

Factors Affecting Organisational Culture: A Study of Selected Units in Punjab

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ABSTRACT

The main purpose of this study was to show the relationship between different variables with organizational culture. Culture can be thought of as the common, learned way of life shared by the members of the society, consisting of the totality of tools, techniques, social institutions, beliefs, attitudes, motivation and systems of the value known to a group. Data for this study was collected from 600 employees from service sector i.e. banks and insurance companies. One public sector bank and one public sector insurance company i.e. State Bank of India and LIC of India and one private sector bank and one private sector insurance company i.e. ICICI Bank and ICICI Prudential Life Insurance Company Ltd. Data was collected from the employees with the help of a well designed questionnaire and was analyzed with the help of Chi-square test. The results from the analysis show that all the variables impacting organizational culture are positively associated with organizational culture.

1. Introduction

The word 'organisational culture' is the combination of two words - organisation and culture. First of all, we will understand the meaning of the term organisation and then culture. The term organisation is derived from the word 'organism' which means a structure of body divided into different parts that are held together by a fabric of relationship as one organic whole.¹ As in a human body, there are different parts and the brain is the master. It controls the whole body, orders the different parts of the body to act and co-ordinates them. Similarly organisation groups together the different functions of an enterprise and helps in the achievement of the desired goals. It does the co-ordination and establishes the inter-relationship between different departments of the enterprise.

The term culture is borrowed from the field of Anthropology. It is extensively used by sociologists, anthropologists and behavioural scientists. It is the primary and basic quality which is inside every human being. It plays the role of guide and philosopher. It is passed on from generation to generation. Culture, in simple term, is a set of important understandings that members of a community share in common. Every organisation has described culture in its own way and in its own words. Some of them are ideology, philosophy, style, vision, way, purpose, patterns, manners etc. According to Patterson², "Culture is the learned and shared behaviour of a community of interacting human beings.....We could however, expect that such factors as the social class system, the political system, the state of economic development of society, family beliefs etc. would play important roles in creating the culture". This concept of culture is nowadays used in organisations. It is generally found that different organisations have different types of culture because peoples working in the organisations come from different families, castes, cities, states or countries etc. These cultures of the organisations have a considerable impact on the performance of the employees, their attitudes and behavior, their job satisfaction and even on their absenteeism and turnover. It has a considerable impact on organisationally and individually desired results such as commitment, loyalty,

satisfaction, behavior etc. Different studies have shown that organisational culture has the capability to change, guide, influence the thought, feeling, interaction and performance of the employees in the organisation.

2. Review of literature

A large number of studies have been conducted to show the impact and relationship of organisational culture on organisational effectiveness, leadership styles, organisational performance, knowledge management system, family-friendly benefits, corporate policies, e-learning etc.

Denison et al. (1995)³ investigated the impact of organisational culture on organisational effectiveness by taking sample of 969 organisations. The results showed that there was a strong support for the involvement index as a prediction of effectiveness. The results for consistency index were less significant, adaptability index was a significant predictor and mission index was the strongest of the four predictions.

Ogbonna and Harris (2000)⁴ conducted an empirical study to show the links between different types of organisational culture, leadership styles and organisational performance. For this purpose, a sample of 1,000 units (medium and large sized firms) of multi-industry was taken from the FAME database of UK. The researchers found that leadership style was not directly linked to performance but competitive and innovative cultural traits were directly linked with performance. It was also found that combined study of all the three of these concepts had been lacking.

Aluko (2003)⁵ conducted a study to identify the cultural variables affecting organisational performance and found out the relationship between culture and organisational performance in selected textile mills in Nigeria. For this purpose, data was collected from 630 respondents by using both qualitative and quantitative methodologies and was analyzed with the help of parametric and non-parametric statistics. The researcher found organisational context, organisational culture, nature of the economy and polity, the availability of the needed equipments, electricity, economy, technology etc. as cultural variables affecting organisational performance. The researcher

also concluded that though there was positive relationship between organisational culture and organisational performance but only positive variables did not translate to high level of performance in these mills because some other variables viz. economy, technology, murky political climate etc. also affect performance.

