

Literature Review- Impact of Organization Culture on Employee's Performance in Public Sector Bank.

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Abstract—This research paper explores the role of organizational culture in public banks, with a focus on how it impacts employee behaviour, job satisfaction, and the quality of service delivered to customers.

Public banks, which are government-owned and often tasked with serving the public good, tend to have a unique organizational culture compared to private banks. This paper investigates the factors that shape organizational culture in public banks, identifies the strengths and weaknesses of such a culture, and provides practical recommendations for improving employee engagement and customer satisfaction. Researcher has referred various research articles on the organisation culture topic and identified the importance of organisation culture and its impact on employee behaviour furthermore researcher referred a case study at state bank of India to analysed the impact of organisation culture on employee's performance.

Through case studies, and literature review, this paper aims to highlight how a positive organizational culture can Impact on Employee's Performance in Public Bank while ensuring employees fulfil their social and economic responsibilities.

Index Terms—Organizational culture, Employee's Performance, Public Bank.

1. INTRODUCTION

Organizational culture refers to the shared values, beliefs, and practices that shape the behaviour of employees within an institution. In public banks, organizational culture is influenced by the unique structure and goals of these institutions. As government-owned entities, public banks are expected to serve a broader social and economic purpose, focusing not only on financial performance but also on public service, inclusivity, and stability. This mission often creates a culture that prioritizes caution, adherence to regulations, and fairness.

However, the bureaucratic and rule-bound nature of this culture can sometimes lead to challenges in terms of innovation, employee engagement, and customer service. This research aims to explore how the organizational culture of public banks influences employee attitudes, satisfaction, and performance, as well as the quality of service.

2. OBJECTIVES OF STUDY

- 1) To study the concept of organisation culture and its importance.
- 2) To study various literatures conducted on Impact of Organisation Culture on Employee's Performance in Public Bank.
- 3) To study the effectiveness of organisation culture on Shaping Employee performance.

3. RESEARCH METHODOLOGY

This research used a qualitative approach, combining case studies, and a review of existing literature. For this research researcher referred five research articles published in reputed journals and one case study on state bank of India.

3.1 Case Studies

One case study was selected: the selected cases study focuses on Impact of Organisation Culture on Employee's Performance in Public Bank.

3.2 Review of existing literature.

Researcher has referred five research articles published in reputed journals and magazines. researcher emphasises on selecting such research articles which has focused on innovative workforce through organisation culture for Shaping Employee Experience and Customer Services also better understand the values and behaviours that public banks aim to promote within their organizations.

4. LITERATURE REVIEW

However, research by Denison and Schein (1990), indicates that public sector organizations—including public banks—can develop a bureaucratic culture. This culture is characterized by strict adherence to policies and procedures, which can be beneficial for maintaining stability and compliance but may also lead to inefficiencies and employee frustration. Bureaucracy often results in slow decision-making, reduced innovation, and low adaptability to changes in the external environment, such as technological advancements or changing customer expectations.

Organizational culture in public banks is often viewed through the lens of public service motivation, where employees are driven by a desire to serve the public good rather than by profit incentives. Scholars such as Perry & Wise (1990) highlight the strong sense of duty that motivates employees in public organizations, which can lead to high job satisfaction, especially for those who value contributing to society.

A study by Fakhare Shahzad, Luqman Rana Adeel, (2012), The objective of this article is to demonstrate, conceptualization, measurement, and examine and various concept on organization culture and performance. It was found that organizational culture has deep impact on the variety of organization process, employees and its performance. Research shows that if employees are committed and having the same norms and value as per organization can increase the performance towards achieving the overall organizational goals.

A study by Bhatt Prachi (2012), the study covers relevant and broader HR perspective and HRM practices and context of change. HRM practices in organization can make cooperative environment and effective development opportunities, grievance handling, open communication, individual goals and societal goals. Change in HRM philosophies and HRM practices stimulate high performance in banking sector organization.

A study by Nadia Nazir, Dr. Shazia Zamir (2015) in research article title – “Impact of Organizational Culture on Employee’s Performance” emphasis on an effort to explore the impact of organization culture on employee’s performance. The objectives of study were to determine the relationship between organizational culture and employee’s performance, to find out the gender-based differences regarding employee’s performance and to find out the gender-based differences regarding organizational culture. Role based performance and organizational culture questionnaires were used. The 20 items questionnaire relating employee’s performance and 17 items concerning organizational culture were used to collect the data for study. Sample of 60 employees were taken from different organizations. Mean, standard deviation, t-test and Pearson correlation were used for statistical analysis. The findings indicates that there is positive relationship between employee’s performance and organizational culture and also indicates that there is no significant difference in responses between gender of employees regarding organizational culture and employee performance.

Case study

Case Study of State Bank of India

A Study on Organizational Culture and its Impact on Employee Performance:

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Introduction- The management of an organization wants their employees to identify with their values, beliefs, and Norms; the purpose behind this is to familiarize their employees with the Organizational system as well as to bind them together as a workforce so that they are given unity of direction in work. These Beliefs, Values, Symbols as well as Rituals that will define the working style of the employees are combined together to form a culture of an organisation.

