



IMPACT OF ORGANIZATIONAL CULTURE ON EMPLOYEE PERFORMANCE

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Abstract:

The aim of the study is to find the relationship between organizational culture and employee performance and how the employee engagement helps in organizational culture on employee performance.

Methodology:

The methodology of the study is exploratory and descriptive designs to find out the relationship between organization culture and employee engagement and organization culture and employee performance.

Findings:

There is a strong relationship between organizational culture and employee engagement and there is a strong relationship between organizational culture and employee performance.

Recommendation:

Organization culture is the driving force for establishing communication across all the departments to coordinate and to achieve organizational goals and objectives. Managers are the key players to translate the company's need to the executives so that the executives can deliver what is expected from them. Employee engagement is important for motivating employees, and through such programs employees skills, knowledge can be improved.

Key Words: Organizational culture, Employee Performance & Employee Engagement.

Introduction:

Organizational culture is a set of principles that governs values, attitudes, and behaviour inside an organization. Organization culture is a unique difference that differentiates from others. It is how an organization acts on subjects that derive values and conducts its environment inside. The culture reflects the common point of description about the company which drives the members of the company towards that common point. Organization culture defines the behaviours and beliefs of the members inside. The culture derived by the organization has its own key functions which translates their loyalty, individuality and acts. The organizational culture has a potent affect/effect on the members of the company through the principles and what principles are followed.

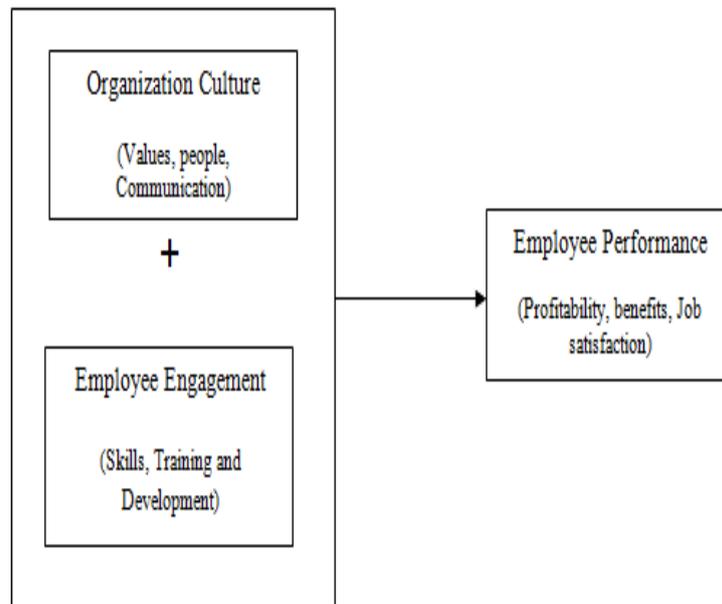
Organizational engagement is often related to the employees and the work involved inside the organization. The culture that an organization offers its employees to improve well being of the organization and the individual is termed as organizational engagement. Managers are the one who stands between the board and employees to translate the mission and vision of the company. The employees to become involved and committed, organizations offer several things to bring out the confidence, commitment and trust. Being asset to the organization, employees are to be valued, and treated in such a way that they connect and offer themselves to the commitment of fulfilling the organizational objectives. The higher they are connected higher they are loyal, productive and successful. Employee engagement starts from the organizational culture, a culture that can keep employees engaged. Engagement can be done with job role, promotions, training, work flow, benefits etc and a company that builds engaged employee force often strengthen its competitive advantage.

Effective organization is that manages employees and often engages with programs that facilitate improvement of production of work. Employee performance is a process of evaluation of skills applied; skills required to that of an employee, during the process of working, employees behave in such a way that they reflect their skills or lack of skill by which the percentage of the effort and skills can be measured to the quality of work given. Effective performance of the employees often related to the business success through meeting the organization objectives. Larger the business success the more the objectives and the performance are linked. Implementing strategies does not necessarily give the desired performance output and through clear performance goals and business objectives the company can expect a good performance output. Performance management involves constant introspection of results, actions and behaviours through numerous cycles and always attempting to improve the performance through feedback, monitoring, and assessment of those results and the employee behaviours.

Objectives of the Study:

The aim of the study is to assess the impact of organizational culture on Employee Performance and to investigate the relationship between organizational culture and Employee engagement and to study the relationship between employee performance and Organizational culture

Frame Work of the Study:



Hypotheses:

H₀: There is no relationship between organizational culture and employee engagement.

H₀: There is no relationship between organizational culture and employee performance.

