

Experiential Culture Model: An Analysis of Moment Structures Approach Utilizing Small and Medium Enterprises in Eldoret Town, Kenya

Tarus B. Kipchumba
Moi Teaching and Referral Hospital P.o. Box 3, Eldoret

Email Address: tarusbk@gmail.com

Abstract

Most organizations in the 21st century have not been able to realize their full potential due to avoidance of implementing experiential culture as part of their deliberate strategy and building block for organizational survival in responding to the demands of the competitive markets. Experiences are routes that motivates employees to generate new knowledge resulting into better performances. The paper analyzed the determinants of experiential culture utilizing analysis of moment structures approach (AMOS). Experiential culture is expected to be a determinant of organizational performance however; most organizations have not been incorporating it in their activities resulting in lack of knowledge transfer and performance. The study utilized explanatory research design with stratified and simple random sampling. The model development was guided by Schein (1992) and organizational diagnosis questionnaire of thirty-five scales. Results of the model indicated that experiential culture significantly predicts high performance with ($\beta = 0.48, p < 0.001$). Further, the model has three dimensions namely; organizational culture, employee morale and employee development. Lastly, it is expected that organizations should embrace experiential culture in order to realize their full potential.

Key words: Experiential Culture, Analysis of Moment Structures Small and Medium Enterprises and Model

INTRODUCTION

Experiential culture is a strategic building block of organizations and for the resolution of knowledge detection and allotment among individuals (Goh, 2002; Tucker *et al.*, 2006). The procedure of investigation comprises reaction and amending possible blunders through scrutinizing the empirical consequences (Pietersen, 2002; Davenport, 2005). Most organizations have not utilized experiential culture in pursuing their vision, mission, core values and objectives resulting into challenges of performance. Organizations are expected to review the past and the present in order to predict the future. As noted by Lee *et al.*, (2004), research by its nature manifestly results in failures and according to traditional measures, an increase in these small failures would be interpreted as a decline in performance and without these failures, learning cannot occur. This implies that failures in experimentations could be viewed as opportunities to learn from mistakes and an essential process to discover new knowledge. Despite spirited efforts by organizations to implement experiential culture, various hurdles have been realized which necessitates the development of experiential culture model which is the gap of the study.

LITERATURE REVIEW

Experiential culture is an intellectual and mental category that forms part of personage's mental state which is embodied in a society or organization. It facilitates development of experiences leading to knowledge transfer. From the empirical perspective, a research conducted by Henderson and Clark (1990) concluded that organizational performance is positively related to teams that experiment frequently. Based on the findings, experimentation as a proactive learning strategy allows team members to explore new concepts in problem-solving.

The results obtained from the experiments helped in achieving high performance workplace through provision of additional information and insights for future experiments to be conducted. Through consistent practices, new knowledge created is utilized to generate effective solutions and strategies that contribute to the overall organizational performance. While experimentations are strongly advocated, motivations are also necessary to encourage learning and knowledge sharing among organizational members (Miller *et al.*, 2002; Sirota *et al.*, 2005). Specific behaviour can be enforced if it is reinforced and repeated with the right types of motivations (Levebof, 1993). There is also a strong inclination of intrinsic motivation for people working in the non-profit sector (Paton and Cornforth, 1992; Mason, 1996).

The culture of people in organizations is greatly enhanced when people feel that they are contributing effectively to the missions of the organization to whom they are serving (Matthians, 2005). Extrinsic motivational factors such as financial-based rewards appear not to be the main concern for the organizational members instead; they are more inclined towards personal recognition, clients and management encouragement, as well as mission fulfillment (Schaubroeck and Ganster, 1991). Similarly, as mentioned by Alexander (2000), there is a notion that knowledge and learning acquired within the setting of organizations has little effects towards personal gain, but rather there is a strong motivating effect towards organizational causes and fulfillment of the community needs. The review of literature deduced that organizational culture, employee morale culture, employee development culture and organizational structure are factors of experiential culture.

Organizational culture describes the appropriate system within which organizations operate. It consists of collective views and values recognized by leaders and strengthened through influencing employee insights, behaviors and understanding. It further ensures that the drives of employees are affiliated with the objective of the organization. Employee morale is the self esteem of workers in organization which upshots the performance

