Original Paper

Managing Global Competition in Affiliative Societies

A Case of India

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Abstract

Business organizations that are based on strong relationship among employees across all organizational levels are known to demonstrate consistent performance in the areas of innovation and customer service. In affiliative societies, family relationships and child rearing practices lead to a strong need for belongingness, acceptance and dependence among people. This paper discusses how these attributes, deep rooted in the culture of affiliative societies, can manifest as strength rather than a weakness in organizations. The paper discusses the characteristics of such ‘family-like’ or affiliative organizations with live examples. It also identifies differences between these and those that are commonly referred to as employee-centered organizations.

Keywords

relationship-oriented organization, employee-centered organization, affiliative culture

1. Introduction

The Indian economy and businesses experienced a boom period during the last decade of 2000 and early years of the current century. During this phase, Indian businesses did not seriously experience the impact of globalization, except in automobiles, consumer durables, FMCG, readymade garments and a few other sectors. In these sectors many established companies lost their markets to incoming competitors. Many countries, like India, are obliged to further open their economies to retail trade, services and areas where competitive edge is primarily gained from high business responsiveness, creativity and innovation, customer service and knowledge applications. Most organizations in India, not withstanding their current standing in the market or size, are seen to be wanting in these characteristics and need to strengthen these in their operations if they wish to compete in the globalized market.

This paper draws on reported research findings in the relevant areas in social sciences, organizational
research conducted in India, the authors’ own extensive research and consulting experience in the field of organizational development, to discuss some ways that may help companies to prepare better for competition. Although it focuses on India, the authors believe that the considerations apply equally to companies that operate in any affiliative societal culture. These companies face two types of challenges: (i) to develop a cohesive, interdependent and self-reliant social system in the organization, and (ii) to develop systemic consultative approaches in decision making at all levels, including the top and the senior management.

1.1 Changing Work Demands

Operating in protected market conditions has resulted in most organizations to develop structures that are marked by decision-making and administrative controls at relatively high levels of the hierarchy, and functional divisions which tend to operate as self-seeking units. These organizations tend to create an observable distinction between managers (we) and operatives (they). The system operates through informal or formal agreements between ‘we’ and ‘they’ and among groups within. Such organizational conditions thrive when markets are relatively stable and do not influence the practices within the organization (Sinha, 1990a).

However, in the emerging global competitive environment the market forces become the critical concern for any business organization; its market standing, and often survival, depends on how competently and timely it responds to these forces. In a stable market situation, it is the resource base, size and geographical spread, and to some extent technological strength, that decide the market position of firms. In more dynamic situations, however, the competitive factors change to emphasize product innovation, quality of service, knowledge base, and near instant response to market changes. How do these factors influence the internal organizational and managerial aspects of the company?

In broad terms, every functionary within the organization, not just the marketing function, has to understand the centrality of the market (Gerstner, 2002; Nohria, 1999). The organization has to encourage creative freedom and ownership amongst its employees to improve performance, to innovate new products, and to continually improve product quality, service, and market responsiveness to remain ahead of its competitors. These performance characteristics warrant voluntary and seamless cooperation amongst various functions, transparency and open exchange of ideas, experimentation, and shared end goals. These attributes and patterns of behavior need to be consciously developed (Dayal, 2012a; Singh and Bhandarkar 2002).

If organizations that have operated in protected markets such as India decide to prepare themselves to effectively compete in the global market, they would have to bring about changes in three essential areas:

1) Organizational structure and management practices that encourage creativity and innovation, and interdependence and collaboration among functions,

2) Ways of involving people so that they willingly accept responsibility for what they do, and

3) Leader style.
Based on consulting experience and case studies of companies which have acquired leading positions in the market, and research findings, we have briefly discussed below the nature of changes that these three aspects require (Dayal, 2012a; Sinha, 2004).

