
Application 9.13

# ORGANISATIONAL CULTURE AT EL CORTE INGLÉS

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The organisational culture in place at Spain's El Corte Inglés department store may be one of the country's most iconic ones, as it clearly reflects the way its staff are expected to contribute to the company's success. An initial highlight is the role played by its founder, Ramón Areces, who managed to imbue the company with his own personality, characterised by an austere approach and strict work ethic. These traits were upheld by his successor, Isidoro Álvarez, who took over the running of the company in 1989 following his predecessor's demise. In turn, Isidoro Álvarez's passing in September 2014 ushered in a new era with several changes at the top until Marta Álvarez took office in 2019. Despite these movements in senior management, the company's culture has always been underpinned by the following principles:

- Leadership style: Concentrated in a small group of individuals, albeit with a degree of operational autonomy in each business and functional area. The management group is based on professionalism, personal relationships, mutual trust, and loyalty to the organisation.
- Control of ownership: The shareholding structure of El Corte Inglés has the Ramón Areces Foundation as the holder of a large percentage of the stock, stemming from Areces' legacy, plus a relatively small group of shareholders, made up of people with family ties and the company's senior and middle managers. Except for the entry of a Qatari fund in 2015 with a 10% stake, this structure ensures absolute control over the company and avoids shareholder dispersion, being reinforced by the fact that shareholders cannot transfer their stake to anyone who does not work in the company, and must agree to sell their holding, at an agreed price, to another member of the organisation.
- Staff integration: There is a strong link between staff and the company's objectives, not only through each individual's internalisation of the principles, values, and standards of behaviour that the organisation requires, but also through a series of additional rewards they receive. This cultural link has led to the moniker "*Japanese Spanish group*".
- Customer support: The sale of products is usually accompanied by a series of additional advantages (e.g., hire purchase and ease of return) that set it apart from the rest. This is encapsulated in the famous motto: "If you are not satisfied with your purchase, we will refund your money".
- Product quality: Although its prices are higher than its competitors', an image of greater quality is projected in its products, with a much more select range of items. The onset of the global financial crisis from 2008 onwards led to a change in the pricing policy of many of its products in order to adjust them to a declining demand while seeking to maintain an appropriate balance with quality.
- Trend towards innovation: The systematic use of new procedures in the marketing of products, as reflected in actions such as a store card, periodic sales, special promotions, wedding lists, and online shopping.

- Self-financing: For many years, the company's growth was self-financed, avoiding external debt as much as possible. This was fuelled by the high returns obtained in the past, which were largely reinvested. The company is not listed on the stock exchange. However, the financial crisis of 2008 significantly increased its debt over the following years, which in 2010 forced it to resort to external financing for the first time in its history. This situation has been repeated throughout the 2010s with debt refinancing and bond issues. 2016 witnessed the start of a policy of divestment involving properties and some businesses (such as Financiera El Corte Inglés, Óptica 2000, and Informática El Corte Inglés), with the aim being to reduce debt.
- Dividend policy: The company's policy once involved a very low distribution of dividends to its shareholders (less than 10% of the annual profits) in order to fund its self-financing strategy. However, from the second half of the 2010s, this distribution increased significantly, amounting to 20-30% of profits.

In short, over the years, these characteristics and this management style based on efficient, motivated, and responsible staff have shaped a culture based on the premises of commitment to the customer, maximum probity, administrative efficiency, and the permanent innovation of services and procedures, which inform a robust corporate identity that galvanises the company's success in its business portfolio.

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