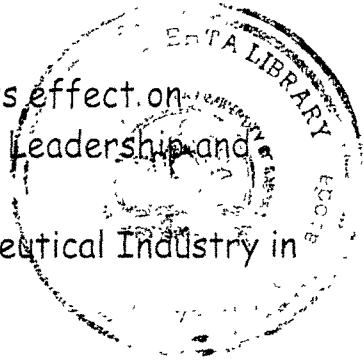


A Study of Organization Culture and its effect on  
Organisational effectiveness, Productivity, Leadership and  
Industrial Relations"  
(A Comparative Study of Textile and Pharmaceutical Industry in  
Gujarat - 1996)



*An Abstract of  
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The Faculty of Social Work  
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## **ORGANISATION CULTURE: CONCEPT AND DEFINITIONS**

The concept of Organisation Culture has been growing in its relevance with more and more researchers, theorists and management professionals showing ever increasing interest in the concept. Organisation Culture as a concept has taken hold, but it is not yet clear whether it will survive as a useful and viable addition to the conceptual armamentarium of organisation studies (Schein, 1991). Culture as a concept has had a long and checkered history. It has been used by the lay person as a work to indicate sophistication. It has been used by anthropologists to refer to the customs and rituals that societies develop over the course of their history. In the last decade or so it has been used by some organisational researchers and managers to indicate the climate and practices that organisations develop around their handling of people or to refer to the espoused values and credo of an organisation. Organisation Culture in general is described as an amalgam and summary of the ways in which the activities are conducted and the standards and values adopted. It encompasses the climate or atmosphere surrounding the organisation, prevailing attitudes within it, standards, morale, strength of feelings towards it and the general levels of goodwill present.

Organisation culture refers to a system of shared meaning that distinguished the organisation from other organisations (Schein, 1985 and Becker, 1982). Organisational Cultures have been characterised by "shared realities" that contribute to unique behavioural expectations (Bate, 1984; Kinnunen, 1990; Schall, 1983; Wilkins and Patterson, 1985). Barnett (1988) suggests, "It is through its shared symbol system that an organisation communicates its values, behavioural expectations, communicates its values, behavioural expectations, common experiences and self-image among its members." He further describes values as the assumptions on which organisational activities occur and suggest that research supports the conclusion that values contribute to goal development, evaluation, and the shared standards by which

organisational member behaviours are judged. Goodstein (1983) has suggested that the most important implication of regarding organisations as cultures is that "organisations like persons have values and that these values are integrated into some coherent value system... In any organisation the members generally have a set of beliefs about what is appropriate and inappropriate organisational behaviour." In other words, organisational value systems help organisational members to understand what the organisation holds as important and how the "unique sense of the place" should influence their personal decision making and behaviour.

Schein (1983) also provides a model of how organisational cultures begin. Specifically, the history of new organisations suggests that they share the following initial steps. The founder (or founders) has an idea for a new enterprise: a founding group is created with members who have initial consensus about the idea: the founding group acts to bring structure and resources to the idea: and the initial functioning of the group is based on the idea (i.e., the group begins to develop a history). Schein suggests, "In this process the founder will have a major impact on how the group solves its external survival and internal integration problems. Because the founder had the original idea, he or she will typically have biases on how to get the idea fulfilled-biases based on previous cultural experiences and personality traits." In later work, Schein (1985) suggests that the functions of culture differ by growth stages of organisations. During the birth and early growth of organisations, for example, the founder or family dominates the organisation and culture functions to hold the organisation together, emphasise socialisation, and develop commitment. Organisational midlife is characterised by the spawning of subcultures and loss of key goals, values, and assumptions. Organisational maturity brings cultural constraint on innovation with an emphasis on preservation of the past.

There is little agreement amongst scholars as to what actually is "Organisation Culture " However the following major themes emerge in the definitions given by various scholars.

1. Shared values, norms, and assumptions.
2. Learned, unconscious, taken-for-granted, collective and contemporary rules of behaviour
3. Unique to the organisation
4. Specialised mode of control, social energy and shadow-like reality.
5. Common understanding influenced by social and historical processes
6. Invented, discovered or developed by a group.
7. Collective symbolic representation of the organisation's reality
8. Meaning of existence

#### **CHARACTERISTICS OF ORGANISATION CULTURE:**

From an overview of the literature on Organisation Culture there appears to be a widespread acceptance and agreement that Organisation Culture refers to a system of shared meaning held by members that distinguishes one organisation from other. This shared meaning is articulated by certain characteristics that form the essence of Organisation Culture. Research by Hofstede et. al. (1986) identifies these characteristics as follows:

1. Member Identity: The degree to which employees identify with the organisation as a whole rather than with their type of job or field of professional expertise
2. Group Emphasis: The degree to which work activities are organised around groups rather than individuals
3. People Focus: The degree to which management decisions take into consideration the effect of outcomes on people within the organisation.

4. Unit Integration: The degree to which units within the organisation are encouraged to operate in a co-ordinated or interdependent manner.
5. Control: The degree to which rules, regulations, and direct supervision are used to oversee and control employee behaviour.
6. Risk Tolerance: The degree to which employees are encouraged to be aggressive, innovative, and risk seeking
7. Reward Criteria: The degree to which rewards such as salary increases and promotions are allocated according to employee performance rather than seniority, favouritism, or other non-performance factors
8. Conflict Tolerance: The degree to which employees are encouraged to air conflicts and criticisms openly.
9. Means-ends orientation: The degree to which management focuses on results or outcomes rather than on the techniques and processes used to achieve those outcomes.
10. Open-system focus: The degree to which the organisation monitors and responds to changes in the external environment.

#### **FUNCTIONS OF ORGANISATION CULTURE:**

Organisation Culture performs several very important functions in an organisation that to a great extent are responsible for effectiveness, distinctness and integration of the organisation. These functions are:

1. Culture has a boundary-defining role, that is, it creates distinctions between one organisation and others.
2. It conveys a sense of identity for organisation members.
3. It facilitates the generation of commitment to something larger than one's individual self-interest.
4. It enhances social system stability.

5. Culture is the social glue that helps hold the organisation together by providing appropriate standards for what employees should say and do.
6. Culture serves as a sense making and control mechanism those guides and shapes the attitudes and behaviour of employees.

### **ORGANISATION CULTURE AND ORGANISATION EFFECTIVENESS**

For several years it has been debated whether Organisation Culture does have any impact on Organisation effectiveness. Research by many scholars has concluded that organisation culture certainly has a definite impact on effectiveness of an organisation. According to J.P. Kotter and J L. Heskett (1992). "Organisations with strong cultures, where values and assumptions are widely shared, defining the way their businesses are conducted, are very effective." Peters and Waterman (1982) found the dominance and coherence of culture to be an essential quality of excellent companies." According to Wilkins and Ouchi (1983) "Organisations that develop a distinct local culture or clan with particular properties, will have significant performance efficiencies, but only under certain conditions."

