Study on the Impact of Organizational Culture on Employee Motivation in a Steel and Industrial Forgings Company

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Abstract

In this competitive world, every organization is striving hard for survival. In order to withstand the competition, an organization needs to have a strong organizational culture and motivational programmes. These factors directly reflect on the success, growth and performance level of the organization. This study conducted at Steel and Industrial Forgings Company Limited, a Public Sector Enterprise, is aimed at understanding the impact of organizational culture on employee motivation. Though several researches have been conducted in this field, this study envisages to further discover the impact of various variables on organizational culture and employee motivation. For data collection of the study, a detailed questionnaire was prepared which covered various aspects of organization culture, motivation, interpersonal relationship, leadership, promotion and incentive practices, and communication. The questionnaire was distributed randomly among employees. The findings were systematically analyzed and conclusion was arrived at and based on the finding’s suggestions were also made.

Keywords: organizational culture, employee motivation, leadership style, organizational climate

1.0 Introduction

1.1 Organizational Culture

A good organizational culture is a primary factor in determining the success and growth of the organization. Organizational culture sets a framework for employee participation and involvement which in turn will lead to positive motivation within the organization. In short, organization culture and employee motivation go hand in hand and will surely enhance the productivity of the organization.

“Culture” in simple words means the attitude, traits and behavioral pattern which govern the way an individual interacts with others. Culture distinguishes one individual from another. Similarly, organizational culture refers to the beliefs and principles of a particular organization. Organizational culture differs, from one organization to another based-on leadership, employee motivation, management, etc. The organizational culture influences the attitudes at the workplace (David Towers, 2006).

A strong and supportive organizational culture needs to be developed and inculcated in order to make employees open-up, to be fair and honest. It will also reduce work related stress and increase the level of employees’ performance. Employees must be involved in the organization’s decision-making process which
in turn leads to a sense of belonging among the employees. Good organizational culture can improve team work and high participation among the employees. Employee motivation preempts a congenial work atmosphere that meets their basic emotional aspirations to obtain, promise, understand, and secure. (Elisante Yona, 2004).

1.2 Employee Motivation

Motivation is the desire within a person causing to act and achieve. Motivation in employee’s point of view is a driving force which acts as a catalyst to achieve a desired goal. It is never possible for any organization to achieve the desired result without the involvement of motivated employees. Employee motivation is critical in order to get the optimum outcome from the employees for achieving organizational goals.

Motivation has multiple effects on employees, this may be seen in an individual’s physical and mental health, productivity, absenteeism and turnover. Motivated employees are always a great asset for any organization. Measuring the motivation level of employees is always important for an organization. Based on level motivation of employees, the organization can understand what motivates the employees the most and how they can be involved in the activities of the organization. The needs and motivation level of employees should become the primary focus of managers. The factors which influence the level of employee motivation differ from person to person. It may be monetary benefits, like pay package and benefits, promotion system within the organization, job security, and career development opportunities. It can also be based on leadership and social relationship, quality of work life, employee recognition, etc. The management must have an employee-oriented approach to achieve the desired goal. (Shabir Ahmad Wani, 2011).

1.3 Organizational Culture and Employee Motivation

Organizational Culture has a direct link to motivation and employee performance. A good organizational culture has a positive impact and a weak organizational culture has an adverse impact on employee motivation and performance.

For the continuous success and development of the organization, management must evaluate organization culture and must make time to time modifications in the approach. The monetary benefit won't solely motivate the employees. The organization culture and the way organization are run also have a huge impact. A good organization culture reflects in their employee motivating factors as well.

Organization culture plays a pivotal role in developing and maintaining the motivation level of employees. An employee’s full potential only comes out when his/her individual motivation matches the organizational culture. (Robbins, 2006).

2.0 Literature Review

Several studies have already been conducted by various researchers in the field of organizational culture, motivation and impact of organizational culture on employee motivation.

