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PREVIEW

CORPORATE CULTURE AND ITS RELATIONSHIP
TO PARTICIPATION AND JOB SATISFACTION

by

Samuel H. Lloyd

Submitted in Partial Fulfillment
of the Requirements for the Degree of
Doctor of Professional Studies in
the Graduate School of Business
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CORPORATE CULTURE AND ITS RELATIONSHIP TO PARTICIPATION AND JOB SATISFACTION

ABSTRACT

This study provides organizational leaders important information about building and strengthening organizational cultures with a focus on employee participation, involvement, and job satisfaction. The key question researched is how do leaders get employees to increase adherence to the corporate culture. A fundamental linkage is made between the Hawthorne studies of the 1920's, which focused on increasing productivity, and the emphasis on organizational culture today. The bottom line advantage for business leaders in achieving a strong appropriate culture is increased marketplace success. Empirical research hypotheses are tested with input from over 2,000 supervisory and non-supervisory individuals. Among the research methods and tools used were Factor Analysis, Cronbach Coefficients, Correlation, Multiple and Step-wise Regression, and Discriminant Analysis. Among the conclusions drawn from this research is that a focus on employee participation and involvement can increase adherence to corporate culture beyond the effects of job satisfaction elements, i.e. salary, opportunity, feelings about coworkers, managers and the job itself.

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PREVIEW

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TABLE OF CONTENTS

| | |
|--|----|
| LIST OF TABLES | v |
| Chapter | |
| I. INTRODUCTION | 1 |
| II. REVIEW OF THE LITERATURE | 5 |
| General | |
| Satisfaction | |
| Participation | |
| Corporate Culture | |
| Related Research | |
| III. HYPOTHESES AND RATIONALE | 55 |
| General | |
| Hypotheses | |
| Summary | |
| IV. RESEARCH METHODOLOGY | 60 |
| General | |
| Employee Survey Approach | |
| Variable Explanations, Labels, and Numbers | |
| V. TESTS OF HYPOTHESES AND RESULTS | 89 |
| Final Variable Selections and Underlying Relationships | |
| Variable Indices Relationships | |
| Single Variable Relationships | |
| Variable Relationships - Sub-groups | |
| Differences in Mean Ratings of Variables | |
| Composite Linear Relationships with Culture | |
| Determinants of High/Low Ratings of Culture | |

| | |
|--|-----|
| VI. SUMMARY OF RESULTS | 116 |
| VII. CONCLUSIONS AND DISCUSSIONS | 120 |
| REFERENCES | 128 |
| APPENDICES | |
| A. Factor Analysis - All Variables | 132 |
| A1. Factor Analysis - 23 Variables | 145 |
| A2. Factor Analysis - Participation Variables | 152 |
| A3. Factor Analysis - Culture Variables | 157 |
| A4. Factor Analysis - Job Descriptive Variables | 162 |
| B. Cronbach Alpha Coefficients | 164 |
| C. Correlations with Individual Culture Variables Population 2209..... | 172 |
| C1. Correlations with Individual Culture Variables Population 3423 | 174 |
| D. Highest Correlations with Culture Variables by Sub-group..... | 176 |
| E. Multiple Regression - Indices and RATECOM | 179 |
| E1. Multiple Regression - Culture and Other Variables | 180 |
| E2. Multiple Regression - Culture, Participation, and Job Descriptive Variables | 181 |
| E3. Stepwise Regression - Indices and Demographic Variables | 184 |
| F1. Multiple Regression - PRINC1 | 191 |
| F2. Multiple Regression - PRINC2 | 193 |
| F3. Multiple Regression - PRINC3 | 195 |
| F4. Multiple Regression - PRINC4 | 197 |
| F5. Multiple Regression - PRINC5 | 199 |
| F6. Multiple Regression - PRINC6 | 201 |
| F7. Multiple Regression - PRINC7 | 203 |

APPENDICES (continued)

F8. Multiple Regression - PRINC8 205

F9. Multiple Regression - PRINC9 207

PREVIEW

LIST OF TABLES

| Table | Page |
|---|------|
| 1. Factor Analysis - All Variables | 89 |
| 2. Factor Analysis - 23 Variables | 91 |
| 3. Factor Analysis - 14 Participation Variables | 92 |
| 4. Final Variable Selections and Cronbach Alpha's .. | 95 |
| 5. Correlations of Culture, Participation, and Job Descriptive Indices | 97 |
| 6. Culture Index Correlations with Other Indices and Single Non-Culture Variables | 100 |
| 7. Partial Correlation Results | 103 |
| 8. T-Test Results - Culture Index Means | 106 |
| 9. Multiple Regression Matrix - Rank of Independent Variables with Culture Variables | 111 |
| 10. Coefficients of Discriminant Function | 114 |

