ORGANISATIONAL CULTURE - A ROOT TO PROSPERITY

Palima Pandey*

palimapandey@yahoo.com

ABSTRACT

"Organisational Culture" is an infinite term. It can't be actually bounded in definitions. It lays the foundation of an organisation, builds and nurtures it, defines its purpose, sets its direction, prioritizes its tasks, guides its strategies, behaviour of its people and ultimately delivers its results. The performance of the organisations is a result of its cultural effect. This can also be seen inversely; i.e., performance can be used to measure the effectiveness of culture, moreover its features like its consistency, the average results can be used to analyse the type of the organisational culture, the problems underlying that culture and the hidden alternative solutions. On one hand, culture proves to be the soul of organisation and organisations are finding ways to establish excellent culture, on the other hand 'Culture' is being used as a strategic tool by big organisations and MNCs. They strategically shift among different cultures and try to offer cross-cultural products and services to different segments of customers thus are increasing their market share and customer base. Culture is being used as an 'emotional tool' to establish relationship with customers. Successful organisations adopts incremental cultural change as a part of their strategy, but, many times today's dynamic environment demands sudden cultural change which organisations has to recognize and go to through the process very carefully. This process demands different variables to be analysed and their relationships with one another. The other way organisations are preferring cultural change is to utilize their own strength at a full pace by implementing any new business strategy, thus eliminating 'Strategy Culture Congruence'. Many big organisations such as Hindustan Unilever, TVS Motors, Hewlett Packard, Infosys etc. have gone through cultural change as a part of their strategy and have fantastically used it to maintain their high performance and a positive organisational image in the society. Thus, organisational culture in this dynamic world is a magical weapon as its effect can be seen since from the vision of any organisation, to its direction, activities, strategies, behaviour, performance and ultimately its image. Every element of the organisation can be controlled by it; moreover, it is the unique weapon which can change itself also as a part of strategic requirements. This paper is also a contribution towards expressing how a culture builds an organisation.

Keywords: Organisational culture, Performance, Strategic tool, Cultural Change

INTRODUCTION

Organizational culture refers to culture in any type of organization. In business, terms such as corporate culture and company culture are sometimes used to refer to a similar concept. The idea about the culture and overall environment and characteristics of organization, in fact, was first and similarly approached with the notion of organisational climate in the 60s and 70s. Organizational culture is a set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behaviour for various situations.

According to Needle (2004), organizational culture represents the collective values, beliefs and principles of organizational members and is a product of such factors as history, product, market, technology, and strategy, type of employees, management style, and national cultures and so on. Hofstede, Deal & Kennedy, O'Reilly & Chatman, Schein and many others have contributed towards organisational culture theories.

A culture defines the purpose of organisation, gives direction, directs the behaviour of organisational members, is a mirror that reflects organisation's performance.

How a culture like chlorophyll is present in each element of organisation, how from organisational vision it comes down as a reflection

* PGDM student, School of Management Sciences, Varanasi (Uttar Pradesh)

of an organisation's image? How an organisation's performance can be used to depict the problem in organisational culture and suggest solutions for that? How this culture are used by MNCs as a strategic tool and how the organisational change can be a strategic- long term focused decision for organisations for their success? All these issues have been focused and highlighted in this paper to make budding managers, entrepreneurs and top level executives of different organisation understand about the rationale behind the organisational culture in this modern world.

RESEARCH METHODOLOGY

Research is descriptive in nature. The secondary sources include periodicals books and web sources.

Objectives

- To trace the path how organisational culture builds an organisation and how it reflects image of the organisation.
- To know the relationship between organisational culture and its performance.
- To know the relevance of organisation's cultural change and its use for an organisation's success.

REVIEW OF LITERATURE

Organisational culture exists whether noticed or not, desired or not, articulated or not. One has to convert its existence as its "strength". It is reflected in what is to be done, how things are being done, how problems are solved. It is the shared values that are held by all members of the organisation.