Sinha et al. (2010)⁶ conducted a study to find out the dominant work culture prevalent in two public sector organisations A and B and to find out the impact and correlation of work culture on motivational level of employees. For this purpose a sample of 250 employees was taken. The results of the study reflected that Technocratic culture was the most dominant type of organisation culture in organisation B and organisation A was dominated by Autocratic culture and there was a significant difference with respect to the profile of culture type prevalent in the two organisations. Further, the result showed that there existed a negative correlation between Autocratic culture and motivation and positive correlation between Technocratic culture and motivation.

Nongo and Ikyanyon (2012)⁷ conducted a study to examine the impact of corporate culture of the organisation on employee commitment. The corporate culture includes four variables i.e. involvement, consistency, adaptability and mission in this study. Data was collected from 134 employees of 18 selected SMEs in Makurdi metropolis by the use of standardised questionnaires measuring corporate culture and organisational commitment. The collected data was analysed by using Karl Pearson correlation, regression analysis, T-test and ANOVA. The result of the study was found that involvement and adaptability was significantly correlated with commitment, while consistency and mission did not correlate with commitment.

Yesil and Kaya (2013)⁸ conducted a study to examine the relationship between organisational culture and its financial performance basing on the assumption that a large number of studies have been conducted on this relationship and empirical findings seem to be mixed and inconclusive. In this study, an attempt has been made to investigate further on this relationship. Data was collected from managers of 54 firms located in Gaziantep city of Turkey using questionnaires and the data was analysed by using SPSS with regression and correlation analyses. The results show that organisational culture dimensions have no effect on firm financial performance.

3. Objectives and Research Methodology

The objective of the study is to see the impact of different variables on Organisational Culture in selected units of Punjab.

Based on the questionnaire, the following impacting variables are made:-

1. Work Environment
2. Employees Welfare
3. Leadership and Supervision Qualities
4. Autonomy
5. Communication and Feedback.

The present study covers a sample of 600 employees from service sectors in Punjab. Data was collected from 150 employees of SBI, LIC of India, ICICI Bank and ICICI Pru Life Insurance Pvt. Ltd each working in Punjab. The data has been collected with the help of a well designed questionnaire.

The association of these factors with organisational culture has been tested with the help of Chi-Square test. The **Null hypothesis in this case is that there is no significant association between impacting factors and organisational culture among the employees.**

In order to study the association of different variables with organisational culture, Chi-square test has been applied. The interaction of variables with various factors of organisational culture has been examined with the help of mean and standard deviation.

Responses of all the respondents have been categorized in three groups indicating degree of low, medium and high. For this purpose all the responses were first arranged in descending order. Assuming normal distribution, the three groups indicated low for responses below $\bar{X} - \sigma$, medium for responses ranging between $\bar{X} - \sigma$ to $\bar{X} + \sigma$ and finally high for responses above $\bar{X} + \sigma$ level. Respective percentages were 27% for below $\bar{X} - \sigma$, 46% for range between $\bar{X} - \sigma$ to $\bar{X} + \sigma$ and 27% for above $\bar{X} + \sigma$, thus making the final composition of low, medium and high categories.

4. Analysis and Findings

1. Association of Work Environment with Organisational Culture

Work environment can have different variables which can affect the organisational culture. A good work environment in the organisation can impact the organisational culture positively and vice versa. The variables of work environment can be team work, team spirit, job rotation, safety measures, work environment facilities, professional jealousies etc.

Table no. 1 show the information related to satisfaction level of work environment among employees on the basis of different parameters from the questionnaire and their corresponding level of satisfaction about organisational culture.

