

# The Determinant of Organizational Culture and Its Impact on Organization: A Conceptual Framework

Rita Aryani<sup>1</sup> & Widodo Widodo<sup>2</sup>

<sup>1</sup>Pancasakti College of Teachers Training and Education, Bekasi, Indonesia

<sup>2</sup>Faculty of Education and Social Sciences, Indraprasta University, Jakarta, Indonesia

Correspondence: W. Widodo, Faculty of Education and Social Sciences, Indraprasta University, Jakarta, Indonesia.

Received: February 7, 2020

Accepted: February 28, 2020

Online Published: March 9, 2020

doi:10.5430/ijhe.v9n3p64

URL: <https://doi.org/10.5430/ijhe.v9n3p64>

## Abstract

This research was conducted to find a conceptual framework of organizational culture that can be relied upon to build and develop organizations. Research methods use a literature review by relying on data sourced from various relevant literature, both books, and journals. The data were analyzed by critical analysis. The results of the study found a conceptual framework of organizational culture mediating the effect of transformational leadership and organizational communication media on motivation, organizational commitment, job satisfaction, engagement, job involvement, innovation, OCB, productivity and performance. This conceptual framework can be utilized by academics, researchers and practitioners in the future as an effort to build and develop highly competitive organizations.

**Keywords:** organizational culture, organizational communication media, performance, transformational leadership, job involvement, innovation

## 1. Introduction

Organizational culture is always a critical issue among academics, management and organizations practitioners. It shows the vitality of organizational culture for the dynamics of an organization that requires continuous management and development, both on a theoretical and practical level. Organizational culture is interpreted diversely by experts, among others as a social understanding shared by members of the organization and believed to be rules, norms, which confirm the attitudes and behaviors of organizational members (Colquitt et al., 2014); a set of values, assumptions, and beliefs shared in the an organization (McShane & von Glinow, 2015; Schein, 2017); a collection of assumptions, beliefs, values, and norms shared with members of the organization (Newstrom, 2015); a value system that is lived firmly by its members to distinguish certain organizations from organizations other organizations (Robbins & Judge, 2019). Thus, organizational culture reflects the values, belief, and norms of behavior that are understood, accepted, and shared by members of the organization as a basis or reference for behaving within the organization that distinguishes it from other organizations and faces external and internal organizational problems. This condition causes an organizational culture to always be specific and unique so that it is not the same as one another.

Luthans (2011) identified six main characteristics of organizational culture, namely: rules of behavior that are shared by the organization; norms which are standard in behavior and work; dominant values, namely the main values in the organization that must be carried out by all staff; philosophy, organizational policies in treating employees and customers; rules, which are a set of rules that serve as guidelines or guidelines for all employees in the organization; and organizational climate, namely the apparent habits of interaction between individuals within the organization, and the ways members of the organization serve customers and other related parties. Langton and Robbins (2006) mention seven dimensions of organizational culture, namely: innovation and decision making, attention to small things, results in orientation, orientation to people, team orientation, aggressiveness, and stability.

These characteristics and dimensions, in part or whole, may be present in every organization, but the conditions may differ from one organization to another. The difference is caused, among others, by factors that are reflected in the organizational culture of each organization.

### 1.1 The Determinant of Organizational Culture

Based on several studies, there are at least two determinants of organizational culture. First, transformational leadership. The result of research conducted by Shao et al. (2012) and Veiseh et al. (2014) shows that transformational

leadership influences organizational culture. Transformational leadership is associated with activities that motivate people to overcome their interests for the good of the group (Bateman & Snell, 2015). Transformational leaders can influence others by using charisma, caring for followers, and stimulating others (Ivancevich et al., 2016). Transformational leadership has four indicators, namely: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Bass & Avolio, 1994) Second, organizational communication media. Research conducted by Canessa and Riolo (2003) results shows that organizational communication media affect organizational culture. Communication media can be in the form of magazines, bulletins, facebook, what's app, lines, and other social media applications that are scheduled to support organizational communication as the process of sending and receiving various messages in the group contained in the organization's formal and informal organizational structure (Devito, 1997) which includes downward communication, upward communication, horizontal communication, and interline communication (Pace & Fules, 1993).

With these two determinant factors, which in practice can have diverse qualities, the existence of organizational culture in each organization is also diverse and has differences. The diversity and differences, in addition to being unique to each organization, then have a different impact on various aspects of the organization, especially on the perceptions, attitudes, and behavior of members of the organization.

