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**FOUNDER-CULTURE IN ORGANIZATIONS—ITS
IMPACT ON ORGANIZATIONAL GROWTH,
DYNAMISM AND INNOVATIVENESS**

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MATHEW MANIMALA

FOUNDER-CULTURE IN ORGANIZATIONS - ITS IMPACT ON ORGANIZATIONAL
GROWTH, DYNAMISM AND INNOVATIVENESS

Abstract

Organizational culture has recently emerged as one of the prominent focuses of organization research. This is partly because of the disillusionment with the research on the more 'objective' phenomena such as structure and technology. Several researchers point out that culture could be the most important factor that 'determines' the other characteristics and performance of an organization. It may be naturally asked how an organization's culture evolves. One of the hypotheses of this paper is that a major influence on the development of organizational culture is the founder. A review of existing research shows that the founder's influence is critical and is difficult to change except during a crisis created by changes in the environment. It is also proposed that the type of culture would vary with the type of founder. An external (or organization) oriented founder (as opposed to a self-oriented one) is likely to create a professional, dynamic and sometimes innovative organization. On the other hand, the organization created by the self-oriented founder would remain non-professional and non-innovative, characterised by limited growth and dynamism except if it changes its culture in response to a change in the environment and a consequent crisis within the organization. The change, which may take place either through 'heretics' in an incremental fashion, or through new leaders in a discontinuous fashion, can turn these organizations around to make them adaptively or innovatively dynamic. The paper discusses these influences and changes through a model of founder's influence on organizational culture along with eight other propositions.

FOUNDER-CULTURE IN ORGANIZATIONS - ITS IMPACT ON ORGANIZATIONAL
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I INTRODUCTION

Organizations have become an indispensable part of human life. Every aspect of our life is being served, facilitated, regulated or controlled by organizations of various kinds. What they have in common is that they are created for satisfying one or more needs of human life. They are, however, different in their size, structure, nature, importance, longevity and so forth. At the one extreme there are organizations, like the Catholic Church, which have been in existence for centuries; at the other extreme, there are temporary organizations like the one created for conducting an exhibition. Even among organizations which are created for relatively permanent existence, like the industrial and commercial organizations, there are interesting differences in their growth rate and life span. To take a few examples from the Indian industrial scene, the Tatas, the Walchands and Ranchodlal Chotalal had comparable beginnings. Today we find that the first of these organizations has attained an impressive growth, the second is waking up from slumber and stagnation, and the third has been liquidated way back in 1934 (Tripathi and Mohta, 1981).

These examples may be considered archetypal models of three patterns commonly observed in the emergence, growth, stagnation, or deterioration of organizations. Some organizations grow fast and sustain their growth over a long period of time; others stagnate for some time and wake up usually at the shock of crisis with or without a change in leadership; still others stagnate and eventually die out apparently due to internal or external crisis.

What explains the differences in the growth of organizations? Obviously, there is no single answer to this question. The 'life cycle theory' suggests that entrepreneurs, by their very nature, are incapable of managing organizational growth and so have to undergo a style change or hand over the management to professionals. While this theory can explain the pattern of growth in many organizations, it fails to account for those entrepreneurs who have achieved impressive growth for their organizations without themselves undergoing any style change. The contingency theory has sought the explanation in the interrelationships among such variables as size, structure, technology, environmental characteristics and so on. However, there is a growing disillusionment about the predictive validity of these relationships, as exemplified in the words of Starbuck (1982): "Their aggregate finding is that almost nothing correlates strongly and consistently with anything else. This null finding fits the hypothesis that organizational structures and technologies are primarily arbitrary, temporary and superficial characteristics. These characteristics are determined by complex interactions among ideologies although 'determined' may be an inappropriate description, because people acting under ideologies perceive that they are choosing freely". Thus it is not unreasonable to hypothesize that organizational culture may be a major determinant of organizational growth or stagnation. For reasons to be explained subsequently, one of the most potent influences on organizational culture is the ideology of the founder. Organizational sentiments often bear testimony to this. Listen, for example, to the words of J.R.D. Tata (1958) : "If the House of Tata survived some exceptionally difficult times and prospered and continued to grow both in size and stature, I sincerely believe it is because throughout it held fast to the principles and ideals of J.N. Tata".

It would, therefore, be a useful exercise to investigate into the founder-culture and its influences on the organization's subsequent culture and, in turn, on its other characteristics. This paper proposes to relate the type of founder with professionalism, dynamism and innovativeness of the organization. It will also examine the circumstances under which the founder-culture may change. The resultant hypotheses are expected to provide a partial explanation to the different rates and patterns of organizational growth.

II THE CONCEPT OF ORGANIZATIONAL CULTURE

Research on organizational culture is an outcome of the recognition of the role of the 'non-rational' in shaping organizational behaviour. The movement of organization theory away from the rational is not a recent phenomenon. It is rooted in the concept of bounded rationality proposed by March and Simon (1958) and is kept alive by several other theorists and researchers (Cf: Clark, 1972; Cohen, March and Olsen, 1972; March and Olsen, 1976; Meyer and Rowan, 1977; Weick, 1976). The reasons for the shift from the rational to the symbolic are summarised by Doal and Kennedy (1983): (1) The expected connections among structure, goals and technology are not observed to be valid always; (2) There has been several failures in implementing change using conventional theories; (3) The cultural frame has shown itself, to be capable of explaining some of the anomalies in the existing frames of analysis; (4) There is a general shift in the societal norms towards recognition of the value and place of symbols in people's lives.

