

Organizational culture and its impact on diversity



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The intensification of research on organizational effectiveness has led to the identification of several organizational factors that have an influential role in the determination of organizational performance. Organizational culture is one such factor that has received much attention in organizational behavior literatures, because of the key role it plays in determining levels of organizational outcomes. A common hypothesis about the role of organizational culture is that if an organization possesses a “strong” culture by exhibiting a well-integrated and effective set of specific values, beliefs, and behaviors, then it will perform at a higher level of productivity. Given the influence of an organization’s culture on its productivity, the development of theory to guide the study of the forms and consequences of organizational culture is of primary importance to improving organizational performance.

Organizations differ in their culture including how they view dissimilarity within the organization. Organizational stories, symbols, and practices signal to organizational members how actual dissimilarity in its membership will be viewed. It has been found that, it is not the presence of the diversity itself that determines the effects of the diversity within an organization but, rather, the level of openness to dissimilarity characteristic of the organization’s members, work groups and culture.

ORGANIZATIONAL CULTURE: “The way we do things around here” is a common sense definition of culture. But it over simplifies the concept and misses powerful underlying concepts and processes. It is better to regard culture as referring to the shared assumptions, beliefs, values and norms, actions as well as artifacts and language patterns. It is an acquired body of knowledge about how to behave and shared meanings and symbols which

facilitate everyone's interpretation and understanding of how to act within an organization. Culture is the unique whole, the heart and soul that determines how a group of people will behave. Cultures are collective beliefs that in turn shape behavior. They can include:

BASIC ASSUMPTIONS, VALUES AND NORMS DRIVE PRACTICES AND

BEHAVIORS: The culture of an organization operates at both a conscious and unconscious level. Often the people who see your culture more clearly are those from the outside—the new hires, the consultants or vendors. When coaching or advising senior management, remember that culture comprises the deeply rooted but often unconscious beliefs, values and norms shared by the members of the organization. Those not living inside the culture can often see it more objectively. Better to ask a New Yorker to tell you what Californians are like than ask a Californian.

Culture drives the organization and its actions. It is somewhat like “ the operating system” of the organization. It guides how employees think, act and feel. It is dynamic and fluid, and it is never static. A culture may be effective at one time, under a given set of circumstances and ineffective at another time. There is no generically good culture. There are however, generic patterns of health and pathology.

CULTURE OPERATES AT VARIOUS LEVELS – THE VISIBLE ARTIFACTS TO THE

DEEPLY ROOTED AND UNCONSCIOUS: Culture can be viewed at several levels. Some aspects of culture are visible and tangible and others are intangible and unconscious. Basic assumptions that guide the organization are deeply rooted and often taken for granted.

Some of the most visible expressions of the culture are called artifacts. These include the architecture and decor, the clothing people wear, the organizational processes and structures, and the rituals, symbols and celebrations. Other concrete manifestation of culture are found in commonly used language and jargon, logos, brochures, company slogans, as well as status symbols such as cars, window offices, titles, and of course value statements and priorities. An outsider can often spot these artifacts easily upon entering an organization. For insiders, however, these artifacts have often become part of the background.

THE ROLE OF THE LEADER IN TRANSMITTING CULTURE: One of the critical factors in understanding a corporate culture is the degree to which it is leader-centric. Ask yourself, how central is our leader to the style of this organization? If you are the leader yourself, the culture of your company is likely to reflect your personality, including your neurosis. So if the CEO avoids conflict and tends to sweep it under the carpet, don't be surprised if you see avoidance of conflict played out in the organization. The behavior that is modeled by the leader and the management team profoundly shapes the culture and practices of the organization. What management emphasizes rewards and punishes can tell you what is really important. The behavior of members of the senior team, their reactions in a crises and what they talk routinely talk about, all sets the tone of the culture. If the culture is already firmly established when the CEO assumed leadership and he/she simply inherited a strong set of traditions, then he/she may play the role of the guardian of the old culture. On the other hand, CEOs such as Lou Gerstner at

IBM, or Lee Iacocca at Chrysler were brought in to be a change agent charged with dramatically transforming the organizational culture.

IMPORTANCE OF ORGANISATIONAL CULTURE: Interpreting and understanding organizational culture is an important activity for managers and consultants because it affects strategic development, productivity and learning at all levels. Cultural assumptions can both enable and constrain what organizations are able to do. The job of the consultant is often to provide a method and a structure for organizations to be able to surface the most relevant cultural assumptions. Those that will assist change and those that will hinder the process.

