

informally because organisations cannot legislate for everything. Executives can use power and authority in many different, concrete and symbolic ways. However, effective and really powerful executives tend to use power in a manner which contributes to organisational development.

Politics play a crucial role in organisational behaviour. The essence of politics lies in disagreement, diversity, scarcity, and interest. Politics provides a non-coercive means of resolving conflicting interest, of producing order out of diversity. Power and politics are closely linked. Organisational decision processes can be the focus of intense political activity.

People use political tactics in organisations for (a) obtaining control of financial resources, creating resource dependence, (b) influencing the decision process, (c) unobtrusive measures, and (d) coalition building. Symbols play an important role in politics because they are a subtle means of exercising power. Individual and group interests also play a pivotal role in politics. Political competence may be as important to executives as technical skills.

6.15 SELF-ASSESSMENT QUESTIONS

- 1) Distinguish between power, authority and influence.
- 2) Argue for and against the statement: “The use of power in organisations is unethical.”
- 3) Compare and contrast interpersonal and structural resources of power in organisations. Define political behaviour. What are some of the factors that can contribute to organisational politics?
- 4) What are the skills which an executive must possess in order to be politically competent?

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UNIT 7 DIVERSITY MANAGEMENT

Objectives

After going through unit, you should be able to:

- understand the concept of diversity management
- explain the need and levels of diversity
- identify the reason for diversity
- implement diversity management strategy.

Structures

- 7.1 Introduction
- 7.2 Meaning of Diversity Management
- 7.3 Need for Diversity in Organisation
- 7.4 Levels of Diversity
- 7.5 Discrimination
- 7.6 Biographical Characteristics
- 7.7 What is Diversity at Workplace?
- 7.8 The Reason Behind Rise of Diversity
- 7.9 Diversity is a Threat or an Opportunity?
- 7.10 Implementing Diversity Management Strategy
- 7.11 Case Study
- 7.12 Summary
- 7.13 Self Assessment Questions
- 7.14 Further Readings

7.1 INTRODUCTION

We are not all the same. This obvious fact is sometimes forgotten by managers that these differences need to be recognized and capitalized on so that desired result can be obtained from employees. With effective diversity management an organisation can make the best out of possible pool of employee's skills, abilities and ideas. Apart from taking advantage of these differences, it is a duty of manager to recognise and assess that diversity among workforce can sometimes end up with miscommunication, misunderstanding and conflict. This unit will try to explain how individual differences like gender, race, age, ethnicity and abilities can influence their individual performance and organisation's performance as a whole. This unit will also try to answer a question that how managers can create awareness about characteristics of employees and management of diverse workforce.

7.2 MEANING OF DIVERSITY MANAGEMENT

The Business dictionary defines diversity as “the practice of addressing and supporting multiple lifestyle and personal characteristics within a defined group.

Management activities include educating the group and providing support for acceptance for various racial, cultural, societal, geographic, economic and political backgrounds”.

Diversity is the vast concept that inculcates various other differences such as educational background, sexual orientation, religion, physical or medical disability, parental status, work experience, pregnancy and age.

Company’s policy must ensure and describe that there should not be any kind of discrimination or harassment on the basis of these difference in workforce. Diversity management is not only about observing legal and political requirements but also promoting culture and comfort within organisation with differences.

Companies need to analyse and recognize that social diversity develops richness to community of company and enhances quality of life of all individual at workplace. Companies should consider and welcome these differences and celebrate achievements and differences. Diversity at workplace can ensure advantageous environment at work with the benefit of Innovation, improved morale, team work, harmony amongst workers.

7.3 NEED FOR DIVERSITY IN ORGANISATION

In the recent times the most prominent question in every organisation is that “why should the organisation care about Diversity?”. Several scholar and authors have defined diversity issue in various perspective in the last few decades, and among them J. Fink, D. Pastore and H. Riemer (2003) developed a mechanism or framework that differentiates between non compliant organisation at lower level and pro-active at the highest level, going through “Compliant “ and “Reactive”. The framework is given below in the figure 7.1.

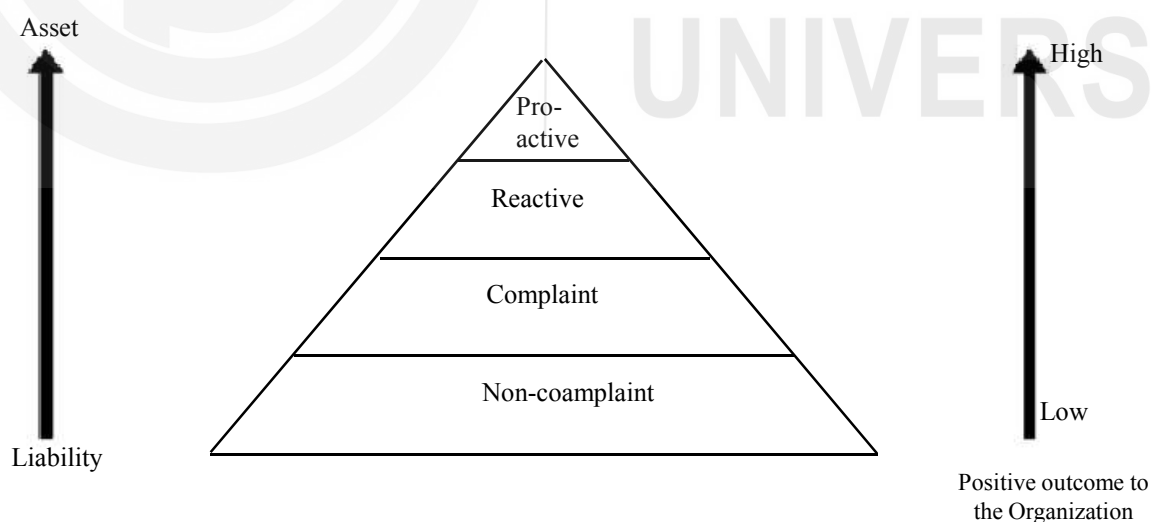


Figure 7.1: Framework of Compliant and Reactive

The framework explains that Diversity “Liability” at inception can be “Asset” to an organisation where diversity management goes from “non compliant” to “proactive”. Diversity is threat to an organisation which is non compliant on the other hand proactive organisation engages in include employees in various decision making process. Proactive organisation reaps the benefit out of Diversity Management and drains profit out of opportunity.

Various facts suggest that diversity management is need of an hour because diversity is an issue all pervasive in an organisation that can prove to be benefit or challenges to them and thus influences performance.

The understanding of diversity in organisation can help management leaders to incorporate their team member’s diversity to manage retaining good employees and attracting good talent.

Activity 1: Explain the concept of diversity in workplace in your own words citing examples.

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7.4 LEVELS OF DIVERSITY

The most prominent type of diversity visible at most of the organisations is Surface level diversity and Deep level diversity. Let us discuss about each of them with the help of an example.

Surface level diversity; the differences that are conspicuous or easily noticeable are called Surface level diversity. These differences can be Age, ethnicity, gender, race, culture, language, disability etc. as this type of diversity is easily noticeable so it can be measured easily and thus recruiters or managers may discriminate on the basis of these differences. For example, assumption of a recruiter that performances decrease as age increases he/she may prefer to hire young professional. Surface level diversity is innate and thus difficult to alter or change. For example racial differences or gender differences cannot be scaled down to zero.

Deep level diversity; these differences are communicated through verbal and non verbal behaviour and thus these differences are not easily noticeable and hence cannot be measured. Personal differences in attitudes, values, beliefs and personality are deep level diversity differences. These differences become progressively more important to establish level of similarity as people get to know each other and therefore deep level differences usually starts with identifying surface level differences. For e.g. a person belonging to a minority ethnic group may be treated differently by the others since his culture and language might be different. But as everyone interacts with him more, they seem to forget the surface level differences and then they begin to notice his differing values and beliefs and later on, his personality differences.

7.5 DISCRIMINATION

Diversity develops an opportunity for an organisation and thus diversity management also means efforts to eliminate unfair discrimination. To discriminate is to make a note of Differences, which sometimes in itself isn’t necessarily bad.

Knowing a difference that one employee is more qualified than another helps in making hiring decision. Knowing the leadership ability of an employee helps in making promotional decision. Usually when we talk about discrimination, though, we mean allowing our behaviour to be influenced by stereotypes about *groups* of people. Unfair discrimination assumes everyone in a group same rather looking at individual characteristics. Discrimination can sometimes be hazardous to an organisation and employees. Following Table provides definition and examples of some forms of discrimination in organisations.

