

Impact of organisational Culture on Employee Behaviour –A Comprehensive Review

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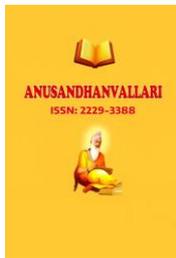
Abstract

The impact of organizational culture has on both corporate and academic researches has received a lot of attention in recent times not forgetting its impact on these sectors. The study concludes that organizational culture helps improve employee performance also as a source of motivation to workers because motivation does not only mean monetary value.

Keywords: impact, organization culture, organization performance, employee's commitment, organizational goals.

Introduction

A lot of research has been on organizational culture, its effects on the performance of organizations and its relevance to strategic issues as well as corporate success. Despite the role of organizational culture on performance in terms of influencing organizational behaviour, it can have a direct effect positively or negatively on employee performance and corporate management. Thus, the culture that existed in every organization has an extreme influence on employees' performance and their behaviour. It is like a glue that binds everyone together and serves as a form of motivation for group cooperation and can make or unmake an organization. It is like standards that predict people's behaviour in the working environment (Martins & Martins, 2003). Therefore, organizational culture is the underlying values, beliefs principles and practices that make up an organization's management system. For the fact that competitive advantage, mainly on employees, what they believe and how they behave have an impact on the organization's success. Organizations have a social construe that makes them been part of or a part of something that is socially recognizable. (Owoyemi and Ekwoaba, 2012). It is therefore, necessary that, managers or employees do well to comprehend the culture in their organization to achieve optimal performance. Companies with excellent good internal corporate image enhance their reputation, making them more attractive to customers, investors, and suppliers. Usually, the better-culture companies will have better organizational productivity. Culture is: "common basic traditions than any group of people hold together and accept because it has worked for them, therefore, they hold it as true and then transcended it to the new members an accepted way to do things in solving those issues." Matko (2017). The term 'shared basic assumption' means that there exist high levels of agreement, which is usually mutual among members of the organization of a set of values existing within that organization. A direct emphasis on the idea of shared values

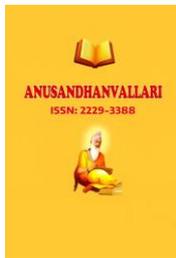


suggests the idea of cultural strength, which reflects that employees have a similar set of values which they all uphold together. On the other hand, Kostova (1999, p. 309) defined culture as an ideal way playing organizational roles that came up as a result of the company's history, the people in it, their beliefs actions and inactions and that have become institutionalized in the organization. Here, organizational practices are believed to reflect the 'collective wisdom within an organization about how things can best be done' (Wilderom and Van den Berg 2005, p. 6). Though this particular research is a broad area and that the fact that it is very rich, previous researcher such as Saffold, 1988; Denison, 1990; Johns and Saks, 2005; Dasanayake and Mahakalanda, 2008) all concluded categorically that, there existed a relationship between organizational culture and organizational performance. Which meant that, they concluded that their existence between organizational culture and organizational performance is just speculated and there existed no relationships. The various results from researchers conducted from various researchers on the impact of organizational culture on performance have all brought about mixed results, which are contradictory and doubtful and because of these mixed findings, the question to whether organizational culture increases performance or slows it in the corporate sector is still of value for further studies.

