CHAPTER V

LITERATURE REVIEW

- Perspectives of Culture
- Studies in International and Indian Context
- Culture in Individual Organization
- Impact of Culture on Performance
In the previous chapter, a thematic explanation of performance has been presented, highlighting the various metrics used while measuring performance and performance indicators in particular to the banking sector. An in-depth understanding of experiences and findings of other researchers would be quite useful in streamlining the framework of the current study. Thus, this chapter discusses in depth, the existing literature available both in the international and national context in this area.

This chapter is divided into two sections: Section 5.1 discusses the different perspectives of values and culture 5.2 and 5.3 presents studies in the international and Indian context. Section 5.4 presents culture in an individual organization Section 5.5 focuses on the research carried out with respect to impact of culture on performance.

5.1 Perspectives of Values and Culture

Over the last few years corporate culture has been defined in many ways by various authors and researchers. However, many would agree that corporate culture can be referred to as a set of values, beliefs, and behavior patterns that form the core identity of organisations, and help in shaping the employees' behavior (Deal and Kennedy, 1982; Jones, 1983; Schein, 1992; Kotter and Heskett, 1992; Pheysey, 1993; Van der Post, 1998; Deshpande and Farley, 1999). Corporate culture also acts as a cognitive map that influences the way in which the context is defined, for it provides the selection mechanisms or norms and values which people enact events (Jones, 1983). It is also a pattern of beliefs, symbols, rituals, myths, and practices that have evolved over time in an organisation (Pheysey, 1993).
Corporate culture is also the dominant values espoused by an organisation or a set of values and assumptions that underlie the statement: "this is how we do things around here" (Deal and Kennedy, 1982; Quinn, 1988). According to Van de Post et al. (1998), culture is, to the organisation, what personality is to the individual. It is a hidden but unifying force that provides meaning and direction. It is also a system of shared meanings, or systems of beliefs and values that ultimately shapes employee behavior.

Much of the published research on organizational culture has emphasized the central importance of the values and beliefs that lie at the core of an organization’s social system.

Denison (1990) explains that in a values driven organization, the company’s mission, vision, strategic planning, and everyday decision-making are based on its core values. Much of the published research on organizational culture has emphasized the central importance of the values and beliefs that lie at the core of an organization’s social system. The most frequent topics of interest have been the ways in which organizations develop and maintain these central values and the behaviors that accompany them, or the manner in which these values and behaviors are transmitted to new members of an organization.

Krueger (1996) presented that a lack of values in an organization results in low employee morale, lack of loyalty, insufficient employee advocacy, lack of professional passion and work leadership. Meaningless division of labour, labour specialization and no sense of belongingness are also outcomes of in a valueless organization.
DeGeus (1986) underscores the importance of a common set of values in decision making. He discussed how the early founders or managers in long lived companies used values to survive and pinpoints one of the reasons why companies with a common set of core values contribute to organizational longevity.

Kuczmarski and Kuczmarski (1995) comments that values are enduring beliefs. If values are in place, it is likely that the task at hand, will endure hardships of any kind. If a group has established and clearly identified what it highly regards, cherishes, and believes in—its values—then it will be able to handle the disheartening and challenging ups and downs that happen along any journey.

Blanchard and O’Connor (1997) believes that values influence the decisions that the organizations make and impact the courses of action that it takes. If a group has commonly agreed-upon values in place, then the group’s decisions and actions will be influenced by them. The group will be able to handle “mistaken turns” during their own organization’s journey. Maintaining values requires both commitment and risk taking. Societal and organizational sicknesses can be improved with sustaining values and norms that are embraced by both individuals and organizations. “In a company that manages by its values, there is only one boss—the company’s values” (p. 55).

Scholz (1987) opines that corporate culture has to be kept strictly apart from similar looking concepts like the corporate identity, organisational climate or the national culture. Corporate culture is the implicit, invisible, intrinsic, and informal consciousness of the organisation which guides the behavior of the individuals and which shapes itself out of the behavior.
Kamal (1988), while studying the organisational culture of Petronas, the national oil corporation in Malaysia, experienced that corporate cultures are real; mostly taken for granted; extremely controlling and directing of our behavior; and evolutionary in that they exhibit slow change under normal circumstances. Research on corporate culture also showed that it has a relationship with financial performance. Results of the study also showed that firms that are financially more effective differ from those firms that are not effective with respect to the organisational culture dimensions used in the study.

