

Organizational Culture - Foundation of Business Escalation

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Abstract

According to the Webster's dictionary, culture is the ideas, customs, skills, arts, etc. of a given people in a given period. Astute managers have realized that any organization also has its own corporate culture. Organizational culture is shaped by and overlaps with other cultures — especially the broader culture of the societies in which it operates. The unique personality of an organization is referred to as its culture. In groups of people who work together, organizational culture is an invisible but powerful force that influences the behavior of the members of that group. Organizational culture is a system of shared assumptions, values, and beliefs, which governs how people behave in organizations. There are 2 major contributions to the aspect of the dimensions of organizational culture by Geert Hofstede and Chatman, J. A., & Jehn, K. A. (1991). This being a vast topic there are segregated levels for better understanding. These levels may be viewed like an iceberg, with the most immediately visible level at the top, while the others are generally submerged or implicit. The effects of organizational culture are many and varied. Obviously the affects of organizational culture varies depending on whether the company has a strong culture or a weak culture, but there are some generalities that apply. No company, small or large, can win over the long run without energized employees who believe in the mission and understand how to achieve it.

Keywords: - Dimensions, Levels, Organizational Culture, Strong culture, Weak culture,

Introduction

In today's modern business scenario that is filled with intense competition and race to win all over, the importance of retaining the intellectual assets has increased immensely. To retain a person in the organization the major challenge is to provide them an agreeable and exceptional work environment. The most challenging element of work environment is the culture, which is percolated by the value system of top end officials. Organizational culture is a widely used term but one that seems to give rise to a degree of ambiguity in terms of assessing its effectiveness on change variables in an organization.

Organization is a systematic arrangement of people to accomplish some specific purpose. Every organization is composed of three elements i.e. people, goals and system. Each organization has a distinct purpose. This purpose is expressed as goals generally. Each organization is composed of people. Every organization has a systematic structure that defines the limit of each member. A business organization is an individual or group of people that collaborate to achieve certain commercial goals. Some business organizations are formed to earn income for owners. "Culture" is shared patterns of behaviors and interactions, cognitive constructs and understanding that are learned by socialization.

Thus, it can be seen as the growth of a group identity fostered by social patterns unique to the group. The word "culture" derives from a French term, which in turn derives from the Latin "colere," which means to tend to the earth and grow, or cultivation and nurture.

Organizational culture is the behavior of humans within an organization and the meaning that people attach to those behaviors. . Culture includes the organization's vision, values, norms, systems, symbols, language, assumptions, beliefs, and habits. Culture is consistent, observable patterns of behavior in organizations. Culture is a process of "sense-making" in organizations. Sense-making has been defined as "a collaborative process of creating shared awareness and understanding out of different individuals' perspectives and varied interests." Note that this moves the definition of culture beyond patterns of behavior into the realm of jointly-held beliefs and interpretations about "what is." It says that a crucial purpose of culture is to help orient its members to "reality" in ways that provide a basis for alignment of purpose and shared action. Organizational culture is shaped by and overlaps with other cultures — especially the broader culture of the societies in which it operates. This observation highlights the challenges that global organizations face in establishing and maintaining a unified culture when operating in the context of multiple national, regional and local cultures.

Comprehension of Organizational Culture

Would you conduct yourself the same way while on a official tour and a family outing? Although both are similar doings, there are set of unwritten rules that dictate what is considered to be the acceptable way to behave for each type of event, and the people in attendance will send you signals as to whether or not they think you are acting appropriately. Similarly, everywhere that people get together, group members convey social expectations by how they dress and act. Newcomers to the group are expected to learn what is acceptable to the group by observing the behavior of the group members and adapting to the situation accordingly. Thus, Organizational culture works a lot like this. Every company has its own unique personality, just like people do. The unique personality of an organization is referred to as its culture. In groups of people who work together, organizational culture is an invisible but powerful force that influences the behavior of the members of that group. Organizational culture is a system of shared assumptions, values, and beliefs, which governs how people behave in organizations. These shared values have a strong influence on the people in the organization and dictate how they dress, act, and perform their jobs. Every organization develops and maintains a unique culture, which provides guidelines and boundaries for the behavior of the members of the organization. Let's explore what elements make up an organization's culture. Corporate culture is rooted in an organization's goals, strategies, structure, and approaches to labor, customers, investors, and the greater community. As such, it is an essential component in any business's ultimate success or failure.

