

The Societal Culture of Bhutan and its Impact on Organizational Culture, Industrial Relation and Employee Satisfaction in Manufacturing Companies of Bhutan

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Abstract: It is perhaps one of the pioneering studies in terms of studying impact of societal culture of Bhutan on organizational culture, industrial relation and employee satisfaction of its employees of manufacturing companies. The data have been collected from nine (09) domestic manufacturing industries of Bhutan. Results are indicating positive impact of societal culture on organizational culture, industrial relation and employee satisfaction. Industrial Relation is found positively related to employee satisfaction in manufacturing companies of Bhutan. This was an indication that societal culture is not the sole determinant of organizational performance. Along with this the study have also emphasis on exogenous variables such as the economy, technology and the political climate all influence organizational performance significantly and much more than endogenous variable such as size, structure, and style of management.

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I. INTRODUCTION

About Bhutan

High and for up in the mountain, sometimes above the clouds or among the abode of cloud, with valleys societies, Bhutan is located in the northern vicinity of South Asia and is in the eastern Himalayan mountain region. Bhutan is country with mainly Buddhist population. As part of Bhutan's Buddhist heritage Dzongs(monastery fortresses) that are located throughout the entire country(Berthold, 2005). One can easily hear silence in calm, cool, harmonious environment with Buddhist philosophy of peace in Bhutan. The kingdom dynasty is still more influential and people love their king and queen so much as one can see their photos in class rooms, houses and shops and many times as a broach in most of the dresses of youngsters. Crime rate is less than 1%. and rank 1 as a happiest country of in South Asia. Bhutan's population consists of approximately 700,000+ people The Bhutanese government does not recognize the citizenship of the majority of these refugees, estimated at 112,000. Bhutan's national language is Dzongkha.

Phenomena of the Study

“Dickson et al., several societal cultural values may account for the interactive effects of society by industry practices on organizational practices.”

Societal cultural is integral part of organization culture. Aldrich and Marsden (1988); Hofstede (1991), Tayeb (1994) and Zakaria (1997) among others have argued that organizations do not exist in a vacuum but in specific cultures. Societal culture denotes the relation of state with employers, workers and the norms and values of organization and norms and values of workers in organization. Which ultimately influence collective relation between employer and workers and their place of work, collective relations between employers and trade union and part played by State in regulation of their relationship?

Impact of societal cultures varies degree to which it has a dominant set of values and beliefs to influence organizational culture (Brodbeck, Hanges, Dickson., Gupta, & Dorfman, 2004).Some societies are more monoculture in nature yet others are more multicultural that is reflecting in societal homogeneity-heterogeneity in culture (Enz, 1986).Industrial development in Bhutan can be characterized by pervasive government ownership and control of business, reliance on rural or agrarian economies, or centrally planned economies and more is likely to be culturally homogeneous. In the present study an effort have been made to study the effect of Bhutanese societal culture on Industrial Relation (IR), Employee satisfaction (ES) and Organizational culture(OC) on the manufacturing companies of Bhutan.

What specific cultural characteristics make Bhutanese organizations unique?

Significance of Research

Bhutan is a country where globalization and multinational company environment of high stress organizational diversity challenges, challenges of high competition, work place conflict, and uncertainty of work place environment is still not there. Which can be because of any reason like; slow pace of industrial development, may be due to number of factors-“a weak entrepreneurial orientation, higher transport costs, small domestic market, an underdeveloped infrastructure and lack of resource inventory (National Encyclopedia of Bhutan). Despite of some disadvantage, the advantages of domestic business environments are still there in Bhutan, which makes work environment still different from other countries (developed countries and developing countries) with globalization and internationalization. Researchers have made an effort to know how industrial relation (IR) exists in domestic company set up in Bhutan? How industrial relation is linked with employee satisfaction (ES)? and how it is linked with organizational culture(OC)?

There are very few studies or no studies about the Bhutanese culture and its impact on organizational culture. Hence, it will be very significant to know its culture impact on industrial relation and organizational culture. Scholars and researchers have, however, argued that much of the research into organizations neglects and fails to investigate that in culture and organizations of Bhutan. Therefore there is enormous requirement of research in this area which has motivated the researcher to investigate in Bhutan.

Hypothesis

1. Bhutanese societal culture will have positive impact on industrial relation.
2. Industrial relation will have positive correlation with organizational culture.
3. Size of organization will also have positive impact in organizational culture of manufacturing companies
4. Societal culture will reflect in high employee satisfaction

Objective of the study:

1. To study the impact of Bhutanese culture on organizational culture.
2. The study how Bhutanese culture influence employee satisfaction.
3. To study how Bhutanese societal positive of happiness in life lead satisfaction in and industrial relation.