Table 7.1: India's Diversity Concerns

Diversity attribute	Diversity	Illustrative special concerns of this group
Gender	Gender diversity	New mothers — remote working and networking opportunities
Age	Over half a billion Indians are less than 25 years of age	Youth — mentoring and fair HR practices; older employees — re-skilling on new technologies
City and hinterland	Rapid urbanisation and growing rural economy Over 800-million people spending more than \$425 billion	1. Employees from hinterland - handholding to assimilate within urban areas and culture, e.g. English language training 2. City folks - understanding of rural market
Geography and religion	India is geographically and culturally diverse. Buying patterns are different	Respect and understanding of other cultures
GDP distribution	Agriculture share is reducing, industrial share is around 30%, services over 50%	In such a rapid transition national human force will need orientation to adapt
Physically challenged	Disabled persons constitute about 2% of the total population in India**	1. Equal and fair opportunities and fair promotion policies
Marital status	Single parents, widow(er), divorced, live-in couples	Sensitivity and fairness
Sexual orientation	Here, most of the world is still in the wilderness	1. Life partner benefits 2. Sensitive and non-discriminatory
Nationality	Not a significant area yet	Training to succeed in India

****Report: Disabled Persons in India by National Sample Survey Organisation; Ministry of Statistics and Programme Implementation, Government of India**

Source; Nandan Savnal, "Workplace Diversity: Managing a competitive Advantage", Indian Management, Nov 2012, Vol. 51, issue 11, p.22.

Most of the actions are not part of many organisations as they are prohibited by law, thousands of discrimination cases are filed every year and many more go unreported. As discrimination has increasingly come under both legal scrutiny and social disapproval, most overt forms have faded, which may have resulted in an increase in more covert forms like incivility or exclusion (L.M. Cortina, 2008).

Discrimination can take many shapes and its effect can be varied as organisational context and personal biases of its members.

Exclusion or incivility is difficult to eliminate as they are impossible to observe and may arise because of ignorance of action of actors. Whether intentional or accidental, discrimination can be seriously negative for employers, causing reduced productivity and citizenship behaviour, increased turnover and negative conflicts. Unfair discrimination can eliminate qualified job candidate from initial hiring and promotions.

Diversity is broad term and the phrase workplace diversity can refer to any characteristics that make people different from one another.

7.6 BIOGRAPHICAL CHARACTERISTICS

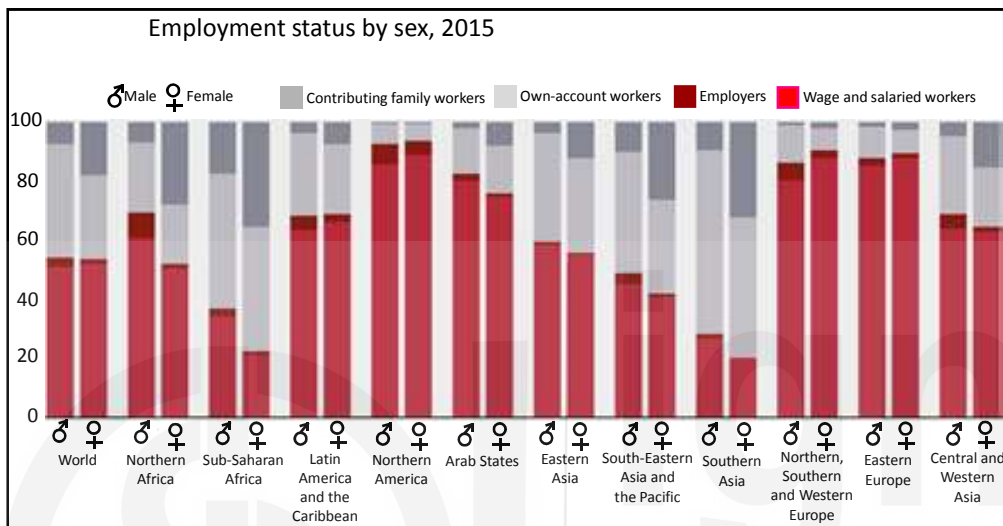
The most common ways in which employees differ the most are biographical characteristics such as gender, race, age, disability and length of service. Variation in these innate characteristics may emerge as a basis of discrimination against classes of employees, so it is worth knowing how closely related they actually are to important work outcomes. Many are not as important as people believe, and far more variation occurs within groups sharing biographical characteristics than between them.

Age: employers have mixed feeling or perception for aged workers. It is sometimes observed that aged workers bring experience, judgement, strong ethics and commitment to quality. But at the same time they are not flexible, resistant to new technology, and does not love change in job design. The older you get, your performance deteriorates but you are less likely to leave or change your job. The opposite is seen for younger employees who are better perform, love change and diversity and do not feel hesitated to leave or change a job in search of better employment opportunities.

As workforce gets older and aged they become specialised in certain types of jobs and hence fewer job opportunities. Age is inversely related to Absenteeism. As people grow old their presence at workplace regularly starts diminishing. Older employees have lower rates of avoidable absence than do younger employees. One large scale study of more than 8,000 employees in 128 companies found that an organisational climate favouring age discrimination was associated with lower level of commitment to the company. The lower of commitment was in turn related to lower level of organisational performance (F. Kunze, S.A. Boehm and H. Bruch, 2011).

Sex: Women performs as well as men do at work. This issue initiate more misconception, debates and unreported opinions. There are no consistency male-female differences in problem solving ability, analytical skills, competitive drive,

motivation, sociability or learning ability (E.M. Weiss, G. Kemmler, E.A. Deisenhammer, W.W. Fleischhacker and M. Delazer, 2003). There is minor difference that women are more agreeable and conform authority on the other hand their male counterparts are aggressive and have expectations of success. Seeing the last 40 years trends one can assume that there is no significant difference in job productivity of men and women. Evidence from a study of more than nearly 500,000 professional employees indicates significant differences, with women more likely to turn over than men (P.W. Hom, L. Roberson and A.D. Ellis, 2008). Women also have higher rates of absenteeism than men do. Following box proves employment status by sex.



Note: The term "wage and salaried workers" refers to persons who work and receive a wage or salary. Employers, own-account workers and contributing family workers are considered self-employed. Contributing family workers are those who work in a family enterprise.

Source: ILO calculations based on ILO, *Trends Econometric Models*, November 2015

Disability: To develop employable skills to gain employment in condition of decent work, a person with disability in India faces many challenges. Despite the person with disabilities, the representation of people with disabilities in the workplace did not increase significantly from 42 percent in 1993 to 38 percent in 2002. Whilst India has ratified the United Nations Convention on the Rights of People with disability (UNCRPD), persons with disability continue to face many difficulties in the labor market. Under the disability act 2016, the number of disability covered has been increased from 7 to 21. Additional benefits such as reservation in higher education (not less than 5%), government jobs (not less than 4%), reservation in allocation of land, poverty alleviation schemes (5% allotment) etc. have been provided for persons with benchmark disabilities and those with high support needs.

The impact of disabilities on employment outcomes has been explored from variety of perspectives. On the one hand, a review of the evidence suggests workers with disabilities receive higher performance evaluations. However this same review found that despite their performance, individuals with disabilities tend to encounter lower performance expectations and less likely to be hired (L.R. Ren, R.L. Paetzold and A. Colella 2008).

Other Biographical Characteristics

Tenure: Tenure expresses as work experience, can contribute towards good employee's productivity. The most recent studies show positive relationship

between seniority and job productivity. Various studies also express this view that seniority is negatively related to absenteeism. The longer the person in the job, the less likely the chances of leaving a job. When age and tenure are considered separately, tenure is more consistent and stable predictor of job satisfaction than age.

Religion: More often people of different religious faith conflict. The law establish strict guidelines and rules, to not discriminate on the ground of religion. Religious diversity has been characteristics of India for centuries. The official government holiday list has holidays on all major religious festivals. Faith can be an employment issue when religious beliefs prohibit or encourage certain behaviour.

Sexual Orientation and gender identity: Employers differ widely in their treatment of sexual orientation. In June 2009, the high court of Delhi, in a landmark judgement, decriminalised homosexual sex between consenting adults, overturning a 149 years old British colonial law (Section 377 of Indian Penal Code), which described sex between members of same gender as “Unnatural offence”. Many organisations have considered and adopted various organisational policies to protect employees and reduce discrimination on the ground of sexual orientation.

To respect gender identity, companies are increasingly modifying and altering their policies to govern how their organisation treats employees who change genders (transgender employees). In 2001, only eight out of fortune 500 had policies on gender identity. By 2006, that number crossed 124. IBM policy considers this fact and has such policies incorporated in their organisational policies and procedures.

Ability

Ability refers to capacity of a person to perform various tasks in a job. The ability of a person is developed with the mixture of Intellectual and physical factors. Let's discuss about these factors one by one.