Dimensions of Organizational Culture

The concept of corporate/organizational culture emerged as a consciously cultivated reality in the 1960s along-side related developments like the social responsibility movement—itsself the consequence of environmentalism, consumerism, and public hostility to multinationals. Awareness of corporate culture was undoubtedly also a consequence of growth, not least expansion overseas—where corporations found themselves competing in other national cultures. Study of organization's culture helps us identify, measure, and manage culture more effectively. In the wide extent of research on this topic has taken place with the aim to make it more clear and precise. "Understand the culture to understand the organization," states Edgar Schein.

An organization's culture is the systematic way employees, leaders, and work groups behave and interact with each other. Company culture is collectively composed of values, beliefs, norms, language, symbols, and habits. A fit between your personality and your company's culture is of critical importance to both your happiness and your success. If you do not feel like you are welcome and you belong, it will impact your professional relationships and drive and desire to excel. The series of studies in this context have brought in various inputs into light. One of the most recent study by Geert Hofstede who is a social psychologist and foremost authority on global and organizational cultures, identified six dimensions that shape the organizational culture viz. –

- I. Means- vs. goal-oriented
- II. Internally vs. externally drive
- III. Easygoing vs. strict work discipline
- IV. Local vs. professional
- V. Open vs. closed system
- VI. Employee- vs. work-centered

Culture is largely invisible to individuals just as the sea is invisible to the fish swimming in it. Even though it affects all employee behaviors, thinking, and behavioral patterns, individuals tend to become more aware of their organization's culture when they have the opportunity to compare it to other organizations. One of the major outcomes of the numerous researches is, the organizational culture profile (OCP), in which culture is represented by seven distinct values. This was developed by Chatman, J. A., & Jehn, K. A. (1991) for assessing the relationship between industry characteristics and organizational culture. The seven dimensions are explained in detail as below-



Fig 1- Dimensions of Organizational Culture (<https://new.edu/resources/organizational-culture--5>)

1) Innovative Cultures

This describes the degree to which employees are encouraged to bring in innovative practices along with the risk factor involved in the same. According to the OCP framework, companies that have innovative cultures are flexible, adaptable, and experiment with new ideas. These companies are characterized by a flat hierarchy and titles and other status distinctions tend to be downplayed. Some most pioneering cultures consistently manage to innovate and capture the majority of market share in a wide variety of industries, in large part because of its unique culture. In such work houses, employees do not have bosses in the traditional sense, and risk taking is encouraged by celebrating failures as well as successes.

2) Aggressive Cultures

This displays the degree to which people are aggressive and competitive. Companies with aggressive cultures value competitiveness and outperforming competitors; by emphasizing this, they often fall short in corporate social responsibility. In aggressive companies, the workforce is prone to be harsh on their words wherein they may indulge in statements like “we will kill our competition.” In addition, the major drawback of this culture is constantly getting into legal troubles.

3) Outcome-Oriented Cultures

This depicts the degree to which management focuses on results rather than on processes used to achieve them. It is those that emphasize achievement, results, and action as important values. Outcome-oriented cultures hold employees as well as managers accountable for success and use systems that reward employee and group output. In this culture practicing companies, it is more common to see rewards tied to performance indicators as opposed to seniority or loyalty. The major loophole of this culture is that performance pressures lead to a culture where unethical behaviors become the norm, individuals see their peers as rivals, and short-term results are rewarded, the resulting unhealthy work environment serves as a liability.

