Organizational Culture and Business Performance: An Empirical Study

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Abstract - The objective of this article is to demonstrate conceptualization, measurement, and examine various dimensions of organizational culture on business performance. The review begins with an examination of literature in the field of organizational culture and business performance. This literature review includes syntheses of the relevant literature concerning the role of organizational culture in enhancing business performance and productivity, which results in business excellence in the organization. The literature review comprises various published sources on the role of organizational cultures, such as journals, periodicals, seminal books, and other published materials. After analysis of wide literature, it is found that organizational culture has a deep impact on the variety of organizations processes, employees, and performance. This also describes the different dimensions of organizational culture. Empirical evidence further shows that lack of cultural integration among member companies is a primary cause of corporate group failure. More research can be done in this area to understand the nature and ability of the culture in manipulating the performance of the organization. Managers and leaders are recommended to develop a strong organizational culture in order to improve the overall performance of the employees and organizations.

Keywords - Business Performance, Organizational Culture, Organizational Excellence.

I. INTRODUCTION

Organizational culture includes the norms that the members of an organization experience and describe as their work settings (Schneider et al., 2013). Such norms shape how members behave and adapt to get results in the organization. Organizational culture is how the members of an organization interact with each other and other stakeholders (Simoneaux & Stroud, 2014).

Organizational culture is a set of values, beliefs, and behavior patterns that differentiate one organization from other organizations (Ortega-Parra & Sastre-Castillo, 2013). King (2012) defined organizational cultures as a system of values that subconsciously and silently drives people to make each choice and decision in the organization. Business managers use organizational culture and corporate culture interchangeably because both terms refer to the same underlying phenomenon (Childress, 2013).

Business managers use organizational culture to differentiate their company from other companies (Weber & Tarba, 2012). Apple Inc, the International Business Machines Corporation (IBM), and Hewlett-Packard Corporation (HP) exist on similar technology and same operating environment, but these companies have different organizational cultures (Schein, 2010). The Apple culture includes producing simple, elegant, and innovative products (Toma & Marinescu, 2013). Priorities in HP culture are employees’ autonomy and creativity (Childress, 2013). The IBM’s cultural focal point is long-term thinking with loyal and highly motivated employees (Flamholtz & Randle, 2011; Kotter & Heskett, 1992).

The difficulty with leadership is the handling of human resources in the organizational culture (Peters & Waterman, 1982). Yirdaw (2014) noted that organizational culture is the glue that combines the nonhuman resources to the human resources in the organization to establish teamwork and excellent performance. Organizational culture positively relates to corporate leadership and governance (O’Connor & Byrne, 2015).

Many business managers understand the impact of culture on corporate performance (Unger, Rank, & Gemunden, 2014). Warren Buffet, one of the top three richest businesspersons in the world, confirmed how organizational culture is necessary to organizational success (Childress, 2013). Similarly, the founder of Starbucks Coffee Company, Howard Schultz, explained that organizational culture is a critical factor in the success of Starbucks (Flamholtz & Randle, 2012).

II. SOURCES OF AN ORGANIZATIONAL CULTURE

Organizational culture may spring from different sources, mainly from the beliefs of the founders (Martínez-Cañas & Ruiz-Palomin, 2014; Schein, 2010). Uddin, Luva, and Hossian (2013) noted that...
the source of organizational culture also includes the learning experience of group members, as well as the new beliefs and assumptions of new members and managers. Founders have an opportunity to introduce a strategy and direction of the organization at an early stage of the organization. Founders have a significant impact on how the organization operates (Andish, Yousefipour, Shahsavarpour, & Ghorbanipour, 2013).

Founders of the organization are the primary source in establishing a new culture for the new organization (Flamholtz & Randle, 2012). The impact of culture occurs when the founders implement their business strategy and operational assumptions. Toma and Marinescu (2013) indicated that the founders’ assumptions might develop because of their personal experience and cultural history.

Founders may impose their personal experience and culture on their employees and partners within the organization (O'Reilly, Caldwell, Chatman, & Doerr, 2014). For example, the founder of Apple, Steve Jobs, imposed his personal experiences and assumptions on employees. Steve Jobs’s experiences and assumptions contributed to creating an effective and productive culture at the Apple Corporation (Kaliannan & Ponnusamy, 2014).

Toma and Marinescu (2013) confirmed that Steve Jobs successfully imposed assumptions and personal cultures on the Apple company culture. As a result, Jobs built a strong and successful organizational culture. Apple’s corporate culture contributed to turning the founder’s dreams into realities. Schein (2010) considered Apple as a good example to show how the founder’s personal culture and assumptions profoundly influence the organizational culture.