Table no. 1
Work Environment with Organisational Culture

		Organisational culture			Total	
		Low	Medium	High		
Work Environment	Low	Count	105	50	07	162
		%	64.8%	30.9%	4.3%	100.0%
	Medium	Count	52	163	61	276
		%	18.8%	59.1%	22.1%	100.0%
	High	Count	05	63	94	162
		%	3.1%	38.9%	58.0%	100.0%
Total		Count	162	276	162	600
		%	27.0%	46.0%	27.0%	100.0%

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	238.05	4	.000

It is clear from the table that the employees who are highly satisfied about their work environment, out of them 58% respondents have high satisfaction level about the organisational culture and 38.9% respondents have medium level of satisfaction about the organisational culture. Out of the respondents who have low level of satisfaction about their work environment, 64.8% respondents are less satisfied about their organisational culture and 30.9% of the respondents have medium level of satisfaction about the organisational culture.

Out of the respondents who have medium level of satisfaction about the work environment are neither highly satisfied nor less satisfied about the organisational culture.

The above table shows that work environment and organisational culture have positive association with each other.

Chi square test has been applied here to test the significance of association between work environment and organizational culture. **Null hypothesis in this case is that there is no significant association between satisfaction level of work environment about organisational culture among employees.** Chi-square value has been 238.05 which is significant at 5% level of significance. So, it can be said that

there is significant association between satisfaction level of work environment and corresponding level about organisational culture. **Thus the null hypothesis stating that there is no significant association between satisfaction level of work environment about organisational culture among employees stands rejected.** The chi square test also shows that work environment and organisational culture are associated with each other.

So it can be concluded that the work environment is positively associated with the organisational culture. A positive work environment can create positive organisational culture and if the work environment provided in the organisation is not good, it can have negative impact on the organisational culture.

2. Association of Employees Welfare with Organisational Culture

Welfare measures taken by the organisation for the employees can play an important role in creating the positive organisational culture. The methods adopted for compensation, proper methods of reward, training programmes for the employees, opportunity for self development can be helpful for organisational culture.

Table no. 2
Employees Welfare with Organisational Culture

		Organisational Culture			Total	
		Low	Medium	High		
Employee Welfare	Low	Count	114	44	04	162
		%	70.4%	27.1%	2.5%	100.0%
	Medium	Count	45	183	48	276
		%	16.3%	66.3%	17.4%	100.0%
	High	Count	03	49	110	162
		%	1.9%	30.2%	67.9%	100.0%
Total		Count	162	276	162	600
		%	27%	46%	27.0%	100.0%
		Value		df		Asymp. Sig. (2-sided)
Pearson Chi-Square		354.39	4			.000

It is simple that if the organisation takes some good employees welfare measures the organisation culture will be positive and employees will be happy.

Table no. 2 shows the association between organisational culture and employees welfare. The table clearly shows that employee welfare and organisational culture are associated with each other positively. Employees who have high satisfaction level about the employees welfare are highly satisfied with the organisational culture. Among the respondents who have high satisfaction level about the employee welfare around 68% respondents are highly satisfied about the organisational culture.

Among the employees who have low satisfaction level about employee welfare in their organisations are less satisfied about the organisational culture. 70.4% respondents having low level of satisfaction about employee welfare are less satisfied about organisational culture.

Besides cross-tabulation of data, chi square test that has been applied to examine the significance of relationship

between employee welfare and organizational culture. **Null hypothesis in this case is that there is no significant association between employee welfare and satisfaction level about organisational culture among employees.** Chi-square value has been 354.39 which is significant at 5% level of significance. Thus, it can be said that there is significant association between employee welfare and corresponding level about organisational culture. **Thus the null hypothesis stating there is no significant association between employee welfare and satisfaction level about organisational culture among employees stands rejected.** So employee welfare and organisational culture are positively associated with each other.

