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Indian Institute of Technology, Kharagpur

Module - 07 Lecture - 34

**Managing Organizational Culture** 

Welcome to lecture 4 of week 7 and the previous lecture we were discussing about the

concept of Organization Culture, we talked about Socialization Process and now in this

today's lecture what are we going to talk about is that now having learnt about culture and

culture is significant it we found out where levels and functions, how critical of you know

organization culture will have an impact for an organizational growth and effectiveness and

performance by knowing that yes organization culture is important.

Now, comes a question of how do we develop an organization culture? Where does this

culture come from? Though we studied you know various factors where which the

organization culture is evolving in a first lecture, but also what we are going to look at in this

lecture is that how are we going to manage the existing organization culture and how do we

develop an organization culture.

And also, though organization culture is a shared believes in value system over the period of

time you will also find out that organization might experience different changes different

changes with respect to product or with respect to services or probably the external

environment in which the business operates might be demanding certain changes in an

organization functioning.

So, eventually what will happen that external influence will also impact on organization to

change the way they are functioning. So, what is actually implicating you know it is implies

that yes there is going to be a change in the organization culture as well.

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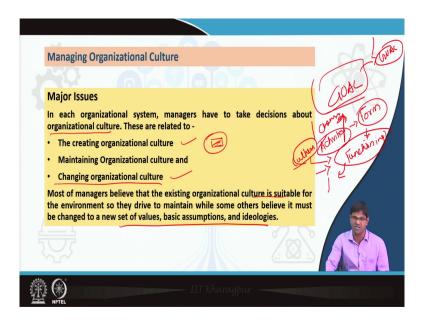


So, now in this lecture what are we going to do is that we are going to discuss about how are major issues related to managing the organization culture how are we going to manage the culture. Creating organization culture how do we create this organization culture and we also talk about how do we maintain the organization culture, because we said culture plays an very important role in reflecting or also bringing people internalize organization culture which has lot of implication as we discussed earlier.

Then how do we change the organization culture, as I said yes there can be demanding external influence as well as probably as a company itself you might not evolve move from your maybe diversification of a business or differentiation of a products and services, though you might also internally look for a change or probably you know responding to the external

demands also you want to change. Then how are you going to change the organization culture that is what we are going to discuss in today's lecture ok.

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Now, let us you know understand the managing organization culture ok now. So, every organization has manager have to take a very critical decision about organization culture. These are essentially related to how do we create organization culture, then comes an very important ok I have created a culture now this is my culture, now how I am going to manage this culture.

Then; obviously, the next important things comes you know how are we going to change the organization culture ok. So, managers always have a belief or a perception that, yes the existing organization culture is suitable for the current environment. So, they because you

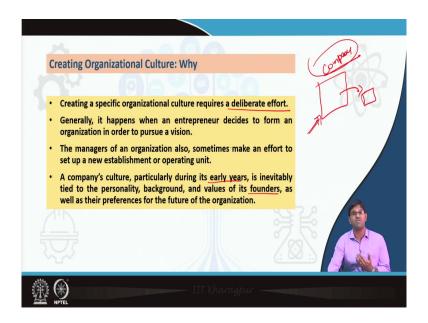
know they drive to maintain some other belief that you know it must be changed for a new set of values for example, what will happen.

So, how are we fixing an organization culture we say there is a goal to achieve the goal we carry out several activities. So, when we say several activities, these activities are done in certain form that form is comes of functionality how do we function right functioning. So, now, this functioning are derived from the culture.

So, now if you understand the connection so, there is a goal, to achieve the goal we carry out activities to carry out activities. We function in certain way to in carrying out these activities to realizing the goal this functioning is derived from the culture. Now, generally manager might believe that ok, this is the existing culture the functioning the way we function are shared beliefs are ideally suitable for the current environment probably as things are evolving. So, some might feel like ok we need to change to new set of values and basic assumption ideology owing to probably a change in a goal or probably the activities are changing or probably this functioning is not really suitable.

