Organizational Culture in Oriflame’s Multi-Level Marketing

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Abstract

Human’s affected by culture based on where he lives such as values. Culture can’t be separated from human's life, as well as in organization. An organization is affected by numerous factors that can be grouped into external factors and internal factors. External factors are related to environment or stakeholders outside the organization, and internal factors are originated from culture in the organization itself. Organizational culture can be seen from its values and norms. One of organizations which has basic values is Oriflame. Therefore, this research’s objective is to understand organizational culture in Oriflame organization. Oriflame is a Multi-Level-Marketing company which its organizational culture is rooted through values shared in socialization or routine meetings and mentoring from high-level member to lower-level member. This research use literature qualitative study by analizing books, journals, and news related to the topic. Based on literature study, it is known that Oriflame has basic values as togetherness, spirit and passion. Those values are taken as guidance and socialized towards its members. Oriflame’s organizational values are analizes by Schein’s organizational culture theory which divides culture into three levels; artifacts, espoused beliefs and values, and basic assumptions. As in this theory, the organizational values will be taken to members’ unconcious level if spread simultaneously. Those values will be manifested and penetrated into individual values, and later become basic assumptions. Furthermore, the organizational culture can affect paradigm, attitude and behavior of organization’s member in communicating with another member or when executing their primary activity which is to promote Oriflame products through internet, social media or face-to-face and new member recruitment.
Keywords: Organization culture, Schein’s Organizational culture, togetherness, spirit, passion, Oriflame

Introduction

Human’s affected by culture based on where he lives such as values, beliefs, and social or community behaviour which produce social culture or community culture (Nimran (2004) cited by (Husodo 2018)). This situation is happened in organization as well, which consists of a group of people and has complex characteristic. An organization is affected by numerous factors that can be grouped into external factors and internal factors. In most cases, external factors are related to environment or stakeholders outside the organization, while internal factors are originated from culture in the organization itself.

Organizational culture is a good factor if we want to identify organizational characteristics that can be linked to relationship skills. Compared to other organizational traits, organizational culture is both specific to an organization and relatively constant (Beugelsdijk, Koen, & Noorderhaven, 2006). (Dauber, Fink & Yolles (2012) said that organizational culture has been recognized as an essential influential factor in analyzing organizations in various contexts. Cameron & Quinn (2005) cited by (Dauber, Fink, & Yolles, 2012) emphasize that the success of organizations is not only determined by specific external conditions, for example, barriers to market entry, rivalry in the industry, and supplier and buyer power.

Organizational characteristics that are related to relationship skills can be seen through people’s behavior in organization that can be seen from how the interact with their group member or outgroup member. Janićijević (2013) explain that organizational structure and organizational culture belong among the concepts with the highest explanatory and predictive power in understanding the causes and forms of people’s behaviours in organizations. Consequently, these two concepts are often used in research as independent variables in explanations of numerous phenomena found in companies and other types of organizations.

In accordance with opinion of Janićijević (2013), Barney 1986 in Beugelsdijk, Koen & Noorderhaven (2006) said that corporate culture not only defines who employees, customers, suppliers, and competitors are relevant, but also determines how a company will interact with these important actors. Based on the above explanation obtained information that organizational culture has an important role in determining the behavior of members within the organization. This is also reinforced by the research of Beugelsdijk, Koen & Noorderhaven (2006) confirming that organizational culture is the important variable that can influence interorganizational performance.

One organization that can be observed from the behavior of its members in a relationship is Oriflame. Oriflame is a multi-level marketing company in which organizational culture is embedded through values derived from socialization or
mentoring from higher-level members to lower-level members or who they often refer to as consultants or managers. In addition to being distributed privately (between one person to another), the value of the company is also diffused through routine activities such as briefings or gatherings together and meet up teams. Not only through direct activities, by adjusting developments of technologological communication, oriflame culture is distributed to both its members and those outside the organization. This is a situation where humans are becoming more developed by using technology that leads to a term called post human. Based on the background presented earlier, the researcher aims to look at organizational culture in Oriflame's "Multi-Level-Marketing" organization by referring to its activities conducted directly or by using technology.

