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RESEARCH ARTICLE

The Role of Culture in Organizational Performance

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ABSTRACT

This paper examines the role of culture in organizational performance. It is a research carried out using the secondary data done by different researchers. The main objective of the study is to assess the roles culture play in the performance of an organization. The elements of corporate culture were identified as business environment, values, heroes, rites and rituals, cultural network, norms, artifacts and basic assumptions. Similarly, the elements of cultural web were noted as rituals, stories, symbols, power structures, cultural systems and organizational structure. The development and layers of organizational structure were also explored. This paper concludes that culture plays the roles of: an asset aspect of; easing communication, facilitating organizational decision making and facilitating cooperation and productivity; and a liability aspect, when important shared beliefs and values interferes with the needs of the organization and its customers. Thus, if actual behavior matches the required, the more effectively and productively the individuals of the organization accomplish their objectives. However, if the behavioral patterns are inconsistent with the needs, values and skills of organization members, dysfunctional consequences develop leading to poor performance. This paper recommends that management in organizations should aggressively ensure awareness and internalization of the company values to all employees. Management should, similarly, take the lead role in shaping and changing the weak culture into appropriate culture via role modeling and mentoring. In furtherance, culture should be enhanced because it is a key resource.

INTRODUCTION

Corporate culture influences behavior of staff in an organization. Armstrong (2001) argues that embedded culture exert considerable influence on organizational behavior and therefore performance. Deal and Kennedy (1982) assert that, whether weak or strong, culture has a powerful influence throughout an organization because it affects practically everything. Baron and Greenberg (1990) add that, an organization's culture is often a powerful force that determines how an organization operates and how it performs. According to Pearce II and Robinson (2000) all the cultures to which organization members belong have the potential to affect their work performance. The major objective of this study is to explain the role of culture in the operations of an organization. It also seeks to identify the elements of corporate culture, the cultural web, development of organization culture and layers of corporate culture. Corporate culture is defined differently by different authors but there are a lot of commonalities in the definitions.

Definitions of Corporate Culture

Armstrong (2001) defines corporate culture as a pattern of values, norms, beliefs, attitudes and assumptions that may not have been articulated but shape the ways in which people behave and things get done. Values refer to what is believed to be important and how people and the organizations behave. Norms are the unwritten rules of behavior. Corporate culture is concerned with abstractions such as values and norms, which pervade the whole part of an organization. Cole (2002) defines corporate culture as predominant system of beliefs and values held in an organization by its members. Schein (1995) who has been quoted by Armstrong (2001) and Cole (2002) defines corporate culture as a pattern of basic assumptions, invented, discovered, or developed by a given group as it learns to cope with 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 a correct way to perceive, think and feel in relation to those problems.

Mathis and Jackson (2000) define corporate culture as a pattern of shared values and beliefs giving members of an organization meaning and providing them with rules of behavior. These values are inherent in the ways organizations and their members view themselves, define opportunities and plan strategies. Much as personality shapes individual, organizational culture shapes its member's responses and defines what an organization can and is willing to do. Bennet (1997), argues that, an organization's culture comprises its members' shared perception of issues, their customers, modes of behavior and attitudes towards work and the enterprise. It affects management style of the company, employee's approaches, their jobs, and opinions about what is and is not proper. The researcher concurs with the authors on the definitions of corporate culture, which is in line with the research study. He points out that although the authors approach the definition of corporate culture from different perspectives, they all recognize the importance of shared values and norms that influence, shape and guide organizational behavior. They also recognize that the values and norms pervade the whole or part of an organization. The researcher observes that the fact that culture is shared, it implies that culture has to be communicated to organizational members.

Elements of Corporate Culture

These are components inherent in corporate culture and can make it either strong or weak. They include; Business environment, values, heroes, the rites and rituals, norms, artifacts, assumptions and cultural network. They are further summarized as follows:

Business Environment

Deal and Kennedy (1982) say that the environment in which an organization operates determines what it must do to be a success. The business environment is the single greatest influence in shaping a corporate culture. Mullins (2002) adds that in order to be effective, an

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organization must be responsive to external environmental influences.

Values

Armstrong (2001) describes values as the basic concepts and beliefs of an organization and as such they form the heart of the corporate culture. Values define success in concrete terms for employees. Organizations with a strong corporate culture have a rich and complex system of values that are shared by employees and greatly influence behavior. The values are translated into reality through norms and artefacts. Mullins (2002) adds that values and beliefs become part of the conceptual process by which people justify actions and behavior.

