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# ORGANIZATIONAL CULTURE AND ITS INFLUENCE ON WORKPLACE DIVERSITY AND INCLUSION

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## ABSTRACT

*Change is the only constant. Evolution and transformation is the natural outcome of change and adapting is crucial for survival. This law of nature is true for organisation too. Embracing the change and tackling the associated challenges calls for a more diverse and inclusive mind-set. Understanding the capabilities of a diverse talent pool that is more connected than ever and providing an inclusive environment for talent to thrive and contribute is gradually becoming a non-negotiable aspect to be blended into the culture of a place, be it an organisation or a nation. Thus the culture, in the context of this paper, the organisation culture, becomes one of the key drivers of Diversity and Inclusion. This paper is an attempt to understand the key factors of organisational culture that impacts the diversity and inclusion matters in a workplace, with specific reference to Information Technology organisation in India, specifically in Chennai.*

**Key words:** Organisational Culture, Diversity and Inclusion, Diversity, Inclusion, Influence, Workplace, Values, Norms, Meetings, Team Work, Morale, Involvement, Information Flow, Supervision.

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## 1. INTRODUCTION

One of the earliest articulations of the anthropological meaning of the term "culture" came from Sir Edward Tylor in 1871 is that "Culture, or civilization, taken in its broad, ethnographic sense, is that complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society". The knowledge, customs, beliefs gets passed on to every new comer into the group and the norms get confirmed more strongly with every new person inducted. The new comer gets acclimatized or acculturated to

‘the ways the things are done around here’ (Deal and Kennedy, 1982). In an organisational context it gets even more interesting as diverse set of people come together and get oriented to the culture of a given workplace. Quite often culture gets defined at the top, percolates through the hierarchy and begins to take shape as a strong element that influences everything happening in and around the organisation. It is an invisible yet powerful factor that Prof. Sumantra Ghoshal of London Business School so beautifully defines as the smell of the place.

Increasingly organisations realize the value in building a strong positive culture as culture tends to impact every process and eventually the business outcomes. Culture plays a big role in an organisation’s ability to attract, nurture, retain and grow talent. Multiple research proves the impact of culture on leadership approach, ability to innovate, team efficiency, inclusion strategies and employee engagement. While few of these aspects are researched, that are many other areas that gets impacted in different ways. Hence it becomes important to measure and manage this elusive element of culture. Successful organizations seem to have developed the ability to measure the cultural factors that enables or disables them such that they can accentuate the strengths and come up with fixes for areas of weakness.

Culture assessments is a complex phenomenon as there is no one definition of what constitutes culture. Edgar defines culture “as a pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems:”. Edgar observes that culture and leadership are highly intertwined. He further states that it is the responsibility of the leaders to form and manage the culture bringing out the important element of leadership.

Hofstede’s (1990) definition was that culture manifest themselves, from superficial to deep, in symbols, heroes, rituals, and values. Organizational cultures differ mainly at the levels of symbols, heroes, and rituals, together labelled as “practices.”. He further identified four dimensions of culture viz power distance, individualism, uncertainty avoidance and masculinity and studies how these elements pan out in different nations, highlighting the existence of national culture.

Daniel Denison's (1990) states that organizational culture can be described by four general dimensions viz Mission, Adaptability, Involvement and Consistency. Each of these general dimensions is further described into three sub-dimensions with external vs internal and stable vs flexible aspects measured for each parameter. Thus right from different levels of existence, multiple dimension of culture measures has emerged over a period of time. Diversity and inclusion is becoming one of the key dimensions that the researchers are looking into while studying organisational culture. Thomas and Ely (1996) observed that diversity management affects the relationship between workforce diversity and organisational outcome variables.

The definition of diversity by Cox (1993) shows that diversity is “a mix of people in one social system who have distinctly different, socially relevant group affiliations”. The differences in the group could be in terms of gender, age, generation, sexuality, race, ethnicity, socio economic status and more. When members from diverse background, come together to work in an organisation, having a culture that embraces their differences and leverage the uniqueness to the best advantage of the organisation and its employees can be a major business differentiator. Identifying these differentiators, measuring and perfecting them has become a business necessity and most organizations are doing it in some form or the other.

## 2. OBJECTIVES OF THE STUDY

The main objectives of this study are as follows

- To explore the organisational cultural at workplace
- To examine workplace diversity & inclusion
- To analyse the impact of organisational culture on diversity and inclusion

## 3. MEASURING THE ORGANISATIONAL CULTURE AND DIVERSITY & INCLUSION

Organizational culture is a complex indicator to measure. There are many value based and behavioural indicators based instruments developed over the years. The value based instruments assess the shared values and norms whereas the behavioural indicator based instruments focuses on the exhibited behaviour of the people in a group to map the culture. One of the leading value based assessment framework is Organizational culture profile (OCP-Chatman & Jehn, 1991, O' Reilly at al. 1991). In this framework culture is represented by seven distinct values of Innovation, Aggressiveness, Outcome orientation, Stability, People orientation, Team orientation and Details orientation.

