



THE ROLE OF SOCIETAL AND ORGANISATIONAL CULTURE IN EMPLOYEES' SATISFACTION AND ORGANISATIONAL COMMITMENT

Katarina Babnik

University of Primorska, College of Health Care Izola, Slovenia

katarina.babnik@vszi.upr.si

Abstract:

The concept of culture is closely linked to the concept of knowledge and knowledge as social capital. To understand the impact of organisational culture on organisational behaviour (individual and collective) means to understand how knowledge (formal/informal), which is a result of the interaction (formal and informal, past and present) among staff members and between staff members and their external environment, influences individuals' behaviour, effectiveness and efficiency at work. The purpose of our study, conducted on a representative sample of Slovenian population, was to answer the question to what extent variables describing societal and organisational culture predict psychological variables of employees' attitudes towards work, i.e. their job satisfaction and organisational commitment. Characteristics of culture at the society and organisational levels, human resource management practices and organisational climate as explicit elements of organisational culture influence employees' attitudes towards work and their workplace. The knowledge that individuals have and transfer from their social environment to the organisation, and the knowledge of how things are done in the organisation affect key psychological variables explaining behavioural intentions and behaviour of employees in the workplace. Knowledge is a historical phenomenon in an organisation and has not only a denotative, but also an evaluative – affective role.

Keywords: organisational culture, societal culture, organisational knowledge, satisfaction, commitment.

1. INTRODUCTION

The concept of culture is closely linked to the concept of knowledge and knowledge as social capital. In social sciences, culture is defined as a phenomenon that results from learning of members of a community. One of the first psychological definitions describes culture as “learned solutions that have been adopted because they brought the desired results” (Ford, 1942, in Kroeber & Kluckhohn, 1952, pp. 107); it represents pragmatic, connotative and denotative knowledge of staff (Diener, Scollon, Oishi, Dzokoto & Suh, 2000). At the organisational level, Schein (1992, pp. 12) describes organisational culture as basic assumptions adopted by a group in the process of learning through solving problems of external adaptation and internal integration, and passed on to new members as the right way of perceiving, thinking and problem solving. Culture is that public and tacit knowledge of an organisation that determines the description and interpretation of events within the organisation, how things are done in the organisation, and why certain things are done at all.

The understanding of organisational culture and societal culture as something that staff “has” and not something that staff “is” (Smircich, 1983), and related quantitative studies of culture, was further strengthened with the establishment of economic theories recognising the role of the human factor in organisational efficiency and the overall social, economic and political functioning of the state (Adjibolosoo, 1993). The postmodern management model in theory and practice established the importance of resources that are valuable, rare and not easy to imitate (Barney, 1986; 1991). Culture and its carriers – people – are one of such resources (Becker & Gerhart, 1996).

1.1. The concept of culture, climate and organisational knowledge

Culture is a phenomenon present at various levels, i.e. from the level of an individual, which Brandtstädter (1999, pp. 41) calls personal or subjective culture, to the level of an organisation, profession, race, gender, social class, state and society (Hofstede, 1997).

The fact that culture is so multifaceted causes a lot of confusion when defining and operationalising the concept. Manifestations of culture can be compared to the layers of an onion, arranged from the interior to exterior depending on how concrete they are, to what extent external observers recognise them and staff members are conscious of them, and their variability (Brislin, 2000; Hofstede, 1997; Hofstede, Neuijen, Ohayv & Sanders, 1990; House, Javidan, Hanges, & Dorfman; 2002; Rousseau, 1990; Schein, 1992; Trice & Beyer, 1993; Trompenaars & Woolliams, 2003). The layers of culture described by ideologies (Trice & Beyer, 1994), basic assumptions (Schein, 1992), cultural values (Hofstede, 1980; Schwartz, 1999) and norms (Rousseau, 1999; Schwartz, 1999) are the primary elements of culture. The explicit layer of culture consists of behavioural and material elements. Material products of culture include various elements such as symbols, buildings, transport routes, clothing, tools, utilities, language and stories. Its behavioural elements range from simple (rituals) to complex (societal institutions) (Hofstede, 1985; 1997; Rousseau, 1990; Schwartz, 1999). The degree of their formalisation increases with complexity. Explicit elements of culture include formalised norms/rules and formal behavioural patterns reflected in the formal organisational structure, formalised principles, techniques and practices of management (Rousseau, 1990).

