

The Impact of Culture on Business Organizations

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Abstract

Culture is the way of life, belief, attitude, values or norms of group of people or organization. It is the way things are done, carried out by a group of people, society, business organizations alike. Organizations are subset of the society and the culture of the people is a reflection of what is happening in the society. This paper attempts an over view of the meaning of culture from different perspective – international and organizational culture, the relevance of culture to the society and business organization, cultural dynamics, implication of culture on business organizations and finally, conclusion.

Keywords – Culture, Society, Business, Organization and International

INTRODUCTION

Organizations are structures established for a given purpose of either rendering services or producing goods. Organization do not next in isolation but amid others, surrounded by a number of variables or elements that influences the operation, behavior, marketability, pricing strategy and a host of others. www.cultureconsultancy.com has it that Culture is a way of life of particular of group people, belief, values, norms, attitude, the way things are done in a particular area. Organizations are organs of transformation with a specific objective insight. The operation of organization cannot be isolated from the society because there is relationship, positive and /or negative among these sets of elements. Society influences organization, and organization also influences the society in return.

www.managementstudyguide.com/importance-of-organization has it that culture is a variable with an entity that add to the value of the organization with variety of perspectives. Culture is something very important that the organization possess, it can propel or mar the growth of the organization. Culture as a variable can be manipulated to suit a given situation or circumstance as the case demands by the leadership, members, or the stakeholders concern.

Schein, E. (1992), explains that culture can develop in organizations as a result of external adaptation and internal integration. He went further to say that the external is a reflection of evolutionary approach to organizational culture. Culture in organization assists the organization to survive and flourish, where culture is valuable, it has the ingrained and necessary potential to generate sustainable competitive advantage to the organization. Internal integration is an important function since social structures are required for organizations to exist. Organizational practices are learned through socialization at the workplace environment. www.uri.edu/research/lrc/scholl/web-notes/culture.html has that work environments reinforce culture on a continual basis by encouraging employees to exercise cultural values that is necessary for organizational growth and development. Organizational culture is shaped by multiple variable, these elements are product of the organization and the society.

The main focus of this presentation is to x-ray the relative importance of international culture and organizational culture on organizational practice. The shape of the presentation will take the following order: international culture and organizational culture, importance of culture in organizations and finally, the implication of these influences on the organizational practice.

INTERNATIONAL CULTURE

Understanding international culture is a critical issue in organizational practice and it is a necessary determinant whether the organization will advance or not. Culture in a country or in a particular region, where business are conducted is a reflection of the belief of that country or region, state and the knowledge of this cultural practice in that place speaks volume of the success or failure of the organization. Culture is a system about how and why man lives and behaves in relation to this environment.

www.aglobalworld.com/international_culture.php looked at the issue that global consciousness does not imply global consensus because in this case, consensus means agreement of the mind. That “at end of the twentieth century, if not before, globalization had turned the world order into a problem”, this is as result of divergent cultures. They also explained that everyone must now begin to reflexively respond to the common predication of living in one world. It was this that sparks off the formulation of contending world views. For

instance, some views seeing the world an assembly in one place. In a compressed world, the comparison and confrontation of the world different views are bound to produce new cultural conflict.

www.dynamicfoundations.com/culture.html said that in such situations, religious traditions play a significant, influencing and special role. This is because they can significantly assist to mobilize to provide the needed justification for one's view of the globe and the coming of fundamental groups, innovative traditionalists with a global agenda, is also a case in point. The world is now integrated but not harmonious, a globalized single world place with divergent cultures and a construct of shared consciousness but fragmented.

World culture theory is a label for a particular interpretation of globalization, this focuses on the way in which participants in the process become conscious of and give meaning to living in the world as a single place. World culture encompassed increasingly global conceptions of the correct kind of national society.

International culture comprises the sets of norms, values, beliefs that is in dynamic relationships among the four core units-societies, international system, individual selves, human kind on the global level. International culture involves the "conjunction of different forms of life". This is expressed concretely in the interaction between actors or groups holding different views of the world.

International culture is important for international companies. This is because it is necessary to know how the business should be managed taking into consideration the practices and standards of the place and its people. Culture affects a company by making the business strange and wide whenever it does not conform with the existing culture of that particular place.

ORGANIZATIONAL CULTURE

Organizational culture can imply one organizational norm but in some situation can imply something completely different. Merely understanding culture at the deepest level may be in sufficient to institute cultural change in organization because of the dynamics of interpersonal relationships that exist in organization. Organizational culture is comprised of broad guidelines which are deeply rooted in organization practice learned on the job.

There are methods that can be used to classify organizational culture, while there is no single "type" of organizational culture. Organizational cultures may vary from one organization to the next depending on how the organization appreciates culture. As there are different commodities in the market place, different researchers have also developed classic models to describe different indicators of organizational cultures

According to Deal and Kennedy (1982), they defined organizational culture "as the way things get done around here". They formulated a model on culture that is based on four different groups of organizations, these they focus on how fast the organization can receive feedback, the way members should be rewarded, and the level of risks they take. The groupings of the model are: work hard play-hard culture, tough-guy macho culture, Process culture and Bet-the-company culture.

