UNIT 21   ORGANISATIONAL CULTURE

Objectives

After going through this unit, you should be able to:

- appreciate the contribution of organisational culture to the management change;

- understand how culture contributes to organisational innovation and success;

- identify the attributes of work culture and the factors that influence them.

Structure

21.1   INTRODUCTION

Originally an anthropological term, culture refers to the underlying values, beliefs, and codes of practice that makes a community what it is. It refers to the totality of knowledge in an organisation or society.

Organisations are located within larger societal cultural contexts, yet almost all organisational cultures are unique to particular organisations. Obviously, there is cultural variation within each society, depending on the region in which a particular organisation is located. In almost any organisation around the globe, the organisational culture would consist of the uniquely patterned beliefs, feelings, values and behaviour that connect the members to the organisation and simultaneously distinguish that organisational culture from the cultures of other organisations. Obviously, cultural dimensions are reflected in various forms in the external life of a society or an organisation, as well as in the values and beliefs held by its members.

21.2   CONCEPT OF ORGANISATIONAL CULTURE

The simplest definition of culture is `the way we do things round here' (Deal and Kennedy, 1982). It is a combination of values and beliefs, norms of behaviour that are acceptable or otherwise, written policies, pressures, and expectations coming down from the top, formal and informal systems, processes and procedures, and networks.

The culture of an organisation is a product of history, a variety of external and internal influences, and priorities and values of key people in it. Culture is reflected in the artifacts - rituals, design of space, furniture and ways of dealing with various phenomenon.

Smircich (1983) defines organisational culture as a fairly stable set of taken-for-granted assumptions, shared beliefs, meanings, and values that bring forth a new way of understanding of organisational life. According to Denison (1984), organisational culture refers to the set of values, beliefs, and behaviour patterns that form the core identity of an organisation.

21.3   KEY TERMS USED

The various terms used in the context of organisational culture are - values, ethics, beliefs, ethos, climate, culture and so on.

Ethics refers to normative aspects to what is socially desirable. Values, beliefs, attitudes and norms are interrelated.

Ethos can be defined as the underline spirit of character of an entity or group and is made up of its beliefs, customs or practices. At the base of Ethos are core values. Ethos is primarily concerned with values and is the fundamental character or spirit of the organisation. It is characterised by openness, confrontation, trust, authenticity, proaction, autonomy, collaboration, and experimentation.

Culture is learned rather than inherited. Ed Schein suggests that there are two ways in which this learning takes place. First, the trauma model, in which members of the organisation learn to cope with some threat by the erection of defence mechanisms. Second, the "positive reinforcement" model, where things which seem to work become embedded and entrenched. Learning takes place as people adapt to and cope with the external pressures, and as they develop successful approaches and mechanisms to handle the technologies of their organisation.

21.4   ROLE OF CULTURE

The role of culture in an organisation is to:

1.   Specify the goals and objectives of the organisation;

2.   Specify the relations that exist within the organisation;

3.   Specify what qualities are valued within organisations such as loyalty, confidentiality, dynamism, hard work, and so on and

4.   Specify the wider context within which the organisation operates.

The success of any organisation is linked to an organisation culture in which people are encouraged to work together and share resources as needed. Organisation culture exerts many effect on individuals and organisational processes - some dramatic and others more subtle. If the organisation culture stresses the importance of product quality and excellent service, its customers will generally find their complaints handled politely and efficiently.

21.5   DEVELOPING ORGANISATIONAL CULTURE

Organisation cultures are developed and reinforced in a variety of ways. There are five primary and five secondary cultural development mechanisms. The five primary mechanisms are:

1. What leaders pay attention to, measure, to, and control,

2.   Leaders' reactions to critical incidents and organisational crisis.

3. Deliberate role modeling, teaching and coaching.

4. Criteria for allocation of rewards and status.

5. Criteria for recruitment, selection, promotion and retirement employees.

There are five secondary mechanisms by which organisational culture develops. They are:

1. The organisation's design and structure.

2. Organisational systems and procedures.

3. Design of physical space, facades and buildings.

4. Stories, legends, myths, and parables about important events and people.

5. Formal statements of organisational philosophy, creeds and charters.

21.6   TYPES OF ORGANISATIONAL CULTURE

Handy (1985) has analysed the different types of organisational culture and offers a four-fold typology:

*   **The power culture**

    In this, the organisation stresses the role of individuals rather than committees. Individuals are power-oriented and politically aware. Control is exercised at the centre and is characterised by informal webs of influence rather than formal procedures. It is not characterised by bureaucracy.