Heroes

Johnshon and Schools (1999) argue that, heroes personify the culture's value as such provide tangible role model for employees to follow. They further say that, some heroes are either born or made by memorable moments that occur in day-to-day corporate life. Organizations with strong cultures have many heroes.

The rites and rituals

Deal and Kennedy (1982) assert that these are the systematic and programmed routines of day-to-day life in an organization. The rituals show employees the kind of behavior that is expected of them. The ceremonies provide visible and potent examples of what the organization stands for, and organizations with a strong culture go to the trouble of spelling out often in copious details, the routine behavioral rituals they expect their employees to follow. Mullins (2002) says that, rituals are the special events through which the organization emphasizes what is particularly important and can include formal and informal processes.

The cultural network

Deal and Kennedy (1982) explain that, cultural network is the primary but informal means of communication within an organization; It is the "carrier" of corporate values and heroic mythology. Story tellers, spies, priest, cables, and whispers form a hidden hierarchy of power within the organization. Working the network effectively is the only way to get things done or to understand what's really going on.

Norms

Cole (1995) argues that norms are unwritten rules of behavior that provide informal guidelines on how to behave. They tell people what they are supposed to be doing, saying, believing and even wearing. Luthans (2002) adds that norms provide standards of behavior including guidelines of how much work is done.

Artefacts

Armstrong (2001) asserts that artifacts are the visible and tangible aspects of an organization that people hear, see or feel. They include such things as working environment, the tone and language used in letters or memorandum, manner in which people address each other at meetings or over the phone, reception and communication to visitors. According to Mullins (2002) the most visible level of culture is artefacts and creations. This includes physical space and layout, technical output, written and spoken language, and the overt behavior among organizational members.

Basic assumptions

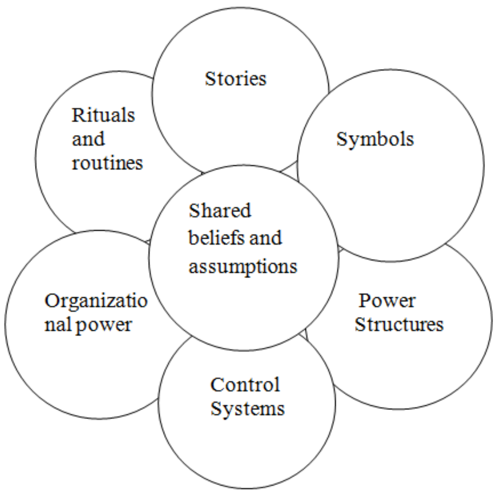
Mullins (2002) points out that, basic assumptions are unconsciously held learned responses. They are implicit assumptions that actually guide behavior and determine how group members perceive, think and feel about things. Johnson and Scholes (1999) assert that assumptions are the real core of an organization's culture. The researcher agrees with the authors on the elements of corporate and adds that the consistency and harmony of the elements determines the strength or weakness of corporate culture.

Cultural Web

Cultural web enables the understanding of the culture of an organization. Cultural web as defined by Johnson and Scholes (1999) is a representation of the taken for granted assumptions or paradigm of an organization and the physical manifestation of organizational culture. Johnson and Scholes (1999) further argue that strategies and values of an organization may be written down, but the underlying assumptions which make up the paradigm are usually evident only in the day to day conversations or discussions of people or may be so taken for granted that they can be observed only in what people actually do. Mullins (2002) and Johnson and Scholes (1999) give the elements of cultural web as: routines, rituals, stories, symbols, power structures, control systems and organizational structures. They are further summarized as follows:-

Routines are the ways that members of the organization behave towards each other and towards those outside the organization and which make up how things are done or things should be done; Rituals are the special events through which the organization emphasizes what is particularly important and can include formal organizational processes and informal processes; Stories are the stories told by members of the organization which embed the present and flag up important events and personalities, and typically have to do with successes, failures, heroes, villains and mavericks; Symbols such as logos, offices, cars, titles, type of language or terminology commonly used become shorthand representations of the nature of the organization; Power structures include most powerful individuals or groups in the organization which may be based on management position and seniority but in some organizations power can be lodged with some levels or functions; Control systems are the measurement and reward systems that emphasize what is important to monitor, and focus attention and act upon; The organizational structure reflects power structures and delineates important relationships and activities within the organization, and involves both formal structure and control and less formal systems.

