Influence of Organisational Culture on Employee Performance: A Case Study of East African Breweries Limited

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Abstract: An organization’s culture may have a big influence on the performance of that organization in any part of the world. It is a practice that cannot just be wished away as it has both positive and negative effects as far as performance of the employees is concerned. The main focus of the study was East African Breweries Limited with the main aim being to determine the effect of organization culture on the employee performance. The specific objectives of the study were to establish the influence of market culture, assess influence of hierarchy culture and to establish the influence of clan culture on employee performance. The research design adopted for this study was a case study in which the research sought to collect data from a target population of employees working in EABL, using questionnaires to determine the relationship between organization culture and employee performance. The target population comprised of 580 employees from different departments at the headquarters of the study organization. A sample size of 58 was drawn from the overall target population. Data was analyzed and interpreted using both qualitative and quantitative methods according to research objectives and research questions. The data collected was then summarized, classified, tabulated and analyzed qualitatively. Data presentation was done in the form of tables, charts and percentages. The result of the study shows that there is a relationship between organizational culture and employee performance. The market culture is the most dominant aspect that affect employee performance as the organization exist solely to do business and make profits with only few attention on the employee.

Keywords: Consistence, Organization Culture, Performance Measurement, Employee performance, Hierarchy

1. Introduction

The world’s modern organization has a culture that comprises of the unwritten customs, behaviors and beliefs that determine the "rules of the game" for decision-making, organizational structure and leadership or power. This is based on the shared history and traditions of the organization combined with leadership values being observed. In effect, culture dictates the way we do business here and the organizational survival tactics that facilitate assimilation and personal success (Dave and Urich, 2011). With a strong organizational culture, employees tend to do things because they believe it is the right thing to do and feel they will be rewarded for the results of their actions. However, if the team in the leadership lacks integrity or squelches diversity, powerful cultures can grow and turn into cults, cliques, castes and insider clubs. Organizational culture can also be treated as a series of distinctive characteristics of a specific organization. Culture is considered intangible asset because it adds value through differentiation, is rare, difficult to imitate, and without substitution (e.g., Barney, 1991; Hall, 1993; Fombrun, 1996; Porter, 1996; Roberts and Dowling, 2002; Kaplan and Norton, 2004).

Organizational culture is a series of values, standards and beliefs (Handy, 1986). If one needs to understand organizational culture, it is very important to know all its elements. There are four important elements of organizational culture according to Armstrong (Zugaj and Cingula, 1992). These are sited as; organization value, organization climate, leadership style, work processes and system. Performance management is a whole work system that begins when an employee’s job is defined as needed and ends when the employee leaves the organization (Heathfield, 2009).

Despite the plethora of studies on organizational culture in the last few decades, the empirical evidences emerging from various works about the effect of organizational culture on performance have so far yielded mixed results that are inconclusive and contradictory (Ojo, 2008). He further states that researchers concur on the fact that there is no agreement on the precise nature of the relationship between organizational culture and performance. Because of these contradictory results from the different studies, the question of whether organizational culture affecting employee performance is still worthy of a further research.

East African Breweries Ltd (EABL) is a Kenyan based company which manufactures branded alcoholic and non-alcoholic beverages. The company’s principal activities are marketing, brewing, manufacturing and selling drinks, glass containers, malt and barley. Beer brands include Tusker, Tusker Malt, White Cap, Pilsner, Allsops, Balozo, Bell and Guinness. Spirit brands include Johnnie Walker, Smirnoff, Richot, Bond 7 and Waragi. Technical expertise are required to maintain and operate the production processes, expertise resource has sometimes been sought overseas. There is also a diversity of the employees from different tribes in Kenya. All the above have contributed to the culture currently in the company. The diversity amongst the employees, the policies and procedures which are dynamic, leadership styles from different manager of different nationalities and the...
employee's values has been a key determinant of the employee performance.