The symbolic aspects of organizational life are collectively designated as organizational culture. Some authors (Doal and Kennedy, 1983, for example) hold that culture is the name for all that is beyond measurement in the

behaviour of organizations. They compare it with the experience of say, **testing wine**, which cannot be measured but can be symbolically expressed. Culture defies measurement, replication and generalization, but it can be experienced as a penetrable, parsimonious and powerful concept, and expressed in a symbolic way. Such a concept of culture which is not measurable may not be of interest to researchers. We may quote a few other definitions, some of which are equally vague and elusive. Peters and Waterman (1982) offer a deceptively simple description of culture as 'shared values'. They also highlight its importance by assigning to it the central position in the 7-S figure and thus indicate its overriding influence on the other six Ss, namely, structure, strategy, system, staff style and skills. Tunstall (1983) defines corporate culture as "a general constellation of beliefs, mores, customs, value systems, behavioral norms and ways of doing business that are unique to each corporation". Pettigrew (1979) introduces the changeability of culture and also hints at its major function of interpreting situations to individuals: "Culture is the system of publicly and collectively accepted meanings operating for a given group at a given time. This system of terms, forms categories and images interprets a people's own situation to themselves". Culture, according to Pettigrew, finds expression in six forms: (1) symbol, (2) language, (3) ideology, (4) belief, (5) ritual and (6) myth, of which symbol is the most inclusive category. In other words the categories are not mutually exclusive, because, for example, all the forms of cultural expression are symbolic. Similarly, ideologies cannot be dissociated from beliefs. Starbuck's (1982) definition of ideologies includes more: "Ideologies are logically integrated clusters of beliefs, values, rituals and symbols".

The problem of defining culture is complicated not only by the lack of precision in classifying its expressions but also by the disagreement about the number of ways culture expresses itself. Trice and Beyer (1984) identify thirteen distinctive cultural forms, namely, (1) rite, (2) ceremonial, (3) ritual, (4) myth, (5) saga, (6) legend, (7) story, (8) folktale, (9) symbol, (10) language, (11) gesture, (12) physical setting, and (13) artifact.

It may be noted that 'cultural forms' do not stand for different kinds of culture; they are nothing but the different forms in which a culture may manifest itself and hence may be described as its superstructure. The infrastructure is the system of ideologies, beliefs, values and norms. One may approach the study of culture either through the infrastructure or through the superstructure (see Figure-1). The current trend is to analyse the superstructure with a view to understanding the infrastructure.

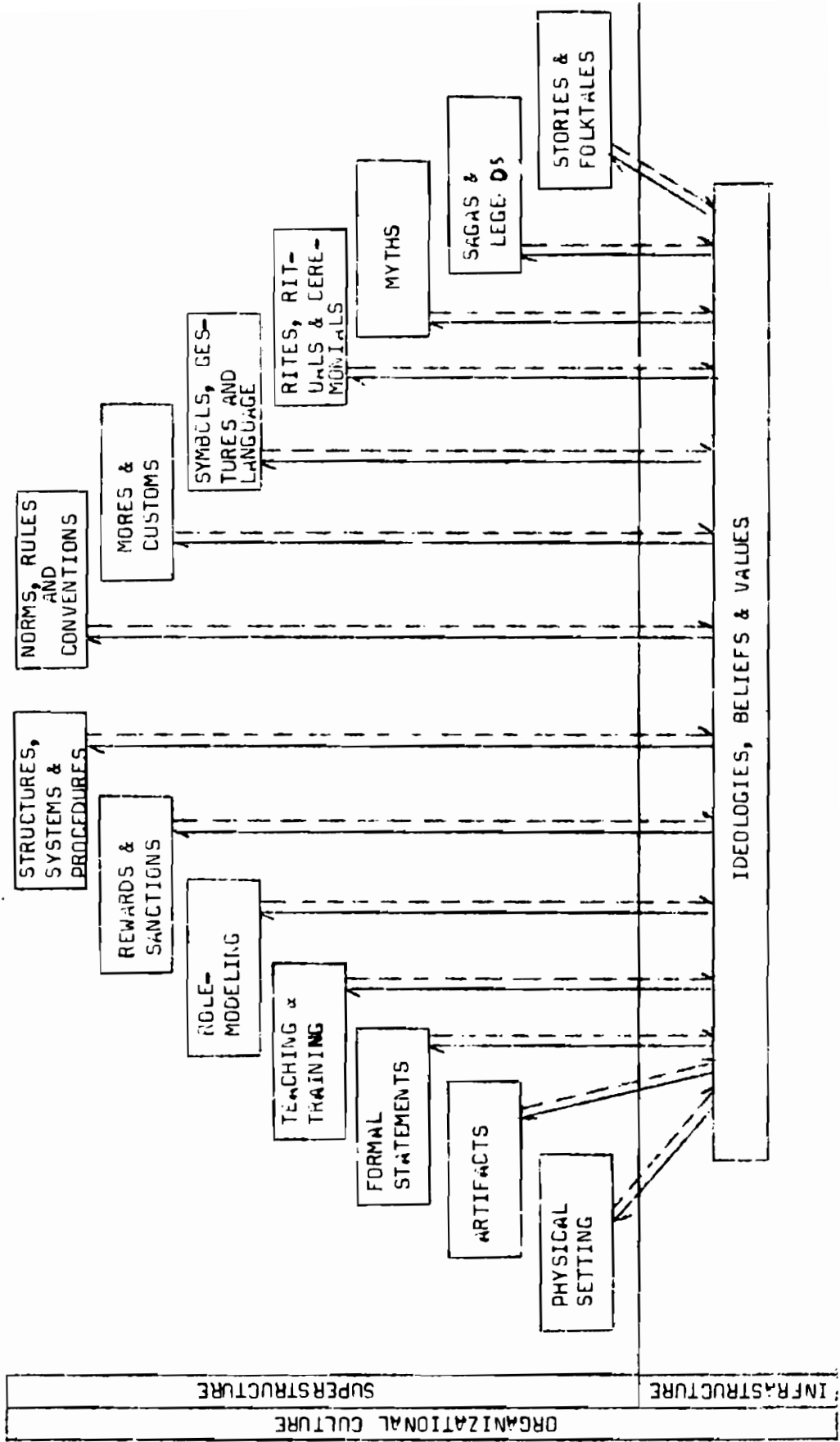
Empirically oriented researchers on corporate culture try to develop an index for shared values or as Pascale (1985) calls it, the extent of corporate socialization. Pascale's scale ranges from 16 to 80, with companies like IBM, P&G, and Morgan Guarantee falling in the 65-80 range and United Technologies and ITT falling in the 25-34 range. It would be interesting to develop such indices and to explore their relationships with other organizational elements like structure, strategy, style, technology and performance. Our concern, however, is about the source of corporate socialization and its impact on organizational growth and innovativeness.

