

An Empirical Study of Organizational Culture and its Impact on Job Satisfaction

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ABSTRACT

The purpose of the research effort is to understand the impact of Organisational culture on employee satisfaction. A questionnaire-based field survey was conducted to collect data from 100 employees from Telecommunication Industry by using convenience sampling from Northern Capital Region of India. The multiple correlation, regression and Structural equation modeling were used to analyze the derived 2 hypotheses with the help of SPSS 20.

This research finds the detailed consequences of the impact of organisational Culture on employee job satisfaction. The empirical results of the study put 2 types of findings. First it shows that Organizational culture relationship with employee satisfaction and later its impact on satisfaction of employee. Used variables have been selected as per best available sources of literature and based on researcher's knowledge. The regression analysis results showed that Organizational Culture has strong impact on Job Satisfaction having r^2 value as .470 stating that Job Satisfaction depends on Organizational Culture. Further study is also required that identifies the other critical areas to evaluate the different effects. Here limitations of practicality and opportunism in the sampling have been acknowledged.

Key Words: Organization culture, Job satisfaction, Employee oriented, Ability utilization, Stable work environment

1. Introduction

Organizational Culture states that an organization has discrete characteristics which in totality define the culture of the organization. It can be said that it is perceived as a set of values which comprises of autonomy, openness, Trust and alliance which can shape the organizational culture out of which trust and alliance has been a dominating factor in shaping the employees performance. Organizations represent one of the most complex social structures known today because of their dynamic nature. Employees are one of the role players in the organization, and it is through their involvement and commitment that the organization becomes competitive. The relationship between the organization and people is however interdependent in nature (Boeyens, 1985; Kerego and Mthupha, 1997), and both parties may impact on one another's ability to achieve positive results.

Organizational culture influences all aspects of business and life in a company. It is linked to numerous managerial results (House et. al., 2004), and one of them is job satisfaction. Connecting individual aims of employees to aims of the organization and dependence on responsibility of employees are the factors of organizational culture successfulness (Morgan, 1977).

Organizational culture came from the concept that shared beliefs and values of organizations are strongly practiced to shape the behavioral patterns of employees (Kotter et. al., 1992). Gordon et. al. (1979) conceptualized organization culture as the force that recognizes the efforts and contributions of the organizational members and provides distinctive understanding of what and how it is to be

achieved, how goals are interrelated, and how each employee can attain his and Organization's goals together.

The leaders in the organization culture tend to be entrepreneurial and idealistic. They are ready to take risks and are able to develop a vision with a view at the future and with creativity as a key aspect of their employees (Dension, D.R., and Spreitzer, G.M,1991; Gregory, B.T., Harris, S.G., Armenakis, A.A., Shook, C.L et al., 2009). Informal, shared way of perceiving life is the membership in the organization that binds members together and influences what they think about themselves and their work (Wager, 2005).

Stewart (2010) also stated that an organization's cultural norms strongly affect all who are involved in the organization. Those norms are almost invisible, but if we would like to improve performance and profitability, norms are one of the first places to look for. Organizational culture evolved slowly over time and had a powerful influence on behavior within an organization (Slocum and Hellreigel, 2007). Every organization has a predefined culture which makes the way employees behave vary from a positive to a negative attitude towards their jobs. Understanding the basics of culture is necessary to understand official and unofficial behavior of employees.

2. Review of Literature

Organizational culture becomes effective when it is able to support mission, goals and strategies of the organization. Widyarini (2009) also add that in order to be effective, the culture must not only be efficient, but also should match business needs of the company and its employees.

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Everyone is aware of culture importance and how culture embraced. Wallach (1983) states there are three categories of the organizational culture, namely bureaucratic culture, innovative culture, and supportive culture. Some researchers (Desatnick, 1986; Schneider, 1990; Balkaran, 1995; Al – Shammari, 1992; Van der Post, de Coning & Smith, 1997) referred to culture as the “personality” of the organisation, while Gutknecht and Miller (1990) described it as the organisation's spirit, purpose and foundation. According to Schneider (1983) it is viewed as the organisation's value systems and assumptions which guide the way the organisation runs its business. Schein (1984) on the other hand, referred to it as a “glue” which serves as a source for identity and strength, while Gutknecht & Miller (1990) viewed it as an “oil” for lubrication of organisational processes. New employees have to go through a socialization process to adapt to the organization culture.