4) Stable Cultures

This portrays the degree to which activities emphasize maintaining the status quo for achievement of its ultimate goals. Stable cultures are predictable, rule-oriented, and bureaucratic. When the environment is stable and certain, these cultures may help the organization to be effective by providing stable and constant levels of output. These cultures prevent quick action and, as a result, may be a misfit to a changing and dynamic environment. Public sector establishments are the perfect examples of the systems with stable cultures.

5) People-Oriented Cultures

This reveals degree to which management decisions consider the effect of outcomes on people within the organization. People-oriented cultures value fairness, supportiveness, and respecting individual rights. In these organizations, there is a greater emphasis on and expectation of treating people with respect and dignity. The major benefit reaped by the firm in having a people oriented approach is that the company faces a turnover rate lesser than the industry average. Talent management and retention can be earned quite effortlessly.

6) Team-Oriented Cultures

This approach shows the degree to which work activities are organized around teams rather than individuals which uplifts the team spirit amongst all the members of the organization. Companies with a team-oriented culture are collaborative and emphasize cooperation among employees. In team-oriented organizations, members tend to have more positive relationships with their coworkers and particularly with their managers.

7) Detail-Oriented Cultures

This speaks about the degree to which employees are expected to exhibit precision, analysis, and attention to details in their working. Organizations with a detail-oriented culture are characterized in the OCP framework as emphasizing precision and paying attention to details. Such a culture gives a competitive advantage to companies in the hospitality industry by helping them differentiate themselves from others.

Thus, strong culture is one that is shared by organizational members. It is important to realize that a strong culture may act as an asset or a liability for the organization, depending on the types of values that are shared. If any persisting value system matches the organizational environment, the company may perform well and outperform its competitors. Strong and well established culture is always an asset to all the related stakeholders but only as long as members are behaving ethically. However, a strongly pursued culture coupled with unethical behaviors and an obsession with quantitative performance indicators may be detrimental to an organization's effectiveness. In 1980, the American professor Edgar Schein developed a organizational culture model to make culture more visible within an organization. Edgar Schein also indicated what steps need to be followed to bring about cultural change.