So the organisations should be more conscious about the employee welfare. The steps taken for employee welfare can be fruitful in the long term for the organisation, because employee welfare measures help the organisations to retain the employees. Employee retention is crucial for many organisations which have high training costs. Rather than

incurring on the training of employees time and again, employee welfare measures can be adopted.

3. Association of Leadership and Supervision Qualities with Organisational Culture

Another factor which can affect the organisational culture is leadership and supervision qualities. The different variables which comprise leadership and supervision qualities are leader’s as role models, encouragement to take initiative and effective supervision of work, leaders provide leadership etc.

Good leadership can create a proper organisational culture because the leadership qualities of the immediate boss can infuse positive vibes in the subordinates.

Table no. 3 shows the association of leadership & supervision qualities and organisational culture. It shows

positive association between leadership & supervision qualities with organisational culture. The employees who possess high level of leadership & supervision qualities are highly satisfied with their organisational culture. Among the employee who see high level of leadership & supervision qualities i.e. 68.5% have high level of satisfaction about the organisational culture whereas only 31.5% respondents have medium level of satisfaction about the organisational culture.

In case of employees who possess low level of leadership & supervision qualities 74.1% have low level of satisfaction about organisational culture and only 24.1% have medium to high level of satisfaction about the organisational culture. The table clearly shows that the leadership & supervision qualities move positively with the satisfaction level of organisational culture.

Table no. 3
Leadership and Supervision Qualities with Organisational Culture

			Organisational Culture			Total
			Low	Medium	High	
Leadership and Supervision Qualities	Low	Count	120	39	03	162
		%	74.1%	24.1%	1.8%	100.0%
	Medium	Count	42	186	48	276
		%	15.2%	67.4%	17.4%	100.0%
	High	Count	00	51	111	162
		%	0.0%	31.5%	68.5%	100.0%
Total		Count	162	276	162	600
		%	27%	46%	27.0%	100.0%
			Value	df	Asymp. Sig. (2-sided)	
Pearson Chi-Square			393.5	4	.000	

Chi square test has been applied to test the association of leadership & supervision qualities and organisational culture.

Null hypothesis in this case is that there is no significant association between leadership & supervision qualities and satisfaction level about organisational culture among employees.

Chi-square value has been 393.5 which is significant at 5% level of significance. Thus, it can be said that there is significant association between leadership & supervision qualities and corresponding level about organisational culture. **Thus the null hypothesis stating there is no significant association between leadership & supervision qualities and satisfaction level about organisational culture among employees stands rejected.** So leadership & supervision

qualities and organisational culture are associated with each other.

4. Association of Autonomy with Organisational Culture

Autonomy given to the employees is another factor which can impact the organisational culture. Whether the employees are consulted before setting the goals and targets, whether the employees can take decisions independently etc can have bearing on the organisational culture.

The autonomy given to the employees for taking decisions related to the working of the organisation can create good organisational culture in the organisation. Table no 4 shows the association of autonomy with the organisational culture.

Table no. 4
Autonomy with Organisational Culture

			Organisational Culture			Total
			Low	Medium	High	
Autonomy	Low	Count	96	46	20	162
		%	59.3%	28.4%	12.3%	100.0%
	Medium	Count	63	152	61	276
		%	22.8%	55.1%	22.1%	100.0%
	High	Count	03	78	81	162
		%	1.9%	48.1%	50.0%	100.0%
Total		Count	162	276	162	600
		%	27.0%	46.0%	27.0%	100.0%

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	165.2	4	.000

The above table shows that out of the employees who get high autonomy in their organisations 50% are highly satisfied about their organisational culture and 50% respondents have low to medium satisfaction level about the organisational culture.

Out of the employees who have less autonomy in their organisations, 59.3% of the employees are not satisfied about their organisational culture and around 40% of the employees have medium to high satisfaction about their organisational culture. So the majority of the employees who have less autonomy are not satisfied.

