

OF FATHER FIGURES AND ASSOCIATIONS: A COMPARATIVE STUDY OF MSMES

Shweta Kushal* and Avik Gugalia

Abstract: *Family-owned businesses in India function on basic cultural and value systems that percolate down from the top management to the workers through the middle management. The construction of the benevolent father figure is central to the functioning of this cultural system. This paper explores the impact of this figure in the context of employee association and satisfaction levels. Part of a larger and on-going study, the paper showcases data and findings from two of the organisations studied. In these industries, organisation A and B share the same location, which is the Malwa region of Madhya Pradesh, but different management.*

Key words: *MSMEs, Family-owned businesses, Organisational Culture, Employee Satisfaction, Benevolence in CEOs/MDs*

INTRODUCTION

Organizational performance has been directly linked with MD/CEO inputs through a lot of research, and theoretical studies have linked CEO characteristics such as personal values to process outcomes and even financial performance (Hambrick & Mason, 1984). This is because leaders, through their personal characteristics, tend to define the direction and face of an organisation. Moreover, the decisions of leaders seem to imprint the firm with their values (Agle, Mitchell & Sonnenfeld, 1999). It has also been observed that leaders choose their strategic options dependent not only on their cognitive bases but also, and more importantly, on their value systems (Carpenter, Geletkanycz, & Sanders, 2004). When applied to family-owned medium scale manufacturing enterprises (MSMEs), these arguments are further highlighted as the acting out of culture is observed in the manner in which the relationships between the senior management, middle management and employees function. Certain values are deemed as socially and organisationally more acceptable than others, and behaviours that exist within these domains are encouraged. These values guide the interpretation of events, as individual perception of events is usually consistent with personal value systems

* Assistant Professor, IIM, Indore

** IPM 3rd Year Student, IIM, Indore

(Hitlin & Piliavin, 2004). To put it simply, any situation can be interpreted in various ways and individuals tend to favour the perspective that maintains or fortifies their basic value systems. The accepted behaviours that are promoted in an organisation are then interpreted by employees to maintain consonance with their value systems. This builds the culture of the organisation by appealing to the employees' ideals of commitment and effort, which, in turn, enhance organisational outcomes (Pettigrew, 1979). This is also substantiated by the anthropological stance on organisational culture, which defines culture as a pattern of shared but constantly recreated meanings (Geertz, 1973). In family-owned MSMEs, the overall structure of the organisation where a "family atmosphere" prevails with the MD/CEO functioning as a benevolent father figure who cares for the employees is one of the most basic models observed in the course of this study. It can be argued that this importance to a familial atmosphere emanates from the deep regard for the family unit that is prevalent in the Indian social systems. The MDs/CEOs then use these strong cultural affiliations and associations to boost organisational outcomes.

This paper explores the manner in which the benevolent father figure of the leader may/may not affect the association as well as satisfaction level of the employees with the organisation. Discussing the concept of benevolence, Berson, Oreg and Dvir state, "*benevolence* is about preserving and enhancing the welfare of those with whom one is in frequent personal contact" (619). The paper will try to explore this meaning of benevolence and test its applicability in the current context of family-owned MSMEs. The current paper studies MSMEs to understand the manner in which the culture of family-owned businesses functions. It tries to comprehend the movement of cultural values from the owner (MD or CEO) of the business down to the worker. It further sees how this percolation in the organisation is achieved and what it does in keeping the value system intact, thereby promoting the idea of a family even in the organisation.

RESEARCH METHODOLOGY

This is an on-going qualitative study that uses in-depth interviews with workers, middle management and top management and/or MD/CEO of multiple organisations to understand the manner in which culture is driven and functions in an organisation. It looks at family-owned MSMEs from different sectors except industries that are engaged in agricultural, food and animal products. During the course of the study, the impact of culture has been visible across locations and through different management styles. In family-owned businesses, this impact is greater as maintaining value systems is important to the family that is in charge. In addition, some of the organisations studied are trying to transition into a more

“corporate” culture, which creates a melting pot of conflicting impulses and facilitates the study of these impulses.

