

MANAGING THE LEARNING CAPACITY OF ORGANIZATIONAL CULTURE IN RELATION TO ORGANIZATIONAL COMMITMENT – METHODOLOGICAL AND EMPIRICAL OVERVIEW

Nakov Leonid¹ and Ivanovski Igor²

¹⁾²⁾ *Ss. Cyril and Methodius University in Skopje, Faculty of Economics – Skopje,
Skopje, Republic of Macedonia*

E-mail: lnakov@eccf.ukim.edu.mk; E-mail: ivanovski@eccf.ukim.edu.mk

Abstract

The contemporary importance of behavioral manifestations of business entities is, in fact, a tendency for creating an integral and developmental model of organizational culture, which would unify the prior values, attitudes, beliefs, standards and norms, towards the overall business objectives. In this context, planning and implementing the OCTAPACE model of organizational culture is a process which underlines and further improves the learning behavioral capacity of organizational culture, and is predominantly aimed at increasing the applicative viability of organizational commitment. The overall objective of this inter-dependence is establishing the High Commitment Management model (HCM).

The integration of methodological and empirical analyses of the inter-dependences among organizational culture's components and organizational commitment, on a regional and international basis, is a scientific threshold for thorough and inter-related in – field analyses of their relations and influences in business entities that belong to the Balkan country region, including the Republic of Macedonia.

Keywords

Organizational culture, OCTAPACE model, Organizational commitment, HCM

JEL Classification M14, C1, L2

Introduction

Nowadays, organizations, analyzed as business form of entities, are facing an increased and profound number of challenges that are related to the necessity of their external adaptation (focus/differentiation orientation) and internal integration (flexibility/control orientation). Possession of sufficient resources and capacities is evidently far not sufficient for obtaining a managerial system which would constantly develop the potential of placing the organizational culture in the central business framework and furthermore, integrating it with the behavioral dimension of the organizational environment, such as organizational commitment. The tendency of managers to harmonize the process and behavioral segments of managing their prevalent business model is highly dependent from the organization's orientation to build and sustain a model of organizational culture that is capable of identifying and permanently implementing the desired organizational changes directed towards improving the overall business effectiveness and efficiency. It is evident from the majority of researchers in the field of organizational culture (Lawson and Shen, 1998) that it is far more than a basic pattern of

values, beliefs, standards, norms, expectations, motives, needs etc., which aggregate at individual, group/team and organizational level, mainly owing to the orientation of every advanced model of organizational culture to serve as source for attaining competitive advantage and furthermore for the overall organizational identity.

1. Developing learning organizational culture

Each and every attempt to conceptualize the organizational culture should pay particular attention to the fact that, as a behavioral business concept, it does not exist and influence sufficiently to the organizational performances if it is not properly 'fitted' within other implementing elements of the organizational strategy – structure and leadership style.

Fundamentally, organizational culture (Parrek and Rao, 1999) is perceived as *cumulative, crystalized and quasi stable life-style of people as reflected in the presence of some states of life over others, in the response predispositions towards several significant issues and phenomena (attitudes), in the organized way of filling time in relation to certain affairs (rituals), and in the ways of promoting desired and preventing undesirable behavior (sanctions)*. It is evident that the term implies to the approach to understanding the work atmosphere, potential to act on a certain way, repetitive models of behaving while working and, in the end, restraining from the action manifestations that are not commonly understood and applied. As a multi-level behavioral concept, it is highly dependent from the organizational climate (Dwivedi, Kaushik and Luxmi, 2014), which is determined as *the perceived attributes of an organization and its subsystems, as reflected in the way it deals with its members, associated groups, and issues*.

Organizational culture is a reflection of the core business assumptions and beliefs that govern the overall processes and objectives. However, the process of reframing and advancing the organizational culture depends on the learning potential of the organization, whereas learning (Rothwell and Cookson, 1997) as a continuous concept, *will lead to performance improvement only when it is performance-enhancing and actually applied in the workplace*, meaning applicatively oriented. The importance of the organizational learning process can best be illustrated through the learning process (Nonaka et al., 2001), fundamentally described as *the foundational cornerstone of knowledge-creation practice which leads to collective knowledge – creation, which in turn, the created knowledge triggers another innovative learning process*, possessing an iterative character.

A closer determination of the learning organizational culture emphasizes that, as one of the most advanced behavioral concepts that determines the organizational performances, it is defined (Garvin, 1993) as *an organization skilled at creating, acquiring and transferring knowledge, and at modifying its behavior to reflect new knowledge and insights*.