Organisational effectiveness is a term that is more comprehensive than is reflected by mere good performance and productivity of members, or the financial success indicants of assets acquisition and profits. Organisation effectiveness reflects how effectively the organisation can discharge its obligations with respect to all its constituencies in its internal and external environment including employees, shareholders, customers, suppliers, government agencies and the general public. The growth, development, motivation, morale and satisfaction of the employees in the system combined with the good image projection of the organisation to its various constituents (or the publics as they are known), account in turn, for continued organisational health, vitality, and growth which account for the organisation's effectiveness. Organisation effectiveness, therefore, depends upon how the things

are done in an organisation. Values, beliefs and assumptions that form the core organisation culture evolves, articulates and inculcates such value systems, action orientation, work ethics and important constituencies focus that it continuously steers the organisation towards effective and efficient functioning.

Effectiveness of an organisation depends to a great extent on the values espoused and practised by members of the organisation. Organisation Culture brings about congruence and synchrony in the patterns of behaviour of employees in an organisation by prioritising values that commensurate with organisational philosophy, goals and requirements. These values become the essence of the organisational functioning and determine the actions and responses of employees of an organisation. If the values that form the core of Organisation Culture are intensely and widely held in the organisation it leads to effective functioning of the organisation.

#### **ORGANISATION CULTURE AND LEADERSHIP**

Leadership is one of the most influential factors that affect the culture of an organisation. It has got profound influence in formation and propagation of values, beliefs and assumptions that are core to Organisation Culture. According to Schein (1985) "Leadership is originally the source of the beliefs and values that get a group moving in dealing with its internal and external problems. If what a leader proposes works out and continues to work, what once was only the leader's assumption gradually comes to be a shared assumption." Leadership plays a crucial role in the creation, maintenance and transformation of Organisation Cultures. Leadership has a crucial role to play in managing boundaries between an organisation and its environment. The leader provides vision, makes sense of things, puts them into a language that is meaningful to a large number of people, guides and directs them in such a way that a healthy culture grows and the effectiveness of the organisation improves (Craig C. Lundberg, cited 1985). Barnett (1986) supports the importance of

the powerful actor influence on the culture. He states, "I believe that the single most important determinant of corporate culture is the behaviour of Chief Executive Officer. He or She is the one clearly responsible for shaping the beliefs, motives, commitments, and pre-dispositions of all executives - from senior management to the operators of the organisation "

Although the founder of an organisation is not the sole creator of Organisation Culture, his impact on the early stages of an organisation's life is doubtlessly considerable because he interprets the tasks and environment and makes strategic choices.

### **ORGANISATION CULTURE AND PRODUCTIVITY**

Productivity is defined as the achievement of goals by transferring inputs to outputs. It is a performance measure including effectiveness and efficiency. Effectiveness means the achievement of goals and efficiency is the ratio of effective output to the input required to achieve it. Bloom and Northrup (1969) define productivity or efficiency as a ratio between output measures in specific units. They point out that productivity index reflects the combined impact of several factors including changes in leadership, capital investment, rate of plant utilisation, managerial efficiency and scale of operation as well as skill, quality and effort of human resources

Dunn and Stephens (1972) point out that there are three categories of specific factors in productivity including employee ability, employee motivation and situational factors.

1. **Ability Factor**: Productivity is determined by ability factors including knowledge and skill. It also includes the ability to put in practice the knowledge and skill that a person has with optimum output.
2. **Motivational Factor**: Productivity is also influenced by motivation. Motivation is defined as an internal drive that helps a person to accomplish tasks. Motivation not only ensures consistency but also is responsible for increase in output.

3. Situational Factors. Factors like working conditions, supervision and leadership, rewards, penalties etc. According to Stephens and Dunn, these characteristics include setting high standards or goals, enforcing these standards through rewards or punishments, influence of higher managers to get things done by subordinates, support for subordinates, consistency between action and values and attitudes, behavioural flexibility and predictability, technical knowledge and managerial skills.

Whether it is the motivational factor, ability factor or situational factor which determine productivity, but all these factors rely heavily on the culture of the organisation to become operative. Organisation Culture can either increase productivity of the organisation and might also become counterproductive. Values, beliefs and assumptions that form the core of Organisation Culture create an atmosphere in the organisation that encourages the full utilisation of abilities, injects buoyancy amongst employees and promotes a rational outlook at the needs and well-being of the employees. Strong Cultures emphasise on healthy working conditions, effective communication, modern concepts and technology, rationalistic remuneration and rewards, quick grievance redressal, effective leadership etc.

### **ORGANISATION CULTURE AND INDUSTRIAL RELATIONS:**

Industrial Relations are one of the most important aspects of organisation's dynamics. It is generally defined as the relationship between employer and the employees'. According to J. Henry Richardson "Industrial Relations is an art, the art of living together for the purposes of production. The parties involved in industrial relations i.e., the workers and the employers, have a common purpose - production. They willingly bind themselves to work themselves to work together. The most prominent feature of industrial relations is that it is an art which the two parties learn by acquiring the skills of adjustment."

In last decade there has been a great paradigm shift as far as India is concerned. This shift has been from CRP - Controlled, regulated and protected economy to LPG - Liberal, privatised and global economy.

