

A faint, stylized background illustration of three people sitting around a table, engaged in a discussion. One person is wearing a blue shirt, another a red shirt, and the third a green shirt. There are also some abstract shapes like circles and lines floating around them.

Managing Power, Politics & Culture

CHAPTER 4

WEIGHTAGE: 30%

This chapter explores three of the most consequential forces shaping organisational life — power, politics, and culture. Together, they determine how decisions are made, how resources are allocated, and how people behave within organisations. Understanding these forces is essential for any manager seeking to lead effectively and ethically.

We begin by examining the concept of power — its definitions, sources, and effective use. We then move to organisational politics, exploring how individuals and groups leverage power to pursue their interests. Finally, we delve into organisational culture — how it is created, sustained, and changed — and the profound effects it has on performance, strategy, and employee satisfaction.

What Is Power?

Power is the **ability to influence people and events**. The term may be applied to individuals, groups, teams, departments, organisations, and even countries. A team within an organisation might be labelled as powerful because it can influence the behaviour of individuals in other teams or departments — affecting resource allocation, space assignments, goals, hiring decisions, and many other outcomes.

Power is fundamentally a **social term**. An individual has power only in relation to others; more than one person must be involved for the concept to have meaning. It is a dynamic relationship that changes as situations and individuals change. Importantly, power may exist but not be used — it is therefore a capacity or potential. One can have power but not impose it.

Kingsley Davis

"Power as the determination of the behaviour of others following one's own ends."

Max Weber

"Power as the probability that one actor within a social relationship is in a position to carry out his own will despite resistance."

Lundberg & Others

"By power, we mean the extent to which persons or groups can limit or regulate the alternative courses of action open to other persons or groups, with or without their consent."

Organisational Power: Key Dimensions

Organisational power is defined as the ability of the organisation's structure to utilise all mandatory resources — man, machine, and other assets — in favour of organisational development. Power is **not uniformly distributed** across all levels; it is confined to certain departments or groups depending on the level of responsibility and seniority.

The motive of assigning power to specific levels is to streamline underlying activities by designing work structures, circulars, and policies, and ensuring their successful implementation. Probably the most important aspect of power is that it is a **function of dependency** — the more others depend on you, the more power you hold.

Power as Capacity

Power may exist but not be used. It is a potential — one can have power without imposing it.

Power as Social

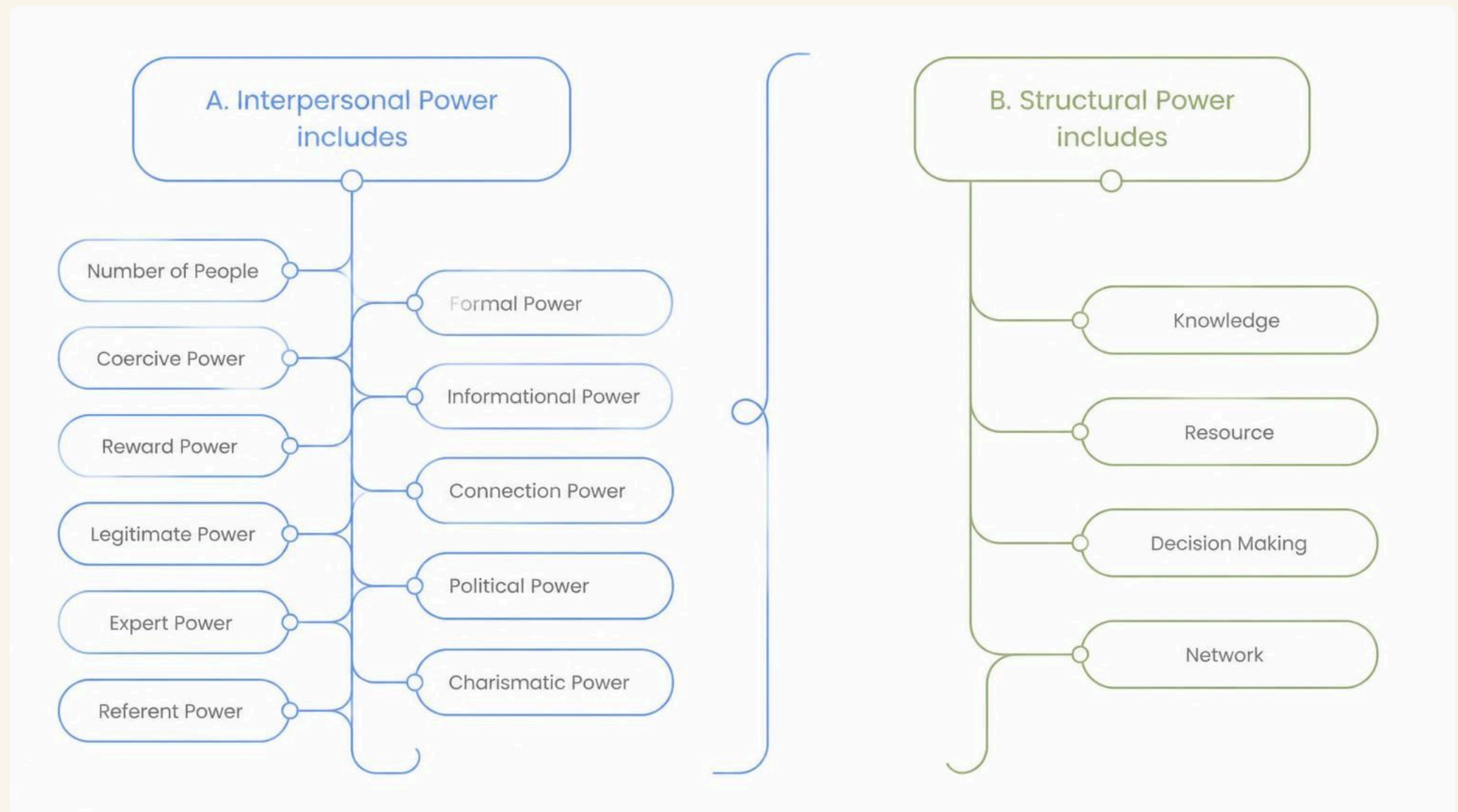
Power characterises interactions among people. It requires at least two parties and changes as situations evolve.

