

IMPACT OF CULTURE ON ORGANIZATION: AN EMPIRICAL STUDY

Urvashi Sharma¹, Rableen Kaur Rao² & Sohan Lal³

¹Associate Professor, Department of Commerce, Delhi School of Economics, University of Delhi, Delhi, India

²Research Scholar, Department of Commerce, Delhi School of Economics, University of Delhi, Delhi, India

³Assistant Professor, Department of English, Satyawati College, University of Delhi, Delhi, India

Received: 29 May 2018

Accepted: 06 Jun 2018

Published: 13 Jun 2018

ABSTRACT

Culture is the acquired knowledge that people use in order to interpret experience and generate social behavior. Culture help the organization to deal with external adaptation problems and internal integration. Culture forms values within the organization, creates an attitude and influences the behavior of the individuals. The aim of this paper is to show through a questionnaire the impact of organizational culture on its employees and overall performance of the organizations and institutions.

KEYWORDS: *Organizational Culture, Culture, Performance, Organizational Performance*

OBJECTIVES

- To define what is organizational culture and organizational performance.
- To empirically show the impact of organizational culture on organizational performance...

METHODOLOGY

The primary purpose of the study is to understand about organizational culture, thus primary data has been obtained using questionnaire-based survey method. Organizational culture and its impact on performance are explained conceptually and testing empirically with the help of a questionnaire. The questionnaire is divided into three sections. Demographic information is shown in section one, followed by organizational culture; the third section deals with the impact on organizational culture on employees.

INTRODUCTION

In today's highly competitive world of globalization, using traditional ways such as technology, patents, machinery and economies of scale it is difficult to sustain competitive advantages for the companies. Alternatively, leaders in the organizations have laid its emphasis on recognizing on its strong culture to have an edge over other in order to achieve short-term and long-term strategic objectives of the (Fareed et al., 2017). Organizational culture concept lays a foundation in order to develop organizational behavior. Culture is the defined as ideas, customs, skills, beliefs etc. of people over a period of time. Leaders have analyzed that every organization have its own unique corporate culture different from others. It has certain values which help them to find their daily support within organizations (Roth and Lee, 2007). Culture is the sum of the beliefs, the rules, techniques used by organizations institutions which act as artefacts that

are characterized in terms of the collective programming using mind or human populations. Wagner and Bolloju say that culture is an informal way of sharing different ways of how an individual perceives its life in an organization that makes employees engage towards that organization which influences them about their own personal life and their work.

REVIEW OF LITERATURE

The review of literature includes the studies and important findings in the past related to organizational culture, an effect of organizational culture on employees and the overall impact of culture on organizational performance. The term culture is associated with different peoples who have different myths, rites, philosophies, languages, and stays at different places. It is seen that within a society, an organization or institution a member who follow same rituals, religion usually pass along stories, and jargon as an informal mean to foster or hinder organizational goal (Baker, 1980). Deshpande and Webster Jr (1989) has defined the culture of organizations as the sum total values, rituals, beliefs that are shared among individuals to make them understand the functioning of the organization by explaining them the norms and the behavior to work in the organization. Cameron and Quinn (1999) suggested that within an organizational culture the assumptions, expectations, memories are the values which are taken for granted in an organization. It talks about the already underlying ideology which employees perceive and carry in their head to understand the things that happen in and around organizations.

Organizational culture provides unspoken guidelines which spread a sense of identity which helps everyone to enhance their social system i.e., the organization. Hofstede et al. (1990) conducted his study over 100,000 employees working at IBM all over the world to analyze the influence of the national culture that is affecting the behavior of the organizations. Hofstede et al. divided its study into five dimensions namely "power distance, uncertainty avoidance, individualism vs. collectivism, masculinity vs femininity and long-term orientation." Gallagher et al. (2008) The culture of an organization is one of an important element which influences everything alike organization. Culture act as a fundamental part of the organization which tells about how the organization operates, what are its mission and vision, how does it treat its employees within organizations, customers, and stakeholders outside the organization. Taylor and Wright (2004) suggested that organizational culture is all about they will behave in an organization. From where it is created and from where they will receive it.

Wilderom and van den Berg (1998) suggested that rather than maintaining a strong culture, the aim should be to reduce the gap or differences between the organization where employees prefer to work with their cultural practices and their perception rather than that of organizational practices. Many researchers have a different opinion regarding performance. Busenitz and Barney (1997) say that performance is one of the combative issues among the organizations. Izquierdo et al. (2002) says that performance of a certain activity can be defined using 3Es i.e., economy, efficiency, and effectiveness.

