

Management and organization

[Business](#), [Management](#)



Does a strong organizational culture and organizational commitment increase the overall of a firm? Illustrate a real life example to support your arguments.

Introduction For choosing this topic for the essay , It is because organizational culture is the heartbeat of a firm. It determined the way the firm run and the self-value of the founder and the main value of the company , After reading this essay people can easily under stand the two main element: management practice and innovation and risk taking. And also knowing how the way this two values bring good influence of high performance .

The main objectives in the essay is to show people what is the connection between organizational culture, strong organizational culture and commitment of the organization and how they are closely related to the overall performance of a firm. During the essay , theory is there to support the ideas . And to connect the two task we first need to know about organizational culture and the role of it in a company, then we need to understand how does strong culture bring influence to a organizational commitment and how are these three task increase the overall performance of the firm.

To present the issues about the organizational culture, strong organizational culture and organizational commitment there is a real -life example explaining that those three factors that could bring good influence to IKEA, a well known global furniture company from Sweden and explain the theory base on the company dynamic. First this essay will examine some background information about the firm, to help readers to understand more detail about how those three factors influence the corporate.

Background information of IKEA IKEA was founded in 1943 as a mail order company in a small village in the southern part of Sweden a place called Småland. The founder of IKEA is called Ingvar Kamprad, and he started to deliver with a van to the train station. IKEA has started to use catalogue for selling and provided a place that customer can be use and touch in the 1950s. The company's three main traits were function, quality, and low price.

IKEA started to buy their goods from the eastern part of Europe because of the supply problem. In the 1960s, IKEA opened a storehouse in Stockholm for customers to serve themselves, IKEA had turned a difficult problem as a special selling way. By now IKEA has developed over 150 shops around the world (Kling; Goteman, 2003). Organizational Culture To analyse how strong corporate culture brings the influence to improve the overall performance, Firstly, identifying corporate culture is the first step to start with.

Although organizational culture was definite in variety of ways and aspects, many people think that organizational culture is a group of values, beliefs, ways of working, principles, behavior and attitude that share by all of the members and the image of the company. In the other hand, corporate culture should be considered as the correct way that the things to be done and solution of solving the problems in the firm. The culture of the organization also helps the managers to make decisions by providing better ways to think, feel and take reaction because the culture of the firm is concluded by experience of the elders of the firm.

For new employees, culture is the correct way that to react, so, culture can continue corporate survival and development. (Sun, 2008) The function of

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the organization culture is another key point, first to build up the feelings to people that they are belonging to the firm and personal commitment along the firm, Secondly, creating a competitive edge to enable the members (especially to new members) in the organization to well understand acceptable behavior and social system stability (Sun, 2008).

Therefore, an excellent company needs to have a strong corporate culture which can attract, keep and prize employees to behave good, achieving goals and performance as a role model for others. And strong culture always being professionalism and co-operation in the services of common values (Sun, 2008). For IKEA, their organizational culture is a very informal type, the culture is based on some values that roots in Smalandish or Swedish culture. And things like informality and cost awareness and a “down to earth earth” approach.

Also letting their employee to be responsible, during the communicate and training for the new staff there are a few of values and intention held by IKEA that they always mention about. For IKEA, the firm have the thought that organizational culture is a very important part in running a business. It have been focus on our sales, development and also of marketing. (Kling and Goteman, 2003). But having a simple culture is not enough and can not fulfill the condition to achieve success, so a Strong organization culture is needed to increase the performance of the firm.

Benefit of strong organizational culture Every company are assuming to have a “Strong Culture”, which is always definite as which key value are deeply and widely hold and also bring strong influence among the members of the organization. Culture is a hidden forces that can provides meaning and

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direction, that is system that can share the meaning, belief and values that can ultimately affect employees behavior, so is much obvious in strong organizational culture.

The performance benefit from strong culture are , Firstly, general consensus and recognition of corporate values and norm help with the social control inside of the firm, people are broadly agree that the specific acts are more appropriate than others , invasion of behavior will be found out much quickly and corrected faster, and the correction may be usually come from the employees come from different department and different hierarchy. Therefore, social control can reduce the cost and much efficiency than the formal control,.