The other source of organizational culture is the learning experience. The learning experience derives from the social trends of the business environment (Nguyen & Aoyama, 2014). Uddin et al. (2013) noted that managers in the organization adapt some attributes from the community and the business climate. Employees of the organization live in the community, and they can impose their culture on the organization's culture. Society may impose its culture on the organization through members of the organization because the members of the organization are part of the community (Gibbs, 2012).

III. HISTORY OF ORGANIZATIONAL CULTURE

In 1951, Jaques described an organizational culture in a business context that contained cultural issues in the manufacturing industry (as cited in Childress, 2013). In 1982, Peters and Waterman also profiled 46 excellent companies in the United States based on their organizational culture. Recently many scholars published various books in the area of organizational culture that makes organizational culture a popular subject in the field of business and leadership.

Schein (1985) explained the importance of organizational culture in organizational performance by dividing organizational culture into three parts: assumptions, artifacts, and values. Assumptions reflect unofficial but important rules in the organization. Artifacts represent the visible elements of organizational culture, including the work process, the workplace setting, and organizational structures. The values represent the beliefs of the organization members and their business strategy (Childress, 2013). The three elements contribute to maintaining an effective culture in the organization.

Kotter and Heskett (1992) studied more than 200 companies in the United States, and their findings showed the existence of a strong relationship between organizational culture and business performance. Schein (2010) acknowledged Kotter and Heskett’s study as a landmark study in the area of organizational culture. In addition to these seminal publications, other similar books and articles contribute to the development of organizational culture theory (Childress, 2013). Flamholtz and Randle provided extensive information in the area of organizational culture and performance with practical examples from various organizations in the United States, Europe, China, and other countries.

In the early 1980s, organizational culture theory included organizational behavior, particularly with social science disciplines like sociology, anthropology, and social psychology (Denison, 1990). Nwibere (2013) confirmed that a lack of theoretical support to advance the manager's knowledge existed in the area of organizational culture effectiveness. Sharma and Good (2013) conducted an empirical investigation to identify the impact of organizational culture on organizational performance and productivity. The study findings showed that organizational culture was an essential ingredient of organizational performance and a source of sustainable competitive advantage (Childress, 2013; Kohtamaki, Thorgren, & Wincent, 2016).

IV. ORGANIZATIONAL EXCELLENCE

Maintaining a healthy working culture in the organization is important to promote a vision of excellence (Fusch & Gillespie, 2012). Bolboli and Reiche (2013) indicated that business excellence is a central feature for the success of any organization. Business excellence and organizational culture share common characteristics. Business excellence mainly
includes effective organizational culture because effective organizational culture is a reflection of excellence in the organization (Brown, 2013). After a thorough investigation of 46 high-performer companies in the United States, Peters and Waterman (1982) shared eight characteristics of excellent cultures in the organization, including quick decision-making and problem-solving, autonomy and entrepreneurship in leadership, and productivity through people (Abusa & Gibson, 2013). An excellent culture also includes value-driven management and motivated employees.

Peters and Waterman (1982) described attributes that show the difference between higher and lower performer organizations. Business managers use excellent organizational culture characteristics to increase productivity and profitability (Childress, 2013). These characteristics are important in maintaining business excellence and effective organizational culture in the organization.

V. STRONG AND WEAK ORGANIZATIONAL CULTURE

In a strong organizational culture, employees have similar views regarding the organization, and they behave consistently with organizational values (Flamholtz & Randle, 2011). Business managers display a strong organizational culture to influence employees’ work attitude and performance because culture engages and motivates employees (Simoneaux & Stroud, 2014). In a strong organizational culture, the members of the organization share the values and goals of the organization, and new employees quickly adopt these values (Kotter & Heskett, 1992).

Denison (1990) explained the impacts of organizational culture on business performance. Quantitative study results indicate a positive relationship between organizational culture and business performance (Han, 2012; Hartnell et al., 2011; Jofreh & Masoumi, 2013). Case study research results also show a strong culture as a driving factor for organizational performance (Pinho, Rodrigues, & Dibb, 2014; Simoneaux & Stroud, 2014).

New and historical literature showed the existence of a positive relationship between organizational culture and performance. For example, Flamholtz and Randle (2012) confirmed that the organizational culture has an impact on organizations’ processes, employee performance, and overall organizational productivity. Sharma and Good (2013) suggested that strong organizational culture is an important factor in improving and increase the organization’s profitability and financial performance. Nwibere (2013) also indicated that a healthy and strong organizational culture is a positive factor in increasing organizational performance.

