

The Impact of Organizational Culture and Creativity of Employees on Performance of Employees – Evidence from IT Based Companies in India

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Abstract:

The aim of the current research is to observe the impact of organizational culture and creativity of employee's on performance of employees. Research was carried out in private IT companies in India. Researchers used quantitative method used and formulated hypotheses. The independent variables were organizational culture and employee's creativity and dependent variable was performance of employees. Data was gathered by using random sampling method. 150 questionnaires were distributed where 132 questionnaires were received but valid number of questionnaires that were filled by respondents was 116. Researchers found that there is significant relationship between both organizational culture and Employee's performance so that first alternative hypothesis was accepted. Researchers found that there is significant relationship between both employee's creativity and Employee's performance so that second alternative hypothesis was accepted. The current research helps IT based companies in improving organizational culture and creativity of employees.

Keywords: Organizational culture, employee's creativity, employee's performance and IT companies

Introduction

Creativity has gained more significance in the present competitive business environment whereby new ideas and thoughts have become secret behind the success of leading organizations. The uniqueness of an organization depends on its ability to be creative enough, new ideas and thoughts are the spirit that makes organizations to survive in terms of maintaining proper relationship market share, with customers, satisfying customers' tastes and needs from different background, obtaining adequate share of the global market and to be successful against competitors in a highly competitive business environment (Bolanowski, 2008). In this respect, Kudrowitz, (2010) considers new competitive field towards innovation and creativity to develop a product whereby product designers and engineers are anticipated to be creative exceptionally by coming up with productive new and innovative ideas in

order to put the organization in a better position among its contemporaries. It is found out that organization will enhance its performance and productivity and always achieve its predetermined objectives when it can be able to reform its culture in order to enhance and augment employees' creativity. Most successful organizations are those that are effective in creativity and innovation and strong links have been found between productivity of employees, performance and creativity & culture of the organization.

The dynamic nature of the world explains the constant changes taking place on a daily basis, as well as changes in employees' expectation and satisfaction which requires the need for organizational culture to be redefined in order to meet the different demands, expectations and satisfactions of employees. Ritchie (2000) explains that supportive organizational culture will motivate and promote employees, which would enhance their performance, productivity and creativity.

Ogbor (2003), Schein (2004) and Alvesson (2003) explain that productivity and creativity in an organization are mostly determined by organizational culture. The fact that each organization has certain atmosphere, feeling, rules and regulations, style, personality, a charm and uniqueness is reflecting their different influences on the performances of employees. Denison (1990) opines that organization must adequately pay attention to its culture as the author stated that "*decisions made without awareness of the operative cultural forces may have unanticipated and undesirable consequences.*" There are many other studies done to evaluate the influence of organizational culture on the productivity of employees. (Schein, 1990) ascertain how culture makes an impact on employees' psychology and performance. It should be noted as well that employee performance constitutes the backbone of every organization and the more conducive and convenient they work, the creative and productive they can perform. As put forward by Awadh A.M & Saad A.M (2013, p.168) that "*the loyalty of employee relies upon knowledge and awareness of culture that improves behaviour of organization*" This research paper aims to ascertain how organizational culture influences the productivity and creativity of employees.

Literature Review

According to Awadh A.M & Saad A.M (2013, p.169) culture is defined as combination of values, beliefs, norms, communications and common behaviour of a group of people. And one of the basic features of culture is that it is shared through learning processes base on systematic allocation of resources. The simplest way to define culture is the general ways of life of identified group of people. It is also explained that the cognitive ability of individual to augment their thoughts and decision making is based on culture. Organizational culture is defined according to Kotter and Heskett, (1992) as shared beliefs and values in an organization that is useful in shaping the collective behavioral

patterns of employees. Gordon and Cummins (1979) define it as the drive useful for the recognition of the efforts and contributions of employees and make provision for a comprehensive understanding of ways and methods to achieve it. Hofstede (1980, p.25) makes a short summary of organizational culture to be collective process of mind that distinguishes or separate member of a particular group from another group. This means that organizational culture can be used to ensure the focus of employees and motivate them to work towards the targets of organization. Many authors have found unquestionable and absolute existing links between organizational culture and employees' productivity and creativity.

