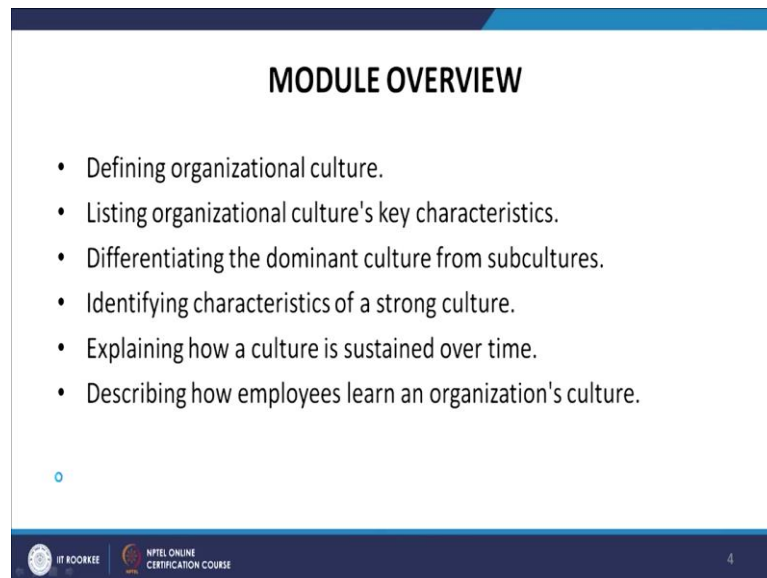


Organization Theory/Structure and Design
Prof. Zillur Rahman
Department of Management Studies
Indian Institute of Technology, Roorkee

Lecture - 37
Managing Organizational Culture - I

Welcome to module 37 of this course on Organization Theory Structure and Design. These two modules, module 37 and 38 will be covering Managing Organizational Culture. So, let us start with module 37 and these are the things that we will cover in this module.

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A presentation slide titled "MODULE OVERVIEW" with a blue header and footer. The slide lists six bullet points: "Defining organizational culture.", "Listing organizational culture's key characteristics.", "Differentiating the dominant culture from subcultures.", "Identifying characteristics of a strong culture.", "Explaining how a culture is sustained over time.", and "Describing how employees learn an organization's culture." The slide also features a small blue circle icon and logos for IIT Roorkee and NPTEL Online Certification Course at the bottom.

MODULE OVERVIEW

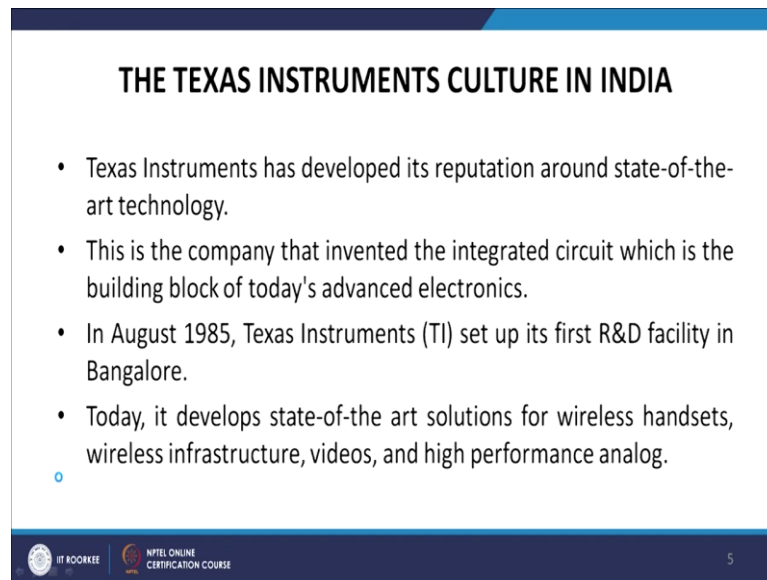
- Defining organizational culture.
- Listing organizational culture's key characteristics.
- Differentiating the dominant culture from subcultures.
- Identifying characteristics of a strong culture.
- Explaining how a culture is sustained over time.
- Describing how employees learn an organization's culture.

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So, we will start with defining what is organizational culture, then we will list the various characteristics of organizational culture, differentiate the dominant culture from the various subcultures, identify characteristics of a strong culture, and explain how a culture is sustained over a period of time and thereby we will describe how employees learn an organization's culture.

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THE TEXAS INSTRUMENTS CULTURE IN INDIA

- Texas Instruments has developed its reputation around state-of-the-art technology.
- This is the company that invented the integrated circuit which is the building block of today's advanced electronics.
- In August 1985, Texas Instruments (TI) set up its first R&D facility in Bangalore.
- Today, it develops state-of-the-art solutions for wireless handsets, wireless infrastructure, videos, and high performance analog.

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Now, let us look at the Texas Instruments' culture in India. Texas Instruments has developed its reputation around a state-of-art technology. This is the company that invented the integrated circuits which is the building block of today's advanced electronics.

In august 1985, Texas Instrument set up its first research and development facility in Bangalore. Today, it develops the state-of-art solutions for wireless handsets, wireless infrastructure, videos, and high performance analog.

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THE TEXAS INSTRUMENTS CULTURE IN INDIA

- The company also focuses on medical electronics that includes MRI scanners, ECG meters and X-ray Machines.
- This became the first to design the processor for control applications and also contributed to great extent in development of "LoCosto", the industry's first chip for wireless handsets.
- Overtime company inculcated a strong relationship with customers in India and opened sales and support offices all over the country.
- In the year 2000, Srinji Rajam quit as Managing Director of TI-India.

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The company also focuses on medical electronics that include MRI scanners, ECG meters and X-ray machines. This became the first to design the processor for control applications and also contributed to greater extent in the development of “LoCosto”, the industry’s first chip for wireless handsets.

Over time company inculcated a strong relationship with customers in India and opened sales and support offices all over the country. And in the year 2000, Srini Rajan quit as Managing Director of TI, that is, Texas instrument India. He held the position for 5 years and left with six of his colleagues to start his own company.

Srini was an M.Tech in computer science from Indian institute of science Bangalore and a B. Tech from Madurai University. After him the leadership of TI India was taken over by Dr. Mitra. Dr. Mitra did his B-Tech in Electronics and Electrical Communications and Ph..D. in Computer Science from IIT Kharagpur.

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THE TEXAS INSTRUMENTS CULTURE IN INDIA

- He held the position for 5 years and left with six of his colleagues to start his own company.
- Srini was an M.Tech. in Computer Science from Indian Institute of Science, Bangalore and a B.Tech. from Madurai University.
- After him the leadership of TI-India was taken over by Dr. Bobby Mitra.
- Dr. Mitra did his B.Tech. in Electronics and Electrical Communications and Ph.D. in Computer Science from IIT Kharagpur.
- He also did his executive MBA from the University of Texas, Austin.

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He also did his executive MBA from the University of Texas at Austin.

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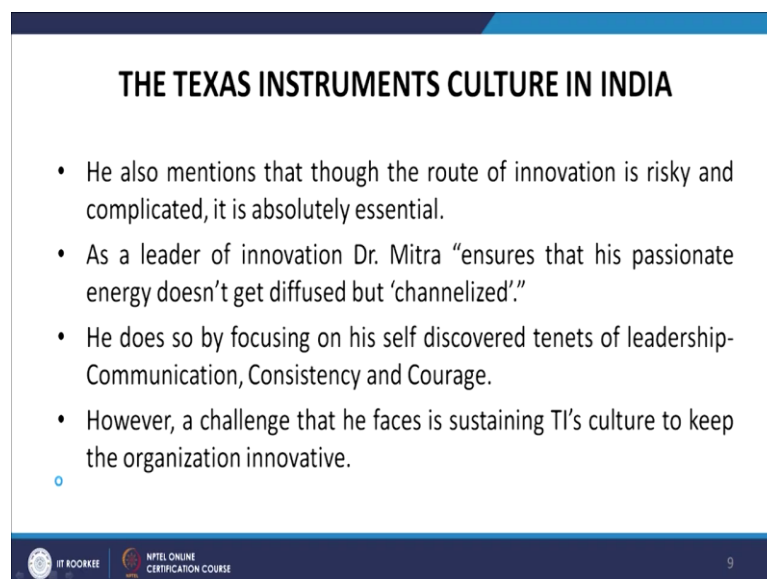
THE TEXAS INSTRUMENTS CULTURE IN INDIA

- TI-India hires qualified personnel mainly engineers. Today Dr. Mitra leads over 1300 qualified engineers at TI India.
- The culture of passion and innovation that Dr. Mitra introduced in this company is unique.
- His goal is to create a new breed of leaders who can transmit their own passion to their sub-ordinates in the organization.
- Dr. Mitra insists on pushing the boundaries of technology to constantly innovate the company and its processes.

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE 8

TI India hires qualified personnel mainly engineers. Today Dr. Mitra leads over 1300 qualified engineers at TI India. The culture of passion and innovation that Dr. Mitra introduced in this company is unique. His goal is to create a new breed of leaders who can transmit their own passion to their subordinates in the organization. Dr. Mitra insists on pushing the boundaries of technology to constantly innovate the company and its processes.

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THE TEXAS INSTRUMENTS CULTURE IN INDIA

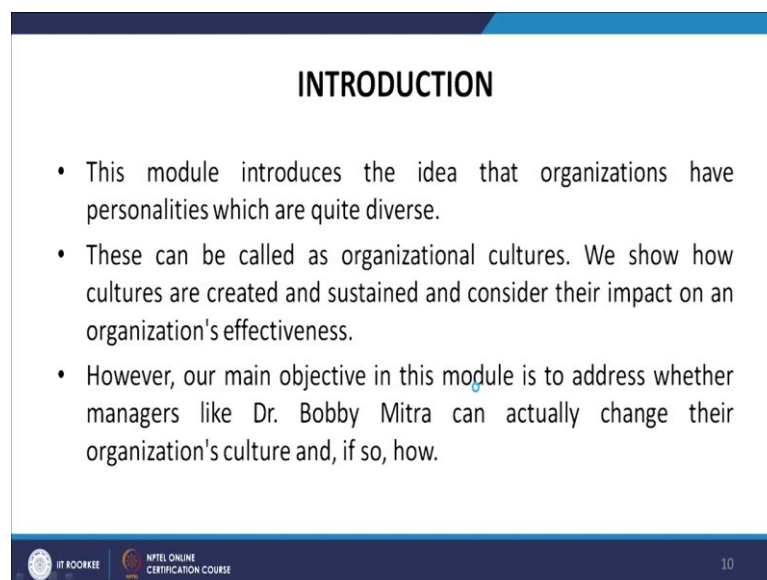
- He also mentions that though the route of innovation is risky and complicated, it is absolutely essential.
- As a leader of innovation Dr. Mitra “ensures that his passionate energy doesn’t get diffused but ‘channelized’.”
- He does so by focusing on his self discovered tenets of leadership- Communication, Consistency and Courage.
- However, a challenge that he faces is sustaining TI’s culture to keep the organization innovative.