WHY ASSESS CULTURE?

CLOSING THE GAP BETWEEN THE REAL AND IDEAL CULTURE: Cultural assessment can enable a company to analyze the gap between the current and desired culture. Developing a picture of the ideal and then taking a realistic look at the gaps is vital information that can be used to design interventions to close the gaps and bring specific elements of culture into line.

VALUE AND GOAL ALIGNMENT ACROSS SUBCULTURES, DIVISIONS AND GEOGRAPHIC REGIONS: Organizations can vary widely in terms of the degree of cultural integration and the strength of the subcultures that coexist. Subcultures may share certain characteristics, norms, values and beliefs or be totally different. These subcultures can function cooperatively or be in conflict with each other. In general, subcultures can differ by function, (engineering vs. marketing), by their place in the hierarchy, (management

vs. administrators, assistants) by division, by site, or by geographic region and country.

It may be both undesirable and unrealistic to try to homogenize the organization across all of its parts. Still, a thoughtful assessment of the culture can facilitate the alignment of values and strategic goals across subcultures and geographic areas. It is very important for global companies to tolerate and support a certain amount of cultural differentiation. Yet there may be a core of values, a subset of four or five deeply held principles that management thinks should cut across subcultures, divisions, and international settings.

ORGANIZATIONAL CHANGE: The secret to a company that will last is its ability to manage both continuity and change. Such companies are capable of responding with nimbleness to the environmental drivers that necessitate change in strategy and practices. These drivers include: rapid technological change, changes in industries and markets, deregulation, aggressive competition, the global economy, increased organizational complexity, new business models. Getting a profile of the current culture can enable organizations to thoughtfully bring the elements of the culture into alignment and move forward towards an ideal.

Organizations develop cultures whether they try to or not. If your intention is to appraise individual-organization fit, align culture with its strategic goals, understand subcultures, assess mergers and acquisitions partners, or to make organizational changes in practices or values, understanding your culture in an objective manner can give you a business advantage and spare

you enormous time and money. Not understanding your culture in today's business world can be fatal. Sometimes the emperor or empress needs to be told that his/her baby is ugly. Having objective measurement tools such as HCG's " Cultural Assessment Tool" can provide a consultant or coach with valuable objective measurement of existing culture. Executives are frequently analytical and quantitative in their orientation. Having data and an assessment tool to deliver a painful message may be the key to getting management to pay attention and face the reality of what kind of culture really exists. It is also useful in preventing the demise of the messenger.

THE NEED AND PURPOSE OF THE STUDY: As an executive, identifying, understanding, and influencing the organizational culture can ensure corporate agility and financial success. As a potential employee, catching a glimpse of the true culture of an organization will help one decide if the company is a place where one can contribute and flourish. In both cases, misunderstanding the culture can lead to disaster. Corporate cultures have both gross and subtle manifestations that provide clues to the underlying norms and beliefs. Paying attention to the work practices, environment, communication paths, and even the level of humour in a company, will give one a hint of the dominant organizational culture. Identification and understanding the culture is necessary to affect any minute or large scale changes in response to market imperatives. If one does not have a clear picture of the culture one cannot effectively modify it. Hence goal of the present research is to seek to understand these important sources of influence- Diversity Openness, Types of Culture etc . This paper explores the Impact of diversity openness towards job satisfaction as well.

STATEMENT OF PROBLEM: Organizational Culture and its Impact on Diversity Openness in the Information Technology Organizational Context

OBJECTIVES OF THE STUDY WERE:

To study the type of culture prevalent in the Indian IT-ITES sector using Geert Hofstede's 6 Dimensions of Organizational culture

To measure the impact of diversity openness and assimilation cultures to job satisfaction.

HOPOTHSES

Hypothesis 1: There is no significant difference between diversity openness/assimilation and job satisfaction.

Hypothesis 2: There is no significant difference between demographics and diversity openness.

Hypothesis 3: There is no significant difference between demographics and assimilation.

Hypothesis 4: Demographics and job satisfaction are independent.

SAMPLE SIZE AND TECHNIQUE ADOPTED:

100 employees of IT-ITES companies from both Indian origin and foreign origin companies were the sample population. The technique used was convenience sampling and the selection of the respondents was based on simple random sampling. The questionnaires were administered to individuals at their convenient time and an online survey was also undertaken.

