Aligning Culture Typologies to Innovative Employee Benefits: Using Cameron and Quinn’s Competing Value Framework

G. Kaur (gagan1509@gmail.com)
Uttar Pradesh Technical University, India

R.R.K. Sharma (rrks@iitk.ac.in)
P. Verma (pratima@iitk.ac.in)
Indian Institute of Technology, India

Abstract
In recent years, major upheavals in the global business environment have paved way for an intensely competitive global marketplace. As such, competition to retain the most skilled and talented employee has grown and organizations use innovative and unconventional strategies to combat this situation. The unique attribute that differentiates successful companies all over the world is their unique organizational culture that helps in achieving organizational effectiveness and helps in retaining and attracting talented personnel. Therefore, HR practitioners nowadays are considering organization culture and innovative employee benefit as an important impetus of employee behavior. As Organization Culture and employee benefits are interrelated constituents of a broad organizational system framework that helps in achieving strategic goals of the organization, alignment and synchronization between the two is very important. When these two important variables of the organization system are not in congruence with each other they send conflicting signals that creates confusion in the minds of employees.

This paper investigates the relationship between employee benefits and various organization culture typologies and suggests the best possible scenario for optimal performance. Based on Competing Values Framework which is the most detailed model that describes content and strength of organization culture. We have used various typologies viz. clan, adhocracy, market, and hierarchy and unconventional employee benefits like flexi-time, Employee referral scheme, Educational Benefit and Workplace recreation to put forth 4 propositions. More specifically, authors developed a theoretical framework which finds that clan culture emphasizes on flexi-time & educational benefits programs; adhocracy culture emphasizes on referral scheme & worksite recreational benefits, and market culture is positively associated with employee referral programs.

Keywords: Organizational Culture, Employee Benefits, Flexi Time, Employee Referral Scheme, Educational Benefit
INTRODUCTION
The 21st century is marked by several revolutionary changes that have led to changes in the employment patterns leading to severe competition among employers to attract and retain talented personnel (Osborn Jones, 2001). There is a dearth of talented, competent, and skilled workforce so organizations that attract, retain better talent outperform those who do not (Barney and Wright, 1998). Therefore Talent Acquisition and retention have become a critical issue for HR Managers today. To solve these issues HR practitioners have come up with some “Out of Box”, innovative and divergent strategies. Workers are looking for more than a paycheck and this paradigm shift has led to the companies using unconventional employee benefits like Flexi-Time, Employee Referral Scheme, and Educational Benefit etc. to retain their workforce. The role of employee benefits programs in enhancing a sustained competitive advantage has attracted considerable academic attention in past decade (Gerhart & Rynes, 2003; Rynes & Gerhat, 2000). Researchers have argued that employee benefits can improve the performance of both employees & organization only when these benefits are consistent with organizational contingencies (Gerhart, 2000). Adding on this, SHRM researchers recognize organizational culture as playing a critical role in the implementation of business strategy and are a source of competitive advantage (Barney, 1991). Grenness (2011) argues that culture as a variable which explains much of the differences in pay and remuneration across countries. Moreover, employee benefits or compensation practices are the primary source of the organization’s culture and contribute to the creation of a unique culture different from other competing companies (Bloom & Milkovich, 1998). Several studies have shown that organizations tend to develop employee benefits that are congruent with their organizational culture (Shaw, Gupta, & Delery (2001); Gomez-Mejia & Welbourne (1991); Schuler and Rogovsky (1998); Gomez-Mejia & Balkin (1989); Tosi & Greckhamer (2004); Greckhamer (2011); Tremblay & Chenevert (2005); Milkovich, Gerhart, & Hannon (1991); Grenness (2011). Schuler and Rogovsky (1998); Balkin &sGomez-Mejia (1984); Balkin, Markman, & Gomez-Mejia (2000); Diaz & Gomez-Mejia (1997); and Yanadori & Marler (2006).

