

EFFECT OF ORGANIZATIONAL CULTURE ON ORGANIZATIONAL PERFORMANCE

AKPOBIRE UFOMA OHWOFERIA

*Department of Human Resource Management
Delta State Polytechnic, Ogwashi-Uku
oufoma@gmail.com*

IGBESI EMEKE FRANCIS

*Department of Public Administration
Delta State Polytechnic, Ogwashi-Uku
Igbeseemeke2005@gmail.com*

OKONYE GIFT C.

*Department of Business Administration
Delta State Polytechnic, Ogwashi-Uku
okonyegift120@gmail.com*

Abstract

This research examined how organizational Culture affects Organizational Performance. The dimensions of Organizational Culture were used to give a better understanding of how it affects Organizational Performance. Relevant literatures were reviewed; empirical review was also carried out in this research. Findings showed that organizational culture was positively related to Organizational Performance. In Nigeria, there is the existence of strange and negative cultural indices in especially in the public sector such as rigidity, wastefulness, mismanagement, inadequate attention to training, nepotism/tribalism and corruption. All these negatively affected the performance of public servants. The study recommended that organizations should boost trainings and learning to enable the employees to adapt to new changes, strategies and policies that are directly linked to the employees in the organization.

Introduction

Organizational performance is a component of a successful business entity because it has a long survival impact on organization effectiveness (Samad, 2010; Samad, Abdullah & Ahmed 2013). Because of the many uncontrollable changes that our world faces today, managers and employees must have a thorough understanding of the environment and be able to respond to the factors that influence organizational performance, which are found in both the internal and external environments in which the organization thrives. In recent years, studies

on organizational culture and performance have caused a great deal of concern among academics and managers due to its influence on positive organizational outcomes.

Previous studies have shown the interconnection between organizational culture and organizational performance. For example, in the Nigerian Public Service, there have been odd and negative cultural indices like rigidity, wastefulness, mismanagement, inadequate attention to training, nepotism/tribalism, corruption, etc., which have negatively affected the performance of public servants. They also proposed that the various values and beliefs based on employee performance help in organization association. The organization culture helps in internalizing joint relationship that leads to effective management of organization processes, and culture of organization affects improving performance (Chia & Emem 2018)

Nonetheless, this study emphasizes the significance of the Handys components of organizational culture—power, role, task, and person cultures—as well as their connection to organizational effectiveness.

Conceptualizing Culture

The values, beliefs, attitudes, and behaviors of a group of people make up its culture. It significantly influences how individuals think, learn, lead, follow, and communicate. Culture affects leadership behavior, authority, interpersonal interactions, superior-subordinate relationships, and employee motivation (Osuoha, 2002). Since nearly everyone simultaneously belongs to many groups and categories and each group or category of individuals contains a set of shared mental programs that make up its culture, Hofstede (2005) in Wu & Pan (2006) argues that culture consists of multiple levels.

According to Chia & Emem (2018), culture offers organizations a sense of identity and establishes how "things are done around here" through the organization's legends, rituals, beliefs, meanings, values, standards, and language.

The various levels of culture are described by Hofstede (2005) as follows:

- The national culture: It is linked to the entire country.
- Organizational culture: this refers to the specific culture of a company. Furthermore, it applies to people who have jobs.
- The regional culture: This refers to the linguistic, religious, or ethnic distinctions that exist within a country.
- Gender disparities (male vs. female) are linked to the gender culture.
- The generation culture is linked to the distinctions between parents and children as well as between grandparents and parents.

The social class culture: It is linked to personal vocation or career and educational chances. Morcos (2018) used four criteria to determine culture. The first is that there is no one correct response since every culture is different. Despite having the same objective of producing contented workers, various organizations may approach this in quite different ways. Second, cultures provide us with a clear framework for identifying suitable candidates for employment. Businesses greatly improve their chances of success when they recruit individuals who are more likely to flourish in those settings. Third, civilizations are dynamic and developing naturally. Like any other relationship, they require development and care. Occasionally, cultures change as a result of changes in the outside world or when the business just develops and flourishes.