So, owing to these various aspects somebody who have to may believe manager may believe that ok we need to change new set of values and you know ideologies and basic assumptions as the premises under which an organization functions.

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So, now let us look at the first aspect of it one is about creating the organization culture. Now, why do we really create culture? So, creating an organization culture is of course, very important because as I said you know the differentiation between a multiple organization comes from the kind of organization culture they possess.

So, employees or potential employees are the existing employees relate to the culture of an organization they want to stay with the company it has a lot of benefit that is why we are concerned about the creation of an organization culture.

Now, comes how do we create this organization? Creating organization culture needs a deliberate effort it is not that you know simply I say I am I am going to create a culture it is

not that easy effort that I can create a culture because culture is over the period of time people have to have a shared belief.

So, it takes bit of a time to create this organization culture. So, it happens when where is it is actually starts right that is what we want to understand so, where does this culture comes from. Let us say any business call it as a business this is a company ok, for any company you will always find maybe an entrepreneur or maybe somebody who wants to start a business that is where the company is coming from.

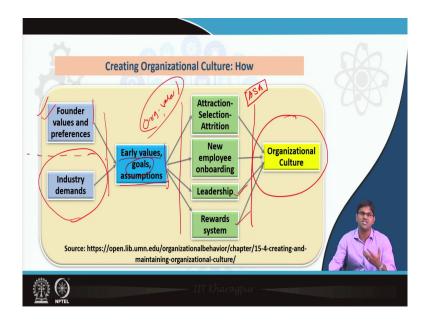
So, now when they wanted to pursue their own vision of creating a company there starts the organization when we start an organization there is also amount of culture is going to come from. So, at the same time manager might also sometimes make an effort to you know start a independent unit or maybe diffusion of a company then there is also maybe subset of a company might come in a elsewhere locations there also you will find a subcultures coming from.

So, when an entrepreneur starts, he or she will resonate his value system into the company culture right. So, company culture especially in a early years, let us say I am starting a company and generally in early years, the company culture mostly always a reflection of a personality.

Background and values of its founders are somebody who starts the company; because if I start a company what I will do I will try to resonate my value system become a part of my organization value system and my personality will have larger influence on how do I function in a company, how do I carry out these activities, how do I conduct my business, all comes from my within personality or my value system.

So, initial years the organization culture are drive driven from the founders value systems and personality and the background in which the founder is coming from.

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Then comes. So, now, if you look at in this we will actually talk about so, how this creation of organization culture generally happens. Now you see this on the left side of the corner we are talking about founder value and preferences.

So, this is one of the source of the creation of a organizational values right. So, organization values are a culture. So, now, if you look at it, so where do they draw these values the organization values are from coming from founders values and preferences then it is not only about a founder alone there is also industry demands.

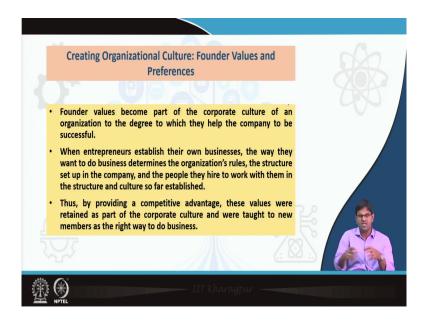
Certain things and industry might expects a demands you show to do it in a certain way then industry demands on the expectations and the general environment expectations also influences you to determine what are your early values of course, a goals what you really wanted to produce and what you really wanted to achieve and some of your assumptions. All

this will be driven from this industry demands as well as from a founder's values and preferences then comes ok.

So, I have my early values then there are four important things happening one is about I need to attract in this called ASA attraction, selection and attrition. So, we are going to discuss in detail. Then comes how are you going to on board the employees, here we are talking about transmission of my value system and culture to my employees, then comes a leadership of an existing organizations and what type of a reward system will actually become a overall organization culture.

So, how do you hire people, select people, remove people from a company, then how do you onboard them, then comes your leadership how the leaders behave in a way in an organization setup. Then of course, a reward system what type of a reward system you have in a workplace will all comprehensively create the organization culture of an organization.

