

# A STUDY ON ORGANISATIONAL CULTURE AND ITS IMPACT ON EMPLOYEES BEHAVIOUR

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**Abstract:** Organizational culture involves various beliefs and norms within an organisation. These have a definite impact on employee performance. Furthermore, it has also been seen that organizational culture affects the productivity as well as profitability of the employees. This overall influences their performance level that augments the productivity. Furthermore, it has also been seen that organisational culture affects the employee's behaviour. In this research study, the researcher has performed their study on about 26 participants in order to understand the impact of organisational culture on employee performance. Furthermore, these employees were selected randomly from various organizations like retail as well as telecommunication industry in order to understand the impact of this organisational culture. Furthermore, the researcher has used 5% significance level in order to understand this organisational culture. It has been found out that the value of P is about 0.999974. Moreover, the value of  $X^2$  is not significant at  $p < 0.05$  and the null hypothesis is rejected. The researcher accepts the alternative hypothesis in this research study. Therefore, it can be said that organisational culture has a definite impact on employee behaviour and their rate of performance.

**Key Words:** Organizational culture, employee behaviour, employee performance, collaborative organisational culture and employee relationship

## 1. INTRODUCTION:

Culture is one of the most prevalent topics that exist within an organisation and this guides the values as well as beliefs of employees within their working premises. Furthermore, this sort of culture also allows the employees to perform better for improving and fulfilling the goals and objectives of an organization. Furthermore, this culture also guides employee behaviour thereby affecting their performance. Employee behaviour is essential that allows employees to perform better within an organisation. This research study will discuss the impact of this organisational culture on employee behaviour as well as their performance rate.

## 2. OBJECTIVES:

This research study has a primary objective that has been discussed as follows-

- To study organisational culture and understand its impact on employee behaviour

The secondary objectives that this concerned research study has undertaken are as follows-

- To identify the organisational culture and its importance in employee performance
- To critically assess factors affecting employee behaviour
- To critically evaluate impact of organisational culture and environment on the behaviour of employees
- To recommend ways by which organisational culture can be flexible to improve employee relationship

## 3. HYPOTHESES :

This research study would focus on understanding organizational culture and its impact on employees' behaviour. This study will elaborate the relationship between organisational culture and employee behaviour as two variables.

**H0:** Organisational culture has no significant impact on employee's behaviour

**H1:** Organisational culture has a definite impact on employee's behaviour

In this case, H0: Null hypothesis while H1: Alternative hypothesis

## 4. LIMITATIONS OF THE RESEARCH STUDY :

The following research study has time constraints and therefore, this serves to be one of the major limitations. Furthermore, this study is limited to a specific geographical region namely India. Therefore, this study has limited data and information related to the mentioned topic. Furthermore, in this case, employees are chosen from various companies across India and they might not provide authentic data and information regarding organisational culture and its impact on employee performance.

## 5. REVIEW OF THE LITERATURE :

**Introduction-** Organisational culture involves the various beliefs as well as norms that are prevalent within an organisation. It has been seen that this organisational culture impact the various activities performed by the employees.

**An overview of organisational culture-** This involves a collection of beliefs and customs within an organisation. Furthermore, every organisation has different norms that govern the activities of employees<sup>i</sup>. Moreover, this culture influences the behaviour of their employees. It has also been seen that this organisational culture creates boundaries within an organisation and the rate of perform rate of their employees<sup>ii</sup>. Every organisation has separate norms regarding their dressing pattern and therefore, this dictates the organisational culture<sup>iii</sup>. Henceforth, it can be said that every organisation has separate norms and regulations that have a positive impact on employee performance<sup>iv</sup>.

**Impact of organisational culture on employee behaviour-** It has been seen that culture affects the behaviour of employees. There occurs employees who do not wish to maintain regulation and this affects their behaviour<sup>v</sup>. This sort of employee motivation leads to job dissatisfaction thereby affecting the rate of their performance. Furthermore, this organisational culture also involves the type of behaviours of hierarchy and therefore, this impact the employee behaviour<sup>vi</sup>. Therefore, this overall affects the type of behaviour of employees. Moreover, proper interaction with hierarchies is essential for proper performance of the employees<sup>vii</sup>. Therefore, it can be said that this interaction with hierarchies would enable these employees to work better<sup>viii</sup>.

