

**ORGANIZATION CULTURE IN SMEs:
A Study with reference to Mysuru District of Karnataka**

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The focus of managing organizations has already shifted from traditional and conventional to contingency in the context of global business environment. Most of the multi-national companies have done research on understanding the culture of their own premises for an efficient business management. The present situation demands an altogether new orientation, incorporation of appropriate culture that nurtures professionals in demand, and establishment of sound Organizational Learning mechanisms. A failure to adapt may shatter the dreams of unfit organizations under the paradigm of "survival of the fittest." This is not only for multi-national large business organizations but also for the small & medium enterprises of the nation. It has been witnessed in the recent past that the number of these organizations is growing rapidly in the state, but more in quantitative terms. In order to survive in the competition these organizations have to offer something valuable without compromising on the quality and quantity. The issue of organizational culture and learning takes significant impact here if these SMEs envision addressing to the global demands. The researcher strongly feels that by addressing the issues related to Organizational Culture and Organizational Learning, a conducive environment can be created, developed and maintained in these organizations that help in nurturing a high breed of operations fulfilling global demands with efficiency. The present study attempts a comparative analysis of Organizational Culture and Organizational Learning in the small and medium enterprises with an aim to draw out some meaningful conclusions pertaining to the findings.

Key Words: Organizational Culture, Organizational Learning, SMEs, Urban Industries, Factor Analysis, Organization studies

Introduction:

The focus of managing organizations has already shifted from traditional and conventional to contingency in the context of global business environment. Most of the multi-national companies have done research on understanding the culture of their own premises for an efficient business management. With the globalization of economy and changing avenues for the growth and development of business organizations, competition has emerged in the market place. The sheer enormity of competition has made it obligatory for organizations today to keep them better, efficient and effective than the other. The present situation demands an altogether new orientation, incorporation of appropriate culture that nurtures professionals in demand, and establishment of sound Organizational Learning mechanisms. A failure to adapt may break the dreams of unfit organizations under the paradigm of "survival of the fittest."

This is not only for multi-national large business organizations but also for the small & medium enterprises of the nation. It has been witnessed in the recent past that the number of these organizations is growing rapidly in the state, but more in quantitative terms. In order to survive in the competition these organizations have to offer something valuable without compromising on the quality and quantity.

All over the world, Small & Medium enterprises are facing social and economic changes. Rapid technological changes are also affecting the business in their orientation and functional mechanisms. To cope up with these changes and opening challenges, these SMEs are in a fray to acquiring and utilizing the knowledge to remain competitive. With the world becoming a global village the study of Organizational Culture is gaining ground among such global business operations.

The issue of organizational culture takes significant impact here if these SMEs envision addressing to the global demands. The researcher strongly feels that by addressing the issues related to Organizational Culture, a conducive environment can be created, developed and maintained in these organizations that help in nurturing a high breed of operations fulfilling global demands with efficiency.

The present study attempts to analyze the Organizational Culture in the small and medium enterprises with an aim to draw out some meaningful conclusions pertaining to the findings. Therefore, the above arguments lead to the following questions.

1. What is the trend of managing organizations in Indian Small & Medium Scale Industries?
2. Whether the Small & Medium organizations aware of the concepts related to Organizational Culture?
3. Whether the SMEs try to manage its culture efficiently to face the competition from the external market?

Objectives of the study:

In the light of the issues, the present study on Organizational Culture derives its relevance and has the following objectives.

1. To study the present Small & Medium Enterprises sector and it's Scenario in India.
2. To understand the nature and profile of organization culture in Small & Medium Enterprises at Mysuru District of Karnataka.
3. To find out the pattern of organization culture in the SMEs under study area.

Hypotheses:

The following Hypotheses are tested in relation to the above objectives.

1. Work Culture motivates the employees perform better.
2. Relational culture influence on work culture.
3. Authoritative culture influences the work-life of employees.
4. Power relations exist in proportionate to the employees' acceptance.

Data and Methodology:

This section presents the description of samples, measures and procedures used in the study.

Sample:

In the present study, sample of 224 were selected from the Small & Medium Scale industries located in Mysuru District of Karnataka. Middle level managerial employees of these organizations form the respondent group of this study. Convenience Sample is used to identify the respondents from the Sample frame.

Measures:

This study embedded four sets of measures. They are:

1. Personal Information
2. Measure of Organizational Culture (Scale developed by Prof. Pankaj Kumar)

ANALYSIS:

There are 224 respondents were considered for the study through the Questionnaire. In the Questionnaire, Likert's scale was employed to determine scores, where respondents were asked to rate each attribute on 5-point scale ranging from highly agree to highly disagree, The data so collected was subjected to Factor Analysis. The 60 components and the points assigned to them by the respondents were fed into the computer (SPSS 16.0 Package was used). The package provided us with the descriptive statistics, correlation matrix, initial factor matrix, rotated factor matrix and component plot in rotated space to enhance its interpretability.

