


CHAPTER – II

REVIEW OF LITERATURE

In Chapter I, the research topic was introduced. Various concepts on organization culture were described therein. It also covered discussion on other variables like organization effectiveness, productivity, industrial relations and leadership. Literature from various sources has been cited to describe various concepts and variables. In the present chapter, an effort is made to review the literature on the research problem under study. Literature on the researches done in India and in foreign countries has been cited. Research studies done in recent past have also been cited. Some important studies have been reviewed in detail, while other studies which are relevant to the study have been described briefly.

In recent years a lot of work has been done on Organization Culture and especially exploring its linkages and influence on performance, strategic management, leadership, organization effectiveness, motivation etc. Organization Culture studies have utilized various methodologies for studying the culture of organization, like Diagnostic, ethnographic, clinical descriptive etc. The emphasis, however, in most of the studies have been to study the shared assumptions, shared meaning and shared values that are existing in the organization. Reviewing the literature it can be concluded that this concept is here to stay. The studies on Organization Culture have spanned from pure diagnosis of Organization Culture in organization to its linkages with the societal culture and national culture to its impact on strategy, productivity, organization effectiveness, leadership, creativity and many other such variables.



Despande and Parshuram (1986) in their study concluded that culture has a major influence on the success of strategic choices. They related culture to business portfolio management practices. They found that the strategic success of the organisation would depend on the manner in which its culture encourages risk-taking and acceptance of feedback in the organisation.

Walter (1985) in his study highlighted that the success of acquisitions and mergers is critically dependant on the integration of cultural parameters in the acquisition plans. Zammuto and O' Connor (1992) based on their study proposed that acceptance and effective implementation of advanced manufacturing technologies in the organisation is influenced by its cultural characteristics.

Andre Laurant (cited, April 1983, Management Review) in his study spanning over a period of four years on the nationality characteristics of managers and management, furnished a 56 point questionnaire to nearly 1000 middle and upper middle managers. His study deduced that (a). Multinational companies do not and cannot submerge the individuality of different cultures. (b). Contact with other nationality groups can even promote a determination to be different, though understanding between members of the group may evolve in the process. Even within a nation, when there is a merger or amalgamation, there are bound to be differences in work culture, managerial philosophy and social responsibilities of the companies, which have to be thoroughly understood before adjustment processes are initiated.

Sayeed (1980) studied relationship between organizational culture, based on leadership style and managerial value orientation in a bank, and performance. His findings revealed that healthy culture was the most significant determinant of

productivity and effectiveness of the sub-systems of a large bank. Allen et. al. (1982) in his study found negative relationship between stressful culture and perceived organizational effectiveness.

Pestonjee and Singh (1982) found significant negative relationship between stressful (role stress) culture and motivational climate. Sen (1982) reported a positive correlation of role stress with perception of culture as that of control, and negative correlation with perception of culture as that of achievement. Hellriegel and Slocum (1974) found a relatively strong relationship between culture and employee satisfaction, but this moderated by individual differences, and satisfaction will be highest when there is congruence between individual needs and the culture.

Nicholsan and Johns (1985) established relationship between socialization and 'absence culture'. Absence Culture represents shared understandings about absence legitimacy and that define appropriate absence behaviour. Once a new employee has been socialized into an organisation, he learns whether, for example, it is acceptable to take three day weekends in the summer, or use up sick leave at the end of the year. Grey and Thoney (1990) in their study revealed that European Corporate Cultures embody greater vision, responsiveness, innovation and employee involvement than North American Cultures.

The study of Pettigrew and Burnstead (1980) of how variations in Organisation Culture affected the impact of Organisation Development activities illustrated the use of concepts of symbol, language, ideology, belief, ritual, and myth in business organisation.

A number of researchers have examined the role of organizational culture components, e.g. managerial styles, opportunity to take decisions and autonomy in inducing motivation. Friedlander and Merguilies (1969), Kaczka and Kirk (1965), Schneider (1972,1973), Cawsay (1973), Printehard and Karsick (1977) and Hall and Lawler (1969) among others, have clearly established the relationship between organisational culture and motivation in terms of interpersonal relations, group cohesiveness, task involvement and the like. Singh and Das (1977) in their study advocated in favour of a better Organisation Culture to reduce the demand for economic compensation. Their findings suggest that level of commitment is significantly related to the quality of organizational life. According to Deal and Kennedy (1982) "The types of business in which organizations are engaged and their general business are the primary determinants of Organization Culture.

Organization Culture Typology:

N Dean Meyer and Associates conducted a detailed study with the objective to study the different characteristics of the cultures of various organizations and industries. 2000 managers from various companies across USA and Canada comprised the sample for the study. The findings of the study indicates that :

- There are four basic types of corporate cultures :
 - Traditional
 - Consensus
 - Profit center
 - Futurist
- It was also found that the geographical location, size and mission of the organization greatly influence its cultural.

According to the study, the main features of these culture types are:

Traditional culture

- They have a vertical structure where the communication flows through formal channels.
- They are most resistant towards change.
- They adapt to a new environment only after extensive study.
- They do not encourage innovation and tend to keep low-risk profile.

Traditional culture is found in industries with low growth-rates like insurance.

Consensus-driven culture

- The staff reports to committees of middle managers who in turn report to the chief manager.
- The line management carries more authority than the staff management.
- They have a neutral attitude towards innovation.
- Consensus-driven organizations keep a medium-risk profile.
- The rewards for efforts and creativity are also moderate.

Such culture is found in manufacturing and service industries like telecommunications, education.

Profit-center culture

- The central staff is relatively small and serves the line staff.
- The organization is split into various independent units with senior managers leading them.
- They are neutral towards innovation and change.
- If the new ideas do not confine to the business objective, they are discouraged regardless of how profitable they might be.

- Profit-center culture has a high-risk profile whereby failure is brushed off with minimum effort but success is highly rewarded.

