

The Effect of Organizational Culture on Organizational Performance

Adriana Madya Marampa¹, Rr. Woeri Vive Khananda²,
Ade Irma Anggraeni³

¹Senior Lecturer of The Indonesia Christian University Toraja

²The DKI Jakarta Provincial Government Employee and the student of Doctoral of Management Science in Universitas
Jenderal Soedirman Purwokerto Central Java

³Senior Lecturer of Universitas Jenderal Soedirman Purwokerto Central Java

Abstract. Organizational culture is a very important thing in building an organizational performance. Commitment of each employee in the organization is needed in building an organizational performance. This study aims to analyze the influence of organizational culture, employee commitment, on employee performance. This research was conducted on MNC's employees. The research method uses multiple regression methods.

The results of this study indicate that the direct influence of organizational culture on organizational performance. Organizational Commitment significantly to organizational performance

Keywords: 1 · Organizational Culture · 2 Organizational Commitment · 3 Organizational Performance

1. INTRODUCTION

Organizational culture is a very important thing in building an organizational performance. Culture consists of several artifact combinations (also called practices, expressive symbols, or forms), values and beliefs, and fundamental assumptions that member organizations share about appropriate behavior (Detert et al., 2000, p. 851)

Culture is operationalized as shared values (which are important) that interact with the organizational structure and control system to produce behavioral norms (the way we do things around here). While organizational values can explain the deep structure of organizational culture (Quinn & Kimberly, 1984),

Kosfeld and von Siemens (2011) examine organizational culture from the perspective of teamwork and collaboration. Teamwork and work is at least beneficial to the organization in two ways: teams of workers with complementary skills can achieve what they have individually cannot (team production in the economy), and sharing relevant information among workers increases production efficiency.

Marcoulides and Heck (1993) show that the culture reflected in organizational tasks has a positive direct effect on performance. Petty et al. (1995) found that cultural emphasis on cooperation and teamwork was conducive to organizational effectiveness.

Corporate culture has defined various writers and researchers. However, many agree that corporate culture can be referred to as a set of values, beliefs, and behavioral patterns that shape the core identity of the organization, and help in shaping employee behavior (Deal and Kennedy, 1982; Jones, 1983; Schein, 1992; Kotter and Heskett, 1992 ; Pheysey, 1993; vander Post, 1998; Deshpande and Farley, 1999).

Schein, 1985 says that organizational culture is a set of values, beliefs, and norms of behavior shared by members of an organization that gives them meaning and rules of behavior.

Krefting and Frost (1985) suggest that organizational culture can create competitive advantage by determining organizational boundaries in a way that facilitates individual interaction and / or by limiting the scope of information processing to the appropriate level.

Gordon, DiTomaso (1992) and Denison (1990) both propose that there is a relationship between certain organizational cultural characteristics and performance. In particular they note that culture will do so still associated with superior performance only if the culture is able to adapt to changes in environmental conditions.

The relationship between organizational culture and organizational performance is an important topic discussed in the literature. A number of studies have been conducted specifically to examine the role of culture as an organizational resource or asset that affects Peters and Waterman (1982) who report a significant relationship between certain strong types of culture and superior financial performance.

Kotter and Heskett (1992) say the importance of culture in determining superior financial performance. Cotter and Heskett also found that cultural content was labeled as an adaptive culture - important in influencing superior performance in addition

Culture is directly related to performance because of the cultural influence of organizational member behavior (Galves & García, 2011; Hofstede, 1988; Martins & Terblanche, 2003)

Yousef (2000) shows that basically organizational commitment has three basic components: identification, involvement, and loyalty. The researchers also found that organizational commitment and performance are positively correlated (Baugh and Roberts, 1994; Ward and Davis, 1995).

Relationship between Performance and Performance

Mathieu and Zajac (1990) conducted a meta-analysis of published research exploring this relationship and concluded that commitment had relatively little direct influence on performance.

In an organization, it takes a commitment of an employee to create an organizational performance. The commitment of an employee in the organization needs to be grown within an organization. Every employee in an organization needs to be committed to growing a good organizational performance. Mowday et al. (1979) show that employees who are committed to an organization tend to have an impact on the organization's performance.

It is also believed that commitment is developed through an identification process in which a person experiences something from several ideas as an extension of himself (Iverson, 1996).

According to Porter et al., 1974 Commitments have also been defined in terms of:

1. Trust, and acceptance, goals and values of the organization
and / or profession;
2. Willingness to exert considerable effort on behalf of the organization;
3. The desire to get membership in the organization.

Kwon & Banks (2004) said that organizational commitment is a strong belief in, and acceptance of, organizational goals and values with a willingness to exert considerable effort on behalf of the organization. But commitments can also be in the form of obligations to work groups, managers, jobs, positions, careers, unity, or both unity and employers.