Performance is an ability of an organization to attain its goal using its resources in efficient and effective manner Daft et al. (2010). The major issue is the different approaches used and its appropriateness in order to utilize and measure the performance of an organization. Richard and Johnson (2001) defined organizational performance as the ability of the organization to achieve its goals and objectives. Venkatraman and Prescott (1990) say that it is very difficult to define, understand its concept and measure it.

ANALYSIS AND FINDINGS

In order to assess the organizational culture various researchers have supported to use organizational practices (Hofstede et al., 1990);(House et al., 2004);(Pfeffer, 1997)and (Wilderom and van den Berg, 1998)

Demographic Analysis

The survey was circulated among 200 employees who are working in private and government organizations and institutions in Delhi-NCR. Out of total circulated survey, only 131 employees filled the survey giving a response rate of 65.5 %.

Gender and Sector

The results in Table 1 indicated that out of total 131 responses 52.7%were females and remaining 47.3% were males. In Table 2 the sector was divided into five categories namely IT, KPO, Pharma, Education and Others The percentage of the data collected were 22.9%, 19.8%, 3.8%, 21.4% and 32.1% respectively in the above sectors.

Gender	Percentage (%)
Female	52.7%
Male	47.3%

Sector	Percentage (%)
IT	22.9%
KPO	19.8%
Education	21.4%
Pharma	3.8%
Other	32.1%

Figure 1: Gender and Sector

Age Group, Education, and Work Experience

Table 3 showed that most of the respondents belong to 25-30 years (45%), followed by 18-25 years (31.3%), 30-35 years (13%) and 35 years and above (10.7%). Whereas Table 4 talks about the education qualification where the majority were postgraduates (61.1%), followed by graduates (29.8%), and few belongs to high school (6%) and others (3.1%). Lastly, Table 5 talks about the work experience with the present organization or institution. Majority of employees possess the experience of 0-2 years (52.7%) followed by 2-5 years (25.2%), 5-8 years (9.2%) and 8 years and above (13%).

Age (Years)	Percentage (%)
18 - 25	31.3%
25 - 30	45.0%
30 - 35	13.0%
35 & above	10.7%

Education	Percentage (%)
High School	6.0%
Graduation	29.8%
Post Graduation	61.1%
Others	3.1%

Work Experience	Percentage (%)
0 - 2 years	52.7%
2 - 5 years	25.2%
5 - 8 years	9.2%
8 years & above	13.0%

Figure 2: Age Group Education and Work Experience

Organizational Culture and Its Aspects

In this section we are talking about the organizational culture and its shared sense of the purpose with employees; Structured Systems within organizations for the processes and functions along with the resources available to achieve the purpose. Followed by mindfulness of employees and process of learning and continuous improvement within organizations.

Table 6

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
My organization's core purpose (or mission and vision) inspires me to work with enthusiasm and commitment.	34%	42%	19%	3%	2%
My organization has clearly established strategic objectives to align priorities.	28%	42%	23%	5%	2%
My work group, priorities are clearly aligned with the organization's strategic objectives and with other groups who depend on us	28%	46%	21%	2%	3%
I can see a clear linkage between my work, my group, priorities and the organisation's strategic objectives.	26%	44%	21%	5%	3%
My organization has clearly established core values, including business ethics principles, to guide behaviors.	32%	33%	28%	5%	2%
Roles, authorities and accountabilities for all business-critical activities, especially those for quality and safety management, are clearly established and well understood by all stakeholders.	31%	36%	24%	9%	1%
People in business-critical roles, especially those for quality and safety management, are fully aware of their responsibilities and are competent to carry them out.	22%	45%	27%	5%	2%
My organization has a documented, systematic process to identify, assess and manage all risks to people, assets, the environment and the organization's reputation.	31%	46%	18%	5%	1%
There are sufficient people within organization who have been trained on incident management, including reporting, investigation, root causal analysis and corrective actions.	30%	41%	22%	5%	2%

Figure 3: Shared Sense of Purpose

In figure 3 (Table 6) shows that 76% employees feel that the organizational core purpose inspires them to work with enthusiasm and commitment followed by 19% who feel neutral about it whereas 5% feels the mission and vision of organization doesn't lead to commitment. 70% of employees feel that organizations have defined its strategic objective according to priorities where 23 feels neither they agree nor disagree with objectives followed by 7% who completely disagrees. Employees in majority find that there is a clear link between organizations objectives and employees priorities. Also, organizations have clearly defined its core values, principles and ethics which guide the behavior of individuals within organizations.