Van der Post et al. (1998) used 15 dimensions to measure corporate culture rather than a cultural typology.

Goffee and Jones (1998) allude that culture is not a concept that invites precise definitions, and sees culture viewed by many as a fuzzy, amorphous abstraction.

Hofstede and Neuijen (1990) coin culture as a fad that has no consensus about definition, but agree with others who state that culture consists of the following characteristics: "(1) holistic, (2) historically determined, (3) related to anthropological concepts (4) socially constructed, (5) soft, and (6) difficult to change.

Rokeach (1968) presented values as "abstract ideals" positive and negative, not tied to any specific object or situation and represent a person's beliefs about modes of conduct and ideal terminal modes. Organizational values are defined as deep rooted, enduring, fundamental beliefs amongst organizational members about different aspects of organizational life. Organizational beliefs are described as the acceptance of facts, statements and sets of circumstances as truths. Beliefs are of three types: Descriptive or existential belief: i.e. those capable of being true or false. Evaluating beliefs, relating to good or bad, Prescriptive or proscriptive beliefs wherein some means or ends of action is judged to be desirable or undesirable.
Allport\textsuperscript{19} says a value is a belief of the third kind – a prescriptive or proscriptive belief. Value is a belief upon which a man acts by preference. Values like all belief have cognitive, behavioural and affective components. Values play a central role in our lives. Much of our behaviour is based on the values we hold both individually and collectively. They provide a standard or act as a benchmark for fundamental norms of social process against which behaviour is guided and evaluated. Research has emphasized the importance of values and beliefs which are at the core of an organizational’s social system.

Many other researchers simply term culture as “the way we do things around here.” The vastness and richness of this ocean is well captured in the following quotations of ‘gurus’ cited by Hoecklin (1995)\textsuperscript{20}

- Tyler, E. (1871). That complex whole which includes knowledge, belief, art, morals, law, custom and any other capabilities and habits acquired by man as a member of society.
- Hofstede, G.H. (1980). The collective programming of the mind which distinguishes the members of one human group from another.
- Louis, M.R. (1983). Three aspects: (1) some content (meaning and interpretation) (2) peculiar (3) to a group.
Harris, P.R. and Moran, R.T. (1987). A distinctly human capacity for adapting to circumstances and transmitting this coping skill and knowledge to subsequent generations.

From this perspective, organizational processes are instrumental in achieving organizational goals. All the work processes are designed in such a manner that it should facilitate the achievement of desired goals.

Wilkin (1990) observed that the work gets done by living actors who address each other in certain ways, observe certain niceties and rules of office etiquette and shape their encounters, relations and actions in ways designed to reinforce and revivify the ‘organizational process’ so that it is capable of delivering the action demanded in particular situations”.

Prakash (1993) observed that recurring patterns of action may be instrumental but they are also symbolic and can be viewed as “styles” of action, or “sensuously patterned, to realize and express values intrinsic to the organizational process itself.

These studies have viewed cultural ‘artifacts such as ‘corporate saga’, ‘folklore’ or ‘management’ as powerful ‘symbols’ with meanings that help or reinforce the communication. They can be used to build organizational commitment, convey a philosophy of management, rationalize and legitimize activity, motivate employees and facilitate socialization. Culture from this perspective is viewed as “root metaphor”. It promotes a view of organization as “expressive forms” or “manifestations of human consciousness”.

Bolman and Deal (1991) study centred on symbols and their interpretation within an organizational context. The symbolic frame proposes a set of concepts and emphasizes the complexity and ambiguity of organizational phenomena, as well as the ways in which symbols mediate in the meaning of organizational events and activities. Non-rational or emotion-driven thinking process takes over the rational thinking process. It seeks to interpret and focus on what makes symbols powerful and how they affect every aspect of human
experience, including life in organizations. What is important about any event is not what happened, but what meaning it conveys. Symbolic frame mirrors human experiences. Veteran managers find that the symbolic frame articulates the wisdom and experiences that they have accumulated over the years. New comers whether they know it or not, encounter powerful symbolic issues from the moment they enter the organization. In essence, from the symbolic-interpretive perspective, organizational culture is a subjective perception of objective organizational characteristics that affects employees’ performance and satisfaction.