Becker (1960), who conceptualized commitments as accumulated interest (side bets) or sunk costs with organizations (Hrebiniak and Alutto, 1972; Ritzer and Trice, 1969)

Although approaches to the definition of organizational commitment can vary greatly (Becker, 1960; Brown, 1969; Buchanan, 1974; Grusky, 1966; Hall, Schneider, & Nygren, 1970; Hrebiniak & Alutto, 1972; Kanter, 1968; Salancik, 1977; Sheldon, 1971; Weiner & Gechman, 1977)

Buchanan, 1974 "commitment" can be called the willingness of social actors to give their energy and loyalty to the social system or effective attachment to an organization regardless of the value of a purely instrumental relationship

According to Meyer and Allen (1997), committed employees are people who remain with the organization through thick and thin, attend work regularly, place in a full day (and maybe more), protect assets, company shares and other company goals.

Allen and Meyer (1990) proposed three models of commitment that integrate these various conceptualizations. They suggest that there are three types of commitments:

- (1) affective;
- (2) continuation
- (3) normative.

Affective commitment refers to the emotional attachment of employees to identification and involvement in, the organization. In other words it refers to the level of one's emotional attachment to the organization.

Continuous commitment refers to commitments based on employee costs relating to leaving the organization. Thus, in this type of commitment, the more alternative employees have, the stronger their continuation of commitment to their current employers.

Normative commitment refers to the feeling of the employee's obligation to stay with the organization. This type of commitment will be influenced by individual experience both before cultural socialization and following the entry of organizational socialization into the organization. For example, an employee will have a strong normative commitment if one friend or family

member has become a long-term employee of an organization, and emphasizes the importance of organizational loyalty.

Meyer & Allen, 1997 says there are three types of commitments that motivate employees to need understanding First, affective commitment refers to employee emotions of attachment, service, and involvement in the organization. Second, ongoing commitment refers to awareness of the costs associated with leaving the organization. Third, normative commitment reflects the feeling of being obliged to continue work with the organization.

Companies are now required to achieve high levels of performance in various competitive dimensions of performance (including quality and innovation) (Noble, 1995; Flynn et al., 1999; Flynn and Flynn, 2004). Companies need to know what cultural elements / characteristics are closest with performance excellence.

Performance measures are quality and innovation, based on the last two decades of research as a major component of competitive performance (Forker et al., 1996; Kroll et al., 1999; Koufteros et al., 2002; Cho and Pucik, 2000)

Relationship between culture and performance

Denison and Mishra (1995) this type of analysis is important because it considers specific relationships between different cultural dimensions and various types of performance. If such a relationship exists, it is important for companies to understand this relationship because it might enable (or limit) their ability to achieve strategic goals they.

Kotter and Heskett (1992) found that corporate culture has a significant impact on the company's long-term economic performance. They found that companies with a culture that emphasized all the main managerial constituencies (customers, shareholders, and employees) and leadership from managers at all levels, outperformed companies that did not have these characteristics with very large margins.

Van der Post et al. (1998) examined the relationship between organizational culture and organizational financial performance in South Africa. The results show that organizational culture has a positive relationship with the company's financial performance

Relationship between Culture and Commitment

Research has shown the relationship between organizational commitment and corporate culture (Cohen, 2000; Geiger, 1998), or the influence of corporate culture on performance (Kotter and Heskett, 1992; Denison, 1990; Van der Post et al., 1998) but does not show potential relationship between these three factors (corporate culture, organizational commitment and performance) in an integrated manner

Relationship between Commitment and Performance

There is some evidence of a positive correlation between affective and performance commitment, that is, employees whose effective commitment to the organization tends to perform better than those without effective commitments (eg, Meyer et al., 1989; Mowday et al., 1974; Steers, 1977). This psychological commitment to the organization has been dubbed affective commitment (Gregersen and Black, 1992; Mayer and Schoorman, 1992; McGee and Ford, 1987).

This dimension is usually referred to as continuation commitment, or individual bond with the organization because of outside interests (eg. retirement, seniority, family problems) rather than the general positive feelings or influences on the organization (Hrebiniak and Alutto, 1972; McGee and Ford, 1987; Ritzer and Trice, 1969).

Allen and Meyer (1990) further developed the idea of normative commitment or commitment arising from the internalization of normative pressures and socialization organizations. Affective commitment shows the most promise as predictors of individual performance (Brett et al., 1995; Angle and Lawson, 1994)