Power as Structural

In organisations, power flows from both interpersonal relationships and structural positions within the hierarchy.

Sources of Power: Two Categories

In organisations, power flows from two broad categories of sources: **Interpersonal Power** and **Structural Power**. Interpersonal power arises from the relationships and personal attributes of individuals, while structural power emerges from the characteristics of the organisational situation itself — including access to knowledge, resources, decision-making authority, and networks.



Understanding which category of power is at play in a given situation helps managers and employees choose the most effective influence strategies. Effective leaders typically draw from multiple sources rather than relying on just one or two.

Interpersonal Power: Number of People, Coercive & Reward Power

Number of People

Numbers add strength to an association. Groups of well-organised people can successfully defend themselves or pursue their goals despite constraints. Mahatma Gandhi derived his enormous power from the millions who stood behind him — a timeless example of collective strength.

Coercive Power

Derived from a person's ability to influence others via threats, punishments, or sanctions. A junior staff member may work late to avoid disciplinary action. Coercive power helps control employee behaviour by ensuring adherence to organisational policies and norms.

Reward Power

The opposite of coercive power. People comply because doing so produces positive benefits. Rewards can be financial (pay raises, bonuses) or non-financial (recognition, promotions, interesting assignments). If applied through favouritism, reward power can demoralize employees and diminish output.

Legitimate, Expert & Referent Power



Legitimate Power

Also known as positional power, it is derived from the position a person holds in an organisation's hierarchy. Job descriptions require junior workers to report to managers and give managers the power to assign duties. For positional power to be exercised effectively, the person wielding it must be deemed to have earned it legitimately — a company's CEO is a classic example.



Expert Power

Influence wielded as a result of expertise, special skill, or knowledge. People with expert power perform critical tasks and are deemed indispensable. Their opinions and decisions are held in high regard. Expert power is often a stepping stone to legitimate power — an expert may be promoted to senior management, thereby gaining positional authority as well.



Referent Power

Based on identification with a person who has desirable resources or personal traits. If others like, respect, and admire you, they want to please you — giving you power over them. Referent power is derived from interpersonal relationships and personal connections with key people in the organisation's hierarchy. It is the perception of personal relationships that generates this power.

Formal, Informational & Connection Power

1

Formal Power

Based on an individual's position in an organisation. It can come from the ability to coerce or reward, from formal authority, or from control of information. Formal power is based on rank — for example, the fire chief or the captain. It is institutionalised and recognised by the organisation's structure.

2

Informational Power

Arises where a person possesses needed or wanted information. It comes from access to and control over information. This is a **short-term power** that does not necessarily build lasting credibility. A project manager who holds all information for a specific project has informational power — but eventually this information will be released, making it an unsustainable long-term strategy.

3

Connection Power

Attained by gaining favour or acquaintance with a powerful person. This power is all about networking — if you have a connection with someone that others want to reach, that gives you power. People employing this power build important coalitions with others, forging connections with individuals and assembling them into alliances that amplify their influence.

Political Power & Charismatic Power

Political Power

This power comes from the support of a group. It arises from a leader's ability to work with people and social systems to gain their allegiance and support. Political power develops in state-owned organisations especially when a certain political party holds power and their supporters demonstrate influence in many aspects of organisational life. By using political power, leaders can influence others and obtain facilities from the organisation.

Charismatic Power

An extension of referent power stemming from an individual's personality and interpersonal style.

Charismatic leaders get others to follow them because they can articulate an attractive vision, take personal risks, demonstrate sensitivity to followers, and engage in unconventional behaviour. Even people without formal leadership positions can exert influence over others through the strength of their charismatic qualities.

- ❏ All powers are not seen in a single organisation. The use of power varies organisation to organisation, time to time, person to person, and situation to situation.

