ISSN: 2584-2412
ASHA PARAS INTERNATIONAL MULTIDISCIPLINARY RESEARCH JOURNAL (APIMRJ)
An International Half Yearly Online Open Access, Double Blind Peer-Reviewed Research Journal
October 2024, Volume-1, Special Issue, www.apimrj.com , apimrjournal@gmail.com

3. The Impact of Organizational Culture on Productivity: A Case Study of HEG Ltd., Mandideep

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Abstract

Organizational productivity is increasingly impeded by various factors, yet management remains responsible for achieving corporate objectives. In this situation, managers and staff must have a strong organizational culture. Organizational culture, encompassing norms, values, beliefs, and assumptions, fundamentally influences employees' and managers' behavior at work, thereby affecting productivity levels. The many forms of organizational culture are identified in this study along with their importance in raising organizational productivity. The study sampled 212 individuals from a population of 475, collecting and analyzing 152 questionnaires using SPSS Pearson correlation analysis. Findings revealed a significant relationship between market culture and effectiveness, indicating that efforts to improve market share lead to higher productivity. On the other hand, there was little and no statistically significant correlation between hierarchy culture and efficiency. suggesting that a hierarchy culture does not enhance productivity. Clan culture showed a positive impact on productivity through team effort rewards. Additionally, openness in communication and rewarding creativity were found to boost productivity.

Keywords: Organizational culture, Market culture, Clan culture, Hierarchy culture, Productivity, Efficiency, Effectiveness

Introduction

In today's world, cultural practices play a fundamental role in all human endeavors. Culture significantly influences people's perceptions of life and is a key factor in shaping organizations. Every organization has a unique culture, and every culture has an impact on every organization. This notion of culture distinguishes individuals and organizations from one another through

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patterns of behavior and artifacts. A key element in the development and expansion of an organization is culture. as noted by Alvesson (2012).

Culture enables organizations to develop inner strength for long-term effectiveness and self-sustenance (Dewitt, 2008). Organizational culture may be established by the founders, evolve over time in response to challenges, or be deliberately crafted by management (Sinha, 2007). Organizations benefit when employees thoroughly understand and embrace the organizational culture, leading to increased productivity (Gibson, Ivancevich, Donelly, & Konopaske, 2012).

Denison (1990) posits that culture embodies organizational structure, and it is crucial for management to ensure employees are acquainted with the common standards, values, presumptions, and beliefs of the organization. Blumberg (2010) emphasizes the management's role in clarifying the organization's culture to properly integrate employees within the organizational framework. Employees study the culture and decide whether to adapt to it, highlighting that every organization operates as a knowledge-based environment.

Neuman (2011) suggests a strong relationship between organizational culture and productivity, emphasizing efficiency through a solid culture based on teamwork, innovation, duty, and dedication. Productivity involves delivering products & services to clients for the least amount of money, focusing on quality, customer satisfaction, and good labor relations. Motivation, fostered by a positive organizational climate, significantly boosts productivity.

Kannan-Narasimhan and Flamholtz (2010) assert that the culture of an organization affects everything it does, affecting management practices, employee behavior, and how products and services are processed and delivered to customers. Organizational culture shapes perceptions of the company both internally and externally. Strong, effective organizations have a high awareness of their culture, which is vital for organizational enhancement and consistent performance. Culture encompasses the attitudes, experiences, beliefs, and values acquired through socialization, guiding interactions within the organization and with external parties (Waterman & Peters, 1982).

Cultural elements are conceptual, explicit, and underlying, according to sociostructural theory.

charged structures that guide organizations in managing their physical and social needs. Gibson (2013) distinguishes between strong and weak cultures as the two main components of culture. A strong culture exists when employees understand and share core values, making the culture influential on behavior. On the other hand, a weak culture results from a few numbers of powerful people holding short-lived dominating values. (McShane, 2010).

Productivity and organizational culture's connection has been extensively researched in fields such as strategic management, organizational behavior, and industrial relations. It is still important to research whether corporate culture increases productivity.
Examining the contributions of organizational culture to productivity is the main goal of this study. The following are the specific goals:

1. to ascertain whether hierarchy culture and efficiency are significantly correlated.
2. to assess the significance of the relationship between effectiveness and market culture.
3. To figure out if clan culture and efficiency are significantly correlated.
4. To find out whether efficiency and adhocracy culture are significantly correlated.