**Impact of organisational culture on employee performance -** It has been seen that organisational culture has a definite impact on the performance rate of the employees. This culture within an organisation is necessary to motivate employee thereby improving their performance rate<sup>ix</sup>. Furthermore, this enhanced rate of performance would enhance the productivity and profitability of the company. Moreover, it has also been seen that norms and work style affects the employee performance<sup>x</sup>. They fail to work properly and this affects the productivity of the company. Moreover, employees are forced to fulfil the goals and objectives of the company and this overall affects the performance rate. They feel highly demotivated and this affects their performance<sup>xi</sup>. Furthermore, in case of any organisation, if employees understand that the managers think about their issues then they will feel motivated. This sort of motivation would improve their activity level<sup>xii</sup>. Therefore, it can be said that this organisational culture affects and affects the performance rate of the employees.

### Summary

Organisational culture has an impact on employee performance. Furthermore, it has also been seen that organisational culture involves various norms and beliefs of an organisation that affects the behaviour of employees. Therefore, this employee behaviour has an impact on their level of performance.

## 6. RESEARCH METHODOLOGY :

In this research study, data and information have been obtained from about 26 participants and they were selected randomly from organisations. Furthermore, in this case, the researcher will interpret information using descriptive and inferential analysis. Moreover, standard deviations have also been used in order to interpret information. Finally, the researcher has performed chi-square test in order to understand organisational culture and its impact on the behaviours of the employees. The researcher will use 5% significance level to analyse the result of this research study. [*Refer to Appendix 1*]

## 7. RESULTS :

### Descriptive statistics

| Categories | Classification    | Number of participants | Percentage % |
|------------|-------------------|------------------------|--------------|
| Age        | 20-30 years       | 12                     | 46           |
|            | 31-40 years       | 8                      | 31           |
|            | 41-50 years       | 05                     | 19           |
|            | 51-60 years       | 1                      | 4            |
|            | 60 and above      | 0                      |              |
| Sex        | Male              | 16                     | 62           |
|            | Female            | 10                     | 38           |
| Employees  | Retail            | 16                     | 62           |
|            | Telecommunication | 10                     | 38           |
| Total      |                   | 26                     | 100          |

**Table 1: Participants description**

(Source: Created by the researcher)

Furthermore, it can be seen from the above-mentioned table that most of the participants were aged between 20 and 30 years. Moreover, it can be seen that about 31% of participants were aged between 31 and 40 years. Furthermore, 19% of participants were aged between 41 and 50 years. It has also been seen from this table that only 4% of participants were aged about 51 and 60 years. Similarity, about 62% of participants were male while only 28% of participants were female. Moreover, the employees were selected randomly. About 62% of employees were taken from retail industry while about 38% of employees were also selected randomly from telecommunication industry. Therefore, these participants were taken in order to understand this organisational culture and its impact on employee performance.

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. Hierarchical structure and its contribution on employee relationship               | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 1 | 1 | 1 | 2 |
| B. Collaborative culture and its impact on employee performance                       | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 2 |
| C. Firms could enhance profitability by improving organisational culture              | 1 | 1 | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 1 | 2 |
| D. Globalisation and its impact on organisational structure and culture               | 0 | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 1 | 1 | 2 |
| E. Employee relationship in Indian organisation is not cost effective                 | 1 | 1 | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 1 | 1 | 2 |
| F. Impact of organisational culture on employee behaviours and their performance rate | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 1 | 2 |
| G. Motivation of employees to increase their productivity                             | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 |
|   | 6 | 7 | 7 | 7 | 6 | 5 | 7 | 5 | 5 | 6 | 6 | 7 | 6 | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 5 | 4 | 7 | 7 | 7 | 6 |   |
|   | / | / | / | / | / | / | / | / | / | / | / | / | / | / | / | / | / | / | / | / | / | / | / | / | / | / |   |
|   | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |   |

**Table 2: Frequency table**  
 (Source: Given by the author)

**Testing of the hypothesis:**

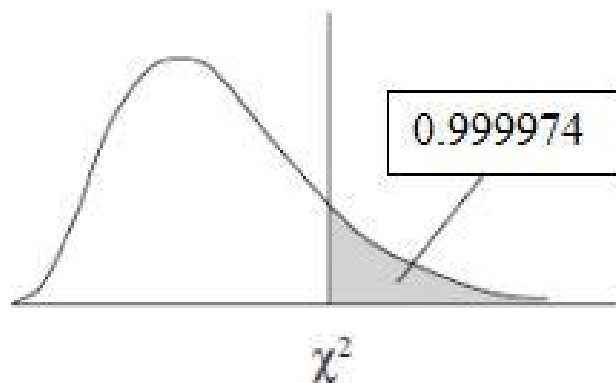
The researcher has tested null as well as alternative hypothesis in order to understand the impact of organisational culture on employee behaviour. In this study, null hypothesis means organisational culture have no definite impact on employee performance. While alternative hypothesis means organisational culture, have definite impact on employee behaviour.  $\chi^2$  refers to Chi-square test and O stands for observed frequency while E stands for Expected frequency. This Chi-square test has been performed below-