Review of Literature:

(Patterson, Warr, West, 2004) investigated the relationship between organization climate and productivity. The study finds out the relationship between productivity and culture was influenced by other factors namely, job satisfaction. The results of the study firmly reported that factors such as welfare and developmental programs jointly with satisfaction have an influence on the productivity. The factors influencing satisfaction on employees were also influencing the organizational culture which in turn affects the production outcome through their relationship between them. Also, the influence of manager's decision to change the organization climate has a direct effect on the productivity. The satisfaction was directly impacted by the culture and culture was influenced by the satisfaction of the employees which finally impacts the productivity.

(Desai, Majumdar, Prabhu, 2010) investigated employee engagement in manufacturing and IT industries. The factors that promote employee engagement have an overall effect on productivity. The engagement process was mostly higher in manufacturing companies than IT companies. The difference between industries is due to the difference in requirement of engagement. The expectations on support and personal care, communication and collaboration are the factors that influence the level of engagement in the manufacturing companies. The study recommended that engagement should be incorporated with personal touch, benefits, safety, training, community and appreciations and finally recommends including organization culture into engagement activity.

(Adewale, Anthonia, 2013) examined the impact of organization culture on HRM practices in private universities of Nigeria. The findings showed that there is a relationship between culture and recruitment, development programs, performance, engagement, benefits and salary. The factors have an equal effect on all individual due to the culture that strongly values their belief system. With such cultural orientation, the HRM practices are strongly influenced. The reduced staff turnover was found to be affecting the performances across all functionaries where the firms goals are presented well in advance to seekers through their course of recruitment and processing of job. Thus the study confirms that belief system that translates the culture to the employees well in advance to align them to the culture of the organization.

(Ukachukwu, Iheriohanna, 2013) examined the cultural diversity and its impact on employee productivity. Many factors may drive employee productivity while some factors hinder their performance and productivity. The diversity of culture is one such factor to affect the employee productivity in the study; they investigated how cultural variety affects the employees and their productivity. Many organizations have their daily problems on production and profits and such firms have no time to look into the cultural aspects of the firm. They go after profits and fine tune the culture and engagement activity but cultural difference affect the employees at all levels. These diversities affect primarily the communication and coordination which is the fundamental principle of transferring the work to the employees, if the coordination fails, the productivity fails.

The study confirmed that cultural differences affects firm's performances and suggests removing those differences through cultural policies.

(Elnaga, Imran, 2013) studied the effect of training programs on employees performances. The study findings reveal that employees competence being improved through the developmental programs. Employees often showed different performances levels against continuous and onetime development activity. The study confirms that training brings employees to overcome their difficulties while doing their job and develops skills to achieve productivity. Also, with aligning to the company's objective and requirement any training program can be a failure and it is the company to design their expectations and offer training with respect to their requirements.

(Ahmed & Shafiq, 2014) assessed the impact of culture that improves firm performance. The research finds out that the culture is beneficial only if it benefits employees only then it benefits the firm. The distance between employees and management are long so that a small portion of the employee community is aligned with the vision of the managers. The productive improvement was due to the collective effort of the employees which is not always possible in every industry. The study reveals that executives and workers satisfaction has a major contribution to the improved performance. The telecom industry has a competition from all levels that facilitate the change in the culture inducing an artificial coordination among its employees.

Research Methodology:

This study uses both exploratory and descriptive designs to find out the relationship between organization culture and employee engagement, organization culture and employee performance. This study uses stratified random sampling technique, where the total population is divided into groups and samples are drawn out from each group randomly.

Statistical Tools Applied:

- ✓ This study employ's statistical tools such as,
 - ✓ Chi-Square
 - ✓ Reliability & Validity.
- The statistical tests are carried out using SPSS software.

Reliability & Validity:

Reliability of the research questionnaire is measured using Cronbach's Alpha coefficient. The coefficient measures the internal consistency among the instrument items in the questionnaire. Alpha coefficient of .90 is referred to as good reliability and alpha level of .60 is considered as an accepted limit. The instrument achieved an alpha value of .704 for 29 items which shows the instrument used in reliable and acceptable.