Review of the Literature

Organizational culture has always been a crucial component of organizational research, as Robbins (2010) noted. The concept of culture became prominent when researchers identified the need to understand organizational behavior and group dynamics more comprehensively. Likert (1961) highlighted the importance of a collaborative corporate culture, showing that the performance of the organization and employee behavior are significantly correlated. However, it wasn't until the late 1970s that the concept of organizational culture began to garner substantial and consistent attention. This period saw a reorganization of the term as it related to organizational conduct, influenced by two main streams: practical research aimed at assisting managers (Silverzweig & Allen, 1976; Ouchi & Price, 1978; Peters, 1978; Drucker, 1973) and scholarly discussions linking organizational culture with the application of iconic imagery and symbols (Mitroff, Joyce & Dandridge 1980).

Mcewan (2001) posited that culture is inherently connected to the human environment. To

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transform an organization's overarching culture, it is essential to consider the relevant societal culture. According to Robbins (2010), an organization's culture does not emerge spontaneously and does not dissipate easily once established. Current traditions, practices, and methodologies are largely a result of past performance and successes. The foundational source of the culture of an organization The culture of an organization& is its origin.

Robbins went on to say that an organization's early culture is greatly influenced by its founders. They have an unrestricted vision for the organization that is not based on outdated customs or beliefs. There are three ways in which culture is formed:

1. Founders select and keep workers who share their beliefs and perspectives.
2. They socialize these employees to their way of sentiment & thinking.
3. Employees are encouraged to internalize the founders' views, ideals, and presumptions by seeing how they behave. The founder's vision is considered a crucial component in the success of the business when it succeeds. embedding their personality into the organization's culture.

Workers are exposed to culture in a variety of ways, but the most effective ones are language, storytelling, rituals, and tangible symbols (Robbins, 2010).

Robbins (2010) illustrated 'stories' with the example of the Ford Motor Company. Henry Ford II would remind his executives that his name was on the building whenever they became too complacent, emphasizing his control over the organization. Employees learn about the organization's culture by listening to stories about how previous managers or founders handled customers and challenging situations, thereby perpetuating the culture over time.

Rituals are routine actions that communicate and reaffirm the core principles of a company by highlighting what objectives are crucial, who matters, and who doesn't. For instance, annual award ceremonies recognizing exceptional service or the achievement of specific targets serve as public motivators. Mary Kay Cosmetics' annual award meetings, where salespeople receive various glamorous gifts based on their performance, is a notable example (Robbins, 2010).

material symbols like the design of business HQ Robbins (2010), the types of cars provided to top managers, office sizes, furnishing styles, and administrative perks signal who is important, the egalitarianism expected by management, & the behaviors deemed appropriate.

Organizations often use language to identify members of a particular culture or sub-culture. Learning the organization's language helps members affirm their understanding of the culture and their commitment to maintaining it. Special terms may be created for, offices, key personnel, equipment, suppliers, customers, or products. These are terms that new hires pick up fast and eventually become part of the company lexicon, forming the basis of the culture (Robbins, 2010). According to Aswathappa (2013), education is the primary means of understanding culture. The culture revolves around critical issues that reflect the values and assumptions evident in employee actions on important matters. The creation of culture involves leadership modeling, allowing group members to adopt shared values. Organizational culture emerges from the interaction between founders' assumptions and the initial employees who learn from their experiences.

Jones (2011) stated that Four components interact to form the culture of an organization:

1. The individual's personal & professional attributes inside the company.
2. the organization's morality.
3. the property rights that employees are granted by the organization.
4. The configuration of the organization.

The interplay of these variables produces a variety of cultures inside various organizations and causes cultural shifts over time. In the end, The last source of an organization's culture is the people who create it.

Organizational culture can have two different forms, according to Kotter and Heskett (1992), which differ in terms of visibility and resistance to change a deeper, less obvious level, culture refers to the shared values that persist over time, regardless of changes in the organization's makeup. These fundamental values can vary greatly between companies and are difficult to change. More obviously, culture is the set of norms or behaviors that new hires are expected to adhere to. While changing this level of culture is still challenging, it is easier than altering core values. Each level

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of culture influences the other, with shared values affecting behavior and practices and vice versa.

Kotter and Heskett (1992) also pointed out that although strategy and structure have a big influence on behavior, culture is not the same as them. A strategy's required behaviors and beliefs might or might not fit with the culture of a company.

