**Human Resource Management -I**
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**Lecture No. # 14**
Organization Culture

Good afternoon. So, today's topic, we will discuss organization culture, everyone knows what is culture. So, let me hear your views, what do you think is culture, what is culture? Then, we will come to organization, let us hear their views first, then we come to your side.

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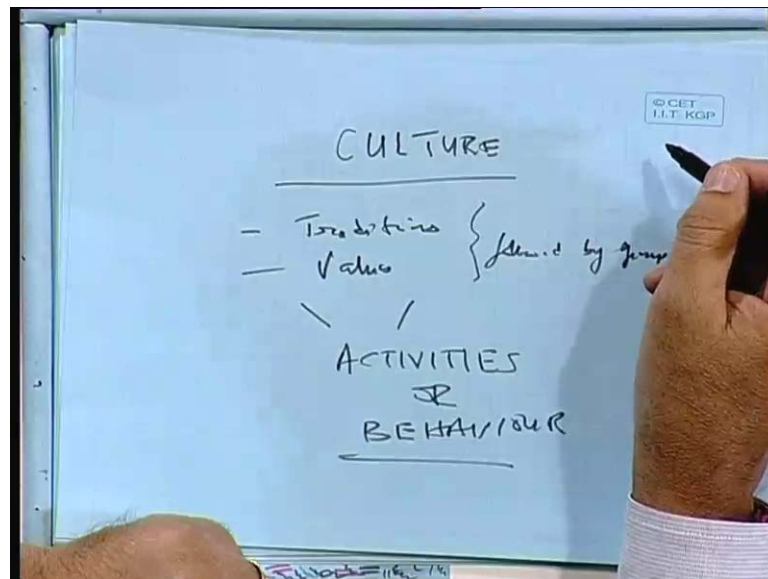
Culture, culture is tradition, traditions, values followed by group of people; followed by group of people. Do you agree to that definition, do you want to add anything to that? Activities, cultural activities. So, these result in activities or behavior.
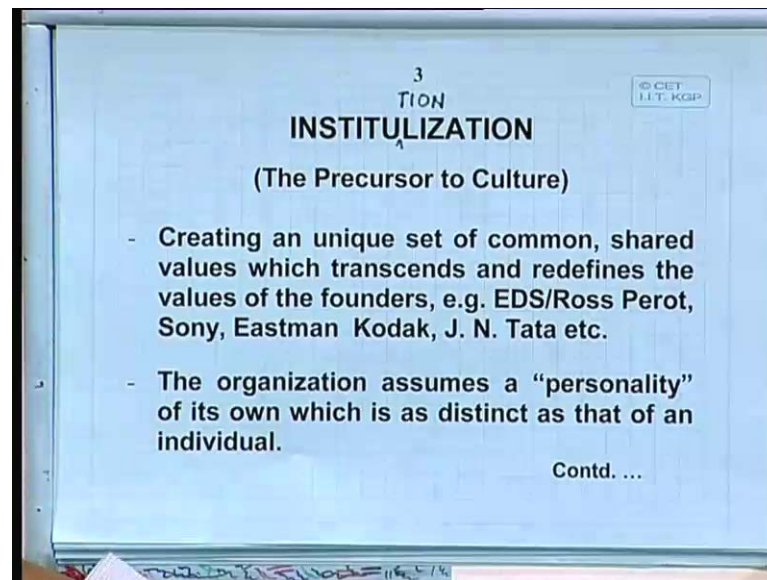
There is something, which we call institutionalization and when we talk of institutionalization, we say it is a precursor to culture. What is the meaning of precursor? That it comes before the culture comes in, it is a kind of preparation; preparation for formation of a culture or a creation of a culture, this is precursor.

Creating a unique set of common, shared... So, you see, the important words here are common and shared. Why, why is that important? Because we know, that a group of people comprises of individuals and we know that individuals have values and different values, unique values, depending on their upbringing, their background, environment, conditioning, their personality development. Now, when you have a group of individuals, we assume that certain values within the group are common and when we talk of culture, we are relying on that common value, which is shared by a number of people within the group, that is the key word, and these common values, which transcend and redefine the values of the founders.

Now, we are talking in organizational setting; any organization or company is founded by people, here we have got here EDS, all right, founded by Ross Perot in America, Sony in Japan, Eastman Kodak in America and our India, that is, J. N. Tata, the founder of Tata Steel company, they had certain values. Whenever the founders found a company, they themselves have values and what do they do? They instill these values

into people whom they hire within the organization. So, they have a big, big role in shaping early in the organization life, the values, which they like to pass on.

And here it says, creating a unique set of common shared values, which transcends and redefine the values of the founder. That means, it goes beyond, as a company is in existence over number of years, it grows, it changes, it assume different characteristics because of the businesses they are in, the kind of people who have joined, all right, and the activities they carry out. And institutionalization, which is the precursor of the culture, is adding on, adding more value to what was thought of by the founders themselves.

For instance, the founders may have first thought of basically, the here-and-now problems. The culture may have been to do very hard work and earn good money, that was the culture. But as the company grows and changes and spreads out into other areas of operations, you institutionalize other values, alright, to transcend the original values say, but the core value is usually set by the founders, they continue as the company continue in existence; any questions?

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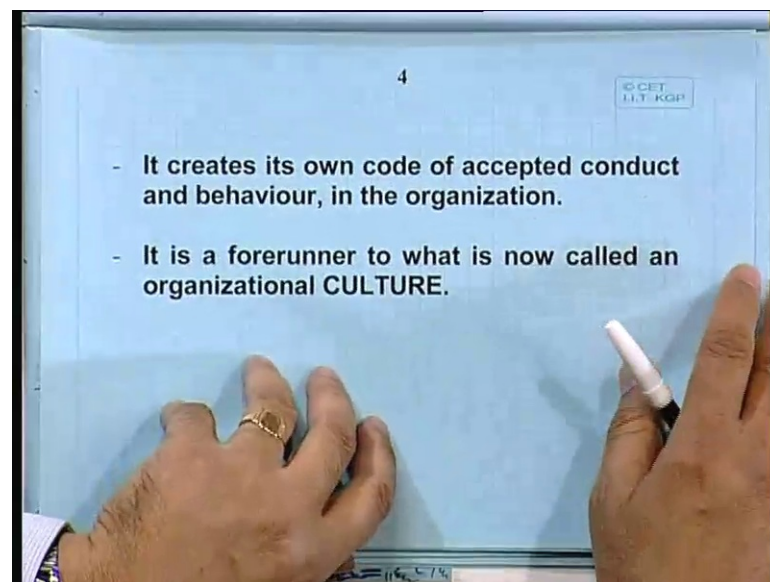
Each organization, if you join, if you work in one company and leave and join another company, you will feel probably, that the culture of the company you joined may not be exactly the same as the culture of the company you left.

