

WHAT IS ORGANIZATIONAL CULTURE?

Imagine being in any of the nationalized banks of India before you visit a modern age bank, both situated in the same city. Even if you are unaware about the names of the banks, you will notice stark difference between these two banks. From the ambience to the way people greet or interact with each other, their dress to the general ambience, everything would seem distinctly different. To understand this, just take an example of the person sitting next you in the classroom. You two are pursuing the same course, have paid the same course fee, but it is least likely that you two are similar personalities. In the same way, we may assign the difference between two organizations as organizational culture that distinguishes it from other organizations.

Like individuals, organizations are also different from each other. This is what may be roughly referred to as the *culture* prevailing in any organization.

The most commonly used definition of organizational culture is that it is 'a system of shared meaning held by majority of members that distinguishes the organization from others'. Schein (1985) also describes organizational culture as a 'cognitive framework consisting of attitudes, values, behavioural norms, and expectations shared by organizational members'. In other words, this refers to *a set of basic assumptions that are embraced and shared by organizational members without any question*. You will find an analogy of this in your family which has a distinctive culture and plays an important role in your day to day activities. Say, for example, when all your friends are planning to go to an evening movie show, you had to excuse yourself as you know that it would never be allowed. It will be useless even

Organizational culture is a system of shared meaning held by the majority of members that distinguishes the organization from others.

to try to argue as what you would hear from them would invariably be 'Oh, this is never done in our family, and you know that!' This is the culture prevailing in your family and you have learned to simply accept that. The set of values and beliefs such as these are what have made your family stand distinctly different from other families.

As noted earlier, organizational culture is similar to what the personality is in the individual context. However, Martin (1996) has identified six core organizational values that can distinguish one organizational culture from others. These are as follows:

- **Sensitivity to the needs of customers and employees:** As an organization matures over time, it tends to lose its flexibility and focus on customers and employees. This sets the tone of the organization, which denotes a sense of aloofness and unconcern. In contrast, some organizations are warm, caring and pay good attention to their both internal and external customers. It is, however, not quite uncommon to note that an established organization, like a nationalized bank, is forced to shake its inertia and try to pay more attention to their customers and employees when faced with steep competition in the market, and reset the priorities.
- **Interest in employees generating new ideas:** Some organizations prefer uniform and standardized behaviour from their employees and take adequate care to 'train' them to ensure the uniformity of behaviour, while some organizations encourage diverse inputs from their employees, which can create a rich and innovative atmosphere in the organization.
- **Willingness to take risks:** Some organizations are traditionally risk avoiders, whereas in some organizations taking risks is encouraged. Examples include traditional financial institutions vs modern players in the same sector, which are more daring and aggressive in their approach.
- **Value placed on people:** Some organizations truly believe the employees to be their asset while some consider them valuable only as long as they can contribute to enhance the profit margin by increasing their productivity. The latter is called a toxic organizational culture,

Toxic culture: Where people feel they are not valued

Healthy organizational culture: Where people feel they are valued

which tends to lose the valuable workforce and thus suffer in the long term. In contrast, the former is known as the healthy culture as organizations having the healthy culture are found to have low turnover and generally prosper. Examples of healthy culture could be found in the Tata group of companies where employees are usually treated well and with respect. Eight characteristics of healthy

organizational culture are summarized in Table 3.1.

- **Open communication:** In some organizations, members are free to communicate with each other, irrespective of the hierarchical level, whereas in some, usually large organizations, in public and private sectors alike, channels of communication are found to be too formal and rather restricted.
- **Friendliness and congeniality among employees:** In some organizations, people get along well with each other and tend to develop long-term relationships, often beyond the work place. But, in some organizations, a strong feeling of competitiveness is found to prevail.

There are a few unmistakable signs of a healthy organizational culture that seem to clearly distinguish them from toxic cultures, which may be summarized as in Table 3.1.