The transformation of organizational culture is a critical endeavor for ensuring future growth. According to Pettigrew (2009), changing a culture involves transitioning from one cultural aspect to another, often through a structured culture change program. To effectively manage this cultural change, several key factors must be considered:

- **Creating an Open Climate for Change:** Establishing an environment where change is welcomed and supported by all members.
- **Strong Leadership:** Unified and articulate leadership is essential to drive the change process.
- **Clear Vision:** A detailed and transparent vision from the top management helps guide the change.
- **Discrepant Actions:** Implementing actions that challenge the status quo to increase pressure for change.
- **Utilization of Deviants and Heretics:** Encouraging individuals who challenge existing norms and bring innovative perspectives.

Toolpack (2009) emphasized that while Over time, change is a constant. transforming a culture can take between 3 to 6 years, a time frame in which may be significantly impacted. However, organizations that successfully change their culture often reap substantial benefits. Waldera (2008) explored how organizations can adapt their culture for future growth, suggesting that they must:

1. Inform the members of the current culture.
2. Analyze the culture of the present.
3. Adapt new traditions and practices to organizational procedures.

Productivity measurement involves quantifying both the outputs and inputs of a productive system to create a monitoring index. The primary goal is to improve productivity by increasing effectiveness and optimizing resource use. Productivity metrics include efficiency and effectiveness.

Companies focused on effectiveness, Put output, sales, quality, creativity, value creation, and cost-cutting in order of priority. It gauges how successfully a company meets its objectives and how its products affect the economic and social landscape. Zhang (2010) explained the degree of goal realization attained by an organization and the aims of its policies are determined by its effectiveness.

According to Meyer and Herscovitch (2001), organizational commitment and effectiveness are related. This may show up as solid bonds between leaders and staff members, employees' psychological attachment, decision-making participation, and affiliation with the company.

Shiva and Suar (2010) argued that Better performance can be attained by improving employee attitudes toward the company. from lower to higher maturity levels, emphasizing the importance of integrating organizational effectiveness concepts with human capital management.

According to Heilman and Kennedy-Philips (2011), determining how well an organization is doing requires tracking its progress toward its goals and mission. Management should prioritize enhancing leadership, direction, communication, interaction, flexibility, and the creation of a favorable work environment in order to increase effectiveness.

Total Productive Maintenance as a concept was first presented in 1988 by Seiichi Nakajima, and has been widely applied to cover the entire equipment lifecycle across departments, that includes design, production, and maintenance (Wang, Fu-Kwun, 2006; Muthiah & Huang, 2006).

Efficiency assesses the extent to which inputs are successfully transformed into outputs and serves as a proxy for the relationship between inputs and outputs (Low, 2000). Six losses are identified by Porter's Total Productive Maintenance plan as needing to be eliminated in order to increase output: lower yield from start to finish, process faults, slower speed, setup and adjustment, small stoppages and idling, and equipment breakdown. Requiring fewer inputs to achieve the same results is a sign of greater efficiency.

Pinprayong and Siengthai (2012) differentiated among efficiency of organization as well as business, which shows the performance of the input-output ratio, which further reflects improvements in internal processes like community, culture & organizational structure. Improved organizational efficiency can enhance management, productivity, quality, and profitability.
Gulati and Kumar (2010) observed that resource allocation across several purposes determines efficiency.

Methodology And Analysis
The descriptive research design had been employed in this research. The primary research tool used was the questionnaire. A total of 212 questionnaires were distributed; of those, 152 were gathered and subjected to Pearson correlation analysis.

Test on a hypothesis:
Hypothesis 1: There is a strong correlation between hierarchy culture and productivity.

Correlations			
		Rules and guidelines are required to oversee all job processes. HC	I have a job schedule from my company to make sure I manage my time well. EFF
Guidelines & regulations are needed to govern each step of work HIERARCHY CULTURE	Pearson Association	1	.328**
	Sig. (2-tailed)		.000
My employer gives me a work schedule so I may make Efficient use of my time.	Pearson Correlation	.328**	1
	Sig. (2-tailed)	.000	
	N	152	152
**. A significant correlation exists. at the 0.01 level (2-tailed).			

"The correlation analysis revealed that there is a weak positive significant relationship between hierarchy culture and efficiency at r=.328** and significance level of 0.000 where (p <0.01). Respondents were of the opinion that the management needs to be flexible in their rules as stringent rules and regulations slow down productivity".

Hypothesis 2: Strong correlation between effectiveness and market culture

"The above analysis shows that there is a strong positive relationship between market culture and efficiency at r=.489**on a significance level of .000 and p <0.01. Employees affirmed that when they perform their job well, the organization formulates robust strategies to meet customer's needs through value-added products".