*   **The role culture**

    Here the stress is upon formal rules and roles and authority is vested in these roles. It is characterised by formal procedures and offers the individual security, stability and predictability. It is, therefore, characteristic of bureaucracy.

*   **The task culture**

    This is job-oriented and is concerned with getting the job done. It is concerned with utilising resources to meet the organisation's objectives and is characterised by the requirement of efficiency. The culture adapts itself to change and is driven by the need to provide goods and services for the customer.

*   **The person culture**

    The individual is at the heart of this organisation and this culture, according to Handy, is not often found. The organisation serves the individual rather than the other way round. Control mechanisms or hierarchies are virtually impossible and influence the shared.

One way of classifying organisational culture can be autocratic or feudal, bureaucratic, technocratic, and entrepreneurial or democratic:

Traditionally bureaucracy has been described as a role culture, but there is no reason to suppose that the different cultures cannot exist within the same organisation particularly if the organisation is as large and diverse as a government department or a local authority.. Each of the different cultures may express the roles that organisations perform. Problems arise where there is a clash of cultures.

All organisations exist within some wider context and we would expect an organisation's culture to reflect this. Thus it may be unrealistic to expect a

democratically run workplace when the prevailing political and social ethos is authoritarian. Organisations are social systems that have shared understandings, norms and values and have a common language. The history of the organisation, its past values and beliefs also influence the present culture of the organisation. Each of the different cultures may express the roles that organisations perform.

21.7 STRATEGIC AND CULTURAL VALUES

As the company grows and becomes successful, it usually develops a culture that distinguishes it from other companies and that is one of the reasons for its success. In other words, a company succeeds as a result of what the company does, its strategy, and how it does it, its culture. The process of creating an organisational culture is really a process of linking its strategic values with its cultural values. Strategic values are the basic beliefs about an organisation's environment that shape its strategy. Strategic analysis evaluates economic, demographic, public policy, technological, and social trends to identify needs in the marketplace that the organisation can meet. The cultural values are the values employees need to act on for the organisation to carry out its strategic values. Organisations that attempt to develop cultural values that are not linked to strategic values may end up with an empty set of values that have little relationship to its business.

After developing its strategic and cultural values, the organisation must establish a vision of the organisation's direction. This "vision" is a picture of what the organisation will be like at some point in the future. It portrays how the strategic and cultural values will combine to create the future. For example, an insurance company might establish a vision of "protecting the lifestyles" of two million families by the year 2005." In effect, it synthesizes both the strategic and cultural values as it communicates a performance target to employees.

Operationally, development of culture would involve developing a strong corporate identity, development of important values, building healthy traditions, and developing consistent management practices.

21.8 CULTURAL CHANGE

There are a number of internal and external factors which are responsible for cultural change in an organisation.

Composition of the workforce: Overtime, the people entering an organisation may differ in important ways from those already in it, and these differences may impinge on the existing culture of the organisation.

Mergers and acquisitions: Another sosurce of cultural change is mergers and acquisitions, events *in* which one organisation purchases or otherwise absorbs another. In such cases, rare consideration is given to the acquired organisation's culture. This is unfortunate because there have been several cases in which the merger of two organisations with incompatible cultures leads to serious problems, commonly known as culture clashes. In such cases, the larger and more powerful company attempts to dominate the smaller acquired company.

Planned organisational change: Even if an organisation does not change by acquiring another, cultural change still may result from planned changes. One important force in planned organisational change is technology. Technology affects the behaviour of people on the job. as well as the effective functioning of organisations.

A cultural change programme involves the following steps:

1. Identify the basic assumptions and beliefs and challenge them if necessary.

2. Define or re-define the core values - stated or unstated.

3. Analyse the organisational climate.

4. Analyse the management style.

5. Plan and implement what aspects of the culture needs to be changed and what aspects should be maintained or reinforced.

Specific approaches to achieve a cultural change are:

1. Recognition to facilitate integration, to create departments or jobs which are responsible for new activities or to eliminate unnecessary layers of management.

2. Organisation development to improve the effectiveness with which an organisation functions and responds to change.

3. Communication to get the messages across about the values and to achieve the objectives.

4. Training to help form new attitudes to such matters as customer service, quality, productivity, managing and motivating people.

5. Recruitment to set out deliberately to change the type of people recruited.

6. Management by objectives to ensure that managers know what they are expected to do.

7. Performance management to ensure that managers, supervisors and staff are assessed on the basis of the results they achieve and that performance improvement programmes are used to capitalise on strengths or overcome weaknesses.