2. Work Organization

Following Kurt Lewin’s (1948) work with groups during the World War II, and several other studies of dynamics of groups, the Tavistock Institute in London postulated that employees derive satisfaction in their work when they are responsible for the whole task. Hence, technology broken into interdependent segments requires human organizational units, such as groups, to be collectively responsible for the total task; conditions must exist within the task boundaries to establish shared goals and collective responsibility amongst people (Trist and Bamforth, 1951; Rice, 1958; Dayal, 1967). Groups can function as groups only when they can establish collective and shared goals among and between its members. This requires tasks that need contributions of many people, or interdependent functions that have shared goals, and work systems that provide opportunity for people to interact freely, and develop a sense of mutuality. Cooperative environment in an organization is an outcome of such conditions rather than a prerequisite in itself. Organizations which rely on creativity, efficiency and knowledge to compete in a competitive market, and need a strong service base, must create conditions that lead to cooperative behaviour in their operating systems. We have summarized later in this section, the experience of five organizations which exhibit attributes that are necessary for them to lead their markets. Basically, these conditions, at the minimum, require the following:

1) Collapsing the levels, or tiers, of organizational hierarchy and decentralizing responsibility for decisions at each level. The responsibility and expected outcomes must be based on agreed criteria, not on arbitrary decisions. The collapsing of levels is also necessary for faster and more accurate communication of market information throughout the organization.

2) Departmental boundaries have to be blurred with greater reliance on inter-functional teams to promote cooperation, as it happens in Japan. Organizations will need to evolve mechanisms to replace departmental goals with shared corporate goals.

3) Wide scale training, seminars, and workshops are needed at all levels to explore and share ideas.

4) Most organizations often need to re-design or enlarge job content for operatives to be able to exercise greater discretion. At the Glacier Metal Company in London which experimented with many new ideas, their consultant Jaques recommended that if a job does not have discretion, it should be mechanized (Brown and Jaques, 1965).

2.1 Managerial Characteristics

The Table 1.0 identifies managerial characteristics in five organizations which have been rated highly in the market place. Two of these are from the United States, one from Japan and two from India. The characteristics are drawn from our discussions of case studies in the classroom, literature, and our
consulting experience.

All the five companies identified in Table 1.0 are highly respected for their products as well as their work cultures. They are very innovative and continue to be fast growing. Employees show extraordinary commitment, initiative and high levels of energy.

