Lesson:-35

ORGANISATIONAL CULTURE

Students what do you all think Organizational Culture is ? Can you all define it in your own way….

In the 1980's, we saw an increase in the attention paid to organizational culture as an important determinant of organizational success. Many experts began to argue that developing a strong organizational culture is essential for success. While the link between organizational culture and organizational effectiveness is far from certain, there is no denying that each organization has a unique social structure and that these social structures drive much of the individual behavior observed in organizations. We will leave the question of the relationship between culture and effectiveness for another discussion.

What is organizational culture?

A single definition of organizational culture has proven to be very elusive. No one definition of organizational culture has emerged in the literature. One of the issues involving culture is that it is defined both in terms of its causes and effect. For example, these are the two ways in which cultures often defined.

1. Outcomes- Defining culture as a manifest pattern of behavior- Many people use the term culture to describe patterns of cross individual behavioral consistency For example, when people say that culture is *"The way we do things around here,"* they are defining consistent way is in which people perform tasks, solve problems, resolve conflicts, treat customers, and treat employees.
2. Process- Defining culture as a set of mechanisms creating cross individual behavioral consistency- In this case culture is defined as the informal values, norms, and beliefs that control how individuals and groups in an organization interact with each other and with people outside the organization.

Both of these approaches are relevant to understanding culture. It is important to know on what types of behavior culture has greatest impact (outcomes) and how culture works to control the behavior of organizational members. We will address these two questions later in the module.

Functions of organizational culture
1. Behavioral control
2. Encourages stability
3. Provides source of identity

Draw backs of culture
1. Barrier to change and improvement

2. Barrier to diversity
3. Barrier to cross departmental and cross organizational cooperation
4. Barrier to mergers and acquisitions

What Types of Behavior Does Culture Control?
Using the outcome approach, cultures are described in terms of the following variables:
- **Innovation versus Stability-** The degree to which organizational members are encouraged to be innovative, creative and to take risks.
- **Strategic versus Operational Focus-** The degree to which the members of the management team focus on the long term big picture versus attention to detail.
- **Outcome versus Process Orientation-** The degree to which management focuses on outcomes, goals and results rather than on techniques, processes, or methods used to achieve these results.
- **Task Versus Social Focus-** The relative emphasis on effect of decisions on organizational members and relationships over task accomplishment at all costs
- **Team versus Individual orientation**- The degree to which work activities are organized around teams rather than individuals
- **Customer Focus versus Cost Control-** The degree to which managers and employees are concerned about customer satisfaction and Service rather than minimizing costs
- **Internal verses External Orientation-** The degree to which the organization focuses on and is adaptive to changes in its environment

Cultural Control Mechanisms
How does organizational culture control the behavior of organizational members? If consistent behavioral patterns are the outcomes or products of a culture, what is it that causes many people to act in a similar manner? There are four basic ways in which a culture, or more accurately members of a reference group representing a culture, creates high levels of cross individual behavioral consistency. There are:
- <u>**Social Norms**</u>
  Social norms are the most basic and most obvious of cultural control mechanisms. In its basic form, a social norm is simply a behavioral expectation that people will act in a certain way in certain situations. Norms (as opposed to rules) are enforced by other members of a reference group by the use of social sanctions. Norms have been categorized by level.
     A. Peripheral norms are general expectations that make interactions easier and more pleasant. Because adherence of these norms is not essential to the functioning of the group, violation of these norms general results in mild social sanctions.
     B. Relevant norms encompass behaviors that are important to group functioning. Violation of these norms often results in non-inclusion in important group functions and activities
     C. Pivotal norms represent behaviors that are essential to effective group functioning. Individuals violating these norms are often subject to expulsion from the group.
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- **Shared Values**
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  As a cultural control mechanism the keyword in shared values is shared. The issue is not whether or not a particular individual's behavior can best be explained and/or predicted by his or her values, but rather how widely is that value **shared** among organizational members, and more importantly, how responsible was the organization/culture in developing that value within the individual. **What is a value?** Any phenomenon that is some degree of worth to the members of giving groups: The conception of the desirable that establishes a general direction of action rather than a specific objective. Values are the conscious, affective desires or wants of people that guide their behavior