2.1 Job Satisfaction

In 1983, Price and Mueller stated that job satisfaction as the dimension of how employees like their work. If employees are satisfied with their job, the productivity will increase and it is more likely that they will feel satisfied in the near future (Agho et al., 1993). If the relationship between organizational culture and job satisfaction is stronger, it represents a strong culture in the organization. If the association between organizational culture and job satisfaction is low, it represents a weak culture of the organization (Lund, 2003). Empirical studies related to job satisfaction in combination with other variables is examined by Ostroff (1992) which states that research findings support the relationship between satisfaction and organizational performance. Ostroff finding (1992) is also supportive of the relationship between performance and other work attitudes. More satisfied employees tend to perform their job more effectively when compared to other employees who are less satisfied. In addition, Judge et al., (2001) shows the relationship between satisfaction and performance. Wallach (1983) has suggested that individual job performance and favorable job outcomes, including job satisfaction, propensity to remain with the organization, and job involvement, depend upon the match between an individual's characteristics and the organization's culture.

There has been number of studies that have also looked in the cultural dimensions in relation to employee job satisfaction. Regarding cultural dimensions, McKinnon et. al. (2003) stated that these cultural dimensions including respect for people, innovation, stability and aggressiveness have a significant impact on job satisfaction. In addition, Platonova et. al. (2006) who

researched on hospital employees discovered that employees are more likely to be satisfied when they perceive that the management recognizes their job performance.

2.2 Relationship between Organization Culture and Job Satisfaction

Kerego & Mthupha (1997) views job satisfaction as the evaluation of the organisational context, while organisational climate and environment provides a description of the work context. They stated that job satisfaction as the sentiment of employees about their job. Hutcheson (1996) on the other hand referred to it is the difference between the outcomes, which a person actually receives and those that he expects to receive. Job satisfaction is thus related to job characteristics and people will evaluate their satisfaction level according to what they perceive as being important and meaningful to them. The evaluation of the different aspects of the job by employees is of a subjective nature, and people will reflect different levels of satisfaction around the same factors. Jimfrase and his colleagues state that the culture of the workplace is the foundation from which workers develop an assessment of appropriate organizational behavior and their qualitative analysis highlights that the perceived gap between organizational norms and their actual implementations creates a deeply felt dissatisfaction for many workers from a number of social groupings.

Significant relationship between organizational culture and job satisfaction shows that stronger organization culture will increase perceived job satisfaction. For job satisfaction, specific aspects of supervision with award for the success achieved from his work became one of the major factors to shape supervision that reflects employee job satisfaction.

3. Objectives

The study focuses on following research questions: (i) does Organisational Culture have any effect on Job Satisfaction (ii) which factors of Organisational Culture majorly contribute to Job Satisfaction and (iii) does a positive correlation exist between Organisational Culture and Job Satisfaction

4. Research Framework

The study is based on primary data compiled through a questionnaire that is discussed in detail in next section. Further, it is based on a convenience sample, also called a non-probability or opportunity sample, a sample drawn without any underlying probability-based selection method. The data has been analyzed using SPSS 20. The analysis is based on correlation and inter-correlations among the relevant variables.

5. Hypothesis, Sample Design and Data

5.1 Hypothesis

Hypothesis 1: There exists a positive correlation between organisational culture and job satisfaction

Hypothesis 2: Job Satisfaction depends on Organisational Culture

5.2 Sampling

The study is based on the employees working for a Telecommunication Company. The total population of this organization (N = 100) was used as a sampling frame, which comprises both male and female respondents in the age group of 24 to 65 years. The level of education of participants ranges from graduation to Post graduation qualifications.

5.3 Questionnaire Design

The questionnaire was designed under three heads, namely, Demographic details, Organizational culture represented by variables, namely, achievement, staff orientation, stable work environment, innovation, ability

utilization details, and Job satisfaction. The respondents were told to respond to the extent to which they agreed or disagreed on each item, the 5 point Likert scale is employed in the measurement of all the scales. The reliability test was conducted using Chronbach alpha test.

5.4 Procedure

A questionnaire booklet, including instructions, demographics questionnaire, the Organisational Culture Questionnaire and the Job Satisfaction Questionnaire was compiled. Respondents completed the questionnaires under instruction of the researcher in small groups (5 employees per group). The completion thereof was voluntary and questionnaires were completed anonymously.

6. Data Analysis and Interpretation

The data has been analyzed by using SPSS 20.

H1: There exists a positive correlation between the variables of organizational culture namely achievement, employee orientation, stable work environment, innovativeness, and ability utilization and job satisfaction.