Similarly, educational institutions, do you see a change now, that you have joined IIT, you are all from different colleges, do you see a change in the culture, some sense, can you name some of the values, which are different here in IIT from your previous colleges. You cannot reach to all people here, alright, whereas in your old college you could reach anyone you wanted to. So, what does that translate into, what is the culture? Here is the culture, is the culture, such that it is compartmentalized; is it bureaucratic, is that how it is, what, what is your, what is your feeling here? The culture here in this institute, is it different from a culture, which you had in the earlier college? What, what is the difference? You are from the same college? No, so do you feel any difference in the culture, what, what you feel? Is that it is more bureaucratized? It is difficult to access people culturally and that is accepted, it is accepted, that yes, you should access only certain people and not others, that is his feeling as compared to his old college; what about yours? Not, so there is not much difference, in other words, otherwise you would have been able to say straightaway, anyway.

So, organizations create their own code of accepted conduct and behavior that is clear. Culture shows up its own accepted code of conduct and behavior. If you look at nations, you know, at a more higher plane than organization. Nationally, you are very familiar with national cultures, culture of the western countries; they have lot of differences in the culture of the oriental countries. So, in the same sense, even in organizations culturally you have differences, sometimes they are very marked if they are across industries, say the culture of organizations in the software industry may be quite different to culture of organization in the, let us say, the steel industry or the type of governance; the cultures in private sector organization may be different to cultures in the public sector organization.

So, due to these various factors, you will find difference in cultures in the organization and then, as we said in the beginning, this institutionalization is the forerunner to what is now called an organizational culture, any questions? Yes, forerunner means precursor, precursor means forerunner, which means what, comes before. If you have a chief minister coming or a minister, you have pilot car coming in the beginning that is running in front, before, that is forerunner.

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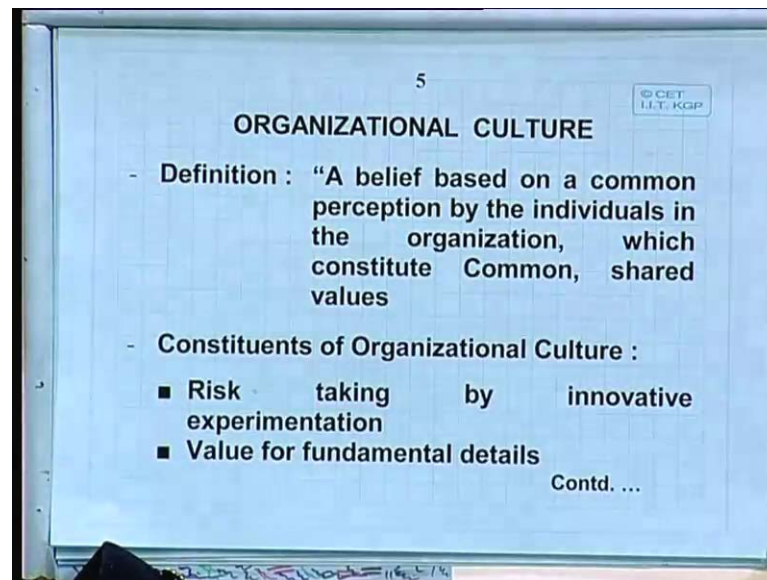
So, if you want a definition of organization culture, here is the definition - a belief based on a common perception, again the word is common and shared, remember these are the 2 important words, common perception by the individuals in the organization, which constitute common shared values. So, the building block of a culture is the shared, common shared values and what is the value? If you remember, when we studied this topic of values, what is the value, core belief, is not it a fundamental belief about something.

And then we had said, we have 2 types of values, one is fundamental value, alright, the other is and which you call as the terminal value, is not it, and the other is enabling, that is, those values, alright, which, yeah, which enables you to reach the terminal values. So, therefore, that translates into behavior, your values will finally translate into activities and behavior.

So, constituents of the organization culture, here are some of the constituent, some of the elements of culture, what does it say? You first, risk taking by innovative experimentation. We will have some organizations where the culture encourages you to take risks through innovation and on the other side of the scale, you have other organizations, which do not encourage you, you get a feeling, that you better not take risk here because failures, if the risk is taken and it does not work out, failures are

punished, they are frowned upon by your bosses in the organization. So, it does not encourage risk taking values.

For value for fundamental details, here is one common belief or value in an organization, which forms an element of the culture, like we say, that in certain company they are very, very particular on eye-for-detail, they like you to be detailed, they do not like to be understand thing on the surface or do on the surface, they want, you, if you want to prosper in that organization you must have your fundamentals very clear and in your work you must bring to bear your eye-for-detail, that is the value other organization may not have it. In the 1st organization, any letter you send out for instance, they will be very particular, there should be no spelling mistake, no grammar mistakes in that letter, it should be done in a proper format. If it is an internal letter, it should go in an internal memo form; if it is going outside the company, it must go in a letter-head and so on. And they will not tolerate, you will be pulled up if you do not follow these detailed procedures, which is one of the elements of the culture; these are the examples.

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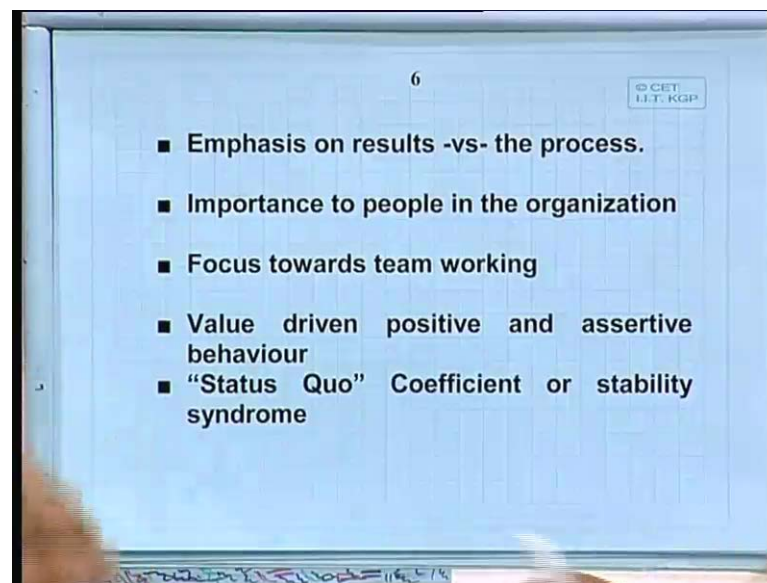
Emphasis on results versus process - some companies, we will find, culturally stay, always pursue results irrespective of how you get the results, what is more important to them is get the result, whereas other companies, they may be equally concerned about the process, what is the manner in which you are achieving the results. If your result is to score high marks, alright, if your value is you must get high marks, you may cheat; the

process you use is cheating, some organizations may tolerate it because the value is such, that they tolerate, other organizations, they will not tolerate it. So, that is the process.

And some organizations will pay equal emphasis on the process as well as the outcome; only doing the process right, but getting no result at the end is also not acceptable in all the organizations, is not it. But always, there is some emphasis either on the value, either on the process or on the outcome or the result.

Importance to people in the organization, what does this mean? Yeah, some organization you have culture, which is more egalitarian. What is egalitarian, egalitarian means equal; you may be 2 steps in rank above someone, alright, but you do not treat someone 2 steps or 3 steps below, as very much different to yourself that is the culture. It is a kind of informal culture; you consider the individual and not the rank or its position. There are other companies, may be highly bureaucratized, that is, if you are 3 steps above, then you not like someone who is 3 steps below, to even come and meet you, they say why are you coming to me, you are so junior. So, that is not an egalitarian kind of culture. So, they give importance to people or position.

