

## A CONCEPTUAL STUDY IN UNDERSTANDING THE IMPACT OF ORGANIZATIONAL CULTURE ON ORGANIZATIONAL PERFORMANCE

R. VANDHANA<sup>a1</sup> AND A. CHANDRAMOHAN<sup>b</sup>

<sup>a</sup>Research Scholar, School of Management Studies, Vels University, Chennai, India

<sup>b</sup>Professor, School of Management, SRM University, Chennai, India

### ABSTRACT

This article focuses on the overall understanding of organizational culture and its impact on organizational performance. This article aims to understand the impact of organizational culture and performance in terms of the different concepts. After an extensive review of the literature, it is noted that organizational culture possesses a fundamental impact on various organizational processes, people and performance. It also describes the different dimensions of culture. Research shows that the norms and values that organizations can do more effectively to achieve organizational goals. Balanced scorecard is a tool for measuring the performance management system. More research is being done in this area to understand the nature and the ability to manage the organization's performance culture. Managers and leaders are encouraged to develop a strong culture within the organization to improve the performance of employees and the organization

**KEYWORDS:** Organisational culture, Organisational performance, Organisational goals

Organizational development is used to analyse the overall recognition of different dimensions which can determine the effectiveness of the organization. Organizations and leaders are ready to employee engagement, which means increased productivity. Management would like to introduce the employee to normal values and goals of the organization, it is important to understand the corporate culture. It is management's responsibility to introduce corporate culture to employees, which helps people learn about the authority's system. Management should try to keep learning environment in the body. Understanding the need to maintain the organizational culture to enhance employee performance. As for the organizational development, the performance of the employees in the industry back. The organization wants to win the trust of the organization's employees. The overall information and methodical understanding of the organizational culture will aim to improve the capability to consider the organizational behavior that will help to manage and lead (Brooks, 2006). Pettigrew (1979) used the term "corporate culture" for the first time in the literature, the newspaper's study, "Administrative Science Quarterly." It is important that management determines the standards and values of the workers' organizations.

### PURPOSE OF STUDY

The basic rationale of this paper is to provide the overall definition, conceptualization and measurement of organizational culture and performance

### Culture

The culture in the design of the various functions that express the organization and other prominent companies (Forehand and Gilmer von 1964). In the words of Hofstede (1980), culture is the considered as the overall thoughts which aim to comprehend the difference between the members of a group. As Schein (1990) defines a culture of a different set of values and behaviors that can be considered a success.

### Understanding Organizational Culture

The overall understanding of the organisational culture is focused to share the organisation, the author Pettigrew (1979) has stated that cognitive systems focus on the organisational cultures will help to enhance the employees behavior and understand their decision making styles. According to Tichy (1982), organizational culture, the so-called "regulatory glue" refers to the entire body to stay together. The concept of organizational culture is the foundation is dedicated to determine the difference to be able to survive among organizations active in the national culture (Schein, 1990).

The concept of culture is usually used in conjunction with existing organizations (Kotter and Heskett, 1992). The organizational culture of the two main factors in the social group; the structural stability of a group and the incorporation of a part of a higher level (Schein, 1995). Hodgetts and Luthans (2003) define culture associated with different functions in the organization. Culture can be defined as a common value, which is to ensure that people like to describe the organizational culture, and also from different backgrounds, different levels of the organization (Robbins & Sangho, 2007). According to Stewart (2010), he said the organizational norms and values a strong influence on all those involved in the organization.