**Literature review**

**Organizational Culture**

Culture is a characteristic of the organization, not of individuals, but it is manifested in and measured from the verbal and/or nonverbal behaviour of individuals - aggregated to the level of their organizational unit (Hofstede, 1998). Organizations consist of individuals who introduce their own value preferences into the organization, which represents the “way people select actions, evaluate people and events, and explain their actions and evaluations” thus shape organizational culture to a certain extent. Finally, Sagiv & Schwartz (2007) cited by (Dauber, Fink, & Yolles, 2012) add that tasks, which need to be achieved by an organization, shape their cultural values as well.

Sagiv & Schwartz (2007) in (Dauber, Fink, & Yolles, 2012) define the organizational culture construct based on theoretical considerations. They argue that organizational culture is influenced by the “surrounding society,” “personal value priorities of organizational “members,” and “the nature of the organization’s primary tasks.” Organizations are embedded into societies, which can be defined by certain national culture values. In accordance with the previous definition that the organizational culture determines or influences the behavior or values of members within the organization, O'Reilly & Chatman (1996) emphasize the definition of organization culture as a system of shared values (that define what is important) and norms that define appropriate attitudes and behaviors for organizational members (how to feel and behave). (Moon, Quigley, & Marr, 2012)

Organizational culture is an intrinsic factor of organizational behaviour, inasmuch as it directs the way people behave in an organization by operating from within and by determining assumptions, values, norms, and attitudes according to which organization members guide themselves in everyday actions in the organization. On the other hand, organizational structure is an extrinsic factor which influences people’s behaviour from the outside, through formal limitations set by division of labour, authority distribution, grouping of units, and coordination. Therefore one’s behaviour in an organization is the
result of the impact of its culture and structure, as well as the influence of other factors. (Janičijević, 2013)

Organizational culture can be defined as “a system of assumptions, values, norms, and attitudes, manifested through symbols which the members of an organization have developed and adopted through mutual experience and which help them determine the meaning of the world around them and the way they behave in it”. As this definition implies, organizational culture has a cognitive and a symbolic component in its content. The cognitive component consists of mutual assumptions, beliefs, norms, and attitudes that the organization’s members share, and which also shape their mental (interpretative) schemes. Organizational culture therefore determines the way the organization members perceive and interpret the surrounding world, as well as the way they behave in it. The cognitive content of organizational culture ensures a unique manner of assigning meaning and a unique reaction to phenomena within and around the organization. Hence, if a strong culture exists in an organization, all the members of the organization will make decisions, take actions, or enter interactions in a similar and foreseeable fashion (Janičijević, 2013)

**Schein’s Organizational Culture**

Hatch (1997) states that in Schein theory, culture is at three levels: the top level is the artifact, then below is the value and behavioral norm, and the lowest level is assumption and belief. According to Schein, beliefs and assumptions form the core of organizational culture. The assumptions show what members believe to be true and affect what they feel and how they think and feel. Assumptions are taken for granted and they exist beyond our consciousness. The most important influences on the core assumptions of cultural formation are norms, values, and artifacts.

According to Schein’s theory, cultural members hold values and appropriate to cultural norms because their underlying beliefs and assumptions nourish and support these norms and values. Norms and values, in turn, encourage activity that produces surface level artifacts. Artifacts are an extension or expression of the same cultural core that maintains values and norms. Artifacts are visible, real, and audible behaviors based on cultural norms, values, and assumptions. Artefact categories include: physical objects created by cultural members, verbal manifestations seen in written and spoken languages, and rituals, ceremonies, and other behavioral manifestations.
Values are the principles, goals, and social standards that are held in the culture to have intrinsic value. They define what members of the organization care about, such as freedom, democracy, tradition, wealth, or loyalty. Values are the basis for making judgments about what is right and what is wrong, hence they are also referred to as moral or ethical codes. Because of values are used as the standard for making moral decisions, they are often associated with strong emotions. Norms are strongly associated with values.

