

The impact of organizational culture on organizational performance: The mediating role of employee's organizational commitment

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ABSTRACT

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The purpose of the present study was to investigate the mediating role of employee's organizational commitment on the relationship between organizational culture and organizational performance. This study was descriptive and correlational research that was conducted through the survey method. The study population consisted of all employees in education office of Kerman province and 190 persons were selected as volume of sample by using Cochran's formula. The data gathering tools were organizational culture, organizational commitment, and organizational performance questionnaires. Descriptive and inferential statistics (structural equation modeling through path analysis) were used to analyze the data. The data was analyzed using SPSS and AMOS softwares. The findings of the research indicated that suggested model had appropriate fit and organizational culture beyond its direct impact exerted indirect impact on organizational performance through the mediation of employee's organizational commitment that the extent of indirect impact was significantly higher than direct impact.

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Today organizations try to achieve fast growth, continuum improvement, profitability, preparation for future, and top situation in their activities in global spectrum (Salajegheh, Chamanifard, Chamanifard, & Nikpour, 2015). Furthermore, today organizations work in an environment that constantly changes and is very hard to predict these changes. This issues have caused the organizations to spend a lot of time and money over the changes so as to achieve high performance. Indeed, at this time that has been renamed the age of changing, achieving performance excellence through traditional methods of management is not possible, and organizations are forced to use the new managerial approaches (Taslami, 2015). Therefore, to achieve high performance of organization, it is necessary to identify the

factors affecting organizational performance. In this regard, the studies have revealed that among the factors that can be effective on organizational performance are the company's organizational culture and employee's organizational commitment (Denison & Mishra, 1995; Ireferin & Mechanic, 2014).

There are various definitions of organizational culture being proposed by various researchers over the years, but as a matter of fact there are not any commonly accepted definition (Øgaard, Larsen, & Marnburg, 2005). Organizational culture is a pattern of shared basic assumptions. These basic premises are the ones that the group learned as it resolved its difficulties and troubles. The problems are related to external adaptation and internal integration. These ideas have worked effectively enough to be regarded valid and, accordingly, they are valid to be taught to new members as the appropriate way of perceiving, thinking, and feeling in relation to those problems (Schein, 1985). In this regard, Brown (1998) introduces organizational culture as the pattern of beliefs, values, and learned ways of dealing effectively with experience that have expanded during the course of an organization's history, and which tend to be demonstrated in its material arrangements and in the behaviors of its members. Organizational culture is the representation of the collective values, beliefs, and principles of organizational members. It is a product of factors including history, product, market, technology and strategy, type of employees, management style, as well as national culture (Needle, 2004). Organizational culture tends to be a series of shared mental assumptions which lead interpretation and action in organizations by describing proper behavior for various positions (Ravasi & Schultz, 2006). Organizational culture includes involvement, consistency, adaptability, and mission (Denison, 2000).

Organizational commitment is one of the most fashionable variables which has been studied for the last three or four decades. It is quite difficult to provide universally accepted definition for organizational commitment like every other psychological construct (Suma & Lesha, 2013). The definition of organizational commitment includes the degree to which the employee feels devoted to their organization (Akintayo, 2010). Organizational commitment has been defined as the relative degree of recognition with the organization and involvement in it (Nobarieidishe, Chamanifard, & Nikpour, 2014). Organizational commitment includes emotional commitment, continuum commitment, and normative commitment (Meyer & Hersovite, 2001).

Organizational performance is considered as one of the basic notions in management and most of the management's tasks are formed according to the mentioned notion. Of course, organizations' success can be reflected in their performance. Oxford English Dictionary defines performance as performing, applying, and doing each regular and committed work. This definition is related to inputs and outputs and also indicates that performance has close relationship with work and its outcomes (Chamanifard, Nikpour, & Chamanifard, 2014). Organizational performance is considered to be the sum of accomplishments achieved by all businesses/departments. These accomplishments are involved with an organizational goal within a given period of time. The goal is either meant for a specific stage or on the overall extent (Lee & Huang, 2012). The idea of organizational performance is affiliated to the survival and success of an organization (Ahmed & Shafiq, 2014). Organizational performance includes effectiveness, efficiency, productivity, quality, and innovation (Tangen, 2004).