In order to understand the manner in which differences in management affect the cultural makeup of an organisation, the present paper outlines the findings from two of the many organisations that have been studied as part of this ongoing research project. Both these organisations are located in the industrial belts of the Malwa region of the central state of Madhya Pradesh, in India. These organisations will be referred to as Organisation A and Organisation B in the course of this paper. The existence of two organisations in the same location allows for a comparative analysis of the cultural systems of the MD/CEO and their impact on organisational culture. Since the location is the same, the type of labour force employed in the organisations is not very varied. This allows the researchers to focus on the manner in which culture, as driven by the top management, impacts motivation levels in the organisation. For the purposes of shortlisting the respondents within the various organisations, a random sampling method was used. The workers were usually on the shop floor and the researchers approached them without the presence of a person from the management as introducers.

A semi-structured interview was used for the workers, which had questions regarding work experience in the organisation, employee satisfaction with the company for which we asked the employees to rate the company on a ten point scale and asked them to outline their reasons for the rating they gave, and things they would like to change in the organisation. The information gained here was then used to further probe on causes for satisfaction and motivation that the employee felt. The researchers moved from workers to middle management to top management in collection of data. For the middle management, questions regarding the manner in which culture is driven were added along with trying to gauge what they meant by culture. Since middle management is usually responsible for driving the culture of an organisation, it was important to understand the initiatives and techniques that the middle management employed in order to be able to do that. Senior management was required to comment on the responsibility of the management towards its employees and the meaning and importance of culture for the leaders.

The qualitative nature of the study provides a clearer understanding of the manner in which culture influences the systems of an organisation at large and of its employees, in particular. In-depth interviews were able to provide an insight into values such as loyalty, faith in the organisation, commitment levels and motivation levels of the employees. The questions around the “happiness quotient” of the employees provided some perspective, which could be linked to smooth functioning of systems on the shop floor. It is well documented that numbers are

incomplete in reflecting the entire picture when it comes to research questions regarding human value systems and cultural systems. The following discussion outlines the findings of the study in two of the seven organisations that were visited. Both these organisations have been chosen for this discussion in order to highlight the comparative advantages that they provide as outlined above.

OBSERVATIONS¹ AND FINDINGS

Organisation A

Situated in one of the industrial belts of the Malwa region, organisation A has close to 300 workers. The workers organised a massive strike in the year 2008 and there was a lot of anger and resentment in the organisation. There is an in-house union, which facilitated the strike many years ago and is still quite active on the shop floor. Workers are part of this union but today the situation is a little different. In current times, however, the company has been able to turn this around and the respondents' responses to the in-depth interviews tell us that they are largely happy with the place. During the in-depth interviews, the workers were required to rate the company for levels of satisfaction and the scores averaged at 8.2 on a ten-point scale. Their reasons for being happy with the organisation were receiving salary on time (7th of every month); company facilitates home loans and becomes a guarantor for them; timely issue of uniforms; receiving bonuses for Diwali which are disbursed regularly and before time; the organisation of medical camps for the benefit of the employees; easy issue of equipment; feeling of a family unit fortified by the MD meeting with the workers in an informal manner on a monthly basis; the provision of immediate medical assistance which may be recovered from their ESI; no ill-treatment of workers as there is a no tolerance policy about the same and workers are treated as humans and not robots; the union leaders are also part of the workforce and are not involved in unnecessary *netabaazi*². The workers also seemed very happy with the manner in which the atmosphere of a family is prevalent and is promoted in the organisation with the MD at the helm of this promotion.

In addition, Organisation A has undertaken welfare measures such as health camps (which were open to the workers of other organisations in neighbouring areas) and buses were provided to facilitate transport of workers from that region, personalised attention was given to workers in terms of further referrals to hospitals where they would be taken good care of, funding cataract operations and getting a blind child treated who was given personalised attention even after the operation, which, in turn, boosted the morale of the employees, facilitation of various funds that the workers can claim from the MP government, providing attendance bonus and other benefits.