III THE FOUNDER AS THE FOUNTAIN-HEAD OF ORGANIZATIONAL CULTURE

Where does the organization acquire its culture from? It is undoubtedly from its members. But the contributions of all the members are not likely to be equal. For obvious reasons, the founder of an organization is likely

Figure - 1

A COMPREHENSIVE VIEW OF ORGANIZATIONAL CULTURE



to exert the largest influence on the development of its culture. His position and authority in the organization enables him to select and train his subordinates. His opinions and decisions on important issues would create precedences which other members might imitate. Hence, "entrepreneurs may be seen not only as creators of the more rational and tangible aspects of organizations such as structure and technologies but also as creators of symbols, ideologies, languages, beliefs, rituals and myths - aspects of the more cultural and expressive components of organizational life" (Pettigrow, 1979). The founder's preeminence as the major source of organizational culture is explained by Schein (1983) by an analogy from the Roman mythology: "Minerva, the Roman goddess of wisdom, is said to have sprung full-blown from the forehead of Zeus. Similarly an organization's culture begins life in the head of its founder springing from the founder's ideas about truth, reality and the way the world works".

Organizations are founded with a purpose, the achievement of which involves commitment and order among the members. The task before a new organization, therefore, are two-fold: (1) Resolving the problems of external adaptation and survival and (2) Resolving the problems of internal integration. In finding solutions to these problems, the organization has to make implicit assumptions about (i) its relationships to the environment, (ii) the nature of reality and truth, (iii) the nature of man at work, (iv) morality and ethics, and (v) the nature of human relationships. It is the pattern of these assumptions that a given group has invented, discovered or developed in learning to cope with its problems of external adaptation and internal integration that Schein (1983) calls organizational culture. It implies that the culture evolves through action and the founder being the principal source of action in the organization, is also the principal source of its

culture. Starbuck (1982) stresses the importance of action in organizations by pointing out that organizations rarely operate in the problem-solving mode in which perceived problems instigate searches for solutions but operate in the action-generating mode in which choices of actions stimulate the creation of problems to justify actions. And, ideologies and culture emerge from these actions.

Empirical studies associating the type of founder with the type of organizational culture are not many. However, one of the strong evidences towards such association was obtained as early as 1967. In a study of 110 enterprises and their founders, Smith (1967) found that there are at least two types of entrepreneurs who can be differentiated on the basis of their orientation and characteristic behavior patterns, and that their firms show characteristic differences in their culture and growth patterns. The Craftsman-Entrepreneur (C-E) who are characterised by (a) narrowness of education and training, (b) low social awareness and involvement, (c) a feeling of incompetence in dealing with the economic and social environments and (d) a time-orientation limited to the present and the past, are associated with 'rigid' firms. The Opportunistic-Entrepreneurs (O-E) who are characterised by (a) breadth in education and training, (b) high social awareness and involvement, (c) confidence in their own ability to deal with the economic and social environments, and (d) a future time orientation, are associated with 'adaptive' firms. O-E's firms grow much faster (with an average sales growth rate 8.8 times as the C-E firms); they show a tendency to expand and diversify.