Organization

Organizations are often related to every living organism, which features a life cycle. The anthropological views organizations as citizenry with distinct character and therefore, the sociology concept considers a corporation as a society. Organizations are established to figure with an ideology which defines their mandate within the society. Though, Hofstede et al. (1991) held the view that, organization's nature differs from nation to nation. It would be concluded that, the difference might be within the governance of nations as against organizations. Moreover, the context of their study informed the outline of a corporation. Consistent with McAuley et al. (2007), organizations exist as a stepping stone to assist people combine their resources and most at times it arises as a result of a necessity because it creates the avenue for team work. A corporation is made when there's an integration of human and other resources with the aim of achieving a group mission (Abiola-Falemu et al., 2010). Organizational studies are focused on the holistic activities which are executed within the organization. Organizational Culture emanates from National Culture and notwithstanding that, discovered problem solving techniques contribute to the belief of the Culture of a corporation. Conversely, Abu-Jarad et al. (2010) opined that, the individual beliefs of the workers during a corporation defined the Organizational Culture. Rameezdeen and Gunarathna (2003) asserted that, Organizational Culture is synonymous with the important self of a personal, which underpins the rationale why culture defers from one organization to the opposite because every individual is exclusive. O'Donnell and Boyle, (2008) recommended that, the success story achieved by the organization in solving its problems and what the organization is capable should be used to define the culture of the organization. Campbell et al. (2002) concluded that, the next factors contribute to the determinants of culture in organizations:

- The philosophy of the organizational founder
- The business activities undertaken by the organization
- The relationships established within the work environment
- The management and control systems utilized within the organization.
- The influence of National culture



Employee Performance

Employee performance refers to the observable behavior and actions which explain how a particular task is executed, and the expected results are realized (Alder, 2001). Performance is the extent to which an individual is carrying out his required tasks. This means that the rate at which an individual accomplishes his or her tasks shows his or her job (Ojo, 2009). This shows the employee the kind of job that is good and worthy (Alder, 2001). This means that employees need to know what needs to be done for a particular task to be completed (Ojo, 2009). Performance of employees is suffering from numerous factors in the workplace. One of these important factors is organizational culture. Human resource in every organization is very important is mainly the stronghold of every company because the success and failures of organizations depended on the employees in that organization. Every organization intends to take over its competitor and run them off the business. These make organisations to enact values, beliefs, behavior, norms and strategies targeted appealing and attracting and retaining their employees and at the long run, gives the company a competitive edge over its competitors. As a result, the unavailability of these norms and beliefs which makes up the culture of an organization can result in unwanted consequences such as low labour turnover, non-attendance, discontent, low level of commitment to work. One of the most important managerial consequences of organizational culture is the way of recruitments. Employing people whose values are different with that of the organization is likely to mislead to employees who lack motivation and commitment and who are dissatisfied with their jobs. Also, we should not overlook the influence of socialization has on an employee's performance. This of the view that in most organization's top management tend to find themselves more important than their subordinates. For this reason, they do not socialize with them, and even if they talked to them, they do it unpleasantly. Some management staff even does not praise workers if they do well in their area of post.

Organizational Culture and Its Dimensions:

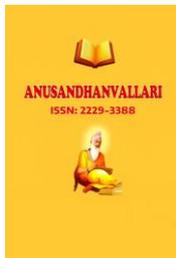
In an attempt to find characteristics of culture that might have influence on business behavior, Geert Hofstede implemented one of the most comprehensive studies of how values in the workplace are influenced by culture. He analysed a large database of employee value scores collected within IBM between 1967 and 1973. In addition, he demonstrated that there are national and regional cultural groupings that affect the behavior of organizations and identified four dimensions of culture (later six) in his study of cultures:

- Power distance
- Individualism
- Uncertainty avoidance
- Masculinity

Based on research by Michael Harris Bond, and Confucian thinking, a fifth dimension was identified by Hofstede in 1991: Long-Term Orientation. A sixth dimension was added in the 2010, based on Michael Minkov's analysis of the World Values Survey data. This new dimension is called Indulgence versus Restraint.

Dimensions of Organizational Culture

With data gathered from employees from more than 50 countries Hofstede (1981) separated organizational culture into four (4) ways;



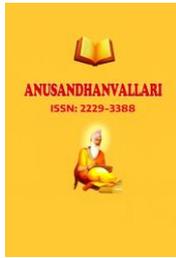
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- Masculinity: this aspect explains the rate at which explains greatness as an ambition. These things are observed and are seen as major focus rather than caring and promoting people.
 - Individualism: this is the level at which people hold their own interests and aspirations, which are different from the organisation's aspirations or goals. These people differentiate between their interests and that of the organisations.
 - Power: this is the distance that exists between employees, subordinates and managers. Relationships are separated from the business.
 - Uncertainty: this is also a way through which people desire to solve unforeseen circumstances with little doubtfulness.