II. METHODOLOGY

Primary data collection on questionnaire methodology for the purpose of testing, explaining, comparing and finding the strength of relationship between the theoretical constructs of Industrial Relations (IR) Practices and Employee Satisfaction (ES) and Organization Culture (OC) .As expressed by Snow and Thomas (1994) in their categorization of field methods research, the study is grounded in theory and hypothesizes relationships between the variables,

Sample and Setting

The data have been taken from nine (09) manufacturing companies of Bhutan: BBPL Furniture Factory, BBPL particle Board Factory, Bhutan Board Products Ltd (BBPL), Bhutan Chemical and Carbide, Bhutan Brewery Pvt. Ltd, Pelden Enterprise Ltd, Lhaki Steel Rolling Pvt. Limited, Tashi Beverage Ltd, Ugen Ferro Alloys Ltd., Bhutan Ferro Alloys Limited (BFAL), Bhutan Polythene Company Ltd. The target population consisted of employees representing a wide variety of manufacturing industries in Bhutan and positions typical of Pasaka (Industry Hub) and Phuentsholling city. The non-probability sampling technique is chosen for the purpose of the study on in convenient basis because the size of manufacturing company in Bhutan is very small. Secondary availability of employees in different places was another big challenge due to high mountainous surrounding and extreme weather. According to the sampling frame, the employees who were employed minimum six months ago were selected. Minimum six months period time was decided to select the subject for the study so that collision of organizational culture of company can be studies on employee behavior. Respondents were asked a primary filter question about their current employment period and those who responded by saying that they are not currently employed or employed before last six months were the one acceptable to participate in the study.

To achieve the objectives of the study, detailed analysis of the existing literature on the industrial relation have been worked out. For the purpose of this the different resources like libraries, websites and other secondary sources like research journals, news papers have been thoroughly study. The use of primary data has also been made to achieve the objectives of the study which includes the framing of a questionnaire on the different angles of the Industrial relation.

Tool of the Study:

The questionnaire was developed for collection of data contains fifty (50) questions on a five (5) point Likert Scale are provided to the respondents at three (3) different levels of employee such as Management, Supervisory and workmen levels .The questionnaire has been divided into three specific components such as organization Culture, Employee Satisfaction and Industrial relation practices so as to elicit the opinions and views of the respondents.

Analysis of Data:

Our first hypothesis concerned whether society culture affects organizational cultural practices. We tested the significance of society by conducting ANOVAs on each aspect of organizational cultural practices scale. By employing a hierarchical analysis, we treated organizations as nested within societies and individuals nested within organizations. As shown in Table 2, we found that societal cultural differences (practices) had a significant effect on all nine organizational cultural practice dimensions. Exploratory factor analysis was done in order to find out the component of the questionnaire having high factor loading.

Reliability

Table 1: Exploratory Factor Analysis: Rotated Component Matrix ^a			
Survey Questions	Factor Loading		
	1(IR)	2(OC)	3(ES)
HR/IR executives are delegated to look after the employee welfare administration.	.578		
Collective bargaining process is the method to safeguard, protect and improve the employer and employee relationship in the company.	.657		
IR practices are influenced by GNH culture of Bhutan	.714		
Both the management and workers representatives /trade union always prefers amicable settlement of any company disputes/conflicts without conciliation proceedings/adjudication by labor tribunal.	.544		
Management believes in Win-Win situation in any negotiation/collective bargaining process	.748		
Management is always active for communicating and discussing day to day operational problems/issues with the trade union or workers 'association/workers' representatives	.749		
You are satisfied with your fellow workers/peer group			
You are satisfied with the amount of variety of work			.726
You are satisfied with the amount of responsibility of work			.782
You are satisfied with your physical working conditions			.442
You are satisfied with the management and workers relation in the company			.437
This company is considerate towards its employees		.695	
people usually receive feedback on the quality of work done		.615	
Everything has to be done according to the book		.603	
People are prepared to make special effort to do a good job.		.491	.417
There is a lot of support for new ideas here		.657	
People are strongly encouraged to develop their skills		.587	
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.			
a. Rotation converged in 5 iterations.			

Reliability of the scales crossed the threshold of .70 The Cronbach alpha of IR is .811 whereas the Cronbach coefficient of ES is .714 and that of OC is .723. The analysis is showing high reliability of the questionnaire.

