Literature Review on Organization Culture and Its Influence

Ms.V.Kalaiarasi, Dr.S.Sethuram,

Assistant Professor, Department of Management, SRIT

Abstract: Organization culture is widely considered to be one of the most significant factors of organization variables. Every organization has it unique organization culture to differentiate them from others and the culture reflects the behavior of employees in organization. The challenge of today's managers ismanaging diverse cultures work force employees from which have significant influence on the behavior at work, managerial practices, organizational effectiveness and efficiency. Despite the importance to researchers, managers, and policy makers of how organization culture contributes to organization variables, there is uncertainty and debated about what we know and don't know. A review of the literature reveals that studies examining the association between organization culture and organization variables are divergent in how they conceptualize key constructs and their interrelationships. The purpose of this study is to increase the knowledge base on organization cultures and their relation with other organizational variables.Our analysis provides a blueprint to guide future research and facilitates knowledge accumulation and creation concerning the organizational performance impacts of organization culture. Upon examining numerous literatures, it is found that organization cultures relationshipwith other organizational variables like commitment, satisfaction, leadership, organizational performance and employee turnover are established by this literature review study.Research reveals that possession of similar norms and values by the organization and its employees will improve the performance of the organization towards achieving the goals of the organization.

Keywords: Employee turnover, Job Satisfaction,Leadership, Organization culture, Organization commitment.

1. Introduction

Human Resource Management is an important function which contributes to the effectiveness and efficiency of an organization. Human Resources are the assets for any organization. Performance of the organization as well as the teams and individuals in the organization is influenced by the attitude and behavior of the employees. Values, beliefs and norms of the organization lead to the acquisition, development and maintenance of attitudes and behavior. Organization culture plays a crucial role in creating as conducive work environment which improves the effectiveness of the organization. It is trusted that this paper contributes to the knowledge pertaining to culture in organizational variables. The model presented herein provides the findings that explain the relation between organizational culture with Commitment, Job Satisfaction, Employee Turnover, Leadership and organizational performance. The understanding of organizational culture will lead to development of the organization and its employees.

2. Research Purpose

This study aims to throw light on the foundations of organization culture and its relation with organizational variables from the prevailing literature and creation of conceptual framework which will lead to further researches.

3. Conceptual Boundaries

Based on the literature review the following conceptual framework has been developed.
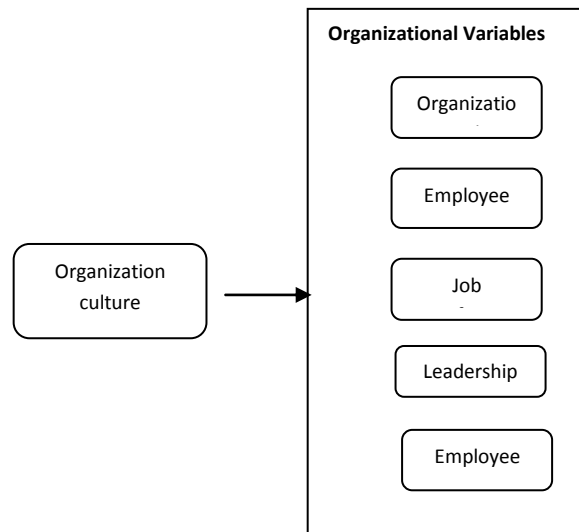
This is depicted in Figure 1.

Figure 1: Conceptual Frame work- Organizational Cultural relationship with organizational variables

4. Organization Culture

Wagner (2005) is of view that, the shared perception of the organization's members on the life within the organization which creates a bond amongst the members. This affects their perception of their self and their work.

The platform for culture is provided by values, norms and beliefs. The organization culture is created by:

(1) The norms and practices taught by the leadersof the organization in the past (Schein ,1990)

(2) The critical incidents in the organizations history teaches what behavior is desired and what is not desired (Schein,1990).