METHODOLOGY

The study was done in selected small and medium enterprises in Eldoret town utilizing explanatory research design. Stratification and simple random sampling techniques was used with two hundred and thirty-five respondents from a target population of four hundred and fifty while the model development was guided by Schein (1992). Experiential culture was measured by utilizing a scale of organizational Diagnosis Questionnaire (ODQ) which was developed by Weisbords (1976). The scale consisted of thirty-five items but the researcher modified and found eleven items as appropriate for the study. The purpose of ODQ was to provide survey feedback data for intensive

diagnostic effort. The scale was based on a theory of organizational functioning. The scale measures purposes, structure, relationships, rewards, leadership, helpful mechanisms and attitude towards change. Lastly, the ODQ determines appropriate interventions for organizational change effort. The scales were tested and found that its internal consistency reliability was 0.79. The items to measure experiential culture was categorized into four different sub-dimensions: organizational culture, employee morale culture, employee development culture and organizational structure. These four sub-dimensions of experiential culture impacts were measured. Items that were used to measure each sub-dimension were summated, and the summated scales were then used to assess experiential culture. Figure 1 indicates that three items for organizational culture, three items employee morale, three items for employee development culture and two items for organizational structure were used to measure employees' perceptions of each sub-dimension of experiential culture model. A five-point Likert type (strongly disagree equals one and strongly agree equals five) was used to elicit responses to these items.

Organizational Culture

- E1. Employees are nurtured from our organizational culture
- E2. I am confident that new employees are oriented towards performance
- E3. Our organization embraces change from time to time

Employee Morale Culture

- E4. I know that employee development is a key success factor
- E5. I am fully aware that our organizational culture helps in guiding policy making
- E6. Our organization is fully committed to improving employee morale

Employee Development Culture

- E7. Our culture encourages input from organization members
- E8. I am aware that our culture has enabled us achieve organizational goals
- E9. I believe that culture serves as a control mechanism for employee behavior

Organizational Structure

- E10. Our organization is not fully committed to nurturing our culture
- E11. Employees are not regarded as part of the organization

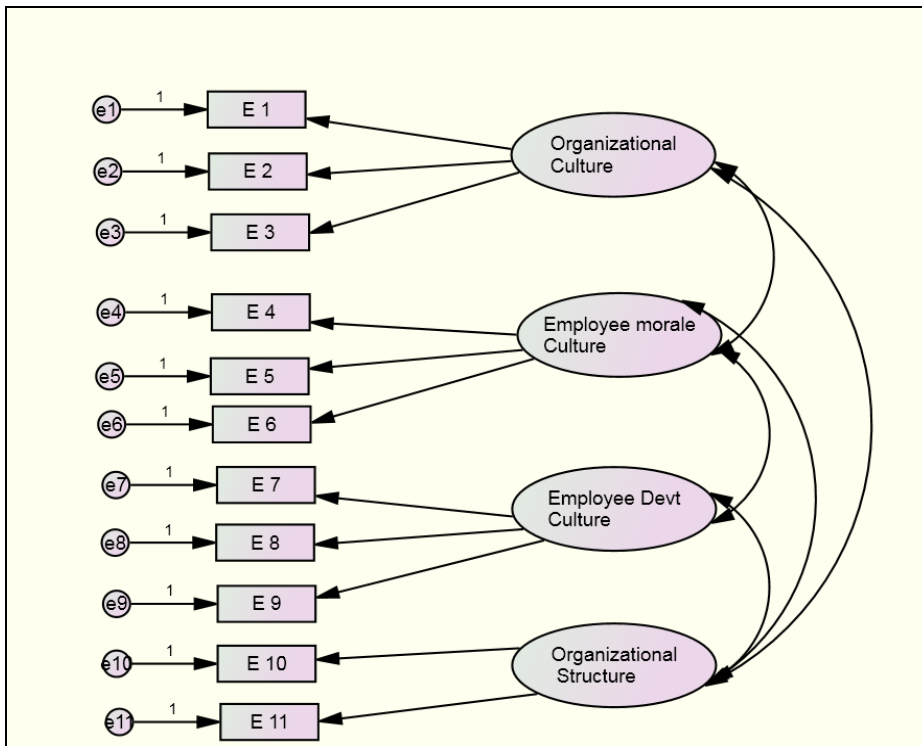


Figure 1: Hypothesized Measurement Model for Experiential Culture
Source: Researchers own compilation, (2020)

Data Analysis

Out of the eleven items proposed to measure experiential culture, the principal components factor analysis extracted four factors namely organizational culture, nurtured culture, employee morale culture, and employee development culture. The four factors explained 82.03% of the total variance in the scale. The Kaiser –Meyer-Olkin measure of sampling adequacy statistic was 0.801 and Bartlett’s test of sphericity was significant ($p < 0.001$) indicating that the data were acceptable for factor analysis. Three items (Employees are nurtured from our organizational culture, our organization embraces a change from time to time, and I am aware that our culture has enabled us achieve organizational goals) loaded highly on organizational culture. Two items (I am fully aware that organizational culture helps in guiding policy making and our organization is fully committed to nurturing our culture) loaded highly on the nurtured culture factor, 2 items (our organization is fully committed to improving employee morale and employees are regarded as part of the organization) loaded highly on employee morale culture factor, while the remaining 2 items (I know that employee development is a key success factor and I believe that culture serves as a control mechanism for employee behaviour) loaded highly on employee development culture factor.