According to the literature review of the research it can be argued that if concept of organizational culture is comprehended properly, in addition to direct impact on organizational performance, it can indirectly influence the organizational performance through employee's organizational commitment. To this end, the main purpose of this research is to investigate the mediating role of employee's organizational commitment on the relationship between organizational culture and organizational performance.

The Literature Review

Singh and Das (1978) in a study concluded that level of commitment can be raised considerably by designing a better organizational culture. Arthur (1994) in a study considering the effects of human resource systems on manufacturing performance and turnover argued that manufacturing performance will be enhanced by higher level of employee commitment. Denison and Mishra (1995) stated that specific culture traits may be useful predictors of organizational performance and effectiveness. Moreover, Boon and Arumugam (2006) concluded that all dimensions of corporate culture are directly involved in improvements in employees' organizational commitment. Bonaparte (2008) expressed that organizational commitment has impact on organizational performance. Manetje and Martins (2009) argued that organizational commitment is an outcome of organizational culture. Zain, Ishak, and Ghani (2009) concluded that all dimensions of corporate culture have impact on organizational commitment. Dost, Ahmed, Shafi, and Shaheen (2011) stated that employee commitment has strong impact on organizational performance. Kotter and Heskett (2011) asserted that organizational culture has ability to increase organization performance. Lauture, Amewokunu, Lewis, and Lawson-Body (2012) expressed that the positive perception of organizational culture increases the employees' commitments. Ng'ang'a and Nyongesa (2012) concluded that an institutional culture has impact on its performance. Shahzad, Luqman, Khan, and Shabbir (2012) argued that organizational culture has a deep impact on organizational performance. Moreover, Ghorbanhosseini (2013) found that organizational culture has direct and significant effect on organizational commitment. Also, Kashefi et al. (2013) asserted that organizational commitment has impact on organizational performance. Ahmed and Shafiq (2014) stated that organizational culture with all of its dimensions influence different perspective of organizational performance. Furthermore, Irefin and Mechanic (2014) stated that organizational performance is enhanced by employee commitment.

The Study

Figure 1 presents the conceptual model of research.

