Comparative Study on Organizational Culture and Employee Commitment in India

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Abstract – Performance management has been the subject of academic study for 25 years (Eccles, 1991; Johnson & Kaplan, 1987; Kaplan & Norton, 1992; Lynch & Cross, 1991; Thorpe, 2004). Neely (1999) estimated that 3,615 articles on performance measurement were published between 1994 and 1996 in the United States alone. A more recent study carried out at Cranfield University also highlighted the interest in this subject of inquiry (Franco & Bourne, 2003). Recent research efforts have identified leadership involvement and employee collaboration as facilitators of increased productivity (Busi & Bititci, 2006; Collins & Schmenner, 2007; Stansfield & Longenecker, 2006). As a result of the aforementioned research, some researchers argued that performance measurements provide an effective way to increase the competitiveness and profitability of the organization within the manufacturing environment

Key words – Academic, measurement, inquiry, aforementioned research.

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INTRODUCTION

The Japanese method of team-based solutions is extensively used today in the manufacturing environment. The Japanese leadership approach emphasizes self-control, autonomy, and creativity among employees and requires active cooperation rather than mere compliance (Vouzas & Psycgigios, 2007). For the purpose of this study the Japanese approach was used and organizational teams encompassed the entire employee population of each manufacturing facility

REVIEW OF LITERATURE

Beginning with the Hawthorne studies of 1927-1934 and continuing for 75 years, leaders have been interested in determining the components of team effectiveness within business and industry. Over the past 30 years, researchers have helped to define team effectiveness (Campion, 1993; Cohen, 1988; Ghalayini, Noble & Crowe, 1997; Gladstein, 1984; Gersick, 1988; Janz, Colquitt & Noe, 1997; Morgan, Salas, & Glickman, 1993; Spreitzer, 1996; Tannenbaum, 1992). Hackman's (1990) research assessed team effectiveness in terms of three primary measures: the group's output meeting established standards, the group's ability to work interdependently, and the growth and wellbeing of team members.

The study measured effectiveness by comparing the team's ability to meet established standards. Hackman's earlier work was advanced by Guzzo and Dickerson (1996), Sundtrom, DeMeuse and Futrell (1990), Zaccaro and Marks (1999), and Kozlowski and Bell (2003). As businesses in he manufacturing field struggle to maintain market share and competitiveness, team effectiveness is increasingly being researched (Thorpe, 2004). Covey (1989) believed that the important element of team effectiveness was a sense of balance between production and what he called production potential or the abilities and resources that produce a preferred outcome.

Additionally, Higgins (1998) stated that organizational effectiveness is relative versus absolute, meaning that goal obtainment is measurable and specific to individual situations. Each of these efforts contributed to the body of knowledge about teams by exploring new paths in some areas and shifting the paradigm in others. From these research efforts, Henri (2004) developed the primary grouping of theories of effectiveness, which include focus models, goal models, system models, and strategic constituencies' models This study's choice of team effectiveness reflects the goal model. The emphases of the dependent variables of the study were goal obtainment and output measurements. Specific effectiveness goals are reviewed later in the chapter.

MATERIAL AND METHOD

Balanced Scorecard / Key Performance Indicators Covey (1989) suggested that performance measures must provide timely, relevant, and accurate feedback from both long-term and short-term perspectives. He went on to posit that measurement should be accomplished by a limited number of performance measures that include some non-financial measures. Recognizing the balance between production and production potential and the relative nature of any organizational effectiveness measurement, the Balanced Scorecard method (BSC) / Key Performance Indicator (KPI) is widely used in the manufacturing environment. Neely (2003) reported that the Lastes Gartneer research organization found that over 70% of large U.S. firms had adopted the Balanced Scorecard by the end of 2001. In a 2006 study, a Bain and Company survey of more than 708 companies on five continents found that the Balanced Scorecard was used by 62% of responding organizations (Rigby & Goffinet, 2007). The Balanced Scorecard (BSC) concept was initially developed in 1992 by Robert Kaplan and David Norton. They suggested that the old paradigm of reliance on financial measures tended to reveal only past events and had occasionally proved inadequate in situations faced by companies in today's information age. The authors indicated that the BSC is balanced between objective outcome measures and subjective performance drivers of outcome measures (Kaplan and Norton, 1992). As organizations construct BSC measurables, the emphasis is on cause and effect and deployed to drive organizational change. A number of authors have acknowledged the BSC as an effective performance measurement tool (Berkman, 2002; Gumbos & Lyons, 2002).

The BSC measurable and Key Performance Indicators (KPIs) are similar and often used interchangeably in business and industry. KPIs can be financial or non-financial metrics used to quantify objectives to reflect the strategic performance of an organization. KPIs define a set of values used to measure against. The raw sets of values that are entered into the KPI system are summarized against the indicators. KPIs are typically tied to an organization's strategy. When identifying the KPIs, the acronym SMART is often applied. SMART denotes goals that are specific, measurable, achievable, realistic, and timely. Interplay between the BSC method and the KPI method are indistinguishable in most manufacturing environments. The company that provided the data for this study refers to effectiveness goals by both the KPI and BSC labels. This study employed the BSC KPI method as the dependent variables of performance measures were identified.

Selection of BSC / KPI Measurable for the Study A review of the literature shows that traditional performance measurement systems (based on traditional financial measures) have failed to identify and integrate the critical factors that contribute to business excellence (Eccles, 1991; Fisher, 1992; Kaplan, 1984; Maskell, 1992). The skills of employees are company assets just like tangible assets therefore; employees with fundamental skills are an important source when organizations seek to raise capabilities and profits (Porter, 1985). Examinations of employee-driven measures are important and should be a focal point of a leader's attention (Porter & Stern, 2001). In studies focusing on manufacturing organizations, effective teams report benefits that include increased productivity, lower attrition rates, and increased quality while maintaining a safe work environment (Manz & Sims, 1987).

The BCS / KPI performance measurable system provided the framework for this study's dependent variables. The performance indicators for this study were taken from typical manufacturing BSC/KPI measurements and included: absenteeism, attrition, accident frequency, accident severity, and defective parts produced. The current study recognized that correlative findings involving servant leadership and team effectiveness within business and industry that did not feature the BSC / KPI generated goals would be rendered inconsequential and insignificant within the manufacturing leadership community. Much of the development of leadership theory within the manufacturing segment is predicated on the belief in the interplay between leadership and goal achievement. Goal achievement is measured in the study by the five dependent variables of team effectiveness. These dependent variables provide a would-be competitive advantage in most manufacturing environments.

CONCLUSION

Performance management has been the subject of academic study for 25 years (Eccles, 1991; Johnson & Kaplan, 1987; Kaplan & Norton, 1992; Lynch & Cross, 1991; Thorpe, 2004). Neely (1999) estimated that 3,615 articles on performance measurement were published between 1994 and 1996 in the United States alone. A more recent study carried out at Cranfield University also highlighted the interest in this subject of inquiry (Franco & Bourne, 2003). Recent research efforts have identified leadership involvement and employee collaboration as facilitators of increased productivity (Busi & Bititci, 2006; Collins & Schmenner, 2007; Stansfield & Longenecker, 2006). As a result of the aforementioned research, some researchers argued that performance measurements provide an effective way to increase the competitiveness and profitability of the organization within the manufacturing environment (Kaplan & Norton, 2004; Moullin, 2004; Niemira & Saaty, 2004; Robson, 2004).

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