Then, focus towards team working. Have you seen, that some companies, they discourage you to go and work in team because they feel you are wasting your time, you are chit-chatting, you know, whereas others, they discourage you to work on your own. Your boss will tell you, have you discussed this, you are making a recommendation and you say, no sir, then he said why, you go and first discuss and if it is acceptable or when you come to me, you come with something, which will work, it can be implemented and for that you go and discuss with people before you arrive at any recommendation. So, then, there is a tendency there culturally to encourage team working.

Then, value driven positive and assertive behavior. What is the kind of behavior, which a culture encourages, value driven. That means, it is not driven by a person, you are not praising a person or flattering a person, you are going by the value. If you have a discussion in a group and you are about to take some decision, the decision should not be based on what the boss likes to hear, if you think, that something is good, you should state that freely and fearlessly because the culture encourages it, you would not be punished. In fact, you will be rewarded for an independent thinking person, being independent thinking person, but the culture must support that because if the culture does

not support, what will you do, after all you are a human being, you may not take the risk, you will follow cultural line, is not it and the unwritten rule may be, you sit quite, whatever the boss says, you nor your head in agreement. So, these are cultural things, which are very powerful in shaping the activities of the organization.

And finally, the performance and the outcome, status quo coefficient or stability syndrome, what does that mean? Status quo means what? Today what is there, let it be there tomorrow, day after let it be stable, do not take any steps or decisions, which disturbs this state, let it be stable. That means, you try for a no change, is that good for the organization? May be sometime, but usually not, not in the changing environment, in an uncertain world because if the environment changes, you have to change to keep in step, alright, take corrective actions. So, status quo coefficient or stability syndrome, this may be the culture somewhere.

So, these are various examples of the elements, which are cultural elements, which you will notice if you exist in that culture; if you join a new company, slowly you notice these things.

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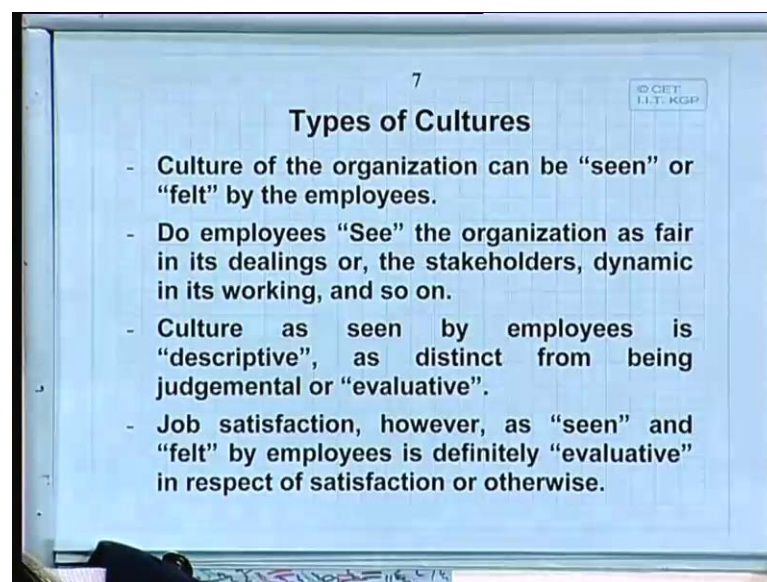
Then, there is an attempt to try and classify the cultures, so the types of cultures. Culture of the organization can be seen or felt by the employees; I have put that in inverted comma, why? Because when you say literally you cannot see a culture, is not it, it is not an object, which you can see, but you can feel, can you feel it like you feel? You cannot

feel it also, but at the same time, you can sense it, is not it? Not by your 5 senses, but how do you sense it? Because of conversations, that happen between people; because what your boss tells you, what your subordinate may tell you, from that you infer and deduce, what is the kind of culture; and that is what I mean by saying, you can see or feel this culture if you are an employee of the organization; any questions? No.

Do employees see the organization as fair in its dealings, or the stakeholders, dynamic in its working and so on? How do the employees see? Because they do discuss among themselves, among friends, you know, and colleagues and they discuss about the organization, and many of the things they discuss has a direct bearing on the culture of that organization, why? Because the culture is one of the powerful drivers of the behavior you do there and the activities, that you do, that is why, and this is consistently discussed, sometime say (( )) because this is unfair, all promotions are given, alright, by favoritism, merit has no place. On the other hand, you have companies where there generally employee feels, no, he did not get a promotion, but frankly he did not deserve it, either the chap who got the promotion, he deserves the promotion; they see it as fair, culture is fair.

Culture, as seen by the employees, is descriptive, as distinct from being judgmental or evaluative, what does that mean? These are some giveaways, you know, particularly in conversation, which employees have among themselves. If they are always judging the actions and policies taken by the management of the organization, what are they doing? They are evaluating, alright, but if they simply describe as a news item, this has happened, that means, it is a culture, which is acceptable. Culture is generally free and frank, what is expected is done and people discuss that, but they are not in sitting in judgment over whatever is happening about the decisions, which the management is taking.

Job satisfaction, however, is seen and felt by employees and is definitely evaluative in respect of satisfaction or otherwise, this is a very important issue to the individual employee, is not it. How satisfied you are with your job and that way that will mean a host of things, are you satisfied with the hygiene of the department, are you satisfied with the motivating factors within the department, do you have a good supervisor, do you vibe with him, do you have good colleagues, is a kind of work that you do, something, which you are able to do or are you untrained for it and you find it difficult to do? So, these are

various factors, alright, by which you derive job satisfaction otherwise, and this is always evaluative because if you are not happy you blame someone, is not it, and if you are happy, do you praise any one, may be not overtly, but generally you think it is a good company, it is a good department, you are happy working there. You may not state so explicitly, but it comes out in your, it comes out in your work behavior, generally you enjoy your work, you do not absent yourself.

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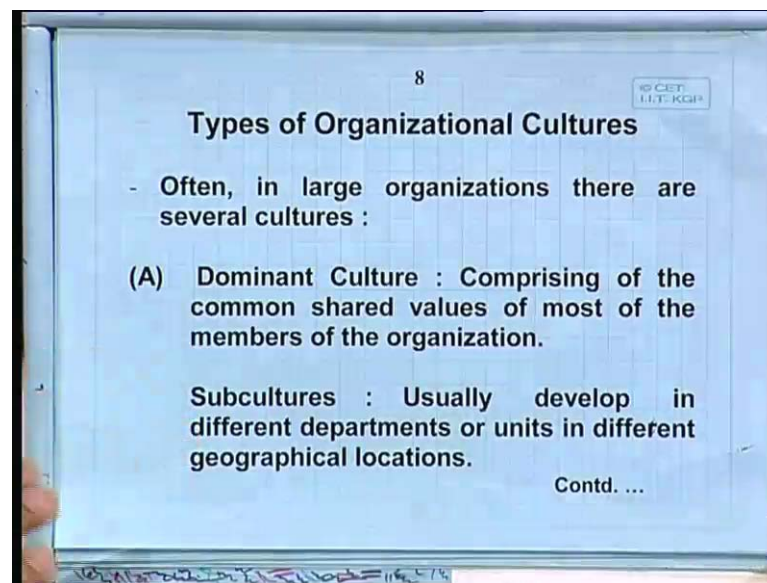
Types of organizational culture - often in large organizations, there are several cultures, not just one culture. Dominant culture, you have some culture, which is dominant comprising of the common shared values of most of the members of the organization and also, within the dominant culture, you have got subcultures, like IIT may have its own dominant culture, but it has different departments, you know, it has different employees, like you have the staff and you have the registrar departments and you have the teaching departments, then you have the schools and the centers.