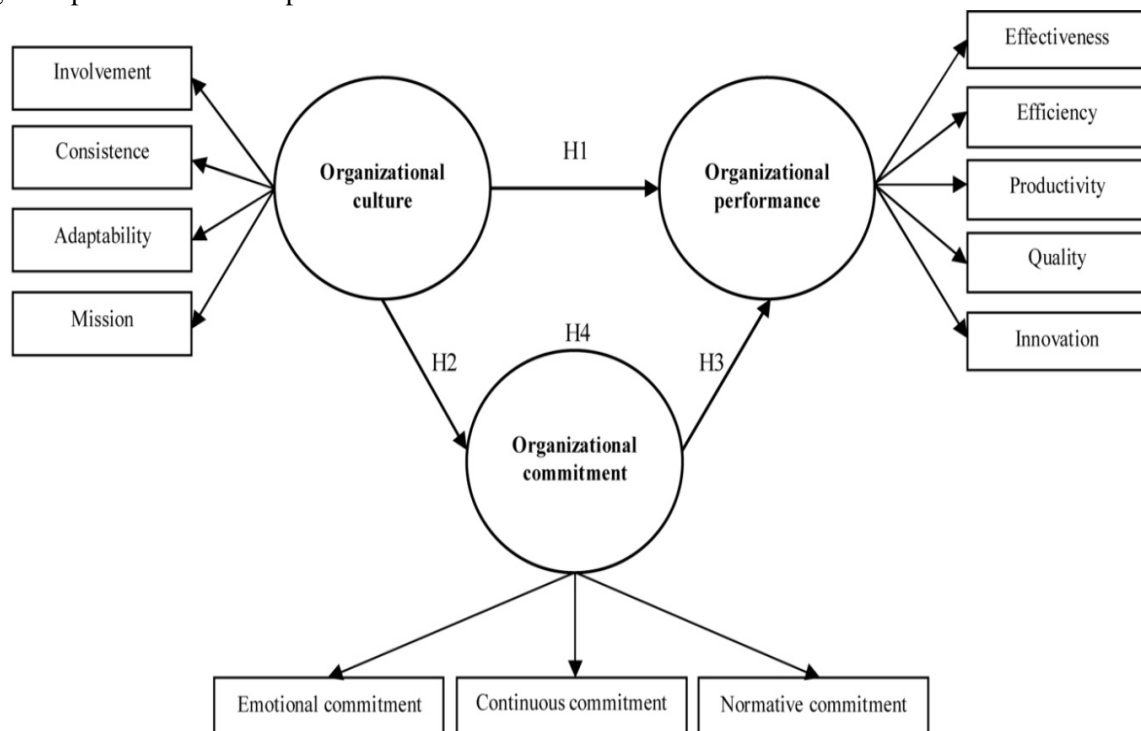


Figure 1. Conceptual model of research

Research Hypotheses

The following research hypotheses guided the study:

H₁: Organizational culture has impact on organizational performance.

H₂: Organizational culture has impact on employee's organizational commitment.

H₃: Employee's organizational commitment has impact on organizational performance.

H₄: Employee's organizational commitment mediates relationship between organizational culture and organizational performance.

Method

The current research is a descriptive and correlational study that was conducted through the survey method. The statistical population of the research consisted of all employees in education office of Kerman province. The number of employees during the research was 376 persons, and 190 persons were selected as volume of sample by using Cochran's formula. Considering these total numbers, 55% of participants were male, more than 75% of them had BA and upper, nearly 60% of them had 10-20 years of work experience, and more than 90% of them were over 30 years old.

In this research three questionnaires were used to collect the data that these questionnaires were adjusted based on Likert scale ranging from 1 to 5. The first questionnaire was to evaluate the organizational culture and included 25 questions; the second questionnaire was to assess the organizational commitment of employees and involved 24 questions; and the third questionnaire was to evaluate organizational performance and included 23 questions. Table 1 indicates questions related to different aspects of three variables of the organizational culture, organizational commitment, and organizational performance.

Table 1

Dimensions of Organizational Culture, Organizational Commitment and Organizational Performance, and How to Measure It

Row	Dimensions of Organizational Culture	The Number of Questions	Dimensions of Organizational Commitment	Dimensions of Organizational Performance	The Number of Questions
1	Involvement	1-2-3-4-5-6-7	Emotional Commitment	Effectiveness	1-2-3-4
2	Consistence	8-9-10-11-12	Continuous Commitment	Efficiency	5-6-7
3	Adaptability	13-14-15-16	Normative Commitment	Productivity	8-9-10-11-12
4	Mission	17-18-19-20-21-22-23-24-25		Quality	13-14-15-16-17-18-19
5				Innovation	20-21-22-23

Regarding the validity, the organizational culture and organizational commitment questionnaires were standard and were used in other studies including Denison (2000) and Meyer and Herscovitc (2001). Moreover, the organizational performance questionnaire was used in other researches including Salajegheh et al. (2015). The reliability of the questionnaires was calculated 0.887, 0.831 and 0.814, respectively by using test-retest method. Following this, descriptive and inferential statistics were used to analyze the data using SPSS and AMOS softwares. In the analysis of the data, initially variables were tested for normality and after fulfillment of Kolmogorov-Smirnov test and confirmation of the normality of the variables, parametric inferential statistical techniques (structural equation modeling through path analysis) were used.

Results

Linking theoretical and experimental knowledge for better understanding of real universe is a feature of approach of structural equation modeling. Such analysis provides possibility of modeling based on latent variables and manifests variables simultaneously. To this end, this feature is very appropriate to analyze the theoretical models. In the current study, structural equation modeling was used to investigate the conceptual model and hypotheses of research and the results are presented in Figure 2 the information indicates that conceptual model of research had very good fit.