Table 3.1 Some Typical Indicators of Healthy Organizational Culture

Openness and humility	Openness and humility are shown by the members, and haughtiness or high-handedness is absent. This clearly enhances good interpersonal relationships among the members and facilitates learning from each other. This is typically found in most software firms where people are hardly stuck in hierarchical positions and are warm and friendly towards their juniors.
Accountability and responsibility	Members own up their personal <i>responsibility</i> and are <i>accountable</i> for their actions, thus minimizing blame games or excuses. This leads to better compatibility and cooperation.
Risk taking	People are found to <i>take risks</i> to a reasonable extent, thus encouraging the flow of new ideas. However, in large bureaucratic organizations, both public sector and private sectors alike, risk taking is hardly encouraged and more reliance is given on precedence and rule book instead.
Personal commitment	A high level of <i>commitment</i> to the job as well as the organization is shown by the majority.
Tolerating mistakes	Mistakes, up to a limit, are tolerated as these are viewed as learning effort.
Personal integrity	Members' level of personal integrity is very high and dishonesty is seldom.
Collaborative and friendly environment	People are found to work together in an open and friendly environment and collaborate beyond the individual or departmental boundaries.
Persistence of efforts	Members are encouraged to persist in their efforts, even in the face of failure which is accepted in a challenging work.

WEAK vs STRONG ORGANIZATIONAL CULTURE

Organizational culture also does vary in terms of its perceived strength and thus can give rise to strong or weak cultures. A *strong* organizational culture is the one which is *passionately* embraced and accepted by the majority of the people in an organization. If customer focus is strongly accepted by most of the employees in a bank, it would be a strong culture in that organization. But, if the same is rather weakly accepted by the members, this will give rise to a *weak* culture. Thus, if an organization has only limited and/or passive acceptance of the organizational values, it would give rise to a weak organizational culture.

Thus, in organizations with a strong culture, core values are held intensely and shared widely (Greenberg and Baron 2009). A strong organizational culture typically denotes an organization where most of the members accept the core values and have a higher degree of commitment towards these values. Stronger organizational cultures are usually found in newer organizations with a relatively smaller number of employees than in larger and older organizations. Apparently, in older organizations, the effect of culture seems to be diffused and the influence of founder members gets diminished over time.

Strong culture: Organization's core values are both passionately held and widely accepted across the organizational members.

Weak culture: There is only limited agreement with respect to core organizational culture among the organizational members.

ROLE OF ORGANIZATIONAL CULTURE

Organizational culture serves several important roles within an organization. These may be described as follows:

- **Sense of identity:** With the presence of a strong and dominant culture in an organization, bonding and cohesion among organizational members increase noticeably. This helps in developing a strong corporate identity. For example, in the Tata group of companies, a strong commitment towards corporate social responsibility differentiates them from other companies and in turn creates a sense of pride and belongingness towards the company.
- **Commitment towards the organization and its purpose:** In organizations, where there is a well-established culture, members tend to submit their individual interests for the sake of attaining overall organizational objectives with which they identify themselves. Thus, in not-for-profit

organizations trying to provide social support to people, even when employees accept a monthly salary, they keep in mind the spirit of rendering services to the poor and deserving.

- **Ensures uniformity of behaviour:** The presence and acceptance of an organizational culture helps organizational members to have a better and clearer idea regarding what is expected from them. This ensures uniformity of behaviour on the part of the organizational members who tend to conform to the expectations.
- **Provides control:** Organizational culture, once established, helps to control members' behaviour, as they naturally pick up the desired forms of behaviour from other members around them. Any deviations from the desired behaviour are automatically controlled, not by rules or punitive measure, but by the sheer presence of a culture that is embraced by the majority of the members. It is thus like winning a hard battle nonchalantly.

TYPES OF ORGANIZATIONAL CULTURE

Various types of organizational cultures may typically be categorized in terms of two defining dimensions—flexibility vs control and internal vs external focus. This gives rise to four distinct types of organizational culture which are as follows:

1. **Hierarchy culture:** Hierarchy culture is denoted by a strong concern for internal focus and a high level of control. The major emphasis is given on maintaining uniformity of behaviour which is followed and enforced according to the rule books and/or manuals. This type of culture is typically noticed in large bureaucratic organizations—in both public and private sectors alike. Thus, in organizations such as the Indian Railways or Tata Group of Companies, very little discretion is allowed and a high level of emphasis is given to conformity and uniformity of behaviour.