So, these are also places where you can have subcultures, which develop. Again because the common shared values may be a little different from the common shared values of other department. So, you have subcultures, which have subsets of the dominant culture where large organizations exist. Can you think of any example in IIT, do you have friends in any other departments? Architect department, yes, they have a different culture he feels; how do you come to that conclusion? You are comparing it with your own

department, 5 years course, so he says, the very working, the design of the course itself makes for a different kind of culture because they mix with number of batches.

The undergraduates in a department and the postgraduates, they may be little subset cultures. The undergraduates, they take more part because they may be, they stay longer years, they stay for 4 years, postgraduates stay for 2 years. So, undergraduates involve themselves more culturally in the activities of the institute than the postgraduates and that subculture may be cutting across departments. All postgraduates, in whichever department they may be, because the fact is that they stay shorter, they may develop a culture, which is a little bit of a, shall I say hands-off culture. That means, you come here, take your postgraduate degrees in 2 years and go away. Research scholars may have a different subculture, what could be their subculture? More association, they have focused kind of work. So, in their case, not the time, but the work because they also stay for 3 or 4 years may be, may not be in the institute, but some of them stay. So, time is same as undergraduates, but they are very much focused; so, the type of work, which is helping them to have another subculture.

So, subcultures usually develop in different departments or units or in different geographical locations. So, if you have, let us say IIT, a small campus in Kolkata and a small campus in Bhubaneswar. Now, Bhubaneswar is another state, you have different language there, alright, and the kind of people that they are, are slightly culturally different from the kind of people in West Bengal, may be. So, that very fact may make a little difference to the kind of culture, that you have in the same IIT organization, but geographically different.
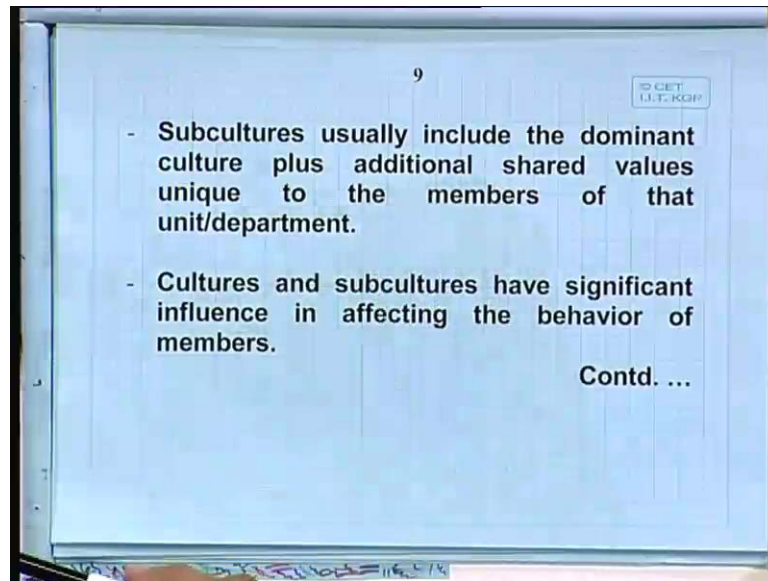
Subcultures usually include dominant culture plus additional shared values unique to the members of that unit or department; any questions.

Cultures and subcultures have significant influence in affecting the behavior of the members, see, that is what we are interested in. In the organizational setting, as management of organizations, we are interested in cultures, subculture for what reason. Ultimately, I always have said, we are interested in 2 things, what are those, I bring you back to it again and again, one is performance of the organization and 2nd, job satisfaction, so that in the long run we are happy people who give good performance. So, both must go hand in hand, and because culture have significant influence in affecting the behavior of members, therefore it is important to us.

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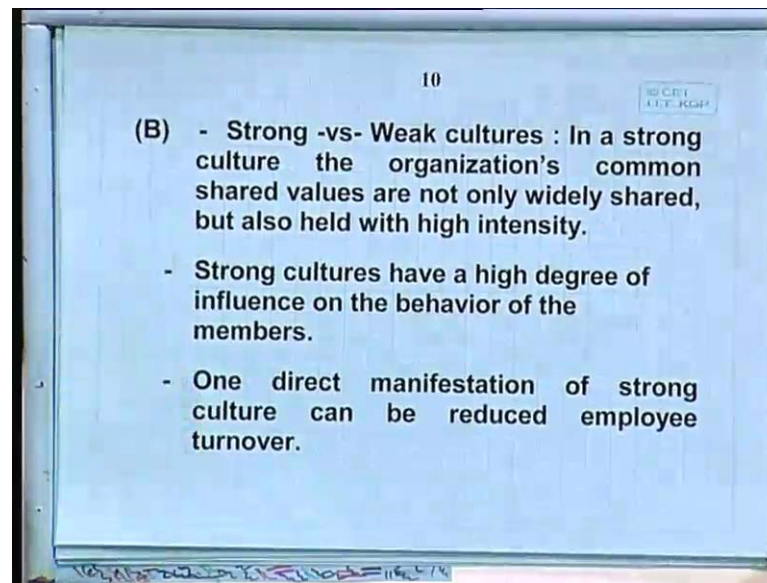
See, here you have a dominant culture and subculture, first I said; now, you have a strong culture and a weak culture.

In a strong culture, the organization's common shared values are not only widely shared, but also held with high intensity. So, they are very entrenched values, which are common and shared, the intensity are high. Strong culture has a high degree of influence on the behavior of the members. One direct manifestation of strong culture can be reduced employee turnover, what does this mean, do you understand this? Employees do not leave the organization if it is a strong cultural organization, they are bound to it.
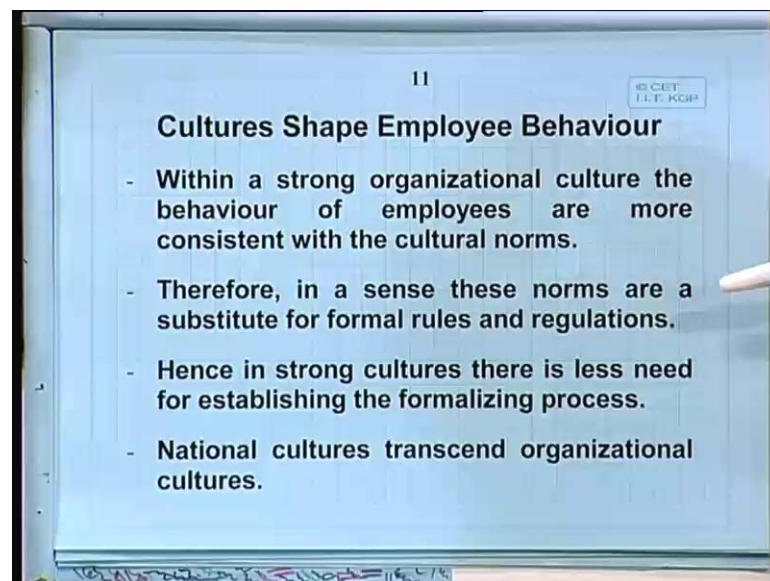
Birlas, very few people left Birlas, why? It had a strong culture of what, what was that element, which was strong. May be, the value of that organization was, if you are our employee we look after you, we care for you. You do your work well and we will take after, look after all your needs, not only needs in terms of salary, that means, you are not a contract employee, you know the HR approach what we talked about, we look at your well being in sickness or health, whatever, whenever your needs are there, we look after you. Therefore, you therefore, they do not leave Birlas you know, the strong culture is there, turnover is not there, clear.