However, these studies have reported interesting result, they have also a few limitations. Most of these studies considered the Hofstede cultural dimensions (1991) as a national culture in the organization. But our main focus for this study is that we considered Cameron and Quinn (1999) “competing value framework (CVF)” in relation to current employee benefits programs that are liable to improve both employee and organizational performance.
Very less research to our knowledge has examined the influence of Cameron and Quinn (1999) cultural typologies on employee benefits. In this study, we considered few employee benefits viz. flexi-time, referral scheme, worksite recreational benefits, and educational benefits; and organizational cultural typologies viz. clan, Adhocracy, market and hierarchical culture. Theoretically, we study how these employee benefits play a significant or important role in enhancing organizational performance. The research objectives of the present paper are:

- To understand the employee benefits
- To identify the relationship between employee benefits and organizational culture
- To devise a theoretical framework that could help HR practitioners in designing employee benefits policy in alignment with the organization culture.

LITERATURE REVIEW
This section provides an exhaustive review of the relevant literature. First, it provides an insight into Culture and Compensation. Next, it addresses the types of benefits or compensation. Finally, it provides relevant literature on Organization Culture typologies.

Culture and compensation
Alignment between culture and compensation strategies is very important. Welbourne (1991) discussed that a mismatch between compensation strategies and cultural characteristics is likely to result in a number of dysfunctional consequences including difficulty in attracting and retaining workers, higher labor costs, labor relations problems, violation of personal norms leading to resentment and perhaps destructive employee behaviors, inability to achieve strategic objectives, lower morale, and a negative public image. There are a number of research articles that have explored the relationship between national culture and its role while designing Compensation and benefit program. Hampel (1998) in his study tried to show how national cultural values are used to explain differences across cultures and uses different social benefits like pensions and capital accumulation plans, job and income protections, and health care plans and correlates it with 4 Hofstede cultural dimension. Oliver & Cravens (1999) investigates the effect of culture on management decisions about the extent of employee coverage for welfare plans. In addition to this Schuler and Rogovsky (1998) have explored the relationship between the cultural dimensions suggested by Hofstede and compensation practices based on status performance, employee ownership plans.
Although many studies are available that suggest how national culture plays an important role in the efficacy of compensation strategies in an organization. Similarly, role of organization culture and compensation system in generating competitive advantage for the firm cannot be denied. In addition to this Kerr and Slocum (1987) identifies organizational culture and formal rewards as two pivotal constituents that act as driving force for acceptance or rejection of a particular strategy. Madhani (2014) explains how the culture of the organizations should be synchronized with the Compensation structure (fixed and variable pay) so that culture can lead to competitive advantage for the company and identifies compensation strategies for various types of organization culture. Bushardt (2011) has addressed the important role of the interaction between two variables organization culture and reward structure congruence when it is examined with the strength of the organizational culture. In particular research proves that a high level of organizational culture/formal reward structure congruence results in a more effective strategy implementation than a strong culture alone. Since benefit forms an essential part of total compensation package its importance cannot be denied. Traditionally, employee benefits typically refer to retirement plans, health life insurance, life insurance, disability insurance, vacation, employee stock ownership plans, etc. (McNamara, 2008).

**Employee benefits/compensation**

According to Dessler (2005) defines compensation as all forms of payments or rewards given to employees which arise from employment, while employee benefits are forms of value, other than payment, that is provided to the employee in return for their contribution to the organization, that is, for doing their job (McNamara, 2008). In other words, employee benefits in a modern Total Rewards Model (TRM) include classical components that protect individuals and their families from risk such as health care, insurance, retirement, and dental (Richter, 2003). Nowadays companies are attempting to provide greater value to employees through flexible benefits that provide employees the greatest value, respond to changing needs, and are cost effective. Employee benefits play a key role in the organization development or performance. It is also the heart of the employment relationship, being of critical importance to both employees and employers. In addition, benefits are one of the best ways by which employers try to meet the needs and wants of employees and often given as inducements to promote employee longevity. In this study, we considered four categories of unconventional employee benefits such as Flexi time, Employee referral scheme, Educational benefit, and Recreational benefits.
Flexi-time: The origin of Flexi-time can be traced back to Germany in the year 1967 where the employees were given individual choice to choose their starting and quitting times. Shortly after, Hewlett-Packard introduced flexi-time in the United States in 1972 having tried it in its German division and since then it has spread very rapidly. Flexi-time is an innovative work schedule which gives an employee an option to choose their starting and quitting times while requiring an employee to work a standard number of hours to be worked within a given period of time and has emerged as a solution to conflicts between work and family life. (Christensen & Staines, 1990). It is an innovative system of flexible hours scheduling which gives an employee a choice to have some control over their work. This system has been favored by the government officials as it solves commuter problems and brings in women workers into the labor force. Furthermore, flexi-time system is suitable for a white collar or a blue collar setting which can accommodate a flexible hours scheduling system and can be introduced in situations in which employees work in isolation with each other.(John. D. Owen, 1977). In addition, flexible working hours have a positive impact of extending the operating hours without an increase in salary costs, reduces the wastage at the beginning of the work day as settling period becomes less disruptive if people arrive at different times and employees are better able to meet their personal responsibilities helping the employees in creating work-life balance in their lives. (Ministry of Manpower, 2001)