At the organisational level, the explicit layer of culture, particularly practices as elements of culture, collides with a well-established and relatively effective concept of organisational climate, established in studies of organisational behaviour before the concept of

organisational culture by Lewin (1952, in Dennison, 1996). In contemporary studies of organisational culture that use questionnaires with descriptive statements, measuring organisational climate through perceptions of practices, especially human resource management (HRM) practices, has blurred the differences between the concepts of organisational climate and culture. Although some authors (e.g. Trice & Beyer, 1993; Schein, 1992) strongly oppose it, the boundaries between both concepts are nowadays very blurred (Babnik, 2010; Sušanj, 2000).

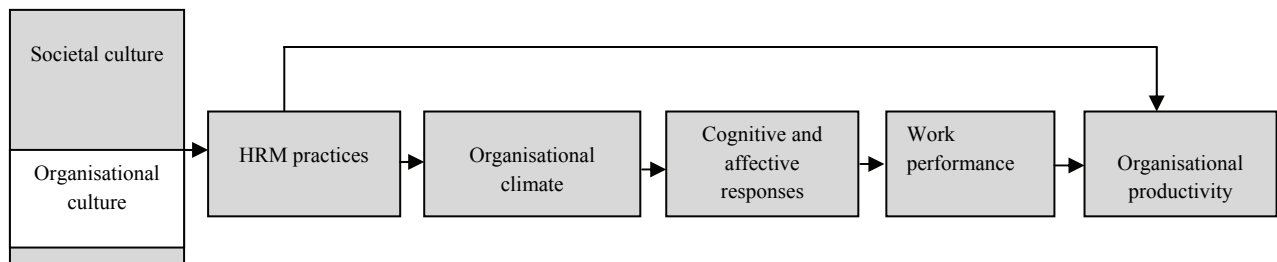
However, culture as a collective phenomenon present at various levels, and culture as a multifaceted phenomenon is not related only to the concept of organisational climate. Characteristics and functions of culture, with the focus on providing guidance and thus the basic security of an individual and a group, and on ensuring the efficiency of staff and its members, may also be associated with the concept of organisational knowledge. Knowledge is usually defined as a mixture of insights, interpretations and information (Schultz, 2001). Three dimensions are critical for understanding knowledge in the organisational context. The first dimension specifies the level where knowledge resides: individual, group or organisational level (Huysman, 2000). The second dimension differentiates between explicit (formal, systemic, easily codified and communicated) and tacit (highly personal, context specific, difficult to codify and communicate) knowledge (Nonaka, 1994). Organisations acquire theoretical knowledge by employing freshmen, hiring consultants, sending employees to training courses, educational programmes, etc. Thus acquired knowledge becomes practical if it is used to detect and correct problems or errors and to carry out work, if it is accepted and shared within the organisation. In the language of culture, the practical/theoretical dimension of knowledge is associated with the formal/informal nature of cultural manifestation.

1.2. Models for explaining the role of organisational culture in employee and organisational performance

To understand the impact of organisational culture on organisational behaviour (individual and collective) means to understand how knowledge (formal/informal), which is a result of the interaction (formal and informal, past and present) among staff members and between staff members and their external environment, influences individuals' behaviour, effectiveness and efficiency at work. In the history of researching the impact of culture on the behaviour of individuals, groups and organisations, numerous models have been developed in attempt to explain the impact of organisational and societal culture on individuals (their attitudes towards work and the workplace, and their behaviour at work) and on the effectiveness and efficiency of organisations. In the frames of the concept of organisational climate, the first such model was developed by Likert (1961, quot. Kopelman et al., 1990, pp. 294). Based on Likert's model and the model by James and Jones (1974), the model developed by Kopelman et al. (1990) is probably the most comprehensive model to date explaining the impact of societal and organisational culture on organisational productivity (Figure 1). The model by Kopelman et al. (1990) assumes that within societies only small differences exist in organisational culture; they are determined by the implicit layers of culture brought by individuals to the organisational environment, and strengthened by the institutionalised norms and rules of that particular society. Therefore, societal culture to a large extent determines organisational culture, while the societal context determines HRM practices established in organisations. HRM practices such as hiring, employee training and development, and rewards have both a direct and indirect impact on the productivity of organisations. Organisational climate determines employees' affective and cognitive responses, motivation and behaviour, which is reflected in organisational productivity.