There may be other cultures, which is directly opposite. They say, we have got a contract with you, you deliver well and you are with us; tomorrow, you do not deliver well, company's orders are low, so you take a VRS, we give you, go away because we do not

have job for you. There are companies like that, which industry, IT industry he says. Yes, it is true, when the going is good you get very good salaries there, but if they do not have job, what do they do? They bench you, what is the meaning of bench, go and sit in that bench and if you sit for too long, they say, now the bench is not there, please go away.

So, these are strong cultural differences, which affect not only the organization in its performance, but also the employees who work in the organization and as managers you need to be aware of it. And you have to provide such a culture, which brings joy to the employees and brings joy to the stake holders of the organization, should have good performance also, not a country club kind of an atmosphere, where people come, they enjoy, they do not do much work, there is not much supervision, then who will be unhappy? Share holders will be unhappy.

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Cultures Shape Employee Behaviour

- Within a strong organizational culture the behaviour of employees are more consistent with the cultural norms.

- Therefore, in a sense these norms are a substitute for formal rules and regulations.

- Hence in strong cultures there is less need for establishing the formalizing process.

- National cultures transcend organizational cultures.

So, cultures shape employee behavior, we said that before. So, within a strong organization, the culture in a strong organization is, now culture, the behavior of employees is more consistent with the cultural norms. See, the implication here is, if the culture is weak, then the behavior may not be consistent. Some people behave with the shared values, others do not behave, they get away with it, but if it is strong, it is like under a discipline or a regiment, the culture provides that, not the supervision. And what we said, culture provides unwritten rules, not written rules, unwritten rules of behavior

and the people confirm to it, and if it is a strong culture they confirm very strongly to that, they do not deviate. Therefore, in a sense, these norms are a substitute for formal rules and regulations.

So, when we started studying organizational structure and design, we remember, we said that there are 3 elements, fundamental elements of all organizations, which are accepted as common and what are these elements we said, you remember, exams are coming, you remember now. One was complexity, remember; other was formalization, see formalization, dos and do-not rules and procedures, and what was the 3rd one, anyone remember, human memory they say, is short; so, 3rd is centralization, what does that mean? At what level is the decision making, is it top level, then it is highly centralized; if it is lower down, it is more decentralized.

So, culture provides unwritten rules. So, in a way, it is a substitute for formalization. Hence, in strong cultures, there is less need for establishing the formalization process. Now, let us take an example of a family unit, husband, wife and 10 children, I am taking not today's family, I am taking grandfather's time, your great-grandfather's time, 10 children were common in those days. Do they have a strong shared value usually or would they have had a family, yes or no? Yeah, may be 1 or 2 are prodigal people, you know, they do not, but more or less the family is a very strong cultural unit, is it not.

So, in that strong cultural unit, do you have formalization, written down rules, regulations and in those days, remember, that family of 10, there were 5, 6, 7 families, all living together, we called it extended family, may be they are 50 people, may be the kitchen is providing meals for 50, 100 people, big families living in villages were there, written rules, no, they were all unwritten. It was all culture, which provided the dos and do-nots and people are bided by that, why, because it was a strong culture.

Today, even if you have, you know, extended families very uncommon, but a huge, say the rich people, some business community, they would have a big mansion and many brothers, you see, and their children and grand children, they all live together. So, culture is still there, but may not be that strong, may be, one of the grand children, they went to disco, came back 3 am in the morning, that is frowned upon, may be another son went and had a love marriage with different community. So, that cultural bonds, are weaker today, agree or not. So, strong cultures require less formalization.

National cultures transcend organizational cultures, so organization is a subset of the whole nation, is it not. So, national cultures, we say, they transcend organizational culture and what is a direct implication? Implication is, you as a company, if you are an Indian company, let us say, and now you want to establish a venture in China because you are growing, you are doing well, you have to take note of this, that when you establish a factory in China, you have to take care, that the employees who are Chinese, they have a different kind of culture. And their culture, there even if you set up your own company, ABC company limited, you say Indian company, Indian management, but the kind of organizational culture, which will happen in your unit, but the Chinese unit, that culture will be more dominated by China's national culture, not your own. So, therefore, you have to take care of that.

Big organizations, you know, after the World War 2, you are Americans you see, who had a lot of spread of their business in Europe because Europe was war ravaged, Germany had to be built up, it was in ruins, you know. So, lot of industries from America, England won the war of course, but they were also ravaged, there was destruction and ruined, economy was on its last legs. So, what happened is, when Americans went in there, they had to establish lot of businesses factories and so on and they had to learn, that culturally you have to make a fit if you want to exist profitably in another national culture, you cannot just carry your culture and transplant it in another foreign nation, very, very important.

In another sense, if you have intercommunity marriages, you have this problem also culturally, you see, the husband and wife are different. So, these problems will have to be adjusted.

So, these are important issues in the organizational well being that is the point as important as your technology and machinery and so on and so forth. They are very important issues. When companies merge together or when you acquire a company, cultural issues become very dominant and very important for the success of the joined entity.
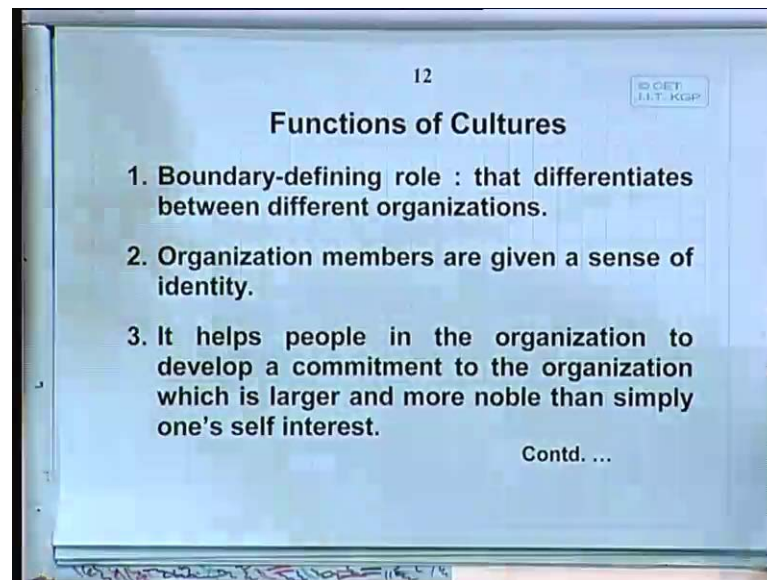
So, the functions of cultures, we say it is a boundary defining role, what does that mean? That it differentiates between different organizations, so one organization subscribes by its boundary, what is that boundary culture. So, it is a boundary defining role, it is a differentiator. Organizational members are given a sense of identity. Sometimes what happens to people is they work for a long time in a strong, culturally strong organization. When they retire, separate at the end of the career, they have a loss of identity because may be, they have always considered them as a Tata Steel person, you know, because they worked in Tata Steel, lived in Jamshedpur town. So, they are left with a big vacuum, that no longer can they say, that they are Tata employee, so what are they? There is a loss of identity.

