ORGANISATIONAL CULTURE: A CASE STUDY

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Abstract *Culture plays an important role in the performance of the organisation and in how potential employees perceive the company as an employer. A review of organisational culture and the lessons learnt from other successful organisations is imperative for the growth of the organisations.*

With the Schein's model of organisational culture as a theoretical framework, this paper discusses the employee-centric culture of Asia Pacific International Limited (APIL). The paper reviews the strengths and weaknesses of APIL in terms of its organisational culture. The paper would then discuss the case-studies of two successful organisations, J.C Penny and Infosys, both of which have a strong employee-centric culture like APIL. Based on the lessons learnt from these two case studies, we recommend a few organisational changes in the culture of APIL, which would lead to the success and growth of APIL.

Keywords: *Organisational Culture, Norms; Artifacts, Values, Human Capital Management*

1. INTRODUCTION

An ever growing global economy and technological advancement have made change inevitable and it has become part of organisational life. As a result, organisational culture is becoming an important aspect of companies and organisations. Highly successful global companies such as General Electric, Google, Yahoo and Microsoft are known to have a strong organisational culture identifiable through their values, norms and artifacts. Today culture plays an important role in the performance of the organisation and in how potential employees perceive the company as an employer. A review of organisational culture and the lessons learnt from other successful organisations is imperative for the growth of the organisations. Despite the increased attention and research devoted to corporate culture, there is still some confusion about what the term "culture" really means when applied to organisations (Cummings and Worli, 2009). In general the culture of a society comprises the shared values, understandings, assumptions, and goals that are learned from earlier generations, imposed by present members of the society, and passed on to succeeding generations (Deresky, 2008). On the other hand, organisational culture consists of norms, goals and values shared by people and groups in an organisational environment and that influence the way they interact with each other.

In a broader perspective the societal culture is acquired knowledge which people use to interpret experiences and generate social behaviour. Organisational culture is the collection of norms and values shared by people and groups in an organisation and that which controls the way they interact with each other and with stakeholders outside the organisation (Hill and Jones, 2009). These norms and values are embodied into organisational processes and day-to-day's practices.

2. OBJECTIVES, SCOPE AND IMPLICATIONS

The notion of organisational culture has been significant in the study of organisational behaviour (Barley *et al.*, 1988; O'Reily *et al.*, 1991) over the past few decades. It is important to study the organisational culture as it has implications on the work attitudes and behaviour of the people (O'Reilly, Chatman, and Caldwell, 1991). Culture plays an important role in the performance of the company and in how potential employees perceive the company as an employer. Thus, a review of organisational culture of organisations and an organisational change depending on the requirements of the employees, and the lessons learnt from other successful organisations is imperative for the growth of the organisations.

This paper examines the employee-centric culture of Asia Pacific International Limited (APIL) which is helping the employees to keep a forward-thinking mindset. We want to set an example for other organisations to learn from APIL on how to nurture their organisational culture so as to create an environment conducive to attaining the ambitious plans set by the company.

3. OVERVIEW OF THE ORGANISATION

3.1. Background of Organisation

Asia Pacific International Limited (APIL) is a global leader in the supply chain management of agricultural products and food ingredients. The company operates an integrated supply chain for 15 products with direct presence in 58 countries.

The company has developed a shared vision, agenda and embedded a common culture. This has allowed APIL to emerge as a leading global supply chain manager of agricultural products. APIL has grown as the suppliers to many of the world's most prominent brands offering them reliability, consistency, trust, traceability, and other value added services.

3.2. Organisational Structure

The company is structured as a transnational organisation and has adopted a 3-dimensional matrix structure (products, geographies, and functions) to execute their strategy. The 3-dimensional matrix organisational structure of APIL is shown in Appendix A.

3.3. About the Human Resource (HR) Department

APIL recognizes that its employees are at the heart of their success and are the company's most effective and sustainable competitive advantage. The company has constantly attracted high quality professionals to work in the challenging emerging market conditions in which they operate.

The Human Resource (HR) department of APIL is totally dedicated to investing in the growth and development of its people to maximize their potential. The company has a structured and formalized training program and a career development plan designed to provide its managers with the opportunity to manage a mix of businesses and locations. This not only provides its employees with broad knowledge and experience, but also enhances its ability to operate as a globally integrated organisation. Also, it plays a vital role in providing a structured program to induct and integrate its new employees and constantly improve the skills of its employees through both in-house and external training.

