Exploring effect of leadership and work culture on organizational and employee performance

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Abstract

The culture existing in any organisation is a cognitive structure consisting of attitude, values, behavioural norms and expectations shared by the organizational members. A strong work-culture can built up the strong foundation for any organization, if properly followed by all the members of the company. It has great impact on employee performance and so as on the organization success. During the course of this research study demonstrates how does work culture helps in overall shaping of organizational life. We examine the importance of having a strong work-culture in light of employees and overall organizational perspective. We further study the effect of work culture on actual employee performance. Lastly we try to throw some light on role of leadership in shaping organizational performance.

Keywords

Work Culture, Organizational Performance, Employee Performance, Effect of Leadership

I. Introduction

According to Arunchand and Ramanathan (2013), organizational culture is the collective behaviour of employees who form the core of an organization. It is shaped by organization values, visions, norms, working language, systems, and symbol. It also includes beliefs and habits of employees. Organizational environment has been recognized as a source of influence on the individual's behaviour, satisfaction and morale. Culture is defined as the dynamic set of assumptions, values and artifacts whose meanings are collectively shared in a given social unit at a particular point in time.

Corporate culture is the system of shared actions, values, and beliefs that develops within an organization and guides the behaviour of its members. It is also the formal and informal behaviour that a company and its employees adopt as their way of doing business[1]. Culture could be define as interaction agreement of common characteristic that influence a human group in the same ways as personality determines the identity of the individual[2]. The essential core of culture consists of traditional ideas that are historically derived and selected and especially their attached values.

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[1] *Source: www.studymode.com (accessed 25th Oct'2015)*

[2] *Hofstede G (1980), Cultural Consequences, Sage Publication*

I (a): Research Objectives

1) To study the importance of work culture from organization perspective and employee perspective
2) To study the effect of work culture on employee performance
3) To study the role of leadership in improving organizational performance

I (b): Methodology

The research mostly uses exploratory research design wherein secondary data sources have been extensively used.

II. Importance of work culture from organizational and employee perspective

Culture is imperative for organizational change efforts, deployment of human resources and to a large extent aid in sustaining competitive edge. Indeed leaders are challenged to revolutionize their organizational culture as to address the business world revolution[3]. Work culture enables organizations to remain competitive in an increasingly globalized market. Organizational culture is an open system approach which has interdependent and interactive association with organizations performance.

Culture comprises the way in which we do things, see things, use things and judge things and this carries from society to society. The powerful, pervasive role culture plays in shaping organizational life lends plausibility to speculations that cultural factors may be linked with exceptional levels of organizational performance. Work culture helps in recognizing the importance of the human element in the future success of business means that the establishment of a positive culture helps attract and retain the best of the best is a necessity. Research has shown that positive culture leads to better productivity and a better bottom line.

Initially, organizational culture is a predictor of industrial relation and secondly; in spite of the national and distinctive existing organizational culture Industrial relation can be optimized by controlling a few critical dimensions. It is clear that the organizational culture does indeed influence the level of Industrial Relation in India as organizational culture is the outcome of many organizational policies and practices[4].

A sound organizational culture and climate encourages a cooperation attitude towards their work which is most essential for the organization in the task of achieving its goal and objectives that also benefit the employee. Writers on management and organizations have suggested that aspects of organizational culture, particularly cultural values, have an impact on the motivational level of the employees. It has been pointed that culture serves as organizational control mechanisms, informally approving or barring some patterns of behaviour helping the top management to control behaviour in accordance with their objectives[5].

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[3] *Contemporary Management Research (2008) pp 43-56*

[4] *Roy (2012), Prabandhan, Indian Journal of Management, pp 37-47*

5 Sinha et. al., *Impact on work culture on motivation and performance level of employee in private sector companies*

Technocratic culture has the strongest partial correlation or the purest relationship with role motivation. Some scholars have claimed that positive cultural traits boost performance in proportion to the strength of their manifestation. The concept of organizational culture has gained wide acceptance in understanding the management of change in human relation practices.
Organizational culture is an important concept and a pervasive one in terms of its impact on organizational change programmes. The literature suggests an uncertainty in terms of the link with organizational performance as strong cultures have been shown to hamper performance and there is also a problem of isolating the impact of corporate culture on performance[6]. Without doubt it can be said that although cultural and attitudinal change is a difficult process but if it can be implemented with planned programs and action it can create a culture which reduces employee stress and generate employee job satisfaction.

III. Effect of work culture on employee performance

It is evident that strong relationship exists between organizational culture and employee performance, suggesting organization material such as equipment handling; social behaviour and symbolic elements have positive and large influences on the performance of employees. Organizational culture is no doubt able to influence performance; if mediated by job satisfaction.

Organizational culture does not influence directly to the employee performance. It means the higher organizational culture unable to improve the employee performance, because of that organizational culture value including bureaucracy, innovative and supportive should be socialized in each employee. So the organizational culture can be instilled in each employee and they are able to work better for company. The implications for HRM are that indigenous workers who are more satisfied with the way their cultural beliefs are valued in the workplace are likely to be more loyal and may be superior performance. Organizational Culture and Climate are the factors play an important role in the performance of the employee and the success of every organization.

