



Organizational culture and Performance: An examination of relative effects of culture factors in IT industry in India

Shamnad Shamsudin, Research scholar, Department of Management, Noorul Islam University, thuckalayb
Dr VP Velmurugan, Lecture , Department of Management, Noorul Islam University, thuckalayb

Abstract - This article explores the relationship between organisational culture and Performance and aims to present a model .We report on a longitudinal case study of software companies in the IT service sector in India especially , Trivandrum, capital of Kerala , where a state headed huge infrastructure for IT has been established. The study examines the effects of major organizational culture traits, involvement, consistency, adaptability, and mission, on measures of performance, using review of literature and hypothesis.. It is hypothesized that each cultural factor will impact positively on overall firm performance and employee performance. Despite the view that a good combination of the four factors results in better organisational performance than an imbalanced combination is subjected to empirical testing. The results indicate that the mission factor is the most important of the four factors in terms of fostering overall organisational performance, sales performance , and market share growth. In addition, an organisation's capability to develop successful new products is influenced primarily by the adaptability and consistency factors. Employee satisfaction is influenced by the involvement factor.

Keywords: Adaptability; Consistency; Involvement; Mission; Organizational culture; Organizational performance

I. INTRODUCTION

A developing exploration stream in management science views organizational culture as a principal factor of an organization's functioning and a critical trait of performance (e.g., Schein, 1983, 1984, 1985, 1992). Many researchers have argued that adaptability and consistency to adapt to the environment are among the most critical factors that hinder organizational success. (Jones, Jimmieson, & Griffiths, 2005; Lee, Tan, & Chiu, 2008; Zheng, Yang, & McLean, 2010). Evidenced in the shared fundamental beliefs and assumptions, values, attitudes, and behaviors of the organization's members, culture is hypothesised to be the prime factor (1) Defining organizational process (2) uniting organizational abilities into a one (3) resolving the problems faced by the organization and, thereby, (4) hindering or facilitating the organization's achievement of its goals. (Deal & Kennedy, 1982; Jarnagin & Slocum, 2007), (Denison, 1990). Accordingly, researchers have presented empirical studies to characterize the organizational culture phenomenon and its effects on organizational processes and outcomes, particularly on effectiveness. (Denison & Mishra, 1995; Hofstede) Culture theoreticians have repeatedly noted the paradoxical nature of organizational functioning and relevant cultural dimensions (e.g., Cameron, 1986; Denison, 1990; Fisher, 1997; Quinn, 1988).

Primarily, note that, given the broad conceptualization of the construct of organizational culture, researchers have normally focused on a selected set of cultural factors and examined their effects on selected performance indicators. As Denison and Mishra (1995) states,, culture influences a number of performance indicators through a multitude of mechanisms. In addition, each culture factors connect to specific measures of performance in its own way. Secondly, the direct effects of specific culture factors, we investigate the impacts of putting excessive focus on some cultural factors and relatively less emphasis on others, which is, unorganised combination of critical culture factors, on organizational performance. Tertiary, Research examining the extant theoretical postulates in a multitude of industries and different cultural contexts, and most importantly in emerging economies, is likely to improve our understanding of the global dimensions of the link between organizational culture and Performance.

This study is based on Denison's theory of organizational culture and performance (Denison, 1990, 2000; Denison, Cho, and Young, 2000; Denison & Mishra, 1995; Denison & Neale, 1996).This framework emphasizes on four broadly defined cultural factors- involvement, consistency, adaptability, and mission – as key determinants of business performance. We study the individual and combined impact of these four

broad cultural factors on several dimensions of organisational performance. To these extends, we first provide a brief overview of Denison's model and develop models for our hypotheses.