There is a theory called the three layers of culture which Schein (1992) created. There are 3 elements of culture :
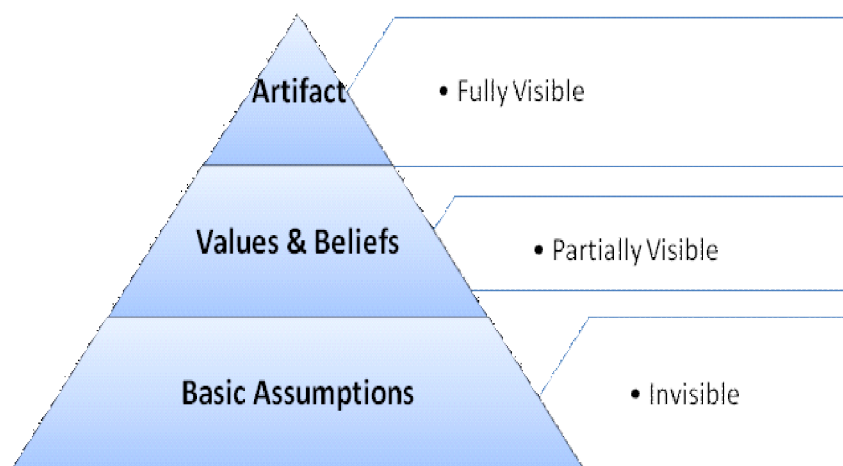
1-Basic Assumptions- These are the basic precepts that characterise an organisation in terms of what it is, what it stands for and what it is all about. It is the premises or the core ideology on which organisation stands.

- Citibank's basic assumption is "Customer Orientation
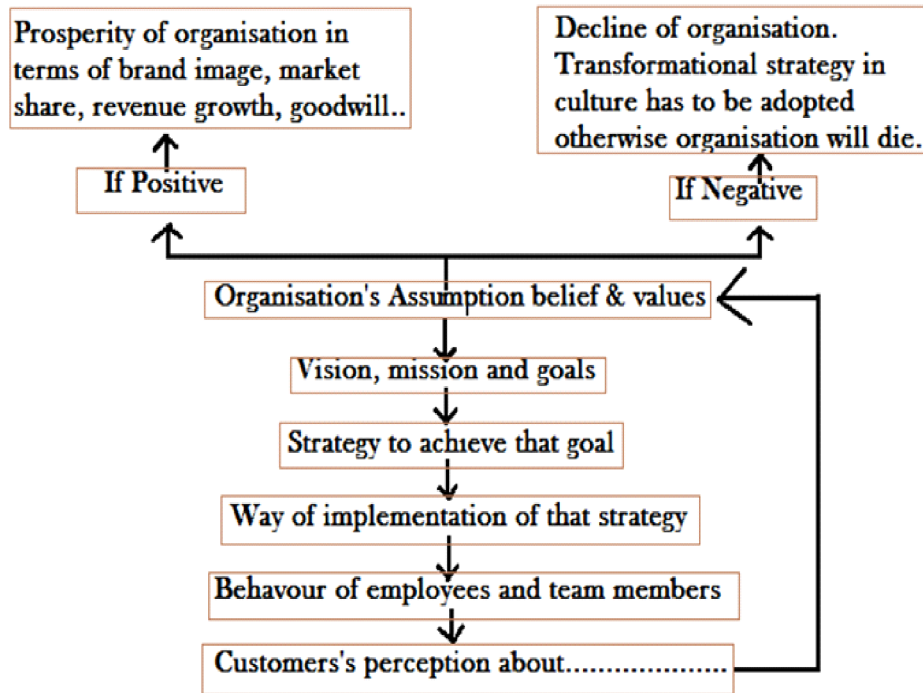- AT&T'S basic assumption is Market-Oriented Communication System.

2-Values and Beliefs- These are the social principles, goals or standards held by members of the organisation, individually and collectively. It is evolved out of basic assumption reflecting what is important for the organisation and how the organisation ought to be.

3-Artifacts- It is the visible manifestations of culture as seen in the physical and social environment of the organisation. Its structure, system, sub-systems, symbols, plaques, rituals, norms, public documents it releases, stories etc. Artifact of Mc Donald is its style of writing "M" in its logo.