Table 1: Correlation between Organizational Culture and Job Satisfaction

		Organizational Culture	Job satisfaction
Organizational Culture	Pearson Correlation	1	.686**
	Sig. (2-tailed)		.000
	N	100	100
Job satisfaction	Pearson Correlation	.686**	1
	Sig. (2-tailed)	.000	
	N	100	100

Table 1 clearly reveals a positive correlation (=0.686) between organizational culture and employees job satisfaction. Regarding the contribution of different components of organizational culture, the highest correlation is between ability utilization and employee satisfaction (=0.650) followed by correlation between stable work environment and employee satisfaction and correlation between staff orientation and employee satisfaction (=0.518), as may be noted from Table 2. These Correlations reveal significant association of various components of organizational culture with job satisfaction of employees, and support Hypothesis 1, which postulated a positive relationship between organisational culture scores and job satisfaction scores. These results also corroborate with the studies conducted by Schneider & Snyder (1975), Field & Abelson (1982), Hellriegel & Slocum (1974) and Kerego and Mthupa (1997).

To test the hypothesis: Job Satisfaction depends on Organizational Culture, multiple regression analysis was used. Job Satisfaction as dependent variable and Organizational Culture as independent variables were taken. The equation is formed as:

$$Y = a + bX_1 + cX_2$$

Where, a=intercept, and b and c = Parameters

The above equation depicts that the Job Satisfaction is dependent on Organisational Culture. The results are presented in Table 3. The table reveals that beta value is .686, t is 4.011, p>.05. Value of F as per ANOVA table is 87.037 which is insignificant. R is .686 and R square is .470 which indicates 47% dependency of Job Satisfaction on Organizational Culture.

Table 2: Inter-correlation between Variables of Organizational Culture and Job Satisfaction

		Achievement Orienta	Staff Orientation Environ	Stable Work	Innova tiveness ment	Ability Utilization	Job Satisfaction
Achievement	Pearson Correlation	1	.049	.172	.211*	.319**	.321**
	Sig. (2-tailed)		.625	.087	.035	.001	.001
	N	100	100	100	100	100	100
Staff orientation	Pearson Correlation	.049	1	.479**	.483**	.414**	.518**
	Sig. (2-tailed)	.625		.000	.000	.000	.000
	N	100	100	100	100	100	100
Stable work environment	Pearson Correlation	.172	.479**	1	.480**	.464**	.607**
	Sig. (2-tailed)	.087	.000		.000	.000	.000
	N	100	100	100	100	100	100
Innovative	Pearson Correlation	.211*	.483**	.480**	1	.367**	.506**
	Sig. (2-tailed)	.035	.000	.000		.000	.000
	N	100	100	100	100	100	100
Ability utilization	Pearson Correlation	.319**	.414**	.464**	.367**	1	.650**
	Sig. (2-tailed)	.001	.000	.000	.000		.000
	N	100	100	100	100	100	100
Job satisfaction	Pearson Correlation	.321**	.518**	.607**	.506**	.650**	1
	Sig. (2-tailed)	.001	.000	.000	.000	.000	
	N	100	100	100	100	100	100

*. Correlation is significant at the 0.05 level (2-tailed).

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

Table 3: Regression Model of Organizational Culture on Job Satisfaction

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	R ²
		B	Std. Error	Beta			
1	(Constant)	1.133	0.282		4.011	0	
	Org Culture	0.718	0.077	0.686	9.329	0	0.470

From Table 3, it is clear that Organisational Culture has strong impact on Job Satisfaction. The result shows R² value as .470 implying that Job Satisfaction depends on Organizational Culture.

Overall, results of this study support the findings of Hoppock (1935), Taber (1975), Yousaf (1998), Jiang and Klen (2000), Mckinnon et.al. (2003), Navaie-Waliser et.al (2004), Johnson (2004), Rad (2006), Arnold (2006), Chang and Lee (2007), Mansoor and Tayib (2010) etc.

7. Conclusion and Recommendations

Every worker has his/her own norms and values, and belief about the organization where he/she works. The study reveals that organizational culture has strong and deep impact on the job satisfaction of the employees. This could be the result of improved performance and productivity of

the employees, due to helpful organizational culture. Thus, organizational culture is important element which highly influences the employee job satisfaction. As the organizational culture impacts positively on this particular factor it can be considered as the base for performance of any organization. If the organizational culture is positive, it will enhance job satisfaction and employees retention, that should improve performance of the employees.

On the basis of findings of this study, it is recommended that the organization should generate supportive organizational culture through strategies which may raise the level of cooperation, mutual trust, respect of opinions and thoughts of colleagues, and open mindedness.

8. Limitations

The sample size selected for the study is small and not

representative of whole of the country. Also, a number of respondents refused to share their data and the number of female respondents was disproportionately low, implying that the results of the study could not be generalized. The data obtained for research is through questionnaire, use of mix method comprising interviews and qualitative data gathering techniques, could give more precise results.

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