Hofstede later in 1998 in addition to these four dimensions, added another one making it the 5th one which was the long- and short-term orientations. This 5th one he added was as a result of separate research he conducted among students from about 23 countries though using questionnaires. Most of the scholars at that time had various criticisms about Hofstede's research (Sondergaard, 1994). Later another scholar Schwarts (1995) later developed a cultural value identifying the interrelationship among beliefs and peoples' behavior in an organization. He built on Hofstede's model. He made similar approach similar to that of Hofstede thereby collecting responses from thirty-eight (38) countries. He identifies two (2) different scopes of culture; affective and intellectual and self-enhancement verses self-transcendence and made cultural norms existing in the societies into predetermined culture and relationship culture grounded on life and work.

Importance of Organizational Culture

Organizational culture has a tremendous impact on an organisation's success in recent times. As a result of this, company that has no tangible culture may find it stressful and difficult to thrive and in order to maximize the optimal outputs of their employees. Without organizational culture, employees may find it difficult in accepting cultures, which are values the organization holds thereby hindering both environmental and company happenings. Schein (1989) in his definition of organizational culture described it as "an outline of shared basic assumptions which group learns often while resolving their problems, which may include both internal integration and external adaptations, and, which are considered to be valid and works best and can be passed down to new employees as a desired way to do things".

Organizational culture, therefore, supports compliance and efficiency efforts in each case. It provides identity and continuity and acts as a guidance for workers no matter the positions they hold in the organization. With this, both employees and management are all on the same level in terms of behavior and patterns in the organization. Through the organizational culture, there are better harmonization and cooperation in the organization. "Organizational culture is said to be unique way of organizing, strategic, using the required Manpower ideas and concepts" Peters (2013). Bokor (2000) proposed that, the opinion of employees, their values and beliefs, symbols and ritual not forgetting objects had an important role in the culture organizations have. According to Seth (2015) organizational culture, is a behavior pattern accepted by all as the way of life. The case of analysis of organizational culture can be observed a contact circuit between the content, interpretations and expressions of culture.



Individual factors in the culture-performance relationship

Numerous researchers consider the importance of individual aspects, which connects both organizational culture and performance respectively (Schermerhorn, 2004). It requires further investigation for better understanding and prediction of the relation between organizational culture and employee performance. According to Agwu (2014), organizational culture mostly forms an integral part which connects the company's employees and its operational. The core integration is the relationship between new employees and the existing employees making group identity possible. This kind of structure forms a strong communication and exclusive mutual understanding existing in the organization. Nevertheless, if when the culture in the organization fails to fulfil these functions at a satisfactory level, the culture may impact negatively on the efficiency of employees.

A culture that is extremely strong always is adaptive to and addresses the productivity and creating a good environment for both employees and management. Employees, therefore, see it as shared beliefs and goals and by so doing, help them in developing attitudes and norms in lines with the prescribed, and an accepted way that the organization recognizes. (Daft, 2010).

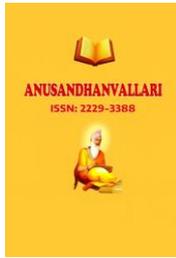
According to Hofstede (1991), organizational culture is the mind-set of the people that distinguishes each one from the other. These beliefs, behavior and values are always different from other organizations making it unique. According to Stewart (2012), the values and beliefs that exist in organizations are highly held and accepted with those who have a closed or slightly close relationship with the organization. The norms can usually be seen, and they directly have an impact on employees and the organization's profits. In addition to it, he proposed that, norms and values were the key most identifiable things to look out for in every organization. In business today, it is confirmed by the studies that organizations that focus more on areas such as managerial, stakeholders, their employees, customers and its leaderships perform greatly than those who do not.