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He also mentions that though the route of innovation is risky and complicated, it is absolutely essential. As a leader of innovation, Dr. Mitra “ensures that his passionate energy does not get diffused but ‘channelized’”.

He does so by focusing on his self discovered tenants of leadership that are communication, consistency and courage. However, a challenge that he faces in sustaining TI’s culture is to keep the organization innovative. So, now to introduce this module, this module introduces the idea that organizations have personalities which are quite diverse. These can be called as organizational cultures.

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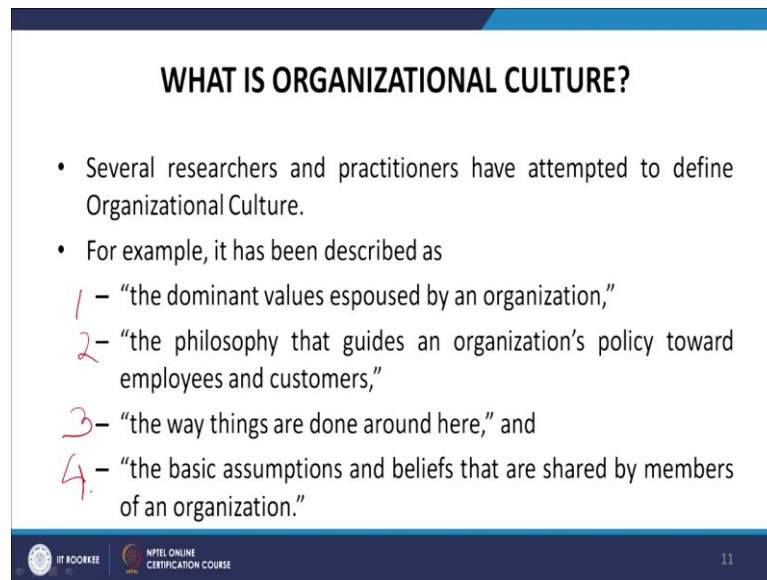
INTRODUCTION

- This module introduces the idea that organizations have personalities which are quite diverse.
- These can be called as organizational cultures. We show how cultures are created and sustained and consider their impact on an organization's effectiveness.
- However, our main objective in this module is to address whether managers like Dr. Bobby Mitra can actually change their organization's culture and, if so, how.

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We show how cultures are created and sustained and consider their impact on an organization’s effectiveness. However, our main objective in this module is to address whether managers like Dr. Mitra can actually change their organization’s culture and, if so, how. Now, let us look at what is organizational culture. Several researchers and practitioners have attempted to define organization culture.

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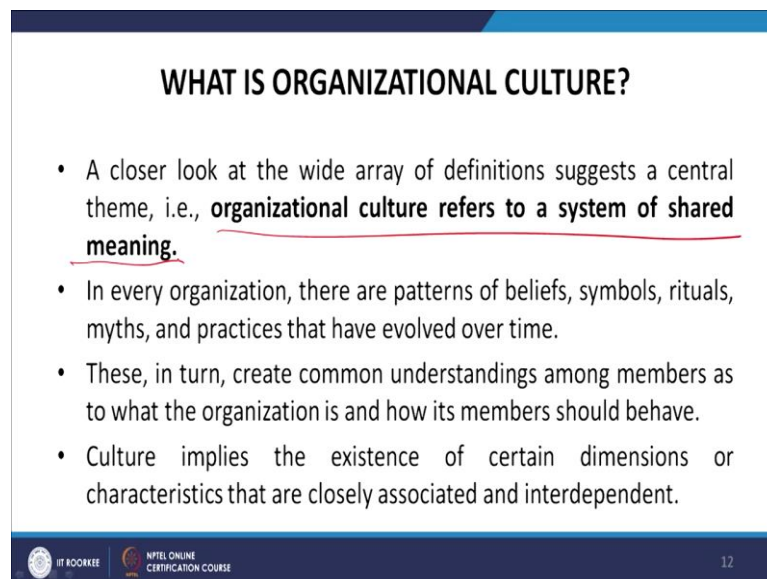
WHAT IS ORGANIZATIONAL CULTURE?

- Several researchers and practitioners have attempted to define Organizational Culture.
- For example, it has been described as
 - 1 - “the dominant values espoused by an organization,”
 - 2 - “the philosophy that guides an organization’s policy toward employees and customers,”
 - 3 - “the way things are done around here,” and
 - 4 - “the basic assumptions and beliefs that are shared by members of an organization.”

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For example, it has been described as 1 - “the dominant values espoused by an organization”, 2 - “the philosophy that guides an organization’s policy towards employees and customers”, 3 - “the way things are done around here”, 4th - the basic assumptions and beliefs that are shared by members of an organization”.

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WHAT IS ORGANIZATIONAL CULTURE?

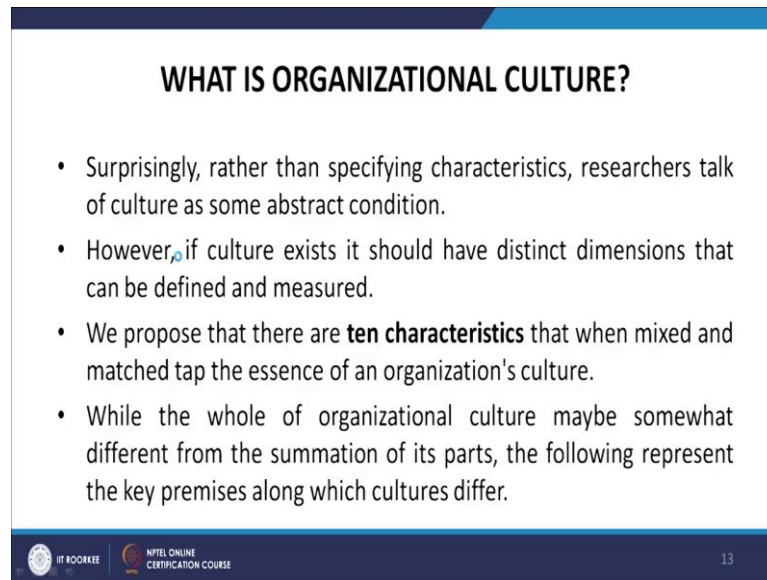
- A closer look at the wide array of definitions suggests a central theme, i.e., organizational culture refers to a system of shared meaning.
- In every organization, there are patterns of beliefs, symbols, rituals, myths, and practices that have evolved over time.
- These, in turn, create common understandings among members as to what the organization is and how its members should behave.
- Culture implies the existence of certain dimensions or characteristics that are closely associated and interdependent.

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A closer look at the wide array of definitions suggests a central theme that is organization culture refers to a system of shared meaning. In every organization, there are patterns of beliefs, symbols, rituals, myths, and the practice that have evolved over

time. These in turn, create common understandings among members as to what the organization is and how its members should behave. Culture implies the existence of certain dimensions or characteristics that are closely associated and interdependent.

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WHAT IS ORGANIZATIONAL CULTURE?

- Surprisingly, rather than specifying characteristics, researchers talk of culture as some abstract condition.
- However, if culture exists it should have distinct dimensions that can be defined and measured.
- We propose that there are **ten characteristics** that when mixed and matched tap the essence of an organization's culture.
- While the whole of organizational culture maybe somewhat different from the summation of its parts, the following represent the key premises along which cultures differ.

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Surprisingly, rather than specifying characteristics, researchers talk of culture as some abstract condition. However, if culture exists it should have distinct dimensions that can be defined and measured. We propose that there are ten characteristics that when mixed and matched tap the essence of an organization's culture. While the whole of the organizational culture may be somewhat different from the summation of its parts, the following represent the key premises along which cultures differ.

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WHAT IS ORGANIZATIONAL CULTURE?

1. **Individual initiative:** The degree of responsibility, freedom, and independence that individuals have.
2. **Risk tolerance:** The degree to which employees are encouraged to be aggressive, innovative, and risk-seeking.
3. **Direction:** The degree to which the organization creates clear objectives and performance expectations.
4. **Integration:** The degree to which units within the organization are encouraged to operate in a coordinated manner.

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The first is individual initiative: The degree of responsibility, freedom, and independence that individuals have. Second, risk tolerance: the degree to which employees are encouraged to be aggressive, innovative, and risk-seeking. The third is direction: The degree to which the organization creates clear objectives and performance expectations. The fourth is integration: the degree to which units within the organization are encouraged to operate in a coordinated manner.

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WHAT IS ORGANIZATIONAL CULTURE?

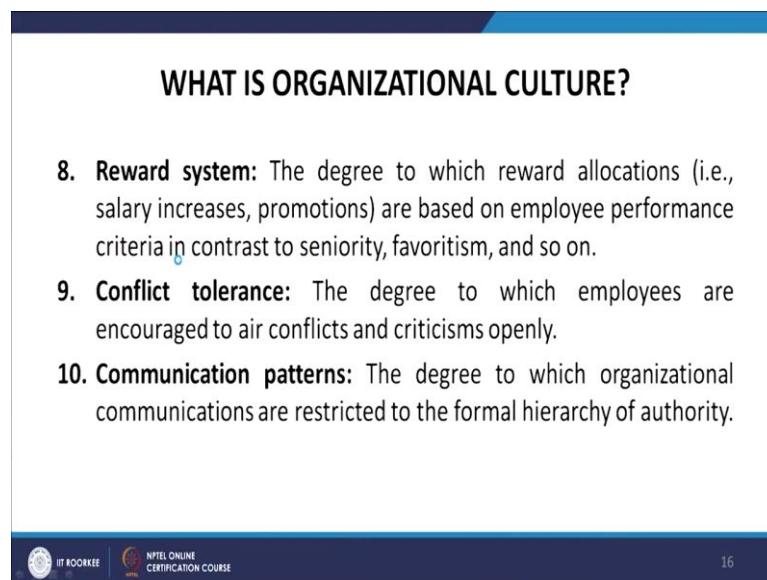
5. **Management support:** The degree to which managers provide clear communication, assistance, and support to their subordinates.
6. **Control:** The number of rules and regulations, and the amount of direct supervision that are used to oversee and control employee behavior.
7. **Identity:** The degree to which members identify with the organization as a whole rather than with their particular work group or field of professional expertise.

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Fifth is management support: the degree to which managers provide clear communication, assistance, and support to their subordinates. Sixth is control: the number of rules and regulations, and the amount of direct supervision that are used to oversee and control employee behaviour.

