# ORGANIZATIONAL CULTURE AUDIT USING ARTIFICIAL INTELLIGENCE TO EVALUATE VARIANCES BETWEEN HEADQUARTERS AND BRANCHES

Case Study: Eastern Industrial Supply Inc.

**Jeffrey Moore, PhD**
*(Professor of Management Anderson University, SC)*
*jmoore@andersonuniversity.edu*

**Espoir Mbonyingabo, MBA**
*(Graduate Assistant Anderson University, SC)*

**Richard Ray, PhD**
*(Assistant Professor of Management Anderson University, SC)*

**Abstract**

Eastern Industrial Supply Inc. (EISI) opened its doors in 1980 in Greenville, South Carolina. EISI is an independently owned company with branches in the southeastern market, United States (NC, SC, FL, GA, TN, and AL). EISI specializes in quality distribution of pipe, valves, fittings, and other commercial plumbing products. EISI's uniqueness is around an emphatic focus on organizational caring culture and exceeding customer expectations. The phrase "people over profits" is championed by senior management and echoed by employees. Taken from EISI's unique "Eastern Cares" program, there are three pillars, namely, People, Values, and Faith, that set a foundation for the corporate culture that put its people at the center.

EISI has grown in the last 10 years through several acquisitions across the southeastern, United States market. This particular growth path has its challenges and opportunities. While EISI boasts its caring culture with its stronghold especially at the headquarters, senior management has had issues translating the same corporate culture down to the branches. Additionally, the ongoing succession process further complicates this situation. The senior management is wondering whether the performance drives the culture or the culture drives the performance. The incoming CEO wants to take the company in a strong strategic position both operationally and financially for the new phase so that they can reach those new heights. In this paper, we will discuss the tools including artificial intelligence (AI) used, methodology and frameworks (competing values, ethics, and Hofstede dimensions frameworks), and the findings from the culture audit at EISI to evaluate variances between branches and HQ and best performing versus worst performing branches.

**Keywords***:* organizational culture, artificial intelligence, change management, leadership succession, eastern cares, human resource, business as ministry, corporate culture

## Introduction

Eastern Industrial Supply Inc. (EISI) was bought out by Kip Miller in the 80's as a small business and has grown the company to a hundreds of million dollar company. Kip's family are intertwined with the business. EISI is essentially a family business. Kip's wife, Kim was involved in the early years of the company. She stepped down from daily business operations in 2018 but continues to engage with the business and sits on the company's board. Now their children are transitioning into taking the leadership mantle of the family business. EISI is in the middle of succession and at the same time, handling explosive growth as they seek to break new ground in the logistics industry. We are using EISI as a case study to explore the differences between headquarters and branch offices.

## Background

### *Research Questions*

The overarching theme is looking at the relationship between culture and performance. Does culture drive performance or vice versa? There a couple of supporting questions:

- How does the alignment between organizational culture and strategic goals impact employee engagement and productivity?
- What role do leadership behaviors and practices play in shaping and sustaining a performance-driven culture?
- How does an organization's culture respond to high or low performance, and what factors contribute to cultural adaptability in changing performance contexts?

## Literature Review

Generally, branches serve as the production hub, focusing on value creation, while headquarters provide support functions. Additionally, headquarters place significant emphasis on maintaining and embodying corporate culture, whereas branch offices often view these cultural elements as potential obstacles to productivity.

Organizational culture often diverges between headquarters and branch offices, particularly in small to medium-sized businesses. These differences arise from factors like leadership styles, local market needs, and available resources. Headquarters generally exhibit more formal and centralized cultures, as they are closely aligned with the organization's core mission and values. In contrast, branch offices may develop their own cultural nuances that better align with regional needs and encourage adaptability (Denison, 2021; UniProject, 2022). Branch offices often function with more flexibility and responsiveness to their specific customer base, which can help the business integrate

into local communities effectively but may also lead to variations in organizational practices (Culture Partners, 2023).

Research indicates that leadership style and communication play pivotal roles in shaping these cultural differences. Headquarters' leadership tends to enforce a strategic and unified vision, aiming for consistency across the organization. However, in practice, this can sometimes lead to a lack of autonomy in branch offices, which may feel detached from the central values promoted by headquarters. Effective communication and adaptable leadership strategies can help bridge this gap, enabling branch offices to maintain alignment with organizational goals while adapting to regional contexts (Gleeson, 2019; Denison, 2021).

