

IB Business Management – Human Resource Management

Exam Practice Questions: 2.5 Organisational Culture



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2.5 ORGANISATIONAL CULTURE: EXAM PRACTICE QUESTION

Read the case study below and answer the questions that follow.

REGAL SUPERMARKETS – A CASE STUDY IN CULTURAL CHANGE



As one of the UK's largest family-owned chain of supermarket stores, Regal Supermarkets had established a culture among its staff that had contributed to its success and growth. Loyalty to the family managers was very high. Staff often commented on the whole business being like a 'big family'. Promotion was based on long service and loyalty. Relationships with suppliers had been built up over many years and long-term supply contracts were in place. Customer service was a priority and was especially important as Regal never intended to be the

cheapest shop in the towns it operated in. However, profits were not high, and the younger members of the owning family lacked the skills to take over.

It was clear to some industry experts that some of these values and attitudes had to change once it was sold by the family and converted into a public limited company. The new chief executive, Anna Mody, had experience in the US as Wal-Mart's chief food buyer. She announced on the first day of her appointment: "This business is like

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a sleeping giant. There is so much shareholder value that I can unlock to allow for higher dividends and to underpin a higher share price.” Within five weeks, 50 per cent of the directors and key managers had been replaced. Suppliers' terms were changed, on Anna's insistence to “5 % below the cheapest or we will drop you” and the staff salary and pension scheme was replaced for new recruits with flexible pay and conditions contracts. Staff turnover increased sharply.

Anna had not predicted the adverse media coverage of these changes. She said, “I am onl trying to adapt the organisational culture of the business to one which allows us to be successful in a highly competitive national market place where consumers want low prices and fresh goods.

Source: www.BusinessManagementIB.com

QUESTIONS: 25 MARKS, 45 MINUTES

1. Explain one possible reason why Anna thought it was necessary to change the organisational culture of Regal Supermarkets. **[4 marks]**
2. Outline the type of culture that Anna seems to be introducing at Regal Supermarkets. **[4 marks]**
3. Analyse the key steps that Anna should have taken to manage cultural change more effectively. **[8 marks]**
4. To what extent will the change in culture guarantee future success for this business? **[9 marks]**