A STUDY ON RELATIONSHIP BETWEEN PERFORMANCE AND ORGANIZATIONAL CULTURE

MD. ZAHEERUDDIN

Assistant Professor, Department of M.B.A,Siddhartha Institute of Technology and Sciences, Narapally, Hyderabad, Telangana, India

Aim of the study: The main aim of research article is to identify and measure strong relationship between performance and organizational culture. The cultural paradigm comprises various beliefs, values, rituals and symbols that govern the operating style of the people within a company. Corporate culture binds the workforce together and provides a direction for the company.

Methodology: Literature review is adopted as methodology to assess the culture of an organization impacts upon process, employees and systems. According to Saffold (1998), firstly, culture can give a shape to the organizational processes which again helps to create and modify culture. Secondly, it is likely that culture's contributes to performance is significantly less undemanding than many studies involve.

Findings: Certain dimensions of culture have been identified so far and research shows that value and norms of an organization were based upon employee relationship. The goal of an organization is to increase level of performance by designing strategies. The performance management system has been measured by balance scorecard and by understanding nature and ability of system culture of an organization have been identified.

Recommendation: The strong culture of an organization based upon managers and leaders help in improving level of performance. Managers relate organization performance and culture to each other as they help in providing competitive advantage to firms.

Keywords: Impact, Organization Culture, Organization Performance, Employee's Commitment, organizational goals.

Introduction: - Organizational Culture is the system of shared beliefs and values that develops within an organization and guides the behavior of its members. The modern competitive environment demands a better understanding of how an organization's culture affects its performance. It has always been challenging for the researchers to explore and study the nature of culture in terms of organizational settings. The system of organization was based upon effective establishment of culture that keep learning environment strong. The performance of employees improves by establishment of strong culture of an organization. Performance refers to the degree of achievement of the mission at work place that builds up an employee job (Cascio, 2006). Different researchers have different thoughts about performance. Mostly researcher's used the term performance to express the range of measurements of

transactional efficiency and input & output efficiency (Stannack, 1996). Daft (2000), said that organizational performance is the organization's capability to accomplish its goals effectively and efficiently using resources.

Organizational Culture: -Organizational culture works a lot like this. Every company has its own unique personality, just like people do. The unique personality of an organization is referred to as its culture. In groups of people who work together, organizational culture is an invisible but powerful force that influences the behavior of the members of that group. So, how do we define organizational culture? Organizational culture is a system of shared assumptions, values, and beliefs, which governs how people behave in organizations. These shared values have a strong influence on the people in the organization and dictate how they work, act, and perform their jobs. Every organization develops and maintains a unique culture, which provides guidelines and boundaries for the behavior of the members of the organization. Let's explore what elements make up an organization's culture.Organizational culture is composed of seven characteristics that range in priority from high to low. Every organization has a distinct value for each of these characteristics, which, when combined, defines the organization's unique culture. Members of organizations make judgments on the value their organization places on these characteristics and then adjust their behavior to match this perceived set of

values. Let's examine each of these seven characteristics.

Characteristics of Organizational Culture: -The seven characteristics of organizational culture are:

1. Innovation (Risk Orientation) - Companies with cultures that place a high value on innovation encourage their employees to take risks and innovate in the performance of their jobs. Companies with cultures that place a low value on innovation expect their employees to do their jobs the same way that they have been trained to do them, without looking for ways to improve their performance.

2. Attention to Detail (Precision Orientation) - This characteristic of organizational culture dictates the degree to which employees are expected to be accurate in their work. A culture that places a high value on attention to detail expects their employees to perform their work with precision. A culture that places a low value on this characteristic does not.

3. Emphases on Outcome (Achievement Orientation) - Companies that focus on results, but not on how the results are achieved, place a high emphasis on this value of organizational culture. A company

that instructs its sales force to do whatever it takes to get sales orders has a culture that places a high value on the emphasis on outcome characteristic.

4. Emphasis on People (Fairness Orientation) - Companies that place a high value on this characteristic of organizational culture place a great deal of importance on how their decisions will affect the people in their organizations. For these companies, it is important to treat their employees with respect and dignity.

5. Teamwork (Collaboration Orientation) - Companies that organize work activities around teams instead of individuals place a high value on this characteristic of organizational culture. People who work for these types of companies tend to have a positive relationship with their coworkers and managers.

6. Aggressiveness (Competitive Orientation) - This characteristic of organizational culture dictates whether group members are expected to be assertive or easygoing when dealing with companies they compete with in the marketplace. Companies with an aggressive culture place a high value on competitiveness and outperforming the competition at all

costs.