Industries like chemicals and plastics tend to have such a culture.

Futurist culture

- The structure of such organizations is flat and comprises autonomous groups.
- Most decisions are made at the group level.
- Such organizations encourage innovation.
- Reward for successes are given generally.

Futurist organizations tend to be young, upcoming and are found in industries with a high growth-rate like toys footwear, etc.

Corporate Culture and Performance:

John P. Kotter and James L. Heskett conducted four studies between August 1997 and January 1991 to determine whether a relationship exists between corporate culture and long term economic performance, to clarify the nature of and reasons for such a relationship, and to discover whether and how that relationship can be exploited to enhance a firm's performance.

The first study was focussed on the largest 9 or 10 firms in 22 different U.S. industries. The studies attempted to test the most widely accepted theory linking corporate culture to long term economic performance. The study concluded that there is a positive correlation between corporate culture and long term economic performance, but, not a very strong one. A bit more specifically, the study concluded that there is a positive relationship between strength of corporate culture and long term economic performance, but it is a modest relationship. This study contradicted the statement that "Strong Cultures create excellent performance."

The second study addressed a major criticism of the first. The second study was focussed at contradicting that the “fit” between culture and environment maybe associated with short-term economic performance, but no single cultural formula is associated with long-term economic performance. To test this perspective, a group of 22 from original 207 firms for more in-depth investigation were selected. The results reflected that majority of the respondents overwhelmingly felt that culture helped the twelve higher performing companies. In most cases the respondents felt that culture hurt the low performers. The culture-environment fit in the case of the higher performing firms was usually reported to be significantly better than-in the cases of the other companies. The study concluded that companies with strong culture somehow successfully adapted to change. The rationale of the second study about culture-environment fit was found to be valid to a great extent as far short-to-medium term performance was concerned. But the study could not draw any substantiate conclusion about long-term performance. Some very significant conclusions were also drawn from this study:

The researchers found that the culture in high performing industries valued excellent leadership. The respondents overwhelmingly felt that cultural traits like leadership, entrepreneurship, prudent risk-taking, candid discussions, innovation and flexibility had influenced their economic results. The culture of 12 better performing firms placed a (1) high value on customers. (2) their stockholders and (3) their employees. No group was ignored and fairness to everyone was a standard feature. Absolutely the reverse was true for low performing industries.

The third study was conducted in 20 firms that appear to have had cultures that hurt their economic performance. Some very important conclusions emerged:

- Managers in these firms tended to be arrogant and acted as if they already had all the answers.
- Managers in these cultures tended not to value highly customers, stockholders and employees.
- These cultures became hostile to values such as leadership or other engines of change.
- Managers ignored relevant information and clung to strategies and practices that were no longer useful.
- Even when the performance of these firms deteriorated severely because of significant mismatches between culture and environment, change still did not come quickly or easily because of some combination of arrogance, insularity and lack of leadership.

The fourth study was conducted in 10 firms who had changed their corporate culture and then benefited economically. Major change began in these 10 firms where the researchers studied, after an individual who already had a track record for leadership was appointed to head an organisation. Very significant findings were made in this study:

- These leaders developed a strong belief in the need for change.
- They had clear vision of the kinds of changes that were needed.
- Each of these leaders began their new job by trying to create an atmosphere of perceived “crisis”.
- These leaders communicated widely the facts that pointed to a crisis or potential crisis.

- The degree to which these leaders challenged the status quo and the breadth of information they marshalled to address key issues far exceeded what was done by their predecessors.
- The values and practices these leaders wanted infused into their firms were usually in display in their daily behaviour.

William G. Ouchi (1981) analysed the organisation cultures of three groups of firms which he characterised as typical Japanese firms, typical U.S. firms and type Z U.S. firms. Through his analysis, Ouchi developed a list of seven points on which these three types of firms were compared. Ouchi argued that the cultures of typical Japanese firms and U.S. Type Z firms were very different from those of typical U.S. firms and that these differences explained the success of many Japanese firms and U.S. Type Z firms at the expense of the latter. The seven points of comparison developed by Ouchi were:

1. **Commitment to Employees:** According to Ouchi the Japanese firms and the Type Z U.S. firms valued life time employment for their employees while the typical U.S. companies did not have any such commitment to the employees and believed in short-term employment for their employees.
2. **Evaluation:** Ouchi observed that in Japanese and U.S. Type Z firms, evaluation of employees was slow and required the use of qualitative and quantitative information about performance making it more authentic. However in typical U.S. firms the evaluation was done rapidly and used quantitative information to measure performance which encouraged short-term thinking.
3. **Careers:** Ouchi observed that the careers most valued in Japanese and U.S. Type Z firms span multiple functions. However, the career path valued in typical

U.S. firms was considerably narrow, which reflected the value of specialization in these U.S. firms.

4. **Control:** Ouchi found that most of the Type Z U.S. firms and Japanese firms assumed control through informal and implicit cultural values. In contrast, the typical U.S. firms expect the guidance to come through explicit directions in the form of Job description, delineation of authority, and various rules and procedures.
5. **Decision Making:** Japanese and Type Z U.S. firms valued Group decision making and based on principles of consensus while in the typical U.S. firms individual decision making is valued.
6. **Responsibility:** Ouchi observed that Japanese firms value collective responsibility. However, the Type Z U.S. firms and the typical U.S. firms valued individual responsibility. Ouchi on the question of internal consistency regarding how Type Z U.S. firms combine the cultural value of group decision making and individual responsibility explained that the result of managerial working with many groups overtime are consistently positive or negative will hold them individually responsible for those results.
7. **Concern for People:** Type Z U.S. firms and Japanese firms valued holistic concern i.e. individual, home life, hobbies, personal beliefs, hopes, fears and aspirations while in the typical U.S. firms concern for people is a narrow one that focuses on the work place.