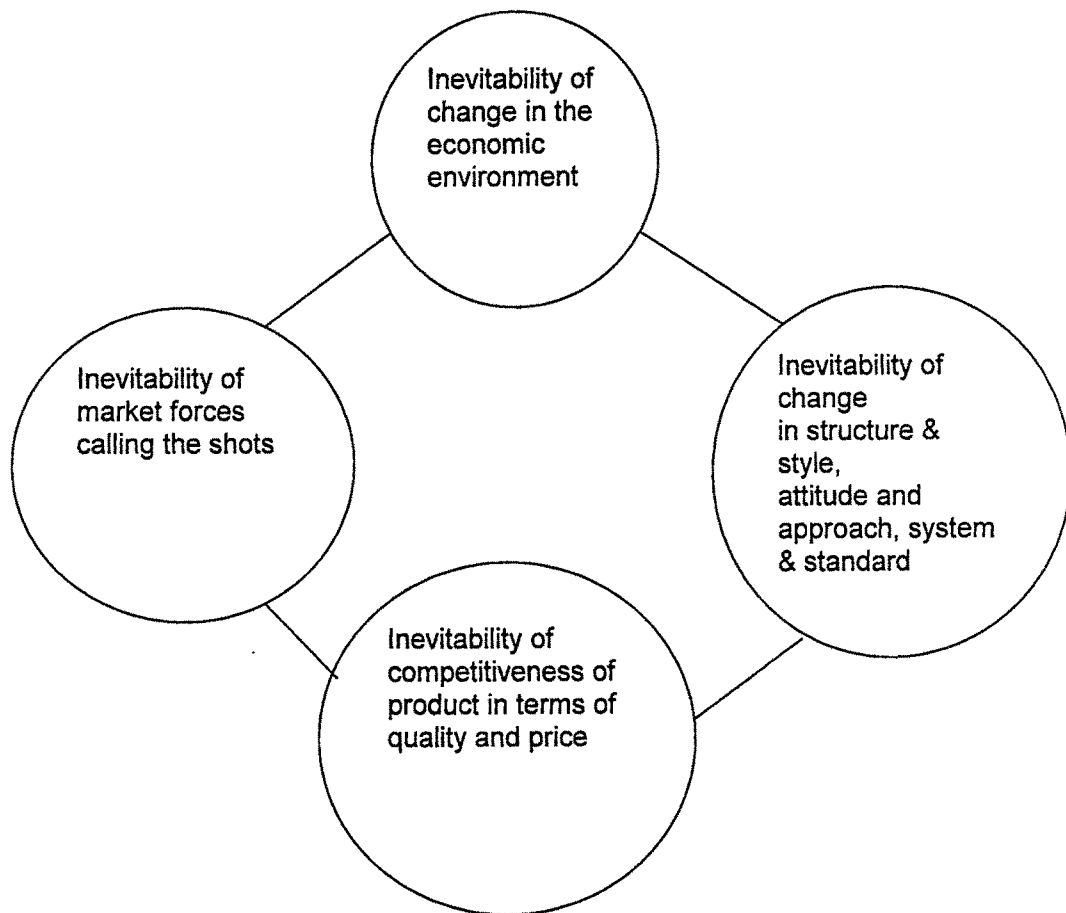
These changes which brought first generation competition, second-generation systems and procedures, third generation technologies and technical know-how and fourth generation mind-set, have thrown a big challenge for Industrial Relations in the country. And it is difficult to say anything about the future of Industrial Relations. Also there is no escape from the present state as illustrated by the vicious circle of Hobson's Choice (Fig. 1 ).

The inevitability of the great paradigm shift is obvious. There is absolutely no choice for the economic environment other than to change and adapt itself to global standards. This change makes it inevitable for the market forces to rule the roost. Every economic decision must revolve around the dictates of market forces. The survival of every situation in such an environment must, therefore, depend on the competitive edge of the former. Competitiveness in terms of quality and price will determine the survival and growth of the business. To make the business survive and grow changes in structure and style, attitude and approach, and system and standards are inevitable. Such changes will make it inevitable for the economic environment to change. And this change poses a great challenge to all the three partners of Industrial Relations to change for the good.

According to Robert J. Davis and Nan Weiner (1985) "Culture represents a crucially important and multifaceted mediating variable, the analysis of which serves as an important corrective to the excesses of economic and technological determinism. They also highlighted the need for congruence between cultural values and the technological and economic experience of workers if stability in the industrial

relationships is to be maintained." Stability of industrial relations depends upon a number of factors. Industrial relations in an organisation are influenced both by Organisation Culture and Union Culture.

**THE VICIOUS CIRCLE OF HOBSON'S CHOICE (Fig. 1)**



**Research Methodology:**

**Significance of the Study**

**Social Work Perspective**

The Social Work epistemology encompasses preventive, curative as well as developmental perspectives. From Organisational and management viewpoint it prevents any breakdown in organisational functioning cures the inherent weaknesses that plague it and develops the Human Resources of the organisation. Social Work

Professionals play a very vital role of a catalyst in the inculcation of values and formation of Basic assumptions that form the core of Organisation Culture. Social Work Professionals working as Human Resource Experts and Personnel Managers guide and nurture the employees right from recruitment, induction to their advancement in the organisation. They act as enabler, expert, guide and therapist for resolving the problems of employees.

Preventive Social Work aims at preventing the individual and organisational breakdown. At individual level, the Social Work Professionals provide counselling to individuals suffering from mental and emotional stress and thereby prevent them from falling prey to stress. Counselling is also given to suspect cases of alcoholism, absenteeism, gambling, indebtedness etc in an effort to prevent individual disorganisation. At Organisational Level also the Social Work Professionals act as counsellors and advisors to the Top Management professionals for making major policy decisions regarding Human Resources. They play a major role in practise of value based management by all cadres of management through personal meetings, counselling, advise and training. This process takes place both at individual and organisational level and thereby prevents disorganisation both at individual and organisational level.

Case work is used frequently by professionals in industry as a Curative Method to solve the problems of individual employees. The effort is "To help people to help themselves." In cases of alcoholism, gambling, indebtedness, psychiatric illness and other such problems the professionals use the Case Work Method. The technique of Catharsis is also used to intervene in severe cases of individual breakdown. Social work Professionals play a very vital role by helping the individuals to identify their problem, understand it, equips them with the necessary information and mental strength to overcome it and directs them in their efforts of improvement. This helps

the individuals to solve their problems on their own and reinstate their faith in themselves. This process inculcates in them strong values to stand upright and work as disciplined employees in the organisation. Because of being equipped with knowledge about psychiatric ailments, correctional approaches and dynamics of surrounding community and the background of individuals, social work professionals understand the situations in a holistic manner and therefore are able to make multi-dimensional interventions. Their knowledge is also very useful to other management professionals to help them see situations in totality. This, therefore, helps in effectively curing the ills and breakdowns in the organisation and encourages a healthy relationship and environment in the organisation.

The developmental perspective in social work emphasises the need of development of individuals, groups and organisation. The Philosophy of Social Work perpetuates that "An essential attribute of a democratic society is the realisation of the full potential of each individual and his or her assumption of social responsibilities through active participation in the society". It is important to understand that if individuals are able to realise their full potential then they can develop strong systems and if the systems are strong, the organisations will be strong and growth oriented. Social work professionals try to achieve the above goals by emphasising on welfare activities and Human Resource Development. The effort is towards the development of the employees and their families. Social Workers undertake various welfare activities in the organisation and the communities of employees for their overall betterment. Although such interventions are not being done on large scale, but many frontline industries have taken lead in this direction. Social work professionals play a vital role in assessing the needs of the employees, especially the training needs and plan programmes for them to equip them in doing their work effectively and efficiently. More and more social work professionals today form the HRD teams in organisations because of their multi-dimensional skills and knowledge.

