



Impact of Organizational Culture on Human Resource Management: A Critical Analysis

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Abstract

Organizational culture plays a critical role in shaping Human Resource Management (HRM) practices and overall organizational success. This paper explores the connection between culture and HRM, highlighting how a positive culture enhances recruitment, training, performance management, and employee engagement. A supportive culture fosters trust, teamwork, and motivation, creating a strong foundation for growth. However, challenges arise when the culture is rigid or misaligned with organizational goals. Negative cultural traits, such as resistance to change or workplace conflicts, can hinder HRM effectiveness and employee satisfaction. This review emphasizes the importance of balancing culture and HRM to overcome such challenges. The review concludes that aligning organizational culture with HRM practices is vital for achieving long-term success. By promoting positive values, supporting leadership, and addressing cultural gaps, HRM can drive employee satisfaction, productivity, and organizational growth. This review contributes to understanding how culture influences HRM and offers insights for organizations aiming to create a balanced and thriving workplace.

Keyword: Organizational culture, Human Resource Management, employee engagement, workplace performance, recruitment and training, cultural alignment

1. INTRODUCTION

Developing a positive work environment is a top priority for many companies nowadays. Culture encompasses things like social norms, morals, and the way individuals cooperate with one another. In the end, it determines how the company operates and how its people feel about their jobs and their collaboration with one another. [1]

A significant part of this is Human Resource Management (HRM). Human resource management is overseeing individuals inside an organisation, including tasks such as recruiting, inducting new workers, and ensuring their motivation and output. A company's HRM practices might benefit from a robust company culture. Low employee morale, poor performance, and high turnover rates are challenges that might arise when the culture is weak or misaligned with what HRM requires. [2]

Although several studies have examined the effects of company culture on human resource management, many questions remain unanswered. The effects of company culture on human resource management strategies and operations are the focus of this research. The objective is to learn how human resource management (HRM) and organisational culture are related and how one may help the other.

1.1. Organizational Culture

When people work for the same organisation or attend the same school, they form a common culture of values, beliefs, attitudes, and actions. Organisational culture includes the rules and practices that influence employees' interactions with one another, work habits, and understanding of the company's goals and purpose. Organisational culture is like a firm's character; it shapes how employees feel about

working for the company, how decisions are made, and how well the business does overall. [3]

1.1.1 Importance of Organizational Culture

1. Employee Engagement: When a company has a good culture, it gives its workers a feeling of community and direction. Work engagement and commitment are enhanced when workers have a sense of belonging, support, and alignment with the company's principles and objectives.

2. Performance and Productivity: Employee motivation, morale, and productivity may all be improved by a solid organisational culture. Employees are more inclined to work together productively, communicate honestly, and aim for excellence in their jobs when they are inspired by common beliefs and a feeling of friendship. Performance and overall success for the organisation are both boosted by this. [4]

3. Innovation and Adaptability: Fostering creativity and adaptation is greatly influenced by organisational culture. Employees are more likely to try out novel approaches, question established norms, and adjust to shifting market circumstances if their workplace fosters creativity, risk-taking, and lifelong learning. In a dynamic business climate, this helps the company adapt quickly and remain competitive.

4. Decision-Making and Problem-Solving: Achieving organisational success requires strong decision-making and problem-solving skills. When people are comfortable expressing themselves at work, they are more likely to do so openly and honestly. In the end, encouraging an open work culture improves decision-making by letting several perspectives be considered, which boosts productivity and guarantees the best option is put into action.

5. Customer Satisfaction: Customer satisfaction is favourably impacted by a customer-centric culture. Employees are more satisfied and loyal when they are motivated to provide outstanding service, which is a result of an atmosphere that tells them they are valued and cared for. On top of that, it helps companies adapt to the ever-changing demands of their consumers.