It may be necessary for the culture to adapt to the mission if it changes. At other times, businesses struggle to prevent their cultures from deviating from their basic principles. Instead of leaving it up to chance, businesses should monitor their cultures and take control of when and if they change. Fourth, some companies might elevate their internal cultures to distinguish themselves and integrate them into their outward identities (Morcos 2018). We can complete the concept of organizational culture with the aid of these four characteristics. It represents the experience of employees and frequently decides whether businesses succeed or fail (Morcos 2018; Weiner 2018).

A corporate culture, as defined by Camerer and Vepsalainen (1988) in Jusuf & Shpresa (2016), is a collection of widely accepted unspoken guidelines that guide workers in carrying out activities that take place in various contexts. An organization's corporate culture lays forth duties and regulations, which aid managers in resolving potential issues (Camerer & Vepsalainen, 1988; Jusuf & Shpresa 2016).

According to Jusuf & Shpresa (2016), corporate culture is the manner in which individuals within an organization act in a way that aligns with their values and beliefs as well as the aims and objectives of the company. Given that it directs an organization's performance and success toward achieving its goals, organizational culture is crucial.

Implementing and modernizing aspects of the current culture or altering an antiquated one are both considered forms of cultural management (Schein, 1992; Jusuf & Shpresa 2016).

Conceptualizing Organizational Culture

Organization culture, according to Morcos (2018), is the trait and the physical personality that originates inside any organization. Organizational culture is surprisingly palpable, despite the fact that some people may believe it is the product of the people and procedures within the business and cannot be managed or measured. It may be strategically planned and used. It has an impact on staff engagement and morale. It controls revenue rates, shapes business performance,

and impacts profitability (Morcos 2018). Companies that are incredibly successful are distinguished from the others by their organizational culture. A strong competitive advantage might result from it.

What an organization has done well and what has succeeded in the past is reflected in its culture. Longtime employees of a firm are frequently able to accept these procedures without question. Some of the organization's tales are among the first things a new hire learns. Legends have the ability to stick with a company and become ingrained in the norm. The organization will eventually create "norms," or established (normal) anticipated patterns of behavior. An established pattern of behavior that is a component of a culture is called a norm. (Chia & Emem 2018)

By proposing that culture was a "human-made part of the environment," Herskowitz developed a broader definition of culture (Herskowitz, 1955). We may discuss "objective culture" (such as tables, computers, and trains) and "subjective culture" (such as norms, roles, and values) in an attempt to understand his description. Mulej, Treven, and Lynn (2008). These organizational norms govern how staff members work and interact with clients, how they collaborate, whether they are driven to achieve objectives, and if they genuinely care about the company's overarching aim (Groysberg, Lee, Price & Cheng, 2018)

When we discuss organizational culture, we are referring to the internal perspective and the employee experience. What are the opinions of the staff? How does working here feel? How can the leadership maintain their commitment, loyalty, and engagement? All organization's everyday operations are governed by its organizational culture and employee experience (Morcos 2018).

The term "corporate culture" describes how employees act in line with their values and beliefs as well as the aims and objectives of the company (Jusuf & Shpresa, 2016). There is no denying that improving your company culture may boost output (Cui & Hu, 2012).

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The majority of academics and researchers concur that organizational culture matters to organizations. Because of the methods they employ, there are variations in how it is defined. It is described by Schein (2004) and Jusuf & Shpresa (2016) as a pattern of common fundamental beliefs that the group developed when

resolving issues during internal integration and external adaptation. Since these patterns have shown to be effective, they are taught to new members as the proper approach to see, examine, and feel about those issues. But according to Jusuf & Shpresa (2016), Watson (2006) contends that the most significant development in management thought in recent years is the push for managers to establish a robust organizational culture.

Hofstede (1997) created the six cultural aspects that are covered below in Jusuf & Shpresa (2016): A preference for procedures or outcomes is represented by Dimension 1: Process oriented vs. outcomes oriented. As the name suggests, a process-oriented culture prioritizes bureaucratic and technical procedures. A result-oriented culture, on the other hand, is more concerned with reaching the intended results and outcomes in order to fulfill the company's goals. Because of this, people in process-oriented cultures see themselves as avoiding risks and putting up little effort at work; every day is essentially the same. People that are results-oriented see themselves as at ease in new circumstances; they face new difficulties every day (Hofstede, 1997).