**Table 1. Characteristics of Companies Respected for Their Products and Work Culture**

<table>
<thead>
<tr>
<th>Organizational Characteristics</th>
<th>IDEO (US)</th>
<th>3 M (US)</th>
<th>TOYOTA (JAPAN)</th>
<th>Eicher (India)</th>
<th>MART (India)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Openness and Participation</td>
<td>A lot of meetings for brainstorming; includes everyone who wants to join experimentation</td>
<td>Multiple formal platforms to share and discuss</td>
<td>Company wants everybody to know everything</td>
<td>Company consults and seeks help from employees</td>
<td>Lot of meetings on projects</td>
</tr>
<tr>
<td>Autonomy to individuals to plan and schedule their work</td>
<td>Employees could enlist anyone for help irrespective of the latter’s location or division within the organization</td>
<td>Toyota garners ideas from multiple formal platforms to share and discuss various developments and experimentation</td>
<td>They encourage employees to be forthcoming about anything</td>
<td>Company wants everybody to know everything</td>
<td>Employee free to choose a policy and people project, or opt out of it</td>
</tr>
<tr>
<td>Respect and Trust</td>
<td>Genuine respect for new ideas and inventions</td>
<td>Have a culture in which innovation and respect for the individual are central</td>
<td>High respect people and their capabilities</td>
<td>Genuine respect for people – highly respected employees feel that they own the company</td>
<td>Individuals in all decisions</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th><strong>Attitude to Failure</strong></th>
<th><strong>of</strong></th>
<th><strong>Culture of research and experimentation</strong></th>
<th><strong>Near impossible goals cannot be achieved without experimentation-employees</strong></th>
<th><strong>No data available</strong></th>
<th><strong>Failures are seriously reviewed for learning</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>High emphasis on taking; experimentation well-intentioned failures are accepted</strong></td>
<td><strong>Organization</strong></td>
<td><strong>High performers are given more challenging assignments</strong></td>
<td><strong>Company uses five criteria; all of these are fuzzy and subjective.</strong></td>
<td><strong>Employees are rated by peers including people they interact with relationships</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Performance criteria and Rewards</strong></td>
<td><strong>Employees are assessed by peers – who are chosen by the employee publicly in the form of stories.</strong></td>
<td><strong>Employees are given promotions, membership of exclusive club called Carlton Society.</strong></td>
<td><strong>High performers are given promotions, membership of exclusive club called Carlton Society.</strong></td>
<td><strong>Employees are rated by peers including people they interact with relationships.</strong></td>
</tr>
<tr>
<td><strong>Structure and Formalization</strong></td>
<td><strong>Company discourages formal titles or codes of behaviour that led to a break through because people persisted embargo.</strong></td>
<td><strong>Senior managers often talk about hierarchy but employees have complete freedom to “push back” “approach anyone for advice for their areas of interest.</strong></td>
<td><strong>Company has a strict structure but anyone can approach anyone for advice for their areas of interest.</strong></td>
<td><strong>No designations; individuals are free to choose their areas of interest.</strong></td>
<td><strong>CEO is highly respected and anyone can approach him.</strong></td>
</tr>
</tbody>
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disbanded after  
the project is 
completed  
not thrown aside  
but listened to  
carefully by  
seniors  
any time

| Leadership | CEO is totally non-interfering | Management is concerned with overall performance and looking after people | Management’s primary concern is development of company | Employees have total freedom to choose their involvement in projects. |
| Believes in total freedom to individuals to plan their own schedule and conduct their life as they choose | Strong belief in entrepreneurship | Strong belief in individual entrepreneurship | Senior mangers create conditions for people to value corporate ways of operating | Strong belief in individual entrepreneurship |
| CEO primarily concerned about developing a culture of family-like environment and collective decision making | Management is concerned with overall performance | Management task is to build independent capabilities of employees | To provide conditions to employees to develop and gain self reliance | Management is concerned with overall performance |
| Employees have total freedom to choose their involvement in projects. | CEO is totally non-interfering | Management is concerned with overall performance and looking after people | Management’s primary concern is development of company | Employees have total freedom to choose their involvement in projects. |

2.2 Ways of Involving People

Culture is country specific. The socio-psychological attributes are primarily acquired in the process of primary socialization in the family. These attributes are imbedded in the psyche of the individual and guide his/her perceptions of the external reality throughout life. The internationally recognized psychoanalyst and social thinker, Sudhir Kakar (1981) writes, ‘Feelings, impulses, wishes, fantasies – the dynamic content of the inner world – occupy the deepest recesses of the psyche. Ephemeral to consciousness, rarely observable directly, they are nonetheless real enough.’ Elsewhere, Kakar and Kakar (2007) write, ‘…as the neurologist and philosopher Gerhard Roth observes, "Irrespective of its genetic endowment, a human baby growing up in Africa, Europe or Japan will become an African, a European or a Japanese. And once someone has grown up in a particular culture and, let us say, is 20 years old, he will never acquire a full understanding of other cultures since the brain has passed through the narrow bottleneck of culturalization."’

In industry the relevance of this consideration has been widely written in books and articles following the phenomenal success of Japanese products which competed successfully with American products. To rebuild their economy shattered during the World War II, the Japanese borrowed ideas from American experts, notably Edward Deming, but adapted them to harmonize with their own cultural orientation.
and the wider society. These practices developed into collective ways of working using TQM and Kaizen (Liker and Ogden, 2011). This orientation greatly helped the Japanese industry to build highly productive, homogeneous and family like affiliative human systems at work.