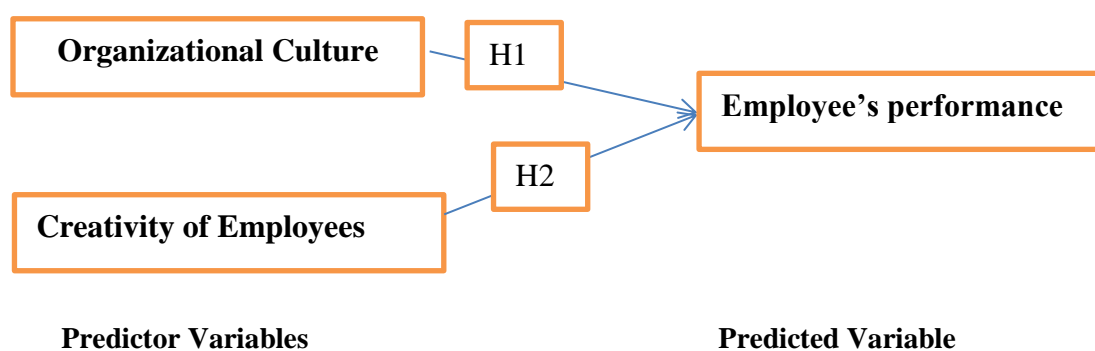
Santrock (2004) defines creativity as the ability to think in an unusual ways and come up with new, innovative and exclusive solutions for solving problems. Torrance (1989) stated four elements that are sources of creativity; (1) Fluency: the ability to form a relationship thoughts and expression (2) Originality: the ability to think in a unique way and come up with unusual ideas (3) flexibility: the ability to deeply think about a particular problem in different ways and lastly (4) Elaboration: the ability to give total attention to every detail in a given task. Karamipour M; Mehraban M & Jahani S (2015, p.41-42) explain that organizational culture should ensure the provisions of survival factors of the organization and conditions for organizational growth. Creativity cannot be expected in an organization without effective organizational culture. As a matter of fact, in this dynamic business environment, creativity is the change and intellectual adaptation of every organization for making provision for the adequate background for creative growth. Based on the analysis done in Denison (2000) research about organizational culture, its inherent features are stated as adoptability, involvement, consistency and mission.

According to investigation conducted by Ahmadi, Mobaraki, Daraie, Salamzadeh (2011) it was found out that there is a significant relationship between organizational culture, its dimensions and creativity of employees. And in general, organization from its adopted culture can facilitate the augmentation of employees' creativity base on the agreed values and beliefs within organization, its adaptation to changes, alignment of employees with organizational objectives and its work coordination with the consideration that it is not possible for planners to design conducive conditions for creativity in an organization without considering its culture. In the research titled "the relationship between organizational culture and organizational creativity from the perspective of the principals and teachers of the secondary schools in the four areas of Shiraz" conducted by Jalily (2007), it was found out that organizational creativity is important for any organization and organization has a part to play in ensuring its creativity by providing suitable conditions for it in its culture. The research also found out that creating and encouraging creativity in organizations require the formation of culture of creativity and innovation in the organizational management. And the general result of the research shows that

organizational culture affects every nook and cranny of the organization ranging from the management tasks to the various ways of guiding employees' education.

According to Woodman et al., (1993) organizational creativity is defined as *the “the creation of a valuable, useful new product, service, idea, procedure, or process by individuals working together in a complex social system”* One of the most notable authors Teresa Amabile (1997) also defines creativity as *“the production of novel, appropriate ideas in any realm of human activity, from science, to the arts, to education, to business, to everyday life”*. The need for creative ideas to be novel was emphasized by this author, which means it has to be something new and different from what has been made available before. Creativity is also defined as *“a complex, cognitive process that involves finding and developing solutions to novel, ill-defined problems that will enhance the organization in the form of its products, services, processes, and procedures”* (Mumford and Gustafson, 1988). And according to Amabile (1997) if creativity is considered as new ideas then the appropriate implementation of these ideas will constitute the meaning of innovation. As put forward by Amabile et al., (1996) that *“Creativity is the seed of all innovation, and people's motivation to generate new ideas is influenced by psychological perception of innovation (creating ideas people) within the organization”* Flamholtz and Randle, (2011) define innovation as *“the process of designing changes in an organization or component of economic activity in order to create competitive advantage”*. There are different sources of competitive advantages that an organization can possess ranging from a product to service or process that could define the uniqueness of an organization. Organizational environment and culture significantly affect creativity, most in particular in the aspect of creative behavior of employees.