### **Objectives of the Study:**

1. To study the Organisation Culture existing in textile and pharmaceutical Industries in Gujarat.
2. To study the Industrial Relations in both type of the industries.
3. To study the Productivity in both type of industries.
4. To study the Leadership styles in both type of industries.
5. To study the Organisation Effectiveness in both type of industries.
6. To study Conflict resolution style in both type of industries.
7. To study the association of Organisation Culture on Leadership, Productivity, Organisation Effectiveness and Industrial Relations.

### **Hypotheses:**

1. Entrepreneurial / Creative Culture will be existing in pharmaceutical industry.
2. Industrial Relations will be relatively cordial in pharmaceutical industry compared to textile industry.
3. Productivity will be higher in pharmaceutical industry than textile industry.
4. Organisational Effectiveness will be higher in pharmaceutical industry than textile industry.
5. Authoritative + Participative + Nurturant (A+P+N) leadership will be existing in pharmaceutical industry.
6. "Accommodation" will be used for resolving conflicts in pharmaceutical industry.
7. Organisation Culture will have a positive correlation with Industrial Relations, Productivity, Organisation Effectiveness and Leadership.

### **Research Design:**

The present study is Diagnostic and Correlational in nature. In this study, an effort is made to diagnose the Organization Culture in textile and pharmaceutical industries in Gujarat and explores the association/correlation it has with Organization

Effectiveness, Productivity, Leadership and Industrial Relations. The study aims at measuring Organization Culture with the help of a questionnaire and its association with the variables mentioned above, which justifies the diagnostic and coorelational design of the study.

#### **Universe:**

The Universe of the present study includes the employees working in Textile and Pharmaceutical Industries in Gujarat. The universe comprised approximately Three Hundred Sixty supervisors, Seven hundred sixty officers and three hundred fifty managers. Therefore the universe comprised of 1500 respondents.

#### **Sampling Method:**

A purposive sampling method has been used in the present study to select particular units, in the present case – the supervisors, officers and managers, from the universe for constituting the sample on the basis that the sample so selected out of a huge one will be representative of the whole universe.

#### **Sample:**

A sample of Two Hundred Forty One (241) respondents was collected from 7(seven) organisations belonging to Pharmaceutical Industry and 8(eight) organisations belonging to Textile Industry in Gujarat. Since purposive sampling method was adopted the researcher has tried to collect some sample comprising supervisors, officers and managers from each department in the organizations where the data was collected with the help of the resource person. Resource person, normally an officer in Personnel/HRD department was approached. Their services have been utilized because of their proximity to the whole organization. Based on the data provided by them about the total number of supervisors, officers and managers in the organization, the decision about sample has been taken.

### **Limitations of the study :**

1. This study is limited to studying Organization Culture in Textile and Pharmaceutical Industries in Gujarat and therefore its conclusions cannot be generalized to be true for other industries too.
2. The study has used questionnaire to collect the data regarding the study, due to some constraints, and has not used the exhaustive method of clinical and ethnographic diagnosis, which would have been more authentic.

### **Tools of Data Collection:**

A quantitative questionnaire with a Five-point scale has been used as a tool in the present research. The questionnaire is broadly divided in seven parts:

1. The first part includes background variables like name of the respondent/organisation, age, designation, experience, service with the organisation, category, income .
2. The second part is the tool on Organisation Culture constructed by the researcher based on exhaustive theoretical and empirical literature and the experience of working in industry. In this tool the Organisation Culture has been divided into thirteen types, namely – Procrastinate, Cold War, Forced Loyalty, Yes Boss, Impoverished, Paranoid, Avoidant, Cult, Dictator, Bureaucratic, Approval, Entrepreneurial and Creative Culture.
3. The third part is the tool on Industrial Relations constructed by the researcher based on theoretical and empirical literature and experience of working in industry.
4. The fourth part is the tool on Conflict resolution style adapted from the model of K.Thomas, "Conflict and Negotiation Processes in Organisations."
5. The fifth part is the tool on Productivity constructed by the researcher based on theoretical and empirical literature and experience of working in industry.

6. The sixth part is the tool on Leadership styles based on Blake and Mouton's Leadership Grid Model. It also incorporates statements on four additional leadership styles, namely authoritative, participative, nurturant and A+P+N (Authoritative + Participative + Nurturant).
7. The seventh part is the tool on Organisation Effectiveness constructed by Dr C.N.Daftaur. It includes eleven dimensions, namely – Consensus, Legitimization, Need for Independence, Self-control, Job involvement, Innovation, Organisation Commitment, Organisational Attachment, Job satisfaction, Job Satisfaction (work as a whole), Job satisfaction (organisation as a whole).

#### **Factor Analysis of Organisation Culture:**

The single most distinguishing feature of the statistical method of Factor analysis is its Data Reducing Capability. Whenever a large amount of data is to be understood, with respect to its relationship within components and its relationship with other variables, some procedure needs to be done to eliminate non-significant relationships and retain or emphasise the significant ones. Under such circumstances, methods of correlation prove highly advantageous. According to Jae-On Kim (1975) whenever correlation coefficients of a given set of variables are available, factor analytic techniques enable the investigator to see whether some underlying pattern of relationships exists such that the data maybe 'rearranged ' or 'reduced' to a smaller set of factors or components that maybe taken as a source variables to account for the observed inter-relations in the data. The most common uses of Factor Analysis are :

1. Towards Exploratory Purposes : Here the objective is to explore and detect the patterns of relationships among variables with the special purpose of discovering new concepts a possibility of reducing the bulk of the data
2. Towards Confirmatory Uses : Here the objective is to test a given hypothesis for the relationship among variables. The hypothesis normally relates to the structure

of the relationship among variables in terms of the expected number of significant factors and factor loadings.

3. Towards Its Use As A Measuring Device : Here the objective is to construct, with the help of factor analysis, new indices to be used as indicators for use in later analysis as variables.

Based on exhaustive literature review on Organisation Culture, a questionnaire containing Hundred (100) statements was constructed. An effort was made to incorporate all the dimensions of Organisation Culture in this questionnaire.

**Sample:** A total of 52 respondents which included officers, executives and management staff from four organisations were asked to rate the relevance of these statements on a five point scale ranging from "Not at all = 1" to "To a great extent = 5"

#### **Factor analysis of Data:**

Factor analysis method was used to identify the core dimensions of Organisation Culture. A principal factoring method, using the principal component solution and an orthogonal rotation of axes was used. To make the initial factors more meaningful an orthogonal rotation (type=Varimax) of axis was done. The factors were interpreted at the factor loading level. It was divided to select variables, which had a factor loading of .70 or more with a factor. Any variable, which had a loading of .40 or more, was also selected when it was thought that the inclusion of the variable would lead to a better perception of the factor.