An organization with a culture that encourages employee participation, commitment, team work, which is characterized by team work and harmony, and which give room for employee self-development and improvement attracts highly, keep and motivate highly skilful individuals. Two distinct work cultures: `soft' and `synergetic' have been identified. Soft culture is typified by flexible management and the dominance in employees' lives of non-work activities and influences, while in the synergetic culture management is assertive, hard work is rewarded, ample welfare is provided and good union relations are cultivated[7].

There is a very strong effect of organizational culture and climate on the morale and satisfaction of the employee on the organization. They both reflect the   employee's perception of their organization and they are extremely important for the organization to achieve goals. The study conducted to find out the Impact of Organizational culture on employee morale founds that the culture existing in public sector undertakings is bureaucratic culture and the morale of the employees is low. But on further analysis it becomes clear that level of bureaucratic culture has no effect on employee morale.

Results also pointed that employee morale vary among male and female employees. Level of morale was found to be more for male employees than their female counterparts. While endorsing support

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[6] *Boyle (2008), Understanding and managing organizational culture*

[7] *Ballabha, JP (1990), Work culture in the Indian context*

to the prevalence of cultural compatibility in an organization, managers have to see that it is effectively implemented. In short culture compatibility has become an imperative that's applicable to the fast emerging transnational corporations. A good induction programme as a part of work culture ensures a more confident and settled employee with a positive mindset. It also lowers attrition and helps in inculcating a culture of bonding within the organization[8].

IV. Role of leadership on organizational performance

Leaders and managers play a large role in influencing an organization's corporate culture. It is the responsibility of management to maintain and establish a positive culture. A good leader establishes a positive and healthy organizational culture by motivating his/her subordinates to perform at a high level, by promoting open communication, and establishing positive authority. Furthermore, to succeed in establishing a positive atmosphere and a culture where employees encouraged thriving, it is essential that managers go beyond good management and become great leaders. A healthy culture promotes employees with a healthy appetite for performance and success. One of management's most crucial roles in establishing a productive culture is to motivate subordinates.

An organization with warmth and support provided by the managers boosts the performance of its associates as everyone desires to work in the organization with ample support and warmth from managers, which creates a sense of security from supervisors. The result also shows that the high degree of structure lowers the employee performance. This implies that associates do not want to be supervised closely and a strong check on their behaviour makes them uncomfortable, which ultimately lowers their performance[9].

In the present day scenario, understanding the details of cross cultural implication in organization is getting increasingly important. People with vision, passion and commitment towards their aspiration become brilliant leaders and mark their presence in the global purview. Leadership today is a search of new dimensions and one such aspect is spiritual leadership. The makeover of the organization leadership style based on spirituality is just the unfolding of a new era. Thus organization will have to undergo a transition featuring a mixture of culture and spirituality. Culture is so pertinent that leaders who dares from improving it can determine whether an organization thrives or fails[10].

V. Conclusion

The research study focused on firstly, studying the importance of work culture from organization perspective and employee perspective. Secondly it focused on studying effect of work culture on employee performance and lastly role of leadership in improving organizational performance. It has been found that organizational culture is needed to achieve organizational goals and objectives. It is a powerful tool which is necessary for organization to give fight to the other competitors in this growing edge of competition as well shaping organizational life. Work culture helps in better productivity of the organization. It is the outcome of policy formulation for the other organizations. It helps in

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[8] *Mishra D(2007), HRM Revie, The induction programme as a part of the culture, 53-56*

[9] *Anu Singh, A. K. (2012). Perception of work culture and its impact on performance in DMRC. Indian Journal of Marketing , pp. 27 - 33*

[10] *Saha, A. (2007). Nurturing Cultural Diversities: A leadership Challenge. HRM Review , pp. 64-68*

recognizing the importance of human resource which is an important component of organizational success. Lastly, Positive culture helps in achieving organizational goals and objectives as it has good impact of on the motivational level of the employees. It also reduces the stress and generates job satisfaction amongst the employees.

Regarding the second objective of this research, it has been found that work culture affects the job performance of the employees directly or indirectly. Employees who are satisfied with the work culture are likely to be more honest and give their hundred percent and always are the part of success of the organization. Favorable work culture helps in reducing the retention ratio. It also reduces the stress on the management as they have to deal less with the issues like trade unions. It helps in creating harmony amongst the people.

Regarding the last objective of this research study, it has been found that leaders play an important role in influencing the work culture. It is his responsibility to maintain and establish the positive work culture. He is just captain of the ship so he should understand the aspect from both side i.e. management and the employees. He should maintain positive relationship amongst them because the role of the leader is to motivate his subordinates to give their best and achieve goals of their organization. A healthy atmosphere promotes employee with healthy appetite for performance and the success.

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