### Sub-Culture

According to Schein (1995), subcultures, culture, shows the norms, values, beliefs and behaviors of people because of various differences in the objectives and requirements of the geographical and sectoral work. Understanding of workers in connection with the commitment subculture with its staff (Lok, Westwood and Crawford, 2005). Some groups may be relatively similar cultures, social interaction outside the workplace. The weak organizational culture can be a little loose. Sometime printing custom business thinking and contributions must increase innovation can be a valuable tool, sometimes not. According to Kenndy Deal (1982), the low culture of the organization to be a little knot. The strict rules imposed on workers who create differences

between the personal goals of individual and organizational goals

## **CHARACTERISTICS OF ORGANIZATIONAL CULTURE**

Dasanayaka and Mahakalanda (2008), has stated that in order to enhance the value of participation among the employees, there is a need for logical connect among the individuals and the management should support to enhance the organisational learning and willingness to share with others.

1. The standards are measured by the things that work and turn the level of cooperation between management and employees in the organization.
2. The rules for employee clearly defined behavior of productivity, collaboration and inter-group relationships with customers.
3. The observed pattern of behavior that reflects a common language and official procedures
4. To improve coordination between departments and integration work efficiency, quality and speed in the design, manufacture of products and services.

Researchers have developed a model based on studies of Hofstede (1980), and data collected in the 38 countries surveyed. Imposed on two different dimensions of culture; mental and emotional self, and improve vs. self-transcendence. Interest societies, cultural norms based on traditional relational culture and civilization of life and work. According to a study Trompanaars (1993), has 30 companies in 50 countries recognized the seven dimensions of culture against which concrete ecumenism; Diffuse against specific neutral view on the emotional, individualism versus communication performance, attitude and time for the final status of the environment. This model also supports the seven dimensions of Hofstede model.

### **Concepts Organizational Culture**

Alvesson agreement (1989) concept of organizational culture depends on two extreme scales:

- Process oriented approach
- Classification approach

### **Process oriented approach**

Roskin agreement (1986), illustrates this approach organizational culture as a definitive answer to the collective sense. Schein (1990), organizational culture model makes this method to describe the organizational culture as an overview of the basic hypothesis or developed by a working group to find out the problem, and it worked well needed. It defines three levels of culture; Behavior (social and natural environment), values (basic service that the current object contours) and assumptions (unconscious level is the most difficult behaviors to learn or change).

### **Classification Approach to Organizational Culture**

According to the organizational culture, they speak a number of ideas that can imitate two or more

variables. In this approach, the methods used to measure a variety of quantitative culture of the organization (Rousseau, 1991), the development of plant varieties by the interviewer. One of the most popular cultural concepts understood model onions. According to the organization culture is considered to be a variety of onion layers. Norms and values are invisible appearance, but the most important corporate culture. We can see many cultural symbols, objects, and the general behavior of workers.

### **Nature of Power**

Efficiency refers to perform tasks at work, which is based on the work of employees (Cascio, 2006). Different scientists have different ideas about performance. First, the term scientists express a variety of measuring the efficiency of input and output (Town Neck 1996) trading results. According to Barney (1991), the performance of the ongoing process on the controversial issue of organizational researchers. Organizational performance is not only to identify the problem, but it also means that to solve the problem (Heffernan and Flood 2000). Daft (2000), said the organization's ability organizational performance to provide efficient use of resources to achieve the goals. As Daft (2000), Richardo (2001) reported that the objectives and the organization called organizational performance.

Richardo (2001) suggested that the success of the organization indicates a high return on capital, which enabled the establishment of a performance management system, is a good worker. Strategic Performance Measurement System (SPMS): It is important for organizations to evaluate the employees in the performance measurement system, which is very useful for the assessment of the organization's goals and strategic plans for organizations (Ittner and Larcker, 1998). Today, organizations focused management of non-financial assets or intangible assets as a link, service, quality and performance of customers, non-financial assets (Kaplan and Norton, 2001). It is therefore necessary to measure and evaluate performance measurement system performance suitable employee, financial or non-financial.

Strategic Performance Measurement System (SPMS) is a new approach to performance measurement and not the traditional. Chen Hall (2005), said SPMS a way to compile and measure the financial and non-financial performance. It also suggests that the measurement is the nature of the incorporation of technology; they offer the opportunity for strategic competitiveness of the organization. As we have seen Chen Hall (2005), vein, Burns and McKinnon (1993) agree that the use of different performance measures, such as financial and non-financial is generally preferable to owners and managers, who are facing useful increase protection uncontrollable events outside organizations.

