An Analysis of the Impact of SME Organisational Culture on Coaching and Mentoring

Dave Peel, Hartnell Training Ltd. UK
Email: davepeel@tiscali.co.uk

Abstract
This paper explores the relationship between small and medium sized enterprise (SME) organisational culture and its impact on coaching and mentoring through the use of a case study methodology. The impact of culture as a phenomenon and the significance of SMEs themselves is significant. Existing literature is used to focus the correlation between organisational cultures and performance, culture change and strategy development and deployment in order to argue that this phenomenon is omnipresent and impacts on every aspect of an organisation’s existence. The research draws on data that seeks to test the existence of organisational culture within SMEs. It then examines how respondents within SME organisations identify and articulate the impact of that culture. In conclusion this study provides the opportunity for respondents to identify any correlation between organisational culture and coaching/mentoring that they are aware of.

Key words: SMEs, organisation culture, coaching, literature review, methodology

Introduction
The purpose of this paper is to explore the relationship between small and medium sized enterprise (SME) organisational culture and its impact on coaching and mentoring through the use of a case study methodology. Both the impact of culture as a phenomenon and the significance of SMEs themselves will be significant. The significance of SMEs has been previously discussed by this author (Peel, 2004), where it was noted that organisations employing less than 250 people making up 99.8% of UK companies, and accounting for 52% of turnover and 55.6% of employment in the private sector (DTI, 2003). Further, Zimmer and Scarborough (1994) stated that this century would dawn with the greatest number of small businesses ever and over the last two decades, new SMEs have been identified by most western governments as significant components of economic growth in terms of job and wealth creation. This contention is strongly supported by the work of Holmund and Kock (1998), Kuratko and Hodgetts (1995), Hodgetts and Kuratko (1995) and Birley and Westhead (1989).

The impact of organisational culture will be evidenced in a review of the literature, which initially aims to paint a picture of the complexity of characteristics that any definition would need to incorporate if an understanding of this phenomenon is to be achieved. The existing literature is then used to focus the correlation between organisational cultures and
performance, culture change and strategy development and deployment in an attempt to argue that this phenomenon is omnipresent and impacts on every aspect of an organisation’s existence. The research undertaken here also tries to identify these links by firstly collecting data that seeks to test the existence of organisational culture within SMEs. Then the research will examine how respondents within SME organisations can identify and articulate the impact of that culture. Finally this study will provide the opportunity for respondents to identify any correlation between organisational culture and coaching/mentoring that they are aware of.

The methodology adopted is examined in some detail in order to provide an opportunity to understand the rationale underpinning the decisions made and also increase the potential for the generalisability or ‘application of these findings to other situations and other populations’ (Robson 2002, p. 547). The methodological decision to use a case study approach is firmly located in the advantages of this approach for studying an area without a wealth of extant research. It will also be argued that this is an appropriate methodological decision because of the way in which it helps to develop inductive theory, i.e. developing conclusions from specific and concrete into the general and abstract.

The analysis will then outline other methodological decisions relating to the selection of the type of cases to be used in this case study, namely selection based, not on random representativeness, but on the opportunity to provide a ‘rich’ sources of data. The methodological decision relating to the number of cases to be used was determined by Yin’s (1993) contention that several cases should be used in order to facilitate cross-case analysis and thereby develop richer theory building. Consequently a comparative approach was adopted, using more than one organisation to increase the ‘richness’ and validity of the research data being generated. The use of semi-structured interviews was made as a primary source of data collection because, I will argue, it mirrors the informality of the organisational context of the SMEs used in this research. To support the use of this method and increase its generalisability I also adopted other forms of triangulation or the use of “different kinds of data (or different sources) bearing on the same issue” (Gillham 2000, p.29). These included the use of a second interviewer, a number of different organisations, any available archival documentation and observation where appropriate. The last decisions involved ethical issues thrown up by the case study itself and involved areas like respondent anonymity and overcoming a respondent stated reluctance about using taping interviews. I will now move on to review the existing literature in the categories detailed above.

**Literature Review**

Organisational culture is defined in the research of Deal and Kennedy (1982), Jones (1983), Schein (1992), Kotter and Heskett (1992), Van der Post et al (1998) and Deshpande and Farley (1999) as a set of values, beliefs and behaviour patterns that form the core identity of all organisations. Jones (1983) further contends that organisational culture acts as a cognitive map that influences the way in which the context is defined because it provides the selection mechanisms or norms and values through which people enact events. Significantly, Pheysey (1993) suggests that organisational culture is much more intricate and complex and therefore must also include patterns of beliefs, symbols, rituals, myths and practices that have evolved
over time in an organisation. Supporting this more complex and all embracing view Schein (1999) argues that organisational culture is the sum total of all the shared, taken for granted assumptions that a group has learned throughout its history which shapes the structure and control system to generate behavioural standards.