The seventh is identity: the degree to which members identify with the organization as a whole rather than their particular workgroup or field of professional expertise. The eighth is a reward system: the degree to which reward allocations that is salary increases, promotions are based on employee performance criteria in contrast to seniority, favouritism, and so on. The ninth is conflict tolerance: the degree to which employees are encouraged to air conflicts and criticism openly.

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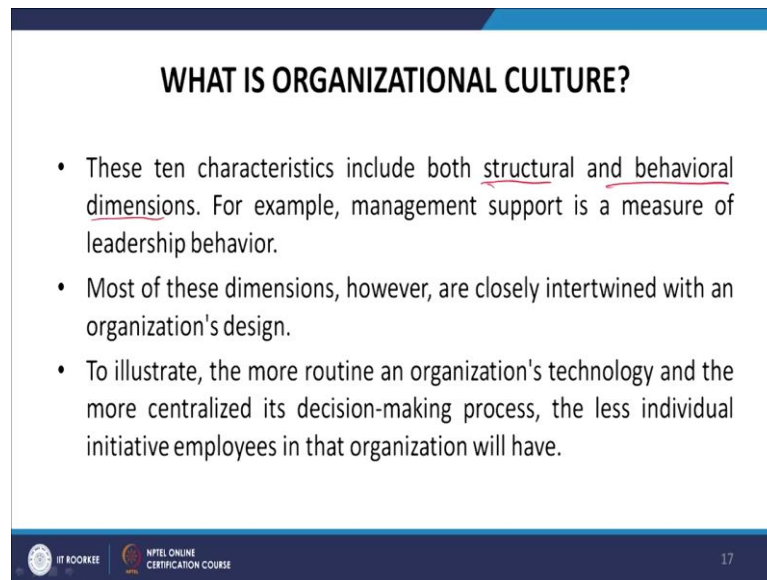
WHAT IS ORGANIZATIONAL CULTURE?

- 8. Reward system:** The degree to which reward allocations (i.e., salary increases, promotions) are based on employee performance criteria in contrast to seniority, favoritism, and so on.
- 9. Conflict tolerance:** The degree to which employees are encouraged to air conflicts and criticisms openly.
- 10. Communication patterns:** The degree to which organizational communications are restricted to the formal hierarchy of authority.

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And the tenth one is communication patterns: the degree to which organizational communications are restricted to the formal hierarchy of authority.

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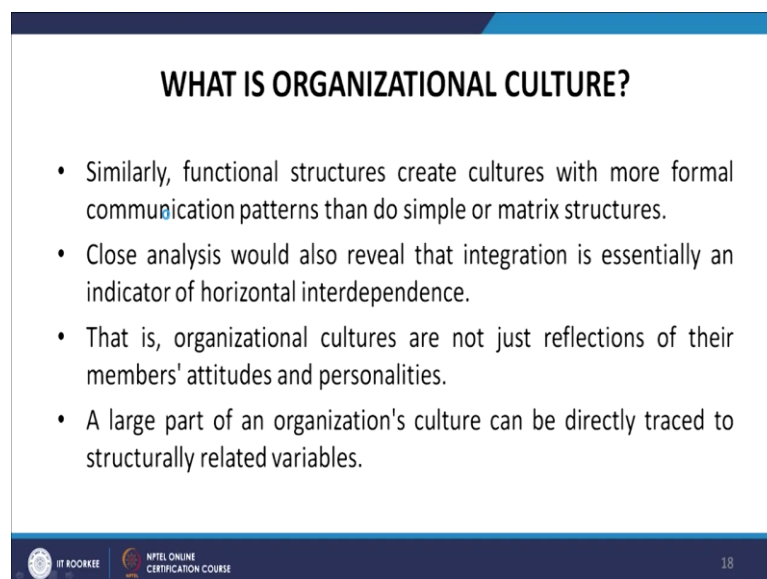
WHAT IS ORGANIZATIONAL CULTURE?

- These ten characteristics include both structural and behavioral dimensions. For example, management support is a measure of leadership behavior.
- Most of these dimensions, however, are closely intertwined with an organization's design.
- To illustrate, the more routine an organization's technology and the more centralized its decision-making process, the less individual initiative employees in that organization will have.

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These ten characteristics include both structural and behavioural dimensions. So, you see that there are two dimensions of culture. For example, management support is a measure of leadership behaviour. Most of these dimensions, however, are closely intervened within organization's design. To illustrate, the more routine an organization's technology and the more centralized is its decision-making process, the less individual initiative employees in that organization will have.

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WHAT IS ORGANIZATIONAL CULTURE?

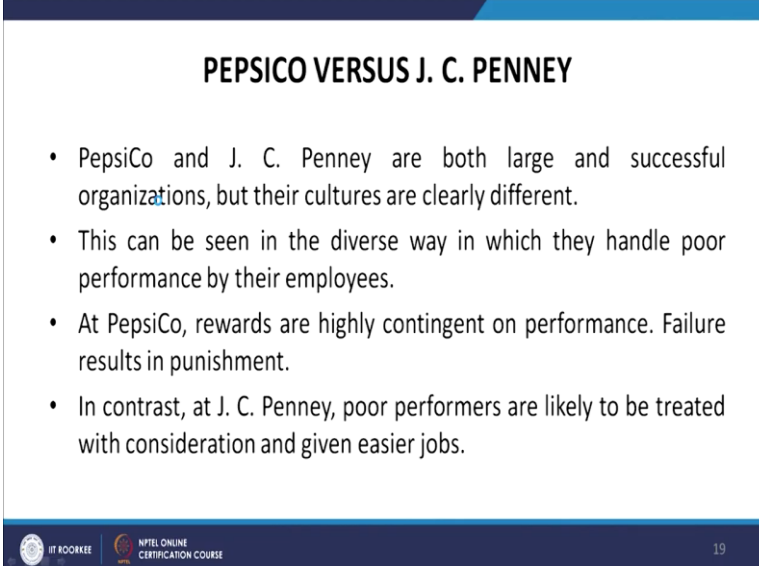
- Similarly, functional structures create cultures with more formal communication patterns than do simple or matrix structures.
- Close analysis would also reveal that integration is essentially an indicator of horizontal interdependence.
- That is, organizational cultures are not just reflections of their members' attitudes and personalities.
- A large part of an organization's culture can be directly traced to structurally related variables.

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Similarly, functional structures create culture with more formal communication patterns than do simple or matrix structures. Close analysis would also reveal that integration is essentially an indicator of horizontal interdependence, that is, organization cultures are not just a reflection of their member's attitudes and personalities. A large part of an organization culture can be directly traced to structurally related variables.

Now, let us look at this example: PepsiCo versus J.C Penney. PepsiCo and J.C Penney are both large and successful organizations, but their cultures are clearly different. They can be seen in the diverse ways in which they handle poor performance by their employees.

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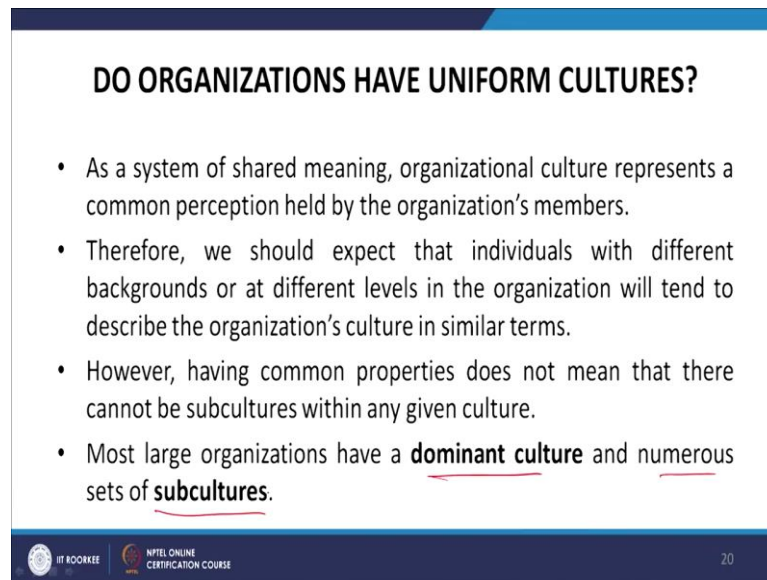
PEPSICO VERSUS J. C. PENNEY

- PepsiCo and J. C. Penney are both large and successful organizations, but their cultures are clearly different.
- This can be seen in the diverse way in which they handle poor performance by their employees.
- At PepsiCo, rewards are highly contingent on performance. Failure results in punishment.
- In contrast, at J. C. Penney, poor performers are likely to be treated with consideration and given easier jobs.

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At PepsiCo, rewards are highly contingent on performance. Failure results in punishment. In contrast, at J.C Penney, poor performers are likely to be treated with consideration and given easier jobs.

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DO ORGANIZATIONS HAVE UNIFORM CULTURES?

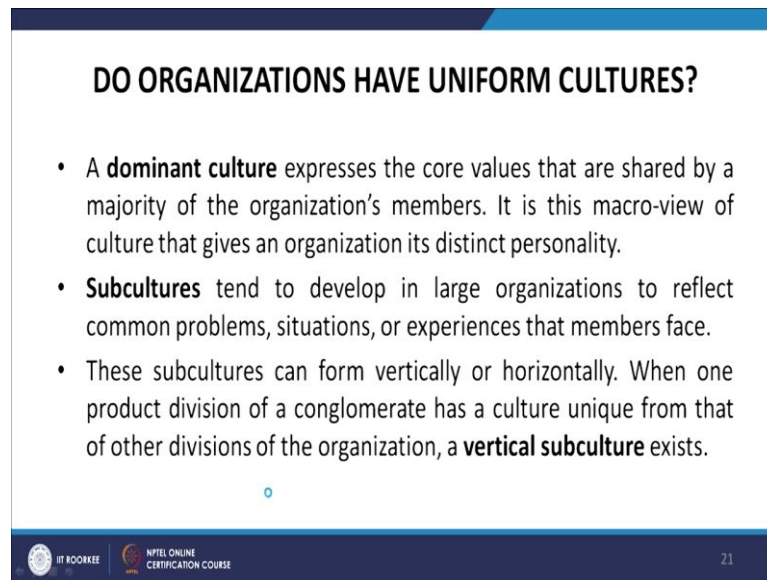
- As a system of shared meaning, organizational culture represents a common perception held by the organization's members.
- Therefore, we should expect that individuals with different backgrounds or at different levels in the organization will tend to describe the organization's culture in similar terms.
- However, having common properties does not mean that there cannot be subcultures within any given culture.
- Most large organizations have a **dominant culture** and numerous sets of **subcultures**.