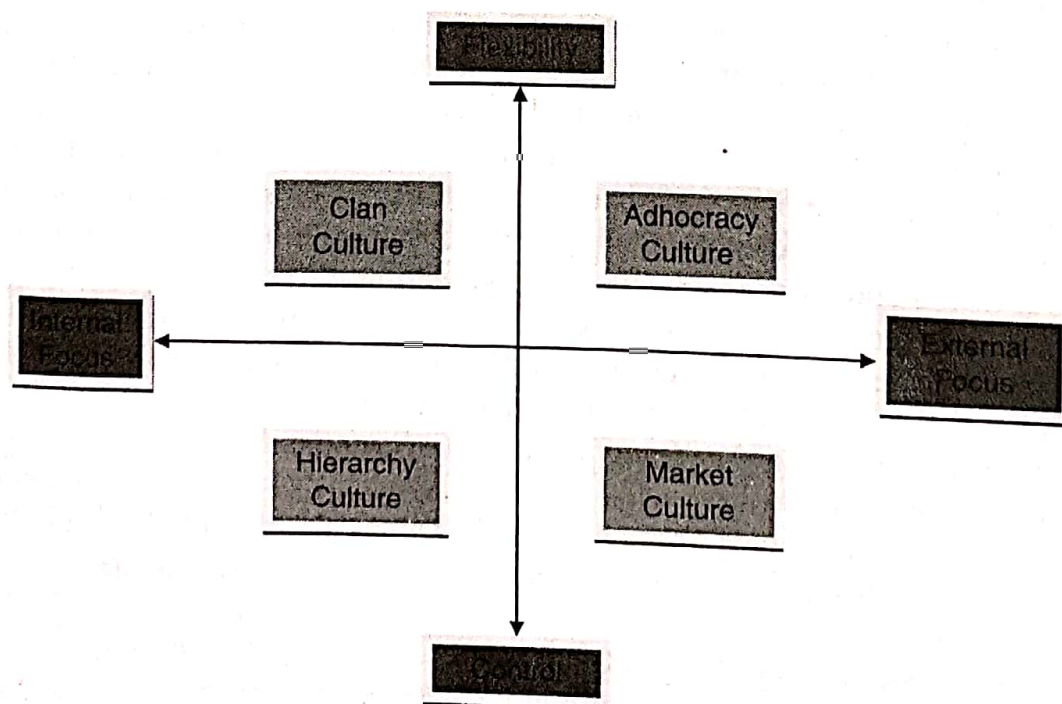


Figure 3.2 Types of Organizational Culture

2. **Market culture:** Similar to hierarchical culture, market culture also places strong emphasis on control, but at the same time it is more outward in comparison to the hierarchical culture. Thus, in these types of organizations, more emphasis is given on the competition and prevalent market scenario. The focus is result-oriented, on better productivity, in order to survive the competition. Modern players in the telecommunication sector, namely, Vodafone, Airtel or Aircel are good examples of market culture who fiercely compete with each other by frequently and drastically lowering the tariff rates or rental plans.
3. **Clan culture:** Organizations with a clan culture are denoted by a strong internal focus along with a high degree of flexibility in their operations. Organizational goals are strongly held by members and this leads to a better cohesiveness among them. Understandably, clan cultures, where employee well-being is given maximum emphasis, will make the organization an enjoyable place to work. However, stressing only on employee well-being at the cost of losing important business goals will surely be detrimental to the organizational survival and prosperity.
4. **Adhocracy culture:** Organizations having a high concern for flexibility along with a strong emphasis on the external environment give rise to the adhocracy culture. These organizations are found to have a strong emphasis on innovativeness and a constant environmental analysis to capture future opportunities. Typically, software firms, filmmaking and entertainment businesses and research laboratories reflect the adhocracy culture.

HOW DOES ORGANIZATIONAL CULTURE START?

