

Impact Of Effective Corporate Culture on Organizational Performance: An Empirical Study

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Abstract

The effectiveness of corporate culture and organizational performance are examined in this study. Corporate culture is incredibly important in determining how people behave, value, and think inside an organization. It includes accepted values, customs, and procedures that direct employee behavior and affect productivity. Employee engagement, satisfaction, and dedication are fostered by an effective and positive business culture, which enhances organizational success. The core components of great business culture—clear ideals, capable leadership, transparent communication, and employee empowerment—are examined in this essay. Additionally, it looks into the several ways that improved corporate cultures can improve performance outcomes such as boosted productivity, innovation, customer happiness, and financial performance. The report also emphasizes the possible difficulties in creating and keeping a favorable business culture. Leaders and managers can benefit greatly from understanding the link between corporate culture and organizational performance in order to improve performance and establish a long-lasting competitive advantage. The researcher had considered 187 people from different organizations to know the impact of effective corporate culture on organizational performance and concludes that there is significant Impact of effective corporate culture on organizational performance.

Keywords: Corporate culture, Organizational performance, Employee empowerment, Values, Ethics

Introduction:

Organizations are continuously looking for ways to establish a competitive edge and experience sustainable success in the highly competitive business environment of today. Corporate culture is one important aspect that has become a significant predictor of organizational performance. Shared values, beliefs, attitudes, and behaviors are referred to as

corporate culture and help create an organization's overall identity and direct its employees' behavior.

Organizational performance is greatly influenced by a strong corporate culture. It develops a unified and interesting workplace where workers are inspired, effective, and dedicated to attaining the objectives of the company. When the organization's culture supports its strategic goals, it promotes a sense of mission and offers a context for decision-making at all levels.

Increased employee engagement is one of the main effects of a successful company culture on organizational performance. A welcoming and inclusive workplace culture fosters a feeling of community, stimulates candid communication, and gives staff members the freedom to share their opinions. Employee engagement increases the likelihood that they will use their own initiative, which boosts output, innovation, and customer happiness. Additionally, they are more likely to stick around, which lowers turnover rates and the associated expenses of hiring and training new employees.

A healthy business culture also encourages people to think highly of themselves. Individuals are motivated to provide their best work and continuously develop when they are in line with the organization's values and goals. This creates a culture of excellence where staff members strive for ongoing learning and growth, enhancing both individual and group performance. A culture that celebrates excellence and upholds accountability also encourages healthy competition, which develops innovative and propels organizational development.

Employee morale and well-being are also significantly impacted by an effective corporate culture. Employee job satisfaction and general well-being are higher when they feel valued, respected, and supported by their employer. This productive workplace encourages worker loyalty, lowers stress levels, and improves work-life harmony. In turn, this leads to lower absenteeism and presenteeism rates in organizations, which eventually improves overall organizational performance.

Furthermore, elite personnel are drawn to companies with clearly defined corporate cultures. Prospective employees closely consider an organization's culture before making career decisions in today's competitive employment market. High-performing individuals who share the organization's values are more likely to be attracted to and retained by organizations with a positive culture that values diversity, inclusion, and work-life balance. This influx of top personnel fosters innovation and moves the company ahead of its rivals by bringing new perspectives, knowledge, and abilities.

In conclusion, it is impossible to exaggerate the influence a strong corporate culture has on an organization's performance. It affects worker morale and well-being, encourages a high-performance mindset, and draws in top talent. Positive organizational cultures are prioritized and fostered, which results in a work environment where employees flourish and increase output, creativity, and performance. Building a strong corporate culture has become a crucial strategy for businesses looking to achieve long-term success as the business landscape changes.

Literature Review:

The success and general effectiveness of an organization are greatly influenced by its corporate culture. An innovative workplace engaged employees, and a happy work environment are all fostered by a strong and effective company culture. This review of the literature tries to investigate how effective corporate culture affects organizational performance by incorporating knowledge from several studies and experts on the subject.

The book *Organizational Culture* by **Schein (1985)** is largely considered a classic on the topic. Corporate culture is described by him as "a pattern of shared basic assumptions that a group has learned as it solved its problems of external adaptation and internal integration." According to Schein, a strong culture that is in line with an organization's aims and values has a significant impact on employee motivation, behavior, and overall performance.

The connection between corporate culture and organizational effectiveness is examined by **Denison (1990)**. Denison defines four crucial aspects of company culture through his research: engagement, consistency, adaptability, and mission. According to him, businesses with cultures that value involvement, consistency, adaptability, and a defined objective are more likely to provide better performance results. Similarly, to this, **Schneider et al.'s (2017)** study found that inclusive and supportive corporate cultures had a favorable impact on employee well-being and job satisfaction.

The Competing Values Framework (CVF), according to **Cameron (2011)**, can be used to analyze and comprehend organizational culture. Clan, adhocracy, market, and hierarchy are the four quadrants used by the CVF to classify civilizations. They contend that the success of an organization depends on striking a balance among these four types of culture. Their study shows that balanced cultures in organizations lead to better performance outcomes.

The relationship between corporate culture and organizational success is examined by **Kotter (2011)**. They contend that increased financial performance eventually results from a strong culture that is in line with the organization's strategic aims. Their research shows that companies with strong cultures perform better than those with ambiguous cultures.

According to **Schein (1990)** model, organizational culture is made up of three levels: shared fundamental beliefs, espoused ideals, and artifacts and behaviors. This concept offers a basis for comprehending how corporate culture affects worker performance and behavior.