2. Statement of the Problem

Many organizations today put more efforts on the focus of only intrinsic and extrinsic reward systems to enhance employee performance, giving less concern on the traditional cultural activities. According to Kandula (2006), the key to good employee performance is a strong culture within the organization. He further maintains that due to difference in organizational culture, same strategies do not yield the same results for two organizations that are operating in the same industry and within the same location. A strong positive culture can make an individual who performed averagely achieve brilliant performance whereas culture that is negative and weak may only demotivate an outstanding employee to underperform and end up with no achievement at all. Ahmed (2012) confirmed that organizational culture has an active and direct role in performance management. Organizational culture is correlated with job satisfaction (Anis et al. 2011; Sharma &Bajpai, 2010), job performance (Bergman et al., 2000; Samad, 2007; Ward & Davis, 1995; Yousef, 2000) and employee retention (Anis et al. 2011). However, organization culture has received relatively low levels of empirical investigation among the possible antecedents of employee performance (Lok& Crawford, 2004). Although empirical research has been carried out, there has been little evidence to prove the effect of organization culture on employee performance (Mckinono et al. 2003). In a study of Hong Kong and Australian managers, Lok and Crawford (2004) found a positive effect of organization culture on employee performance. Zain et al. (2009) examined the effect of four dimensions of organization culture namely teamwork, communication, reward and recognition, and training and development on employee performance and found that all the four dimensions of organization culture were important determinants of performance. Mahmudah (2012) reports a significant relationship between organization culture and service delivery. However, Lahiry (1994), indicated a weak association between organization culture and performance. It is because of this mixed results that gives room for more research to be done on the association between organizational culture and performances by employees. Njugi&Nickson (2014) found in their study that was done at World Vision Kenya, organization culture has a great influence on performance as it dictates how things are done, organization’s philosophy, work environment, performance targets and organizations stability. An institution’s culture could be strong and cohesive when it conducts its business according to a clear and explicit set of principles and values, which the management devotes considerable time to communicate to employees and students, and which values are shared widely across the organization (Muya and Wesonga, 2012). Mahmudah (2012) reports a significant relationship between organization culture and service delivery. However, Lahiry (1994) indicated a weak association between organization culture and performance. With this kind of conflicting results from different studies, the researcher decided to consider exploring the relationship between the two variables in respect of EABL that has a culture in its operations.

Management of human resources may perhaps be force not merely the restructuring of cultural values but to consider the overture of different cultural practices that perhaps leads to a superior organizational performance. This study attempted to analyze to what extent an organizations culture has an effect on performance of employees with a focus of East African Breweries Ltd.

General Objective of the Study

The main objective of the study was to determine the influence of organizational culture on the employee performance.

Specific Objectives of the Study

1) To establish the influence of market culture on the employee performance
2) To assess the influence of hierarchy culture on the employee performance
3) To establish the influence of clan culture on employee performance

3. Literature Review

ERG Theory

The ERG theory is an extension of Maslow's hierarchy of needs. Alderfer identified three categories of needs and suggested that needs could be classified into three categories, rather than five. These three types of needs are existence, relatedness, and growth. Existence needs are the desires for material and physical wellbeing. These needs are satisfied with food, water, air, shelter, working conditions, pay, and fringe benefits. Relatedness needs are the desires to establish and maintain interpersonal relationships. These needs are satisfied with relationships with family, friends, supervisors, subordinates, and co-workers. Growth needs are the desires to be creative, to make useful and productive contributions, and to have opportunities for personal development.

Studies had shown that the middle levels of Maslow's hierarchy have some overlap; Alderfer addressed this issue by reducing the number of levels to three. The ERG needs can be mapped to those of Maslow's theory as follows: Existence: Physiological and safety needs, Relatedness: Social and external esteem needs, Growth: Self-actualization and internal esteem needs. Like Maslow's model, the ERG theory is hierarchical -existence needs have priority over relatedness needs, which have priority over growth.

Managers must recognize that an employee has multiple needs to satisfy simultaneously. Furthermore, if growth opportunities are not provided to employees, they may regress to relatedness needs therefore fail to achieve the organizational goal. If the manager is able to recognize this situation, then steps can be taken to concentrate on relatedness needs until the subordinate is able to pursue growth again.
Consistency Theory
According to the consistency theory, organizations tend to be effective because they have strong cultures that are highly consistent, well-coordinated and well integrated (Davenport, 1993; Saffold, 1988). Employee behavior is rooted in a set of core values and leaders and followers are skilled at reaching an agreement even when they have differing views (Block, 1991). This type of consistency is a powerful source of stability and internal integration that results from a common mindset and a high degree of conformity (Senge, 1990).

Consistency refers to the extent to which organizational culture fits with its external environment. Enz (1986) posited that strong culture did not ensure good performance. When an organization cannot adapt to changes in the external environment, its strong culture hampers its adjustment to the change, which in turn, results in the decay of the organization. Hence, it is logical to postulate that strong culture only exerts positive impacts on organizational performance under the condition in which this (Enz, 1986; Quinn, 1988; Quinn and Cameron, 1988), there still lacks empirical evidence due to the difficulty of measuring the consistency between organizational culture and the external environment. In our view, culture types utilizing CVF make an empirical examination possible.

