

ORGANIZATION CULTURE AND ORGANIZATIONAL PERFORMANCE: A CONCEPTUAL ANALYSIS

Ms. Hirak Ardeshna*
Dr. Richard Remedios**

ABSTRACT

Organizations need to pay attention to an important area -Organizational Culture, which can create a supportive environment where Performance can be boosted and be competitive. Thus, this work proposes to look into the relationship between Organizational Culture and Organizational Performance which has various dimensions, and to address this problem, the author proposes empirical study between these two factors; which redefines and integrates information/decision making and social categorization perspectives on Organizational Culture and Performance. In addition, the research attempts to link the impact of Organization Culture on Organizational Performance and develop theoretical framework for understanding how the interplay of construed images and organizational culture shapes changes in institutional claims and shared understating about the identity of an organization. A conceptual framework has been aimed in this research in future orientations as a contribution towards the enhancement of the related literature.

Keywords: *Organization, Culture, Performance, Value, Employee Behaviour.*

Introduction

When we talk about culture, it can be resembled with an onion- if you start peeling an onion, one after another the layers will come out and at the end you found nothing tangible. But onion at the same time as a whole is a tangible concept. In the same way Organizational culture has both the sides like tangibility in organizational structure and technology. While cultural intangibility such as real and visible impact of importance of stakeholders and employees working with it. Culture is the viewpoint of pattern of development, ideology, knowledge, laws, values, social norms and rituals. The word "culture" has been derived metaphorically from the idea of "cultivation" the process of tilling and developing land. Thus, Organizational Culture is a set of values that helps the organization's employees to understand the actions which are acceptable and create a system of shared meaning held by members that distinguishes an organization from other organization.

Defining Organizational Culture

According to Donna Wilson VP-HR of Vanity "Employees want to know the organization was truly going to live up to its values and stay true to its commitments". Organizational culture is the basic pattern of shared assumptions, values and beliefs considered to be the correct way of thinking about and acting on problems and opportunities facing the organization. Hersey, Blanchard and Johnson defines culture, as "Organizational culture is itself a complex phenomenon with many interpretations. It is shared basic assumptions, or beliefs, about how to cope with the two fundamental problems that all groups and organizations faces: survival and adaptation to the external environment and the internal integration and coordination of organizational functioning". Joanne Martin gave the words, "As individuals come into contact with organizations, they come into contact with dress norms.... the organization's formal rules and procedures, its formal codes of behaviour rituals..... and so on. These elements are some of the manifestations of organizational culture'. According to Larry Senn, "Corporate culture consists of the

* Research Scholar, Department of Business Management, Saurashtra University, Rajkot, Gujarat, India.
** Principal, S.V.E.T Commerce BBA College, Jamnagar, Gujarat, India.

norms, values and unwritten rules of conduct of an organization as well as management styles, priorities, beliefs and inter-personal behaviour that prevail. Together, they create a climate that influences how well people communicate, plan and make decisions". Edgar H Schein suggests organizational culture, as "A pattern of basic assumptions – invented, discovered or developed by a given group as it learns to cope with its problems of external adaptation and internal integration – that has worked well enough to be considered valuable and, therefore to be taught to new members as the correct way to perceive, think and feel in relation to those problems".

The terms in the study includes those which are related to OC and OP. The definitions of these terms aid the readers to know their meaning in the present study context and includes the following terms:

- **Culture:** In simple, Culture is defined as "a system for distinguishing amongst in-group and out-group people". Geert Hofstede (1991) defined culture as "shared programming of human thoughts that differentiates people of group from other. In short, it acts as a system of communally held values."
- **Organization:** The term is defined as "a body of people who are employed with a clear rules, regulations, relationships and assignments which are framed to attain distinguishable goals and objectives." Greenwald, H. P. (2008).
- **Organizational Culture:** It is "a system of shared meaning, the prevailing background fabric of prescriptions and proscriptions for behavior and the system of beliefs and values that ultimately shape employee behavior" (Vander Post et al ,1998). It is also defined as "a system of beliefs, an unseen hand(or), a coordination mechanism and how workers interact among one another" (Graham et al 2015).
- **Performance:** In Romanian Language the word performance is defined as "an outcome obtained in a sport; a special attainment in an arena of activity; the finest result attained by a machine, a technical system, a device, etc.
- **Organizational Performance:** In IT/ITeS, it denotes "overall firm performance, including sales growth, profitability, productivity, market share, competitiveness, good service quality, return and client satisfaction" (Melville et al, 2004, Colase, 2009, Donthu and Yoo 1998 and Cho et al, 2013).

