



## Impact of Organizational Culture on Employee Performance (A Case Study in the IT Sector of Gurgaon)

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<p>Received: 10<sup>th</sup> Nov 2021 Revised: 10<sup>th</sup> Dec 2021 Accepted: 20<sup>th</sup> Jan 2022</p> <p>CC License CC-BY-NC-SA 4.0</p>	<p style="text-align: center;"><b>ABSTRACT</b></p> <p>Organizational culture is a multifaceted concept that can originate from various sources, including the challenges and obstacles faced by an organization, or it may be intentionally shaped by management and employees. The culture of an organization significantly influences employee performance in the workplace. The primary objective of this article is to examine the various types of cultures within organizations and investigate the correlation between organizational culture and performance. A descriptive research design was employed for this study, with a sample of 230 IT employees from Gurgaon selected as respondents to complete the questionnaire. The findings of this study pertain specifically to IT employees in Gurgaon.</p> <p><b>Keywords : organizational culture, organizational performance, organization</b></p>
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### INTRODUCTION

The term "culture" refers to a set of values, customs, beliefs, and behaviors commonly observed within a society. According to Hofstede et al. (1990), organizational culture is defined as "a collection of values, beliefs, and norms shared by its members and reflected in organizational practices and goals." This definition underscores the importance of organizational culture in facilitating the selection of creative talent, testing, and risk-taking opportunities. The primary objective of this article is to explore the various types of cultures within organizations and examine their relationship with organizational performance.

Ouchi (1981) suggests a positive relationship between organizational culture and performance, although there is a scarcity of research specifically examining this connection. Culture has been identified as a significant factor influencing organizational success, with its positive impact on performance well-documented. Another definition describes organizational culture as the "shared values and morals held by employees within an organization or organizational unit," as it evolves to influence the behavior and attitudes of employees.

Organizational culture is influenced by the views and characteristics of employees within the organization, with each organization having its own unique culture. A strong organizational culture is associated with high growth and performance. Several factors, such as the type of culture adopted

by the organization (clan, adhocracy, market culture), the employees' characteristics, and performance, significantly influence organizational culture.

Hasan, Ali, and Hamid Taghiloo (2011) investigated the correlation between four types of organizational cultures and their impact on the organization. The results revealed a significant correlation between organizational cultures and learning organizations, with clan culture exhibiting the highest correlation coefficient among the various types of cultures.

Rational culture emphasizes external activities and goalsetting to achieve efficient outcomes, while group culture emphasizes flexibility and utilizes human resources to foster consistency and employee morale. Hierarchical culture emphasizes internal focus and stability through organization and communication. These cultural types have been observed within organizations, particularly in the IT industry.

The study highlights the prevalence of clan and hierarchical organizational cultures within the IT industry, with differences observed in terms of firm size, type, and age. Organizational culture and employee commitment play a crucial role in organizational development, with employees being valuable assets. Retaining employees in today's competitive environment requires organizations to meet high expectations for workplace culture and work-life balance. A conducive work environment boosts employee morale, commitment, and enthusiasm, while clearly defined roles and responsibilities facilitate effective performance. Proper culture planning, team support, encouragement, and training contribute to a healthy organizational culture and employee performance.

## PROPOSED RESEARCH MODEL



## OBJECTIVES OF THE STUDY

To examine various organizational culture types.

To explore the correlation between organizational culture and organizational performance.

## HYPOTHESIS

Null Hypothesis (H<sub>0</sub>): There is no significant correlation between organizational culture and organizational performance.

Alternative Hypothesis (H<sub>1</sub>): There is a significant correlation between organizational culture and organizational performance..

## RESEARCH METHODOLOGY

This present study attempts to study the types of culture in an organization and to test the significant relationship between organization culture and performance. The necessary data were collected through structured questionnaire. Analytical and descriptive type of methodology was followed. The study depends on primary and secondary data.

## AREA OF STUDY

Organisational culture and its impact on performance is relevant to IT industries has the IT Sectors consists of multi culture environment in the workplace. Therefore, the research was contacted in different IT companies to achieve the precise feature features of organizational culture and its impact on employee performance. The study covered different IT companies in Gurgaon.