Levels of Organizational Culture

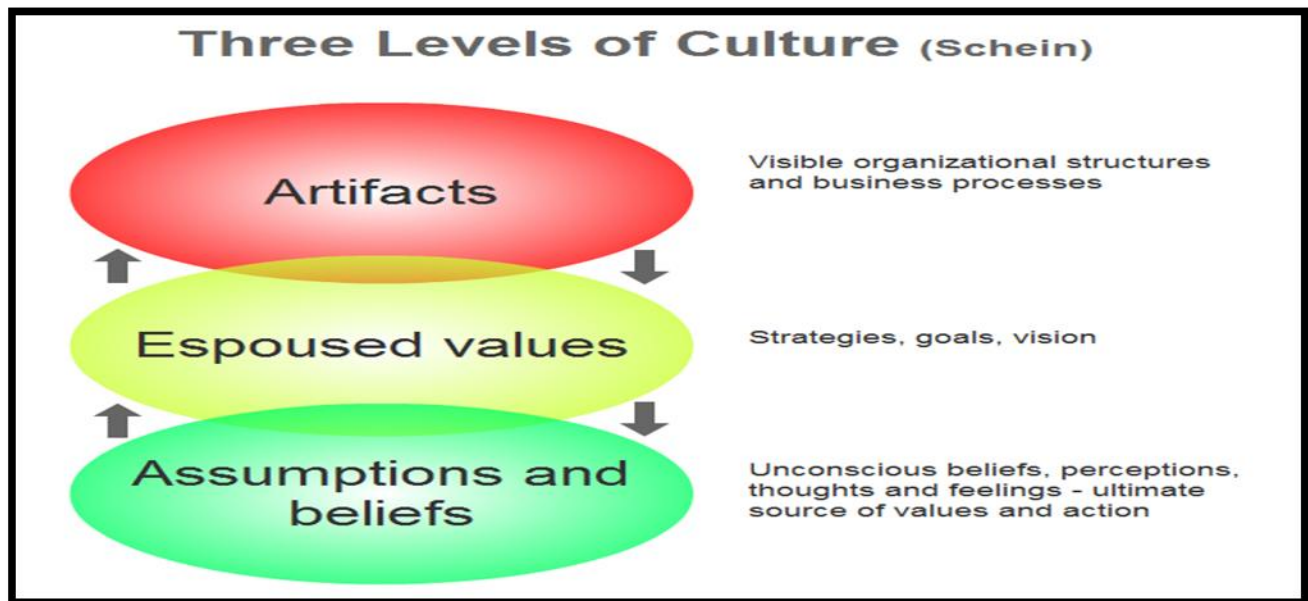


Fig 2- Levels of Organizational Culture (<http://www.comindwork.com/weekly/2014-09-15/productivity/schein-method-three-levels-of-culture>)

This model is extremely valuable to understand "strange" behaviors of your teams or in time when you are working on serious organizational change and get unexpected high resistance

to change. Owing to its pervasive and also unfathomable nature, Schein suggests that there are 3 levels on which organizational culture makes its presence felt. These levels may be viewed like an iceberg, with the most immediately visible level at the top, while the others are generally submerged or implicit. In practice, the three levels of the organizational culture model are sometimes represented as an onion model as it is based on different layers. The outer layer is fairly easy to adapt and easy to change. The deeper the layer, the harder it becomes to adjust it.

It is described in detail as-

- Artefacts and symbols - Artefacts mark the surface of the organization. They are the observable fundamentals in an organization such as logos, architecture, structure, processes and corporate clothing. These are not only visible to the employees but also visible and recognizable for external parties. Some notable characteristic behaviors may have considerable longevity.
- Espoused Values – This level has concerns regarding standards, values and rules of conduct. Gives a clear insight on how the organization expresses its strategies, objectives and philosophies along with the facet on how these are made public. Organizational values are frequently expressed through norms–characteristic attitudes and accepted behaviors that might be called “the unwritten rules of the road”–and every employee quickly picks them up.
- Assumptions and beliefs - Basic underlying assumptions are deeply entrenched in the organizational culture and are experienced as self-evident and unconscious behavior. Assumptions are hard to recognize from within. An organization’s underlying assumptions grow out of values, until they become taken for granted and drop out of awareness.

This theory of levels provides points of reference to create cultural change. Organizations should be responsive and acceptable that cultural change is a transformation process; behavior must be unlearned first before new behavior can be learned in its place. When a difference arises between the desired and the prevailing culture, cultural interventions should take place. The responsibility lies with senior management supported by a personnel department. It is important that results are measured and that good performance is rewarded. The major aim of building a strong culture is to create a connection between science and practice based on concrete results. The three levels of the organizational culture model are occasionally represented as an onion model as it is based on different layers. The outer layer is fairly easy to adapt and easy to change. The deeper the layer, the harder it becomes to adjust it. Deeply embedded in the core of the onion we find the assumptions. Around the core we find the values.

The Positive and Negative Impact of Organizational Culture

The effects of organizational culture are many and varied. Obviously the affects of organizational culture varies depending on whether the company has a strong culture or a weak culture, but there are some generalities that apply. A strong organization will focus on the environment it creates for its workers because that will help encourage a more efficient and productive company. Focusing on building and sustaining organizational culture shows employees that they are considered an important part of the company. Any company with unique and strong culture generally has the best response from its employees and thus will also have a much better chance of achieving its goals. When two Harvard Business School professors examined 11 years of business results across more than 200 companies spanning 22 different industries, they found that companies with superior cultures dramatically

outperformed their competition. The larger and more successful the company, the more challenging it is to innovate not only because of bureaucracy, but also because of a perceived fear of failure. A large company will occasionally have leaders who understand the ephemeral nature of market domination. Every company's uniqueness is teaching executives and their teams specifically how corporate culture can drive better business performance, support change, and align with strategic imperatives for growth and innovation.