Consistency can be operated as the similarity between the profile of current culture and the profile of preferred future culture. The present culture is defined as the perception of what an individual thinks organizational culture is; the preferred future culture is defined as the perception of what an individual thinks organizational culture should be in order to achieve better performance in the future, or in other words, getting better adapted to the external environment (Cameron and Quinn, 1999).

4. Conceptual Framework

![Conceptual Framework Diagram]

1. Market Culture
Market culture form of organizing became popular during the late 1960s as organizations faced new competitive challenges. The term market is not synonymous with the marketing function or with consumers in the marketplace. Rather, it refers to a type of organization that functions as a market itself. It is oriented toward the external environment instead of internal affairs (Cascio, 2006). It is focuses on transactions with (mainly) external constituencies such as suppliers, customers, contractors, licensees, unions, and regulators. That is, the major focus of markets is to conduct transactions (exchanges, sales, contracts) with other constituencies to create competitive advantage. Profitability, bottom-line results, strength in market niches, stretch targets, and secure customer bases are primary objectives of the organization. Not surprisingly, the core values that dominate market-type organizations are competitiveness and productivity (Martin, 1992).

The basic assumptions in a market culture are that the external environment is not benign but hostile, consumers are choosy and interested in value, the organization is in the business of increasing its competitive position, and the major task of management is to drive the organization toward productivity, results, and profits. It is assumed that a clear purpose and an aggressive strategy lead to productivity and profitability.

2. Hierarchy Culture
The earliest approach to organizing in the modern era was based on the work of a German sociologist, Max Weber, who studied government organizations in Europe during the early 1900s. To accomplish this, Weber (1947) proposed seven characteristics that have become known as the classical attributes of bureaucracy: rules, specialization, meritocracy, hierarchy, separate ownership, impersonality, and accountability. These characteristics were highly effective in accomplishing their purpose i.e.stable, efficient, highly consistent products and services. Because the environment was relatively stable, tasks and functions could be integrated and coordinated, uniformity in products and services was maintained, and workers and jobs were under control (Schein, 2004).

Clear lines of decision-making authority, standardized rules and procedures, and control and accountability mechanisms were valued as the keys to success.

The organizational culture compatible with this form (and as assessed in the OCAI) is characterized by a formalized and structured place to work. Procedures govern what people do. Effective leaders are good coordinators and organizers. Maintaining a smooth running organization is important. The long-term concerns of the organization are stability, predictability, and efficiency. Formal rules and policies hold the organization together. Organizations ranging from a typical U.S. fast-food restaurant (such as McDonald’s) to major conglomerates (like Ford Motor Company) and government agencies (such as the Justice Department) provide prototypical examples of a hierarchy culture (Cameron and Quinn, 1999).

3. Clan Culture
It is called a clan because of its similarity to a family-type organization. After studying Japanese firms in the late 1960s and early 1970s, a number of researchers observed fundamental differences between the market and hierarchy forms of design in America and clan forms of design in Japan (Ouchi, 1981; Pascale and Athos, 1981; Lincoln, 2003). Shared values and goals, cohesion, participativeness, individuality, and a sense of “we-ness” permeated clan-type firms. They seemed more like extended families than economic entities.
Instead of the rules and procedures of hierarchies or the competitive profit centers of markets, typical characteristics of clan-type firms were teamwork, employee involvement programs, and corporate commitment to employees. These characteristics were evidenced by semi-autonomous work teams that received rewards on the basis of team (not individual) accomplishment and that hired and fired their own members, quality circles that encouraged workers to voice suggestions regarding how to improve their own work and the performance of the company, and an empowering environment for employees (Schein, 2004).

Some basic assumptions in a clan culture are that the environment can best be managed through teamwork and employee development; customers are best thought of as partners, the organization is in the business of developing a humane work environment, and the major task of management is to empower employees and facilitate their participation, commitment, and loyalty. These characteristics are not new to global organizations, of course. They have been advocated for decades by many writers associated with the human relations movement (McGregor, 1960; Likert, 1970; Argyris, 1964).

The clan culture, as assessed in the OCAI, is typified by a friendly place to work where people share a lot of themselves. It is like an extended family. Leaders are thought of as mentors and perhaps even as parent figures. The organization is held together by loyalty and tradition. Commitment is high. The organization emphasizes the long-term benefit of individual development, with high cohesion and morale being important (Schein, 2004).

