

ORGANISATIONAL CULTURE AND MANAGEMENT STRATEGY

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ABSTRACT

If the organizational culture is incompatible with its strategy, objectives will not be met. Before changing the organisation's strategic direction, top management should be prepared to reshape the organization culture to fit the new strategy. Understanding culture can be useful in two ways. First, cultural insight provides awareness of the extent to which organization members are willing to accept change; and second, a cultural assessment is likely to determine the root cause of the problems that impede stronger performance. Evidence suggests that organization members are more inclined to embrace change when the organization's culture is aligned with the mission and goals of the organisation. Although senior management may espouse a set of values that they assume defines the organizational culture, the reality is that the way members perceive what is rewarded and what they believe to be the underlying message will constitute the "real," in-use culture of how things are accomplished. Therefore, we suggest that a cultural analysis be undertaken to facilitate the planning and implementation of organizational change.

This article is analytically organized to develop an understanding on organizational culture and highlights the role of contextual identities in linking behaviors and their social meaning in organizations. Literature on organisational culture is reviewed to give a wider view to the concept. It concludes with traits to enhance workplace culture for organizational benefit.

Keywords: Strategy, Change Management, Human Resources Management

INTRODUCTION

Getting organisational culture right is important, which is why organizations invest heavily in shaping their cultures and influencing the behaviors of their workforces. Determining how much value is derived from the investment is another matter. Does the money spent on developing and communicating mission statements and organisational values really change employee behavior, or are there hidden, more powerful forces at work that make this investment ineffective? And if the investment in shaping culture does bring about change, is

it promoting behaviors that support performance, or inadvertently encouraging poor behaviors?

The key to developing organisational culture, particularly one that becomes a source of competitive advantage, requires gaining insight into how culture is formed; this includes the important role that employees' attitudes and perceptions play in the process. Organizations that take time to understand the process and develop a highly engaged workforce can expect to see significant performance improvements. For those that create a culture aligned with their organisational strategy, the rewards are greater still: a workforce acting in unison as a dedicated powerhouse, moving the organization toward meeting its strategic goals.

Having a highly engaged workforce is not enough for an organisation. It is equally important to align the organizational culture with the organisation strategy. A workforce that is pulling in the wrong direction—one that operates with enthusiasm but contrary to strategic intent—is detrimental to performance. A workforce that operates with enthusiasm and pulls in the right direction delivers improved performance and makes a significant impact on the ability to achieve strategic goals.

Indeed, getting the right mix of strategy and culture creates a formula for the success of an organisation. Pursuing a strategy of innovation in a dynamic market can only succeed within an inquisitive culture where the workforce pushes boundaries and management encourages new ideas and constructive risk-taking. Similarly, pursuing a strategy of high-volume, low-cost processes can only succeed within a disciplined culture where the workforce operates in an efficient, repeatable production environment with a mindset for continual cost improvement. Many combinations of strategy and culture fit are broadly intuitive. What is less obvious is the "culture lag" that occurs when the culture fails to shift in line with strategy and the performance risk that arises as a result.

The strategy required a culture of trust and open exchange across the organization and with key external players. It required the workforce to make fundamental changes: increased focus on the end customer, greater curiosity and openness to new ideas, and significantly more internal and external collaboration. The prevailing culture of "not invented here" was changed to "proudly found elsewhere." Organization structures, systems, communications and even recruitment reinforced the new culture and the desired behaviors. The result was a closing of the gap between the old thinking and the new innovation-driven strategy and an organization that was aligned for success.

OBJECTIVES OF THE STUDY

The objectives of this study are:

1. To examine various aspects of organizational culture,
2. How organizational culture influences the likelihood of success for change strategies, and
3. To provide suggestions to the readers to apply it within their organization.

METHODOLOGY

The present study has been carried out by interpretation and analysis of some available literature and publications.