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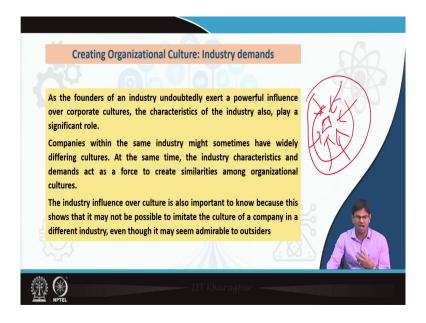


Now, let us try to understand the first one of our founder values and preferences. See; if you look at now as I was earlier saying as well right. So, when a founder creates a company. So, they have become an important entity of a company the company is behind by somebody as a founder and the founders values are become an important part of an organization culture.

So, especially in a for example, you wanted to start a company and the way you wanted to do a business and then the way you wanted to carry that is all determined from the way you want to conduct. So, essentially the founders values and the way you wanted to conduct the business will drive your organization rules, how I wanted to do and how do I wanted to create the structure who is going to report to whom.

And also over the period of time it might also maybe providing a competitive advantages because you know this becomes your company's values and cultures that might create a competitive advantage because you wanted to you know differentiate your company from a different other companies now that is about a founder values and preferences.

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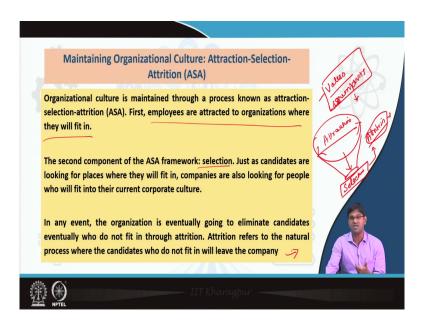


Then comes the industry demands. So, now as I was saying yes of course, as a founder you will have larger saying how my company should you know function, how people should you know react, what should be the structure and what is the decision making process, how the interaction pattern should be, how the coordination and communication should be, but of course, it is undoubtedly undeniable factor, but also you will also find out you exist in a business environment.

So, let us say as a founder I am starting a company, but this company is operating in a larger business environment and you will decide how you wanted to do, but at the same time this external environment also will have lot of expectations and influence on you to behave in a certain way.

And so, this will also influence or maybe make certain changes or make an amendment to the existing way of functioning. So, that is where the industry demands will influence the way you are creating the organizational culture ok.

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Now, let us now spend more time on understanding this attraction, selection and attrition process. So, what is this attraction? We are talking about see now this founder values and preferences and then its industry demands creates what the values early values and you know values and assumptions right how do you wanted to functioning the company that is coming.

Now, this will drive how you are going to select a person. So, now, comes the attractions now initially attraction is a bringing potential applicants to the job, job that you want to offer now. So, where you will you know reach out to candidates so that they will be applying for your position. Now, you are going to attract employees who will fit with the current job requirement at all, at the same time will they also be fitting with my organizational culture and values that I hold that is an initial attraction.

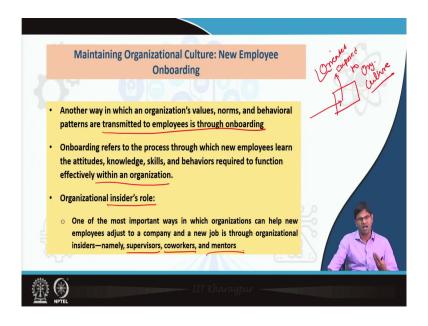
Then second comes the selection. So, now, pool of applicants comes there are large number of pool is coming now comes a finaling. So, where ok this is an attraction stage you will have more number of candidates who are applying hoping that they will meet the requirement, hoping that they will also fit with the current requirement and also the organizational expectations.

Now, what will happen, you may not find everybody fitting into the requirement as well as the company culture then you will come into the filtering stage where you are coming for a selection. So, where you will find somebody who fits the organizations and they will be hired for your organization to conduct or carry out the activities or a position.