Ouchi argued that the cultures of Japanese and Type Z U.S. firms help them outperform typical U.S firms by systematically investing in their employees and in their operations over long periods of time and thus obtained steady and significant improvements in long-term performance.

Gordon Donaldson and Jay Lorsch (1983) studied a dozen large and well-known U.S. companies. They reported the following patterns in their study:

- Strong founders are particularly important in establishing corporate cultures that are both internally consistent and sensible in light of objective environmental conditions (i.e. that fit their environments).
- These cultures help the managers deal with the need to make an ongoing stream of complex decisions by making the decision process easier, more consistent and better in light of industry conditions.
- If the environment doesn't change radically, a firm can go for decades with only minor modifications to its corporate culture.
- But if an industry does change in some significant way, cultural change is too slow to prevent substantial deterioration in economic performance.

Their study also focussed on how senior executive decision making is guided and constrained by the "dominant belief systems" that such executives seem to share. For example they have strong beliefs about the necessity of balancing the requirements of their major constituencies-the capital markets from which they must borrow, the labour, markets from which they must obtain their employees, the suppliers, and most important the customers. Scarce resources must be allocated in such a way that the needs of each group are met to an optimal level.

Senior managers have complex mental equations by which they make their decisions. Constraining such broad strategic decisions, Donaldson and Lorsch found, was a set of interrelated beliefs about,

- The distinctive competence of their organization,
- The degree of financial risk that was appropriate for their organization, and
- The degree to which they felt their organization should be financially self-sufficient.

The specifics of such beliefs differed from industry to industry and company to company, but in each company studied senior management had strong beliefs in these three areas, and those beliefs guided specific goals, means and management practices.

The study concluded that the fit between culture and environment maybe associated with short-term economic performance, but no single cultural formula is associated with long-term economic performance.

Lorsch and Morse (1974) studied culture with respect to its relationship with organisational performance and employee satisfaction and found the existence of such a relationship, but on further investigation reported that the relationship was moderated by organisations' technology. Performance will be higher when culture suits the technology, supports risk-taking and conflict, performance will be higher if the technology is non-routine. The more frequently structured organisations that are risk averse, and that are prone to more task-oriented leadership will achieve higher performance when routine technology is utilised.

Sunita Singh-Sengupta (1998,cited: Productivity) studied corporate culture existing in three public sector and three private sector Indian organizations. The study found presence of three types of culture, i.e. Strategically appropriate culture, adaptive culture and strategically inappropriate culture.

Strategically Appropriate Culture: The companies having strategically appropriate were more customer oriented, quality conscious and took care of their employees. The top management played a crucial role by (a). Getting involved personally with the employees working at lower rungs of the hierarchy and (b). Frequently monitoring the

system laid down. The companies believed in selecting people with leadership potential and then encourage people to lead. The culture valued transparency and fairness in dealings. There was a match between the companies' culture and competitive, technological and other environments in which the organizations were functioning. These companies had exceptionally good performance record owing to the presence of strategically appropriate cultures.

Adaptive Cultures: The companies with adaptive culture had participative style of management and encouraged transparency that resulted in good industrial relations among the employees. These organizations made changes in their policies with the participation of their employees. Operations were speeded, employee focus was increased owing to the competition in the market. To implement all these changes, the top leadership played an effective role. The corporate culture helped in improving the performance of the organizations.

Strategically Inappropriate Culture: Bureaucratic style of management was existing and the attitude of the people did not change commensurate to the requirement of the changing business environment. Although these companies valued customers, employees, and stockholders highly, they failed to value the excellent leadership form its managers.

The study concluded that in the highly competitive business environment, the companies should develop strategically appropriate cultures to stand the wave of competition and excel.

Studies have established that Organization Culture does impact performance, but the studies have not been able to establish decisively whether Organization Culture affects long term performance or not. Although Organization Culture has definitely

been found to have impact on the performance of an organization. Performance has become the key word in the organizations that are competing in the globalized scenario. Performance is a cultural phenomenon, both at small work group levels and at the level of the organization. It is, therefore also, that organizations and academicians have been concentrating and reflecting on the concepts and areas which might help the organizations improve their performance. Studies have shown that organizations having culture which guarantee the development and well-being of both the internal and external customers, encourages creativity, openness etc. perform better than the organizations with strategically inappropriate. Leaders and Managers of the top performance organizations encourage the development of a growth oriented culture which puts an emphasis on satisfying the employees of the organization and puts an equal emphasis on customer and stakeholders.

Organisation Culture and Organisation Effectiveness:

D. Amarchand and B.J. Jayaraj (1992) studied 416 executives in eighteen, medium to large sized manufacturing companies in the private sector. The study attempted to diagnose Organisation Culture in these companies and aimed at studying its correlation with Organisation Effectiveness.

The diagnostic approach adopted for the study identified 22 values that were relevant and in operation the sample companies. These values which were classified into two categories viz. (1). Work related values and (2). Person related values enabled not only to identify the culture of the organisation, but also to distinguish it from other organisations that have a different set of values or to draw similarities with other organisations which have more or less the same set of values.

Based on a combined picture of (1) the distribution pattern of values practised and (2) the distribution pattern of values not practised of (a). work related values and (b) person-related values, in the respective companies of the sample four patterns of corporate culture, namely :

1. Growth centred culture.
2. Person centred culture.
3. Mixed culture and
4. Weak culture, were identified.

It was observed that the companies (seven companies in the sample) that came under growth centred culture practised a large number of both work related and person related values resulting in a culture which focused on growth. Companies (three in sample) in person centred culture focused on persons and their needs, but very little focus on work or task. For these companies certain person-related values were more important than task related values. The companies (four in sample) which came under mixed culture practised both work related and person related values, and also negatively practised (ignored in practising) certain other work related and person related values. The companies (four in sample) under weak culture did not practice a large number of both work related and person related values.

