

EXAMINATION OF THE RELATIONSHIP BETWEEN ORGANIZATIONAL CULTURE AND PERFORMANCE

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Nowadays other aspects of motivation are also displayed, including in relation to organizational culture. Visible and invisible elements of organizational culture have an impact on performance of workers. Shared values and knowledge by employees are resulting a strong organizational culture. The better the organizational culture, the higher level of motivation is manifested among employees. According to the observations, if in an organization there is a strong organizational culture with gratitude and recognition towards employees, this will cause the strengthening of motivation and significant performance improvements. The objective our study is examining the relationship between organizational culture and motivation and how dimensions of organizational culture motivate employees of the organization.

Keywords: organizational culture, motivation, motivation level

1. Introduction

Nowadays, the rapidly changing economic environment, fierce competition, the economic crisis has supported a number of challenges to the companies. The increase in competition and the dynamically changing external environment are perceived in leadership and organization culture. Those leaders are able to successfully lead their organizations who are able sense changes in the environmental impact in time, respond quickly to them and create a vision.

The leaders alone are not able to respond to every situation or find an immediate, correct solution, that's why on the one hand they have to rely on their colleagues and on the other hand they have to learn on the time. These organizations have a competitive advantage that is difficult to replicate. The quality of colleagues will ensure the successful operation of the organization in the long term, so it is determining what kind the evaluation, the motivation and the reward system are within the organization. The better the organizational culture, the higher level of motivation is manifested among employees. According to the observations, if in an organization there is a strong organizational culture with gratitude and recognition towards employees, this will cause the strengthening of motivation and significant performance improvements.

The objective in our study is examining the relationship between organizational culture and performance including the motivation. We are examining the Iceberg model because it is well illustrated by the relationship between organizational culture and performance.

2. Organizational culture

Organizational culture primarily means beliefs, values and the system based on semantic interpretations which are used by the members of the organization in order to understanding the uniqueness of which the organization is derived, feeded, worked and continuing developed [5].

Based on the concept of the organizational culture, organizational behaviour can be derived from thorough examination of a variety of patterns and options primarily, and are valid for within a formal organizational structure.

The definition of culture consists of set of values, beliefs, perceptions and ways of thinking and understanding or thinking. That member of the organization has in their common aspects and exactly as a true phenomenon is taught to newly arrived members and represents organization's tacit and significant parts [12].

Constructed organizational culture by these elements is converting the identity and environmental

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awareness of the institution, the organization's employees, facilitating the identification of targets as a positive impact and resulting stability and simplicity [7].

The organizational culture is system of assumptions, values and beliefs accepted and collectively interpreted by the members of the organization [1, 2, 13]. The members of the organization accept this as a valid and hand over to the new members also as a desirable way of thinking and behaviour [21, 23]. These assumptions essentially operate in the depths of consciousness.

The importance of organizational culture is that without it members of the organization would be left alone in recognizing and interpreting environmental and organizational incidents. Based on Schein (1989) definition, organizational culture is "A pattern of shared basic assumptions that a group has learned 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" [38].

The organizational culture supports compliance and efficiency efforts in each case. It provides identity and continuity for the employees regardless of their position filled in. The task of organizational culture is restoring balance between the opposing values and presenting common thinking and behaviour patterns [19]. The organizational culture creates greater coordination and cooperation throughout the organization [14].

According to Peters (1986), organizational culture is a system of organization, strategy, manpower, management style, systems, procedures, concepts and value systems. According to Joo (1987), cooperation of the mind, the attitude, the management principles, the operation of the organization, the working environment, the technique, the technology and the adaptability establish the organizational culture. In Bakacsi et al. (1991) and Bokor (2000) opinion assumptions, beliefs, values, ritual, symbols and objects closely related to them are important role. According to Csath (1990, 1995), organizational culture is a behaviour in unexpected decision-making situations. In the case of analysis of organizational culture can be observed a contact circuit between the content, interpretations and expressions of culture [5, 8, 10, 12, 28, 35].

2.1. The levels of organizational culture

Organizational culture is a complex phenomenon. It includes many manifestations and laws of social life. This complexity can be observed in the different levels of the organizational culture. The development of organizational culture is the result of a long process. Part

of this process is the common experiences that are created as a result of a joint learning process [6].

Several organizational culture models are created by the researchers, but in this article we are examining the Iceberg model because it is well illustrated by the relationship between organizational culture and performance.