Now, then comes the ok the selection is happening then we are talking about attrition. So, what is this attrition? It is a natural process of leaving the company now when somebody is not fitting. So, let us say I have hired people assuming that they will be a good fit to my company and vice versa is also possible the employees are a candidates who you know of being offered in a job they might also accept the offer they join a company assuming that I will be a good fit to this company they join a company.

And then eventually when you when you are join a company you will experience how the functioning and how things are active you know happening in a company as things progresses you know company also may find that you know you are not actually fitting into my company and it is also vice versa is a possible the other employees might also feel that I am not really a good fit to this company they might leave this company. So, that is what this attraction selection and you know attrition framework is talking about.

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Now, comes the second one is new employee onboarding. So, the next important you know aspect that are driven towards the you know creation and maintenance of the organization culture is you know a new employee onboarding. So, this is one of the way in which you know organization ensures that their values, norms and behavioural patterns are actually transmitted to the employees who is joining my company right.

So, when we if you remember the transmission or the second lecture of the week 7 the new employees enter the system, when they enter the system, they have to be oriented and exposed to organizational culture so. So, now, this is a kind of formal process in which you know organization try to transmit the organizational values and norms and behavioural patterns to the new employees who is joining my company.

So, this onboarding is generally refers as a process by which a new employees you know learn the you know acceptable attitudes, knowledge required knowledge and skills and behaviours to function effectively in an organization set up right, because you know anytime when a new employees joins it of course, they will have a you know basic skills or at least you know required skill set probably when they join a company, company might also expect you to you have to behave in a certain way.

So, they will actually use this onboarding as an exercise to impart the values and norms and expected because or probably you know who you know enhance their existing skills have to match the current requirement in an organization. So, you may have to function effectively in a workplace so, they will even harness your you know existing skills and knowledges by this onboarding exercises.

So, now, comes in this onboarding exercise what is the role of you know insider's role you know. So, you know what happens you know most of the important way in which organization help the new employees you know quickly adapt to the company and new job is through the insiders when we say insiders who are those insiders?

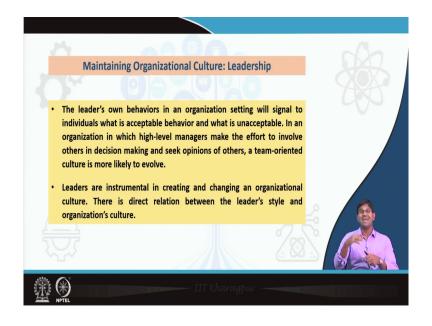
Insiders are supervisors meaning that your bosses immediate boss not always you know top level bosses we are talking about immediate supervisors and your co-workers means your colleagues and peers then of course, your mentors you know organizations can achieve more effectively this you know onboarding exercise through inner role of an insider's either through your immediate bosses or through your co-workers and peers and also mentors.

So, even if you just reflect back employees who are already working in a company or probably a students who are about to finish and join a company. So, generally what happens in an onboarding exercise, you always expect ok the leader will tell you ok. This is how we carry out our business, this is how we you know take decisions, this is how we manage our clients and customers then similarly that is one perception you will get one perception from a boss.

Now, comes a colleague or a peer co-worker who works with you along parallelly. So, the person might give a different side of a functioning of a company because boss may not be able to tell you exactly, they will tell you the role, but you may not be able to exactly provide you how this functioning happens at your level where your you know co-worker will be able to provide you ok. This is how we give they give you a different insight about how they perceive the company culture, how things has to happen, how do you need to deliver the responsibilities, and how do you achieve the goals, how you can meet the targets.

Now, this comes from a co-worker then comes the mentor. So, you will have an assigned as a mentor who is going to hand hold you to successfully taking you through this process and make you (Refer Time: 17:36) customize to the organizational culture so.

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Then comes the leadership now this leadership plays a very very important role because why a leader is always been referred to. So, what I am meaning that refer to? If you are working in a company, you always refer to leader and see how he or she is doing and this leader's behaviour is very critical in an organization setting because that will send a signal because people always refer to the leader and they will send a signal.

