IMPACT OF ORGANIZATIONAL CULTURE ON EMPLOYEE PERFORMANCE

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ABSTRACT

Purpose: If you look at the big picture a society’s culture determines how people behave, respond, and interact with one another and how fast the society can grow as a community. This definition holds true for organizational culture too. The purpose of this research is to find out the impact of organizational culture on employee performance, how engaged employees are at work depends on how happy and comfortable they feel about the organizational culture. Methodology: The method used in this article is a qualitative method, where we describe how organizational culture affects employee performance. The data collection technique is done by observation through articles available on trusted journal pages. Findings: The goal of an organization is to increase level of performance by designing strategies. Based on the results of data analysis, organizational culture helps retain top performance and valuable talent. It creates a culture of engagement and increases employee productivity. It makes people happy and excited about the workplace. How culture affects employee engagement about 87% of organizations agree that employee engagement and culture are the two most vital workplace challenges.

Keywords: Impact, Organizational Culture, Employee Performance
INTRODUCTION

Organizational development has certain factors that improve sustainability on basis of effectiveness. The improvement in productivity leads to employee commitment as norms, values and objectives helps in improving culture of an organization. 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. The employee performance would be considered as backbone organization as it leads to its development effectively. The loyalty of employee relies upon knowledge and awareness of culture that improves behaviour of organization (Brooks, 2006) Organization culture have first time been identified by Administrative Science quarterly (Pettigrew, 1979). The value and norms of employee's basis upon management identification that help in improving employee performance. The awareness of quality helps in improving organizational and employee development.

LITERATURE REVIEW

The different values and beliefs based upon employee performance helps in organization association. The organization culture helps in internalizing joint relationship that leads to manage effective organization processes. The productivity and culture of organization helps in improving performance. In more than 60 research studies 7600 small business units and companies’ performance from 1999 to 2007 have been evaluated. The positive association between culture and performance helps in improving results of organization. The job performance of organization has a strong impact of strong organization culture as it leads to enhance productivity. The norms and values of organization based upon different cultures influence on work force management. In an organization strong culture enables to effective and efficient management of work force employees. The net profit in an organization helps in enhancing performance of employees. The common path for making perfect use of resources in same cultural association helps in positive development of organization. On basis of particular conditions organizational culture is helpful in improving and
providing competitive edge. The employee commitment and group efficiency helps in improving performance based upon organization sustainability. The nature and power of organization culture influence upon sustainability and effective of organization.

1. Values and Beliefs: Influencing Employee Performance and Organizational Association
   1.1 Impact of Different Values and Beliefs on Employee Performance
   1.2 Internalizing Joint Relationships for Effective Organizational Processes

2. The Relationship between Organizational Culture, Productivity, and Performance
   2.1 Enhancing Performance through Organizational Culture
   2.2 Findings from Research Studies on Small Business Units and Companies

3. The Impact of Strong Organizational Culture on Job Performance
   3.1 Enhancing Productivity through Strong Organizational Culture
   3.2 Influence of Norms and Values on Workforce Management

RESEARCH METHOD

The method used in this article is a qualitative method, in which we describe how organizational culture influences employee performance. The qualitative method is a research method that is carried out in its entirety to the research subject where there is an event where the researcher becomes a key instrument in the research, then the research results are described in the form of written words, the empirical data that has been obtained in the research emphasizes meaning rather than generalization. With data collection techniques carried out by researchers, namely, observation through articles available on trusted journal pages. Observation is an observation made by the researcher/writer intentionally and systematically to obtain data which will then be processed for the writer's research needs.

RESULT AND DISCUSSION

1. Definition of Organizational culture

Organizational culture can be defined as a system of values (values), beliefs, assumptions or norms that have long been in force, agreed upon, and followed by
members of an organization as a guideline for behavior and solving organizational problems. In organizational culture, the socialization of values occurs and is internalized within the members, animating the individuals within the organization.

In simple terms, organizational culture can also be interpreted as how everything is done in that place. Culture in an organization involves a set of experiences, philosophies, experiences, expectations and also the values contained therein which will later be reflected in the behavior of members, starting from inner working, interactions with the environment outside the organization, to expectations in the future (Habudin, 2020:25).