LITERATURE REVIEW

The concept of 'organisational culture' has become popular since the early 1980s. Along with the growing interest in the topic, there seems to be little agreement within the literature as to what 'organisational culture' actually is and, therefore, there are different definitions and perspectives on this topic. Some define organisational culture as the observable behavioural rules in human interaction (Van Maanen 1979); some as the dominant values in an organisation (Deal & Kennedy 1982); others as a consistent perception within an organisation (Robbins 1998). One of the most common definitions of organisational culture includes shared values, beliefs, or norms (Beyer & Trice 1987; Tunstall 1983; Wilkins & Patterson 1985; Martin 1985; Barney 1986; Kerr 1991) (Chen, CS 1994). As a summary, Yanagi (1994, p. ii) stated that organisational culture can be defined as 'philosophies and values shared by the members of organisations and their behavioural patterns for translating them into practical actions'. Another often referred-to definition of organisational culture was devised by Schein (1989, 1992). According to Schein (1989), culture is a coherent system of assumptions and basic values, which distinguish one group or organisation from another and orient its choices. Hence, organisational culture implies '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 valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems' (Schein 1989, p. 9).

From another point of view, organisational culture might be seen as 'a means of stabilising behaviour' (Graves 1986, p. 11). This view is supported by Kramer (1974) and Foy (1974), who considered organisational culture as the glue that holds organisations together – a means by which participants communicate and co-ordinate their efforts – and incidentally a ring fence separating insiders from outsiders. In 'An allegorical view of organisational culture' (Frost, *et al.* 1985), a group of organizational researchers noted that 'an organisation's culture has to do with shared assumptions, priorities, meanings and values – with patterns of beliefs among people in organisations. Some people see such a culture as emerging to solve problems posed by situations that people encounter in organisational settings; others see a culture as the ways in which people cope with experience. Some talk of it as a 'social glue'. Those who express sensitivity to the idea of organisational culture say that what it does is sensitise people to the softer, less tangible, more subtle aspects of organisational life. Talking about organisational culture seems to mean talking about the importance for people of symbolism – of rituals, myths, stories, and legends – and about the interpretation of events, ideas and experiences that are influenced and shaped by the group within which they live. This approach draws people's attention to artefacts in organisations and the meanings attached to them, and to an awareness of history, of the past in organizations having a bearing on the present and the future in those organisations'. Although many ideas about organisational culture seem to be shared by organisational researchers, there are important differences and even disagreements. For example, some see the term 'organisational culture' as a metaphor – organisations are like cultures – and they try to understand the attributes of culture that might be relevant to organisations in terms of a symbolic process. Others see organisational culture as a thing, an objective entity ('organisations have cultures') that can be examined in terms of variables (independent and dependent) and linked to other things such as performance, satisfaction, and organisational effectiveness. There is disagreement as

to where the organizational culture originates, whether the unconscious mind plays a role, whether there is a single organisational culture or many cultures, whether an organisation's culture or cultures can be managed, whether organisations have cultures, or are places to study cultures, whether and how organisational cultures can be studied and whether they should be studied at all (Frost *et al.* 1985, pp. 17-18).

Despite the various definitions and perspectives on organisational culture, one thing is universal amongst most of them, and that is the shared nature of the beliefs, philosophies, norms ...etc. In essence, many claimed that the function of organizational culture is to create a feeling of '*esprit de corps*' within the organisation (Van Maanen & Barley 1985, p. 39). If this is so, then we should attempt to examine why organizational culture is regarded so important and valuable.

Organisation and Culture

An organization is a common platform where individuals work in unison to earn profits as well as a livelihood. A place where individuals realize the dream of making it big is called an organization. Every organization has its unique style of working which often contributes to its culture. The beliefs, ideologies, principles and values of an organization form its culture. The culture of the workplace controls the way employees behave amongst themselves as well as with people outside the organization.