Strong organizational culture includes an important role in aligning the organization's current and future direction (Raza et al., 2014). In contrast, management with weak or ineffective organizational culture has the potential to affect profitability and productivity (Shahzad et al., 2012). In a weak organizational culture, employees have a problem defining the organization's values and determining the right process of conducting business in the organization (Childress, 2013).

Schein (2010) noted that management with weak organizational culture lacks transparent and consistent communication in the organization. In a weak organizational culture, employees behave in a manner inconsistent with the organization’s priorities because of insufficient communication and a lack of uniform direction from the leadership (Flamholtz & Randle, 2011). When the organizational culture is weak, the organization’s existence is at risk because organization members have different values and beliefs, where they may work against the management’s priority (Eaton & Kilby, 2015).

In a strong organizational culture, business managers may develop and maintain a strong cultural foundation in the organization (Simoneaux & Stroud, 2014). The foundation work includes establishing the organization members’ working culture and developing a set of rules and trends of doing business in the organization (Flamholtz & Randle, 2011). Customers and other stakeholders use the organization members’ culture and their work trends to identify their organization from other organizations’ cultures (Cian & Cervai, 2014). Customers and other stakeholders may perceive and use the organizational culture as a distinguishing factor in identifying a good organization from a bad organization (Childress, 2013).

Business managers use a strong organizational culture to substitute formal rules and regulations in the organization (Denison, 1990). Schein (2010) noted that establishing a set of standards and trends in the organization mainly includes creating a well-defined communication channel among employees and managers. Business managers may use the communication channel to develop transparent communication and to encourage a culture of sharing and teamwork among members of the organization (Cao, Huo, Li, & Zhao, 2015).

Transparent communication includes a high level of participation by all members of the organization (Miguel, 2015). High levels of participation and employee involvement in the decision-making process are important to motivate employees. Motivated employees can develop a sense of ownership and responsibility culture in the
organization (Engelen, Flatten, Thalmann, & Brettel, 2014). Once employees developed a sense of ownership and responsibility culture, their commitment to the organization significantly improves without close supervision (Nwibere, 2013).

Loyal and engaged employees are important to maintain an effective organizational culture and to improve performance in the organization. For example, Pinho et al. (2014) noted that employees with a sense of ownership might significantly improve performance and productivity in the organization. When employees have a sense of ownership and responsibility, they may fulfill their responsibility without close supervision and control (Denison, 1990). Business managers can use their time to concentrate on other priorities in the organization.

Organizational culture is a motivational instrument in promoting performance in the organization (Jofreh & Masoumi, 2013). The coordinated effort of managers and employees may contribute to a positive working environment (Miguel, 2015). Schein (2010) noted that employees might motivate and improve their performance when they work in a positive working environment. The study findings showed that loyal and engaged employees promote effective organizational culture to improve performance and productivity in the organization (Fiordelisi & Ricci, 2014).

Business managers with strong organizational culture use transparent and open communication to motivate employees and to improve performance and productivity in the organization (Kohtamaki et al., 2014; Senaji et al., 2014). Transparent communication in the organization includes employees’ participation and involvement in organizational activities. When organization members engage in open communication, they may easily share relevant information throughout the organization (Simoneaux & Stroud, 2014).

Employees may develop a sense of ownership and responsibility when involved in the organizational decision-making process (Engelen et al., 2014). In a strong organizational culture, business managers encourage their employees to participate in a key decision-making process. The employees’ involvement in the organizational decision-making process is important to improve performance and productivity (Miguel, 2015).

In a strong organizational culture, employees and business managers have an excellent professional quality that contributes to performance improvement in the organization (Pinho et al., 2014). Professional quality contains (a) respect and dignity between employees and managers, (b) high commitment to customer services, and (c) motivation and moral engagement to achieve organizational priorities (Busse, 2014). When employees and business managers develop respect and dignity between them, they can help each other and may integrate their knowledge and experience to improve performance in the organization (Miguel, 2015).

Strong organizational culture is important to motivate employees in the organization. Motivated employees are primary drivers to improve performance in organizations (Simoneaux & Stroud, 2014). Schein (2010) indicated that highly motivated employees might perform in the organization better than unmotivated employees. Flamholtz and Randle (2011) also noted that motivated employees use their time efficiently in performing their daily tasks. Fiordelisi and Ricci (2014) found motivated employees as an important factor in improving performance and achieve organizational goals.

