

Organizational Culture: A Review Appraisal

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Abstract – Organizational culture is a recently developed topic by management thinkers, although it has been in business for long time. Every successful organization has its own culture which affects the working and behaviour of its employees and they have to mould themselves according to this culture to be best suited for the organization. In the present paper, I have presented views of different authors about organizational culture across the world showing its effect on organizational effectiveness, leadership styles, organizational performance, knowledge management system, family-friendly benefits, corporate policies, motivation etc. Organizational culture is still evolving thus there is a great scope of research in this field.

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INTRODUCTION

Different organizations of a country have different cultures because these are run by different owners hailing from different families, castes, cities, states or countries. As every place and family has its own culture, similarly every organization has its own organizational culture. These cultures of the organization have a considerable impact on the performance of the employees, their attitudes and behavior, their job satisfaction and even on their absenteeism and turnover. Culture, in simple term, is a set of important understandings that members of a community share in common. Every organization has described culture in its own way and in its own words. Some of them are ideology, philosophy, style, vision, way, purpose, patterns, manners etc. Every successful organization has developed a distinctive culture from above that is clearly identifiable by its employees. Organizations like Coca Cola, Disney, McDonalds, Intel, Microsoft, Sony, Toyota, Wal Mart etc. have a distinct culture. The long term success of these organizations has less impact of market forces than company values; less to do with competitive positions than personal beliefs; less to do with resources advantage than vision. Simple saying, these companies have earned something special which is culture that super cedes corporate strategies, market pressure or technological advantages.

Organizational culture has become an important concept in modern management and business world for the last few decades. In today's business environment, organizational culture is used as a powerful tool that portrays many facets of a workplace as well as to quantify the way a business functions (Gray, Densten and Sarros, 2003). The importance of culture is enhanced through its impact on employee morale and work attitudes such as job

satisfaction (Dose, 1997). The concept of organizational culture has got importance by the publication of the following four books in the early 1980s –

1. Ouchi's (1981). *Theory Z: How American Business can Meet the Japanese Challenge*.
2. Deal and Kennedy's (1982). *Corporate Cultures: The Rites and Rituals of Corporate Life*.
3. Pascale and Athos's (1982). *The Art of Japanese Management: Applications for American Executives*.
4. Peters and Waterman's (1982). *In Search of Excellence: Lessons from America's Best Run Companies*.

As the topic organizational culture is widely used and has broader scope, it has different definitions and perspectives. It is defined by some scholars as the observable behavioural rules in human interaction (Van Maanen, 1979); by some scholars as the dominant values in an organization (Deal and Kennedy, 1982) and by some others as a consistent perception within an organization (Robbins, 1998). One of the most common definitions of organizational culture given by Barney¹ is "a complex set of values, beliefs, assumptions and symbols that define the way in which an organization conducts its business". These characteristics are also included by Beyer and Trice, 1987; Wilkins and Patterson, 1985; Kerr, 1991 in their definitions.

METHODOLOGY OF THE STUDY

The objective of this paper is to furnish a comprehensive review of the empirical studies conducted to show the effect of organizational culture on organizational effectiveness, leadership styles, organizational performance, knowledge management system, family-friendly benefits, corporate policies, motivation etc. The prime source of the studies reviewed herein includes various websites, selected referred international and national journals.

Besides introduction, the present paper is divided into three sections. Section two discusses the methodology of the study, section three reviews the available literature on the topic and section four concludes the paper.

REVIEW OF LITERATURE

Davel and Tremblay (2003)² presented a paper showing the relationship between organizational culture and performance and the notice of the social performance was proposed and family organizations were highlighted as a context in which social, emotional and cultural dimensions of organizations were exacerbated. Culture, performance and family organizations were thought of as interrelated universes, shared values, ideas, understanding and expressiveness embody and explain the nature of interpersonal connection at work. In that way culture played an important role in the construction and maintenance of high quality of relationship in organizations.

Dimovski et al. (2003)³ conducted an empirical study to show a model for organizational performance improvement based on the joint impact of Business Process Orientation (BPO) and organizational learning culture. Questionnaires were sent to 867 Slovenian companies and data was collected from 234 companies having more than 100 people. In order to estimate parameter values, Maximum Likelihood Method was used and the result showed that organizational learning culture had a positive impact on organizational performance.

kumarasinghe and Hoshino (2003)⁴ conducted a study to examine the effect of organizational factors of culture, structure and strategy on organizational performance. Data was collected in questionnaire form from 91 managers of 63 companies including bank, finance, insurance, beverage, food, tobacco, construction, engineering, footwear, textile, manufacturing, motors, services, hotels, travel, land and property etc. in Sri Lanka. The researchers concluded that in successful and unsuccessful organizations, there was significant difference in cultural, structural and strategic factors. This was due to the fact that successful organizations were characterized by individualistic workers approach, speedy top-bottom communication flows, strong

family traditions also adopted in organizations, well educated workforce etc. The results revealed that different aspects of performance showed different relationships with the different determining variables.