Table 2

Scale	Cronbach alpha
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Industrial Relations (IR) - .811
 Employee Satisfactions (ES) .714
 Organization Culture (OC) - .723

Correlations

		OC	ES	IR	Company Type
OC	Pearson Correlation	1	.493**	.472**	.092
	Sig. (2-tailed)		.000	.000	.115
	N	294	294	294	294
ES	Pearson Correlation	.493**	1	.583**	.349**
	Sig. (2-tailed)	.000		.000	.000
	N	294	294	294	294
IR	Pearson Correlation	.472**	.583**	1	.168**
	Sig. (2-tailed)	.000	.000		.004
	N	294	294	294	294
Company Type	Pearson Correlation	.092	.349**	.168**	1
	Sig. (2-tailed)	.115	.000	.004	
	N	294	294	294	294

** . Correlation is significant at the 0.01 level (2-tailed).

On 294 observations, we ran Pearson correlation and the results proved that IR has a moderate relationship to ES and OC. Further we found that the correlation between IR and ES is strongest whereas the correlation between IR and OC is moderate. The correlation between and OC is stronger than to OC and IR.

III. DISCUSSION

The findings of the study reveal that (i) Societal cultural variables is found directly related with organizational culture (ii) Industrial Relation is found positively related to employee satisfaction in Bhutan, and (ii)Organizational culture is not sole determinant of performance, (iv) Societal culture also determine the ways in which it interact with other factors to influence organizational performance. The strong society culture effects found in organizational design and competitive advantage of firms tend to be strongly influenced by their domestic home base. The results shows societal cultural variables reflecting in high level of commitment to work, low level of labor turnover and absenteeism, positive beliefs about work, positive work values, attitudes, and norms in all the firms studied. But these positive attributes of the cultural variables did not translate directly to high level of organizational performance in these manufacturing companies because some other variables were at work. This was an indication that societal culture is not the sole determinant of organizational performance. Other factors most especially exogenous variables such as the economy, technology and the political climate all influence organizational performance significantly and much more than endogenous variable such as size, structure, and style of management.

1.Industrial relation and employee satisfaction:

Industrial relation basically deals employee relation with employer or in case of Bhutan. In case of Bhutan, we have found that there is no trade union in any of these companies. When we enquired they said they never realized the need of any association as the relationship is very transparent. Collective bargaining is less and trust is very free with management and employer. Industries are not foundation stone for historic/industrial, economic survival of the people of Bhutan that make people less competitive and less insecure for the survival. Bhutan has its geographic importance as it is situated in the border of India and Bhutan. India support financially and also give number of aids for the development of Bhutan. As India is making its border safe by doing that from the direct encroachment of china into India.

2.Industrial relation and organizational culture

Culture is consistent with management policies and will permit an effective program of reward and discipline. This article describes a case where organizational culture was a major imperative in the outcome of

an arbitration case. Discussed is a shop-floor situation in manufacturing holding implications for health care, a setting in which management, by countenancing counterproductive aspects of the culture.

3. Population characteristics

However, the psychologist have criticized dichotomous categories of opposite ends (Sinha and Tripathi, 2003), and Bhutan is also having natives of several ethnic groups. According to theoretical framework for cross-cultural development of human (Dasen, 2003) all these groups are having several differences with various similarities in Microsystems level of human development. If we address the level of Mesosystem and Macrosystem and ecosystem levels (Dasen, 2003) then similarities are further pronounced with more or less common socio-political, ecological and cosmological religious values. Hence, according to the population characteristic of employees in these manufacturing companies I will put further in monoculture category. The combination of underlying similarity resemblance is not the mere surface expression but lying in deep root of cosmological beliefs and values of Buddhism among the employees and the employers.

4. Societal culture “monoculture or multicultural”:

Culture is a complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society. Societal cultures are likely to vary in the degree to which they have a dominant set of values and beliefs. One way of examining cultural diversity within any society is to identify the nation on a continuum ranging from homogeneous to heterogeneous. In a homogeneous societal culture the underlying values and beliefs are shared and pervasive; thus a dominant set of cultural beliefs exist. In a more heterogeneous societal culture many different values and beliefs are held by diverse population groups. This situation is characterized by a multicultural society (Enz, 1986).