Correlations			
		Client interests are always taken into consideration when a company makes decisions. MC	When he gives me tasks to do, my supervisor is always impressed with the results. EFF
Customer interests are never ignored when an organization is making a decision MARKET CULTURE	Pearson Association	1	.489**
	Sig. (2-tailed)		.000
Every time he gives me tasks to do, my supervisor is often impressed with the outcomes I give. Efficiency	Pearson Correlation	.489**	1
	Sig. (2-tailed)	.000	
	N	152	152
**. Correlation is significant at the 0.01 level (2-tailed).			

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Hypothesis 3 Strong correlation between efficiency and clan culture

Correlations			
		Success should be rewarded evenly.	I frequently complete my work correctly, on schedule, and for the lowest available rate.
Reward for Success ought to be distributed fairly. CLAN CULTURE	Pearson Correlation	1	.778**
	Sig. (2-tailed)		.000
I frequently complete my work correctly, on schedule, and for the lowest cost. EFFICIENCY	Pearson Correlation	.778**	1
	Sig. (2-tailed)	.000	
	N	152	152

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

"The analysis revealed that there is a very strong significant relationship between clan culture and efficiency at $r=0.778^{**}$and significance level at .000 where $p< 0.01$Employees affirmed that when there is motivation through rewards for work done, they tend to be efficient through time management and minimum cost of production".

Hypothesis 4: Significant relationship between Effectiveness & Adhocracy culture

Correlations			
		Applying new ideas quickly is necessary for them to be effective; otherwise, they will lose their value.	My employer takes many steps to guarantee that the workload is equal.
Applying new ideas quickly is necessary for them to be	Pearson Correlation	1	.697**
	Sig. (2-tailed)		.000

effective; otherwise, they will lose their use. ADHOCRACY CULTURE			
My employer takes many steps to guarantee that the workload is equal. EFFICIENCY	Pearson Correlation	.697**	1
	Sig. (2-tailed)	.000	
	N	152	152

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

"This analysis revealed that there is a very strong positive relationship between Adhocracy culture and efficiency at r=.697**at a significance level of .000 and $p < 0.01$. This implies that respondents acknowledged the fact that their company is considerate in giving work load and this allows room for creative ideas on product development. These ideas must be implemented as soon as possible in order not to get obsolete".

Recommendations & Conclusions

Here Enz's (2009) studies how clan culture affects the effectiveness of organizations. Key efficiency factors in a clan culture, according to Enz, are cohesion, strong staff morale, rewards-based satisfaction, human resource development, and teamwork. The prevalent belief in this sort of culture is that employee participation and involvement promote dedication and empowerment, which in turn leads to effectiveness.

Similarly, this study aligns with Chatman's (1994) findings, It used values and beliefs to measure organizational culture. Timeliness, predictability, and seamless operation are considered efficiency characteristics in a hierarchy culture, according to Chatman. He suggested that What makes this culture successful is the operational theory that Control increases productivity by getting rid of redundancy and waste. thereby resulting in effectiveness. Quinn and Cameron's conflicting values framework was employed in the study to categorize the organizational culture and found that management should focus on the dominant culture type within its organization & embed this cultural orientation into their employees and all other workers.

Many organizations acknowledge the importance of a robust organizational culture to ensure their continued existence, yet few dedicate the time and care required to develop one. To strengthen organizational culture, the following recommendations are made:

Embrace Openness

Management at HEG should adopt a culture of openness, which is essential for attracting top talent and ensuring that staff members feel free to share their opinions and feel a sense of ownership towards the organization. A stagnant philosophy of "we've always done it that way" can lead to staff disengagement, where employees may adopt a passive attitude, negatively impacting productivity.

Encourage Creativity

To harness the energies of employees, it is crucial to encourage creativity. Employees may feel demotivated if their creativity and innovation are not properly acknowledged or rewarded. Motivational theories suggest that factors such as intriguing work, chances to take on more responsibility, recognition, and Promotions encourage workers to put forth more effort. Therefore, HEG management should provide opportunities for creativity and be willing to reward such initiatives promptly.

Review Hierarchical Culture

The study found that employees are not optimally productive due to the existing hierarchical culture. HEG management ought to evaluate and create processes that improve output and performance. Organizational rules should encourage, rather than hinder, employee productivity. Bureaucratic constraints should be minimized to prevent them from becoming obstacles to employee productivity.

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