### VI. POSITIVE ORGANIZATIONAL CULTURE

Business managers may develop and maintain a positive organizational culture to improve organizational performance and productivity in the organization (Flamholtz & Randle, 2011). Study findings in the area of organizational culture showed that a positive organizational culture is a functional culture in improving performance and productivity in the organization (Childress, 2013). Inabinett and Ballaro (2014) found the existence of a positive relationship between positive organizational culture and performance.

Many business managers confirmed that a positive organizational culture is a primary factor in the success of their businesses (Childress, 2013; Melo, 2012). For example, the founders from Walmart and Southwest Airlines confirmed that their organizational culture is a primary factor in their business success (Flamholtz & Randle, 2011). The founders of Google and Apple also identified their positive organizational culture as the ultimate source of sustainable competitive advantage (Simoneaux & Stroud, 2014).

Business managers with a positive organizational culture may develop a high level of trust in the leadership (Andish et al., 2013). In a positive organizational culture, business managers use a transparent leadership style to develop and maintain trust in the organization (Simoneaux & Stroud, 2014). Transparent leadership includes a consistent decision-making process and transparent communication throughout the organization. When business managers show consistent decision-making processes and transparent communication in the organization, employees may develop trust in leadership (Miguel, 2015).
Business managers with a positive organizational culture are responsible for clarifying and communicating organizational goals and objectives to employees and other stakeholders in the organization (Simoneaux & Stroud, 2014). In a positive organizational culture, employees may clearly understand their organization’s goal and values (Flamholtz & Randle, 2012). Childress (2013) noted that when employees share and understand the organization’s values, they might engage in value-added activities.

VII. EFFECTIVENESS OF ORGANIZATIONAL CULTURE

Business managers use an effective organizational culture to shape employee attitudes, to improve operational effectiveness, and to increase financial performance in the organization. Operational effectiveness contains information on how management uses an effective organizational culture to introduce and innovate new products and to improve processes and services. Financial performance includes information regarding the achievement of profitability, productivity, and growth in the organization.

Effective organizational culture is a combination of strong and positive cultures. In a strong culture, the organization members behave in a way consistent with organizational values (Flamholtz & Randle, 2011). In a positive organizational culture, employees share the goals and values of the organization (Flamholtz & Randle, 2012). Business managers may establish an effective organizational culture to improve performance and productivity in the organization (Inabinett & Ballaro, 2014). Givens (2012) noted that managers with effective organizational culture promote excellent customer service and an innovative business environment. In an effective organizational culture, business managers show employee-focused leadership, sound interpersonal relationships, and ethical decision-making processes (Engelen et al., 2014).

Effective organizational culture is a collection of sub-organizational cultures. Such culture includes (a) healthy customer service, (b) employee-oriented management, (c) strong interpersonal relationships, (d) exemplary leadership, and (e) ethical decision-making process (Childress, 2013). Maintaining an effective organizational culture in the organization is essential to motivate employees (Berg & Wilderom, 2012). Managers with an effective organizational culture may improve performance in the organization (Shahzad et al., 2012).

In an effective organizational culture, employees share the organization’s values and beliefs (Schein, 2010). When employees share the organization’s values, they can perform better to achieve the organization’s objectives (Denison, 1990). Study findings in the area of organizational culture showed that effective organizational culture includes shared values and common purpose to create a sense of teamwork in the organization (Flamholtz & Randle, 2011).

Members of the organization use an effective organizational culture to develop teamwork and knowledge sharing culture (Wiewiora, Murphy, Trigunarsyah, & Brown, 2014). Schein (2010) indicated that managers with an effective organizational culture encourage teamwork to improve performance in the organization. Teamwork is an essential factor in achieving common organizational objectives. In an effective organizational culture, business managers and employees work together to improve performance and productivity in the organization (Childress, 2013). Eaton and Kilby (2015) noted that effective organizational culture is important to motivate and retain competent employees in the organization.

Business managers with effective organizational culture give priority to excellent customer services (Berg & Wilderom, 2012). In most cases, organizational leadership contains outstanding customer service as part of a mission statement (Denison, 1990). Miguel (2015) indicated that leadership must value good customer service as a source of sustainable competitive advantage. Denison (1990) also noted that in an effective organizational culture, employees share the organization’s values and beliefs. When employees share the organizational values and beliefs, they motivate themselves to achieve organizational goals by providing caring and comfortable service for customers (Childress, 2013). In an effective organizational culture, customer service is an essential responsibility for business managers (Berg & Wilderom, 2012).