According to a study by Greet Hofstede et al on organizational culture of twenty different units of ten different organisations in Denmark and Netherlands, members who were otherwise similar or in other words from similar national culture carried different values. In an organisational context, the same study observed considerable differences in practices for members who held same values. This shows that the individual value system formed at an early age is the lens through which the members interpret the workplace practices. Interestingly in the same study, the values scored differed based on the demographic factors such as age, education and nationality showing important role that diversity plays in formation and dissemination of organisational culture.

While diversity is one side of the coin, the inclusion is the other. The organisational culture plays a vital role in influencing the diversity and inclusion matters in any workplace as the inclusive behaviours are manifestation of the how well the values are imbibed by the members of a group. Thus the culture assessment tool Organizational Culture Survey (OCS), that includes key inclusion matters in employee life cycle was chosen for this study. The OCS was created by Glaser, Zamanou, & Hacker (1987) as a quantitative method for measuring organizational culture. The survey contains 31 statements that are rated on 5 point Likert scale and focuses on 6 broad areas of teamwork, morale, supervision, involvement, information flow and meetings. While these are not exhaustive indicators of organisational culture measurement, they encompass some of the core workplace touch points that enables the employee to experience the values and how they are translated into practices.

A sample population of 229 members of IT industry in India responded to the survey questionnaire that include the statements from OCS and a question pertaining their perception on diversity and inclusion aspects in their organisation. The survey outcome has been examined using multiple regression analysis to find if the organisational culture factors have an impact diversity and inclusion matter and if so, which factors has most influence.

#### 4. IMPACT OF ORGANIZATIONAL CULTURE ON DIVERSITY & INCLUSION

The organizational cultural factors such as team work, morale, information flow, involvement, supervision and meetings are used as inputs in regression analysis to identify predictors of diversity inclusion. The method used to predict diversity inclusion is multiple regression analysis. In this study, Diversity & inclusion (Y) is dependent variable; Team work (X1), Morale (X2), Information flow (X3), Involvement (X4), Supervision (X5) and Meetings (X6) are predictor variables.

The table shows that the combination of six factors together contributed to 91.7% effect on Diversity & Inclusion. The  $R^2$  (0.841) for the overall study on the above six factors suggests that there is a strong effect of these independent variables on Diversity inclusion. However, based on the adjusted R square value of 0.816, these elements contribute 81.6% to dependent variable.

**Table 1** Multiple regression model for Diversity & Inclusion based on Organizational culture

Independent variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig	Statistical inference	
	B	Std. Error				F value	
Constant	27.792	11.495		2.418	.021	R = 0.917 R <sup>2</sup> = 0.841 Adjusted R <sup>2</sup> = 0.816	33.596***
X1-Team work	.721	.567	.138	1.272	.211		
X2-Morale	1.419	.703	.271	2.020	.049**		
X3- Info flow	-.063		-.006	-.044	.965		
X4-Involvement	2.579	1.222	.249	2.111	.041**		
X5-Supervision	.152	.725	.031	.209	.835		
X6- Meeting	2.926	.989	.362	2.959	.005***		

\*\*Significant at 5% level

\*\*\*Significant at 1% level

The F value (33.596) is significant which implies that the model is fit. From the table it is found that Morale, Involvement and Meetings give significant impact to Diversity inclusion. It is clear that independent variable with higher level of  $\beta$  has higher impact on dependent variable. In this study result reveal that the variable X6 ( $\beta = 0.362$ ,  $p < 0.01$ ) is the most influential factor, X2 ( $\beta = 0.271$ ,  $p < 0.05$ ) is ranked second, followed by X4 ( $\beta = 0.249$ ,  $p < 0.05$ ) also show a significant contribution. The standardized coefficients Beta column, gives the coefficients of independent variables in the regression equation.

$$Y = 0.138 X_1 + 0.271 X_2 - 0.006 X_3 + 0.249 X_4 + 0.031 X_5 + 0.362 X_6$$

#### 5. DISCUSSION

The finding of meeting as the most influencing factor resonates well with the IT industry that works largely with virtual and distributed teams with meeting being the key occasion when the culture of the place or the element of inclusion is experienced by the members. However, most managers believe that the time spent on meeting can be an unproductive but meetings are the inevitable part of a workday especially in knowledge industry. One of the interesting findings of a study on 3M on meeting effectiveness showed that only 19% of the survey participants felt that they were able to influence the outcome of the meeting while the remaining believed that they somewhat influenced or had no influence at all. This belief could be an outcome of feeling of being included in the process. If members do not feel included then they may become reluctant to contribute by limiting information, thought and knowledge sharing which may defeat the core purpose of the meetings.