According to Gerry Johnson (1988), he described a cultural web as identifying a number of elements that can be used to describe or influence organizational culture. These he outlined as:

"The paradigm-What the organization is about, what it does, its mission, its values.

Control systems- the process in place to monitor what is going on. Role cultures would have vast rule books. There would be more reliance on individualism in a power culture.

Organizational structures- reporting lines, hierarchies, and the way that work flows through the business
Power structures- who makes the decisions, how widely spread is power, and on what is power based?

Symbols: these include organizational logos and designs, but also extend to symbols of power such as parking spaces and executive washrooms.

Rituals and routines: management meetings, board reports and so on may become more habitual than necessary.

Stories and myth: build up about people and events, and convey a message about what is valued within the organization."

While Stanley, G. Harris (1994), argues that there are five groups of in-organization schemata that are necessary for organizational culture. These he grouped as follows:

"Self-in-organization schemata: a person's concept of oneself within the context of the organization, including his/her personality roles, and behavior.

Person-in-organization schemata: a person's memories, impressions, and expectations of other individuals within the organization.

Organization schemata: a subset of person schemata, a person's generalized perspective on others as a whole in the organization.

Object/concept-in-organization schemata: the knowledge an individual has of organization aspects other than of other persons.

Event-in-organization schemata: a person's knowledge of social events within an organization".

The above different grouping represents one's knowledge of an entity called "organization". Organizational culture is created when the schemata structures of different individuals across and within the

organization come to look like the other. Stanley, G (1994), explains this as “when any one person’s schemata come to resemble another person’s schemata because of mutual organizational involvement, primarily done through organizational communication, as individuals directly or indirectly share knowledge and meanings”.

One of the main hindrances in the process of merging of two organizations is organizational culture. Each organization has its own unique and distinct culture and often times when fused together, there are cultural clash. This is one of the noticeable failures of merged organizations, when mergers fail employees are tempted to point to issues like identity, communication problems, human resources problems, ego clashes, and inter-group conflicts and a host of others and all these fall under the category of “cultural differences”.

Stanley, G. (1994), also suggested a way to combat such difficulties and this is through sound cultural leadership in the organization. Organizational leaders must also be cultural leaders that are cultural sensitive and should help facilitate the change from the two old cultures into one dynamic new culture. This he said should be done through cultural innovation followed by cultural maintenance:

Cultural innovation includes:

“Creating a new culture-recognizing past cultural differences and setting realistic expectations for change.

Changing the culture: weakening and replacing the old cultures

Cultural maintenance includes:

Integrating the new culture-reconciling the differences between the old culture and the new one”

However, Parker, M. (2000), has also suggested that many of the assumptions being put forward on theories of organizational culture are not new. These are products of long-standing tension between cultural and structural versions of what organizations are. That notwithstanding, it is also possible reasonably suggest that complex organizations might have numerous cultures, and that such sub-cultures might overlap and contradict each other even in the same organization. The neat and fanciful classifications of cultural forms found in our literature hardly acknowledge most complexities, or the various economic contradictions that may exist in capitalist organizations as we are experiencing.

RELEVANCE OF CULTURE IN ORGANZATIONS

Every organization over the world has its own unique culture. Most employees spend more time at their workplaces, and this in turn affects their work lives as well as their personal lives. Organizational culture refers to the beliefs, ideologies, principles and values that the individuals of an organization share. This culture is a determining factor in the success of the organization. According to www.aglobaworld.com/internationalculture.php, explained the importance of culture to the organization be numerous and are highlighted as:

UNITY- organizational culture can help to unite different employees from different background. Many employees within an organization come from different backgrounds, families and traditions and have their own different and unique culture. Share a common culture at the workplace gives employees a sense of unity and understanding towards one another. In workplace environment, it promotes better communication and less conflict among employees and/ or employers of labor. In addition, a shared organizational culture promotes equality by ensuring no employee is left out in the scheme of events at the workplace and that all concerned are treated accordingly.

LOYALTY- money is not the only motivating factor in organization, the culture of the organization can help to keep employees motivated and loyal to the management of the organization. If employees view themselves as part of their organization’s culture, they are more eager to want to contribute to the organization’s success story. They feel belong and a higher sense of accomplishment for being a part of an organization they care about and work harder without having to be coerced in any circumstances.

DIRECTION- organizational guidelines can help contribute to organizational culture. These give and provide employees with a sense of direction, clear policies and expectations that keep employees on course. Each employee understands exactly what his duties and responsibilities are and how to accomplish task prior to established deadlines.

COMPETITION- a good and healthy competition is one of the results of a shared organizational culture. Employees will strive to perform at their best to earn recognition and appreciation from their superiors. This sine qua non for organizational growth and development as it leads to increase in the quality of service, which helps the organization prosper and flourish.