7. Stability (Rule Orientation) - A company whose culture places a high value on stability are rule-oriented, predictable, and bureaucratic in nature. These types of companies typically provide consistent and predictable levels of output and operate best in non-changing market conditions.

According to Robert E. Quinn and Kim S. Cameron at the University of Michigan at Ann Arbor, there are four types of organizational culture: Clan, Adhocracy, Market, and Hierarchy.

1 **Clan:-**oriented cultures are family-like, with a focus on mentoring, nurturing, and "doing things together."

2 **Adhocracy:-**oriented cultures are dynamic and entrepreneurial, with a focus on risk-taking, innovation, and "doing things first."

3 **Market:-**oriented cultures are results oriented, with a focus on competition, achievement, and "getting the job done."

4 **Hierarchy: -** oriented cultures are structured and controlled, with a focus on efficiency, stability and "doing things right."

There's no correct organizational culture for an arts organization. All cultures promote some forms of behavior, and inhibit others. Some are well suited to rapid and repeated change, others to slow incremental development of the institution.

For example, Quinn and Cameron associate the lower two cultures (Hierarchy and Market) with a principal focus on stability and the upper two (Clan and Adhocracy) with flexibility and adaptability. A Hierarchy culture based on control will lead mainly to incremental change, while a focus on Adhocracy will more typically lead to breakthrough change.The right culture will be one that closely fits the direction and strategy of a particular organization as it confronts its own issues and the challenges of a particular time.Employees and managers benefit from the understanding of organizational culture as a contextual factor the key to good performance is a strong culture, A positive and strong culture can make an average individual perform and achieve brilliantly, whereas a negative and weak culture may de motivate an outstanding employee to underperform and end up with no achievement. Therefore organizational culture has an active and direct role in performance management.

Organizational Performance:-The degree of an achievement to which an employee's fulfill the organizational mission at workplace is called performance (Cascio, 2006). Performance has been perceived differently by various researchers, but most of the scholars relate performance with measurement of transactional efficiency and effectiveness towards organizational goals (Stannack, 1996; Barne, 1991).
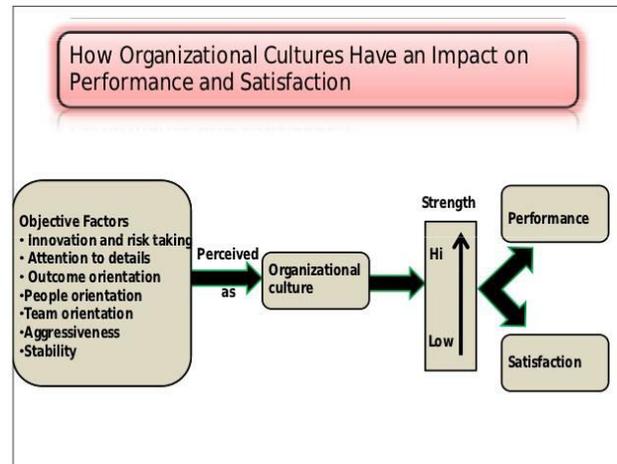
How Organizational Cultures Have an Impact on Performance and Satisfaction

Comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). It is a broad construct which captures what organizations do, produce, and accomplish for the various constituencies with which they interact. Specialists in many fields are concerned with organizational performance including strategic planners, operations, finance, legal, and organizational development (Companion to Organizations, J. Baum Eds., Oxford Blackwell, UK, 2002). The Balance Score card have been used to evaluate performance management of employees based upon perfect association between goods and services.(Kaplan and Norton ,1992) The strategies based upon rationality and design helps in making culture more effective. The four casual relationships between performance management and culture have been defined so far. The learning growth, customers, internal business process and financial reward management system helps in improving and presenting casual relationship. The focus of

an organization for cooperative tool helps in improving communication among business performance. The organizational goals and strategies based upon feedback helps in improving performance management. Organizational performance denotes overall firm performance, including productivity, efficiency, profitability, market value,operations, finance, legal, and organizational development and competitive advantage.Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). (According to Richard et al. (2009). (2) Organizational performance involves the recurring activities to establish organizational goals, monitor progress toward the goals, and make adjustments to achieve those goals more effectively and efficiently. (Carter McNamara, MBA, PhD, Authenticity Consulting, LLC.)A recent article in the Harvard Business Review by Buckingham and Goodall summarizes the new performance management system that is being adopted by Deloitte. It makes a number of good points and, in fact, it draws on some of the past literature. However, what it doesn't mention is the opportunity to use information technology and the potentially powerful effect this can have on the effectiveness of the performance management process. They also fail to mention some key research findings.Let me mention three important features of an effective performance management system that are not mentioned in the article. The first is strong support by executives at all levels. Role modeling needs to begin at the

