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Organisational Culture and its Impact on Employee Performance (A Study with Reference to IT Sector Chennai)

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ABSTRACT

Organisational culture is a complex phenomenon and is formed in diversity of ways, it might initiate from the challenge and obstacles that organisation features, it may perhaps be an intentional creation of the management and employees working in the organisation culture. Culture of the organization is somewhat that can predominantly ground the performance of the employees in the workplace. The main purpose of this article is to study the different types of cultures in an organisation and to study the relationship between organizational culture and organizational performance. Descriptive research design was adopted in this study. Totally 230 IT employees has respondents were selected to fill the questionnaire for this study. Findings of this study are only related to the IT employees from Chennai.

Keywords : *organizational culture, organizational performance, organization*

INTRODUCTION

The term culture is stated as the set of values, customs, beliefs and behaviors that are commonly followed by the society. (Hofstede et al., 1990) defines the same stating Organizational culture is “a collection of values, beliefs and norms shared by its members and reflected in organizational practices and goals”. The relevance of this definition provides that it facilitates the progress in selection to swift the prospect for portion creative talent, testing and risk enchanting. The main aim of this article is to study the different types of cultures in an organisation and to study the relationship between organizational culture and organizational performance. Ouchi (1981)⁸ examines a positive relationship between organisation culture and performance. Although the writing on organisational culture and its alliance with organizational performance is wealthy varied, there is a small amount of study really examine the concept of this connection. culture has been set up as a main factor to be considered through in organizational life along with

its positive impact on the success of the organizational performance. Another definition states that organization culture is that the “shared values, morals held by employees within an organization or the organization unit”. Because it is evolved through the organization culture in array to sway the behavior and attitude of the employees. Organisational culture depends on views and characteristics of the employees working in the organization. Each organization is different from one another. If an Organizational culture is strong then its growth and performance will be high. Organizational culture highly depends on certain factors such as what kind of culture the organization follows such as clan, adhocracy, market culture of the employees working in the organisation, and performance. According to Hasan, Ali and Hamid Taghiloo(2011)³ studied the link connecting four types of organisational cultures and how it shapes the organisation. Results of Correlation and Frid man tests reveal that there is a significant correlation between organisational cultures and learning organisations. In adding up the study has found that clan culture has a high correlation coefficient, but adhocracy culture has the maximum grade among diverse types of cultures.

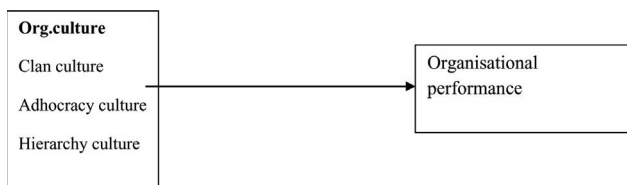
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The rational culture⁴ includes external activities and focus on planning and setting of goals which is helped to achieve the output efficiently. This form of organizational culture is verified to as a rational culture since its highlighting on outcomes and aim fulfillment (Denison and Spreitzer, 1991). The Group culture / individual relation involves a elasticity in which instruction and the broad extension of human resources are utilized to accomplish consistency and employee spirits. The hierarchical culture course representation enforces a internal focus in series organization and announcement are utilized to categorize and achieve firmness and control. This form has also been refers to as a ‘hierarchical culture’ because it includes the implementation of convention, traditional values, and concentration to technological aspects. Though, there leftovers a narrow observed perceptive of organizational culture in the background of construction. The study details about the cultural outline of organizations operating in IT Industry. The findings of the study showed that the industry has been conquered by companies as clan and hierarchy type organizations. In totaling, the analysis reports specify organizational culture differences in expressions of firm sort, volume, and era. In current times organizational culture and dedication of the workforce is the major part to be considered by the organisation for its development. Employees are the asset of an Organization. Retaining the employees in today’s firms are difficult than previous decade. Employees’ expectation towards culture of work place and work life are high. They are demanding balanced work schedule and congenial work environment. If a suitable work environment is available, it boosts the morale, commitment and enthusiasm of the employee. The role of the employee is clearly defined in an organisation means ease for the employee to deliver his work. Proper culture planning, team support and encouragement and good training create a good and healthy organisational culture and performance among the employees.

PROPOSED RESEARCH MODEL



OBJECTIVES OF THE STUDY

- To study different types of culture in an organization.
- To study the relationship between organizational culture and organizational performance.