The above table shows the relationship between autonomy and level of satisfaction about organisational culture. The table shows that the autonomy and organisational culture have relationship with each other. If the employees are given autonomy they feel satisfied and work with more zeal.

Although visible association can be seen from the table above, yet to consider it significant enough, Chi square test has also been applied to test the association of autonomy and organizational culture. **Null hypothesis in this case is that there is no significant association between autonomy and satisfaction level about organisational culture among employees.** Chi-square value has been 165.2 which is significant at 5% level of significance. Thus, it can be said that there is significant association between autonomy and corresponding level about organisational culture. **Thus the null hypothesis stating that there is no significant association between autonomy and satisfaction level about organisational culture among employees stands rejected.** So autonomy and organisational culture are associated with each other.

The above analysis points out that if the employees are given autonomy in their organisations about the work they are doing and about the policies they are going to frame, the

organisational culture will improve. But if the employees do not enjoy autonomy even in day to day matters the organisational culture will deteriorate. So the organisations should encourage the employees and should give them autonomy for doing the things.

5. Association of Communication and Feedback with Organisational Culture

Communication and feed back is another variable which can affect the organisational culture. Lengths of communication channel, freedom to share the information at meetings, discussing the problems openly, frequent interaction of the employees etc. are some factors which comprise the communication and feedback in a particular organisation.

Table no. 5 shows the information related to level of communication and feedback among employees and their corresponding level of satisfaction about organisational culture. Table shows positive relationship between communication & feedback and organisational culture. It is clear that employees who have high level of communication and feedback in their organisations have medium to high satisfaction level about their organisational culture. Around 68.5% respondents who meet high communication and feedback have high satisfaction for their organisational culture. Only 31.5% respondents having high level of communication and feedback low to medium level of satisfaction about their organisational culture.

In case of employees who have low level of communication and feedback in their organisations have tilt towards low level of satisfaction about organisational culture. Among the employees having low communication and feedback, 68.5% have low satisfaction about organisational culture. So from the table and figure it is clear that the communication and feedback have relation with organisational culture.

Table no. 5
Communication and Feedback with Organisational Culture

			Organisational Culture			Total
			Low	Medium	High	
Communication and Feedback	Low	Count	111	39	12	162
		%	68.5%	24.1%	7.4%	100.0%
	Medium	Count	48	189	39	276
		%	17.4%	68.5%	14.1%	100.0%
	High	Count	03	48	111	162
		%	1.9%	29.6%	68.5%	100.0%
Total		Count	162	276	162	600
		%	27.0%	46.0%	27.0%	100.0%
			Value	df	Asymp. Sig. (2-sided)	
Pearson Chi-Square			350.8	4	.000	

The association so found in cross-tabulation has been tested for significance using chi square test. Chi square test has been applied to test the association of communication and feedback and organizational culture. **Null hypothesis in this case is that there is no significant association between communication and feedback and satisfaction level about organisational culture among employees.** Chi-square value has been 350.8 which is significant at 5% level of significance.

Thus, it can be said that there is significant association between communication and feedback and corresponding level about organisational culture. **Thus the null hypothesis stating that there is no significant association between communication and feedback and satisfaction level about organisational culture among employees stands rejected.** So communication and feedback and organisational culture are associated with each other.

The above analysis indicates that in order to have positive organisational culture the communication and feedback channels should be strong. The feedback given by the employees should be taken seriously and the weakness, if any, of the employees should be communicated to them in non threatening way. Efforts should be made to change the behavior of the employees based on these feedbacks.

So from the above discussions it is clear that all the factors are associated with organisational culture. The association is positive as shown by tables and figures. Further as the

association is statistically significant so the **Null hypothesis that there is no significant association between impacting factors and organisational culture among the employees stands rejected.**

Finally we can conclude that all the variables impacting organisational culture are positively associated. The Chi-square values showing the association were also statistically significant. So it can be concluded that the factors chosen are associated with organisational culture. The association may be more or less.

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