Organizational Culture Models

Schein's Three-Layer Organizational Model

Schein presents the culture as a series of assumptions that a person makes about the group in which he participates. These assumptions are grouped into three levels, each level becomes more difficult to articulate and change. These assumptions can be seen through:

- *Artifacts* (what you experience with your senses, such as language, styles, stories and published statements); These are the visible signs of an organization's culture.
- *Beliefs and proposed values* (ideals, goals and aspirations); These are the public statements about the values of the organization.
- *Underlying basic beliefs* (given by supposed conditions). These are the bases on which culture is based. Handy described this as "the way things are done around here."

Handy Organizational Culture Model

Handy proposed a four model OC as mentioned below:

- **Power Culture:** The power and influence endure in the hands of a central figure. These central figures enjoy the privilege of decision making in this culture.
- **Role Culture:** This culture builds by defining the jobs/ roles to be performed and not around personalities. This culture functions with a logic and is normally associated with bureaucracy where the strength stays at the top management/specialists.
- **Task Culture:** This category is related to project-oriented cultures which are extremely adaptable. Here, the organizations enable the people to work in teams for a problem and get the job done. The matrix organization is one kind of task culture.
- **Person Culture:** Employee is the central focus in person culture and this type of OC can be challenging as workers feel that they are more important than their organizations.

Hofstede Culture Model

Hofstede presented an onion model, which includes four aspects:

- *Symbols* comprises of words, images, or any other objects that convey exact interpretation by those who share the culture. In the onion model, symbols act as superficial level because they are the material carriers of culture and are substituted by other system.
- *Heroes* are people who carry those features which are extremely familiar and are recognized when they help the models for presenting the accurate values.
- *Rituals* comprise of the discourse, actions, and the method of language used. Within a culture, they are cooperative actions which expresses different forms of feelings.
- *Values* refer to morals, fundamental beliefs and spirits of organizations.

D.R Denison Model of Culture

Denison proposed a model that shows that organizational culture has to do with organizational success. Organizational culture is a framework that guides daily behaviour and decision making for employees and directs their actions towards the fulfilment of organizational objectives. Denison presented four crucial cultural characteristics:

- *Involvement feature*: It is the degree to which people of all levels of the organization participate in the search for the mission and work collaboratively to meet the objectives of the organization. This feature is to build human capacity, property and responsibility. Organizations empower their people, build their organizations around teams and develop human capacities at all levels (Becker, 1964; Lawler, 1996; Likert, 1961).
- *Consistency Trait*: It is the core values of the organization and internal systems that support problem solving, efficiency and effectiveness at all levels and across the boundaries of the organization. Organizations also tend to be effective because they have "strong" cultures that are highly consistent, well coordinated and well integrated (Saffold, 1988).
- *Adaptability feature*: It is the company's ability to scan the external environment and respond to the ever-changing needs of its customers and other interested parties. Organizations have a system of norms and beliefs that support the organization's ability to receive, interpret and translate signals from its environment
- *Mission Trait*: It is the degree to which the organization and its members know where they are going, how they intend to get there and how each individual can contribute to the success of the organization. Successful organizations have a clear sense of purpose and direction that defines organizational goals and strategic objective.

John Kotter and James Heskett, Culture Model

Kotter and Heskett researchers at Harvard Business School, identified two levels of culture:

- **Visible Level**: are the behaviour patterns and styles of the employees.
- **Invisible Level**: the values and assumptions shared that are maintained for a long period of time.