Gyorgy (2004)⁵ examined the role of culture in achieving better organizational result. For this purpose the author took six ministerial organizations of the Hungarian central administration out of fifteen. He took a sample of 150-170 persons from each ministerial organization. Firstly he found that the adaptability increased the performance of the organization significantly while flexibility decreased it. Secondly culture types exerted impact on organizational performance rather than environment.

Rashid et al. (2004)⁶ conducted a study to investigate the effect of organizational culture on attitudes towards organizational change in Malaysia. The researchers concluded that nearly 98% of the respondents had shown positive attitude towards organizational change and found relationship between organizational culture and attitudes towards organizational change (cognitive, affective and behavioural tendency). The researchers also found that different types of organizational culture had different levels of acceptance of attitudes toward organizational change.

Bosley (2005)⁷ examined the relationship between student's perceptions of organizational culture and the student's self perceived empowerment in Baccalaureate Nursing Program. Data was collected from 231 senior nursing students from 4 public institutions in Northeast Ohio. The researcher concluded that students perceived nursing program as having a moderately high constructive program and a moderately low defensive culture. There was a weak positive relationship between student's perception of a constructive organizational culture and their empowerment and a weak inverse relation between student's perception of a defensive culture and their empowerment.

Kumar et al. (2005)⁸ conducted a study to investigate the effect of organizational culture, organizational trust and prosocial behavior on mistake sharing in knowledge management system. Data was collected from 240 respondents on seven points Likerts scale through e-mail and 214 effective responses were taken. The researchers concluded that developmental culture, organization trust and group culture were strongly inclined to share knowledge. Hierarchical culture was negatively related and individual's helping behavior was not related to mistake sharing.

Fang and Lee (2006)⁹ conducted an empirical study to show the relationship between Family-Friendly Benefits (FFBs) in the form of flexible work-arrangements, childcare, eldercare, employee assistance programs etc and Employee's Morale. The aim of the study was whether employees who

actually used family friendly benefits were actually less likely to quit and more likely to enjoy higher pay, greater job satisfaction and more promotions than those who did not use these benefits by collecting data from 6,322 business locations and 23,540 employees. The result of the study was with the right combination of flexible family friendly benefits; workers improved employee productivity as measured by wages and number of promotions, as well as employee's morale such as job satisfaction and improved employer performance (e.g. higher retention rate). More specifically, providing family friendly benefits relating to flexible hours seem to indicate an increase in productivity (through increased promotions and retention). On the other hand, providing family friendly benefits relating to care seem to indicate an increase in job satisfaction and morale. Finally, in terms of gender differences, FFBs seemed to work well for female employees through higher job satisfaction and retention; while male employees appear to benefit from FFBs through more promotions and also improved retention.

Lin and Lai (2006)¹⁰ conducted a study to find out the relationships of corporate culture types, public relation strategies and organizational performance. The primary data was collected through e-mail, mail and personal interviews from the top 500 corporations listed in the top 5000 large corporations in Taiwan, 2006 of China Credit Information Service Ltd. The researchers found that bureaucratic and innovative culture had strong positive influence on two way communication. Bureaucratic, supportive and innovative cultures had a strong positive influence on symmetrical communication, social activity, team work and organization identification. Two-way communication had a strong positive influence on organization identification and team work. Public relations strategy played a moderate effect between corporate culture and organizational performance.

Linz et al. (2006)¹¹ conducted an empirical study to show that in spite of unanimous agreement that morale influences employee performance, no well-defined measure of morale exists by collecting data from 13 Russian firms employees situated in five cities at two different points of time in 1995 and 2002. The results of the study were that among the workers participating in the study (I) expectation of receiving a desired reward contributes to high morale (II) expected monetary rewards having a larger influence than expected non-monetary rewards, but praised for a job well done and a feeling of accomplishment also contributed positively to employee's morale. There was a significant correlation between positive attitudes toward work and morale, and a positive correlation between performance assessment and morale.