The reliability of the eleven items measuring experiential culture yielded a Cronbach’s alpha value of 0.873 which was well above the recommended minimum of 0.6. These results are displayed in table 1 below.

Table 1: Factor Analysis of Experiential Culture

Construct and scales	Loading	Eigen values	Variance explained
Experiential culture	0.873*		
Organizational culture		4.901	44.55%
Employees are nurtured from our organizational culture	0.667		
Our organization embraces change from time to time	0.918		
I am aware that our culture has enabled us achieve organizational goals	0.918		
Nurtured culture		1.628	14.80%
I am fully aware that organizational culture helps in guiding policy making	0.960		
Our organization is fully committed to nurturing our culture	0.956		
Employee morale culture		1.386	12.60%
Our organization is fully committed to improving employee morale	0.942		
Employees are regarded as part of the organization.	0.939		
Employee development culture		1.109	10.08%
I know that employee development is a key success factor	0.933		
I believe that culture serves as a control mechanism for employee behavior	0.933		
Kaiser-Meyer-Olkin MSA	0.801		
Bartlett's test of sphericity	0.000		

Source: Survey Data, (2020)

The results in Table 1 show that four factors had eigen values above 1, showing that experiential culture can be measured by the four factors of organizational culture, nurtured culture, employee morale culture, and employee development culture.

Confirmatory Factor Analysis (CFA)

The exploratory factor analysis extracted four factors for experiential culture. One factor nurtured culture was found to be non-positive definitive and was consequently excluded from the CFA. The hypothesized model therefore postulated a three-factor measurement model for experiential culture relating organizational culture, employee morale culture and employee development culture (see fig. 2). Although the Fit indices were all within acceptable limits ($\chi^2 (6) = 11.204$ ($p=0.082$); $\chi^2/df = 1.867$; GFI = 0.985; AGFI = 0.946; CFI = 0.998; and RMSEA = 0.061), post-hoc modification indices indicated that the model could even be improved further.

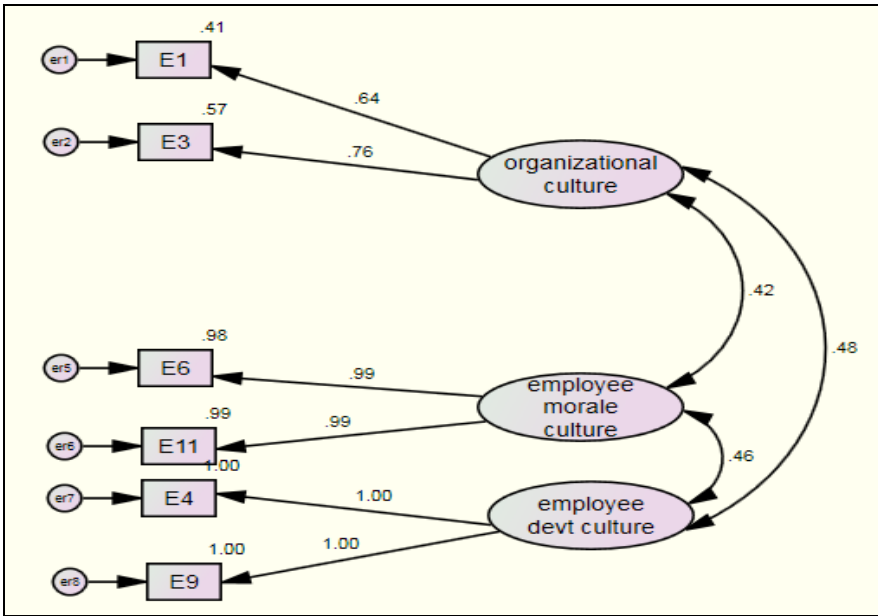


Figure 2: Proposed Measurement Model for Experiential Culture
 Source: Survey Data, (2020)

The modified model was therefore developed by correlating the error terms between E1 and E4 and the error terms between E1 and E9. The composite reliabilities in the modified model were above 0.6 and all variance extracted estimates were above 0.5 indicating evidence of validity and reliability. The overall fit indices of this final measurement model of experiential culture construct was $\chi^2 (4) = 2.009$ ($p=0.734$); GFI = 0.997; AGFI = 0.985; CFI = 1.000; and RMSEA = 0.000. These indices fall well within acceptable limits suggesting that the final modified model was a good fit to the data (see figure 3).