Structural Power: Knowledge, Resources, Decision-Making & Networks

Much of the attention directed at power in organisations focuses on interpersonal power. However, an equally important perspective is that the **characteristics of the situation** affect or determine power. Structural power includes four key sources: knowledge, resources, decision-making, and networks.



Knowledge as Power

Organisations are information processors. Individuals, teams, or departments that possess knowledge are crucial to attaining organisational goals. Intellectual capital — the knowledge, know-how, and competency that exist in the organisation — can provide a competitive edge in the marketplace.



Resources as Power

Organisations need money, human resources, equipment, materials, and customers to survive. Departments or individuals who can provide essential or difficult-to-obtain resources acquire more power than others.



Decision Making as Power

The decision-making process creates power differences among individuals or groups. Managers exercise considerable power simply because of their decision-making ability. Cultural differences also affect this — in Chinese firms, decision-making was more decentralised in manufacturing than in service organisations, while the reverse was true in British firms.



Networks as Power

Structural power depends not only on access to information and resources, but also on the ability to get cooperation in carrying out tasks. Managers and departments with connecting links to other individuals and departments will be more powerful than those without such connections.

Effective Use of Power

A manager seeking to get things done in a group or organisation needs power. Having power is one thing — using it effectively is quite another. People often tend to abuse power, and power abused has serious dysfunctional consequences for both the individual and the organisation. When power is abused, organisational focus is forgotten, work is carried on routinely out of fear, cracks develop, and morale is lost. The manager tends to be despised and hated.

Power needs to be used in such a way that the needs of the organisation and of the employees are properly met. If the use of power is not carefully managed, powerful individuals tend to exploit those with less power and substitute their self-interests for the legitimate interests of the organisation.

1 Understand Sources of Power

Effective managers understand both interpersonal and structural sources of power and the most effective methods of using them. They develop and use a wide variety of power sources and influence strategies, rather than relying on just one or two.

2 Understand the Exchange Process

Both managers and managed understand the nature of the exchange process underlying influencing strategies. Over time, reciprocal exchanges are a must — in their absence, hard feelings result and the ability to influence others declines.

3 Know Desirable vs. Undesirable Behaviour

They are aware that power is a double-edged sword. The misuse or lack of understanding of a source of power can destroy its effectiveness. For example, individuals lose referent power by behaving inconsistently with traits that are attractive to others.

4 Seek Power-Enabling Positions

Managers and employees seek positions that allow the development and use of power — jobs that involve crucial issues and concerns of an organisation and demand the use of power to influence others' behaviours.

5 Apply Maturity and Self-Control

They understand that their actions influence the behaviours and lives of others. Managers use power that benefits the organisation, rewards honest employees, and punishes the guilty.

Power Tactics: Individual & Intra-Group

People use different tactics to gain and exercise power. Power tactics are used by individuals on their own, within groups (intra-group), and between groups (intergroup) in order to influence people and events. When used positively, beneficial outcomes can be expected. Seven individual and intra-group tactics have been identified:

- 1

Assertiveness
Setting deadlines for compliance, ordering others to do what is expected, emphasising the importance of complying, and repeatedly reminding others of their obligations.
- 2

Friendliness / Ingratiation
Making a person favourably disposed to comply — through flattery, exaggerating the importance of compliance, acting friendly and humble, or waiting till the person is in a receptive mood.
- 3

Rationality
Using facts and information in a logical way so that the request for compliance looks logical and well prepared, projecting the originator as a competent person.
- 4

Sanctions
Use of organisational rewards and punishments — rewards may include salary raises or promotions; punishments may include subjective performance ratings or withholding promotion.
- 5

Higher Authority
Securing support from people further up the organisational hierarchy, including the informal support of superiors and others in higher positions.
- 6

Bargaining
Give and take through negotiation. The person seeking a favour may also remind the other of past benefits bestowed in order to get the work done.
- 7

Coalition
Getting help from other parties in the organisation by building alliances with subordinates and co-workers. There is strength in numbers, as manifested when employees join unions.

Power Tactics: Usage Patterns & Intergroup Tactics

How Tactics Are Used

The popularity of tactics varies depending on whether managers are influencing superiors or subordinates. When influencing **superiors**, the most popular tactics are: Reason, Coalition, Friendliness, Bargaining, Assertiveness, and Higher Authority. When influencing **subordinates**, the order shifts: Reason, Assertiveness, Friendliness, Coalition, Bargaining, and Higher Authority. Sanctions are excluded from the scale measuring upward influence.

Intergroup Power Tactics

Uncertainty Absorption: Expert groups (e.g., industrial relations) whose services are used in times of need absorb the uncertainty normally associated with such matters, gaining power over the users of their service.

Substitutability: If the user of a service can find a substitute provider (e.g., an outside consultant), the power of the specialist can be reduced or eliminated.

Integrative Importance: Arises when a group's services — such as central computing — are needed significantly by other groups. The extent of power is less if the group's services are needed only to a limited extent.

