

HL02 - Comparing Clan, Adhocracy, Market, and Hierarchy Cultures

IB Business Management - 2.5 Organizational culture (HL only) - Core culture types, strengths, weaknesses, and strategic fit in different business contexts.

Level	Higher Level only
Suggested time	40 minutes
Total marks	30
Question mix	Multiple choice, short answer, case/data response, and extended response

IB-style practice worksheet. Answer all questions. Use case evidence where relevant. Teachers may accept other well-justified answers that demonstrate accurate business management understanding.

Part A - Multiple choice

1. Which culture type is most closely associated with loyalty, mentoring, and a family-like atmosphere? **[1]**
 - A. Clan culture
 - B. Market culture
 - C. Hierarchy culture
 - D. Short-termist culture
2. A business that rewards staff mainly for meeting aggressive sales targets is most likely emphasizing: **[1]**
 - A. Clan values
 - B. Market culture
 - C. Person culture
 - D. Low uncertainty avoidance
3. Which culture type is usually most appropriate where precision, consistency, and compliance are critical? **[1]**
 - A. Hierarchy culture
 - B. Adhocracy culture
 - C. Clan culture
 - D. Indulgent culture
4. The main advantage of adhocracy culture is that it often: **[1]**
 - A. Creates predictable routines and clear chains of command.
 - B. Supports creativity, experimentation, and rapid adaptation.
 - C. Eliminates all need for coordination.
 - D. Works best in every industry.

Part B - Short answer

5. Explain one advantage of clan culture for a small start-up. **[2]**
6. Explain one drawback of market culture. **[2]**
7. Why might a hierarchy culture suit a public sector or highly regulated organization? **[3]**

Part C - Data response / case study

Case study: NorthLane Mobility

NorthLane Mobility manufactures bicycles and e-bikes. Its service center handles safety checks and warranty claims, while its innovation unit develops smart urban transport products. Senior leaders want one company-wide culture, but division managers disagree. The innovation director wants fewer rules and faster experimentation. The service director argues that every branch must follow identical procedures because product safety complaints are rising.

Division	Recent evidence
Innovation unit	8 prototype ideas tested in 6 months; staff survey says 'too many approvals'
Service center	Warranty claim accuracy improved from 91% to 97% after tighter procedures
Sales division	Quarterly target achievement = 104%; staff survey reports rising internal competition
HR	Internal collaboration rating fell from 7.4 to 6.2 out of 10

8. Identify the culture type that best fits NorthLane's innovation unit and the culture type that best fits its service center. **[2]**
9. Explain one problem that may result from forcing a single culture across all divisions. **[3]**
10. Recommend how NorthLane should balance cultural consistency with division-specific needs. **[4]**

Part D - Extended response

11. Evaluate whether a large multi-division business should aim for one dominant organizational culture or a combination of subcultures. **[10]**

Write a balanced answer with clear application, analysis, and a justified judgement. Additional paper may be used if needed.

Answer key and marking guidance - HL02

Comparing Clan, Adhocracy, Market, and Hierarchy Cultures

Part A answers

Q1	Q2	Q3	Q4
A	B	A	B

Part B guidance

- Award up to 2 marks for explaining how close relationships, shared commitment, and flexible communication can speed collaboration and build loyalty in a small business.
- Award up to 2 marks for explaining that strong performance pressure may reduce cooperation, increase stress, or encourage short-term results at the expense of learning or ethics.
- Award up to 3 marks for explaining that such organizations often need consistent procedures, accountability, traceable decisions, and lower tolerance for error.

Part C guidance

- 1 mark each: adhocracy for the innovation unit; hierarchy for the service center.
- Award up to 3 marks for explaining that different tasks require different norms. A single culture may create poor fit, such as slowing innovation or weakening control in safety-critical operations.
- Award up to 4 marks for recommending a shared core culture (for example, customer focus and ethics) with different operating subcultures by division. Strong answers justify why strategic coherence and local fit both matter.

Part D guidance

- Award credit for accurate application, analysis, and evaluation. Indicative content may include:
 - One dominant culture can strengthen identity, consistency, and shared purpose.
 - Different activities may need different norms: innovation, service quality, compliance, or sales intensity.
 - Subcultures can improve fit, but may increase silos or conflict if core values are unclear.
 - The best answer often supports a strong core culture with carefully managed local variation.

Accept other relevant, well-supported arguments.

Band	Descriptor
0-2	Limited understanding. Few relevant points. Little or no application to the case.
3-5	Some accurate knowledge and some application. Analysis is partial and judgement is weak or unsupported.
6-8	Clear understanding with relevant application. Analysis is developed and judgement is supported, though balance may be uneven.
9-10	Strong, well-balanced analysis with precise application, clear evaluation of alternatives, and a justified final judgement.