So, (( )) given a sense of identity is very common, people suffer greatly when they retire because in a strong organization culture, they have identified themselves fully with that organization and they feel a loss, feel there is no anchor when they retire and separate you. You have to get other identities in life, not only your organizational identity, you have to have social identities also, you have to have other interests, not only your work setting, and that is the reason to some extent you can say even in engineering course. Why do we have a curriculum where we give you breath subjects, what for? To instill in you some interest, say, we can instill an interest in your, of human behavior, may be you can do many things, which is different there from your main line of work, which may be as a project engineer or highly technical job, you have to get identities. Some people take

up gardening, it becomes a passion with them, so when they retire they do not feel that loss because now they say, yeah, we have more time, earlier we have very little time for it, now we have time. Some people take up, they like travelling and they have more time for travel and many people take up social work within their own community because you have some experience. There are small NGOs for instance, you can work there, give your expertise. So, you have to have other interest.

Organization members are given a sense of identity, it helps people in the organization to develop a commitment to the organization, which is larger and more noble than simply one's own self interest, do you understand that, is it clear? Your own self interest may be to get your money, monthly salary or promotion, your increment, these are very important to you and nothing wrong with it, but the culture, if you are the Tata man it gives you something, that Tata's, they do something you are proud of it, say, they do something for the community, set up a hospital. So, to some extent as a Tata employee, you feel that something good has happened because it is more noble than only your own self interest. It also provides the rules.

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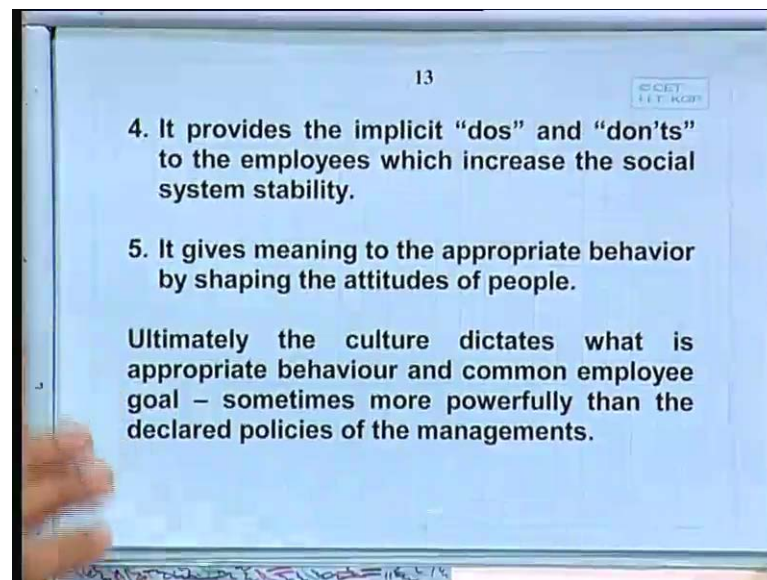
We said, formalization, the implicit dos and do nots to the employees, which increase the social system stability, what does that mean? Social system stability, what does that mean? You work in a good company with a good culture, you become good citizens, very simply you are (( )), you do not work anywhere, you are, you are roaming around

here and there, you may start stealing, doing something wrong because you do not have a cultural identity. So, you bring in social instability, but if you have, alright, a strong culture in which you exist, it gives you, alright, or makes you give for social stability also, it is good for the country, good for the locality. It gives meaning to the appropriate behavior by shaping the attitudes of people, clear, because values, we said earlier on when we studied the topic, they shape your attitude, is it not, and culture is nothing but common shared values. If it is a strong culture you have strong common shared values, alright, and it gives meaning to the appropriate behavior, why are you behaving, what is the meaning, giving meaning, because these are the values of the strong culture in which you are existing.

Ultimately, the culture dictates what is appropriate behavior and common employee goal, sometimes more powerfully than the declared policies of the management, understood or not, if not ask questions. It is so powerful, that sometimes it can pull up their own managements from taking wrong decisions because this is going against this established culture in this company, or management should not take this decision because it is against our culture. So, is very, very powerful.

So, at the end of this discussion what do we feel? We feel culture is a good thing or strong thing or a bad thing, what is it? Good, so you as manager should try to encourage establishment of a good culture, good and strong because there are many, many benefits as you have seen. However, in life, everything comes with a price, as they say in America, there is no such thing as a free ride or a free lunch, if you want something good, you have to pay a price for it. And what is the price you pay for having a good and strong culture? There is a price.

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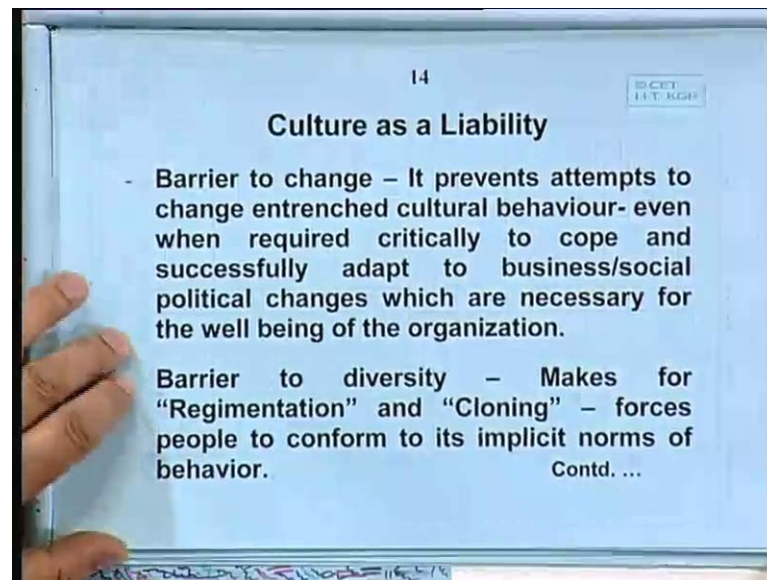
Culture as a liability - it becomes sometimes a barrier to change, does not allow you to change, it prevents attempts to change entrenched cultural behavior; everyone understands what is entrenched, entrenched you understand? No, you must ask me, entrenched means something, which is rooted, fixed, does not move. The reference here is to a trench, you know a trench, any, you dig a trench and in that trench you plant something or keep something, that is fixed and rooted. So, entrenched means something, which is fixed position, you do not want to move from there or change it.