1.1.2. Types of Organizational Culture



Figure 1 Types of Organizational Culture

1. Hierarchical Culture: One hallmark of hierarchical cultures is their inflexible organisational structures, which promote centralised decision-making, top-down communication, and rigorous adherence to established protocols. The highest-ranking officials hold all the cards. This may be quite rigid, but it may provide the efficiency and stability you need to compete in specific marketplaces. [5]

2. Clan Culture: The members of the organisation work together like a big family in a clan culture. Employees in a clan culture help one other out and have a strong sense of community. As they encourage an environment of trust and open dialogue, the leaders take on the role of coaches. As a result of leaders' genuine appreciation, members of the culture are inspired to do their best. [6]

3. Adhocracy Culture: One sort of corporate culture is known as "Adhocracy Culture," and its hallmarks include an emphasis on creativity, adaptability, and new ideas. Organisations that function in a stable setting with little hierarchy tend to have a culture that is dynamic and entrepreneurial. Employees are encouraged to take chances for the sake of the company in an environment that is dynamic and entrepreneurial, which is what defines Adhocracy Culture. Employees are encouraged to question the status quo and come up with new ideas, since this culture is focused on external adaptability. [7]

4. Market Culture: Organisational emphasis on performance, outcomes, and goal attainment characterises a market culture. A market culture is characterised by an outwardly orientated organisation that strives to satisfy customers and outperform the competition. Metrics, objectives, and market share incentivise employees, and they are held to high standards of responsibility.

5. Bureaucratic Culture: Formalised processes or rules, hierarchical structures, and conformity to laws and policies characterise bureaucratic culture, which is a kind of organisational culture. The decision-makers in a bureaucratic culture are upper-level management, whereas lower-level personnel are constrained by predetermined protocols and processes.

6. Innovative Culture: An Innovative Culture is one that encourages employees to think outside of the box, try new things, and provide fresh ideas. Employees are encouraged to think creatively, take chances, and break with tradition in an environment like this one. Building collaborative practices and being receptive to other perspectives are key goals.

1.2. Human Resource Management (HRM)

In order to accomplish both organisational and personal objectives, Human Resource Management (HRM) is a process that unites individuals and organisations. To efficiently and successfully accomplish an organization's goals, human resource management include acquiring, training, and retaining a qualified personnel. No company can survive in today's market without competent employees. Consequently, HRM has become the centre of attention for all businesses. [8]

1. **Recruit Candidates:** One of HR's primary responsibilities is hiring new employees. A number of steps are involved in the process, including sourcing, screening, and shortlisting. Finding a personnel need and then filling it is what it means. Discovering, luring, interviewing, choosing, and integrating the most suitable individuals into the company are all parts of the process.
2. **Hire the Right Employees:** This encompasses the last conversation with the applicant on compensation, start date, etc. The offer letter is provided after the joining date is confirmed. Background checks are sometimes a part of this process as well.
3. **Process Payroll:** All aspects of pay, taxes, spending, bonuses, etc., fall under this category. Compensation, including wages, bonuses, and taxes, are the responsibility of human resources.
4. **Conduct Disciplinary Actions:** Organisational disciplinary measures are the responsibility of human resources experts. Employee behaviour in the workplace must be monitored by them.
5. **Update Policies:** It is the responsibility of HR experts to periodically update policy. In order to stay in compliance with the law and the norms of their organisation, they need to update several policies about leave, pay deductions, timings, etc. [9]
6. **Maintain Employee Records:** Human resources experts carry out the crucial duty of keeping employee records. It comprises the steps taken to preserve, file, and arrange employee data gathered throughout the course of an employee's lifetime.

1.3. Relationship Between Organizational Culture and HRM

There is a tight relationship between organisational culture and HRM. A company's culture reveals its character

via its employees' actions, words, and interactions. HRM is concerned with managing people, including recruiting, training, and employee satisfaction. For the organisation to succeed, both must collaborate. [10]

1. HRM Shapes Culture:

Rules, training, and the promotion of values that align with the organization's aims are all ways in which human resource management (HRM) contributes to the establishment and upkeep of a culture. For instance, if the importance of collaboration is high, HR would seek for candidates with strong teamwork skills. [11]

2. Culture Influences HRM Practices:

Human resources policies are shaped by the culture of the organisation. A more formal set of regulations may be indicative of a rigid culture, while more relaxed policies would be indicative of an open one.

