

A STUDY OF IMPACT OF ORGANIZATIONAL CULTURE ON PERFORMANCE WITH RESPECT TO IT SECTOR

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ABSTRACT

The organizational culture can be one of the most important factors in deciding the success or failure of a large corporation, but it is also one of the hardest things to change about a company since by its very definition organizational culture is shared throughout the entire company. The aim of the study is to find how the sound organizational culture can affect the overall performance of the organization. Data is collected with the help of a structured questionnaire. Non probability sampling has been used with the sample size of 80. The study shows that there is a positive relationship between the organizational culture and the employee job performance. The paper concludes that the culture should be more participative. This will lead to transparency in the organization. Cross cultural issues should be given more emphasis.

Keywords: behavior, beliefs, culture, diverse, values, working relationships.

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1.INTRODUCTION

The concept of Culture has been derived from anthropology where it is defined in so many ways and therefore, it includes a variety of factors. At the early stage of study of organizational culture in the field of organizational behavior, the same situation existed and each researcher / author defined culture in its own way. However, over the period of time, some consensus emerged in the form that organizational culture is a system of shared learning.

Organizational Culture is the set of assumptions, beliefs and norms that are shared by the organization members. Thus organizational culture is a set of characteristics that are commonly shared by the people in an organization. Such characteristics may be in the form of assumptions, values, beliefs, norms which are known as the abstract elements of the culture or externally oriented characteristics like products, feelings, and dresses etc which are known as the material elements of the culture.

1.1 Seven primary characteristics of the organizational culture

- Innovation and risk taking: the degree to which employees are encouraged to be risk taking and as well as innovative.
- Attention to detail: the extent to which employees are expected to exhibit precision, analysis and attention to detail.
- Outcome orientation: the degree to which management focuses on results or outcomes rather than the techniques and processes used on achieving those results or outcomes.
- People orientation: The degree to which management decisions take into consideration the effects of outcomes on the people of the organization.
- Team orientation: The degree to which various organizational activities are organized on team basis rather than individual basis.
- Aggressiveness: the extent to which the people in the organization are aggressive and competitive rather than easygoing.
- Stability: The extent to which the organization emphasizes in maintaining status quo rather than change.

2. REVIEW OF LITERATURE

Grant (2005), he emphasized the extent to which the corporate culture assists coordination depends on the characteristics of the culture itself. Here he gave the example of the Los Angeles department culture professionalism and mutualism which made it one of the most admired and effective police forces in America but later continued to the problems of isolation and unresponsiveness to the customer needs because the characteristics' of the culture were flawed.

Hofstede (2005), he said that the successful implementation of the culture in an organization among other factors is determined by how well the organization deals with the different cultural backgrounds of the employees in order to synchronize them with the organization domain culture.

Brown (1998) expresses the role of the corporate culture in fostering coordination as a glue or cement that binds organization together. He continues to state that a common culture promotes consistency of perception, problem, and definition, evaluation of issues and actions and preferences for action.

Morgon(1997), the organizational culture is nothing but an active living phenomenon through which people jointly creates and recreates the world in which they live and he poses the three basic questions. What are the shared form of reference that make organization possible? Where do they come from? How are they created, communicated and sustained?

Bennet (1996), He concluded that the positive aspects of an organizational culture are that it furnishes employees with a sense of corporate identity helps generate commitment to the attainment of the organizational goals, provides employees with a frame of references through which to evaluate issues and by influencing individual prospective stabilizes interpersonal relationships with the firm.

Arthur (1994), Organizational Culture is nothing but the set of assumptions, beliefs, values and norms that are shared by the organization members that if effectively implemented can enhance the overall outcome of the company in terms of productivity through mutual coordination.

Ogbonna (1993) widely shared and strongly held values enabled management to predict employee relations to certain strategic options thereby minimizing the scope for undesired consequences.

Howell and Avolio(1993) , the researcher pointed out that the unifying influence of the organizational culture is likely to be useful in assisting coordination through mutual adjustment in large cross functional teams of the type required for the new product development . One of the advantages of the culture as a coordinating device is that it permits substantial flexibility in the type of interaction it can support.