IDENTITY- “An organization’s culture defines its identity”. An organization’s way of doing a particular business is perceived by both the individuals who comprise the organization as well as its customers/consumers, and it is further determined by the organizational culture. The values and beliefs of an organization contribute to the brand image by which the organization is now known and defined.

IMPLICATION OF INTERNATIONAL AND ORGANIZATIONAL CULTURE ON BUSINESS PERFORMANCE

There are numerous implications when an organization does not possess a good and healthy culture or requires some kind of organizational culture change, the change process can be daunting. Culture change may be necessary to reduce employee turnover, influence employee behavior, make improvements to the company, refocus the company objectives and / or rescale the organization in a particular direction, provide better customer service, and /or achieve specific company goals and results. Culture change is impacted by a number of elements, including the external environment and competitors, change in industry standards, technology changes, the size and nature of the workplace environment, and the organization's history and management.

Burman and Evans (2000), argued that it is 'leadership' that affects culture rather than 'management' and describe the difference. When one wants to change an aspect of the culture of an organization one has to keep in consideration that this is a long term project. Corporate culture is something that is very hard to change and employees need time to get used to the new way of organizing. For companies with a very strong and specific culture it will be even harder to change.

Prior to a cultural change initiative, a needs assessment is needed to identify and understand clearly the current organizational culture. This can be done through employee surveys, interviews, focus groups, observation, customer surveys, where appropriate, and other internal research, to further identify areas that require change. The company must then assess and clearly identify the new, desired culture, and then design a change process.

An organization's culture is reflected in what is done, how it is done, who is involved in doing it. It concerns decisions, actions, and communication on an instrumental and symbolic level. Philip, R. C., John, L. G. and Prashant, S. (2010), gave an analysis of "Self-Reference and Ethnocentrism" as a product of international cultures implications for international business. The most important key to successful international business is adaptation to the environmental differences from one market to another. They explained that adaptation is a conscious attempt to be part of the international arena to anticipate the influences on both the foreign as well as the domestic uncontrollable factors on a marketing mix and then manipulate the marketing mix in order to minimize the effects.

They went further to say that the primary hindrance to the success of organizations in international area is the organization's self-reference criterion (SRC) and an associated ethnocentrism. SRC is the unconscious reference to one's own cultural values, experiences and knowledge as a major basis for decisions. Ethnocentrism, on the other hand, was a problem for the American organizations at the beginning of the 21st century. This was as a result of the American dominance in the world economy during the late 1990s. This is a problem when organizations from affluent nations work with or engage in business transaction with organizations from less affluent countries. Thus, the SRC as well as ethnocentrism impedes organizations ability to assess other markets around the globe.

CONCLUSION

The finding of this study is that irrespective of their cultural backgrounds, workers in the industry appeared to have imbibed the industrial way of life. The results of the analysis of the cultural variables showed a high level of commitment to work, low level of labor turnover and absenteeism, positive beliefs about work, positive work values, attitudes, and norms in the firms. But these positive attributes of the cultural variables did not translate directly to high level of organizational performance in these firms because some other variables were at work.

This is an indication that culture is not the sole determinant of organizational performance. Other factors most especially exogenous variables such as the economy, technology and the murky political climate all influence organizational performance significantly and much more than endogenous variable such as size, structure, and style of management.

This has also explained that there is a significant positive relationship between culture and organizational performance. This notwithstanding, we also found that the some firms were not performing very well because of some peculiar problems. These included the problem of the inadequacy of technology and social infrastructures most especially electricity and the incessant fuel crisis in Nigeria. Coupled with this, was the problem of low effective demand for domestic prints and the preference of the average Nigerian for imported materials. Low level of effective demand had also meant low level of capacity utilization that prevented these firms from making the desired profits.

Moreover, there was the problem associated with the globalization and liberalization of trade and the impact of the murky political climate most especially in the years between 1993 and 1998. It is observed that organizational performance is a multi –dimensional phenomenon as it largely depended on the contingencies confronting a particular organization.

RECOMMENDATIONS

The influence, importance and implication of both the international culture and organizational culture on businesses are in no small measure enormous. Organizations should as a point of emphasis have sound ability to be able to adjust and adapt its organization program to international markets. The organization should be able to interpret effectively the influence as well as the impact of each of the uncontrollable environmental elements on the organization's plan for each foreign market in which they hope to do business.

Business organizations all over should a clear and précised look and understanding that can occur about personal space between people of different cultures. Like in the U.S, unrelated individuals keep a certain physical distant between people themselves and others when talking or in groups. They do not consciously think about that distance, we just know what feel right without thinking. Others believe is that when someone is too close or too far away, we feel uncomfortable and either move farther away or get closer to correct the distance. In some cultures, the acceptable distance between individuals is substantially less than that which is comfortable for the Americans. In doing this, we are relying on our Self Reference Criterion.

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