

The Influence of Organisational Culture and Industrial Relations on Organisational Performance

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Abstract

This paper examines the impact of organizational culture (OC) and industrial relations (IR) on organizational performance (OP). Specifically, the study aims to investigate the relationship between organizational culture and organizational performance, as well as the relationship between industrial relations and organizational performance. The sample consisted of 189 respondents from a population of 260 at Rourkela Steel Plant (RSP), resulting in a response rate of 72.7%. SPSS (Statistical Product and Service Solutions) was used to analyse the data, employing Multiple Regression Analysis. The results showed a significant positive relationship between OC and OP, as well as a positive and significant relationship between IR and OP. The study recommends future longitudinal designs to measure theoretical constructs at different points in time to confirm the findings.

Keywords: Organisational Culture, Industrial relations and Organisational Performance

INTRODUCTION

Organizational culture plays a crucial role in shaping the behavior, attitudes, and overall functioning of an organization. As Azhar K (2003) notes, it consists of a set of shared assumptions, beliefs, and values that guide the actions and decisions of individuals within the organization. These assumptions and values are often implicit and may not be explicitly stated, but they nonetheless have a significant impact on the culture and functioning of the organization. Beliefs are formed based on the experiences of individuals within the organization, while values reflect the ideals and goals that the organization aspires to achieve. When these beliefs and values are shared among the members of the organization, they create a corporate culture that shapes how individuals dress, act, and perform their jobs.

According to Schein (2004), the culture of an organization is influenced by several key elements, including its leadership, the strategies it adopts for implementing change, the discipline within the organization, and how systems, processes, and people are integrated. These elements determine how things are done within the organization and contribute to the overall culture of the organization. Overall, understanding the organizational culture is crucial for leaders and members of the organization, as it influences the success and effectiveness of the organization. By fostering a positive and supportive culture that aligns with the values and goals of the organization, leaders can create a productive and engaged workforce that drives success and growth.

Organizational culture and industrial relations are two critical factors that contribute to the overall performance of an organization. Organizational culture refers to the shared attitudes, experiences, beliefs, and values of the organization, which are acquired through social learning and influence how individuals and groups interact within the organization and with external stakeholders. A positive organizational culture can lead to increased productivity, engagement, and job satisfaction, while a negative culture can result in poor performance and low morale. As Hansen and Wernerfelt, B. (1989) note, organizational culture can influence how people set goals, perform tasks, and allocate resources to achieve them.

In addition to organizational culture, industrial relations also play a vital role in determining organizational performance. Industrial relations refer to the study of the regulation of the employment relationship between employers and employees, both individually and collectively, and the determination of substantive and procedural issues at the industrial, organizational, and workplace levels.

Industrial relations comprise the employees, employers, and the state working collectively to achieve the goals of the organization. Effective industrial relations can result in improved communication, greater trust, and increased

collaboration between management and employees, leading to better performance and productivity. In conclusion, a positive organizational culture and effective industrial relations are crucial for the success of any organization. By fostering a positive culture and maintaining strong industrial relations, organizations can create a productive and engaged workforce that drives success and growth.

STATEMENT OF THE PROBLEM

A research question based on your statement of problem. Based on your statement of problem, a possible research question could be: How does the interplay between organizational culture and industrial relations impact the performance of contemporary organizations, and what are the most effective management strategies that can be adopted to enhance this interplay?

This research question seeks to explore the relationship between organizational culture, industrial relations, and organizational performance, as well as the management strategies that can be adopted to improve this relationship. It aims to fill the gap in the existing literature by providing an integrated view of these constructs, and to offer practical insights for managers and organizational leaders who are seeking to improve the performance of their organizations.

OBJECTIVES OF THE STUDY

The objectives are as follows:

- a. To examine the relationship between organisational culture and organisational performance.
- b. To examine the relationship between industrial relations and organisational performance.

RESEARCH QUESTIONS

The research questions seek to explore the relationship between organizational culture, industrial relations, and organizational performance from different perspectives. They also seek to identify the key components of a positive organizational culture and effective industrial relations, and to provide insights into the challenges and opportunities that organizations face in managing these factors. Finally, they seek to offer practical guidance for organizations seeking to improve their performance by enhancing their organizational culture and industrial relations.

In order to reach the goals listed above, important research questions were made. These include the following:

- a. Is there a link between good organisational culture and organisational performance?
- b. Does industrial relations have a positive impact on organisational performance?

RESEARCH HYPOTHESES

- a. There will be a strong and positive link between organisational culture and performance.
- b. Industrial Relations will have a strong and positive effect on organisation performance.

LITERATURE REVIEW AND HYPOTHESES

In this section, two key components of organisational performance such organisational culture and industrial relations from the existing theoretical framework.