Intellectual vs. Physical abilities

Intellectual abilities are those abilities requires by a person to perform various mental activities like reasoning, problem solving and thinking. Most organisation gives high preference to these abilities. Smart people attain higher level of education and thus earn more money generally.

Person who possess more intellectual abilities sometimes emerge as a leader. Intelligence test, SAT, and ACT and graduate admission tests in business schools (GMAT), law (LSAT/CLAT) and medicine (MCAT) etc are conducted to assess intelligence level of a candidate for hiring in an organisation or admission in an educational institutes.

Intelligence helps in performing well, but it doesn't make people happier or more satisfied with their jobs. There is about zero correlation between intelligence and job satisfactions. Research suggests that intelligent people are tending to have more interested jobs and thus they expect more. So it can be concluded that intelligent people are not loyal to an organisation and always look for better employment opportunities.

Though with changing business dynamics and increasing competition, intellectual abilities are important for many jobs, Physical abilities have been and will remain valuable. Research on hundreds of jobs have identified nine basic physical abilities needed in the performance of physical tasks (E.A. Fleishman, 1998). These are given in following table. Individuals may differ on the basis of possessing each of these abilities. The high score on one physical ability does not assure high score on other physical ability. High performance level can be achieved when managers determine what all level of each of these abilities is required for a job.

Table 7.2: Activities and Factors

Strength Factors	
1. Dynamic Strength	Ability to exert muscular force repeatedly or continuously over time.
2. Trunk strength	Ability to exert muscular strength using the trunk muscles.
3. Static Strength	Ability to exert force against external objects.
4. Explosive Strength	Ability to expand a maximum of energy in one or a series of explosive acts.
Flexibility Factors	
5. Extent Flexibility	Ability to move the trunk and back muscles as far as possible.
6. Dynamic flexibility	Ability to make rapid, repeated and flexible movements.
Other factors	
7. Body coordination	Ability to coordinate simultaneous action of the different parts of the body.
8. Balance	Ability to maintain equilibrium despite forces pulling off balance.
9. Stamina	Ability to continue maximum efforts requiring prolonged effort over time.

7.7 WHAT IS DIVERSITY AT THE WORKPLACE?

People at the workplace are different with their perceptions, aspirations and drives and thus their responses to the stimuli of their seniors are different when it comes to directing their performance. Differences amongst them are in terms of age, gender, culture, academic background, experiences, lifestyle, nationality, social and political affiliation, talent and skills.

Dianah Worman (2005) categorised the diversity elements into three parts:

- Social Diversity: ethics, gender, age.
- Value Diversity: Psychological differences in personality and attitude.
- Information Diversity: education, functional tenure in the organisation.

These differences are so diverse and difficult to assess and analyse, it is almost impossible to manage employees in a standard manner. Therefore, people with diverse characteristics should not be moulded in the organisation's culture but should rather be managed wisely so that their diversity can be exploited for the betterment to them and organisation as whole.

7.8 THE REASON BEHIND RISE OF DIVERSITY

Every organisation these days encounters diversity in workforce whether incorporated voluntarily or because of legal imposition. But why there is rise of diversity in an organisation? Its reason can be various and their impact can be studied in various dimensions. Few of them like globalisation, migration, political diversity, aging population etc are explained below.

Globalisation; Globalisation has removed many business barriers and allowed free flow of goods and services, person, thoughts and idea, and capital. Now there is ample opportunity for organisations to expand their business worldwide. This broad market has generated so many competitors with new type of customers and human resources. Thus Globalisation brings diversity in business with varied knowledge and skills, age, culture, abilities and sexual orientation.

Migration: Developed regions like North America and Western Europe experiencing low birth rate, declining ratios of workers to retirees. To maintain current level of economic activities, they need to import immigrants to work. The complete opposite conditions are in developing countries like India and south Asian region. Increasing rate of young people willing to work because of high birth rate and improved medical condition, cause difficult condition in an economy to absorb each individual in economic activities. So they need to emigrate to find job for themselves and support their families.

Women workers: the task of family members, their task and consumption pattern has been changed since last few decades with increasing number of working women. Professions that used to be dominated by male, now have been acquired and excelled by women. New rules and procedure modification has been introduced in company's policies after intrusion of government.

Aging population: improved health care facilities causing the increase in numbers of seniors staying alive and active at work. Thus the median working age of workforce is increasing. This explains why the work environment is being adapted to the old aged workers and why many processes and procedures have been modified and altered for workers in senior profile.

Political diversity: employees at organisation enter with different political ideas and eventually affiliations. This emerges as point and source of conflict among them especially when they are compelled to make decision regarding crucial national actions, such as strikes, public demonstrations and petitions.

7.9 DIVERSITY IS A THREAT OR AN OPPORTUNITY?

Diversity is a all pervasive reality that every organisation irrespective of its size or nature must consider and cater to. Diversity with organisation must be

welcomed, acknowledged, appreciated and dealt with creativity, warmth and cross cultural recognition. This is because, no organisation has homogenous source of human capital, customers and suppliers.

Diversity affects or effects organisational performance and thus it is not just a moral, social or conscious issue rather it becomes imperative for an organisation to consider the same with the organisation and modify or alter the organisational policies and principles as well as culture accordingly. Misunderstanding, not considering diversity may lead to destroyed relationship, lost customer, failure of policies and decline in profitability.

Diversity management means consideration, acknowledgement and appreciation of differences as a valuable: These practices enhance the organisational performance by eliminating and preventing discrimination and promoting inclusiveness. Non diversity at workplace may mean to exclusion of portion of the population with risk of social gaps, fundamentalism leading to civil disturbances such as riots in French sub urban areas. This may also lead to political confrontation like immigration law in Europe and USA.

Looking at the recent trends in business world, successful businesses are anticipating and capitalising on gradually rising proportion of minorities, female, immigrants and older workforce. Most of the diverse and innovative firms have now started capitalising on the disable talent.

The point to be noted here is that, when a question of diversity arises, people think of ethnicity and race first and then gender. But diversity is broader term that needs to be studied in various dimensions. Diversity can also be defined as otherness or difference in human qualities that are different from what we or majority possess-yet present in other individuals or group.

Activity2: Conduct a survey in the internet to identify the reasons and need of diversity at workforce.

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7.10 IMPLEMENTING DIVERSITY MANAGEMENT STRATEGIES

Various differences among workforce has already been discuss, now let's look at how manager can and should manage those differences. Diversity management makes it possible to cater to diverse need and differences of people at work. This definition of diversity management highlights the facts that diversity management programme include and are meant for everyone. Diversity management practices will be successful if it works for everyone's business. Among various methods that an organisation must include and focus to manage diversity at work are given below:

Attracting diverse employees: One best method to enhance workforce diversity is to target recruiting message to specific people from specific demographic group. That is placing recruitment advertisement for specific demographic groups such as recruitment at university, college, with significant numbers of underrepresented minorities; and developing connection or partnership with associations like The India women scientist association.(IWSA) or tribe welfare association of India. Advertisement that depicts group of diverse employees are seen as more attracted to women and racioethnic minorities. That is why most of the organisations include workforce diversity in their recruitment advertisements. Recruitment advertisement that does not depicts diversity send negative message about the diversity climate at an organisation.

Selection: selection is also that another important area where diversity efforts can be applied. The manager who hire must welcome and value fairness and objectivity in selection process and also focus on productivity capacity of new recruitment. Where managers use a well defined protocol for assessing applicant's talent and the organisation clearly prioritizes non-discrimination policies, qualification becomes far more important in determining who gets hired than demographic characteristics (M.R. Buckley, K.A. Jackson, M.C.Bolino, J.G Veres and H.S. Field, 2007).

Career Development: similarity in personality may affect Career advancement. If personality traits of a person matches with his other co-workers are preferred for promotion over those whose personality traits does not matches with other co workers (J. Schaubroeck and S.S.K. Lam, 2002). Where collectivistic culture is there in organisation, similarity to supervisor is more important for career development and predicting advancement, whereas in individualistic cultures, similarity to peers is more important. Deep level diversity factors are more important in shaping people's reactions to one another surface level characteristics.

Study on 6000 workers in a major retail organisation provide evidence that stores with less supportive diversity climate, white employees made significantly more sales than African Americans or Hispanics. But when diversity climate was positive in such stores African American made more sales than whites. Whites and Hispanic sold about the same amount (P.F McKay, D. R. Avery and M.A. Morris, 2008).