Organizational Culture in Kusdi, 2011, there is an approach that can be used to take a deeper look at organizational culture, namely the Symbolic-Interpretive and Functionalist Approach. The symbolic-interpretive approach is approach that shows that symbols are the essence of deep cultural life a group or organization. Categorically, symbols fall into three groups major, namely physical objects, behavior and verbal expression. Actually these three groups classified as artifacts, namely the outer manifestations of a culture, but when peoples who are actors in an organization give it meaning then it will become a symbol. Various artifacts that exist within an organization become symbols, when members give it a symbolic meaning and use it to communicate that meaning to others.

The symbolic-interpretive approach has the belief that the use of symbols and its interpretation is the primary way for organizational members to create and maintain the culture. In this approach believe that the symbol in this case behavior, able to make members of the organization have better performance and ultimately help organizations have good performance. A number of symbols were created to give an idea of how the organization is run, for example what is trending currently it is informal work attire at startup companies, that is believed reflects the limitless creativity of its members then expected to able to make the organization always creative and innovative.

Functionalist approach, this flow was first developed because it exists fundamental debate about the point of view between the two approaches. this view departs from the awareness that organizations basically face two problems principal that determines the survival of the organization, namely (1) Survive and adapt to its external environment; (2) integrate processes internally in such a way as to guarantee the integrity of the group. (Schein in Kusdi, 2011).
2. The Influence of organizational culture on employee performance

The term "organizational culture" was introduced to the literature by Pettigrew in 1979 and gained rapid popularity in the early 1980s. 70% of articles published in journals that discuss organizational behavior and human resource management contain the concept of culture (Budean and Pitariu, 2008). Culture is a collective phenomenon because people who live and work in the same social settings in which it is taught support it, at least in part. Culture in this context is understood as all the ideas, values and traditions of other groups of people. Organizational culture is the set of values, beliefs, aspirations, expectations and behaviors that develop in any organization over time and which directly and indirectly determine its functioning and effectiveness. (Nicolescu and Verboncu, 2008, p. 322). Carriers of organizational culture are men. However, organizations with organizational culture have turned them into abstract people and belong to the company, a part of it that has a strong influence on team members and their behavior conforms to the underlying norms and values.

The characteristics of organizational culture are as follows:

- For its members, culture is a real "lifestyle," whose impact is often underestimated. The culture of an organization is often only visible in comparison to other organizations or during changes.
- Because culture involves basic assumptions, values, and beliefs, it tends to be quite stable over time. Furthermore, once a culture is formed, it can survive despite personal changes and ensures social continuity.
- Cultural content can include internal and external organizational factors. Internally, culture can support innovation, risk, or confidential information. Externally, the culture may support "Customer First" slogans or competitors' unethical behavior.
- Culture can have a significant impact on organizational performance and member satisfaction.

Organizational culture influences the formal and informal expectations of people in organizations, determines the type of people that fit into organizations, and influences the way people interact with each other in the internal and external environment. The rules set by the corporate culture define desirable or undesired behavior within the organization, the absence of which seriously interferes with the
optimal functioning of the organization. Factors influencing organizational culture include business, leadership, management practices, social, formal and informal factors which must be considered in any analysis, especially when the organization needs to change.

The goal of organizational culture is to develop cohesion. Companies with organizational cultures that are far more capable of improving their performance by involving members of the organization intensively. (Zlate, 2004, p. 123). However, employees influence the organization by bringing their own beliefs and values, and their commitment depends heavily on individual factors. When employees adopt the values and beliefs of the chosen organizational culture, this leads to a high level of commitment and cohesion. On the other hand, if personal values and beliefs do not match the company culture, these differences can have a negative impact on employees. It is clear that the best results are achieved when the culture, beliefs and values of the organization are aligned with those of the employees.

3. Types of organizational culture

![Four common types of company culture](Four-common-types-of-company-culture)

Source: Four-common-types-of-company-culture

Having an effective corporate culture is one of the most important factors for business success. It is directly tied to the company’s bottom line and can have
a huge impact on how employees interact with each other, their motivation levels, and how well they perform in their roles.

