



**Libyan International Medical
University**

**Faculty of Business
Administration**



The Impact of Organizational Culture on Employees Performance

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INTRODUCTION

Definitions of Terms

Organizational culture:

- According to Edgar Schein (1990), a leading researcher in the field of management and business administration, organizational culture is "a number of features including a common pattern of core assumptions that group members acquire over time".
- “Culture defines norms and standards for how employees interact with one another, their supervisors, as well as customers, and shapes how it feels to work for a certain company” (Zemke, 2022).

INTRODUCTION

Definitions of Terms

Employees performance:

- Employee performance is defined as how an employee fulfills their job duties and executes their required tasks. It refers to the effectiveness, quality, and efficiency of their output.
- Performance also contributes to our assessment of how valuable an employee is to the organization.
- On the other hand, performance management, which is an approach that helps businesses achieve long-term success by enhancing the abilities and skills of both individuals and teams.

INTRODUCTION CONT.

Why is it Considered a Contemporary Issue?

Employees or human resources became one of the most important forces an organization has, in which they lead it either to success or failure, and help it gain a competitive advantage among rival organizations.

This subject has been discussed over years, but not even one time in Libya, so it is subjected to Libyan organizations and managers that lack knowledge about this topic and its importance especially in this contemporary era, as it is evolving over years and became one of the most important subjects in business administration.

INTRODUCTION CONT.

The Aim of The Study

The aim of this study is:

- To identify the relationship and the proportion between these two related topics of organizational culture and employee's performance and demonstrate how great they effect or impact each other either in a direct or an indirect way or either positively or negatively.
- Evaluate the elements and types of organizational culture such as: values and norms, leadership, communication, employee empowerment, growth opportunities and professional development, and determine how differently they impact and improve the performance of employees within organizations.

Theoretical Framework

Analysis and Methodology



A summary of empirical findings is drawn from research based on literature review and previous studies of 20 articles, most of these research articles that were used in the theoretical framework were written and published by leading theorists in the field of business administration and management.

Many methods were used to collect data in the previous studies, such as: qualitative (interviews) and quantitative (questionnaires), and primary and secondary sources were also used. Finally, components and elements of organizational cultures were examined in those studies to provide a comprehensive, substantial and accurate papers and results.

SUMMARY OF PREVIOUS STUDIES

All 20 research papers had the same results and conclusions, which indicates that organizational culture and its components such as: values and norms, leadership, communication, employee empowerment, growth opportunities and professional development, and its types such as: bureaucratic and innovative cultures, have significant impacts on employee's performance, these impacts are positive and direct.

The application of strong organizational culture results in, better employee engagement, participation and collaboration, satisfaction, as well as increasing employee commitment to their organizations.

Here are the most significant literatures by some pioneering theorists in the field of business administration and management:

Previous Studies (Literature Review)

Organizational culture is crucial for both individuals and businesses, as organizations should maximize employee productivity by enhancing the cultures of the organizations and valuing employees to make them effective in the targeted field.

This research that was analyzed and conducted by distributing questionnaires among 150 respondents which were employees in the private banks that were currently operating in Pakistan, in order to prove how great and positive does organizational culture effect employees' performance in Pakistan private banks.

(Nishat Ameer, 2017)

Previous Studies (Literature Review)

A study dealing with two types of organizational culture, bureaucratic and innovative cultures was conducted in 2019, in which it demonstrates that both bureaucratic and innovative cultures have a positive impact on employees' performance, but in terms of the performance of deposit money banks, the study claimed that employees are not considerably impacted by bureaucratic culture and proved that deposit money banks' employees perform significantly better when they work in an innovative culture.

The researchers have surveyed 127 employees through questionnaires within Deposit Money Banks in Enugu State, Nigeria, to reach this conclusion.

(Nwakoby, et al., 2019)

Previous Studies (Literature Review)

According to Aschalew Mulugeta (2020), in a survey-based research study, using primary and secondary methods for data collection, with a sample size of 371, and 293 respondents in the Dire Dawa administration in Ethiopia.

In which he tried to evaluate the overall impact of organizational culture on employee's performance in the sector of public service organizations, and found out that, there is a significant, positive relationship between organizational culture and employees' performance, and claimed that a strong organizational culture increases the employees' commitment to following a common path to the organization's goals. Employees that work in strong cultures, collaborate, and participate together in order to accomplish organizational goals and could progress and grow within the organization.

Previous Studies (Literature Review)

In Private Universities of Melaka, Malaysia, an assessment of the impact of organizational culture on employee performance and outcomes was carried out by distributing a sample of 557 questionnaires and 314 responses that were sufficiently accurate for analysis and examination for the study.