In an effective organizational culture, business managers use employee-focused and transformational
leadership to improve performance and productivity in the organization. Veiseh, Mohammadi, Pirzadian, and Sharafi (2014) found that the existence of a positive relationship between transformational leadership and organizational culture. Wiewiora et al. (2014) indicated that transformational business managers encourage collaboration and teamwork.

When business managers encourage collaboration and teamwork in the organization, employees may benefit from shared experience and supportive alliance culture (Man & Luvision, 2014). In a supportive and collaborative culture, employees may develop a friendly environment in the organization (Veiseh et al., 2014). Wiewiora et al. (2014) noted that a friendly working environment is important to motivate employees for better performance.

Quantitative research evidence in the field of organizational culture showed the existence of a positive relationship between high interpersonal relationships and organizational culture (Veiseh et al., 2014). In an effective organizational culture, business managers encourage employee-centered interpersonal relationships in the organization (Engelen et al., 2014). Qualitative study results showed that a strong interpersonal relationship is a significant factor in improving employees' satisfaction in the organization (O'Reilly et al., 2014).

In an effective organizational culture, business managers may address employees' interests. The managers who understand the role of their company culture may respond appropriately to employees' interests (Childress, 2013). Nongo and Ikyanyon (2012) indicated that when strong interpersonal relationships exist in the organization, employees could positively communicate and share their ideas with their managers. When business managers open their doors for employees, they may encourage employees to express their opinions without reservation and hesitation (Veiseh et al., 2014).

Business managers use an open-door policy and strong interpersonal communication with their employees to develop a high level of trust in leadership (Busse, 2014). The differentiation of services is largely connected to culture and people-centric value creation, and service sector-driven markets are usually competitive due to differentiation and branding strategies (Dissanayake & Weerasiri, 2017; Khandawarachchi, Dissanayake & Maitra, 2016). When employees are content and have trust in the leadership, they can develop a sense of ownership and responsibility in the organization (Denison, 1990). Denison (1990) also indicated that a sense of ownership and responsibility is an important factor in engaging and motivate employees for better performance. Nongo and Ikyanyon (2012) found that employee engagement and better performance as an essential elements to improve organizational performance and productivity.

IX. DENISON ORGANIZATIONAL CULTURE MODEL

Denison (1990) identified four elements of organizational culture model (a) involvement, (b) consistency, (c) adaptability, and (d) mission. The four organizational culture model elements are essential in developing and maintaining an effective organizational culture in the organization (Kotrba et al., 2012). Denison indicated that involvement and consistency as internal factors in developing an effective organizational culture. Adaptability and mission are external factors in maintaining an effective organizational culture.

Mousavi, Hosseini, and Hassanpour (2015) noted involvement as a critical factor for organizational culture effectiveness. Involvement includes transparent communication, employee-focused leadership, and strong interpersonal relationships in the organization (Engelen et al., 2014). In an effective organizational culture, business managers encourage high employee involvement and participation of members of the organization in major organizational activities (O'Reilly et al., 2014). When employees participate in the organizational decision-making process, they develop a sense of ownership, trust, and loyalty for the organization (Denison, 1990). A sense of ownership and responsibility is part of the effective organizational culture elements. Sense of ownership, trust, and loyalty are important factors to motivating employees in the organization (Kotrba et al., 2012).

When employees participate in the organizational decision-making process, they become more responsible and accountable for their actions (Denison, 1990). The study findings in the area of organizational culture show that the existence of a positive relationship between high employee involvement in the decision-making process and performance (Hacker, 2015). However, Givens (2012) argued that a high level of involvement in various activities creates a lack of specialization, where difficulty exists to identify the responsible person for the particular assignment.

A high level of employee involvement in the organization's decision-making process may contribute to the organizational culture's effectiveness (Denison, 1990). However, the degree of organizational culture effectiveness may depend on the geographical location of the organization. For example, Engelen et al. (2014) used 643 participants from several German and Thailand companies to examine the relationship between organizational culture and business performance from a geographical location perspective. Englen et al.
confirmed that the high degree of involvement contributes to the organizational culture effectiveness in Thailand instead of Germany.

In an effective organizational culture, members of the organization from different backgrounds fairly share the organization's values, beliefs, and symbols in the organization (Mousavi et al., 2015). Effective organizational culture exists when a group of people comes together from different backgrounds to reach a common purpose (Flamholtz & Randle, 2011). When members share the organization's values and beliefs, they understand and coordinate their responsibility consistent with organizational values. Schein (2010) indicated that when organization members share values and beliefs in the organization, they could maintain effective communication and strong organizational culture.