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How are values formed/developed within individuals? We like to think that our values are unique to us and an essential part of who we are. The critical question here is, how much of our values are derived from our reference group affiliation? We find that for most people, their values are generally consistent with the values of the reference group in which they were socialized. There are two kinds of values:

  A. Instrumental values represent the "means" an individual prefers for achieving important "ends."
  B. Terminal values are preferences concerning "ends" to be achieved. When an individual can no long answer the question of "

These components of culture have a well – defined linkage with each other which binds a culture and makes change in any one of the components difficult. However, change in any one of these components causes chain reactions amongst others. Their interrelationship is presented in Fig. 1.1

Culture is a very powerful force at the workplace, which is consciously and deliberately cultivated and is passed on to the incoming employees. It reflects the true nature and personality of an organisation.

There are various myths about organisational culture. Some of them are presented here along with the counter arguments.

1. **Organisational culture is same as organisational climate :** In management literature there is often ambiguity about the two concepts – organisational culture and organisational climate. As explained earlier, organisational culture is a macro phenomenon which refers to the patterns of beliefs, assumptions, values, and behaviours reflecting commonality in people working together. However, organisational climate is a micro phenomenon and reflects how employees in an organisation feel about the characteristics and quality of culture like morale, goodwill, employee relations, job satisfaction, commitmrnt at the organisational, department or unit level. It refers to the psychological enviornment in which behaviour of organisational members occurs. It is a relatively persistent set of perceptions held by organisational members about the organisational culture. Another

viewpoint about climate is that various variables get subsumed under the concept of climate, whereas has unique indicators like symbols, rites, myths, and stories.

2. **Culture is same as 'groupthink' :** Since culture refers to shared assumptions and beliefs, it is likely to cause confusion. Groupthink refers to group members hiding any differences in how they feel and think and behave in a certain way. The phenomenon of groupthink is mostly used in a face – to – face situation when dealing with small groups. Culture, on the other hand, is a much larger phenomenon characterised by historical myths, symbols, beliefs, and artifacts.

3. **Culture is same as organisation :** Culture is a result of sustained interaction among people in organisations and exists commonly in thoughts, feelings, and behaviour of people. Organisations on the other hand, consist of a set of expectations and a system of reward and punishment substained by rules, regulations, and norms of behaviour.

4. **Culture is a social structure :** Social structures in various collectives exhibit tangible and specific ways in which people relate to one another overtly. However, culture operates on a system of unseen, abstract, and emotionally loaded forms which guide organisational members to deal with their physical and social needs.
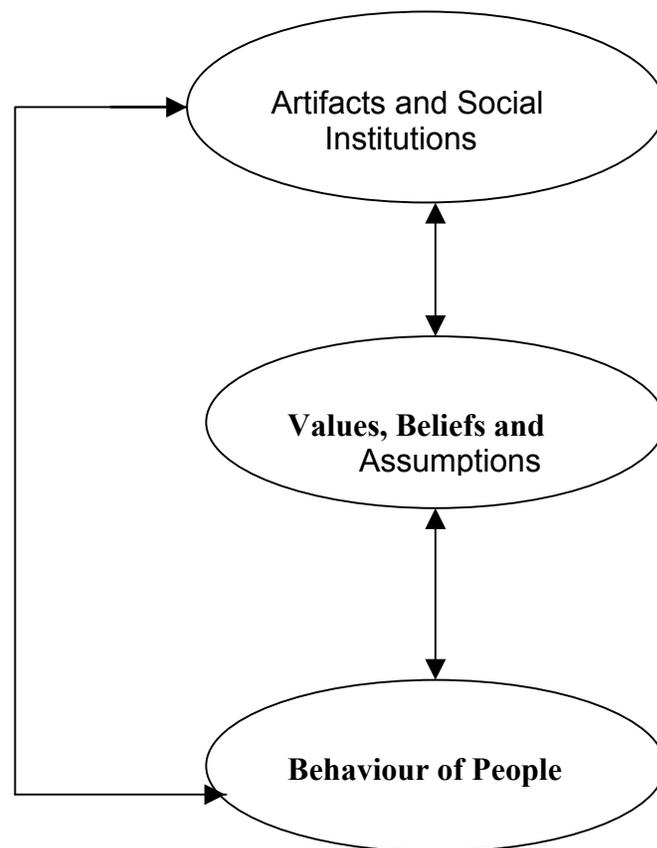
Fig. 1 Relationship among components of culture