Kotter and Heskett argue that changes in the visible level (that is, in patterns and behaviour styles) during overtime can lead to changes in the invisible level (i.e., deeper beliefs).

The study had four main conclusions:

- Corporate culture can have a significant impact on the long-term economic performance of a company.
- Corporate culture will probably be an even more important factor in determining the success or failure of companies in the next decade.
- Corporate cultures that inhibit solid long-term financial performance are not rare; They develop easily, even in companies that are full of reasonable and intelligent people.
- Although difficult to change, corporate cultures can improve performance.

Deal and Kennedy Model

They identified four different types of culture in their book Corporate Cultures in 1982 based on how organizations obtain the feedback, how employees are rewarded and the level of risks they take.

- *Tough-guy macho culture*: If there is high degree of risk high with immediate feedback then the culture followed in those organizations is called as Tough-guy macho culture. It results in high turnover rate. For instance, police, surgeons, etc.
- *Work-hard culture*: If the degree of risk is low with immediate feedback then the culture followed in those organizations is called as work-hard culture. It results in high competition. For instance, sales, software corporations etc.
- *Bet-the-company culture*: If the degree of risk is high with slow feedback then the culture followed in those organizations is called as bet-the-company culture. It results in long-term and future orientation. For instance, pharmaceuticals, architects etc.
- *Play-hard culture*: If the degree of risk is low with slow feedback then the culture followed in those organizations is called as play-hard culture. It results in status-quo, stability and comfort. For instance, banks, insurance companies etc.

K.S. Cameron and R.E. Quinn Model

They developed "Competing Values" of OC model in 1999. Accordingly, the following are different types of OC

- *The Hierarchy Culture*: It concentrates more on internal stability and control than external flexibility and discretion. It works well when there is a stable and simple organizational environment.
- *The Market Culture*: It emphasizes internal stability and control added to it also focused more on to external issues. This type of culture identifies the opportunities from the external environment and gains the competitive advantage.
- *The Clan Culture*: Its emphases more on internal stability and control and values external flexibility and discretion. This culture achieves the goal by managing the environment through participation, teamwork and consensus.
- *The Adhocracy culture*: It focuses more on external flexibility and discretion. This culture emphasizes more on creativity and risk taking.

Dimensions of Organizational Culture

These given below table shows the research work and various dimensions from different authors:

Name of the Author	No. of Dimensions	Dimensions
O'Relly, Chatman & Caldwell (1991)	Seven (OCP)	1. Aggressive 2. Detail-oriented 3. Innovative 4. Outcome-oriented 5. People-oriented 6. Stable 7. Team-oriented
Denison (1995)	Four	1. Involvement: a) empowerment, b) team orientation, c) capability development; 2. Consistency: a) core values, b) agreement, c) coordination and integration; 3. Adaptability: a) creating change, b) customer focus, c) organizational learning; 4. Mission: a) strategic direction and intent, b) goals and objectives, c) vision
Van der post et al (1997)	Fifteen	1. Conflict resolution 2. Culture Management 3. Customer-oriented 4. Disposition towards change 5. Employee Participation 6. Goal Clarity 7. HR orientation 8. Identification with organization 9. Locus of Authority 10. Management Style 11. Organization focus 12. Organization integration 13. Performance orientation 14. Reward orientation 15. Task structure
Udai Pareek (2003)	Eight (OCTOPACE)	1. Openness 2. Confrontation 3. Trust 4. Authenticity 5. Pro action 6. Autonomy 7. Collaboration 8. Experimenting
M Sakthivel Murugam (2009)	Eighteen	1. Authority and Responsibilities 2. Career advancement 3. Collective bargaining 4. Communication facilities 5. Grievances handling 6. Human relations 7. Level of workers participation 8. Performance appraisal 9. Promotion 10. Recruitment and selection 11. Recognition of merit 12. Social security 13. Standard of safety 14. Style of leadership