ORGANISATIONAL CULTURE AND PROSPERITY

In this model, organisation's basic assumptions, belief & values mean its culture. Culture reflects- for what the organisation stands for, the reason for its existence, its intentions and motives. Thus the vision, mission of any organisation is formed according to its culture preferences. The basic assumptions, beliefs & values of the organisation are reflected in the vision and mission statements.

| Prosperity of organisation in terms of brand image, market share, revenue growth, goodwill.. | | Decline of organisation. Transformational strategy in culture has to be adopted otherwise organisation will die. |

If Positive   **If Negative**

| Organisation's Assumption belief & values |

| Vision, mission and goals |

| Strategy to achieve that goal |

| Way of implementation of that strategy |

| Behaviour of employees and team members |

| Customer's perception about..................... |

Organisation's Cultural Dependency Model

For Example, Microsoft's basic assumption is to make its customers technology friendly, to facilitate them in reducing their paper work etc. Hence, its vision is to empower people through great software-any time, any place, and on any device." Ford believes in having a culture of putting best effort to bring desired thing for its customer. Its vision is to become the world's leading Consumer Company for automotive products and services. On the basis of the vision, mission is formed, the objectives and the goals. In all these, culture of the organization is reflected.

Now, to achieve the set targets, strategy is required. An Organisation's strategy is also based on its culture. If aggressive culture is there organisation will form aggressive strategies like merger, acquisition. In case of innovative culture, organisation will always bring new things for its customer by adopting new ideas, processes, methods and techniques.

Organisation on the basis of its culture develops ways to implement its strategy. Organisation structure will be formed accordingly, departmentalisation, coordination between different groups, reporting relationships, decision making system, types of leadership, type of motivators, diversity of workgroup, communication pattern, time orientation, delegation of authority, degree of risk to be taken, performance appraisal methods and the controlling part. An organisation with dominating culture will have centralised decision making system.

The culture of an organisation directly affects values and beliefs of its members. Accordingly the attitude of the members forms and is reflected in the form of their behaviour. From the behaviour of organisational employees, customer understands the type of culture organisation imbibes. Hence, the offering by the employees and their behaviour tells the whole of the process followed by the organisation till now and ultimately its basic assumptions, belief and values - i.e. its culture. As a result, in this manner, customers forms perception about the organisation's culture

If this perception is positive, then this is very good for the organisation's prosperity; as its market share, brand image etc, all depends on the customer's belief on the organisation.

If in the other hand, customer's perception about the organisation happens to be negative, the customers will certainly leave the organisation and ultimately it will die. In this case, the only option left with the organisation is to do a transformational change in its culture.

"Culture" now days prove to be a key differentiating factor among the organisations on the basis of which they are setting their unique identities in the society. The difference in culture can be based on many elements. Great theorists have contributed towards it like-

According to Hofstede , Culture can be differentiated on the basis of power distance, individualism vs collectivism, uncertainty avoidance, masculinity vs feminity and time orientations.

Daniel Denison's model (1990) asserts that organizational culture can be described by four general dimensions - Mission, Adaptability, Involvement and Consistency. Each of these general dimensions is further described by the sub-dimensions.

O'Reilly, Chatman & Caldwell (1991) developed a model based on the belief that cultures can be distinguished by values that are reinforced within organizations. Their Organizational Cultural Profile (OCP) is a self reporting tool which makes distinctions according seven categories - Innovation, Stability, Respect for People, Outcome Orientation, Attention to Detail, Team Orientation, and Aggressiveness.

As per Schein, superficial models of Culture should be avoided and the elements of culture should be built on Anthropological model. This can refer to wide range of observable events and underlying forces such as -

- *Observed behavioural regularities when people interact*- Language, customs, traditions, rituals etc.,that a group use and employ in different situations.
- *Group norms*- The implicit standards and values that evolve in working groups.
- *Espoused values*- The articulated publicly announced principles and values that the group claims to be trying to achieve. (Product Quality).
- *Formal philosophy*- the broad policies and ideological principals that guide a group's actions towards its stakeholders. (Highly publicized "HP Way" of the Hewlett Packard Company)
- *Rules of the game*- The implicit unwritten rules for getting along in the organisation, "the ropes", that a newcomer must learn to become an accepted member.
- *Climate*- The feeling that is conveyed in a group through physical layout and the way in which members interact with stakeholders of the

organisation.