CHAPTER I

INTRODUCTION

Increasingly today we hear and read about corporate efforts to improve and gain individuals' acceptance of or commitment to corporate cultures. Employee organizational loyalty, identification, and commitment are very important to employers particularly, as significant numbers of employees are also stockholders. Previous studies have indicated that organizational loyalty is a distinct social behavior which is one of the conditions necessary for organizational survival, since it affects job performance (Lee 1971, 213). Further, a commitment to the organization has been linked to less unexcused tardiness and absenteeism (Blau 1986). Although the last decade has seen the word "culture" used more frequently to describe organizations in the way it has been used traditionally to describe countries or behavior across populations, culture is not a new focal point for improving organizational effectiveness.

Early leaders in business, such as Thomas Watson, Sr., of IBM, Harley Procter of Procter and Gamble, and General Robert W. Johnson of Johnson & Johnson, believed that a strong corporate culture brought success. They believed that the lives and productivity of their employees were shaped by where they worked. These builders tried to create an environment or, in effect, a culture in their companies in which employees would feel secure and thereby do the work necessary to make their businesses

successful (Deal and Kennedy 1982, 5).

What is exactly meant by culture in this context?

Webster's New Third International Dictionary defines "culture" as:

...the total pattern of human behavior and its products embodied in thought, speech, action, and artifacts and dependent upon man's capacity for learning and transmitting knowledge to succeeding generations through the use of tools, language, and systems of abstract thought.

Deal and Kennedy (1982) cite Webster's formal definition, but also more informally, define it as "The way we do things around here." (The meaning of culture will be discussed further in Chapter II, Review of The Literature.)

The terms "Loyalty," "Commitment," "Acceptance," and "Identification with" all carry varying definitions but, this researcher contends, are all manifestations of employee adherence to corporate culture. Although any one of these or more attitudes may exist without adherence, they are likely to exist where there is adherence. The Living Webster Encyclopedic Dictionary defines the word "adhere" as to "stick together; cling; to become closely joined or united; to be fixed in attachment or devotion, usu. followed by to; as to adhere to a belief." In other words, employees who adhere to the culture are likely to be loyal, committed, accepting, and to identify with that culture. This research infers that employee participation and involvement will lead to this adherence to the corporate culture.

One of the purposes of this study is to investigate a relationship between the Hawthorne studies carried out at Western Electric of the 1920s and the corporate culture emphases of today. The Hawthorne studies, which dealt primarily with improvements in productivity, raised several issues. Among others, is the question of whether a given social innovation, instructional method, or therapy was really responsible for the change in behavior observed at Western Electric. Proponents of the Hawthorne Effect propose that the employees improved their performance simply because they were singled out and given attention (Rice 1982, 70-74).

The intention herein is neither to support nor refute the results of those original or subsequent studies, but, rather, to draw on and amplify one of their basic philosophical conclusions: It matters when employees participate and are involved in the business of the organization. Further, this study emphasizes that it is important for managers to pay attention to employees and for employees to perceive that they are valued and important members of their organization.

Previous research has not established an empirical association between employee participation and involvement and employee adherence to the corporate culture. The results of this study will strongly suggest such a linkage, and could be useful for industrial companies which are

seeking to improve their positions in the world-wide marketplace.

PREVIEW

CHAPTER II

REVIEW OF THE LITERATURE

General

To establish the framework for the hypotheses, this literature review draws from research in the following areas:

Satisfaction - What it is and how it can be operationalized as an indicator of employee attitudes.

Participation and involvement - Both terms have been used in previous research, and both are applicable to this research.

Corporate Culture - Culture is relevant since this study is primarily about obtaining increased employee adherence to the corporate culture through greater participation.

Other researchers have studied participation, involvement, and corporate culture as areas of exploration related to their particular interests. They have also provided many insights upon which the framework of this study is based. This researcher's own experience in working with a large bank, which was in the process of trying to change its culture and was concerned with obtaining employee "buy-in" or acceptance of the changes, also has helped to establish the framework for this study.

In reviewing the literature, it is important to understand what researchers have concluded about employee satisfaction. Satisfaction is usually measured on some scale to represent employees' feelings about a given subject. This study, in essence, deals with satisfaction in

terms of the correlation of the extent to which employees feel they are valued and important members of their organizations and how they feel about important elements of their corporate culture. It is also necessary to understand prior research in the areas of "participation" and "involvement", which are key variables in this study.