Parts of the model were tested by numerous authors, especially the part describing the relationship between organisational climate and employees' attitudes and behaviour (e.g. Burke, Serafin, Salvador, Smith & Sarpy, 2008). However, due to its complexity, the model has not yet been tested in its entirety. It has also not been linked to the concept of organisational knowledge even though HRM practices and systems are most directly related to knowledge management in organisations (Fister, 2004).

Figure 1: "Climate, culture and productivity" model



Source: Kopelman et al., 1990, pp. 289.

The main purpose of this paper is to describe and explain to what extent the variables of the societal and organisational context influence employees' attitudes towards work and their workplace. More specifically, it aims to answer the following research question: to what extent the variables describing the societal (societal culture) and organisational context (organisational culture, HRM practices and organisational climate) predict the psychological variables of employees' attitudes towards work, i.e. their job satisfaction and organisational commitment. In accordance with recommendations by certain authors (e.g. Denison, 1996; Rousseau, 1990), in the operationalisation of the concept of societal and organisational culture we took into account its complexity (the layer of values and the layer of practices). Culture was operationalised as perceptions of dominant values, and climate as perceptions of dominant practices.

2. METHODOLOGY


2.1. Participants

The study was conducted on a sample of 824 employees of organisations from different sectors (manufacturing and services) and with different ownership structure (public, private, mixed). The biggest share of participants (44.5 %) carry out executive work, followed by the middle management and professionals; the lowest share of participants are managers (9.1 %). Men and women are relatively evenly represented in the structure of participants. The biggest share of participants are aged between 21 and 50, with only 6.8 % younger than 20 and 4 % older than 51. Most participants have worked for their organisation for more than 21 years.

2.2. Measurement tools: questionnaires and rating scales

Questionnaires used in the study include measures of societal cultural values and practices, organisational cultural values and practices (organisational climate), employee satisfaction, and demographic data. Table 1 describes the measures used.

Table 1: Questionnaires and rating scales used in the study

Variable	Rating scale	Author(s)	Example of a statement and rating scale	No. of statements
SOCIETAL CULTURE: VALUES	<i>GLOBE Societal Cultural Values Scale</i> (how it should be in society)	GLOBE project group (House et al., 2004)	The influence of an individual <u>should</u> depend mainly on: their abilities and contribution 1 2 3 4 5 6 7 the authority of their position 7	39
SOCIETAL CULTURE: PRACTICES	<i>GLOBE Societal Cultural Practices Scale</i> (how it is in society)	GLOBE project group (House et al., 2004)	In our society, the influence of an individual <u>depends</u> mainly on: their abilities and contribution 1 2 3 4 5 6 7 the authority of their position 7	40
ORGANISATIONAL CULTURE: VALUES	<i>FOCUS Questionnaire Evaluative Scale</i> (how it should be in an organisation) – adjusted scale	FOCUS project group (see Van Muijen et al., 1999); adapted to the needs of the study by the author of this paper	Among the values select <u>five</u> values that you think should be stressed the most in your organisation and <u>five</u> values that should be stressed the least or not at all. Examples of values include risk-taking, perseverance, nice atmosphere, respect for authority, etc. In our organisation, employee training is planned annually. ■ YES ■ NO ■ DON'T KNOW	35
HRM PRACTICES	<i>HRM practices</i>	Fister (2005)	How many people in your organisation get a chance to correct their mistakes? nobody ■ few ■ some ■ most ■ many ■ all ■	40
AFFECTIVE ORGANISATIONAL COMMITMENT	<i>Organisational Commitment Questionnaire</i> – short version	Porter & Steers (1970); short version, in Cook et al. (1981, pp. 84–86)	I am proud when I tell people that I work in this organisation. I fully disagree 1 2 3 4 5 6 I fully agree 6	9
JOB SATISFACTION	<i>Faces scale</i>	Kumin (1955)	Using a cross, mark the face that best illustrates your feelings towards work. 	1

3. RESULTS

In order to answer our research question, we used multiple regression analysis. A multiple regression model was developed on the basis of the theoretical model developed by Kopelman et al. (1990). Individual variables were entered in the model using the method “enter”. In the first step, we entered dimensions of societal values, in the second step dimensions of societal practices, in the third step dimensions of organisational culture, in the fourth step dimensions of HRM practices, and in the fifth step dimensions of organisational climate. A multiple regression model was used for each dependent variable, i.e. job satisfaction and organisational commitment.

