

Literature Review on Organization Culture

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Abstract— This review paper focuses on the definition and measurement of organizational culture and sheds light on the important studies on the topic. The paper strives to ascertain the importance of organization culture and its relationship with organization performance, organizational effectiveness, leadership and job satisfaction. This literature reviews provides support from the various studies that has conducted by the researcher by designing a questionnaire and uses statistical data for providing suggestions to the organization in which the study has been conducted.

Key words: B2B Relationship Management, Organization Culture

I. INTRODUCTION

According to the Webster's dictionary, culture is the ideas, customs, skills, arts, etc. of a given people in a given period. Organizational culture is a system of shared assumptions, values, and beliefs that help individuals understand which behaviors are appropriate within an organization. Culture can be a source of competitive advantage for organizations. Strong organizational culture can be an organizing as well as a controlling mechanism for any organizations. Even though it affects all employee behaviors, 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. Organization culture affects corporate performance to a greater extent hence the present review related to organization culture has been collected and the impact has been analyzed and presented.

II. LITERATURES

Olu Ojo in his study entitled Organization culture and corporate performance –Empirical evidence from Nigeria examines the relationship between organization culture and corporate performance in a business context. The study was conducted among the employees of Nigerian commercial banks. The study was made up of senior staff, directors and managers of the Nigerian banks. Stratified sampling is used for the study. The banks were stratified into 2 strata based on the year as “new and old” generation banks and from each strata 2 banks were selected on random basis. In all, 80 respondents were selected on random basis. The hypotheses were tested using a parametric t-test. The results revealed that organization culture is very important in every business entity and it is correlated to corporate performance. Organization culture affects the level of employee's goals in a positive way

Muga Janes Ng'ang'a and Wesonga Justa Nyongesa (2012) in their study entitled The impact of organization culture on performance of educational Institutions considered three main criteria it must be strategically relevant, it needs to be strong, culture must have an intrinsic ability to adapt to changing circumstances. An institution culture could be strong and cohesive when it

conducts the business according to a clear and explicit set of principles. The major factors that contribute in building the culture are: leadership, commitment in operating the business and concern for well-being of the institution stakeholders.

Denise Jarratt and Grant O'Neill in their paper entitled the effect of organization culture on Business-to-Business Relationship Management Practice and performance examines organization culture and moral integrity values that supports successful relationship management practice and lead to relationship outcome of equality, satisfaction and performance. Qualitative and Quantitative investigations were conducted. In Qualitative phase, interviews were held with 3 senior executives and industry from IT, Financial service industry and business consulting services. The final form of questionnaire was mailed to 1,250 senior marketing directors or MD from the top 2000 business service and manufacturing organization. It has been concluded that moral integrity values will indirectly enhance relationship, management practice like collaboration, flexibility and conflict resolution.

Fakhar Shahzad, Rana Adeel Luqman, Ayesha Rashid Khan, Lalarukh Shabbir in their study Impact of Organizational Culture on Organizational Performance understands conceptualization and measures the link of organization culture and organization performance and examines the relationship, through an analysis of the existing empirical studies. According to Stewart (2010) organization norms and values have a strong effect on all of those who are attached with the organization. It is considered by him that norms are invisible but if the organization wants to improve the performance of the employees and profitability, norms are places first to look. According to Alwerson(1989) conceptualization of the organization culture depends on the scale of 2 extremes. Process oriented approach represented by Scheins (1990) model of organization culture represents this approach and describe organization culture as an outline of fundamental hypothesis. He defines the 3 levels of the culture: behaviors, values and basic assumptions. According to classification approach, organization culture is considered like onion based on different layers. Norms and values are invisible but considered as most important aspect of the organization culture. Strategic performance measurement system (SPMS) is a new approach to measure the performance. Kaplan and Norton (1992) suggested that balance Scorecard is the most important SPMS tool. Organization culture has deep impact on the variety of organization process, employees and its performance. If employees are committed and having the same norms and value can increase the performance.

