

Organizational Culture Does Matter

Sultan Aalateeg¹

¹(Business Administration Department/ Almajmaa University, Saudi Arabia.
PhD Candidate of Economics and Management of Technology, University of Pavia, Italy)

Abstract: Organizational Culture provides identity to organizations. With the increasing competitions and challenges in the working environment, organizational culture become more than necessary. This paper gives a review of the most important types, concepts of organizational culture and its importance. Moreover, the paper highlights the relationship between organizational culture and performance.

Keywords: organizational culture, performance

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I. Introduction

Any organization is driven by their own kind of culture known as ‘organizational culture’, which has important affect upon member’s perceptions as well as behaviors and guides daily workers activities to meet organization goals (Amah, 2012). When the organization set its goals, it is important to determine the type of culture to achieve a successful implementation of the organization’s goals and objectives.

With the worldwide globalization trends, special attention has been given to the study of organizations and their cultures (Oney-Yazıcı et al., 2007). Therefore, organizations should always be considered as social and cultural systems and examine the interaction with the environment. Organization's characteristic formed within the framework of the society, environment, law and norms (Albayrak & Albayrak, 2014).

The study of the organizational culture within any organization, regardless of the nature of the activity carried out by the organization, is very important to understand what goes on in the organization and, how to run it and make the necessary plans to improve it (Schein, 2004).

It is a common belief that organizations that have developed within similar environments usually have similar cultures and related mindsets with regard to ways of doing business (Oney-Yazıcı et al., 2007). But, Elena & Elena, (2013) stated that each organization is unique and it has its own organizational culture as well as its own “personality” because everyone have its own values, symbols, rules and what applies to one is not useful to another. The researcher supports the first opinion which is the organizations that have developed within similar environments usually have similar cultures because the organizational culture mainly influenced by the environment surrounding the organization.

In all companies, organizational culture is a basic phenomenon. The organizational culture has a positive impact on the financial situation of the company by generating competitive advantages (Ilies & Gavrea, 2008). The company’s growth is the core of strategic purpose of the companies in the competition market, the organizational culture seems to have more influence on growth (Calori & Sarnin, 1991).

There has been much research studied the organizational culture and performance (Cheung et al., 2011; Shahzad et al., 2012; Aluko, 2003). In recent years the organizational culture has served as an important tool for sustainable performance (Albayrak & Albayrak, 2014). Strong culture lead to performance improvement, and the organizational culture has a positive impact on the performance and helps in improving productivity of the employees.

The organizational culture has an important effect on the growth of dynamic organization, if the organizational culture is established then it became a communication tool to deliver ideas and orders from senior management to all members in the organization (Madu, 2012).

II. Concept Of Organizational Culture

Organizational culture as defined by Uttal (1983) is a system of shared values (what is important) and beliefs (how things work) that interact with a company's people, organization structures, and control systems to produce behavioral norms (the way we do things around here). Similarly, Sun (2008) defines organizational culture as the "set of theory" of important values, beliefs, and understandings that members share, which help managers to make decision and arrange activities of the organization. Brown (1995, 1998) delineates organizational culture as the pattern of beliefs, values and learned ways of coping with experience that have developed during an organization's history, and which tend to be manifested in its material arrangements and in the behaviors of its members. Table 1 summarizes the organizational culture definitions.

Table 1. Definitions of Organization Culture

1. Organization's characteristic formed within the framework of the society, environment, law and norms. Albayrak & Albayrak (2014)
2. The specific collection of values and norms that are shared by people and groups in an organization and that control the way they interact with each other and with stakeholders outside the organization. Ng'ang'a & Nyongesa, (2012)
3. As shared values and underlying assumptions in the organization which govern the behaviors of the members. MAN, (2006)
4. The taken-for-granted values, underlying assumptions, expectations, collective memories, and definitions present in an organization, it reflects the prevailing ideology that people carry inside their heads, it conveys a sense of identity to employees, provides unwritten and often unspoken guidelines for how to get along in the organization, and it enhances the stability of the social system that they experience. Cameron & Quinn, (2006)
5. A pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems. Schein, (2004)
6. A set of norms and values that are widely shared and strongly held throughout the organization. O'Reilly & Chatman, (1996)
7. The part of the stock of knowledge that is shared by a substantial portion of the employees of the firm, but not to the general population from which they are drawn. Cremer, (1993)
8. The underlying assumptions, beliefs, values, attitudes, and expectations shared by an organization's members. Divisi, (1992)

III. Culture Levels

The term of levels of culture was proposed by Schein (2004) for analyzing and understanding the culture. He has divided the culture into three levels according to the degree of visibility to the observer, these levels range from the very tangible overt manifestations that one can see and feel to the deeply embedded, unconscious, basic assumption

ARTIFACTS

This level includes all the phenomena that one sees, hears, and feels when one encounters a new group with an unfamiliar culture. Such as the architecture of its physical environment; its language; its technology and products; its artistic creations... etc. It is important to understand that this level easy to observe and very difficult to decipher (Schein, 2004). These artifacts reflect the beliefs and values shared by members of an organization (Cheung et al., 2011).

