

# IMPACT OF ORGANIZATIONAL CULTURE AND EMPLOYEES SATISFACTION ON ORGANIZATIONAL PERFORMANCE IN BANKING SECTOR OF LAHORE

<sup>1</sup>Abdul Khaliq Alvi, <sup>2</sup>Ayesha Javed, <sup>2</sup>Anam Ashfaq, <sup>3</sup>Sumaira Kalsoom

<sup>1</sup>Department of Management Science Lahore Garrison University, Lahore, Pakistan

E-mail: [Khaligalvi@gmail.com](mailto:Khaligalvi@gmail.com) Mobile: +923334287808

<sup>2</sup>Department of Management Science Lahore Garrison University, Lahore, Pakistan

E-Mail: [javedaisha3@gmail.com](mailto:javedaisha3@gmail.com)

<sup>3</sup>Department of Management Science Lahore Garrison University, Lahore, Pakistan

E-Mail: [anamasfaq16@yahoo.com](mailto:anamasfaq16@yahoo.com)

<sup>4</sup>Department of Management Science Lahore Garrison University, Lahore, Pakistan

E-Mail: [sumairakalsoom123@gmail.com](mailto:sumairakalsoom123@gmail.com)

**ABSTRACT:** *This research is design to evaluate the influence of organizational culture and employee satisfaction upon organizational performance. For doing so, the present research is considering the banking sector of Lahore (Pakistan) as the target population. For testifying the relationship, two hypothesis was proposed. Results indicate that employee job satisfaction and organizational culture are two noteworthy antecedents of organizational performance. But, employee job satisfaction is a better predictor of organizational performance as compare to organizational culture. Data was gathered through a designed questionnaire. Total 125 questionnaires were distributed randomly. 105 questionnaires were fully filled and were used in the final analysis.*

**Keywords:** *Employee Job Satisfaction, Organizational Culture, Organizational Performance, Banking Sector, Pakistan.*

## INTRODUCTION:

Current research is established to check the relationship between employee satisfaction, organizational culture, and organizational performance. According to researcher [1], "Satisfaction states the level of fulfillment of one's needs, wants and desire. Satisfaction basically depends upon what is a person's needs, and what he/she achieves from the world." Employee satisfaction is a degree to which a worker is happy with his/her job and working atmosphere. No doubt, there are several reasons affecting the organizational effectiveness and one of the important reason is the employee satisfaction. Effective organizations must have a culture that inspires or promote the employee satisfaction [2]. According to researchers [3], employees are more loyal and creative when they are happy and satisfied. But researcher [4] states that these satisfied personals have greatly affected the customer satisfaction and organizational productivity. There is no limit for the employees about satisfaction and it may differ from worker to worker. Sometimes they want to change their behaviors in order to accomplish their responsibilities more efficiently to maintain a great level of satisfaction in their work [5]. The notion of employee satisfaction is used to define whether employees contend, happy and fulfilling their wants and needs during their work. Several types of research of Susan M. Heath field support that employee satisfaction is a major aspect of employee's goal accomplishment, positive employee morale and employee motivation in the working environment. According to researcher [6], employee job satisfaction is considered as the combination of effective feedbacks to the distinct perceptions of what he/she actually wants to accept and what he/she really obtains. According to researchers [7], employee satisfaction may be defined as how employees are satisfied with his or her working conditions. As researcher [8] define job satisfaction as the entire feel of certain employees about their job and its numerous aspects of their job.

Variable of interest in this research is employee job satisfaction. According to researchers [9], if companies want

to improve their performance then they must satisfy and motivate their employees which result in positive participation in the organizational performance. Many of the researchers said that employee job satisfaction can influence the absenteeism, retention and employee productivity [10]. The achievement of any company is directly related to the satisfaction of the employees [11]. Researches indicate that employee job satisfaction and customer satisfaction has a strong link with each others. It is seen that customer satisfaction is increased up to 95 % with the help of employee job satisfaction which results in decreasing the labor cost by 12% reduce the turnover intention by 50% [12]. In the USA about 77 % employees were reported that they were dissatisfied with their jobs [13; 14]. These researches describe that job dissatisfaction is the main cause of employee turnover. From above we conclude that employee job satisfaction is a key consideration for the organizations. This is also proved that employee dissatisfaction is the chief problem for the advanced countries.

The more the satisfaction of an employee, the less is the turnover and absenteeism [15]. Human Resource experts postulate that workers who are more satisfied result in more productivity in their work [16; 17]. Therefore, efficiency and organizational productivity is achieved through employee job satisfaction and devotion to employees' physical as well as socio emotional wants.