Secondly, the strong organizational culture improve the goals alignment with clear organizational goals and practice, less uncertainty may happen to the employees and they could know how to react with unexpected situations , it also conducive with the coordination, there are less debate chances for different parties in the firm about the best interest. At last , strong organizational culture enhance employees performance and enthusiasm, because they think that they are free to chose what they want(Jesper B. 2002). For IKEA the CEO of the firm that name Anders Dahlvig thinks that “ culture has to have some bearing on and support the business idea or very important part of a company in the senses that the values of the culture really influence the business itself. ” Some certain factors need to be much stronger in some of the countries like cost consciousness in China. commitment of the organization Organizational commitment have it's important place , base on the knowledge of organizational culture we would

know that corporate culture shapes people's behavior, and it had also brings big influence in organization, particularly in areas such as performance and commitment. Organizational Commitment is always known as the mentally strength of the attachment between an organizational and the employees, and also refer to the willingness of employee to put their time and energy to their corporate, other than the purely working relationship.

According to Lahiry(1994), there was a model that organizational commitment is mixture with three element: affective, continece and nominative commitment that have brings lots of influence. According to Moradi, Hassan and Tohidy Ardahae, affective commitment is build by three feature, that are belief and accept the organization's goals and value, willing to put effort to achieve the goals and value of the corporate and desire to maintain the membership of the corporate.

Continece commitment is that how many the firm need to pay for if the employee leave the firm. Nominative commitment means that employees feelings about bound of remaining the firm. According to Lahiry(1994), "practitioners should pay special attention that defensive culture patten were found to be positively related to continece commitment." A high scale of continece commitment may tired up the employee to the firm.

In the example of IKEA, the CEO, Anders Dahvig said that in different countries and market there are different of the values, national boundaries is not the main attention, It is more about personal, some of the time the difference between one store and another can be even bigger than the store between one country and another, how is the individual managers doing is

much more important, because of the different level of the commitment the employee hold, it really influence the culture.

Putting attention on culture is to be fair when you are hiring people, you assess and choose a person, then when the operation go on, you will know that a typical of behavior will be prized and it is the way to streamline . And employee can analyses if the value of the company is suitable for them or not. So the staff who leave are the people that having the organizational commitment . Overall performance For the organizational culture numbers of the research also show that to assume thepresence of a “ strong” culture as a positive influence on orporate performance. According to Han(2012) , an analysis show that the impacts of types of organizational culture affects on corporate performance , showing thatfamily-like clan culture and the entrepreneurial Adhocracy culture had a good influence on the growth of the financial performance. It also show that a strong , appropriate culture brings effect on the financial performance . The relationship between them are direct, however it always bring effect of strategic orientation.

So if the managers put more time and effort a much stronger culture it will improve there performance through increasing interest in culture that employees will like, so the organizational commitment will certainly increase. In IKEA, they allow lots of freedom depending on their employee that who they are and what their specific skills are basing on their core culture value and they had try to connect there culture with their company image, and they also wants the leaders in the IKEA , build up their own style basis on there organizational culture.

They also build their selling points based on one of their culture-cost consciousness, they are not the traditional furniture company that had targeted their customers as middle age people, but on the young families and young people that has low financial foundation and the furniture has to be assembled by yourself. For Organizational commitment, according to Lam (2011), “that salespeople's dispositional competitiveness relates to their discretionary performance and that affective commitment mediates that relationship”.

It had also provided more details evidence that competitive salespeople commit more emotionally to their corporate when they think their work atmosphere to be more competitive. That study shows that affective commitment is another mediator, which helps to clarify why competitive employees are willing to perform discretionary activities behalf of organizations and customers. That findings had show that hiring person that share the same value and goals with the organization is important and affective commitment helps to explain why competitive individuals make good employees.

The impact of a competitive personality on affective commitment is always interrelated, it explains that competitive individuals feel emotionally attached to the organizations. In IKEA, there were a lot of co-workers in the company, but there are some turnover of staff that affected in the company, so IKEA need to hire 20,000 new staff into the firm every year, they should get training to meet customer basis on the value of the firm, it help the firm to build up their culture strongly and connected them the corporate image.

They are also selected during the recruitment that share the same value as IKEA, increasing the organizational commitment, so the firm can decrease the percentage of turnover and reduce the expense on training new staff, and the loyalty of the employee will improve. The relationship between employee and organization is not purely working relationship. IKEA also give questionnaire to their co-workers of the feeling of the firm, and try to improve the satisfy of their employees. Conclusion

For conclusion, strong organizational culture and organizational commitment have bring improvement to the overall performance of the firm, in management and financial. Strong organizational culture is the organizational culture that had been widely and deeply held by their employees, it help the corporate to improve their financial performance, For IKEA, they allow freedom to their leader to build their own management style basis on the value of their company, they are also building their core value as there products selling points.

Organizational commitment is a mentally strength of the attachment between the employee and the organization, it help the organization to decrease there staff turnover and reduce the expense on training, so strong organizational culture and Organizational commitment has increased the overall of the firm and people can understand much easily basing on the example of IKEA. References Daniel I. Prajogo, Christopher M.

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