

THE RELATIONSHIP BETWEEN PERFORMANCE AND ORGANIZATIONAL CLIMATE

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The concepts of organizational culture and climate are used to describe the general characteristics of an organization showing the way it behaves in relation to its members. The culture along with the climate influence directly the performance of the organization due to the fact that subjective attitudes and perceptions of the individuals sometimes clash with the norms established by managers.

Key words: *organizational culture, organizational climate, leadership, performance, change.*

1. ORGANIZATIONAL CULTURE

The analysis of cultural factors (organizational culture and organizational climate) has been frequently used in the last four decades when trying to understand the success or the failure of an organization. Corporates all over the world agree that culture and performance are closely linked and, for this reason, understanding this particular aspect of the organizational life has become a necessity.

The concept of organizational culture was used for the first time by Pettigrew in 1979 in the "Administrative Science Quarterly" when he spoke about the economic

success of the Japanese firms over the American firms. The success seemed to surge from the motivation of the workers who were committed to a common set of core values, beliefs and assumptions [1]. According to Peters and Waterman [2] successful organizations possess certain cultural traits of excellence thus demonstrating the positive relationship between organizational culture and productivity.

From the analysis of the dynamic relation between the organization and the environment (external or internal) it results that organizational culture is a complex of values, beliefs, ways of thinking and acting which are shared by all the members and which

determine the methods to be used within and outside the organization.

Organizational culture influences directly the performance of an organization and it is the product of the mixture between subjective attitudes and perceptions of the individuals and norms set out by the management. It is the set of values which determines the behaviour and attitudes that are accepted or not by the members of a group. This set of deep-seated assumptions, values, and beliefs that are enduring, often unconscious, creates the context of activity within organizations and is difficult to change. Maintaining the culture is not as difficult as changing it, this is the reason managers or founders should be careful when they start shaping it. Usually, culture building means attitudes and behavior valued by the founders and later, the things or ways of action encouraged by managers and the conduct which led to successful solutions in the past.

Culture helps people understand the goal alignment and motivates them to higher levels of performance. Having common values, sharing beliefs makes people feel part of the organization and commit their capability and potential totally and willingly for the company. Making the people accept the culture as a result of its understanding will help the organization in challenging or difficult moments. Nevertheless, organizational culture is not the only factor of influence within

an organization. There is another aspect which sometimes is included by specialists in the culture: organizational climate. These two concepts are used to describe the general characteristics of an organization showing the way it behaves in relation to its members and explain its success.

2. ORGANIZATIONAL CLIMATE

Organizational climate is the intellectual and moral environment of a group within an organization. Some researchers consider that it should be included in the culture while others see it as being a separate element which needs to be analyzed on its own.

The interest in organizational climate began with the studies made by Lewin in the 50s when he used the concept of social climate. Lewin was interested to see how different styles of leadership affected the attitudes and behaviors of employees and the consequences triggered by this upon the results obtained by the group/organization. The relation between people and their social environment was expressed as "*behavior is a function between a person and the environment*" [3].

A possible definition of organizational climate could be: an essential element of the social system including all the social characteristics of the interaction between different

workgroups existing within an organization; it is the social and organizational environment in which the groups work and it is determined by the management style.

The difference between organizational climate and organizational culture arises from their degree of stability and persistence. Thus, organizational climate refers to the attitudes and beliefs, the opinions and the sentiments of the employees at a certain moment, while organizational culture rather looks at the values and the elements which are stable and which have a continuity in time (e.g. norms, written or not; symbols; values, etc.). Organizational climate is a collective state of the mind which is relatively stable and shared by a group. Organizational culture determines the climate since it is the objective dimension, whereas organizational climate is wreathed in subjectivity. The climate is the key element to be used when trying to understand how the internal environment influences and shapes the opinions, attitudes and behavior of the members. At the same time, through the means of this phenomenon we can decode the dynamics of an organization through the understanding of the subjective perceptions of the employees.

The climate is generally characterised by elements such as: the level of cooperation, of receptivity towards the opinions of the group members, positive atmosphere which could stimulate performance or, on

the other hand, tense relations, lack of cooperation, indifference towards performance and other social or professional problems.

Since the effects of organizational climate products can reach an individual or the entire organization, it is vital to be taken into consideration when we aim to attain performance.

