



A study on the relationship between Organization Culture and Employees' Performance.

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***Abstract***

This study investigates the relationship between Organization Culture and Employees' Performance of Divisional Secretariats in the Trincomalee District. 100 employees in the Divisional Secretariats in the Trincomalee District were taken for this study. It aims in measuring the level of Organization Culture, and Employees' Performance Divisional Secretariats in the Trincomalee District. The results revealed that the level of Organization Culture, and Employees' Performance are at moderate level and it showed that independent variable (Organization Culture) was positively and significantly correlated to the dependent variable (employees' performance). This study provide empirical evidence for employee performance predictor variables for organizational change, and may contribute to the literature on employee performance, particularly for Sri Lanka, and may assist the management, change agents and practitioners of human resources management and development, and organizational behaviour in assessing, designing and evaluating new or existing programmes for Employees' Performance.

***Key words:*** *Organization Culture, Organization Change, Employees' Performance.*

**1. Background of Study**



This research study empirically investigates the relationship between Organization Culture and Employees' Performance of Divisional Secretariats in the Trincomalee District.

Managing organizations effectively is a main challenge in the change management domain because of massive human involvement. Thus, managers are eager to know how to encourage and effectively prepare employees for change situation. The aim of this study was to examine the relationship between Organization Culture and Employees' Performance of Divisional Secretariats in the Trincomalee District. This empirical study proceeded by a systematic review of literature that led to the development of a conceptual model.

Many organizations are occasionally faced with challenges that force them to adjust or change (Burnes, 2004). Development organizations, in particular, regularly have to go through change processes when having to respond to new development scenarios or simply as part of their expansion or restructuring processes. The implications of change processes are regularly underestimated by senior management and not managed adequately.

Most organizational managers today would agree that change has become a constant phenomenon which must be attended to and managed properly if an organization is to survive.

According to Schaffer (1992), those organizations which do survive are often relegated to the role of playing "catch up" to their competitors, while others are either absorbed into larger entities via mergers or acquisitions or simply dissolved into a collection of corporate assets and liabilities. In fact, many of the popular trends in management and organizational consulting such as business process re-engineering, total quality



management and the learning organization, represent systematic methods for responding to and channeling effectively the forces of change.

A host of external factors influence an organization's choice of direction and action and ultimately, its organizational structure and internal processes.

The world is always changing with time, and managers face complex and challenging pressures and opportunities. Faced with stiffer competition and dizzying technological advances, companies often must change course to stay competitive. The changes must inevitably improve employees performance, however in order to achieve high performance through employees, the organization must consider them as assets and must treat them with attention so that they become productive (Harington, 2003).

## **2. Literature Review**

### **2.1 Employees and Organizational Performance**

This dimension is reflected in one form or another in all organizational diagnostic models, an aspect that reveals its importance to the success of an organization. Often management decisions may generate feelings of angry, frustration, grievance, and distrust, among employees, that may contribute to a potentially detrimental effect on the general organizational performance (Vasconcelos, 2011).

According to Hosmer (2001), because human resources are characterized by the highest degree of restraint, attracting and retaining employees "quality" is a critical issue for competitive advantage and organizational performance. Another author who has emphasized the importance of this dimension in the performance of an organization was



Reichheld (1993) who showed that a few percent reductions in employee turnover rate may have as a result an increase in profitability by 50%.

Within this dimension we required to identify the frequency of measuring employee's satisfaction. Respondents were also asked to agree on a number of statements designed to highlight the dedication of employees to the firm. These statements were taken from the study conducted by Pinar & Girard (2008), which analyzed the impact of three dimensions (leadership, customers and employees) on organizational performance.

### **3.3.4 Organizational Culture**

Culture consists in patterned ways of thinking, feeling and reacting, acquired and transmitted mainly by symbols, constituting the distinctive achievements of human groups, including their embodiment in artifacts; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values. (Kroeber and Kluckhohn, 1952, p. 181)

Organizational Culture is one of the most difficult dimensions of change management and involves both formal and informal structural components. These cultures are not uniform or static. They evolve over time and it seems reasonable that all cultural systems will exhibit continuous changes punctuated on occasion by more radical changes (Weick and Quinn, 1999).

Organizational Culture is an important internal environmental aspect that can lead an organization either to success or failure. Evidence has shown that it expresses the internal environment of an organization and reflects the extent of agreement between managers and employees assumptions (Aycan, Kanungo and Sinha, 1999). Furthermore, analysis of the organizational culture helps identify the structure of the organization and the beliefs of the employees, which are essential elements in the implementation of leadership.

For this Research purpose the Organizational Culture was evaluated through the following Indicators:



- People Orientation/ Customer Focus
- Team Orientation
- Vision, Goals & Objectives
- Core Values
- Stability

### **Organizational Culture and Performance**

The relationship between Organizational Culture and Performance has been established, and an increasing body of evidence supports a linkage between an organization's culture and its business performance. Kotter and Heskett (1992) found that corporate culture has a significant positive impact on a firm's long-term economic performance. They found that firms with cultures that emphasized all the key managerial constituencies (customers, stockholders, and employees) and leadership from managers at all levels, outperformed firms that did not have those cultural traits by a huge margin. They were also of the opinion that corporate culture was becoming more important in determining the success or failure of firms in the next decade.