Tzai Zang Lee and Ya Fen Tseng in their paper A study of the relationship between organization culture and organization effectiveness of the Electronic Industries in Taiwan defined eight dimensions of organization culture as: (1) tolerant –staff oriented (2) achievement oriented (3)

innovative (4) analytical (5) social relationship (6) rewarding staff (7) stable work environment (8) demanding. This study also suggested 3 dimensions of organization effectiveness (1) structural flexibility/control (2) Focus internal/external (3) strategy means /ends. The research has provided the 680 questionnaires and then got 144 questionnaire retrieved. The response rate was about 21.18%. The data was analyzed for getting the research purposes. First reliability and validity analysis was done. Second LISREL (Linear Structure Relation) analysis and third this study analyzed the efficiency by the DEA Method in the four culture categories. It showed that organization culture focuses could influence the organization efficiency in the different culture category. LISEREL model showed that factors of organization culture had a positive impact on the factors of organization effectiveness. The stable work environment factors of organization culture had higher influence on the structural flexibility/control and strategy means/end factors of organization effectiveness on development culture. The social relationships factor of organizational culture had higher significance on strategy means/ends factor of organizational effectiveness on common culture. The tolerant staff oriented, social relationship and stable work environment factors of organizational effectiveness on stratum culture. The tolerant/staff oriented, innovative and stable work environment factors presented the higher significance on the structural flexibility/control and focus internal/external factors of organizational effectiveness on rational culture. But, this study found the significance of each organizational culture was more uniform.

Bulent Ayadin, Adnan Ceylan in their paper the role of organizational culture on effectiveness studies that Organizations are goal directed, boundary maintaining and socially constructed system of human activity which focuses attention on the social processes involved in the genesis and persistence of organization. This study was conducted in metal industry. Since it is a heavy industry, the working in the industry is hard and hence this industry is selected for the study. The organization culture is analyzed from a set of dimensions which are involvements, collaboration, and transmission of information, learning, and care about clients, strategic direction, reward and incentive system, system of control, communication, coordination and integration. The organization effectiveness has been measure in terms of four indicators: customer orientation, employee satisfaction, organization commitment and financial and growth performance. The questionnaire was collected from 578 employees. The data have been analyzed by some of SPSS tools, which are descriptive statistics, reliability analysis, factor analysis, correlation analysis and regression analysis. From the analysis it is concluded that effective organization should provide employee satisfaction and organization commitment, as well as disseminate the customer's concept to all departments. This requires a well communication and coordination. Dissemination the customer concept to the organization contributes to being a systems thinker as well as seeing the big picture. This will surely carry the financial and growth performance. In consequence we may conclude that concentration on creating a culture in the organization will facilitate reaching effectiveness.

Farough Amin Mozaffaril in his paper A Study of relationship between organization culture and leadership provide insight into the organization culture and its relationship with leadership styles in higher education institutions. The study considers academic staff and specifically those engaged at the departmental level. This study was based on information obtained from a survey of all full-time faculty and administrators in a statewide system of 9 big universities in Iran. Completed surveys were obtained from 562 (20%) of the 3839 full-time faculty and administrative staff of the 9 institutions, The majority of respondents held a Ph. D degree (76.9%) as their highest academic degree. The findings of this study are in agreement with the fact that almost of the universities in a nationwide study currently have a Hierarchy culture type (Current culture type). In the same study, faculties and department chairpersons perceive the Adhocracy culture as the most effective culture type for colleges and universities (desired culture type). The study demonstrates that there is a relationship between organizational culture and leadership styles; the more congruence is between organizational culture and leadership styles the more effectiveness will be in managerial skills. There were some weak relations between culture and effectiveness. Furthermore, the significant relationships between managerial skills and effectiveness also suggest that culture may have important indirect effects on effectiveness.

Lotars Dubkevics and Arturs Barbars in their study the role of organization culture in Human Resource Management examines organization culture in a context of HRM in Latvia. The organization selected for the study is one of the leaders in commercial banking sectors. R.Quinn and K.Cameron has determined four basic types of organization culture: hierarchy culture, market culture, clan culture and adhocracy culture. These types are based on 4 criteria: flexibility and discretion, stability and control, external focus and differentiation ,internal focus and integration .The study was conducted from 84 respondents (20 male and 64 female).Majority of the respondents represents the management (58) mainly middle level managers, while 31% represent staff(26).The instrument used to measure the organization culture was the organization Culture Assessment Instrument(OCAI).From the study it has been inferred that staff prefers hierarchy culture ,which comprises of formal rules and policies which holds the organization together. While the management showed interest in transforming from hierarchy culture to clan culture. Clan culture is a friendly working place where people share themselves. There is a mismatch between staff and management opinions. It concludes that an effective organization culture promotes the organization competitiveness.