- The culture decides the way employees interact at their workplace. A healthy culture encourages the employees to stay motivated and loyal towards the management.
- The culture of the workplace also goes a long way in promoting healthy competition at the workplace. Employees try their level best to perform better than their fellow workers and earn recognition and appreciation of the superiors. It is the culture of the workplace which actually motivates the employees to perform.
- Every organization must have set guidelines for the employees to work accordingly. The culture of an organization represents certain predefined policies which guide the employees and give them a sense of direction at the workplace. Every individual is clear about his roles and responsibilities in the organization and know how to accomplish the tasks ahead of the deadlines.
- No two organizations can have the same work culture. It is the culture of an organization which makes it distinct from others. The work culture goes a long way in creating the brand image of the organization. The work culture gives an identity to the organization. In other words, an organization is known by its culture.
- The organization culture brings all the employees on a common platform. The employees must be treated equally and no one should feel neglected or left out at the workplace. It is essential for the employees to adjust well in the organization culture for them to deliver their level best.
- The work culture unites the employees who are otherwise from different back grounds, families and have varied attitudes and mentalities. The culture gives the employees a sense of unity at the workplace.

- Certain organizations follow a culture where all the employees irrespective of their designations have to step into the office on time. Such a culture encourages the employees to be punctual which eventually benefits them in the long run. It is the culture of the organization which makes the individuals a successful professional.
- Every employee is clear with his roles and responsibilities and strives hard to accomplish the tasks within the desired time frame as per the set guidelines. Implementation of policies is never a problem in organizations where people follow a set culture. The new employees also try their level best to understand the work culture and make the organization a better place to work.
- The work culture promotes healthy relationship amongst the employees. No one treats work as a burden and moulds himself according to the culture.
- It is the culture of the organization which extracts the best out of each team member. In a culture where management is very particular about the reporting system, the employees however busy they are would send their reports by end of the day. No one has to force anyone to work. The culture develops a habit in the individuals which makes them successful at the workplace.

Managing Culture

Organizational leaders manage their operations and finances. They must manage their cultures as well. In his landmark book *Organizational Culture and Leadership*, the noted cultural theorist Edgar H. Schein writes: "Culture not only explains many organizational phenomena ... it is also something that leaders can manipulate to create a more effective organization." Schein emphasizes that culture can be actively administered to advance corporate aims.

Managing culture is a central responsibility of leaders today. What's more, it must be an ongoing process if they are to keep pace with ever-changing markets, customer needs, and competition. Culture management is especially relevant when you consider a company's macroenvironment and microenvironment. The macroenvironment contains all the external forces (i.e., socio-economic, regulatory, geo-political) that are beyond management's control. The microenvironment includes all the internal variables that are within management's control (i.e., decisions on staffing, resource allocations, or corporate development strategies). Culture falls squarely in the realm of the microenvironment. So if culture is something leaders can control to shape their companies' future success, why don't more of them do so? There is one key reason why.

A practical Side of Organisation Culture

Many middle managers have told that culture is not relevant to them. They view it as being decidedly high-level and something that relates to the workings of an entire enterprise. Those are apt descriptors. But the fact is individual groups emerge within organisations. They often represent cultures of their own, a subcultures. These groups (i.e., regional divisions, business units, or large departments) each exhibit cultural traits. Hence, each can be understood and managed in cultural terms. It is for this reason that all executives, not just CEOs, should understand how culture can influence an organisation's objectives.

An effective organisational culture creates an environment where an organisation and its people can thrive. The problem has always been in accurately defining culture in order to manage its component characteristics for strategic advantage. Organisational culture can be thought of as the series of employee beliefs, attitudes and modes of behavior that collectively define an organisation's character and which determine its ability to achieve optimal operational efficiencies and sustainable growth.

But what specific "employee beliefs, attitudes and modes of behavior" mark cultures that are able to spawn substantive and enduring growth? In short, what makes an effective, high-performance culture?

Traits of Effective Cultures

Effective organisational cultures have several traits. They are marked by high levels of employee productivity, creativity and commitment. These in turn drive increased quality, innovation and profitability. Ideally, all leaders strive to develop cultures that generate these beneficial results. But dynamic cultures don't just emerge by themselves. They must be actively forged by the people charged with ensuring a organisation's strategic and financial success.