TOOLS EMPLOYED FOR DATA COLLECTION: A semi-structured questionnaire was developed and adopted for the study. The questionnaire used for the research study has 20 items that measured the type of culture in the company, job satisfaction levels, and levels of diversity openness. The items were measured on a Likert's five point scale 1 = Strongly disagree and 5 = Strongly agree.

OPERATIONAL DEFINITIONS:

Culture: Gareth Morgan (1986) describes culture as shared meaning, shared understanding and shared sense making.

Organisational Culture: Culture can be described in a circular fashion where philosophy expresses values; values are manifest in behavior; and behavior gives meaning to the underlying philosophy. Philosophy, values, and behavior describe an organization's culture and culture is the glue that holds the organization together. (DeWitt, 2001)

National Culture: culture which distinguish similar people, institutions and organizations in different countries, according to Geert Hofstede (1997).

Diversity Openness: The concept of diversity openness or dissimilarity openness describes how individuals, groups or organizations deal with dissimilarity (Härtel, Douthitt, Härtel & Douthitt 1999; Härtel & Fujimoto 1999; Härtel & Trumble 1997).

Assimilation: Having a pre-defined idea of what the culture should be and is thus, closed to diversity. Therefore, organizations that expect assimilation to be dominant, existing culture, are not open to diversity. People or systems

low in dissimilarity openness, are closed to dissimilar points of view and resist alternative perspectives (Härtel & Fujimoto 2000).

Job Satisfaction: Job satisfaction is defined as “ the extent to which people like (satisfaction) or dislike (dissatisfaction) their jobs” (Spector, 1997).

RESPONDENT PROFILE:

71. 43% of the respondents were in the age group of 20-30 years followed by 27. 62% between 30-40 years and 0. 95% of the respondents were above 40 years of age. Male respondents constituted 61% and the female respondents were 39%. 61% of the respondents were working in IT-ITES companies of Indian origin, 39% in IT-ITES companies of foreign origins.

MAJOR FINDINGS

Open System Vs Closed System: It was found that 92% of the respondents agreed that anyone can fit into the organization, irrespective of religion, region, gender. 70% of the respondents agreed that people in their organization are open to newcomers and outsiders and 11% were closed and secretive to even among the insiders. 33% of the respondents agreed that new employees need only a few days to feel at home. The majority, 43 % however were not sure about how long the new employees need to feel at home. The mean score was found to be 3. 01/5 indicating that employees require a lot more time to adapt to new organizations.

Pragmatic Vs Normative: It was found that 72% of respondents agreed that in their organization, business ethics is followed at any cost and 24% felt that it is subject to practicality.

Loose Control Vs Tight Control: It was found that 69% of the respondents agreed that the work environment in their organization is cost conscious and 23% were not sure. The mean for work environment is cost conscious was 4.08/5 which indicates tight control on costs. 34% respondents said that meeting times were always kept punctually. 46% said it was frequently kept and 16% said it was never kept. It was found that 58% of the respondents agree that jokes about their company and job are frequent in their organization and 30% were not sure with a mean of 3.70/5.

Parochial Vs Professional: It was found that 88% of the respondents agree that their organization considers job competence while hiring new employees, whereas 8% believed that social and family background was considered. It was found that 26% respondents agree that their organization considers their private life their own business and 47% were not sure. The mean was 3.03/5 which indicates that it is more situational rather than a policy.

Process Oriented Vs Result Oriented: It was found that 49% of the respondents agreed that people in their organization do take risks and 28% avoid taking risks. 50% of the respondents agreed that each day in their organization it brings new challenges, 34% are not sure and 16% said it was the same. It was found that 47% of the respondents agreed that results matter more in their organization than correctly following procedures and 42% said that correctly following procedures

Employee Oriented Vs Job Oriented: It was found that 68% of the respondents agreed that their organization gives importance to social and

family life the mean was 3.93/5. 88% of the respondents said that important decisions are taken by groups or committees and 8% said it was taken by individuals.

Job Satisfaction: It was found that 54% of the respondents were satisfied with their jobs and 23% were neutral. The mean (3.35/5) indicates that their level of job satisfaction was good.

Diversity Openness: It was found that 27% of the respondents feel that people in their organization express their uniqueness and culture. However, majority (54%) preferred to remain neutral on this issue. The mean score indicates that diversity openness in IT organizations is just average 3.19/5.