CULTURE : CONCEPTUAL FRAMEWORK

Basic concepts and definitions

Culture has been defined differently by various scholars. According to Kroeber and Kluckholn (1952) culture consists of patterns, explicit and implicit, of and for behaviour acquired and transmitted by symbols, constituting the distinctive achievement of human groups, including their embodiment in artifacts. The essential core of culture consists of traditional (i.e., historically derived and selected) ideas and especially their attached values. Culture systems may, on the one hand, be considered as products of action, and as conditioning elements of future action.

In the words of Hofstede (1980) culture is, " The collective programming of the mind which distinguishes the members of one human group from another …. The interactive aggregate of common characteristics that influences a human group's response to its environment." Anthropologist Symington (1983) has defined culture as, "… that complex whole which includes knowledge, belief, art, law, morals, customs and capabilities and habits acquired by a man as a member of society."

The Indian perspective of culture given by Sinha (2000) suggests that "Culture consists of totality of assumptions, beliefs, values, social systems and institutions, physical artifacts and behaviour of people, reflecting their desire to maintain continuity as well as to adapt to external demands."

What these descriptions suggest is a set of value systems that are equally shared by all the members. They take a long time to evolve and are sustained over a long period of time. They form a common core which binds people together.

Work culture, on the other hand, is a totality of various levels of interaction among organisational factors (boundaries, goals, objectives, technology, managerial practices, material and human resources, and the constraints) and organismic factors (skills, knowledge, needs, and expectations) interact among themselves at various levels. Over a period of time they develop roles, norms and values focusing work and is called work culture.

NATURE OF ORGANISATIONAL CULTURE

The culture of an organisation may reflect in various forms adopted by the organisation. These could be :

- The physical infrastructure
- Routine behaviour, langauge, ceremonies
- Gender equality, equity in payment

- Dominant values such as quality, efficiency and so on
- Philosophy that guides the organisation's policies towards it employees and customers like 'customer first' and 'customer is king', and the manner in which employees deal with customers.

Individually none of these connote organisational culture, however, together, they reflect organisational culture. Although organisational culture has common properties, it is found that large organisations have a dominant culture and a number of sub – cultures. The core values shared by the majority of the organisational members constitute the dominant culture. Therefore, whenever one refers to the culture of an organisation one actually talks about the dominant culture of an organisation one actually talks about the dominant culture. Subcultures within an organisation are a set of shared understandings among members of one group/department/geographic operations. For example, the finance department of an organisation may have a sub – culture which is unique to this department vis–a–vis other departments. This means that this department will not only have the core values of the organisation's dominant culture but also some unique values. If an organisation does not have a dominant culture and is comprised only of various sub – cultures, its effectiveness would be difficult to judge and there will be no consistency of behaviour among departments. Hence, the aspect of *common or shared understanding* is an essential component of organisational culture. Also, organisational culture exists at various levels.

LEVELS OF ORGANISATIONAL CULTURE

One comes across a number of elements in the organisation which depict its culture. Organisational culture can be viewed at three levels based on manifestations of the culture in tangible and intangible forms. Fig. 1.2 identifies these levels.