3.4. ORGANISATIONAL CULTURE

Hill and Jones (2009) define organisational culture as the collection of norms and values shared by people and groups in an organisation and that controls the way they interact with each other and with stakeholders outside the organisation. According to Williams *et al.*, (1993), culture is the commonly held and relatively stable beliefs, attitudes and values that exist within the organisation.

In this study we analyze the organisational culture of APIL using the theoretical lens of Schein's model. Schein described organisational culture using three cognitive levels.

The first and the most cursory level of the Schein's model consists of the superficial organisational attributes that can be seen, felt and heard, like the organisation's structure, facilities, visible rewards, employees' dress code, the manner in which the employees interact amongst themselves and with outsiders and other artifacts. Organisational behaviour at this level is easy to study by observing the attitudes of the employees.

The second level is the norms within the organisation, like such as company slogans mission statements, and other unwritten rules that provide guidelines on organisational behaviour. Organisational behaviour at this level can be studied by conducting interviews and surveys of the employees to get insights into the attitudes of the employees.

The third and the deepest level consists of the organisation's tacit assumptions. These assumptions and beliefs are the values that are good for the organisation. The elements of culture in this level are unseen and not easily identified by mere interactions with organisational members. Values are translated into reality through norms and artefacts.

Thus, using Schein's model, understanding paradoxical organisational behaviours get simplified and clear and we are able to analyze APIL's organisational culture. We will discuss the artifacts and norms, but focus much more on values, which is the deepest level of APIL's organisational culture.
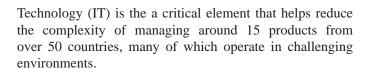
3.5. Artifacts

In this section, we discuss one instance for artifacts of APIL, which drives the organisation to deepen its unique competitive position and expand its core business.

3.6. IT and Systems

The diverse spread and complexity of the operations in this organisation, combined with less than adequate IT infrastructure and support in remote locations like Africa, pose a serious systems challenge. The Information

Technology (IT) is the a critical element that helps reduce the complexity of managing around 15 products from over 50 countries, many of which operate in challenging environments.

To overcome this, the company has developed an Internet-based enterprise wide system which innovatively adapts mobile computing technology to link remote locations in African countries to the central server in Singapore. This has helped the business units to get real time access to critical data on procurement, sales, risk, processing and logistics.

The comprehensive and integrated IT platform combines all operational systems like order administration, logistics and risk management with the company's financial and accounting systems.

3.6.1. Infrastructure

The organisation's well-established information and communication infrastructure is a useful artifact to facilitate the organisational culture. Knowledge portals are a gateway for accessing the organisational knowledge base and prevent information hoarding and significantly promotes organisational culture by changing employee habits in terms of communication and collaboration.

3.6.2. Reward Systems

The organisational rewards motivate employees towards knowledge sharing and foster a knowledge culture. APIL has an annual incentive scheme. The objective of the scheme is to motivate managers to create long-term shareholder value by:

- maximizing resource productivity
- encouraging strategic initiatives
- fostering team play
- rewarding exceptional performances
- attracting and retaining talent.

3.7. Organisational Norms

Norms include the 'rules of the game' that provide guidelines on organisational behaviour. One of the many norms of the organisations is enumerated below:

3.7.1. Competitive Strategy

The organisation builds on its competitive strategy by developing its unique competitive position by:

i. building effective barriers to entry for competition by deepening unique competitive position by buying at the lowest level of aggregation possible, right at the farm gate and offering various value-added services to its customers.

ii. building effective barriers to entry for competition developing its origin capabilities by having a direct presence in all key producing origins that account for at least 80% of world production of the various agricultural products.

iii. building effective barriers to entry for competition by strong market capabilities by developing strong relationships with end-customers including multinational corporations.

3.7.2. Sustainability

APIL continuously takes the challenge to create a more inspirational and compelling business case for sustainable development.