There is also a substantial amount of research that seeks to establish the impact of organisational culture on a number of different dimensions of any organisation. Firstly studies that identify the determining impact of organisational culture on business performance, for example Denison (1990), Denison and Mishra (1995), Gordon (1985) and Ouchi (1981). The above analysis of the impact of organisational culture is supported by research findings that suggest that there is a strong correlation between cultural change and organisational culture as evidenced in the work of Harrison and Carrol (1991), Ogbonna and Harris (1998) and Silvester and Anderson (1999). This is further supported by the work of Choe (1993) and Schwartz and Davis (1981) who identified the clear and determining links between organisational culture and business strategy. Finally organisational culture has been argued to have an impact on the development and deployment of organisational change as suggested by the work of Ahmed (1998), DeLisi (1990), Lorenzo (1998) and Pool (2000). The significance of all this material is that is serves to establish the importance and impact that organisational culture has on almost every aspect of organisational life and this should surely include coaching and mentoring.

The research that seeks to identify the relationship between an organisation’s culture and its use of coaching/mentoring methods is less readily available. However the determinant and visible effects of culture on mentoring have been clearly identified in the work of Barham and Conway (1998). The significance of their argument revolves around the contention that all the other issues that need to be addressed within a coaching and mentoring strategy emanate from the prevalence of the culture of the company. Additional support for the pivotal role of culture when assessing the relationship between an organisation and its use of coaching/mentoring is provided by Hay (1999). She contends that the strategies, structures and ways in which people are treated are all representations of the culture. Further Megginson and Clutterbuck (1995) and Caplan (2003) contend that their research strongly suggests that coaching/mentoring needs to be in line with and supportive of the existing culture of an organisation if it is to be successful.

Methodology

Bonomo (1985) and Romano (1989) contend that there are two major approaches to theory development: deductive theory testing and inductive theory building. The difference between these two approaches can be viewed in terms of scientific paradigms, with the deductive approach representing the positivist paradigm and the inductive approach representing the phenomenological paradigm (Easterby-Smith et al, 1991). Guba and Lincoln (1994) suggest that the phenomenological paradigm itself can be further divided up into critical theory, constructivism and realism. Perry (1998) then posits that realism is the preferred paradigm for case study research because in this type of research area there are usually little or no accepted constructs or principles. Those that do exist are clearly inadequate, therefore inductive theory
building is required to address these gaps in knowledge. Additionally Hunt (1991) suggests that realism is often characterised by some researcher objectivity, holding that there is an external reality which although limited by the researcher’s mental capacity to comprehend its complexity, can be made less fallible by the triangulation of multi-sourced data.

Specifically supporting the use of a case study methodology Eisenhardt (1989) postulates that it is particularly well suited to new or inadequately researched areas of study. This is certainly the case in terms of existing research that addresses the issues of the impact of SME organisational culture on coaching and mentoring.

Simon (1994) suggests that a review of the existing literature is an integral component of case study data collection and certainly evidence from the review enabled the identification of the type of case studies to be undertaken. This would be crucial for later analysis (Miles and Huberman, 1994 p.27). In terms of the type of case selection to be undertaken the inappropriateness of random sampling is highlighted by Stake (1994), who contends that representativeness should not be the criteria for selection. Supporting this position Eisenhardt (1989) states that the ‘random selection of cases is neither necessary, nor even preferable’ (Eisenhardt (1989), p537). Instead the determining factor for selection should be the information richness of the cases themselves rather than the application of a scientific sampling protocol, which owes more to quantitative reductionism than to the appropriateness of the information gathered (Patton, 1990). Supporting this criticism of quantitative research Wright and Crimp (2000) argue that such research only scratches the surface of people’s attitudes and feelings, the complexity of the human soul being lost through a reliance on the counting of numbers.

The next methodological issue concerned the number of cases to be researched. Yin (1993) argues for the use of several case studies because they allow cross-case analysis to be used for richer theory building. Eisenhardt (1989) supports this position and further suggests that an appropriate number of cases for selection is between four and ten. Hedges (1985), also advocates the use of between four and six groups in relation to establishing a reasonable minimum for predictable replication of the research being undertaken. This contention is supported by the work of Perry (1998 p.791) who suggests that “with fewer than four cases it is difficult to generate theory with much complexity, and its empirical grounding is likely to be unconvincing”. Consequently this research follows these guidelines and has chosen 5 SMEs based in Wales from a diverse range of commercial markets and geographical locations.