HYPOTHESIS

HO: There is no significant relationship between organizational culture and organizational performance.

H1 : There is a significant relationship between organizational culture and organizational performance.

RESEARCH METHODOLOGY

This present study attempts to study the types of culture in an organization and to test the significant relationship between organization culture and performance. The necessary data were collected through structured questionnaire. Analytical and descriptive type of methodology was followed. The study depends on primary and secondary data.

AREA OF STUDY

Organisational culture and its impact on performance is relevant to IT industries has the IT Sectors consists of multi culture environment in the workplace. Therefore, the research was contacted in different IT companies to achieve the precise feature features of organizational culture and its impact on employee performance. The study covered different IT companies in Chennai.

SAMPLING SIZE AND DESIGN

The primary data were collected through survey method. Survey was conducted directly and through electronic mail using well developed Questionnaire. Convenience Sampling has been done for generating data. Totally 260 Questionnaires were distributed and 250 collected out of which 230 completed questionnaires were found usable.

QUESTIONNAIRE DESIGN

The primary data were collected through questionnaire survey. The respondents were asked to give their opinion on organizational culture, commitment of the employees working in the organization and performance of the employees. The opening division of the survey comprises of employees individual

details and their perceptiveness on organizational culture and performance has elective questions. The next part consists of questions relating to organizational culture, and performance, with Likert's 5 point scale.

DATA ANALYSIS

PERCENTAGE ANALYSIS

Percentage analysis is useful to find percentage and frequency of the variables for the study. The percentage analysis is used for the demographic variables of organizational culture and impact of performance followed below.

Table 1 : Demographic variables of the respondents

Demographic Variable	Frequency	Percentage
Age Group		
Below 25	34	14.8
26-35	88	38.3
36-45	83	36.1
46-55	22	9.6
Above 55	3	1.3
Gender		
Male	131	57
Female	99	43
Years Of Experience		
Below 1 year	91	39.6
2-5 years	92	40.0
6-10years	33	14.5
11-15years	13	5.7
Above 15 years	1	0.4
Monthly Income		
10,000-25,000	90	39.1
26,000-35,000	77	33.5
36,000-45,000	49	21.3
46,000-55,000	13	5.7
Above 55,000	1	0.4

Inference: From the above table 1 it was found that out of 230 respondents.14.8% of them are in the age group of below 25, 38.3% of them are having age 26-35 years,36.1% of them are having age 36-45years

,9.6% are having age 46-55 years, and 1.3% are in the age group above 55 years.

The table 1 shows that out of 230 respondents, 57% of the respondents are male and 43% of the respondents are female. It is observed that most of the respondents are male.

Out of 230 respondents, 39.6% have below 1year of experience,40% of respondents have 2-5years of experience,14.5% are of 6-10 years of experience,5.7% are of 11-15years of experience and 0.4% are above 15years of experience.

As per the data collected out of 230 respondents 39.1% are having monthly income of 10k-25k, 33.5% are having monthly income of 26k-35k, 21.3% are having 36k-45k income, 46k-55k having monthly income of 5.3 % and 0.4% are having above 55k of monthly income.

MULTIPLE REGRESSION ANALYSIS

Multiple regression¹ is a dominant procedure used for predicting the unidentified value of a variable from identified value of two or more variables. Multiple regression analysis is mostly used when there are more predictions and also when there is continuous dependent variable from more independent variables. In multiple regression there will always be one dependent variable and more independent variable. In the variable when the value is identified it is called dependent variable and the variable which is unidentified it is called independent variable. It is intended to inspect the relationship of a variable Y to a set of other variables $X_1, X_2, X_3, \dots, X_n$. the most commonly used linear equation is $Y = b_1 X_1 + b_2 X_2 + \dots + b_n X_n + b_0$. Here Y is the dependent variable, which is to be found. X_1, X_2, \dots, X_n are the known variables with which predictions are to be made and b_1, b_2, \dots, b_n are coefficient of the variables. In this study, the dependent variable is organizational performance; Independent variables and analysis are discussed as follows:

Dependent variable : Organisational performance(Y)
 Independent variables : 1. General organizational culture (X₁)
 2. Clan culture (X₂)
 3. Adhocracy culture (X₃)
 4. Hierarchical culture (X₄)
 Multiple R value : .871^a
 R Square value : 0.75
 F value : 176.592
 P value : .046, .000, .002, .003, .000