Roux (2006)¹² conducted a study to determine what the motivational factors were for employees working in an investment bank from South Africa and the role of money as a motivational factor. A secondary objective of the study was to determine whether bank culture motivated the employees of the investment bank in which shared values and team work were central. The researcher concluded that money was not the sole factor that motivated employees. There was a combination of factors that were applied by an organization to motivate their employees. Money motivated specialist transactors group more and it was the culture of the bank and job satisfaction that motivated more to specialist support personnel.

Green Jr et al. (2007)¹³ showed the relationship between organization's market orientation and delivery of high quality services to the customers. Based upon the results of the study, the researchers concluded that adoption of a market orientation by service organizations would lead to improved service quality. The study supported the proposition that market orientation and service quality positively impacted organizational performance.

Hirota et al. (2007)¹⁴ tried to find out whether the strength of corporate culture has been significantly affected by corporate policies such as employment policies, management structure and financial structure. The study was conducted on large sized Japanese firms for 1986-2000. The result of the study was that corporate culture and its strength significantly affected corporate policies such as employment policies, management structure and financial structure. It was also found that the culture and its embedding enhanced corporate performance. These affects were found to be considerable in magnitude and greater than other factors. It was also seen that Japanese firms with strong culture consider it to be organizational capital which significantly affected their strategies and policies.

Farooq and Sethi (2008)¹⁵ conducted a study to assess the organizational ethos and culture of ONGC on eight points and find out the reasons for the deterioration of culture. The researchers found that organizational ethos were at the average level. Confrontation, Trust and Experimentation were fairly good, Openness and Collaboration were lacking and Authenticity, Proaction and Autonomy were at average level.

Ubius and Alas (2008)¹⁶ conducted a study to investigate the relationship between corporate social responsibility and organizational culture types of electric-electronic machine, retail store and machine-building enterprises of Estonian, Chinese, Japan and Russia. Data was collected in questionnaire form comprising 83 items from 4027 respondents taking 623 from Estonian, 1150 from China, 1570 from Japan and 684 from Russia. The

researchers concluded that different culture types were dominating in different countries. In Estonian enterprises clan culture, in Chinese enterprises market and adhocracy culture, in Japanese enterprises market and hierarchy culture and in Russian enterprises market culture was dominating. Further two facets of corporate social responsibility – the firm performance concerning social issues and the firm respects the interests of agents were predicted in clan and market organizational culture types and one facet of corporate social responsibility – the firm performance concerning social issues were predicted in hierarchy and adhocracy organizational culture types.

Eker and Eker (2009)¹⁷ conducted an empirical study to find out the relationship between organizational culture and Performance Measurement System (PMS). For this purpose data was collected from 430 manufacturers of the top 500 firms in Turkey. By applying logistic regression analysis, the results showed that firms with a flexible culture tend to use non-financial performance measures and used PMS for aims such as organizational attention focusing supporting strategic design making more than firms which had a control culture. On the other hand, firms with a control attitude tended to use PMS for aims such as monitoring a legitimization more than firms which had a flexible culture.

Leszczynska (2009)¹⁸ conducted an empirical study to show the relationship between organizational culture and organizations environmental performance. According to the study, environmental performance of the organizations depended on both internal and external factors. The way in which organizations responded to this pressure depended primarily on the internal factor e.g. their environmental study, goals, available resources etc. Evaluation of culture was conducted through the prism of five determinants: job autonomy, interdepartmental orientation, human resource orientation, improvement orientation and external orientation.

Lin et al. (2009)¹⁹ conducted an empirical study to study the Customer Relationship Management (CRM) and how it was adopted in banking industry of Taiwan. The researchers took a sample of 72 banks including 41 domestic banks and 31 local branches of foreign banks. The results of the study was that if banks in Taiwan want to had a successful CRM, they should focus more on primacy of customer services and customizing CRM functions.

Ojo (2009)²⁰ conducted a study to show the impact of corporate culture on employee job performance as well as organizational productivity. This study was conducted on Nigerian Banking Industry. This study was based on research method. The case study companies were selected using stratified and simple random sampling techniques. The results of the

study were that a large number of respondents strongly agreed that corporate culture affected on employees job performance.

Smollan and Sayers (2009)²¹ conducted a study to find out what emotions were triggered, experienced and expressed when an organization's culture changed and how did affective responses to existing culture influenced affective responses to any type of change. Data was collected interviewing 24 persons in Auckland, New Zealand, in 2006-07 hailing from different continents of world and from different industries who had experienced a wide range of changes including mergers, restructuring, redundancy, relocations, new systems and job redesign. The researchers concluded that the respondents experienced both positive and negative emotions when changes took place in the organizational culture but negative emotions tended to dominate.