5.2 International Context

In the widely read book on Japanese management by Pascale and Athos, the following list of values in force in Matsushita Electric Co, is cited values can mean both ‘end-state values’, as well as ‘values-as-means’, e.g. to increase market share by falsely advertising a ‘new and improved product’, or to plagiarize a feature of a service or product. The Seven Spiritual Values were: National Service through Industry, Fairness Harmony and Cooperation, Struggle for Betterment, Courtesy and Humility, Adjustment and Assimilation, Gratitude

In an equally well known contemporary book on Management in Excellent American Companies by Peters and Waterman’, the following crystallized values are furnished: A belief in being the ‘best’, A belief in the importance of the details of execution, A belief in the importance of people as individuals, A belief in superior quality and service, A belief that most members of the organization should be innovators, A belief in the importance of informality to enhance communication, Explicit belief in and recognition of the importance of economic growth and profits. The truth of the matter is that neither American nor Japanese industrialists are seen to violate their respective fundamental ethos, which necessarily evolves slowly and organically within their respective socio-historical and geo-physical conditions. Each list is authentic and has been useful from its cultural perspective, yet the note of the
grass-root, close-to-heart, familial humanism is much more audible in the Matushita list than in the American.

Tannenbaum and Davis (1997)\textsuperscript{23} had foreseen the following abridged picture of transition of values in the domain of organizational development in the USA: From man as essentially bad to man as essentially good. Distrusting people to Trusting them. Avoiding facing others to appropriately confronting relevant data. Avoidance of risk-taking to willingness to take risk. Process work as unproductive to essential for task accomplishment. Emphasis on competition to emphasis on collaboration.

5.3 Indian Context

What is the situation in India today? Gradually more and more companies are emerging with formal statements of values or beliefs. In the private sector firm a household name in consumer goods, the Chief Indian Executive reprinted in 1990 booklet on values evolved by its British parent company and circulated it, under his signature, in an in-house workshop on ‘Commitment’. These values are: Competitive ability, Clear Objectives, Taking Advantage of Change, Simple Organization, Committed People, Openness, Responsibility and Quality.

A Public Sector firm has the following list of values: Customer satisfaction, Employees being the most important resource, they will be treated with respect and dignity, Integrity, fairness and equity in business dealings, Positive encouragement to creativity and innovation, a fanatic belief in quality excellence, an ethos of discipline and commitment, mutual loyalty and prosperity for vendors and suppliers, contribution to a clean environment and the quality of life.

Unless values are articulated from the very depths of a highly developed and deeply ingrained culture, they will not resonate authentically and inspire employees to maintain high levels of discipline and commitment in the face of
increasingly disintegrating and norm less tendencies afflicting Indian organizations.

In another successful private sector company, belonging to a well-known large industrial base, the following list of articulated values was displayed: Ensure customer satisfaction, Seek excellence in all we do, Set high standards of ethics, Foster creativity and innovation and Avoid all discrimination and secure future

Sinha\textsuperscript{24} included these value items in his study because he suspected, that the prevailing notions about what values Indian managers generally held did not accurately reflect existing realities. He concluded the argument that each culture will have its own definition of the meaning and means of satisfaction of need level. The very concepts of belonging and safety are culture-bound and will reflect differences in basic assumptions and values. Ideals and values are only so because they stand above passing social fads. If everything is changing, mutable, fluctuating, then there is no permanent guide.

Denison concluded that the values and beliefs of an organization give rise to a set of management practices – concrete activities that are usually rooted in the values of the organization. Concrete policies and practices are often difficult to separate from the core values and beliefs and the system of shared meaning that support them.

5.4 Culture in an Individual Organization

Hagberg and Heifetz (2000)\textsuperscript{25} said that cultural assessment can enable a company to analyze the gap between the current and desired culture. Developing a picture of the ideal and then taking a realistic look at the gaps is vital information that can be used to design interventions to close the gaps and bring specific elements of culture into line. They go on to say that understanding and assessing your organization's culture can mean the difference between success and failure in today's fast changing business environment. A thoughtful
assessments of the culture can facilitate the alignment of values and strategic goals across subcultures.

Furnham and Gunter (1993)\textsuperscript{26} emphasized on the perceptual nature of organizational culture raised several questions. A major issue concerned the importance of the actual situation versus the perceived situation in determining behavior and attitudes in organizations.