Retaining Employees: Data shows that individuals who are more demographically different from their co-workers are more likely to feel low commitment and turn over; Women are more predominantly turn over from male workers and men are more predominantly turn over from female workers. Non whites are predominantly leave or replace job from where there are whites and vice-versa (A.S. Tsui, T.D.Egan and C.A. O'Reilly 1992). This type of behaviour is more prominent among new hires. As people gets accustomed to each other at work, demographic at work are less consistently related to turnover. Indian study shows negative perceptions about their organisation among employees from minority groups. The study revealed that women employees and those belonging to reserved categories perceived the organisation they worked in to be less fair and less inclusive as compared to those who were from majority groups (S.K.Sia and G.Bhardwaj 2009).

7.11 CASE STUDY

Shell: Finance function driving the diversity agenda

Shell is a global group of energy and petrochemicals companies. Shell reports promoting diversity and inclusion to give all its employees the opportunity to develop their skills and talents in line with corporate values and objectives. Shell General Business Principles identify one of the corporate aims as creating an inclusive work environment with equal opportunities. An interview with the vice president of finance showed that the finance function, with the assistance of a global steering committee, focuses closely on diversity management. Global finance leaders of the company have a strong commitment to diversity and they actively promote diversity in the finance functions. This senior leadership support has helped inculcate a positive cultural shift in the finance function towards recognising the value of diversity. The diversity leaders in the finance function believe that ‘winning hearts and minds’ is not enough alone; structures, targets and processes are needed to produce significant improvements in outcomes and to initiate a culture change. Currently, the function has a global emphasis on gender diversity. In addition, the need to go beyond gender is recognised and there is a significant effort to increase ethnic diversity, with a particular attention to Asian talent, given Shell’s customer base and capital investment.

Source: United States, Congress, Özbilgin, Mustafa, et al. “The Business Case of Diversity Management.” The Business Case of Diversity Management, 2014.

7.12 SUMMARY

This unit summarises diversity from many perspectives. The three basic variables of diversity are Biographical characteristics, ability and disability. Let’s recapitulate what we have learnt and summarise its importance for managers trying to manage organisational diversity.

- Biographical characteristics are conspicuous and can be readily available. But that does not mean that managerial decision must be derived out of it. Many research and studies demonstrated that biographical characteristics do not necessarily influence job performances. We also need to be aware of implicit biases we or other managers may have.
- Wise and effective selection procedure may ensure the fit between employees and job requirements. A thorough and deep job analysis will provide information about job currently being done and abilities that an individual must possess to perform the job effectively. Job application can be tested, evaluated, interviewed and analysed on the basis of skills and abilities required for the job and what all skills and abilities individual possess. A best match may prove best candidate to be hired.
- Promotion and transfer decision of an organisation must be taken keeping in mind the diversity of an organisation, culture sustaining in business and organisational policies and procedures. Care should be taken for newly hired employees to assess their abilities, developing desired behaviour required by an organisation.

- To accommodate employee with disabilities, managers should develop and alter mechanism by fine tuning the job so that it can match better with abilities of disabled individual. Change in Equipments, infrastructure, reorganising task within a group can help in accommodating diversity and differences of employees with disability.
- Diversity management must be continuous and crosses all level of the organisation. Recruitment, hiring, retention, group management and development practices can all be designed so that diversity can be flourished and generate advantage to an organisation.
- Policies to improve the climate of diversity can be effective, so long as they are designed to include and accommodate all differences of employees. Comprehensive programmes that address the diversity climate at multiple levels are more effective than one shot diversity training session.

7.13 SELF ASSESSMENT QUESTIONS

- 1) What are the key biographical characteristics and how are they relevant to organisational behaviour?
- 2) Differentiate between intellectual and physical Ability.
- 3) How do organisations manage diversity effectively?
- 4) Define levels of diversity within organisation.

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UNIT 8 ORGANISATIONAL CULTURE

Objectives

After going through this unit, you should be able to:

- understand the meaning of organisational culture, its functions and types;
- know the change, creation, dynamics and spirituality with organisational culture; and
- understand how to learn cultures, its dimensional, difficulty in implementation and global perspective.

Structure

- 8.1 Introduction
- 8.2 Meaning of Organisational Culture
- 8.3 What do Cultures do?
- 8.4 Types of Organisational Culture
- 8.5 Strong and Weak Culture
- 8.6 Creation of Ethical Organisational Culture
- 8.7 Changing Organisational Culture
- 8.8 Spirituality and Organisational Culture
- 8.9 Learning of a Culture
- 8.10 Cultural Dynamics
- 8.11 National Cultural Dimensions
- 8.12 Cultural Model of Management Development
- 8.13 Challenges to Development of Positive Coherent Organisational Culture
- 8.14 Drawbacks of Culture
- 8.15 Globalisation/Cross Cultural Impact
- 8.16 Case Study
- 8.17 Summary
- 8.18 Self-Assessment Questions
- 8.19 Further Readings

8.1 INTRODUCTION

We often heard somebody- a management consultant, a new CEO, a journalist, employees discuss about urgent need to alter the culture. Every one of these wants to make this world class. To clear off all the negatives and nonsense that hinders employees in their performance and their progress organisational culture needs to be changed. These culture critiques are as common as complaints about the weather- and about as effective. Companies can tap their natural advantage when they focus on changing a few important behaviours, enlist informal leaders, and harness the power of employees' emotions.

8.2 MEANING OF ORGANISATIONAL CULTURE

System within the organisation which fosters shared meaning by the members that differentiates the organisation from other organisation. An organisation culture has the following features and characteristics:

- Innovation and risk taking: Degree of innovation and creativity by the employees within organisation.
- Precision: level of precision, analysis and attention to details expected from employees.
- Outcome orientation: level of management focus on results and outcomes rather than techniques and process used by the organisation.
- People orientation: Consideration of effect of results on the people within the organisation.
- Team Orientation: Focus on development of task and activity for the group of people rather than individuals.
- Aggressiveness: Environment of being competitive and aggressive rather than easygoing.
- Stability: Ability of an organisation to maintain stability in contrast to growth.

Degree of above stated characteristics varies from low to high depending on the type of organisation and activities within it. Few authors have described the following characteristics of organisational culture:

- Regularities in Behaviour: interactions among employees within organisation are done in common language, terminology and rituals.
- Rules and regulations: each and every employee in organisation is bound to adhere to the rules laid down by the organisation.
- Dominant values: Most of the organisations have strong and dominant values to be followed by each employee. These dominant values can be high efficiency, low absenteeism, high product quality etc.
- Philosophy: philosophy means beliefs and values of organisation which are in organisation's policy which may be regarding treatment of customers and employees.
- Organisational climate: environment of trust and harmony among employees, interdependence and reciprocity and commitment. All these collectively develop organisational climate.

8.3 WHAT DO CULTURES DO?

Culture of an organisation performs various roles but can it be liability for an organisation.

First, cultures define the boundary of a role. It differentiates one organisation and others. Second, it develops and identity for an organisational member. Third, culture ensures commitment for group interest rather than individual self interest. Fourth, brings stability of the social system. Finally, it is system and mechanism that develops an attitude and behaviour of an employee.

Decentralized organisation strongly advocates the need for culture, but ironically, establishing strong culture is more difficult for such organisation. If formal authority and control system are shared and reduced than culture’s shared meaning can point everyone in the same direction. Virtual organisation with least face to face contact encounters difficulty with establishing common set of rules.

Individual- organization-fit means compatibility of employee’s attitude and behaviour with the culture strongly influences recruitment and selection, performance appraisal and promotion.

Culture creates climate

D Denison (1996) has defined climate as common perception of organisational members about their organisation and work environment. The common attitude and beliefs of every employee within organisation realise better output than the individual parts. Meta analysis (J.Z Carr, A.M Schmidt, J.K Ford and R.P Deshon, 2003) revealed that psychological climate was strongly related to individual’s level of commitment, involvement, motivation and job satisfaction. Higher customer satisfaction and financial performance is the result of positive overall workplace climate. Positive climate of an organisation that caters to Employees empowerment may contributes higher level of performance that generates climate for personal accountability (J.C Wallace, P.D Johnson, K. Mathe and J. Paul, 2011).

8.4 TYPES OF ORGANISATIONAL CULTURE

According to Robert E Quinn and Kim S Cameron, there are four types of organizational culture: **Clan, Adhocracy, Market, and Hierarchy**. This Four Cultures can be summarised in this table 8.1.