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.704	.713	29

KMO and Bartlett's test are used to judge sample adequacy and data sphericity. The sample achieved a KMO value of 0.704 and the sample adequacy is adequate to proceed with the analysis. The p value of 0.000 show's that the items are significant and suitable for analysis. The KMO and Bartlett's test shows that the items are valid and reliable for data analysis.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.704
Bartlett's Test of Sphericity	Approx. Chi-Square	2632.569
	Df	406
	Sig.	.000

Chi-Square:

Chi-Square for Relationship between Skill Utilize and Job Security:

To rule out the relationship between organization culture and employee engagement a chi-square test between skills are fully utilized and skill are growing & job security and promotional opportunities are good is conducted at significance level of 5% with the hypothesis derived below,

H₀: There is no significant relationship between skills are fully utilized and skill are growing & job security and promotional opportunities are good

H₁: There is a significant relationship between skills are fully utilized and skill are growing & job security and promotional opportunities are good

Skill Utilize * Job Security Cross Tabulation							
			Job security				Total
			Highly Satisfied	Satisfied	Neutrally Satisfied	Dissatisfied	
Skill Utilize	Highly Satisfied	Count	4	7	8	1	20
		% of Total	2.90%	5.10%	5.80%	0.70%	14.60%

Satisfied	Count	4	0	4	0	8
	% of Total	2.90%	0.00%	2.90%	0.00%	5.80%
Neutrally Satisfied	Count	19	14	8	6	47
	% of Total	13.90%	10.20%	5.80%	4.40%	34.30%
Dissatisfied	Count	20	11	8	0	39
	% of Total	14.60%	8.00%	5.80%	0.00%	28.50%
Highly Dissatisfied	Count	6	7	2	8	23
	% of Total	4.40%	5.10%	1.50%	5.80%	16.80%
Total	Count	53	39	30	15	137
	% of Total	38.70%	28.50%	21.90%	10.90%	100.00%

Table: Relationship between skills are fully utilized and skill are growing & job security and promotional opportunities are good

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	33.408 ^a	12	0.001
N of Valid Cases	137		

Interpretation: The calculated Chi-square reveals a calculated value of 33.408 with $df = 12$ and a significance value of 0.001 at 5% level. Since the p value is less than the significance value of 0.05 we reject the null hypothesis and accept the alternate hypothesis. Hence there is a strong relationship between skills are fully utilized and skill are growing & job security and promotional opportunities are good.

Inference: It is inferred that there is a strong relationship between skills are fully utilized and skill are growing & job security and promotional opportunities are good. Finally we conclude that there is a strong relationship between organization culture and employee engagement.

Chi-Square for Relationship between Organization Aligned and Organization Best Use:

To find out the relationship between organizational culture and employee performance a chi square test is conducted between 'objectives and goals of the company are aligned with respect to employee welfares & Organisation is best at using employee skills and talents' at significance level of 5% with the hypothesis derived below,

H_0 : There is no significant relationship between 'objectives and goals of the company are aligned with respect to employee welfares & Organisation is best at using employee skills and talents'

H_1 : There is a significant relationship between 'objectives and goals of the company are aligned with respect to employee welfares & Organisation is best at using employee skills and talents'

Ogaligned * Orga Best Using Cross Tabulation						
		Orga Best Using				Total
		Highly Satisfied	Satisfied	Neutrally Satisfied		
Ogaligned	Strongly Agree	Count	0	11	0	11
		% of Total	0.0%	8.0%	0.0%	8.0%
	Agree	Count	16	33	27	76
		% of Total	11.7%	24.1%	19.7%	55.5%
	Neutrally Agree	Count	20	20	0	40
		% of Total	14.6%	14.6%	0.0%	29.2%
	Disagree	Count	0	10	0	10
		% of Total	0.0%	7.3%	0.0%	7.3%
Total		Count	36	74	27	137
		% of Total	26.3%	54.0%	19.7%	100.0%

Table: Relationship between objectives and goals of the company are aligned with respect to employee welfares & Organisation is best at using employee skills and talents

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	46.465 ^a	6	.000
N of Valid Cases	137		

Interpretation: The calculated Chi-square reveals a calculated value of 46.465 with $df = 6$ and a significance value of 0.000 at 5% level. Since the p value is less than the significance value of 0.05 we reject the null hypothesis and accept the alternate hypothesis. Hence there is a strong relationship between 'objectives and goals of the company are aligned with respect to employee welfares & Organisation is best at using employee skills and talents'

Inference: It is inferred that there is a strong relationship between 'objectives and goals of the company are aligned with respect to employee welfares & Organisation is best at using employee skills and talents'. Finally we conclude that there is a strong relationship between organization culture and employee performance

Conclusion:

The study conducted at BPS in Coimbatore involving 137 employees, investigates employee performance with respect to employee engagement and organization culture. The study used quantitative data analysis to draw the findings; the findings revealed that employee's performance is influenced by employee engagement and organization culture. Organization culture is the driving force for establishing communication across all the departments to coordinate and to achieve organizational goals and objectives. Managers are the key players to translate the company's need to the executives so that the executives can deliver what is expected from them. Employee engagement is important for motivating employees, and through such programs employees skills, knowledge can be improved. When employees are skilful to deliver what they are expected, company's production and quality of service and values can be improved so that employees and the company are mutually benefited.

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