2.1 Organizational Culture

Ravasi and Schultz (2006) states that organizational culture is a set of mental assumptions which guide the employees and the organization to take action and behave appropriately for various situations. Organizational culture has an effect on the entire organization and is like the powerful undercurrent of ocean tides and the hidden icebergs which can destroy a ship (Chitra, 2005). The important dimensions of culture are leadership, and the corporate culture plays a significant role in performance growth and success (Schein, 2004, 2009). Communication and inter-personal relationship are important variables for organizational culture (Wilson et al, 2001).
Organizational Culture is directly proportional to the performance of the organization. The managers and employees do not behave in a value free vacuum; they are governed, directed and tempered by organization’s culture (Robbins, 2006). According to Richard (2007), culture is a significant component of the internal surroundings of an organization. Organizational culture is reflected in the way people perform tasks, set objectives and administer the necessary resources to achieve objectives (Harvard Business School Study, 2011).

Chaubey et al., (2012) mentioned that, good organizational culture needs to be promoted in the organization to enhance the employee productivity and to improve the organizational performance. A bad organizational culture can decrease the ability of employees and interrupt the growth and success of the organization (Exter, 2013). Organizational culture has an impact on decision making and level of authority, it also guides the workers attitude and behavior in the work place (Hofstede 2011). The top management must play a vital role in applying good organizational culture according to the changing times and it is the key to an organization’s excellence (Ng and Kee, 2013).

Organizational culture also has a role to play in the recruitment and retention of the employees. An unhealthy work environment and bad organizational culture are signs of a deteriorating company (Adkins and Caldwell, 2004). Organizational culture is established from the starting of the organization and develops over the time. It is one of the most challenging factors which has far reaching impact on the organization as a whole (Behery and Paton, 2019).

2.2 Employee Motivation

Lots of studies and theories have already been documented and proposed by eminent thinkers in the field on employee motivation. Some of the important theories include Maslow’s hierarchy needs and Herzberg’s two factor theory (Maslow, A.H; 1943, Herzberg, F.B; 1966)

Abraham Maslow’s Hierarchy needs theory discussed 5 levels of employee needs: physiological, safety and security, social, esteem and self – actualization. This theory proposed that people have many needs which motivate them to work. These needs are arranged in hierarchical manner; Physiological and safety needs are described as lower order. Social, esteem and self-actualization are classified as higher order needs. Higher order needs are satisfied internally, whereas, lower order needs are predominantly satisfied externally (Maslow, 1943).

Frederick Herzberg developed Two Factor Theory also called as motivation – hygiene theory. It’s a two – dimensional paradigm of factors affecting employee’s attitude towards work. Motivators are intrinsic factors such as advancement, recognition, responsibility and achievement. The presence of these factors ensures job satisfaction. Hygiene factors are extrinsic factors such as company policy, supervision, interpersonal relations, working conditions and salary. The absence of hygiene factors may create job dissatisfaction. Motivators are mainly related to the person’s relationship with the task being performed. Hygiene factors have to do with a person’s relationship to the environment where he performs the job. (Herzberg, 1966)

The managers may not be able to motivate employees, rather they can influence the employees to get motivated to perform (Bruce and Pepitone, 1999). Every company must have at least one policy of non-financial rewards, especially employee recognition. This policy would result in an increase in employee’s productivity (Bawa, 2017). Employee motivation is directly related with monetary benefits, working environment, recognition in the organization. The employee must have a feeling of belongingness towards the organization (Evan et al, 2019). The belief in the organization influences the level of employee motivation. Employee’s belief will make the employee committed to the work and the organization and for imbibing this belief the managers must try to motivate their subordinates (Nelson and Quick, 2007).
Offering employees an opportunity to raise their concerns and points regarding their job, feeling of engagement and appreciation can boost the employee morale (Shields, 2007). The motivation levels in workplace differs from person to person, this individual difference becomes a major obstruction for management in engaging in employee motivation in an effective manner. Non-monetary reward is essential in developing job satisfaction and motivation among employees. Employee recognition is a most pivotal factor among non-financial rewards which enhances job satisfaction and productivity (Tausif and Haider, 2012). Constructive arguments and dialogues can increase the involvement of employee thus paving way for employee motivation (Kreitner, 2012). Intangible motivational tools such as celebrations of birthdays and work-life balance can impact the level of employee motivation among modern employees (Cassidy, 2012).