The culture of any organization typically starts with the founder members. They start the company and bring their personal values and passions into the organization. They select people for the organization and their values guide them considerably in the selection process. This becomes particularly true during the initial stages of the organization when the influence of the founder members is found to be still alive, though this can very well continue for a pretty longer period. Take the case of the Tata group of companies founded by Jamsetji Nusserwanji Tata around one and a half centuries back. It has 90 companies as part of the conglomerate, fondly referred to as 'family'. They are a \$70.8 billion commercial enterprise with about 350,000 employees in 80 countries and are engaged in diverse types of business including steel manufacturing, mining, consumer goods, hotels, telecommunication, trucks and cars, chemicals and engineering, IT services and business process outsourcing. All of these sectors are strongly bond by an interlocking governance structure and a set of corporate values passed down by the founder J.N. Tata. He used to strongly believe a company thrives on 'social capital', the value created in investing in good community and human relationships, in the same way as the hard and tangible assets of a company may possess. Along with this, there is a strong commitment towards social responsibility which is fervently followed across all the companies under the group. To date, these beliefs and values are found to be strongly shared by the large majority of the employees across the organization. This can be described as a multi-step process as given in Figure 3.3.

Apart from the founder members, subsequently, the top management becomes responsible in creating and sustaining a culture. With human resource management practices such as selection of new employees, performance appraisals, promotional policies, training activities and so on that are followed in an organization ensure that the employees fit into the organizational culture.

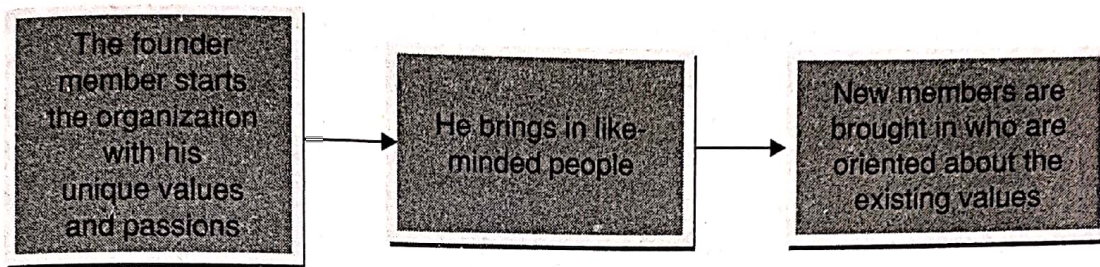


Figure 3.3 The Steps of Organizational Culture

THE STAGES OF ORGANIZATIONAL CULTURE

When a new employee enters an organization, he does not embrace the culture immediately. It takes some time for the new entrée to get accustomed with the existing culture that prevails in the organization.

***Socialization process** is the process through which employees adopt the organizational culture.*

***Rebellion**, when the employee rejects all the values and norms of the existing culture.
Conformity, where the employee fully accepts all the values and norms of the existing culture.*

***Creative individualism**, where the employee accepts only the pivotal values of culture and rejects the rest.*

***Pivotal norms**: Norms essential to accomplishing the organization's objectives.*

***Peripheral norms**: Norms that support the pivotal norms but are not essential for attaining the organization's objectives.*

Before finally embracing the culture, the employee passes through several distinct phases which are given in Figure 3.3.

The adjustment of a new employee to the cultural norms of the organization may however take three possible routes:

1. **Rebellion**, when the employee rejects *all* the values and norms of the existing culture.
2. **Conformity**, where the employee fully accepts all the values and norms of the existing culture.
3. **Creative individualism**, where the employee accepts only the pivotal values of culture and rejects the rest.

The pivotal norms are those that are essential to accomplishing the organization's objectives, whereas peripheral norms refer to those that support the pivotal norms but are still not essential for attaining the organization's objectives. Thus, the pivotal norms for a teaching institute are acquiring and maintaining excellent standards of teaching for the faculty members, whereas the peripheral norms may, say, be the dress code and presentability of the faculty members.

force within the organization. In the same way, organizations are found to adhere to some activities no matter what and even when the activities as such may not be essentially work related, such as a monthly 'dinner meet' or the first day programme of the beginning of a course.