Employee referrals: The birth of employee referrals as a source of recruitment dates back to 55 B.C. Julius Caesar is known to play a critical role in devising a first known example of an employee referral program where the coin was given to any soldier recruiting another into the roman way. This was a historical perspective of employee referral, but in today’s environment employee referral has emerged as talent acquisition strategy and changed the headhunting business. It can be defined as a business program where current employees are encouraged and motivated to refer their friends or contacts for an open position in the organization (Behera & Pathy, 2013). The Monetary bonus is given to employees for referrals who are hired and retained for a certain period of time (90 days). The bonus amount should be sufficient so as to motivate employees to make referrals. Moreover, some consumer-oriented business follow the strategy of offering own goods and services as referral bonus instead of paying cash bonus. But this strategy only works if the company sells products that workers commonly use. One of the great advantages of this scheme is that it is a very cost effective and efficient recruitment method. In addition, employee referral programs are
especially effective in the case of a highly specialized position that may be difficult to fill through conventional channels. (Mani, 2012) Employee referrals seem to be special kind of work behavior and work motivation theories constitute a theory-driven basis for investigating employee’s motives for providing referrals. The motivation of employees behind employee referrals seems to be the desire to help job seekers find good fitting jobs, the desire to help find the organization the right kind of employees which fit the organization and rewards which are given by organization on successful employee referrals (Greet Van Hoye, 2013).

**Educational benefit:** Educational benefit is a concept important for both employer and employees and is a tool for development of the workforce. Employers see education benefit as an investment in an employee which is ultimately an investment in the company. This benefit has a dual purpose for the employers. Firstly, it helps in accomplishing organization’s current goals, and secondly, it creates a workforce which has education and experience to work in today’s dynamic environment. Under education benefit programs like education reimbursement programs, education assistance programs, and qualified scholarship programs are included. A scholarship program is an educational benefit in which active employees, their spouses, and the active employee’s dependent children are the main beneficiaries of this program. This scholarship normally covers tuition, fees, books, supplies and necessary equipment. An educational assistance program is also a part educational benefits, provided to employees by reason of their employment relationship. In most of the cases, Employees qualify for this benefit only if they are full-time employee of the organization taking up an approved course from an accredited educational institution but the company can make the provision of extending this program to a former employee who is retired, left on disability or laid off. As part of this benefit, organizations cover a wide variety of educational expense including tuition fees, lodging and meal expenses, administrative expenses and other related expenditure and also if the course is to be taken during working hours then eligible employees can apply for educational leave under this benefit. Employee assistance benefit provides support to employees in inculcating knowledge skill and competencies which would ultimately provide an edge to the organization.

**Worksite Recreation Benefits:** Numerous studies show that certain benefits such as pensions and medical coverage can increase retention and companies with great benefit programs that employee’s value has higher shareholder value (Milkovich & Newman, 2002;
Pfau & Kay, 2002). On the other hand, it is also a fact that health benefits are very expensive from employer’s point of view and also, with recent innovation in communication technology companies have 24x7 access to employees who are expected to put in long hours of work to save their jobs in this competitive environment. This puts pressure on an employee's physical and mental well-being. Employers realized this fact and introduced recreation facilities in the workplace that would mitigate the adverse effects of increasing pressure of work.