The thoughts of employee job satisfaction are important because these are predictors of combined efforts. A research [18], which was conducted on 7,939 business units in 36 organizations, showed the positive and functional relationships among employee engagement-satisfaction and employee intention to stay, productivity, reduction in employee's accidents at work and organizational profitability. Another variable of this research is organizational performance. The point of an attainment to which an employee's complete the organizational task at the place of work is called performance [19]. Performance is the main source of achieving the managerial goals [20; 21]. The work

of an employee is defining by the level of success of his/her job [19]. It has a strong relationship with employee job satisfaction and organizational culture. According to researcher [22], organizational performance is the organizational ability to attain its goals by using resources in an efficient and effective manner. The point of an attainment to which an employee's complete the organizational task at the place of work is called performance [19]. Organizational performance is the main source for increasing the level of employee competencies [20; 21]. The job of an employee is based on employee success which is limitation this concept [19]. The third variable of the research is organizational culture.

#### **LITERATURE REVIEW:**

##### **Organizational Performance**

According to researcher [22], organizational performance is the organizational ability due to which organizations attain its goals by using resources in an efficient and effective manner. The point of an attainment to which an employee's complete the organizational task at the place of the workplace is also called performance [19].

Performance can also consider as transactional competencies which are helpful in achieving managerial goals [20; 21]. The work of an employee is defining by the level of success or by the objectives of which is a limitation of performance [19]. Different researchers have recognized diverse consideration, attitudes, and philosophies of employee performance as it helps for fostering the production process [20]. Successful organizations create an ideal connection of capital with managerial role [19]. So, the goals and objectives of institutional strategies have been planned according to organizational performance [23]. In order to improve this act, organizations are based upon successful supervision of business resources [23]. The performance of employees helps in getting better group association, attain goals and objectives [24]. The deliberate preparation about the growth of goals and objectives assists organizations to attain non-financial or insubstantial resources. The excellence, in this area, will result in good monetary gain [25].

##### **Organizational Culture**

According to researcher [26], cultural norms of organizations strongly affect all of the employees who are involved in the organizations. Those norms are almost invisible, but if we would like to improve performance and profitability, norms are one of the first choices to look. Culture is normally conceived as intangible, difficult concept to understand and worthy focus of this for organizational success. However, identifying the cultural traits of an organization provides a platform for better understanding of the operations of the organization and for better organizational performance. Unfortunately, most often, organizational cultural issues are overlooked, while attention is directed towards activities that may have little or no positive effect on performance [27].

##### **The dimension of organizational culture:**

The researchers [28] like Jöns, Froese and Pak have proposed the different dimensions of organizational culture on the basis of different case studies and researches. These are described below.

1. Strategic direction including characteristics of performance as well as customer satisfaction and quality orientation of an organization.
2. Organisational situations including the amount of establishment and procedures or the number of classified stages inside an organization.
3. Group work and collaboration demonstrating group-related parallel interface characteristics.
4. Overall organization and governance as the additional interface measurement reproducing the horizontal interface features across hierarchies

##### **Employee job satisfaction**

Employee job satisfaction is closely related to job satisfaction and the intention to leave or stay with the organization [29].

Job satisfaction is the individual estimation of the work situations which is obtained from the behavior of the administration, the job itself etc. or occupational security, wages etc. or from the consequences [30]. Another researcher describes that job satisfaction is the consistent determination or pleasure of the workers. It is emerging when the requirement of the workers and the education of the work equivalent [31].

Researchers [32; 33; 34; 35] describe that in the US HRM experts describes that job satisfaction is associated with personnel reliability. It is foremost aim of the organizations to provide such conducive environment to their employees which can reduce their dissatisfaction level. Researcher [36] states that satisfied personnel result in a greater level of obligation, loyalty with their organizations and reduce the level of employee intention to leave. Researchers [37] find that job satisfaction of Mexican personnel is considerably related to their obligation to the organization. In the same way, researchers [38] demonstrate that job satisfaction is the most significant element of Mexican employees' responsibilities to their organizations.

##### **Hypothesis:**

Researchers found a positive relationship between the culture and performance [39; 40]. On the basis of this statement, current research has proposed the following hypotheses.

H1: Organizational culture has positive impact on organizational performance

Researchers have found a positive relationship between the employee satisfaction and performance [41; 42; 43]. On the basis of this statement, current research has proposed the following hypothesis.