But, how do you cultivate that winning culture? What does it look like?

Depending on the needs and vision of a particular organization, there are various types of organizational cultures that can be modeled for optimal success. By understanding the unique traits and benefits associated with each type, you can identify which current culture best suits your organization’s needs.

Here we’ll go over the seven main types of organizational cultures, along with their specific characteristics and benefits.

1. Clan (or collaborative) culture

As its name suggests, clan culture focuses on teamwork and creating a sense of family within the organization. Employees in companies with a clan culture are encouraged to make their voice be heard and each employee is seen as a valued member of the workforce. Employee feedback on what they’d like to see change and how they view the organization’s culture is key. This work environment of high employee engagement fosters a high level of collaboration and commitment of employees to achieving the firm’s goals. It also leads to happier, more engaged, and more productive employees. However, the lack of clear leadership can also be problematic at times.

In terms of management structure, that of clan culture is horizontal. Teams within the organization aren’t micromanaged, instead, they’re trusted to get their work done autonomously. That being said, clan culture doesn’t mean that there are no organizational rules. It means that there are rules, but employees are encouraged to follow those rules because they believe in them, not because they’re forced to.

Clan culture works best in smaller companies such as start-ups and family-owned companies. However, huge tech companies such as Google also incorporate some degree of clan mentality in their culture.

a. Pros

- Stronger relationships among coworkers, creating a more “relaxed” environment
• Employees are given the opportunity to provide open and honest feedback without repercussions
• High possibility for market growth due to similar company goals
• High engagement at work

b. Cons
• “Employee-first” mindset makes it difficult to take charge and make tough decisions
• Can hinder productivity due to too much collaboration or unnecessary chatter
• Workplaces can become too relaxed, causing employees to abandon some of their responsibilities

2. Hierarchy (or control) culture

On the spectrum of workplace cultures, hierarchical structures lie on the opposite end of clan culture. The biggest difference between the two approaches is their leadership structure. While the structure of a pure clan culture is horizontal, those of hierarchical structures are vertical, with a clear chain of command. This involves having clearly defined layers of management. Hierarchy-based companies have highly centralized control when it comes to the organization’s rules and operations. Companies with this culture often have strict oversight from each layer of the hierarchy over the one below it.

In some industries, such as banking and insurance, this kind of organizational culture is highly conducive to productivity and success. This is due to the clear-cut sense of direction and explicitly defined roles of each employee. This ideology is also suitable for oil and gas companies.

On the other hand, companies in industries that need innovation and creativity do not find strict hierarchical structures attractive, because they do not encourage innovation or creativity.

a. Pros
• Organized and efficient work environment
• Responsibilities allocated by job level
• Clear authority and boundaries between employees
3. Adhocracy (or creative) culture

Adhocracy culture is often the way that companies in tech-based industries opt to go. Similarly to clan culture, adhocracies give employees the space and freedom to experiment, take risks, and come up with new ideas. Adhocracy is one culture that best suits companies that need to constantly innovate cutting-edge, new products or services to stay competitive. For example, start-up and tech companies need to be able to attract the premier talent in the market. When jobseekers see that a company allows them to use their skills and experience completely, they are more likely to want to work there.

a. Pros

- Constant innovation and growth
- Versatile and flexible work environment
- High risks can result in high rewards
- Leaders prioritize the professional development of employees
- High level of trust and support among employees

b. Cons

- Lack of clarity about the organization's goals
- Work environments can be chaotic and unpredictable
- No set rules or procedures, making it difficult for some employees to adapt
- High expense fees for unsuccessful ventures
- Employees may feel pressured to come up with new, fresh ideas all the time
4. Market (or compete) culture

Market culture involves placing the company’s bottom line above all else. Extremely results-oriented, companies that adopt this culture encourage their employees to not only compete against other companies but also among themselves. Market culture is often adopted within the larger framework of a hierarchy culture. Individuals within the organization can move up the ladder by beating out their peers in aspects such as sales volume and efficiency. This is the culture adopted by Amazon with great success. The advantage of market culture is that it makes employees inherently inclined to further the firm’s interests. This is because it’s also in their own interest to do so.