The resources which are required within organizations to achieve the objectives are well defined or not is explained in this paragraph. When talking about roles, authorities, and accountabilities which are related to critical activities are clearly established and understood by stakeholder or not, 67% of employees said yes they are defined and are understood by stakeholders whereas 24% feel that they are not sure about it whereas 10% say they are not established clearly and no information is given to stakeholders. Also, 77% of employees says that their organizations have documented

all the steps, procedures to be followed in order to achieve the objective, assess risk, manage people and its environment whereas 6% said no such documentation is done in their organization and 18% were having no surety about the same. Lastly, if any incident happens within the organization then the organization has proper reporting, investigation, causal analysis and corrective actions for the same. In this 71% of employees agrees that they have trained incident management people within organization whereas 22% gave a neutral response and 7% disagree that there is no proper incident management.

Employee Perception: Organizational Culture

This section talks about employees perception regarding its organizational culture, its processes, the mindset of learning and ways to continuously improve their work. The figure 4 (table 7) talks about organizational culture with respect to individual employee and its performance. Majority of employee (55%) assess their task in term of risk before starting it whereas 32% are neutral about risk assessment and 14% does not do risks assessment at all. Organizational culture important aspect is work stress. 70% of employees say that stress is at tolerable level whereas 10% feels that stress level is way above tolerance level. A Sense of the responsibility within a organization is important. In order to check the performance of employee and aspects of future for development. 71% says that they have frequent one to one meeting discussions with managers to assess performance which helps to align task an boost their career whereas 9% do not entertain one to one meeting. This one to one meeting helps the supervisors to understand its employee and help him to achieve full potential at work. Managers are aware of all the happenings in the organizations which gives an edge over others and help its subordinates according to its potential to improve its performance which overall improves two-way trust. Majority of employees feel it correct whereas few do not agree with it. Teamwork is an important aspect within organizational culture and 67% of employees feel that in order to satisfy their internal and external client they prefer team work over individual efforts. In teamwork every individual feels free to speak their mind in terms of suggesting new ways to do work, reporting any incident etc. 71% of employees feel that they work according to rules and regulation assigned to a task. Finally measuring the performance of its employees annually to provide them with compensation and benefits. 79% of employees say that their organizations benchmark their performance and give reward and recognition accordingly better than its competitors whereas very few (5%) say they do not evaluate their performance.

Table 7

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
I do a risk assessment before starting any task.	24%	31%	32%	10%	4%
Work stresses are at a tolerable level and I am able to fully focus on the task at work	32%	38%	20%	7%	3%
I feel a deep sense of personal responsibility for all the things I commit to do. I expect to be held accountable if I fail to do what I promise.	35%	51%	12%	1%	2%
I have frequent one-to-one discussions with my supervisor to discuss how my goals align with the group and organizational goals, my performance toward those goals and my personal development plan.	27%	44%	21%	6%	3%
My supervisor is helping me achieve my full potential by providing ongoing coaching to improve my performance and recognition for my successes.	31%	35%	26%	6%	2%
All managers know what is happening in our organization and where all the problems are and the workforce knows exactly what our managers expect, there are no mixed messages.	27%	37%	28%	6%	2%
Because managers and workers are aligned and show two-way trust there is less need for bureaucracy, audits and supervision, so workload is decreasing.	23%	34%	26%	12%	5%
Everyone in my work group collaborates with each other and with stakeholders in other groups to meet internal and external customer expectations.	30%	37%	27%	3%	4%
I feel free to speak my mind about risks without fear of negative consequences.	30%	41%	18%	8%	3%
My organization has an easy-to-use system for reporting incidents.	34%	37%	18%	8%	4%
A high rate of incident reporting is seen as a good thing in my organization.	24%	31%	28%	12%	5%
Incident investigations focus on learning rather than on assigning blame.	24%	35%	31%	6%	3%
I comply with the rules while doing a task.	28%	43%	26%	2%	2%
My organization actively benchmarks its performance and seeks to learn best practices from competitors and other industries.	29%	50%	18%	2%	1%
My organization has a formal process to review, at least annually, its performance toward its strategic objectives and the effectiveness of its risk management system.	37%	43%	15%	3%	2%