top and it needs to be demonstrated by the appraisals being done on all members of the organization. It can't be what the middle does to people at the bottom of the organization. It also needs to be an important part of the strategic management processes of the organization.The second feature is that there is no emphasis on setting clear performance goals in advance. Again, the research clearly shows that one of the most important determinants of the effectiveness of the performance management system is the goal setting process. When individuals set goals, particularly those that have rewards tied to them, they are motivated to perform well.Lastly, research clearly shows that pay discussions need to take place after and separately from feedback about performance and discussions about training and development. When discussions of performance are combined with discussions of pay, individuals walk away with only a memory and understanding of the pay decision. They do not process issues about development, and do not remember nor feel committed to the development and the growth activities that were discussed.One final point: the objective of a performance management system should not be to make everyone happy; it should be to motivate and inform everyone.

The relationship between organizational culture and Performance Management: - According to Kandula (2006) the key to good performance is a strong culture. He further maintains that due to difference in organizational culture, same strategies do not yield same results for two organizations

in the same industry and in the same location. A positive and strong culture can make an average individual perform and achieve brilliantly whereas a negative and weak culture may demotivate an outstanding employee to underperform and end up with no achievement. Therefore organizational culture has an active and direct role in performance management. Murphy and Cleveland (1995) believe that research on culture will contribute to the understanding of performance management. Magee (2002) contends that without considering the impact of organizational culture, organizational practices such as performance management could be counterproductive because the two are interdependent and change in one will impact the other.There has been significant research in the literature to explore the impact of organizational culture on employee performance and productivity. For instance, scholars (Hofstede, 1980; Ouchi, 1981; Hofstede & Bond, 1988; Kotter and Heskett, 1992; Magee, 2002) claim that organizational culture could be used for measuring economic performance of an organization. However, organizational excellences could be varied since cultural traits differ from organization to organization and certain cultural traits could be source of competitive advantages through causal ambiguity (Barney, 1991 and Peters and Waterman, 1982). The world is changing rapidly and the level of employee expectation and satisfaction also change accordingly.Organizational culture adapts overtime to cope up with such dynamic changes and meet the varying demand of employee expectations and satisfactions.

Therefore a supportive culture as pointed out by Ritchie (2000) is considered as a motivational instrument which promotes the employees to perform smoothly and ensures better productivity (Ritchie, 2000). Research has been carried out on various issues of organizational culture, for example, organizational culture types (Tharp, 2009) emphasize the stages of culture across the organization whereas organizational psychology (Schein, 1990) focuses on how culture makes an impact on employees' psychology and performance. These two issues of organizational culture set up equilibrium where an organization can achieve its maximum level of effectiveness and efficiency (Deem, Barnes, Segal & Preziosi, 2000) that shows the link between organizational culture and employee performance.

Becker, B., & Gerhart, B. (1996). The impact of human resource management on organizational performance progress and prospects. Academy Management of Journal, 39(4), 779-802.

Becker, B., Huselid, M., Pickus, P., & Spratt, M. (1996). Crisis and opportunity: the two faces of human resource management in the 1990s and beyond. Paper presented at the Human Resource Management ESRC Seminar Series, London

Denison, D. R. (2000). Organizational culture: Can it be a key lever for driving organizational change. In S. Cartwright & C. Cooper (Eds.), the handbook of organizational culture. London: John Wiley & Sons.

Hofstede, G., Neuijen, B., Ohayv, D. D., & Sanders, G. (1990). Measuring organizational cultures: a qualitative and quantitative study across twenty cases. Administrative Science Quarterly, 35(2), 286-316

Khatri, N. (2000). Managing Human Resource for Competitive Advantage, A study of Companies in Singapore. International Journal of Human Resource Management, 11(2), 336-365.

Klein, A. (1996). Validity and reliability for competency-based systems: reducing litigation risks. Compensation and Benefits Review, July/August, 31-7

Prahalad, C. K., & Hamel, G. (1994). Strategy as a field of study: Why search for a new paradigm? Strategic management journal, 15(S2), 5–16.

Rousseau, D. (1991). Quantitative assessment of organizational culture. Group and Organizations Studies, 15(4), 448-460.

Tichy, N. M. (1982). Managing Change Strategically: The Technical, Political, and Cultural Keys. Organizational Dynamics (autumn), pp. 59-80.

Titiev, M. (1959). Introduction to Cultural Anthropology. New York: Henry Holt & Company.

Trompanaar F. (1993). Riding the Waves of Culture. London: Economist Books