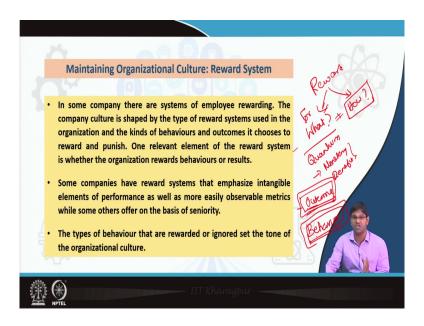
So, whatever the leader dos and what leader do not do he will tell you a clearly communicate to the other subordinate or the followers that ok, this is the acceptable behaviour in a company, whatever the leader does is an acceptable behaviour whatever leaders is referring from doing or do not engage indulge in doing meaning is that it sends a signal that you do not do it as well because it is not acceptable behaviour pattern.

So, meaning that it also gives a lot of information about what is an organization culture is, what makes you know organization will value it and what my organization do not value it, what my organization allow me to do, what my organization do not allow me to do, what my organization do not accept me to do, what my organization do not accept.

That is why the leadership is very very critical in in terms of you know creation of an organization culture you wanted to do. Let us say you want to create a team environment the moment you know leader you know shows that you know they always seek opinion from the irrespective of the positions about you know taking decisions then it actually indicates yes this this creates a kind of a better team environment.

You know everybody is valued and respected in the workplaces. So, leader is very very instrumental in the creation as well as changing an organizational culture that is why leadership is very very important in an organizational culture building or a creation of the culture ok.

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Now, in next comes the reward system. So, what are we talking about the reward systems? So, reward system is nothing but we are talking about ok how an organization is going to reward you ok.

Now, comes how organization reward you and we are not talking about the quantum of the reward we are going to talk about for what the reward is given. So, that there are two aspects of it right when I say reward. So, reward will have what and how. See what is maybe a quantum right the quantum I mean to talk about the value how much maybe in terms of a monetary or maybe in terms of a benefit can be anything.

Now, what is very important is how this reward is given. So, for what is given and for what and how it is given ok for what and how is also very important as well let us say. So, now, that is my organization gives reward for a outcome or are they giving for a behaviour let me

explain what does these two different things mean. So, when I say outcome means the tasks you have achieved in terms of an objective numbers let us say how many sales you made for a particular product.

Now, that is an outcome you know based on the exact results, now comes the behaviour. So, now, comes how did you do this you know, what was your behaviour in you know in responding to the clients or a customers in engaging your discussions. So, now, you know that will also tells you the reward system will also you know send a signal to the existing employees that ok what my organization is actually values for.

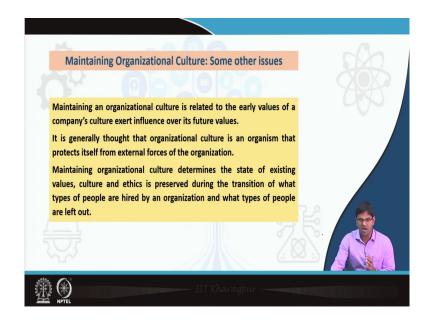
So, my organization is only concerned about the end results of number of sales or is my organization is rewarding certain behaviours that I should do. So, this also tells you that ok what is my organization culture is right, then companies might you know emphasis on intangible elements of performance where something sometime you know it may not be observable.

For example, and a company wanted to value the leadership quality you have are a team you are exhibiting a good team member. So, these are something which might be organization values then organization has to keep reward or associate certain portion of the reward to those you know exhibiting a leadership quality, exhibiting a you know good team member.