Table 8.1: Types of Organisational Culture

Name of culture	Clan	Adhocracy	Market	Hierarchy
1. Definition	The culture is more of family like that focuses more on mentoring, nurturing and doing things together	Culture is dynamic and entrepreneurial with risk loving attitude and being initiator.	Result oriented culture of competitive spirit, achievement and getting the job done.	Structured, controlled and rules driven culture with focus doing things rightly.
2. Leader Type	facilitator, mentor, team builder	Innovator, entrepreneur, idealistic	Hard driver, competitor, producer	Coordinator, monitor, organizer
3. Value Drivers	Commitment, communication, development	Innovative outputs, transformation, agility	Market share, goal achievement, profitability	Efficiency, timeliness, consistency, and uniformity

4. Theory of Effectiveness	Human Resource development and participation are effective	Innovativeness, vision and new resources are effective	Aggressively competing and customer focus are effective	Control and efficiency with capable processes are effective
5. Quality Improvement Strategy	Empowerment, team building, employee involvement, Human Resource development, open communication	Surprise and delight, creating new standards, anticipating needs, continuous improvement, finding creative solutions	Measuring client preferences, improving productivity, creating external partnerships, enhancing competitiveness, involving customers and suppliers	Error detection, measurement, process control, systematic problem solving, quality tools

Terrence E. Deal and Allan A. Kennedy have identified four different types of cultures in their research work titled *Corporate Culture: The rites and rituals of corporate life*. They have developed four corporate cultures namely:

- 1) Tough-guy macho
- 2) Work hard/ play hard
- 3) Best your company
- 4) Process

Details about these cultures are summarised in table below:

Table 8.2: Organisational Culture Profile

Name of culture	Tough guy macho	Work hard/ play hard	Best your company	Process
Risk assumed	High	Low	High	Low
Type of feedback	Fast	Fast	Slow	Slow
Applicability	Construction, cosmetics, television, radio ventures capitalism, management consultancy companies.	Real estates, computer firms, door to door sales operations	Oil, aerospace, capital goods manufacturer, architectural firms, investment banks, mining and smelting firms, military.	Banks, insurance company, utilities, pharma, financial services, government agencies.
Supervisor's behaviour	<ul style="list-style-type: none"> • Tough attitude • Individualistic • Can tolerate nothing 	<ul style="list-style-type: none"> • Are super sales people • Often friendly • Team approach for problem solving 	<ul style="list-style-type: none"> • Can endure long term ambiguity • Always double check decision • Technically competent 	<ul style="list-style-type: none"> • Very cautious and protective of their own flak • Orderly and punctual • Good at attending to details

	<ul style="list-style-type: none"> • Are superstitious. 	<ul style="list-style-type: none"> • Are non superstitious. 	<ul style="list-style-type: none"> • Having strong respect to authority 	<ul style="list-style-type: none"> • Always follow established procedure
Strength of personnel / culture	They can get things done	They are able to produce quickly high volume of work	They can generate high quality inventions and major scientific break through	They bring and system to workplace
Weakness of personnel / culture	<ul style="list-style-type: none"> • They do not learn from past mistakes • Short term orientation • Virtues of cooperation are ignorant 	<ul style="list-style-type: none"> • Look for quick and fixed solutions • Have short term perspective • More committed to action plans 	<ul style="list-style-type: none"> • Slow in getting things done • Organisations are vulnerable to short term economic fluctuations often cash flow problems. 	<ul style="list-style-type: none"> • Lot of red tape • Initiative is downplayed • They face long hours and boring work

Source: Terrance E Deal and Allan A. Kennedy: Corporate Cultures: The rites and rituals of corporate life, Addison Wesley, Reading Mass. Quoted in Fred Luthans, op.cit., p. 568

Activity 1: Go through few companies' website and find out their organisational culture. Briefly discuss your findings.

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8.5 STRONG AND WEAK CULTURE

Strong culture is the one where:

- Most employees have same opinion about organisation's mission and values;
- Organisational values are widely shared and deeply rooted;
- The more members who accept core values and the greater their commitment, the stronger will be the culture, for example Tata steel has strong organisational culture than their competitors because its employees knows what is expected of them in ethical situation and this develops their behaviour; and
- A strong culture faces low absenteeism because in such organisation there is cohesiveness, loyalty and organisational commitment with agreed and unanimous purposes.

On the other hand in weak cultures opinions of employees and management vary widely and organisational values are not widely shared.

8.6 CREATION OF ETHICAL ORGANISATIONAL CULTURE

Employees high in risk tolerance, moderate aggressiveness, and focused on methods and results display high ethical standards, shaped out of organisational culture. This ethical organisational culture has long term perspective and maintains a balance of various stakeholders of organisation be it employees, shareholders, and the community. Managers are encouraged for taking risk, being innovative, resistance to lose competition and supporting for not only result but also methods to achieve them. Positive impact can be seen on employee's behaviour, if the culture is strong and close knitted and supports high ethical standards. The negative impact of loose ethical culture may have diverse shapes. The systematic culture of unethical behaviour can result into customer boycott, fines, lawsuits, and governmental regulations and interventions.

The following principles demonstrate how an ethical culture can be created by manager;

- **Be a role model:** Actions and behaviour of top management are benchmark for employees. Appropriate behaviour of managers is imitated by the lower level managers. Therefore a manager should be a role model for his employees.
- **Communicate ethical expectations:** organisational codes of ethics must be shared properly stating organisational primary values and ethical rules to be followed by employees. There must be minimal ambiguity related to organisational ethics.
- **Ethical Training:** Trainings, seminars and workshops can reinforce the organisation's code of conduct, clarity of practices within organisation and removal of potential ethical dilemmas.
- **Use of carrot and stick methods:** use of carrot and stick method i.e rewarding ethical acts and punishing unethical ones can build strong ethical culture within organisation where each and every stakeholder flourishes. Review of means as well as ends are necessary for this. Appraising managers on how their decision will be measured against organisation's code of ethics.
- **Provide protective mechanism:** structured and formal mechanism within organisation provides opportunity to employees to discuss ethical dilemmas and report unethical behaviour without fear of reprimand. Ombudsman, ethical counsellors or ethical officers can perform such function of developing such mechanism.
- Setting up of positive ethical climate must initiate from top of the organisation. When top management emphasizes strong ethical values, ethical leadership will be practiced by supervisors. Positive ethical attitudes transfer down to line employees, who show lower levels of deviant behaviour and higher level of cooperation and assistance.

8.7 CHANGING ORGANISATIONAL CULTURE

With rapidly changing environment like globalisation, workforce diversity and technical innovation, the basic rules and values that gives shape to organisation

need to be altered and modified. Alteration and modification of organisational culture is difficult because of various reason such as; the strong culture of an organisation is unconscious, often non confrontable and non debatable. Another reason can be, culture is deeply ingrained and behavioural norms and rewards are well learned. i.e to learn new norms old norms must be unlearned by employees. Managers seeking to bring change in culture must first find the ways to maintain it. Research among hospitals found that change was welcomed in private hospitals with a collaborative culture whereas change was met with opposition in public hospitals with an autocratic culture (K. R. Thompson and F. Luthans, 1990).

The following model at figure 8.1 suggests the interventions used by the managers to change organisational culture. Here numbers represents interventions used by the managers. The basic structure to change organisational culture are: (1) introduction of new set of values for current members (action 1. 2 and 3), (2) introduction of new members and socializing them into organisation and removing current member as appropriate.(action 4 and 5) (S. Seren and U. Baykal, 2007).