So, entrenched cultural behavior, it prevents even when required critically to cope successfully and adapt to business, social and political changes, which are necessary for a well being of the organization. In the life of an organization, there are occasions and times when long established procedural has to be changed culturally. You know, Japan used to boast and used to support very strongly lifetime employment looking after everything about the employee, but there were times of recession and prolong recession, when just in order for them to survive, the companies, they had to shed people. Although culturally, it was totally against the national culture and the organizational culture, but they had to do it and it was not easy to do it because entrenched culture means, that is very, very difficult to change and it was a trade-off, it was a choice, either the company goes under or you shed people, it was very difficult thing to do.

Barrier to diversity makes for regimentation and cloning. Everyone understands what is cloning, have you heard of a clone, tell us what is the clone? Yeah, example, say you do genetic engineering and a clone is produced, looks exactly like you, may be thinks exactly like you, but it is not you, it is a duplicate; so, that is the clone. So, makes for regimentation and cloning; what does this cloning mean? It is so regimented, so strong a culture, that the uniqueness of the individuals seems to vanish, each behaves like the other, you know, is not that what regimentation also means. When you form a regiment in the army, what you do? You do drilling and what is the drilling marching (( )), everyone does the same, so that is regimentation drilling. So, this becomes a barrier, strong cultures.

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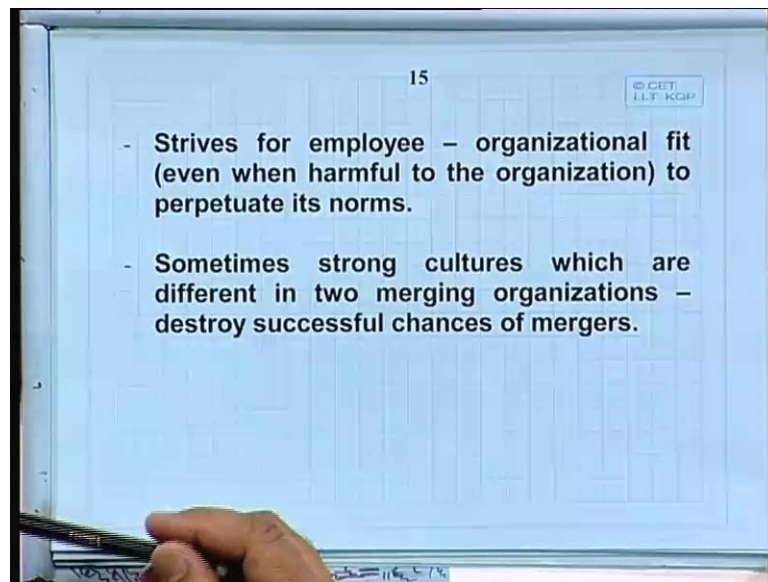
Strives for employee - organizational fit, even when harmful to the organization, to perpetuate its norms. That means, it does not want to change whatever is the norm, you try to change it, it will try to overbalance your policies and your actions. And see, that the old stability remains and sometimes strong cultures, which are different in 2 merging organizations, as you mentioned little earlier, in a takeover or a merger of 2 organizations, destroy successful chances of mergers. See, very often, when 2 companies are going for merging, they look at each other, they do what is called due diligence, that is, they look all the financial figures, the assets, liabilities.

What they do not look at very carefully is the cultures and cultures are equally important, sometimes more important for the success of the merged venture, grand as, as the financial results and the assets and liabilities of each of the company, and often you find, that it has failed mainly due to not mixing of the 2 cultures. It is like a transplantation operation, you have a kidney transplant, what happens? Often the body will reject the kidney, what happens then, patient dies. So, merger sometimes are very unsuccessful because the cultures do not vibe and they do not synchronize and meshed together, any questions?

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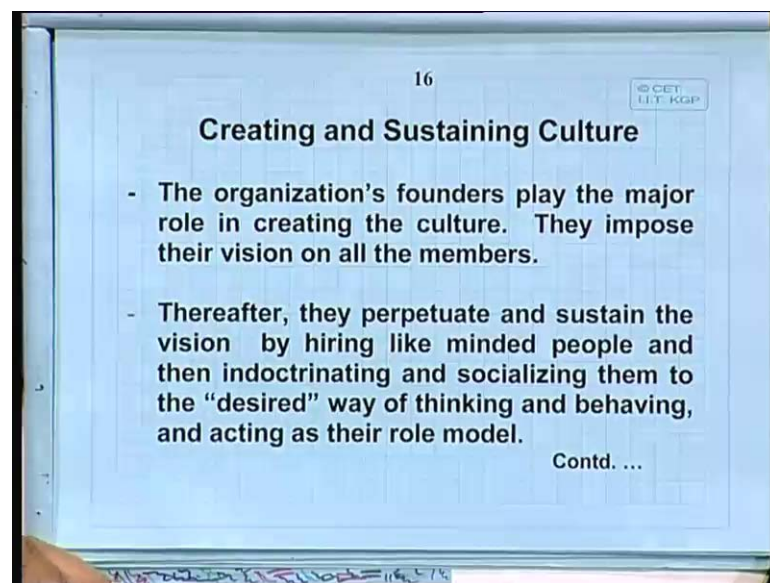
Then, as managers, you may be called upon one day to create and sustain a culture; you may also be called upon to change a culture. We have a topic called change management, that we will talk of how to change the culture. So, organization's founders play the major role in creating the culture, they impose their vision on all the members, do not they? If we were to form a company, that is, what we will do after all, let us, take, go back to the same family unit, do not we get our values from our parents, the first thing. So, similarly, a company, it gets from its parents, the parents are the promoters of the company, the founders, but thereafter, after those founders are no more, alright, or even before that, thereafter they perpetuate and sustain the vision by hiring like-minded people and then indoctrinating and socializing them to the desired, desired means what? They think it is good, may not be good, but they think, that is why, in inverted comma, to desired way of

thinking and behaving and acting as their role model. This is how you are creating and sustaining the culture, starting from the founders passing on your values to them.

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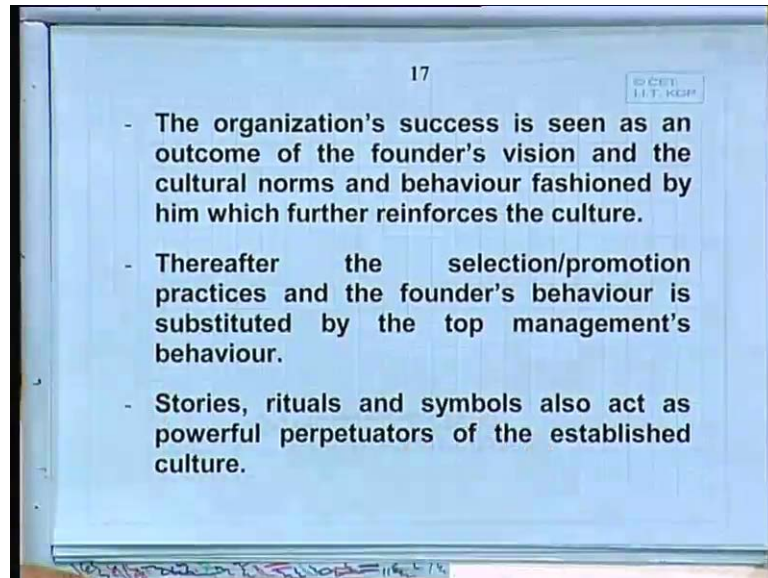
The organization's success is seen as an outcome of the founder's vision and the behavior fashioned by him, which further reinforces the culture. What does this mean? It means, say, when J. N. Tata set up Tata Steel, Tata Steel prospered because those were the days and they had hardly any industry in our country, we are talking of 1910, so early, 1 century ago, very little industry was there. All the raw materials were taken, sent to England, processed there and finished goods were sold here, basically that was the situation. And there was great disbelief, everyone felt that TATAs, at least the Britishers, would never be able to make steel because it is a very complex thing, steel plant, to make steel is one of the most difficult thing, particularly 100 years ago; look at the high temperatures, look at the, the process, which is used is high-tech in those days.