Recreation means refreshment of one's mind or body after work through activity that amuses or stimulates. The activity may be physical or social. So, from the perspective of companies recreational benefits for employees include country club membership, social functions organized by the company, entertainment bonuses, and company outings exercise room, swimming pool, or gymnasium. The first documented Worksite recreation facilities were a library and singing classes. These services were offered by the Peacedale Manufacturing in the year 1805. Workplace recreation benefits can be divided into two categories social and physical. In the category of social workplace recreation, companies organize the social gathering, events, functions and team events for the employee. These activities serve the purpose of making new employees more comfortable; reduces absenteeism in employees, creates an enhanced image in the business, helps in team building and induce loyalty of employees towards the organization. For the physical well-being of the employee’s various sports centers, gymnasium, swimming pool etc. are provided by the employers. So, to enhance productivity and for the physical well-being of employees companies are introducing wellness program and sports center which acts a stress buster and helps in lessening stress related health risk.

**Organization culture**

Taylor (1873) defined culture as “that complex whole which includes knowledge, belief, art, morals, custom, and capabilities acquired by man as a member of society”. Margulies (1969) first time use the word ‘organization culture’; he defined organization culture in terms of a specific set of values, attitudes, and behavioral norms, can contribute to the degree in which persons can actualize themselves (Teechankee, 1993).

From the past decades, organization culture is much-researched area among organizational researchers. It is defined as “beliefs, assumptions, and values that members of a group share about rules of conduct, leadership styles, administrative procedures, ritual, and customs”
One of the most popular definitions of organization culture is “shared beliefs, the ideologies, and the norms that influence organizational action taking (Fiol & Lyles, 1985). Even though there are numerous culture typologies that exist, however, we used in this study competing values framework (CVF) for organization culture. Some typologies of organization culture given below:

- **Deal and Kennedy (1982)** identified four generic types of culture to describe organizational culture, namely the tough-guy/macho culture, the work-hard/ play-hard culture, the bet company culture and the process culture.
- **Handy (1976)** describes organizational culture by using four types of classification, namely power, role, task and person cultures.
- **Hofstede (1991)** highlighted that cultures differ based on five dimensions, namely power distance, individualism/collectivism, uncertainty avoidance, masculinity/femininity and confusion dynamism.
- **Cameron and Quinn (1999)** developed a widely adopted organizational cultural framework. According to Robert E. Quinn and Kim S. Cameron, there are four types of organizational culture typologies: Clan, Adhocracy, Market, and Hierarchy.

The Competing Value Framework is one of the most extended and comprehensive and has been used in many empirical studies (Naranjo-Valencia, 2011; Sanz-Valle, 2011; Igo and Skitmore, 2006; Obenchain& Johnson, 2004). The Cameron and Quinn’s CVF model uses two dimensions to categorize culture into four types (Figure 1).

![Figure 1: Competing value Framework](image)

Source: Organizational Culture Assessment Instrument, Public administration May 31, 2010

An internally focused organization is thought of as a clan, whereas internally focused stable organization is thought of as a hierarchy. An externally focused flexible organization is
labeled an adhocracy, and an externally focused stable organization is thought of as a market (Schein, 2010, pp.195).

**Clan Culture:** Clan culture (family culture), focuses on internal issues but its emphasis is on flexibility rather than stability. In this kind of culture, partnership, teamwork, and corporate commitment to employees are regarded as main characteristics (Cameron and Quinn, 1999). In contrast to hierarchies, clans often have flat organizations and people and teams act more autonomously. It encourages teamwork, participation, and consensus.

**Adhocracy culture:** Adhocracy culture is an environment which is focused on a dynamic, entrepreneurial, and creative place to work. It is usual in companies operating in dynamic contexts and in those trying to be the leaders in their markets. The key values that adhocracy culture emphasizes are creativity, entrepreneurship and risk taking (Naranjo-Valencia et al., 2011). The adhocracy culture has even greater independence and flexibility than the clan, which is necessary for a rapidly changing business climate.

**Market Culture:** Market-oriented culture composed of customer orientation, competitor orientation, and inter-department collaboration was viewed as a group culture aimed at maintaining a high level of firm performance by effectively and efficiently executing the actions required to gain customer value (Narver & Slater, 1990). Market culture is control oriented and focuses on the external organization affairs. Organizations with this culture use observation and resistance to reach a higher level of productivity and competitiveness (Ahmadi et al., 2012).

