

AN ASSESSMENT OF THE IMPACT OF ORGANIZATIONAL CULTURE ON EMPLOYEE PERFORMANCE

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Abstract

Understanding the dynamism of organizational culture and its relationship to employee performance is very crucial to organizational strategic objectives. The primary aim of this paper is to assess the impact of organizational culture on employee performance. Literature review and library research are adopted to assess how the culture of an organization impacts upon processes, employees and systems in an organization. The performance management system has been measured by balanced scorecard and by understanding the nature and ability of systems of culture of an organization. Certain dimensions of culture have been identified so far and research findings indicate that value and norms of an organization are based upon employee relationship. The goal of an organization is to increase level of performance by designing strategies.

Keywords: Impact, Organization culture, Employee performance, organizational goals.

Introduction

Organizational development has certain factors that improve sustainability on basis of effectiveness. The improvement in productivity leads to employee commitment as norms, values and objectives help in improving the culture of an organization. The system of organization was based upon effective establishment of culture that keeps learning environment strong. The performance of employees improves by establishment of strong culture of an organization. The employee performance would be considered as backbone to organization as it leads to its development effectively. The loyalty of employee relies upon knowledge and awareness of culture that improves behaviour of organization (Brooks, 2006)

Organizational Culture

Organizational or corporate culture is the pattern of values, norms, beliefs, attitudes and assumptions that may not have been articulated but shape the ways in which people in organizations behave and things get done. 'Values' refer to what is believed to be important about how people and organizations behave. 'Norms' are the unwritten rules of behaviour (Armstrong, 2011). The definition emphasizes that organizational culture is concerned with the subjective aspect of what goes on in organizations. It refers to abstractions such as values and norms that pervade the whole or part of a business, which may not be defined, discussed or even noticed.

Organizational culture refers to a system of shared assumptions, values, and beliefs that show people what is appropriate and inappropriate behaviour. These values have a strong influence on employee's behaviour as well as organizational performance. In fact, the term organizational culture was made popular in the 1980s when Peters and Waterman's best-selling book "In Search of Excellence" made the argument that company success could be attributed to an organizational culture that was decisive, customer-oriented, empowering, and people-oriented. Since then, organizational culture has become the subject of numerous research studies, books, and articles. Organizational culture is still a relatively new concept (Daft, 2003). In contrast to a topic such as leadership, which has a history spanning several centuries, organizational culture is a young but fast-growing area within management. The two essential factors that lead to effective culture management include structural stability and integration of superior standard of organization culture (Schein, 1995)

Employee Performance

Kotter and Heskett (1992) identify employee performance as the accomplishment of a given task measured against present known standards of accuracy, completeness, cost, and speed. The degree of an achievement to which an employee fulfills the organizational mission at workplace is called performance (Cascio, 2006). Employee performance has been perceived differently by various researchers, but most of the scholars relate performance with measurement of transactional efficiency and effectiveness towards organizational goals (Stannack, 1996).

Different researchers have identified various thoughts, attitudes and beliefs of performance, as it helps in measurement of input and output efficiency, the measures that lead to effective transactional relationship. (Stannack, 1996) In order to achieve goals and objectives of an organization, strategies have to be designed based upon organizational performance (Richardo, 2001). Performance of employee is calculated against the required performance standard by the organization. Good performance means how employee performed in the task that was assigned to him (Kenney et.al, 1992). Performance is a main multidimensional build, aimed to get results and strong link to planned objectives of an organization (Mwita, 2000). Employee performance is considered as an integral part of the growth process of an organization, it fosters employee commitment towards the organization. Employees align their goals and objectives with those of the organization and feel responsible for the overall well-being of the organization. As their efforts are in turn appreciated by the management and suitably rewarded, they have immense job satisfaction. In such situation, employees are committed to achieving their goals and thus have a positive effect on the overall performance of the organization.

The culture and performance have been interrelated to each other based upon perfect association between business processes. The culture construct based upon operational complexity, has its basis towards different business processes. It was a research carried out in more than 200 organizations, based on culture and long term performance (Kotter and Heskett, 1992).