Moreover, branch offices often face unique challenges in aligning with corporate values due to resource constraints and localized market pressures. For example, while headquarters might emphasize long-term strategic planning, branch offices may prioritize immediate, customer-focused goals. Studies show that organizations benefit from a "glocal" approach, which balances global consistency with local responsiveness. When branches are empowered to interpret headquarters' values in ways that resonate with local employees and clients, they often achieve higher employee satisfaction and operational effectiveness (Wong & Karia, 2020; McLean & McLean, 2021).

Overall, the literature underscores the importance of creating a cohesive yet flexible culture that can adapt to both central and local needs. For small and medium-sized businesses, where resources may be limited, cultivating leadership that embraces this balance can foster stronger integration between headquarters and branches, supporting organizational success across diverse locations.

## Research Design

In order to effectively assess EISI culture in relation to performance, we employed a qualitative research methodology with a constructionist epistemological approach. This allowed us to explore emerging themes from the collective perspectives of our participants. Through interviews with associates and managers from various branches and the headquarter, we gained insights into the experiences of working at EISI. By analyzing these collective viewpoints, we identified key themes that helped us address our research question.

***Table 1: Setting, Demographics, and Samples***

| **Branch/HQ** | **HQ** | **South Carolina** | **Georgia** | **North Carolina** |
|---|---|---|---|---|
| Setting | Urban | Urban | Rural | Urban |
| Leadership | 10 senior | 1 senior manager | 1 senior | 2 senior managers |

| | | | | |
|---|---|---|---|---|
| | management | | manager | |
| Associates | 20 associates | 4 associates | 4 associates | 3 associates |
| Number of employees | 52 | 48 | 29 | 26 |
| Proximity to HQ | 0 miles | 6 miles | 115 miles | 100 miles |

**Data Trustworthiness**

Trustworthiness in qualitative research is possible through using multiple ways of collecting and analyzing data (Greckhamer & Koro-Ljungber, 2005). We used three ways to collect data, and three ways to analyze the information. Data was collected from our one on one interviews with participants, observations at the offices and artifacts found on site and on the website. Analysis using field notes, coding notes, and active listening tactic was key in making sure that we capture the true meaning and perceptions of the participants.

**Data Collection**

The sample consisted of full-time associates at EISI, randomly selected from the employee list. We interviewed a total of 45 associates: 30 from HQ and 5 from each of the three branch offices. The human resources department coordinated the interviews for the research team. Two researchers from Anderson University conducted the interviews, both on-site and via Zoom when physical visits were not possible. On-site interviews took place in a small meeting room. The interview instrument included 18 primary questions, which were semi-structured and open-ended, allowing researchers the flexibility to explore additional relevant topics as they arose. Interviews lasted between 30 and 40 minutes. The interview questions are provided in the appendix.

**Analysis**

Interview responses were coded and shared with the research team to identify common themes within the data. We used Artificial Intelligence (AI) in our analysis to pull out the emerging themes and to identify differences among branch offices and branch offices and HQ. There were three phases in the coding: open, axial, and selective (Straus & Corbin, 1990).

## Findings

Interview data was organized into meaning units, and then categorized by themes. These emerging themes provided insights into the EISI caring culture. Key meaning units are presented in Table 2 with their corresponding statements.

**Table 2: Key words (positives in the culture)**

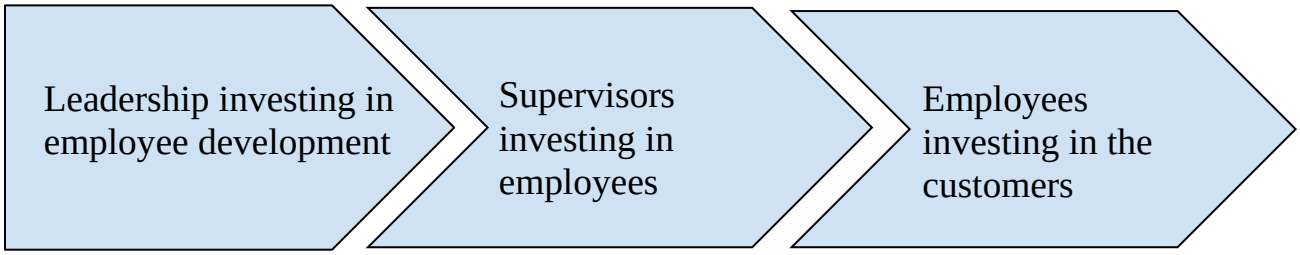
| | |
|---|---|
| Drama free | Christian environment, you wear a lot of hats in a small business, very little drama. |
| Family friendly | Have a strong bond with coworkers. Feels like a family business. Closely knit community |
| Caring | I am treated as a person not as a number. I feel wanted. I feel welcomed. |
| Growth opportunities | Training for other opportunities. |
| Fun | My coworkers. We have fun and great comradely while at work. |
| Flexibility | Freedom to do what you want. They trust you to do the work |
| People | The people I work with. HR picks very well culture and skill fit |