Learning organizational culture is created by harmonizing the following integral elements of learning (Watkins and Marsick, 1993) within the prevalent pattern of values, beliefs, standards and norms:

1. Continuous learning opportunities; 2. Inquiry and dialogue; 3. Collaboration and team learning; 4. Empowering people toward a collective vision; 5. Systems to capture and share learning; 6. Connect organization to its environment, and Strategic leadership for learning practices.

The importance of unifying the above elements is placed in the necessity of developing a model of organizational culture which would be able to influence towards certain behavioral performance concepts, such as organizational commitment.

2. Managing the prior values and beliefs in the OCTAPACE model of organizational culture

In order to increase the awareness for a higher level of business ethical dimensions within the learning model of organizational culture, an OCTAPACE cultural model (Pareek, 1997, 2002) has been developed, comprising of the most influential behavioral factors for the organizational successibility. An illustrative presentation of the elements of the OCTAPACE model of organizational culture is the following:

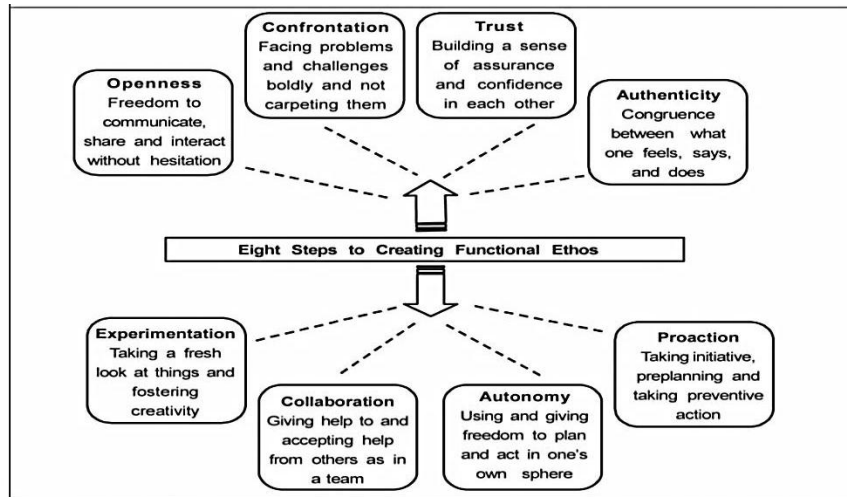


Figure 1. Dimensions of OCTAPACE model of organizational culture

Source: Adopted according to Azmi, F.T. and Sharma, R., 2007, Profiling the OCTAPACE Culture: An empirical study of banking and IT sector in India, *The Icfai Journal of Management Research*, Vol.17, No.12, p.8

Although primary implemented in the IT and banking sectors, this model is becoming increasingly popular in other sectors, such as the public sector, the SME's sector etc. The applicative importance of the model lies in its capacity to influence one of the most popular organizational environment components in the field of Human Resource Development (HRD) that is inter-connected to the organizational changes, innovative process and performances, i.e. the organizational commitment.

3. Influence of the learning organizational culture towards the organizational commitment

Fundamentally, organizational commitment, somewhere stipulated as member identity, (Robbins, 2005) is defined as *a state in which an employee identifies with a particular organization and its goals, and wishes to maintain his membership in the organization*. This contemporary definition is a continuation of the initial determination of the concept (Hall, Schneider and Nygfre, 1970) as *the process by which the goals of the organization and those of the individual become increasingly integrated or congruent*. Having in mind that the state to which every employee is feeling integrated within the organization, as an individual, group/team or as a whole organizational system, is far more than a normative concept, in practice it arises that organizational commitment comprises also of affective, psychological, continual, empathic, as well as learning component. For empirical purposes in the work, we would follow its affective, continuance and normative dimensions. In this context, certain authors, like Ghani, 2004, state that *employee with strong Organizational commitment continue*

employment with the organization, because they want to do so, enacting specific behaviors due to the belief that it is morally correct rather than personally beneficial. Learning organizational culture influences organizational commitment both directly – through the fundamental cultural values and beliefs and indirectly – through the practices of the Human Resource Development (HRD). Empirically, above relationship (Shannawaz and Hazarika, 2004) has empirically been tested on the OCTAPACE organizational culture scale, indicating that organizational culture is a significant predictor of the success of organizational commitment. One of the most challenging issues in managing the necessary organizational changes is undoubtedly the proper explanation of the relationship between the learning organizational culture and organizational commitment. Although certain experts, like Tilaye, 2005 state that perceived job autonomy, procedural and distributive justice, organizational support and employee age are the most important predictors of organizational commitment, another group, like Sungmin, Henkin and Egley, 2005, clarify that far most important determinants are trust and potential for team work – illustrated through cooperation. Besides them, certain authors, like Connel, Ferres and Travaglione, 2003, state that organizational support, transformational leadership and procedural justice are the central factors for the organizational commitment success.