Organisational culture: Different Type of Organizations have different kinds of culture, depending upon its strength, which have significant influence on behaviour and attitudes of the employees, their job satisfaction, performance and their turnover. The reason behind this is the fact that people are always affected by the culture in which they live. In short Organisational culture consists of values and unwritten rules of conduct prevails in an organisation defining the management beliefs, styles, priorities, and behaviour which will influences the way in which people communicate, plan and make their decision.

Employee performance: For a long decade job performance of employees is one of the widely used dependent variables in the studies related to human resource because of the fact that the performance of an employee is of high relevance not only for the organisation but also for alike individuals.

Research gap: Organisational culture and Employee performance has been studied by several researchers globally in different sectors. Literature review suggests that not much emphasis has been given on identifying the impact of Organisational culture on employee’s performance from Indian perspective. Since there are dearth of studies in these areas. The present study explores various aspects of Organisational culture and its dimensions with respect to its impact over the performance of banking employees of State Bank of India.

Findings: After a thorough discussion on the theoretical foundation of Organizational Culture and Employee Performance along with discussion on the OCTAPACE model and data analysis and interpretation it has been found that the conceptual framework and review of past studies pertaining to organizational culture and employee performance

suggests that a good and transparent organizational culture always positively impacts the employee performance. The literature review suggests the in Indian banking sector with respect to the sample of the study organizational performance is one of the important indicators of employee performance. Further for studying the impact of Organisational culture on employee performance of State banks in Delhi has been found by testing the set hypothesis that most of the measures of Organisational culture (OCTAPACE) have a positive and strong impact on the performance of employees in State bank of India (In Delhi).

Conclusion: The study has observed the impact of Organizational Culture on Employee Performance in case of State bank of India and this has been achieved by testing various hypotheses. The data is collected through self-administered questionnaire and method of sampling has been convenience sampling. The results show that Organizational Culture can be measured through OCTAPACE model and the model is suited to Indian Banking Sector. It would be justified to state that a detailed inquiry into the hypothesis testing suggest that employee performance is affected by the various dimensions of organizational culture in SBI. Most of the variables of OCTAPACE model have a strong impact on the performance of the banking employees. This is a positive outcome and the organizations can implement organizational policies related to organizational culture to improve the performance of its work force.

5. THEORETICAL FRAMEWORK OF ORGANISATION CULTURE

Organizational culture refers to the shared values, beliefs, behaviours, and norms that shape how individuals within an organization interact with each other and with external stakeholders. It influences how employees approach their work, make decisions, and collaborate, and it plays a significant role in shaping the overall work environment.

Key components of organizational culture include:

1. **Values and Beliefs:** These are the guiding principles and philosophies that influence decision-making and behaviour within the organization.
2. **Norms and Practices:** These are the established and accepted ways of doing things within the company, such as communication styles, work processes, and collaboration methods.
3. **Leadership Style:** The way leaders behave and interact with employees plays a big role in shaping

the culture. For example, a top-down, authoritarian style versus a more democratic or participative approach.

4. **Communication:** The methods and openness with which information is shared within the organization, whether it's top-down, bottom-up, or peer-to-peer.
5. **Work Environment:** This includes physical space, as well as the overall atmosphere—whether the workplace feels collaborative, competitive, relaxed, or formal.
6. **Rituals and Traditions:** These are recurring practices and events that contribute to the identity of the organization, such as annual retreats, team-building exercises, or recognition events.
7. **Rewards and Recognition:** How the organization recognizes and rewards employee performance and behaviour, which can encourage or discourage certain actions or values.
8. **Innovation and Risk-Taking:** The willingness of the organization to embrace new ideas, experiment, and learn from mistakes

Types of organizational cultures include:

Organizational culture can be categorized as "hard" or "soft" and "formal" or "informal," with "hard" focusing on structure and control, while "soft" emphasizes people and relationships, and "formal" emphasizes rules and procedures, while "informal" emphasizes flexibility and adaptability.

Here's a breakdown of these organizational culture types:

Hard vs. Soft Cultures:

- **Hard Culture:**
 - Focus: Efficiency, results, and control.
 - Characteristics: Strong emphasis on rules, procedures, and hierarchy.
 - Examples: Market culture, Hierarchy culture.
 - Market Culture: Driven by results and competition, with a focus on financial performance and customer satisfaction.
 - Hierarchy Culture: Emphasizes order, stability, and a clear chain of command.
- **Soft Culture:**
 - Focus: People, relationships, and collaboration.
 - Characteristics: Informal communication, employee empowerment, and a focus on well-being.
 - Examples: Clan culture, Adhocracy culture.
 - Clan Culture: Values collaboration, trust, and employee loyalty, with a focus on teamwork and community.
 - Adhocracy Culture: Prioritizes innovation, flexibility, and adaptability, with a focus on creativity and experimentation.

