

Work Culture in Financial Services: A Case Study of Life Corporation of India

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Abstract

A failure to understand the values, beliefs and traditions of the work environment can give misleading results. Mostly it so happens that the workers are blamed for poor productivity or decrease in organizational effectiveness and the role of the senior executives are ignored. The main objective of this study is to analyze the impact of Privatization of work culture in LIC of India. The study is based on secondary data. The study found that the problems that the corporations and other firms are facing today are because of the failure in getting the solution to the business problems. Only if the solution is sought they can adapt to the changing environment and succeed in emerging as leaders. Fear and insecurity dominate the culture in today's organization.

Keywords: Privatization, work culture, insurance, environment, organization etc.

INTRODUCTION

In modern days we have companies with different identities and styles together in a domain. The work environment has been changed or we could say it has been revolutionized by technology. With the advent of computers and introduction of various communications networks as well as different innovations there has been a change in the working relations that was there in the past and what we have today.

Organizations that are engaged in same kind of industry, rendering same kind of services and having same set of activities differ in their functioning. The mission, purpose and objectives of an organization therefore can be same but they differ on account of the people constituting the organization. Each and every organization is unique and the employees in the organizations differ on account of their capability, their skills, and their knowledge, their personality and attitude.

When an association or society is formed where people interact, in such cases there arises certain rules or norms, which define the behavior of the individual. Although the cultural cores of many companies have been eroded by radical shifts in the environment or the actions of management, those that survive continue to perpetuate corporate and individual well being. It has been often noticed that such shift brings about minimal changes in the organization, but we are bound to put on our thinking cap to assess the reason behind such minimum change.

The minimization of any radical change is because of the culture that is there in the organization. The impact of organizational culture- beliefs, attitudes, values and expectations shared by most organization members brings about stability. If we analyze the conditions it is often noticed that if such stability is there in an organization it acts as a positive force and contributes towards the betterment of the organization. It is often found that the organizational culture once established remains the same unless a major change comes up. And if at all such a change takes place it has its impact on all areas of the organization.

‘Organizational culture is often readily apparent in the action of individuals and groups, in norms governing behaviors in

various situations, in formal corporate philosophy, in informal rules concerning matters as to who communicates with whom or how various rewards will be distributed and even in business strategies or values. In short, an organization culture is often a powerful force determining how it operates and how it performs.’(*Robert a baron & Jerald Greenberg*)

Whatever has been discussed above suggest that there is only one organizational culture, but this is not true. Since any system is a collection of different subsystems, which are interrelated and interdependent similarly, an organizational culture is the sum of several subcultures based on functional, occupational or any other divisions. People belonging to different departments share beliefs and attitudes similar to other members of their department.

When we identify the differing views of people of same system we come in touch with the subcultures. While assessing the work culture of a particular entity these subcultures should also be considered in order to get an idea about its effects or consequences. Having identified the issue we have to find answers to a number of basic questions that can arise regarding work

culture namely its origin, stability, its negative aspects etc.

Origin of work culture

When a person does not interact with anyone else he is keeping his thoughts, views or ideas to himself. We live in a society where we have certain social obligations we need to talk to other people, maintain the existing relations and create new ones. Thus we end up sharing our views with other people at the same time we come to know what the other person is feeling. This is how the identification process starts where the individual likes the person who has the same values and beliefs that he has, and chain forms and a culture evolves.

Organizations too have a distinct culture that is the result of the interaction that employees have. An organizations current customs traditions and general way of doing things are largely due to what it has done before and the degree of success it has had with those endeavors. This leads us to the ultimate source of an organization culture- the founders. But this is not the only contributor towards the emergence of culture. There are three factors that lead to formation of culture in an organization namely

- Founders
- External environment
- Employees – their working relations

Firstly organizational culture evolves because of the people who set up the business. They have a vision of what the organization should be. They are unconstrained by previous customs or ideologies. These people often have strong feelings for certain beliefs or principles. While recruiting employees for the firm, the workers who share similar beliefs are selected. Apart from this factor they indoctrinate and socialize these employees to their way of thinking and feeling. And lastly the initiators own behavior acts as a role model that inspires employees, to identify with them and thereby internalize their beliefs, values and assumptions. Due to this process the owner's ideas are readily accepted and a culture comes up where the entire organization adheres to certain set of principles and they work for certain goals. Secondly it is the external environment, which contributes towards the culture. For a business to survive it has to adapt itself to the environment. And in doing so it has to change some of its principles or at least it should be modified. Again the external variable like the political social economic

technical demographic environment moulds the organizational culture.

Lastly coming to the main contributor that is the relations that the employees share. The work assigned to the employees, the dependency ratio, the problems that they have to face, the differences in the attitude of the people of a particular department and many other factors determines culture.

Another set of variables is given which shows the origin of culture includes three main sources of work culture, which are:

- Societal or national culture in which the organization is situated
- Type of business and nature of business environment.
- Vision, management style and personality of an organizations founders or other dominant leader.