In order to detail the constitutive elements of dimensions of the organizational culture which influence organizational commitment, analyze would be focused on the influencing potential of Collaboration (Dwivedi S., Kaushik S. and Luxmi, 2014), which, in fact, consists of enhanced team spirit, sharing of experiences, improved communication, timely help and improved resource sharing. Organizational culture happens to be an intermediary influencing factor to organizational commitment, starting from leadership and ending with the organizational performance which results from organizational commitment. In the empirical segment of our work, their influence towards organizational commitment would be regionally and internationally tested. The findings of the analyses are the cornerstone pathway for undertaking the same empirical research in several regional – South - EastEuropean countries, including the Republic of Macedonia. In order to bear a managerial dimension, organizational commitment must systematically be managed and further developed, a need that is undertaken with the implementation of the High Commitment Management model (HCM). Fundamentally, HCM (Purcell, 1993) is determined as *the visual embodiment of the unitarist frame of reference, both in the sense of legitimation of managerial authority and in the imagery of the firm as a team with committed employees working with managers for the benefit of the firm.* HCM is created with an aim to promote organizational commitment, in order to harmonize between the organizational and employee objectives.

4. Empirical analyses of the mutual relationship of organizational culture and organizational commitment

Even though thorough examination of correlation between organizational culture and organizational commitment has gained importance over the past 2 decades, there is still limited number of profound national and international surveys and empirical analyses, as a base for determining the applicability of theoretical proofs. In order to test and validate above theoretical orientations, in this empirical part, we are referring to certain prominent empirical work done on comparable basis, furthermore, to stress the initiative for empirical study, based on our created theoretical model, for national, or regional - South East Europe countries level. We particularly point that most of the analyzed empirical work has been done on national level, and is frequently segmented across business sector, a moment that raises dilemma for its entire applicability, as a general process for all institution types. Credible results can be found in the work of Dwivedi, Kaushik and Luxmi, 2014, that examined *the link between organizational*

commitment and organizational culture in the Business Process Outsourcing (BPO) in Indian economy, with an excessive usage of OCTAPACE cultural model. Authors selected 15 out of 40 BPO units in the final stage of analyses, in which they have evaluated Questionnaires on 524 employees, at three levels, top, middle and lower level. They have made a selection of 15 BPO units with different industry profile, by its employee's size, creating 3 Stratums, i.e. BPO units up to 250, from 250 up to 500 and over 500 employees. Fundamental analytical conclusions regarding the tested relationship are the following: *Firstly*, there is differentiation in perception of the employees in the 3 Stratums about organizational culture, in terms of *more positive perception in the smaller BPO units than in the following middle and larger BPOs*. In this regard, they conclude through ANOVA testing that there is not difference in perception in the dimensions of the organizational culture, openness, authenticity, autonomy and collaboration, which is not the case for the dimensions confrontation, trust, proaction and experimentation, for which employees perception differs (table nr. 1), confirming the first results that the employees in the smaller companies understand and perceive organizational culture and some of its dimension more closely compared to others BPO units in the second and third stratum.

Table 1. Analysis of Variance (ANOVA) of Dimensions of Organizational Culture in Three Organizational Strata of BPO Units (under study)

Strata	N	Openness		Confrontation		Trust		Authenticity		Proaction		Autonomy		Collaboration		Experimentation	
		Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation
I	240	2.43	0.476	2.40	0.423	2.42	0.500	2.19	0.390	2.57	0.596	2.17	0.348	2.43	0.422	2.50	0.539
II	136	2.33	0.525	2.25	0.589	2.28	0.577	2.21	0.378	2.29	0.561	2.14	0.483	2.42	0.466	2.27	0.486
III	148	2.33	0.511	2.27	0.459	2.30	0.542	2.22	0.411	2.47	0.653	2.22	0.411	2.38	0.455	2.32	0.515
Total	524	2.37	0.500	2.32	0.485	2.35	0.535	2.20	0.393	2.47	0.614	2.18	0.405	2.41	0.443	2.39	0.528
ANOVA		F-Value: 2.621 (p=0.074)		F-Value: 5.240 (p=0.006)		F-Value: 3.464 (p=0.032)		F-Value: 0.408 (p=0.665)		F-Value: 9.449 (p=0.000)		F-Value: 1.327 (p=0.266)		F-Value: 0.823 (p=0.440)		F-Value: 10.277 (p=0.000)	