Osibanjo Omotayo Adewale and Adeniji Adenike Anthonia in their paper Impact of organization culture on Human Resource practices: A Study of Selected Nigerian Private Universities prepared a structured questionnaire and responses were obtained from 237 employees. The sample size comprises of 57.8% males and 42.2% females. The statistical analysis shows that there is a close relationship between organization culture and recruitment process, training programmers', job performance management, performance of employees, pay structure and compensation

administration. Being familiar with the organization culture like values, beliefs and practices will help employees understand organization events, thereby helping them to get along with the task easily. The study also suggest that it can be done on the other criteria that may have direct or indirect impact on the performance of the organization. The cross sectional methods was used for the study in which the researcher will conduct once a time. It also recommends that longitudinal method can be used for better results.

Yafang Tsai in his paper Relationship between organization Culture, leadership behavior and job satisfaction conducted a cross-sectional study that focused on hospital nurses in Taiwan. Data was collected from 200 nurses using a structured questionnaire .To test the reliability of the data, they were analyzed by Cronbach's alpha was used to test the relationships between organizational cultures, leadership behavior and job satisfaction. Organizational cultures were significantly (positively) correlated with leadership behavior and job satisfaction, and leadership behavior was significantly (positively) correlated with job satisfaction. The culture within an organization is very important, playing a large role in whether it is a happy and healthy environment in which to work. In communicating and promoting the organizational ethos to employees, their acknowledgement and acceptance of it can influence their work behavior and attitudes. When the interaction between the leadership and employees is good, the latter will make a greater contribution to team communication and collaboration, and will also be encouraged to accomplish the mission and objectives assigned by the organization, thereby enhancing job satisfaction.

ME Sempene, HS Riegerl and G Roodt in their study Job satisfaction in relation to Organization culture establishes a relationship between job satisfaction and organization culture of employees working in Government Welfare Organization. The population comprises of 200 employees among them 121 employees were selected and questionnaires were collected from them. The Organizational Culture and Job Satisfaction Scales were correlated and a highly significant correlation was found between the two variables. Employees seemed to be reasonably satisfied with the dimensions, customer orientation, organizational integration, performance orientation and reward orientation, while conflict resolution, disposition towards change, locus of authority and management style and task structure were perceived more negatively. It is clear that employees with longer years of service progressively view organizational culture more favorable. A further recommendation for future research would be to establish whether improving measurement and feedback mechanisms in the jobs of social workers would positively influence job satisfaction and perception of organizational culture by employees in this job category.

III. FINDINGS & CONCLUSION

From the reviews it has been found that organization culture affects the employee's goals in a positive way .Organization culture will be strong when business is conducted according to a clear set of principles. Norms and values are invisible but considered as most important aspect of the organization culture which in turn has deep impact on organization

process, employees and their performance. The moral integrity values will indirectly enhance relationship, management practice like collaboration, flexibility and conflict resolution. Concentration on creating a culture in the organization will facilitate reaching effectiveness and leadership styles has impact on organization culture which is based on the effective managerial skills .Among the various culture types the lower level staff prefers hierarchy culture while higher level employees prefers clan culture which is more friendly rather than hierarchical culture. Organization culture has very close relationship between recruitment process, training programmers', job performance management, performance of employees, pay structure and compensation administration. Organization culture has impact with leadership behavior, which influences the job satisfaction. When the leadership style and employees are good, it contributes to team communication and collaboration and encourages accomplishing the goals assigned by the organization which enhances job satisfaction. Employees with longer years of service view organization culture more favorable.

In order to perform well and to be effective an organization should follow a clearly defined set of culture which makes the employees feel they are equal and united. The employees should be motivated to follow a high level of agreement and commitment with the core values .While a culture is being implemented within an organization the management should describe the culture in such a way as how it wants the things to be done .There can be various styles of leadership but when it comes to implementation of culture the leaders should be strong in startup situation .The leaders should continuously talk about the importance of culture and make the employees understand what the culture is .The leaders should communicate the values and culture explicitly and continuously.

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