Organizational climate depends on several factors that could be generally termed as the characteristics of an organization such as: structure, size, area of activity, age of members and traditions. It also depends on the characteristics of the staff: level of education, age, cultural level and the managerial style.

The culture, seen as a system of interactions through which the subjects coordinate and model each other, has a structure which results from the interdependency of the roles and positions the members have in a group. Taking into consideration the roles and duties each individual has to fulfill we can find several structures which are interrelated and complete each other in accordance with the organizational climate. Groups are made in order to reach some targets or to fulfill some tasks activities which most of the time have a strong motivational load which can influence and even set the way through which an activity is completed.

The group climate will influence and even change the way people behave within a culture and the same

person will have different attitudes dependent on the social environment in which they find themselves at a certain moment. Their reactions change according to the different climates in which they are at that time, or in other words according to the behavior of the other members of the group. Studies have shown that almost all the individuals react similarly to the same group and climate conditions; also, when they change climates the effects are visible even if the organizational culture will remain the same. The differences are visible in the intensity of reactions and in the preference each subject has for a particular climate. So, what could be mistakenly taken as different types of personality or different traits of character is in fact the reaction triggered by the climate and the management method. This is why we should change our perception upon groups as gatherings of individuals and see them as entities which have the capacity to shape the individuals.

The relation between the subjective expectations of the employee and the objective conditions found at the work place, their reaction to the environment is the key to understanding the organizational performance.

When things do not work out, changing culture is much more difficult than changing climate. The premise of the Burke-Litwin model is this: organizational development interventions directed

toward structure, management practices, and systems (policies and procedures) result in first-order change; interventions directed toward mission and strategy, leadership, and organization culture result in second-order change [4].

This model differentiates between transactional and transformational leadership styles. In just a few words these two concepts say that some leaders are capable of obtaining extraordinary performance from followers while other leaders are not.

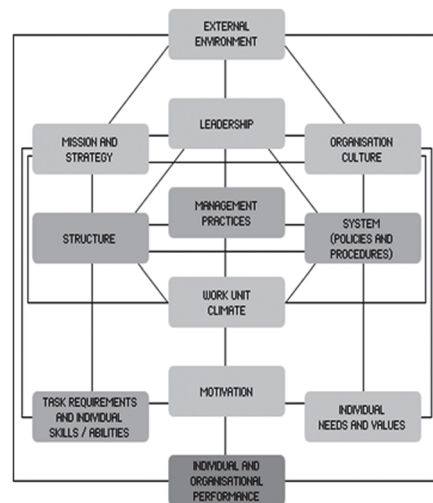


Fig. 1. *Burke-Litwin model of organizational performance and change*

We are talking about transformational leaders, who are leaders who inspire followers surpass their own self-interest for the good of the organization and who are capable of making a strong impression on their followers. Transformational

leadership is about inspiration which helps obtain a higher level of performance, it is about the transformation of the present state into something better.

Transactional leaders are those leaders who guide or motivate their followers in the direction of the goals which were set by clarifying the requirements of the role and task. Transactional leadership requires an exchange of information between leader and follower which will only result in “normal” performance. Transactional leadership is sufficient for causing first-order change. Transformational leadership is necessary if we really want to make a difference in the way an organization reaches its objectives.

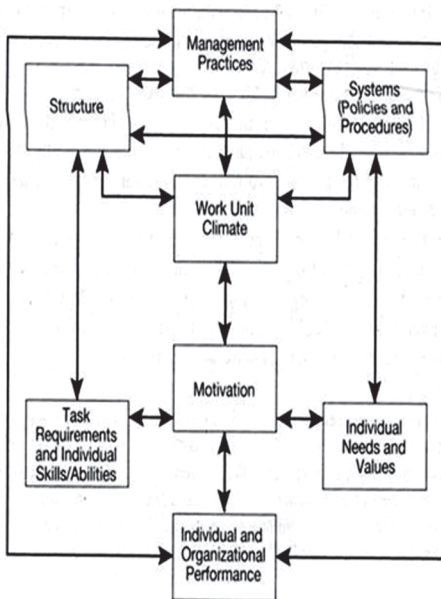


Fig. 2. The factors involved in first order change

To conclude, I can say that the employees' attitude towards work is a complex factor. On one hand, it is influenced both by the organizational climate and the organizational culture and, on the other hand, by the style of management. On a general level, the attitude toward work has an impact upon the performance of the organization and on the personal level it influences the employees' individual performance and also their career.

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