- **Stories:** Organizations have their share of stories in the round, just like the families have. You keep on hearing, perhaps the thousandth time, how your great grandfather amassed the fortune by working so hard and being so thrifty in his personal habit. Take the case of Bajaj group of industries, which was established by Jamnalal Bajaj in the pre-independence era. Jamnalal was a staunch follower of Gandhiji and was considered as his confidante. He devoted himself to the cause of freedom and lent considerable financial support to the movement. These values and sentiments were deeply shared by the successive generations of people who took charge of the business empire and are still strongly reflected across the group of industries. The company is abounding with stories of the selfless sacrifice and commitment of the founder member. The sentiment is still reflected in various corporate social responsibility efforts taken up by the company. Thus, the stories in fact do depict the success attained by the organization (or in the case of families as well) on a typical situation or describe a mistake and the fallouts, and all these in fact offer a great learning experience for the members. The new entrants get to know what is cherished in the organization (or in the family) and what is to be avoided at all cost.

SUSTAINING ORGANIZATIONAL CULTURE

Once a culture develops within an organization and particularly when it gives 'good dividend', maintaining it becomes the next challenge. It is worth noting that the culture does not simply be retained by default. It takes some serious thought on the part of the people in charge of the organization and some detailed and careful planning strategies are to be implemented. The various strategies could be as follows.

- **Choosing the new entrants carefully:** Though the ostensible purpose of any selection process is to choose the people who possess the required skill set and expertise, checking only these will never ensure 'the right person' for any particular organization. The entire process should also focus on identifying the people who will be compatible with the prevailing organizational culture, just like any matrimonial alliance initiated by the parents where the selection of the bride/bridegroom takes serious consideration of, among other things, the cultural compatibility of the two families. In the organizational context, this is one of the reasons behind multiple phases of interview processes found in various organizations where the candidate is asked to meet people at different levels on more than one occasion. This also helps the candidate to take a decision regarding the possibility of 'gelling' with the organization in question.
- **The people at the helm:** Just as creating the culture, the top management has a major role in sustaining the culture within the organization. This is achieved predominantly by the behaviour and the practices adopted by them rather than 'preaching' anything grand and lofty, as actions invariably speak louder. For example, Narayan Murthy, the Director of Infosys, one of the major IT companies in the country, believes in simple living, and he never travels in business class. Thus, the emphasis on simple living is loud and clear across the organization.
- **Orientation process:** The initial period after joining an organization is very crucial for the new entrants as this is their encounter stage when they learn to pick up 'the ropes' around the organization. If sustaining the organizational culture is among the list of priorities for the organization, the orientation programme should be carefully planned and the important dimensions of the prevailing culture of the organization are duly highlighted. In addition, the expectations from the new joiners could also be made crystal clear

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through various planned processes of interaction. Typically, the dress code, patterns of accepted behaviour, usage of language, and so on can be established rather easily during a well-designed orientation programme along with carefully prepared guidelines and manuals that are handed out to them.

Workplace Spirituality

Workplace spirituality or spirituality in the workplace is a movement that began in the early 1920s. It emerged as a grassroots movement with individuals seeking to live their faith and/or spiritual values in the workplace. Spiritual or spirit-centered leadership is a topic of inquiry frequently associated with the workplace spirituality movement.

The movement began primarily in the U.S. but has become much more international in recent years. Key organizations include:

- International Center for Spirit at Work (ICSW)
- European Baha'i Business Forum (EBBF)
- World Business Academy (WBA)
- Spiritual Business Network (SBN)
- Foundation for Workplace Spirituality

Key factors that have led to this trend include:

1. Mergers and acquisitions destroyed the psychological contract that workers had a job for life. This led some people to search for more of a sense of inner security rather than looking for external security from a corporation.
2. Baby Boomers hitting middle age, resulting in a large demographic part of the population asking meaningful questions about life and purpose.
3. The millennium created an opportunity for people ~~over~~ all over the world to reflect on where the human race has come from, where it is

headed in the future and what role business plays in the future of the human race.

In the late 1990s, the Academy of Management formed a special interest group called the Management, Spirituality and Religion interest group. This is a professional association of management professors from all over the world who are teaching and doing research on spirituality and religion in the workplace.

Examples

The International Center for Spirit at Work offers examples of workplace spirituality including 'Vertical' spirituality, transcending the day-to-day and developing connectedness to a god or spirit or the wider universe. This might include meditation rooms, accommodation of personal prayer schedules, ~~rooms~~ moments of silence before meetings, retreats or time off for spiritual development and group prayer or reflection.

→ 'Horizontal' spirituality, which involves community service, customer service, environmentalism, compassion and a strong sense of ethics or values that are reflected in products and services.