Oswalt (1970)\textsuperscript{27} said that the most critical characteristic of culture in either of these contexts is that it is learned, shared, and patterned behavior which forms an integrated system. Within this system particular constellations of traits cluster as particular patterns; these in turn are integrated with one another into systemic patterns which in their totality produce a cultural pattern that is particular and unique in its configuration.

5.5 Impact of Culture on Performance

Corporate culture has received much attention in the last two decades due to its effects and potential impact on organisational success. The pioneering work of Deal and Kennedy (1982) incited the interest of researchers and consultants to the concept of corporate culture, and how these values and philosophy guide the employees' behavior in the organisation towards greater success. Consequently, several researches have been conducted to identify the nature and type of corporate culture in organisations. The purpose was to elicit the key values, beliefs, and norms in an organisation that has given much impetus to the success and superior performance of the organisation.

Kotter and Heskett (1992) believed that corporate culture has a long-term impact on the economic performance of the organisation. They found that firms with cultures that emphasized all the key managerial constituencies (customers, stockholders, and employees) and leadership from managers at all levels, outperformed firms that did not have those cultural traits by a huge margin. They also believed that corporate culture was becoming more
important in determining the success or failure of firms in the next decade. The study had the following findings and confirmed the positive correlation between culture and performance. The study derived four main conclusions:

1. Corporate Culture can have a significant impact on an organization’s long-term economic performance.
2. Corporate Culture will probably be an more important factor in determining the success or failures of companies in the next decade.
3. Corporate Cultures that inhibit strong long term financial performance are not rare: they develop easily, even in organizations that are full of reasonable and intelligent people.
4. Although tough to change, corporate cultures can be made more performance enhancing.

Denison (1990) found that certain types of culture could enhance organisational performance. In that study, corporate culture was based on the perceptions. The influence of corporate culture organisational practices and conditions, to characterize the organizational culture. He found that the organisation with participative culture performed better than other cultural types. He stated that shared meaning has a positive impact because an organization’s members work from a common framework of values and beliefs that forms the basis through which they communicate. A high degree of shared meaning and a common frame of reference can increase an organization’s capacity for coordinated action and promote a more rapid decision process. He continues to say that the theory of corporate culture and organizational effectiveness has a direct impact on its effectiveness and performance. Strategies, structures, and their implementation are rooted in the basic beliefs and values of an organization and present both limits and opportunities for what may be accomplished.

Van der Post et al. (1998) found significant relationships between organisational culture and performance. He examined the relationship between organizational culture and financial performance of organisations in South Africa. The results showed that organisational culture has a positive
relationship with the financial performance of the firms. The results of the study also showed that firms that are financially more effective differ from those firms that are not effective with respect to the organisational culture dimensions used in the study. The study used 15 dimensions to measure corporate culture rather than a cultural typology. They also believed that corporate culture is related to organisational strategy, particularly in the implementation of a selected strategy in an organization.

Schwartz and Davis, 1981; Scholz, 1987; Choe, 1993; Rashid and Anantharaman, 1997. Deshpande and Farley (1999) found that the corporate culture of successful Indian and Japanese firms were quite different in their marketing orientation.

Deshpande and Farley (1999) studied the relationship between corporate culture and market orientation in Indian and Japanese firms. According to Despande and Farley there were four types of corporate culture: competitive culture, entrepreneurial culture, bureaucratic culture, and consensual culture. In the competitive culture, values relating to demanding goals, competitive advantage, marketing superiority, and profits were emphasized. In the entrepreneurial culture, the emphasis was on innovation, risk taking, high levels of dynamism, and creativity. In the bureaucratic culture, values like formalization, rules, standard operating procedures, and hierarchical coordination. The long-term concern of this culture was predictability, efficiency and stability. In the consensual culture, elements of tradition, loyalty, personal commitment, extensive socialization, teamwork, self-management, and social influence are important in the organisational values. The results showed that the most successful Indian firms had entrepreneurial culture, while the Japanese firms had entrepreneurial and competitive cultures. The consensual culture was also prevalent among the Japanese firms in that study. They also found that entrepreneurial culture is a more important predictor of good performance for Indian firms, while the competitive culture is more important for the Japanese firms. The results of their study also showed that entrepreneurial and competitive cultures perform
better than consensual and bureaucratic cultures. The latter were more inward looking and closed than the former, which is more innovative and risk taker.