Table 2 summarises the results of the multiple regression analysis for the dependent variable “job satisfaction”. The whole model (step 5) explains 21 % of (adjusted) variance in the ratings of overall job satisfaction, with 79 % of variance in employee satisfaction remaining unexplained. The first step – societal values does not have a statistically significant predictive power. In the second step, societal practices were entered in the analysis. The change in the explanatory power of the second step according to the first step is statistically significant ($F = 5.23$; $df^1_1 = 9$, $df_2 = 805$; $p = 0.00$). In the third step, we added dimensions of organisational culture. The change in the explanatory power of step 3 according to step 2 is statistically significant ($F = 3.46$; $df_1 = 4$, $df_2 = 806$; $p = 0.01$). However, step 3 increases the share of explained variance only by 1%. In step four, we added to the variables societal values, societal practices and organisational culture dimensions of HRM practices. The change in the explanatory power of step 4 is statistically significant ($F = 12.9$; $df_1 = 9$, $df_2 = 792$; $p = 0.00$). The fourth step explains 17 % of total variance in employee satisfaction. Step 5 (entering dimensions of organisational climate) statistically significantly contributes to the prediction of employees’ job satisfaction ($F = 10.24$; $df_1 = 4$, $df_2 = 788$; $p = 0.00$), and increases the share of explained variance to 21 %.

Table 2: Multiple regression analysis for predicting job satisfaction on the basis of the variables societal and organisational context

	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
	SV	SV SP	SV SP OC	SV SP OC HRM	SV SP OC HRM OCL
R	,13	,27**	,30**	,45**	,49**
R ² (prilagojeni)	,01	,05	,06	,17	,21
ΔR ²	,02	,05**	,02**	,12**	,04**

** ... $p \leq 0,01$, * ... $p \leq 0,05$.

SV – societal values (societal culture); SP – societal practices (societal climate); OC – organisational culture (organisational values); HRM – human resource management practices; OCL – organisational climate (organisational practices)

Table 3 summarises the results of the multiple regression analysis for the dependent variable “organisational commitment”. The whole model (step 5) explains 37 % of (adjusted) variance in the ratings of employees’ organisational commitment. In the first step, we entered societal values in the analysis. The first step is statistically significant for the prediction of employees’

¹ Degrees of freedom (df).

organisational commitment. In the second step, we added societal practices. The change in the explanatory power of the second step is statistically significant ($F = 7.02$; $df 1 = 9$, $df 2 = 805$; $p = 0.00$). Societal values and practices together explain 11 % of variance in employees' organisational commitment. In the third step, we added dimensions of organisational culture which statistically significantly contribute to the explanation of differences in employees' organisational commitment. The change in the explanatory power of step 4 (entering HRM practices) is statistically significant ($F = 24.25$; $df 1 = 9$, $df 2 = 792$; $p = 0.00$). Step 4 explains 31% of total variance in the ratings of employees' organisational commitment, and thus improves the predictive power of the model by 18% compared to the previous three steps. Step 5 (entering dimensions of organisational climate) statistically significantly contributes to the prediction of employees' organisational commitment and increases the share of explained variance to 37 %.

Table 3: Multiple regression analysis for predicting employees' organisational commitment on the basis of the variables societal and organisational context

	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
	SV	SV SP	SV SP OC	SV SP OC HRM	SV SP OC HRM OCL
R	,26**	,37**	,39**	,58**	,63**
R ² (prilagojeni)	,06	,11	,13	,31	,37
ΔR ²	,07**	,07**	,02**	,18**	,07**

** ... $p \leq 0,01$, * ... $p \leq 0,05$.

SV – societal values (societal culture); SP – societal practices (societal climate); OC – organisational culture (organisational values); HRM – human resource management practices; OCL – organisational climate (organisational practices).