### *1.2 The Impact of Organizational Culture on Organization*

Based on various relevant studies, organizational culture has an impact on the perceptions, attitudes, and behavior of members of the organization, including motivation. The result of research conducted by Sinha et al. (2010) and Cucu-Ciuhan and Guit-Alexandru (2014) show that organizational culture influences motivation. In the context of work, according to Kanfer as quote by George and Jones (2008), motivation reflects a psychological force in a person who determines the direction of one's behavior in the organization, as a level of effort and perseverance in dealing with obstacles, which includes three elements: direction of behavior, level of effort, and level of persistence.

Second, organizational commitment. Several studies conclude that organizational culture influences organizational commitment, for example, Silverthorne (2004), Williams, Rondeau, and Francescutti (2007), Hakim (2015), Kawiana et al. (2018), and Yamali (2018). Organizational commitment is the degree of employee self-identification with the organization and its wishes to continue its active participation in the organization (Newstrom, 2015), which includes: affective commitment, continuance commitment, and normative commitment (Meyer & Allen, 1997).

Third, job satisfaction. The results of research carried out by Chang and Lee (2007), MacIntosh and Doherty (2010), Tsai (2011), Azanza et al. (2013), and Meng and Berger (2018) showed that organizational culture influences job satisfaction. According to Spector (1997), job satisfaction is how people feel about their work and various aspects of their work and the extent to which people like (satisfied) and do not like (not satisfied) with their work. Spector (1997) identified nine elements of job satisfaction that were used as indicators of the Job Satisfaction Survey (JSS) job satisfaction scale, namely: wages, promotions, supervision, external benefits, unit rewards, working conditions, work partners, nature of work, and communication.

Fourth, engagement. The result of research by Sadeli (2012) shows that organizational culture affects engagement. Engagement refers to psychological involvement and is connected with completing one's work. Employees involved experience a high level of connectivity with their work tasks and therefore work hard to achieve the objectives related to their duties. Engagement includes three dimensions, namely: (1) cognitive, which describes aspects of the mind that essentially is a logical evaluation of the goals and values of the organization; (2) physical, which reflects the intention how far the desire to do for the organization, and concrete actions that show support for the organization; and (3) emotions, which are employees' positive feelings toward the organization, empathy for others, enjoy and believe in what they do and feel proud for doing so (Kahn, 1990).

Fifth, job involvement. The results of research carried out by Taştan and Türker (2014) showed that organizational culture influences job involvement. Job involvement related to the extent to which an employee can identify his work, participate actively in it and consider his performance important for himself (Robbins & Coulter, 2016). Job involvement includes three dimensions, namely: showing his work as something major, actively participating in his work, and see his work as something important for self-esteem (Robbins & Judge, 2019).

Sixth, innovation. The result of research by Shahzad et al. (2017) shows that organizational culture influences innovation. Innovation is a creation (invention), the focus is on the use of resources (people, time and money) to create or develop new products, services, new ways of doing things, new ways of thinking about things (Ahmed & Sheherd, 2010). There are five dimensions to measure innovation, namely: opportunity exploration, generativity, informative investigation, championing, and application (Kleysen & Street, 2001).

Seventh, organizational citizenship behavior (OCB). Several studies conclude that organizational culture affects OCB, for example, Mohanty and Rath (2012) and Vahdatinia et al. (2014). OCB reflects employee behavior that exceeds role work requirements (Kinicki & Fugate, 2012), discretionary behavior that is not a requirement of an employee's formal work but promotes the effective functioning of the organization (Robbins & Coulter, 2016), and employee behavior extends beyond tasks certain forms, including various forms of collaboration and helping others who support organizations in social and psychological contexts (McShane & von Glinow, 2015). OCB includes five dimensions, namely: altruism, conscientiousness, courtesy, sportsmanship, and civic virtue (Organ, in Tschannen-Moran, 2004).

Eighth, productivity. The result of research by Kelepile (2015) and Mahdiyeh et al. (2016) shows that organizational culture influences productivity. Productivity can be interpreted as a process and an outcome. As a process, productivity reflects the ability of employees to produce jobs or goods and services in accordance with expected standards or outside the expected standards (Meneze, in Mwanza, 2017), whereas as a result of productivity is the output ratio of goods and services divided by the inputs or resources used to produce goods and services (Hersey et al., 2008). As a process, productivity can be measured by knowledge, skills, abilities, attitudes, and behaviors (Bernardin & Russell, 2013); while as a result, productivity can be measured through a ratio of input and output ratios.