- *Embedded skills*- The special competencies displayed by group members.
- *Habits of thinking/mental models/ or linguistic paradigms*- The share cognitive frames that guide the perceptions, thoughts and languages used by the members of a group and are taught to new members in the early socialization process.
- *Shared meanings*- Emergent understanding created by group members as they interact with each other.
- *Root metaphors or integrating symbols*- The way the group evolve to characterize them-selves whether appreciated or not.

CULTURAL MILIEU

Today, the organisations are shifting from task oriented culture to people oriented culture and from hierarchy based culture to team based (participative culture).

Other major focus area for the organisations is to move from stability towards flexibility and organisations also are trying to become more externally oriented. These are key issues to be focused in today's dynamic environment.

Let's have an idea about what type of organisational culture NTPC of India does have and how the organisation has able to maintain its image since 1975?

NTPC Ltd. is a Public Sector Company set up in 1975 by the Govt. of India to meet the growing demands of energy in the country. It is now a power major, becoming the world's sixth largest power producer and India's largest power generator. It has won the award "Great place to work with" many a times in the recent past. We will look at the organizational culture in NTPC which made it such a successful PSU and made it a MAHARATNA.

NTPC has got an unique organisational culture. NTPC tries its level best so that only the best managers join the company. NTPC believes in the dead lines in the strict sense, when it comes to any completion of work or project .The initial batch of managers joined the company from Bharat Heavy Electricals Limited (BHEL) and Steel Authority of India Limited .NTPC give more importance to performance and thus linked the promotions to performance rather than the years of services .That is to say experience has got less importance than performance.

NTPC's Organisational culture foundation

The work culture of NTPC is fully performance driven, full of challenge for its employees and executives by the use of bench marking system. A culture of celebrating achievements and a strong focus on performance are a way of life in NTPC. Quality is given utmost importance so formation of quality circles is encouraged for a healthy and constructive organisational culture and organisational management system in NTPC.

We can see how MNCs in India are using 'culture' as a strategic tool

While consumers across the world are seeing a growing number of "Made in India" labels on the goods they buy, Indian shoppers are witnessing a more subtle change. Increasingly, multinational companies are selling products that are not just made in - but that are "Made for India".

When Yum Restaurants India opened the first Kentucky Fried Chicken (KFC) outlet in Bangalore in the mid-1990s, locals protested about the brand's multinational origins. As the ensuing months proved, it wasn't only KFC's parentage that was too foreign; the chicken wings and wraps it offered were too alien for Indian taste buds. In just a few years, Yum closed all its KFC restaurants in India, and did not re-launch the brand until 2004.

This time, though, the company was more market-savvy. It introduced a vegetarian menu that included rice meals, wraps and side dishes - the most extensive meat-free menu across the chain's worldwide operations - and, like McDonald's, stuck to eggless mayonnaise and sauces. Even its trademark chicken dishes were given a local flavour with the use of Indian spices and cooking techniques.

In contrast to the KFC experience, Yum

Foods' other Indian operation, Pizza Hut, played its cards well right from the start. Within three years of its 1996 launch, Pizza Hut opened its first vegetarian restaurant in Ahmadabad, Gujarat, a state with a large Jain population. Not only did the outlet serve no meat, it also offered a selection of Jain toppings. Three years ago, Pizza Hut launched the "Great Indian Treat" product range, its first completely localized menu. Even now, the menu includes a mix of Indian and international ingredients and tastes. Says Anup Jain, director of marketing for Pizza Hut India: "We customize our international flavours to suit local preferences, and 20% of our overall menu is localized.

Similarly, Nestle's Maggi is known best as a soups-and-sauces brand. In India, it has become the generic word for instant noodles. The product sold in India, though, bears little resemblance to the ramen of East Asia. It was introduced in 1982 with a masala (spicy) flavoring and, over the next 25 years, Nestlé continued to launch variants that would appeal to local and regional tastes. Of course, they weren't all equally successful, and the masala variant continues to be Maggi's best seller.

CHANGES IN ORGANISATIONAL CULTURE

Organisational culture could be a hindrance to organisational change. Implementing new business strategies generally results in failures because of 'Strategy Culture Congruence'. Cultural change is required in two cases-

- When a vast change takes place in external environment and the organisation has to adopt different strategies to tackle it.
- In other case, organisations willingly change its culture to adopt new strategies in order to make some innovative changes in its products, services or processes.