The introduction of a cleanliness drive (in the wake of the “Clean India” campaign) has facilitated further breakdown of distinctions between the MD and his employees as he is as actively involved as his employees in the cleaning of the plant on every Friday. Both workers and owners work together, which results in the enhancement of a feeling of camaraderie and oneness. The message that goes out through this drive, apart from the actual task of achieving cleanliness, is that no work is big or small for anyone. The organisation follows a system of Kaizen where in workers are able to tell the management if they feel there is scope for improvement in the company. All the points of Kaizen are discussed in front of the entire staff and workers during the monthly meetings and employees receive recognition and reward for their innovations. Extensive training has been provided to workers, which enables them to explain products and processes to customers and other visitors that may visit the shop floor (clients and larger companies to whom they supply). Earlier, only the senior members in the divisions would carry out these tasks. Today, the management need not interfere, as the workers are capable enough to conduct these conversations because they have received training and practice for the same (through the monthly presentations that they have to make on the Kaizen that they may want to be discussed, among other things). This has given them more opportunities to learn, has boosted their morale and confidence and has made them feel a sense of achievement through their ability to explain things to esteemed visitors from outside the company. This promoted the idea that the company is invested in their growth and their future potential. Another motivational tool is the best worker award that is given out by the MP government on an annual basis, which consists of a monetary benefit of Rs. 5500, a shield and a certificate. The company sends files of their best workers to the government for consideration, which acts as a huge motivator for the workers. Last year, one of the workers won the award and this has enhanced the zeal for this award in the workers.

These welfare and development measures undertaken by the organisation have resulted in a deep-rooted sense of loyalty in the workers. During the course of the interviews, the workers were repeatedly probed to comment on the shortcomings of the organisation and were reluctant to comment. Many of them just turned away making excuses about getting back to work. It was also observed that the reason for this reluctance did not seem to be fear but was instead a sense of respect, loyalty and responsibility towards the organisation in general and the MD in particular. Since the researchers approached them as independent and not connected with the management in any way, it was surprising to note that workers chose not to engage with the negatives of their workplace. The few comments that were received were applicable to the particular kind of work that they were engaged in and could not be universalised to reflect a general discontent among the workers.

These findings were even more surprising in the light of the massive strike that happened not too long ago. It seems as if the management has been able to realign things and actually gain the loyalty and trust of the workers. While this may seem irrelevant, this was also one of the cleanest plants of all those visited during the course of this study in India. This demonstrates that the cleanliness drive is effective in this organisation because the management and the workers are working together to achieve that goal and highlights the atmosphere of cooperative assistance that is prevalent in the organisation. The next section goes into the details as observed at organisation B.

Organisation B

Located in the same location as organisation A, organisation B shares similar locational challenges such as the existence of unions, fluid workforce due to contractual labour, the resistant to change attitude of the permanent workforce, among others. However, the management at organisation B seems to have employed means that have further estranged their permanent employees while encouraging the temporary and contractual labour to perform better. The sampling in this organisation for in-depth interviews was random while keeping in mind the dynamics that play out on the shop floor.

The behaviours observed on the shop floor highlighted the disengagement of the permanent employees as well as the need of the contractual employees to work constantly for quantitatively better results, since the latter work on a per piece basis. The permanent employees were seen to be sitting around, engaged in conversation, listening in on other people's conversations, demonstrated an easy-going attitude to work and discouraging other permanent employees from working as well. Contractual employees, on the other hand, were constantly working even when engaged in a conversation with the researchers since the number of pieces they produce decides their takeaway salary. For example, during the researchers' interaction with one of the contractual employees, she continued to work while one of the permanent employees was away from his workstation and standing next to her, listening to the entire conversation and kept commenting intermittently.

The in-depth interviews revealed most of the workers as dissatisfied with the organisation with an average of about 5.2 on a ten-point happiness scale. While the permanent employees rated the company very poorly on this scale and seemed offended that they were treated differently from the contractual workers, the contractual workers also did not provide high ratings. The middle managers mentioned that the organisation tries to promote a culture of segregation between the old and the new employees so that the corrupt behaviours of the old employees do not spoil the work ethic of the new ones. While timely conflicts arise between

per piece and permanent workers, they are resolved by reminding the contractual worker that the work that he/she undertakes is for the benefit of his/her family. Nevertheless, the tension on the shop floor was palpable and barring a few star performers, most employees seemed less than content with the place.

Some shop floors were observed to be more efficient and smooth functioning as compared to others. These shop floors were characterised by more benevolent and trusting supervisors who believed in holding the operator responsible for the entire production process instead of constant interference and monitoring. On one particular shop floor, for example, workers were held accountable to one another as far as quality was concerned so that the finished product of the first operator was checked by the second one and so on and so forth. This resulted in a reduction in errors in the final product of that shop floor as there were constant checks being performed. It further reduced the time investment required by the supervisor to check everything individually and established lines of trust on the shop floor. However, this shop floor was an exception as most other floors exhibited less than satisfactory behaviours of the employees.