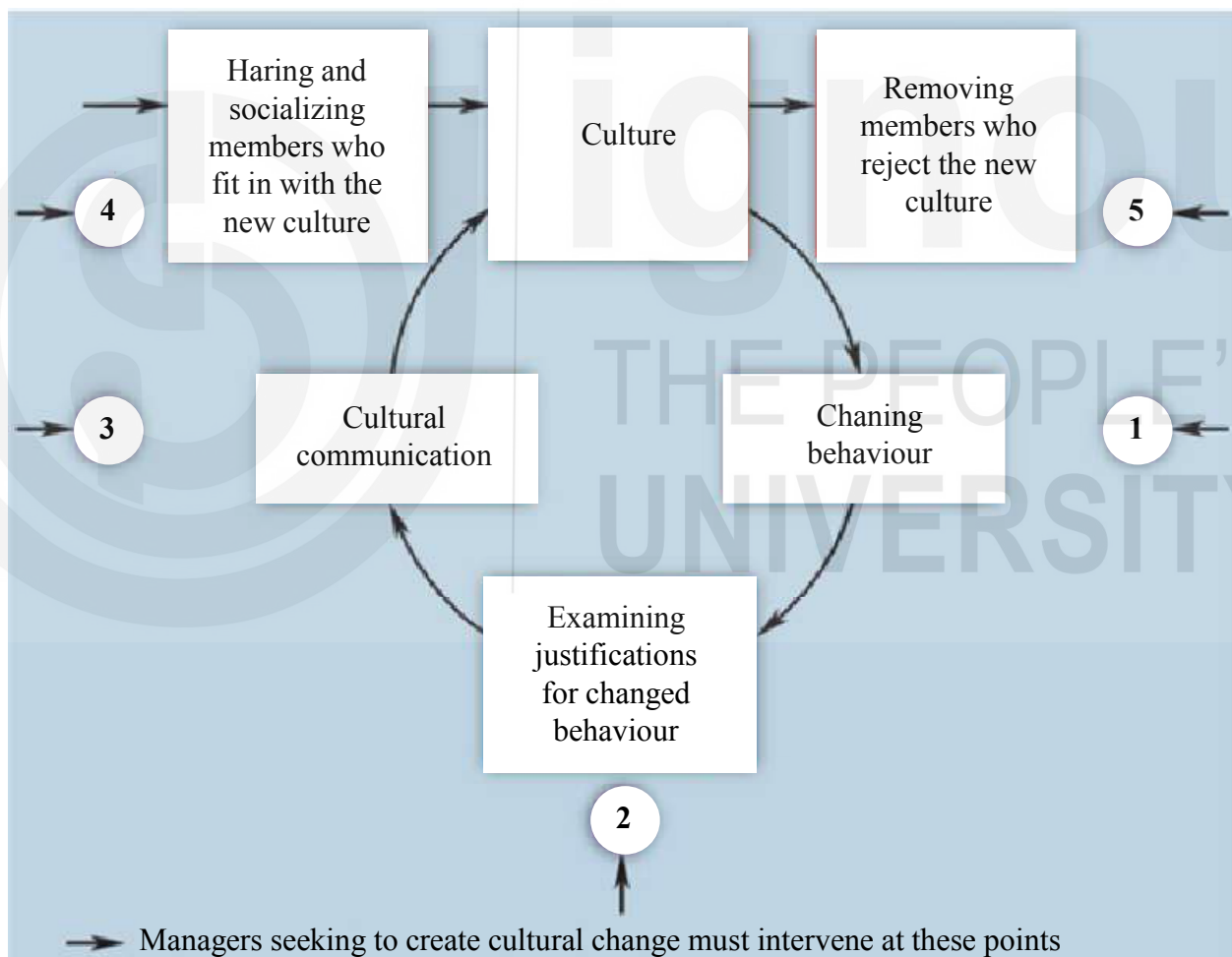


Figure 8.1: Interventions

Source: From Vijay Sathe, “How to Decipher and Change Corporate Culture,” Chap. 13 in *Gaining Control of the Corporate Culture* (R. H. Kilmann et al., eds.) Fig. 1, p. 245. Copyright © 1985 Jossey-Bass, Inc. Reprinted by permission of Jossey-Bass, Inc., a subsidiary of John Wiley & Sons, Inc.

Action 1: changing behaviour of an organisation. Behaviour is the artifact of culture. Behaviour of individual might be changed but values that drive it cannot be changed. They may rationalize, saying “ I m only doing because my manager wants me to.”

Therefore action 2 must be used by the managers, i.e examination and analysis of justification for changing behaviour. Are employees buying into the new set of values or are they just complying.

Third action of cultural communication is very much significant. Artefact of culture (i.e personal enactment, rites and ceremonies, rituals, stories and symbols) must send consistent message about new values and belief acquired. Communication is important and managers must live the new values not just talk about them. Social informal structure must be enhanced in organisation .informal communication network with employee’s belief and values can make a change success (W. G. Dyer 1987).

The last two actions (4 and 5) mean moulding the workforce so as to fit into the intended culture.

First; Selection strategies of an organisation must be revised to reflect new culture.

Second; The identification of individuals who are reluctant to change and no longer comfortable with new acquired values of an organisation.

Workforce reshaping must be done in a gradual and subtle steps with considerable time. Changing personnel as per new values and culture of an organisation is a complex and long term process. It cannot be achieved in a short span of time.

Activity 2: Discuss in your own words about the changing organisational culture.

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8.8 SPIRITUALITY AND ORGANISATIONAL CULTURE

Work spirituality is not about religious practices at work place or chanting and making prayers at workplace. Spirituality is not linked solely with god or theology. Workplace spirituality recognises that people have an inner life that nourishes and is nourished by meaningful work in the context of community (D.P Ashmos and D.Duchon 2000). Organisation with spiritually structured culture recognizes that as a part of community people try to connect with other human being and try to find meaning and purpose in their work. The traditional assumption that well run organisation does not consider feelings and perfectly rational model of an organisation is not associated with inner life of employees finds no place in the twenty first century companies. Study of emotions improves our understanding

of organisational behaviour and thus assimilation of spirituality helps in understanding employee's behaviour.

Following are the reasons for growing interest in spirituality:

- Maintain balance of stress and pressure in life. Contemporary lifestyle of nuclear family, single parents, and geographical mobility for jobs creates immense pressure, stress and seclusion.
- Job demands have made the workplace dominant in many people's lives; therefore a meaning of work is required to be answered by spirituality.
- There is strong need for integration of professional and personal life.

Features of spiritual organisation

- **Benevolence:** spiritually inclined organisation supports kindness for others and welfare for employees and other related stakeholders.
- **Strong sense of purpose:** There is strong meaning purpose in spiritual organisation. Profits are not sole goal for such organisation.
- **Trust and respect:** Mutual trust, honesty and openness are the features of a spiritual organisation. There is esteem values, dignity and respect for individual.
- **Open mindedness:** flexible thinking and creativity among employees are supported in spiritual organisation.

8.9 LEARNING OF CULTURE

Employees of an organisation learn culture in various ways. The most prominent are stories, rituals, material symbols and language.

- **Stories:** J.N Tata, the founder of Tata Group, instead of being priest in his parsi religion pursued a career in industry. He made this choice because he thought in this way he can serve people in India in much better way. Even today Tata Group employees hear this stories and proud of these values. Similarly, wipro's senior executive shares stories of fair, professional and involved Azim premji. Such kind of stories demonstrates that meritocracy, customer relationship, and dignity of all roles are values that are lived by and practiced in wipro.

Such types of stories within an organisation, link present in the past and support current practices. New entrants in the organisation also create their own narrative about whether they can fit or not fit in the organisation during socialisation, early interaction and first impressions of organisational life (A.J Shipp and K.J Jansen, 2011).

- **Rituals:** rituals are repetitive sequences of activities that express and reinforce the key values of the organisation- what goals are most important and which people are important and which are expendable (G Islam and M.J Zyphur, 2009). For example ambuja cement acquired by Holcim Ltd starts the day, programme and meeting with singing a collective song "Hum ko mann ki shakti dena" (bless us with determination). It is a ritual in an organisation that binds people and makes them take a short break for reflection. To gain energy and solidarity many IIM Ahmadabad dormitories have chants that they sing in the middle of the night. This practice has been followed in dormitories for many years.

- **Material:** Symbols: organisational culture can be communicated with unspoken words through symbols. When one enters into an organisation the feeling that one gets, that this organisation is formal, casual, fun, serious and so forth, these feelings are demonstrated by material symbols creating organisation's personality. For example; parking space for senior executive, large office space for senior managers, luxury automobiles for senior or successful officers of the organisation.
- **Language:** To identify members of a culture, many organisations and its sub units use language. These languages help members to attest their acceptance of it and to preserve it. New entrants of an organisation may first be overwhelmed by acronym and jargon that once comprehended, act as a common tool to unite members of a given culture or subculture.

8.10 CULTURAL DYNAMICS

Dynamics of a culture explains how culture develops personality, socialisation of culture in individual and social behaviour. A.L Kroeber and Clyde Kluckhohn described culture in following words.

Culture consists of patterns, explicit and implicit, of and for behaviour acquired and transmitted by symbols, constituting the distinctive achievement of human groups, including their embodiments in artifacts, the essential case of culture consists of traditional ideas (i.e. historically derived and selected) and especially their attached values; culture system may on the other hand, be considered as a product of action, on the other as conditioning elements of further action.

In the same manner, many studies support that organisations get influenced profoundly by the socio-cultural belief. As a result organisations must adapt to the social beliefs and values. Organisations good at changing themselves according to sociological environment will be able to realise organisational goals more quickly with efficiency. Culture becomes social ethos through the writ of the family and society in which he lives. It is known as Socialisation (Paul H. Mussen, 1971). Socialisation process teaches individuals with cultural dynamics that further derives the pattern of behaviour. Behaviour of an individual derives its shape from socialisation of culture which is a product of the family, social groups and other social factors.

8.11 NATIONAL CULTURAL DIMENSIONS

A framework for cross cultural communication is developed by Geert Hofstede in the year between 1967 and 1973. This framework describes relationship between society's culture and its effect on values of members of society. Originally four basic dimensions were developed by Hofstede which analyze cultural values. These dimensions were; Individualism-collectivism; uncertainty avoidance; power distance and masculinity-femininity. Later fifth dimension "long term orientation" was added. In 2010 Hofstede added a sixth and last dimension "Indulgence vs. self-restraint".