Ninth, performance. Several studies conclude that organizational culture influences performance, among others seen in the results of the research Rashid et al. (2003), Hsu (2014), and Jogaratnam (2017). Performance can be interpreted in two perspectives, as behavior and results (Catherine, 2009). Performance as behavior is conceptualized as actions and behaviors that are under the control of individuals who contribute to organizational goals (Rotundo & Sackett, in Catherine, 2009) or a series of employee performances that contribute positively or negatively to the achievement of organizational goals (Colquiett et al., 2014). Whereas as a result, performance is the result of work-related to organizational goals such as quality, efficiency, and other criteria of effectiveness (Gibson et al., 2009). As a process, performance can be measured through enthusiasm, carry out formal activities which are their duties, assist and cooperate with other employees, follow organizational rules and procedures, and striving, supporting and defending the goals of the organization (Aguinis, 2013). Whereas as a result, performance can be measured by numeric numbers based on performance appraisal using certain standards, targets or criteria.

## 2. Methods

This research uses a literature review. In this context, "literature reviews, including research syntheses and meta-analyses, are critical evaluations of material that has already been published" (APA, 2010: 10). Research relies on data sourced from various relevant literature, both books, and journals. Data were analyzed through critical analysis or evaluation, and the results are described narratively (Cozby & Bates, 2012).

## 3. Result and Discussion

Organizational culture has two determinant factors, namely: transformational leadership and organizational communication media, and has nine impacts, namely: motivation, organizational commitment, job satisfaction, engagement, job involvement, innovation, OCB, productivity, and performance. The determinant and impacts of organizational culture can be visualized in the form of a conceptual framework in Figure 1.

The conceptual framework shows the role of organizational culture in mediating the effect of transformational leadership and organizational communication media on motivation, organizational commitment, job satisfaction, engagement, job involvement, innovation, OCB, productivity, and performance.

Also, the conceptual framework can be broken down into nine small conceptual frameworks based on affected or endogenous variables in the research package by using path analysis or structural equation modeling (SEM). For example, for the motivation variable, the conceptual framework is the effect of transformational leadership and organizational communication media on motivation by mediating organizational culture. This conceptual framework can be visualized in Figure 2. For the other eight variables (organizational commitment, job satisfaction, engagement, job involvement, innovation, OCB, productivity, performance) can be conceptualized as in Figure 2.