Bass and Avotio (1993), stated that the founder creates an organization on which ultimately reflects their values and beliefs. In this sense, the founder creates and shapes the cultural traits of the organization. However as the organization develops and the time passes, the created culture of the organization exerts an influence on the leader and shapes the action and style of the leader that ultimately affects the overall performance of the organization.

Moran & Volkwein (1992), Organizational culture is a contributing element for the organizational climate, and the cultural element is described as contributions by collaborative participants with common views that affect the overall performance of the organization.

Gordon and Di Tomasos (1992), there is a link between certain organizational characteristics and performance but each adds a number of provisions. The culture will remain linked with superior performance only if the culture adapt to the changes in environmental conditions.

Martin(1992), treating culture as a unitary concept reduces its value as its analytical tool and the culture cannot be equated to power and politics.

Reed and De Fillippi (1990), the sustainable competitive advantage arises from the creation of organizational competencies which are both superior and imperfectly imitated by competitors.

Schein(1990) , described the organizational culture in a more comprehensive fashion that it is nothing but as values and behavior that are lead to success and are taught to new members thus enhancing the overall performance of the organization.

Schein (1990) describes corporate culture to comprise of beliefs, values and behavioral norms which influence how the employees in an organization think and behave. These values, beliefs and behavioral norms can be manifested in symbols, ceremonies, social practices, rites, vocabulary and dressing.

Saffold (1988), Organizational culture permeates organizational life in such a way as to influence every aspect of the organization. There are many examples of recognizable organizational cultures in the United States. General Motors, IBM, and I. E. DuPont Nemours are just a few of the organizations that communicate a strong sense of culture not only to their members, but to outsiders as well.

Prahalad and Bettis (1986), the uniqueness quality of organizational culture makes it a powerful source of generating advantage over competitors.

Barney(1986), the growing popularity of the resource based view of competitive advantage suggests that the degree to which a culture can be theorized to determine a sustainable advantage is dependent on the value, rarity , imitability and sustainability of the culture concerned.

Posner & Schmidt (1985), the organizational culture affects such outcomes as productivity, performance, commitment, self confidence, and ethical behavior.

Krefting and Frost (1985) suggest that the way in which the organizational culture may create competitive advantage is by defining the boundaries of the organization in a manner which facilitates individual interaction and/or by limiting the scope of information processing to an appropriate level.

Smircich (1983) identifies the basic two approaches to the study of the cultural phenomenon in organizations, culture as an organizational variable and then the culture seen as something which can be manipulated, and the nature, impact of such manipulation affect the overall performance of the organization.

Deal and Kennedy (1982), the researcher stated that the performance of the organization is dependent on the degree to which high values of the culture are widely shared that is strong.

Pascale and Athos (1981), the successful organizations are distinguished by their ability to promote cultural values which are consistent with their chosen strategies.

Ouchi (1981), one of the major reasons for the widespread popularity of and interest in organizational culture stems from the argument that certain organizational culture led to superior organizational financial performance.

Gilmer (1964), the culture is a set of characteristics that describes an organization and distinguishes it from others.

3. RESEARCH METHODOLOGY

3.1 Objective of the study: To know how the sound organizational culture can affect the overall performance of the given organization.

3.2 Research design

The research conducted was exploratory in nature.

3.3 Data collection method

Keeping in view the objectives of the study, a structured questionnaire was developed.

3.4 Sampling

Sampling Method: Non probability sampling has been used.

Sample Size: A sample size of 80 is taken.

4. DATA ANALYSIS AND INTERPRETATION

Data analysis has been done with the help of SPSS software.

Question 1) Compared to the companies like yours, how would you access your organization performance in the following area in context to culture: Market share?

Table 1: Table showing organization performance with respect to Market share in context to culture

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Don't Know	5	10.0	10.0	10.0
	Low performer	16	32.0	32.0	42.0
	Average performer	25	50.0	50.0	92.0
	High Performer	4	8.0	8.0	100.0
	Total	50	100.0	100.0	

Interpretations: From the above data we can conclude that in terms of market share about 50% of the respondents consider the organization as average performer while 32% of them consider the organization as low performer. Only 8% of them consider as high performer while 10% of them does not have any idea about the asked question.