Such an association is not incongruent with the given process of founding and managing organizations. Mutual compatibility of one type or the

other is at the core of this process. The founding process usually takes the following steps (Schein, 1983) :

- (1) A single person (founder) has an idea for a new enterprise.
- (2) A founding group is created on the basis of initial consensus that the idea is a good one, workable and worth running some risk for.
- (3) The founding group begins to act in concert to create the organization by raising funds, obtaining patents, incorporating and so forth.
- (4) Others are brought into the group according to what the founder or founding group considers necessary and the group begins to function, developing its own history.

It is but natural that the originator of the idea will have biases on how to get the ideas implemented, and this will have a major impact on the organization's subsequent culture.

In addition to the direct and consciously exerted influence, there are a number of ways in which the beliefs and actions of the founder permeate the organization. Founders often will have positions of authority in their organizations. Even if they do not occupy formal positions, they will always be considered by organization members as the ultimate source of formal authority in the organization (Weber, 1917). Research has shown that there are several indirect ways in which a superior's beliefs and actions influence the subordinates. These are summarized by Nystrom and Starbuck (1984a).

1. Subordinates conform to superiors' beliefs because the former considers the latter to be wiser and better informed (Dreobon, 1968; Milgram, 1974).

2. Subordinates are prepared even to act against their consciences if it becomes a condition for keeping their jobs or winning promotions (Smith, 1961; Vandivier, 1972).
3. People pay greater attention to messages from superiors than from subordinates (Porter and Roberts, 1976).
4. Designs for low-level jobs emphasize rules that govern incumbents' behaviors and so their beliefs have lesser impact on their jobs than the beliefs of those who have designed them (Nystrom, 1981).
5. Superiors can recruit and select subordinates holding compatible beliefs and can mould new members' beliefs by designing appropriate training programs (Mintzberg, 1979).
6. Superiors can consciously create sagas and stories which would later on serve as the moral capital for the subordinates (Clark, 1972).
7. Since the major actions in organizations are undertaken only with the approval of the top, the beliefs of the top-brass filter through organizations' strategic behaviors (Pettigrew, 1979).
8. Once a culture is established, the chances are greater for it to perpetuate itself than to undergo change (This point will be discussed later under 'Change of Culture'). Hence, the founder-generated culture is more likely to continue than to change.

IV MECHANISMS OF ENCULTURATION

It has been pointed out earlier^{that} the founder of an organization is primarily concerned with actions for achieving certain objectives through the performance of specific tasks. While he is operating in this action-generating mode, he is explicitly or implicitly engaged in an enculturation process. Mechanisms of enculturation commonly employed in organizations are

enumerated in Schein (1983) and Pascale (1985), which largely correspond to the superstructure of organizational culture shown in Figure-1. These cultural expressions or 'forms' may be manipulated so that they may help create the desired culture in the organization, (as indicated by the dotted lines in Figure-1). The use of some of these forms makes it clear that the 'user' wants to build up a specific culture, and hence these 'forms' may be called the obtrusive mechanisms. Others are less obtrusive, but apparently no less effective. (See Figure-2 for a classified list of enculturation-mechanisms).

Figure - 2

MECHANISMS OF ENCULTURATION

<u>OBTRUSIVE</u>	<u>LESS OBTRUSIVE</u>	<u>UNOBTRUSIVE</u>
Formal Statements of ideologies	Physical settings	Myths
Teaching and training	Artifacts	Sagas
Deliberate Role making	Mores & Customs	Legends
Structures	Rites	Stories
Systems	Rituals	Rumours
Procedures	Ceremonials	Folktales
Rules	Symbols	
Norms	Gestures	
	Languages	

Researchers on organizational culture seem to be more interested in the relatively unobtrusive mechanisms such as sagas, myths, stories, rites, rituals, ceremonies and so forth (cf.: Clark, 1972; Pettigrew, 1979; Trice and Beyer, 1984). Some authors highlight the importance of these by pointing out how such unobtrusive mechanisms are hidden in many of the routine activities of the organization. Trice and Beyer (1984), for instance, propose

that rites and ceremonials are the most commonly used mechanisms of enculturation in organizations, and interpret some organizational routines as rites such as (1) rites of passage (e.g. induction, training), (2) rites of degradation (e.g. firing, replacing), (3) rites of enhancement (e.g. : refresher courses, seminars), (4) rites of renewal (OD activities), (5) rites of conflict-reduction (e.g. collective bargaining) and (6) rites of integration (e.g. office Christmas party).

Deal and Kennedy (1982) distinguish between strong and weak cultures. In strong cultures, the members' behaviour is regulated by mutual accord than by command or rule. Such cultures are characterised by some of the mechanisms they adopt for getting themselves installed and perpetuated, such as (1) publicly professed and shared values, (e.g. 'universal service' of Bell Telephones, 'Technology first' of Honda Motor), (2) heroes and heroines, usually founders, living through organizational stories and sagas (e.g. Thomas Watson of IBM, Mary Kay Ash of Mary Kay Cosmetics, or nearer home, Vikram Sarabhai and Ravi Mathai of IIMA), (3) rituals and ceremonies expressive of the dominant values of the organization (e.g. IBM employees addressing each other using Mr., Miss etc. as an expression of professionalism; the Seminars at Mary Kay Cosmetics; the Annual Convocation at IIMA), (4) a watchful cultural network which is operated through story-tellers, spies, whispers, gossips etc. (e.g. David Packard of Hewlett-Packard crushing a model made of inferior terminals, and the story spreading; Soichiro Honda discouraging the use of manuals in operating machines).