Kaplan and Norton (1992) suggested that the Balance Board table (BSC) is the main tool for SPMS. Balanced scorecard help or box shall be interpreted in a number of performance measurement rational strategies.

Connected to each other in a causal relationship, four main criteria, eg economic and business processes, customer and learning and growth. The "Balanced Scorecard" collaboration tools that focus on the body, improve communication, creation of organizational goals and strategies in the comments (Anthony & Govindarajan, 2003)

### **THE IMPACT OF ORGANIZATIONAL CULTURE OF PERFORMANCE**

Data from 34 US companies for five years, and organizational culture, the cultural characteristics were examined during the show and were followed by the performance of these companies over time. In Reichers and Schneider Agreement (1990), researchers engaged in the study of cultures of the many definitions of culture, relatively little research has contributed to research on culture and performance. The only reason was the complexity of the operational concept cultural examination of the relationship between Kotter and Heskett (1992), organizational performance and economic production of long-term over 200 organizations. In fact, this is one of the most important research efforts in this respect and conscious study organized in three main contributions. First, the strong link between culture and power, according to research. Secondly, the author of an important combination of theoretical views on the nature and extent of culture. Third, close contact with the culture, and management performance practice. The claim that the organizational culture is linked to the performance starts from the obvious role that can be played because of the competitive advantage of the culture. Rousseau (1990) studied exceed certain limits for the organizational culture measurement. At the end, the results show that there is a positive correlation between culture and employee performance. After critically reviewing the methods and the latest research results, it is assumed that there is a relationship between culture and power (Lim, 1995). The theory also argue that a sustainable competitive advantage in the development of organizational capabilities that are both larger and poorly imitated by competitors (STM Pe're Falcon and Garcia, 2002). Professionals and researchers believe that the organization's performance depends on the degree of shared values, culture (Denison, 1990).

Educational organizations such as leadership style and the new demands on the environment at a certain level so far, based on the principle that large companies get to smaller cultural orientation. If the culture of organizational learning older organizations that do the hard work to change the culture so that it is not a quick easy process, or nonlinear. At this level, no better than to quote an ironic expression (Schein, 1997). Saffold agreement (1998), the first, culture shapes the organizational processes that continue to help create and change the culture. Secondly, it is likely that the contribution to the culture to consume much less power than in many studies. The most successful writers and directors show that a strong organizational culture is very important for companies in three important functions: Firstly, it is very consistent with social

control, which makes decisions that affect employees and the behavior of the corporate culture. Second, corporate culture works as social glue that binds all employees, and feels a strong part of the company's experience, which is useful to attract new employees and retain the best.

Third, the organizational culture is a very useful means to assist in decision-making, which helps employees understand the organization of events and aims to improve the efficiency of the staff. A strong culture is almost regarded as a driving force to improve employee performance. This increases the confidence and participation of workers and reduces work-related stress and improves employee moral behavior (Saffold, 1998). It is also said that most cultural studies tend to focus on a unique corporate culture. But if the Deal and Kennedy (1982), taking into account the high and low culture has a huge influence on organizational behavior, but strong culture of points for workers in order to lead, and helps to increase the overall performance of the organization. According to Barney (1991), the body of a viable offensive advantage. He presented three conditions; First, this means that culture must be sustainable, is a rare culture and presents the third and culture should be free to be imitated. They help in greater organizational performance can be temporary or will continue in the long run. The long-term increase organizational performance can lead to competitive advantages in the long term. Kotter and Heskett (1992) conducted a study and a growing culture of fine organizational performance culture and a strong increase in sales of 765% between organizations in 1977 and 1988 and an increase of only 1% over the same period (Gallagher, 2008).

