

Comparing Organization Culture of Indian and Multinational Companies: A Study of Fast Moving Consumer Goods (FMCG) Sector in Baddi Town of Himachal Pradesh, India

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Abstract

The study was with the aim of examining the differences and similarities of organization culture in different Indian and Multinational companies. The study was on Fast Moving Consumer Goods (FMCG) companies at Baddi town of Solan, Himachal Pradesh. Data was collected from 60 respondents with a standardised questionnaire 'OCTAPACE' by Udai Pareek. The results of the study found that in case of values such as openness, authenticity, autonomy, collaboration and experimentation there is no difference in the values for both Indian and Multinational companies. Whereas, for cultural values of confrontation, trust and being proactive, differences were found in the Indian and Multinational companies as the score is higher of Multinational companies.

Key Words: Organization culture, Fast Moving Consumer Goods, Indian organizations, Multinational Companies

Introduction

According to Mullins (1999) culture helps to understand the variation among organizations and managers. It explains why different groups of people perceive things and perform differently. Further it provides consistencies in outlook and values, makes process of decision making, coordination and control possible. Rousseau (2000) defines organizational culture as a set of commonly experienced stable characteristics of an organization which shows the distinctive features differentiating it from others. Organizational culture has a great influence on the employees and shapes the business results for an organization as Wallach (1983) observed a positive correlation between organizational culture, organizational performance, individual effectiveness and success. It is something intangible (Jarratt and O'Neill, 2002) whereas Schein (2004) has said that organizational culture is a phenomenon shared by the members of an organization and operates unconsciously. Pareek (2003) discussed eight values known as OCTAPACE to understand organizational culture which were (1) Openness: Spontaneous expression of feelings and thoughts and receiving feedback and information without defensiveness; (2) Confrontation: facing – not shying away from – problems; deeper analysis of interpersonal problems; taking on challenges; (3) Trust: maintaining confidentiality of information shared by others and not misusing it; assurance that others will help when needed and will honor mutual obligations and commitments; (4) Authenticity: congruence between what one feels, says, and does; owning one's actions and mistakes; unreserved sharing of feelings; (5) Proactivity: initiative; preplanning and preventive action; calculating pay-offs before taking action; (6) Autonomy: using and giving freedom to plan and act in one's own sphere; respecting and encouraging individual and role autonomy; (7) Collaboration: giving help to, and asking for help from, others; team spirit; working together (individuals and groups) to solve problems; (8) Experimentation: using and encouraging innovative approaches to solve problems; using feedback for

improving; taking a fresh look at things; encouraging creativity. Rohmetra (1998), Rao & Abraham (1999), Alphonsa (2000), Bhardwaj & Mishra (2002) and Kumar & Patnaik (2002) suggested that the values of OCTAPACE culture have been imbibed by many organizations as their culture to a significant level. Krishna and Rao (1997) studied the organizational culture of BHEL and reported that openness and experimentation values works well among the middle and senior managers in the company. Rohmetra (1998) further observed on the organizational culture of banking sector in J & K that the environment was less open but an intimate degree of trust was enjoyed by the bank employees. Sharma and Purang (2000) suggested that a good degree of trust existed among the middle level managers of engineering sector. Mufeed (2006) conducted a study on organizational culture at a leading hospital SKIMS, the results have shown that the value of experimentation was discouraging while value of confrontation had a favorable score. Further Mufeed and Gurkoo (2007) identified that universities of J & K have a satisfactory level of confrontation whereas the value of pro-action was found unfavorable. Subramanian M. (2012) conducted a study on organizational culture at Adrenalin Systems Ltd., using OCTAPACE tool and a sample of 200 software employees. The study reported that some of the OCTAPACE culture dimensions i.e. authenticity, autonomy, and experimentation had shown lower score than standard norms and needed further research. Srimannarayana (2008) studied OCTAPACE culture in different industrial sectors and reported that manufacturing sector had the highest score in comparison to service and IT sectors. The results revealed that among the OCTAPACE dimensions, the collaboration has got the top score followed by autonomy, authenticity, pro-activity, trust, openness and confrontation. Lather A. S et al (2010) also studied the employees of sixteen different organizations from sectors like consulting, manufacturing, services etc. The study reported significant differences within cultures of the organizations from different sectors. Authenticity and autonomy are valued more in consultancy organizations as compared to the manufacturing and services industries where as openness and confrontation was higher in IT/ITES. Manufacturing sector had scored high on collaborating. Private sector was found more open and high on