Schwartz and Davis (1981 and Scholtz (1987) found that corporate culture is also related to organisational strategy.

Choe (1993) found a strong relationship between corporate strategy and culture. He found that firms pursuing the prospectors’ strategy tends to have developmental culture, and those with defensive strategy tend to have hierarchical culture.

Rashid and Anantharaman (1997) also found that there was an association between organisational strategy and culture which is consistent with the findings by Choe (1993).

Pool (2000) examined the relationship between organisational culture and job stressors. He found that executives working in a constructive culture reduced the role stressors in their working environment. There was also an inverse relationship between role conflict and role ambiguity in a constructive culture. However, the passive culture showed a positive relationship between role conflict and role ambiguity. He also believed that organisational culture (passive or constructive) could hinder job performance, job commitment, and job satisfaction.

Sadri and Lees (2001) found a positive corporate culture could provide immense benefits to the organization and thereby a leading competitive edge over other firms in the industry. However, a negative culture could have a negative impact on the organisational performance as it could deter firms from adopting the required strategic or tactical changes. Such type of culture could inhibit future changes in an organisation.
From the above literature, it appears that organisational culture played an important role in promoting organisational success, and this could only be achieved by assuring an appropriate culture being developed or shaped in the organisation that matches the managers values, attitudes and behavior.

The above studies suggest that corporate culture is an important component in the field of organisational behavior, particularly in trying to better understand the context of organisations and the people managing the organisation. This implies that corporate culture could affect the success of organisations in trying to achieve its goals and objectives.

Goffee and Jones (1998) explain that no business strategy or program can or will succeed without the appropriate organizational culture in place. Even the most expensive and elegantly designed building cannot stand without a sound infrastructure of beams and girders.

Most organizations, in their many parts, are characterized by several cultures at once, and it is critical that leaders and individuals alike understand where these different cultures exist, how they work together, and how they clash (Goffee and Jones, 1998, p. xv). Cultures come in many forms even within one organization, come into being for many reasons, and are evolving all the time (p.42).

Studies relating organizational culture to performance tend to differ in terms of the performance measures that are used, across the types of organization that are studied. This is not unexpected, as the performance measures generally relate to the extent to which goals relevant to the specific organization are attained. Hence, the indicators used include indices of service quality at hospitals (Argote, 1989), the amount of money raised for a fund-raising campaign (Rousseau, 1990), as well as a combination of other economic performance data (Kotter and Heskett, 1992; Quick, 1992). Variations were also found in these studies in terms of the use of longitudinal (e.g. Denison, 1984) and cross-sectional data of performance (Rousseau,
1990), as well as between idiographic (Frame et al., 1989) and nomothetic (Argote, 1989) studies.