The use of semi-structured interviews was then decided upon because, as Bailey (1982) has argued, they provide a high degree of flexibility linked to a high response rate. In my experience, both of these aspects are important when working with an SME, which by its organisational nature, has very limited resources, thus necessitating the adoption of an approach which minimised this potential impact. Further support for the use of this type of interview has been provided by Layder (1995) who has argued that interviews allow the individual the opportunity to informally surface their own interpretation and meaning to the
questions being asked. This informality also mirrored the organisational context of the SME (Curran, 1999).

The intention of these semi-structured interviews is to test the respondents’ understanding and perceptions of the impact of their respective organisational cultures and the correlation with coaching and mentoring. The data in each interview was gathered through note taking and, as Strauss (1987) recommends, the coding of this data was done early and frequently within the research timeframe. The analysis of the data generated by this technique was undertaken by using content analysis as outlined by Gillham (2000) in order to identify patterns or trends which were either complimentary or dissonant, thus providing the opportunity to highlight the necessity for further more extensive research.

To support the above methods and provide another form of triangulation according to Perry (1998), I decided to have two respondents from each of the 5 selected SMEs, thereby improving the reliability and generalisability of the data being collected. This is supported as an approach by Robson (2002, p. 370), who argues that reducing the possibility of the ‘deluded’ researcher believing they have found the right answer is a real benefit to adopting multiple methods. An additional form of triangulation was also incorporated into this research by using a second interviewer, who followed the same interview protocols. This had the additional advantage of ameliorating the possibility of interviewer bias creeping in to the data collection phase of this research.

This approach was further bolstered by the use of observation because as Sarantakos (1994) has postulated, it provides a wide range of first hand information, which essentially overcomes the limitations of respondents not being able or willing to provide information by the other research methods being used. The final source of triangulation data was any archival documentation produced by the SMEs, this was the least used method because as Hill and Wright (2001) have highlighted SMEs keep scant documentation in respect of all areas of their business.

In relation to the ethical issues involved in this research foremost was the need to secure anonymity for the respondents. Firstly because they had requested it – a number of them had concerns about their bosses finding out what they had said. Secondly when asking respondents to comment on their own company I believe, as does Robson (2002) that anonymity should be assured in order to ascertain real data without prejudice or fear of possible reprisal. This was achieved by allotting each respondent a number only known to myself and removing all specific data that would make identification possible. All transcripts were annotated using this number and no other form of identification. For similar reasons taped interviews, which are viewed as essential in this type of methodology (Oppenheim, 1992), were ruled out at an early stage, again respecting the expressed wishes of respondents. Supporting my decision not to tape record the interviews, Dick (1990) and Lincoln and Guba (1985) have raised concerns about the general advisability of their use because of the impact they may have on distorting the collection of evidence.

It should also be noted that in terms of personal values and biases I had previously worked with 3 out of the five companies involved in this research and therefore had purposefully
decided to include two companies I had no knowledge of. This was supported by, as previously described, the use of a second interviewer to try to minimise the impact of any bias I might have as well as providing the opportunity to randomly allocate interviewees to each of us.

**Initial Research Findings and Discussion**

*The existence of organisational culture*

The findings of this case study strongly indicate that respondents believe that they are able not only to identify a unique organisational culture (Choueka and Armstrong, 2000), within their respective organisation but also the complexity of its manifestations. For example, a number of respondents talked about how different their experiences of working in SMEs had been, even if it was in the same type of industry, location and role. Respondents identified what made the difference: “the way things are looked at and undertaken in this place are specific to here – they don’t happen like this anywhere else”, and “the way we do things around here is special and we want to keep it that way”. These findings are supported in the research of Deal and Kennedy (1983) who developed a simplified definition of culture as ‘The way we do things around here’ (Deal and Kennedy, 1983, p. 501).

Further, respondents believed that they had the capacity to clearly identify the norms, values and beliefs that held sway in their organisations. For example respondents reported: “we all know and understand what is important here and we seem to share the same way of thinking even though we have never been told what that is”. Other respondents suggested “it’s like osmosis working here, we all know what’s expected and we get on with it” and “it’s quite subtle really, things just seem to continue to happen the way they always have – even when new people join”. Support for the significance of this finding can be found in Schein’s (1999) contention that organisational culture is determined by shared assumptions and taken for granted values and behaviours, just like the ones respondents described in this case study.