An incremental improvement in culture can also be said as systematic cultural change. In today's dynamic environment organisation do this
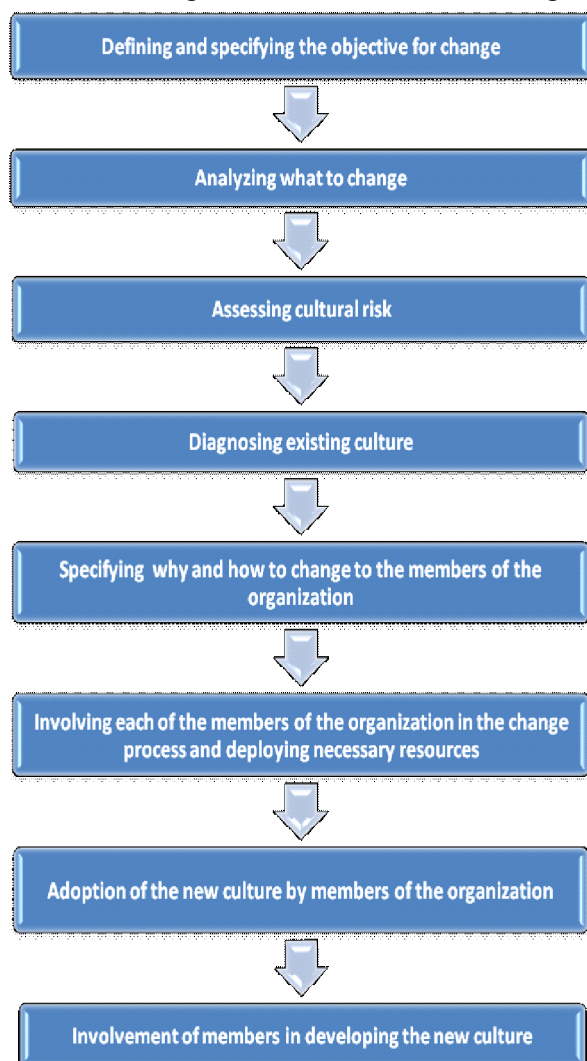
- To fight from external threat
- To avail some opportunity
- To utilise any of its new strength discovered
- To implement any new strategies prepared to remove its weaknesses

Many big companies use incremental cultural change process to maintain their growth or to excel with time.

AT&T

AT&T changed from being a service oriented telephone company to now being a market oriented communication business. From an initial start in a Silicon Valley garage two generations ago, Hewlett Packard has made its internal culture a strategic issue in periodically reinventing itself.

Process of Organisational Culture Change

Defining and specifying the objective for change

Analyzing what to change

Assessing cultural risk

Diagnosing existing culture

Specifying why and how to change to the members of the organization

Involving each of the members of the organization in the change process and deploying necessary resources

Adoption of the new culture by members of the organization

Involvement of members in developing the new culture

HEWLETT PACKARD

It is said of Hewlett Packard that, as its business environment changed, so did part of its culture to maintain a minimum logical fit. During the 1950s and 1960s, the 'HP way' stressed serving everyone having stakes in the business with fairness and integrity, encouraged collegial behaviour, avoided employee lay-off, and was paternalistic. With

fundamental change in the business environment that occurred in the 1970s and 1980s, the firm shifted its focus from instruments to computers, and moved into a much more competitive environment. This change was also accompanied by changes in organisational culture. The computer business gave rise to a new sub-culture that emphasized strategic planning rather than entrepreneurism. Employees were laid-off on three different occasions, by-the-seat-of-one's-pant management became rare, and management was professionalized with the retirement of the founders. The new culture was a logical response to a new set of conditions.