4. DISCUSSION

The results of the multiple regression analysis show that the power of the variables societal and organisational context to predict employees' job satisfaction is lower than their power to predict employees' organisational commitment. This confirms that the two employees' psychological responses to their work and workplace are qualitatively different phenomena. Furthermore, the role of implicit elements of societal culture is different for predicting both variables of employees' attitudes towards their work and workplace. Employee satisfaction is less influenced by the implicit elements of culture, suggesting that their satisfaction is mainly a response to their workplace "here and now" which is relatively independent of an individual's values and the perceived values of society. Organisational commitment, on the other hand, is a cultural phenomenon that is not only indirectly (through determining lower cultural layers and levels) but also directly determined by the implicit societal culture. In accordance with the model by Kopelman et al. (1990), perceptions of practices carried out in the immediate working environment have the most important role in both regression models. In both multiple regression analyses, entering HRM practices significantly improves the predictive power of the regression models which is further improved in the next step (entering organisational climate). Workplace as spatially the closest and most immediate context of operation has the most important role in employees' attitudes towards work which confirms the importance of spatial and temporal proximity of the context for its influence.

Our study also has an important role in understanding the concept of organisational knowledge. Several theoretical perspectives connect culture, learning and knowledge management. The learning organisation and knowledge management perspective defines organisational culture as an element influencing the organisational learning process (Fiol & Lyles, 1985; De Long & Fahey, 2000; Senge, 1990). Literature on the social perspective of organisational learning defines learning as a cultural artefact (Elkjaer, 1999). Moreover, culture is seen as acquired collective knowledge (Schein, 1992).

Characteristics of culture at the society and organisational levels, HRM practices and organisational climate as explicit elements of organisational culture influence employees' attitudes towards work and their workplace. The knowledge that individuals have and transfer from their social environment to the organisation, and the knowledge of how things are done in the organisation affect key psychological variables explaining behavioural intentions and behaviour of employees in the workplace, with the latter determining organisational productivity and performance (Kopelman et al., 1990). Knowledge is a historical phenomenon in an organisation and has not only a denotative, but also an evaluative role. Employees come up with their own maps, ideas and beliefs about how the organisation handles itself in the relationship with its employees, and respond to their workplace accordingly.

REFERENCE LIST

1. Adjibolosoo, S. (1993). The Human Factor in Development. *Scandinavian Journal of Development Alternatives*, 12(4), 139–149.
2. Barney, J. B. (1986). Organizational culture: Can it be a source of sustained competitive advantage? *Academy of Management Review*, 11(3), 656–665.
3. Barney, J. B. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99–120.
4. Becker, B. & Gerhart, B. (1996). The impact of human resource management on organizational performance: progress and prospects. *Academy of Management Journal*, 39, 779–801.
5. Brandtstädter, J. (1999). The self in action and development: Cultural, biosocial, and ontogenetic bases of intentional self-development. In J. Brandtstädter in R. M. Lerner (Eds.), *Action and self-development: Theory and research through the life span* (pp. 37–65). Thousand Oaks, CA: Sage.
6. Brislin, R. (2000). *Understanding culture's influence on behavior* (2. Ed.). Fort Worth, TX: Harcourt Brace.
7. Burke, M. J., Chan-Serafin, S., Salvador, R., Smith, A. & Sarpy, S. A. (2008). The role of national culture and organizational climate in safety training effectiveness. *European Journal of Work and Organizational Psychology*, 17, 133–152.
8. Cook, J. D., Hepworth, S. J., Wall, T. D. & Warr, P. B. (1981). *The Experience of Work: A Compendium and Review of 249 Measures and their Use*. New York: Academic Press.
9. De Long, D. W. & Fahey, L. (2000): Diagnosing cultural barriers to knowledge management, *Academy of Management Executive*, 14(4), 113–127.
10. Diener, E., ScoUon, C. K. N., Oishi, S., Dzokoto, V. & Suh, M. E. (2000). Positivity and the construction of life satisfaction judgements: Global happiness is not the sum of its parts. *Journal of Happiness Studies*, 1, 159–176.
11. Elkjaer, B. (1999): In search of a social learning theory. In M. Easterby-Smith, J. Burgoyne and L. Araujo (Eds.), *Organizational Learning and the Learning Organization* (pp. 75–91). London: Sage Publications.