Dimension 2: Employee oriented Vs. Job oriented• this aspect reflects the culture's preference for workers or the work itself. People-oriented workplace cultures give employees the impression that the company cares about their personal issues and has a duty to look out for their welfare. Job-oriented cultures, on the other hand, make workers feel under a lot of pressure to finish their task and believe that the company is exclusively concerned with their job (Hofstede, 1997). Factor 3: Professional versus Parochial The way an organization's members identify themselves is reflected in this dimension. In companies with a professional culture, members are more likely to identify with their occupations. The rules of the company, according to members of the parochial culture, apply to both their behavior at work and at home (Hofstede, 1997). Dimension 4: Open system Vs. Closed system• Members of open systems take into account both the organization and its members. They welcome outsiders and strangers. Even among insiders, the organization and its members feel isolated in closed systems (Hofstede, 1997). Dimension 5: Tight versus loose control• The degree of internal structure inside the company is represented by this dimension. Employee autonomy is higher in loose control units, and departments may function with little to no coordination. Tight control unit employees characterize their workplace as closed. Managers are able to organize the operations of several divisions in accordance with a central plan as supervisors are fully aware of what employees perform (Hofstede, 1997).

Dimension 6: Normative vs. Pragmatic• The sixth component, "Normative vs. Pragmatic," shows how a business interacts with its surroundings and clients. People from normative cultures place more value on adhering to organizational processes than they do on following the outcomes. According to Hofstede (1997), pragmatic cultures place greater importance on addressing customer demands and pursuing results. The business that the firm is in must be supported by its effective organizational culture (Tichy, 1982; Jusuf & Shpresa 2016). Diverse stakeholders from various backgrounds are present. Based on Hofstede's aspects of organizational culture, this research primarily addresses the function of organizational culture in defining values and beliefs.

Organizational Performance

The total of the achievements made by every department is regarded as the organization's performance. Wanyoike & Kamau (2018). The capacity of an organization to satisfy the demands of its internal and external environment while being resilient, particularly in the face of uncertainty, is a measure of its performance. According to Samad, Abdullah, and Ahmed (2013), organizational performance is a component of a successful corporate entity as it has a long-term survival influence on organization effectiveness (Samad, 2010).

The concept of organizational performance is linked to an organization's ability to survive and thrive. Kamau & Wanyoike (2018) cite Ahmed & Shafiq (2014). Four components make up the multifaceted architecture of organizational performance. Kamau & Wanyoike (2018) cite Alam (2013). These components include supply chain flexibility, customer-focused performance, financial and market performance, and human resource performance.

Many firms have reorganized, established comprehensive quality management systems, and offered competitive worker perks in an effort to reach the required level of financial performance. Effectiveness, efficiency, productivity, quality, and innovation are all components of organizational performance (Kamau & Wanyoike 2018).

According to earlier assessments, organizational performance has typically been the focus of two study streams, primarily the organizational viewpoint and the economic perspective. The economic viewpoint places a strong emphasis on the significance of external market elements, including the enterprises' competitive business position and everything pertaining to finances. The organizational or noneconomic perspective is based on behavioral and sociological paradigms and how well they fit with the environment, which includes competitiveness, product

quality, and service quality (e.g., employee, culture, and customer satisfaction) (Tvorik & McGiven, 1997; Samad, Abdullah & Ahmed, 2013).

Organizational Culture and Organizational Performance

Sinha and Arora (2012) investigated how the commercial performance of Indian power plants was affected by organizational culture elements as innovation, communication, environment, humanistic workplace, commitment, systems, and result oriented. Their findings demonstrated a moderately favorable association between business performance and all seven categories.

Four organizational culture dimensions—involvement, consistency, flexibility, and corporate mission—and their effects on role-based performance were examined by Aftab, Rana, and Sarwar (2012). The findings demonstrated a favorable relationship between work performance and participation, consistency, flexibility, and company mission.