*Table 3: Artificial Intelligence generated categorical theme groupings*

| Themes | Subthemes | Description |
|---|---|---|
| Positive Work Environment and Culture | Supportive Community | **Employees appreciate the camaraderie and the feeling of being part of a closely knit community, similar to a family business.** |
| | Work-Life Balance | **Flexibility, hybrid work options, and a drama-free environment are highly valued.** |
| | Personal Recognition | **Feeling wanted, welcomed, and treated as individuals rather than numbers.** |

| | | |
|---|---|---|
| Opportunities for Growth and Development | Personal Growth | **There are ample opportunities for training, promotions, and personal development.** |
| | Helping Others | **Employees find satisfaction in helping customers and solving problems, which contributes to a sense of purpose.** |
| Integrity and Trust | Company Values | **Pride in the company's integrity and the overall culture where everyone agrees on what is right and wrong.** |
| | Autonomy | **Freedom to work independently without micromanagement and trust from the management.** |

***Figure 1: Culture of giving and caring***




The prized caring corporate culture as illustrated in Figure 1, shows a three-step flow of investment within an organization, emphasizing a culture centered on mutual support and development. In the first step, leadership invests in employee development, highlighting the organization's commitment to enhancing its workforce's skills and growth. The second step shows supervisors investing in employees, indicating that managers actively support and nurture their teams on a more personal level. In the final step, employees, feeling valued and supported, extend that investment towards customers, creating a positive, service-oriented experience.

This model shows that EISI corporate caring culture begins with leadership's dedication to its employees, which trickles down through supervisors to create a motivated and customer-focused workforce. Such a culture has encouraged employees to feel valued and motivated, leading to improved performance, customer satisfaction, and loyalty. In the last 5 years, EISI has invested and paid out an amount just shy of 1 million dollars in donations and grants to employees and other people in need.

Furthermore, the viewpoints from the participants regarding servant leadership spoke to the caring culture that EISI is trying to cultivate. It becomes even clearer when contrasted with the management rating.

*Figure 2: Culture and Leadership Rating*

This caring culture is not without challenges. The emerging categorical themes suggest that while EISI may aspire to a caring culture, challenges such as limited transparency, overwork, and weak communication hinder the effectiveness and cohesion of this culture, affecting employees' sense of support and inclusion in decision making. Key words are presented in Table 4 with their corresponding statements:

***Table 4: Key words (challenges in the culture)***

| | |
|---|---|
| Superficial harmony | Lack of positive conflict/ hard conversation |
| Lack of accountability | Our actions sometimes don't match our words (principles) especially with culture. Particular people get a free pass especially those at the top. |
| Lack of collaboration | A lot of directives with no real collaboration. It's very hard to get people to communicate with our department (just answer my emails, will you?) |
| Too stretched | A lot of pressure on our work. You never feel like you're caught up. We need more well trained manpower |
| Lack of transparency | Senior vs middle (branches too) management. Tell us what is going on. We are the ones doing the work but you are holding information back. |
| Us vs Them | Sometimes we feel like HQ is removed from what we are doing. The relationship with people is good but not operationally. |

With these perceived challenges, we are presented with tensions in worldviews and behaviors. We used a competing values framework (CVF) by Cameron et al., (2022) to examine the underlying tensions between the "Us vs Them".

***Table 5: Artificial Intelligence generated categorical theme groupings***

| **Themes** | **Subthemes** | **Description** |
|---|---|---|
| **Cultural and Communication Issues** | **Dissipating Culture** | The company culture weakens the further you go from headquarters. |
| | **Communication Gaps** | Issues with communication, especially between headquarters and branches, and terminology gaps between departments. |

| | | |
|---|---|---|
| **Leadership and Management** | **Leadership Transition** | Challenges with transitioning to the next generation of leadership and reliance on consultants. |
| | **Management Support** | Concerns about the support and understanding from management regarding the sacrifices made by employees. |
| **Operational Efficiency** | **Slow Processes** | Frustration with the slow pace of operations and decision-making. |
| | **Department Disconnect** | Lack of collaboration and serious consideration for certain departments, leading to a disconnect between home office and branches. |