Many a management scholars are of the opinion that a country's culture contributes towards the culture of different firms and corporations. Apart from this the environment in which the business is setup also has something to contribute. And as explained earlier the values and perception of the founders go a long way in molding the culture of the organization. We will now deal with these points in detail.

CULTURE AND WORK ENVIRONMENT

It is through the medium of culture that we are able to understand the world and create sense out of it. We can have an analysis of our work experiences only by means of an in-depth study about culture. Work culture provides us with the base or it creates the theoretical framework. And researchers, managers, students and any other interest group in order to know about the experiences of an organization can use this framework.

Often it has been mentioned that the members constituting the same. When we speak about work culture being shared, we are of the opinion that the employees therein possess similar set of perceptions. These views are concerned as to how an organization is performing, what is the organizations effectiveness, who is the founder of the organization, the views of the founder members, people who control the organization and the expectations from the employees at all levels.

Organizational culture is important because it influences how we interpret organizational life and the meaning as well as the importance that we attach to the different activities carried out in the organization.

After the concept about the sharing of the culture, another important feature, which should be dealt with regards to work culture, is the presence of various differences in the cultural ways and traditions. It is inherent in the system and will not soon disappear. These differences pave way for the creation of a number of subcultures in the organization. In order for an organization to survive it has to accept these differences. The world is too diverse to yield simple answers as to how have people from unique culture learned to work together.

GLOBALIZATION AND WORK CULTURE

In most of the developing countries whose economies were quite conservative the globalization process has started. This has brought about many radical changes in the society and the workplace. When the question is raised as to the impact of globalization on the work culture, it is a fact that our organizations culture has been definitely been affected by the drastic change. The impact has been felt in a number of ways, and most of them not for the better. First, there is the issue of trust. Trust is earned differently in various societies around the world. In some countries, such as the United States, trust is

function of immediate performance. It is common to hear grumbling about the short term orientation American managers, which is often perceived as destroying the capability of local managers to build a long term presence in their home market.

Another effect of globalization on work culture is of the resistance to change and increasing conflicts in organizations. With the opening of the market the competition has increased manifold. Many international companies have entered the market and it has effected the domestic companies, which for a long duration have had control over market segments. In order to cope up with the competition they have to design new techniques of work, new strategies and also changes in policies.

The employees who have been following a particular method for a long time do, not easily accept these policies, which are designed by the management. This resistance's can reduce the workers productivity and can effect the satisfaction that they derive from the work. Too often the fabric of the corporate culture is left in shreds in the wake.

Companies that operate in this increasingly global world will have to learn to adjust to

radically distinct worldviews, work styles, and behavior patterns.

CULTURE CHANGE IN THE WORK PLACE

Often the comment has been made that organizational culture is relatively stable. But it does change. This change can arise due to a change in any factor which makes the culture. Earlier we have come up with a number of reasons of origin of change. Change accounted due to the founder's principles the external environment and the employees' behavior in the organization. External events may necessitate shifts in an organization's mode of doing business and thus in its internal culture

Similarly the people entering an organization may differ in important ways from those already in it. Because of differences they may interpret and react to an organization culture in new ways.

Change can also result from conscious decisions to alter the internal structure or basic operation of an organization. Once such decisions are reached many practices in the company that both reflect and contribute to its culture may be altered.

IMPACT OF PRIVATISATION ON WORK CULTURE

In India Life insurance's service is offered by Life Insurance Corporation of India established in 1956 as public sector undertaking by merging about 245 private insurance and provident fund companies, LIC enjoys a monopolistic position in offering life insurance services in the country.

Being a monopolistic public sector organization, it has a great responsibility to look after the insurance requirements of millions of people; LIC is endowed with the task of meeting various social and economic obligations for the development of the country. Due to this many reasons this study had taken LIC as the organization to be analyzed for the study of work culture and the changes therein.

The privatization in insurance sector move in our country has resulted in major changes in this sectors. The firms that enjoyed monopoly in a specific area are now facing the risk of being closed down. The major changes initiated in the economy in the more recent times has to a certain extent contributed towards a change in culture of an organization and it is felt by all the interest groups that this would somehow contribute towards the growth or decline of the economy.

The problems that different firms are facing nowadays are examples to such effect. It is often noticed that organizational effectiveness to a certain extent depends upon its work environment. It is the interaction of the internal and external environment and the reaction of the members constituting such organization that paves way for the growth and prosperity of such firms.

This study is dealing with the impact of privatization on work culture, employees and management of LIC of India. There are two views, which perpetuates the work culture and moulds the character of the employees. Another group of thinkers has expressed the views that it is the organization employees who contribute towards its culture. Sometimes it has also been expressed that it is the circumstances or the environment that gives a shape to a work culture.

Apart from these basic concepts there is also a question that needs to be answered about the consequences of culture on the efficiency and productivity of an organization. Privatization has brought about a condition wherein the culture in the organization is changing. The threat of closure and the ever-increasing risk in the

business has led to increase of insecurity amongst the employees. This insecurity has changed the relationship among the employees and especially between the management and the workers. Therefore this study was an attempt to understand the culture of an organization. It had dealt with a move to comprehend the various dimensions of work culture.