#### **Results and Discussion:**

Factor analysis of Hundred (100) indicators of Organisation Culture showed eleven (11) factors to account for 78.5% of the measured variance. Thirty-Eight (38) indicators were found to load high on these factors. The factor loading of various

indicators is shown in Table ( 2.1). The variance and the relative variance explained by eleven factors is shown in Table (2.2).

### **Factor 1: Procrastination**

Factor 1 explained 41.3% of the total variance in the data. The relative variance explained by the factor was 53%. A number of indicators were loaded on this factor. Since this factor indicated the prevalence of dilatory and lax attitude and culture it is hence named as "Procrastination". The loading of indicators like lethargic attitude towards work, lack of initiative, lack of commitment to work, with procrastination shows the prevalence of a totally non-productive and dormant culture wherein the employees have a tendency to isolate themselves and remain in hibernation. With such a culture the organisation is bound to face debacle on all the fronts and end in sickness.

### **Factor 2: Conflict**

Factor 2 explained 6% of the total variance in the data. The relative variance explained by the factor was about 7.64%. Three indicators were loaded on this factor. Since this factor indicated the prevalence of conflict and proxy war, it is hence named as "conflict". Presence of verbal acrimony, suspicion on everyone and every move and indulgence in Politics and proxy war is wide spread in organisations with such culture. Employees in such organisations not only loose respect for their superiors but also fail to establish good relations with their sub-ordinates and colleagues. Because of these conflicts the performance of both, the departments and the organisation suffers adversely. It restricts the growth of individuals in the organisation leading to loss of motivation and morale.

### **Factor 3: Insecurity**

Factor 3 explained 5.4% of total variance of the data and the relative variance explained was about 6.87%. Five indicators were loaded on this factor. Since majority of the indicators explained the prevalence of insecurity amongst employees, the factor has been named as "Insecurity". There is tremendous amount of insecurity,

fear and submissiveness prevalent amongst employees in such organisations. Because of which sensitivity, risk-taking ability and ability to take rational/ principled stand and decisions is lost by the people. In such organisations with such culture, the employees wither become self-centred guarding their own interest or they submit themselves to the boss in the anticipation that it is the only way to cover their weaknesses and keep the boss appeased. Since the culture becomes personality centred, teamwork is lost.

#### **Factor 4: Affiliation**

Factor 4 explained 4.5% of the total variance of the data and the relative variance explained was 5.73%. Five indicators were loaded on this factor. Majority of the indicators explained the prevalence of affiliation as the key element and hence the factor has been named as "affiliation". The effort of everyone in such an organisation is to keep the boss happy by all other means except work. The irony of such a culture is that it gets rewarded too. In such organisations – merit, sincerity, hardwork, honesty, integrity etc take a back seat to affinity/affiliation to the boss fetches the carrot. Such organisations loose good and talented professionals very fast. This often leads to mediocre or low calibre people taking the change, which ultimately leads the organisation into reigns of mediocrity.

#### **Factor 5: Impoverished**

Factor 5 explained 3.9% of the total variance of the data and the relative explained was 4.96%. Four indicators were loaded on this factor. The indicators in these factors explained the existence of poor practices adopted by everyone. Hence, this factor has been named as "Impoverishment". Indulgence in mudslinging, conspiring, in-fighting etc. are regular features in such organisations. The emphasis is on win-loose approach and there is a lot of reprimand of employees on petty matters and mistakes. The control is sought to be established by keeping the subordinates engaged in in-

fighting. Such an approach spreads a gloom all over the organisation and abets the bad-worse-worst culture in the organisation, wherein the worst is the best.

#### **Factor 6: Distrust**

Factor 6 explained 3.7% of the total variance of the data and the relative variance explained was 4.71%. Two indicators were loaded on this factor. Since the indicators explained the prevalence of lack of trust, this factor has been named as "distrust". These types of organisations are abode to prejudice, suspicion, bias, leg-pulling etc. In such organisations healthy outlook is rare and people cannot digest the progress of their colleagues and subordinates. Authentic efforts are lost and the organisational priorities take a back seat to personal bickering.

#### **Factor 7: Apathy**

Factor 7 explained 3.2% of the total variance of the data and the relative variance explained was 4.07%. Five indicators were loaded on this factor. Since the indicators explained the prevalence of apathetic attitude in the organisation, hence the factor has been named as "Apathy". There is lack of sensitivity and respect for sincere people, lack of perseverance, responsibility and team spirit. Callousness retards enthusiasm and delegation of authority is restricted. There is total lack of interest in growth and advancement of the organisation. Instead rivalry sprouts in such organisations.

#### **Factor 8: Collusion**

Factor 8 explained 2.9% of the total variance of the data and the relative variance explained was 3.69%. Two indicators were loaded on this factor. Since both the indicators explained the prevalence of clandestine / evolved understanding, that is why this factor has been named as "Collusion". The belief in such organisations is that by give and take and by evolved understanding things can be handled. Employees try their best to do things that make their boss happy. To some extent this understanding works in certain situations and where it works the employees get their share of reward too.

#### **Factor 9: Conventionalism**

Factor 9 explained 2.9% of total variance of the data and the relative variance explained was 3.69%. Four indicators were loaded on this factor. Since all the indicators explained the prevalence of traditionalism, this factor has been named as "Conventionalism". In such organisations autocracy and to some extent bureaucracy reigns supreme. Rules and regulations are supposed to be followed strictly. Autonomy, values, quality etc play second fiddle to the irrational demands of superiors. Conventionalism breeds unproductive, inefficient and ineffective culture.

#### **Factor 10: Rigidity**

Factor 10 explained 2.3% of total variance of the data and the relative variance explained was 2.92%. Two indicators were loaded on this factor. Both the indicators explained the prevalence of rigidity and hence this factor has been named as "Rigidity". In such organisations, systems are taken as indispensable while employees take a back seat. Very little space for innovation and creativity is left out. A veil of pretension regarding good relationships and environment is projected. But such dualism is self-destructive and harmful for the organisation.

#### **Factor 11: Approval**

Factor 11 explained 2.2% of total variance of the data and the relative variance explained was 2.8%. Only one indicator was loaded on this factor. Since this indicator explained the prevalence of an attitude of unopposed approval by employees, hence this factor has been named as "Approval". In such organisations, "His master's voice is supreme" and employees' approve of anything and everything that the superiors advocate. This is very effective in some situations and organisations, but might not work in others. The problem comes when "His master's voice gets distorted" i.e. when the superiors start taking undue and unfair advantage of such approval and misuse it.