(3) The necessity for ensuring working relationships amongst members of the organization (Furnham and Gunter,1993).

(4) The environment in which the organization is embedded.

Over a period of time the culture gains stability. Such culture cannot be changed in short period unless a distressing event happens.

While analyzingculture within the organizations the following classifications have been made:

(1) According to Harrison (1972) Orientation towards Power, People, Task and Role forms.

(2) Hofstede (1980) Individualism Vs Collectivism, Uncertainty Avoidance, Power Distance are amongst the cultural dimensions .

(3) Schein (1985) Support, Achievement, Role and Power Cultures form the classification provided .

(4) Denison (2004) Consistency, Adapatability, Mission and Involvement are the traits on which the Denison Model .

(5) Lau and Idris (2001)Training and Development, Communication and Rewards are the cultural dimensions.

(6) Cameron and Quinn (1999) Hierarchy, Adhocracy, Market and Clan form the classification of Culture .

(7)Pareek (1989)Technocratic, Entrepreneurial, Autocratic and Bureaucratic are groups of culture.

5. Effects Of Culture

This study discloses the relation of organizational culture with organizational performance, innovation, job satisfaction,commitment and employee turnover.

5.1 Culture and Organization performance

Effectively using the organizational resources to achieve the organizational goals is known as Organizational Performance (Daft,2000). Organisational Effectiveness will be the result of good Organisational culture(Young , Yom and Ruggiero, 2011).Feminityand low uncertainty avoidance havegreater mean scores in organization performance thus revealing relationship amongst organisation culture and performance (Rose, Kumar, Abdullah and Ling, 2008).For fastening organization performance mission trait is the crucial one amongst the four traits (Yilmazand Ergun, 2008).Cultural dimensions exhibited differential associations with the subsequent sales growth of company, as an index of the organizational efficiency and employee satisfactionassessments (Berson ,Oreg and Dvir, 2007).

Adoptive cultural orientations and achievement directly effect performance. (Xenikou and Simosi, 2006).Humanistic orientation and Transformational Leadership had an indirect and positive impact on organization performance through achievement orientation. Constructive cultural styles had positive impact and dysfunctional defensive styles had negative impact on both organizational and individual performance drivers(Balthazard, Cooke and Potter, 2006).The connection between corporate culture and effectiveness looks to be strong and consistent.There are weak and indirect connection between internal oriented cultures and performance. There are direct, strong and positive links between innovative and competitive culture with organization performance (OgbonnaandHarris, 2000).He presence of cultural traits of mission, adaptability, involvement and consistency are positively related to performance perceptions. The presence of cultural traits of adhocracy, clan, hierarchy or marvel is very muchrelated to organization effectiveness(Cameron and Freeman, 1991). Strong shared values can increase organizational performance (Deal and Kennedy (1982).

5.2 Culture and Commitment

Organizational commitment is in what extent the employee devoted to their organization. Organization culture has significant influence on worker's commitment. Team work, reward and recognition, training and development, and communication are positively related to employees commitment(Boon andArumugam, 2006). Constructive culture results in increased job commitment(Steven,2000).When compared to organization culture, organization sub-culture has greater influence on organizational commitment.Sub-cultures of innovation and support had a significant and positive influence on participant's commitment. Variables of Job satisfaction viz. professionalism, control and interaction are strongly related with commitment (Lok and Crawford , 1999).

5.3 Culture and Job satisfaction

Job satisfaction is the positive feel of an employee about his job. Role stressors are significantly reduced by Constructive Culture, which reduces job tension and improves job satisfaction (Steven, 2000). Significant correlations are found amongst organization culture, employee job satisfaction and job stress(Mansor,Tayib, 2010). Workers job satisfaction decreases due to Relationship Conflict. Satisfaction and well being of workers of private organization's decreases due to Task Conflicts. In private organization's the effect of Task Conflict is moderated by the Goal Oriented Culture. In public organization the task conflict's effect is moderated by support Oriented Culture (Guerra , Martinez , Munduate and Medina, 2005). Variables of organization culture and job satisfaction haveclear relationship between them (Sempane , Rieger , Roodt, 2002). Overall employee job satisfaction is significantly influenced by Clan Culture(Choi , Martin and Park, 2008). More than the organization culture, it is the sub culture which has a greater effect on organizational culture.