Linkage between Organizational Culture and Employee Performance

Culture is largely invisible to individuals just as the sea is invisible to the fish swimming in it. Even though it affects all employees' behaviours, thinking, and behavioral patterns, individuals tend to become more aware of their organization's culture when they have the opportunity to compare it to other organizations (Amah, 2009). The organizing function involves creating and implementing organizational design decisions. The culture of the organization is closely linked to organizational design. For instance, a culture that empowers employees to make decisions could prove extreme resistant to a centralized organizational design, hampering the manager's ability to enact such a design. However, a culture that supports the organizational structure (and vice versa) can be very powerful (Daft, 2003).

An organization's culture may be one of its strongest assets or its biggest liability. In fact, it has been argued that an organization that has a rare and hard-to-imitate culture enjoys a competitive advantage. In a survey conducted by the management consulting firm Bain & Company in 2007, worldwide business leaders identified corporate culture to be as important as corporate strategy for business success. This comes as no surprise to leaders of successful businesses, who are quick to attribute their company's success to their strong culture (Garvin, 1998).

Culture, or shared values within the organization, may be related to increased employee performance. Researchers found a relationship between organizational culture and employee performance, with respect to success indicators such as revenues, sales volume, market share, and stock prices leading to realization of the organizations goal. It is important to have a culture that fits with the demands of the company's environment, so that it can improve the shared values of the company and also propel employee performance. For example, if a company is in the high-tech industry, having a culture that encourages innovativeness and adaptability, that will improve its performance (Amah, 2009). However, if a company in the same industry has a culture characterized by stability, a high respect for tradition, and a strong preference for upholding rules and procedures, the company may suffer because of its culture. In other words, just as having the right culture may be a competitive advantage for an organization, having the wrong culture may lead to performance difficulties, such may be responsible for organizational failure, and may act as a barrier preventing the company from changing and taking risks (Caves and Porter, 1977).

In addition to having implications for employee performance, organizational culture is an effective control mechanism dictating employee behaviour. Culture is a more powerful way of controlling and managing employee behaviour than organizational rules and regulations. For example, when a company is trying to improve the quality of its customer service, rules may not be helpful, particularly when the problems customers present are unique. Instead, creating a culture of customer service may achieve better results by encouraging employees to think like customers, knowing that the company's priorities in this case are clear. Therefore, the ability to understand and influence organizational culture is an important item for managers to have in their tool kit when they are carrying out their controlling function as well as

their organizing function to enhance employee performance and promote the realization of the organizational goals.

Several researches on how to optimize employee performance with a view to realize organizational goal have taken place in the past two decades. It has been argued that strategic group membership and associated collective behaviours are the primary sources of durable differences in firm profitability and effective employee performance (Caves and Porter, 1977). This implies that the collective behaviour of organization members which culture helps to control is important to its effectiveness. In relation to this argument, Glasister and Buckley (1998) identified organizational culture as one of the factors responsible for organizational effectiveness and employee performance. A strong organizational culture (that is, one in which everyone understands and believes in the firm's goals, priorities and practices) that encourages the participation and improvement of all organization's members and this has been identified to be one of its most important assets (Denison, 1985).

Conclusion

The different values and beliefs based upon employee performance help in organization's association. The organizational culture helps in internalizing harmonious management and employee relationship that leads to effective organizational performance. The productivity and culture of organization helps in improving performance. Amah (2009) puts it that in more than 60 research studies' 7600 small business units and companies' performance from 1999 to 2007 have been evaluated, and the studies indicated that organizational culture and employee performance have a significant relationship. The positive association between culture and performance helps in improving results of an organization. The norms and values of organization, based upon different cultures influence on work force, has increased the output of the work force. In an organization, strong culture enables effective and efficient management of work force. The net profit in an organization helps in enhancing performance of employees. On the basis of some conditions, organizational culture is helpful in improving and providing competitive edge. As it was highlighted earlier that employee commitment and group efficiency help in improving performance based upon organizational sustainability. The nature and power of organization culture and influence upon sustainability are enormous in this contemporary time.

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