In a study conducted on the employees of multiple organisation associated with Industrial relation centre, US found five key factor of morale which included organization & management, material rewards, immediate supervision, fellow employees and job satisfaction. Interestingly the factor of 'immediate supervision' had a high correlation with the rest of the factors emphasizing the importance of the role a manager plays in improving the morale of the team and its members. It is logical that an employee who feels valued is more engaged in the work and tends to experience a high morale. A study on exploring the relationship between morale and workplace productivity in a sample population in Australian workplace found that morale influenced productivity in a liner way. In other words, morale impacted work efforts leading to higher productivity amongst employees experiencing higher morale.

This logically flows to the next significant factor of involvement. An employee who believes in being asked for not just suggestions on how to improve that work but also has a say on the decisions that affects one's work and is valued for the suggestions provided, feels involved in the job. Basis a survey conducted with 239 employee of an IT organisation, the authors argue that employee involvement constitutes three essential variables such as participation in decision making, teamwork and communications. Further the study identified three dimension of employee effective attitudes (job satisfaction, commitment, and stress), and three dimensions of organizational climate (bureaucracy, innovation, and support) of which supportive climates and commitment significantly predicted each of the employee involvement variables. The study shows how team work plays an integral role in improving the employee involvement.

Teams working is fundamental to most IT workplaces places. The sum total of contributions made by a team is always greater than the contributions of an individual. This collective energy when harnessed in the right direction can be a huge positive factor to improve retention, innovation and eventually the organisational performance. Multiple studies on team work shows that collective efforts, common goal, shared vision and seamless communication are some of the factors to be focused for effective functioning of a team. With the complexity of problems to be solved compounding, bringing diverse minds together becomes essential for better resolution and innovative solutions. Creating a supportive environment for the members from diverse background to collaborate, share their views freely and innovate is crucial for teams to function effectively. The supervisor plays an important role in creating a collaborative culture and building high performing teams.

As the saying goes that people join organisations but leave the managers. A manager can be a talent magnet or a talent repellent depending on how well s/he understands, connects, motivates, nurtures and leads the team. According to Gallup (2015), managers account for 70% of the variance in employee engagement. Having said that the same study also suggests that there no dearth of good managerial talent but companies need to identify, nurture and enable them as good manager can retain talent and customers, enable to build a positive culture and facilitate high productivity.

A seamless flow of Information in workplace is vital for effective performance of its members and higher productivity. Keeping the information flowing in both directions is key to creating a transparent and trust based workplace that people prefer to be part of. A research on organisational market information processes finds that information processes are fundamentally people processes that involves commitment and trust amongst the members. The same study further suggests that information utilization process is a strong predictor of an organisation's ability to build new products, focus on timeliness and being creative, all of these could be competitive advantages in a fast pace world that craves for differentiators to survive.

## 6. LIMITATION

The factors uncovered for organisational culture and diversity & inclusion are not exhaustive hence doing furthermore in depth study may give a holistic view. Reaching out to a large sample base could bring out additional factors or different finding within the same industry. Besides that, using the same approach in a different industry or different demography may uncover different perspectives.

## 7. CONCLUSION

Organisations need to create a culture where every employee feels included. This begins with one of the key work related interactions such as the meetings where the employee should be feel free to participate, share views and feel valued for the contributions. From approaching the entire process with a clear outcome based mind set to ensuring that the decisions made during the meetings are implemented to converting it into a platform where innovative ideas a freely brought up for discussion, the managers carry a big responsibility of enabling inclusion. In an IT work environment meetings form a significant part of the day's interaction as quite often different teams build different parts of a solution which is packaged and delivered as the final outcome to clients. Meeting are mainly used for collaborating, updating and reviewing. Managing the efficiency of this factor is crucial for timely delivery and avoid redundancy or rework. Thus it seems logical for this factor to be having the most significant impact on the inclusion matters in the IT work environment.

The factors of morale and involvement could be tagged as internal factors, crucial for employee engagement and talent retention. In a knowledge based industry that is always facing a war of talent, retaining talent, building an engaged and committed workforce can be a game changer. Further in IT work environment, employees work on short and long term projects. Even the employees working on long term projects are rotated to different other projects after a stipulated period to facilitate knowledge enhancement, cross pollination of ideas and for balancing the project cost. This kind of working does have an impact on the ways an employee relates to important factors of team working, supervision and information flow. A typical project engineer may work in different projects in a year with different set of team members and supervisors. Using electronic and offline medium such as emails, internal portals, internal / external social media sites, web applications, webcasts, town halls, team meets, to name a few, seamless communication flow is enabled throughout the organisation.

When employees come together as a team to address a deliverable for a short period of time, the meeting becomes the platforms where they relate to each other, position what they are capable of bringing to the table, showcase their value adds and seek the recognition for their contribution. Thus the three factors of meetings, morale and involvement are showing a higher impact and the factors of team working, supervision and information flow are subsequent factors influencing the organisational culture seems to fit well in the context of IT work environment. Applying this study to employees in different locations or different industries may help in prioritizing the influencing factors and empower the workplaces to build stronger mitigating strategies to enable inclusion.

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