Al-Enezi (2011) assessed how Kuwaiti government workers perceived organizational culture and how it affected their ability to do their jobs. Performance evaluation, conflict resolution, teamwork and leadership, training, quality, and, lastly, purpose, vision, and values were the six aspects of corporate culture examined. The findings showed that there is no discernible relationship between job performance and any of the six organizational culture aspects.

Empirical Review

In order to determine the impact of organizational culture on organizational performance, Kamau & Wanyoike (2018) conducted a study with 360 employees at Mayfair Casino. Using stratified random sampling, 108 employees, or 30% of the total, were selected for the study. The findings showed that organizational performance at Mayfair Casino is closely related to employee satisfaction, productivity, and effectiveness, and that there is a strong positive correlation between corporate culture and organizational performance (correlation coefficient of 0.772) as well as a strong positive relationship between employee involvement and organizational performance (relationship coefficient of 0.611).

In their study, Ooncharoen and Ussahawanitchakit (2008) examined the connection between organizational excellence and five aspects of service culture: providing high-quality services, communicating honestly and openly, being responsive, preventing service failures, and recovering from them. The hotel industry in Thailand was chosen by the writers. 278 of the 1000 postal surveys that were distributed to hotel managers were returned and could be analyzed. The

findings showed that organizational excellence was positively impacted by every aspect of service culture.

Samad, Abdullah, and Ahmed (2013) conducted research on management personnel in logistics organizations located in Malaysia. Their research revealed that organizational culture had a substantial influence on organizational performance and was associated with it. The most significant element of organizational culture that impacted organizational success was shown to be engagement.

In their study, Olanipekun, Aje, and Abiola-Falemu (2013) examined the effect of organizational culture on the performance of quantity surveying firms in Nigeria and found that organizational culture has an impact on the performance of quantity surveying firms in the areas of reward, stability, competitiveness, and performance orientation. Fakhar, Zahid, and Muhammed (2013) conducted a study on the impact of five organizational culture dimensions, including customer service, employee participation, reward system, innovation & risk-taking, and communication system, on the job performance of selected software houses in Pakistan. The findings indicated that all five organizational culture dimensions had a significant positive impact on employees' job performance at selected software houses in Pakistan.

In a similar vein, Ezekiel and Darius (2012) investigated how employee loyalty to the company was affected by four corporate culture factors: engagement, consistency, flexibility, and mission. The findings indicated that while mission and consistency did not correspond with commitment, engagement and flexibility did.

Additionally, Hua-Lin, Shih-Yun, Chun-Weilu, and Sheng-Hsu (nd) looked on how the corporate culture of Southern Science Park, Taiwan, affected organizational performance. The findings demonstrated that all organizational performance metrics were positively impacted by the bureaucratic culture, which necessitates standardized operations and procedures. On the other hand, innovative, helpful, and successful cultures only improve a portion of organizational performance metrics.

Conclusion

This study aimed to expand the body of knowledge about how organizational culture affects performance. It can be concluded from the studied literature and the empirical study that corporate culture and performance are strongly correlated and that organizational culture is an effective instrument for achieving

organizational goals. This study comes to the conclusion that corporate culture should be supportive and in line with workers' everyday activities and planned strategies in order to increase organizational performance. In addition to concentrating on organizational cultures that enhance performance, organizations should also prioritize cultures that promote employees' overall welfare. This is due to the fact that workers are dynamic resources in any business and have professional progression ambitions in addition to working to ensure the organization meets its goals and objectives.

In order to improve their competitive edge, this study suggests that businesses should put more effort into creating a positive workplace culture. The study also suggests that companies should increase training and education to help staff members adjust to new policies, initiatives, and changes that directly affect them.

To determine how group and professional cultures affect an organization's performance, more study is required. Organizational performance may also be impacted by other aspects of corporate culture, such as leadership, organizational structure, and innovation and growth. To determine how much these aspects impact organizational success, more research is required. Other suggested areas include; Cross-cultural studies to examine the impact of national culture on organizational culture and performance, longitudinal studies to investigate how organizational culture evolves over time and its impact on performance and industry-specific studies to explore the relationship between organizational culture and performance in specific industries (e.g., healthcare, technology).

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