Model of the elements that comprise a culture web of an organization



Source: Author (2012)

The researcher contends with the authors and points out that proper analysis of the cultural web of an organization is the key to understanding the corporate culture of an organization.

Development of Organizational Culture

Corporate culture develops through a number of ways. According to Armstrong (2001), corporate culture in an organization is formed by its leaders. He quotes Schein (1990) as saying people identify with visionary leaders, how they behave and what they expect. This view is supported by Bennet (1997), who asserts that subordinates will always work hard to win managements approval by being loyal, especially those who are progressive minded. Mullins (2002) supports the idea by saying that, although the role, power and responsibility of managers vary from organization to organization, all managers regardless of status contribute to maintenance of corporate culture. He further notes that managers and their culture are inseparable from each other and that managers consistently influence and affect the perception and attitudes of their subordinates. The researcher concurs with the authors that the leaders of an organization play a crucial role in developing, reinforcing, maintaining and even changing the corporate culture of an organization.

Luthans (2002) says that in addition to the management or leaders of an organization, the founders also play a crucial role in development of corporate culture of an organization. The founders lay the foundation on which either strong or weak culture is developed over time depending on what was their objectives and driving force behind starting the organization, the values and passion they had at inception. According to Armstrong (2001) corporate culture is also formed around critical incidents, and important events from which lessons are learnt about desirable and undesirable behavior. The view is shared by the researcher of the study who is in agreement that each organization has its own unique corporate culture, which is developed from lessons learnt from past experience; where by common ways of reacting to situations is developed. Baron and Greenberg (1990) assert that corporate culture also develops through the need to maintain effective working relationship among organization members, and this establishes values and expectations. According to Armstrong (2001) the fourth way through which culture develops is by the influence of the organization's environment. The external environment may be relatively dynamic or unchanging. Fisher (1998) suggests that one means through which culture changes is through natural evolution as based on Darwinians survival of the fittest, what works and what doesn't in coping with the environment. Greenberg and Baron (1990) support the idea that corporate culture changes through an organization's experience with the external environment. Bennet (1997) summarizes the development of culture by asserting that, corporate culture develops from historical circumstances, the existing environment, technology and human needs of people within the organization. The researcher concurs with the ways through which culture develops as explained by the authors which include, leaders/management influence, lessons from critical situations, working relationships and coping with the external and internal environment of the organization.

Levels/Layers of Corporate Culture

Corporate culture has two dimensions, that is, the explicit/ visible/ tangible and implicit/invisible/intangible. It is also described in terms of levels or layers.

Cole (2002) explains that explicit culture is normally on the surface and it manifests in the way management itself is structured and the rhetoric of bulletins, notices, and memos among other things. Implicit culture is normally beneath the surface and it is closer to reality. He further states that, situations where implicit culture and explicit culture are in harmony, the culture exhibited is strong while weak corporate culture is when implicit culture dimensions are at odds with each other. Cole (1995), Johnson and Scholes (1990) and Luthans (2002) give another perspective of looking at corporate culture. They assert that culture has three different levels/layers; artefacts, espoused values underlying the artefacts and the basic assumptions about what works and what is acceptable to the group, and thus what subconsciously guides its behavior and outlook. They further argue that artefacts and values are explicit while the assumptions are implicit. It is only through linking the assumptions to the artefacts and the values that the reality of corporate culture in an organization will be revealed. The researcher contend with the authors that linking the explicit and implicit dimensions of culture is the key to understanding the corporate culture of an organization, that is, how strong or weak the corporate culture of an organization is.

Corporate Culture and its Effects on Performance

Corporate culture has significant effects on the performance of individuals and the organization in general. It can affect the organizational performance either positively or negatively. Mullins (2002) argues that there is a relationship between organization's culture and performance. Greenberg and Baron (1990) assert that, because corporate culture involves shared expectations, values and attitudes, corporate culture exerts many important effects both on individuals and organizational processes. With respect to organizational members, culture generates strong if often subtle, pressures to go along, to think and act in ways that are inconsistent with the existing culture. They further note that much research has focused on possibility of a link between culture and performance. One view is that in order to influence performance, organizational culture has to be strong, that is, basic aspects of culture are strongly accepted by most employees and must also possess certain key traits like concern with quality. Greenberg and Baron (1990) add that, an organization's culture is often a powerful force determining how an organization operates and how it performs. According to Pearce II and Robinson (2000) all the cultures to which organization members belong have the potential to affect their work performance.