The Concept of Organisational Politics

Closely related to power is politics. Politics relates to the ways people gain and use power in organisations. In theory, politics has no place in organisations — organisations are supposedly rational entities engaged in the pursuit of specific goals. But in reality, **organisations are replete with political activities**. In an economy, money is the medium of exchange; in organisations, politics is the medium of exchange.

1	Disagreement If all organisational members agreed all the time, there would be no politics. The potential for political activity arises wherever disagreement exists. Diversity is the core factor that triggers disagreement.
2	Diversity Complex organisations comprise sub-units with different goals. For example, software engineers may want a highly sophisticated IT system, while line managers simply want a design that enables communication.
3	Scarcity Scarcity prompts political activity when there are competing claims upon resources. If two departments each require ten additional items but the budget covers only ten between them, scope for conflict clearly exists.
4	Interest Interests are defined as positions people want to protect or goals they seek to achieve. If no one cares about a particular outcome, there is no disagreement about the matter and potentially no politics.

Types of Political Activity (Part 1)

Organisational behaviour experts have grouped all political activities into nine major types. These range from overt tactics like attacking others to subtle ones like managing impressions. Here are the first five:

	1. Attacking or Blaming Others Perhaps the most direct and nastiest form of organisational politics — giving rivals a bad image in the eyes of decision makers. Decision-makers, particularly weaklings, have a weakness for such diatribes, which political activists exploit to further their interests.
	2. Selectively Distributing Information Information is a political tool as well as a source of power. People strategically manage the distribution of information to shape perceptions, limit rivals' performance, or enhance their own power base. Information politics also involves hoarding — knowledge is power, and people do not desire to share it and thus erode their power base.
	3. Controlling Information Channels Power enables an executive to control interactions among subordinates and the topics of those discussions. Committee leaders might organise meeting agendas to suit personal interests — placing an issue near the bottom of the agenda so that the committee either does not get to it or devotes little time to it.
	4. Forming Coalitions A coalition is an informal group that attempts to influence people outside the group by pooling the resources and power of its members. Coalitions are often built around a trade-off: A supports B on an issue of interest to B in return for B supporting A. By demonstrating strength in numbers, coalitions create a sense that an issue has broad appeal and deserves legitimate support.
	5. Increasing Indispensability One main political tactic is to become indispensable to the organisation through increasing non-substitutability or centrality. Wily managers deliberately develop specialised skills, accept responsibilities that bring them into contact with many functions, and build personal networks of contacts to pursue personal and functional goals.

Types of Political Activity (Part 2)

1	Associating with Powerful Line Executives By supporting a powerful manager and making oneself indispensable to that person, it is possible to rise up the organisation's ladder. CEOs typically promote their friends, not their enemies. Managers who have developed skills that make them stand out have better chances of being selected as protégés by top managers seeking successors.
2	Managing Impressions Impression management is the practice of actively shaping one's public image. Many impression management activities are done routinely to satisfy social norms. Others are deliberate political tactics — including blaming others, forming coalitions, and filtering information. Managing one's behaviour and appearance so that others develop a desired image is a well-known tactic.
3	Game Playing Managers operate within the rules of the organisation when playing games. For example, a manager who prefers to sit on the fence might arrange to visit an important customer at a time that coincides with a critical internal meeting, thereby avoiding having to declare a stand on some policy issue.
4	Controlling the Agenda A manager uncomfortable with a particular controversial issue being thoroughly discussed may place it last on the agenda, or delete it entirely, claiming it is too early to discuss such an important issue. This tactic effectively suppresses unwanted discussions.
5	Using Outside Experts A manager may achieve his or her objective by using an outside consultant who happens to share his or her views. Although the consultant may approach the assignment professionally, recommendations made may be unconsciously biased towards a course of action preferred by the manager.

Organisational Culture: Meaning & Definition

"Organisational culture (or corporate culture) has been defined as the philosophies, ideologies, values, assumptions, beliefs, expectations, attitudes and norms that knit an organisation together and are shared by its employees."

By culture, we mean that complex whole which includes knowledge, belief, art, morals, law, custom, and other capabilities and habits acquired by man in a society. Two terms are key to the concept of culture: **history** and **shared phenomenon**. Cultural mores of a society are passed on from generation to generation, and the cultural ethos are shared among the members of a society.

Organisational culture is not merely a set of rules or policies — it is the invisible glue that holds an organisation together. It shapes how employees think, feel, and behave, and it profoundly influences organisational performance, strategy, and employee satisfaction.

Ten Characteristics of Organisational Culture

The following ten characteristics help us understand the nature of culture better. When these characteristics are mixed and meshed, we get the essence of 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 organisation creates clear objectives and performance expectations.
4	Integration The degree to which units within the organisation are encouraged to operate in a co-ordinated manner.
5	Management Support The degree to which managers provide clear communication, assistance, and support to their subordinates.
1	Control The number of rules and regulations, and the amount of direct supervision used to oversee employee behaviour.
2	Identity The degree to which members identify with the organisation as a whole rather than with their particular work group.
3	Reward System The degree to which reward allocations are based on employee performance criteria rather than seniority or favouritism.
4	Conflict Tolerance The degree to which employees are encouraged to air conflicts and criticisms openly.
5	Communication Patterns The degree to which organisational communications are restricted to the formal hierarchy of authority.

