

INTI INTERNATIONAL UNIVERSITY**MASTER OF BUSINESS ADMINISTRATION****Impact of Organizational Culture on Job Satisfaction**

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ABSTRACT

The main purpose of this study is to examine and gain a better understanding of the significant relationships between the types of organizational culture and employees' job satisfaction. The research was conducted among the employees of the public and private companies of Malaysia. The study involved the culture types that are based on a Competing Values Framework. In particular the influence of adhocracy culture, clan culture, hierarchy, and market culture on job satisfaction. The results of the study showed that there is a significant relationship between organizational culture types and employees' job satisfaction.

Keywords: organizational culture, job satisfaction, Competing Values Framework, Malaysia.

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Chapter I

Introduction

1.0 Research Background

Organizational culture and job satisfaction have received significant attention in studies of work environment. Such attention is due to general acknowledgment of these variables as major determinants of organizational performance, workplace turnover, employee behaviour, and customer satisfaction (Pryce, 2006).

The concept of job satisfaction is one of the most examined concepts in the field of organizational behaviour (Blau, 1999: cited by Bellou, 2010). Due to its importance and huge impact on organizational outcomes researchers were urged to identify its antecedents (Fassina, 2008: cited by Bellou, 2010). A number of antecedents of job satisfaction have been suggested in conducted studies (Lund, 2003; Silverthorne, 2004; Williams et al., 2007;). For instance, individual values and organizational culture (Lund, 2003; Tepeci and Bartlett, 2002) and leadership (Lok and Crawford, 2004). In further studies of antecedents of job satisfaction Judge et al. (2002: cited by Bellou, 2010) identified and divided these antecedents into two categories, namely organizational and individual. Individual antecedents include variables such as employee background and experience (Helms and Stern, 2001: cited by Bellou, 2010), gender (Garcia-Bernal et al., 2005: cited by Bellou, 2010; Bellou, 2010) and age (Bellou, 2010).

Similarly, organizational level antecedents consist of organizational commitment, organizational support and organizational culture. Among these and other variables the most important organizational level antecedent is organizational culture (Bellou, 2010). Organizational culture has received some attention, especially due to the impact its different types and dimensions have on job satisfaction (Lund, 2003; McKinnon et al., 2003; Silverthorne, 2004). At the same time popularity and pervasiveness of organizational culture requires us to

recognize the impact it has on employee-related variables. Among such variables not only job satisfaction is of high interest, but also commitment, cohesion, strategy implementation (Lund, 2003). However, aim of this study is to examine relationship between organizational culture types and job satisfaction. Organizational culture types examined in this study include four culture types that evolve from competing values framework, which are adhocracy, clan, hierarchy and market culture types.

1.1 Problem Definition

Organizational culture is an organizationally important phenomenon, which is gaining more and more attention from the business community during the recent decades (Bellou, 2010). The first mention of organizational culture in the academic literature dates from the last century in an article "Administrative Science Quarterly" by Pettigrew in 1979 (Scott et al., 2003). Since then, there were many books and lots of research conducted on the subject of the importance of organizational culture. (Schein, 1985; Cameron and Quinn, 1999; Quinn and Rohrbaugh, 1981). There also lots of studies that aimed to determine the role of organizational culture in the success of the organization and its impact on various aspects of organizational outcomes such as turnover intention (Tett and Meyer, 1993: cited by Pryce 2006) and job satisfaction (Bellou, 2010; Lund, 2003). Now, with full confidence we can say that organizational culture is as important to the organization as its other component parts. Thus, due to the apparent importance of organizational culture both academic and business community has recognized its significance to the success of the organization. So, it is obvious that organizational culture is very important for the organization. Moreover, it can be said that the modern manager, who keeps up with the times, seeks to develop a coherent organizational culture throughout the entire organization.

