

# THE STUDY ON THE RELATIONSHIP MODEL AMONG THE CORPORATE CULTURAL STRENGTH, EMPLOYEE BEHAVIOR AND ORGANIZATIONAL PERFORMANCE

Qiuxue Luo<sup>a</sup>

<sup>a</sup> *Baise University*

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## Abstract

Based on the research results related to the corporate cultural strength, employee behavior and organizational performance, this paper summarizes the relationships between and among the three variables. With the support of the Psychological Contract Theory, it builds a comprehensive research model composed of the corporate cultural strength, employee behavior and organizational performance, analyzes and discusses the enlightenment and application of the model.

*Keywords:* Corporate Cultural Strength; Employee Behavior; Organizational Performance; Comprehensive Model.

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## 1. Introduction

Organizational performance, as the core of the organization theory and strategic analysis, has been emphasized by people since 1980s, and is a hot topic in the field of management. Organizational performance, a critical aspect of enterprise management, has an important relationship with the construction of corporate culture, and as a key part of the latter, its specific content varies with time. As [1] points out, a relatively completed model of the formative stage of the psychological contract has been proposed, illustrating that creating a psychological contract is the essence of the corporate culture to build a close relationship between the employees' exertion of personal values and integration of psychological factors and the enterprise development, so as to play an imperceptible but vital role in the long-term operating performance of the enterprise. According to this paper, therefore, it is necessary to consider individual behavior factors of employees as studying the relationship between the corporate cultural force and organizational performance. As employee behavior is an important form of ex-

pression on the individual level, the formation of individual behavior will be affected by the corporate cultural force, and has a close relation with organizational performance.

## 2. Literature Review

### 2.1. Corporate Cultural Strength

As a sub-system of the comprehensive enterprise competitiveness, the corporate cultural strength itself is also comprehensive, including various elements which form dynamic vitality to play a significant role in the enterprises and social development [2]. In order to help the enterprise improve its cultural force, scholars at home and abroad have commenced the research on the system of constituting the corporate cultural force. Comparatively speaking, the mainstream includes the Three-dimensional Concentric Circle Theory, the Four-dimensional Structure Theory, and the Five-force Element Theory. An enterprise must continue to improve its ability to really keep a lasting competitive advantage. However, the key to advancing the ability is to constantly enhance

the corporate cultural force which determines the strength of the enterprise's core competence.

## 2.2. *Employee Behavior*

The research related to the employee behavior is the most common in the field of organizational behavior, directly affecting the effectiveness of the organization. As for the enterprise, its goals and benefits must be realized through employee behaviors. A person is both a subject and an object of the corporate cultural force, while this force is people-oriented as a carrier of behavior via a person. The corporate cultural force is realized by employees, and reflected in their specific behaviors. As [3] points out, it is common to adopt the subjective approach to measure individual behaviors in the field of organizational behavior research. This approach focuses on the aspects of employee behaviors, including organizational commitment, organizational citizenship behavior and turnover intention, which are crucial to employees to show good performance, as well as a priority of the practice field.

## 2.3. *Organizational Performance*

In English, "performance" means achievement, which is a premise of the organization to exist and develop, as well as a vital core of management practice and theory. Peter Drucker, an expert of management, regards performance as a "direct achievement" in his book—*The Effective Executive*. There are mainly three perspectives on performance, including the result as the basis of performance evaluation, the behavior as the basis of performance examination, and the combination of the result and behavior as the basis of performance assessment. According to the opinions of people such as [4], "performance is an achievement and result of work, because these achievements and results are closely related to the corporate strategic goals, customer satisfaction, and returns on capital investment." Thus organizational performance can be defined from different perspectives. But generally speaking, it is a measure to achieve the goals of the enterprise, and a result that the organization presents in various levels to

achieve its goals, mainly referring to the performance the whole organization makes in a certain period of time.