Thus, it is observed that 'strong cultures', or 'clans' in the words of Wilkins and Ouchi (1983), are built around founders/leaders who have strong ideas about what they want to achieve and how it is to be achieved. The

principal mechanisms that are used for building such cultures are not primarily the obtrusive ones such as induction and training, but the relatively unobtrusive ones such as stories, sagas, myths, etc. It may be noted that a comparative study of the prevalence of organizational stories in strong (Theory-Z-firm with a clan governance) and weak (Theory-A-firm with a bureaucratic governance) cultured organizations by Wilkins (1979) revealed that there are significantly greater number of stories told in the Japanese-like American Theory-Z-firms than in the more bureaucratic American Theory-A-firms.

V. CHANGE OF CULTURE, AND CULTURE OF CHANGE

There is a strong view that one of the major functions of culture is to provide the organization-members with a framework for understanding, interpreting and dealing with unfamiliar situations. 'Strong cultures' are therefore considered to be useful in promoting efficient organizational performance (Deal and Kennedy, 1982). This opinion is not unconditionally endorsed by all researchers. Wilkins and Guchi (1983), for instance, found that a clan or strong culture is cost-effective only under conditions of ambiguity, complexity and interdependence. Another point of view (Starbuck et al., 1978) is that strong cultures are efficient only in the short run. Heavy investment in ideologies and commitments to them are helpful in the short run because they clarify goals and promote efficient utilization of resources. But in the long run goals grow diffuse, technologies change and new interpretive schemes become necessary. High investment in current ideologies make experimentation and discovery almost impossible. The organization, then, fails to understand its new environment and to evolve effective solutions to its problems. As a consequence it begins to stagnate. Thus it would appear that a strong culture is necessarily antithetical to organizational dynamism.

There is reasonably good research support for the persistence of organizational beliefs and ideologies. Opportunities for deviations from existing cultures arise when new members join the organization. However, entry-level screening serves to minimise potential deviations (Kanter, 1977). Nevertheless, it should not be assumed that organizations can always choose members solely on the basis of their ideologies; they need various competencies and specialities, and so people with differing ideologies do come in. Organizations then try to socialise them into their ideologies (Luis, 1980; Van Maanen, 1976). Such efforts are largely successful because when one or two new members join a cohesive group, the new members will end up either espousing the shared beliefs or leaving the group (Hirschman, 1970). One of the most illustrative examples of this phenomenon is described in a case study of a counter culture in General Motors (Martin and Siehl, 1983), where the leader of the counter-culture movement had to finally quit. In most cases, a counter-culture movement is unlikely to develop. People follow their beliefs in familiar situations; but in novel situations, such as that of new recruits they would imitate the existing members' acts and then would start looking for ideas that would justify their acts and reject other ideas that make the behavior irrational or wrong (Kiesler, 1971; Loftus, 1979; Salancik, 1977; Sproull, 1981; Staw and Ross, 1978). This is especially true of public and volitional acts. Moreover, people like to experiment when their beliefs are ambiguous; they act, see the consequences and select what they should believe (March and Olson, 1976; Weick, 1979). Thus organizational cultures are so persistent that even when the environment changes, organizations refuse to change and run into crises (Starbuck et al., 1978), which is impossible to resolve without a cultural change. Hence, the most effective turnaround strategy for such organizations is to replace the top-management en-masse

(cf. Khandwalla, 1981; Nystrom and Starbuck, 1984; Schendel et al. 1976). In other words, the founder-culture is difficult to change except under a founder-equivalent. Therefore, the successful internal change-agents in well managed companies are "tinkerers rather than inventors, making small steps of progress rather than conceiving sweeping new concepts" (Peters, 1980).

How do these 'tinkerers' operate? One theory is that they remain 'heretics' (who hold different personal ideologies) and bide their time, without becoming 'deviants' (who behave against the norms of the organization). This is possible because our socio-cultural norms endorse organization's efforts to control members' behaviour, but controlling their personal ideologies is considered to be illegitimate (Harshbarger, 1973). It is during crises that such covert heretics can act. When the organization incurs heavy losses and faces external pressures, many an unconventional course of action may come up for consideration by the management. Their ideological implications would not be apparent, and it would not be difficult for the 'heretics' to persuade the organization to choose one course or the other. The commitment to one type of behavior later may induce a shift in the ideology and culture of the organization (Jonsson and Lundin, 1977).