They are unwritten rules that allow members of the culture to know what is expected of them in various situations. While values determine what is important for members of the culture, norms establish what kind of behaviors they can expect from each other. Values determine what is valued, while norms make what it takes to be considered normal or abnormal. The relationship between values and norms is that norms-imposed behavior (rewards or punishments) can usually be traced to assessed results.

<table>
<thead>
<tr>
<th>General category</th>
<th>Specific examples</th>
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<tbody>
<tr>
<td>Physical</td>
<td>Art/design/logo</td>
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<tr>
<td>manifestations</td>
<td>Buildings/decor</td>
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<td></td>
<td>Dress/appearance</td>
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<td>Material objects</td>
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<td>Physical layout</td>
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<td>Behavioral</td>
<td>Ceremonial/rituals</td>
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<td>manifestations</td>
<td>Communication patterns</td>
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<td></td>
<td>Traditions/customs</td>
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<td>Rewards/punishments</td>
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<td>Verbal</td>
<td>Anecdotes/jokes</td>
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<td>manifestations</td>
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<td>Explanations</td>
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<td>Heroes/villains</td>
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<td>Metaphors</td>
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Research Methodology

This research uses qualitative research approach. Qualitative research is a method to explore and understand the meaning derived from social or humanitarian problems by a number of individuals or groups of people. Creswell (Creswell, 2010) Data collection method in this research is by literature study. Library study (literature study) is done by reading and studying a number of books, literature, scientific journals, internet websites.
to get the theoretical framework that became the foundation in this study. Creswell (2003) suggests that literature studies are used to "frame" problems in introductory studies; presented in a separate section as "literature review"; and became the basis for comparing findings from qualitative studies.

**Result**

*Basic values of Oriflame’s Multi-Level-Marketing*

Referring to (Kamawo 2016), Oriflame has several basic values which already exists since its establishment:

**a. Togetherness**

Togetherness means consultant and employee work together and share the same goals to pursue bigger results with the spirit of “teamwork is better than individual work”. In Oriflame’s network structure, Oriflame’s partnership is divided into three: employee, consultant (consists of upline 1 and downline2) and leader (upline who takes charge in mentoring his downline to climb the career ladder).

Employee is an official member in company structure. Consultant is someone who joins Oriflame business with 0-9% level, while leader is a consultant in manager and higher level. In togetherness concept, employee and consultant work hand in hand and help each other.

**b. Spirit**

Spirit means vigor and hard work to pursue shared goals. Spirit is the most powerful motivation that every employee and consultant shall have because it has great impact on performance.

Spirit in Oriflame is reflected from motivation and vigor from consultant or employee to reach higher level. For them, the spirit of “I can do it” and vigor to reach higher level interact with each other in running business.

**c. Passion**

Passion is the core of positive energy in running Oriflame business. It means that every activity done by employee and consultant shall be driven by positive energy to produce positive results. Indirectly, values will grow employee and consultant’s self-esteem and create comfortable working atmosphere. Therefore, company’s vision “pursuing dreams” will take result.

Referring to (Kamawo 2016), three basic values above become company’s philosophy in running Oriflame business. They are supported by 5 (five-in-one) operational principals. Furthermore, Oriflame divides operational principals into five basics: simplicity and cost efficiency; environment-friendly; costumer-centered; downline care, and capability to survive in this business.
Oriflame Organizational Culture

Based on concept by (Janičijević, 2011 in Janičijević 2013)) about organizational culture, assumptions, values norms and attitudes are manifested in symbols developed by organization members and adopted by sharing experience that help them to describe world’s meaning around them and how they behave in it. Therefore, it can be inferred that organizational culture is already exists and recognized in Oriflame since it was established.

Organizational culture in oriflame is reflected in basic values such as togetherness, spirit dan passion which become foundation and reference for its members. Those values are delivered directly from leader to consultant or through Oriflame weekly events. In (Kamawo 2016) it is also stated that Oriflame organizational culture orientation is delivered through various events (e.g. meetings and trainings) held by Oriflame since a member joined. Those events are forms of information exchange process and learning curves for consultants to climb career ladder. The objective of those events is consultants can run their business based on Oriflame values and norms. Area Managers are the ones who responsible for holding events such as Welcome Party, Step-One, Step-Two, Meet-Up Team in every branch and they become monthly routines.