3.7.3. Risk Management

APIL has implemented a comprehensive risk management system to ensure that risk exposures arising out of the business do not lead to financial distress and that shareholders obtain a fair return on their equity risk capital that they have invested. Thus, capturing and measuring risk is one of the fundamental capabilities of this organisation's business. Robust risk control systems are an integral part of APIL's business that helps ensure smooth operations and maintain profitable growth. The organisation uses the Value-At-Risk (VAR) methodology as a risk analysis tool to statistically estimate the probable loss over a period of time.

3.8. Organisational Values and Shared Culture

APIL thoroughly believes that the culture nurtured within the organisation creates the enabling environment and helps the environment reach its high aspiration levels. These values transcend across the businesses and hierarchy and bind its employees together as an organisation.

APIL is able to foster a strong spirit of inclusiveness and maintain the 'small company feel' whilst growing the organisation across 58 countries. This has only been possible by systematically ensuring open and continuous communication across the organisation. The workshops held by the CEO stress the vision and purpose of the organisation, explain the business model and imbibe core values, helping in the cultural transition of new employees into the organisation. The organisation calls its set of common values the core values of the organisation.

Core values are the beliefs and values of the organisation. They are the results of the views of the founder, not the conscious creation; are discovered rather than being invented. They are the basic ideology of the organisation, with regard to the way it treats its employees, its social behaviour or the value it gives to technical excellence. They are based on the moral and ethical principles of the founder and become the fundamental part of the way people think (Dowding, 2002). Thus, core values are the beliefs that are good for the organisation.

The core values of APIL are discussed below.

3.8.1. Value Orientation

One of the basic problems of working effectively with people of another culture or country is to understand the basic differences in "world view" (Gallagher, 2001). Without this understanding, it is difficult for the organisation to grow. Thus it is important to understand the differences between employees who come from different cultural backgrounds, and to understand the similarities between all. Value orientations consider personality differences across individuals which lead to a range of preferences for one's own well-being and the well-being of others (Offerman, Sonnemans, and Schram, 1996).

APIL gives special emphasis to value orientation for its growth and value creation due to the highly diverse nature of the organisation. e.g., choosing the best value shipping line to ship the goods.

3.8.2. Entrepreneurial

An entrepreneur is a person who has possession over a company, enterprise, or venture, and assumes significant accountability for the inherent risks and the outcome.

When each employee acts like an entrepreneur, the most logical outcome would be enhanced business performance.

3.8. 3. Team Work

Fostering teamwork in APIL is creating a work culture that values collaboration. APIL creates a culture of teamwork so that the employees understand and believe that thinking, planning, decisions and actions are better when done cooperatively.

The organisation works together which means everybody is receptive to ideas and input from others on the team.

The organisation rewards and recognizes teamwork. This means that APIL has structured compensation, bonuses, and rewards to depend on collaborative practices as much

as individual contribution and achievement. e.g., rewards and recognitions for employees for the profits earned by a particular product or by a particular country.

3.8.4. Customer Orientation

Customer orientation (CO) is the set of beliefs in sales that says that customer needs and satisfaction are the priority of an organisation. It focuses on dynamic interactions between the organisation and customers as well as competitors in the market and its internal stakeholders. Customer orientation emphasizes on listening to customers. It is "the business seen from the point of view of its final result, that is, from the customer's point of view" (Drucker, 1994) and thus helps to constantly improve the business processes.

APIL emphasizes on customer orientation so as to offer reliability, consistency, trust, traceability, and other value added services to its customers and thus strive for constant growth and development.

3.8.5. Ownership and Commitment

APIL has developed an "ownership culture" where every employee equally shares failures and success which leads to an effective organisational developmental technology. With a belief in the organisation's operating model and a feeling of empowerment, employees develop an "ownership" attitude that offers tremendous value proposition for dealing with varied degrees of business challenges.

The ownership culture in APIL is characterized by a high degree of accountability and initiative on the part of employees. Having established an ownership culture, organisation continuously updates employees about the happenings in the organisation, gives them total control, and helps them put positive energy for the organisational growth. This ownership culture gives the organisation a significant competitive advantage.

APIL's "ownership culture" motivates the employees to go beyond their duties, demonstrate high job involvement and show commitment to a great extent.