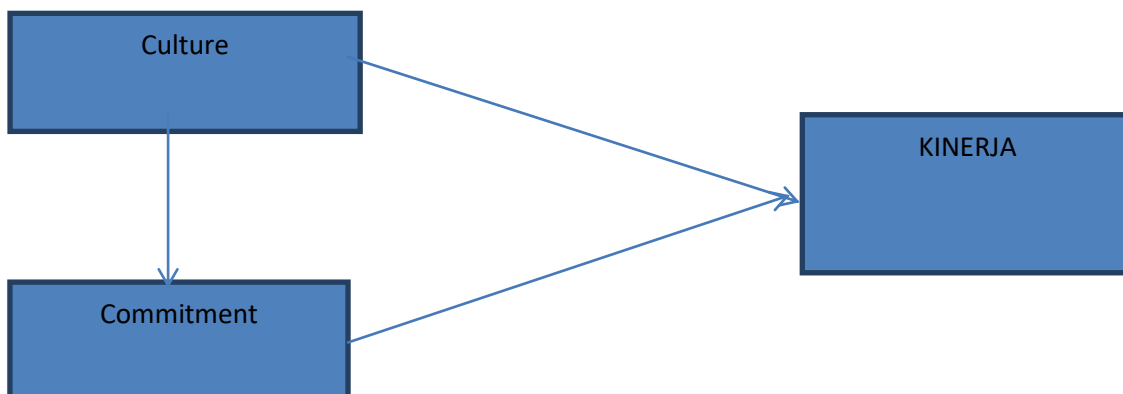
Mowday et al. (1979) show that employees who are committed to an organization tend to have an impact on the organization's performance.

Porter, Steers, Mowday, and Boulian (1974) believe that both individuals and organizations share values influence organizational commitment. These values are basically evaluative standards relating to work or work environment where the individual decides what is right or the importance of preference (Finegan, 2 000). No doubt individuals will be more comfortable in an environment that is consistent with their values.

In all likelihood, the results of putting people in a situation at odds with their personal values will not be positive for either the employee or the organization. Not only can the welfare of employees be at risk, but maybe an employee in this situation will be less devoted to the organization and may be less productive. The suitability of individuals and organizations can be defined as the degree to which an individual shares organizational values. Therefore, individuals and organizations are suitable to predict commitments because commitment has been linked to absenteeism, turnover intentions, and actual turnover, as well as other attitudes and behaviors that affect job satisfaction and work performance (Finegan, 2000).

Mathieu and Zajac (1990) conducted a meta-analysis of published research and concluded that commitment had relatively little direct influence on performance.

2. RESEARCH MODEL



3. DISCUSSION

Coefficients^a

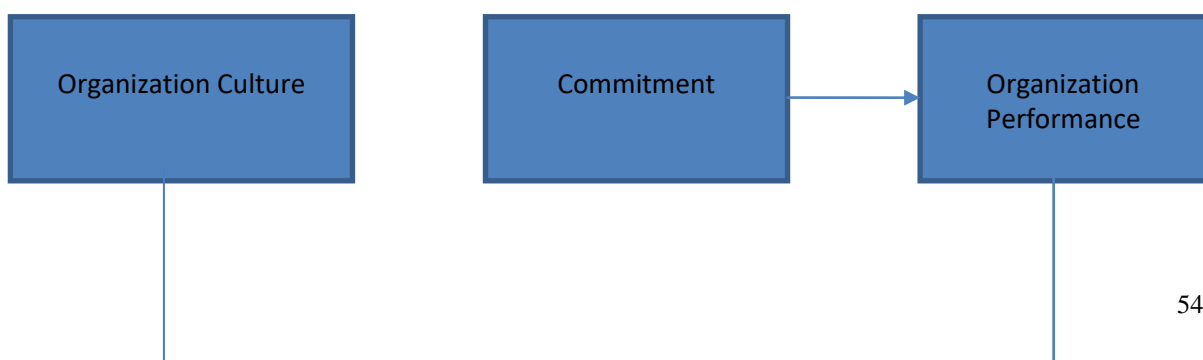
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-,088	1,016		-,087	,931
inovasi	,522	,197	,418	2,649	,012
atension	-,120	,169	-,131	-,712	,481
outcome	,336	,158	,319	2,129	,041
people	-,603	,332	-,316	-1,816	,078
team	,340	,210	,236	1,613	,116
agservinees	,023	,223	,014	,104	,918
stability	-,117	,134	-,142	-,868	,392
afektif	,335	,190	,372	1,763	,087
kontinu	,203	,121	,316	1,674	,104
normativ	-,066	,121	-,117	-,542	,591

a. Dependent Variable: effectiveness

Based on the table above, it can be seen that there is a significant relationship

between organizational culture and organizational performance. The dimensions of this organizational culture are innovation and risk taking, attention to detail, outcome orientation, people orientation, team orientation, aggresivenens, stability) influencing the performance of the organization (effectiveness and efficiency)

This is in line with the research of Mowday et al 1979, Maggee (2002) (Uzkurt et al., 2013) which states that there is a significant relationship with the performance of OC organizations that has been recognized as one of the important drivers of better corporate performance between Organizational Commitment (affective, normative, continuous) to organizational performance (effectiveness and efficiency) this is in line with research, this is in line with Randall's research (1987) r, Paunonen, Gellatly and Goffin & Jackson (1989).



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