It appears that, since a change of culture is rather difficult to achieve, the founders of organizations should take care to foster a culture of change (dynamism) within their organizations so that the latter would be capable of dealing with the future changes in the environment. In other words, the culture should simultaneously facilitate stability and change (Dunbar et al., 1982). The Life-Cycle theorists hold that a change in culture is called for not only to deal with changes in the environment but also to take care of the

growth of the enterprise (Chandler, 1962; Clifford, 1973; Weiner, 1972; Kimberly and Miles, 1980; Steinmetz, 1969). The general theme of this theory is that as the firms grow, the entrepreneurs must undergo a style-change or be replaced by a professional manager in the 'bureaucratic' tradition. However, it may be recalled that Smith (1967) observed that the change of style is required only for the craftsman-entrepreneur, which implies that there are entrepreneurs (opportunistic entrepreneurs, for example) who can build dynamism into their organizations. These are the adaptive organizations which register a much faster growth-rate. The principal mechanism for building dynamism seems to be capability development (Ganesh, 1984). If men are chosen on the basis of their competencies rather than their personal ideologies, and given sufficient freedom to act, the organization will have a group of the so-called potential heretics who would be able to conceive and implement change as and when required (Dunbar et al., 1982; Harshbarger, 1973). Perhaps it is advisable to provide a long-rope to counter cultures so that there is a safe area from where creative and innovative ideas can emerge (Martin and Siehl, 1983; Tunstall, 1983). The founders of Honda Motor, Soichiro Honda and Takeo Fujisawa provide excellent examples of building dynamism, innovativeness and professionalism into the organization. True to the traditions of oriental philosophy, they believed in the continuity of life though not of individuals, and did not particularly want their family members to succeed them. Instead they developed an expert system so that there would be several Soichiro Hondas in place of one, who would have the innovative ideas required for meeting future change needs (Sakiya, 1982).

VI CULTURE OF INNOVATIVENESS

It is clear from the above discussion that innovativeness is linked with dynamism and both these are linked with professionalism. Soichiro Honda started his company with an innovative thrust, as expressed by his motto : "Technology first". However, it would have been impossible for him to institutionalize that spirit, had not Fujisawa developed the professionals and experts and made such structural changes that would permit them to freely operate. The founder should not only develop his subordinates but also have faith in their ability to handle their jobs independently. Honda used to say: "The driving force behind corporate success is ideas. Therefore... priority must be given to the ideas of those who work at the job, rather than to technology itself. True technology is the crystallization of philosophy". Even the workers were trusted so much for their competence that they were exhorted to operate the machines without using the manuals: "Don't you know that these machines were made well before the instruction manuals were printed? Technology makes progress everyday. You must try to obtain a better performance than that given in the manual". As for the expert cadre, there used to be constant debates between them and the top management. Ideas were respected for their own sake and not for the sake of their origin so that even Honda had to give up his cherished idea of air-cooled car engine in deference to the opinion of his experts. At the board meetings Honda and Fujisawa were eager to prevent what Janis (1972) would later call 'group-think': they never used to attend the board meetings so that the other members could have a free and uninhibited discussion. Thus, the founder of Honda Motor were careful in developing their men at all levels and encouraging them to think independently.

Sponsoring of innovations at Honda Motor (Sakiya, 1982) illustrates the process of how an innovative culture is developed in an organization. The founders of such organizations are creative individuals many of whom have had frustrating experiences of not having been able to exercise their creativity in their previous jobs. They are often persons with very strong ideas as to what to do and how to do, often expressed by a catchword or slogan (Truskie, 1984) such as those of Honda Motors (Technology first), IBM (Customer service), Hewlett-Packard (Individual creativity and informality at all levels), Delta Airlines (Delta family-feeling), AT & T (Universal service in a regulated environment), Digital Equipment Corporation (Corporate individualism) and Wang Laboratories (Streetwise application of technology). However, their commitment to a particular ideal or philosophy does not make them blind to other points of view. In fact, the continuance of 'the innovative thrust' depends largely on how freely the professionals are allowed to discuss and experiment with their new ideas. Most of the innovative entrepreneurs are aware of it and provide for it probably because they have learned the lesson the hard way from their previous job experience. Bleicher et al., (1983), when discussing innovation in high-tech organizations, draw similar conclusions from a few cases. They observe that innovative high-tech organizations are characterised by (1) decentralization and delegation, (2) small flexible units, (3) downstream-coupling (e.g. between R & D, production, marketing, etc.), (4) matrix structures, (5) free flow of communication, and (6) frequent changes in personnel policies to accommodate talented people. They also note that these findings corroborate the observation of Peters and Waterman (1982) that successful companies concentrate more on soft 'S' (staff, skill, style and superordinate goals) than on hard 'S' (strategy, structure and system).

VII CULTURE OF PROFESSIONALISM

It may be recalled that the life-cycle theorists have argued that as the organizations grow, the founder-entrepreneur has to undergo a style change or be replaced by professional managers. Implicit in this theory is the assumption that the founder entrepreneur is not professional enough to manage the growth of his company. He is believed to be characterised by autocratic style, unilateral decision-making and short-term orientation which are hardly the requirements of the second stage of organizational growth (Thain, 1969). Collins, Moore and Unwalla in an earlier study (1964) observed that since a majority of entrepreneurs are persons who left their previous jobs because of their difficulty in dealing with authority figures, it is natural that they fail to develop or feel comfortable with bureaucratic hierarchies. A recent study of small and medium-sized firms in Netherlands (Goeraerts, 1984) has confirmed that owners are reluctant to share power even when they are legally obliged to do so. Besides it was found that there was greater differentiation, formalization and specialization in companies managed by professionals than in those managed by owner-managers. Salancik and Pfeffer (1980) have found that executive tenure is unrelated to organizational performance in owner-managed companies, whereas they are positively related in management-controlled companies, which implies that there is greater professionalism in the latter. Similar results are obtained by Pondy (1969) in a study of Administrative Intensity (AI) which is defined as the proportion of managers, professionals and clerks to craftsmen, operatives and labourers. It was found that AI increases with separation of ownership and management. A recent study by Smith and Miner (1983) has revealed some differences between entrepreneurs and managers which confirm earlier research on entrepreneurial