Relationship between Organizational Culture and Performance

Azhar (2003) further emphasizes that the phenomenon which often differentiates good organizations from bad ones could be termed as "corporate culture." He added to it that the well-managed organizations have distinctive cultures that are, in some way, responsible for their ability to successfully implement strategies. He further observes that every organization has those cultures and subcultures that have a culture (which often includes several sub-cultures) that has a powerful impact on the conducts and behaviors of both employees and the managers. Organizational Culture is therefore, a very important way of enhancing organizational performance.

Pearce and Robinson (2004), argue that, culture has both strength and weakness. For the strength, it can promote communication, decision making and control, and create cooperation and commitment. On the part of its weakness, it occurs when there are little values and behavioral norms, and traditions are mostly rare resulting in the lack of commitment and sense of identity. It may be a hindrance to implementation of strategies and thereby being a resistance to change within the organization.

- How well they are doing,
- If they are meeting their goals,
- If employees and customers are satisfied,
- If processes are in statistical control,
- If and where improvements are necessary.



Organizational culture helps in sense-making process and drawing conclusions. What this means is that, it better helps employees and managers in comprehension of organizational events and happenings thereby sharing these ideologies and beliefs efficiently and effectively, reaching higher levels of cooperation with each other because they share common mental models of realities (McShane and Glinow, 2005).

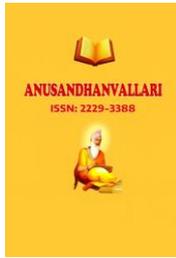
Analogy can be deducted opinions from all the explanation of organizational culture that firms with superior financial performance typically have robust values and beliefs, which truly define how they conduct their daily business activities. These robust values which comprised how the employees are treated, their customers and suppliers and every stakeholder who brings profitability to the firm. When all of these have a direct and mutual relationship with how the organization is managed, productivity is high and there is optimal performance.

According to Deal and Kennedy (2000), a strong culture is a key factor in superior organizational performance and lasting competitive advantage. This view was supported by (Kipsang et al., 2015; Polychroniou and Trivellas, 2017) as their researches confirmed that a strong and balanced culture has a positive relationship with performance variables such as fiscal growth, market position and innovative performance. In contrast to this, (Matthew, 2019)'s findings challenge the notion that strong cultures are directly linked to organizational effectiveness, due to differentiation and fragmentation of cultural values in some Indian software companies. However, a major limitation to this study is that the results cannot be generalized for other sectors or regions. Furthermore, the author maintained that the culture and performance link is an indirect one and fails to be an all-sufficient ingredient for financial performance. Nevertheless, it was accepted that organizational culture is a dynamic capability that promotes learning and knowledge-sharing (Teece, 2007), which helps to attract and maintain the right talent and skills that facilitate organizational effectiveness (Matthew, 2019). Relatively, other scholars (e.g. (Uddin and Hossain, 2012; Boyce et al., 2015; Nikpour, 2017) have also argued that the relationship between corporate culture and performance is an indirect phenomenon as the link is mediated by organization variables such as employee commitment and employee productivity. Saffold (1988) concluded that, culture can shape organizational processes, but processes also act to create and modify culture. That culture's contribution to performance is a consequence of this ever-evolving interaction. He again added that culture's link to performance is considerably less straightforward than many studies imply.

Conclusion

Based on this study, we can conclude that organizational culture has a positive impact on the employee's job performance. It has been identified that, almost every employee in an organization may have their own culture, and he or she first tries to adjust to the norms and values of the organization. The adoption of the culture of the organization is helpful for the employees to do their work efficiently and effectively. For an organization to achieve an optimal performance, everyone must be aware of how things are conducted in the organization and how each of their inputs affects the general performance of the organization. This is made possible by making sure everyone is on the same course with the general running of the business. Gallagher 2008

In this study, organizational culture is very helpful for the new employees to adopt the organizational culture and to get a competitive advantage under the particular conditions. On behalf of previous studies, it brings into since employee's commitment and group efficiency plays a very crucial role to adopt the value and beliefs of the organization and enhancing the performance of the organization.



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