Source: Adopted according to Dwivedi, S., Kaushik, S. and Luxmi, 2014, Impact of organizational culture on commitment of employees: an empirical study of BPS sector in India, *Vikalpa*, Vol.39, No.3.

Secondly, most important data can be seen in authors' correlation and regression analysis, treating the relationship between organizational commitment and dimensions of organizational culture. In this case, there is *insignificant Pearson correlation between the commitment and the eight organizational culture dimensions, for all the 3 Stratums of employees*, pointing the proaction as the dimension with the strongest correlation and autonomy with the weakest correlation (table nr. 2).

Table 2. Correlation-Organizational Culture and Organizational Commitment

	Openness	Confrontation	Trust	Authenticity	Proaction	Autonomy	Collaboration	Experimentation
Commitment	0.346**	0.418**	0.392**	0.299**	0.481**	0.151**	0.309**	0.384**
	0.000	0.000	0.000	0.000	0.000	0.001	0.000	0.000

Pearson Correlation (Only significant correlations are displayed)

** Correlation significant at 0.05 levels

Source: Adopted according to Dwivedi, S., Kaushik, S. and Luxmi, 2014, Impact of organizational culture on commitment of employees: an empirical study of BPS sector in India, *Vikalpa*, Vol.39, No.3.

These results served as a basis for regression model, in which the organizational commitment was a dependent variable (table nr. 3). The findings confirmed that *the dimensions of organizational culture are predicting the perception, model and implementation of employees organizational commitment, with exclusion of the dimension of openness and autonomy. Regarding the role of cooperation as an element of OCTAPACE model, we must note that even though it has one of the highest correlation coefficient, yet, in the regression model, its influence and statistical significance is among the lowest one, as our most important future research challenge. In addition, the under average coefficient of determination R^2 that amounts to 31.5% of the population, is not allowing too much space for general empirical conclusions.*

Table 3. Step-wise Regression Analysis - Organizational Commitment

	Dimensions	Standardized Coefficients (Beta)	t	Sig.	Regression Model Summary
Model 6	(Constant)		10.951	0.000	Adjusted R ² = 0.315
	Proaction	0.162	3.225	0.001	Durbin Watson = 1.902
	Confrontation	0.140	3.183	0.002	ANOVA(F) 41.148
	Experimentation	0.152	3.440	0.001	Sig. 0.000
	Authenticity	0.135	3.508	0.000	
	Collaboration	0.118	2.884	0.004	
	Trust	0.123	2.797	0.005	

Source: Adopted according to Dwivedi, S., Kaushik, S. and Luxmi, 2014, Impact of organizational culture on commitment of employees: an empirical study of BPS sector in India, *Vikalpa*, Vol.39, No.3

Another scholars, Simosi and Xenikou, 2010, examined the influence of organizational culture, particularly the role of the leadership in employees commitment in a survey and empirical study of Greek service company – a methodological representative constraint, consisted of 300 employees, distributed by their age, gender and more important by the position (55% non-managers and 45% managers) and length of service (74% > 4 years and 24% < 4 years). They examined the employees dimensions of commitment, i.e. affective, continuance and normative. They placed the elements of transformational leadership and contingent reward behavior, as well as humanistic, affiliative, achievement and self-actualization culture orientations, as additional variables to main three dimensions. The results of correlation analyses (table nr. 4-4) showed *positive and statistically significant correlation between transformational leadership and contingent reward regarding the cultural orientations to affective and normative commitment, whilst there is low correlation the aspects of cultural influence to continuance commitment, i.e. personal sacrifice and perceived alternatives.*