ESPOUSED BELIEFS AND VALUES

The significant values, morals or beliefs claimed to be especially important by leaders within the organization. All deeper levels of organizational culture begin as a shared value and eventually become shared basic assumptions (over time, after repetition). For example, values such as trust, honesty and integrity play a strong role within the moral structure of many organizations (Ricketts , 2013). The espoused beliefs and values developed over time by workable solutions to critical problems that the organization faces, if these solutions still working long enough it become basic assumptions (Heracleous, 2001).

UNDERLYING ASSUMPTIONS

How situations or problems within the organization are treated after repetition; they evolve as the situation is repeated over and over again. Rules, policies, and procedures found within an organization are based on shared basic assumptions that have developed within the organizational culture. A good example of shared

assumptions within any group is the constitution or bylaws by which the group is governed (Ricketts , 2013). Basic assumptions may be so implicit, taken for granted, and unconscious that surfacing them can require intensive interviewing and observation (Kaarst-Brown et al., 2004).

IV. Clan Culture Type

The clan culture type supports shared values, goals, cohesion, participation, teamwork, employee involvement and corporate commitment to employees. They seemed more like extended families than economic entities (Cameron & Quinn, 2006). Yu & Wu, (2009) defined the clan culture type as a full of value sharing and common goals, teamwork and mutual help. The organizations that have the clan culture type as a dominant organizational culture type team work and information sharing are the key in these organizations, so that the organizations of this type could be described as a friendly workplace where individuals share of themselves (Harinarain et al., 2013). Oney-Yazic et al., (2006) stated that these types of organizations focusing on teamwork, employee-involvement programs, and organization obligation to employees. The employees are committed to the company as well as the company to its employees (Nummelin, 2006).

V. Adhocracy Culture Type

The adhocracy culture type focusing on adaptability, readiness and expansion (Harinarain et al., 2013). Yu & Wu, (2009) stated that the adhocracy culture is compared to a new non-permanent organization, that's laid off anytime the organizational duties are finished, and also reloaded quickly whenever new duties arise. Cameron & Quinn, (2006) pointed that extraordinary assumptions lead to success, he assumed that adaptation and innovativeness lead to new resources and profitability, so emphasis was placed on creating a vision of the future, organized anarchy, and disciplined imagination. Nummelin, (2006) stated that the adhocracy culture type basically founded in young organizations where the surrounding organization's environment lead the organization to be flexible in their actions that motivate the organization employees to be innovative and creative. Oney-Yazic et al., (2006) pointed that the adhocracy culture type exists in organizations that have innovation and dynamic characteristics where the major goal is to adopt adaptability, flexibility and creativity.

VI. Market Culture Type

Yu & Wu, (2009) supposed that the market culture type focuses on the transactions with environment beyond the organization as alternative to the inner operations, the organizations that have market culture type the main goal for it is how to compete in the market to achieve the maximum possible profit. The market culture type emphasis the maximization of output, goal clarification, providing direction, what is to be done and competitive orientation towards rivals (Rameezdeen & Gunarathna, 2003). Nummelin, (2006) stated that the market culture type is externally oriented and the main values are profitability, market shares, competitiveness and productivity.

VII. Hierarchy Culture Type

The hierarchy culture type has a clear organizational structure, standardized rules and procedures, strict control, and well-defined responsibilities (Yu & Wu, 2009). Cameron, (2004) He stated that the hierarchy culture is a procedures and well-defined processes to determine what all members in the organization do, and required an effective leader for coordination.

The hierarchy culture type exist mainly in public sector and old organizations, because it is stable and consistent (Nummelin, 2006). Under hierarchy culture type the LONG-TERM concerns of the organization are stability, predictability and efficiency (Cameron & Quinn, 2006; Oney-Yazic et al., 2006).

Table 2: Differences among Clan, Adhocracy, Hierarchy and Market Culture.

<p>The Clan Culture A very friendly place to work where people share a lot of themselves. It is like an extended family. The leaders, or head of the organization, are mentors and, maybe even, parent figures. The organization is held together by loyalty or tradition. Commitment is high. The organization emphasizes the long-term benefit of human resource development and attaches great importance to cohesion and morale. Success is defined in terms of sensitivity to customers and concern for people. The organization places a premium on teamwork,</p>	<p>The Adhocracy Culture A dynamic, entrepreneurial, and creative place to work. People stick their necks out and take risks. The leaders are innovators and risk takers. The glue that holds the organization together is commitment to experimentation and innovation. The emphasis is on being on the leading edge. The organization's long-term emphasis is on growth and acquiring new resources. Success means gaining unique and new products or services. Being a product or service leader is important. The organization encourages individual initiative and freedom.</p>
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participation, and consensus.	
<p>The Hierarchy Culture A very formalized and structured place to work. Procedures govern what people do. The leaders pride themselves on being good coordinators and organizers, who are efficiency minded. Maintaining a smooth-running organization is most critical. Formal rules and policies hold the organization together. The long-term concern is on stability and performance with efficient, smooth operations. Success is defined in terms of dependable delivery, smooth scheduling, and low cost. The management of employees is concerned with secure employment and predictability.</p>	<p>The Market Culture A results-oriented organization. The major concern is getting the job done. People are competitive and goal oriented. The leaders are hard drivers, producers, and competitors. They are tough and demanding. The glue that holds the organization together is an emphasis on winning. Reputation and success are common concerns. The long-term focus is on competitive actions and achievement of measurable goals and targets. Success is defined in terms of market share and penetration. Competitive pricing and market leadership are important. The organizational style is hard-driving competitiveness.</p>