How Is Culture Created?

Culture is essentially learnt. An organisational culture forms in response to two major challenges that confront every organisation: **External Adaptation and Survival**, and **Internal Integration**.

External Adaptation & Survival

How the organisation will find a niche in and cope with its constantly changing external environment. This involves addressing:

- **Mission and strategy:** Identifying the primary purpose and strategies to pursue it.
- **Goals:** Setting specific targets to achieve.
- **Means:** Determining how to pursue goals, including selecting an organisation structure and reward system.
- **Measurement:** Establishing criteria to determine how well individuals and teams are accomplishing their goals.

Internal Integration

The establishment and maintenance of effective working relationships among the members of an organisation. This involves addressing:

- **Language and concepts:** Identifying methods of communication and developing shared meaning for important concepts.
- **Group and team boundaries:** Establishing criteria for membership in groups and teams.
- **Power and status:** Determining rules for acquiring, maintaining, and losing power and status.
- **Reward and punishment:** Developing systems for encouraging desirable behaviours and discouraging undesirable ones.

An organisational culture emerges when members share knowledge and assumptions as they discover or develop ways of coping with issues of external adaptation and internal integration. Organisational culture generally comes from critical incidents, leaders, property rights, organisational structure, organisational ethics, and characteristics of employees.

Six Sources of Organisational Culture

	Critical Incidents Norms and beliefs arise around the way members respond to critical incidents. Something emotionally charged happens — such as an attack on the leader — and the immediate next set of behaviours tends to create a norm. By reconstructing the history of critical incidents, one gets a good indication of the important cultural elements in a group.
	Identification with Leaders Founders help establish the early culture through their vision or mission. The late J.R.D. Tata typifies this — his supportive-consultative role, belief in professionalism, and assumption that only honesty and fair dealing will pay have made the vast Tata empire what it is today.
	Property Rights Corporate culture stems from how the organisation distributes its property rights — the rights given to members to receive and use organisational resources. Where property distribution is fair, stakeholders cultivate bondage to the organisation and develop a strong culture.
	Organisation Structure Mechanistic structures (centralised, standardised) tend to give rise to cultures valuing predictability and stability. Organic structures (decentralised, flexible) tend to give rise to cultures valuing innovation and flexibility.
	Organisational Ethics The moral values, beliefs, and rules that establish the appropriate way for stakeholders to deal with one another. Bribery and corruption are major ethical issues. Ethically strong organisations, such as Tatas, actively discourage such behaviour.
	Characteristics of People The ultimate source of organisational culture is the people who make up the organisation. People attracted to an organisation whose values match theirs, and those who do not fit in tend to quit. Over time, people inside become more similar and the culture becomes more distinct.

Sustaining Organisational Culture

Having created culture, it needs to be kept alive in the organisation. Sustaining culture is arguably a bigger challenge than creating it. There are five key strategies which organisations employ to sustain their cultures:

Hire & Socialise

Select and onboard employees who fit values

Rewards Alignment

Reward systems reinforce desired norms



Leader Actions

Founders and leaders model cultural behaviors

Cultural Network

Manage influencers and peer connections

Organisational socialisation — the process by which individuals learn the values, expected behaviours, and social knowledge necessary to assume their roles — is conceptualised as a three-stage process: **Pre-arrival** (learning before joining), **Encounter** (seeing what the organisation is really like), and **Metamorphosis** (mastering skills and adjusting to work group values and norms). The founder's cultural imprint often remains with the organisation for decades — for example, the culture at Microsoft calls for working exceptionally long hours, because that is what co-founder Bill Gates has always done.

Sustaining Culture: Rewards, Networks & Workforce Stability

Culturally Consistent Rewards

Reward systems strengthen corporate culture when they are consistent with cultural values. Aggressive cultures might offer more performance-based individual incentives, whereas paternalistic cultures would more likely offer employee assistance programmes, medical insurance, and other benefits that support employee well-being. Rewards that align with cultural values reinforce those values continuously.

Managing the Cultural Network

Organisational culture is learned, so an effective network of cultural transmission is necessary to strengthen the firm's underlying values and beliefs. The cultural network exists through the organisational grapevine and is supported through frequent opportunities for interaction so that employees can share stories and re-enact rituals. Senior executives must tap into the cultural network, sharing their own stories and creating new ceremonies. Company magazines and other media can also strengthen organisational culture by communicating cultural values more effectively.

Maintaining a Stable Workforce

An organisation's culture is embedded in the minds of its employees. Organisational stories are rarely written down; rituals and celebrations do not usually exist in manuals. Thus, organisations depend on a stable workforce to communicate and reinforce dominant beliefs and values. The organisation's culture can literally disintegrate during periods of high turnover and downsizing because the corporate memory leaves with these employees.