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Now, let us look at this question: do organizations have uniform culture? As a system of shared meaning, organizational culture represents a common perception held by the organization's members. Therefore, we should expect that individuals with different backgrounds or at different levels in the organization will tend to describe the organization's culture in similar terms.

However, having common properties does not mean that there cannot be subcultures within any given culture. So, most large organizations have a dominant culture and numerous sets of subcultures.

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DO ORGANIZATIONS HAVE UNIFORM CULTURES?

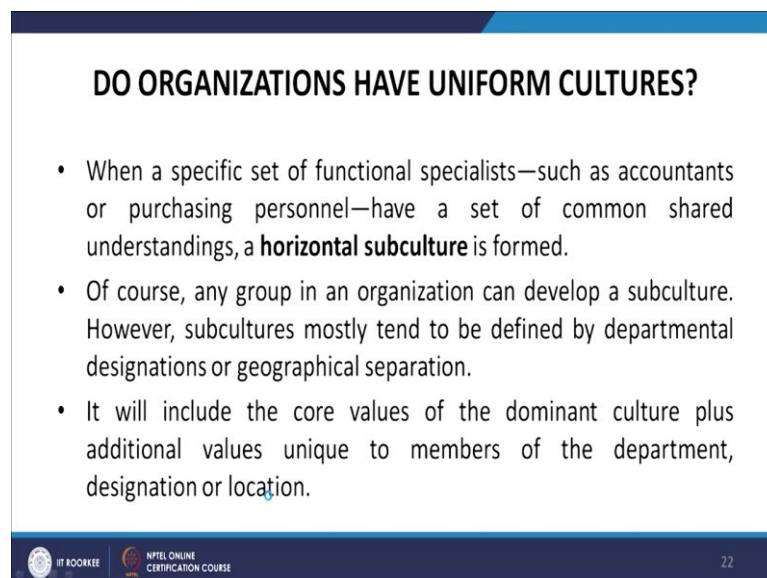
- A **dominant culture** expresses the core values that are shared by a majority of the organization's members. It is this macro-view of culture that gives an organization its distinct personality.
- **Subcultures** tend to develop in large organizations to reflect common problems, situations, or experiences that members face.
- These subcultures can form vertically or horizontally. When one product division of a conglomerate has a culture unique from that of other divisions of the organization, a **vertical subculture** exists.

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A dominant culture expresses the core values that are shared by the majority of the organization's members. It is this macro-view of culture that gives an organization its distinct personality.

While subcultures tend to develop in large organizations to reflect common problems, situations, and experiences that members face, these subcultures can form vertically or horizontally. When one product division of a conglomerate has a culture unique from that of the other divisions of the organization, a vertical subculture exists.

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DO ORGANIZATIONS HAVE UNIFORM CULTURES?

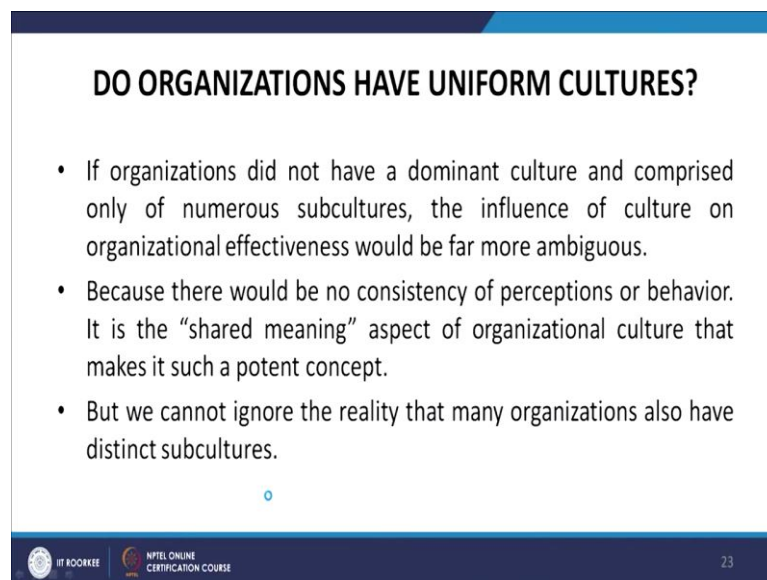
- When a specific set of functional specialists—such as accountants or purchasing personnel—have a set of common shared understandings, a **horizontal subculture** is formed.
- Of course, any group in an organization can develop a subculture. However, subcultures mostly tend to be defined by departmental designations or geographical separation.
- It will include the core values of the dominant culture plus additional values unique to members of the department, designation or location.

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When a specific set of functional specialists- such as accountants or purchasing personnel- have a set of common shared understandings, a horizontal subculture is formed. Of course, any group in an organization can develop a subculture. However, subcultures mostly tend to be defined by departmental designations or geographical separation. It will include the core values of the dominant culture plus additional values unique to the members of the department, designation or location.

If organizations did not have a dominant culture and comprised only of numerous subcultures, the influence of culture on organizational effectiveness would be far more ambiguous. Because there would be no consistency of perceptions or behaviour, it is the “shared meaning” aspect of the organization culture that makes it such a potent concept.

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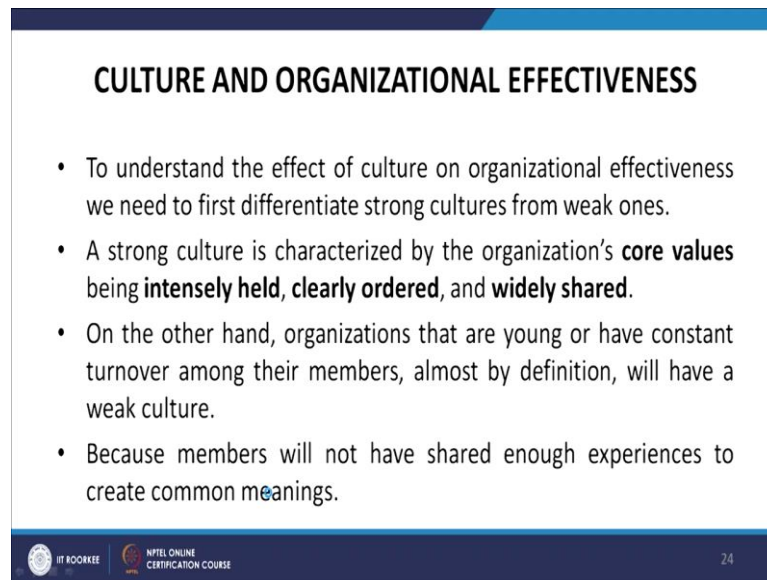
DO ORGANIZATIONS HAVE UNIFORM CULTURES?

- If organizations did not have a dominant culture and comprised only of numerous subcultures, the influence of culture on organizational effectiveness would be far more ambiguous.
- Because there would be no consistency of perceptions or behavior. It is the “shared meaning” aspect of organizational culture that makes it such a potent concept.
- But we cannot ignore the reality that many organizations also have distinct subcultures.

IT ROOKIEE NPTEL ONLINE CERTIFICATION COURSE 23

But we cannot ignore the reality that many organizations also have distinct subcultures.

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CULTURE AND ORGANIZATIONAL EFFECTIVENESS

- To understand the effect of culture on organizational effectiveness we need to first differentiate strong cultures from weak ones.
- A strong culture is characterized by the organization's **core values** being **intensely held**, **clearly ordered**, and **widely shared**.
- On the other hand, organizations that are young or have constant turnover among their members, almost by definition, will have a weak culture.
- Because members will not have shared enough experiences to create common meanings.

IIT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 24

Now, let us look at the culture and organizational effectiveness. To understand the effect of culture on organizational effectiveness, we need to first differentiate strong cultures from weak ones. A strong culture is characterized by the organization's core values being intensely held, clearly ordered, and widely shared. On the other hand, organizations that are young or have constant turnover among their members, almost by definition, will have a weak culture.

Because members will not have shared enough experiences to create common meanings. This should not be interpreted to imply that all mature organizations with a stable membership will have strong cultures.

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CULTURE AND ORGANIZATIONAL EFFECTIVENESS

- This shouldn't be interpreted to imply that all mature organizations with a stable membership will have strong cultures. The core values must also be intensely held.
- Religious organizations, cults, and Japanese companies are examples of organizations that have very strong cultures.
- An example of a strong culture could be seen in the case of Mindtree Limited.
- Anybody who is in the IT industry will surely be aware of the Mindtree - L&T narrative.

IT ROOKIEE | NPTEL ONLINE CERTIFICATION COURSE 25

The core values must also be intensely held. Religious organizations, cults, and Japanese companies are examples of organizations that have very strong culture. An example of a strong culture should could be seen in the case of Mind tree limited. Anybody who is in the IT industry will surely be aware of the Mind tree's L and T narrative.

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CULTURE AND ORGANIZATIONAL EFFECTIVENESS

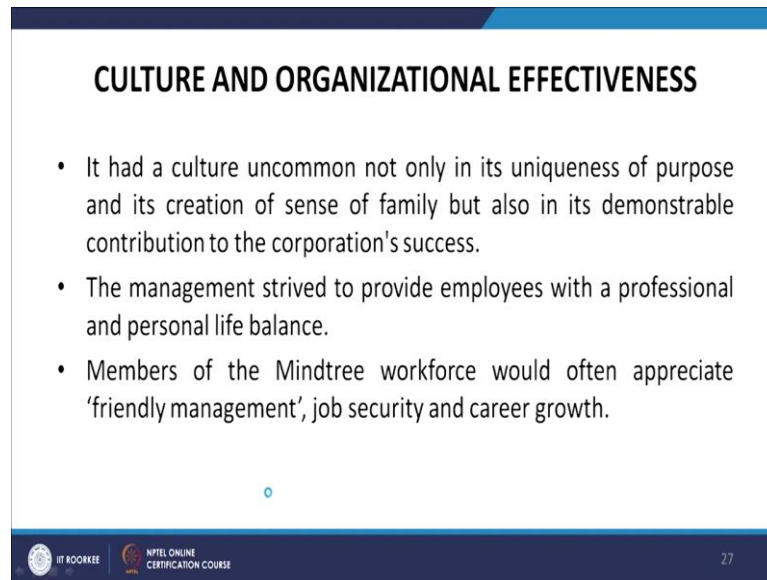
- L&T's purchase of 20.4 per cent stakes in Mindtree was looked upon as a 'hostile takeover' creating discontent in the Mindtree organization.
- Ever since L&T company announced its intent to acquire significant stakes in Mindtree, founders and employees of the latter started openly expressing disapproval on social media platforms.
- Mindtree had a unique culture based on the core values of Collaborative Spirit, Unrelenting Dedication & Expert Thinking; that humanizes the idea of business.