HUL

HUL is not changing culture out of any external threat but to avail new opportunities in the market. The largest FMCG firm in India is going through a culture change in 2014 to make the organisation more agile. The company has initiated a drive to reduce its SKUs, and work processes are also being simplified means there will be fewer internal meetings and presentations. People's roles and responsibilities too are being sharpened to remove any overlaps. This time market growth of FMCG sector has slowed down; but, HUL's chairman, Harish Manwani likens it to a growth initiative instead of crises. An initiative 'Project Sunset' has been pioneered by HUL for quick decision making. It will be rolled out globally as well. Sunset deals with unresolved issues in the organisation that can be escalated directly to the top organisation leadership team which is bound to take a decision within 7 days. Managers have also being told to become more externally oriented. Employees have been asked to enhance home and shop visits and consumer connects to get a hold on consumer insights. This is the culture HUL wants to bring, which is not about being too engrossed internally, but giving people space and time to engage externally.

KODAK

The organisation overflowed with complacency in the late 1980s. Kodak was failing to keep up even before the digital revolution when Fuji stated doing a better job with the old technology, the roll film business. With the complacency so rock solid and no one at the top even devoting their priorities toward turning that problem into a huge urgency around a huge opportunity, of course they went

nowhere. Of course, all the people buried in the hierarchy who saw the oncoming problems and had ideas for solutions made no progress. Their bosses and peers ignored them.

Historically, Kodak was built on a culture of innovation and change. It's the type of culture that is full of passionate innovators, already naturally in tune to the urgency surrounding changes in the market and technology. It's these people - those exited with new ideas within your own organisation - who keep your company moving ahead instead of falling behind. One key to avoiding complacency is to ensure these innovators have a voice with enough volume to listen at the top. It's these voices that can continue to keep a sense of urgency in your organisation. If they are given the power to lead, they will continue to innovate, help keep a culture of urgency and affect change.

As Kodak became more successful, complacency grew, leaders listened less to these voices which made complacency grow some more. It can be a vicious cycle. It certainly was at Kodak but the company failed to address.

TVS MOTORS

The company in 2014 has planned to roll out a new bike every quarter to fill the gap in its existing portfolio. The company wants to capture a high percentage of market shares of commuter segment. Production capabilities will be enhanced to 75000 units a month from 45000. New products with several new features are planned to be launched frequently. For this, the organisation is trying to adopt an extremely innovative and fast culture.

CONCLUSION

Hence, Organisational Culture is the soul of any organisation. The purpose of existence of organisation, its direction, activities; all are based on its culture. Not only this, culture is a compass through which organisation sets its direction, priorities and tasks. Ultimately it is reflected in performance and builds the image of the organisation. So, organisational culture sets foundation of the organisation, builds its pillars, act as compass and finally act as barometer which detects the organisation's achievements. If we view it from the perspective of strategic tool, it is used by organisations these days to increase their customer base, to push their existing inventories from one region to another or if seen in a positive way; by introducing products of different cultures for customers of different cultural segments.

Incremental change in organisational culture is a positive sign of successful organisations but in some cases its sudden change is required. As, in the above paragraph it is said that culture acts as barometer of organisation's achievements, it's become urgent for the organisation to change if the performance of the organisations starts decreasing due to inability of organisation's culture to cope up with external environment. On the other hand, culture is also changed as a strategy to increase organisation's performance. Performance's features can be used to decide what type of change has to bring in the culture.

Really, the study of organisational culture, gives solutions to most of the organisational problems, on the other hand can be used as a strategic tool.

REFERENCES:
Books
- K. Harigopal, Management of Organisational Change (2nd Edition), Sage Publications Ltd., 2008, pp. 228-238
- Schein, Organisational Culture and Leadership (4th edition), Jossey-Boss Publications,San Francisco, 2010, pp. 14-15

Newspapers
- Namrata Singh, 'HUL wants to be agile with spirit of small company',Times of India, Saturday, May 3, 2014, P. 11
- 'TVS Motor to roll out a new bike every quarter', Times of India, Friday, May 9, 2014, P. 11

Links
- http://en.wikipedia.org/wiki/Organizational_culture
- http://www.organicworkspaces.com/pdf/What_is_Organizational_Culture.pdf
- http://ryanli1993.blogspot.in/2012/03/organisational-culture.html
- https://knowledge.wharton.upenn.edu/article/made-for-india-succeeding-in-a-market-where-one-size-wont-fit-all/
- http://www.forbes.com/sites/johnkotter/2012/05/02/barriers-to-change-the-real-reason-behind-the-kodak-downfall/
- http://nitieim19pomb129.blogspot.in/2012/09/organizational-culture-ntpc.html