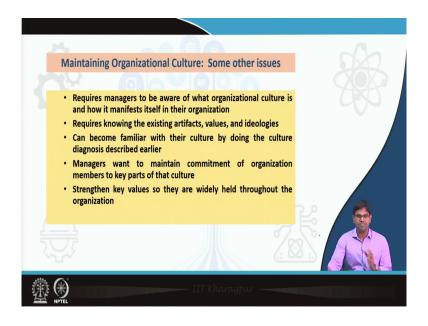
So, now, this will send a signal to employees what does that send a signal. So, my organization culture is more promotive about a team environment because my company pays for you being a better team member then comes my organization is promotive of showing taking up leaderships.

So, now that is my culture. So, now, my organization also pays for the exhibition of your leadership qualities. So, that is where we are referring to and trying to understand that ok. This reward system is not just what you are paying this reward system also tells you what type of an organization culture you possess that is going to have an impact on somebody viewing and you know conceptualizing the understanding of culture of an organization ok.

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Now, comes what are the other aspects of managing these organization culture. So, now, you know what is very critical is that you know you wanted to understand yeah just a second yeah. So, now, you know comes the next aspect of managing the organization culture with respect to other aspects what is that now when you want to manage the organization culture you now understood how do we create this organization culture.

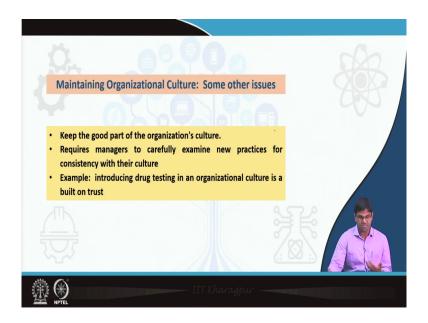
Now, what is very important is there a managing the organization the second component of these managing. So, managing organization culture where it a manager requires to be aware of what organization culture and how it has been manifested in the organization, how it has been shown or reflected in organization. So, organization you know manager has to know the existing culture and then how it has been manifested and also manager must know the artifacts values and ideologies.

If you look at you know if you remember the first lecture, we were talking about the levels of organization culture, talking about high visibility to low visibility, we are talking about artifacts you know ideologies and you know shared values. And the basic assumptions you should be knowing about it and one should become very familiar with the culture by doing the diagnosis.

You know as we say diagnosis means the sense you know insider being an outsider by knowing these certain history, stories, anecdotes or certain a critical incident by which you should know how the organization culture is being reflected in an organizations and manager wants to maintain a commitment of an organization members to be part of the culture is very important because culture without people's commitment you cannot hold the culture.

So, everybody has to have shared values and has to hold and then try to you know repeat those certain behaviours that becomes a part of your organization culture and strengthen key values. So, they will be widely you know held you know you need to strengthen the key values so that people will respect those values system and then it will become a you know acceptance from all people in the organization structure.

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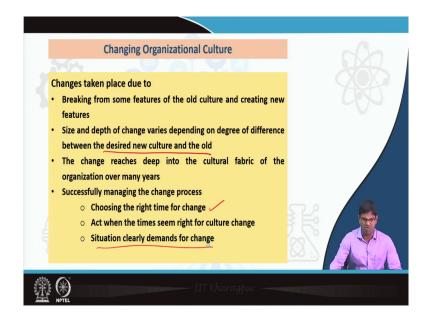
And also, you have to ensure that you are keeping the good part of the organization cultures and it also requires managers to carefully examine you know new practices or consistency with the culture. So, you wanted to understand if you are introducing a new practices or a system or a practice is it actually aligning with my organization culture that is also important right.

So, now, comes a managing is been discussed now we are going into the changing of organization culture. So, that is very important because we created the culture, we learned how to manage the culture, now we are going to discuss about so how do we you know change the organization culture.

So, change may takes place for various reasons now something you know maybe because of breaking from some features from old culture that are creating a new feature that you all have to you know make a deliberate effort in changing certain culture you might feel that this culture is more relevant.

Now, let us say post pandemic how companies were functioning where drastically changed pre post pandemic like the pre pandemic was a different way of functioning and post pandemic becomes it very different. Because now we found you know our remote working is possible, some employee want more flexi timing, some employee want to be you know hybrid mode of working and you know it becomes different.