The study found that the corporate culture as reflected by the practice of a set of work related and person related values and the resulting corporate environment, as in Growth centred culture, was positively associated with greater satisfaction of the managerial persons in respect of work environment (Quality of Work Life) and was strongly associated with a higher level of performance effectiveness (Organisation effectiveness) of the respective organisations. Similarly it was found that when a set

of work related and person related values were not practised widely by the members of an organisation, as in the case of weak culture the resulting corporate environment was accompanied by a lower level of Quality of Work Life and Organisational effectiveness compared to the other culture patterns. It was observed therefore, that all the three variables viz. corporate culture, Quality of Work Life and Organisation effectiveness move in the same direction, either forward or backward. There seemed to be a significant tie up among the three. Companies in person centred culture though, did not much practise the work related values, the conspicuous absence of 'not practised' work related values helped them to retain the level of quality of work life and organisation effectiveness just next to growth centred companies. On the other hand, the companies that belonged to mixed culture remained next to person centred culture, above the weak culture companies in respect of both quality of work life and organisation effectiveness because the positive practise of certain values seemed to have been nullified by the negative practise of a different set of values, resulting in lower level of quality of work life and organisation effectiveness compared to growth centred and person centred culture companies.

N.A. Jans and J.M. Frazer Jans (1989) studied the relationship between Organisation effectiveness and two dimensions of Organisation Culture, namely the perceived degree of bureaucracy and the priority given to Human Resource Management. The sample was drawn from Australian Public Sector and branches of Common wealth agency. The data collected supported the hypotheses of the researchers that organisations which give high priority to the HRM function are likely to be more effective than those whose cultures give low level of support to HRM. The data collected also supported the second hypotheses of the researchers that organizations

that are hierarchical in their working arrangements are less likely to be effective than those which are relatively non-hierarchical. Most agencies surveyed apparently did not give high priority to the HRM function, particularly regarding the lower levels in the organisation. This is applicable in terms of the relatively low value placed on "people" skills by senior executives. The result supported that private sector models are relevant to the public sector.

Values are the bedrock of Culture existing in any organization and they form the core of the Organization Culture. Studies have shown that organizations which encourage both work-related and person-centred values, organization effectiveness is better in such organizations. Organization effectiveness is seen in terms of the effectiveness of the organization in meeting the needs both its internal and external customers. Organizations with Strong Organization Culture have been found to be more effective than the organizations with Weak Organization Culture. In Organizations with strong culture, values are widely shared, which sustain the consistency in dealing with the internal as well as the external customer effectively. Similar conclusion is reflected by J.P. Kotter and J.L. Heskett. According to them "Organizations with strong cultures, where values and assumptions are widely shared, defining the way their businesses are conducted, are very effective." From the various studies and live examples of a number of excellent organizations, it can be said that Organization Culture definitely affects effectiveness of and organization.

Organisation Culture and Leadership:

P. Singh and A. Bhandarkar (1990) intensively studied five Indian transformational leaders who had effected substantial changes in the operating cultures of their organizations as well as in their performance. A number of managers in each

organization rated what the culture of the organization was before the leader took charge and what it was some years after he took charge. They also rated their leader. These leaders apparently changed the organizational cultures towards more open vertical and horizontal communications, participative target setting, teamwork, role clarity, meritocracy, decentralisation, innovativeness, risk taking, results orientation, dynamism, concern for tasks as well as people, etc. Overall, the eleven most widely noted traits of the five leaders were:

- The leader empowered his subordinates, that is, made them feel that they were worthwhile and important to the organization.
- He was willing to take risks to achieve results.
- He was clear about the mission, purpose and goal of the organization.
- He was a good team builder, capable of generating positive group feeling among the members.
- He kept his balance in the face of calamities.
- He was a good boundary manager, ably managing the organization's interface with the government, politicians, heads of other organizations and departments.
- He felt care and concern for the individual-for his work as well as his personal problems.
- He was quite receptive and open to the new ideas of others.
- He was a good planner.
- He evoked a sense of confidence and trust.
- He was accessible to anyone who wanted to see him.

Shared assumptions can be changed by changing the composition of the organizations's dominant groups or coalitions. The most potent version of this change

mechanism occurs when a Board of Directors brings in a new CEO or when a new CEO is brought in as a result of an acquisition, a merger, or a leveraged buyout. The new CEO usually brings in some of his or her own people and gets rid of people who are perceived to represent the old and increasingly ineffective way of doing things. In effect this destroys the group or hierarchical subculture that was the originator of the whole culture and initiates the process of new culture formation. If there are strong functional, geographic, or divisional subcultures, the new leaders usually have to replace the leaders of those units as well.

Dyer (1985,1986) has examined this change mechanism in several organizations and found that it follows certain patterns:

- The organization develops a sense of crisis because of declining performance or some kind of failure in the market place and concludes that it needs new leadership;
- Simultaneously, there is a weakening of pattern maintenance in the sense that procedures, beliefs, and symbols that support the old culture breakdown;
- A new leader with new assumptions is brought in from outside to deal with the crisis;
- Conflict develops between proponents of the old assumptions and the new leadership; and
- If the crisis is eased and the new leader is given the credit, he or she wins out in the conflict and the new assumptions begin to be embedded and reinforced by a new set of pattern maintenance activities.
- However, if improvement does not occur or the new leader is not given the credit for the improvement that does not occur or the new assumptions threaten too

much of the core of the culture, the new leader will be discredited and forced out. This situation occurs frequently when this mechanism is attempted in young companies where founders or owning families are still powerful. In such situation the probabilities are high that the new leader will violate owner assumptions and be forced out by them.

Pamela Shockley-Zalabak and Donald Dean Motley (1989) and Morley and Shockley-Zalabak (1991) examined relationships among founders' values, individual organisational member values, Organisation culture, organisational communication activities, and perceptions of organisational outcomes.