## 3. **An Analysis of the Relationships among the Corporate Cultural Strength, Employee Behavior and Organizational Performance**

### 3.1. *Relationships between the Corporate Cultural Strength and Organizational Performance*

[5] point out that the corporate cultural force, a "core" embedded in the enterprise organization, technology and management, can not only improve production efficiency and reduce transaction costs, but also promote the values of the brand and products, so as to enhance the competition ability of the enterprise. The corporate cultural force gives the enterprise tangible & invisible and economic & social benefits, which proves that it is an effective measure to achieve economic growth [6]. [7] thinks that the corporate cultural force is an internal driving force of enterprise sustainable development, and plays an important role in helping the enterprise achieve good performance. Excellent corporate culture can reorganize internal value differences, so as to improve the operational efficiency of the organization, and strengthen the organizational commitment and team morale. The corporate cultural force has strong path dependence on enterprise development [5].

### 3.2. *Relationships between the Corporate Cultural Strength and Employee Behavior*

[8] believes that the corporate cultural force must be reflected in the thoughts and behaviors of employees. On the one hand, employees can realize their roles of behavior in the whole development strategy of the enterprises through the corporate cultural force, so as to internalize the enterprise's vision, values and goals to guide their self-behavior values and consciousness, and achieve the integration between the enterprise and the individual. On the other hand, this internalized corporate cultural force will constrain employees as the individual to attach importance to

business interests, so they can correct and overcome it in time when their behavior is inconsistent with norms. Leaders effectively shape the corresponding cultural norms and translate them into management and employee behavior [9]. [10] emphasizes that it is highly important to build a deep corporate culture which can really drive employee behaviors. [11] make a conclusion that corporate culture impacts on the behavior of the enterprise by guiding the behavior and values of members. However, as for the most reactive, adaptable and imaginative elements of the personnel organization, the efficiency of any act of the enterprise will be restricted by the behavior of its members. In the final analysis, as corporate culture is created in practice by people, there is a close relation between people and corporate culture [12]. Through employee behavior, the value pursuit and concept of the enterprise can be touched and felt; customers and society can have a clear understanding of corporate culture.

### *3.3. Relationships between Employee Behavior and Organizational Performance*

In the 1980s, with the rise of the corporate culture theory, [13] proposed the “Theory Z” based on the humanistic management, and emphasized the influences of organizational support, organizational climate and employee relations on the employee productivity. This theory is supported in the empirical test, specifically including the following factors: organizational commitment, organizational or supervisory support, transformational leadership, organizational climate, working environment and conditions, authorization, compensation fairness, corporate system and corporate culture [14]. Qu Qing and Gao Ang (2013) find in a research that as for the vitality and market values, the person-organization fit basically has a positive correlation with employee performance. As a result, it is believed in this research which tends to be a behavioral synthesis of the performance, that the dependent variable of organizational performance should cover the employee’s abilities, attitudes and behavior.

### *3.4. Integrated Relationships among the Corporate Cultural Strength, Employee Behavior and Organizational Performance*

The corporate culture will influence the value orientation of the employees, thus influencing their behavioral orientation, behavioral patterns, behavioral strength and efficiency, thus further influencing the overall operation efficiency of the enterprise [15]. [16] have pointed out that the corporate culture plays the role of normalizing the employees and their behaviors, and improving the enterprise’s business performance. [17] has also emphasized that the corporate culture can guide and shape the attitudes and behaviors of employees, thus impacting on the final performance of the enterprise. [18] believed that the corporate cultural force has the functions of guiding, normalizing, cohering, inspiring and radiating, serving as an important guarantee for the enterprise to secure sustainable competitive advantage. The corporate cultural force can not only create a phenomenal motivation for the employees, but also raise the enterprise’s performance. [19] believed that a raise in the enterprise’s performance must be realized through the change of employees’ behaviors, which again must be supplemented by guidance for their attitudes. Maria (2006) viewed employees’ behaviors as an important tool for the corporate cultural force to cast an influence on the organizational performance.