In an effective organizational culture, business managers establish effective communication, which is important to coordinate employees' activity and increase involvement in the organizational decision-making process (Givens, 2012). Organizational culture emerges from the collection of organizational members' behaviors. Effective organizational culture never exists without a group of people, shared assumptions, and effective communication (Schein, 2010; Sok, Blommel, & Tromp, 2014).

Research findings in the area of organizational culture show the existence of consistency in the organization as a reflection of the organizational culture's effectiveness (Givens, 2012). Givens (2012) agreed that consistency is one of the primary factors to create a strong organizational culture and improve employees' performance in the organization. However, Nongo and Ikyanyon (2012) argued that a high level of consistency in the organization does not directly affect employees' commitment and performance in the organization.

Adaptability is the ability of business managers in the organization to perceive and respond to the external environments (Schein, 2010). In an effective organizational culture, managers are passionate and responsive to internal and external factors. In the adaptability principle, business managers have the ability to modify the existing organizational culture to accommodate necessary changes. The change includes improving internal elements, modernizing internal departments and products in response to external competitions (Mousavi et al., 2015).

An effective organizational culture includes a set of fundamental assumptions that the members of the organization have planned, exposed, and developed in dealing with external adaptation problems (Cian & Cervai, 2014). Business managers often modify and adopt new situations in the organization because of various internal and external factors. In the adaptability principle, employees are competent to adapt, restructure, and reinstitute internal processes, behaviors, and attitudes in response to external forces and demands (Denison, 1990). Adaptability is a critical organizational cultural element in promoting business performance (O’Reilly et al., 2014).

In an effective organizational culture, business managers define the organization's mission by providing purpose and meaning to every major part of the organization's mission (Givens, 2012). The mission contains (a) clear direction and vision, (b) strategic decisions and intent, and (c) goals and objectives of the organization that members use to guide the activities of the organization (Mousavi et al., 2015). In an effective organizational culture, business managers use the organization's mission and vision to determining the organization's short and long-term goals (Congo & Ikyanyon1, 2012). Business managers use the organization's mission to provide appropriate direction to internal and external stakeholders (Raza et al., 2014).

One of the responsibilities of business managers is aligning organizational culture with their business mission (Denison, 1990). Business managers believe that making successful alignment between organizational culture and business mission is a challenging task and an essential responsibility for them to secure the success of the organization (Eaton & Kilby, 2015). In an effective organizational culture, business managers align the organization's mission with organizational priorities to improve performance and to determine the future directions of the organization (Raza et al., 2014). Quantitative study findings in the field of organizational culture show the existence of a positive relationship between mission and business performance (Mousavi et al., 2015).

Mousavi et al. (2015) found that involvement and adaptability principles directly affect organizational performance while the other two principles indirectly affect organizational performance. Nongo and Ikyanyon (2012) confirmed the existence of a positive relationship between adaptability and commitment in improving organizational performance. Quantitative study results in the field of organizational culture also showed that the existence of a strong relationship between mission and organizational performance (Givens, 2012).

**X. TYPES OF ORGANIZATIONAL CULTURE**

Four types of organizational culture include (a) clan culture, (b) adhocracy culture, (c) hierarchy culture, and (d) competition culture (Fiordelisi, 2014; Sok et al., 2014; Wiewiora et al., 2014). A clan or supportive culture contains employee-oriented leadership, cohesiveness, participation, and teamwork.
In an adhocracy culture, innovation and creativity are important to enhance productivity and to improve services in the organization. The ultimate result of adhocracy culture is innovation and change (Fiordelisi, 2014). Research evidence in the area of the organizational culture shows the existence of a positive relationship between adhocracy culture and innovative entrepreneurial orientation (Engelen et al., 2014). Other research findings also showed the existence of a positive relationship between adhocracy culture and financial effectiveness in the long term (Hartnell et al., 2011).

In a hierarchy culture, business managers give priority to establishing effective control systems throughout the organization. In a hierarchy culture, organization members follow the rules and regulations, and each activity is set with pre-defined procedures and rules (Hartnell et al., 2011). Hierarchy culture includes clear communication channels, stability, consistency, and reinforcement (Fiordelisi, 2014). The final goal of hierarchy culture is efficiency and effectiveness. Han (2012) showed a negative relationship between hierarchy culture and financial performance. Other research findings also showed the existence of a negative relationship between hierarchical culture and customer integration (Cao et al., 2015).