5.5.1 Idiographic studies

Four case studies were found that related to organizational culture and performance (Fairfield-Sonn, 1993; Frame et al., 1989; Lewis, 1994; Quick, 1992). All had investigated the impact of culture change on performance. Given Schein's (1990) argument that underlying assumptions in any organization's culture are difficult to change and unlearn, it is therefore not unexpected that the case studies found on culture and performance were conducted in the context of organizational change interventions. Three of the studies (Frame et al., 1989; Lewis, 1994; Quick, 1992) reported successful outcome data, but as yet none had found a firm relationship between culture and performance. Frame et al. described an organizational transformation intervention, based on changes in the mission and values of a printing plant belonging to the Chicago Tribune newspaper firm. Although a variety of results over a year showed improvements that had even exceeded the original targets that were set, the authors admitted that there were some uncertainties in attributing causation for these improvements. Furthermore, although a system of measuring the outcomes of the corporate goals was implemented, there were no data to suggest the extent to which the values were accepted and/or internalized by the employees. The results from this study therefore suggest the importance of translating a vision into a set of measurable performance data as contributing towards organizational success. Similarly, in a case study of Southwest Airlines, Quick (1992) noted that the company possessed a well-defined culture, rounded on a set of core values and basic assumptions. A variety of performance data (e.g. passenger volume, employee productivity) collected over 20 years showed the growing economic success of the airline, accompanied by anecdotal evidence of the values being manifested in the employees. However, as with the study at the Chicago Tribune, there was little information suggesting the extent to which the culture exists in the firm, nor any empirical evidence relating the culture of the organization to its performance. Quick also acknowledged that the economic success of an
organization may not be rooted in its culture, but rather that the culture may serve to foster the commitment necessary for a group of people to overcome adversity successfully. Two studies which tend to disprove the existence of a relationship between culture and performance examined the impact of organizational and cultural changes on a town council (Fairfield-Sonn, 1993) and an education institution (Lewis, 1994), respectively. Fairfield-Sonn reported the use of survey questionnaires to evaluate the impact of a two-and-a-half year culture change effort at a town council. However, no objective performance data were collected to measure the change, although survey results suggested that the effort was a failure. The author suggested that the failure of the change effort was partially related to the nature of the core values that were being inculcated, as well as a lack of organizational structure to reinforce these values. This latter argument for suitable organizational structures therefore supports Quick's (1992) thesis that, at most, culture facilitates economic performance. A more systematic case study was that conducted recently by Lewis (1994). She examined culture and performance in relation to the change in status of an Australian educational institution – from being a college of advanced education to a university. Lewis employed a triangulation method, collecting data over a period of four years, including both qualitative and quantitative information. Objective output as well as observational date were used as performance indicators and compared with information collected from ethnographic interviews and focus-group discussions which were content analyzed. Statistical analyses of the data showed that the staff had generally suffered a significant decline in work related values (as a measure of culture) while observational data and objective performance indicators showed more positive work behaviours and improved outcomes, respectively. Hence these findings suggest a negative, or at best no, relationship between culture and performance, contrary to the claims of Peters and Waterman (1982) and Deal and Kennedy (1982), for a “strong” culture as a prerequisite to successful organizational performance.

The findings also demonstrate difficulties in inferring cultural values from the manifest behaviours of an organization’s members (Lewis, 1994). The findings reported in these case studies do not point clearly to the presence of a
positive relationship between culture and organizational performance. Some of the problems encountered centre upon the rigour of the methodology employed (e.g. Frame et al., 1989), as well as the influence of other intervening variables (e.g. Fairfield- Sonn, 1993; Quick, 1992) The most rigorous case study examined here (i.e. Lewis, 1994) also suggested problems in relating the observed aspects of culture to underlying cultural values, as well as having shown a lack of empirical correlation between culture and performance. However, it may be argued that these findings lack generalizability and would need to be replicated before they can be accepted as refuting the claims of the culture performance link. We therefore refer next to the findings from quantitative studies conducted in this area.

5.2.2 Nomothetic studies

One of the earliest quantitative studies examining the relationship between culture and performance was conducted by Denison (1984), who collected data on 34 American firms over a five-year period. Responses on one-time survey relating to perceptions of work organization and participation in decision making were correlated with data subsequently collected annually, pertaining to returns on investment and sales.

Comparison was made between firms that were in the top half on the work organization and participation indices and those that were in the lower half. The firms with more positive perceptions of work organization were found be constantly better in performance than were firms with less positive views. However, decision-making style was found to be less clearly related to performance. Specifically, the more participative firms had slightly better performance, initially, which gradually improved over time.

Similar results were obtained when these firms were compared to the rest of their industry, which led the author to conclude that “soft measures do, in fact, predict hard outcomes” (Denison, 1984, p. 17). These results, though encouraging, cannot be accepted unreservedly because the use of survey
questionnaires as the only measure of culture ignores other, more objective, indicators of organizational culture. In effect, the use employee perceptions suggests that the study had obtained a good measure of organizational climate (Payne and Pugh, 1976), rather than of organizational culture. Similar criticisms may be offered of Argote's (1989) findings on the positive relationship between norms and performance indicators in 44 hospital emergency units. In this case, perceptions about the roles of nurses in each hospital were positively correlated with the respective feedback on promptness of care, quality of nursing care and quality of medical care. As with Denison's (1984) study, the independent variable is not submitted provide a measure of organizational culture, but rather the employees' perceptions of aspects of climate. Furthermore, the reliability of the single-item measures culture used in this study is questionable. The findings pertaining to the perceptions of roles may also be reinterpreted in terms of the importance of appropriate organizational structures to facilitate performance.