*The impact of organisational culture*

The findings of this case study also suggest that respondents believed that they could identify the tangible effects that their organisational culture had on almost every aspect of how the business was run. For example respondents claimed “the way we work and make decisions here determines our buying and selling strategy as well as the overall performance of the company”. Other respondents talked of “the way we recruit and promote people here is a consequence of how they fit in – those decisions just seem to happen” and “the owner influences everything here – common sense really she did start the business”. One of the most significant statements by a respondent summed it up as “the culture is the cement that binds everything together – the way the business is run and the decisions that are made to support this by the owner”. This finding is supported by Gersick et al’s (1997) contention that owner-managers are at the heart of the company through laying the foundations of the business. This also can explain why the respondents in this case study believed they could clearly identify the effects of their culture because of their proximity to the founders of that culture.
Additional support for this argument can be found in Schein’s (1990) suggestion that the culture of an organisation is grounded in the founders’ basic beliefs, values and assumptions and embedded in the organisation through various mechanisms over time. The small scale operation of these SMEs also serves to heighten the visibility of the effects of the culture and its correlation with the owner-managers impact which is often obscured in larger organisations because the owners are insulated from the workforce by complex structures and tiers of management.

The correlation between organisational culture and coaching and mentoring

The findings of this case study also support the suggestion that there is a strong relationship between the pervasiveness of the organisational culture and opportunities to undertake coaching and mentoring activity. Firstly, respondents were in no doubt that coaching and mentoring was taking place in their organisations: “we’re getting coaching all the time especially when the boss has been on a chamber of commerce do”. Respondents also believed that coaching and mentoring would not take place unless there was an “atmosphere which supports such activity” and “there’s nothing happening here that the boss doesn’t know about – he encourages the managers to help us learn how to do our jobs better”. Supporting this finding is the work of Murray and Owen (1991), who clearly identify the necessity for senior management commitment to encourage the effective deployment of coaching/mentoring within an organisation. It is also not unreasonable to suggest that managers would not be encouraged to take part in such activity without the express permission of the ‘cultural norms’ of the organisation.

Further, respondents talked about “how we learn things around here is part of everyday life” and “learning ......yes we spend a lot of time talking about how we are going to use the new machinery with the employees – coaching them through the experience and also getting them involved”. The process of learning within an SME context is an informal one – as one respondent described it “the informality of learning” is prevalent within all the organisations in this case study. This is significant because it mirrors the general informality of the culture of SMEs as found in the research of Curran (1999), and suggests another way in which the correlation between culture and coaching/mentoring is mutually reinforcing. Additional support for this finding is also provided by the Centre for Enterprise (2001) which found that only a minority of SMEs take up formal learning opportunities, concentrating instead on informal experiential and practical learning.

Conclusion

In conclusion, this analysis has aimed to address the current research chasm relating to the possibility of a relationship existing between SME organisational culture and coaching and mentoring. The study, although limited by its size, has provided indicative evidence that such a link does indeed exist. This was achieved by firstly analysing the existing literature in order to immerse myself in current thinking and enhance my understanding of the concepts that needed to be tested within the research. This was then supported by developing a case study
approach which tried to address a number of methodological issues. These issues included the type and size of sample to be used in the research, in order to increase the possibility of the generalisability of the findings. The primary data collection method, semi-structured interviews, was decided upon based on its acceptability within the SME context and this was further bolstered by the use of data triangulation. Several ethical issues also had to be incorporated within the research design in order to facilitate its successful completion.

The data collected has provided indicative evidence supporting the existence of an identifiable organisational culture within the SME environment supporting the original findings of Choueke and Armstrong (2000). This research data also indicates that respondents believed that their organisational cultures had a significant impact on every aspect of their working lives and this specifically included the use, and encouragement to use, coaching and mentoring. However much more research is needed to be able to increase the generalisability of these research findings thereby supporting Storey’s (1994) original call for more SME specific research to be undertaken. This future research would certainly need to focus on establishing a universally acceptable definition of organisational culture within the SME context, thus providing a more robust foundation for comparative analysis. Additionally a much larger sample of SMEs might also provide a more informed analysis of the existence of the correlation between organisational culture and coaching and mentoring. Until these issues are addressed then this research can only be viewed as an attempt to shine an analytical torch into a theoretical dark place.

References


Department of Trade and Industry (2003), News Release, No. 03/92, London: HMSO.


Dick, B. (1990), Convergent Interviewing, Brisbane: Interchange.


