

## 4.5 ORGANIZATIONAL CULTURE

**Organizational culture** is an idea in the field of organizational studies and management which describes the psychology, attitudes, experiences, beliefs and values (personal and cultural values) of an organization. It has been defined as "the specific collection of values and norms that are shared by people and groups in an organization and that control the way they interact with each other and with stakeholders outside the organization."

### ELEMENTS OF ORGANIZATIONAL CULTURE

Johnson and Scholes described a cultural web, identifying a number of elements that can be used to describe or influence Organizational Culture. The below Fig 1 shows the six elements of organizational culture.



**Fig 1: Six elements of Organizational Culture**

**Source: JAF Stoner, Freeman R.E and Daniel R Gilbert —Management, Pearson Education, 6th Edition, 2004.**

The six elements are:

- a) **Stories:** The past events and people talked about inside and outside the

company. Who and what the company chooses to immortalize says a great deal about what it values, and perceives as great behavior.

b) **Rituals and Routines:** The daily behavior and actions of people that signal acceptable behavior. This determines what is expected to happen in given situations, and what is valued by management.

c) **Symbols:** The visual representations of the company including logos, how plush the offices are, and the formal or informal dress codes.

d) **Organizational Structure:** This includes both the structure defined by the organization chart, and the unwritten lines of power and influence that indicate whose contributions are most valued.

e) **Control Systems:** The ways that the organization is controlled. These include financial systems, quality systems, and rewards (including the way they are measured and distributed within the organization.)

f) **Power Structures:** The pockets of real power in the company. This may involve one or two key senior executives, a whole group of executives, or even a department. The key is that these people have the greatest amount of influence on decisions, operations, and strategic direction.

## **TYPES OF ORGANIZATIONAL CULTURE**

Deal and Kennedy argue organizational culture is based on based on two elements:

1. **Feedback Speed:** How quickly are feedback and rewards provided (through which the people are told they are doing a good or a bad job).
2. **Degree of Risk:** The level of risk taking (degree of uncertainty).

The combination of these two elements results in **four types of corporate cultures:**

a) **Tough-Guy Culture or Macho Culture** (Fast feedback and reward, high risk):

- Stress results from the high risk and the high potential decrease or increase of

the reward.

- Focus on now, individualism prevails over teamwork.
- Typical examples: advertising, brokerage, sports.

The most important aspect of this kind of culture is big rewards and quick feedback. This kind of culture is mostly associated with quick financial activities like brokerage and currency trading. It can also be related with activities, like a sports team or branding of an athlete, and also the police team. This kind of culture is considered to carry along, a high amount of stress, and people working within the organization are expected to possess a strong mentality, for survival in the organization.

**b) Work Hard/Play Hard** (Fast feedback and reward, low risk):

- Stress results from quantity of work rather than uncertainty.
- Focus on high-speed action, high levels of energy.
- Typical examples: sales, restaurants, software companies.

This type of organization does not involve much risk, as the organizations already consist of a firm base along with a strong client relationship. This kind of culture is mostly opted by large organizations which have strong customer service. The organization with this kind of culture is equipped with specialized jargons and is qualified with multiple team meetings.

**c) Bet Your Company Culture** (Slow feedback and reward, high risk):

- Stress results from high risk and delay before knowing if actions have paid off.
- Focus on long-term, preparation and planning.
- Typical examples: pharmaceutical companies, aircraft manufacturers, oil prospecting companies.

In this kind of culture, the company makes big and important decisions over high stakes endeavors. It takes time to see the consequence of these decisions. Companies that postulate experimental projects and researches as their core business, adopt this

kind of culture. This kind of culture can be adopted by a company designing experimental military weapons for example.

**d) Process Culture** (Slow feedback and reward, low risk):

- Stress is generally low, but may come from internal politics and stupidity of the system.
- Focus on details and process excellence.
- Typical examples: bureaucracies, banks, insurance companies, public services.

This type of culture does not include the process of feedback. In this kind of culture, the organization is extremely cautious about the adherence to laws and prefer to abide by them. This culture provides consistency to the organization and is good for public services.

One of the most difficult tasks to undertake in an organization, is to change its work culture. An organizational culture change requires an organization to make amendments to its policies, its workplace ethics and its management system. It needs to start right from its base functions which includes support functions, operations and the production floor, which finally affects the overall output of the organization. It requires a complete overhaul of the entire system, and not many organizations prefer it as the process is a long and tedious one, which requires patience and endurance. However, when an organization succeeds in making a change on such a massive level, the results are almost always positive and fruitful.

The different types of organizational cultures mentioned above must have surely helped you to understand them. You can also adopt one of them for your own organization, however, persistence and patience is ultimately of the essence.

## MANAGING CULTURAL DIVERSITY

Experts indicate that business owners and managers who hope to create and manage an effective, harmonious multicultural work force should remember the importance of the following:

- Setting a good example—This basic tool can be particularly valuable for small business owners who hope to establish a healthy environment for people of different cultural backgrounds, since they are generally able to wield significant control over the business's basic outlook and atmosphere.