### **3. Problem Statement**

Each change has consequences and implications, and one of the most important results of every process of change is a making a positive change in performance. The role of management is to systematically change work to convince workers of the importance of the change process role to reach the desired goals, Divisional Secretariat in Trincomalee of have passed a series of changes in organizational structure, change in technology and change in individuals. There is a fluctuation variation in employees' performance in organization, and the literature reveals that there is relationship between Organization Culture and Employees' Performance.

In this research, main problem is that analyses, Does the change management effect on employee performance? These research attempts to investigate how far change management influence on employee performance. As this study investigate Divisional Secretariat in Kaluwanchikudy related to government sector the specific questions of this study are:

*In this research, main problem is that analyses, does the organization Culture effect on employee performance?*

### **3.1 Research Question**

This study investigates the relationship between Organization Culture and Employees' Performance in the Divisional Secretariats in the Trincomalee District. Based on the research problem the following research questions are developed;

1. What is the level of Organization Culture in the Divisional Secretariats in Trincomalee District?
2. What is the level of Employees' Performance in the Divisional Secretariats in Trincomalee District?
3. What is the relationship between Organization Culture and Employees' Performance in the Divisional Secretariats in Trincomalee District?

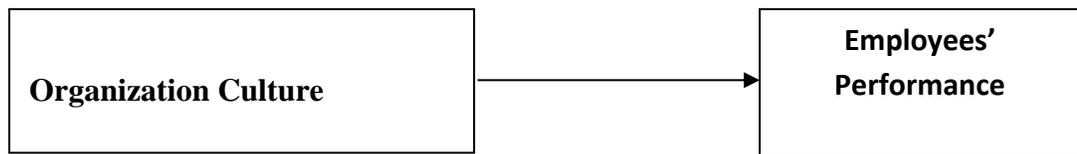
### **4. Objectives**

Based on the review of literature and the conceptual framework, the following objectives were developed to study the relationship between Organization Culture and Employees' Performance in the Divisional Secretariats in the Trincomalee District.

1. To measure the level of Organization Culture in the Divisional Secretariats in the Trincomalee District.

2. To measure the level of the Employees' Performance in the Divisional Secretariats in the Trincomalee District.
3. To assess the relationship Organization Culture and Employees' Performance in the Divisional Secretariats in the Trincomalee District.

## 5. Conceptual Framework



**Figure:1 Conceptual Framework**

## 6. Method of Collection

A questionnaire consists of a set of questions presents to a respondent for their answers. Under this study questions were issued to employees in a random basis. The respondents were told the real purpose of study prior to issuing the questionnaire and their information was collected from their own words.

### 6.1 Types of Data

#### a) Primary Data

Primary Data is referred as fresh data. Primary data is collected by / on behalf of the person who are going to make use of data directly. There are many ways to derive primary data. Primary data are collected especially for the purpose of whatever survey is being conducted. Raw data are primary data, which have not been processed at all. The primary data is obtained from structured questionnaires completed by the employees who are working in Divisional Secretariats in Trincomalee.

The Main Primary sources are,

1. Inquiries and Conversations with administrative officers on related institutions.



2. Issuing Questionnaires.
3. Interview with employees who are working there.

#### **b) Secondary Data**

It is the already used for other purpose by persons / other officers. The data consists of the information that already exist somewhere have been collected for other purposes.

The Main Secondary source data are;

1. Magazines
2. Administrative Reports of Divisional Secretariats
3. Newspapers
4. Central Bank Reports etc
5. Resource profile of Divisional Secretariats
6. Through Web Site/ Internet

The primary data is obtained from structured questionnaires. The questionnaire consists of set of questions presented to a respondent for their answers. Under this study questionnaires were issued to Divisional secretariats' employees in a random basis. The data collected from the 100 respondents in the Divisional Secretaries in the Trincomalee District.

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## **7. Data Presentation and analysis**

### **7.1 Demographic Characteristics of Participants**

**Table 7.1: Demographic Characteristics of Participants**

Demographic	Category	Frequencies
Gender	Male	60
	Female	40
Total		<b>100</b>
Age	25-35	18
	36-50	53
	51-55	29
Total		<b>100</b>
Designation	Management Assistant	19
	Grama Niladhari	23
	Samurthi officer	20
	DO & Other Staff Officer	38
Total		<b>100</b>
Educational Level	O/L	10
	A/L	27
	Diploma	28
	Degree	30
	Post graduate/Master	05
Total		<b>100</b>
Experience in the Field	Less than 5 years	29
	5-10 years	52
	More than 10 years	19
<b>Total</b>		<b>100</b>

### **7.1.1 Gender**

Among the sample, 60% of respondents were Male and 40% of respondents were Female.