ORGANISATIONAL CULTURE

Schein (1985) proposes that organizational culture consists of three dimensions: assumptions, values, and artifacts. Assumptions refer to deeply ingrained, subconscious views of human nature and social relationships that are taken for granted within the organization. These assumptions are typically shared by all members of the organization and are often difficult to articulate or challenge. Values, on the other hand, represent preferences for alternative outcomes as well as means of achieving those outcomes. Organizational values are often reflected in the behavior of employees and in the policies and practices of the organization. Finally, artifacts are the more tangible or physical representation of culture, including rituals, slogans, traditions, and myths. These artifacts can serve as important symbols of the organization's culture and can help to reinforce and transmit its values and assumptions.

According to Schein's theory, organizational values are seen as being the clearest manifestation of culture. These values can have a profound impact on the behavior of employees and on the performance of the organization as a whole. For

example, organizations that value innovation and risk-taking may be more likely to develop new products and services and to outperform their competitors. Similarly, organizations that value teamwork and collaboration may be more effective at problem-solving and decision-making.

Several studies have examined the relationship between organizational culture and performance, and many have found a positive association between the two. For example, Cameron and Quinn (2011) found that organizations with strong, positive cultures were more likely to achieve high levels of performance and to sustain that performance over time. Similarly, Denison et al. (2014) found that organizations with strong cultures that emphasized adaptability, involvement, and consistency tended to outperform their competitors.

In summary, Schein's organizational culture theory proposes that organizational culture consists of three dimensions: assumptions, values, and artifacts. Organizational values are seen as being the clearest manifestation of culture and can have a significant impact on employee behaviour and organizational performance. Numerous studies have found a positive relationship between organizational culture and performance, suggesting that organizations that prioritize the development of a strong, positive culture may be more likely to achieve high levels of performance and to sustain that performance over time.

INDUSTRIAL RELATIONS

Industrial relations refer to the relations between employers and employees in a way that maximizes productive activities. According to M.K. Singh (1983), industrial relations are a vital concern of all stakeholders, including employers, employees, government, and the general public. The term "industrial relations" encompasses both the industry and the relationships that exist within it between employers and workers, as explained by R Ram Reddy (1990).

Effective industrial relations can play a crucial role in enhancing organizational performance. By promoting positive relationships between employers and employees, organizations can foster a culture of collaboration and mutual respect, leading to increased productivity, innovation, and job satisfaction. Moreover, effective industrial relations can also contribute to the development of a stable and conducive working environment, which can further enhance organizational performance.

Several studies have examined the relationship between industrial relations and organizational performance, and many have found a positive association between the two. For example, according to a study by Guest and Peccei (2001), effective industrial relations are positively associated with higher levels of employee engagement and commitment, which, in turn, are associated with higher levels of organizational performance. Similarly, a study by Lewin and Kaufman (2004) found that effective industrial relations can contribute to the development of a high-performance work system, which is characterized by a strong focus on employee involvement, skill development, and innovation.

In summary, industrial relations theory focuses on the relationships between employers and employees in a way that maximizes productive activities. Effective industrial relations can play a crucial role in enhancing organizational performance by fostering positive relationships, promoting collaboration and mutual respect, and contributing to the development of a stable and conducive working environment. Numerous studies have found a positive relationship between industrial relations and organizational performance, suggesting that organizations that prioritize the development of effective industrial relations may be more likely to achieve high levels of performance and to sustain that performance over time.

CONCEPTUAL FRAMEWORK

The conceptual framework for this study is based on two critical variables: good organizational culture and industrial relations. These variables are assumed to enhance the organizational performance of RSP. The framework aims to provide a corporate mindset to meet, examine, and develop concepts of relationships to help develop employee and organizational performance, industrial relations, and build a corporate-oriented culture.

Organizational culture is the shared values, beliefs, and assumptions that shape the behaviour of individuals within an organization. It consists of three dimensions: assumptions, values, and artifacts (Schein, 1983). Assumptions are widely held, ingrained subconscious views of human nature and social relationships that are taken for granted. Values represent preferences for alternative outcomes as well as means of achieving those outcomes. Artifacts are the more solid or physical representation of culture that includes rituals, slogans, traditions, and myths. In this study, good organizational

culture is expected to positively influence the organizational performance of RSP by creating a shared sense of purpose, values, and norms that align with the goals of the organization.

Industrial relations refer to the relationships between employers and employees in a way that maximizes productive activities. Effective industrial relations are critical to developing a stable and conducive working environment, promoting collaboration and mutual respect, and enhancing employee engagement and commitment. In this study, industrial relations factors such as employee involvement, skill development, and innovation are expected to positively influence the organizational performance of RSP by fostering positive relationships and promoting collaboration between employers and employees.