3. Employee Engagement:

Employee engagement and motivation are enhanced when HR and culture are in sync. Employee morale and productivity are both boosted by a healthy workplace culture. [12]

4. Leadership and Communication:

Helping executives foster a positive culture is an important part of HR's responsibilities. Employees are better able to comprehend the culture and operate within it when there is open and honest communication..

5. Solving Conflicts:

In order to keep things running smoothly, HR may assist in settling disputes that emerge as a result of cultural differences.

Table 1: Role of Organizational Culture and Impact on HRM

Aspect	Role of Organizational Culture	Impact on HRM
Recruitment and Selection	Culture defines the qualities and values needed in employees.	HRM focuses on hiring people who fit the culture.
Training and Development	Culture decides the skills and values to be taught.	HRM organizes training to align employees with the culture.
Employee Engagement	A positive culture motivates employees.	HRM creates policies to maintain engagement and satisfaction.

Performance Management	Culture sets expectations for behavior and results.	HRM develops fair evaluation systems based on culture.
Conflict Resolution	Culture influences how conflicts are viewed and resolved.	HRM mediates to ensure solutions align with cultural values.

2. LITERATURE REVIEWS

Using the Dangote group as an example, this study examines how company culture affects HRM strategies and procedures. The topic of company culture is fascinating. If you want to know how to accomplish the required progress, you should probably look into the organisational way of life. A great culture fosters development and achievement. A counterproductive company culture, on the other hand, encourages traits that dampen enthusiasm for even the gravest of successes. When the values of the company align with those of the workers, they are more likely to be seen as kind, supportive, and esteemed. Focussing on culture allows organisations to make radical changes and set more realistic examples in the workplace. [13]

The purpose of the research was to compile all of the previous works on human resource management and company culture. Research on corporate culture, in particular, is often descriptive. Organisational culture handling necessitates a new set of models when considering cross-cultural work in relation to other countries and their evolving paradigms. The inclusion of a more culturally varied staff under this strategy is essential. Quantitative and qualitative research methodologies are both used in organisational culture studies, according to the studies. It was deduced from the literature that quantitative approaches should be used to evaluate an organization's culture inside, and quantitative techniques should be used to compare cultures between countries, organisations, or paradigms. For example, there is need for improvement in the current state of cross-cultural research regarding the utilisation of participant and observer methods. Another difficulty is that organisations in underdeveloped countries tend to be more paternalistic than those in affluent ones. [14]

Nigeria is a growing nation that has a lot of room to grow economically and socially. In order to take full advantage of these prospects, businesses must hire the right people, keep them around, and manage their expectations well. Researching human resource management strategies in Nigeria and the ways in which cultural and environmental factors influence businesses accomplishes a dual goal.

Finding and understanding how these contextual variables affect the Nigerian workforce is the first step. Secondly, HR managers at the company would be able to use the study's findings to improve their own and their employees' performance in the Nigerian market. The company's upper echelons will find this useful when they go to other nations with a similar cultural orientation to apply management principles. [15]

Organisational culture and Human Resource Management techniques in Indian private sector companies were the focus of this article. Along with global work principles, organisational culture has evolved in the Indian context. The 95 participants surveyed were employed by two private sector organisations, and their responses formed the basis of this research. There is a strong correlation between Human Resource Management techniques and organisational culture, despite the fact that these methods vary greatly. A major feature of the current economic climate is the loosening of restrictions on business formation and expansion. With the rise of the "market system," the "licence system" slowly faded away. Establishing a resilient environment that can easily adapt and incorporate new systems, structures, technologies, methodologies, etc. is a significant problem for Human Resource Management (HRM) practices. [16]

The opportunity and wide framework for the development of human resource management abilities in an organisation are provided by organisational culture, which is the relative ordering of beliefs, values, and assumptions. The many aspects of company culture influence employees' attitudes, beliefs, and assumptions, according to several HRM researchers. The purpose of this research paper is to investigate the relationship between company culture and HRM. Workplace culture is strongly related to human resources, according to the article. [17]

