

## **The Relationship between Organizational Culture and Employee Job Satisfaction in the Banking Industry of J&K State in India**

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### **Abstract**

This paper seeks to examine the relationship between organizational culture and job satisfaction in the banking sector. The cultural has been studied on following seven dimensions as purpose, structure, leadership, relationships, rewards, helpful mechanism and attitude towards change. Similarly, this study takes nature of work, coach or supervisor, colleagues and about growth prospectus as the criteria to measure job satisfaction. The data is taken from a sample of 300 employees of PSU, private and state level banks of J& k State. The Pearson correlation and linear regression analyses has been used to test the relation between the variables. The study shows there is a positive relation between relationships, rewards and helpful mechanism and negative relationship between purpose, structure, leadership and attitude towards a change. Overall, there is a positive and significant relationship between two variables organizational culture and job satisfaction.

**Keywords:** Organizational culture, job satisfaction, organizational effectiveness and commitment

### **Introduction**

Organizational culture is the behavior of humans who are part of an organization and the meanings that the people attach to their actions. Culture includes the organization values, visions, norms, working language, systems, symbols, beliefs and habits. It is also the pattern of such collective behaviors and assumptions that are taught to new organizational members as a way of perceiving, and even thinking and feeling. Organizational culture affects the way people and groups interact with each other, with clients, and with stakeholders. Organizational culture has been defined in many ways in the literature, for example, Organizational culture is defined as “a system of shared values (that define what is important) and norms (appropriate attitudes and behaviors) by O’Reilly and Chatman’s (1996). In most definitions, various combinations of assumptions, values, norms, beliefs and ways of thinking and acting are used to explain the organizational culture. Organizational culture has been an important theme in management and business research for some two decades. One reason for this is that organizational culture has the potential to affect a range of organizationally and individually desired outcomes. Ritchie (2000) notes that, from the time of the earliest writers on organizational culture “it has been suggested that organizational culture affects such outcomes as productivity, performance, commitment, self confidence, and ethical behavior”. Similarly, writers that are more recent have repeated the assumption that “organizational culture impacts significantly on an organization, its employees’ behavior and motivations and, ultimately, that organization’s financial performance”. Organizational culture has been argued to be relevant in a variety of contexts including the adoption of innovative technologies and workplace practices, information systems integration, strategy implementation, and planning initiation. For most organizational writers, culture is a stable,

conservative and resistant force that is likely to change only through management intervention.

As recently as 1999, for example, Hendry stated: “Because of its deeply embedded nature any culture, societal, institutional, or organizational, is resistant to change”. There are literally hundreds of examples one might give of this attitude to organizational culture change, some of the earliest and most influential being Pascale and Athos(1981), Deal and Kennedy (1982) and Kilmann, Saxton (1983). Nonetheless, nearly all of this literature addresses the possibilities and benefits of intentionally altering organizational culture as a means to achieving greater managerial control or enhancing organizational performance.

The job satisfaction of employees occupies the important place in the list of main concerns of human resource management department. The reason of this importance is twofold. On one side, it helps in retaining the employees and on the other side, it raises their performance level. According to Hoppock (1935) job satisfaction is “any combination of psychological, physiological, and environmental circumstances that causes a person to say, “I am satisfied with my job”. Ivancevich et al. (1997) state that job satisfaction is something due to which a worker feels that how well he/she is in an organization. Researchers link job satisfaction with many factors e.g. fairness of rewards, growth opportunities, participation in decision-making, supervisory support and compensation etc. A large number of researchers, however, link job satisfaction with organizational culture e.g. Taber (1975), Jiang and Klen (2000), Mckinnon (2003), Navaie-Waliser (2004), Rad (2006), Arnold (2006), Chang and Lee (2007), and Mansoor and Tayib (2010) etc. According to Schhneider (1983) organizational culture is a combination of value system and assumptions which lead an organization to run its business. According to Peters (1982) success of the organization depends on the brilliance or excellence of the culture.

## **Review of Literature**

According to Hebb (1949) and Morse (1953) changes in the organizational culture affects the job satisfaction of the employees and it also changes their behaviors and attitudes. Hellreigel et al. (1974) report the existence of relationships between organizational culture, climate and job satisfaction. Wallach (1983) reveals that job performance and job satisfaction are related to organizational culture. Further, he observes that job satisfaction and culture of the organization are interdependent on each other. Zammuto and Krakower (1991) suggest that management of the organization with the positive culture can enhance the performance and satisfaction level of the workers. Kline and Boyd (1994) determine the relationship between organizational structure and job satisfaction. They observe that employees at different levels are influenced by diverse work aspects and different facets of work environment. Kerego and Muthupha (1997) explain that working conditions and channels of communications highly affect the job satisfaction. Sempene et al. (2002) find that there is a close relationship between job satisfaction and organizational culture where job satisfaction is the result of organizational culture. In their study, however, some facets prove positive relations and others negative relations. They argue that this varied relation depends on employees that how differently they perceive cultural perspective. Huang and Chi (2004) opine that if the employees are satisfied with the culture of the organization it will motivate them to work hard and their obligations would be consistent which finally would raise organizational performance. Tang (2006) suggests that supportive culture of the organization raises the job satisfaction of the employees. According to Hoppock (1935), Navaie-Waliser (2004) and Rad, (2006) job

satisfaction of the employees is affected by the culture of the organization. Robbert and Reilly (1979), Kram (1985), Greenhaus (1990) and Gorris (2006) find that various forms of the communication in the organization and the relationship between the employee and the employer have positive impact on the job satisfaction of the employees. McHugh et al. (1993) argue that bad and poor culture of the organization will lower the level of job satisfaction and lower productivity from the employees, and finally all these factors contribute to decrease the efficiency and performance of the organization.