### **SUMMARY AND CONCLUSIONS**

Any person or employee of the values and beliefs which he / she work for the organization. When you join an organization, you can be the first to internalize the culture of the organization, if you find them or not. Culture under investigation to influence the diversity of the organization process. Organizational culture has a profound effect on the performance of the employees is good for productivity and improve organizational performance. More than 60 studies between 1990 and 2007, covering more than 7,600 small and medium-sized enterprises to feel the cultural impact on the organization's performance (Gallagher, 2008). The results of these studies show a positive correlation most high culture and improve performance. Based on this study it can be concluded that the positive effects of organizational culture on employee performance. Research shows that each person has a different culture in the organization, and he / she will be the first attempt by the norms and values of the organization. The adoption of the culture of the organization useful to the employees performs their work effectively and effety way. According to the study, in 2008, because of the performance increase Gallagher employee in net income for the organization. The growth is easier to achieve if all of a common form of organization. Considered in this paper that the strong organizational culture is very helpful for new employees to accept organizational

culture and gain a competitive advantage in specific circumstances. Previous studies have shown that employee engagement and team effectiveness is very important to accept the values and beliefs of the organization and improve the organization's performance.

## REFERENCES

- Alvesson M., 1989. Concepts of organizational culture and presumed links to efficiency. *International Journal of Management Science*, **17**(4):323-33.
- Barney J.B., 1991. Firm Resources and Sustained Competitive Advantage. *Journal of Management*, **1**(17): 99-120.
- Brooks I., 2006. *Organizational Behavior: Individuals, Groups and Organization*. Essex: Pearson Education Limited.
- Burns W.J. and McKinnon S.M., 1993. Information and Managers: a Field Study. *Journal of Management Accounting Research*, **5**:84-123.
- Cascio W.F., 2006. *Managing Human Resources: Productivity, Quality of Life, Profits*. McGraw-Hill Irwin.
- Chenhall R.H., 2005. Integrative Strategic Performance Measurement System, Strategic Alignment of Manufacturing, Learning and Strategic outcomes: an exploratory study. *Accounting, Organizations and Society*, **30**(5):395-422.
- Churchill G.A., 1999. *Marketing Research: Methodological Foundations*. The Dryden Press, Forth Worth.
- Daft R.L., 2000. *Organization Theory and Design*. (7th Ed.) South-Western College Publishing, Thomson Learning. U.S.A.
- Dasanayake S.W.S.B. and Mahakalanda I., 2008. A Literature Survey on Organizational Culture and Innovation. *Global Business and Management Research*, Boca Raton, Florida **5**:39-550
- Denison D.R., 1984. Bringing corporate culture to the bottom line. *Organizational Dynamics*, **13**(2):5-22.
- Denison D.R., 1990. *Corporate Culture and Organisational Effectiveness*. New York: Wiley.
- Deal T.E. and Kennedy A.A., 1982. *Corporate cultures: The Rites and Rituals of Corporate Life*. Reading, Mass: Addison-Wesley Publishing Co.
- Forehand G.A. and Von G., 1964. Environmental Variations in Studies of Organizational Behavior. *Psychological Bulletin*, **62**:361-382.
- Heffernan M.M. and Flood P.C., 2000. An Exploration of the Relationship between Managerial Competencies Organizational, Characteristic and Performance in an Irish organization. *Journal of European Industrial Training*. University Press, 128-136.
- Hodgetts and Luthans F., 2003. *International Management: Culture, Strategy, and Behavior*. New York, McGraw-Hill/Irwin, Fifth Edition.