Researchers have proven that employee performance can be enhanced through organization culture and productivity and the association between different values and beliefs based on employee performance is very beneficial for organizations. They also claimed that in order to achieve good organizational performance, a positive management and employee relationship must be internalized.

(Abdullahi, et al., 2021)

Previous Studies (Literature Review)

The culture of banking sector in Indonesia, specifically Islamic banks has been examined in order to evaluate its impact on employee's performance, it was found out that Islamic banks' cultures are obviously noted to be strong, based on the responses of 600 employees of Islamic commercial banks who have worked for more than three years, and that employee performance, job satisfaction, and organizational leadership commitment are all rated highly.

This study shows how organizational culture, directly and indirectly effect the performance of employees through organizational commitment and job satisfaction and has a positive impact on the performance of Islamic banks and indicated that satisfaction, organizational passion, and commitment are important factors in determining how well Islamic banks perform.

(Sopiah, et al., 2021)

This topic has been discussed over years, and evolved as time passes, human resources became the most important components of any organization, and the elements of organizational culture and managing them are not the same nowadays as when they were first shown.

In this contemporary time, organizational culture became one of the most essential keys to success in any type of organization, whether it was educational, public services, telecommunication firms, banks, private and small business institutions.

REFLECTION

The findings are consistent that an organizational culture only has a strong relationship with better performance if it is supportive and adaptable to changing conditions and that a strong organizational culture can support effective and efficient management of the workforce, a competitive environment is enhanced and managed by a positive organizational culture, and performance-based organization's sustainability is enhanced through employee motivation and engagement.

All of this demonstrates how the impact of organizational culture on the performance of employees is significant, direct, and positive.

REFLECTION

From the previous studies, it was found out that not a single research about this topic of “ The Impact of Organizational Culture on Employees Performance” has been conducted in Libya.

This may be the main reason of conflicts between employees and staff within Libyan organizations, managers lack knowledge about this subject and lack knowledge about the importance of human resources, in which most of them has already reached self-esteem according to Maslow’s hierarchy of needs, and their desire to be valued and motivated in order to perform their best, engage better, lead organizations to achieve its goals and increase the level of organizational performance.

REFLECTION

IMPLICATIONS

Organizational culture affects employee performance and functions as a powerful tool for controlling how employees behave. When it comes to regulating and controlling employee behavior, organizational culture is more effective than rules and regulations.

A healthy and strong organizational culture reduces errors and improves communication between departments and employees, decreased production issues, decreased deliveries of defective goods or services, decreased customer returns, and increased customer satisfaction, and these are also considered advantages of organizational culture.

LIMITATIONS

First, the writing method may be primitive because it is the first time for the researcher to write a research paper as an undergraduate, and the data collection method was only based on previous studies.

Secondly, the relationship between organizational culture and employee's performance is detailed and extensive.

This paper, however, is only interested in independent variables such as the values and norms, leadership, communication, employee participation and engagement, innovation, as well as professional development and growth opportunities.

If the study had considered more detailed elements of organizational cultures other than those listed above, it might have been more comprehensive.

RECOMMENDATIONS

- The results outlined and revealed that all cultural values have been demonstrated to have a positive impact on employees' performance. However, there are few recommendations, in which leaders or managers should be the ones to take the initiative or the lead in decision-making and clearly assign tasks and responsibilities to their subordinates. For instance, a list of specific task and duties for each person in the targeted organizations should be displayed, allowing everyone to understand exactly what is expected of them and when.

RECOMMENDATIONS CONT.

- Additionally, there are some recommendations for upcoming scholars that are eager to pursue the related topic. The study's focus can vary and diversify depending on factors including commitment, engagement ,staff retention, and more.
- Finally, it is advised to examine this cultural-topic study using both qualitative and quantitative methodologies at the same time in order to improve the accuracy of the results.

CONCLUSION

Organizational culture is much important for employees as well as organizations. The results of this study revealed that the organizational culture positively impact employee's performance and increase their productivity, which improves organizational performance, increases employee and customer satisfaction, and makes it easier to accomplish organizational goals, which are typically what makes an organization successful. In addition, that successful managers use a strategy which is linking organizational culture and performance together in order to give organizations a competitive advantage and distinguish them from rival organizations.

CONCLUSION

The study was subjected to encourage Libyan organizations and managers to pay attention and take an interest to their organizational cultures and human resource management and how this will affect their business performance, whether positively or negatively, in order to ensure satisfaction and avoid or reduce conflicts in Libyan organizations, and to also demonstrate the nature, strength, and influence of organizational culture on sustainability, growth and development.

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THANK YOU

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