professionalism. The average entrepreneurs do not possess a degree of managerial motivation as high as that of the average corporate middle manager. They do not express a strong need for power; nor do they show a high degree of competitiveness.

Thus, there seems to be a convergence of research findings in favour of the position that entrepreneurs rarely possess professional orientation. There are, of course, some basic differences between entrepreneurs and professional managers. Schein (1983) makes a comprehensive list of the aspects under which the founders/owners differ from the professional managers. He points out that there are important differences with regard to their (1) motivation and emotional orientation, (2) analytical orientation, (3) interpersonal orientation, and (4) structural and positional placement. These differences, apparently imply that it is almost impossible for a professional culture to evolve from founders and owners. However, it may not be inappropriate to take a clue from a lone dissenter (Smith, 1967), who found that while a particular category of entrepreneurs whom he calls the craftsmen-entrepreneurs conform to the widely held view, the other group whom he calls, the opportunistic entrepreneurs create conditions for their organizations to adapt to changes and grow. So the latter do not have to undergo a style-change or get replaced. The cases of innovative entrepreneurs building professional organizations, some of which are quoted above offer additional support to the position that not all entrepreneurs are averse to a professional culture. Perhaps the research studies quoted in support of the opposite position have sampling biases. Most of them have studied small and medium organizations. In their effort to get hold of the 'pure' entrepreneurs, they might have ended up studying the firms that have

not grown into large corporations. Obviously, they will not be showing any professional orientation. What is proposed here is that there is a type of entrepreneurs/founders who are able to professionalise their organizations and make them dynamic and innovative. Some specific propositions are discussed in the next section.

VIII DISCUSSION AND CONCLUSION

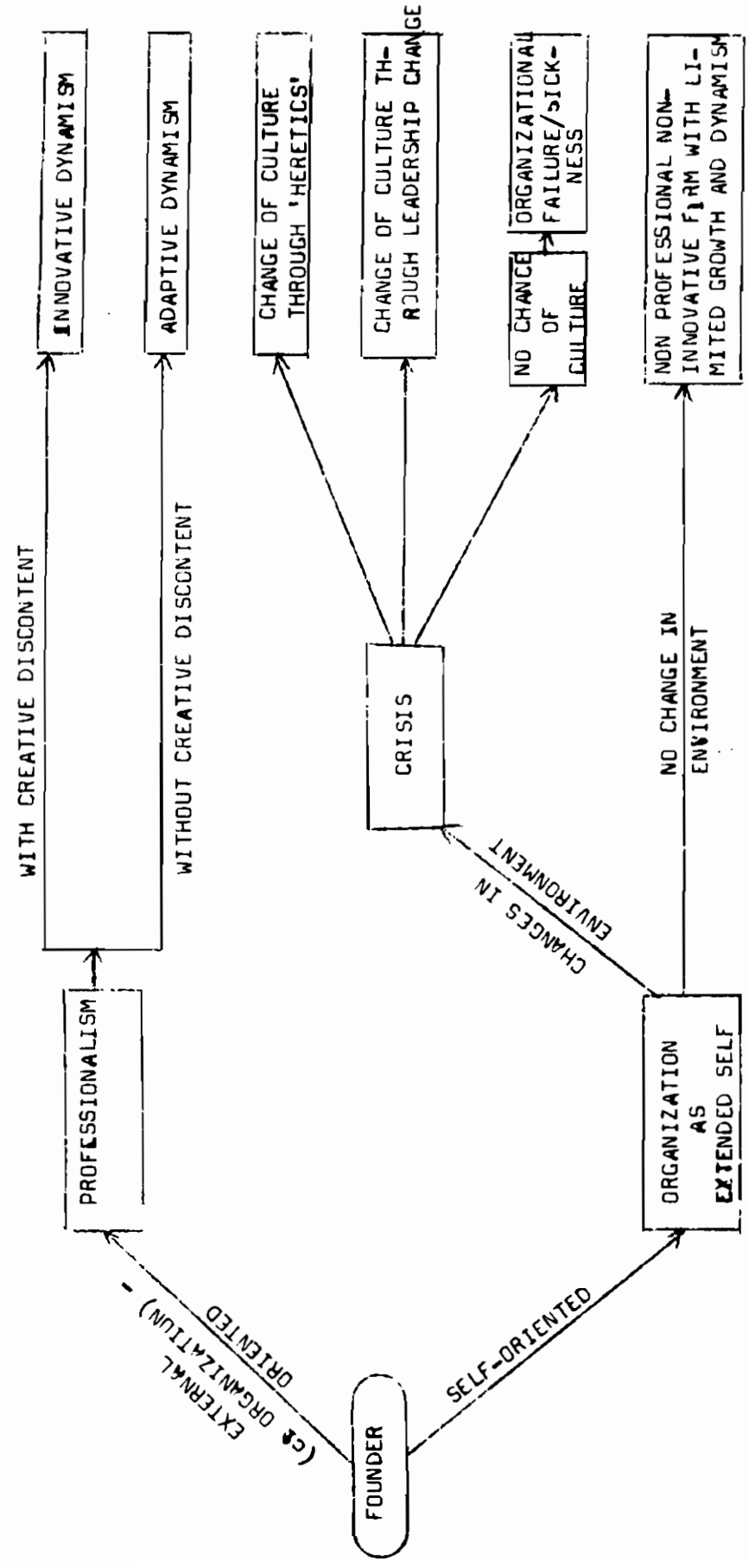
The review of literature on the influence of founders on organizational culture with special reference to professionalism, dynamism and innovativeness suggest a few hypotheses. Some of them are obvious conclusions from the existing research, while others are inferred from them :