Both their studies supported a causal model suggesting that founders bring to the organisations they create a set of personal values that results in the development of the initial organisational rules specifying the way organisations should be and should not be. Those who join the organisation are likely to exhibit values and beliefs held by founding management. Founding management values, in turn, influence the evolution of management and employee value overtime and influence the type of thematic rules that exhibit stability and rules that continue to develop. The relationship between management values as influential for employees values is of particular interest.

This research also demonstrates the dynamic nature of culture where rules dissolve, remain stable, and change overtime. The findings suggested that rules emerging overtime are related to satisfaction with the organisation, satisfaction with work activities, perceptions of quality of the organisation, and organisational survival. The research underscored the importance of communication participation for organisational awareness and satisfaction and the influence of values and beliefs of the founder leaders in the organisation.

Caren Siehl (cited, 1985: P.J. Frost et.al.) made an exploratory study in a micro computer company located in Silicon valley. She points out that even after the founder has gone out of the scene, " the set of potential managers", such as CEOs, middle managers and members of work groups as leaders do play a vital role in influencing and/or changing the culture of an organisation. This according to her is especially true in times of crisis and/or in times of the growth stage.

Leadership has been considered to be one of the most powerful factors affecting the culture of an organizations. As can be concluded from the above studies, leadership of founders, managers etc. is the key factor in the formation and propagation of a strong culture the organization. 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 predisposition's of all executives – from senior management to the operators of the organization" As can be seen from the studies reviewed above and conclusions of several other studies on Organization Culture have shown that leadership of the organization plays important roles in creating, building, maintaining and changing the culture of the organization during various stages of organization's life cycle, as Schein would put it. There are a number of examples of the successful change that leaders have brought in the culture of the organizations. It won't be wrong if stated that "Leadership is the creator, architect and the custodian of the culture of an organization."

Organisation Culture and Industrial Relations:

Blauner (1964) as a part of his study of the technological determinants of alienation discovered something of a paradox among his sample of machine – minding textile workers. Objectively, their work appeared to be alienating, being characterised by minimal control over highly repetitive, monotonous and gruelling tasks,. Workers' were also subject to autocratic supervision and restricted social contact during work. Nevertheless, in terms of subjective experience, they appeared relatively satisfied with their work. The sample for the study was drawn from textile mills in small, tightly knit rural communities in southern U.S. which had strong external culture dominated by notions of submissiveness and fatalism. This was the reason why alienation at workplace was partly neutralised by submissive culture. The existence of such a culture is a clear indication of false consciousness and a measure of the true alienation of the workers. It is also a measure of the potential instability of their industrial relations.

Kerr and Siegel (1954) in their classic comparative study on strike activity based on analysis of strike records from 11 countries identified certain group of workers as consistently strike-prone even within societies that more generally deprecate overt industrial conflict. One common characteristic of these workers, in addition to their industrial attachment, is that they tend to inhabit isolated communities. The researchers identified the miners, the sailors, and the loggers and to some extent textile workers as isolated masses with their own codes, myths, heroes and social standards. There are few neutrals in these communities to mediate the conflicts and dilute the mass. All people have same grievances.

Here the coalescence of industrial and community cultures based on geographical isolation, and hence the absence of cultural alternatives; supports a strong anti-management union culture. Attempts to create a more favourable, pro-management culture as a means of reducing industrial conflict would be difficult, to say the least, and would likely be doomed to failure.

Although not much empirical work has been done to ascertain the influence that Organization Culture has on industrial relations, but efforts through other studies have been made to study the impact of Organization Culture on Industrial Relations. The efforts till today have concentrated on studying the influence that organization culture and the union culture have on each other. Moreover, studies have also concentrated on the type of culture that facilitate co-ordial and healthy Industrial Relations in an organization. Since Organization Culture is basically the shared assumptions and shared meaning, and therefore to a great extent it is the collective outlook of all the employees in the organization towards the type of relationship that they aim at between management and labour/union. Organizations with strong culture encourage strong employee culture as well as strong union culture which makes the organization function profitably and effectively. The more widely shared are the values and the assumptions of the organization, the better are the chances for healthy Industrial Relations.

Organisation Culture and National/Societal Culture:

Geert Hofstede (1980) measured the effects of societal culture on the organization culture. He developed a model of national cultural patterns by studying 11600 staff of IBM located in 40 countries. According to him the culture of an organization is reflective of the societal culture under the following four dimensions:

1. **Power distance**: The acceptance among the members of a society that power in institution and organizations is distributed unequally.
2. **Uncertainty Avoidance**: Uneasiness felt by the members of a society in relation to uncertainty and ambiguity, which leads them to support beliefs promising certainty and to maintain institutions protecting conformity.
3. **Individualism- Collectivism**: Members preference for a loosely knit social framework in society in which individuals are supposed to take care of themselves and their immediate families as opposed to collective preference for a tightly knit social framework in which individuals can expect their relatives, clan or other interest groups to look after them in exchange for unquestioning loyalty.
4. **Masculinity**: Members' tendency for achievement, heroism, assertiveness and material success, as opposed to femininity, which stands for a preference for relationships, modesty, caring for the weak, and the quality of life.

B.E.F. Beck and L.F. Moore (cited, 1985: P.J.Frost et.al.) have explored the linkage between some important dimensions of a national culture (Canadian) and a commercial institution viz. The chartered banks. They conducted in-depth interviews with 68 Branch Managers of the banks, based on critical incidents and metaphors. The underlying assumptions, attitudes and values held by these managers were located within the competing values framework constructed for the broader Canadian culture. This made it possible to explore and look for consistencies, inconsistencies, or absences at various cultural levels. The authors point out that the identification of linkages between host culture and Organisation Culture is the first step towards understanding the deep significance of business behaviour in a given country.