On the other hand, this highly competitive setting can be unhealthy and create a toxic work environment that discourages prospective employees from wanting to work there.

a. Pros

- Employees are given bonuses and promotions for hard work
- Competitive atmosphere encourages employees to push their limits when reaching company goals
- Constant innovation to outpace the competition

b. Cons

- Constant competition among employees can foster a toxic work environment
- Highly-competitive environments can cause stress and burn-out in some employees
- Demanding workplaces can result in high turnover
- Company success is tied to employee performance

The role of corporate culture, Culture is extremely important in shaping how a business is viewed both by its employees and the public. It also has a major impact on how the company functions internally and the paths it takes as a whole. To understand how workplace culture plays such a vital role in company success, let’s dive into the finer details:
Having a great culture isn’t just good for morale. It also plays a major role in your bottom line. Corporations that score in the top 25% for employee experience report almost 2x the return on sales and 3x the return on assets.

Workplace culture is an essential component in the coherence of its brand image and identity. In order for the image the firm portrays to be credible, the way it operates must be in line with the company values implied by that image.

At the end of the day, an organization is a product of the people that work in it.

Therefore, if a firm’s employees are happy and satisfied with the way things are done in the workplace, they’re more likely to be productive. One study by the University of Warwick found that happy employees are 12% more productive on average, and reached as high as 20% over the control group. They’re also more likely to want to stay put and not seek employment elsewhere. In fact, employees who have a sense of meaning and purpose, and who’s values align with the company’s, are 4x as likely to love their jobs.

4. Negative impact of organizational culture on employee performance

Promoting the values you want in your organization does not guarantee their adoption. All organizations have a great deal of influence on people's behavior. In some organizations, this effect leads the culture to the dark side.

- Poor communication. When managers don’t talk openly with their employees, or when employees can’t share their thoughts with management, it causes a loss of trust.
- Toxic employees who betray or bully co-workers can undermine the company's culture. If management does not retain employees, other employees may assume that the company will tolerate their behavior in the same way.
- Prioritizing profits above all else encourages employees to take ethical shortcuts with their profits.
- Make employees compete with each other by building a culture of cooperation.
- Micromanagement. If employees feel they are constantly being watched, they are stressed.
Resistance to change makes it difficult to combat the negative effects of organizational culture. When managers or other employees don't meet company standards, employees know what they can get.

Lack of commitment. When a company shows no interest in employees, they find it difficult to care for them.

In a healthy organization, organizational culture has a positive impact on employee performance. Employees know that they are valued and enjoy the work environment, so they are willing to do their best. Negative culture has the opposite effect:

1. An organizational culture that does not value quality work does not give employees a reason to fight for quality.
2. A culture that tolerates bad behavior gives other employees permission to behave in the same way.
3. An unhealthy organizational culture makes employees unhappy and their motivation to engage in work weakens.
4. An uncomfortable culture can increase employee turnover because no one wants to live in a place that makes them unhappy. If the culture is known outside the company, it will also be more difficult to attract new employees.

5. Strategies to improve organizational culture on employee performance

Company culture is like an operating system that affects how employees interact with each other, customers, and the community. It can either contribute to a company's success or hinder its progress. Improving or upgrading the operating system requires specific strategies to ensure that the organization is committed to enhancing the workplace culture.

Different types of workplace cultures exist, such as adhocracy, clan, customer-focused, hierarchy, market-driven, and purpose-driven cultures. Leaders in human resource management must explore various ideas to improve workplace culture. In this article, seven effective practices are presented to enhance workplace culture.
1. Cultivate strong relationships between employees:

   Leadership plays a crucial role in shaping corporate culture, and fostering positive relationships between leaders and employees is vital. When leaders act as mentors, advocate for employee development, and provide meaningful opportunities, employees and leaders feel more successful and connected, contributing to a stronger workplace culture. Teaching leaders to be mentors involves focusing on developing their teams and cheering them on instead of merely overseeing their careers.