Physical
Social

Level   3
Assumptions

Level 1
Artifacts,
Technology,
Visible and
Audible

Level 2:
tion
Value in
&

Environment
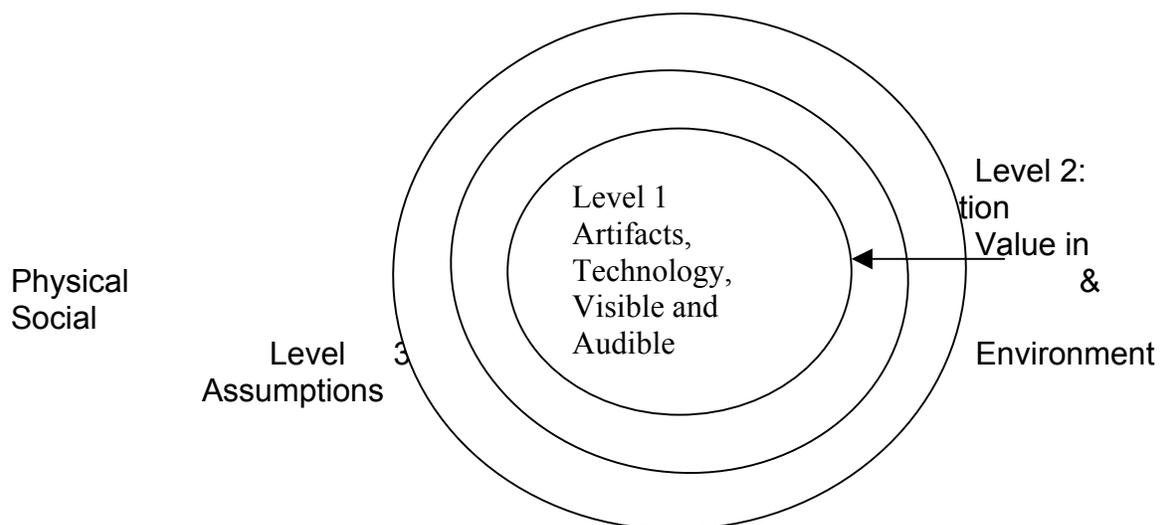
about Human
Nature, Human ➤
Relationships,
And Behaviour

Figure 2: Levels of organisational culture

1. *At Level One* the organisational culture can be observed in the form of physical objects, technology and other visible forms of behaviour like ceremonies and rituals. Though the culture would be visible in various forms, it would be only at the superficial level. For example, people may interact with one another but what the underlying feelings are or whether there is understanding among them would require probing.

2. *At Level Two* there is greater awareness and internalisation of cultural values. People in the organisation try solutions of a problem in ways which have been tried and tested earlier. If the group is successful there will be shared perception of that 'success', leading to cognitive changes turning perception into values and beliefs.

3. *Level Three* represents a process of conversion. When the group repeatedly observes that the method that was tried earlier works most of the time, it becomes the 'preferred solution' and gets converted into underlying assumptions or dominant value orientation. The conversion process has both advantages. The advantages are that the dominant value orientation guides behaviour, however at the same time it may influence objective and rational thinking.

    These three levels range on a scale of superficial to deeply embedded. As cultural symbols get converted to shared assumptions, they move from a superficial level to a real internationalised level as shown in Figure 1.3.

Superficial Level

Cultural Symbols

Shared Behaviour

Cultural Values
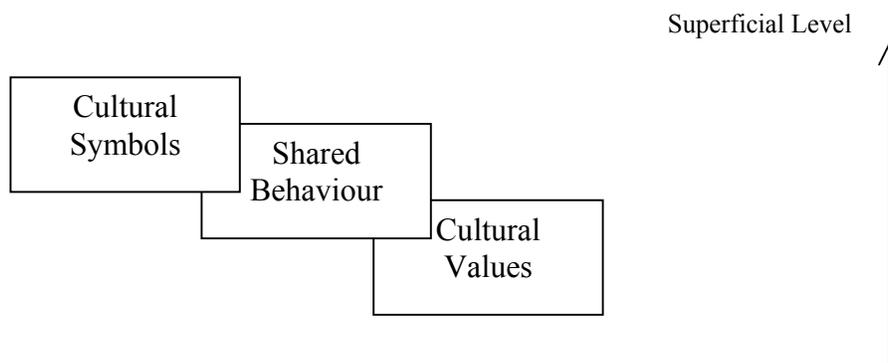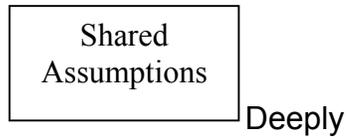
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                                    ┌─────────────┐
                                    │   Shared    │
                                    │ Assumptions │
                                    └─────────────┘ Deeply
Embedded Level
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Fig 3 Levels of organisational culture

PATTERNS OF ORGANISATIONALS CULTURE

Types of Organizational Culture

Organisational culture can vary in a number of ways. It is these variances that differentiate one organisation from the others. Some of the bases of the differentiation are presented below :

1. **Strong vs weak culture :** Organisational culture can be labelled as strong or weak based on sharedness of the core values among organisational members and the degree of commitment the members have to these core values. The higher the sharedness and commitment, the stronger the culture increases the possibility of behaviour consistency amongst its members, while a weak culture opens avenues for each one of the members showing concerns unique to themselves.