Yee et al. (2009)²² investigated the impact of employees satisfaction on operational performance in high-contact service industries by taking hypothesized relationship among employees satisfaction, service quality, customer satisfaction and firm profitability. The data for study was collected from 206 shops comprising 618 participants. Using Structural Equations Modeling, the researchers found evidence of strong relationship among employee's satisfaction, service quality, customer satisfaction and firm profitability.

Chi et al. (2010)²³ conducted a study to examine the relationship between organizational culture, HRD, knowledge management and organizational effectiveness and to check whether the organizational culture and HRD had effect on organizational effectiveness through knowledge management in R&D organizations in Mongolia. The researchers concluded that firstly organizational culture is significantly and positively affected to knowledge management, secondly organizational culture and HRD has significantly and positively affected to organizational effectiveness, thirdly knowledge management is significantly and positively responsible for organizational effectiveness and fourthly and finally organizational culture and knowledge management were significantly related to organizational effectiveness.

Lather et al. (2010)²⁴ conducted a study to know how different groups of employees perceive organizational culture and to identify and measure the perceived organizational culture and its various dimensions. Data was collected by distributing 100 questionnaires in two organizations in the NCR and 70 effective questionnaires were used for study. The researchers concluded that the employees perceived almost the same pattern in which the various values existed in the organization but executives and non-executives perceived culture differently. All significant correlations like

confrontation and experimentation and trust and openness were positive and dominant.

Mansor and Tayib (2010)²⁵ conducted a study to examine the organizational culture, employee job stress, employee job satisfaction and their correlations of the tax employees of Royal Malaysian Customs Wilayah Persekutuan Kuala Lumpur (RMC-WPKL). The researcher concluded that Royal Malaysian Customs was dominated by the bureaucratic/ hierarchical culture and the main source of stress came from uncertainty on the evaluation for a raise or promotion. Finally, on relationship, job stress was negatively correlated with job satisfaction; job stress was positively correlated with hierarchical culture; and job satisfaction was negatively correlated with hierarchical culture.

Ojo (2010)²⁶ conducted a study to investigate the effect of organizational culture on employee's commitment to corporate goals and corporate performance of Nigerian banking industry. Data was collected from 72 respondents comprising of senior staff, directors and managers of Nigerian commercial banks through questionnaire. The researcher concluded that organizational culture was very important in every business and was correlated to corporate performance and affects the level of employee's commitment to corporate goals in a positive way.

Wu et al. (2010)²⁷ conducted a study to discuss organization culture and its effect on team interactions and team effectiveness and to dissect mediating qualities of leadership styles in and its relationship to organization culture, team interactions and team effectiveness. Data was collected from 642 surveys (424 male and 218 female) of 62 teams in 16 different companies. The result of the study was that organizational culture of team spirit and innovation excellence could improve overall interaction (horizontal and vertical) as well as it could improve overall team effectiveness. Apart from it, a transformational leadership style facilitated the improvement of overall interaction in an organizational culture of team spirit. It also exerted a significant and positive influence on team interaction and team effectiveness in an organizational culture of innovation excellence.

Akram et al. (2011)²⁸ conducted a study to investigate the relationship between organizational culture and employees' career salience and how organizational culture affected the employee's career salience. The researchers concluded that there was significant relationship between organizational culture and employee's career salience. The study has also shown that 'bureaucratic culture' and 'supportive culture' had significant and positive relationship whereas 'innovative culture' had a negative and insignificant relationship between

organizational culture and employee's career salience.

Hasan (2011)²⁹ conducted a study to evaluate the effect of corporate culture and effect of corporate culture types on the attitudes of employee towards organizational change among insurance companies of Jordan. Data was collected through 209 questionnaires filled by managers of 28 insurance companies registered in the Amman Stock Exchange for the year 2010. The researcher concluded that the respondents had a strongly positive attitude towards organizational change and all three types of corporate culture (cognitive, affective and behavioural) also had a positive and significant effect on the attitudes of employee towards organizational change.

CONCLUSION

It can be concluded from the above studies that every organization has its own organizational culture. These cultures of the organization had a considerable impact on the performance of the employees, their attitudes and behavior, their job satisfaction and even on their absenteeism and turnover. Ojo, Davel and Tremblay, Dimovski et al., kumarasinghe and Hoshino etc. found a positive relationship between the organizational culture and performance. Ogbonna and Harris did not found a direct relationship between organizational culture and leadership styles. Rashid et al. concluded a strong positive relationship of organizational culture with attitude towards change and Smollan and Sayers found both positive and negative emotions when changes took place in the organizational culture but negative emotions tended to dominate. Denison et al. found a strong positive relationship towards organizational effectiveness.

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