In Muri's model the culture is similar to an iceberg, it has visible and invisible elements. The lower part of the iceberg is the visible characteristics. This part is visible by the external observers about the organization and the operation of the organization. However, these elements are specified by the invisible elements "under the water". The real culture is below the surface and invisible. It appears in the values, assumptions, beliefs, feelings and attitudes [26].

Edgar Schein suggests that, fundamentally, culture is: "A pattern of shared basic assumptions that the group learned as it solved its problems that has worked well enough to be considered valid and is passed on to new members as the correct way to perceive, think, and feel in relation to those problems". But, because these ingrained assumptions are tacit and below the surface, they are not easy to see or deal with, although they affect everything the organization does [4].

1st level: Behaviours: The first level is the characteristics of the organization which can be viewed, heard and felt by individuals collectively known as artifacts. Under artifacts come a lot of things of the organization, such as the dress code of the employees, office furniture, facilities, behaviour of the employees, mission and vision of the organization and go a long way in deciding the culture of the workplace. Good examples for the verbal artifacts are language, stories and myths. The physical artifacts are technology and art exhibited by members or an organization.

2nd level: Values: The next level according to Schein which constitute the organization culture is the values of the employees. At this level, local and personal values are widely expressed within the organization. The individuals' values play an important role in deciding the organization culture. The thought process and attitude of employees have deep impact on the culture of any particular organization. The mind of the people matters a lot for the organization. The way of thinking of the individual associated with any particular organization influences the culture of the workplace.

3rd level: Primal Assumptions: The third level is the supposed values of the employees which cannot be measured but do make a difference to the culture of the organization. These are the elements of culture that are unobserved and not cognitively identified in everyday interactions between members of the organization.

There are certain beliefs and facts which stay latent but do affect the organizational culture. Other aspects of human nature come under the third level of organization culture. On the one hand in organizations where female workers dominate their male counterparts do not believe in late sittings as females are not very comfortable with such kind of culture, on the other hand the male employees would be more aggressive and would not have any problems with late sittings. The organizations follow certain practices which are not discussed often but realized on their own. That rules shape the third level of the organization culture.

Schein's iceberg model shows that organisational culture has a visible and a hidden aspects. The visible aspects are things such as written documents – strategic plans, job descriptions and disciplinary procedures. Organisational culture consists of values, beliefs and norms, Schein argues that these exist in people's heads, which raises the challenge of how actually to identify and interpret them. The key to Schein's idea is that these three levels of analysis can create a better understanding of the different components of culture in organisations.

Schein's model was one of the first scholarly studies – which are valuable – that provide the link between scientific activity and practicability. Furthermore, the model insures rationales for failures with the planned changes in culture. The discrepancies between understanding and conduct between levels two and three also provided a partial explanation for the inability of organisations creating unifying cultures [20].

Schein's model helps demonstrate that culture is something of great importance to organizations as it is something that can either unite or alienate individuals [46].

3. Organizational motivation

According to Slocum and Hellriegel (2007) "motivation represents the forces acting on or within a person that cause the person to behave in a specific, goal-directed manner". We could conclude that from this concept because motives of employees affect their productivity, one of leader's jobs is to channel employee motivation effectively toward achieving organizational goal.

Gareth, George, Hill (2000) defined motivation as "psychological forces that determine the direction of a person's behaviour, a person's level of effort, and a person's level of persistence in the face of obstacles". Myers (1996) defines motivation as "a need or desire that serves to energize behaviour and to direct it towards a goal".

Hawkins (1993) defines it as "what drives or induces a person to behave in a particular fashion, the

internal forces which initiates, directs, sustains and terminates all important activities". It influences the efficiency achieved, the level of performance and the time spent on an activity. As all cited in (Lai, 2011), motivation refers to "the reasons underlying behaviour" (Guay et al., 2010). Paraphrasing (Gredler et al., 2004) broadly define motivation as "the attribute that moves us to do or not to do something" (p. 106) [16, 21, 22, 25].

3.1. Importance of organizational motivation

Motivation is one of the most important factors determining organizational efficiency. The demotivated employee get waste resources, so every superior in the organization must motivate its subordinates for the right types of behaviour. The performance of human beings in the organization is dependent on the ability embedded in motivation. A management figure Rensis Likert referred to motivation as "the cost of the management" motivation is an effective instrument in the hands of management in inspiring the workforce. Motivation increases the willingness of the workers to work, thus increasing efficiency and effectiveness of the organization.