- Communicate in writing—Company policies that explicitly forbid prejudice and discriminatory behavior should be included in employee manuals, mission statements, and other written communications. Jorgensen referred to this and other similar practices as "internal broadcasting of the diversity message in order to create a common language for all members of the organization."

- Training programs—Training programs designed to engender appreciation and knowledge of the characteristics and benefits of multicultural work forces have become ubiquitous in recent years. "Two types of training are most popular: awareness and skill-building," wrote Cox. "The former introduces the topic of managing diversity and generally includes information on work force demographics, the meaning of diversity, and exercises to get participants thinking about relevant issues and raising their own self-awareness. The skill- building training provides more specific information on cultural norms of different groups and how they may affect work behavior." New employee orientation programs are also ideal for introducing workers to the company's expectations regarding treatment of fellow workers, whatever their cultural or ethnic background.

- Recognize individual differences—Writing in The Complete MBA Companion, contributor Rob Goffee stated that "there are various dimensions around which differences in human relationships may be understood. These include such factors as orientation towards authority; acceptance of power inequalities; desire for

orderliness and structure; the need to belong to a wider social group and so on. Around these dimensions researchers have demonstrated systematic differences between national, ethnic, and religious groups." Yet Goffee also cautioned business owners, managers, and executives to recognize that differences between individuals can not always be traced back to easily understood differences in cultural background: "Do not assume differences are always 'cultural.' There are several sources of difference. Some relate to factors such as personality, aptitude, or competence. It is a mistake to assume that all perceived differences are cultural in origin. Too many managers tend to fall back on the easy 'explanation' that individual behavior or performance can be attributed to the fact that someone is 'Italian' or 'a Catholic' or 'a woman.' Such conclusions are more likely to reflect intellectually lazy rather than culturally sensitive managers."

□ Actively seek input from minority groups—Soliciting the opinions and involvement of minority groups on important work committees, etc., is beneficial not only because of the contributions that they can make, but also because such overtures confirm that they are valued by the company. Serving on relevant committees and task forces can increase their feelings of belonging to the organization. Conversely, relegating minority members to superfluous committees or projects can trigger a downward spiral in relations between different cultural groups.

□ Revamp reward systems—An organization's performance appraisal and reward systems should reinforce the importance of effective diversity management, according to Cox. This includes assuring that minorities are provided with adequate opportunities for career development.

□ Make room for social events—Company sponsored social events—picnics, softball games, volleyball leagues, bowling leagues, Christmas parties, etc.—can be tremendously useful in getting members of different ethnic and cultural backgrounds together and providing them with opportunities to learn about one another.

□ Flexible work environment—Cox indicated that flexible work environments—which he characterized as a positive development for all workers—could have particularly "beneficial to people from nontraditional cultural backgrounds because their approaches to problems are more likely to be different from past norms."

□ Don't assume similar values and opinions—Goffee noted that "in the absence of reliable information there is a well-documented tendency for individuals to assume that others are 'like them.' In any setting this is likely to be an inappropriate assumption; for those who manage diverse work forces this tendency towards 'cultural assimilation' can prove particularly damaging."

Continuous monitoring—Experts recommend that business owners and managers establish and maintain systems that can continually monitor the organization's policies and practices to ensure that it continues to be a good environment for all employees. This, wrote Jorgensen, should include "research into employees' needs through periodic attitude surveys."

"Increased diversity presents challenges to business leaders who must maximize the opportunities that it presents while minimizing its costs," summarized Cox. "The multicultural organization is characterized by pluralism, full integration of minority-culture members both formally and informally, an absence of prejudice and discrimination, and low levels of inter- group conflict.... The organization that achieves these conditions will create an environment in which all members can contribute to their maximum potential, and in which the 'value in diversity ' can be fully realized."

#### **4.5.1 Communication and IT**

Various electronic devices slowly improve communication. This electronic equipment includes mainframe computers, mini-computers, personal computers, tablet PCs, laptops, electronic mail systems and electronic type writers, mobile phones.

Telecommunication is an emerging technique. Most of the company has implemented this techniques.

Examples:

- 1) A large bank supplies hardware and software to its customers.
- 2) Several banks now make bank by phone (mobile Banking) services available even to individuals.
- 3) E-mail service making easy delivery of documents.
- 4) Computerized airline reservation system facilitates making travel arrangement.

Teleconferencing is an audio in combination with still video. This method is very much useful in showing charts or illustrations during discussion. Another recent system is video conferencing which uses high speed internet services to deliver seamless delivery of audio and video for both the end of communication. Smart phone is yet another recent development which made communication extremely easy by utilization social media such as MMS, Skype, Facebook, Whatapp, Twitter etc.

Advantages

- 1) It saves travel expenses and travel time.
- 2) There is no need to make travel plans long in advance

Disadvantages

- 1) The equipment is subject to breakdown.
- 2) It is poor substitute for meeting with other persons face to face.