Effects of Culture: Dysfunctional Consequences

Cultural effects may be both functional and dysfunctional. On the dysfunctional side, culture can lead to groupthink, clannishness, and resistance to mergers and acquisitions.

1	Culture Creates Clannishness The clan form in an industry possesses potentially disabling weaknesses. A clan always tends to develop xenophobia — a fear of outsiders. As the President of one major Type Z Company stated: <i>"We simply can't bring in an outsider at top levels. We have tried it, but the others won't accept him. We consider that to be one of our biggest problems."</i> Companies such as IBM and Xerox sometimes segregate researchers to shield them from the oppressive corporate culture.
2	Barrier to Diversity Strong cultures put considerable pressure on employees to conform. But modern organisations are known for workforce diversity. There develops conflict between the need for conformity and the advantage of having employees with diverse behaviours and strengths. Workforce diversity is being accepted and even encouraged, making this tension increasingly significant.
3	Barrier to Mergers & Acquisitions Cultural compatibility has become the primary concern in acquisitions. Whether an acquisition actually works seems to have more to do with how well the cultures of the two organisations match. Where there is a mismatch, acquisitions are likely to fail — as happened to the takeover of Poysha Industries Ltd. by Tinplate Co. of India Ltd. in 1991, which broke down in 1994.
4	Groupthink Culture tends to lead to groupthink — a condition in which all members of a group tend to think alike. Members share a strong motivation to achieve consensus, limit their list of possible solutions, and spend less time considering alternatives. There is an illusion that the group is invulnerable, information contradicting the dominant view is ignored, and minority viewpoints are suppressed.

Effects of Culture: Functional Benefits

On the positive side, culture in an organisation serves several important purposes that enhance performance, commitment, and strategic effectiveness.

	Effective Control Culture serves as a control mechanism that shapes employee behaviour. As strong culture seeps through the organisation, people register do's and don'ts. When employees do not act in accordance with the beliefs and values of the culture, managers and colleagues are likely to intervene and initiate corrective actions.
	Strategy Formulation & Implementation Organisational culture has considerable influence on strategy formulation and implementation. Motorola's culture, built around high investment in R&D, quality, and customer care, fostered the development of new products like lightweight cellular telephones and wristwatch pagers — major technological breakthroughs.
	Promotion of Innovation A culture where creativity, embracing change, and challenging the status quo are pervasive themes is very conducive to successful implementation of a product innovation and technological leadership strategy. A culture built around listening to customers and giving employees decision-making responsibility supports superior customer service.
	Strong Employee Commitment Culture provides a sense of identity to members and increases their commitment to the organisation. When employees internalise the values of the company, they find their work intrinsically rewarding. Commitment goes through three phases — compliance, identification, and internalisation — with internalisation representing the ideal state of cultural acceptance.
	Performance & Satisfaction Culture has significant impact on performance. Strong culture is characterised by goal alignment, high motivation, and control without the oppressive effect of bureaucracy. There is correlation between organisational culture and employee satisfaction — satisfaction is highest when there is congruence between individual needs and culture.

Changing Organisational Culture

Culture of an organisation needs to be changed, particularly when the company's culture is weak, unhealthy, or when it acts as an obstacle in implementing a new strategy. Culture change should be preceded by diagnosing the existing values and beliefs of the organisation. OB experts have developed three complementary approaches for diagnosing organisational culture:

1

The Behavioural Approach

Emphasises the surface level of culture — the pattern of behaviours that employees exhibit. Provides specific descriptions about how tasks are performed and how interpersonal relations are managed in organisations.