- Hofstede G., 1980. *Culture's Consequences*, Sage London
- Hofstede G. and Bond M.H., 1998. The Confucius Connection: from Cultural Roots to Economic Growth. *Organ Dyn*, pp. 5-21.
- Ittner C.D. and Larcker D.F., 1998. Innovations in Performance Measurement: trends and research implications. *Journal of Management Accounting Research*, **10**:205-38.
- Kaplan R.S. and Norton D.P., 1996. Linking the balanced scorecard to strategy. *California Management Review*. **39**(1), 53-79.
- Kaplan R.S. and Norton D.P., 2001. *The Strategy-focused Organization: How Balanced Scorecard Companies Thrive in the New Business Environment*. Harvard Business School Press, Boston, MA.
- Kerr J. and Slocum J.W., 2005. Managing corporate culture through reward systems. *Academy of Management Executive*, **19**:130-138
- Kotter J.P. and Heskett J.L., 1992. *Corporate culture and performance*. New York: Free Press.
- Lim B., 1995. Examining the organizational culture and organizational performance link. *Leadership & Organization Development Journal*, **16**(5).
- Lok P., Westwood R. and Crawford J., 2005. Perceptions of organizational subculture and their significance for organizational commitment. *Applied Psychology: An International Review*, **54**:490-514.
- Ojo Olu, 2003. *Fundamentals of Research Methods*, Lagos: Standard Publications.
- Pettigrew A., 1979. studying organizational culture. *Administrative Science Quarterly*, **24**:570-581.
- Ricardo R. and Wade D., 2001. *Corporate Performance Management: How to Build a Better Organization through Measurement Driven Strategies Alignment*. Butterworth Heinemann.
- Reichers A. and Schneider B., 1990. Climate and culture: an evolution of constructs, in Schneider, B. (Ed.), *Organizational Climate and Culture*. Jossey-Bass, San Francisco, CA, 5-39.
- Robbins S.P. and Sanghi S., 2007. *Organizational Behavior*, Pearson Education, New Delhi.
- Roskin R., 1986. Corporate culture revolution: the management development imperative. *Journal of Managerial Psychology*, **1**(2):3-9.
- Rousseau D., 1991. Quantitative assessment of organizational culture. *Group and Organizations Studies*, **15**(4):448-460.
- Saa-Pere, Petra De and Garcia-Falcon, Juan Manuel 2002. A resource-based view of human resource management and organizational capabilities development. *Int. Journal of Human Resource Management*, **13**(1):123-140.
- Saffold G.S., 1998. Culture Traits, Strength, and Organizational Performance: Moving beyond Strong Culture. *The Academy of Management Review*, **13**:546-558
- Schein E.H., 1990. Organizational culture. *American Psychologist*, **43**(2):109-119.
- Schein E.H., 1995. *Organizational culture*. Campus Verlag, Frankfurt/New York
- Schein E.H., 1997. *Organizational learning: what is new?* available at: <http://learning.mit.edu> (accessed January 1999).
- Schwartz S.H., 1994. Beyond Individualism/Collectivism: New Cultural Dimensions

- of Values. Thousand Oaks, CA: Sage Publication.
- Sondergaard M., 1994. Hofstede Consequences- A Study of Reviews, Citations and Replications, Special Issue on Cross-national Organization Culture. European Group for Organizational Studies, **15**(3): 447-456.
- Stannack P., 1996. Perspective on Employees Performance. Management Research News, **119**(4/5), 38-40.
- Stewart Douglas, 2010. Growing the Corporate Culture, obtained from <https://www.wachovia.com/foundation/v/index.jsp?vnextoid=ab411f0776>
- 0aa110VgnVCM100004b0d1872  
RCRD&vgnnextfimt=default on July 9th, 2010
- Strauss A.L. and Corbin J., 1990. Basics of Qualitative Research: Grounded Theory Procedures and Techniques, Sage, London.
- Tichy N.M., 1982. Managing Change Strategically: The Technical, Political, and Cultural Keys. Organizational Dynamics (autumn), pp. 59-80.
- Titiev M., 1959. Introduction to Cultural Anthropology. New York: Henry Holt & Company.
- Trompanaar F., 1993. Riding the Waves of Culture. London: Economist Books