cost analysis, workers must be viewed as expendable profit generators, so movement and displacement between companies, as well as the overall turnover rate is not a realistic concern for management. If we are talking about a medium-sized construction firm, a local coffee shop that has been bought by Starbucks, or an IBM centre with 2,500 employees, the common thread is that workers choose work based on need, in a much greater sense than on personal desire. The privilege of being selective comes only higher up in career advancement, and prefiguratively only towards the white-collar jobs, especially in branches such as IT or the private medical industries. For a considerable amount of population, including developed countries, however, the challenges are just getting by and finding virtually any kind of job, in the hopes that said job will be directly tied to the local minimum wage.

Thus, even though 2,500 employees of a large automotive company such as Volkswagen might be paid well in relation to their engineer skills and receive satisfactory benefits in countries such as Germany, Switzerland or France - the matter of wage also depends on the consolidation of wage bargaining across European countries (Dickmann M., 2003, p. 270). However, the founding principles of their employment are estranged from them from the very get-go: none of them is a co-

founder of Volkswagen, nor is Volkswagen a close/family business for them. They did not personally put passion in creating and maintaining the VW brand, and had no prior attachment to its name. If history would have played out differently and the VW company would have never surfaced, they would now be probably working for a different auto manufacturing company.

### 3.4 Cracks in the theory

Work is an integral part of our current life, and seeing that humans are social animals, work is oftentimes a heavily socialized environment. Whereas small workplaces have their own culture, the prevalence and social pressures are felt even more ominously the larger the company is, up to the point that working and living inside the company can feel to its workers as existing in or in a world of its own, or even in a secondary family. In our experience, work functions as an overstretched extension of school, which is responsible for essential socialization in the formative years.

As time spent in a company passes, the workers will naturally form weak and strong bonds, alliances, friendships, and distastes. Side taking, group cohesion, safety net, gossip, reputation damage, romantic pursuits are all things that can and do happen in the workplace, and this is probably in close relation to the time that employees are obligated to spend at the company's premises. Had work time been averaged only 2 hours per day, we can easily imagine the social behaviours of workplace change accordingly, although the structure would remain.

In such a heavy environment, weighted not only by the workload itself (which can be perceived as more or less burdensome), but also with strong selective pressures, any employee is bound to develop their own "work face": the side of them that they cultivate and show in the workplace. A separate layer of personality is inadvertently created by the worker in their work life, similarly to how it occurs in other walks of life (at home, in society, etc.). As a line employee in a private enterprise, the main reason for having this job in the first place was likely that the worker needed a job, and looked in his own industry or as closely as possible. Considering that they are a worker, and not part of middle or upper management, the employee is also bound to have a salary that ranges anywhere from just below his realistic survival needs, to a satisfactory sum that allows

for a decent life – but not much more, in regards to financial mobility or voluntary retirement. Usually, for first-level workers, the notion of long-term financial freedom and self-ownership is never an option. By financial freedom, we can understand things such as: having enough safe funds to switch workplaces with satisfactory negotiation power in hand, having the mental independence of acting according to their own rights and moral agency in the workplace (eg. avoiding abuses such as unpaid overtime), the ability of temporary resignation by their own volition, the possibility for recollection, reorientation in career choices, as well as taking a break for pursuing forms of higher education, and in some places such as the USA, the guarantee of accessible healthcare or insurance without substantial damaging impact to their life savings.

Therefore, irrespective of how much they might appreciate their line of work, the worker might firstly *need* the job and manifest pre-conditioned psychological and behaviour patterns wired against losing the stability that the job provides. Having been accustomed with the company's style, the workers may also be aware of the state of the business landscape relevant to their industry, the risks of a near crisis, the turnovers and general state of the company's revenue, the company's dismissal and risk mitigating approaches, their human resources management, and so on. A line worker's core incentive is to keep their own job – otherwise, if they are in a position to flee, they might easily do it when a better offer arises on the market. On the other hand, if they do find themselves in a position of increased bargaining leverage, they usually have already been promoted from the role of a line worker.

Another core value for the worker is to have a successful and positive presence in the landscape of his work peers. These two drives correlate and lead to compound effects such as increased productivity for status gain, or team alliances. Furthermore, workers are acutely aware of the social hierarchies inside their organization, and how they correlate to management positions. They may cultivate close relations within a small group of workers on the same line or project, cordial relations within a larger "floor" group, quasi-cordial relations with a supervisor or team manager, and increasingly distant relationship patterns the farther away another figure is from them, both vertically and horizontally. Thus, whenever they are faced with rumour about promotions, firings, raises, tests, evaluations and so on, workers inadvertently resort to acting in a strong gregarious manner, with feats that social psychology does the best practice at describing. A whisper of an upcoming "secret" evaluation, meant to measure

performance and increase productivity will have a marked effect on the worker populations.