Apart from the study of impact of privatisation on work culture this study was aimed at getting a general perception about the way a culture is formed, the perpetuation of culture and the importance of culture for an employee. The assimilation of the facts will help the management to get an idea of the complex relations that exist in the enterprise and at the same time it provides a base for making future policies and strategies. Often because of lack of knowledge of these mechanisms the policies and strategies fail when implemented.

This particular study deals with the work culture that prevails in insurance sector. Earlier it was seen that there was monopoly in the sector but with the advent of privatisation the companies are facing a threat and the culture is not the same. People who were enjoying security are now insecure about their position, the firms are

insecure of the losing the market that they once occupied.

And these factors coupled with another set of factors have brought about radical changes in the work place. Here an attempt was made through this study to unravel the reasons for the change in culture in this sector. The factors that are beneficial for such change and factors that are leading towards the degeneration of work cultures will be analyzed.

In modern times, life insurance is widely recognized as an important need to every individual to cover the life risk and to provide economic security to the dependent members of the family. Thus insurance is a social device whereby the uncertain risk of individuals may be combined and security is provided to the people from the fund mobilized through the nominal contributions of its customers.

CONCLUSION

Before arriving at a conclusion the following points has been kept in mind. A failure to understand the values, beliefs and traditions of the work environment can give misleading results. Mostly it so happens that the workers are blamed for poor productivity or decrease in organizational effectiveness

and the role of the senior executives are ignored.

It will be wrong to suggest that culture is the root cause of any problem in the organization. In many cases, it is seen that, the problems arise because of the mistakes by the management, failure to take proper decision and an improper control system etc.

The contention that strong subcultures are a source of weakness must be avoided, when they may in fact be contributing in a positive sense to the cultural identity of the organization as a whole.

Employees are the most important part of the organization and they have the maximum influence in the creation and perpetuation of a culture. So an analysis of the employee, the environment in which they work, the relation that they share and the satisfaction that they have from the job all would reveal the relation that the employee has with the organization and its culture.

The culture of an organization is significant because this acts as a medium for the employees to come up with experiences, which provides a meaning to their life.

The policies of the organization in regards to the recruitment, selection induction,

training, socialization etc helps in continuing with the culture and also in enriching it.

The problems that the corporations and other firms are facing today are because of the failure in getting the solution to the business problems. Only if the solution is sought they can adapt to the changing environment and succeed in emerging as leaders. Fear and insecurity dominate the culture in today's organization.

The organization has the workforce who believes that they are contributing something substantial in increasing the profitability position of the firm or in achievement of many an objective.

They are also providing the best of the service to the customers. And are putting a continuous effort in improving the conditions. For this purpose the institution has the Customer Redressal Machinery for solving their problems, they are also using the modern machinery for the quick processing of the work.

The employees are also engaged in putting in the efforts to bring about the growth for the firm. The main emphasis of all the major objectives is growth potential and its major effect on the strengthening of the position of

the firm and in bringing in positive benefits for the employees.

The employees are also having the belief that the firm is providing for the job security and they have enough opportunity for accomplishment of their work. LIC tries to motivate the employees and tries to encourage them to be more creative and innovative. The senior members understand the importance of these variables and try to give freedom to employees in achieving their goals and objectives.

SUGGESTIONS

1. The effective management of a Culture requires that the management make provision for initiating change. The employees normally are misguided or they feel threatened whenever a plan for change is introduced. They feel that in the present situation they are more safe and secure and a change in the situation would bring about many risks.
2. The organizations should take the initiative to encourage the employees to overcome their resistance so that there is a positive growth in the work culture. The management is always geared up for the change but the policies fail for want of strong leader. The change techniques that are selected should be proper and at

- the same time a person who exerts a strong influence should properly implement it.
3. The company's that are not performing well need to first remove all the fear that the workers are having. Downsizing, termination, compulsory retirements, decrease in perks etc have made people insecure in the workplace. In order to remove such a condition the organization should assure the employees about the security by informing them about the positive effect on productivity, the decrease in cost, and the other benefits that they would get if they help in the implementation of policies.
 4. In India many companies are offering the employee stock ownership plans. When they treat the employee like an owner they indirectly motivates them to function as owners. It reduces their anxiety and makes them proud and a lot more confident. In order for a company to rebuild a constructive culture, it must remove the fear of arbitrary job loss.
 5. Companies can learn to be totally honest with their workforces. Employees have a right to know what the future holds for the company and what changes might mean for their future employment status.
 6. The security in the work environment is more if the senior management confide with the workers about the implications of the policies. The workers will make provision for the future changes if the information is communicated to them in time.
 7. A Company should clearly indicate the values and ethics that the organization should have. A clear idea should be give as to the kind of behavior that will be tolerated and those, which will be punished.
 8. The management in order to implement policies and strategies should be focused on identifying the beliefs, origin, impact and deficiencies of the subcultures.
 9. The organizations from time to time should take the effort to measure their progress. This will aid in properly managing the different activities. There is a necessity for the culture revitalization in the organization from time to time to enrich it.
 10. The promotion policy of the organization also sends appropriate cultural messages.

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