A majority of the workers from other shop floors, including the contractual ones, felt that there were serious gaps between the senior management – middle management – worker communication channels and that the senior management had limited or no visibility to the realities of the workers. While in the other organisation, the workers were provided with uniforms and canteens to have their lunch in, these provisions were not observed in this plant. The general discontent of the employees can be highlighted with the help of the following incident. During our interactions with various employees, the researchers were approached by an agitated employee who pulled out his payslip and talked about how his compensation was unfair and how the system was generally unfair to him. He volunteered information and hoped that the researchers would do something to improve the working conditions of the place in spite of the researchers' repeated insistence on being independent of the management and without the authority to affect decision making in any manner. Employees further commented on the noted absence of senior management from the shop floor, which is in direct contrast to organisations A. They highlighted that while earlier the MD and the top management would visit the floor on a regular basis and would engage in conversation with the operators, this is no longer observed. There is a certain estrangement between the top management and the operators with the middle management adding to the confusion, with the exception of one shop floor that was discussed above. The employees, especially contractual, seem to lack clarity and did not know what their responsibilities would be on any particular day as workload levels fluctuated frequently.

One of the things, however, that was universally agreed upon by all employees was the respect accorded to women employees and the insistence on their safety. The organisation is pro-women and action is taken immediately if female employees raise any complaints. One of the employees shared her experience with the researchers and told us about the complaint that she had lodged against a fellow male worker. She added that he was promptly called and asked to leave the organisation with immediate effect. It is only when the female employee who had lodged the complaint decided to give the fellow worker a chance is when he was allowed to stay. The company has a strict no tolerance policy as far as the decorum towards members of the female gender is concerned and does not brook any delay in taking decisions. It was also observed that the organisation employed more female workers than all other factories visited and the owners have started another unit, which is staffed only with female workers. This was an unusual phenomenon and was not observed in any of the industries visited during the course of this study, as most organisations were conspicuous by the absence of female workforce on the shop floor rather than abundance of it.

<i>Criteria</i>	<i>OrganisationA</i>	<i>OrganisationB</i>
MD/CEO involvement	Very high	Low
Open Door Policy/Informal MD/CEO	Yes	No
Welfare initiatives	Yes	Yes
Trust in MD/CEO	Very high	Low
Employee loyalty	Yes	No
Disgruntled employees	No	Yes
Satisfaction meter	8.2	5.2

Figure 1: Shows the comparative analysis of various factors in Company A and B.

CEO Speak and Inferences

Organisation A: The attitude of the MD to treat the employees as family has resulted in increased levels of trust and loyalty that the workers feel towards him. He believes that the culture of an organization always flows from the top and is defined by the family value system of the MD/CEO. The annual get together, to which even families are invited, and "samosa meetings"³ that he holds with his employees foster these trust and loyalty relations between the management and the workforce. The practice of opening the medical health camps to other workers of neighbouring areas creates the image of a benevolent leader who cares not only about his people, but also about society at large. The MD also follows a walk-in policy, which means that all employees, even workers, are allowed to walk into his office anytime and

have a conversation with him. During the visit of the researchers, they were asked to wait to meet him as he was engaged in one such walk-in meeting. He believes that good intentions result in good culture, which in turn creates a good organisation.

The company has a no tolerance policy in terms of use of abusive language or any sort of physical violence. Demonstrating this point further, the MD narrated an incident when a worker had come to his house to show him that the supervisor had hit him because of a personal grudge since the worker had moved the scooter of the supervisor in order to facilitate the loading of material. Due to this incident, the supervisor was thrown out of the company the very next day. While this incident occurred ten years ago, the message that was sent out further endeared the management to the workers and made them believe that hierarchies are not inviolate if the cause is right. For the MD, the professional nature of business may be beneficial, but owners need to have a personal connect with employees, as that is the only thing that can take an organization to great heights. These practices and value systems of the MD of organisation A have created a work atmosphere that is full of respect, loyalty and trust in both directions. His workers demonstrate immense faith in him and their reluctance to mention negative aspects of the organisation are testimony to that faith. They rate the company very high in satisfaction parameters and seem to be content in their work environment. This is in absolute contrast to the behaviours observed in organisation B.