1. Denison's theory of organizational culture and performance: an overview

Reference to earlier research to reveal the functional relationships between culture and organizational performance, Denison's model grew out of his efforts to develop an integrative theory of organizational culture, which firstly, explains how culture relates to organizational Performance, secondly, identifies a broad set of factors and value dimensions enabling a better understanding of the culture, and thirdly, provides insights as to the specific processes by which these factors facilitate performance. Core of Denison's model are the underlying beliefs and assumptions that represent the deepest levels of organizational culture. Schein (1984). These fundamental assumptions of this model are primarily more surface-level cultural components such as values and observable artifacts – symbols, heroes, rituals, etc. – are derived, and secondly behavior and action spring. Tertiary the development of employee skills are theorized to score high on this factor. (Denison, 2000). Involvement factors emphasizes on flexibility, consistency emphasizes stability and involves three components labeled “core values,” “agreement,” and “coordination and integration.” The adaptability factors emphasises how the organization adapts with external contingencies and changes. This factor includes the component indexes of “creating change,” “customer focus,” and “organizational learning.” (Denison, 2000). The mission factor refers to the organization's goals and provides the organization's members with a sense of purpose and meaning. Firms with a well defined, clear set of values emphasizing “strategic direction and intent,” “goals and objectives,” and “vision” are considered high performing on the mission factor. Evidence suggests that the effect sizes of the culture factors on performance indicators might differ from one culture to another (e.g., Denison et al., 2003a, 2003b).

2. Overview of IT Industry in India

India's IT and ITES services exports have been rising rapidly. The annual growth rate ranges between 20 - 22% in IT services and nearly 55 % in IT-enabled services (ITES). IT sector has increased its contribution to India's GDP from 1.2 percent in FY1998 to 9.5 percent in FY2014 (Nasscom, 2015). In addition to fuelling India's economy, Indian IT industry positively influences the lives of its people by contributing to the various socioeconomic parameters such as employment, standard of living, and diversity among others (Nasscom, 2013). It is the largest private sector employer and employs about 3.5 million people, out of which 34% represents women (Nasscom, 2015). The Indian government has declared IT industry as a thrust area for national development and provides substantial support to accelerate its growth (Balakrishnan, 2006; Ilavarasan, 2007). The growth of this industry serves as a benchmark for other industries. The societal cultures of Indians, Americans, Scandinavians, Koreans, and Japanese have been described so as to illustrate how societal cultures influence organizations located in the respective countries. Indian cultures present a complex combination of collectivism, individualism, and hierarchical orientation (Tripathi & Sinha, 2003). Indians' sensitivity to contextual demands and the orientation to combine collectivist and individualist behavior point to the possibility that the multinational organizations in India will be able to forge strategies for managing the interface of their own and Indian culture demands. In the changing business environment, it is probably this context sensitivity that propels many domestic companies either to restructure them by emulating multinationals or effectively integrate Indian familial ethos with multinationals strategies to realize synergy in their organizational culture (Sinha, 2003; Pande and Naidu, 1992). India like Japan and South Korea has a collectivist culture. The ancient Indian texts posit a worldview of cosmic collectivism where diverse-compatible as well as conflicting elements of the universe are interconnected and held together by an underlying principle of unity. Marriott (1976) conceptualized Indians as, in contrast to western people, “individuals” that are unalienable parts of collectives arranged in the form of concentric circles of in-groups. Of them, family is the most central (Sinha & Verma, 1987). According to Roland (1988), Indians, like Japanese, have a familial self-characterized by emotional connectedness, identification with the responsibilities and obligations, etc.

3. Hypotheses development

Primarily Denison's model questionnaires used for building constructs of hypotheses. Also the Job Satisfaction Survey (JSS) is another questionnaire used to build performance dimensions of hypotheses related to overall satisfaction. This instrument is well established among the other job satisfaction scales. There were a combination of two : employee performance and organizational cultural standard.

These questionnaires have been already used by Denison in several research which after translation and adaptation, they were used in this research. They contain 60 items that transform the qualitative factors into quantitative values by using Likert 5-choice scale. The degree of a choice represents that the respondent completely agrees with the situation that he or she answers to it. The questions from 1 to 15 measure the Involvement (**empowerment**, team orientation and **capability development**) from 15 to 30 the consistency (**core values**, agreement and coordination & integration) from 16 through 45 the adaptability (creating change, customer focus and **organizational learning**) finally the questions from 46 through 60 measure the mission feature(**strategic Direction**& intent, goals& objectives and vision). The performance of staff 's questionnaire contains 25 items .