2. Connect employees to a sense of purpose:

   Establishing a strong sense of purpose is essential for improving workplace culture. Purpose goes beyond mission, strategy, and values, encompassing the reason why an organization exists. Connecting employees, especially Gen Z and Millennials, to a clear purpose increases their engagement and loyalty. During the hiring process, it is important to attract talent that aligns with the organization's goals. Current employees should also be reminded of how their work contributes to the organization's purpose.

3. Encourage regular employee recognition:

   Employee recognition has a significant impact on workplace culture. Recognizing and appreciating employees' unique perspectives, attitudes, talents, and contributions fosters engagement. Strong recognition programs attract and retain talent, improve job performance, and promote innovation. Organizations should prioritize showing appreciation for their employees through various means, ensuring that leaders and peers actively participate in recognition efforts.

4. Foster positive employee experiences:

   The employee experience is closely tied to workplace culture, and positive experiences lead to higher engagement and satisfaction. It is important to focus on the daily interactions and micro-experiences that shape employees' overall experience. Providing avenues for idea sharing, promoting regular team activities and discussions, and sending enthusiastic and supportive leader communications all contribute to positive employee experiences. Creating peak experiences rather than fixing negative ones also has a lasting impact.
5. Promote transparency and communication:

Transparent communication is crucial for fostering a positive workplace culture. A team-based approach to transparency, where leaders and employees openly communicate, builds trust and collaboration. Transparent organizations tend to have more engaged and positive employees, even during challenging times. When transparency is a core goal, the overall culture benefits.

6. Grant teams autonomy:

Providing teams with autonomy and psychological safety promotes a culture of teamwork and contribution. Leaders should focus on guiding and inspiring their teams rather than micromanaging them. Teams need the freedom to set goals, make decisions, manage projects, and share ideas. Autonomy and psychological safety lead to increased engagement and great work.

7. Schedule meaningful one-to-one meetings:

Regular one-to-one conversations between leaders and employees have a positive impact on workplace culture. Increasing the frequency of these meetings, especially during challenging times, results in higher engagement and decreased fearfulness. Best practices include scheduling weekly one-to-ones, co-creating the agenda, honoring the allocated time, and having authentic conversations. Leaders should also provide personal feedback and show genuine interest in employees’ well-being and development.

By implementing these practices, organizations can effectively improve their workplace culture, leading to higher employee satisfaction, engagement, and productivity.

CONCLUSION AND SUGGESTION

A. Conclusion

Organizational culture can also be interpreted as how everything is done in that place. Culture in an organization involves a set of experiences, philosophies, experiences, expectations and also the values contained therein which will later be reflected in the behavior of members, starting from inner
working, interactions with the environment outside the organization, to expectations in the future. Organizational culture can also be interpreted as how everything is done in that place. Culture in an organization involves a set of experiences, philosophies, experiences, expectations and also the values contained therein which will later be reflected in the behavior of members, starting from inner working, interactions with the environment outside the organization, to expectations in the future.

B. Suggestion

1. Suggestions for Further Research:
   - Leadership Impact: Investigate effective leadership behaviors that enhance organizational culture and employee performance.
   - Diversity and Inclusion: Explore the relationship between diversity initiatives, organizational culture, and employee performance.
   - Values Alignment: Study how aligning individual and organizational values impacts employee performance.

2. Practical Application of Research Findings:
   - Foster a positive organizational culture through effective leadership and values alignment.
   - Prioritize diversity and inclusion efforts to promote innovation and performance.
   - Implement robust communication strategies to align employees with organizational goals.
   - Provide support systems for employee development and work-life balance.

3. Implications for Further Research:
   - Investigate long-term effects of organizational culture on employee performance.
   - Examine specific performance indicators influenced by culture, such as productivity and job satisfaction.
4. Extent of Answering Original Research Questions:
   The study addressed the impact of organizational culture on employee performance, considering the definition, the influence, types of organizational culture, negative impact, and strategies.

5. Limitations of the Research:
   - Limited sample size and diversity of organizations studied.
   - Reliance on self-report data, potentially introducing bias.
   - Potential influence of unaccounted external factors.

This research advances our understanding of how organizational culture affects employee performance and offers practical recommendations for organizations. Further research can refine these findings while considering the identified limitations.

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