trust as compared to public sector. Results further revealed that professionally qualified employees rated high on confrontation, authenticity and autonomy than their counterparts. However, no significant differences existed for males and females while they evaluated organizational culture. Solkhe (2013) compared OCTAPACE culture of public and private sector organizations and reported that the public sector had scored high on all the eight dimensions under study than their counterparts. Anil (2013) reported that significant differences exist in the cultures of organizations in the different sectors. It further reported that private sectors have shown more open and trusting culture as compared to the public sector. Results also revealed that professionally qualified employees rated confrontation, authenticity and autonomy higher as compared to non professionals. Mahabir (2013) studied difference in corporate social responsibility practices of Indian companies and MNCs and found that there is a little difference in terms of importance/focused areas of CSR. Fatima Sadaf (2017) reported no significant difference in mean score of OCTAPACE value for the employees of different zones. Further the scores of trust, authenticity and confrontation was found much satisfactory as compared to other dimensions. Autonomy was reported as low score area while openness, pro-active, collaboration and experimentation had fallen with in medium range of score. Prajakta Dhuru (2019) compared the dynamics of organizational culture in Indian and Middle East organizations using OCTAPACE framework. The results revealed that Middle East employees rated trust factor higher as compared to the Indian employees whereas they were rated much lower on confrontation and experimentation as compared to their Indian counterpart. Further, proactively had shown no major differences for both i.e. Indian and Middle East employees but for openness and collaboration Indian organizations had shown an upper hand on the Middle East organization.

Need and objectives:

It is evident from the review of above literature that study of organizational culture is gaining wide recognition across the globe. The business environment today is highly volatile, uncertain, unpredictable and competitive; organizational culture influences the shapes of employee's attitude and behavior for sure. Further the comparative studies on OCTAPACE organizational culture has provided the insight about the existing differences within different types of organizations viz. between cultures of manufacturing and IT/ Services Sector organizations. These studies have reported the cultural differences among organizations form different sectors, zones etc. but the same attempts have not been made for the FMCG sector specifically in India. Further, it is true that an organization's culture is influenced both by the national culture and also the culture of holding company in case of multinationals in addition to the culture of industry and the culture as predicated on the realized strategy of a business. It needs to be studied if the culture of an organization is so distinctively influenced by the strategy predicated company culture that it trumps the national culture.

Therefore, with this need the present study was designed to study the OCTAPACE culture within FMCG industry at Baddi, Solan district of Himachal Pradesh with the following objectives.

1. To study the organizational culture of multinational and Indian Fast Moving Consumer Goods (FMCG) companies in Baddi town.
2. To study the difference between culture of multinational and Indian companies Fast Moving Consumer Goods (FMCG) companies in the study area.

Limiting the scope of the study to one industrial township, precluded differences in local culture resulting in differences in the culture of the companies studied. Similarly limiting the scope of the research to one

industry was done to reduce the differences in the culture of two types of companies to arise from differences in the industry.

Research Methodology

Primary data was collected through standard questionnaire divided in two parts. Part-A was consisted of the information regarding demographic variable where as Part-B had OCTAPACE questionnaire by Udai Pareek (2003). The values represented by the questionnaire were openness, confrontation, trust, authenticity, pro-action, autonomy, collaboration and experimentation. According to Mathur (1991), the reliability of OCTAPACE profile (developed by U. Pareek, 2003) has been found to be 0.81 and alpha coefficient for a 0.9. The sources for secondary data were books, magazines, journals and websites. Convenient sampling was used to select the sample, the sample size was 60 (sixty). This sample size was considered sufficient as this study was conceived as an exploratory study. Two Indian companies and two multinational having manufacturing operations in Baddi were selected as per the convenience of the researchers. Thirty employees (30) from each category of organizations selected. Further quota sampling was done by taking 5 respondents each from executives, office staff and workers of each of the 4 selected companies. Arithmetic Mean was calculated to draw appropriate inference. T- test was carried out for testing the difference between the two categories of companies on different parameters of OCTAPACE. Further mean and standard deviation were used for interpreting the similarities and differences

Results and discussions:

Table 1 Openness

| Company profile | N | Mean | Std. Deviation |
|-----------------|----|-------|----------------|
| Indian | 30 | 12.57 | 2.750 |
| Multinational | 30 | 13.43 | 2.046 |

H_0 = There is no difference between openness in scores of Indian and Multinational companies.