The purpose of this article is to introduce a conceptual framework for core value-based corporate brand building, to illustrate and, at the same time, explore the nature,role and function of core values. At the extreme, this is an attitude that presupposes brand management competence that aims to develop the brand as a resource and strategic competitive advantage. (Urde, 2003) (Katherine T. Smith, 2019)

Therefore , it can be hypothesized that; **H1 : Core values of the organization significantly contribute for organizational culture**

Empowering others is a leaders' ability which allowsthem to reinforce and develop their constituents by sharing power and giving visibility and give credits to their employees (ShadiEbrahimiMehrabani, 2013). Chusmir and Koberg (1988) found that employees' personal belief in organisational culture had a direct effect on commitment with increased empowerment. (Rakesh Kumar Agrawal, 2010). Therefore , it can be hypothesized that **H2 : Employee empowerment significantly contribute for organizational culture**

Strategic leadership defines the strategic direction an organization intends to take to remain competitive in its industry. It entails the capacity of top corporate executives to make strategic decisions and the capacity to drive organization towards success (Boal&Hooijberg, 2000). Therefore , it can be hypothesized that **.H3 : Strategic decisions taken by the management significantly contribute for organizational culture**

A changing organizational landscape has resulted in a growing interest in work-life balance. WLB is said to be achieved when there is harmony (not conflict) between work and life (Lawsonetal.,2013;SemlaliandHassi,2016). Therefore , it can be hypothesized that; **H4 : Work life provisions of the organization significantly contribute for organizational culture**

Andersen (2016) stated that leaders are the ones who stimulate, motivate, and recognize their employees in order to get work done and achieve the desired results. Lok and Crawford (2004) claimed that leadership can better predict the success or failure of an organization. consequently, we hypothesize that: **H5 : Leadership qualities of the organization significantly contribute for organizational culture**

Bennet and O'Brien (1994) detect elevated productivity in companies having integrated in their operation the learning organization model, while Rose et al (2009) brings to light a strong positive relationship between learning orientation and individual performance. In accordance with the above-mentioned studies, Davis and Daley (2008), Ellinger et al (2002) highlight a positive correlation of all seven learning organization building blocks with net income and average productivity per employee (ParaskeviDekoulou, 2015).consequently, we hypothesize that: **H6 : Organizational culture significantly contribute for employee performance**

It is essential to understand that organizational performance is hard to define and has been measured in different ways according to its respective context (Stainer, 1999; Stankard, 2002). Organizational performance is the product of interactions of different components or units in the organization (Stainer, 1999)There are several studies that relate learning organization culture with financial performance (Bontis, Crossan, &Hualld, 2002; Kandekar& Sharma, 2006). Therefore it is hypothesized that:**H7: Organisational culture significantly contribute for organisational performance**

II. THEORETICAL MODEL

The model is intended to assess the impact of organizational culture as a consolidated variable on employee performance. From this model we can establish the total impact of organizational culture on employee performance and the relative contribution of each dimension of organizational culture towards the total organizational culture. From this model we can identify the strongest and weakest contributor of organizational culture and that information will be an important one for the management in taking decisions with regard to organizational culture.