Based on recent research, there appear to be three core traits common to effective cultures. Let's look at each one.

1. There is clarity of vision, mission and values among employees throughout the organisation. In productive cultures, all workers understand what is driving the organization strategically. Employees recognize what the firm's strategic priorities are, what its competitive differentiators are, and how it is positioned in the marketplace vis-à-vis competitors. Understanding where their organisation is now, and where it's heading, helps managers at all levels better deal with the organisation's stakeholders: customers, suppliers, business partners, etc. Beyond vision and mission, a strong value system is central to effective cultures. When employees genuinely embrace the ideals on which the firm is based, they approach their day-to-day business dealings and relationships productively and positively.
2. Employees at all levels understand their individual and inter-dependent roles in attaining the vision. Effective cultures are marked by coordinated, team-based interactions. Employees in different departments and business units work to complete tasks and to advance growth and process improvement objectives — furthering the organisation vision. Consider the simple process of handling a customer complaint. In dynamic cultures, a customer service representative knows that a significant product complaint received from a buyer must be immediately communicated through the organization. The sales manager knows to contact marketing. The marketing manager recognizes the need to possibly alert manufacturing operations or finance. By their nature, all functions of the organisation are linked. In effective cultures they are tightly linked. Employees recognize how their function interfaces with others throughout the organisation, and they coordinate their efforts accordingly.
3. There is strong alignment between employee attitudes and strategic goals and objectives. This is a key characteristic of high-performance cultures. When people

feel that their individual objectives (i.e., personal, professional, lifestyle) are being advanced in their current job, they are more likely to have positive attitudes and be productive and loyal. To forge effective cultures, leaders must periodically assess the link between valued employees' job responsibilities and their personal and career objectives. Do those employees feel they're on a solid track? Do they feel they're advancing in terms of knowledge and experience and personal growth? When people do not feel that their current jobs are putting them closer to their future objectives, they get frustrated.

Communication and Culture

There is a common thread running through each of the aforementioned cultural issues is communication. Focusing on the three key traits from a communication perspective can help leaders determine whether or not theirs is a productive organisational culture.

- Leaders must note the degree to which employees understand, and embrace, the organization's mission and strategic direction. When there is a disconnect — such as when people do not receive regular communications that keep them abreast of the organisation's evolving strategic game plan — customer and stakeholder relation problems can result.
- Ineffective communications are often at the heart of functional and operational problems. Leaders must assess how well employees are interacting in terms of information-sharing and knowledge-management ... and they must always strive to maximize team-based communications.
- Lastly, leaders who do not know about key workers' satisfaction levels — relative to those employees' personal objectives -- may be unaware of burgeoning discontent, which may spark drops in productivity and hikes in employee turnover.

Clearly, every organisational culture is different. Each one possesses its own defining nuances. In a sense, the three key traits are not descriptive characteristics as much as they are crucial conditions to foster growth and operational excellence. One thing is clear that people spell the difference between profitable and unprofitable organisations . The fact that culture is decidedly people-oriented underscores its importance in ensuring success.

CONCLUSIONS

This article provides a framework for the consideration of strategic management in terms of the social and cultural processes in organizations. It has proposed explanations for the strategic inertia that exists in organizations and the consequent strategic drift that can occur; and also proposed ways to consider the sorts of managerial change processes in cultural terms that can help achieve strategic change in organizations. The core of the argument is that it is the social, political, cultural and cognitive dimensions of managerial activities which both give rise to the sort of incremental strategic change typical in organizations but which can also be employed to galvanize more fundamental strategic change. These aspects of management are employed by managers in their everyday working lives. Managers behave in ways which are political and symbolic. Such approaches provide familiar, if not explicit, tools of management. Managers also recognize the powerful influence of cultural systems. What they lack is an explicit framework to make sense of the links between

strategy, culture and managerial processes of strategic change. This paper has set out to provide this framework and thus of better considering problems and means of strategic change in such terms.

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