H_1 = There is difference between openness in scores of Indian and Multinational companies.

Since, calculated absolute t-value (-1.385) < tabulated value significant at the level of 0.005% level with .012 p-value at 58degrees of freedom, hence null hypothesis has been accepted which provided that there is no difference in the openness values of both Indian and Multinational companies. The results further represented that the openness score among the employees in Indian companies was 12.57 which means that the spontaneous expression of feelings and thoughts, and sharing these without defensiveness is not very distinctively seen. The multinational companies are similar to Indian companies in terms of openness where mean value is $M=13.43$.

Table 2 Confrontation

| Company profile | N | Mean | Std. Deviation |
|-----------------|----|-------|----------------|
| Indian | 30 | 12.37 | 2.566 |
| Multinational | 30 | 13.97 | 1.866 |

H_0 = There is no difference between confrontation in the score of both Indian and Multinational companies.

H_1 = There is difference between confrontation in the score of both Indian and Multinational companies.

The calculated absolute t-value (-2.762) > tabulated value which further reported significant at 0.005% level of significance with p-value = .017 at 58 degree of freedom, hence null hypothesis has been rejected which suggested that there is a difference on the dimension of confrontation between Indian and Multinational companies. The results further indicated that the employees of Indian companies had a mean score i.e. 12.37 for confrontation which symbolizes that the employees are less confronting and rather feel shy to confront. The multinational companies with a mean scores i.e. 13.97 displayed the difference towards their counterparts during the study.

Table 3 Trust

| Company profile | N | Mean | Std. Deviation |
|-----------------|----|-------|----------------|
| Indian | 30 | 12.37 | 2.566 |
| Multinational | 30 | 13.97 | 1.866 |

H_0 = There is no difference between trust score of Indian and Multinational companies.

H_1 = There is difference between trust score of Indian and Multinational companies.

As the calculated absolute t-value (-2.119) for the data represented by table 1.3 above was greater (>) than its tabulated and was significant at 0.005% levels of significance with p-value= 0.003, so null hypothesis has been rejected which demonstrated that there is a difference in the trust so far as Indian and Multinational companies is concerned. The results further reflected that trust in maintaining the

confidentiality of information shared by others scored 12.53 in Indian companies which were at the middle of higher and lower trust value score. Therefore the outcome of trust which is empathy, time support, reduced stress and reduction and simplification of forms and procedure etc is not prominently seen. Multinational companies experience a slight difference in trust value within the company i.e. $M=13.77$ which suggested that people have more sense of trust.

Table 4 Authenticity

| Company profile | N | Mean | Std. Deviation |
|-----------------|----|-------|----------------|
| Indian | 30 | 12.37 | 2.566 |
| Multinational | 30 | 13.97 | 1.866 |

H_0 = There is no difference between authenticity score of both Indian and Multinational companies.

H_1 = There is difference between authenticity score of both Indian and Multinational companies.

The t value as calculated (0.830) found less than ($<$) its tabulated value, was reported significant at 0.005% levels of significance with p- value 0 .748, hence null hypothesis has been accepted which indicated that there is no difference in the authenticity of both Indian and Multinational companies. The results recognized that the authenticity that is the congruence between what one feels, says and does recorded with a mean value of 12.37 in Indian companies. Multinational companies have shown a slightly higher score i.e. (13.97) in the terms of authenticity.

Table 5 Pro - action

| Company profile | N | Mean | Std. Deviation |
|-----------------|----|-------|----------------|
| Indian | 30 | 11.97 | 4.013 |
| Multinational | 30 | 14.40 | 2.415 |

H_0 = There is no difference between pro- action score of Indian and Multinational companies.

H_1 = There is difference between pro-action score of Indian and Multinational companies.