Being made to feel valued and important can result from employees being given the opportunity to participate in decision making or to become involved with management and other employees about determining outcomes of corporate issues. Salary and benefits, awards, recognition, and so forth also provide tangible opportunities for feeling valued. Since one objective of this study is to establish a linkage with the Hawthorne Effect, emphasis is placed more on intangible means, e.g., participation and involvement. However, the tangible aspects come in for discussion at various points in the study.

Besides being made to feel valued and important, other factors lead to employees' feelings about their culture. It may be hypothesized that if employees are satisfied with any of several other factors, they may also have positive feelings toward the corporate culture, regardless of their feeling valued and important.

At the end of this section, results of empirical research related to this subject will be provided and will serve as a basis for comparison with this study's results.

Satisfaction

It is important to understand research on satisfaction to gain insight into employee attitudes and feelings. Much that has been written on this topic is helpful to this study. The independent variable in this study is employee feelings about participation and involvement. It is believed that the greatest level of satisfaction or positive feelings is derived from an association of participation levels with intrinsic values of the individual.

A great deal of the literature on employee satisfaction grew out of a desire during the past to improve productivity. Gruneberg (1976, page x of the preface) says the study of satisfaction can perhaps be said to have begun in earnest with Elton Mayo's famous Hawthorne studies at the Western Electric company in the 1920s. According to Gruneberg, Elton Mayo and his co-researchers started to investigate the effects of physical factors on productivity. During the course of their investigations, however, it became evident to them that social value factors also were affecting job satisfaction and productivity.

Earlier, Senator Charles Percy wrote in his foreword to the Job Revolution (Gooding 1972) that, from a human relations point of view, jobs are increasingly failing to provide a reasonable measure of personal satisfaction for millions of Americans. The net economic effect is to raise the cost of doing business, to raise consumer prices, to decrease product safety and quality, to depress the volume

of output, and to reduce the competitive advantage of US business in the world. Further, Senator Percy stated, in his view, that increasing productivity requires both changes of attitudes and concentrated public and private efforts.

Senator Percy also stated, based on Gooding's study, that the work force is now younger, better educated, more mobile, less highly motivated by money, more interested in personal fulfillment, and, thus, less easily motivated by standard types of industrial, clerical, or even junior management jobs. His general theme was a call for participation and greater fulfillment as a means of improving employee satisfaction and the productivity of the organization (Gooding 1972).

The Workforce 2000 study (Johnson 1987) tells us that the work force will have increasing representation of the aged, females, minorities, and the disadvantaged. Also, only 15 percent of those entering the work force for the first time between the years 1987 and 2000 will be native white males, compared to 47 percent in 1987. The study goes on to say that the policy makers must find ways to: maintain the dynamism of an aging work force; reconcile the conflicting needs of women, work, and families; and integrate these new entrants fully into the economy. Employee satisfaction will depend on how well this is done.

Although the demographics today are different from those of 1972, and those projected for the future will

differ from today, the challenge to maintain and improve employee satisfaction continues.

Definition of Satisfaction

It is essential first to clarify what is meant by "satisfaction." The three terms, "morale," "job satisfaction," and "job attitudes," often cause confusion because some authors use these terms interchangeably while others draw significant distinctions among them.

Researchers tend to focus on a narrow aspect of the field that is relevant to the research at hand and define their variables in terms relevant to their study. For example, David Sirota, in his IBM case study, restricts the concept of morale to items measuring "satisfaction with the work environment" (Carroll 1969, 2).

Baron (1983, 196-197) sees job satisfaction as a type of work-related attitude, with our reactions and feelings falling into three major categories: First, "affective," involving positive or negative feelings; second, "cognitive," involving beliefs about the objects or persons concerned; and, third, "behavioral," centering around tendencies to act in certain ways. When these three general types of reactions cluster about a single object and are relatively enduring in nature, Baron says, they constitute an "attitude." Many individuals, Baron states, can readily report feelings, beliefs, and behavior tendencies relating to their jobs. In short, they hold strong and well-established attitudes toward their work and specific aspects

of it. Such attitudes are generally known as "job satisfaction."

Baker (1973, 3) defines satisfaction as an internal subjective state that is not subject to external measurement except through reports by those experiencing it.

In accordance with these studies, this study measures positive and negative feelings as expressed by individuals on a corporate attitude survey.

Factors Determining Job Satisfaction

Argyris (1964, 29) emphasizes the importance of psychological success for the individual which grows out of self-awareness, self-esteem, and confirmation by the social network. This psychological success, he says, energizes the individual and creates the proper state of mind. He further points out (1964, 82) that the two very crucial variables influencing dissatisfaction are "the lack of control over one's working world and the inability to use one's abilities." He concludes that, on a theoretical level, the concepts of effective organization and individual positive mental health are congruent (Argyris 1964, 298).