*Figure 3: Tensions in the culture*

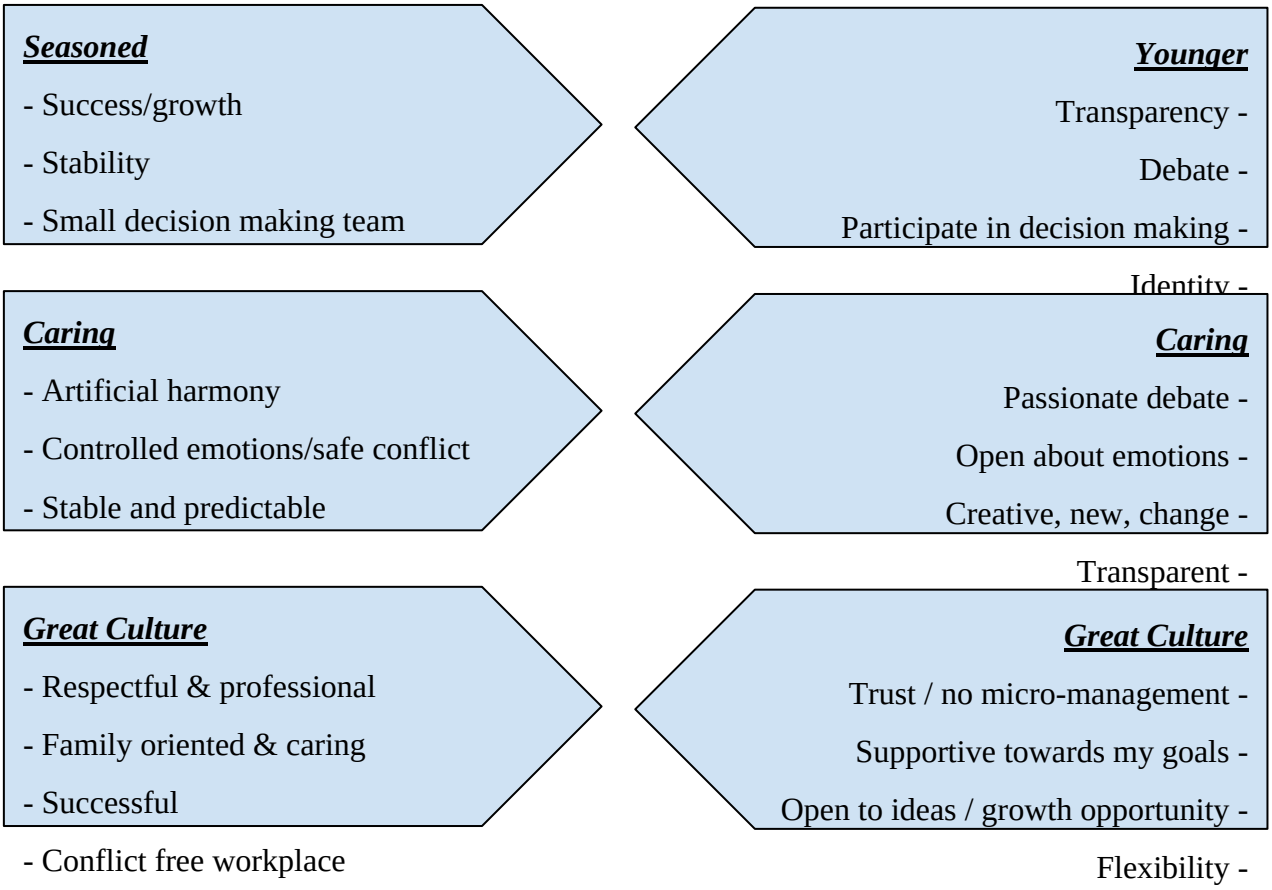


*Figure 4: Tensions illustrated by Cameron's et al., (2022) CVF*

**Control vs. Create**

- Senior leadership (old guard) vs. middle management (and new leadership):
  - Decision making & transparency,
  - Succession,
  - Status quo vs quick change.

**Collaborate vs. Compete**

- Sales & branches (operations—producers) vs. Admin & Culture (collaborative culture):
  - Accountability,
  - Culture,
  - Rapid growth.

**Conclusions**

These findings have provided a foundational understanding into the variances between HQ and branch offices and variances between leadership and culture. Additionally, to answer the research question as to whether the caring culture drives the performance or vice versa, the viewpoints from the participants seem to show that the power distance between those who get to make decisions and those who do not is rather large. Furthermore, those who are close to decision-makers tend to be the "top performers" and not necessarily "the caring culture champions" at least in the way those without power define it. Another correlation to draw is that the further away from the headquarters the branch is, the more diluted the corporate culture becomes in the way the culture is practiced and felt by employees.