Best consumption of resources: motivation ensures best and efficient consumption of all types of resources. Consumption of resources is possible to its fullest extent employees are induced to contribute their efforts towards attaining organizational goals. Thus people should be motivated to carry out the plans, policies and programmes laid down by the organization.

Will to contribute: there is a difference between "capacity to work" and "willingness to work". One can be physically and mentally fit to work, but he may not be willing to work. Motivation results in feeling of involvement to present his better performance. Thus, motivation bridges the gap between capacity to work and willingness to work.

Reduction in manpower problems: the objectives, the carryout plans in accordance with the policies and programme can eliminate the lack of motivation. It reduces manpower problems like manpower turnover, absenteeism, indiscipline. Grievances, etc. because their real wages increase by motivational plans.

Increased rate of output and quality of output: When the employees are motivated, it leads to increase in the quantity and quality of output produced. This is because the motivation results in greater personal effort and devotion on the part of the employees.

Reduced turnover: Employee motivation reduces the rate of employees exit and absenteeism in the organization. This is because motivation leads to job satisfaction and causes the employees to be loyal to their employers, which minimizes management problems [30].

Motivated employees help organizations survive, because motivated employees are more productive. The behaviour and attitudes of motivated employees cannot be underestimated and this helps to contribute to the tone of positive organizational behaviour. Managers need to understand what and how motivate their employees, because this is the most complex task of the manager role. This is due, in part, to the fact that what motivates employees changes constantly as cited in [27].

There are seven motivating factors which can effect on employees. These factors are the following: reasonable targets (understanding with personal goals, understanding with values, meet the demands), independent performance (freedom, right specifications, minimal intervention), responsibility (comprehensive information, personal success), awareness (qualification, knowledge), feedback (open-mindedness, overview), justiceship (partnership) and challenging tasks (complexity, according to personal interests) [30].

4. Relationship between organizational culture and motivation

An organisational culture is characterized by the degree to which the under lying values and beliefs are shared by all employees in the organisation and the sharing of different aspects of values and beliefs by individual employees.

Internal motivators such as the need to feel competent and to perform interesting tasks can generate motivation. There is no external premium necessary because the motivation comes from the employee himself. This is called intrinsic motivation. External motivation is characterized by the reward of material or immaterial motivators like payments and status. The influence of organisational culture on employee motivation has been recognized and may have a positive effect on the organisation [18, 37].

Employees who are sharing hidden values and beliefs of the organisation characterize a strong organisational culture. That involves the sharing of values and beliefs by all employees in the organisation and the sharing of different aspects of values and beliefs by individual employees in the organisation. Sharing these values and beliefs could cause employees to feel a strong connection with the organisation and with each other; there is more of a group feeling. If new employees enter an organisation, they attempt to understand what the organisation is really like and try to become participating members (Feldman, 1976). Individuals are motivated to “make sense” of their environment and understand why things happen [24].

Ritchie (2000) mentions that by observing behaviours that are common to the members of the organi-

sation, new employees can determine what behaviours are expected and rewarded. For the new employees can be a model for the future. If individuals adhere to and are rewarded by organisational expectations, they may find that they are unable to separate organisational expectations from their own. This process can create an intrinsic reward system, too.

Ritchie (2000) argues that strong organisational cultures create a feeling of belonging, increased job satisfaction and commitment [33].

Motivation is one of the key components of organizational culture. Organizational culture plays a significant role in an organization regarding how people feel about their work, levels of motivation, commitment, and in turn job satisfaction. These views are further backed by Sempane et al. (2002) by explaining that people are the key factors for competitiveness and organizations can demonstrate highly complex social structure because of their cultural strength. There is a clear mutual interdependence between organization and its employees, where both the parties have an impact on each other's potential in achieving success. Such a relation gives birth to the relation of employee motivation and job satisfaction. Organizational culture should be prompted to ensure employee motivation in order to achieve organizational goals (Sempane et al. 2002). Managers and employees feel responsible for the organisational success, because they take part in the life and processes of the company. According to Hofstede (2001), recognition of the work done by the employees will make them work harder in future.