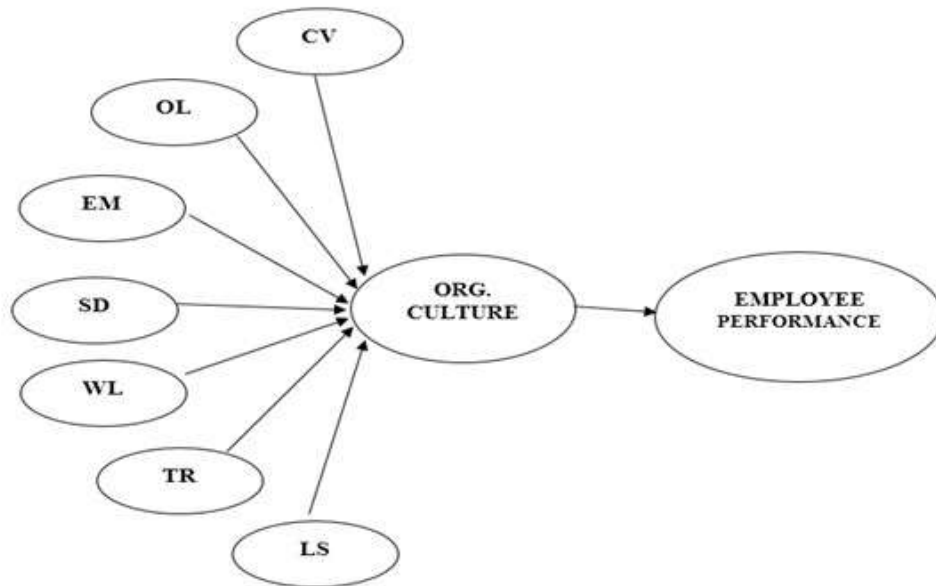


Figure: Conceptual Measurement model

Source: Author

Note: CV= Core value, OL= Organizational Learning, EM= Employee empowerment, SD= Strategic decision, WL= Work life, TR= Training, LS=Leadership, PE= Performance

III. CONCLUSION

This paper focuses on organizational culture as a context-dependent variable in performance initiatives considering, in particular, performance impulses. As stated by Wu et al., (2011), considering contextual variables may mean there is no best way to implement performance initiatives to cater for all organizations. Much has been written about the impact of organisational culture on the successful organisational performance, however, these studies emphasize culture practices. With this in mind, this study identifies seven factors of culture traits according to performance features which could better support them, and then, provides a theoretical model indicating the relationship between these organizational cultures and performance.

To consider this relationship at organisational culture factors are important since these traits can affect several dimensions of performance as argued by Handfield et al., (1999). This study suggests a balance organisational culture, which could lead to a better performance. Moreover, it reinforces that, that is, the universal approach of performance management, is not applicable.

In summary, this study contributes to highlight the importance of considering organizational culture in the performance initiatives. The study has limitations which provides opportunities for further research. The main is that the models were based on the literature review on Denison's model on organisational

culture. However, this paper reports the first stage of a larger study of different factors of culture which impact on performance whose further research will be undertaken using empirical data; future studies will perform.