H2: Employee satisfaction has positive impact on organizational performance

##### **Methodology**

###### **Target Population and Sampling**

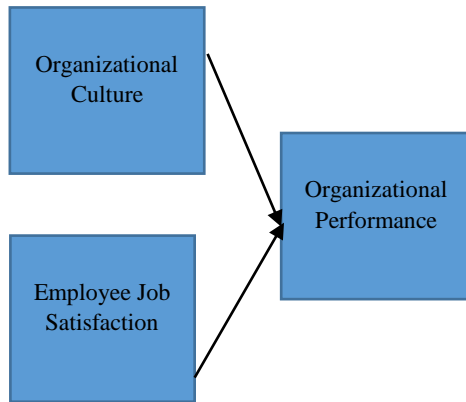
Banking sector of Lahore Pakistan is the entire population of the research. Data was gathered through a designed questionnaire. Total 125 questionnaires were distributed randomly. 105 questionnaires were fully filled and were used in the final analysis.

###### **Scale of the study**

Organizational culture is measured with the help of 08 item scale which is adopted from the scale of previous researchers [44]. Employee job satisfaction is measured with the help of 04 item scale which is adopted from the scale of previous researchers [45]. Organizational performance is measured

with the help of 04 item scale which is adopted from the scale of previous researchers [46].

**MODEL**



**Reliability analysis**

**Table No.1.1 Reliability of Organizational Culture**

Cronbach's Alpha	N of Items
0.518	8

**Table No.1.2 Reliability of Employee job satisfaction**

Cronbach's Alpha	N of Items
.829	4

**Table No.1.3 Reliability of Organizational Performance**

Cronbach's Alpha	N of Items
0.676	4

In reliability analysis we examine the assessment of cronbach's Alpha. Data is trustworthy on the basis of value of cronbach's alpha and it must be more than 0.50. In table no 1-1, the value for organizational culture is 0.518 which is greater than 0.50. So, data is reliable. In reliability analysis, we examine the assessment of cronbach's Alpha. Data is trustworthy on the basis of the value of cronbach's alpha and it must be more than 0.50. In table No 1.3, the value for employee organizational performance is 0.518 which is greater than 0.50. So, data is reliable.

**Correlation Analysis**

**Table No 2 Correlation Analysis**

	OC	EJS	OP
OC	1	0.293**	0.147
EJS		1	0.389**
OP			1

\*\* Correlation is significant at the 0.01 level,

\* Correlation is significant at the 0.05 level

Table No 2 provides the results of correlation analysis which shows that all the variables has a positive relationships with each-others. The coefficient of correlation between organizational culture and employee satisfaction is 0.293\*\*. This means that both have a strong relationships between each-others. The coefficient of correlation between organizational culture and organizational performance is 0.147. This means that both have a positive relationship

between each-others. The coefficient of correlation between employee satisfaction and organizational performance is 0.389\*\*. This means that both have a strong relationships between each-others.

**Table No.3 Regression Analysis**

	B'	t'	p'
(Constant)	1.244	4.167	0.000
Employee Job satisfaction	0.294	6.563	0.000
Organizational Culture	0.267	4.154	0.000
R Square	0.31		
F	33.410		0.000

Table No3: Dependent Variable: Organizational Performance

\*\*\*Significant at the 0.01 level.

\*\*Significant at the 0.05 level.

\* Significant at the 0.10 level.

Table no 3 is providing the values for regression analysis. Results provide the following values for the relationship of job satisfaction with organizational performance,  $p=0.000$  i.e.  $< 0.01$  and value of  $\beta$  for this is 0.294. This suggests that job satisfaction has an imperative positive influence on organizational performance. This proves that one unit alteration in the level of employee job satisfaction can affect the level of organizational performance up to 29.4 %. For the relationship of organizational culture with organizational performance, the value of  $p=0.000$  i.e.  $< 0.01$  and value of  $\beta$  is 0.267. This suggests that organizational culture has an imperative positive influence on organizational performance. This proves that one unit alteration in the level of organizational culture can affect the level of organizational performance up to 26.7 %. Value of  $R^2$  is 0.31 which is also significant for the proposed relationship. Value of F is 33.410 which shows that organizational culture and job satisfaction have strong relation with organizational performance. All the value of t is non-zero so the value of t is also acceptable. Value of  $\beta$  for the relationship of job satisfaction with organizational performance is 0.294 and Value of  $\beta$  for the relationship of organizational culture with organizational performance is 26.7. This specifies that employee job satisfaction is the better antecedent of organizational performance as compare to organizational culture.