Question 2) How would you access your organization performance in quality of products or services in context to culture?

Table 2: Table showing organization performance in quality of products or services in context to culture

		Frequenc y	Perce nt	Valid Percent	Cumulative Percent
Valid	Don't Know	4	8.0	8.0	8.0
	Low performer	4	8.0	8.0	16.0
	Average performer	21	42.0	42.0	58.0
	High Performer	21	42.0	42.0	100.0
	Total	50	100.0	100.0	

Interpretations: In terms of quality of products or services, about 42% of the respondents consider the organization as average or the high performer. While 4% of them consider as low performer or they do not have any clue about the asked question.

Question 3) How would you access your organization performance in the following area-New product development?

Table 3: Table showing organization performance in the following area-New product development

		Frequenc y	Percent	Valid Perce nt	Cumulati ve Percent
Valid	Don't know	6	12.0	12.0	12.0
	Low Performer	4	8.0	8.0	20.0

Average Performer	22	44.0	44.0	64.0
High Performer	18	36.0	36.0	100.0
Total	50	100.0	100.0	

Interpretations: In terms of new product development, about 44% of the respondents consider the organization as an average performer while 36% of them consider as high performer.

Question 4) How you would access your organization performance in the following area in context to culture- Employee satisfaction?

Table 4: Table showing organization performance in the following area in context to culture- Employee satisfaction

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Don't know	4	8.0	8.0	8.0
	Low Performer	4	8.0	8.0	16.0
	Average Performer	15	30.0	30.0	46.0
	High Performer	27	54.0	54.0	100.0
	Total	50	100.0	100.0	

Interpretations: About 54% of the respondents consider the organization as high performer while 30% of them consider as average performer. The rest 8% of the respondents consider it as low performer and the same number of them does not have any clue about the asked question.

Question 5) How do you access your company performance in Sales / Revenue growth in context to culture?

Table 5: Table showing company performance in Sales / Revenue growth in context to culture

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		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Don't know	3	6.0	6.0	6.0
	Low performer	5	10.0	10.0	16.0
	Average performer	16	32.0	32.0	48.0
	High performer	26	52.0	52.0	100.0
	Total	50	100.0	100.0	

Interpretations: In terms of sales/ revenue growth; about a little more than half i.e. 52% consider the organization as high performer while 32% consider it as average performer. Only 6% of them have no idea while 10% of them consider it as low performer.

Question 6) How you would assess your organization performance in the following area in context to culture- Overall Organization Performance?

Table 6: Table showing organization performance in the following area in context to culture- Overall Organization Performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Don't know	4	8.0	8.0	8.0
	Low Performer	4	8.0	8.0	16.0
	Average Performer	15	30.0	30.0	46.0
	High Performer	27	54.0	54.0	100.0
	Total	50	100.0	100.0	

Interpretations: About 54% of the respondents consider the organization as high performer, while 30% of the respondents consider it as average performer. 4% of the respondents do not know the answer and the same percent of the respondents consider the organization as low performer.

Question 7) Most of the employees are highly involved in their work?

Table 7: Table showing number of the employees that are highly involved in their work

		Frequency	Percentage	Valid Percent	Cumulative Percent
Valid	Strongly Agree	10	20.1	20.0	20.0
	Agree	17	33.9	34.0	54.0
	Neutral	7	14.0	14.0	68.0
	Disagree	10	20.0	20.0	88.0
	Strongly Disagree	6	12.0	12.0	100.0
	Total	50	100.0	100.0	

Interpretations: Most of the employees consider themselves as actively involved in their work. Only 12% of them strongly disagree with the statement.

Question 8) A strong teamwork can help in building up of a sound organizational culture?