In the context of Japanese keiretsu alliances, **Dyer (2003)** investigates the influence of corporate culture on competitive advantage. The study shows how these coalitions' deep cultural links help them maintain a competitive edge and perform better over time.

Chatman (1996) looked at the connection between organizational performance and culture. They contend that greater performance can be attained and that a strong culture can be a source of competitive advantage. According to their research, companies with strong cultures have higher levels of employee loyalty, less turnover, and superior financial results.

The idea of organizational culture as a source of long-term competitive advantage is examined by **Barney (1986)**. He contends that an exceptional and powerful culture may be an important asset for organizations, resulting in improved performance and long-term success. The study by Barney emphasizes how crucial it is to match strategy with culture in order to produce higher performance results.

For an organization to keep its competitive edge, innovation is essential. A supportive and empowering business culture greatly increases individuals' intrinsic motivation, creativity, and innovation, according to **Amabile and Kramer (2011)**. Similarly, to this, the groundbreaking work, of **Schein (2010)** highlights the value of company culture. According to him, culture is "a pattern of shared basic assumptions that a group learned as it solved its problems of external adaptation and internal integration." According to Schein, an effective culture fosters a feeling of shared principles, goals, and objectives, which boosts worker commitment, satisfaction, and productivity.

Employees who actively engage in discretionary behaviors that support the organization's aims and values are more likely to have an effective corporate culture (**Organ, 1988**). According to **Podsakoff et al. (2000)**, this behavior has a favorable impact on innovation, teamwork, and overall organizational effectiveness.

The connection between corporate culture, entrepreneurship, and strategic management are discussed by **Hitt (2005)**. They contend that an innovative, risk-taking, and willingness to challenge the status quo entrepreneurial culture has a favorable effect on organizational success. An environment that supports innovation, learning, and response to market dynamics is fostered by such a culture.

In the research, **O'Reilly and Pfeffer (2000)** discovered that organizations with strong cultures regularly outperformed their competitors in terms of financial measures. A meta-analysis performed by **Jiang et al. (2019)** also showed a favorable correlation between a strong corporate culture and financial performance across different industries and geographical areas.

Objective: To measure the Impact of effective corporate culture on organizational performance.

Methodology: The researcher had considered 187 people from different organizations to know the Impact of effective corporate culture on organizational performance. The survey was conducted with the help of a questionnaire. The researcher had collected the primary data through random sampling method and analysed it using mean and t test statistical tools.

Findings

Table 1 Impact of effective corporate culture on organizational performance

S. No.	Statements	Mean Value	t value	Sig.
1.	Effective corporate culture increases intrinsic motivation, creativity, and innovation among employees	3.17	2.366	0.010
2.	Fosters a feeling of shared principles, goals, and objectives	3.12	1.680	0.047
3.	Supports innovation, learning, and response to market dynamics	3.14	1.992	0.024
4.	Encourage employees to go above and beyond their duties and perform better	3.13	1.812	0.036
5.	Employees are interested in working for a company that has a reputation for having a strong culture	3.15	2.125	0.017

6.	Raises employee satisfaction and decreases the expense of hiring and training new employees	3.16	2.229	0.014
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Table above is showing the impact of effective corporate culture on organizational performance. The respondent says that Effective corporate culture increases intrinsic motivation, creativity, and innovation among employees with mean value 3.17, Raises employee satisfaction and decreases the expense of hiring and training new employees with mean value 3.16 and Employees are interested in working for a company that has a reputation for having a strong culture with mean value 3.15. The respondent also says that effective corporate culture supports innovation, learning, and response to market dynamics with mean value 3.14, Encourage employees to go above and beyond their duties and perform better with mean value 3.13 and fosters a feeling of shared principles, goals, and objectives with mean value 3.12. The value under significant column for all the statements related to effective corporate culture are significant with value below 0.05 after applying t-test.

Conclusion:

In conclusion, it is impossible to overestimate the positive effects of an effective corporate culture on organizational performance. An engaged, motivated, and productive workforce is created by a strong, good business culture, which also fosters employee involvement. Employees are more inclined to go above and beyond their duties and perform better overall when they sense a connection to the organization's values and aims. Top talent may be attracted and kept by having a clear corporate culture. Prospective employees are more likely to be interested in working for a company that has a reputation for having a strong culture and a nice work environment. Additionally, a positive business culture raises employee satisfaction and lowers turnover rates, which decreases the expense of hiring and training new employees. Effective business cultures also encourage creativity and adaptation. Creativity thrives when staff members feel free to express their thoughts and opinions, and when taking risks is valued. This encourages a culture of ongoing learning and development, enabling businesses to adjust to shifting market conditions and gain an advantage over rivals. In conclusion, creating and maintaining a successful corporate culture is crucial for the success of an organization. It fosters employee motivation, draws in top talent, encourages innovation, and eventually leads to better performance. Corporate cultures that are prioritized

and fostered by organizations have a higher chance of thriving in the competitive and dynamic business environment of today.

The study was conducted to know the Impact of effective corporate culture on organizational performance and found that Effective corporate culture increases intrinsic motivation, creativity, and innovation among employees, raises employee satisfaction and decreases the expense of hiring and training new employees and Employees are interested in working for a company that has a reputation for having a strong culture. The study concludes that there is significant Impact of effective corporate culture on organizational performance.

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