[6] believed that the corporate cultural force is an “unseen hand” in the process of an enterprise’s production and management, which impacts on the regulation of an enterprise’s management system through a consensus reached by all employees, impacts on the coordination of management elements, and impacts on the synergy of work efficiency and economic benefits. We believe that the most successful strategic human resources management can be realized through influencing the mentality of the employees thus to realize a raise in the employees’ performance finally. There are many ways to change an employee’s mentality, with the corporate cultural force being the most influential one. The cohesion of the corporate cultural force can enable members of a group to form similar views and values, thus rendering concor-

dant behaviors and cooperative efforts in reaching the common goals. We can build a strategic human resources management pattern based on the corporate cultural force and change the employees' mentality to transform their behaviors to improve performance through the penetrating effects of corporate culture force. We shall attach great importance to the human nature and truly realize a "people foremost" corporate culture. Organizational performance is the sum of every employee's individual performance. The overall performance goal of the organization is supported through the realization of the performance goals of individuals. It can be put this way that the individual performance is the basis of organizational performance, and the individual performance impacts on the organization's performance through the medium of employees' behaviors. A mental contract constitutes the core of the corporate cultural force, which directly impacts on the behaviors of members within the organization, thus further impacting on the organizational performance.

Therefore, based on the above-mentioned variables in the research, we have constructed a theoretical model for the relationship among the corporate cultural strength, employee behavior and organizational performance, as shown in Diagram 1.

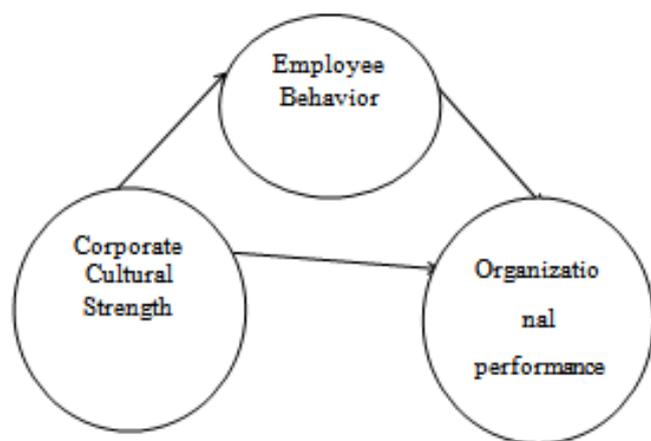


Figure 1: Comprehensive Model of the Research

#### 4. Model revelation and application

In practice, to construct the pathways and mechanisms based on the Psychological Contract Theory analyzing the influence of the strength of corporate culture on organizational performance, which can dynamically reflect the effect of the strength of corporate culture on operating management. These results can be used to evaluate the situation of corporate culture strength, and then improve the level of the strength for achieving the strategic targets of enterprise development. In theory, the thesis attempts to apply the Psychological Contract Theory to study the relationship between the strength of corporate culture and organizational performance on the basis of employees' attitudes and behaviors as mediators, which is a new field of Psychological Contract Theory application, and a new perspective on studying the strength of corporate culture and organizational performance.

#### 5. Conclusion

The building of corporate cultural strength cannot be completed in a short duration of time. It is necessary to combine the foresight of enterprise founders and leaders and influence of rules and procedures, with joint efforts of all the staff accumulated in a long period. At the meantime, the strength of corporate culture can be divided into multi-dimensional subcultural strength. Managers can enrich the connotation of the strength from different aspects.

Although the thesis has comprehensively discussed the model structure and application with the strength of corporate culture, employee behavior and organizational performance as variables of research models, these relationships have not been proved by empirical study yet, so the relevant management enlightenments and suggestions are just the personal views on the basis of existing literatures. Therefore, the writer will conduct the empirical study through more scientific methods to research the triadic relation, and provide more viable and targeted management suggestions for enterprise management and practice based on the results of empirical study.

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