However, it is unquestionable that job satisfaction is also an important variable in the organizational environment. As was defined by Robbins and Judge (2009) job satisfaction is a positive feeling towards a job resulting from evaluation of the characteristics of the job itself. In other words, the degree of satisfaction

determines the attitude towards the job, and influences such variables as employee commitment, performance and intention to leave the company. Therefore, it is of high interest for managers to know antecedent factors of job satisfaction. Although, researchers have examined a number of various antecedent factors (Bellou, 2010), the role of organizational culture as an antecedent of job satisfaction has become more important (Lund, 2003). Numerous studies were conducted to identify the relationship between organizational culture and job satisfaction (Bellou, 2010; Lund, 2003; Silverthorne, 2004), however, limited studies were conducted in Malaysia itself (Boon et al., 2006; Mansor and Tayib, 2010; Bashayreh, 2009). In addition, most of the studies were conducted among teachers (Bashayreh, 2009). In addition, past studies were based either on public based organizations or on private based organizations. Therefore, the intention of this study is to examine the influence of organizational culture on job satisfaction. It aims to assess whether there is a relationship between different organizational culture types, namely adhocracy, clan, hierarchy, and market and job satisfaction. Moreover, the study will be conducted in the Malaysian context, and based on both public and private based companies.

1.2 Research Objectives

- * To identify whether there is a difference of perception of organizational culture and job satisfaction across the companies as a whole, and between the public and private companies in particular.
- * To analyze whether there is a relationship between organizational culture types, namely adhocracy, clan, hierarchy and market culture, and job satisfaction
- * To identify which culture type contributes more to employees' job satisfaction.

1.3 Research Questions

- Is there any difference of perception of organizational culture and job satisfaction across the companies as a whole, and between the public and private companies in particular?
- Do organizational culture types, namely adhocracy, clan, hierarchy and market culture types predict job satisfaction?
- Which culture type contributes more to the job satisfaction?

1.4 Significance of the Research

Basically, this study aims to determine the relationship between organizational culture types, namely adhocracy, clan, hierarchy and market, and job satisfaction. Therefore it is of belief that results of this study will help managers to increase the level of job satisfaction in their organizations. By knowing which culture type has a higher positive impact on job satisfaction, managers will be able to change some aspects in terms of organizational culture. Moreover, as limited studies in this area were conducted in Malaysia, results of this study will add knowledge in the area of organizational culture and job satisfaction. Such as it will help to identify the types of organizational culture types that are effective in the measurement of job satisfaction. Moreover, it will also determine culture type that is more likely to be positively linked with job satisfaction in Malaysia context.

1.5 Limitations

When conducting this research project, researcher has encountered few problems and limitations of the research. Therefore, it seems important to point out the limitations and constraint, which must be considered in future studies. Firstly, there were some financial and time constraints. Secondly, the data was collected through self-reported questionnaires that might be affected by response bias. In addition, the collected data was also dependent on sincerity and voluntary participation of the employees of the selected organizations. Thirdly, limited theoretical and empirical research in the selected area with regard to a Malaysian

context. Another limitation was the difficulty in obtaining cooperation of the companies to conduct research within their companies. And lastly, time constrain was one of the obstacles that limit the researcher to get bigger sample of respondents.

Chapter II

Literature Review

2.0 Organizational Culture

According to Scott et al. (2003) the theory of organizational culture emerged from combination of organizational psychology, social psychology and social anthropology. In academic literature, the term "organizational culture" first appeared in 1979, in the article *Administrative Science Quarterly* written by Pettigrew (Scott et al., 2003). However, according to Beer and Walton (1987: cited by Lewis, 2007) organizational culture became highly popular after the article written by Peters and Waterman. In their article they argued that a strong culture is antecedent of corporate success, and may even become a competitive advantage to the company (Lewis, 2007). Similarly, writings of Ouchi (1981: cited by Lewis, 2007) claimed that success of Japanese companies is the direct result of their strong corporate culture. Another powerful motivator of interest in organizational culture was the writings of Ouchi (Ouchi and Jaeger, 1978; Ouchi, 1981), which led Western managers to believe that Japan's economic success and rapidly accelerating economic supremacy were due to its very strong corporate cultures.

Basically, organizational culture is concerned with how employees perceive the characteristics of an organization's culture, not with whether they like them. That is, it's a descriptive term. This is important because it differentiates this concept from job satisfaction (Robbins & Judge, 2009).