Conceptual Frame work



Source: Research Model created by researchers

Research Hypotheses:

Hypothesis-1

H₀: There is no association between organizational culture and employee's performance

H₁: There is association between organizational culture and employee's performance

Hypothesis-2

H₀: There is no association between creativity of employees and employee's performance

H₁: There is association between creativity of employees and employee's performance

Research Methodology:

The current study aims to observe the association between organizational culture and creativity of employees on performance of employees. The analysis was made by using quantitative research method for present study and the survey questionnaire was adapted from (Madjar et al., 2002), (Tierney & Farmer, 2004) and Carlopio, J. (2000). Data was gathered by using random sampling method. 150 questionnaires were distributed where 132 questionnaires were received but valid number of questionnaires that were filled by respondents was 116. Five point Likert type scale was used in the instrument ranging from strongly disagree to strongly agree.

Data Analysis

Demographic Analysis

Table 1: Gender

		Frequency	Percent
Valid	Male	87	75.0
	Female	29	25.0
Total		116	100.0

Table 2: Professional experience

		Frequency	Percent
Valid	0-2 years	58	50.0
	3-5 years	31	26.7
	6-7 years	10	8.6
	8-10 years	6	5.2
	Above 10 years	11	9.5
Total		116	100.0

Table 3: Age

		Frequency	Percent
Valid	20-30	58	50.0
	30-40	31	26.7
	40-50	14	12.1
	50-60	12	10.3
	Above 60	1	.9
Total		116	100.0

Table: 4**Reliability Statistics**

Cronbach's Alpha	N of Items
.774	24

Table: 5**Testing first hypothesis****Correlation analysis**

Variables	Pearson Correlation	Organizational Culture	Employee's Performance
Organizational Culture	Pearson Correlation	1	.546**
	Sig. (2-tailed)		.000
	N	116	116
Employee's Performance	Pearson Correlation	.546**	1
	Sig. (2-tailed)	.000	
	N	116	116

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

Correlations analysis presents the values of the identified correlation tests; Table (5) illustrates the correlations between the scales using Pearson correlation. The researcher employed correlation analysis to assess the association between implemented variables, as for testing first research hypothesis, the organizational culture is an independent variable and employee's performance is a dependent variable. According to correlation test, the result revealed that organizational culture has significant correlation the value of $r = .546^{**}$, $p < 0.01$) with employee's performance, concerning of the strength of the linear correlation is moderate between human capital and organizational performance.

Table 6:

		Coefficients ^a				
Model		Unstandardized Coefficients		Standardized	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.266	.172		19.105	.000
	Organizational Culture	.169	.043	.187	3.979	.000

a. Dependent Variable: Employee's Performance

The researcher employed a single regression analysis to measure the association between organizational culture and employee's performance in selected private IT companies in India. As illustrated in the above table, organizational culture has significantly predicted employee's performance (P-value = .000 and the value $\beta = 0.187$, as a result it can be concluded that organizational culture will have a direct relationship with employee's performance.

Testing second hypothesis

Table 7: Correlation Analysis

Items	Pearson Correlation	Employee's Creativity	Employee's Performance
Employee's Creativity	Pearson Correlation	1	.309**
	Sig. (2-tailed)		.000
	N	116	116
Employee's Performance	Pearson Correlation	.309**	1
	Sig. (2-tailed)	.000	
	N	116	116

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

Correlations analysis presents the values of the identified correlation tests; Table (7) illustrates the correlations between the scales using person correlation. The researcher employed correlation analysis to assess the association between implemented variables, as for testing second research hypothesis, employee's creativity is an independent variable and employee's performance is a dependent variable. According to correlation test, the result revealed that employee's creativity has significant correlation the value of $r = .309^{**}$, $p < 0.01$) with employee's performance, concerning of the strength of the linear correlation is weak between employee's creativity and employee's performance.

Table 8

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.493	..217		11.599	.000
	Employee's Creativity	.379	.057	.309	6.791	.000

a. Dependent Variable: Employee's Performance

The researcher employed a single regression analysis to measure the association between employee's creativity and employee's performance in selected IT companies in India. As illustrated in table (6) employee's creativity has significantly predicted employee's performance (P-value = .000 and the value $\beta = 0.379$, as a result it can be concluded that employee's creativity will have a direct relationship employee's performance.

Conclusion:

Researchers would like to conclude that organizational culture has significant and moderate relation towards employee's performance and employee's creativity has weak and significant relation towards employee's performance. Researchers found that organizational culture has more impact on employee's performance than employee's creativity.

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