Table No. 1
Mean Scores and Standard Deviation Scores for the Variables of Organization Culture

Variables	Mean	Std. Deviation
Participation invited	3.75	1.180
Credibility & Constructive promoted	3.75	.996
Suggestion appreciated	3.83	1.254
Growth & Development considered	3.69	1.238
Help provided	3.89	1.116
Encouraging Inter-personal Relations	3.81	1.037
Friendly & Open Group Members	3.75	1.025
Feelings, Thoughts & Experiences shared	3.67	.828
Affiliation or feeling of concern	3.47	1.055
Colleagues are real frineds	3.47	1.183
Work means work & No friendship relations	3.00	1.512
Social Activities encouraged at the cost of work	3.22	1.355
Conflict among members avoided	3.44	1.132
Members care about others' liking/disliking	3.44	1.182
Members prefer not to differ wiht organization	3.53	1.183
Valuable Criticisms are tolerated	3.33	1.121
Management encourages doing things by the rule book	3.33	1.309
Senior Subordinate relations maintained	3.83	.845
Member flatter their seniors to gain favour	3.06	.860

Latest Technologies are encouraged	3.94	1.040
Decisions are taken by seniors only.	3.36	1.417
Your ideas and suggestions welcomed.	3.92	1.180
Dependency is facilitated by the management.	3.36	1.018
Employees are rewarded for their efforts.	3.72	1.137
Members shift their responsibilities to others.	3.19	1.215
Encouragement is given for initiatives in doing things.	3.53	1.207
Members do not offer conflicting opinion in order to remain safe.	3.36	1.046
Mistakes are rarely punished.	3.25	1.228
Independent decision making is encouraged.	3.06	1.351
Members wait for others to act first.	3.17	1.464
Confrontation among members prevails.	3.31	1.167
Almost every idea faces some kind of opposition.	3.36	1.291
Members gain status & influence by being critical.	3.28	1.233
Opposition's views are accommodated in arriving at decision.	3.39	1.225
Authorities function according to their power structures.	3.81	1.117
Members enjoy controlling to the authorities.	3.25	1.317
Members enjoy controlling subordinates.	3.19	1.238
Members are interested in building in their own power base.	3.56	1.229
A fear of authorities prevails.	3.39	1.153
Competition among employees is valued.	3.58	1.131
Members are rewarded for outperforming one another.	3.64	1.046
Management facilitates the "win-lose" frame of work.	3.19	1.091
Management promotes conditions to work against (rather than with) members.	3.00	1.331
Management makes the job like contest or race.	3.47	1.158
Only those who are perfect at work get recognition.	3.81	.951
Persistence & hard working is valued.	3.78	1.290
Members working hours to attain desired objectives.	3.92	1.156
Management stresses on keeping on top of everything.	3.78	1.017
Those members who set and accomplish their own goals are facilitated.	3.64	1.046
Only creative members are felicitated.	3.56	1.229
Quality in work is valued.	4.19	1.091
Members set challenging but realistic goals.	3.94	1.241
Employees openly show their enthusiasm while working.	3.67	1.095
Mobility to other organization is encouraged.	3.31	1.142
Excellence in work and behavior is valued and encouraged.	3.97	1.000
Quality over quantity is valued.	3.42	1.180
Management facilitates both task accomplishment & individual growth.	3.58	1.204
Employees are encouraged to gain enjoyment from their work.	3.42	1.339
Members develop themselves and take on new & interesting activities.	3.44	1.275
Members think in unique and independent ways.	4.00	1.146

The above table shows that the mean score for 'Quality in work' is the maximum with 4.19 points; 'Members think in unique and independent way' has 4.00 points followed by 'Excellence in work is recognized with 3.97 points. The Standard Deviation of the score ranges between 0.828 and 1.512.

The data consisting of 60 variables pertaining to the Organization Culture was further subjected to principal component analysis. The Eigenvalues, the percentage of total variance explained by each component and the cumulative percentages of total variance are given in the following table (Table No.2).

Table No. 2
Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	12.795	21.324	21.324	12.795	21.324	21.324
2	5.597	9.329	30.653	5.597	9.329	30.653
3	4.719	7.864	38.518	4.719	7.864	38.518
4	3.765	6.275	44.793	3.765	6.275	44.793
5	3.171	5.286	50.078	3.171	5.286	50.078
6	2.706	4.510	54.589	2.706	4.510	54.589
7	2.528	4.214	58.803	2.528	4.214	58.803
8	2.289	3.815	62.618	2.289	3.815	62.618
9	2.124	3.541	66.159	2.124	3.541	66.159
10	1.971	3.285	69.444	1.971	3.285	69.444
11	1.863	3.105	72.549	1.863	3.105	72.549
12	1.822	3.037	75.586	1.822	3.037	75.586
13	1.791	2.985	78.571	1.791	2.985	78.571

Extraction Method: Principal Component Analysis.

An unrotated factor matrix was obtained. To decide when to stop functioning so as to get the final rotated matrix, the latent root criteria was applied i.e., only the factors having Eigenvalues greater than 1 were considered significant, and all the factors with Eigenvalues less than 1 were considered insignificant and discarded.

The factor matrix as obtained in the principal component analysis was further subjected to Varimax Rotation. The obtained results have been presented in the annexures.