4. Employee Performance

Employee performance encompasses three dimensions such as productivity, job quality and job accomplishment. Every organization has been established with certain objectives to achieve. These objectives can be achieved by utilizing the resources like men, machines, materials and money. All these resources are important but out of these, the employee is the most important. It plays an important role in performing tasks for accomplishing the goals. The question arises that how these resources are utilized by work force.

In their study, Axellson&Bokedal (2009), states that employee performance includes two types of measurement, as “perception measures” and “internal performance indicators”. In this study, internal performance indicators have been taken into consideration as dependent variable. Indicators describing internal performance can be used by an organization to monitor, analyze, interpret, forecast and improve internal performance, develop processes and anticipate staff perceptions. People results may describe term benefit of individual development, with high cohesion and morale being important (Schein, 2004).

Table 3.2: Sample Size

<table>
<thead>
<tr>
<th>Department</th>
<th>Sampling Frame</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>224</td>
<td>22</td>
</tr>
<tr>
<td>Procurement</td>
<td>88</td>
<td>9</td>
</tr>
<tr>
<td>Warehousing</td>
<td>96</td>
<td>9</td>
</tr>
<tr>
<td>Transportation</td>
<td>44</td>
<td>5</td>
</tr>
<tr>
<td>Distribution</td>
<td>52</td>
<td>5</td>
</tr>
<tr>
<td>Sales &amp; Marketing</td>
<td>42</td>
<td>4</td>
</tr>
<tr>
<td>Finance</td>
<td>14</td>
<td>2</td>
</tr>
<tr>
<td>Administration</td>
<td>20</td>
<td>2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>580</strong></td>
<td><strong>58</strong></td>
</tr>
</tbody>
</table>

Source: Human Resource Department, EABL (2015)

In order to meet the objective of the study, questionnaires were used to collect the data developed by the researcher distributed in person. After this, the collected data was analyzed using the proposed data analysis methods and the findings and recommendations made later. Existing sources of data such as documents, reports, data files and other artifacts were used to collect independent verifiable data and information. Questions used in the research included closed and open-ended questions. The collected data was coded and entered using the Microsoft Excel. Since the study was quantitative in nature, the findings was presented in simple descriptive statistics involving some tables and bar charts.

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6. Results and Discussions

The researcher set out to conduct her study on fifty-eight (58) respondents but only fifty (50) returned the questionnaires representing 86.2%.

Market Culture

From the findings on the agreement that an organization is oriented towards the external environment rather than of internal affairs where it focuses on transactions with the external constituencies such as customers, suppliers, contractors, licensees, unions, and regulators, 84% of the respondents concurred, 6% of the respondents were not sure while 10% of the respondents disagreed. The high number of concurrence is attributed to the fact that the organization survives to do business.

All the respondents (49) except one (1), agreed that the main focus of the markets is to conduct transaction (exchanges, sales, contracts) with other constituencies to create competitive advantage. This was due to the fact that organization exists to market its products and services for exchange in order to maximize shareholders wealth.

In addition, majority of the respondents (49) also concurred with the statement that, work environment can best be managed through teamwork and employee development, customers are thought of as partners, the organization is in the business of developing a humane work environment and the major task of management is to empower employees and facilitate their participation. Calori and Sarnin (1991) found in their study that employee perform better in an environment that is conducive which confirms the revelation of this study.

Hierarchy Culture

On the findings that since the environment is relatively stable under hierarchy, tasks and functions can be integrated and coordinated, uniformity in products and services is maintained, and workers and jobs are under control, 94% of the respondents agreed with the statement there is a lot of control of the organizational activities hence the attainment of the goals. When the workers are under control, there is minimum wastage of resources especially on time.

Clear lines of decision-making authority, standardized rules and procedures, and control and accountability mechanisms are valued as the key to success. 76% of the respondents confirmed this, while 14% respondents neither were unsure nor disagreed.

Many organizations consider laid down formal rules and policies as the factors that holds the organization together since every employee is guided by the same rule and the goal to be achieved is same, there is unison in every activity performed. 15 respondents were in the contrary since not only the formal rules that contributes to the organization being together, but other factors such as motivation, job description, etc, plays important role in the gluing the organization together. According to Deshpande and Farley (1999), in the bureaucratic culture, values like formalization, rules, standard operating procedures, and hierarchical coordination enhances the performance of the employees, thus confirming these findings.

Clan Culture

The study sought to know whether a manager can work in his/her own best interest other than that of shareholders in an organization, the findings were that, 34% of the respondents agreed with that, adding that some managers, like the former Safaricom Manager, Michael Joseph, try to create success within the organization so that they earn themselves a good name and reputation within the industry. Those that were neither sure (22%) nor disagreed opined that the management cannot work for their own but on the behalf of the shareholders only. They said the organization must have a main goal that any part or employee must be involved. In contrary, Azhar (2003) states that culture affects not only the way managers behave within an organization but also the decisions they make about the organization’s relationships with its environment and its strategy.