In India in the first quarter of the twentieth century, some of the early entrepreneurs who grew their small businesses into scaled-up enterprises followed family-like practices in their organizations. The CEO was seen as the father figure and was often approached by employees for advice on various matters. These organizations celebrated festivals and religious occasions together with their employees. While a few companies still follow some of these practices, most continue with the models and bureaucratic structures that were adopted post-independence from British and other European multinational companies. This paper is based on the basic premise of integrating socio-psychological attributes of individuals with management and organizational practices (Argyris, 1959) so as to engender socio-technical optimization.

2.3 Essential Features of Family Relationship

In a research conducted to collate the nature of relationships in Indian families, Dayal and Mazumdar (2011) interviewed 100 families distributed across three states and the Indian Capital. These locations were dispersed geographically and covered a broad socio-economic spectrum. The basic nature of relationships extracted after content analysis of these interviews is produced below. The study findings tally with earlier accounts of child rearing practices surveyed in 1978 by the first author (Dayal, 1978).

In an Indian joint family, a child is looked after and cared for by any member of the family who is around; he/she receives attention of many people because no distinction is made between ‘my’ and ‘your’ child. He always has company of other people who indulge him (Kakar and Kakar, 2007; Dayal, 1977; Patel-Amin & Power, 2002; Sinha, 1990b).

His learning starts very early – not always through formal lessons, but also informally through approvals and disapprovals of his actions, which are interpreted by him so that the meanings are imbedded in his psyche.

The family stands by him in whatever adverse situations he may encounter. His membership of the family and the community is taken for granted and never questioned. The bonding is strong and deep and emotional in nature. He develops a feeling of total acceptance and a strong sense of emotional attachment and belonging. The family gives an individual his identity. In the community he is often referred to as the son/daughter of such and such family, and rarely by name.

In brief, the socio-psychological attributes as derived from family relationship are summarized below:

I. High emotional interdependence on each other

II. Greater comfort in seeking advice from family members; decisions in the family are generally made after informal consultations

III. High need for appreciation by the family, community and society

IV. High degree of tolerance to erring behaviour among members
V. Elders in the families often sacrifice their own comforts and materialistic pleasures for younger members

VI. Help one another in the face of adversity/tribulations

VII. Family system generates dependence and a strong need for belonging/inclusion

VIII. Respect for elders

2.4 Employee Practices

Employees find adjustment to an organization easier when management practices are based on relationships. Such organizations are referred to as relationship-oriented or family-like or affiliative organizations. As mentioned earlier, Japan organized social systems in work organizations drawing from the sentiments of the wider society. The norms and social practices evolved by them made the adjustment of employees to work, and their attachment, easier. These practices contributed to a strong sense of belongingness.

At work, very often the basis of the individual’s relationship with the organization is contractual which conveys, ‘we pay you and in return expect a quantum of work and compliance’. Understandably, this is unlikely to evoke emotional involvement of the individual in work situations. His response to the work situation is different, though, if the environment is based on relationship, and his experiences and interactions at work create a sense of belongingness. In response to contractual relationship, he may continue to work just enough to be able to retain his job, but voluntary collaboration or total commitment to the company is unlikely. For example, our studies of strike in well-paying companies like Jay Engineering, Maruti, Dunlop, Air India and others show that employees’ demand for salary and perks keeps on increasing with time, notwithstanding the financial position of the organization. Some of these employers have been known to engage their people proactively and are referred to as employee-centered. On all accounts, employees are happy to work in these companies but rarely have a sense of belongingness. On the other hand, in companies marked by strong relationships, employees are more likely to develop a stronger feeling of ownership.

An example from MART, which is a relationship driven organization in India, will illustrate the difference between employee-centered and relationship-oriented organizations.