In a competition culture, organizational members have clear objectives to increase their reward through market achievement (Han, 2012). Competition culture includes (a) gathering customer and competitor information, (b) appropriate goal setting, planning, and decision-making, and (c) task focus leadership. Competition culture also contains market aggressiveness and achievement.

The competition culture includes open communication, competition, competence, and achievement (Miguel, 2015). In competition culture, business managers focus on external effectiveness through market control and secure competitiveness through market achievement. Miguel (2015) noted that business managers must have knowledge of their clients and market priority to survive in the competitive market. In a competition culture, business managers must maintain customer-driven leadership because the priority in competition culture is customers’ satisfaction (Han, 2012).

The other priority for business managers in a competitive culture is to satisfy the owners of the company. The ultimate goal of competition culture is high market share, revenue, high profit, growth, and productivity (Hartnell et al., 2011). In an effective organizational culture, business managers use the organization member's values, priorities, and behaviors to make the company's business journey easy and competitive in the marketplace (Eaton &
Kilby, 2015). The proper alignment of fair competition and stakeholders’ satisfaction is important for organizational culture effectiveness.

Previous empirical studies in the area of organizational culture showed that the existence of cultural acceptance variation in various geographical locations (Engelen et al., 2014). For example, Shim and Steers (2012) found the existence of more hierarchical and clan cultures in Southern Korean companies than organizational culture in the United States and Japan. The other study findings also showed that the existence of more collaborative culture in Southern Korean companies than in the United States and Japan. By contrast, Shim and Steers found risk-takers, innovative, assertive, and future-oriented business managers in the United States rather than in Korean companies.

XI. MEASURING THE EFFECTIVENESS OF ORGANIZATIONAL CULTURE

Business managers may consider various methods to evaluate and measure their organizational culture effectiveness. Using the appropriate measurement method is important because management may use some measurement factors that fail to capture the complexity of culture from different types of organizations (O’Reilly et al., 2014). Hartnell et al. (2011) found the existence of a disagreement and lack of universal standardization to measure organizational culture effectiveness. O’Reilly et al. (2014) used the six factors method to measure organizational effectiveness and performance. The six factors include (a) adaptability, (b) integrity, (c) collaborative, (d) result-oriented, (e) customer-oriented, and (f) detail-oriented factors. Flamholtz and Randle (2012) also identified three evaluation elements to evaluate the organization’s cultural effectiveness. The three elements include (a) cultural alignment, (b) behavioral consistency, and (c) cultural gaps. The six factors of O’Reilly et al. are more detailed and suitable to measure the organizational values, beliefs, and norms (as cited in Hacker, 2015). The result from the evaluation may identify cultural gaps that show the difference between the desired values and the actual value in practice.

Fusch and Gillespie (2012) introduced a performance analysis model to determine the gap between the desired performance and the actual results in the organization. Fusch and Gillespie’s performance analysis model showed how business managers identify performance gaps by comparing the actual organizational performance to the desired performance. A desired organizational performance includes a detailed analysis of the organization’s vision, mission, strategy, and desired results. The actual performance analysis contains a brief discussion of internal and external factors, including economic, market, and customer relations. Fusch and Gillespie noted that the importance of identifying performance gaps as a primary approach to deploying effective performance interventions method. Fusch and Gillespie used a work-life approach as a performance intervention to create a positive impact on organizational culture and performance.

Flamholtz and Randle (2012) identified an organizational culture evaluation method, which includes five key dimensions of organizational culture. The five key aspects contain (a) customer orientation, (b) employee orientation, (c) performance standards, (d) commitment to change, and (e) company process orientation.

Customer orientation includes how the organization’s managers understand their clients and how employees serve their customers. Business organizational managers must have identified values to guide employee interaction with customers (O’Reilly et al., 2014). The value contributes to the organizational culture’s effectiveness by maintaining a high level of customer satisfaction in the organization (Hartnell et al., 2011).

The second important dimension for organizational effectiveness is employee orientation (Flamholtz & Randle, 2012). Flamholtz and Randle (2012) defined employee orientation as the process of motivating employees in the organization. Employee orientation includes how people behave while performing their jobs in the organization. Business managers use employee orientation to maintain a strong organizational culture in the organization.

Every organization has a group of people with different cultures and backgrounds. Organizational culture is important to combine the organization members’ different backgrounds and personal culture into a commonly accepted organizational culture (Green, 2012). Low employee turnover and high employee satisfaction contribute to the organizational culture’s effectiveness (Hartnell et al., 2011). The effective organizational culture characteristics contain employee satisfaction and empowerment in the organization, which are key to motivate and retain competent and trustworthy employees.