The argument is strengthened further by Deal and Kennedy (1982) who have noted that whether weak or strong, culture has a powerful influence throughout an organization; it affects practically everything, from who gets promoted and what decisions are made, to how employees dress and sports they play. Because of this impact, culture has a major effect on the success of business. Armstrong (2001) points out that corporate culture offers a shared system of meanings which is the basis for communications and mutual understanding. If these functions are not fulfilled in a satisfactory way, culture may significantly reduce the efficiency of an organization. Mullins (2002) adds that culture can reduce complexity and uncertainty. It provides consistency in the outlook and values, and makes possible the process of decision making, coordination, and control. Culture is therefore an important ingredient in effective organizational performance. The researcher concedes and support the authors by arguing that corporate culture whether weak or strong will affect the organizational performance either positively or negatively. Culture influences performance in the sense that its content can be either an asset aspect or liability aspect.

Culture as an asset aspect

If culture is an asset, it will influence behavior positively. In this case it will for example,

(a) Ease communication
(b) Facilitate organizational decision making and control
(c) Facilitate cooperation and productivity for the results are increased productivity since results will be accomplished with fewer resources than would otherwise be possible.

Culture as a Liability Aspect

Culture becomes a liability when important shared beliefs and values interferes with the needs of the organization and its customers. It therefore influences performance negatively and because of this influence of liability aspect of the culture content on performance, the individuals or groups:

(a) May not want to behave as called for by the situation
(b) May not understand how to behave in order to be efficient
(c) May not be able to behave appropriately due to lack of cultural competence.

The liability aspect happens when the cultural content is in conflict with what needs to be done to reach the organization's objectives. The more closely actual behavior matches the required, the more effectively and productively the individuals of the organization accomplish their objectives. If actual behavior pattern do not serve the organizational interests, the organization performance is impaired. In addition if the behavioural patterns are inconsistent with the needs, values and skills of the organization members, dysfunctional consequences develop leading to poor performance.

Conclusions

From this study, it is noted that culture in an organization is formed by its leaders and people will always identify themselves with visionary leaders, how they behave and what they expect. This paper concludes that:

(i) Training and development to initiate the process of change of corporate culture and adjustability of employees is inevitable to change.
(ii) Efforts should be made to ensure that trust between management and the workers representative is greatly improved. Trust between management and the workers representatives is important in ensuring peace and reduce resistance to change which is necessary for high productivity.
(iii) Communication in the organization should be improved to ensure that effectiveness of communication is enhanced. This will ensure important messages like company values and objectives to be known to all employees. Communication can be improved through better relationships between subordinates and superiors.

Recommendations

This paper recommends the following:

(i) Management should aggressively ensure awareness and internalization of the company values to all employees at all levels of the organizations.
(ii) Management should take the lead role in shaping and changing the weak culture into appropriate culture. These should be done through the role modeling, counseling, mentoring and encouraging heroism in the organization.
(iii) Harmony between the explicit and implicit aspects of corporate culture should be vigorously pursued. The policy should always be adhered to for purposes of eliminating disparities between policy and the practice on the ground.
(iv) Management should always encourage exemplary performers. This should be done by the recognition and rewarding of exemplary performers. This should also be clearly spelt out in the company policy, which should be adhered to. There is need therefore to review the reward policy factor in the issue of recognition and rewarding of exemplary performance.
(v) Employees at all levels of the organizations should be made aware about the company current goals, objectives, mission and vision. All efforts should be directed towards achievement of the goals, objectives, and vision. Management should ensure commitment levels of employees towards achievement of the goals are always high.
(vi) Key values for the organization should be identified and enough emphasis should be laid on them. The key values should be geared towards making the organization unique and as such give it a competitive advantage. These values should include among others; emphasis on quality performance and quality products, dedication and hard work, teamwork and mutual respect, strong customer service orientation, transparency and accountability, equal opportunity for all stakeholders and respect for the environment.
(vii) Input of employees who are to be affected by a decision should be solicited to ensure ownership, sense of belonging, and reduce resistance in introducing and implanting change. This will also assist in improvement of change management as well as improved commitment towards achievement of the objectives.

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