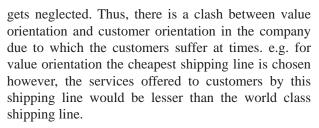### 3.9. Identified Organisational Culture Weaknesses

APIL has a strong organisational culture; however we critically analyzed the APIL's organisational culture and identified a few weaknesses in the organisational culture.

The weaknesses identified are as follows:

- There is over-emphasis on value orientation in the organisation due to which the customer orientation

gets neglected. Thus, there is a clash between value orientation and customer orientation in the company due to which the customers suffer at times. e.g. for value orientation the cheapest shipping line is chosen however, the services offered to customers by this shipping line would be lesser than the world class shipping line.

- The three-dimensional matrix organisational structure of the company results one person reporting to three people. This leads to diffused accountability of the employees and creates confusion at times.

- The reward system adopted by the organisation is focused towards value generation (short term profit) rather than long term strategy for the company. This affects the organisational strategy.

- The overly informal culture in the organisation is an advantage as decision-making is faster, however, as the organisation is growing bigger, this informal culture is a disadvantage at times as people try to take advantage of the informal culture.

- The organisation emphasizes on internal training i.e. on-the-job-training rather than external training. This hampers the growth of the employees as for specialized jobs, external training is imperative.

- Among the top management, succession planning is weak in the organisation.

After recognizing the organisational weaknesses, we studied two case studies so as to propose recommendations to APIL. APIL being as employee-centric organisation, we chose two case studies, J.C. Penny (JCP) and Infosys whose organisational culture is also employee-centric and so easier to discuss the similarities and differences and propose recommendations from the learning of JCP and Infosys case studies for organisational change in APIL.

4. CASE STUDIES

4.1. Remaking of JC Penny Organisational Culture

Adapted from ICMR IBS center of management research collection

Source: http://www.icmrindia.org/casestudies/catalogue/Human%20Resource%20and%20Organizationsation%20Behavior/HROB093.htm

About JCP

J. C. Penney (JCP) is a mid-range chain of American department stores operating in 49 U.S. states.

JCP's organisational culture was very formal.

- The employees referred to the store managers and other people of the management as 'Mr.', 'Ms.', etc. and the surnames rather then the first names.

- The employees also wore formals.

- The employees were dissuaded from customizing or decorating their cubicles according to their tastes.

- A team of "office police" enforced the guidelines and maintained decorum in the workplace.

- Generally, employees could not think of reaching a senior management position without working as a store manager.

Due to all these cultural issues work atmosphere at JCP was not healthy and business was affected badly and JCP position in the market was dipping day by day.

Change Agent

The chairman and CEO of JCP, Ullman realized that the prevailing mood would act as a deterrent to these ambitions as it was not conducive to forward thinking.

Culture change initiatives

- "Just call me Mike". This is to encourage people to use each other's first name instead of family name. What is of value is that "first names create a friendly place to shop and work."

- JCP also relaxed the dress code and announced that "business casuals" were welcome at the corporate office.

- The "office police" team was disbanded.

- The employees were also allowed to decorate their cubicles according to their tastes and preferences.

- JCP demonstrated the importance JCP placed on its employees in various ways.

"Winning Together Principles" (WTP)

WTP was an updated moral code for employees that built on and went beyond the HCSC (Honour, Confidence, Service, and Cooperation) motto propounded by JCP's founder.

Training and Development at JCP

In 2006, JCP started identifying high-potential employees, called 'hypos' in JCP parlance. These employees were sent to the 'Retail Academy'. Modules on leadership were provided to them. Top executives including Ullman and Theilmann acted as faculty members at this academy.

Results

The efforts to change the culture at JCP started bearing fruits within two years. JCP's second 'Associate Engagement

Survey' in 2006 revealed that 73 percent employees were "engaged" as compared to 67 percent in 2005. According to JCP, the quality of talent it was able to attract had increased significantly. Analysts noted that though many retail chains recruited from Texas A&M's Center, a number of students had shown an interest in working for JCP. In 2007, JCP planned to hire 2000 students from A&M, which was double the number it had recruited in 2006.