So, therefore, the outcome of the founder's vision and culture norm, behavior fashioned by him to reinforce the culture. Thereafter, the selection and promotion practices of the founder's behavior are substituted by top management's. When he set it up, he set up culture and what was his culture, which he set up? First was the culture, that we can do it, is not it, in spite of all adversities; that means the determination of the culture. Another culture, which he set up is, whatever we do, we do it not only for ourselves, but something higher and nobler, that is for the community, create an environment, give

back to a community, build a township, build road, plant trees, alright, adopt villages. So, this kind of a culture.

Thereafter, the selection and promotion practices of the founder's behavior are substituted by top management. The kind of people you have hired, you passed on the same culture to them, alright, and then as time passes, you have stories, rituals and symbols and these also act as powerful perpetuators of the established culture. So, when we hear stories of older organizations, these stories are carried on from year to year and it is a binding thread of the culture. Do you have any stories in IIT that you have heard?

I will tell you a story. The 1st director was Doctor Gyan Ghosh, alright, and the 1st year, when the students came, alright, the story goes, I do not know how far it is true, it is part of the myth and the culture. In mathematics examination, there was very heavy failure, students failed, then sir Gyan Ghosh, Doctor Gyan Ghosh called all the faculty, not only mathematics, and told them, that professors, this is very, very surprising because these students cannot fail, they are the best students, they are the cream of the country, I cannot accept that they have failed; what can be the explanation?

He says that the only explanation is they were not taught properly. So, it is the duty of us professors to teach students, so that they do well because the students are good; if they fail, it is a professor's fault. This is a story, which you have heard and therefore, in IIT this is the tradition and a culture. Even if you fail once, we say try again, you then finally, you will pass, you have to earn that credit, right, right or wrong? Yeah, and most of you pass the 1st time when you join IIT, right. Because this is the story and it is a powerful part of our culture, we are very student oriented in IIT, everything that is good for the student, we say, we try to do that; any questions?

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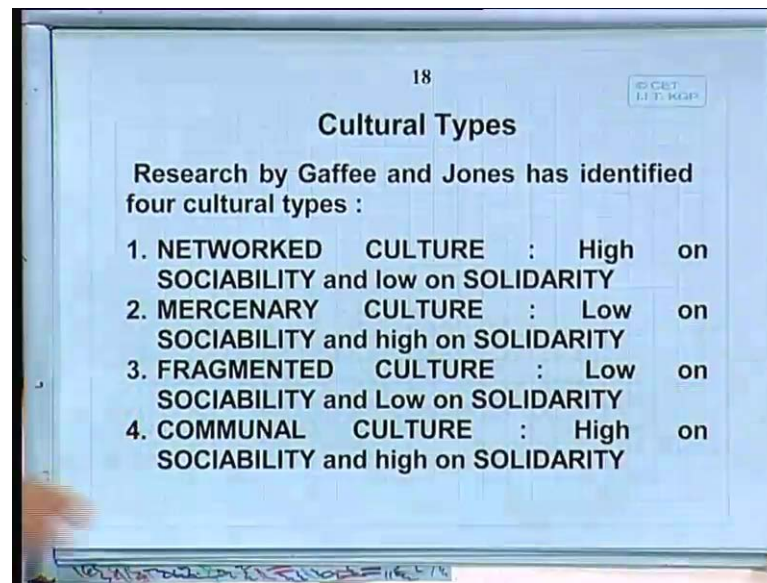
And then, last, you see there is a kind of classification by, supported by research by Gaffee and Jones, whom and this identified 4 types of culture: network culture, mercenary culture, fragmented culture and communal culture. Everyone knows the word mercenary, no, mercenary means something, which is done for money; you have mercenary soldiers, that means, they are not soldiers belonging to the army of any nation, they are soldiers who are professionals, anyone who give them money, any country, they will go and fight for them, that is mercenary or money. So, network culture, high on sociability and low on solidarity and we will see what that is. Mercenary culture is low on sociability and high on solidarity; fragmented culture, low on sociability and low on solidarity and communal culture, high on sociability and high on solidarity also.

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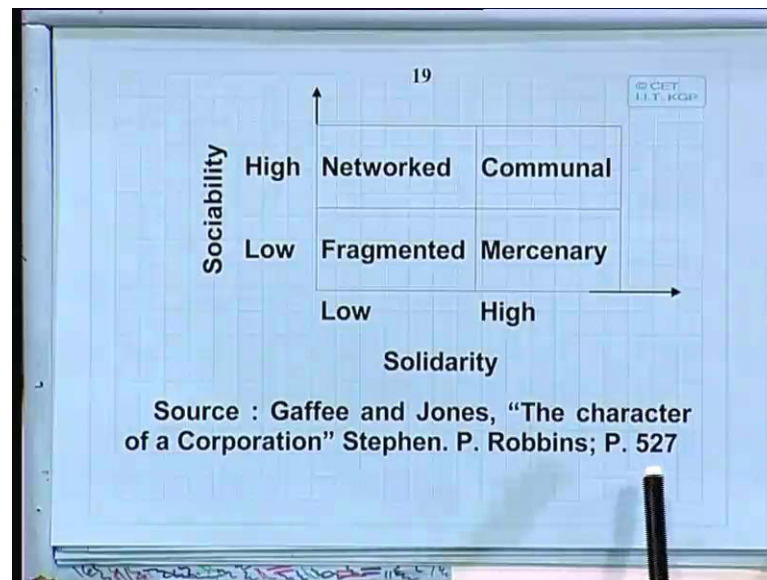
And you can summarize this with this little matrix here, and you see solidarity on the x axis and sociability. So, you know the meaning of these 2 terms. Solidarity; that means, you stand together, stand together solidly; sociability, you are people oriented.

So, if it is in this quadrant, you are high on sociability, but you are low on solidarity. So, we call this sort of culture a networked culture. If you are here, you are high on both, high on sociability and high on solidarity, we call it communal culture, and here fragmented, you are low on solidarity, low on sociability, fragmented in bits, not very cohesive. And mercenary, money, you are high on solidarity, we all want money, that culture, but low on sociability, that is, there no friends and enemies out here, it is money, money is king, that is our solidarity; so, any questions?

So, we end our topic on organization culture today and then, next class we will take up change management and organizational stress.

Thank you very much.