Organisation B: The MD of this organisation has decided to not engage with the permanent workers and that has resulted in resentment and discontent on the shop floor. While he believes that establishment of a familial atmosphere is important, he is unable to drive this agenda due to the manner in which work is divided between the employees. The contractual workers tend to be more efficient and are, therefore, a bigger asset to the organisation. At the same time, the MD agrees that the mechanical nature in which the per piece worker is required to work creates dissonance in the worker and moves a human into the space of a robot, while the permanent worker has more developed skills due to his/her engagement with the entire production process. Contractual workers follow assembly line production where one worker performs only one task (for example tightening of screws on a machine) in a production cycle that produces the finished good. Permanent workers, on the other hand, are engaged from the initial stage to the final stage of a product so that each worker produces one finished item from scratch. While he recognises the shortcomings of the assembly line production process, he is unable to bring about a change, as his organisation cannot sustain non-assembly line production methods. In addition, his disengagement with the permanent employees has aggravated the problem of discontent among them and

has resulted in constant tension on the shop floor. At the same time, the MD is extremely committed to the promotion of an increasingly female workforce in the organisation and wishes to drive that culture aggressively. He wishes to promote the image and culture of a female-friendly organisation. From the data presented above, it is evident that the MD of organisation B has been able to drive this agenda quite effectively. All the female employees interviewed mentioned that there are very few other places that are safer and afford the same kind of respect to their female employees. Even the male employees were very aware that the safety of women was a no breach zone in this organisation and managed to behave appropriately. Any and all complaints are dealt with severely and with a sense of finality.

These two examples clearly detail that culture is driven from the top and is consolidated by the employees of an organisation, contingent on the message that the top management sends out. If the MD of organisation B, for example, did not feel so strongly about the safety of women, he would not have been able to correct behaviours around it much in the same way that he has not been able to correct behaviours around the attitude of workers towards their responsibilities. His withdrawal has further aggravated the problem. But even in that state of unapproachability, he is able to drive the message of women safety and the image of a pro-women factory extremely effectively.

It can further be inferred that in organisation A, the satisfaction levels of the people stem directly from the manner in which they are treated by their MD and senior management as members of the same family and with respect that is due to family members. The involvement of the MD in the lives of the people generates a trust circle, which is mutually beneficial for the company as well as the employees. The many initiatives and open door policy followed by him only enhance and widen this circle. This establishes that the benevolence of the MD/CEO is directly proportional to the motivation levels of employees, which, in turn, drive growth and production in any organisation. These two examples also highlight that if MDs/CEOs of organisations wish to drive certain cultural systems, these systems usually see traction and become a part of the cultural milieu of the organisation (family atmosphere and trust in organisation A; respect and safety of women and pro-women setup in organisation B).

The findings and the inferences firmly establish that the benevolent father figure of the leader has a positive impact on the association as well as satisfaction levels of the employees with the organisation. The concept of benevolence, as introduced earlier, is borne out by these MDs/CEOs, as they are actively involved in enhancing the welfare of their employees with whom they are in frequent contact. While the MD of organisation A is focused on general and holistic welfare, the MD of

organisation B has a specific focus on the women workforce of his organisation as well as on generating employment for the womenfolk of the industrial belt in which his factory is located. The study also validates that positive attitude and temperament of the workers of an organisation has a definite positive impact in defining organisational culture. This is witnessed in the smooth functioning of operations at Organisation A as well as the contrast presented by Organisation B due to the conflict between workers and management.

LIMITATIONS AND SCOPE FOR FURTHER RESEARCH

The main limitation of this study is that it is still an on-going project and the findings can not be conclusive at this stage. This paper presents preliminary findings, which the researchers hope to fortify and enhance as the study progresses. The qualitative nature of the study precludes any concrete and quantitative mapping, which may demonstrate the direct relations between the variables considered. Further, the study considers a very specific segment of the manufacturing sector and many other sectors may be covered to understand the dynamics of culture as they function. This would then allow for a cross-sectoral comparison, thereby contributing to the richness of the data and the strength of the inferences.

Notes

1. Figure 1 is a tabular representation that brings out the comparison of some of the factors that were observed in organisations A and B
2. *Netabaazi* is a term used to indicate unnecessary interference by union members into the workings of the organization. It is a negative term that implies an attitude of troublemaking in the leaders of the union.
3. A samosa is a fried snack that is usually consumed with evening tea in families across the northern and central parts of India. The fact that these meetings are called "samosa meetings" highlights not only the informality but also the close-knit nature of the organisational community at company A.

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