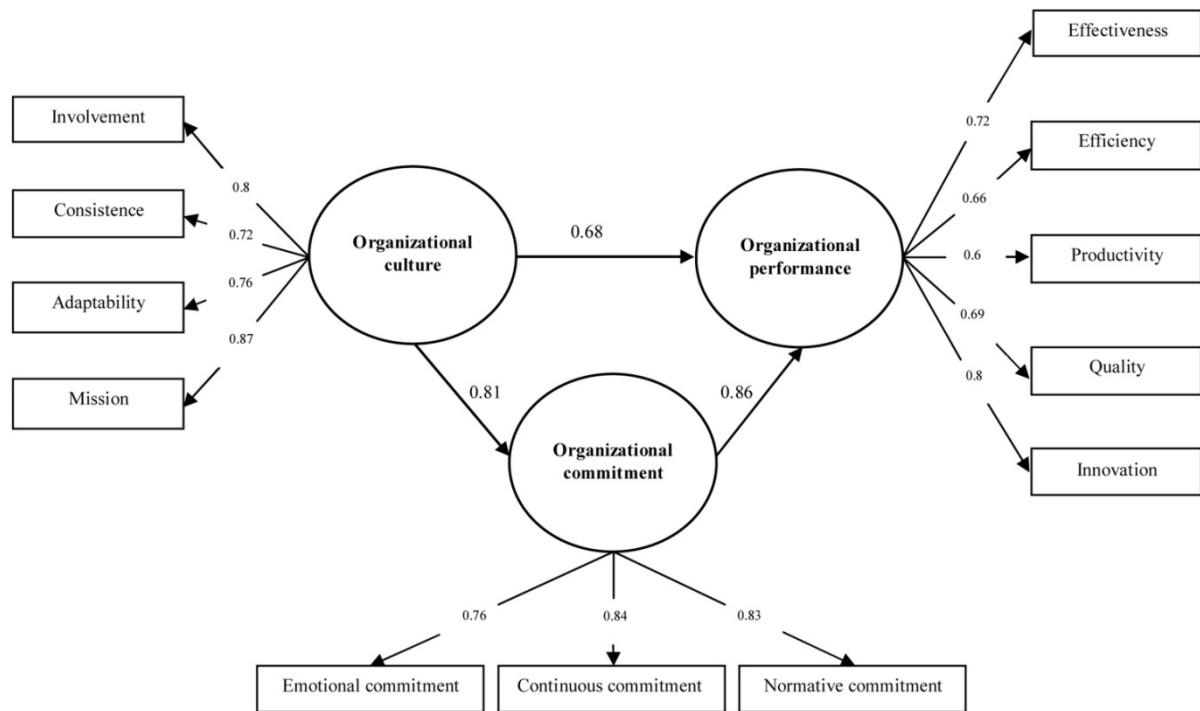


Figure 2. Model of AMOS

Table 2 shows the fit indexes of conceptual model of research.

Table 2
Fit Indexes of Conceptual Model of Research

Index	Value	Acceptable fit
Root Mean Square Error of Approximation (RMSEA)	0.014	Less than 0.09
Normed Fit Index (NFI)	0.93	More than 0.9
Goodness of Fit Index (GFI)	0.95	More than 0.9
Adjusted Goodness of Fit Index (AGFI)	0.944	More than 0.9
Comparative Fit Index (CFI)	0.965	More than 0.9
Incremental Fit Index (IFI)	0.965	More than 0.9
Tucker-Lewis Index (TLI)	0.962	More than 0.9
P-value	0.008	Less than 0.05
CIMN/DF	2.14	Between 1 and 3

Fit indexes in Table 2 presents that conceptual model of research has very good fit. In other words, suggested model has appropriate fit. Table 3 presents the testing of research hypotheses. Results of Table 3 indicated that organizational culture had a positive impact on employee's organizational commitment and organizational performance; also employee's organizational commitment had a

positive impact on organizational performance. In addition, the results of path analysis indicated that organizational culture beyond its direct impact on organizational performance, indirectly influenced the organizational performance through employee's organizational commitment that indirect impact was significantly higher (0.7) than direct impact (0.68). Thus, it can be resulted that employee's organizational commitment had a mediator impact on the relationship between organizational culture and organizational performance. Therefore, the fourth hypothesis of the research was verified.