**Hierarchy Culture:** According to the model, hierarchy culture, based on Weber’s bureaucracy theory, focuses on internal efficiency, cooperation and sticking to dominant characteristics (Cameron and Quinn, 1999). In hierarchical culture, the organization has highly structured and formal place to work. They often have well-defined policies, processes, and procedures.

**THEORETICAL FRAMEWORK AND DEVELOPMENT OF PROPOSITIONS**

In summary, the literature review has identified several arguments some of are positive and some of negative, in postulating the nature of the relationship between cultural dimensions
and types of employee benefits. Based on the theory and relationships from the literature, we develop a set of propositions that reflect relationships between organizational culture and employee benefits. Figure 2 is depicted that relationships between four cultural typologies (clan, adhocracy, market, hierarchical culture) and four categories of employee benefits (Flexi-time, employee referral scheme, work site recreational and Educational benefits).

![Research framework](image)

**Figure 2: Research framework**

**Relationships between Clan culture and Flexi-time & Educational benefits**

Cameron & Quinn (1999) defines clan culture organization as a friendly place to work where employees share a lot of themselves and work like an extended family. In addition to this supportive work environment is provided and organizations are people oriented or employee oriented. Development of human resource takes precedence over other significant operations of the organization and employees are rewarded for their long term commitment and loyalty with the up gradation of necessary skills which will help them in job security. Michael M. Harris (2010) reported the fact that employers who have people oriented outlook will place great emphasis on the importance of work-life balance and employee development programs.

We already discussed earlier in the literature review section that flexi-time is a kind of flexible working arrangement where employees are given the choice of scheduling their own arrival and quitting time. The major advantage of this benefit to employees is flexibility and work–life balance. So, Organizations having the attribute of clan type of culture will be more inclined to accord Flexi time benefit to employees. The unique characteristics of clan
typology will be able to corroborate my statement. As stated earlier clan culture supports flexibility and cultures having people-oriented outlook put greater emphasis on work-life balance. So, organizations with clan culture will support employees and provide them with the flexible working arrangement so that they can maintain a positive balance between home and work life.

Education Benefit aids in augmentation of unique and specific competencies in employees that can be a valuable asset to the company. These specific skills of the employees can be used by the companies to make their businesses successful and competitive. Here too Organizations having Clan Culture will be more inclined to accord Education Benefits to employees. The following explanation will validate my statement. Organizations having clan culture focus on long-term career development and training of their employees and employees are expected to be loyal towards the organization and work long term. Education benefit motivates and induces employees for long term commitment towards the organization and promotes loyalty towards the organization. The reason being that it is because of employer’s policy regarding education benefit it possible to further their education and update the necessary skills. Therefore, we can say that flexi–time and educational benefits has significant relationships with clan culture.

From the above discussions and the literature, the following two propositions are posited:

\[ P_1: \text{Flexi-time has a significant positive relationship with Clan culture.} \]

\[ P_2: \text{An Educational benefits has a significant positive relationship with Clan culture.} \]

**Relationships between Adhocracy culture and Referral scheme & Worksite Recreation Benefits**

Cameron & Quinn (1999) defined adhocracy culture as a dynamic, entrepreneurial, and creative workplace where the glue that holds the organization together is a commitment to experimentation and innovation. This type of organization reacts quickly to changes the organization’s long-term emphasis is on rapid growth and acquiring new resources. As adhocracy comes from the word ad hoc which means something temporary, specialized, and dynamic so Organizations having Adhocracy culture are specialized units which are quick to react to changes in the environment.

As discussed earlier, employee’s referral scheme is a strategy used by employers to acquire talent for the organization with the help of current employees. Current employees act as
advertisement source and encourage others to apply for jobs in their organization and in turn employer will provide a bonus if the employees referred candidate is selected. The unique attributes of adhocracy culture compliment the features of employee referral scheme. As Organizations having adhocracy culture reward individual initiative and enterprising behavior so with the use of employee referral scheme a habit of initiative in employees is induced. The Adhocracy organization’s long-term emphasis is on rapid growth and acquiring new resources and that new resource could be talented personnel as well that can be recruited with the use of Employee Referral scheme. Ultimately, this benefit is promoted creativity and initiative in employees. From the theories and statements, we can say that referral scheme has a positive impact on the adhocracy culture.