2

The Competing Values Approach

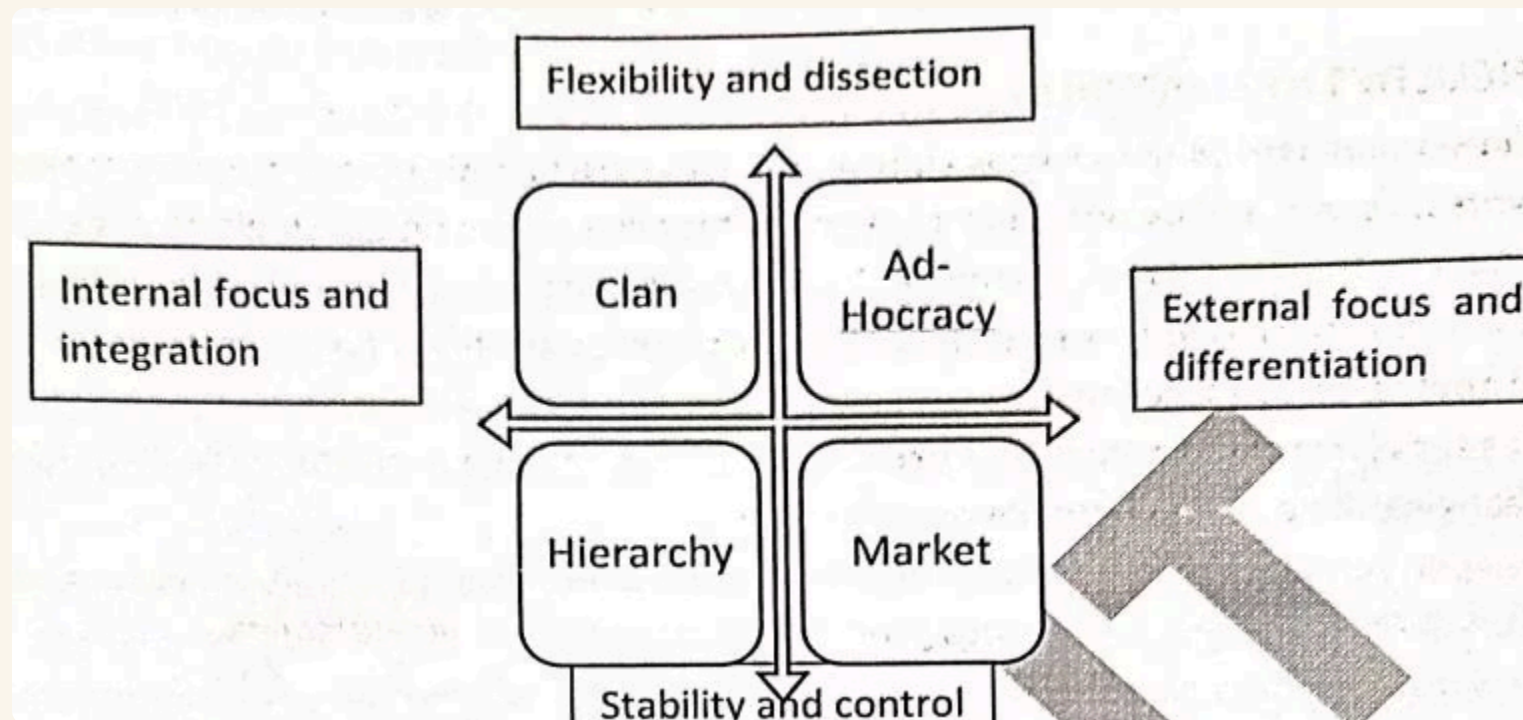
Seeks to assess an organisation's culture in terms of how it resolves a set of value dilemmas. Two important value pairs: (i) internal focus and integration versus external focus and differentiation, and (ii) flexibility and discretion versus stability and control. This yields four culture types: Clan, Ad-Hocracy, Hierarchy, and Market.

3

The Deep Assumptions Approach

Focuses on the deepest levels of organisational culture — the generally unexamined, tacit, and shared assumptions that guide members' behaviour. An OB expert brings a group for a culture workshop, brainstorming artifacts, deducing values and norms, and finally identifying the assumptions that explain the correlation of values, norms, and artifacts.

The Competing Values Framework



The competing values approach provides indications of where an organisation's existing values fall along each of the dimensions and quadrants. The four culture types are:

Clan Culture

Values focused on internal integration issues and emphasising innovation and flexibility. Collaborative, family-like environment with high employee involvement.

Ad-Hocracy Culture

Externally focused with emphasis on flexibility and innovation. Dynamic, entrepreneurial environment that encourages risk-taking and creativity.

Hierarchy Culture

Internally focused with emphasis on stability and control. Formalised, structured environment with well-defined procedures and clear lines of authority.

Market Culture

Externally focused with emphasis on stability and control. Results-oriented environment with a focus on competition, achievement, and getting the job done.

Difficulties in Changing Organisational Culture

Having understood the existing culture, the OB expert needs to take steps to change the norms, values, and beliefs. Before doing so, it is advisable to be aware of the considerable difficulties in changing organisational culture. Those advocating culture change generally focus on more superficial elements, such as norms and artifacts — these are easier to change than the deeper elements of values and basic assumptions.

1	Deep Assumptions Are Unquestioned Deeper elements of organisational culture represent assumptions about organisational life which members do not question and have difficulty envisioning anything else. Members also do not want to change their cultural assumptions — the culture provides a strong defence against external uncertainties and threats.
2	Vested Interests in the Status Quo Members may have developed personal stakes, pride, and power in the culture and may strongly resist attempts to change. Cultures that provide firms with a competitive advantage may be difficult to replicate, making it difficult for less successful firms to change their cultures to approximate the more successful ones.
3	Age-Old Business Practices Age-old practices of doing business seldom die. Business culture of a certain community in India is characterised by paying and receiving graft, manipulation of political and bureaucratic authority, and efficient tax dodges. It is extremely difficult to change such a culture.
4	Requires Systemic Change Any change in culture demands change in the configuration of organisational members, the property rights system, and organisational structure. To change its culture, an organisation needs to redesign its structure, revive property rights, and may need to change its people — especially its top management team. All these are easier said than done.

Notwithstanding the difficulties, culture change becomes necessary when: the culture does not fit a changing environment; the industry is extremely competitive and changes rapidly; the company is mediocre or worse; the organisation is about to become very large; or the company is smaller and growing rapidly.