## SAMPLING SIZE AND DESIGN

The primary data were collected through survey method. Survey was conducted directly and through electronic mail using well developed Questionnaire. Convenience Sampling has been done for generating data. Totally 260

Questionnaires were distributed and 250 collected out of which 230 completed questionnaires were found usable

### QUESTIONNAIRE DESIGN

The primary data were collected through questionnaire survey. The respondents were asked to give their opinion on organizational culture, commitment of the employees working in the organization and performance of the employees. The opening division of the survey comprises of employee's individual details and their perceptiveness on organizational culture and performance has elective questions. The next part consists of questions relating to organizational culture, and performance, with Likert's 5-point scale.

### DATA ANALYSIS

#### PERCENTAGE ANALYSIS

Percentage analysis is useful to find percentage and frequency of the variables for the study. The percentage analysis is used for the demographic variables of organizational culture and impact of performance followed below

**Table 1 : Demographic variables of the respondents**

z	Frequency	Percentage
<b>Age Group</b>		
Below 25	34	4.8
26-35	88	38.3
36-45	83	36.
46-55	22	9.6
Above 55		.3
<b>Gender</b>		
Male	3	57
Female	99	43
<b>Years Of Experience</b>		
Below 1 year	9	39.6
2-5 years	92	40.0
6-10years	33	4.5
11-15years	3	5.7
Above 15 years		0.4
<b>MontHly IncoMe</b>		
10,000-25,000	90	39.
26,000-35,000	77	33.5
36,000-45,000	49	21.3
46,000-55,000	3	5.7
Above 55,000		0.4

,9.6% are having age 46-55 years, and 1.3% are in the age group above 55 years.

The table 1 shows that out of 230 respondents, 57% of the respondents are male and 43% of the respondents are female. It is observed that most of the respondents are male. Out of 230 respondents, 39.6% have below 1 year of experience, 40% of respondents have 2-5 years of experience, 14.5% are of 6-10 years of experience, 5.7% are of 11-15 years of experience and 0.4% are above

**Inference:** From the above table 1 it was found that out of 230 respondents, 14.8% of them are in the age group of below 25, 38.3% of them are having age 26-35 years, 36.1% of them are having age 36-45 years, 15% of them are having 15 years of experience.

As per the data collected out of 230 respondents, 39.1% are having monthly income of 10k-25k, 33.5% are having monthly income of 26k-35k, 21.3% are having 36k-45k income, 46k-55k having monthly income of 5.3% and 0.4% are having above 55k of monthly income.

#### MULTIPLE REGRESSION ANALYSIS

Multiple regression is a dominant procedure used for predicting the unidentified value of a variable from identified value of two or more variables. Multiple regression analysis is mostly used when there

are more predictions and also when there is continuous dependent variable from more independent variables. In multiple regression there will always be one dependent variable and more independent variable. In the variable when the value is identified it is called dependent variable and the variable which is unidentified it is called independent variable. It is intended to inspect the relationship of a variable Y to a set of other variables  $X_1, X_2, X_3, \dots, X_n$ . the most commonly used linear equation is  $Y = b_0 + b_1 X_1 + b_2 X_2 + \dots + b_n X_n$ . Here Y is the dependent variable, which is to be found.  $X_1, X_2, \dots, X_n$  are the known variables with which predictions are to be made and  $b_0, b_1, \dots, b_n$  are coefficient of the variables. In this study, the dependent variable is organizational performance; Independent variables and analysis are discussed as follows

**Table 2: Multiple Regression Dependent Variable** Predictors: (Constant), General culture\_Total,

Dependent variable : Organisational performance(Y)

Independent variables : 1. General organizational culture (X<sub>1</sub>)

2 Clan culture (X<sub>2</sub>)

3 Adhocracy culture (X<sub>3</sub>)

4 Hierarchical culture (X<sub>4</sub>)

Multiple R value : 0.87

R Square value 0.75

F value 176.592

P value : .046, .000, .002, .003, .000

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Summary				
Model	0.87	0.758	0.754	45683

b. Dependent Variable: Organisational Performance R is the correlation, Its value is 0.871 and R square is the degree of determination, its value is 0.758. The degree of determination in table shows the extent to which factors (Organisational culture in general, Clan culture, Adhocracy culture and Hierarchy culture) Independent Variable : Organisational culture in impacts the performance. general, Clan culture, Adhocracy culture and Hierarchy culture

: **Org. Performance** Clan culture\_Total, Adhocracy culture\_Total, Hierarchy culture\_Total.