Worksite recreation is the refreshment of one’s mind or body at the workplace. Continuous work hampers productivity and creativity. Refreshed mind would lead to innovation and productivity in the workplace. Therefore, workplace recreation facilities will be provided by organizations having adhocracy culture where the continuous pressure to be innovative and enterprising will create stress on employees. To look after the well-being of employee’s workplace recreation facilities are being used in organizations. As a result, we can say that worksite recreational benefits have a significant relationship with adhocracy culture.

From the above discussions and the literature, the following two propositions are posited:

\[ P_3: \text{Referral scheme has a significant positive relationship with Adhocracy culture.} \]

\[ P_4: \text{Worksite Recreational benefits has a significant positive relationship with Adhocracy culture.} \]

**Relationships between Market culture and Referral scheme**

Cameron & Quinn (1999) defined market culture is characterized by low flexibility, competitiveness and externally focused. The market culture emphasizes “profitability, bottom-line results, strength in market niches, stretch targets, and secure customer bases. The long-term concern of market culture is on competitive actions and achieving stretch goals and targets. This culture creates a sense of ownership, personal initiative, and entrepreneurial spirit among employees.

As discussed earlier the features of employee referral schemes also complement Market culture. The following points will substantiate my claim. Market culture is a result oriented
culture where increased level of performance are rewarded through increased financial rewards and same is the case with the employee referral scheme where the employee are rewarded if employee’s referred employees are theright fit for the organization and finish the probationary period with the organization. The Amount of financial bonus will increase with the number of successful employee references. Thus, for organizations having market culture employee referral program would be appropriate.

From the above discussions and the literature, the following propositions are posited:

**P5: Referral scheme has a significant positive relationship with Market culture.**

**Relationships between Hierarchical culture and Employee Benefit (Flexi-time, Employee Referral Scheme, Education Benefit and Workplace Recreation)**

As discussed in the review of the literature, hierarchical Culture falls under the two dimensions of internal focus +control. According to Cameron and Quinn (1999), the dominant attributes of companies having this type of culture includes formalized, centralized workplace with a high degree of control. Order, rules, and regulations, uniformity is adhered to with the help of rules, policies and procedures. Emphasis is placed on stable, predictable and smooth operations in an organization and based on the Max Weber's concept of a bureaucratic organization which leads to efficient, reliable and predictable output in an organization. In today’s dynamic and unpredictable global business environment, the need for innovative aids which induces employee loyalty has increased and organizations having Hierarchical culture are not an incentive friendly organization where individual involvement is rewarded. They believe in providing stable and fixed salaries to their employees and as such HR Managers in these organizations while designing Compensation Package will be more inclined towards Fixed salary rather than providing the employee with incentives and benefits.

From the above discussions and the literature, the following propositions are posited:

**P6: Flexi-Time has a significant negative relationship with hierarchical culture.**

**P7: Education Benefit has a significant negative relationship with hierarchical culture.**

**P8: Referral scheme has a significant negative relationship with hierarchical culture.**

**P9: Workplace Recreation has a significant negative relationship with hierarchical culture.**
Conclusion and Discussion

Organization culture is the foundation of any company and because of its importance many Companies nowadays have started working on determining their culture, making decisions on what it should be and align it with strategic goals of the organization. As Employee benefits are used as a leverage to attract and retain workforce, therefore, synchronizing both of the concepts is very important as employee benefit convey important messages about organization values and beliefs of the company. Aligning employee benefits and organization culture increases productivity of the company and increases efficiency in achieving its goals and objectives. In this paper we have tried to elaborate the features of employee benefits and match it with different types of organization culture and thus enhancing the literature on the same. Innovative benefits like flexi-time, Employee Referral scheme Worksite Recreation etc. have been correlated with culture typologies as HR Practitioners are looking for new ways to compensate and retain the talented personnel. This Research study enhances the existing literature as well as help in providing Compensation practitioners all over the world help in framing Employee Benefit package which are tailor made according to the type of organization culture.

REFERENCES


[Accessed:September12,2016]


Cameron, K.S. and Quinn, R.E. (2005), “Diagnosing and changing organizational culture: Based on the competing values framework”, John Wiley & Sons


McNamara, C. (2008),“Employee Benefits and Compensation (Employee Pay)”, Adapted from the Field Guide to Leadership and Supervision, Authenticity Consulting, LLC.