Table 8: Table showing responses to the statement- a strong teamwork can help in building up of a sound organizational culture

		Frequency	Percentage	Valid Percent	Cumulative Percent
Valid	Strongly Agree	30	60.0	60.0	60.0
	Agree	11	22.0	22.0	82.0
	Neutral	5	10.0	10.0	92.0

Disagree	2	4.0	4.0	96.0
Strongly Disagree	2	4.0	4.0	100.0
Total	50	100.0	100.0	

Interpretations: A majority of the respondents i.e. 60% strongly agree with the statement. 10% of them remain neutral while only 4% of them strongly disagree with the given statement.

Question 9) Organization is encouraging employees to take personal responsibility and empower themselves?

Table 9: Table showing responses to the statement - Organization is encouraging employees to take personal responsibility and empower themselves

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	32	64.0	64.0	64.0
Agree	9	18.0	18.0	82.0
Neutral	5	10.0	10.0	92.0
Disagree	2	4.0	4.0	96.0
Strongly Disagree	2	4.0	4.0	100.0
Total	50	100.0	100.0	

Interpretations: A majority of the employees i.e. 64% strongly feel that the organization is encouraging employees to empower themselves and only 4% of them strongly disagree with the statement. About 10% of them prefer to remain neutral on this aspect.

Question 10) There is usually an ethical and moral conduct that usually guides, motivates our behavior and tells us to distinguish right from wrong?

Table 10: Table showing responses to the statement - There is usually an ethical and moral conduct that usually guides, motivates our behavior and tells us to distinguish right from wrong

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	22	44.2	44.0	44.0
	Agree	17	33.8	34.0	78.0
	Neutral	6	12.0	12.0	90.0
	Disagree	3	6.0	6.0	96.0
	Strongly Disagree	2	4.1	4.0	100.0
	Total	50	100.0	100.0	

Interpretations: The above data confirms that about 44.2% of the respondents strongly agree with the necessity of a moral and ethical conduct for judging right from wrong. About 33.8% of the respondents agree with the statement while only 6% of them do not agree with the statement. 12% of the respondents prefer to remain neutral on this aspect.

Question 11) Favoritism and Biasness can have a negative impact on the building of a strong organizational culture?

Table 11: Table showing responses to the statement - Favoritism and Biasness can have a negative impact on the building of a strong organizational culture

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	38	76.0	76.0	76.0
	Agree	5	10.0	10.0	86.0
	Neutral	3	6.0	6.0	92.0
	Disagree	2	4.0	4.0	96.0
	Strongly Disagree	2	4.0	4.0	100.0

Total	50	100.0	100.0	
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Interpretations: The majority of the respondents i.e.76% feel that the favoritism and biasness can destroy the basic concept of organizational culture and only 4% of the does not agree with the statement. About 6% of the respondents have no idea about the asked question.

Question 12) People from various parts of the organization share a common perspective?

Table 12: Table showing responses to the statement - People from various parts of the organization share a common perspective

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	7	14.0	14.0	14.0
Agree	11	22.0	22.0	36.0
Neutral	21	42.0	42.0	78.0
Disagree	8	16.0	16.0	94.0
Strongly Disagree	3	6.0	6.0	100.0
Total	50	100.0	100.0	

Interpretations: A majority of the respondents i.e. 42% of them remain neutral on the statement that the people from various parts of the organization share a common perspective. About 22% of them agree with the statement while 6% of them strongly disagree with the given statement.

Question 13) Motivating the employees in terms of reward system can help in growth of the organization?

Table 13: Table showing responses to the statement - Motivating the employees in terms of reward system can help in growth of the organization

		Frequenc y	Percen t	Valid Percent	Cumulative Percent
Valid	Strongly Agree	33	66.0	66.0	66.0
	Agree	7	14.0	14.0	80.0
	Neutral	2	4.0	4.0	84.0
	Disagree	5	10.0	10.0	94.0
	Strongly Disagree	3	6.0	6.0	100.0
	Total	50	100.0	100.0	

Interpretations: Around 66% of the employees feel that motivating the people in terms of reward system can help in growth of the organization. Only 6% of them strongly disagree with the given statement.