Quite a number of studies have been done analysing the impact of Societal/National Culture on Organization Culture. The conclusions have shown that societal and national culture definitely affect organization culture. Such studies have come in prominence more today because of globalisation. More and more multinational corporations while spreading their operations in different countries are taking utmost care of understanding the culture of that region before designing their policies, strategy, structure etc. Organizations have been particularly careful of not imposing all the cultural symbols of the parental organization. Efforts are made to study the cultural assumptions and differences of the particular region and the policies are framed accordingly. Moreover these studies have concluded that organization culture is strongly under influence of the societal culture because employees bring the societal values into the organization which slowly might become a part of the organization. Studies have also shown that values are originally learned from family and society while employees learn about the various practices premised on these values in the organization.

Aycan, Kanungo and Sinha (cited – Vision: The Journal of Business perspective July-December, 1999) studied the cultural characteristics on which countries could be classified and the impact of the cultural characteristics on the organization's internal work culture. The sample of these studies constituted a total of 2003 respondents from various public and private sector organizations in ten countries – Canada, China, Germany, India, Israel, Pakistan, Romania, Russia, Turkey and US. The dimensions used to identify the cultural characteristics were: Paternalism, Power Distance, and Loyalty to the community and fatalism.

Paternalism: The meaning of this dimension has a close affinity to the father-child relationship. In this relationship, the father is expected to care and provide for the child; and the child's duty, in return, is to trust and dutifully obey the father. In the organizational context, paternalism implies that the superior's role is to provide subordinates with guidance, protection, care and opportunities for growth. The subordinates' role is to be loyal and deferent to the superior. Thus, paternalism is characterised by (1) a hierarchical relationship between the superior and subordinates; and (2) different sets of roles for the superior and subordinates.

Power Distance: Suggested by Hofstede (1980) power distance is "... The extent to which a society accepts the fact that power in institutions and organizations is distributed unequally" High power distance implies that the managers and subordinates accept their respective positions in the organizational hierarchy and operate from these fixed positions. Low power distance implies that managers consider subordinates to be "people just like me" and vice versa. Thus, in a low power distance culture, subordinates will defer to the superiors directives based on rational considerations and not simply by the virtue of the authority of the superior's position.

Loyalty to the Community: This dimension is the most significant or salient aspect of the individualism-collectivism characteristic of culture (Kim, Triandis, Kagitcibasi, Choi and Yoon, 1994). It describes the extent to which individuals feel loyal to their communities and compelled to fulfil their obligation towards in-group members – relatives, clan organizations. Such loyalty is exhibited even when individuals are inconvenienced by the demands of the in-group members. There is reciprocal relationship between individuals and their in-groups. Individuals feel they owe absolute loyalty to their in-group and they also expect the in-group members to look after them.

Fatalism: This cultural dimension is the belief that “.... whatever happens must happen” (Bernstein, 1992). Fatalism does not necessarily denote religiosity. Rather, it is the belief that it is not possible to fully control or influence events and outcomes through one’s actions.

Findings of the study on the impact of cultural characteristics on internal work culture is shown in the table :

| Cultural Characteristic | Countries scoring high on this characteristic | Countries scoring low on this characteristic |
|--------------------------------|--|---|
| Paternalism | India, Turkey, China, Pakistan | USA, Russia, Romania, Canada, Germany, Israel |
| Power Distance | India, Turkey, China, Pakistan, Russia | USA, Romania, Canada, Germany, Israel |
| Loyalty to the Community | India, Turkey, China, Pakistan, Russia | USA, Romania, Canada, Germany, Israel |
| Fatalism | India, Russia | Turkey, Pakistan, China, Romania, USA, Canada, Israel |

The internal work culture of an organization can be understood in terms of the basic managerial assumptions which explain the beliefs, values and practices in an organization (Schein, 1985). The study found that societal culture significantly influenced the internal work culture of the organizations involved in these countries. These findings are summarised below :

- In countries that scored high, relative to those that scored low, on Paternalism and Loyalty to the Community, managers assume that employees have an obligation towards others in the workplace. More specifically, to co-operate with and help others in accomplishing the job tasks and not to achieve goals at the expense of others.
- In countries, that scored high, relative to those that scored low, on Fatalism, managers assume that employees’ capabilities are more or less fixed with limited

potential for development. Managers also assume that employees are inherently not willing to accept and seek responsibility and to participate in decision making.

- In countries that score high, relative to those that scored low, on Power Distance, managers assume that employees will not be proactive – that is, employees are not capable of or are not willing to take the initiative on the job unless directed and guided by the managers. A similar assumption is made by managers in countries that scored high, relative to those that scored low, on Paternalism.

Other Studies:

In his study of successful “excellent” Indian companies, Bhattacharya (1989) found specific cultural attributes of such companies. He identified the three dimensions of Organisation Culture which these successful companies had in common in varying mix as:

1. An orientation towards managerial values which sharply focus on implementation of plans and actions (rather than on decision making alone).
2. Achievement orientation i.e. organisation-wide acceptance of achievement, rather than efforts alone, as the reference point for measuring success; and
3. A spirit of continuing introspection, innovation and experimentation.

These findings highlight the importance of strong cultures (and the nature of cultural attributes) in determining organisational success.

P. Singh (1979) examined the relationship between the profiles of managerial styles and the culture of decision-making units in his study on Occupational Values and Styles. He found that the culture of decision making units did not significantly influence the profiles of managerial styles i.e. the profile of styles does not vary with the variation of the culture of decision making units. Comparative analysis of the

profile structure-effective versus non-effective styles – also did not reveal any significant gap. In both the cultures – autocratic and democratic – the relative contribution of effective and non-effective styles was found to be more or less similar. The study indicated preponderance of authoritarian styles – bureaucratic and benevolent autocratic over non-authoritarian styles – bureaucratic and benevolent autocratic – over non-authoritarian styles in case of autocratic decision-making culture. These accounted for more than half (52.93% of the total managerial behaviour (n=280). On the other hand in the democratic decision-making culture, these were assigned considerably low priority and accounted for only approximately 24% of the total behaviour. In the democratic culture, democratic and developer styles occupied a prominent position. Together these constituted approximately 48% of the total managerial behaviour, as against only 20% in the autocratic culture. These findings indicate the impact of decision-making culture on managerial behaviour and leads to the conclusion that authoritarian culture tends to induce authoritarian managerial behaviour.