Hansen et al. (1989) describe that the behavior of the employees towards their mode of thinking whatever they think intentionally or unintentionally is strongly influenced by the culture of the organization. Jiang and Klein (2000) argue that supportive culture of the organization increases the satisfaction level of the employees and decreases the turnover ratios from the organization. Taber (1975) and Chang and Lee (2007) conclude that organizational culture has a positive impact on the job satisfaction of the employees. Yousaf (1998), Mckinnon (2003), Arnold (2006) and Mansoor and Tayib (2010) observe strong positive impact of organizational culture on the job satisfaction. However, Johnson (2004) opines that some component of the organizational culture may not be positively associated with the job satisfaction. However, Navaie-Waliser et al. (2004) conclude that there is no single measure to find out the level of job satisfaction and the impact of the organizational culture on the job satisfaction of the employees. Aoms and Weathington (2008) argue that the organization with strong and suitable culture positively affects not only the satisfaction of the employees but also the job commitment of the employees with the organization. Chang and Lee (2007) emphasize over the group-oriented culture in the organization for raising the employees' job satisfaction. However, they find a positive relationship between the culture of the organization and job satisfaction.

Randall Y Odom et el (1990) found that Managers' belief is that their organizations are predominantly bureaucratic, somewhat innovative, and less supportive. The bureaucratic nature of the work environment neither improves nor distracts from an employee's commitment, satisfaction, and work-group cohesion. The employee attitudes and behaviors were enhanced by a culture exhibiting innovative characteristics. The commitment, satisfaction, and cohesion are enhanced when the organizational culture is supportive. Toby Marshall et el (2004). Found that organizational learning culture had significant influences on both job satisfaction and motivation to transfer learning, and that the direct impact of job satisfaction on motivation to transfer learning was positive but not significant. It was also found that learning culture had an indirect impact on employees' turnover intention. Koberg, C. S., and Chusmir, L. H.( 1987) Found that the Bureaucratic culture combined with high need for power was found to have significant positive relationships to job satisfaction and involvement, and negative connections to propensity to leave. Innovative culture combined with high need for achievement was significantly and positively related to job satisfaction and significantly and negatively to propensity to leave. Supportive culture combined with high need for affiliation was significantly and positively related to job satisfaction and negatively related to propensity to leave. Georgge. Gordon et el (1992) found that a strong culture, as measured by the consistency of perceptions of company values, is predictive of short-term future company performance. They also found that a culture of adaptability but not stability is also predictive of short term Performance. The best explanation may be that both a strong culture from the standpoint of consistency, and an appropriate culture from the standpoint of content, will produce positive results, but a combination of the two is most powerful. Brian T. Gregory et el (2008) Found positive Relationship between Group Culture and

patient Satisfaction and Balanced Culture and Patient Satisfaction that means positive relationship between Culture and Effectiveness. They also studied the indirect effect of culture on effectiveness that's the culture. The results of the mediation analyses demonstrate that culture does influence organizational effectiveness as measured by patient satisfaction and controllable expenses, but the influence is indirect. More specifically, the findings suggest that culture affects employee attitudes (employee satisfaction and physician satisfaction) and that those attitudes have an influence on organizational outcomes (controllable expenses and patient satisfaction). P. Christopher et al (1994) found that efficacy training differentially shapes a person's performance depending on the relationship of the training method to his or her individualism-collectivism orientation people who were high on collectivism-group and collectivism-individual (collectivists) responded best to group-focused training information, whereas people who were low in collectivism-group and collectivism-individual (individualists) responded best to individual-focused training information. In addition, training information that was incongruent with a person's collectivism-group and collectivism-individual orientation was still more effective in enhancing performance than no training at all. Jay B et al (1986) found that a firm's culture can be a source of sustainable competitive advantage if that culture is valuable, rare, and imperfectly imitable. The sustained superior performance of firms like Firms with valuable, rare, and imperfectly imitable cultures should nurture these cultures. Firms without valuable, rare, or imperfectly imitable cultures cannot expect their cultures to be the source of sustained competitive advantages. Michael O'Toole (2001) they found that the reductions in injuries experienced at the company locations was strongly impacted by the positive employee perceptions on several key factors. Daniel R et al (1995) Developed a model of organizational culture and effectiveness based on four traits of organizational cultures; involvement, consistency, adaptability, and mission. Nigar Demircan et al (2010) conducted a study to analyzes the impact of organizational culture and empowerment on innovation capability.