Creating Positive Organizational Culture

Every organization has a culture that defines what the company's value and vision are all about. You have a culture, regardless if you are putting effort on it. We'll cover 11 great ways to build a fun, positive company culture.

Many organizations mainly focus on the importance of their product and services and they tend to forget about looking after their employees.

After all, it is the behavior of your employees towards the company that creates a company culture. To be able to sell products and provide great service to your clients or customers, companies need to go back to basics; which is creating a positive company culture.

There are many methods to have a positive company culture and here are the best we have.

1. Determine your company values as a team.

Company values do not have to be the same from the start of the company and they do need to be reviewed over time. Start off the new year by brainstorming company values and goals as a team and do get everyone involved.

When the company values are determined as a team, it gets each individual motivated and looking forward to heading to work every morning.

instead of dragging themselves out of bed. Employees get motivated when it is their own goals and values that they are trying to achieve and they also get to motivate colleagues as well.

2. Positive communication

We are not talking about random chit by the coffee machine. We are talking about focusing on positive messages that can assist in encouraging positive company culture. Communication is a fundamental human need and employers need to communicate effectively in order to build a supportive relationship that could assist in excelling an employee's talents or skills during challenging situations.

3. Employee feedback

Employee feedback is important as it shows that you are interested to know how you, as a company can improve and do better.

Any constructive feedback is good; it assists with the performance of the company and helps you understand what areas need work or are lacking. Be it performance review or employee feedback surveys, employee feedback makes the workplace better by listening to employees and helping them become more effective than they already are.

4. Care and concern:

People want to feel appreciated when they come to work. They spend more time at work than being with their loved ones or spending time for themselves.

When managers or leaders show concern to their employees, it shows that employers are not only interested in making the sales or increasing the company's profit margin. Express that you care for your team as well as each individual employee. Employees will share when they know you care.

5. Knowing their roles:

It is good to be a "jack of all trades", however, it is better to be master at one. To create a positive company culture includes knowing the roles of each of the employees and assisting them to either be better at it or learning new set of skills they never thought they would enjoy. Be the company that wants their employees to succeed as an individual.

6. Be vulnerable:

Honestly, - nobody likes a bully. There are some companies that consist of hundreds of employees and it is hard to keep track of each of their personal traits and character.

So, be sensitive to your surroundings and eliminate people who are always negative. Do not allow bullying to occur, even stamp it out immediately and relay your expectations clearly.

7. Welcoming new ideas

When you allow or encourage employees to brainstorm new ideas for the company, employees will realize they are their thoughts and ideas are equally as important to them as well as the company. This allows your employees to grow and encourage creativity.

Create a supportive environment in the workplace that nurtures personal and professional growth.

8. Rewards

Employees deserve the best when they have provided you with the best they could possibly do. Give credit and recognition when it's due, even if it is just on a pat on the back or a simple "well done" email to make their day.

Awarding them with small tokens such as vouchers for the employee of the month can also motivate other employees to be better in the near future.

9. Making it a routine:

It is rather demoralizing when a monthly company event gets forgotten due to hectic schedule and meetings.

Keep track of regular company ~~one~~ events or retreats in order for employees to look forward to and to get motivated for. You can even encourage suggestions from the employees for the next coming company event.

10. Flexibility:

Rules are meant to be broken; some rules at least. When a company provides flexibility for their employees, employees tend to be more committed and dedicated to their job.

At times, giving the employees freedom to explore different methods allows their mind to be more creative and innovative in providing new ideas or more than one solution to a problem.

11. Humour:

Seriousness aside, let's add a little humour to work. By adding a little 'fun' in a stressed work environment, employees will feel a little relaxed and might even get to complete a task earlier than expected. Adding humour to work also makes work more productive as it increases creativity and positive attitude. After all, laughter is the best medicine and it does bond people closer.

In summary:

Any company would want to succeed and perform better year after year. But for a company to succeed, one has to look after their employees and create a positive company culture.

Employees want a good job that is not only about the paycheck and benefits. They want to feel wanted, needed and useful in the company and they want to have a little fun, given how many hours they put into their job per week.

If you create a positive company culture, you give your employees a reason to look forward to heading to work every morning.