**Table 2.1 Factor Loading of Organisation Culture Indicators**

Factor	Indicators	Loading
1. Procrastination	1. Lethargic attitude towards work 2. Mis-utilisation of time 3. Lack of initiative 4. Lack of commitment to work 5. Procrastination in decision making	.65 .68 .66 .66 .74
2. Conflict	1. Inter-departmental Conflict 2. Suspicion in transactions 3. Indulgence in Proxy war / Politics	.74 .71 .53
3. Insecurity	1. Insensitivity in treating employees 2. Avoidance of risk 3. Fear of and submissiveness to bosses 4. Pseudo agreement to please the boss	.74 .64 .59 .53 .47
4. Affiliation	1. Negative criteria for success 2. Selfish & purposeful commitment to the boss 3. Negative criteria for reward 4. Lack of interest in work 5. Thriving by ditching subordinates / colleagues	.59 .56 .55 .50 .48
5. Impoverishment	1. Unhealthy outlook to failure 2. Abetting conspiracy amongst subordinates 3. Punitive outlook to failure 4. Control by abetting adversity	.76 .75 .48 .41
6. Distrust	1. Lack of trust 2. Indulgence in leg-pulling	.75 .71
7. Apathy	1. Disregarding sincerity 2. Lack of perseverance 3. Shirking of responsibilities 4. Lack of co-operation 5. Centralisation of power	.78 .59 .51 .47 .45
8. Collusion	1. Winning superior's goodwill 2. Nurturing trusted allies	.67 .58
9. Conventionalism	1. Consensus by authority 2. Meeting exigencies by any means 3. Affiliation with subordinates 4. Emphasis on ends than means	.73 .70 .50 .41
10. Rigidity	1. Pretension of good inter-personal relationship 2. Indispensability of established	.73 .43
11. Approval	1. Approval with boss / singing the time of boss	.81

**Table 2.2 Variance Explained by Organisation Culture Factors**

Factor No.	Factors	Total Variance Explained	Relative Variance Explained
1	Procrastination	41.3%	52.61%
2	Conflict	6.0%	7.64%
3	Insecurity	5.4%	6.87%
4	Affiliation	4.5%	5.73%
5	Impoverishment	3.9%	4.96%
6	Distrust	3.7%	4.71%
7	Apathy	3.2%	4.07%
8	Collusion	2.9%	3.69%
9	Conventionalism	2.9%	3.69%
10	Rigidity	2.3%	2.92%
11	Approval	2.2%	2.80%
	Total	78.5%	100%

**Findings, Conclusions and Suggestions – An Overview:**

**Background Information**

- Although there are no significant differences in the background of majority of respondents in both the industries, but certain conclusion can be drawn based on the response of the respondents.
- The response rate from supervisory category has been very low compared to officers and executives, both technical and non-technical. This is because of the fact that in both the industries and especially in textile industry most of the supervisors are either promotes from workers cadre or have been in that position for years together and have generally lost interest and motivation. Major number of respondents in both the industries are from the technical background i.e. either they are qualified engineers or science graduates.
- In terms of education, respondents have basic educational background for working in the particular industry, but in both the industries there is dearth of employees with professional education, which is very important in today's highly competitive work environment.

- In terms of total work experience, the scenario is a bit different in both the industries. While it is not significantly different, but it does indicate towards a certain trend that has been emerging in last decade or so. In case of pharmaceutical industry the number of respondents with total work experience between 5-10 years is greater than respondents in textile industry. In pharmaceutical organizations one can find quite significant number of employees are young professionals which is not very significantly true in case of textile industry. In fact the better the blend of young and old professional, the better is the prospect of growth of an organization. This trend is more visible in pharmaceutical organisations compared to textile organisations.
- In terms of monthly income, the percentage of respondents in the income range of Rs. 7501-15000 is more in textile industry than in pharmaceutical organisations. This may be because more number of respondents in textile industry have been with the organization for more number of years and also possess greater total work experience.

### **Organization Culture**

Based on the response of the respondents, a typical picture emerges about the type of organization culture existing in textile and pharmaceutical industries. An effort has been made to draw conclusions with regard to the response of the respondents vis-à-vis the type of organisation culture existing in pharmaceutical and textile industries.

- Respondents have given high responses in cases of different culture types. There can be different meanings that can be arrived at from the response of the respondents. An effort is made here to explore what it may be indicating at.
- Respondents in both the industries have perceived existence of low level of procrastinate, cold war, impoverished, paranoid, dictator and bureaucratic culture.

Of the cultural typologies identified and used in the present research, the characteristics of above mentioned culture types connote the negative and unhealthy practices, mechanisms and policies adopted in an organization. For example procrastinate culture indicates existence of lethargic attitude on part of the employees towards work, lack of initiative and commitment etc. Similarly cold war culture indicates presence of verbal acrimony, suspicion, proxy war and extreme politicking etc. Perception of respondents from both the industries reveals that the culture types with negative characteristics don't exist at a high level. However, it does not imply total absence of these characteristics in both these industries.

- Respondents in pharmaceutical industry have perceived existence of high level of creative and entrepreneurial culture. The characteristics of entrepreneurial and creative culture include openness, encouragement of innovation, accepting and working on challenges, planning things in advance, co-operating with others, team work etc. In industrial sector, pharmaceutical industry in particular has shown greater signs of experimentation, risk-taking, initiative etc. The growth of this industry complemented by extraordinary success of organizations like Glaxo, Ranbaxy, Cadilla, Dr. Reddy's Laboratories and so may other organizations is evidence of the good health of this industry. Organization culture plays a vital role in internal integration and external adaptation efforts of an organization. The findings in case of pharmaceutical industry supports the above statement.
- Respondents in pharmaceutical industry have also perceived existence of forced loyalty, approval, avoidance and cult culture to a high degree. This interesting finding would mean that characteristics of above mentioned culture types are also existing in pharmaceutical industry. However, more than 2/3<sup>rd</sup> respondents have perceived existence of entrepreneurial and creative culture. It means that

respondents have perceived entrepreneurial and creative cultures as dominant culture and forced loyalty, approval, avoidance and cult culture as subcultures in pharmaceutical industry. A dominant culture expresses the core values that are shared by a majority of the organisation's members. Whereas subcultures are minicultures within an organization, typically defined by department designations and geographical separation (Robbins: 1994).

- In case of textile industry between 50-60% respondents have perceived existence of high level creative, entrepreneurial, yes boss and cult culture. Unlike pharmaceutical industry, in textile industry the perception regarding creative and entrepreneurial culture is not very significantly different from that of cult and yes boss culture. On basis of the findings of the present study it cannot be concluded that either of the above mentioned culture type is a dominant culture existing in textile industry. It indicates at the state of uncertainty in textile industry. From the study it can also be concluded that the industry has not been able to take a decisive step to stand up firmly in the competitive environment. While the data indicates that there are signs of change, but it also indicates that total commitment to establish a culture that promotes productivity and performance is still lacking.