Imparting training and development programs that contributes to personal and professional growth of employee can be an effective employee motivation strategy (Lockley, 2012). Job rotating, job sharing and flexible working pattern can be effective motivational tools (Llopis, 2012). Pay, performance bonus, recognition, praise in public, supportive statements can significantly improve the employee’s morale (Sajuyigbe et al., 2013). Vrancic (2015) proposed three non–financial motivators like praise from immediate manager, attention like one-on-one conversations and chance to lead a project or task force can be more effective motivators than the financial motivators like cash bonus, increased base pay and stock option. Bawa (2017) concluded that there is a need to motivate workers to increase their productivity. There are financial and non-financial methods to motivate workers. Non-financial methods always have an upper-hand over financial methods.

2.3 Impact of Organizational Culture on Employee Motivation

The important variables which have influence on employee motivation and organizational culture are:

a. Performance
b. Leadership and Leadership Styles
c. Communication
d. Interpersonal Relationship
e. Organizational Climate

Hofstede (2011) emphasized that workplace having strong organizational culture has good promotion policies, good relation with peers and subordinates, recognition in work which create high level of motivation among the work force. He concluded that there is an impact of organizational culture on employee motivation.

Long term financial performance of the organization is very much linked with organizational culture and employee motivation. Leadership and style also have influence on organizational culture and employee motivation (Denison, 2006). Organizational culture plays a pivotal role in creating an environment where the level of motivation is high and employee are committed to give their best for achieving organizational goal (Armstrong, 2007). Nohria et al., (2008) stated that due to the uniqueness in behavior and needs of employees, the management finds it difficult to identify a unique solution for employee motivation. So, strong organizational culture is required and will have influence on employee motivation which will be reflected in organizational behavior as well.

Motivation is an important element in organizational culture which is responsible for better performance of employees (Jurkiewicz et al., 1998). Harvard Business School (2011) stated that organization with strong culture and motivational aspects will be reflected in the employee behavior, job satisfaction, creativity, quality of work life, performance and growth of the organization. Two primary components of organizational culture are the primary value of the organization and existing management style and systems. These components have an impact on the employee morale. In short, organizational culture has an impact on employee motivation and can determine the employee performance as well (Mariya et al., 2015).
A strong organizational culture which satisfies and identifies employee’s efforts can lead to an increase in motivation levels (Sokro, 2012). A good organizational culture motivates individual and it affects organizational performance overall. A weak organizational culture will affect the morale of the employees and will adversely affect the performance level (Maria et al., 2015). The impact of organizational culture on employee motivation must be given due importance (Leithy, 2017, Varma, 2017). Nikpour (2017) stated that the level of employee motivation and commitment to organization culture has both direct and indirect influence on the organizational performance. Gaurav et al., (2018) in Deloitte Insights stated that organizational culture and leadership behavior influence the motivation level of employees. Good organizational culture and leadership will boost the performance of the employees.

3.0 Research Methodology

The study is intended to understand the impact of organizational culture on employee motivation in the organization. A strong organizational culture and good motivational programs are essential to achieve the goal of the organization. There is a close link between organizational culture and employee motivation.

3.1 Research Design:

The research method used for the study is descriptive research, because it is the description of a situation as it exists at present. We can only report what has happened or what is happening at present.

3.2 Data Collection:

Primary Data:
Primary Data is first-hand information, which has not been previously published. The primary data is collected by using questionnaire, observation method and personal interview method.

Secondary Data:
Secondary Data is the data that has already been collected by someone and is available readily. The secondary data is collected from the company’s website, magazines, brochures, books and journals.

3.3 Sample Size and Sampling Technique

The total population/universe comprises of 300 employees working in Steel Industrial Forgings Limited, Thrissur, Kerala, consisting of office staff, executives and workmen in the company. The number of items to be selected from the universe is called sample size. The sample should neither be too large or too small. The sample size of this study is 100.