In order to assign some meaning to factor solution a minimum acceptance level of significance for factor loading is selected in this analysis. The factors loading which has highest value against all other factors were considered significant (Hundal and Chopra, 2004). The following text describes the summary of the factors extracted above.

Factor 1 – Indicators:

1. Encouraging Inter-personal Relations.
2. Members prefer not to differ with organization.
3. Members develop themselves and take on new & interesting activities.
4. Work means work & No friendship relations.
5. Growth & Development considered.
6. Quality over quantity is valued.
7. Suggestion appreciated.
8. Credibility & Constructive promoted.
9. Excellence in work and behaviour is valued and encouraged.
10. Conflict among members avoided.
11. Affiliation of feeling of concern.
12. Management encourages doing things by the rule book.
13. Employees openly show their enthusiasm while working.
14. Participation invited.
15. Your ideas and suggestions welcomed.
16. Help provided.
17. Members think in unique and independent ways.
18. Encouragement is given for initiatives in doing things.
19. Employees are encouraged to gain enjoyment from their work.
20. Management facilitates both task accomplishment & individual growth.
21. Senior subordinate relations maintained.

22. Social activities encouraged at the cost of work.
23. Persistence & hard working is valued.
24. Opposition's views are accommodated in arriving at decision.
25. Mobility to other organization is encouraged.
26. Friendly & open group members.
27. Competition among employees is valued.
28. Those members who set and accomplish their own goals are facilitated.
29. Management facilitates the 'win-lose' frame of work.

Name to the factor 1: Work oriented culture

Factor 2 – Indicators:

1. Quality in work is valued.
2. Management promotes conditions to work against (rather than with) members.
3. Only those who are perfect at work get recognition.
4. Dependency is facilitated by the management.
5. Members are interested in building in their own power base.

Name to the factor 2: Relational culture

Factor 3 – Indicators:

1. A fear of authorities prevails.
2. Members enjoy controlling to the authorities.
3. Members enjoy controlling subordinates.
4. Members gain status & influence by being critical.
5. Members flatter their seniors to gain favour.
6. Valuable criticisms are tolerated.
7. Members shift their responsibilities to others.
8. Mistakes are rarely punished.

Name to the factor 3: Authoritative culture

Factor 4 – Indicators:

1. Independent decision making is encouraged.
2. Employees are rewarded for their efforts.

Name to the factor 4: Motivational Culture

Factor 5 – Indicators:

1. Members working hours to attain desired objectives.
2. Confrontation among members prevails.
3. Members wait for others to act first.
4. Almost every idea faces some kind of opposition.

Name to the factor 5: Matured Culture

Factor 6 – Indicators:

1. Members are rewarded for outperforming one another.
2. Latest technologies are encouraged.

Name to the factor 6: Stimulus Culture

Factor 7 – Indicators:

1. Members do not offer conflicting opinion in order to remain safe.
2. Management makes the job like contest or race.
3. Management stresses on keeping on top of everything.

Name to the factor 7: An impetus Culture

Factor 8 – Indicators:

1. Members care about others' liking / disliking.
2. Decisions are taken by seniors only.

Name to the factor 8: Paternal Culture

Factor 9 – Indicator:

1. Feelings, thoughts & experiences shared

Name to the factor 9: Relational-sharing Culture

Factor 10 – Indicator:

1. Members set challenging but realistic goals.

Name to the factor 10: Goal-oriented Culture

Factor 11 – Indicator:

1. Authorities function according to their power structures.

Name to the factor 11: Power culture

Factor 12 – Indicator:

1. Colleagues are real friends.

Name to the factor 12: Rapport Culture

Factor 13 – Indicator:

1. Only creative members are felicitated.

Name to the factor 13: An Authentic Culture

FINDINGS:**Major Findings:**

1. It is found that the work culture prevailing in the organization motivates the employees to perform better.
2. It is also understood that the relational culture existing in the organization influences the work culture directly.
3. It is exhibited that the authoritative culture influences the work-life of employees especially in negative sense.
4. There are Power relations exist in the organizations which is proportionate to the employees' acceptance.

Other Findings:

1. The Integrity part of quality of work is highly appreciated by the respondents.
2. Employees think that their Management creates a workplace where the honesty is given important rather than favoritism.
3. Workplace environment encourages the employees to concentrate more on quality of work rather than quantity.
4. Employees' effectiveness is motivated through the ethical organization, not monetary benefit.
5. Employees are feeling that the workplace environment is certainly emotional rather materialist.
6. Employees' participation in the decision-making level is also encouraged to some extent like in the form of consultation, discussion, etc.
7. Achievement of the workers is also valued and recognized by the management and it is directly associated with the positive culture of the organization.

Conclusions:

It is concluded that the workplace environment is more effective when the organizations concentrate more on the quality of work-life of the members, especially in the meaning of Indian ethos and values i.e., creating a culture where ethics, morality, integrity, wholeness, trust, self-respect, etc. are valued. Hence, it is observed that most of the employees of this study area are influenced by the qualitative aspect of management, not the quantitative aspects like salary, economic status, etc.

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