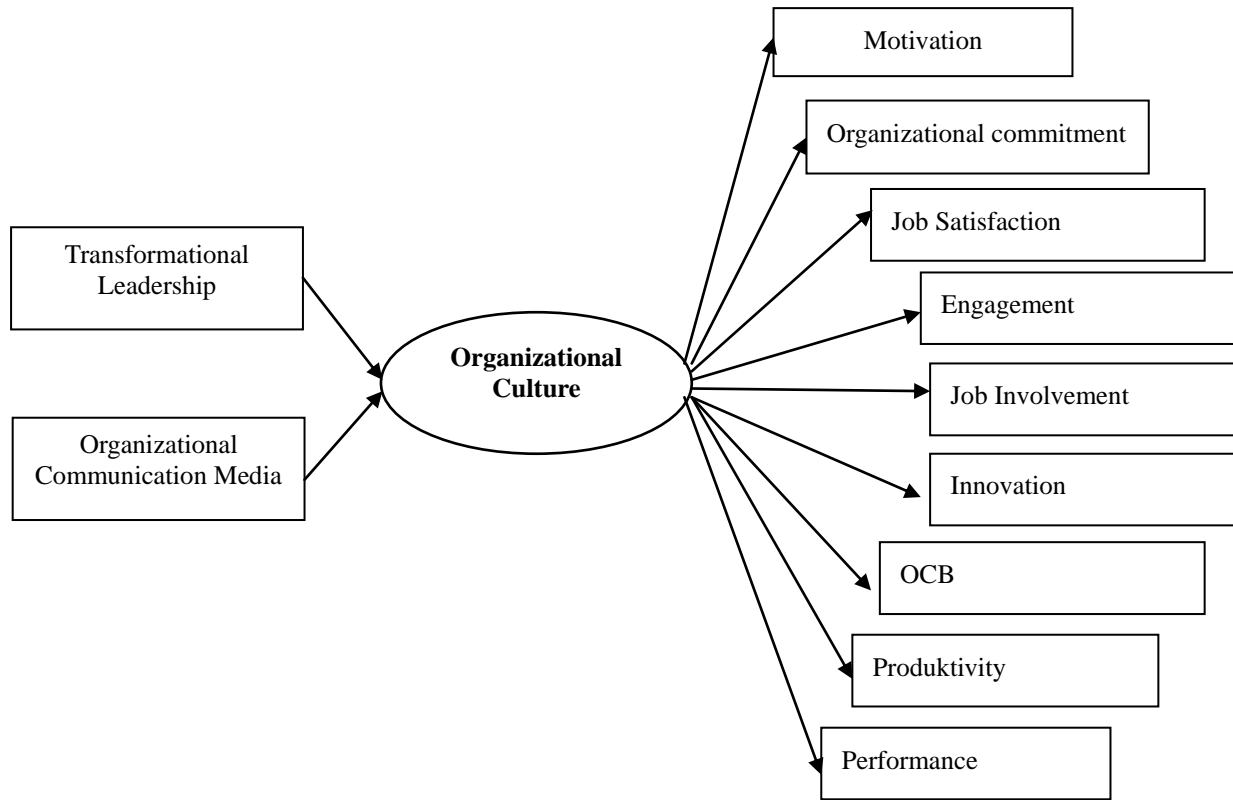


Figure 1. The Conceptual Framework of Organizational Culture

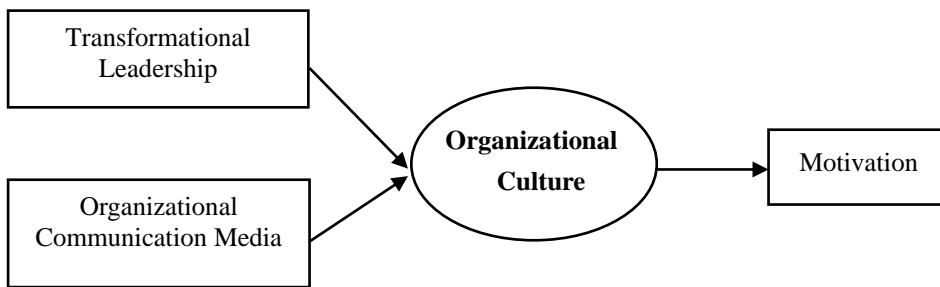


Figure 2. The Conceptual Framework of the Role of Organizational Culture in Mediating the Impact of Transformational Leadership and Organizational Communication Media on Motivation

The results of this study offer at least 10 research conceptual framework that can be followed up in the future with a variety of research settings, both business organizations (profits) and public organizations (non-profits). Students from undergraduate, postgraduate and doctoral degrees can utilize this model according to the needs of each level of education. No exception researchers outside the campus (higher education) who serve in research and development centers can also take advantage of this research conceptual framework to conduct evaluations according to the needs of work units and organizations.

Besides, this conceptual framework also shows two important things for practitioners. First, organizational culture has a very broad and extraordinary impact on the organization, especially perceptions, attitudes, and behavior of members of the organization, including motivation, organizational commitment, job satisfaction, engagement, job involvement, innovation, OCB, productivity, and performance. Second, organizational culture can be built and developed through transformational leadership and organizational communication media. This confirms the meaning that organizational culture is very important and therefore needs to be developed because it is proven to affect the important joints of the organization, including motivation (Sinha et al., 2010; Cucu-Ciuhan & Guit-Alexandru, 2014), organizational

commitment (Silverthorne, 2004; Williams et al., 2007; Hakim, 2015; Kawiana et al., 2018; Yamali, 2018), job satisfaction (Chang & Lee, 2007; Mac-Intosh & Doherty, 2010; Tsai, 2011; Azanza et al., 2013; Meng & Berger, 2018), engagement (Sadeli, 2012), job involvement (Taştan & Türker, 2014), innovation (Shahzad et al., 2017), OCB (Mohanty & Rath, 2012; Vahdatinia et al., 2014), productivity (Kelepil, 2015; Mahdiyeh et al., 2016), and performance (Rashid et al., 2003; Hsu, 2014; Jogaratnam, 2017). Without high motivation, organizational commitment, job satisfaction, engagement, work involvement, innovation, OCB, productivity and performance, organizational performance will not be optimal. For this reason, organizational culture needs to be fostered, among others through the improvement and development of transformational leadership (Shao et al., 2012; Veiseh et al., 2014) and organizational communication media (Canessa & Riolo, 2003). This means that practitioners need to have a strategic agenda to improve transformational leadership and organizational communication media practices through various tactical efforts by involving the organization's internal and external resources that are projected to increase the improvement of transformational leadership and encourage the effectiveness of organizational communication media.

#### 4. Conclusion and Suggestion

Organizational culture is influenced by transformational leadership and organizational communication media and impacts on motivation, organizational commitment, job satisfaction, engagement, job involvement, innovation, OCB, productivity, and performance. Therefore, transformational leadership and organizational communication media can be relied upon to build motivation, commitment organizational, job satisfaction, engagement, job involvement, innovation, OCB, productivity and performance by mediating organizational culture. This conceptual framework can be utilized by academics, researchers, and practitioners in the future to build high organizational competitiveness.

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