Overall, the conceptual framework for this study suggests that good organizational culture and effective industrial relations are critical factors in enhancing the organizational performance of RSP. By creating a shared sense of purpose and values, and promoting positive relationships and collaboration between employers and employees, RSP can achieve higher levels of productivity, innovation, and job satisfaction.

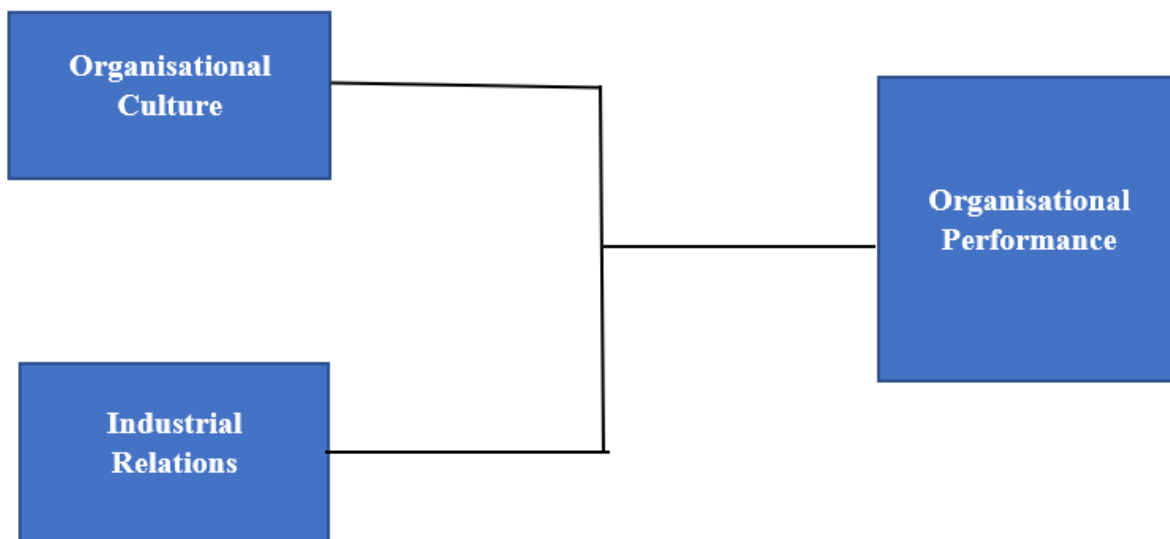


Figure 1: Conceptual Framework

Hypothesis 1: There is a significant positive relationship between good organizational culture and organizational performance in RSP.

This hypothesis proposes that good organizational culture has a positive effect on the organizational performance of RSP. Specifically, it is hypothesized that organizations that have a strong culture characterized by shared values, beliefs, and assumptions will exhibit higher levels of organizational performance than organizations with weaker or no culture.

Hypothesis 2: There is a significant positive relationship between industrial relations and organizational performance in RSP.

This hypothesis proposes that effective industrial relations have a positive effect on the organizational performance of RSP. Specifically, it is hypothesized that organizations that have positive relationships between employers and employees, promote employee involvement and skill development, and encourage innovation will exhibit higher levels of organizational performance than organizations with poor or no industrial relations.

Overall, the study aims to test and validate the proposed hypotheses to provide insights into the role of organizational culture and industrial relations in enhancing the organizational performance of RSP. By investigating the relationships among these constructs, the study aims to provide valuable information to managers and policymakers in RSP to help them create and maintain a conducive and productive work environment.

RESEARCH METHODOLOGY

Research Population

In this study, the research population was the workers of Rourkela Steel Plant in Rourkela, Odisha, India.

Sample Size

A sample size of 189 was drawn from a population of 260 employees, which resulted in a response rate of 72.7%, which is considered a good response rate for analysis.

DATA ANALYSIS

To analyse the data, the Statistical Product and Service Solutions (SPSS) software was used. Firstly, the data collected from the questionnaires were edited, coded and entered into SPSS. Multiple regression analysis was then conducted to determine the relationship between the independent variables (organisational culture and industrial relations) and the dependent variable (organisational performance).

The relationship between the independent and dependent variables was explained by the coefficient of determination (R^2) which shows the percentage of variation in the dependent variable that can be explained by the independent variables. The regression coefficients were also used to determine the direction and strength of the relationship between the variables.

The outputs of the data analysis and their interpretations will be presented below.