Motivation can be seen to be linked to culture by looking at the five sources of motivation proposed by Kanter (1989). He details that employees are motivated through mission (inspiring employees to believe in the importance of their work), agenda control (enabling employees to control their careers), a share of value creation (rewarding employees for successful efforts), learning (providing learning opportunities) and reputation (giving employee's opportunity to get a name for themselves) [40].

4.1. Organizational culture and performance

According to Ogbonna and Harris (2000) there has been a lot of literature defining the link between culture and performance of an organization. Brown (1998) suggested that one of the important consequences of the strong organizational culture is its impact on the performance of the company. Also, Denison (1990) conducted the research on performance-culture link using the data from 34 companies of America in a period of 5 years. Based on the quantitative studies, the author, constantly, examined the cultural characteristics and performance of these companies throughout the period of 5 years. He used the data

of “return on investment and sales to measure performance. Although there were variances among some of the measurement indicators” strength to find the relation between the two, he was successful in finding out a link between the culture and organizational performance. He found that long-term financial performance is linked with the decision making and work design of an organization. Despite the encouraging results of the study, it had its limitations, too.

Rousseau made a research the link between organization culture and performance of an organization in 1990, so he analysed 32 voluntary fund-raising service organizations. Unfortunately, Rousseau was not successful to find a significant correlation between organizational culture and performance. After the Rousseau’s study failed to find any significant link between the two, Kotter and Heskett led an extensive study in 1992 in order to find culture-performance link. Data was collected from 207 companies over the period of 5 years. Various measures of culture and economic performance data were taken into consideration to make their study successful. At the end of the study, only a minor relation was found between strong culture and long-term performance which was their initial objective.

Ogbonna and Harris (2000) analysed the relation between the organizational culture and company performance. They included leadership style as one more variable in their model. Data was used from 1000 registered British companies. Customer satisfaction, sales growth, market share, competitive advantage and sales volume were the variables used to measure performance. In order to measure organizational culture, innovative, competitive, bureaucratic, and community cultures were taken into account. Their study explored that all the variables used to measure organizational culture are having their direct or indirect impact on the organization’s performance.

Besides, Suppiah and Sandhu (2011) found that organisational culture types influence tacit knowledge sharing behaviour and that such influences may be positive or negative depending on the culture type [40].

4.2. Results from studies of relationship between organizational culture and motivation

Based on Sokro’s examination the following can be established in the relationship between the organizational culture and the motivation:

General responses explored that majority of respondents believe that organizational efficiency increases with the increase in the motivational level of employees. This notion is from Hutchinson (2007) who said that “better motivation of employee’s results in an efficient workforce and it eventually increases the overall efficiency of an organization”.

As shown above, 36% of total participants have fully agreed with the statement that better motivation decreases the attrition rate of employees, while 32% also agree with the statement, 18% of participants also partially agreed. As declared by Andrews (2009), “attrition rate or the number of employees leaving an organization reflects the culture of the organization and whether it is a preferred place to work in”. Robbins (2009) also backed this thought by suggesting that “it is the obvious consequence of motivation that employees would not leave an organization where they are motivated to work in”. Most of the employees have agreed that they will not leave the organization, if they are motivated.

As revealed, 78% participants believe that organizational culture has an impact on both employee motivation and their performances. The 16% believe that its impact is directly on employee performance while as 4% responded that its impact is on employee motivation [40].

5. Conclusion

Employees believe that organizational efficiency increases with the increase in the motivational level of employees and that better motivation decreases the attrition rate of employees in the company. These are showed that organisational culture determines and influences the level of motivation of its employees which makes them loyal. Better motivation of employees results in an efficient workforce and it eventually increases the overall efficiency of the organization.

Better working environment is essential to achieve organizational goals smoothly and that the organization’s profit target is set based on the organizational culture and performance. Irrespective of these, employees perform well because they live by the corporate culture of the company, this shows that the organizational culture have duly influence employee’s performance. Additionally, employees’ work performances depend to some degree on level of motivation given by the managers and that organisational culture contribute significantly to the achievement of organizational objectives in the company. Employees are motivated the more they perform well and this improves the overall efficiency or productivity of the company. Therefore, organizational culture has got an impact on both employee motivation and their performance [34].

Based on this article, it is recommended that the better the organizational culture, the higher level of motivation is manifested among employees. According to the observations, if in an organization there is a strong organizational culture with gratitude and recognition towards employees, this will cause the strength-

ening of motivation and significant performance improvements. Based on this statement we would like to examine this relationship in practice.

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