This research is in no way comprehensive as we need to cover more branches to establish these findings. However, the survey shows an overall positive outlook of the current organizational culture. Most employees have strong affiliation to the organization. Words such as "this is my second family", "I like my team", "we are a family here", "I enjoy coming to work" strongly underscore how the caring culture has been cemented.

**APPENDIX I: Interview Questionnaire**

1. How long have you worked at EISI? Have you served any of this time in a branch?
2. Tell me what it's like to work here?
3. What do you like best about working at EISI?
4. What do you dislike about working at EISI?
5. Describe your 2 most important successes here.
6. When you think about the culture at EISI, how would you describe it in 3 words? Why?
7. If you had a magic wand and could change anything at EISI what would it be?

8. Rate the culture on a scale of 1-10 (1 being poor and 10 being awesome) how would you rate the culture at HQ? What caused you to give that rating?
9. Rate your boss on a scale of 1-10 (1 being poor and 10 being awesome)?
10. Think about a successful employee at EISI.
11. What are the top 2 behaviors that successful employees exhibit?
12. Describe how people are recognized and rewarded at EISI.
13. In October a new president transitioned in. What are 3 words you would like to encourage him with / words of wisdom to share?
14. Have you heard servant leadership talked about in your company? (1 never - 4 very often)
15. Servant leadership modeled by the senior leadership? (1 never - 4 very often)
16. Servant leadership modeled by my boss? (1 never - 4 very often)
17. First word that I associate with servant leader
18. Second word that I associate with servant leader
19. Third word that I associate with servant leader

**APPENDIX II: The 28 Eastern Way Fundamentals**

What we do is important, who we are and how we do it is critical. The following 28 fundamentals are how we plan to fulfill our purpose of having a positive impact on the lives of others.

1. Give Back
2. Make Quality Personal
3. Care Deeply
4. Check Your Ego at the Door
5. Do the Right Thing, Always!
6. Work on Yourself
7. Listen Generously
8. Speak Straight
9. Lead By Example
10. Show Meaningful Appreciation
11. Assume Positive Intent
12. Anticipate Change
13. Honor Commitments
14. Seek Clarity
15. Make Wise Choices
16. Work Smart
17. Be Proactive
18. Practice Blameless Problem Solving
19. Be a Fanatic About Response Time
20. Collaborate
21. Be Relentless About Improvement
22. Think Safe. Work Safe.
23. Take Care of the Customer
24. Communicate Personally
25. Be Process-Oriented
26. Deliver Results
27. Be Positive
28. Keep Things Fun

**APPENDIX III: Associates Demographics Categories as of 2023**

| Employee Category | Number | Average Tenure |
|---|---|---|
| Employee | 384 | 7.25 years |
| Managers | 16 | 15.51 |
| Unit Leader | 19 | 11.42 |
| Region Leader | 3 | 25.32 |

**APPENDIX IV: Growth Margins and Cares Expenses**

| Fiscal Year End | Increase from Prior Year Sales (Multi-Year Gap) | Average Annual Sales Growth | Increase from Prior Year Profit (Multi-Year Gap) | Average Annual Profit Growth | Cares Expense as % of Total Profit (before Cares Exp.) | Cares Expense as % of Operating Expenses |
|---|---|---|---|---|---|---|
| 9/30/2010 | 55% | 12% | -8% | -99% | 27% | 1.21% |
| 9/30/2015 | 86% | 13% | 228% | 42% | 22% | 1.73% |
| 9/30/2020 | 59% | 10% | 140% | 21% | 13% | 1.42% |
| 9/30/2023 | 83% | 23% | 505% | 91% | 3% | 1.21% |

**APPENDIX V: Cares Fund Participation**

| | | | | | | |
|---|---|---|---|---|---|---|
| As of August 31, 2023: Of 382 Total Paid Employees: | | | | | | |
| 39 | Participate in 1 Fund | | | | | |
| 45 | Participate in 2 Funds | | | | | |
| | 4 | Eastern Cares & DBLCH | | | | |
| | 3 | Emergency Fund & DBLCH | | | | |
| | 38 | Eastern Cares & Emergency Fund | | | | |
| | | | | | | |
| 128 | Participate in 3 Funds | | | 212 | 55% | Participation in employee funding |

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