On the basis of all above results, results indicate that both propose hypotheses is accepted.

**CONCLUSION**

Findings of this research prove that employee job satisfaction and organizational culture are two noteworthy antecedents of organizational performance. But, employee job satisfaction is a better predictor of organizational performance as compare to organizational culture. So, the banking sector of Pakistan must formulate the good policies about the incorporation of good policies for improving the level of job satisfaction and organizational culture which may cause the better level of

organizational performance. For acceptance of these results, this kind of researches can also be done on other sectors of Pakistan like public sector, the education sector, and telecom Industry. In future researches, along with these variables some other variables like organizational citizenship behavior, organizational base self-esteem, organizational politics and organizational trust may possibly embrace for acceptability of results.

## REFERENCES

1. C. M. Nancy, *Satisfactions in the white-collar job*, Ayer publishing, 1977
2. K. Bhatti, T. Qureshi, Impact of employee participation on job satisfaction, employee commitment and employee productivity, *International Review of Business Research Papers*, 3(2), 54 – 68, 2007.
3. W. Hunter, D. Tietyen, *Business to business marketing: Creating a community of customers*. Lincolnwood-Illinois, McGraw-Hill Professional, 1997.
4. T. A. Potterfield, *The Business of Employee Empowerment: Democracy and Ideology in the Workplace* Westport, Connecticut: Quorum Books, 1999.
5. J. L. Miller, *Coach Yourself to Succeed @ Work: How to Achieve Optimal Performance and Job Satisfaction*, CA, Dorrance Publishing Co, 2006.
6. C.J. Cranny, P.C. Smith, E.F. Stone, *Job satisfaction: How people feel about their jobs and how it affects their performance*, New York: Lexington, 1992.
7. G. D. Moyes, L. P. Shao, M. Newsome, Comparative analysis of employee job satisfaction in the accounting profession, *Journal of Business & Economics Research*, 6(2), 65-81, 2008.
8. P.E. Spector, *Job Satisfaction: Application, Assessment, Causes, and Consequences*, Thousand Oaks, CA: Sage, 1997.
9. J. L. Heskett, T. O. Jones, G. W. Loveman, W. E. Jr. Sasser, L. A. Schlesinger, *Putting the service-profit chain to work*, *Harvard Business Review* 72 (2), 1994.
10. R.A. Derek, W. Merris, *–Linking customer and employee satisfaction to the bottom line*, ASQ quality press publications cat log, Milwaukee, WI, 2002.
11. Freeman, Shelly, *Employee satisfaction: The key to a successful company*, 2005. <http://library.lp.findlaw.com/articles/file/00301/008927/title/Subject/topic/Employment>. Retrieved on January 10th, 2017
12. Carpitella, Bill, *Make residential construction the industry of choice* [Electronic version]. *Professional Builder*, 2003.
13. I. Mardanov, J. Sterrett, J. Baker, Satisfaction with supervision and member job satisfaction in leader-member exchange: An empirical study in the restaurant industry, *Journal of Applied Management and Entrepreneurship*, 12 (3), 37-55, 2007.
14. J. B. DeConinck, The effect of leader-member exchange on turnover among retail buyers, *Journal of Business Research*, 62 (11), 1081-1086, 2009.
15. W.F. Maloney, J.M. McFillen, Motivational implications of construction work, *Journal of Construction Engineering and Management*, 137-151, 1986.
16. R. L. Likert, *The human organization*. New York: McGraw-Hill, 1961.
17. D. McGregor, *The human side of enterprise*, New York: McGraw-Hill, 1960.
18. J. K. Harter, F. L. Schmidt, T. L. Hayes, Business-unit level relationship between employee satisfaction, employee engagement, and business outcomes: A meta-analysis, *Journal of Applied Psychology*, 87, 268-279, 2002.
19. W. F. Cascio, *Managing Human Resources: Productivity, Quality of Life, Profits*, McGraw-Hill Irwin, 2006.
20. P. Stannack, *Perspective on Employees Performance*, *Management Research News*, 119 (4/5), 3840, 1996.
21. J.B. Barney, Firm Resources and Sustained Competitive Advantage, *Journal of Management*, 1 (17), 99-120, 1991.
22. R.L. Daft, *Organization Theory and Design*. (7th Ed.), South-Western College Publishing, Thomson Learning. U.S.A, 2000.
23. R. Ricardo, D. Wade, *Corporate Performance Management: How to Build a Better Organization through Measurement Driven Strategies Alignment*, Butterworth Heinemann, 2001.
24. C.D. Ittner, D.F. Larcker, Innovations in Performance Measurement: trends and research implications, *Journal of Management Accounting Research*, 10, 205-38, 1998.
25. R.S. Kaplan, D.P. Norton, *The Strategy-focused Organization: How Balanced Scorecard Companies Thrive in the New Business Environment*, Harvard Business School Press, Boston, MA, 2001.
26. D. Stewart, *Growing the corporate culture*, 2007, obtained from <https://www.wachovia.com/foundation/v/index.jsp?vgnextoid=ab411f07760aa110VgnVCM1000004b0d1872RCRD&vgnnextfmt=default> on January 9th, 2017
27. M. G. Davidson, *The Relationship Between Organisational Culture and Financial Performance in a South African Investment Bank*, *Dissertation*, University of South Africa, 2003.
28. I. Jöns, F.J. Froese, Y.S. Pak *Cultural changes during the integration process of crossborder acquisitions: An exploratory study o German-Korean acquisitions*, *Proceedings of The First Conference on Cross-Cultural Leadership and Management Studies*, Seoul, 2004.
29. I. Robinson, *Human Resource Management in Organisations*, London: Chartered Institute of Personnel and Development, 2006.
30. C. Fletcher, R. Williams, Performance Management, Job Satisfaction and Organisational Commitment, *British Journal of Management*, 7(2), 169-179, 2006.
31. A.E Reichers, A Review and Reconceptualisation of Organisational Commitment. , *Academy of Management Review*, 10(3), 465-476, 2006.
32. S.P. Brown, R.A. Peterson, Antecedents and consequences of salesperson job satisfaction: meta-