In “Motivation, incentives and organisational culture”, Patricia Milne writes:

Lachance (2000, p. 3) has noted that rewards that bind an employee to an organisation have more to do with the way an employee is treated than any particular pay scheme. She suggests that while people may come to work for the pay, they stay at work for many other reasons. Managers need to acknowledge and manage those other rewarding conditions as part of an overall strategic approach to rewards. Using the term “recognition” as the broader term, Lachance further noted that the primary reason recognition works is that fundamentally it is a way to show managers are paying attention and that the power of just noticing cannot be overestimated. “Paying attention” does not simply mean handing out money and a simple “thank you” goes a long way. A big part of motivating people is giving direction and purpose to what they do. By recognising accomplishments when they occur can keep enthusiasm going. It is especially important when a big project is getting underway and the overall goal is a long way off. Stopping to celebrate the milestones, however informally, keeps people working towards a goal.  
(Milne, 2007, p. 31)

It is largely known and accepted that good leadership, coupled with strong people skills, empathy, appreciation, recognition, and such other factors cannot be overestimated in their effect in the business landscape in regards to productivity. If such factors are deemed irrelevant or neglected by the upper management of an organisation, the results can be disastrous. Not only production will decrease, but the sense of unattachment will lead to low morals, low cohesion, sabotage, theft, or even an unfolding of the company itself. Managing people in a humane and attentive fashion can indeed lead to higher levels of dedication and involvement of the workers, and can bring together the impression that the business is run “like a family”.

Employees can be more or less mentally involved with the company’s leadership, but they are also aware of the material conditions that binds them to the work contract. They realize that their supervisor is paid considerably more than them, and that the CEO is paid multiple orders of magnitude more. They know that, in the case of a crisis, they can become expendable to the company. They do not dictate policy, but are forced to adapt to it, and never see the direct representation of their own value – they only see fixed wages which may be supplemented by unsubstantial bonuses. A paper conducted in 2019 showed that in the USA, in the top 350 large companies, the average CEO makes \$14.0 million or \$17.2 million, based on the type of measurement (Mishel L and Wolfe J., 2019). Therefore, the ratio between the compensation of a

CEO and a regular worker has skyrocketed to a whopping figure of 221:1 or 278:1, marking an increase of around 1000% since the 1970s (the first figure is a conservative estimate measuring gains at the moment of CEOs receiving their own company's initial stock options; the second figure measures the total gains at the time when the CEOs actually cash in on their options).

Let's take a second look at the four categories described in chapter 3. These are the four traits which paper researchers in the business management are unsure the employees can have and hold, in relation to a paradigm changing-action meant to lead to a shift in company culture or climate:

- a) Congruence of interest;
- b) Belief and internalization;
- c) Productivity increase;
- d) Natural propagation of ideas.

It is fair to say that, for categories b), c) and d) to flourish, they would have to emanate from a), which serves as the root cause: when one is personally invested in a project, all your natural drives will work in close relation to it. Now for the trick question: how much common interest can a worker on minimum or just-above-minimum wage have with their CEO who is compensated 221 times more? If viewed realistically, this question is bare-naked: there is no conceivable way in which a class of workers can view their interests aligned with the very top management of a company. Even more so, the upper and middle management is also estranged from the workers' field – due to contract secrecy, salary figures are up for speculation, but the workers know that, regardless, everyone else above them is getting paid disproportionately more than themselves. At the same time, the research papers listed in previous chapters suggest that top leadership is one of the most influential and effective motors in changing the personnel's attitude towards an improved work culture. If that is the case, how can one resonate with the top management whose very existence in the company hierarchy implies it thriving exponentially more, based on the core work that one provides as a worker?

From this first factor of congruent interest arise the belief, the increase in productivity, and the natural propagation of ideas. In a small collaborative project, where the objectives, goals and finances are transparent to all the members involved, and shared

voluntarily in an equitable, agreed-upon fashion, it is much more likely to see workers being dedicated. If one project's interest aligns with their interest, passion, goal and so on, they will be much more motivated to believe in the objective, to work earnestly, by their own impulse, towards it, and to even speak to the others about the project in a positive manner. Furthermore, should any paradigm shift in the project's culture occur, the members will much more likely embrace it.

As shown by the studies on the police department (Wallace et al, 1999), inside the same organization you can have multiple belief systems and core values. Engaging people on a project where they are personally invested, where they receive satisfactory compensation that is tied directly to their performance, where they do not have reasons to hold grudges each other, and there are no colossal differences in salary or any disproportionately vertical hierarchy – these are all factors which can encourage the chances of people participating earnestly. But when all these parameters are flipped in to the disadvantage of the employee? Even less so. At any moment, you can have a number of employees being invested more in the company's life, (based on their own mentality and projection of their role as an employee), but it is highly unlikely to have a substantial portion of the workforce adhering to the company's dogma at more than a surface level. We cannot realistically measure to what degree people internalize core beliefs, but the ratios will have to be much lower than in the case of an organic, egalitarian type of work enterprise, where people firstly have their primary interests aligned with the project initiators.

#### **4 Conclusions**

Research papers investigating the work culture and climate of various organisations are helpful in assessing and mapping individual values and assumptions to the direction of the organisation as a whole. Axes studying flexibility and openness of work departments can be helpful in deriving insights about best practices inside the company. Other ways of measuring and mapping the relation between core values and organisation types can be useful in data science, as empirically inferred passive data.

However, the line workers of medium and large enterprises must be fundamentally divorced from their higher and middle management, and so it is fair to infer that the

core values that they may be displaying in the workplace are crafted to suit the organisation's template. Due to disproportional pay and insecurity of work, standard-level workers are more likely to exhibit increases in productivity, adaptation to new work cultures, or internalization of company's beliefs as a survival strategy, in the fear of retribution and dismissal. Based on all described in the above pages, it seems that, when pursuing a change of culture or a measurement of productivity increase, any net positive results in such research papers can firstly be attributed to the Hawthorne effect. For achieving genuine changes in the mental attachment of the workers to the organization, the structure and compensation scheme of the organization would in themselves have to change.

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