CONCLUSIONS

Culture is an important part of an organization to measure its performance. It was seen that culture plays an important role in explaining mission and vision of the organization, explaining the relationship between superior and subordinate. Culture tells in and out about the organizations in terms of its work-life balance, stress within the organization, the relationship among employees, reporting, an incident etc. Majority of employees know about their roles, responsibilities, risk related to work. Majority of employees finds that the mission vision of the organizations is in line with the objectives of the individuals. Also, the majority of employees take compensation, its working environment, and work-life balance as an important measure to explain organization culture.

REFERENCES

- Baker, E. L. (1980). *Managing organizational culture*. *Management review*, 69(7):8-13.
- Busenitz, L. W. and Barney, J. B. (1997). *Differences between entrepreneurs and managers in large organizations*:

2. Biases and heuristics in strategic decision-making. *Journal of business venturing*, 12(1):9–30. Cameron, K. S. and Quinn, R. E. (1999). *Diagnosing and changing organisational culture*. Reading: Addison-Wesley.
3. Daft, R. L., Murphy, J., and Willmott, H. (2010). *Organization theory and design*. Cengage learning EMEA.
4. Deshpande, R. and Webster Jr, F. E. (1989). *Organizational culture and marketing: defining the research agenda*. *The journal of marketing*, pages 3–15.
5. Fareed, M., Isa, M. F. M., Noor, W. S. W. M., et al. (2017). *Human resource professionals effectiveness, organizational culture and high performance work system link: Evidence from Pakistan*. *International Review of Management and Marketing*, 7(1):85–94.
6. Hosain, M. D. "The Impact of E-HRM on Organizational Performance: Evidence from Selective Service Sectors of Bangladesh." (2017).
7. Gallagher, S., Brown, C., and Brown, L. (2008). *A strong market culture drives organizational performance and success*. *Employment Relations Today*, 35(1):25–31.
8. Hofstede, G., Neuijen, B., Ohayv, D. D., and Sanders, G. (1990). *Measuring organizational cultures: A qualitative and quantitative study across twenty cases*. *Administrative science quarterly*, pages 286–316.
9. House, R. J., Hanges, P. J., Javidan, M., Dorfman, P. W., and Gupta, V. (2004). *Culture, leadership, and organizations: The GLOBE study of 62 societies*. Sage publications.
10. Karbalaei, B., and N. U. K. Shirvani. "Mediating effect of occupational health and employees well being on organizational performance." *Int J Res Bus Manag (IJRBM)* 3 (2015): 29-42.
11. Izquierdo, M., Ibanez, J., Gonzalezbadillo, J. J., and Gorostiaga, E. M. (2002). *Effects of creatine supplementation on muscle power, endurance, and sprint performance*. *Medicine & Science in Sports & Exercise*, 34(2):332–343.
12. Pfeffer, J. (1997). *New directions for organization theory: Problems and prospects*. Oxford University Press on Demand.
13. Richard, O. C. and Johnson, N. B. (2001). *Strategic human resource management effectiveness and firm performance*. *International Journal of Human Resource Management*, 12(2):299–310.
14. Roth, W.-M. and Lee, Y.-J. (2007). *Vygotsky's neglected legacy: Cultural-historical activity theory*. *Review of Educational Research*, 77(2):186–232.
15. Taylor, W. A. and Wright, G. H. (2004). *Organizational readiness for successful knowledge sharing: Challenges for public sector managers*. *Information Resources Management Journal*, 17(2):22.
16. Venkatraman, N. and Prescott, J. E. (1990). *Environment-strategy coalignment: an empirical test of its performance implications*. *Strategic Management Journal*, 11(1):1–23.
17. Wagner, C. and Bolloju, N. (2005). *Supporting knowledge management in organizations with conversational technologies: Discussion forums, weblogs, and wikis*. *Journal of Database Management*, 16(2):1.

18. Wilderom, C. P. and van den Berg, P. T. (1998). *A test of the leadership-culture-performance model within a large dutch financial organization**. In *Academy of management proceedings, volume 1998, pages B1–B5*. Academy of Management Briarcliff Manor, NY 10510.