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L and T's purchase of 20.4 percent stakes in Mindtree was looked upon as a 'hostile takeover' creating discontent in the Mindtree organization. Ever since L and T Company announced its intent to acquire significant stakes in Mindtree, founders and employees of

the latter started openly expressing disapproval on social media platforms. Mindtree had a unique culture based on the core values of Collaborative Spirit, Unrelenting Dedication and Expert Thinking; that humanizes the idea of business.

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CULTURE AND ORGANIZATIONAL EFFECTIVENESS

- It had a culture uncommon not only in its uniqueness of purpose and its creation of sense of family but also in its demonstrable contribution to the corporation's success.
- The management strived to provide employees with a professional and personal life balance.
- Members of the Mindtree workforce would often appreciate 'friendly management', job security and career growth.

IT ROOKIE NPTEL ONLINE CERTIFICATION COURSE 27

It had a culture uncommon not only in its uniqueness of purpose and its creation of sense of family but also in its demonstrable contribution to the corporation's success. The management strived to provide employees with a professional and personal life balance. Members of the Mindtree workforce would often appreciate 'friendly management', job security and career growth.

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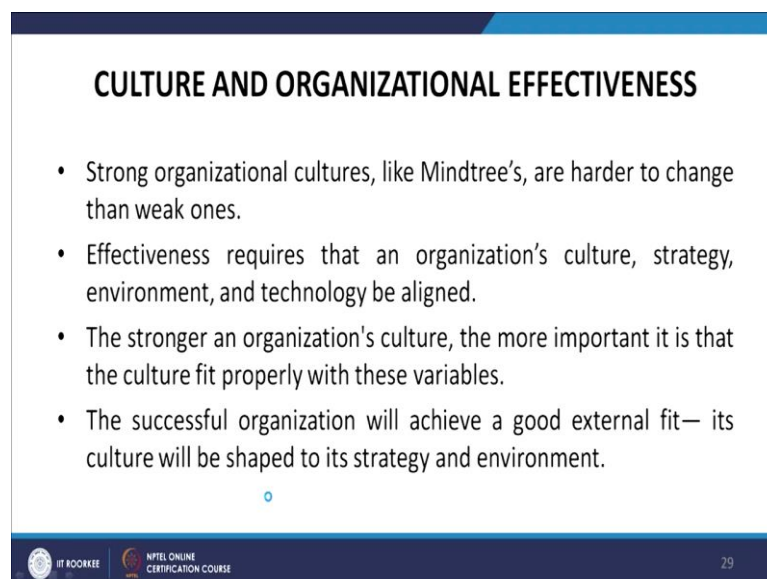
CULTURE AND ORGANIZATIONAL EFFECTIVENESS

- The company took pride in its dedication for social inclusion and the potential of technology to benefit not just businesses, but societies as well.
- However, the takeover by L&T has created serious threat to the organizational culture for the company.
- In this new environment, Mindtree's strong culture could become a liability. Because the company is expected to change in order to accommodate the competitive organizational culture of L&T.

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE 28

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CULTURE AND ORGANIZATIONAL EFFECTIVENESS

- Strong organizational cultures, like Mindtree's, are harder to change than weak ones.
- Effectiveness requires that an organization's culture, strategy, environment, and technology be aligned.
- The stronger an organization's culture, the more important it is that the culture fit properly with these variables.
- The successful organization will achieve a good external fit— its culture will be shaped to its strategy and environment.

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE 29

Strong organizational cultures, like Mindtree's are harder to change than weak ones. Effectiveness requires that an organization's culture, strategy, environment, and technology be aligned. The stronger an organization's culture, the more important it is that the culture fits properly with these variables. The successful organization will achieve a good external fit- its culture will be shaped to its strategy and environment.

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CULTURE AND ORGANIZATIONAL EFFECTIVENESS

- **Market-driven strategies**, for instance, are more appropriate in dynamic environments and will require a culture that emphasizes
 - individual initiative, risk taking, high integration, tolerance of conflict, and high horizontal communication.
- In contrast, **product-driven strategies** work best in stable environments, focus on efficiency, and are more likely to be successful when
 - the organization's culture is high in control and minimizes risk and conflict. ◦

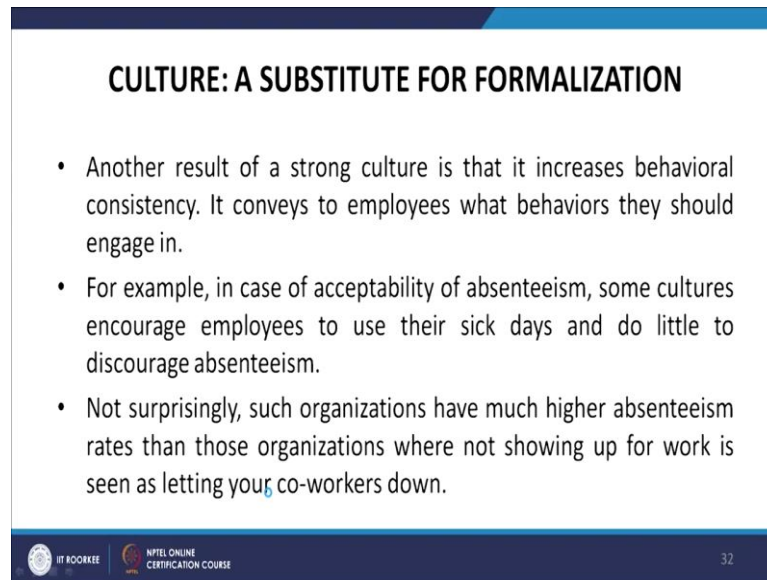
IT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 30

Now, let us look at the market driven strategies, for instance are more appropriate in dynamic environments and will require a culture that emphasizes- individual initiative, risk taking, high integration, tolerance of conflict, and high horizontal communication. In contrast, product-driven strategies work best in stable environments, focused on efficiency, and are more likely to be successful when- the organization's culture is high in control and minimizes risk and conflict.

Successful organizations will also seek a good internal fit with their culture properly matched to their technology. As noted earlier in this module, routine technologies provide stability and work well when linked with a culture that emphasizes centralized decision making, and limited individual initiative. Non routine technologies on the other hand require adaptability and are best, when matched with cultures that encourage individual initiative and downplay control.

Now, we will discuss culture and is it a substitute for formalization. Another result of a strong culture is that it increases behavioural consistency. It conveys to employees what behaviours they should engage in.

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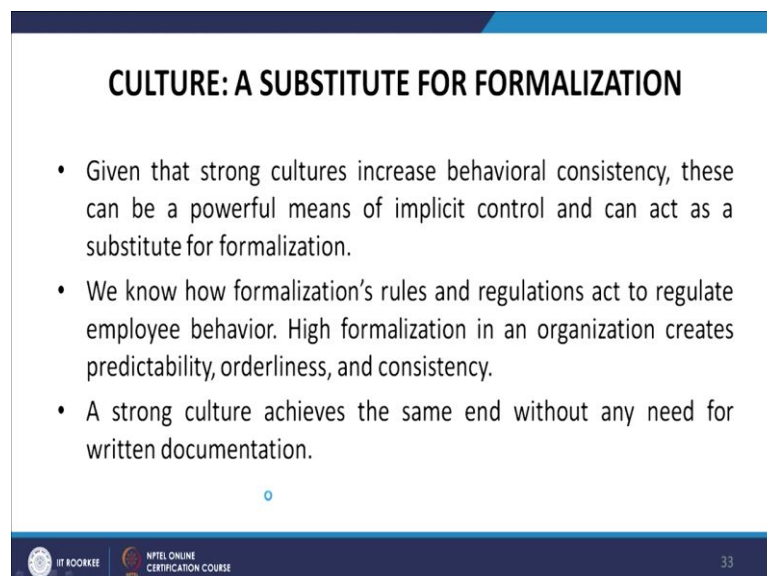
CULTURE: A SUBSTITUTE FOR FORMALIZATION

- Another result of a strong culture is that it increases behavioral consistency. It conveys to employees what behaviors they should engage in.
- For example, in case of acceptability of absenteeism, some cultures encourage employees to use their sick days and do little to discourage absenteeism.
- Not surprisingly, such organizations have much higher absenteeism rates than those organizations where not showing up for work is seen as letting your co-workers down.

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For example, in case of acceptability of absenteeism, some cultures encourage employees to use their sick days and do little to discourage absenteeism. Not surprisingly, such organizations have much higher absenteeism rates than those organizations where not showing up for work is seen as letting your co-workers down.

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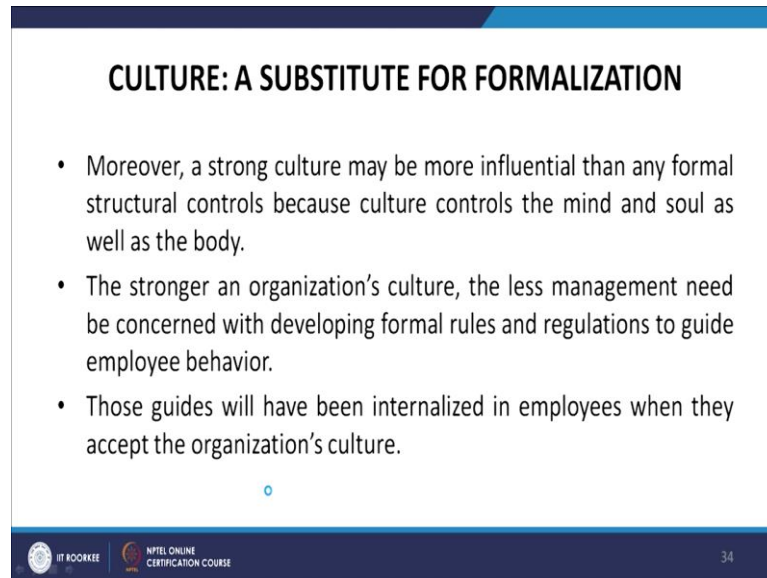
CULTURE: A SUBSTITUTE FOR FORMALIZATION

- Given that strong cultures increase behavioral consistency, these can be a powerful means of implicit control and can act as a substitute for formalization.
- We know how formalization's rules and regulations act to regulate employee behavior. High formalization in an organization creates predictability, orderliness, and consistency.
- A strong culture achieves the same end without any need for written documentation.

IT ROOKIEE NPTEL ONLINE CERTIFICATION COURSE 33

Given that a strong culture increases behavioural consistency, these can be a powerful means of implicit control and can act as a substitute for formalization. We know that formalization's rules and regulations act to regulate employee's behaviour. High formalization in an organization creates predictability, orderliness, and consistency. The strong culture achieves the same and without any need for a written documentation.