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So, now if you look at. So, I do not want to hold the existing culture because it become redundant not applicable. So, I want I wanted to make an effort to change certain features because of the external changes which are happening are probably because of the natural calamity things have changed and evolved. So, I am want to trying to change certain aspect of

my culture or maybe again if you understand the changes you are talking about ok. I am introducing it in now.

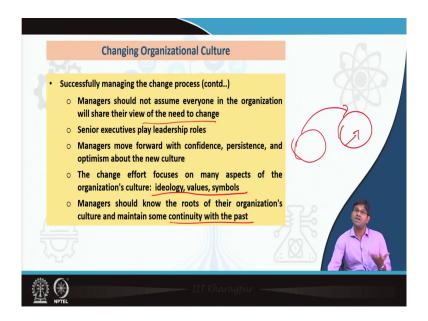
You should also understand the size and depth of the change varies depending on degree of difference between a desired new culture and the old one. See now what is that you know the size of the change the depth of the change are specifically dependent what is the new desired culture you are expecting from the existing culture.

Is it absolutely different from the existing culture or probably it is just a you know just an incremental differences that we are going to make an organizational culture that will decide on what is a major change is it a major cultural change or is it something you know not a radical one where rather it is a very small cultural change we are making so that will determine what is the new desired culture you want to bring in from the existing culture now.

So, now, comes how to be successfully manage this change process ok. Now, you need to choose the right time for change ok because you have to be very clear and aware as a manager or maybe as an employee or a potential boss that you need to understand what is the right time for a change then act when times seems right for the organization culture change you need to observe and become aware then implement the change.

Then you know situation will clearly demand for change you know you should actually read from the situations or the environment where when the change is required; because otherwise if you are not able to read from the you know cues coming from the external moment when I need to make the changes then to become very difficult. So, you cannot makes the manage this cultural change now. So, how do we successfully manage the you know change process ok.

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Now, what do you have to do? So, managers should not always assume that you know everyone in organization will share the view of a need for change because what will happen sometime some section of employee might feel that ok it is important that we should change, some employee might say they resist they will feel like no there is no requirement of a change.

So, manager should not assume that everybody will be in a same plane and wanted to go for a change right. So, now, comes a role when there is some section of employee driving for a change, some employees are do not go or pro for a change now comes a senior executives player and leadership roles.

So, they are very critical in terms of you know bringing this change and manager should you know pursue with a lot of confidence and persistence and be optimistic about a new culture because they should be reflecting on what the new change, we are going to bring in.

And change effort focuses on many aspect of the culture probably it can be related to ideology or probably values and symbols. So, the change effort should be specifically talking about ok what kind of change we are focusing on and manager should know the root of their organizational culture and try to maintain some continuity with a past because see changing a culture drastically different will feel like you know somebody will experience you know identity crisis, what is that identity crisis?

Let us say I was working in a company and I have imbibed a certain culture you know I know that my company will be functioning like that, now there is a proposed cultural change is happening or maybe some you know kind of a creation of a new change is happening. Now, if the change is absolutely different let us say I was operating in this you know environment all of a sudden, I will completely shifted to a new environment what will happen I will feel an identity crisis.

I cannot identify how am I really in the same organization because I am seeing absolutely new things you know you should also make sure that you know you do not completely you know rehaul the organization culture try to keep certain you know continuity of the past culture as well because people have we will have a strong root on their you know existing cultural elements of an organizations ok.

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So, now this is very important as we discussed in this today's lecture that now. So, talking about how do we create these organization culture and starting from you know focusing on the founders value systems and we talked about you know industry demand then we also talked about attrition, selection, attraction, selection and attrition.

And we talked about how this onboarding of new employees is critical and also we talked about reward system, leadership is playing a role in a critic organization culture and we also talked about so, how do we manage the organization culture and; obviously, we also discussed about why change is required in an organization culture and how do we create this change and what are the expectations from a managerial perspective to you know successfully drive the change in the organization culture.

So, we will be seeing the other aspects of organization culture in the upcoming lecture.
Thank you.