The research set out to answer the question, "How do female managers in South Korea feel about their work and their commitment to the organisation?" by looking at the connections between HR practices, company culture, and employee happiness and loyalty. A total of 230 replies were examined by structural equation modelling with data collected from the Korean Women Manager Panel. Research showed that company culture had an effect on HR policies and procedures, which in turn had an effect on employee happiness and loyalty. Furthermore, HR practices had an indirect effect on organisational commitment via work satisfaction and an indirect effect on job satisfaction via HR practices. And lastly, dedication to the organisation was

significantly and directly impacted by work satisfaction. [18]

The authors found a strong correlation between organisational culture and factors like performance appraisal and career planning and development, hence the null hypothesis was disproved. Organisational culture and organisational commitment are shown to have a strong correlation. Therefore, it's important to make sure that the Performance Appraisal procedures mesh well with the culture you're going for. Organisational values and standards should inform performance reviews and other forms of assessment. Additionally, to make sure they are in line with the company culture, workers might be involved in creating and improving the criteria for performance evaluations and programs for career planning and development. The result is a greater sense of belonging and dedication to cultural norms. A company's culture may be defined and shaped by its personnel. Make sure the culture speaks to them and reflects their beliefs by asking for their comments and input; this will help them feel more invested and ownership over the project. Maintain a culture of continuous improvement in order to meet the ever-evolving demands of the business. Build a culture of continuous development and learning that inspires people to be resilient and creative. [19]

The hotel, banking, and business services industries in India have all seen tremendous expansion in the last two decades, both monetarily and in terms of the number of jobs available. A significant portion of the country's gross domestic product (GDP) is attributable to the information technology (IT) sector, especially BPO and IT services. Workers in the industry are quite content with their jobs now that the economy has grown and many new chances have opened up. Within the IT sector, this research seeks to examine the impact of HRM practices on company culture and employee dedication. Examining the relationship between "HRM practices (specifically Performance Appraisal and Career Planning and Development), organisational culture, and organisational commitment", this study combines a literature review with primary data collected from IT employees using purposive sampling in the form of questionnaires. According to the results, organisational culture and commitment are significantly impacted by all HRM methods. [20]

The demand to discover the elements that impact organisational success has been heightened by the fierce rivalry among enterprises and their need to effectively adapt to the constantly changing operational circumstances and workers' expectations. Organisational performance in countries like Greece and Scandinavia is the focus of this

paper, which aims to analyse the interplay between HRM practice dimensions (job design, supervisory practices, reward system) and organisational culture dimensions (proactivity, obligation towards others, responsibility seeking, participation). A novel study framework that investigates the effects of organisational culture and human resource management practices on business outcomes. We create and evaluate hypotheses that demonstrate the connection between Organisational Culture, Human Resource Management methods, and their effects on Organisational Performance in various nations, including Greece and Scandinavia, based on an appropriate study model. In addition, it offers some real-world consequences for businesses that could help them improve their organisational efficiency. [21]

3. CONCLUSION

Human Resource Management (HRM) and organisational culture are inextricably linked, influencing how businesses run and thrive. Human resource management looks to make sure that the company's beliefs, norms, and practices are in line with its culture, which in turn determines how employees act and what the workplace is like. Working in tandem, they provide the groundwork for contented employees and increased productivity. Human resource management responsibilities, such as hiring, training, and performance evaluation, are facilitated by an upbeat and harmonious company culture. Workers in these settings are more invested in their job, which improves their ability to collaborate, increases their output, and solidifies their commitment to the company. For lasting success, it's crucial to cultivate a culture that encourages trust, equity, and teamwork. To make matters worse, HRM tactics get into trouble when company culture is at odds with them. Negativity and inflexibility in company culture may cause people to be resistant to change, cause disputes at work, and demotivate whole teams. When this happens, human resource management has a hard time adopting rules, raising employee performance, and holding on to top personnel because of the company's toxic culture. In toxic work situations, bias and favouritism may develop, which lowers employee morale and fairness. Companies need to work on building a resilient and flexible culture if they want to succeed in the long run. In this regard, human resources plays an important role by disseminating constructive ideals, lending support to leadership, and offering ongoing training. Through the integration of HRM practices with organisational culture, organisations may create a work environment that fosters innovation and development while overcoming obstacles.

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