2. **Soft vs hard culture :** Soft work culture can emerge in an organisation where the organisation pursues multiple and conflicting goals. In a soft culture the employees choose to pursue a few objectives which serve personal or sectional interests. A typical example of soft culture can be found in a number of public sector organisations in India where the management feels constrained to take action against employees to maintain high productivity. The culture is welfare oriented; people are held accountable for their mistakes but are not rewarded for good performance. Consequently, the employees consider work to be less important than personal and social obligations. Sinha (1990) has presented a case study of a public sector fertilizer company which was established in an industrially backward rural area to promote employment generation and industrial activity. Under pressure from local communities and the government, the company succumbed to overstaffing, converting mechanised operations into manual operations, payment of overtime, and poor discipline. This resulted in huge financial losses (up to 60 percent of the capital) to the company.

3. **Formal vs informal culture :** The work culture of an organisation, to a large extent, is influenced by the formal components of organisational culture. Roles, responsibilities, accountability, rules and regulations are components of formal culture. They set the expectations that the organisation has from every member and

indicates the consequences if these expectations are not fulfilled. Table 1.1 presents some of the components of formal culture and their implication for organisations.

4.

TABLE 1: FORMAL COMPONENTS OF ORGANISATIONAL CULTURE

	Component	Description	Effect on Organisational Culture
1	Mission/Vision	The milestones to be reached	Could be unrealistic
2	Policies	Statements designed to be guidelines to bahavioural decision	Policies, if not drafted properly can provide leeway
3	Procedures	Methods of providing specific guidelines	Can facilitate or create obstacles in smooth functioning
4	Rules	Specific instructions for performing a task	Rules could be a means or an end in themselves
5	State of Organisational Development	Organisation at young, growing, maturing, or mature stage of development	State of organisational development has direct impact on work culture

Informal culture on the other hand has tangible and intangible, specific and non – specific manifestations of shared values, beliefs, and assumptions. This part of organisational culture comprising of artifacts, symbols, ceremonies, rites, and stories is highlighted in almost all the definitions of organisational culture. An example of organisational culture at NIIT is presented below :

Box 1.1

Organisational Culture at NIIT

NIIT was founded in 1981 by two IIT, Delhi graduates, Rajendra S Pawar and Vijay K Thadani with a vision of meeting basic requirements for IT talent in a world moving into an information based economy. They had anticipations about the unpreparedness of Indian society to cope with the forthcoming information age and adopted the mission "bringing people and computers together, successfully". Initially, NIIT delivered IT training to a broad spectrum of people – from students seeking a career in computers to IT professionals requiring advanced skills; from managers giving their careers an edge, to school children using computers as a learning too. NIIT's innovative offerings demonstrated the company's ability to constantly renew itself to anticipate future technology trends. From a computer training institute, NIIT has emerged as a global IT solutions corporation offering knowledge solutions along with developing software solutions along with developing software solutions. Headquartered in New Delhi, India,

NIIT operated through 100% subsidiaries in the US, Asia Pacific, Europe, and Japan and has operations in about 40 countries.

Its mission keeps pace with the developments in the field of IT is evolved through organisationwide discussions which helps develop commitment among employees. The organisation operates with the help of task teams designed for specific customer requirements for a specific period to carry out the work. Team culture and openness are emphasised a great deal. NIIT,s corporate culture focuses on values such as quality, creativity, and customer satisfaction. The quality culture of NIIT has been the result of the sustained efforts of its management – perpetuated through induction, socialisation, reinforcement, innovation, and concern for internal and external customers. The quality culture is ingrained at NIIT in such a way that the priority is to prevent mistakes rather than rectify them. Also, quality efforts are backed by results, which are rewarded.

Employees are treated as intellectual capital and are looked after well. The happy and committed employees ensure customer satisfaction and this has got them wide acceptance across the globe. It has got well designed mechanisms for monitoring the quality for its products, services and or software processes. Most of NIIT's businesses have ISO 9000 certification. The work culture at NIIT has gone through all the stages of culture development like symbols, behaviour, organisational values, attitudes, and shared assumptions, and probably this is the reason it has been able to sustain it.