Dimensions of national culture are as follows:

Power distance index (PDI): the degree to which less powerful employees of organisation accept and expect that powers are not distributed equally. Follower

or employees at lower level perceive this inequality and power. Higher degree of this index signifies that well structures hierarchy is established and executed with no doubt. While lower degree of index represents people raise voice against authority and attempt to distribute power.

Individualism vs. collectivism (IDV): The extent to which people in a society are integrated into groups. Individualism describes loose knitted social system where every individual is concerned for himself or nearest family member. On the other hand collectivism is tightly knitted social system where people are concerned not only for themselves but also for the other member of the group which they belong and even protect them.

Uncertainty avoidance index (UAI): This index defines society's tolerance of ambiguity, where people accept or reject an event of something which is not known, not expected or away from status quo. Higher degree of uncertainty avoidance index represent society opting for strict codes for guidelines, behaviour, laws and generally relies on absolute truth and beliefs. A lower degree of index describes more acceptances of differing thoughts/ ideas. With lower degree of index, society is equipped with fewer regulations, more ambiguity and free flowing environment.

Masculinity vs. femininity (MAS): masculinity means society's preferences for achievement, heroism, assertiveness and material reward. Feminism represents cooperation, Modesty, concern for weak and quality of life. Women in feminine society are equally caring and modest towards men. In a masculine society women are more ardent and competitive but less ardent than men. This type of dimension is considered taboo in a highly masculine society.

Long-term orientation vs. short-term orientation (LTO):

The dimension explains linkages of the past with the recent and future challenges. Short term orientation or lower degree of index means traditions are followed, and steadfastness is valued. Society with long term orientation or high degree of index supports practicality of the things and adaptation. Country with short term orientation realise little or no economic development unlike country with long term orientation.

Indulgence vs. restraint (IND): This dimension is essentially a measure of happiness; whether or not simple joys are fulfilled. Indulgence is defined as "a society that allows relatively free gratification of basic and natural human desires related to enjoying life and having fun." Its counterpart is defined as "a society that controls gratification of needs and regulates it by means of strict social norms." Indulgent societies believe themselves to be in control of their own life and emotions; restrained societies believe other factors dictate their life and emotions.

8.12 CULTURAL MODEL OF MANAGEMENT DEVELOPMENT

Management development refers to structured mechanism of training and growth of managers and supervisors in order to manage organisation effectively. During the course of training and development, the managers are endowed with tools and techniques of management to manage people and thus achieve organisational goals and objectives. Thus management development is a training programme

developed in a formal and structured manner. In order to develop managerial skills. The programme passes through five stages; (1) identification of problem and incompatibility with current organisation status, (2) finding alternate solutions of a problem, (3) selection of a correct action and practising such behaviour, (4) feedback about the behaviour from reliable source, and (5) generalisation and integration of new behaviour into organisation's current culture (Heyel. Carl, 1984).

The management development programme must be in line with micro and macro environment of an organisation. Micro environment is the internal environment in which organisation operates. It is easy to modify and control and can be predicted beforehand. Impact of Micro environment varies from low to medium as it is easily identifiable associated with organisational policies and structure. On the other hand macro environment is the external, broad, unpredictable environment in which organisation operates. Macro environment is difficult to identify. Its impact can be minimized but can never be eliminated. The components of macro environment are customers, suppliers, competitor, socio-political components, government policy and interventions and technological components

Cultural model of management development can be summarised as follows:

- Human behaviour is a product of organisational culture. Perception, attitude and value system of an employee are cast in the mould of cultural dynamics.
- Influence of culture is difficult to transform by the managers as they are deeply rooted in his personality that behavioural modification with available reinforcement or interventions techniques is not possible within management development paradigm.
- Cultural components such as social beliefs, values, customs etc that derives set behaviour pattern should not be seen as an impediment but recompense for better organisational behaviour. The deep rooted socialisation system ensures traditional respect to authority, concern for work group and team spirit and emotional dedication towards organisational objectives. The organisations are some of the contributions of orient culture which are different from western culture.
- Spiritualism in an organisation can significantly reduce stress and frustration and individual and group conflict and tension.
- Instead of developing standardised and rigid management programme, the management programme must be so designed that it channelizes social ethos towards achieving management objective for effective organisation.

8.13 CHALLENGES TO DEVELOPMENT OF POSITIVE COHERENT ORGANISATIONAL CULTURE

Developing a closing united positive culture within an organisation is difficult task to carry out. There are various factors that are impediments to develop cohesive organisational culture. Few of them which greatly affects its implementation are; mergers and acquisition, globalization, ethics, and empowerment and quality are:

Mergers or acquisition: The amalgamation of two distinct organisational cultures is a complex and hard task. Such mergers and acquisition requires cultural change. Despite best of efforts, blending culture is difficult. Various researches indicates that some organisational cultures actually enhance differences in national culture. A comparison study was conducted between foreign employees working in MNCs and employees working in other organisation within their own countries. The basic assumption was that foreign employees working for MNC and their native employees working for other in their own countries are similar. Bu the results were contradictory that significant differences were seen among employees of MNC than among managers working for different companies within their native countries. Americans were more American and Swedish were more Swedish enhancing their national tradition even when working within a single organisational culture. When the diversity in organisation is high employees develop shared identity in the organisational culture keeping aside their national culture unlike organisation with moderate diversity (E. Salas, T. L. Dickinson, S. I. Tannenbaum, and S. A. Converse, 1991)

Globalisation: Values derived out of organisational culture must be in consistent with the global view of the company and its efforts. Values that support global view must be embodied and rewarded. Consistency of values must prevail. Consistent values of an organisation unite the organisation and make it difficult for rivals to emulate (E. Schein, 1988). Global organisation deals with conflicts of centralisation and decentralisation, therefore corporate culture that supports and incorporates decentralised subsidiaries around the world can be asset in the competitive global marketplace.

Development of ethical culture: Organisation culture gives rise to influence ethical behaviour of an organisation. Employees behave accordingly when ethical norms are promoted in company's culture. Managers being good role model, can encourage ethical behaviour. Culture that encourages whistleblowing, ethical behaviour can be managed and fostered with "Trust". Employees must have trust in whistleblower, procedure of investigation will be fair, and managers will take action for solving uncovered problems. For Example; At John Deere & Company, : "No smoke, no mirrors, no tricks: just right down the middle of the field," speaks about the company's ethics. The impact of these codes, values and ethics is not always positive for example; In India, the Tata Code of Conduct enunciates the values that govern the conduct and activities of the companies using the TATA name and the names of their employees. Some studies have expressed that institution of ethical code may lead to unethical or less ethical behaviour among employees, because in few cases code of ethics can be seen as simply management showpiece that cause cynical attitude and resentment among employees.

Empowerment and Quality: Employees prefer cultures that promote empowerment and quality. A company that emphasizes on continues improvement and empowerment have culture that supports high product and service quality. Cultures that emphasize empowerment and quality are preferred by employees. Companies that value empowerment and continuous improvement have cultures that promote high product and service quality.

Employees at Marriot hotels in India are called "Associates." Policy for employees at Marriott has three mantras; an open door policy, empowerment and fairness.

Through open door policy employees can approach to superior at any time. With Integrity hotline at every hotel allows every employee to make anonymous grievances. Culture at Marriot is such that there is level of confidence that voice of employees will be heard. Marriot has daily newspaper called Daily Packet that is a communication tool for employees in Marriot which provide information about business, special events, associate excellence and recognition of the day. Empowerment and quality in the organisation culture are reinforced with the help of involving employees in decision making, removing barriers of performance and communication of value of product and service quality.

8.14 DRAWBACK OF CULTURE

Culture helps in development of organisational commitment and consistency of employee's behaviour; this provides benefits to an organisation. Not only for an organisation, culture is valuable for employees too because it lays down system that tells how things are to be done and what's important. But one must not ignore the potential drawback and dysfunction of culture for organisation's effectiveness.

Barriers to change: culture may turn into liability for an organisation when shared values and organisation's values that further enhances effectiveness does not coincide. If organisation is surviving in diverse and rapidly changing environment, its entrenched culture may no longer be appropriate. Consistent behaviour and attitude in stable environment may be detrimental to an organisation and difficult to respond to changes.

Barriers to Diversity; Employees different form majority in terms of race, age, disability, gender and other characteristics creates dichotomy. Management develops a mechanism to incorporate these differences brought by the employees at workplace, but new employees with different characteristics must accept the organisation's core cultural values. Strong and rigid culture of an organisation can be liability as diverse behaviours and unique strength of new entrants are likely to diminish as people attempt to assimilate this strong culture of an organisation.