In the study reported by Sugato Lahiry (cited: Training and Development: April 94, pp 50-52) on "Building Commitments through Organization Culture" an effort was made to find relation between organization culture and different type of commitments. For the purpose of identifying and assessing organization culture, an instrument entitled "Organization Culture Inventory" was used. This inventory generates a cultural profile of the organization. These profiles include such characteristics as:

Constructive culture which leads to uninhibited interaction among members. Members are result oriented, self-actualizing, encouraging and affiliative.

Passive/defensive cultures which influence members to interact in ways that will not affect their own security. Approval, convention, dependence and avoidance mark these cultures.

Aggressive/defensive cultures in which members are expected to approach tasks in a forcible manner. However, the motivation is to protect one's status and security. Vision, power, competitiveness, and perfection constitute the prevalent style in these cultures.

Some important findings of the study were:

- Constructive cultures provide work experience that satisfies higher needs. Thus, one can expect that in such work places people would want to work. The study, however, did not support this. It seems, the linkage between the two must be clear and be accepted by employees. The employees must perceive that the fulfilling work is due to the management's action. Thus, the management must make sure that the connections are well communicated and it is implied that it is all due to management's actions.
- Strong correlation was found between passive/defensive culture pattern and continuance commitment. A high level of continuance commitment may tie an employee, who is unlikely to perform well, to the organization.
- No significant correlation was found between a normative commitment and various cultural patterns.
- An understanding of organizational culture and commitment may help in evolving better strategies for organizational change and development. It also provides an alternate way of looking at organizational variables such as motivation, job satisfaction, productivity and so on.

Hay (Cited, 1984: Management Review) studied 100 organisations employing millions of employees. He distinguished the corporate culture of outstanding companies against those of mediocre ones. Two significant conclusions arrived at were:

1. In faster growth organisations, employees at all levels have more favourable and egalitarian attitudes than employees in slower growth organisation.
2. The gap between the attitude of management and those of non-management employees is markedly smaller and sometimes non-existent in fast growth organisations.

Chatman and Jehn (1994) reported larger differences among the organizational cultures of service-based organizations in 4 different industries than within any one of the industries. Each organization faces a different set of forces that shape its organizational culture, depending on its product or services, competitors, customers and clients and governmental regulatory influences, and these forces are the primary determinants of culture.

Prof. Bogdan Kacic (1987), using Handy's questionnaires conducted an empirical research in eleven Slovenian industrial enterprises. The Handy's questionnaire differentiates among 4 types of Organisation Culture, namely:

1. **Power Culture**: With a central personality who controls the resources and implements his power through selection of persons, whom he allows access to resources.
2. **Role Culture**: Which roughly corresponds to the bureaucratic type of organisation.
3. **Task Culture**: Which roughly corresponds to the project and matrix organisation.
4. **Personality Culture**: When organisation is sub-ordinated to individuals.

The findings of his research were: In highly efficient organisations, elements of all 4 types of culture are present. In coverage the strongest are the elements of project culture (41% of answers) and role culture (40% of answers). The other 2 cultures are intimated as less strongly present: 36% of answer for power and 30% for personality culture. He also reported that Organisation Culture is strongly correlated with the style of management used by the Top Management and other managerial personnel.

Deepti Bhatnagar and Leena Bhandari (cited : 1998, Vikalpa) studied the perceptions of Organisation Culture in 3 kinds of Indian Organisations : the private sector, the public sector, and a central government department offering a basic public service. The researchers followed Competing Values Framework (CVF) to identify dominant Organisation Culture in these organisation. The sample consisted of 169 respondents drawn from 6 organisation, 3 from private sector, 2 from public sector, and 9 government department (referred as organisation ABC).

The study found the presence of all the 4 types i.e. (Clan Culture, Adhocracy Culture, Hierarchical Culture, Market Culture) of culture which form the CVF, although there were marked differences in their relative strength. When data from all six organisations were pooled together, hierarchy emerged as the pre-dominant culture form. Although the study was focussed on culture within organisations, yet the overall dominance of hierarchy culture suggested possible influence of larger societal culture on Organisation Culture with emphasis of control, power distance, and consistency. The study found that there was relatively weak market culture in organisations in the public sector, the private sector, and government department alike. High result orientation, competitive spirit, and strong market orientation was seen as a strong and pervasive concern in these organisations. The result showed adhocracy or

entrepreneurial culture (signifying dynamism, initiative and risk-taking) to be the most dominant culture in the public sector. Overall Hierarchy emerged as the most dominant culture with its strongest hold in government departments, followed by organisations in the public sector, and was relatively weak in the private sector. It restrained the manager of their initiative and energy, stifled with their drive for excellence and resulted in organisational inertia, inflexibility, and plethora of missed opportunities.

Peters and Waterman (1982) studied 62 American companies and found that without exception the dominance and coherence of culture proved to be essential quality of excellent companies. They concluded that stronger the culture, and the more it was directed to the market place, the less need there was for policy manuals, organisation charts or detailed procedures and rules. In these companies, people way down the line know what they are supposed to do in most situations because the handful of guiding values is crystal clear.