Random Sampling Technique is used in this study. Random sampling ensures the law of statistical regularity. The sample will have the same composition and characteristics as the universe.

3.4 Tools used for Analysis

The data collected where formulated in tabular form. The statistical techniques used are percentage method, weighted average and chi-square test.

4.0 Limitations of the Study

i. The employees did not have enough time to go through all questions properly, as they couldn’t find enough time between the work hours.

ii. Most of the lower-level employees were not readily willing to answer the questions.

iii. The employees were very critical with their responses and selected “Neutral” option to make them safe.
5.0 Data Analysis and Interpretation

A detailed questionnaire was prepared and was distributed among the employees. Their responses were obtained, studied in detail and critically analyzed.

The questionnaire was distributed among both male and female (80: 20) employees, across different age groups (20 – 60 yrs.), among different job levels (Lower, Middle and Management Level). The questionnaire was distributed to different departments (HRD, Finance, R&D, Production, Marketing, etc.).

From the response to the questionnaire, we understood that 45% of employee working in the organization has 1- 5 years’ experience and 32% employees 15 years and more. So, we can understand that, the employee retention is good in the organization. 68% of the employees were permanent.

Various factors like;

i. Aspects of organizational culture in the organization
ii. Interpersonal relationship in the organization
iii. Aspects of upward and downward communication system in the organization
iv. Prevailing organizational culture in the company
v. Factors which motivate employee the most
vi. Qualities of a motivational leader in the organization
vii. Factors affecting organizational culture and motivation.

Question 1:
Importance of Organizational Culture as perceived by employees

The importance of organizational as perceived by employee is found to be very important and the data obtained is depicted in Figure 1.

![Image of Figure 1: Importance of Organizational Culture]

Question 2:
Organizational Culture has significant influence over motivation and performance. The data obtained are presented in Figure 2.
Figure 2. Influence Organizational culture on employee motivation and performance

Question 3: Employee motivation affects the overall efficiency of organization. The data obtained are presented in Figure 3.

Figure 3. Effect of employee motivation on efficiency of organization

Question 4: Motivation determines the potential employee performance. The data obtained are presented in Figure 4.
Chi – Square test

1. Relationship between innovative and approachable leaders and their ability to motivate others and self-motivate.

H0: Innovative and approachable leaders have no ability to motivate others and self-motivate.

H1: Innovative and approachable leaders have ability to motivate others and self-motivate.

Responses obtained from the employees on the relationship between innovative and approachable leaders and their ability to motivate others and self-motivate are presented in Table 1a, and the expected responses are presented in Table 1b.

Table 1a. Observed value of response of employees on innovative and approachable leaders and their ability to motivate others and self-motivate.

<table>
<thead>
<tr>
<th></th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovative &amp; Approachable Leadership</td>
<td>32</td>
<td>28</td>
<td>35</td>
<td>5</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Ability to Motivate Others &amp; Self Motivate</td>
<td>26</td>
<td>41</td>
<td>22</td>
<td>7</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>58</td>
<td>69</td>
<td>57</td>
<td>12</td>
<td>4</td>
<td>200</td>
</tr>
</tbody>
</table>
Table 1b. Expected value of response of employees on innovative and approachable leaders and their ability to motivate others and self-motivate.

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovative &amp; Approachable Leadership</td>
<td>29</td>
<td>34.5</td>
<td>28.5</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Ability to Motivate Others &amp; Self Motivate</td>
<td>29</td>
<td>34.5</td>
<td>28.5</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>58</td>
<td>69</td>
<td>57</td>
<td>12</td>
<td>4</td>
</tr>
</tbody>
</table>

From Calculated Chi-Square Value, 0.034661595 is the p value
If p - value > 0.05, Null Hypothesis accepted
If p-value<0.05, Null Hypothesis rejected
Inference: Since p-value<0.05, we fail to accept null hypothesis. Hence, innovative and approachable leaders have ability to motivate others and self-motivate.