### **7.1.2 Age distribution of the respondents**

The age distribution pattern of Divisional Secretariats' employees in the Trincomalee district is presented by the sample of 100. Among the sample 18% of the Divisional Secretariats' employees were found to be laid under the age distribution between 36-50 years, 53% were found under the distribution between 25-35 years, 29% were found under the distribution above 50 years.

### **7.1.3 Designation of the respondents**

Among the sample, 19% of the respondents were Management Assistants, 23% of the respondents were Grama Niladharies, 20% of the respondents were Samurthi Officers and 38% of the respondents were Development Officers and other Staff Officers.

### **7.1.4 Working Experience of the respondents**

Working experience was categorized into 3 groups. 29% of the respondents fell under 'less than 5 years'. 52% of the respondents fell between 5 and 10 years. 19% of the respondents fell under 'more than 10 years'.

### **7.1.5 Educational Qualification**

Among the sample, 10% of the sample represents the people who have studied up to G.C.E. O/L, 27% of the sample represents the people who have studied up to G.C.E. A/L, 28% of sample has completed the Diploma, 30% of sample has completed the Undergraduate studies, and 5% of sample was Post graduate/Masters qualified graduates.

## 7.2 Research Information

The Mean value and Standard Deviation of the samples of the respondents for variables of the sample taken to decide the extent to which Organization Culture, contributing to Employees' Performance.

**Table 7. 2: Mean value and Standard Deviation of the variables.**

Variables	Mean	SD
Organizational Culture	2.66	0.85
Employees' Performance	3.32	0.52

(Source: Survey Data)

### Organizational Culture

Among the sample of the respondents analyzed, 20% of the respondents were in favor of higher level of Organizational Culture, and 45% were in favor of moderate level of Organizational Culture, while 35% of the respondents indicated lower level of Organizational Culture. The Average Mean value and Standard Deviation (SD) for Organizational Culture were 2.66 and 0.85 respectively (Table 7.2). The Mean value falls within the range of moderate scale of  $2.5 < X_i < 3.5$ . Thereby, the Organizational Culture of the employee is at moderate level.

### 7.2.2 Employees' Performance

Among the sample of the respondents analyzed, 29% of the respondents were in favour of higher level of Employees' Performance, 67% were in favour of moderate level of Employees' Performance and 4% were in favour of low level of Employees' Performance. The Average Mean value and Standard Deviation (SD) for Employees' Performance were 3.32 and 0.52 respectively (Table 7.2). The Mean value falls within

the range of moderate scale of  $2.5 < X_i < 3.5$ . Thereby, the Performance of the employee is at moderate level.

### **7.2.3 Relationship between Organizational Culture and Employees' Performance.**

By observing the data a significant positive relationship exists between Organizational Culture and Employees' Performance. The table 7.3 shows a correlation matrix, which describes such relationship between the variables.

The table 7.3 shows that Employees' Performance (EP) have a positive significant relationship with Organizational Culture ( $r = 0.680$ ,  $p < 0.000$ ). In addition, it is revealed that the strength of the relationship between these two variables is at high level as  $r$  is greater than 0.5.

**Table 7.3: Correlation Analysis- Organizational Culture and Employees' Performance**

		Employees' Performance	Organizational Culture
Employees' Performance	Pearson Correlation	1	.680**
	Sig. (2-tailed)		.000
	N	200	200
Organizational Culture	Pearson Correlation	.680**	1
	Sig. (2-tailed)	.000	
	N	200	200

		Employees' Performance	Organizational Culture
Employees' Performance	Pearson Correlation	1	.680**
	Sig. (2-tailed)		.000
	N	200	200
Organizational Culture	Pearson Correlation	.680**	1
	Sig. (2-tailed)	.000	
	N	200	200

\*\* . Correlation is significant at the 0.01 level (2-tailed).

(Source: survey data)

### 7.3 Organizational Culture

The results of this study revealed that, Organizational Culture of the respondents obtained a Mean value of 2.66 and a Standard Deviation of 0.85 (Table 7.2). Among the sample 20% of the respondents have shown high level concern on this aspect by extending higher level of Organizational Culture towards Performance of Employees, while 45% of the respondents have shown moderate level interest on this aspect. By observing the data for the Correlation Analysis it revealed that a significant positive relationship exists between Organizational Culture and Performance of Employees.

## 8. Conclusion and Recommendation

### 8.1 Introduction

Divisional Secretariats are the important public service centre. Divisional Secretariats in general are considered as the engine of a Countries public service activities.



## 8.2 Conclusion

The study was set around to examine the relationship between Organizational Culture and Performance of Employees.

This empirical study was intended to identify the level of the independent variables and to investigate the relationship between independent variables with the dependent variable. The descriptive statistics shows that the mean values obtained for Organizational Culture, and Employees' Performance were at moderate level.

The objective to assess the relationship between the independent variables and the dependent variable was based on the conceptual framework the relationship between the Organizational Culture and Employees' Performance.

The Correlation Analysis also shows that the relationship between Organizational Culture and Employees' Performance were significant.

Moderate Correlation was found between Organizational Culture and Employees' Performance.

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