4.2. Infosys Strategic Human Resource Management

Adapted from Harvard Business publishing case collection

Source: http://cb.hbsp.harvard.edu/cb/web/product_detail. seam;jsessionid=46C921C092536045E9E6805988C050A2 ?E=22140&R=406010-PDF-ENG&conversationId=868809

About Infosys:

Infosys is a provider of offshore IT services and is based in Bangalore, India. It competed against multinational firms including IBM and Accenture. The company has a state of art training center and one of the best HR professionals in the world managing its human capital. It's known for cutting edge human resource practices since the early 1990s and was considered a model for success in developing countries. In 2002 Infosys was considered by Business Today as best employer and strongest financial performer in India.

But in 2003 Infosys found that there was significant discontent in its workforce. The internal employee satisfaction scores showed a 31% decrease in employee satisfaction, a 28% decrease in advocacy, a 28% decrease in loyalty, and a 28% decrease in confidence in senior leadership within the firm. All these caught Infosys to fall from the best employer rankings.

Change Agent

Hema Ravichandar, Infosys head of the human resources, was called upon to restore the company to top 10 status as an employer. First she analyzed the reasons for this drop. Except for objective and unchangeable reasons, she found the most serious problem is the increasing disconnect between Infoscions and their middle and upper managers. Employees felt that managers were out of touch.

Actions

Immediately Hema Ravichandar and her team began working on a several initiatives, including improving communication, fostering empowerment and trust, strengthening internal communication, and compensation reform. The effort began by creating a policy council, chaired by HR, to deliberate all future proposed policies from the employees' perspective. Its responsibilities included taking feedback from employees and vetting the policy definition and communication that went out to employees.

Since many managers within Infosys had very little management experience, Hema created training programs including training in cross-cultural management, dealing with sexual harassment, creating safe work environments, and listening and responding to employee concerns. HR staff members were also assigned to business groups effectively decentralizing the role of HR and making it part of line operations. These staff members reported directly to line managers, but reported indirectly to the HR group as well, providing HR support directly to those managing large numbers of people.

Employees had also reported feeling a lack of empowerment within Infosys. So a team was formed that to research issues and make recommendations on how to improve the compensation system. They discovered that Infosys' promotion system was too hierarchical and decided that flexibility needed to be added so that employees could choose the most appropriate career paths. Finally, managers were given more authority to make decisions regarding their subordinates and their assignment to overseas projects, which had been seen as a major perk among employees.

Results

By 2004 these initiatives had resulted in significant changes within Infosys, with the company returning to Business Today's Best Employer list at No. 2. Not content to rest this, Hema continued to "future proof" the organisation, preparing it for continued growth by anticipating new demands as the company continued to grow. In 2005 Infosys was once again number one on the Best Employer list.

5. RECOMMENDATIONS

APIL has to strike balance between value and customer orientation because emotional connection with the customers (Purkayastha, 2007) leads to the success and longer sustainability of the company.

- Like Infosys, APIL has to assign to business groups effectively decentralizing organisational structure and making it part of line operations. Staffs members should report directly to line managers, but reported indirectly to the business, geographies and functional heads.

- We recommend APIL to design variable pay with intent of better aligning the APIL employees and its interests. This will implies that if APIL improves its performance over time, the employees would get better rewards and similarly during a downturn the pain would be mutually shared.

- As the company grew it obvious that disconnect will increase among the employees. To bridge this gap, APIL can create a policy council like Infosys did. The rationale behind setting up the policy council was to ensure that all policies were in accordance with the philosophy of the company and that communications were consistent and clear.

- To address the training issues we urge the APIL to provide the tailor made training based the job demands. Because outsourcing certain training programs to a professional training firm or person has become the integral part of this competitive world.

- Identifying the potential futures leaders and grooming them for the future is part of the organisation development strategy. So APIL has to identify the high potential employees like JCP (Hypos) and should provide them adequate training prepare them to meet the future leadership challenges.

6. CONCLUSION

By adopting the Schein's model of organisational culture as a theoretical framework, this study investigates the organisational culture of APIL and elucidates the strengths and weaknesses of the organisation. This paper also examines the organisational culture of J.C. Penny and Infosys with similar employee-centric culture as APIL and proposes recommendations for organisational change based on the lessons learnt from the case studies of J.C Penny and Infosys. This study proves that striking balance between value and customer orientation is important because emotional connection with the customers leads to the success and longer sustainability of the company.

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APPENDIX A

Figure 1: Three dimensional matrix organisational structure of APIL