Assimilation: It was found that 46% of respondents agreed that their organization expects new employees to adopt the dominant way of doing things, whereas 41% were not sure. The mean was 3.56/5 indicating that organizations expectation of expecting new employees to quickly adapt to the dominant ways of doing things is relatively high.

Hypothesis 1: There is no significant difference between diversity openness/assimilation and job satisfaction.

The hypothesis was accepted as there was no significant difference between what the employees feel about diversity openness and job satisfaction. Low positive correlation (0.05365) was found.

There was no significant difference between what the employees feel about assimilation and job satisfaction. There is low negative correlation (-0.01578) between Assimilation and Job satisfaction. Assimilation and job

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satisfaction of employees are dependent (Chi calculated = 103.1, Chi Table Value = 26.3).

Hypothesis 2: There is no significant difference between demographics and diversity openness.

The hypothesis was rejected and the alternative hypothesis was accepted as significant differences were found between gender and diversity openness.

ANOVA

Source of Variation

SS

df

MS

F

P-value

F crit

Between Groups

171.9048

1

171.9048

275. 4916

5. 82E-40

3. 886554

Within Groups

129. 7905

208

0. 623993

Total

301. 6952

209

There is low negative correlation (-0. 14069) between gender and diversity openness.

No significant difference was found across different age groups and diversity openness. Low negative correlation (-0. 10234) between age and diversity openness. No significant difference was found on type of organization and diversity openness. Low positive correlation (0. 086878) was found between type of organization and diversity openness. Employees increasingly agree with diversity openness more in foreign origin rather than Indian origin companies.

Hypothesis 3: There is no significant difference between demographics and assimilation.

The hypothesis was rejected and the alternative hypothesis was accepted as significant differences were found between type of organization and assimilation.

ANOVA

Source of Variation

SS

df

MS

F

P-value

F crit

Between Groups

247. 5429

1

247. 5429

345. 9391

4E-46

3. 886554

Within Groups

148. 8381

208

0. 715568

Total

396. 381

209

There is low negative correlation (-0. 071215) between Type of IT-ITES organization and Assimilation. No differences were found between gender and age and assimilation.

Hypothesis 4: Demographics and job satisfaction are independent.

The hypothesis was accepted as it was found that type of organization, gender, and age and job satisfaction were independent.

RECOMMENDATIONS

Initiate efforts towards building a diversity open culture in the organization using the culture management process, instead of merely recruiting a diverse work force. The following diagram is an indicative process.

Since the majority of the respondents were unsure about how long the new employees need to feel at home. Hence, new interventions need to be made in order to make the employees more aware of this aspect. Focus group discussions could be used to find out the reasons for such an uncertainty. Effective induction programme that quickly makes the new employees familiar with the organization, along with frequent team meetings and team activities would help in clarifying to some extent.

It is also found that as the age increases the perception of diversity openness decreases, hence it is important to orient the older employees also about the presence and need of diversity openness in organizations through training, workshops, groups discussions etc.

As there is a difference between what the various genders think about diversity openness in their organization, it is important to identify the reasons thereof and take the required measures to make both genders more open to diversity.

It is found that as we move from organizations with Indian Origins to Foreign origins, employees increasingly agree with diversity openness. Hence the IT-ITES organizations of Indian origin need to take more measures to create a diversity open environment, where people freely express their uniqueness and culture.

It is found that Assimilation and job satisfaction of employees are dependent. Hence it is recommended that organizations try to create diversity open culture instead of one which assimilates the employees, to its own dominant culture.

CONCLUSION

Corporate culture is a hidden mechanism of coordination directing each individual towards the common goal. The goal and the ways of achieving the goal cannot be changed without understanding key attractors and drivers in the culture. The causes of many profitability and responsiveness issues in corporations are not found in the structure, in the leadership, or in the employees. The problems are found in the cultures and sub-cultures of the organization.

Also with the new emphasis on diversity management, it becomes more critical to understand what makes the organizations more successful. Since the effects of diversity within the organization is not impacted by the presence of diverse workforce alone, it becomes more important to measure the construct of assimilation vs. diversity openness.

It was found through the study that job satisfaction among employees of IT-ITES organizations were dependent on diversity openness/assimilation levels. Hence it is recommended that organizations try to create diversity open culture instead of one which assimilates the employees, to its own dominant culture. Thus it is important to build and nurture a culture of diversity openness. It would not only help in increasing job satisfaction, but also further the cause of effectively managing cultural diversity.