Formal vs. Informal Cultures:

- Formal Culture:
- Focus: Structure, rules, and procedures.
- Characteristics: Clear roles, defined processes, and a hierarchical structure.
- Examples: Hierarchy culture, Order culture.
- Informal Culture:
- Focus: Flexibility, adaptability, and collaboration.
- Characteristics: Decentralized decision-making, open communication, and a focus on relationships.
- Examples: Adhocracy culture, Clan culture

6. FINDINGS AND DISCUSSION

6.1 Key Features of Organizational Culture in Public Banks

From the literature review and case studies, several cultural traits emerged as common across the public banks studied:

1. **Public Service Orientation:** There is a strong sense of purpose in public banks, with many employees motivated by the opportunity to contribute to the public good. This creates a work environment where employees feel proud of their role, especially when they are serving underserved populations or contributing to national economic goals.
2. **Stability and Security:** Employees in public banks value job stability, which is often seen as one of the most important benefits of working in the public sector. This sense of security influences both employee behaviour and the culture within the bank.
3. **Bureaucratic Structure:** Public banks have a strong focus on rules, regulations, and formalized processes. This ensures compliance with government policies and maintains financial stability but can create a slow-moving organizational environment where employees feel their ability to make quick decisions is limited.

6.2 Employee Performance and Job Satisfaction

While employees in public banks report high levels of job satisfaction due to the sense of contributing to the public good, several challenges were noted:

- **Job Satisfaction:** Many employees expressed satisfaction with the social impact of their work, such as providing financial services to low-income communities. However, satisfaction was tempered by frustrations with the bureaucratic processes that hindered their ability to implement ideas quickly.

- **Work-Life Balance:** Public banks often provide better work-life balance than private banks, with fewer demands on employees outside regular working hours. This contributes to higher employee retention but can also contribute to complacency in some cases, as employees are less driven by performance-related incentives.
- **Motivation and Engagement:** While public service motivation is high, many employees felt their creativity was stifled due to rigid rules and a lack of autonomy. There was also a perception that promotions and career advancement were more based on seniority than performance, leading to a sense of stagnation.

6.3 Impact on Customer Service

Public banks, particularly in developing economies, play a crucial role in financial inclusion and service delivery to underserved populations. Employees generally take pride in this mission, which positively impacts the way they interact with customers. However, the bureaucratic culture sometimes leads to customer frustration:

- **Strengths:** Customers in public banks often experience a high level of service when it comes to access to basic banking services, such as savings accounts, loans for housing, or government-sponsored financial programs. Public banks are more likely to offer lower fees and interest rates compared to private banks, which is especially important for low-income individuals.
- **Challenges:** The rigid procedures and slow decision-making processes in public banks can result in longer wait times for customers, particularly when they need to access more personalized services. Front-line employees often struggle with dealing with complex customer issues because they have limited authority to make decisions on the spot.

7. RECOMMENDATIONS

Based on the findings, the following recommendations can help improve the organizational culture in public banks:

1. **Improve Leadership and Employee Engagement:** Managers should be trained to empower employees and support their personal and professional growth. Creating pathways for career advancement based on performance rather than seniority can improve employee motivation and reduce feelings of stagnation.
2. **Streamline Processes:** Public banks should review their internal procedures and identify bottlenecks that slow down decision-making. The implementation of digital solutions and automation in routine tasks could help employees

focus on more value-added activities, improving both efficiency and customer satisfaction.

3. Encourage Flexibility and Innovation: Public banks should strive to maintain their core values of stability and public service, but also create space for innovation. This could include implementing cross-functional teams, encouraging employees to share ideas, and allowing for more decentralized decision-making to speed up customer service.
4. Strengthen Customer Focus: Public banks need to invest in improving the customer experience by providing more personalized services. This can be achieved by empowering front-line employees to make decisions, improving the use of technology to track customer needs, and creating channels for customer feedback.

8. CONCLUSION

The findings of this study clearly indicate that organizational culture plays a pivotal role in shaping employee performance at Public Bank. A strong, positive culture characterized by clear values, mutual respect, open communication, and a commitment to employee development significantly enhances motivation, job satisfaction, and overall productivity. Conversely, a weak or misaligned culture can lead to disengagement, inefficiencies, and higher turnover.

At Public Bank, elements such as leadership style, internal communication, recognition systems, and shared values directly influence how employees perceive their roles and responsibilities. When the culture supports innovation, accountability, and professional growth, employees are more likely to exhibit improved performance, take initiative, and align their goals with those of the organization.

In conclusion, fostering a healthy and supportive organizational culture is not just a matter of internal branding or workplace harmony- it is a strategic tool for enhancing employee performance and achieving long-term organizational success. Therefore, Public Bank should continue to invest in cultural development initiatives, regular feedback mechanisms, and leadership training to ensure alignment between its organizational values and employee expectations.

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