**Hypothesis 1:** Entrepreneurial/ Creative culture will be existing in pharmaceutical industry.

Hypothesis 1 has been proved by the present study. As can be construed from the conclusions, high degree of entrepreneurial and creative culture is existing in pharmaceutical industry.

### **Leadership**

Respondents have perceived existence of different leadership styles at high level and at low level. Analysing the response indicates that respondents have perceived

existence of different leadership styles in pharmaceutical and textile organisations. What it indicates is presented here.

- It can be concluded from the study that respondents in both the industries have perceived existence of different leadership styles. It is difficult to come to conclusion about which leadership style is existing in both the industries. But there seems to be consistent response in both the industries regarding existence of impoverished and authoritarian leadership to a low level. It indicates that negative leadership is existing to a low degree in both the industries.
- From the data it can be construed that respondents have perceived existence of middle-of-the-road, nurturant, participative, APN and relationship-oriented leadership to a high degree in pharmaceutical industry. It can be concluded from the response that leadership in the pharmaceutical industry is situational or convenience based in nature. The leader uses relationship building, nurturance, authority and participation depending upon the situation to get the results. While this type of leadership would be appropriate in most of the situations, but it would depend to a great extent upon the leader's judgement about which leadership style needs to be used in a given situation.
- In case of textile industry, it can be concluded based on the perception of the respondents that relationship-oriented, middle-of-the-road and APN leadership style is being used by the leaders in varying degree. While middle-of-the-road and APN leadership style are similar in some context, the relationship-oriented leadership is more based on the leadership's conviction in getting things done and disputes resolved through developing good relations. The data indicates existence of relationship-oriented and the middle-of-the-road leadership to a greater extent than other leadership styles.

**Hypothesis 2:** APN (Authoritative, Participative and Nurturant) leadership will be existing in pharmaceutical industry.

The study has found existence of high degree of APN leadership in pharmaceutical industry and so the hypothesis has been proved. However, the study also found existence of different leadership styles existing to a high degree. It leads to the conclusion that the leaders may be adopting situational leadership style to deal in different situations.

### **Industrial Relations**

It can be concluded from the study that the industrial relations in pharmaceutical industry are more co-ordial than in textile industry. Based on respondents' perception about various industrial relations variables, it can be concluded that a little more than half of the respondents in textile industry have perceived that the industrial relations are co-ordial. There has been major difference in the perception of the respondents' in both the industries vis-a-vis collective bargaining, commitment to production and trust and transparency i.e. respondents in pharmaceutical industry have perceived existence of these variables to a much higher degree than respondents in textile industry. While there is some difference in other industrial relations variables also, but the difference is more prominent in these three variables. In last few years there has been greater efforts put in by both the sides in both the industries to resolve the issues by sitting across the table. This has resulted in lesser instances of strikes and other forms of militant agitation on part of the employees and lockouts and other extreme measures on part of the management. There has been gradual cementing of relations between the two parties. However, there are issues of concern that are threatening this process of consolidation. The management's agenda of improving the productivity and quality by technology upgradation, downsizing and total quality management and union's reluctance in accepting change in the current status is putting both the parties

in a difficult situation. While in pharmaceutical industry the situation is not so alarming, but in textile industry there needs a lot to be done. Despite the consolidation in industrial relations a lot is desired to be done, especially in terms of productivity and overall effectiveness of operations.

**Hypothesis 3:** Industrial Relations will be relatively cordial in pharmaceutical industry compared to textile industry.

The above hypothesis has been proved in the present study. The data indicates that greater percentage (average- 63.44%) respondents have perceived that the industrial relations are cordial in pharmaceutical industry compared to respondents (average – 54.05%) in textile industry. It can, therefore, be said that industrial relations in pharmaceutical industry are relatively more cordial than in textile industry.

### **Productivity**

Productivity is another important factor responsible for giving competitive edge to an organization. Below presented are the major conclusions regarding productivity in pharmaceutical and textile organisations.

From the study it can be construed that the overall productivity in pharmaceutical industry is higher than in textile industry. Respondents in textile industry have perceived three important variables of productivity, namely, motivation and morale, team spirit and manpower utilization to be existing at a low level. Productivity has become a major focus area for organizations across the country. Competition for market leadership through better quality products and good services are the whole mark of market leadership. Productivity as is known is not very high in Indian industry. Various factors clubbed with a non-committal attitude to works often results in low productivity in Indian organizations. While the hygiene factors are not upto the

standards in Indian organizations, a lot remains to be done by the human resources in the organization. While there has been sustained efforts in pharmaceutical industry to maintain high standards of working conditions and productivity the same is not very true for textile industry. The pharmaceutical industry cannot exist without high degree of hygiene conditions and productivity because of the type of product. Textile industry because of being labour intensive and because of age old productivity norms is finding it difficult to improve productivity. Issues like motivation and morale, team spirit and manpower utilization do play a very vital role in catapulting the productivity of an organization. Low motivation, lack of team spirit and unplanned utilization of manpower do not assist in the efforts to increase productivity. There has to be efforts on part of management, union and the employees to identify the need to change, define a plan of how it can be done and implement it in unison. The way things are changing, the only alternative to remain in market is to become competitive. While pharmaceutical industry largely is moving in the direction of becoming competitive, a lot needs to be done especially in terms of productivity in textile industry.

**Hypothesis 4 :** Productivity will be higher in pharmaceutical industry than textile industry.

The study has proved the hypothesis number 4. 65.59% respondents in pharmaceutical industry have perceived that the productivity is high while 50.6% respondents in textile industry have perceived that the productivity is low. It indicates that the above hypothesis holds its ground.

**Conflict Resolution Style:**

- The study establishes that respondents in both the industries have perceived that managers use accommodation to resolve conflicts. 55.9% respondents in pharmaceutical industry and 52% respondents in textile industry have perceived

that managers use accommodation to resolve conflicts. 30.1% respondents in pharmaceutical industry and 29.7% respondents in textile industry have perceived that managers use collaboration to resolve conflicts.

**Hypothesis 5 :** “Accommodation” will be used for resolving conflicts in pharmaceutical industry.

The data indicates that 55.9% respondents in pharmaceutical industry have perceived that managers use accommodation to resolve conflicts, whereas 30.1% perceived that managers use collaboration to resolve conflicts. From the data it can be construed that the study proves the hypothesis relating to conflict resolution style.