Source: (Cameron & Quinn, 2006)

VIII. Importance Of Organization Culture

Desson & Clouthier, (2010) proposed that the organizational culture very important to achieve the organization goals, creating a positive public image, building respectful relationships with stakeholders, attracting and keeping desirable employees, help the organization to take right actions and decisions, keep the employees behaving properly with everyone within the organization and with the outside stakeholders, help individuals and teams to do the assigned work efficiently, and the viability of the organization to accept the changes. Mowat, (2002) suggested that the organizational culture facilitate:

1. Hiring employees that will succeed in the organization (lowering recruitment, development, and human resource maintenance and management costs).
2. Creating policies and assignments to increase profitability, growth, and respond to market demands.
3. Making significant changes to the organization in response to real threats to its continued existence.
4. Facilitating mergers, joint ventures, and acquisitions.

Elena & Elena, (2013) proposed that the importance of organizational culture lie in organizational culture contribution in proper functioning of the organization, fostering communications, socialization of new members, create trust means and methods to achieve organization objectives. In addition to teach the employees what is accepted and what is not in the organization.

Sadri & Lees, (2001) stated that the benefits of a positive culture, it leads to work environment that more enjoyable, increase levels of teamwork, sharing of information, create new ideas, and increase employee's interaction for learning and continuous improvement.

Kajewski & Weippert, (2001) determined that there exist six reasons for why organizational culture is very important:

1. Culture focuses on communication at all levels of the organization hierarchy.
2. By focusing on culture, one inevitably focuses on the daily routine and sense-making that is the process of building identities and shared reality among organization members.
3. A cultural approach focuses on largely ignored issues such as assumptions and brings underlying values and motives to the surface.
4. The organizational culture offers a better insight to the managers and leaders of the organization, in terms of participation and sense-making.
5. Helping in identify new approaches and understandings of future organizations.
6. Culture is not simply a variable that affects the organization, but its indistinguishable from the organization.

IX. The Link Between Organizational Culture And Performance

Since John P. Kotter and James L. Heskett (1992), more and more studies have examined the relationship between the organization culture and corporate performance. Some optimistic researches claim a positive relationship, while there are still some adjective ones, especially considering the culture rigidity (Vries and Miller, 1986; Meyerson and Martin, 1987; Tushman, 1998). In these researches, various methods are applied, such as theoretical study, field study and empirical study and so on. As suggested by Bernard Arogyaswamy and Charles M. Byles, culture is just one of the many variables that could contribute to explaining performance. Moreover, the authors delineated organizational cultures into intracultural and extracultural whose changes are crucial to organizational functioning. In generally, the theoretical research provides us with the rigorous theoretical framework, providing theoretical basis and waiting for verified in the

future study.

Direct relationship between organization culture and corporate performance, were investigated (Dension, 1984; John P. Kotter and James L. Heskett, 1992; Roland Calori and Philippe Sarnin, 1991; Irene Hau-Siu Chow and Shan S. Liu, etc.). Dension established a positive relationship between the high-employee-participation culture and corporate performance (note 6). The study by Kotter and Heskett might be the most typical and paradigmatic study worthy to be discussed carefully. In their study, as suggested by Bluedorn, their finding can be grouped into two categories: a contingency model and a universal model. The contingency model can be summarized as: (1) better performing organizations have strong cultures, but (2) only if the culture fits the organization's environment; furthermore (3) the better performance is sustained over the long-run only if the organization's culture contains change values leading the organization to continually re-adapt, culturally and otherwise, to its environment.

The relationship is not always positively in effect. According to Peter and Waterman (1982), the phenomena that some ever excellent companies go to downfall pass our comprehension. The best explanation would be the "culture rigidity" (Vries and Miller, 1986; Meyerson and Martin, 1987; Tushman, 1998). To be specifically, Christensen (1997) claims that culture antecedents as the summary of old-timey success get in the way of adapting to a new environment rapidly and successfully. Also in the empirical study, Roland Calori and Philippe Sarnin (1991) found that the relations between profitability and the company's cultural attributes were less significant. And other possible question would be considered, such as the endogenous problem that organization culture influences the performance while the performance put effect on the organization culture, as examined in Emmanuel Ogbonna and Lloyd C. Harris (2003).

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