8. Reward management to enhance the cultural assumption that rewards should be related to achievement by introducing performance-related bonus schemes and remuneration systems.

There are a variety of methods for developing, maintaining, or changing organisational cultures. The power to change company culture lies largely in the hands of management. Changing culture is not easy. However, when employees have been brought up in a particular tradition, they may find it difficult to recognise the need for and scope of the changes required. The organisation culture has its deep roots and hence it cannot be changed overnight. It takes time and patience, nevertheless the journey has to be undertaken to reach a new era.

The culture of a business is not formed by what management preach or publish, but by what they accept in practice. Cultural change needs clear vision, commitment, persistence and determination. In today's increasingly uncertain and turbulent times, organisations must depend on the people in their systems to develop a culture of innovation and change. It is people who will push for change - not systems or technology. Some organisations are better at sustaining a dynamic environment, one that can adapt and change to new demands and some organisations resist each change imposed on them.

21.9 CORPORATE CULTURE

Corporate culture has been defined as the personality of an organisation. It encompasses the company's goals and dominant ideologies. It is a system of shared values that interact with a company's people, organisational structure and control

system to produce behavioural norms. The interest in corporate culture is derived from the organisational behaviour specialists and from the empirical studies.

The corporate culture underlines much of the way in which things get done in the organisation. It encompasses the company's goals and dominant ideologies. Environmental influences will make a strong impact on the corporate culture. The organisation has to survive and thrive in an external environment which could be turbulent or steady. Against this background, corporate culture is created by organisational members with the values, philosophy, beliefs, assumptions and norms, with the top management playing a dominant role.

Corporate culture contains assumptions about the nature of the business and its markets and customers, the way in which business should be carried out, how work should be organised, the sort of people the organisation needs and how they should be treated. Among the factors that affect corporate culture are work groups, organisational characteristics, supervision, and administration.

A corporate culture can be strong or weak, and a strong culture is not necessarily a good one - it could be a wrong culture and it could be difficult to change. A weak culture, even a practically non-existent culture, may be acceptable if the organisation functions well. Within one organisation, there may be a dominant culture, but there will certainly be many sub-cultures in different departments or locations.

Corporate culture manifests itself in organisational behaviour - how managers and individual employees or groups behave in the context of the organisation. Culture influences behaviour in three areas:

1. *Corporate Values:* Belief in what is best or good for the organisation and what should or ought to happen. They are expressed by reference to both ends (goals) and means (action plans for achieving goals).

2. *Organisational Climate:* The working atmosphere of the organisation as perceived and experienced by its members. This will encompass how people feel about and react to the characteristics and quality of the corporate culture and its values.

3. *Management Style:* It is the way in which managers behave and exercise authority. They may be autocratic or democratic, tough or easygoing, formal or informal. It also describes the way in which managers behave.

Corporate culture is a somewhat elusive concept, because it is based on the taken-for-granted assumptions and beliefs about what is good and not good for the organisation. There may not be a single culture but a number of cultures spread throughout the organisation; and this does make managing the culture any easier. In any case, there is no such thing as a "good" or "bad" culture, but only cultures which are appropriate or inappropriate. If you have an appropriate culture, its management consists of no more than maintaining the existing values, climate and management style; change is not necessary. Cultural change in programmes may be required if the wrong assumptions have created an inappropriate culture affecting the performance of the individuals within an organisation.

Corporate culture is a key factor in achieving success but it is not easy to get it. A deeply-rooted culture may be difficult to change -old habits die hard. The answer to the question, "Can it be changed?" is "Yes, but with difficulty."

Every organisation has its own unique culture or value set. Most organisations do not consciously try to create a certain culture. The culture of the organisation is typically created unconsciously, based on the values of top management or the founders of an organisation, for instance, Hewlett-Packard is a company that has, long time, been conscious of its culture and has worked hard to maintain it over the years. Hewlett

Packard's corporate culture is based on: (1) respect for others, (2) a sense of community, and (3) plain hard work. It has been developed and maintained through extensive training of managers and employees. HP's growth and success over the years has largely been due to its culture.

Cultural systems are the most neglected part of HRD, but they have attracted some attention in the last few years. Interest in culture has been aroused by the examples of Japanese successes characterised by a high commitment to work, loyalty towards the organisation, concern for quality, and high levels of productivity. Some organisations in India have adopted the Japanese practices, notable among them being the Maruti Udyog and Sundaram Clayton. These practices are a 7-hour-45-minute shift, zero-defect production, cost-cutting, and discipline. These practices help in the development of a new organisational culture.