- Success Stories of Organizational Culture

- I. Google

Google is the best company to work for in India as well as globally. Google is not a conventional company and it gives freedom to employees to work and enjoy while at office. At Google, every employee is treated with utmost respect and they believe that they all have something important to say, and that every employee is integral to the giant's success. They provide individually-tailored compensation packages that can be comprised of competitive salary, bonus, and equity components, along with the opportunity to earn further financial bonuses and rewards. The best part about Google is that it allows people to take risks and fail in their pursuit for technological excellence. They believe in creating internal quickness by putting in place only as much structure as absolutely necessary. Managers are RESOURCES not bosses. They work FOR the team.

- II. Marriot Hotels

It started Indian operations in 1927. Business Week Magazine ranks Marriott International 50 out of 100 on its "Hottest Employers of ". Marriott Hotels offers family-friendly benefits that promote health/wellness, education, flexibility and work-life integration. It has been recognized for offering policies and practices that encourage women's advancement. Employees are referred to as associates and their feedback about the company is evaluated. Complimentary stay in the hotel is offered to employees on their birthday.

- Failure Stories of Organizational Culture

A toxic culture in an organization creates an environment that can damage the emotional, physical or financial wellbeing of employees, customers and those associated with that organization

- I. Daimler Chrysler

In May, 1998, Daimler-Benz and Chrysler Corporation, two of the world's leading car manufacturers, agreed to combine their businesses in what they claimed to be a merger of equals. The merger resulted in a large automobile company, ranked third in the world in terms of revenues, market capitalization and earnings, and fifth in the number of units sold. To minimize this clash of cultures, Schrempp decided to allow both groups to maintain their existing cultures. German and American styles of management differed sharply. Within 19 months two American CEOs were dismissed and German management took over. But a number of Chrysler's key players had left the corporation and remaining employees were demoralized and demotivated. Daimler-Benz wanted to simply take advantage of Chrysler's efficiency. One corporate culture cannot simply suppress and replace the other one. A consensus has to be reached and the foundation for a new culture, based on elements of both cultures involved, has to be laid.

II. HP - Compaq

The merge of HP and Compaq was initially considered a success in 2002, as the company was still able to exceed their goals. In 2004, the fact of HP missing the merger's longer-term revenue and profit goals had become clearer. HP is more in an engineering-driven culture that values teamwork and rewards ideas and inventions whereas Compaq had a hard-charging sales culture as perceived as aggressive. Besides HP put a heavier stress on team accountability while Compaq is more in sharply defined lines of responsibility. This merger is still in the bracket of being successful or failure. But the results that were awaited with this merger are surely not attained.

Conclusion

A common platform where individuals work in unison to earn profits as well as a livelihood for themselves is called an organization. A place where individuals realize the dream of making it big is called an organization. Every organization has its unique style of working which often contributes to its culture. The beliefs, ideologies, principles and values of an organization form its culture. The culture of the workplace controls the way employees behave amongst themselves as well as with people outside the organization. The culture decides the way employees interact at their workplace & also goes a long way in promoting healthy competition at the workplace. The culture of an organization represents certain predefined policies, which guide the employees and give them a sense of direction at the workplace. The work culture goes a long way in creating the brand image of the organization. The organization culture brings all the employees on a common platform & unites the employees who are otherwise from different backgrounds. The work culture promotes healthy relationship amongst the employees and the culture of the organization, which extracts the best out of each team member. "Culture is the soul of the organization — the beliefs and values, and how they are manifested. I think of the structure as the skeleton, and as the flesh and blood. And culture is the soul that holds the thing together and gives it life force." - Henry Mintzberg. Thus, an organization with a strong culture, which may vary depending on the industry the company is in, not just helps in increasing the organization performance levels, but also increases the opportunities available to the company and developing a competitive advantage over the other companies which in the long run becomes a company's identity. Also, recent studies have shown that, companies are moving towards concentrating on merging or acquiring companies that share a similar culture because the major issue that arises after a merger or acquisition is incompatibility of workers with the new environment resulting in diseconomies of scale. No company, small or large, can win over the long run without energized employees who believe in the mission and understand how to achieve it.

Culture Matters, Changing It Is Simpler Than You Think.

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