5.4 Culture and Innovation

The process of translating an new idea into a good or service that creates value to others is called as innovation. Relationships are found amongst culture factors and the organisation's commitment to supportive environment, constraint free environment,Research and Development,strategic direction, technically sound team and adequate funding (Kenny and Reedy, 2007).The relation between the need for achievement & creativity is moderated by innovative Culture, whereas, relation between the need for power and creativity is moderated by traditional Culture. The relation between the need for affiliation and creativity is moderated by cooperative Culture(Hon andLeung , 2011).

People can be creative and at the same time pay attention to detail. At the same time Culture of Efficiency and Quality can coexist with the Innovative culture (Miron ,Erez and Naveh, 2004). Innovative culture and Competitive culture have a directly and positively associated with organizational performance (Ogbonnaand Harris,2000).

5.5 Culture and Leadership

Leadership is the ability to lead others. To a substantial extent organizational communication can be predicted by organizational culture.Further organizational culture has positive impact on leadership. It has negative impact on turnover intention (Biswas, 2009).As evident from many cases, the Change which is resultant of a merger is imposed upon the Leaders. The speed of change hinders re-engineering of organization culture(Kavanagh and Ashkanasy,2006).Adoptive and Achievement oriented cultures directly impact performance. There is an indirect and positive impact on performance by the humanistic alignment and transformational leadership(Xenikou and Simosi 2006).

To maintain organizational effectiveness in the nursing units the dynamics of stability along with flexibility is essential. Transformational and transactional leaders are able to balance the said dynamics in the organizational culture of a nursing unit (Casida and Pinto-Zipp, 2008).The perception of transformational and transactional role needs is related to the manager's interpretation of organizational culture(Blackwell, 2006).Transformational leadership is related to organizational culture, mainly by the process of expressing a vision, and secondly by setting expectations of high performance and extending support to individual workers (Sarros, Cooper, and Santora, 2008).Charismatic leadership style positively impacts the cultural values in the textile industry in North India (Sharma and Sharma, 2010)

5.6 Culture and Turnover& Retention

Number of persons relived and replaced by others is called as employee turnover. Organization Culture and leadership have negative impact on turnover intention(Biswas, 2009). The rate of turnover of newly hired employees is significantly influenced by the differences in cultural values. The job performance and the retention rate are also influenced by variations in cultural values (Sheridan,1992).Emotional exhaustion, role conflict, role overload are reduced when organization climate is improved. Employee turnover gets reduced by two thirds through the organizational interventions of Availability, Responsiveness and Continuity (Glisson,Dukes and Green,2006).
New Service programs could be continuedsuccessfully in those organisations that had the best culture profiles than the organisationsthat had worst culture profiles (Glisson, Schoenwald , Kelleher , Landsverk , Hoagwood ,Mayberg and Green,2008). Cultural beliefs have an impact on the success of recruitment, post entry performance, turnover. Hence recruitment managers need to be careful while providing pre interview information to the applicants (Cable ,Aiman-Smith , Mulveyand Edwards , 2000).

6. Conclusion

Here, we have studied the literature and proposed a model to describe the relation amongst culture and other organizational variables. The primary contribution of this review is the model which shows the present state of knowledge on Culture in the literature. This lets the future researchers of culture to equip them within a cumulative practice that has rich knowledge to offer. The set of propostions which the firms can use to predict the results of a development process is the contribution of this review to practitioners. Besides this review also shows the actions and strategies which can be taken to ease the adverse effects of cultural differences in the firms.

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