The third organizational culture dimension includes an input that how performance and accountability standards collaborate in the organization (Flamholtz & Randle, 2012). Performance and accountability standards contain a standard that shows when and how employees receive evaluations, benchmark standards, rewards, and accountability for their performance. O’Reilly et al. (2014) noted that performance and accountability standards have a profound impact on employees’ work performance and behavior. The performance
and accountability measure contribute to the organizational goal achievement and the organizational culture effectiveness (Green, 2012).

The fourth essential dimension for the organizational culture effectiveness is innovation and commitment to change (Flamholtz & Randle, 2012). Commitment to change and innovation includes how the company community views, commits, and reacts to change and innovation. Flamholtz and Randle (2012) indicated that commitment to change and innovation, including the managers’ readiness to lead unexpected changes and preparation to improve products and services. Commitment to innovation and readiness for change are important strategic components for the organizational culture’s effectiveness (Hartnell et al., 2011).

The fifth organizational culture effectiveness dimension is a company process orientation (Flamholtz & Randle, 2012). Company process orientation is the process of how the company system operates, including planning, organizing, decision-making, communication, and social responsibility. Organizational culture effectiveness includes economically feasible planning, transparent decision-making processes, clear communication channels, and socially responsible organizations (O’Reilly et al., 2014).

Effective organizational culture includes highly motivated employees, a high level of customer satisfaction, well-established performance standards, openness to change, innovation, and clearly defined company process orientation (Flamholtz & Randle, 2011). Business managers may use company process orientation in evaluating organizational culture effectiveness. The various aspects of organizational culture effectiveness relate to the company performance (Schneider et al., 2013). For example, a more innovative organizational culture may contribute to higher business growth. Bureaucratic organizational culture may increase efficiency. Supportive organizational culture may promote employee satisfaction (O’Reilly et al., 2014). In another empirical evidence, Chatman, Caldwell, O’Reilly, and Doerr (2014) confirmed that a strong consensus culture in the organization affects net income, and a strong adaptability culture affects revenue.

XII. THE ROLE OF ORGANIZATIONAL CULTURE ON BUSINESS PERFORMANCE

Fusch and Gillespie (2012) indicated that developing a positive workplace culture leads a performance improvement in the organization. Organizational culture is an important determinant factor for business performance (O’Reilly et al., 2014). Uddin et al. (2013) confirmed the existence of a strong relationship between organizational culture and business performance. Childress (2013) also noted that organizational culture does affect business performance positively or negatively. Innovations in businesses are blessed by organizational culture, and this area has been recognized as a needed research scope (Dissanayake, Wasantha & Jinadasa, 2017).

Unger et al. (2014) found the existence of a positive relationship between corporate culture and financial performance. In another empirical research, Flamholtz and Randle (2012) found 46% of corporate earnings affect by organizational culture effectiveness. However, Berg and Wilderom (2012) argued that the organizational culture might affect performance, where the change is a long time interval showing the effects of culture on financial performance.

When business managers use organizational performance to express action, organizational performance is the ability to execute tasks in the organization by its members (Uddin et al., 2013). Managers may use action performance to measure with high, medium, or low scales. When managers use business performance to express an outcome, business performance is the output or results of an organization, including productivity, profitability, and growth (Carter & Greer, 2013). The output may measure against its intended goals and objectives.

Berg and Wilderom (2012) identified five factors to measure the impact of organizational culture on business performance. The factors include (a) employee empowerment, (b) external emphasis, (c) interdepartmental collaboration, (d) human resource orientation, and (e) the performance improvement tendency. These factors are important to measure the impact of organizational culture on business performance (Unger et al., 2014).

XIII. CONCLUSION

This review contained a brief discussion and synthesis of the various literature in the area of organizational culture in the context of business performance. The literature review included a critical analysis and synthesis of literature related to the conceptual framework of an organizational culture theory. It also discussed achieving business excellence, and productivity include challenges for business managers in diversified companies. It was noted that lack of cultural integration among member companies is a primary cause of the corporate group failure (Weber & Tarba, 2012). Unless business managers establish an effective organizational culture, the high level of diversification leads them to poor performance.

Many business managers confirmed that effective organizational culture is an important element for the success of their businesses (Flamholtz & Randle,
2012). The quantitative study results in the area of organizational culture showed the existence of a positive relationship between organizational culture and business performance (Han, 2012; Hartnell et al., 2011). Qualitative study findings also showed how business managers use an effective organizational culture to motivate employees, attract customers, improve operational effectiveness, and increase financial performance (Hartnell et al., 2011).

REFERENCES