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CULTURE: A SUBSTITUTE FOR FORMALIZATION

- Moreover, a strong culture may be more influential than any formal structural controls because culture controls the mind and soul as well as the body.
- The stronger an organization's culture, the less management need be concerned with developing formal rules and regulations to guide employee behavior.
- Those guides will have been internalized in employees when they accept the organization's culture.

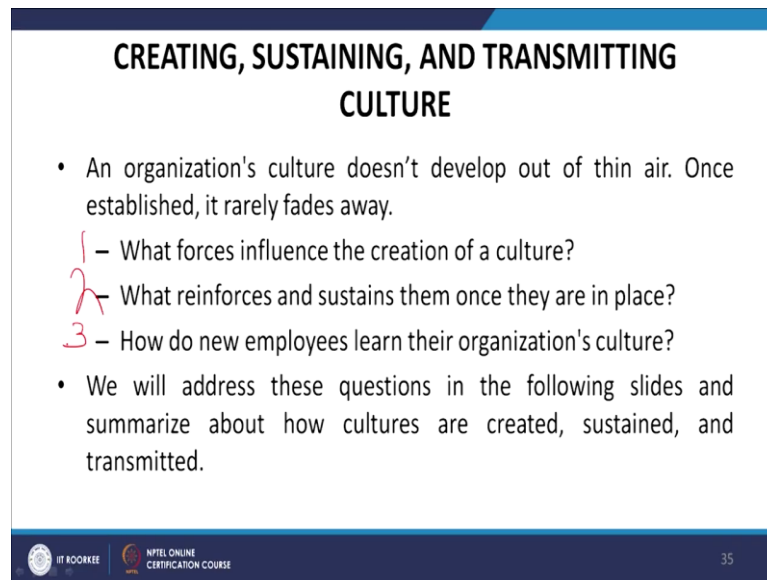
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IT ROORKEE NPTEL ONLINE CERTIFICATION COURSE

Moreover, a strong culture may be more influential than any formal structural controls because culture controls the mind and soul as well as the body. The stronger an organization culture, the less management need to be concerned with developing formal rules and regulations to guide employee behaviour. Those guys will have been internalized in employees when they accept the organization's culture.

Now, let us look at how to go about creating, sustaining, and transmitting culture. An organization culture does not develop out of thin air. Once established, it rarely fades away.

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CREATING, SUSTAINING, AND TRANSMITTING CULTURE

- An organization's culture doesn't develop out of thin air. Once established, it rarely fades away.
- 1 – What forces influence the creation of a culture?
- 2 – What reinforces and sustains them once they are in place?
- 3 – How do new employees learn their organization's culture?
- We will address these questions in the following slides and summarize about how cultures are created, sustained, and transmitted.

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So, what forces influence the creation of a culture? 1 -what reinforces and sustains them once they are in place and the 3 is how do new employees learn their organization's culture. We will address these questions in the following slides and summarize about how cultures are created, sustained, and transmitted.

Let us look at how cultures are created? The ultimate source of an organization's culture is its founders. They have vision or mission of what the organization should be and traditionally have a major impact in establishing the early culture.

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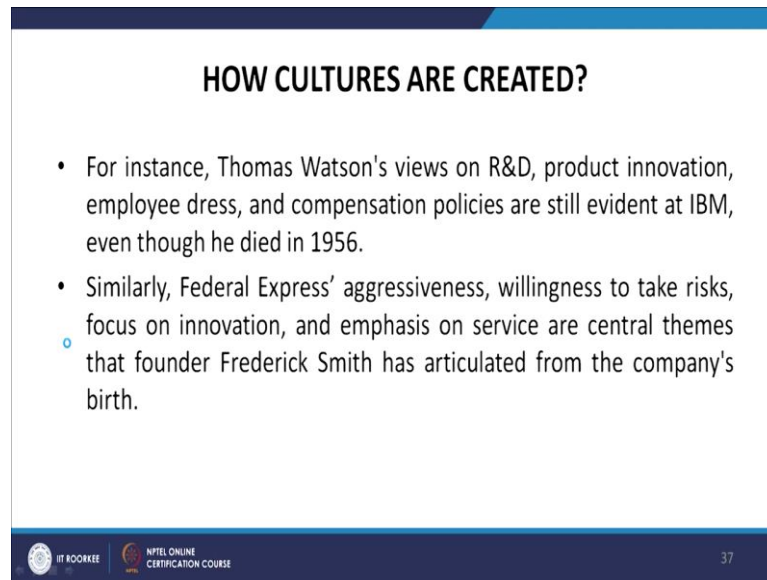
HOW CULTURES ARE CREATED?

- The ultimate source of an organization's culture is its founders.
- They have a vision or mission of what the organization should be and traditionally have a major impact in establishing the early culture.
- An organization's current customs, traditions, and general way of doing things are largely driven by what it has done before and the degree of success it had achieved with those endeavors.
- But these are created by the founders who are unconstrained by previous customs of doing things or by ideologies.

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And organization's current customs, traditions, and general way of doing things are largely driven by what it has done before and the degree of success it has achieved with those endeavours. But these are created by the founders who are unconstrained by previous customs of doing things or by ideologies.

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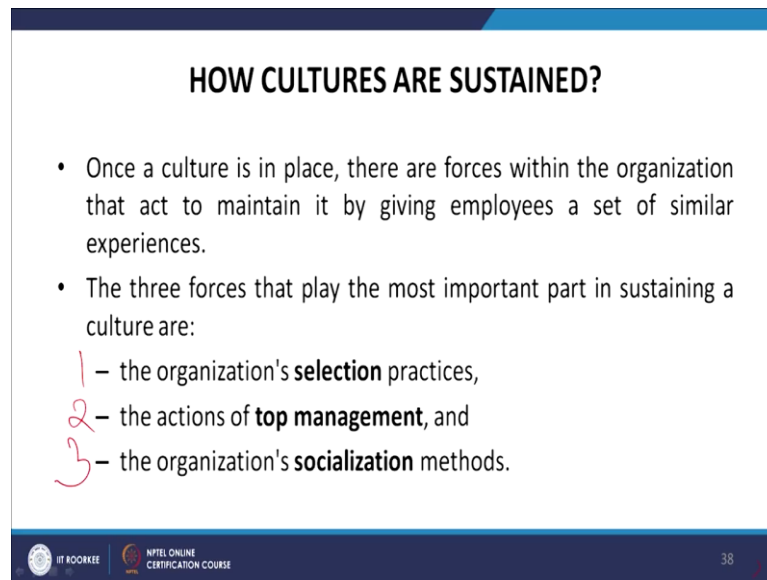
HOW CULTURES ARE CREATED?

- For instance, Thomas Watson's views on R&D, product innovation, employee dress, and compensation policies are still evident at IBM, even though he died in 1956.
- Similarly, Federal Express' aggressiveness, willingness to take risks, focus on innovation, and emphasis on service are central themes that founder Frederick Smith has articulated from the company's birth.

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For instance, Thomas Watson's view on R and D, product innovation, employee dress, and compensation policies are all evident at IBM, even though he died in 1956. Similarly, Federal Express' aggressiveness, willingness to take risk, focus on innovation, and emphasis on service are central themes that founder Frederick Smith has articulated from the company's birth.

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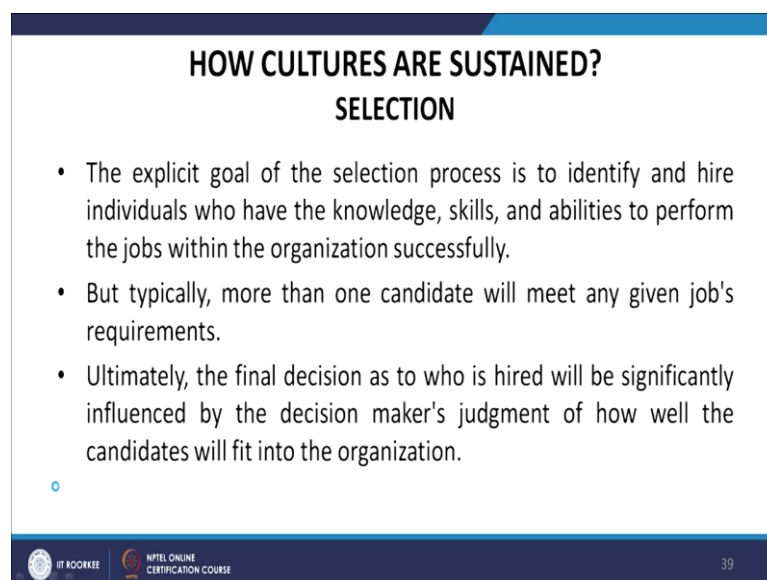
HOW CULTURES ARE SUSTAINED?

- Once a culture is in place, there are forces within the organization that act to maintain it by giving employees a set of similar experiences.
- The three forces that play the most important part in sustaining a culture are:
 - 1 – the organization's **selection** practices,
 - 2 – the actions of **top management**, and
 - 3 – the organization's **socialization** methods.

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Now, let us answer this question: how cultures are sustained. Once a culture is in place, there are forces within the organization that act to maintain it by giving employees a set of similar experiences. The three forces that play the most important part in sustaining a culture are: the 1st is the organization's selection practices, the 2nd is the actions of top management, and the 3rd is the organization's socialization methods.

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HOW CULTURES ARE SUSTAINED?
SELECTION

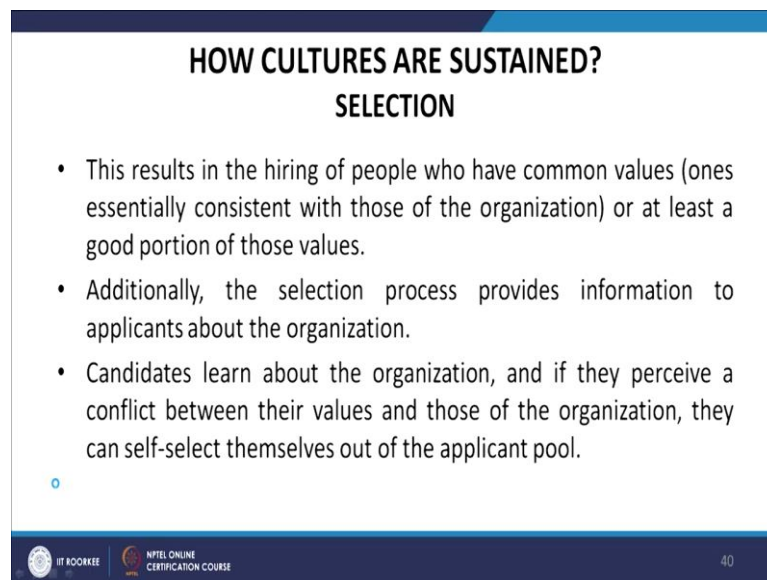
- The explicit goal of the selection process is to identify and hire individuals who have the knowledge, skills, and abilities to perform the jobs within the organization successfully.
- But typically, more than one candidate will meet any given job's requirements.
- Ultimately, the final decision as to who is hired will be significantly influenced by the decision maker's judgment of how well the candidates will fit into the organization.