Guidelines for Changing Organisational Culture

The following practical advice can serve as guidelines for culture change:



Formulate a Clear Strategic Vision

Effective culture change should start with a clear vision of the organisation's new strategy and of the shared values and behaviours required to make it work. This vision provides the purpose and direction for change and serves as a yardstick for defining the existing culture.



Display Top Management Commitment

Culture change must be managed from the top of the organisation. Chief executives and other responsible people should be strongly committed to the new values and need to create constant pressures for change. They must have the staying power to see the changes through.



Model Culture Change at the Highest Levels

Senior executives should communicate the new culture through their own actions. Their behaviours need to reflect the kinds of values and actions being sought in the organisation.



Restructure the Organisation

Culture change needs supporting modifications in organisational structure, human resource systems, control mechanisms, and leadership styles. These changes can help orient people's behaviours to the new culture.



Select, Socialise & Terminate Deviants

Changing organisational membership is necessary to change corporate culture. People need to be selected and terminated in terms of their congruence with the new culture — especially in key leadership positions where people's actions can significantly promote or hinder new values and beliefs.



Develop Ethical and Legal Sensitivity

Culture change can ignite tensions between organisational and individual interests, resulting in ethical and legal problems. Guidelines include: setting realistic values for culture change; providing mechanisms for member dissent and diversity; and educating managers about the legal and ethical pitfalls inherent in culture change.

Property Rights & Organisational Structure as Culture Shapers

Property Rights System

Corporate culture, particularly its values, stems from how the organisation distributes its property rights — the rights given to members to receive and use organisational resources. Shareholders have the strongest property rights as they own the resources and share in profits. Managers are entitled to attractive stock options and compensation — for example, whole-time directors of Reliance Industries drew compensation of Rs. 35.58 crores during 2007-2008. Employees too have property rights in the form of secured jobs, adequate compensation, pension, and benefits. A former canteen boy at Infosys who used to serve tea now runs the cafeteria and holds enough company stock to be counted as a millionaire. Where property distribution is fair, stakeholders cultivate bondage to the organisation and develop a strong culture.

Mechanistic vs. Organic Structures

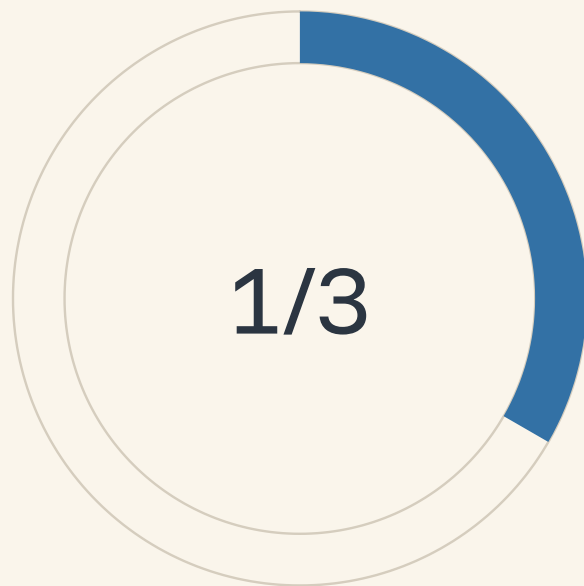
Organisation structure influences organisational culture significantly. In **mechanistic structures** (many levels of authority, highly centralised and standardised), people have relatively little personal autonomy. Desirable behaviour includes being cautious, maintaining a "boss is always right" attitude, and respecting traditions. Such structures give rise to cultures valuing predictability and stability.

In **organic structures** (few levels of authority, decentralised), people have more freedom to choose and control their own activities. Desirable behaviours include being creative, courageous, and risk-taking. Such structures give rise to cultures valuing innovation and flexibility.

Culture, Strategy & Employee Commitment

Organisational culture has considerable influence on strategy formulation and implementation. Culture energises people in the company to do their jobs in a strategy-supportive manner. A culture where frugality and thrift are strongly shared values is conducive to successful execution of a low-cost leadership strategy. When there is a conflict between culture and strategy, it sends mixed signals to organisational members — should employees be loyal to the culture or go along with the strategy? Such conflict weakens commitment of both. To avoid this, it is advisable to change the culture to fit the strategy, as IBM did when its bureaucratic and mainframe culture clashed with the shift to a PC-dominated world.

Culture provides a sense of identity to members and increases their commitment to the organisation. Commitment goes through three phases: **Compliance** (conforming to obtain material benefit), **Identification** (accepting cultural demands to maintain good relationships with colleagues), and **Internalisation** (finding that the adoption of cultural values produces intrinsic satisfaction because these values are in line with personal values). Internalisation is the ideal state and is indicative of a strong culture.



Compliance

Conforming to obtain material benefit from the organisation.



Identification

Accepting cultural demands to maintain good relationships with colleagues.



Internalisation

Finding intrinsic satisfaction in cultural values aligned with personal values — the ideal state.