

Organisational Culture

(Concept with Case Study)

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(e-Content for MBA)

Defining Culture

To understand the meaning of organisational culture, we must first understand the meaning of culture. *Culture* is the set of important understandings that members of a community share in common. It consists of a basic set of values, ideas, perceptions, preferences, concept of morality, code of conduct, etc. which create distinctiveness among human groups. In simple words we can say that *culture* is a combination of factors that are learned through our interaction with the environment during our developmental and growth years.

Concept of Organisational Culture

The key to a successful organisation is to have a culture based on a strongly held and widely shared set of beliefs that are supported by strategy and structure. When an organisation has a strong culture, three things happen:

- Employees know how top management wants them to respond to any situation,
- Employees believe that the expected response is the proper one, and
- Employees know that they will be rewarded for demonstrating the organisation's values.

HR has a vital role in maintaining a strong culture, starting with recruiting and selecting applicants who will share the organisation's beliefs and thrive in that culture. HR also develops orientation, training and performance management programs that outline and reinforce the organisation's core values and ensures that appropriate rewards and recognition go to employees who truly incorporate the values.

According to *Edgar Schein*, “Organisational culture can be defined as a pattern of basic assumptions-invented, discovered or developed by a given group as it learns to cope with its problems of external adaptation and internal integration-that has worked well enough to be considered valuable and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems.”

This definition stresses on sharing norms and values that guide the organisational member’s behaviour. These norms and values are clear guidelines as to how employees are to behave within the organisation and their expected code of conduct outside the organisation. In simple words, organisational culture can be defined as the philosophies, ideologies, values, assumptions, beliefs, expectations, attitudes and norms that unite an organisation together and are shared by its employees.

Importance of Organisational Culture

- Culture decides the way employees interact at their workplace.
- Culture of the workplace also goes a long way in promoting healthy competition at the workplace.
- Culture of an organisation represents certain predefined policies which guide the employees and give them a sense of direction at the workplace.
- The organisation culture brings all the employees on a common platform.
- The work culture unites the employees who are otherwise from different back grounds.
- The work culture promotes healthy relationship amongst the employees.
- It is the culture of the organisation which extracts the best out of each team member.

Strong Culture

A strong culture have a significant influence on employee behaviour manifesting in reduced turnover, lower absenteeism, increased cohesiveness and positive attitudes. This is so because

there is a high agreement among members about what the organisation stands for. Behavioural control brought in by strong culture is much more powerful than the one results from formal rules and regulations. In simple terms, organisations sharing strong culture tend to perform better than those without such a culture.

Weak Culture

A weak culture is characterised by the presence of several sub-cultures, sharing of few values and behavioural norms by employees and existence of few sacred traditions. In weak-cultured organisations, there is little cohesion across the organisation. Top executives do not repeatedly expose any business philosophy or exhibit commitment to particular values. Because of the lack of corporate identity, few employees view the company as a place to work reluctantly and make a living only.

Organisational Climate

Organisational climate deals with how people are experiencing the work environment at any given moment. It is all about the collective experience of all the talent in the organisation.

A sharp fluctuation in revenue, for example, can affect climate without changing the culture. When revenue drops, employees might feel resentful or despondent that their bonuses would be canceled and a couple of their friends might be laid off. The culture remains the same in this case, but the climate changed.

The challenge for every organisation is to create conditions that support the motivation and performance of people in the workplace. Typically, these conditions include ensuring that people:

- Feel they are performing purposeful work
- Are clear about their roles and expectations
- Are empowered to act
- Feel connected as part of a team
- Are learning, growing and developing
- Feel supported, valued, secured & safe

Distinction between Organisational Culture and Organisational Climate

Basis of Distinction	Organisational Culture	Organisational Climate
1. Definition	It is an organisation's personality which consists of all the shared beliefs, values, norms, rules and observed behavioural regularities such as language, and rituals.	It is an organisation's atmosphere perceived by its employees. It is the general impression that individuals get about the organisation.
2. Nature	It is historical in nature. An overall picture of an organisation that was developed from the commencement of the organisation.	It is present in nature. It is a current picture of an organisation including individual autonomy, supervision, reward orientation, caring and trust.
3. Emphasis	The means through which employees learn and communicate acceptable and unacceptable things (beliefs, values and norms) based on the history and traditions of the organisation.	The current atmosphere of the organisation, mostly not dealing with beliefs, values and norms.
4. Changeability	It is difficult to change as it has been developed over the course of years of history and tradition. It is stable relatively.	It is easy to change as it is about attitudes of current situations of autonomy, supervision, rewards, caring and trust. It is dynamic relatively.
5. Base	It is based on Anthology and Sociology.	It is based on Psychology.

Determinants of Organisational Culture

- **Individual working with the organisation:** The employees in their own way contribute to the culture of the workplace. The attitudes, mentalities, interests, perception and even the thought process of the employees affect the organization culture.
- **Gender of the employee:** It is often found that the male employees are more aggressive than the females who instead would be caring and softhearted.
- **Nature of the business:** Stock broking industries, financial services, banking industry are all dependent on external factors like demand and supply, market cap, earning per share and so on. Market fluctuations lead to unrest, the management also feels helpless when circumstances can be controlled by none. Individuals are unsure about their career as well as growth in such organisations.
- **Organisation's goals and objectives:** The strategies and procedures designed to achieve the targets of the organization also contribute to its culture.
- **Clients and the external parties:** Organisations catering to India and the USA clients have no other option but to work in shifts to match their timings, thus, forming the culture.
- **Management and its style of handling the employees:** Various organisations allow the employees to take their own decisions and let them participate in strategy making. In such a culture, employees get attached to their management and look forward to a long term association with the organisation.

Assignments

Case 1

On the basis of above mentioned concepts, highlight the culture & climate of the College/University in which you are pursuing your degree. Support your answer with few recommendations for its improvement.

Case 2

You are a new employee at Mankind Pharma and after a two-week orientation you are beginning to see 'how the organisation works.' Your manager, while nice and polite, is driven by quantitative measures, key performance indicators, statistics, and forecasts. His communication and direction to you are wrapped in this perspective to such an extent that you wonder if he even sees you as a person. Interestingly, he seems to know your team and often refers to individual members as 'team.' Ajay/Anu, your team is doing great. What is the team doing about this? Has your team learnt the importance of organisational culture? And how does your learning influence the organisation?

You look around and discover that many of the departments are driven by accuracy, performance, and results. After all, it is a Pharma company. In order to be successful in this field, you must be a fighter who is willing to overcome obstacles within a short window of opportunity. If you don't win, the competition will. The company is constantly coming up with new products that are intended to keep them ahead of the competition.

You have just gone through different attributes of organisational culture. *Considering the above discussed concept as knowledge-addition which you have gained through Training, how would you rate the distinct value of each determinant in your company?*