MART is a consulting organization specializing in rural marketing with a focus on rural development. They are headquartered in Delhi but have offices in several other Indian cities and consult on projects spread over India and other countries in Asia and Africa. They have about 100 employees.

The first author has written a case on MART which involved detailed interviews with the CEO and several employees (Dayal, 2012b). The company is modeled after an Indian joint family. They have no formal titles. Employees frequently consult one another on business and family matters without hesitation. In our interviews we observed that employees displayed a strong sense of belongingness to MART, and a feeling of ownership.

Employees choose projects or opt out of a project depending upon their interests and learning/development needs. All projects are handled by groups of two or more persons. The CEO is
available to employees whenever they need help. When an employee has some problem, his/her work arrangement is changed. For example, one employee wanted to resign because she had to be home during working hours. The CEO rearranged her working hours to accommodate her family commitment. She said she had not thought of this solution; that is why, although very reluctant to do so, she had thought of resigning.

The present example is that of a project where the CEO did not want to bid because MART did not have the technical capability or the resources which the project would require. But the employees wanted to bid for it because they did not want to let go of the opportunity to enter the new area promised by the project. So they took their own initiative and negotiated with an organization for technical help and developed the needed capabilities and resources. They told the CEO about their arrangements and MART went ahead to bid for the project.

In a sense, employee-centered management and family-like organizational practices evoke different kinds of emotional attachment and reactions among employees. In our example, MART clearly exhibits family-like characteristics since the practices and processes initiated and followed by the organization evoke strong emotional attachment among employees and a sense of belongingness and ownership, similar to what they have in family relationship. The present state of knowledge suggests that in an affiliative society, the ‘family’ is the most appropriate model for developing a sense of belonging, acceptance and ownership behavior in organizations.

It would not be out of place to draw comparisons between such an organization and the employee-centered organization as there are striking similarities between the two.

2.4.1 Comparing Family-Like and Employee-Centered Organizations

1) Employees are happy working in both and are appreciative of the organizations where they work.

2) Employees are willing to accept changes in work and cooperate among themselves. They help one another when needed.

3) When an employee has a grievance he approaches the supervisor in an employee-centered organization more often than he/she does in the family-like organization. In the first type they demand for more facilities. In the latter, they are more likely to understand the compulsions and seek ways to find solutions.

4) If a more remunerative job offer presents itself to an employee, he/she is more likely to accept it in an employee-centered organization than in a relationship-oriented organization because his sense of belongingness is greater in the latter.

5) Employees in relationship-oriented organizations are likely to be more creative and self-reliant than in employee-centered organizations.

6) Employee-centered organizations voluntarily, or as expected by employees, work to improve service conditions. The relationship-oriented organizations take holistic measures and follow a conscious strategy to develop a sense of belongingness and ownership. Both
strategies work in practice. However, in an affiliative society, employees of the relationship based organizations are likely to demonstrate greater creativity, ownership and self-reliance.

3. Strategy for Change

How does an organization bring about a transition to the desired system?

Steel Authority of India Limited (SAIL) undertook a massive programme of modernization in the mid-eighties under the chairmanship of V. Krishnamurthy. The detailed account is available in SAIL documents and our research based publication (Dayal and Aggrawal, 1995). Some initiatives of SAIL that resulted in improving work culture from near stagnation to significant growth are reproduced below.

Krishnamurthy called an off-site meeting of the executive directors and divisional heads, and in his opening remarks said that they must identify what they have done and not done in the organization for employees to feel alienated and uninvolved in their work. Instead of engaging in fault-finding and defensive behavior, the top management adopted a more introspective role with the aim to improve the human relations scenario.

The departments began engagements with employees to explain the current problems facing the organization and asked for their suggestions to improve the position of the company. The extensive discussions led to identification of problems by employees, which were expeditiously remedied.

The departments had meetings at regular intervals not only to discuss problems but also jointly take decisions on a variety of issues. The employees on their own decided to forsake overtime payments of several millions and improve attendance.