This finding would thus be consistent with that reported by Fairfield-Sonn (1993) on the possible reasons for the failure of a cultural transformation at a town council. In an apparent attempt to overcome some of the problems of measuring organizational culture, Rousseau (1990) examined the normative beliefs of 32 voluntary service organizations, using Cooke and Lafferty's (1983) Organizational Culture Inventory. The only performance indicator collected was the amount of money raised from a recently completed fund-raising campaign. No significant positive correlations were found between the beliefs measured and the outcome data. The absence of any relationship could also be a result of the study's use of cross-sectional data, rather than a longitudinal design (Rousseau, 1990).

Probably the most extensive study of the relationship between culture and performance was by Kotter and Heskett (1992), who conducted a number of related studies using 207 firms, over a five-year period. The research made use of various measures of culture and long-term economic performance data; each study was built on the findings of the preceding investigation so as to better examine the nature of the relationship. The initial objective was to
examine the link between “strong” cultures (i.e. having clearly identifiable and consistent values, with a distinctive way of doing things) and long-term performance. Only a modest correlation was found between indices of a “strong” culture and long-term performance. However, subsequent investigations showed that firms with cultures that were suited to their market environment performed better than did those who had equally “strong” cultures, but possessed a poorer fit with the environment. The authors followed up with a study to examine how changing environments affected culture and performance, and found that the firms with consistently good economic performance over time tended to possess core values that emphasized the importance of an adaptive culture. However, no data were used to support these latter claims, as the subsequent findings were based on qualitative information, obtained through interviews with the management and staff of the companies studied. Both the quantitative and qualitative approaches examined here have involved considerable methodological problems. Part of the reason for these problems can be attributed to the lack of a commonly agreed definition and model of organizational culture (Furnham and Gunter, 1993). Serious doubts also exist with regard to the relationship between “strong” cultures and organizational performance, which is clearly refuted by Kotter and Heskett’s (1992) study. Two cross-sectional studies using idiographic and nomothetic approaches (i.e. Lewis, 1994; Rousseau, 1990) failed consistently to find any relationship between culture and performance. While some evidence exists for a correlation between culture and long-term economic performance in Kotter and Heskett’s (1992) study, it is submitted that the nature of this relationship is not well established, in the absence of objective data. The article, claims that a relationship exists between organizational culture and performance and have been examined by reviewing some of the research in this area.

Two extremes along a continuum in the conceptualization of organizational culture were presented, together with a discussion of the main methodologies and the findings of some of the research studies in the literature.
A major obstacle to investigations of the relationship between performance and culture appears to be related to the application of the term “organizational culture”. Definitional problems, as well as difficulties in the measurement of organizational culture, seem to have contributed to the inconclusiveness of the research. A triangulation of data collection methods for indices of culture could be employed, so as to reduce problems associated with the limitations of using singular measures, while providing convergent validity on the phenomena being investigated (Glaser et al., 1987; Lewis, 1994).

Studies examining the alleged culture-performance link have also failed to discuss the influence of other variables, such as organizational structure and leadership. In particular, the positive findings noted by Quick (1992) and, particularly, by Kotter and Heskett (1992) seem to suggest that culture may only be an intermediary of the impact of effective leadership on organizational performance.

Future investigations of the culture performance link need, therefore, to take into consideration and hopefully remove the effects of other factors. As it stands, the present examination does not seem to indicate a relationship between culture and the short-term performance of organizations, much less to show a causal relationship between culture and performance. While some evidence exists to suggest a correlation between “adaptive” cultures and long-term performance, the absence of similar objective findings in other studies, as well as a need to account for the influence of other factors, makes this a tentative conclusion. In the presence of more rigorous and conclusive findings, the most important contribution of “culture” towards the understanding of organizations appears to be as a descriptive and explanatory tool, rather than a predictive one.

In the Indian context, few studies have made an effort to establish the relationship between organizational culture and organizational performance. The various studies conducted in the banking industry have tried to measure the productivity and efficiency of the banks using financial parameters. There have been efforts towards describe organizational culture of private sector
banks but not of public sector banks. Thus it leaves a wide scope to find out the relationship between organizational culture and organizational performance.

In this chapter, certain aspects related with the literature examining the relationship of organizational culture and organizational performance have been compiled. It has brought into light various methods used by the scholars to study the relationship. The next chapter will provide inputs to the methodology adopted in the current study. It defines the research objectives and area covered for the study.
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