#### **Organization effectiveness**

It can be concluded from the study that a little more than 50% of the respondents in both the industries have perceived high degree of organization effectiveness. The respondents in pharmaceutical industry have perceived higher need for independence, self-control, organizational attachment, organizational commitment and Job satisfaction (work as a whole) compared to respondents in textile industry. While respondents in textile industry have perceived higher degree of job involvement compared to respondents in pharmaceutical industry. This is unusual since respondents in pharmaceutical industry have perceived higher degree of job satisfaction (work as a whole), which should lead to job involvement. However, it may indicate the urge of the respondents for even greater involvement in their work. In pharmaceutical industry, respondents have especially indicated higher need for independence, self-control, organizational commitment, and organizational attachment and job satisfaction (work as a whole). All these factors help the organization tremendously in satisfying its internal as well as external customers. Organization effectiveness means the extent to which the organization is able to meet and satisfy

the needs of its internal customers i.e. its employees and external customers. Although the indicators of organization effectiveness used in the present study do not directly measure the extent to which the organization is able to satisfy the need of its external customers, but it is able to measure to a great extent the need satisfaction of the internal customers. However, the indicators of organization effectiveness in the present study does have a great impact on the extent to which the organization is able to meet the needs of the external customers.

**Hypothesis 6:** Organization effectiveness will be higher in pharmaceutical industry than textile industry.

The study has not been able to prove the sixth hypothesis distinctly. The response from the respondents in both the industries indicates that about equal percentage of respondents in both the industries have perceived high degree of organization effectiveness.

**Hypothesis 7:** Organization culture will have a positive correlation with industrial relations, productivity, organization effectiveness and leadership.

In case of pharmaceutical industry, the study has established existence of entrepreneurial and creative culture to a high degree. The study has also established existence of cordial industrial relations, high degree of productivity, high level of organization effectiveness and APN as well as situational leadership. It means that the organizations in which entrepreneurial and creative culture is existing, organization effectiveness and productivity is high, industrial relations are cordial and effective leadership style is being adopted by the leaders depending upon the need of the situation. It therefore, proves the hypothesis that organization culture has positive correlation with industrial relations, productivity, organization effectiveness and leadership.

In case of textile industry, the study has established existence of high degree of entrepreneurial, creative, yes boss and cult culture. From the study it can be concluded that different cultures as indicated above may be existing in varying degree in textile industry. The study has also found existence of cordial industrial relations, low productivity, high degree of organization effectiveness, relationship-oriented as well as middle-of-the-road leadership to a high degree. From the study the conclusion that can be drawn indicates that creative and entrepreneurial culture are not strongly held in the textile industry and that characteristics of cult and yes boss culture are also existing. It is, therefore, difficult to establish a definite relationship between organization culture and industrial relations, organization effectiveness, productivity and leadership in case of textile industry.

From the comparative findings of pharmaceutical and textile industry, definite conclusion that organization culture has positive correlation with organization effectiveness, industrial relations, productivity and leadership cannot be drawn. However, as the findings in case of the pharmaceutical industry indicates, it can be said that there exists sufficient evidence which supports the above hypothesis. A greater exploration may help reveal the relationship.

It can, therefore, be said that the findings of the study support the above hypothesis to some extent but does not prove it totally.

### **Suggestions**

The present study has implications, both for practising professionals and academicians, especially in the field of organization behaviour. The study has implication for other professionals and employees also since it provides insights into the dynamics of organization building, the various processes that happen and the

impact that these have on the performance and profitability of the organization. Offlate the concept of organization culture has been becoming an area of focus at conferences and workshops. Since the concept is deeply embedded in organizational history, it keeps on motivating the organization and its constituents for long-long time. The artifacts, the espoused values and the basic assumptions keep on driving the organization in all the circumstances. Whether it is the new entrant or it is the longest serving professional, everyone operates on certain assumptions that get inculcated as one starts knowing the organization. In a sense, it can be said that organization is living. For professionals, therefore, it becomes very important to know of what is accepted and what is not in an organization. And also if certain basic assumptions are accepted, than what needs to be done, if at all a change has to be made. The present study is focussed on diagnosing the organization culture in pharmaceutical and textile industry. The study further explores the effect that organization culture has on important variables like organization effectiveness, industrial relations, productivity and leadership. For every manager, all these assume a great relevance in the fast changing and challenging situations. It is, therefore, that this study holds relevance both for practising professionals and academicians. Some of the suggestions for practising professionals and academicians are listed below :

**Suggestions for practising professionals:**

- In the fast changing scenario, when mergers, acquisitions, take-overs etc. are becoming a real phenomenon, the importance of understanding organization culture has increased greatly. In the cases where two organizations are merging, there are chances that the conflicting organization culture may pose great difficulties in integrating the two. A proper understanding about the importance of organization culture will help the professionals to prepare in advance for strategic decisions and changes to be initiated to make the integration of different cultures

smooth. The study throws light on the importance of organization culture and its impact on important factors like effectiveness, productivity, industrial relations and leadership. It will help the professionals to understand the strategic importance of integrating and strengthening the organization culture so as to make the merger or acquisition or other strategic decisions yield intended result.

- The study provides an approach which can be adopted by the practising professionals for diagnosing their organization's culture and thereby make strategic decisions or undertake suitable interventions. The diagnosis can be used as output for organization wide interventions like Total Quality Management based on the felt need and the strategic intent of the organization.
- The study provides insights for the practising professionals into various aspects of organization culture, organization effectiveness, industrial relations, productivity and leadership. Although quite a few things are already known, but this study provides a different perspective for studying organization culture that may help in enhancing the understanding of the professionals about these subjects.
- The study will help the professionals in understanding the typology of unproductive and detrimental culture types.

#### **Suggestions for the academicians:**

- The study provides a good platform for further work on organization culture to increase the empirical understanding about the concept.
- The researcher has prepared a tool on organization culture and has done reliability testing by using factor analysis. Further efforts can be made to develop or add to this tool to make it more usable for the research scholars and practising professionals.
- The study is limited to studying organization culture and its effect on organization effectiveness, productivity, industrial relations and leadership in textile and

pharmaceutical industry. Further studies can be done in engineering and chemical industries, services sector (especially Information technology sector) which would provide highly useful data for practising professionals and academicians.

- The study has established that some relationship exists between organization culture and organization effectiveness, industrial relations, productivity and leadership. Further studies can be done, by taking bigger sample from different industries, by considering organization culture as an independent variable and studying the cause-effect relationship between organization culture (cause) and (its effect on) organization effectiveness, industrial relations, productivity and leadership.
- The study has been done in Gujarat State. Such comparative studies in pharmaceutical and textile industry in other states can be done and comparisons can be done regarding the difference that emerge from these studies. This can give wider profile of difference in organization culture in these two industries across the country.
- Studies on understanding the organization culture existing in different industries can be done which will provide input for the practising professionals in those particular industries to make appropriate interventions.