REFERENCE

1. ORGANIZATIONAL CULTURE AND EMPLOYEE PERFORMANCE AT TELECOMMUNICATION FIRMS. (2016, February 1).
2. <https://www.researchgate.net/publication/309734266>, p. 13.
3. Impact of Organizational Culture on Employee Performance. (2103). *IRMBR Journal*, 8.
4. agusioma, N. A. (2014). Effect of Organisation Culture on Employee Performance in Non Governmental Organizations. *International Journal of Scientific and Research Publications*, 12.
5. Agwu, M. O. (2014). Organizational Culture and Employees Performance in the National Agency for Food and Drugs Administration and Control (NAFDAC) Nigeria. *Global Journal of Management and Business Research: Administration and Management*, 110.
6. Agwu, O. (2014). Organizational Culture and Employees Performance in the National Agency for Food and Drugs Administration and Control (NAFDAC). *Global Journal of Management and Business Research*, 1-10.
7. Alarcon, E. A. (2018). *AN EXPLORATORY QUALITATIVE STUDY OF EMPLOYEE PERCEPTIONS OF*. Capella University.
8. Altındağa, E. (2015). The Relationship between Emotional Intelligence of Managers. *Elsavier*, 270 - 282.
9. Andrea Sujová*, K. M. (2015). Improvement of Business Processes – a Research Study in Wood processing Companies of Slovakia. *Business Economics and Management 2015 Conference, BEM2015* (pp. 296-302). Slovakia: Elsevier.
10. Aswathappa, R. K. (2009). *Organisational Behaviour*. Mumbai: Himalaya Publishing House.
11. Bitsani, E. (2013). The theoretical approach to organizational culture and the organisational climate : Exploratory research examples and best practices in health care services . *Journal of Human resource management*, 48-58.
12. Bregman, P. (2007). *Point B: A short guide to leading a Big change*. Space for Change.
13. Bregman, P. (n.d.). *Point B : A Short guide to leading a big change*.
14. Densten, I. L. (2012). The impact of organizational culture and social desirability on. *Emerald Insight*, 342- 368.
15. Diaw, A. (2009). IMAM AL-GHAZALI'S VIEWS ON ECONOMIC ACTIVITIES. *ICIE*, 25.
16. DIPC. (2016). *Electronics & IT Achievements reports*. New Delhi: Ministry of IT.
17. Duncan Brown. (2016). *The relationship between total reward and employee engagement*. London: Institute of Employment studies.
18. Ehtesham, U. M. (2011, 12 19). Relationship between Organizational Culture and Performance Management Practices: A Case of University in Pakistan. *Journal of Competitiveness*, pp. 78-86.
19. F, C. W. (2006). *Managing Human Resources: Productivity, Quality of Life, Profits*. McGraw-Hill Irwin.
20. Greg Besner. (2015, June 3). *Culture Metrics You Should Be Tracking*. Retrieved November 27, 2018, from www.entrepreneur.com: <https://www.entrepreneur.com/article/246899>
21. Gunaraja, T. M. (2014, November 1). Organizational Corporate Culture on Employee Performance. *IOSR Journal of Business and Management*, pp. 38-42.
22. H, G. J. (2017, September 1). Towards an integrative model of organisational culture and knowledge. *International Journal of Organisational Behaviour*, pp. 595-603.
23. Halogen. (2014). *Employee performance management*. North America: Halogen software.
24. Hans, M. A. (2013). *PROBLEMS AND PROSPECTS OF INFORMATION TECHNOLOGY (IT) AND IT INDUSTRY IN JHARKHAND (INDIA)*. Jharkand: International Journal of Information Technology and Business Management.
25. Herzka, P. (2018, 12 15). THE APPLYING DENISON MODEL FOR THE ANALYSIS OF CORPORATE CULTURE. Bratislava, Vazovova, Slovakia.
26. Isa, M. F. (2016, Dec). The Influence of Organizational Culture on Employees' Performance: Evidence from Oman. *Journal of Entrepreneurship and Business*, 1-12.
27. Jana Pokorná, O. Č. (2013, November 2). HOW TO MEASURE ORGANIZATIONAL. *ACTA UNIVERSITATIS AGRICULTURAE ET SILVICULTURAE MENDELIANAE BRUNENSIS*, p. 11.
28. Jr., T. P. (1982). *In Search of Excellence*. New York: Harper & Row.

31. Juma, G. A. (2016). The Impact of Strategic Thinking on Organisational Performance: A Case Study of Uchumi Supermarket Limited. *IJSCM*, 75-94.
32. Kimberly McGee. (2018). The influence of gender, and race/ethnicity on advancement in information technology (IT). *Elsavier : Information and organization*, 1-36.
33. Kokina, I. (2013, December 1). THE ANALYSIS OF ORGANIZATIONAL CULTURE WITH THE DENISON MODEL. *European Scientific Journal*, pp. 362-369.
34. Maletic, M. (2015, jan 1). Effect of sustainability-oriented innovation practices on the overall organisational performance: an empirical examination. Dubai, Dubai, Dunai.
35. Maletic, M. (2015). Effect of sustainability-oriented innovation practices on the overall organisational performance: an empirical examination. *University of Wollongong in Dubai*, 1-20.
36. MariamaZakari, K. P. (2013, January 1). Organizational Culture and Organisational Performance: Empirical Evidence from the Banking Industry in Ghana. *International Journal of Business, Humanities and Technology*, pp. 95-108.
37. Meyer, P. (2017, February 12). <http://panmore.com/amazon-com-inc-organizational-culturecharacteristics-analysis>. Retrieved November 28, 2018, from www.panmore.com: www.panmore.com
38. Meyer, P. (2018). *Apple Inc.'s Organizational Culture & Its Characteristics (An Analysis)*.
39. online: Panmore.com.