Observing that some societies may be monoculture while others are multicultural, it follows that organizational cultures within these societies will reflect the societal homogeneity-heterogeneity. In heterogeneous nations organizational diversity will flourish. Nations that are industrialized, urban, open to immigration, and politically stable are more likely to be heterogeneous. Nations that are heterogeneous, but politically unstable, are excluded from the present investigation. Hence, the focus of this paper is on heterogeneous societies which “hang together” or successfully operate under the condition of cultural diversity. Examples of such nations would include the United States, Switzerland, and Belgium. In contrast, nations that are characterized by pervasive government ownership and control of business, reliance on rural or agrarian economies, or centrally planned economies are likely to be culturally homogeneous. In a more homogeneous societal culture, organizational cultural diversity will be constrained, and a much tighter fit will exist between social and organizational culture. Deviant organizations (those that dramatically differ from the societal culture) are likely to be ostracized or possibly forced to conform to the dominant values and beliefs.

In homogeneous nations, a more integrated set of beliefs guides’ behavior. Variation from the set of beliefs is regarded as deviant and not simply different. Some examples of nations with cultural homogeneity may include Saudi Arabia, China, and Japan. Societies are infused with meanings which guide behavior. In addition, the meanings are symbolically represented in the economic and legal systems. These systems are enduring and thus have an impact on how business is done in a particular nation. In the case of a homogeneous societal culture, the legal and economic system will reflect the dominant way of thinking and will typically change slowly. Heterogeneous

5. Industrial relation

Industries are not foundation stone for historic/industrial, economic survival of the people of Bhutan that make people less competitive and less insecure for the survival. Bhutan has its geographic importance as it is situated in the border of India and Bhutan. India support financially and also give number of aids for the development of Bhutan. As India is making its border safe by doing that from the direct encroachment of china into India. The flexibility in relation to forms of employment as well as in relation to working time and job functions have occurred as a result of such factors as heightened competition, rapid changes in products and processes and the increasing importance of skills, quality and productivity.

6. Size of organization

Size of the companies is another extraneous variable; the impact of organizational culture on organizational effectiveness has received attention in a number of notable studies including Deal and Kennedy (1982), Peters and Waterman (1982), and Schein (2010). However although these studies show the complexity of this relationship, the extent to which other factors may have an influence on it requires further study (Tojari et al. 2011; Acar 2012; Fazli and Alishahi 2012). Most studies of this relationship are concerned with the direct impact of the strength of culture on performance and effectiveness (Gregory et al. 2009; Mehr et al. 2012) but there has been a lack of attention paid to possible mediators or moderators of this relationship (Gregory et al.

2009; Zheng et al. 2010; Hartnell et al. 2011; Nazarian and Atkinson 2013). In the case of Bhutan the size of all these manufacturing companies are very small which plays an role moderating variable for effective cohesive relation among the group member.

Organizational size as a moderator of the culture - effectiveness relationship: the case of the private sector in Iran (PDF Download Available). Available from:

https://www.researchgate.net/publication/279921988_Organizational_size_as_a_moderator_of_the_culture_-_effectiveness_relationship_the_case_of_the_private_sector_in_Iran [accessed Aug 2, 2017].

IV. PROSPECTS FOR FURTHER RESEARCH

Cross-cultural studies dealing with organizational culture in Bhutan remain largely an unexplored course. One of the distinct claims made in the section on significance of the study was the absence of comparative studies across the ethnic groups in Bhutan. In short, there are not many studies that have focused on how organizations perform in the different ethno-cultural and geographical locations in Bhutan. There is therefore a tremendous potential for research in this direction. The present study of the impact of culture on organizational performance is an ambitious attempt to pave the way for future research from a similar perspective. Moreover, this study is a relatively small one. In this regard, survey research methods covering large number of firms from diverse ethno-geographical and cultural background will be relevant. However, such research efforts will require greater financial, human and material resources than are currently at our disposal. Fundamentally, there appears to be a veritable gap in the sociology of organizations dealing with the way in which cultural and religious values influence work behavior and how this in turn determines organizational performance. Scholars must think anew about the roles of culture in organizations and its overall impact on organizational climate.

Schein (2015) recently criticized culture research for focusing on isolated specific elements such as norms or stories, because culture is all of them and a more complex, holistic gestalt phenomenon.

V. CONCLUSION

There is reciprocal relationship between societal culture and organizational culture, but if culture similarity is more among the employees or it is monoculture group then organizational culture is further more integral part of societal culture. That is often reflecting in less conflict among the groups and more consensus in decision making processes and ultimately a positive relationship between employees and employers with high employee satisfaction. Challenges of diversity, organizational culture obstacle, conflict and job challenges are very little, which make work atmosphere more homogeneous to work and conflict among the employees is less. In homogeneous societies, the organizational culture is a passive transmitter of the overarching societal culture.

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