Barriers to Acquisition and mergers; Unlike the tradition motive of mergers and acquisition to gain financial advantage and product synergy, for contemporary mergers and acquisition cultural compatibility has become of great concern (S. Cartwright and C.L Cooper, 1993). An organisation and reap the maximum benefit out of mergers and acquisition only if two cultures match.

For example; A survey by A.T Kearney; a consulting firm, revealed that 58 percent of mergers failed to realise their financial goals because of "people issues" i.e conflicting organisational cultures. An Indian example of domestic acquisition of Flakt by ABB in 1987 after a cross border Swiss Swedish merger at the parent level faced a debacle because of laid back culture of Flakt and Dynamic culture of ABB.

8.15 GLOBALISATION/ CROSS CULTURE IMPACT

Collectivism- individualism, power distance and so on are cultural values of an organisation. A broad question that is asked many times by various researchers

and concerned person is that does national culture affect the way organisational culture is transported to a different country? How organisational culture is affected by a global context? Organisation culture is so profound that it sometimes crosses national boundaries. But that does not mean organisation should or could ignore local culture.

Reflection of national culture can be seen in organisational culture. Culture at Air Asia a Malaysian based airlines support status uniformity. They support informal dressing so that status differences cannot be made. Malaysian culture supports and advocates collectivism. However Indian Airlines culture does not support same degree of informality. Merger of culture must be considered to merge two companies from different region with different culture. Indian companies are becoming dominant force in business. Various companies like Infosys, Indorama, Tata steel, Wipro, TCS, and Microsoft developed and implemented training programmes to sensitise their managers to cultural differences. Speaking slowly, listening more, avoiding personal questions, and avoiding politics can help Indian managers to learn cultural differences.

The management of ethical culture is one area where national culture can rub up against corporate culture (D.J McCarthy and S.M. Puffer, 2008). Managers at U.S support anonymous market forces and see profit maximisation as a moral business obligation. This attitude thinks bribery, nepotism and favouritism as highly unethical. Deviation from profit maximisation sends inclination that something unethical, corrupt or inappropriate is occurring in an organisation. On the other hand culture of developing countries like India and south Asian countries feels ethical decisions are embodied in social environment. That is favouring someone who is close and known is not appropriate at all, in fact it is ethical responsibility of one to support and favour family member and friend.

Managers in many countries do not support capitalism and feel interest of workers and shareholders must coincide with each other. It is imperative for a business to be culturally sensitive. Various Organisational functions like motivation, reward, leadership and communication have different meaning around the globe in different culture. Let's discuss about each of these functions one by one.

Motivation: Motivation theories and approaches are mainly developed in America. Nevertheless, some of the theories and techniques do apply to other societies as well. For example, equity theory has takers in Korea, Japan and the U.S. Maslow's theory too has found itself applicable but with changes in the needs priorities. In Greece and Japan, for example, security needs are more important, whereas social needs tend to dominate in Norway and Sweden. Employees in different cultures perceive work differently, For Indians, work is not just an economic reward, but it also deems to confer status and dignity. But for Americans, work is equated just with economic rewards.

Rewards: Employee's expectations from their jobs depend on respective cultures. Naturally, rewards also vary across cultures. For example, job security is more valued in some cultures than in others. In certain societies like the U.S. for example, individual rewards like recognition, promotion and merit pay increase are more valued. On the other hand, in Japan, employees place a higher value on group rewards and recognition. It is essential that a manager must understand the varying expectations and rewards of employees and provide them accordingly.

Leadership: Cultural factors influence the effectiveness of specific leadership actions, and determine varying leadership styles in different countries. In a society with a high power-distance, employees routinely expect the leader to make decisions, solve problems, and assign tasks. In such a culture, any effort by the leader to promote participative style of management will be opposed. On the other hand, under conditions of low-power-distance any directive behaviour by the leader will not be tolerated. Employees expect empowerment from the leader. 30 Organisational Processes We must note that leaders play different roles in various cultures. For example, in Europe, managers go beyond the boundaries of formal managerial roles. In China, leaders are expected to remain formal and function within the formal roles assigned to them. Whereas in Japan, the role of a leader is more of a facilitator to group performance and less as control mechanism.

Communication: Different words may mean different things to different people. In addition to different vocabularies, cross-cultural communication is made difficult by the fact that in different languages even the same word can mean different things. Communication problem will arise because of alien language and unfamiliar body gestures. In international perspective, two issues namely, language and coordination are relevant.

Language: Some words are understood differently in different countries. An example is that Japanese managers rarely come out with direct “no” to mother’s request. The manner in which they avoid saying “no” is to say “yes” and then follow the affirmative answer with a detailed explanation which in effect means “no”. General Motors produced a car called the Nova, which did not sell well in Italy where “no va” means “does not go”. In China, Coco-Cola means “bite the head of a dead tadpole”.

8.16 CASE STUDY

Do not throw your meishi!

Some time ago the Competitiveness Division of the Department of Trade and Industry (DTI) in the British government commissioned research on British small and medium-sized enterprises (SMEs) that had managed to set up successful businesses in Japan, one of the toughest (though lucrative) global markets to break into for foreign firms. Numerous success stories from the study show how some firms managed to adapt to the differences in culture, society, and business practices that can act as barriers to foreign firms. But there are also numerous tales of the blunders that some managers made that undermined their efforts to establish themselves in Japan.

Meishi is Japanese for “business card,” but has a deeper significance in Japan than elsewhere as a representation of the employee’s allegiance to and respect for his or her company. The strong emphasis placed on loyalty and obligation between employees and their firms, lifetime employment based on a moral contract (rather than a price-based contract), and a manager’s position as a member of a collective all have a strong influence on his (sometimes her) behaviour when interacting with others. Kaisha-in literally means “company person,” but it also denotes the individual as a representative of “our company” in the sense of a shared group consciousness. The company name comes first, before the

individual's name on the meishi and when making introductions. The exchange of meishi also establishes relative rank within the strict corporate and social hierarchy and therefore guides the correct behaviour and even form of language used for interacting. Overall for the Japanese exchanging, meishi is an important symbolic ritual.

A senior technology manager from Scotland on his first assignment to Japan was attempting to establish a strategic alliance with a local firm as a starting point for marketing and selling his firm's products locally. In his first meeting he faced six senior executives from the Japanese firm, ranged across a board room table traditionally in order of seniority. Almost the first act of the Scottish manager was to throw his newly printed meishi across the table to each of the Japanese executives in turn!

There is no way of knowing how significant this single act was in undermining this firm's market entry in Japan. It failed in its attempt to forge an alliance with this particular Japanese firm and with others, eventually leading it to abandon its attempts. What we can say for certain is that a small amount of preparation by this manager to build even a basic understanding of business etiquette in Japan would have improved this company's chances of building a successful business in Japan.

The overall study, including 30 detailed case studies of successful British firms in Japan, demonstrates very clearly that managers need to understand the cultural and social norms that underpin business practices in different countries if they are going to do business in those countries. The lesson applies to firms engaged in cross-border mergers and alliances, expanding into new markets through foreign direct investment activities, or even at the simple level, when hiring new recruits from overseas, outsourcing to foreign countries, or selling products and services abroad. Cultural awareness is critical to making business relationships work, at the face-to-face level or at the company-to-company level.

Sources: S. Collinson, Small and Successful in Japan: A Study of 30 British Firms in the World's Most Competitive Market (London: Avebury Press, Ashgate Publishing Group, 1996); C. Nakane, Japanese Society (Tokyo: Charles E. Tuttle, 1973).

- 1) Explain what kinds of broad cultural differences we are likely to find between the Japanese and the British.
- 2) What impression do you think the Scottish engineer made on the Japanese executives?
- 3) What steps could the Scottish firm have taken to avoid this kind of mistake?
- 4) How easy is it to do a simple cost-benefit analysis on investments into improved cultural awareness among employees?

8.17 SUMMARY

For more than one reason companies are expanding their horizon of operations. Globalisation of business has come to stay. It is essential for any manager to understand the dynamics of organisational culture, its issues and needs. Cross-cultural impact on an organisation includes such aspects as individual behaviour, group dynamics, leadership, environment, technology and organisation structure. Culture differences influence perception of people about work, group harmony,

discipline, and other aspects of life, Ample evidence points to how cultural differences in values, beliefs, traits, and decision styles influence different management practices. For instance, the individualistic performance appraisal, compensation and reward practices characteristic of the U.S. human resource system are not the norm in more collectiveness Asian cultures.

8.18 SELF ASSESSMENT QUESTIONS

- 1) Define the various management functions under various global organisational cultures.
- 2) Explain how various factors impede organizational cultural development.
- 3) Explain Cultural Model of Organisational development.
- 4) Explain national cultural dimension given by Hofstede.

8.19 FURTHER READINGS

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