### **Research Methodology**

The purpose of this study is to seek the relationship between organizational culture and job satisfaction. To investigate organizational culture organizational diagnosis questionnaire (ODQ) developed by Robert c. Preziosi was used. It includes seven dimensions as purpose, structure, leadership, relationship, rewards and helpful mechanism and attitude towards change. These dimensions are measured on a scale of thirty-five items, five in each of seven variables. This is a Likert type of scale and contain statements for evaluation as 1, totally disagree 2, disagree 3, neither agree nor disagree 4, agree 5, strongly agree. In order to quantify job satisfaction job description index was used to evaluate job satisfaction. . It evaluates job satisfaction on a scale of 36 items which contain items about nature of work, coach or supervisor, colleagues and about growth prospectus. This is again a Likert type of scale containing seven statements for evaluation as always, often, often, occasionally, modest, very rarely and never.

Organizational culture here is an independent variable and job satisfaction is dependent variable. The reliability of (ODQ) was determined by test and retest methods. The (ODQ) was tested on 30 subjects two times and the correlation between the two tests scores was calculated and finally the reliability of the test was detected about 0.73. Cronbach's alpha was used to determine the internal reliability and it was obtained equal to 0.936. The same test retest was donning on job satisfaction index to determine reliability of questionnaire 72/0 was obtained. Cronbach's Alpha was also used and it was found to be equal to 9/9%. Following hypothesis were developed and tested.

- H1: the culture of an organization has a positive relation to job satisfaction
- H2: the purpose of an organization has a positive relation to job satisfaction
- H3: the reward system of an organization has a positive relation to job satisfaction
- H4: the structure of an organization has a positive relation to job satisfaction
- H5: the helpful Mechanism of an organization has a positive relation to job satisfaction
- H6: the relationships within the organization has a positive relation to job satisfaction
- H7: the leadership of an organization has a positive relation to job satisfaction

In order to test the proposed hypothesis a random sample has been taken from the PSU, private and state level banks operating in the state of Jammu and Kashmir.

A total of 400 structured questionnaires were distributed among the employees in whom only 275 questionnaires were selected for data analysis.

**Data Analysis**

From Pearson correlation analysis between the organizational cultural variables and dependent variable job satisfaction and has been found out that there is a significant relationship between three cultural variables relationships, rewards and helpful mechanism and job satisfaction. Hence, hypothesis H3, H5 and H6 are accepted. However it has been found that there is not a significant relationship between cultural variables of purpose, structure, relationship and attitude towards change and job satisfaction. Hence hypothesis H2, H4 and H 7 are rejected. Table:1 shows the results of Pearson correlation between the organizational cultural variables and job satisfaction.

In response to the main research objective whether there is a relationship between organizational culture and job satisfaction of employees or not, according to calculations, it can be stated with 95% confidence that there is a correlation between organizational culture and job satisfaction. It can be said the organizational culture predicts job satisfaction. The regression coefficient is given in table 2. The fitted regression line equation by which the amount of job satisfaction is predicted by organizational culture is as given below.

$$\text{Job satisfaction} = 3.794 + 2.216 (\text{Organizational Culture})$$

**Table 1 Pearson correlation coefficients between dimensions of organizational culture and job satisfaction**

Objective	Independent Variable	Correlation	Sig		Result
1	Purpose	0.17	0.29	p>0.05	Reject
2	Structure	0.22	0.173	p>0.05	Reject
3	Leadership	0.26	0.12	p>0.05	Reject
4	Relationships	0.52	0.001	p>0.05	Accept
5	Rewards	0.37	0.02	p>0.05	Accept
6	Helpful Mechanisms	0.45	0.006	p>0.05	Accept
7	Attitude towards change	0.21	0.21	p>0.05	Reject

**Table2: Linear regression analysis results between organizational culture and job satisfaction**

Regression coefficient			Index variable			
P	T	B	P	R	R	
0.001	3.794	2.169	0.001	0.12	0.34	Organizational Culture

Significant level	T	Standardized coefficient	Non standardized Coefficients		
			Std. Error	B	
0.001	3.794	0.349	0.759	2.913	Constant
0.037	2.216		0.259	0.5671	Culture

**Conclusion:**

For the success of an organization, it is very important to use human resource effectively and find out whether their employees are satisfied or not. Employees of these organizations are responsible to large extent for its productivity and profitability. The study shows there is a positive and significant relation between some cultural aspects and job satisfaction as relationships, rewards and helpful mechanism. There is negative relationship between others purpose, structure, leadership and attitude towards a change and job satisfaction. Overall, there is a positive and significant relationship between two variables organizational culture and job satisfaction. Thus organization culture will help managers and employers to enhance job satisfaction by developing strong cultures. The cultures need to be developed in a way they are impacting job satisfaction in order to increase job satisfaction. There is however limitations in generalizing the results of this study considering the fact the study have been conducted on a small sample size.

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