In general, during the years of organizational research there have been given many definitions of organizational culture. Most of the definitions use terms such as values, norms, beliefs, various set of assumptions, and various ways of thinking and acting are used to describe the organizational culture (Mckinnon et al, 2003: cited by Bashayreh, 2009). The table below shows the chronology of the Organizational culture definitions that were proposed during the recent years:

Table 2.1 Organizational culture definitions

Definition	Author
"System of shared values (what is important) and beliefs (how things work) that interact with a company's people, organizational structures, and control systems to produce behavioral norms"	Uttal, 1983: cited by Lund, 2003: 220
"Shared philosophies, ideologies, values assumptions, beliefs, expectations, attitudes and norm"	Kilman et al., 1985: cited by Lund, 2003: 220
"Human invention that creates solidarity and meaning and inspires commitment and productivity"	Deal, 1996: cited by Lund, 2003: 220

From all these definitions we can sum up that collective rules held in organization characterize its culture. These collective rules evolve from shared behaviours, values and beliefs. Organizational culture, therefore, create the basis for individuals and their behaviour within the context of the organization. Culture determines what is normal and what is not according to this specific culture.

Also, from the above definitions we can say that organizational culture embodies common perceptions of individuals in the organization, as it was defined as a system of shared assumptions, meanings and behaviours. Therefore, according to Frost et al, (1991: cited by Bashayreh, 2009) the obvious expectation is that employees with different background and at different levels of the organization tend to describe the organization's culture in similar terms. At the same time, fact that organizational culture represents common perceptions does not mean, however, that it is prevailed through the whole organization. Usually, there can be different types of subcultures within the organization. Moreover, most of the large organizations consist of one dominant culture and few subcultures (Jermier et al, 1991: cited by Bashayreh, 2009). According to Timmerman (1996) dominant culture of organization refers to a macro view of the culture, and it gives the organization the distinct personality. Basically, dominant culture refers to the

values and assumption that are shared by the majority of the organization's workers. Similarly, when we talk about organization's culture, we are actually talking about organization's dominant culture. Subcultures, on the other hand, usually tend to develop in large organizations and usually defined by geographical separation or more likely by department designations.

2.1 Dynamics of Organizational Culture

The evolution of culture as a concept has been studied in the studies of anthropologists and sociologists (Sorokin, 1937: cited by Bashayreh, 2009). In their studies scholars focused on culture's stability and its change, and theorized about culture's dynamics (Chapple, 1941, 1943: cited by Hatch, 1993; Herskovits 1948: cited by Bashayreh, 2009). However, most of their researches studied culture itself, and only during the 1940s and 1950s scholars started to examine the customs and tradition of work organizations (Hatch, 1993). In fact, only in the early 1970s organizational culture studies began to widely appear in the articles. A number of management scholars wrote about organizational culture and its dynamics (Clark, 1972; Schein 1985; Van Maanen and Schein, 1979: cited by Bashayreh, 2009). However, writings of Schein were one of the most influential in the field of organizational culture studies (Hatch, 1993). He identified three components of organizational culture, which are: artifacts and behaviors, espoused values, and assumptions.

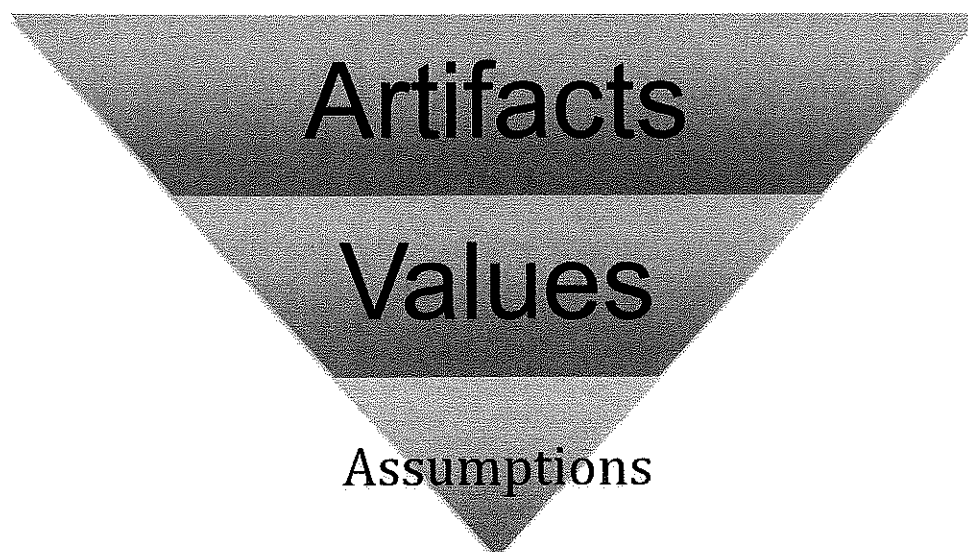


Figure 2.1 Schein's model of organizational culture.