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE 39

Now, let us look at the first force that is selection in how cultures are to be sustained? The explicit goal or the selection process is to identify and hire individuals who have the

knowledge, skills, and abilities to perform the job within the organization successfully. But typically, more than one candidate will meet any given job's requirements. Ultimately, the final decision as to who is hired will be significantly influenced by the decision maker's judgment of how well the candidate will fit into the organization.

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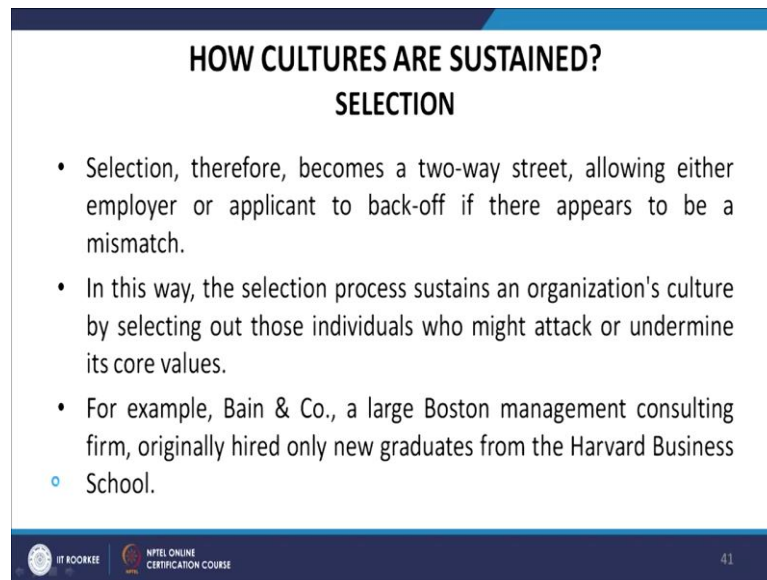
HOW CULTURES ARE SUSTAINED?
SELECTION

- This results in the hiring of people who have common values (ones essentially consistent with those of the organization) or at least a good portion of those values.
- Additionally, the selection process provides information to applicants about the organization.
- Candidates learn about the organization, and if they perceive a conflict between their values and those of the organization, they can self-select themselves out of the applicant pool.

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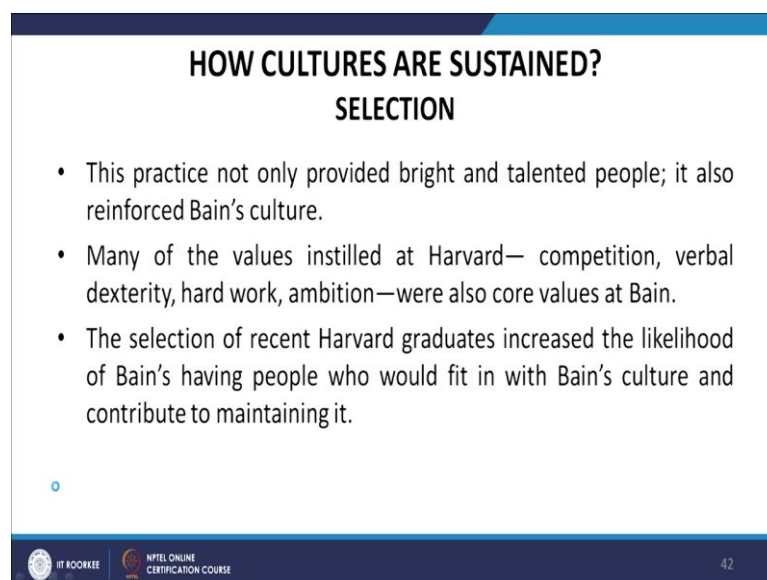
HOW CULTURES ARE SUSTAINED?
SELECTION

- Selection, therefore, becomes a two-way street, allowing either employer or applicant to back-off if there appears to be a mismatch.
- In this way, the selection process sustains an organization's culture by selecting out those individuals who might attack or undermine its core values.
- For example, Bain & Co., a large Boston management consulting firm, originally hired only new graduates from the Harvard Business School.

IT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 41

Selection, therefore, becomes a two-way street, allowing either employer or applicant to back off if there appears to be a mismatch. In this way, the selection process sustains an organization's culture by selecting out those individuals who might attack or undermine its core values. For example, Bain and Co., a large Boston management consulting firm, originally hired only new graduates from the Harvard Business School.

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HOW CULTURES ARE SUSTAINED?
SELECTION

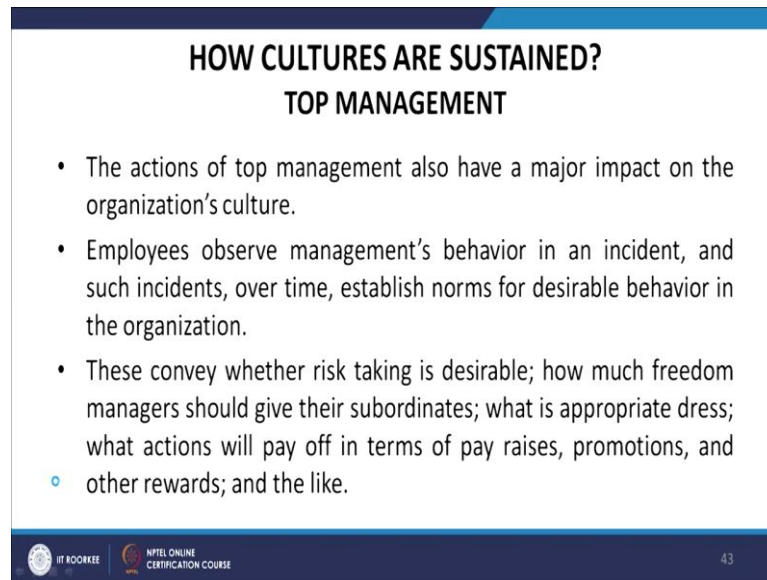
- This practice not only provided bright and talented people; it also reinforced Bain's culture.
- Many of the values instilled at Harvard— competition, verbal dexterity, hard work, ambition—were also core values at Bain.
- The selection of recent Harvard graduates increased the likelihood of Bain's having people who would fit in with Bain's culture and contribute to maintaining it.

IT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 42

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work, ambition- were also core values at Bain. The selection of recent Harvard Graduates increased the likelihood of Bain's having people who could fit in with Bain's culture and contribute to maintaining it.

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HOW CULTURES ARE SUSTAINED?
TOP MANAGEMENT

- The actions of top management also have a major impact on the organization's culture.
- Employees observe management's behavior in an incident, and such incidents, over time, establish norms for desirable behavior in the organization.
- These convey whether risk taking is desirable; how much freedom managers should give their subordinates; what is appropriate dress; what actions will pay off in terms of pay raises, promotions, and other rewards; and the like.

IT ROOKIE NPTEL ONLINE CERTIFICATION COURSE 43

Another force is top management. The actions of top management also have a major impact on the organization's culture. Employees observe management's behaviour in an incident, and such incidents, over time established norms for desirable behaviour in the organizations. These convey whether the risk taking is desirable; how much freedom managers should give their subordinates; what is the appropriate dress; what actions will pay off in terms of pay raises, promotions, and other rewards; and the like.

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HOW CULTURES ARE SUSTAINED?
SOCIALIZATION

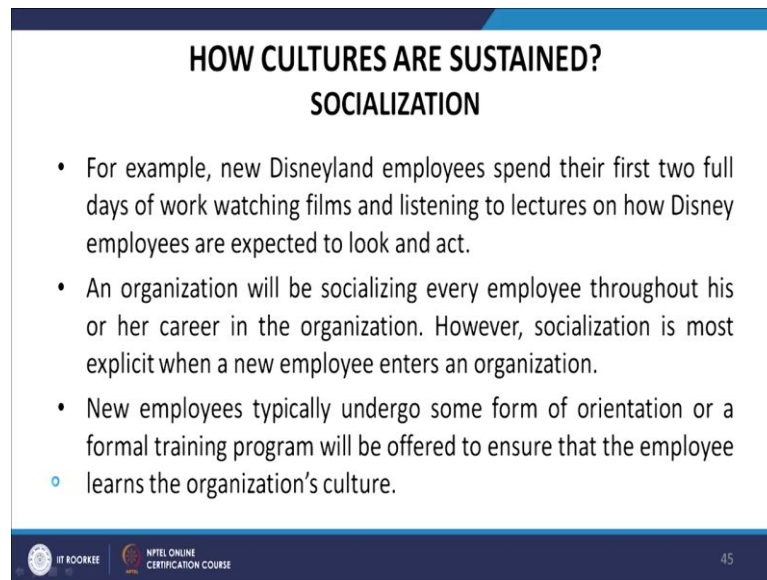
- No matter how good a job the organization does in recruiting and selection, new employees are not fully indoctrinated in the organization's culture.
- Most importantly, because they are least familiar with the organization's culture, new employees are potentially most likely to disturb the beliefs and customs that are in place.
- The organization will, therefore, want to help new employees adapt to its culture. As noted in earlier modules, this adaptation process is called socialization.

IT ROORKEE | NITEL ONLINE CERTIFICATION COURSE 44

Another force is that of socialization. No matter how good a job the organization does in recruiting and selection, new employees are not fully indoctrinated in the organization's culture. Most importantly, because they are least familiar with the organization's culture, new employees are potentially most likely to disturb the belief and customs that are in place.

The organization will therefore, want to help new employees adapt to its culture. As noted in earlier module, this adaptation process is called socialization. For example, new Disneyland employees spend their first two full days of work watching films and listening to lectures on how Disney employees are expected to look and act.