1. Organizational culture is perhaps the most dominant influence on organizational characteristics and performance. It exerts a causal influence on such apparently independent variables as size, structure and technology.
2. Culture springs from an organization's need for action. The founder being the principal source of action, communicates his ideologies and beliefs directly and indirectly through the choice of actions.
3. Since founders usually occupy positions of authority or are respected as the ultimate source of authority in the organization, their impact on the organization's culture ^{is to} ~~is likely to~~ be greater than that of any other member.
4. Founders having a very clear idea of what to do and how to do are likely to send strong and consistent messages which, in turn, would lead to the creation of 'strong' cultures, where the intensity of value-sharing is very high. This is why spin-off founders are usually creators of strong cultures.

5. Strong cultures are likely to make greater use of relatively unobtrusive mechanisms of enculturation, such as sagas, stories, myths, etc. than weak cultures.
6. A change of culture is difficult except during crisis or after a relatively 'total' and 'deviant' change of leadership. This implies that under normal conditions the founder-culture is likely to continue and can be changed only during crisis and usually with the help of a founder-equivalent.
7. Since a change of culture is rather difficult, it is important that the founders build a culture of change into their organizations, if they want their organizations to survive and grow in the ever-changing environment.
8. A culture of dynamism and innovativeness can come out of a professional orientation on the part of the founder. However, not all founders are capable of having and fostering this orientation. It is proposed that professional orientation is linked with the founder's motive of establishing an organization.
9. Entrepreneurs may be classified into (1) self-oriented and (2) external (or organization) - oriented. The latter are more likely to create a professional organization, while the former would like to treat the organization as their extended selves. (A model of the founder's influence on organizational culture is given in Figure-3, which along with the terms are explained subsequently).

The classification of founder entrepreneurs is based on their predominant interest. It is generally believed that the economic man is an

Figure - 3
 FOUNDER-TYPE AND ORGANIZATIONAL CULTURE OF PROFESSIONALISM, DYNAMISM & INNOVATIVENESS



Note: Dotted line indicates likely, but not necessary causal influence.

embodiment of self-interest (Meyers, 1983). This is true in many cases. Entrepreneurs whose primary motive is self-aggrandisement through profits, personal 'glory' and so on are classified as self-oriented entrepreneurs. There is, however, another group of entrepreneurs whose primary motive is the accomplishment of something outside themselves, such as providing a much needed service to people, implementing an innovative idea, and so forth. These are the external-oriented or organization-oriented entrepreneurs. There is a kind of unlightened self-interest. These individuals will be concerned about building a professional organization because that is required for the accomplishment of the 'external' objective. Many of these are likely to have experienced creative discontent on their previous jobs from where they had become keenly aware of the inadequacy of the existing approaches towards servicing specific customer needs or promoting creative ideas. Such entrepreneurs are likely to create organizations characterised by innovative dynamism. The sub-group without this creative discontent are likely to create organizations characterised by adaptive dynamism, where the organization is able to adapt to change, in the environment but is not equipped to introduce changes 'suo moto'.

The self-oriented entrepreneurs create organizations that are nothing more than their own extended selves. Such organizations will be non-professional non-innovative and will be characterised by limited growth and dynamism. They get a chance to change when the relevant environment changes to their disadvantage. A crisis is generated and the organization cannot cope with it using its existing cultural frame of reference. 'Horotics', if there are any, may force the organization to make unconventional choices which may slightly alter the existing culture. The organization moves

towards adaptive dynamism. If, however, there are no effective 'heretics', the organization may be forced to undergo a change of leadership, which may take it to adaptive dynamism or innovative dynamism. In case the organization does not adopt a course of culture-change through either of the above means, it is likely to experience sickness or failure.

The model proposed above is at best an inference from existing research studies on the development and change of organizational culture. The effort was to identify the type of founders who would be able to create professional, dynamic and innovative organizations which are the principal instruments of economic growth, and hence are the need of the hour of developing nations. The unanswered question is how to create the 'external oriented' entrepreneurs. It may largely depend on the development of a 'conducive' environment, the identification and fostering of which might involve a good deal of further research.

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