		15. Training and Development 16. Wages and allowances 17. Welfare and Working conditions 18 Work load
Geert Hofstede (2011)	Six	1. Power distance 2. Individualism 3. Uncertainty avoidance 4. Masculinity 5. Long-term orientation 6. Indulgence Vs Restraint
K.S. Cameron and R.E. Quinn (2011)	Six	1. Dominant characteristics 2. Organizational leadership 3. Management of Employees 4. Organizational glue 5. Strategic Emphasis 6. Criteria for success
S. Robbins (2013)	Seven	1. Innovation and risk taking 2. Attention to detail 3. Outcome orientation 4. People orientation 5. Team orientation ^ Aggressiveness 7. Stability
Fakhar Shahzad (2014)	Five	1. Employee participation 2. Customer service orientation 3. Openness to Communication 4. Reward system 5. Risk taking and Innovation
Arunachal Khosla (2015)	Eight	1. Aggressiveness/Action orientation 2. Communication 3. Confrontation 4. Innovation 5. People orientation 6. Planning orientation 7. Results orientation 8. Team orientation
Veiga, J.; Lubatkin, M.; Calori, R.; Very, P (2000)	Fifteen	1. Encourages creativity and innovation 2. Cares about health and welfare of employees 3. is receptive to new ways of doing things 4. is an organization people can identify with 5. Stresses team work among all departments 6. Measures individual performance in a clear understandable manner 7. Bases promotion primarily on performance 8. Gives high responsibilities to managers 9. Acts in responsible manner towards environment, discrimination, etc., 10. Explains reasons for decisions to subordinates, 11. Has managers who give attention to individual's personal problems 12. Allows individuals to adopt their own approach to job 13. is always ready to take risks 14. Tries to improve communication between departments 15. delegates decision making to lowest possible level and other ones

Organizational Performance

The phrase performance was emerged in mid-nineteenth century and used primarily to define results of a sporting challenge. The term performance has its origin from a Latin word called "performare" which means completion of a proposed activity (Butnaru Gina Ionela and Corina Matei Gherman, 2012). In twentieth century, it was advanced as a sequence of definitions. The term performance evaluates the amount of work done by an organization and assesses competitiveness. OP comprises of analyzing the performance of firms in adjacent to their targets and objectives. OP encompasses the real results i.e., outputs in contrast to intended Professionals, for instance strategic planners, emphasizes on OP. The Senior Manager of *Pitcher Partners* Louise James, defined OP as how far a planned team of individuals are effective in accomplishing their tasks.

Organizations play an indispensable role in daily routine lives and thus prosperous enterprises are one of the vital components of developing nations. The limelight of any organizations is continuous performance. In today's research OP is one of the most commonly used dependent variable. Thus, it is essential to capture the strategies and behaviours that helps and revitalize their results by forcing the organizations in measuring their performance for increased stability (Gabcanova, 2012). The influence of OP on companies (Paul Folan and Jim Browne, 2005) has become one of the key components in the empirical research (Patrizia Garengo et al., 2005). OP is characterized as the capacity of a firm to achieve its goals and objectives which is possible only with assistance of good governance, talented administration and continuous motivation in accomplishing the corporate objectives (Mahapatro, B.B., 2010). Oxford English dictionary defined performance as performing, applying and executing the committed work and this provides a robust relationship among the work and its results (Raheleh Chamanifard et al 2014). Effectiveness, efficiency, innovation, productivity and quality were admitted as OP variables (Tangen, 2004). Scholars had diverse thoughts in defining OP and majority them used performance as a process of collecting and measuring the input and output efficiency as well as transactional efficiency (Fakhar Shahzad et al, 2012). Donthu and Yoo, 1998 emphasized that there is an

effect of culture on consumer behavior, service quality and satisfaction. Also, Cho et al 2013 postulated that better OC needs better service quality. Satisfaction of customers and Market performance are non-financial performance indicators which aids in enhancing OP (Chen & Quester, 2006). Majority of companies have been measuring performance on the basis of customer loyalty and employee satisfaction (Ittner and Larcker, 2003). The OP design has a direct connection with survival and organizational success (Ahmed & Shafiq, 2014) and it indicates how the business completes its goals. OP is defined as the weighted average of six variables i.e., creativeness, productiveness, competitiveness, effectiveness, innovativeness, and profitability. They also defined it as "the outstanding measure of association among all performance measures in influencing the role of an organization". Firm performance is constantly used in the academic literature, but it has been hardly defined and it is confounded with various notions such as: earning capacity, efficiency, good quality service, productivity, profitability, etc.