In India, TISCO has traditionally built up a culture of its own and successfully continued with the same. Indian companies have diverse cultures of their own across the country. The culture of public sector organisations is different from that of the private sector. Even there is cultural diversity within the private and public sector organisations.

21.10   WORK CULTURE

Culture, in the context of human civilisation, is the way of life of a human group. Work culture, which in the context of an organisation is also known as organisational culture, is essentially a learned and shared set of responses of constituent individuals and groups to the organisation environment, tasks and problems (Sinclair, 1993). Stated another way, it consists of what people believe about how things work in their organisation, and the behavioural and physical outcomes of such beliefs (Sinclair, 1993). It is thus a combination of attitudes, relationships, developed abilities, habits and other behavioural patterns of the individuals who belong to the organisation. An important constituent of work culture is work ethos.

The attributes of work culture are:

Timing: Being punctual while reporting to office and attending meetings.

Responsiveness: Response to requests, queries and instructions from customers and colleagues.

Communication: Adherence to prescribed norms set for verbal/written means of communication such as face to face interaction, e-mail, telephone, voicemail.

Formal communication from the organisation such as publications, presentations, official letters.

Informal parallel channels of communication like grapevine.

Professional Work Etiquette: Adherence to prescribed norms of behaviour at work with respect to speech, grooming, punctuality, interpersonal interactions, use of office resources.

Housekeeping: Adherence to prescribed norms of hygiene and cleanliness with respect to workstations and public areas.

Infrastructure: Adherence to norms set for office layout, interiors, facilities.

Commitment to Results: Focus on results at an individual, group, functional level, which are in line with company objectives.

Performance Recognition: Standards of performance and ways and means of recognising performance.

Quality Cosciousness: Awareness of the quality standards and adherence to the same.

Process Orientation: Formulations of processes that are in line with the company objectives and adherence to the same.

Proactivity:: Anticipation of needs, problems, possibilities and taking appropriate steps to address them.

Sense of Belonging: A feeling of being an important part of the organisation.

Team Work: A group of people with complimentary skills, working synergistically in a mutually and positive environment towards a common objective.

Group Dynamics: Interactions within and across groups in the organisation.

Socialisation Practices: Informal interpersonal interactions at individual and group level that may or may not have an impact on the company objectives.

Decision-Making: A process of finding the most viable alternative from a set of possibilities in order to meet an objective. The process could be unilateral or participative.

Respect for Others: To recognise that each person in the organisation plays an important role and has a valuable contribution to make.

Caring: An attitude that reflects a genuine interest and concern for people at work or otherwise.

Interpersonal Sensitivity: Knowing and respecting likes and dislikes of people.

Informal Power Centres: Unofficial structures of influence created by individuals or groups to achieve their objectives.

Openness: Sharing of information and transparent decision making. Freedom to ask questions and offer differing views.

In the Indian context, some of the important characteristics of work culture should be:

- Discipline

- Teamwork and cooperation

- Communication and consultation

- Flexibility and work innovation

- Delegation of authority

- Identity and a sense of belonging to the organisation

- Role of unions and associations

- Response of individuals and groups to changing environment.

Following are some of the important measures to be taken for developing work culture:

- Be fair but firm in dealings with subordinates.

- Take an active interest in the personal and family needs/problems of subordinates.

- Discourage overemphasis on hierarchical status.

- Promote information-sharing and communication.

- Encourage the setting of goals/targets and decision-making through consultation and participative forums and ensure consistency in decision making.

The work culture represents the prevailing beliefs, mores, and values pertaining to work. Improvement in work culture can be achieved if we not only identify but also develop the talent of all employees in the organisation to achieve improved

performance. This can be achieved by trying to build a learning organisation. Different approaches have been adopted to create a climate conducive to work.

The internal factors that influence the work culture of an organisation can be broadly listed as:

- Management policies and practices.

- The extent of job security and physical facilities for ensuring the safety of employees at the workplace.

- The extent of inter-departmental cooperation within the organisation.

- Cordiality in inter-personal relations between managerial personnel and rank and file workers.

- Adequacy of communication systems within the organisation.

- Welfare services provided by the company to their employees and dependents.

- Recruitment and selection methods employed by the organisation.

- Training and career development opportunities available within the organisation.

- Existence of performance nouns for employees at various levels and their effectiveness and promotion opportunities available.

- The pattern of compensation, recognition and reward systems in the organisation.