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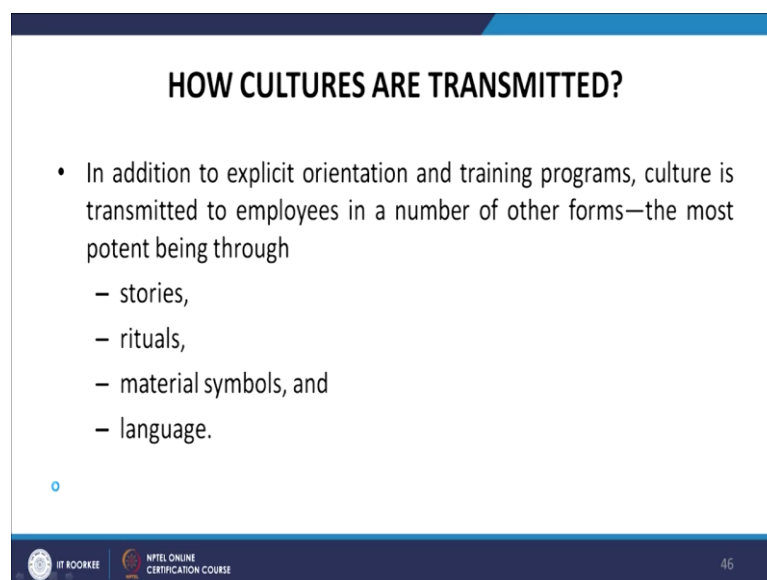
HOW CULTURES ARE SUSTAINED?
SOCIALIZATION

- For example, new Disneyland employees spend their first two full days of work watching films and listening to lectures on how Disney employees are expected to look and act.
- An organization will be socializing every employee throughout his or her career in the organization. However, socialization is most explicit when a new employee enters an organization.
- New employees typically undergo some form of orientation or a formal training program will be offered to ensure that the employee
 - learns the organization's culture.

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE 45

An organization will be socializing every employee throughout his or her career in the organization. However, socialization is most explicit when a new employee enters an organization. New employees typically undergo some form of orientation or a formal training program will be offered to ensure that the employee learns the organization's culture.

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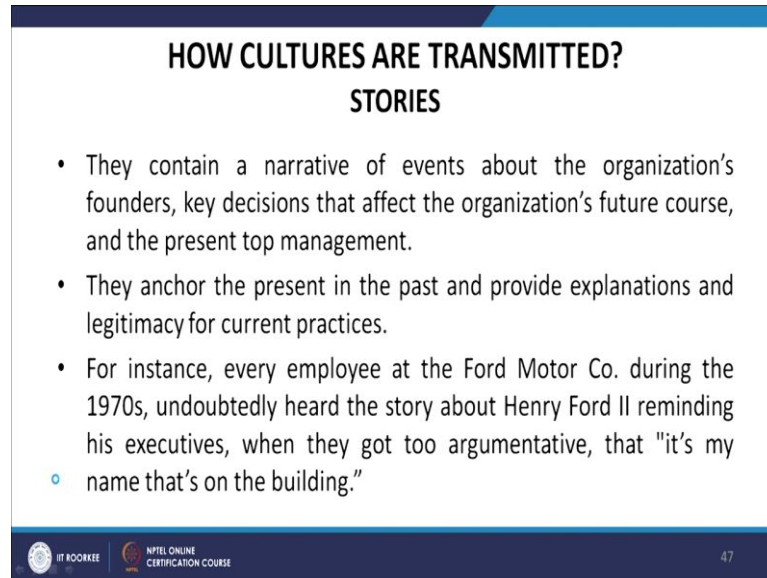
HOW CULTURES ARE TRANSMITTED?

- In addition to explicit orientation and training programs, culture is transmitted to employees in a number of other forms—the most potent being through
 - stories,
 - rituals,
 - material symbols, and
 - language.
-

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE 46

Now, let us look at how cultures are transmitted. In addition to explicit orientation and training program, culture is transmitted to employees in a number of other forms- the most potent being through his stories, rituals, symbols, and language.

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HOW CULTURES ARE TRANSMITTED?
STORIES

- They contain a narrative of events about the organization's founders, key decisions that affect the organization's future course, and the present top management.
- They anchor the present in the past and provide explanations and legitimacy for current practices.
- For instance, every employee at the Ford Motor Co. during the 1970s, undoubtedly heard the story about Henry Ford II reminding his executives, when they got too argumentative, that "it's my name that's on the building."

IT ROOKIE NPTEL ONLINE CERTIFICATION COURSE 47

Now, let us look at how cultures are transmitted through stories? They contain a narrative of events about the organization's founders, key decisions that affect the organization's future course, and the present top management. They anchor the present in the past and provide explanations and legitimacy for current practices.

For instance, every employee at the Ford Motor Company during the 1970s, undoubtedly heard the story about Henry Ford II reminding his executives, when they got too argumentative, that "it is my name that is on the building". Just as rituals are used as a formalization technique, they are also a means for transmitting culture. Activities such as recognition and award ceremonies and annual company picnics are all examples of rituals.

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HOW CULTURES ARE TRANSMITTED?
RITUALS

- Just as rituals are used as a formalization technique, they are also a means for transmitting culture.
- Activities such as recognition and award ceremonies, and annual company picnics are all examples of rituals.
- These rituals express and reinforce the key values of the organization, what goals are important, which people are important and which are expendable.

IT ROOKIEE NPTEL ONLINE CERTIFICATION COURSE 48

These rituals express and reinforce the key values of the organization, what goals are important, which people are important and which are expendable.

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HOW CULTURES ARE TRANSMITTED?
MATERIAL SYMBOLS

- The design and physical layout of spaces and buildings, furniture, executive perks, and dress attire are material symbols of an organization.
- These convey to employees who is important, the degree of egalitarianism desired by top management, and the kinds of behaviors that are appropriate.
- For example, Bank of America is a conservative firm. Aggressive risk taking is not central to its culture. Its executives drive four-door, American-made sedans, provided by the bank.

IT ROOKIEE NPTEL ONLINE CERTIFICATION COURSE 49

Material symbols, the design and physical layout of spaces and buildings, furniture, executive perks, and dress attire are material symbols of an organization. They convey to employees who is important, the degree of egalitarianism desired by top management, and the kinds of behaviour that are appropriate.

For example, Bank of America is a conservative firm. Aggressive risk taking is not central to its culture. Its executives drive four-door, American –made sedans, provided by the bank. Between 1983 and 1987, Bank of America owned the discount brokerage firm of Charles Schwab and Co.

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HOW CULTURES ARE TRANSMITTED?
MATERIAL SYMBOLS

- Between 1983 and 1987, Bank of America owned the discount brokerage firm of Charles Schwab & Co.
- In contrast to the bank, Schwab built its reputation on aggressiveness. It sought out and hired only outgoing and what some have called "flashy" brokers.
- Top executives at Schwab also drove company cars but theirs were Ferraris, Porsches, and BMWs.
- Four-door sedans (for bank) and Ferraris (for brokerage firm) are material symbols that help to reinforce their organization's culture.

IT ROOKIE NPTEL ONLINE CERTIFICATION COURSE 50

In contrast to the bank, Schwab built its reputation on aggressiveness. It sought out and hired only outgoing and what some have called “flashy” brokers. Top executives at Schwab also drove company cars but they were Ferraris, Porsches, and BMWs. Four - door sedans for bank and Ferraris for brokerage firm are material symbols that help to reinforce their organization’s culture.

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HOW CULTURES ARE TRANSMITTED?

LANGUAGE

- Many organizations and units within organizations use language as a way to identify members of a culture or subculture.
- By learning this language, members attest to their acceptance of the culture and, in so doing, help to preserve it.
- The kitchen personnel in large hotels use terminology foreign to people who work in other areas of a hotel.
- Members of the Army fill their language liberally with jargon that readily identifies its members.

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Now, let us look at how language is used to transmit culture. Many organizations and units within the organization use language as a way to identify members of a culture or subculture. By learning this language, members attest to their acceptance of the culture and, in so doing, help to preserve it.

The kitchen personnel in large hotels use terminology foreign to people who work in other areas of a hotel. Members of the Army fill their language liberally with jargons that readily identifies its members.

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HOW CULTURES ARE TRANSMITTED?

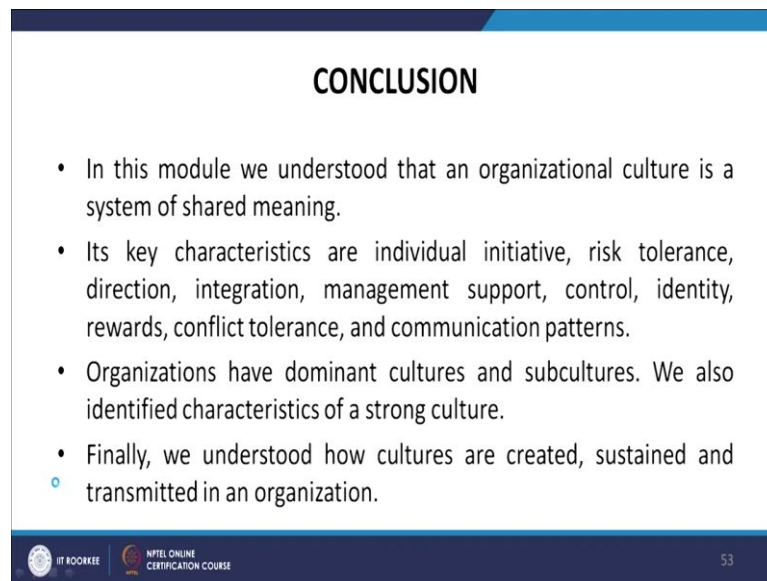
LANGUAGE

- Many organizations, over time, develop unique terms to describe equipment, offices, key personnel, suppliers, customers, or products that relate to its business.
- New employees are frequently overwhelmed with acronyms and jargon that after sometime become a natural part of their language.
- But once assimilated, this terminology acts as a common denominator that unites members of a given culture or subculture.

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Many organizations, over time develop unique terms to describe equipments, offices, key personnel, suppliers, customers, or products that relate to its business. New employees are frequently overwhelmed with acronyms and jargons that after some time become a natural part of their language. But once assimilated, this terminology acts as the common denominator that unites members of a given culture or subculture.

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CONCLUSION

- In this module we understood that an organizational culture is a system of shared meaning.
- Its key characteristics are individual initiative, risk tolerance, direction, integration, management support, control, identity, rewards, conflict tolerance, and communication patterns.
- Organizations have dominant cultures and subcultures. We also identified characteristics of a strong culture.
- Finally, we understood how cultures are created, sustained and transmitted in an organization.

IIT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 53

So, in order to conclude, in this module we understood that an organization culture is a system of shared meaning. Its key characteristics are individual initiatives, risk tolerance, direction, integration, management support, control, identity, rewards, conflict tolerance and communication patterns.

Organizations have dominant cultures and subcultures. We also identified characteristics of a strong culture. Finally, we understood how cultures are created, sustained and transmitted in an organization. And these are the four books from which the material for this module was used.

Thank you.