**CHAPTER SEVEN**

**CULTURE AND DIVERSITY**

7.1. **Culture and cultural diversity**

**Definition of Culture**

Culture is the learned and shared way of thinking and acting among a group of people or society. Organizational culture as **“**the shared attitude and perceptions in an organization that are based on a set of fundamental norms and values and help members understand the organization.” There seems to be wide agreement that **organizational culture** refers to a system of shared meaning held by members that distinguishes the organization from other organizations." This system of shared meaning is, on closer examination, a set of key characteristics that the organization values.

**Organizational culture** **“**consists of norms, values and unwritten rules of conduct of an organization as well as management styles, priorities, belief and interpersonal behaviors that prevail. Together they create climate that influences how well people communicate, plan and make decisions.

**Characteristics of organizational culture**

There are seven primary characteristics that capture the essence of an organization’s culture.

1. **Innovation and risk taking-** The degree to which employees are encouraged to be innovative and take risks.
2. **Attention to detail-** The degree to which employees are expected to exhibit precision, analysis, and attention to detail.
3. **Outcome orientation.** The degree to which management focuses on the results or outcomes rather than on the techniques and processes used to achieve these outcomes.
4. **People orientation-** The degree to which management decisions take into consideration the effect of outcomes on people within the organization.
5. **Team orientation-** The degree to which work activities are organized around teams rather than individuals.
6. **Aggressiveness-** The degree to which people are aggressive and competitive rather than easy going.
7. **Stability-** The degree to which organizational activities emphasize maintaining the status quo in contrast to growth.

**Functions of Organizational Culture**

(a) **It gives members an organizational identity**: Sharing norms, values and perceptions gives people a sense of togetherness that helps promote a feeling of common purpose. Culture provides shared pattern of cognitive perceptions or understanding about the values or beliefs held by the organization. This enables the organizational members how to think and behave as expected of them.

(b) **It facilitates collective commitment.** The common purpose that grows out of shared culture tends to elicit strong commitment from all those who accept the culture as their own. It provides shared – pattern of feelings to the organizational members to make them know what they are expected to value and feel.

(c) **It promotes systems stability.** By encouraging a shared sense of identity and commitment, culture encourages lasting integration and cooperation among the members of an organization. It enhances social stability by holding the organizational members together by providing them appropriate standards for which the members should stand for.

(d) **It shapes behavior by helping members make sense of their surroundings.** An organization culture serves as a source of shared meaning that explains why things occur the way they do. Organizational culture is not fully visible but felt. At less visible level culture reflects the value shared by organizational members.

(e) **It provides a boundary:** Culture creates distinction between one organization and the other. Such boundary – defining helps identify members and non-members of the organization. Culture facilitates the generation of commitment to something larger them one’s individual self-interest. It serves as a control mechanism that guides and shapes the attitude and behavior of organizational members.

(f) It helps organizational members stick to conformity and expected mode of behavior. Culture ensures that everyone thinks and behaves in a prescribed manner.

**Do Organizations Have Uniform Cultures?**

**Dominant Culture:** Expresses the core values that are shared by a majority of the organization’s members.

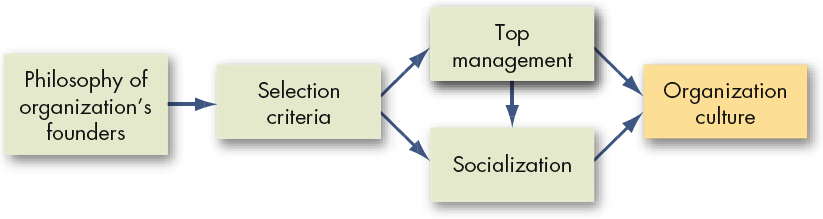
**Subcultures:** Mini-cultures within an organization, typically defined by department designations and geographical separation.

**Core Values:** The primary or dominant values that are accepted throughout the organization.

**Strong Culture:** A culture in which the core values are intensely held and widely shared

How Organization Cultures Form?

The original culture of an organization is derived from the founder’s philosophy. That philosophy then influences what types of employees are hired. The culture of the organization is then reinforced by top management, who signal what is acceptable behavior and what is not.



**The Liabilities of Organizational Culture**

**A. Barriers to change**

Organizational culture reduced the changes of development, if culture is not changed according to the changes of the environment; organizational effectiveness adversely affected, but dynamic culture improves the effectiveness.

**B. Barriers to diversity**

If any organizations are based on religion, and caste, it prohibits new changes. Cultural paradoxes always hinder the progress even technological and social changes bring improvements.

**C. Barriers to mergers**

Cultural compatibility is of great importance to mergers and acquisitions. A merger is essential for financial strengths but it is opposed by employees because they would not like to enter a new culture after acquisition.

**Cultural diversity (**also known as multiculturalism) is a group of divers individuals from different cultures and societies. Usually, cultural diversity takes account language, religion, race, sexual orientation, gender, age, and ethnicity.

To work well with people from different cultures, you must first understand your own culture. We are usually unaware of our own culture until we come into contact with a very different one. Knowing your own culture will help guard you against two problems that frequently arise in international dealings. One is the danger of **parochialism**—assuming that the ways of your culture are the only ways of doing things. The other is the danger of **ethnocentrism**—assuming that the ways of your culture are the best ways of doing things.

**Five major cultural differences in how people handle relationships with other people.**

**1.** *Universalism versus particularism*—relative emphasis on rules and consistency, or relationships and flexibility.

**2.** *Individualism versus collectivism*—relative emphasis on individual freedom and responsibility, or group interests and consensus.

**3.** *Neutral versus affective*—relative emphasis on objectivity and detachment, or emotion and expressed feelings.

**4.** *Specific versus diffuse*—relative emphasis on focused and narrow involvement, or involvement with the whole person.

**5.** *Achievement versus prescription*—relative emphasis on performance-based and earned status, or ascribed status.

7.2. **Globalization and people at work**

OB scholars are increasingly sensitive to the need to better understand how management and organizational practices vary among the world’s cultures. In this sense, we must be familiar with the importance of multinational employers, the diversity of multicultural workforces, and the special demands of international work assignments.

**Multinational Employers**

A true **multinational corporation**, or MNC, is a business firm that has extensive international operations in more than one foreign country. MNCs are more than just companies that “do business abroad;” they are global concerns—exemplified by Ford, Royal-Dutch Shell, Sony, and many others. The missions and strategies of MNCs are worldwide in scope. In the public sector, multinational organizations (MNOs) are those with nonprofit missions whose operations also span the globe. Examples are Amnesty International, the International Red Cross, the United Nations, and the World Wildlife Fund. The truly global organization operates with a total world view and does not have allegiance to any one national “home.”

**Multicultural Workforces**

What is the best way to deal with a multicultural workforce? There are no easy answers. Styles of leadership, motivation, decision making, planning, organizing, leading, and controlling vary from country to country. The challenges of managing across cultures, however, are not limited to international operations. In this connection, a new term has been coined—*domestic multiculturalism*, which describes cultural diversity within a given national population: This diversity will be reflected in the workforces of local organizations.