Hackman and Oldham (1980, 13) discuss three primary psychological states that help determine employee satisfaction on the job: the experienced meaningfulness of the work itself; responsibility for the work itself and its results; and, awareness of results or feedback. The three psychological states are, by definition, internal to people and, therefore, not directly manipulable in designing and

managing work. What is needed, they say, are reasonable, objective, measurable, and changeable properties of the work itself that foster these psychological states and, through them, enhance internal work motivation. Their research suggests that five job characteristics may be useful in this regard. Three of these five (skill variety, task identity, and task significance) contribute to the meaningfulness of work. A fourth, autonomy, contributes to the experienced responsibility for outcomes of the work; the fifth, feedback from the job, leads to knowledge of the actual results of the work activities.

Hackman and Oldham (Ibid., 81) say the extent to which a job possesses these five characteristics determines its Motivating Potential Score (MPS). The MPS of a job ranges, theoretically from a high of 343 to a low of 1. In practice, the lowest Hackman and Oldham ever measured was 7.

Hackman and Oldham also identify three characteristics of individuals which have a moderating effect on how they respond to their work, given the motivating potential of the work. These are knowledge and skill, growth-need strength, and work context. For example, in jobs high in motivating potential, people with sufficient knowledge and skill to perform well will experience substantially positive feelings as a result of their work activities, but people who are not competent to perform well will experience a good deal of unhappiness and frustration. This presents two growth-need strength links: (1) People with high growth-need strength

will experience the three psychological states more strongly from a job with a high MPS than will their low growth-need strength counterparts; and, (2) Individuals with high growth-need strength will respond more positively to the three psychological states, when they are present, than will low growth-need individuals (Hackman and Oldham 1980, 82).

Hackman and Oldham (1980) found that the strongest relationships between MPS and the outcomes were among those employees who were highly desirous of growth satisfaction and simultaneously satisfied with the work context. Those individuals who were low in growth-need strength and dissatisfied with the work context found a challenging job so far out of line with their needs that they were unable to perform it well. When, on the other hand, those same individuals worked on a simple and routine job (one with a low MPS rating), they reacted positively to it.

Based on Hackman and Oldham's and Argyris' work, it can be hypothesized that attitudes about participation and culture are influenced by individual needs, desires, and interests. Participation, as used in this study, includes an emphasis on Hackman and Oldham's "knowledge of the actual results and feedback" job characteristics.

It would be inappropriate to conclude that satisfaction is reached based on a single construct such as involvement or participation. The literature suggests that there are many factors which affect people's satisfaction levels. Researchers have found correlations between satisfaction and

numerous variables, including demographic characteristics, such as marital status, number of children, sex, age, and job tenure. Also, there are firm-related variables, such as organizational size, salary, supervisor and subordinate relationship, organizational structure, the allocation of power within the organization, etc. (Some of the variables were discussed in the section on the definition of the term "satisfaction.") These variables do not affect all people in the same way.

This study does not attempt to address all of these factors; however, based on a very limited sampling of the literature, findings which identify some of them follow:

- Herzberg and Mausner (1967, 13) found that when respondents reported feelings of being happy with their jobs, they most frequently described factors related to their tasks, to events that indicated to them that they were successful in the performance of their work, and to the possibility of professional growth. Conversely, when feelings of unhappiness were reported, these were not associated with the job itself, but with conditions that surrounded the doing of the job.
- Argyris (1990, 53) states that it could be inferred from studies that the higher the position on the organizational ladder and/or the greater the professionalization, the higher the probability that people will report intrinsic work satisfaction. The opposite, he says, was true for those lower on the ladder and those less skilled.

- Argyris (1990, 75-76) says Herzberg also suggests that employees may become dissatisfied after they have had some experience at working. He says that the results of 17 out of 23 studies suggest that morale is high when people start their first job; it then declines during the next few years and remains at a relatively low level until it begins to rise during individuals' late twenties and early thirties. In most cases, this rise continues through the remainder of their careers.
- H. C. Lee notes that the school of participative management is based on the belief in a positive relationship between the level of work satisfaction and the amount of freedom, flexibility, and control over work methods employees are allowed (Carroll, 1969).
- McGregor (1966, 41) says that the physical, social, and egotistic needs are the areas that people are striving to satisfy throughout their lives, both on and off the job.
- Bergmann, Graham, and Wyatt (1986, 45-50) found significantly higher job satisfaction levels among full-time but not part-time employees for the factor of work involvement, but not for extrinsic rewards, security, and job environment factors. Another study by Eberhardt and Shani (1984, 893-900), revealed that part-time employees have more favorable attitudes than their full-time counterparts toward organizational structure, policies, and rewards, the existing level of trust among organizational members, and the distribution of power. They also report