Table 4. Correlation coefficients of the variables

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Affective Commitment (1) Normative	–									
Commitment (2) Continuance commitment:	.49***	–								
Personal sacrifice (3) Continuance commitment:	.27***	.40***	–							
Perceived alternatives (4)	-.14*	.03 +	.26***	–						
Transformational Leadership (5)	.15*	.20**	.13 +	.05 +	–					
Contingent Reward (6)	.25***	.30***	.19**	-.004 +	.84***	–				
Humanistic Culture (7)	.30***	.35***	.25*	-.003 +	.57***	.55***	–			
Affiliative Culture (8)	.26***	.28***	.15*	.04 +	.56***	.52***	.88***	–		
Achievement Culture (9)	.28***	.32***	.16**	.03 +	.63***	.51***	.82***	.77***	–	
Self-actualizing Culture (10)	.24***	.25***	.11 +	.06 +	.59***	.52***	.80***	.78***	.79***	–

Notes: N = 300; *p ≤ .05; **p ≤ .01; ***p ≤ .001.

Source: Adopted according Simosi, M. and Xenikou, A., 2010, The role of organizational culture in the relationship between leadership and organizational commitment: an empirical study in a Greek organization, *The International Journal of Human Resource Management*, Vol.21, No.10

Correlation data was used in their analyzes for creation of two regression model for evaluating the influence between transformational leadership and contingent reward, jointly with cultural orientations on the affective and normative commitment. The regression analysis confirmed, *with different significance, positive correlation of leadership behavior and contingent reward to the dimensions of organizational commitment.*

In our opinion, most important analytical conclusions from this second study are the following ones:

Firstly, the positive correlation between transformational leadership and contingent reward to affective and normative commitment, that can be interpreted as an organizational environment in which the transformational leaders have created conditions for fairness, performance based expectations and achievements, while contingent reward behavior is likely inspiring feeling of honesty, faith and trust among the employees.

Secondly, their models, did not get the full picture of impact of transformational leadership to continuance commitment, since only the element of personal sacrifice was linked to contingent reward, probably as a results of turbulent economic surrounding, economic crisis and mid-term instability, to which employees react with their determination to keep membership in its organization.

And thirdly, limited correlation between organizational culture and organizational commitment, is followed by authors conclusion that more the employees perceive their organization as a group that promotes social support and constructive interpersonal relations, goal achievement and self-actualization, the more they would remain in the same organization, exercising moral reciprocity towards it.

Conclusion

The tendency of managers to harmonize the process and behavioral segments of managing their prevalent business model is highly dependent from the organizations' orientation to build and sustain a model of organizational culture that is capable of identifying and permanently implementing the desired organizational changes directed towards improving the overall business effectiveness and efficiency. Fundamentally, organizational culture is perceived as cumulative, crystalized and quasi stable life-style of people as reflected in the presence of some states of life over others, in the response predispositions towards several significant issues and phenomena (attitudes), in the organized way of filling time in relation to certain affairs (rituals), and in the ways of promoting desired and preventing undesirable behavior (sanctions). A closer determination of the learning organizational culture emphasizes that, as one of the most advanced behavioral concepts that determines the organizational performances, it is defined as an organization skilled at creating, acquiring and transferring knowledge, and at modifying its behavior to reflect new knowledge and insights.

In order to increase the awareness for a higher level of business ethical dimensions within the learning model of organizational culture, an OCTAPACE cultural model has been developed, comprising of the most influential behavioral factors for the organizational success.

Organizational commitment, somewhere stipulated as member identity, is defined as a state in which an employee identifies with a particular organization and its goals, and wishes to maintain his membership in the organization. Learning organizational culture influences organizational commitment both directly – through the fundamental cultural values and beliefs and indirectly – through the practices of the Human Resource Development (HRD).

As a brief conclusion to the relationship of organizational culture and commitment, the first empirical analyze, Dwivedi, Kaushik and Luxmi made a pioneer attempt to test the correlation between organizational culture and its dimensions, to organizational commitment. Their

findings are conclusive and affirmative for the role of the organizational commitment for companies functioning and growth. Even though they are limited in business profile as well as in location, the empirical study is a solid base for national and international studies of this kind. As a conclusion to the second analyzed study, conducted by Simosi and Xenikou, we can say that the authors made a sound study that, even with the systematic limitations of the non-causality possibility, as a cross-sectional analysis has been used, it confirmed previous empirical and theoretical conclusions. Fundamentally, serious role of the four cultural orientations to the organizational commitment stresses the role of organizational culture and the positive role of leaders who inspire follower's creativity, initiative, promote organizational context and align personal to organizational principles, in raising the employee's emotional attachment to the group and organization itself.

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