The company arranged training programs for all the 2.9 lac employees and supervisors and set up a training center for conducting training in areas related to better managerial practices.

In our study in Durgapur Steel Plant (a SAIL unit), we interviewed a large number of managers and employees. We attended meetings of the trade union executives. In spite of the history of violence and non-cooperation by unions, everyone was positive about the new approach.

We believe that SAIL achieved a breakthrough in rebuilding relationships. But consultation alone does not create a stable and strong environment of cooperation. To develop trust and greater initiative by employees, the organization has to give decision making and problem solving responsibility down the line. In this process, many jobs may require enlarging and self-contained groups with responsibility for results may have to be created.

Other experiences of change in organizations in India have deliberately involved employees as a strategy. Companies such as Crompton Greaves (Nohria, 1999), HCL Technologies (Nayar, 2010), Indian Bank (Kumar, 2008) and some others have been led by chief executives who initiated consultative processes and followed employee-centered practices such as problem solving, skill development, grievance redressal, and performance based payments. On the other hand, some
organizations like CMC and MART have followed a strategy of developing a sense of belongingness, acceptance and total openness, and given responsibility to employees which have contributed to gradually developing a strong sense of ownership among them.

4. Leader Role
In the organizations we have listed in Table 1.0, we believe that the leaders have had a deep impact on employee behaviour. These organizations have had leaders who have consistently set the stage for employees to thrive and develop. Such leaders believe in people; their actions and behaviour consistently show that they do. They allow a lot of space to people for them to experiment, occasionally fail, and learn from their failures to emerge stronger. These leaders gain influence by helping others, by being open, and not by being unapproachable. They endeavour to create a culture of openness, trust and equity.

History shows that in India, leaders who have led a simple life in all walks of life, including business, are respected and remembered the most. Distinction needs to be made between the role of the manager and that of a leader. The process of managing consists of getting others to do; whereas, a leader motivates others to want to do (Bennis, 1989).

The premise being discussed here is that relationship-oriented organizations need leaders who are strong in their people-orientation and care for the learning, development and growth of employees.

5. Discussion
In this paper we have contended that relationship based organizations that exhibit family-like characteristics are more likely to successfully compete in a dynamic global market. The organizational behaviour literature has a term commonly used for such employee behaviour – Organizational Citizenship Behaviour (OCB) which has been described as “work behaviour that is in some way beyond the reach of traditional measures of job performance but holds promise for long-term organizational success” (Graham et al, 1994). As a concept it encompasses all positive organizationally relevant behaviours of individual organizational members – these include both ‘in-role’ as well as ‘extra-role’ behaviour.

In this concluding section we would like to compare the family-like behaviour that we have talked about, and OCB.

In a bid to explore the possible antecedents of OCB, the literature talks about three categories of factors – employee attitudinal factors, employee personality factors, and organizational leadership factors. The first two factors lead us to believe that OCB can be construed as ‘individual-to-organization’ behaviour – the focus is more on the attributes of the individual employee. The relationship-oriented organizations, like the ones we have discussed in Table 1.0, on the other hand, are characterized by organizational attributes like trust, openness, latitude to experiment, and so on. In this respect, employee behaviour in such organizations, although resembling OCB, is different from
OCB.

According to Graham et al (1994), OCB is characterized by employees’ covenantal relationship, as opposed to contractual relationship, with the organization. Covenants are “not bargains, but pledges.” They “involve intrinsically motivated effort rather than earning something or getting somewhere”. The same has been said by us about the relationship shared by employees with relationship based organizations. But what causes such ‘intrinsic’ motivation on the part of employees? Our belief is that the genesis of the covenantal relationship lies in such organizational factors as those characterizing relationship-oriented organizations, rather than in individual attributes like attitude and personality. One also must take into consideration the role that an affiliative societal culture plays in shaping this kind of relationship.

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