Geert Hofstede et.al. (1985 & 1986) studied Organisational Cultures in Denmark and the Netherlands. On the basis of 180 in-depth interviews combined with 1,295 completed survey instruments, the study concluded that organizational values are determined primarily by the larger societal culture entering the organization through the hiring process, while organization practices are acquired as a result of the socialization of new members to the organization culture. The study empirically shows shared perceptions of daily practices to be the core of Organisation's Culture. The study concluded that the values of founders and key leaders undoubtedly shape Organisation Culture but that the way these cultures affect ordinary members is through shared practices. Founders' and Leaders' values become members'

practices. The findings suggested that actions by ordinary organisation members were more often traditional than wertration (action towards value). Further the research identified 10 Characteristics of Organisation Culture, namely – Member Identity, Group Emphasis, People Focus, Unit Integration, Control. Risk Tolerance, Reward Criteria, Conflict Tolerance, Means-Ends Orientation, Open-System Focus.

Jagdish Kumar (1992) carried out a research study on Work Culture and Productivity in 2 private sector organizations. The study focussed on two main characteristics or determinants of work culture i.e. the centrality of work and organizational culture. Background of the founder/chief executive, management policies and practices, communication within the enterprise, grievance handling procedures, participative management mechanisms, and Labour Management relations were found to play a vital role. The study found that the founder/chief executive officer plays an important role in fostering a dynamic, positive work culture in an organisation. The commitment of top management is also important. The philosophy, mission, core values of an organisation contribute significantly in shaping the work culture. Good communications mechanisms are necessary to build up trust among employees. The study found that small group activities like quality circles and core group promote employee involvement in decision making and also enable management to tap the creative problem-solving ability of employees for productivity and quality improvement. HRD in terms of continuous training of all employees strengthens the understanding between management and employees and develop a shared perception of organizational problems. Sharing information and employee involvement in decision making are important inputs that promote a positive work culture in an organisation.

Shane (1992) in his empirical study examined the influence of culture on inventiveness. His study examined the per-capita number of invention patents granted to nationals of 33 countries in 1967, 1971, 1976 and 1980 and compared the figures with an index of value of power distance (social hierarchy) and individualism, compiled from a survey of 88,000 employees at IBM undertaken by Hofstede in the late 1960s and early 1970s. The results showed that individualistic and non-hierarchical societies produce more per-capita patents than other societies. The conclusions of this study were based on correlation between rates of invention and national values i.e. it cannot say how much of invention can be explained by values as opposed to economic factors. The study failed to examine culture and inventiveness dynamically by looking at the relationship between changes in values and changes in rates of inventiveness.

Pankaj Kumar (cited: 1995, HRD News Letter) conducted a study in Maruti Udyog Limited, Gurgaon, Haryana. Samples were taken from three hierarchical levels i.e. Managers, Supervisors and workers. In this study, a questionnaire was developed to measure Organisation Culture which basically comprises thirteen dimensions i.e. Humanistic/Helpful, Affiliative, Approval, Conventional, Dependant, Avoidance, Oppositional, Power, Competitive, Perfectionistic, Achievement, Self-actualization and an 'Aram' culture. Based on these dimensions 65 items were written in which each dimension, except one, consisted of 5 items.

The study found that out of 13 dimensions, affiliation and self-actualization organizational culture showed relatively greater degree of relevance in the particular organisation. These dimensions revealed a mixed pattern of universal and indigenous aspects of Organisation Culture in the Indian Organizational context. The study also

made an effort to study the pattern of variations in terms of an individual's background. The study did not find much differences across the background characteristics nor with the department-wise organizational culture pattern.

Glisson and Martin (1979) examined the effectiveness of Human Service Organisations. The study focussed on the affects of centralization and formalization on two measures of effectiveness – productivity and efficiency. They hypothesised that formalization and centralization are positively related to the effectiveness criteria; tenure, size, and organizational age are related to formalization and centralisation. Thirty organizations dispensing different human services (drug abuse, family counseling, welfare, and mental health) participated in the study. Four Hundred and Eight workers filled out questionnaire's measuring the organizational variables. Productivity was measured by the average number of different clients served by each line worker, and efficiency was the number of clients served per week, per \$ 10,000 annual budget.

The principal findings of the study were that (a) centralisation is positively associated with productivity and efficiency. (b) Formalization has a marginal negative relationship with productivity and efficiency. (c) Formalization is positively associated with centralisation.

Paul Mott's (1972) study points out the importance of measuring effectiveness internally and externally, since they may not be all the same thing. The method used by Mott's study was to develop questionnaires which, when completed by members of an organisation, would provide a measure of organisation effectiveness. Mott's criteria of organisation effectiveness consisted of production, adaptability and

flexibility. Productivity is perhaps the most studied single variable in effectiveness literature. Mott considered productivity as a component variable of both efficiency and effectiveness. Mott tested a series of hypotheses on productive organisations, including the effect of the task on productivity. Mott's evidence suggested that with appropriate safeguards workers' subjective judgements provide a "fairly valid measure of effectiveness." The major safeguard required is an outside evaluation of the effectiveness of the unit under study. This evaluation reveals any disagreement between inside and outside evaluators over the criteria of effectiveness. Mott's study primarily provided an internally oriented view of effectiveness.

Ravichandran, Thiruvengatam and Nagabrahmam, D. (1997) studied the effect of environment on managerial effectiveness and sees how some managerial tasks/skills alter the situation. The way a manager goes about reacting or creating the environment determines how effective a leader he is. This study examined how the organization's operating environments – legal, economic, technological and demographic – affect leadership effectiveness in a transitory environment. Relevant leadership traits and skills were scanned through a questionnaire survey on a sample of 299 managers from eight nationalised bank branches located in South India. The correlation analysis indicated that effective leadership was perceived as being related to the person and his character. Leaders with vision and leaders with noble and altruistic goals are looked upon as effective. The study found that everyone had an ideal of leadership in mind. Another revelation was the association between environment, particularly the legal and economic environmental uncertainties, and some of the traits of leadership.