12. Fiol, C. M. & Lyles, M. (1985): Organizational Learning. *Academy of Management Review*, 10(4), 803–813.
13. Fister, K. (2004b). Learning behaviour in work teams : the way to create, disseminate, and utilise knowledge. In I. Svetlik in J. Nadoh (Eds.), *Conference proceedings*. [electronic media], Ljubljana: Faculty of Social Sciences.
14. Fister, K. (2005). Cultural influences on the adoption of knowledge orientated HRM practices. In Z. Vodovnik (Ed.), *Intellectual capital and knowledge management: proceedings of the 5th International Conference of the Faculty of Management Koper, University of Primorska, 18-20 November 2004, Congress Centre Bernardin, Portorož, Slovenia* (pp. 183-197). Koper: Fakulteta za management.
15. Hofstede, G., Neuijen, B., Ohayv, D. D. & Sanders G. (1990). Measuring organizational cultures: A qualitative and quantitative study across twenty cases. *Administrative science quarterly*, 35, 286–316.
16. Hofstede, G. (1997). *Cultures and Organizations: Software of the Mind*. New York: McGraw Hill.
17. House, R. J., Hanges, P. J., Javidan, M., Dorfman, P. V. & Gupta, V. (2004), *Culture, leadership and organizations: The GLOBE study of 62 societies*. Thousand Oaks, CA: Sage.
18. Huysman, M. (2000): An organizational learning approach to the learning organization. *European Journal of Work and Organizational Psychology*, 9(2), 133–145.
19. Kopelman, R. E., Brief, A. P., & Guzzo, R. A. (1990). The role of climate and culture in productivity. In B. Schneider (Ed.), *Organizational Climate and Culture* (pp. 282–318). San Francisco: Jossey-Bass.
20. Kroeber, A. L. & Kluckhohn, C. (1952). *Culture: A critical review of concepts and definitions*. Cambridge, Mass: Harvard University Press.
21. Kunin, T. (1955). The constuction of a new type of attitude measure. *Personnel Psychology*, 8, 65–67.
22. Nonaka, I. (1994): Dynamic theory of organisational knowledge creation. *Organizational Sciences*, 5(1), 15–37.
23. Rousseau, D. M. (1990). Assessing organizational culture: The case for multiple methods. In B. Schneider (Ed.), *Organizational climate and culture* (pp. 153–192). San Francisco: Jossey-Bass.
24. Senge, P. M. (1990). *The fifth discipline: The art and practice of the learning organization*. New York: Doubleday Currency.
25. Schein, E. (1992). *Organizational Culture and Leadership* (2. Ed.). San Francisco: Jossey-Bass Publishers.
26. Schultz, M. (2001). The uncertain relevance of newness: Organizational learning and knowledge flows. *Academy of Management Journal*, 44, 661–681.
27. Smircich, L. (1983). Concepts of culture and organizational analysis. *Administrative Science Quarterly*, 28, 339–358.
28. Sušanj, Z. (2001). Organizacijska klima i kultura u okviru modela suparničkih vrijednosti. (unpublished doctoral disertation). Zagreb: Sveučilište u Zagrebu, Filozofski fakultet, Odsjek za psihologiju.
29. Trice, H. M. & Beyer, J. M. (1993). *The cultures of work organizations*. New Jersey: Prentice Hall.
30. Trompenaars, F. & Woolliams, P. (2003). *Business across cultures*. Chichester: Capstone Publishing.
31. Van Muijen, J., Koopman, P., De Witte, K., De Cock, Sušanj, Z., Bourantas, D., Papalexandris, N., Branyiscski, I., Spaltro, E., Jesuíno, J., Neves, J. G., Pitariu, H., Konrad, E., Peiro, J., Gonzalés-Roma, V. & Turnipseed, D. (1999). Organizational

culture: the Focus questionnaire. *European Journal of Work and Organizational Psychology*, 8(4), 551–568.