- analysis and assessment of causal effects, *Journal of Marketing Research*, **30** (1), 63–77, 1993.
33. R.W. Griffeth, P.W. Hom, S. Gaertner, A meta-analysis of antecedents and correlates of employee turnover: update, moderator tests, and research implication for the next millennium, *Journal of Management* **26** (3), 463–488, 2000.
  34. P.W. Hom, A.J. Kinicki, Toward a greater understanding of how dissatisfaction drives employee turnover, *Academy of Management Journal*, **44** (5), 975–987, 2001.
  35. A. Martensen, L. Gronholdt, Using employee satisfaction measurement to improve people management: an adaptation of Kano's quality types, *Total Quality Management*, **12** (7/8), 949–957, 2001.
  36. T. Guimaraes, Assessing employee turnover intentions before/after TQM, *International Journal of Quality and Reliability Management*, **14** (1), 46–63, 1997.
  37. J.K. Harrison, R. Hubbard, Antecedents to organizational commitment among Mexican employees of a U.S. firm in Mexico, *Journal of Social Psychology*, **138** (5), 609–623, 1998.
  38. C. Borycki, R.G. Thorn, J. LeMaster, Job satisfaction and organization commitment: a comparison of United States and Mexico employees, *International Journal of Commerce and Management*, **8** (3–4), 7–25, 1998.
  39. G.Hofstede, *Culture's Consequences*, Sage, Beverly Hills, CA, 1980.
  40. G. Hofstede, M.H. Bond, The Confucius connection: from cultural roots to economic growth, *Organizational Dynamics*, **16** (4), 4-21.
  41. Anderson, H. Carol, Job Design: Employee Satisfaction and Performance in Retail Stores, *Journal of Small Business Management*, **22**(4), 1984.
  42. T. Michelle, P.M. Muchinsky, Job Satisfaction & Job Performance: A Meta analysis, *Psychological Bulletin*, **97**(2), 251-73, 1985.
  43. L. Manjunath, S. Tyagarajan, V.J. Kumar, M.R. Ansari, Determinants of Scientific Productivity of Agricultural Scientists, *Journal of Agriculture Science*, **21**(3): 466-68, 2008.
  44. Grau and Moormann, EMPIRICAL EVIDENCE FOR THE IMPACT OF ORGANIZATIONAL CULTURE ON PROCESS QUALITY, Twenty Second European Conference on Information Systems, Tel Aviv, 2014
  45. Jun M, Cai S, Shin H, TQM practice in maquiladora: Antecedents of employee satisfaction and loyalty, *Journal of Operations Management*, **24**, 791–812, 2006.
  46. Víctor J. Garcí'a-Morales, Francisco J., Llorens-Montes, Antecedents and consequences of organizational innovation and organizational learning in Entrepreneurship, *Industrial Management & Data Systems*, **106**(1) ,21-42, 2006.