| Observed (O) | Expected (E) | O-E | (O-E) <sup>2</sup> | $\frac{(O-E)^2}{E}$ |
|--------------|--------------|-----|--------------------|---------------------|
| 6            | 7            | -1  | 1                  | 0.143               |
| 7            | 7            | 0   | 0                  | 0                   |
| 7            | 7            | 0   | 0                  | 0                   |
| 7            | 7            | 0   | 0                  | 0                   |
| 6            | 7            | -1  | 1                  | 0.143               |
| 5            | 7            | -2  | 4                  | 0.571               |
| 7            | 7            | 0   | 0                  | 0                   |
| 5            | 7            | -2  | 4                  | 0.571               |
| 5            | 7            | -2  | 4                  | 0.571               |
| 6            | 7            | -1  | 1                  | 0.143               |
| 6            | 7            | -1  | 1                  | 0.143               |
| 7            | 7            | 0   | 0                  | 0                   |
| 6            | 7            | -1  | 1                  | 0.143               |
| 5            | 7            | -2  | 4                  | 0.571               |
| 6            | 7            | -1  | 1                  | 0.143               |

|   |   |    |   |              |
|---|---|----|---|--------------|
| 6 | 7 | -1 | 1 | 0.143        |
| 6 | 7 | -1 | 1 | 0.143        |
| 6 | 7 | -1 | 1 | 0.143        |
| 6 | 7 | -1 | 1 | 0.143        |
| 6 | 7 | -1 | 1 | 0.143        |
| 5 | 7 | -2 | 4 | 0.571        |
| 4 | 7 | -3 | 9 | 1.285        |
| 7 | 7 | 0  | 0 | 0.125        |
| 7 | 7 | 0  | 0 | 0            |
| 7 | 7 | 0  | 0 | 0            |
| 6 | 7 | -1 | 0 | 0            |
|   |   |    |   | <b>5.838</b> |

**Table 3: Calculation of Chi-Square**  
 (Source: Created by the author)

From the above-mentioned table,  $X^2 = 5.838$



**Figure 1: Chi-Square graph**  
 (Source: Created by the researcher)

Total number of participants (n) = 26  
 Henceforth, degrees of freedom (n-1) = 26-1=25  
 Therefore, P-value= 0.999974

## 7. CONCLUSION:

Henceforth, it can be said that organisational culture has a definite effect on employee performance as well as their behaviour. Employees could perform better within a proper culture and therefore, this enhances their level of productivity. Furthermore, it has also been seen that employee motivation further augments their productivity and proficiency. This overall increases the profitability of the company. Therefore, it can be said that employees should be subjected to a proper organisational culture that could enhance their productivity.

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**Appendices**

**Appendix 1**

**1. Does hierarchy culture contribute in development of flexible employee relationship?**

| Options | Total respondent | Response |
|---------|------------------|----------|
| Yes (1) | 26               |          |
| No (0)  | 26               |          |

**2. Do you think collaborative organisational culture could enhance employee performance?**

| Options | Total respondent | Response |
|---------|------------------|----------|
| Yes (1) | 26               |          |

|        |    |  |
|--------|----|--|
| No (0) | 26 |  |
|--------|----|--|

**3. Do you agree that firms can increase their profitability by improving their organisational culture?**

| Options | Total respondent | Response |
|---------|------------------|----------|
| Yes (1) | 26               |          |
| No (0)  | 26               |          |

**4. Do you think globalisation has an effect on organisational culture as well as structure?**

| Options | Total respondent | Response |
|---------|------------------|----------|
| Yes (1) | 26               |          |
| No (0)  | 26               |          |

**5. Does development of employee relationship in Indian organisations is a costly process?**

| Options | Total respondent | Response |
|---------|------------------|----------|
| Yes (1) | 26               |          |
| No (0)  | 26               |          |

**6. Do you think organisational culture has an impact on employee behaviour?**

| Options | Total respondent | Response |
|---------|------------------|----------|
| Yes (1) | 26               |          |
| No (0)  | 26               |          |

**7. Do you think flexibility in organisational culture can motivate their employees to increase their productivity?**

| Options | Total respondent | Response |
|---------|------------------|----------|
| Yes (1) | 26               |          |
| No (0)  | 26               |          |

<sup>i</sup> J. Doorley and H.F. Garcia, *Reputation management: The key to successful public relations and corporate communication*. Abingdon: Routledge, 2015.

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