For the data above in table -5 null hypothesis has been rejected as calculated absolute t-value (-2.846) was reported greater (>) than the tabulated value which was reported significant at 0.005% levels of significance with p-value=0.016. Hence no difference was found for the pro-action value of Indian and multinational companies. The results further specified that Indian companies has a moderate pro-action mean score i.e. 11.97 so taking initiative, preplanning, taking preventive action and calculating the payoff of an alternative course before taking action has not been seen very frequently in the Indian organizations while multinational companies come up with a slightly higher mean score of 14.40 but ultimately not made a significant difference with their counterparts.

Table 6 Autonomy

| Company profile | N | Mean | Std. Deviation |
|-----------------|----|-------|----------------|
| Indian | 30 | 11.97 | 4.013 |
| Multinational | 30 | 14.40 | 2.415 |

H_0 = There is no difference between autonomy score of both Indian and Multinational companies.

H_1 = There is a difference between autonomy score of both Indian and Multinational companies.

Since, calculated t-value (0.263) was less than ($<$) tabulated value, hence null hypothesis has been accepted. The results identified no significant difference in the autonomy of both Indian and multinational companies. From the study it was found that the mean score for autonomy was 12.33 for Indian companies which referred that freedom to plan and act in one's own way was not seen in the organization. The main indicator of autonomy i.e. delegation in organization and reduction in reference made to senior people for approval of planned actions was not that prevalent in the Indian companies. Same is the case with multinational companies as the mean score which was 12.23. Thus both Indian as well as multinational companies experienced no difference as far as the autonomy was concerned.

Table 7 Collaboration

| Company profile | N | Mean | Std. Deviation |
|-----------------|----|-------|----------------|
| Indian | 30 | 11.97 | 4.013 |
| Multinational | 30 | 14.40 | 2.415 |

H_0 = There is no difference between collaboration score of both Indian and Multinational companies.

H_1 = There is difference between collaboration score of both Indian and Multinational companies.

The calculated t-value (0.544) was less than ($<$) the tabulated, hence null hypothesis has been accepted which submitted no difference in the collaboration of both Indian and multinational companies. The

findings further reported with mean value 11.97 that the collaboration value in the Indian companies is relatively moderate which indicated that working together to solve problems and team spirit was not much appreciated in these organizations. The outcome of collaboration concluded that timely help, team work, sharing of experience, improved communication and improved resource sharing prevailed less in Indian organization. The results were same for Multinational companies which have mean score of 14.40 which was a bit higher score but could not make a significant difference. The results were significant at 0.0055 levels of significance and $p\text{-value} = 0.298$

Table 8 Experimentation

| Company profile | N | Mean | Std. Deviation |
|-----------------|----|-------|----------------|
| Indian | 30 | 12.37 | 2.553 |
| Multinational | 30 | 13.77 | 1.888 |

H_0 = There is no difference between experimentation of both Indian and Multinational companies.

H_1 = There is difference between experimentation of both Indian and Multinational companies.

Null hypothesis has been accepted as calculated t-value (0.019) was less than ($<$) tabulated value meaning thereby that reported no difference in the experimentation score of both Indian and multinational companies. Results further suggested that the experimenting value in Indian companies was not relatively too high or low as the mean value calculated is 12.37. By experimenting it means the using and encouraging innovative approaches which is not much accepted in Indian companies. The result of multinational companies is similar to that of Indian companies when it comes experimenting. This could be due to the reason that both the organization are not ready to change, or they are not capable enough to bring out new changes experiment in the company.

Conclusion:

The findings of the study concluded that the openness value which includes free interaction among employees, genuine sharing of information, free discussions and communications between seniors and subordinate was similar in both Indian and multinational FMCG companies whereas there was a difference in terms of confrontation value score as compared to Indian companies; the people working in multinational company were more confronting as compared to counterparts. The trust value which consisted offering moral support for employees and colleagues in crisis, interpersonal contact and support among employees, multinational companies experienced a slight difference in trust value meaning thereby that they have more sense of trustworthiness. On the other hand authenticity that is the congruence between what one feels, says and does was slightly higher within multinationals. Further multinational companies experienced different responses in terms of pro-action as compared to Indian companies which means multinational companies are proactive then their Indian counterparts. On the three tested dimensions of OCTAPACE i.e. autonomy, collaboration and experimentation the results were same for multinationals and Indian companies.

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