When someone joins Oriflame, a member or consultant is responsible to invite him to join Welcome Party as stated in (Kamawo 2016). Welcome Party is an event for socializing Oriflame basic values and operational principals which new consultant has to follow. The Welcome Party itself consists of several sessions: company profile, successful leader’s testimonial, recognition (awarding session for those who successfully reach consultant level 0%-9%), and session related to Oriflame basic values and operational principals.

In Schein’s organizational culture theory, there are three levels of organizational culture (top to bottom): artifacts, espoused beliefs and values, and basic assumptions. Basic assumptions is a foundation in shaping member’s behavior. Assumptions is taken for granted in they exist in human’s unconsciousness. Based on basic assumptions’ definition, it can be inferred that in Oriflame basic assumptions can’t be observed clearly since it’s a part of member and organization values interaction. As stated above, Oriflame basic values are introduced since the first meeting. In the process, those values become habits and penetrated into member’s unconsciousness. Member who has vigor and positivity towards Oriflame will get basic assumptions easier.

In espoused values level, Oriflame is related to its shared basic values. All learning sessions through routine meetings reflect and socialize Oriflame basic values. The value definition itself according to Schein are the principles, goals, and social standards that are held in the culture to have intrinsic value. Values are foundations to decide what is right and what is wrong, so that they are also called moral or ethic codes. In (Kamawo 2016) among Oriflame three basic values, passion is the most unique since this value is the platform for marketing purpose. Passion is not only related to interest towards
Oriflame products, but also related to love towards the process (selling or climbing career ladder) and emotions management when facing complaints from the networks (a consultant’s team). In the other words, consultant and employee have to feel proud of Oriflame products and use the products at the first place before selling them. There are numerous characters of people a consultant shall face in his networks and every milestone have to be conquered in pursuing dreams.

Oriflame values are related to what things shall be followed and they will guide the members in doing activities especially in marketing interactions to gain higher level.

Artifacts are definite behaviors based on cultural norms, values, and assumptions. Regarding to Schein’s artifacts categorization, Oriflame can be listed in behavioral manifestations based on its communication forms to promote Oriflame products through internet, social media or face-to-face interaction by showing catalogue. As in (Gurkov 2016), although all innovations can be done with the help of internet, printed colorful catalogue is still the main promotion tool in Oriflame cosmetics direct selling.

In addition to being viewed on the basis of their direct interaction, the organizational culture is reflected in how members communicate through technologies such as the internet available in their mobile phones. Through that, members can recruit new members by making updates about the activities they are doing, sharing experiences about the success they have achieved so it can influence their friends on their social media list. In addition to indirectly through the update, members of Oriflame also recruit members by contacting directly, one by one, a prospective friend to participate in the business. They have the same rules about what they share with others, how to invite others, and what behaviors they show when communicating with others. This indicates that members of the oriflame already have the same culture or value, which they have earned before, which then the value will manifest in their behavior and be seen through how they interact with others.

Discussion

The strengths of Schein’s culture concept are giving summary of culture in several level and can cover important things in organizational culture which are started from basic level called assumptions, espoused values, and artifacts as the highest level that can describe application from the values themselves. Contrarily, the weaknesses of the Schein’s concept is not describing steps of organizational culture; how it is absorbed by organization member through how it can affect attitude and behavior. It shall be considered what condition can trigger the process and what indicators are needed to process assumptions into artifacts, when assumptions will be manifested into actions and when assumptions will be translated into another forms.
Conclusion
Organizational culture in Oriflame basic values are togetherness, spirit dan passion. The culture has to be socialized to new members through routine meetings such as Welcome Party, Step-One, Step-Two, and Meet-Up Team.

Organizational values will be taken to members’ unconcious level if spread simultaneously. Those values will be manifested and penetrated into individual values later become basic assumptions. Furthermore, the organizational culture can affect paradigm, attitude and behavior (artifacts) of organization’s member in communicating with another member or when executing their primary activity which is to promote Oriflame products through internet, social media or face-to-face and new member recruitment.

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