**Table 3: ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	47.418	4	36.855	76.592	.000
	Residual	46.957	225	209		
	<b>Total</b>	<b>194.375</b>	<b>229</b>			

a. Predictors: (Constant), General culture\_Total, Clan culture\_Total, Adhocracy culture\_Total, Hierarchy culture\_Total.

b. Dependent Variable : Organisational Performance

The above ANOVA table3 shows that the significant value is less than 0.01, Which means dependent variable organizational performance is significantly predicted by independent variables such as Organisational culture in general, Clan culture, Adhocracy culture and Hierarchy culture.

**TABLE 4 : SHOWING VARIABLES IN THE MULTIPLE REGRESSION ANALYSIS**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	306	152		2.008	.046
OC_TOTAL	576	064	.585	9.027	.000
CC_TOTAL	207	067	.230	3.113	.002
AC_TOTAL	-.196	064	-.159	-3.05	.003

HC_TOTAL	312	067	239	4.663	000
a. Dependent Variable: Org.Performance_Total					

OC\_total- Organisational culture, CC\_Total- Clan culture, AC \_culture- Adhocracy culture, HC\_total- Hierarchy culture.

## RESULTS AND DISCUSSION

In the analysis presented in the percentage table above, it was determined that among the 230 respondents, the highest percentage, 36.1%, falls within the age group of 36-45 years. Additionally, the data showed that 57% of the respondents identified as male, while 43% identified as female, indicating a higher representation of males. Moreover, a significant majority of the respondents were male. Out of the 230 respondents, 40% reported having 2-5 years of experience, with the remaining respondents distributed across other experience categories. Regarding monthly income, 39.1% reported earning between 10k-25k, 33.5% reported earning between 26k-35k, and only 0.4% reported earning above 55k per month, indicating a small percentage in the higher income bracket compared to other categories.

The multiple regression table results demonstrate the analysis conducted to assess the significant relationship between organizational cultures and organizational performance. The table indicates that organizational culture (Beta=0.585 for standardized coefficients) has a positive impact on performance, as evidenced by the p-value being less than 0.05. Similarly, Clan culture (Beta=0.230 for standardized coefficients) positively influences performance, with a p-value less than 0.05. Conversely, Adhocracy Culture (Beta= -0.159 for standardized coefficients) negatively affects organizational performance, with a p-value less than 0.05. Hierarchy culture (Beta=0.239 for standardized coefficients) also shows a positive significant association with performance, as indicated by the p-value being less than 0.05.

The regression equation illustrates the relationship between the variables Organizational Culture, Clan Culture, Adhocracy Culture, Hierarchy Culture, and Organizational Performance. A unit increase in Organizational Culture results in a performance increase of 0.585 units, and similar impacts are observed for Clan Culture, Adhocracy Culture, and Hierarchy Culture.

The significant constant indicates that even in the absence of factors influencing organizational performance, there is a positive impact on performance. The coefficient of R<sup>2</sup> suggests that changes in organizational performance can be explained by the factors to the extent of 75%, as R<sup>2</sup> =0.75. The significant F-Statistics validates the fitness of the regression model.

## CONCLUSION

The findings suggest that organizational performance in the IT sector is influenced by several factors. Notably, the study revealed that overall organizational culture, including specific types such as clan culture and hierarchy culture, positively affects performance, whereas adhocracy culture has a negative impact. Based on these results obtained from employees in the organization, it is recommended that organizations pay special attention to their organizational culture to enhance employee performance.

**Ethical Clearance-** Nil

**Source of Funding-** Self

**Conflict of Interest -** Nil

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