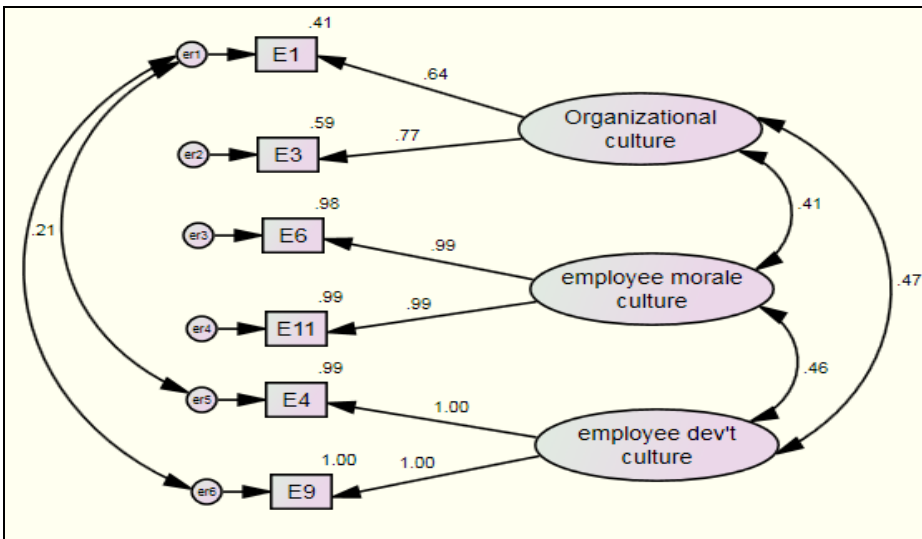


Figure 3: Modified Measurement Model for Experiential Culture
 Source: Survey Data, (2020)

Data in Table 3 confirms that the modified measurement model of experiential culture was a good fit since none of the values exceeded the cut-point of 2.58. The highest value was -0.081.

Table 3: Standardized Residual Covariance (Final model)

	E9	E4	E11	E6	E3	E1
E9	.000					
E4	.000	.000				
E11	.039	.060	.000			
E6	-.028	-.008	.000	.000		
E3	-.019	-.051	-.048	.071	.000	
E1	-.007	-.019	.009	.127	-.081	-.048

Source: Survey Data, (2020)

Table 4 provides the final results of confirmatory factor analysis for experiential culture. As has been already noted, the factor loadings of the observed variables ranged from 0.64 to 1.00, while the reliability of the observed variables ranged from 0.41 to 0.99 indicating a high reliability level.

Table 4: Results of Confirmatory Factor Analysis

Constructs and indicators	Standardized loadings	Reliability	Error variance
Organizational culture		0.67*	.50**
E1. Employees are nurtured from out organizational culture	0.64	0.41	0.59
E3. Our organization embraces change from time to time	0.77	0.59	0.41
Employee morale culture		0.99*	0.99**
E6. Our organization is fully committed to improving employee morale	0.99	0.99	0.02
E11. Employees are not regarded as part of the organization.	0.99	0.99	0.01
Employee Development Culture		0.99*	0.99**
E4. I know that employee development is a key success factor	1.00	0.99	0.01
E9. I believe that culture serves as a control mechanism for employee behaviour	1.00	1.00	0.00

*composite reliability

**variance explained estimate

Source: Survey Data, (2020)

RESULTS AND DISCUSSION

The findings that employees are nurtured towards the organizational culture supports the views by Miller et al., (2002) and Sirota et al., (2005) that while experimentations are strongly advocated in organizations, motivations are also necessary to encourage learning and knowledge sharing among organizational members. This notion seemed to echo the feelings of Schein (1990) that more often than not, rewards should be given immediately for continuous improvement and to create a desirable learning behaviour and organizational culture. The study further found out that the respondents tended to agree that the organization encourages input from the members. This finding supports the findings of the empirical research published by Pot and Koningsveid (2009) which affirmed that in order to gain enthusiasm for learning and knowledge sharing, staff will want to see their knowledge contributions being acknowledged and rewarded. These findings also support the views of Schambroe and Canter (1991) that extrinsic motivational factors such as financial based rewards appear not to be the main concern for the organizational members, instead, they are more inclined towards personal recognition, clients and management encouragement, as well as mission fulfillment. These views are further supported by Matthians (2005) in observing that the motivation of people in the organization can be greatly enhanced when people feel that they are contributing effectively to the missions of the organization and the clients whom they are serving.

Further, hypothesized model was modified through various stages until the overall fit indices of $\chi^2 (4) = 2.009$ ($p=0.734$); GFI = 0.997; AGFI = 0.985; CFI = 1.000; and RMSEA = 0.000. were realized indicating that the model was a favorable fit to data

CONTRIBUTIONS

The study has contributed to practice by demonstrating that organizations that continuously implement experiential culture are likely to transfer knowledge and built on it towards realization of improved performance. Further, in theory it has contributed through development of measurement scales and experiential culture model which shows that organizational culture, employee morale culture and employee development culture are the determinants of experiential culture.

RECOMMENDATION

Scholars and institutional leaders should progressively utilize and review the measurement scales and the model in order to gain to breach performance challenges.

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