Table 2: Multiple Regression Dependent Variable : Org. Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.871 ^a	.758	.754	.45683

Independent Variable : Organisational culture in general, Clan culture, Adhocracy culture and Hierarchy culture

a. Predictors: (Constant), Genral culture_ Total, Clan culture_ Total, Adhocracy culture_ Total, Hierarchy culture_ Total.

b. Dependent Variable: Organisational Performance

R is the correlation, Its value is 0.871 and R square is the degree of determination, its value is 0.758. The degree of determination in table shows the extent to which factors (Organisational culture in general, Clan culture, Adhocracy culture and Hierarchy culture) impacts the performance.

Table 3: ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	147.418	4	36.855	176.592	.000 ^a
	Residual	46.957	225	.209		
	Total	194.375	229			

a. Predictors: (Constant), Genral culture_ Total, Clan culture_ Total, Adhocracy culture_ Total, Hierarchy culture_ Total.

b. Dependent Variable : Organisational Performance

The above ANOVA table3 shows that the significant value is less than 0.01, Which means dependent variable organizational performance is significantly predicted by independent variables such as Organisational culture in general, Clan culture, Adhocracy culture and Hierarchy culture.

TABLE 4 : SHOWING VARIABLES IN THE MULTIPLE REGRESSION ANALYSIS

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.306	.152		2.008	.046
	OC_TOTAL	.576	.064	.585	9.027	.000
	CC_TOTAL	.207	.067	.230	3.113	.002
	AC_TOTAL	-.196	.064	-.159	-3.051	.003
	HC_TOTAL	.312	.067	.239	4.663	.000
a. Dependent Variable: Org.Performance_Total						

OC_total- Organisational culture, CC_Total- Clan culture, AC_culture- Adhocracy culture, HC_total- Hierarchy culture.

RESULTS AND DISCUSSION

From the above percentage analysis table it was found that out of 230 respondents the highest percentage of 36.1% comes under the age group of 36-45years. It is also found that 57% of the respondents are male and 43% of the respondents are female. It is observed that most of the respondents are male. From the 230 respondents 40% of respondents have 2-5years of experience and rest are splinted. 39.1% are having monthly income of 10k-25k, 33.5% are having monthly income of 26k-35k, and 0.4% are having above 55k of monthly income. 55k monthly income are very less percent when compared to the other cadre incomes.

The above multiple regression table results shows that the test was conducted to analyze the significant relationship between organizational cultures and organizational performance. The table highlights the organizational culture (Beta=0.585 for standardized coefficients) positively impacting the performance as the P value is lesser than 0.05. Clan culture (Beta=0.230 for standardized coefficients) positively signifies the performance as the P value is lesser than 0.05. Adhocracy Culture (Beta= -0.159 for standardized coefficients) negatively signifies the organizational performance as the P value is lesser than 0.05. Hierarchy culture (Beta=0.239 for standardized coefficients) positively significant with the performance as the p value is lesser than 0.05.

The outcome of the variables Organisational culture in general, Clan culture, Adhocracy culture, Hierarchy culture on organizational performance is given by the equation of regression,

Organisational performance = $0.306 + 0.585(\text{org.culture in general}) + 0.230(\text{Clan culture}) - 0.159(\text{Adhocracy culture}) + 0.239(\text{Hierarchy culture})$

A unit increase in the Organisational Culture results in the Organisational performance by 0.585.

Similarly for the Clan Culture, Adhocracy Culture, Hierarchy Culture.

Significant constant shows that even in the absence of factors influencing Organisational performance

positive impact on the performance.

Coefficient of R² infers that the changes in the Organisational performance is explained by the factors to the extent of 75% i.e R²=0.75

Significant F-Statistics reveals the validity of the fitness of the regression model.

CONCLUSION

From the findings it was conclude those in IT Sector the organizational performances were dependent on various factors. It is also found that organizational culture in general and different types such as clan culture, hierarchy culture have a positive impact on performance and adhocracy has negative impact. Thus, according to the study results obtained from the employees working in the organization. They should have a special attention to organizational culture and thereby improve the performance of their employees.

Ethical Clearance- Nil

Source of Funding- Self

Conflict of Interest - Nil

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