Table 3
Testing of Research Hypotheses

Hypotheses	Regression Coefficient	t-value	P-value	Result
H ₁ : Organizational culture has impact on organizational performance	0.68	2.19	<0.05	Confirmed
H ₂ : Organizational culture has impact on employee's organizational commitment	0.81	2.76	<0.05	Confirmed
H ₃ : Employee's organizational commitment has impact on organizational performance	0.86	2.23	<0.05	Confirmed
H ₄ : Employee's organizational commitment mediates relationship between organizational culture and organizational performance	0.7	2.71	<0.05	Confirmed

t-value>1.98; P-value <0.05

Discussion and Conclusion

In this study, the relationships among the variables of organizational culture, employee's organizational commitment, and organizational performance were explained theoretically, and then they were examined. In fact, the objective of the present study was to examine the possibility of the impact and the possible impact of organizational culture on organizational performance with regard to employee's organizational commitment. The results indicated that the organizational culture not only has direct positive impact on organizational performance, but also indirectly affects organizational performance using employee's organizational commitment and the indirect impact is more than the direct impact. Another finding of the study indicated that suggested model has appropriate fit. The findings resulted from the present study were compared and analyzed with the results from different studies which are as follows:

The finding of the research indicated that organizational culture has a positive and significant impact on organizational performance in education office of Kerman province. The *results* are in *line with* the findings of Denison and Mishra (1995), Kotter and Heskett (2011), Ng'ang'a and Nyongesa (2012), Shahzad et al. (2012), and Ahmed and Shafiq (2014). Denison and Mishra (1995) concluded that specific culture traits may be useful predictors of organizational performance. Kotter and Heskett (2011) believe that organizational culture has ability to increase the organization performance. Ng'ang'a and Nyongesa (2012) in their study argued that an institutional culture has impact on its performance. Shahzad et al. (2012) asserted that organizational culture has a deep impact on organizational performance. Ahmed and Shafiq (2014) stated that all dimension of organizational culture influence different perspective of organizational performance.

The other finding of the research indicated that organizational culture has a positive and significant impact on employee's organizational commitment in education office of Kerman province. The results of the *study were* supported by other *studies, namely* Singh and Das (1978), Boon and Arumugam (2006), Manetje and Martins (2009), Zain et al. (2009), Lauture et al. (2012), and Ghorbanhosseini (2013).

Singh and Das (1978) concluded that level of commitment can be raised considerably by designing a better organizational culture. Boon and Arumugam (2006) argued that all dimensions of corporate culture are directly involved in improvements in employees' organizational commitment. Manetje and Martins (2009) stressed that organizational commitment is an outcome of organizational culture. Zain et al. (2009) expressed that all dimensions of corporate culture have impact on organizational commitment. Lauture et al. (2012) in their study found that the positive perception of organizational culture increases the employees' commitments. Ghorbanhosseini (2013) in his study concluded that organizational culture has direct and significant effect on organizational commitment.

The other finding of the research indicated that employee's organizational commitment has a positive and significant impact on organizational performance in education office of Kerman province. The finding is in line with the results of Arthur (1994), Bonaparte (2008), Dost et al. (2011), Kashefi et al. (2013), and Irefin and Mechanic (2014).

Arthur (1994) asserted that manufacturing performance will be enhanced by higher level of employee commitment. Bonaparte (2008) in his study concluded that organizational commitment has impact on organizational performance. Dost et al. (2011) expressed that employee commitment has strong impact on organizational performance. Kashefi et al. (2013) argued that organizational commitment has impact on organizational performance and Irefin and Mechanic (2014) stated that employee commitment enhances organizational performance.

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