Question 14) Information is widely shared so that each and every employee can get the information he or she needs when it is needed?

Table 14: Table showing responses to the statement - Information is widely shared so that each and every employee can get the information he or she needs when it is needed

		Frequenc y	Percen t	Valid Percent	Cumulative Percent
Valid	Strongly Agree	7	14.0	14.0	14.0
	Agree	14	28.0	28.0	42.0
	Neutral	20	40.0	40.0	82.0
	Disagree	6	12.0	12.0	94.0
	Strongly Disagree	3	6.0	6.0	100.0
	Total	50	100.0	100.0	

Interpretations: About 40% of the respondents are neutral while 28% of them agree with the statement that the information is widely shared so that each and every employee can get the information he or she needs when it is needed.

Question 15) Authority is delegated in a manner that the people can act on their own?

Table 15: Table showing responses to the statement – Authority is delegated in a manner that the people can act on their own

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	12	24.0	24.0	24.0
	Agree	19	38.0	38.0	62.0
	Neutral	12	24.0	24.0	86.0
	Disagree	5	10.0	10.0	96.0
	Strongly Disagree	2	4.0	4.0	100.0
	Total	50	100.0	100.0	

Interpretations: About 38% of the respondents agree with the statement that authority is delegated in a manner that the people can act on their own. About 24% of the respondents prefer to remain neutral while 10% of the respondents do not agree with the given statement.

Question 16) Almost everyone believes that he or she is confident himself of creating a positive impact in overall performance of the organization?

Table 16: Table showing responses to the statement – Almost everyone believes that he or she is confident himself of creating a positive impact in overall performance of the organization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	27	54.0	54.0	54.0

Agree	10	20.0	20.0	74.0
Neutral	5	10.0	10.0	84.0
Disagree	4	8.0	8.0	92.0
Strongly Disagree	4	8.0	8.0	100.0
Total	50	100.0	100.0	

Interpretations: A large number of respondents feel that he or she is capable of creating a positive impact in the overall performance of the organization. About 54% of the respondents strongly agree with the statement while only 8% of them disagree with the given statement. Rest of them i.e. 10% of them prefer to remain neutral over the given statement.

Question 17) There is a typical set and pattern of management style being practiced in your organization.

Table 17: Table showing responses to the statement – There is a typical set and pattern of management style being practiced in your organization

		Frequenc y	Perce nt	Valid Percent	Cumulative Percent
Valid	Strongly agree	15	30.0	30.0	30.0
	Agree	8	16.0	16.0	46.0
	Neutral	16	32.0	32.0	78.0
	Disagree	4	8.0	8.0	86.0
	strongly disagree	7	14.0	14.0	100.0
	Total	50	100.0	100.0	

Interpretations: About 46% of the respondents feel that there is a typical set and pattern of management style being practiced in the given organization while 22% of the respondents do not feel so. Rest of them i.e. 32% of them prefer to remain neutral on this aspect.

5.CONCLUSIONS

The study shows that there is a positive relationship between the organizational culture and the employee job performance. Organizational culture moulds the people and people are the basic building blocks of the organization. Therefore, it must reflect, at least in part, the objectives of its members, particularly those who are the key decision makers. Thus for one organization, the objective may be profit maximization, but the same objective may be unworthy, mean for the other organizations. Secondly, ethics relates to the conformity to the principles of the human conduct. According to the common usage, moral, good, right, honest etc are more or less used as synonyms to ethical art. Work ethic in an organization is derived from its culture. Thus organizational culture determines the ethical standards for the organization as a whole and its individual members. Organizational culture, being unique and distinctive prescribes some specific modes of behavior for its members and these modes of behaviors affect the entire behavioral processes.

The sound culture also motivates the people to a greater extent and this is usually reflected in terms of their achievement. In its absence, high achievement people develop frustration and desert within the organization, therefore the organizational culture should be achievement oriented. Finally we can say that the organizational culture with its values, beliefs, strong ethics increases the effectiveness of the employees by making them more committed thus improving the performance of the employee as well as the overall performance of the organization in terms of the growth, sustainability and productivity.

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