These are given below some measures of Organizational Performance taken in consideration on large basis from various literature and research:

- **Sales Growth:** The measure specifies the amount of increase in sales for a definite period.
- **Productivity:** This describes various measures of the efficiency of production in IT companies.
- **Profitability:** This metric is used to determine the scope of a company's profit in an IT company.
- **Competitiveness:** The degree to which the organization has a strong desire to be more successful in comparison with others.
- **Return on Investment (ROI):** It measures the amount of return on an investment in relation to the investment's cost.
- **Good Service Quality:** This measures the capability of an IT company in providing better service guarantee.
- **Client Satisfaction:** The ability of an enterprise in attracting and retaining customers for improving customer relationship.
- **Market Share:** It shows the percentage of a company share/total sales in the market for specified period.
- **Overall Performance:** This measure includes productivity, efficiency, profitability, market value, competitive advantage, etc.

Conclusion

A strong organisational culture that encourages the participation and involvement of its members appears to be its most important asset (Denison 1985). This is because culture can be one of the elements that an organisation can build its competitive advantage around, and which competitors may have difficulty to surmount. Organisational culture was overall found to be positively related to organisational performance, with most of the culture variables showing strong to moderate positive relationship with the organisational performance items. Mission is a culture trait that has exhibited a very strong tenacity in its ability to impact on performance in this study. Similarly the findings in United States by Denison indicated Mission as being the strongest predictor of performance. An organizational culture that consists of Mutual Trust, integrity, Care and learner simultaneously has significant effect on employee performance.

References

1. Organization Structure and Design- applications & challenges, by P G AQUINAS, excel Books publications, Chapter- 18
2. Organizational Behaviour, by Margie Parikh and Rajen Gupta, Mc Graw Hill Publications, Chapter - 18
3. Edgar H Schein, "Organizational Culture and Leadership" (2nd edition), Jossey-Bass Publishers, San Francisco (1992), page 17
4. D.R. Denison and A.K. Mishra, "towards a theory of organizational culture and effectiveness", Organization Science vol. 6 (1995), pages 204-223
5. Denison, D. (1984). Bringing corporate culture to the bottom line. Organizational Dynamics, 13(2), 5-22.

6. John P Kotter and James L Heskett, "Corporate Culture and Performance", The Free Press, New York (1992), page 5,
7. Kotter, P. and Heskett, L. (1992). Corporate Culture and Performance, Macmillan, New York, NY
8. Schein, E (1990). Organizational culture. American Psychologist, 45(2), 109-119.
9. Stephen P Robbins and Mary Coulter, "Management" (seventh edition), Prentice Hall of India Private Limited, New Delhi (2003), Page 59
10. O'Reilly, C. A., III, Chatman, J. A. and Caldwell, D. F. (1991). People and organizational culture: a profile comparison approach to assess the person-organization fit. Academy of Management Journal, 34, 487-516.
11. Veiga, J.; Lubatkin, M.; Calori, R.; Very, P. Measuring of a cultural compatibility index. Human Relations, Vol 53, Issue 4, Apr 2000, p. 539–557.
12. <https://www.tutor2u.net/business/reference/models-of-organisational-culture-schein>
13. Saylor URL: <http://www.saylor.org/courses/bus209>
14. <https://www.wisdomjobs.com/e-university/principles-of-management-and-organisational-behaviour-tutorial-366/successful-organizational-culture-12929.html>.