2. Relationship between prevailing culture of hassle free 2-way communication and the company’s motivation principle of recognizing and acknowledging the work of the employees. The observations are presented in Table 2a, 2b and 2c.

H0: The prevailing hassle free 2-way communication in the organization has no relationship with the company's motivation principle of recognizing and acknowledging the work of employees.

H1: The prevailing hassle free 2-way communication in the organization has relationship with the company's motivation principle of recognizing and acknowledging the work of employees.

Response of employees observed on prevailing hassle free 2-way communication in the organization with the company's motivation principle of recognizing and acknowledging the work of employees is presented in Table 2a and the expected responses are presented in Table 2b.

Table 2a. Observed value of response of employees on prevailing hassle free 2-way communication in the organization has no relationship with the company's motivation principle of recognizing and acknowledging the work of employees.

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevailing Hassle-Free Two-Way Communication</td>
<td>27</td>
<td>22</td>
<td>43</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Company's Motivational Principle of Recognizing &amp; Acknowledging through work of employees</td>
<td>34</td>
<td>37</td>
<td>22</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>61</td>
<td>59</td>
<td>65</td>
<td>10</td>
<td>5</td>
</tr>
</tbody>
</table>
Table 2b. Expected value of response of employees on prevailing hassle free 2-way communication in the organization has no relationship with the company's motivation principle of recognizing and acknowledging the work of employees.

<table>
<thead>
<tr>
<th></th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevailing Hassle-Free Two-Way Communication</td>
<td>30.5</td>
<td>29.5</td>
<td>32.5</td>
<td>5</td>
<td>2.5</td>
<td>100</td>
</tr>
<tr>
<td>Company's Motivational Principle of Recognizing &amp; Acknowledging through work of employees</td>
<td>30.5</td>
<td>29.5</td>
<td>32.5</td>
<td>5</td>
<td>2.5</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>61</td>
<td>59</td>
<td>65</td>
<td>10</td>
<td>5</td>
<td>200</td>
</tr>
</tbody>
</table>

From the calculated Chi-Square Value 0.017340461 is the p value
If p-value > 0.05, Null hypothesis accepted
If p-value<0.05, Null Hypothesis rejected.
Inference:
Here, p-value<0.05. We fail to accept null hypothesis. Hence, the prevailing hassle free 2-way communication in the organization has positive relationship with the company's motivation principle of recognizing and acknowledging the work of employees.

5.0 Findings & Suggestions

5.1 Findings:

1. From the responses obtained from employees, we can understand that the work environment is pleasant and reflects in the organizational culture.
2. Good inter-personal relationship exists in the organization, suggestions and grievances of the employees are taken upwards and genuine effort is taken to solve it.
3. By using weighted average method, we understand that good working environment and organizational culture is essential to achieve organizational goals.
4. Majority of the employees agree that employee motivation affects the overall efficiency and agree with the statement that motivation determines the employee performance.
5. From data analysis it is concluded that, there exist a leadership in the organization and a good relationship among coworkers who motivate others and also self-motivate.
6. From the study we can understand that organization culture has significant influence over both employee motivation and performance.
5.2 Suggestions

1. The organization needs to be less bureaucratic and more flexible and there is room for improvement in the way directions are given by top management down the line in solving work related problems.
2. There is a need for salary revision, provide more rewards, incentives and bonuses based on their performance to motivate the employees.
3. Importance must be given in implementing more employee motivational programs as employee motivation influences overall performance of the organization.
4. The organization needs a charismatic leader and an effective leadership style.

6.0 Conclusion

Every business organization must concentrate on organizational culture and motivation. In the fast-changing business environment, an organization needs to concentrate on developing a strong organizational culture and motivational aspects. For the overall improvement in the performance of employees and organization, strong organizational culture and motivational factors are essential. Good leadership style and management also play a pivotal role in developing a conducive work environment and effective organizational culture. A strong organizational culture can motivate the employees in the organization and can attain greater heights in terms of performance.

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References


Harvard Business Review, Dec 16, 2019