Major task of management is to empower employees and facilitate their anticipation, commitment and loyalty. 80% of the respondents agreed with this statement giving out their opinion that if the employee is empowered, and then they will be willing to improve on their performances. However, a partly 20% respondents neither disagreed nor were unsure with the statement citing that some managers use iron fist to achieve the results where the employees are not involved in any decisions concerning them and the overall organizational performance.

Ninety two percent (92%) of the respondents viewed the leaders within the organization as their mentors and even parental figures of efficiency. A leader is ought to provide solutions to matters that affects the wellbeing of an employee. They are expected to be exemplary in every undertaking and lead well. However, 8% of the respondents did not support this as they said that this leaders are in most cases affected by malpractices.

Employee performance

This study sought to know from the respondents if in the organization they are viewed as the most important assets, 30 (60%) respondents responded positively, 6 (12%) respondents not sure, while 14 (28%) were on the negative opinion.

48% of the respondents confirmed that there is low rate of absenteeism in the organization due to the culture of the organization. However, 30% respondents were unsure the reason for low rate of absenteeism while 22% respondents disagreed as they said that absenteeism are caused majorly by factors outside the organization.

In this organization, there is low employee turnover rate, where employees employed chose to stay with the organization for a longer period as confirmed by a greater majority of the respondents (72%). 20% of the respondents were unsure as they claimed they are not sure about the turnover rate while only 8% disagreed with a claim that employees leave for greener pastures when time comes, and even with them, when that time comes, they will leave.
Employees in the organization are encouraged to work sincerely by the organization due to various factors such as training, welfare consideration etc. This was the findings of the study where 98% of the respondents supported. This concurs with the studies conducted by Muya and Wasonga (2012), whose findings were that various factors like skills, training, motivation, dedication, welfare, management policies, fringe benefits, salary and packages, promotion, communication etc. are responsible to encourage the people to work sincerely and give their best output.

7. Conclusion and Recommendations

- **Market Culture:** From the findings on this variable, it was noted that market culture plays an important role in determining the employee performance. Seemingly, the organization values what they sell more than their employees do. Therefore, the employees are given targets to meet. For example, 100% of the respondents indicated that the management is only driven and geared solely to productivity, results and profits. This study confirms that this culture is the most dominant in East African Breweries among the three, followed by Hierarchy culture and Clan culture.

- **Hierarchy culture:** From the study, there were mixed reaction towards this variable. However, more than 70% claimed that this variable does not really affect their output so long as there is job description and they can only perform what they are expected to, without interference. However, it was noted that there are some uniformity when the organization’s authority flows in a hierarchical manner.

- **Clan Culture:** The study found that the organization operate more like a family where the employees are knit together with same values, beliefs and goals. This provides a focus to all employees both as individual and groups. However, there was a mixed reaction on whether the organizations’ environment is sociable, where 30% disagreed. They expressed that the organization at times become so result oriented hence forget the humanity part.

- **Employee Performance:** From the variables analyzed, market culture became the dominant factor that affect the employees. It was noted that the main aim of the organization is to make profits hence their focus is on external environment such as the customers, suppliers, competitors, contractors and even industrial regulation.

- **Conclusion:** From the study findings, the research questions were satisfactorily answered. Organization culture affects employee performance at a different degree. The most noted factor that affects the employee was the market culture, as the organization exists to do business.

8. Recommendations

**Market Culture:** It was noted that this is the most crucial aspect of organizational culture that affects the performance of the employees. Internal environment, mostly dominated by employees provide a vital factor on how the organization relates to the outside world. Its therefore, noble to always provide a balance in the dealings of the organization. The results of the study implies that the management needs to do more in order to find out how an organization can excel in an ever changing and highly competitive market.

**Hierarchy Culture:** Management of the organization should provide a clear line of decision making that brings on board the employees. Rules and regulation should not be used to oppress the employees to meet productivity levels. This should just be used for control of the activities within the organization but not to oppress them. Organizational leadership has a challenge to create efficiency through coordination and commitment amongst their team members.

**Clan Culture:** Management of an organization should focus on mentoring, nurturing and „doing things together” of their employees. In this organization, employees were not considered partners and leaders only worked to facilitates their participation and commitment hence loyalty. Therefore the organization should aim at empowering and checking on the welfare of their employees.

References