Model Summary^c

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.987 ^a	.975	.975	.16960
2	.992 ^b	.984	.984	.13426

a. Predictors: (Constant), OC

b. Predictors: (Constant), OC, IR

c. Dependent Variable: OP

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	206.971	1	206.971	7195.481	<.001 ^b
	Residual	5.379	187	.029		
	Total	212.350	188			
2	Regression	208.998	2	104.499	5797.397	<.001 ^c
	Residual	3.353	186	.018		
	Total	212.350	188			

a. Dependent Variable: OP

b. Predictors: (Constant), OC

c. Predictors: (Constant), OC, IR

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.206	.036		5.780	<.001	.136	.276
	OC	.953	.011	.987	84.826	<.001	.931	.975
2	(Constant)	-.081	.039		-2.063	.041	-.158	-.004
	OC	.439	.049	.455	8.916	<.001	.342	.536
	IR	.569	.054	.541	10.602	<.001	.463	.675

a. Dependent Variable: OP

INTERPRETATION

The findings of this study provide support for the notion that corporate culture is a crucial element in enhancing corporate performance. The results indicate that certain elements of the corporate culture at Rourkela Steel Plant have positively impacted profitability, customer and investor loyalty, innovation, and teamwork. This is in line with prior research by Murphy et al., Boyce et al., Kipsang et al., Laforet, Nikpour, Omoregbe and Umemezia, and Matthew.J, who have all documented the positive impact of corporate culture on company performance. Overall, the findings suggest that fostering a corporate culture that promotes unity and belonging, solid business ethics, and innovative products and services can lead to increased efficiency and effectiveness in organizations. Al-Khozondar N. O. (2015) researched that employees are the focal point in the success of every organization. If the employees work together and share a good relationship with employer, they can achieve their tasks much faster. Managing industrial relationships is important and valuable to organizational success. It is necessary to have a strong relationship between employees and employers that leads to productivity, motivation, and better performance.

Based on the findings, it can be concluded that there is a significant positive relationship between organizational culture and organizational performance. The results indicate that the organizational culture at Rourkela Steel Plant has a significant mean effect on the performance of the establishment, suggesting that a strong organizational culture is essential for achieving enhanced productivity and performance of the company. Furthermore, the high R squared value (0.97) suggests that 97% of the variation in organizational performance can be accounted for by the organizational culture. These findings are consistent with previous research that has shown that a strong organizational culture positively impacts company performance.

Based on the results of the study, it can be concluded that both organisational culture and industrial relations are significant predictors of organisational performance at Rourkela Steel Plant. The findings support the hypotheses proposed in the study and are consistent with previous empirical studies.

The high R-squared value of 0.97 suggests that 97% of the variance in organisational performance can be explained by organisational culture and industrial relations. The results also indicate that certain elements of the corporate culture have improved profitability, led to the development of teamwork, and contributed to the effectiveness of the organisation.

Furthermore, the findings highlight the importance of maintaining good industrial relations between employees and employers, which can lead to increased productivity, motivation, and better performance. Overall, the study provides valuable insights into the factors that contribute to organisational performance and can help managers and leaders in the industry to improve their business strategies and practices.

LIMITATIONS AND RECOMMENDATIONS FOR FUTURE RESEARCH

Based on the limitations identified in this study, there are some recommendations for future research. Firstly, a longitudinal design should be considered to measure the theoretical constructs at different points in time to confirm the findings of the present study. This would enable researchers to observe any changes that may occur over time, and to investigate whether the relationships between the variables are consistent over time.

Secondly, the current study has limited generalisability as it focused mainly on the public sector, specifically the RSP in Rourkela. Future research could include a wider range of institutions to increase the generalisability of the findings. The scope of the study could be extended to other units of this sector under the ownership of government and private parties located across the nation, employing a large number of individuals sharing a healthy relationship with other stakeholders. It would be interesting to investigate how different working cultures and industrial relations may affect organisational performance.

Finally, it is important to note that healthy work culture and industrial relations are not the only essential predictors affecting organisational performance. Future research should investigate other predictors of organisational performance, such as leadership styles, employee motivation, and technological innovation, to gain a more comprehensive understanding of the factors that contribute to organisational success.

CONCLUSION

In conclusion, this study provides evidence of the significant impact of organisational culture and industrial relations on organisational performance in RSP. The findings revealed that a positive organisational culture and healthy industrial

relations are essential factors that contribute to higher productivity, innovation, customer and investor loyalty, and team effectiveness, ultimately resulting in improved organisational performance.

The study's limitations suggest the need for future research to explore the interrelationship between these constructs further. A longitudinal study design can provide more insights into how these constructs evolve over time, and expanding the scope of the study to other institutions can enhance the generalisability of the findings.

The study's implications are significant for managers and policymakers in the public sector. Developing a positive organisational culture and maintaining healthy industrial relations can lead to improved organisational performance. Therefore, managers should pay attention to developing and sustaining a robust organisational culture that aligns with the company's objectives and ensure that the culture and management systems are aligned to achieve the desired outcomes.

In conclusion, this study provides valuable insights into the factors that impact organisational performance in RSP. It highlights the importance of a positive organisational culture and healthy industrial relations in achieving improved productivity and performance. The implications of the findings are significant, and it is recommended that future studies continue to explore this relationship in different sectors and institutions.

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