- Norms governing discipline and effectiveness of the grievance handling system.

- Employee participation in the decision making process.

- Relations between trade unions and management and trade unions themselves.

- Meaningfulness and variety of technology involved in the work.

Broadly speaking, two types of change are required to bring about a change in work culture. First, appropriate organisational climate, innovative design, and an effective managerial style for which the onus will be entirely on the management. Second, employees' attitude to work, commitment to organisational goals, and motivation and morale.

A significant work culture is to be built up:

1. To perform upto the highest measure of competence.

2. To take initiatives and risks.

3. To adapt to change.

4. To make decisions.

5. To work co-operatively as a team.

6. To be open specially with information, knowledge, and news of forthcoming or actual "problems".

7. To trust, and be trustworthy.

8. To respect others (customers, suppliers, and colleagues) and oneself.

9. To answer for actions and to accept responsibility.

10. To judge and be judged, reward and be rewarded, on the basis of performance.

Activity 1

Imagine that you are about to open a small factory assembling vending machines, consider:

(a) What type of culture would you aim at to create and why?

(b) How would you set about trying to achieve your aims?

(c)   What difficulties do you anticipate, and how would you attempt to overcome - these?

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Activity 2

To what extent are the following statements true about your company?

1.   In this company, people are expected to follow their own personal and moral beliefs.

True [ ]   Somewhat True [ ]   False [ ]   Somewhat False [ ]

2.   People are expected to do anything to further the company's interests.

True [ ]   Somewhat True [ ]   False [ ]   Somewhat False [ ]

3.   In this company, people care for each other's good.

True [ ]   Somewhat True [ ]   False [ ]   Somewhat False [ ]

4.   In this company, it is very important to adhere strictly to company's rules and regulations.

True [ ]   Somewhat True [ ]   False [ ]   Somewhat False [ ]

5.   In this company, people protect their own interest above other considerations;

True [ ]   Somewhat True [ ]   False [ ]   Somewhat False [ ]

6.   In this company, employees are expected to perform what is right to the customer and the public

True [ ]   Somewhat True [ ]   False [ ]   Somewhat False [ ]

The Hewlett-Packard Way

Enduring values through changing times

Based on the belief that people are committed to doing their jobs well and are capable of making sound decisions, Hewlett-Packard practices a highly innovative style of management known simply as the HP Way.

The HP Way engenders a very open and informal corporate culture. Consistent with this the company has developed a matrix style of organisation rather than the more formal pyramid management structure popular among many companies.

It has been our policy not to have a tight military-type organisation, but rather to have overall objectives which are clearly stated and agreed upon, and to give people the freedom to work towards these goals in ways they determine best for their own areas of responsibility.

The Hewlett-Packard work environment fosters individual dignity, pride in accomplishment and the motivation to produce quality work. In return the company ensures that employees share in the success which their efforts make possible.

Organisational Values

Trust and respect for individuals;

A high level of achievement and contribution;

Conducting business with uncompromising integrity;

Achieving common objectives through teamwork;

Encouraging flexibility and innovation.

Corporate Objectives

Profit;

Customer respect and loyalty;

Participating in relevant fields of interest;

Growth;

Helping our people share in company success;

Management that fosters initiative and creativity;

Corporate citizenship and responsibility.

Strategies and Practices

Management by wandering around; Management by objectives;

Open-door policy;

Total quality control.

Source; Compiled from company literature.

21.11 SUMMARY

Culture is rooted in the beliefs, values and assumptions held by members. Culture spans the range of management thinking, an organisational culture has been one of the most enduring buzzwords of popular management. The concept itself promotes an awareness of other industrial and national cultures. Organisational culture is a cognitive framework consisting of attitudes, values, behavioural norms, and expectations shared by organisation members. It serves several different functions, including providing members with a sense of identity, generating commitment to the organisation's mission, and clarifying and reinforcing standards of behaviour. There are different ways of developing and maintaining organisational culture. Corporate culture encompasses the company's goals and dominant ideologies, and work culture helps in achieving desired goals and objectives.

21.12 SELF-ASSESSMENT QUESTIONS

1. Define organisational culture and specify its characteristics.

2. Explain the type of actions managers can take to change organisational culture.

21.13 FURTHER READINGS

Fincham, R., Rhodes, P., *Principles of Organizational Behaviour,* Oxford University Press Inc., New York, 1999.

Hellriegal, D., Slocum, J., Woodman, W.R., *Organizational Behaviour,* South-Western Publishing, Cincinnati, Ohio, 1998.