

Organizational Culture and Corporate Performance: Empirical Study From Nigeria

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Abstract : *The purpose of this research article is to examine various concepts on organizational culture and strives to ascertain the impact of organizational culture on corporate performance. The study adopted survey research design. The population of this study was anchored on selected employees of Nigerian commercial banks. Primary data were used for this study. Data were collected through a questionnaire that was administered to the selected respondents. The two hypothesis proffered were tested and the results showed that positive and significant relationships exist between organizational culture and corporate performance. The conclusion drawn from the study is that organizational culture plays a vital role in an organization's general performance. The study, however, recommended that organizational culture must be binding on all members and staff of the organization and this will encourage uniformity among members of the organization and thus enhance commitment and group efficiency. It also recommended a situation where an organizational culture must be changed, employees must first of all be notified and made to learn the modification of the old culture as this will affect their performance as well as the general performance of the organization and a host of other measures for effective organizational culture.*

Keywords: Organizational culture; employees commitment; corporate performance.

INTRODUCTION

Organizational members are drawn from different areas of life. Each member comes to organization with diverse beliefs, attitudes and values that are rooted in their various background experiences, members beliefs, attitudes and values have tremendous impact on the corporate activities. The mission, vision, and purpose of an organization can only be realized if the beliefs, attitudes and norms of organizational members, which later metamorphose to corporate culture are harmoniously blended together to align with strategic option of the organization. Implementing a strategic option effectively does not only require communicating what must be done through annual objectives, policies and procedures, etc. But also the chosen strategy must be institutionalized to permeate the very day-to-day life of the company, one of the ways of institutionalizing firms strategy is through corporate culture. Every company has a unique organizational culture that defines the norms, beliefs and values which govern the behavior of employees whose actions, reactions, interactions and inactions constitute the structure, processes and effective functioning of an organization. Organizational culture is very crucial to effective implementation of organizations chosen strategy. The continuous growth in the global nature of business serves as one of the main catalysts for the renewed interest in the study of organizational culture which was now been realized that culture affects the behavior and success of individual, terms and organizations (Shani and Lau, 2005). Academic interest in corporate culture is evidenced by the level of attention it has received over the last few decades (Ojo, 2009). The relationship between organizational culture and corporate performance has been the subject of abundant research in several fields, including strategic management, organizational behavior, and industrial and organizational psychology.

A review of academic literature on the subject of organizational culture and corporate performance reveals that there is dearth of literature on it in developing countries including Nigeria. Thus, it is hoped that this study will fill the existing gaps in the literature especially in the less developed countries in general and Nigeria in particular.

The main rationale for this research study is therefore to contribute to the broader research community by enhancing existing knowledge and generating new knowledge within the field of industrial and organizational psychology.

Furthermore, this study addresses this topic from Nigerian work context and view point by focusing on the banking industry. In addition, the study will be of immense benefit to a number of people. These include academics who are interested in furthering their knowledge of organizational culture and corporate performance as the results obtained are capable of adding new insights to the present state of knowledge in the field and may therefore be found useful for teaching and for developing a body of management theory. Equally important is the fact that this study will also be of great benefit to practicing managers in banking industry that might be willing to consider the usefulness of the study in managing and strengthening the performance of their companies.

LITERATURE REVIEW

The concept of organizational culture

Every organization can be considered as a mini-society and each has its own unique culture or value set typically created unconsciously based on the values of the top management or the founders of the organization (Siehi, 2005). This culture is what is referred to as organizational culture and it is viewed as the personality of the organization. It is an important factor determining the success or failure of an organization in today's fast changing socioeconomic, political and technological environment.

Though organizational culture has no single definition because of the variety of perspectives through which it is studied it is widely defined as; "the set of or an amalgamation of the often taken for granted implicit assumption, values and beliefs and norms of the people in an organization which determines how the group perceives, feels, thinks about and reacts to the groups problems of survival in its external environment and its problems of internal integration. It is the dominant values shared by members of an organization and underlies an organization's identity (Schein, 2007). Mullins (2009) defined organizational culture as the collection of traditions, values policies, beliefs and attitudes that constitutes a pervasive context for every thing we do and think in an organization. He went further to explain that organizational culture reflects the underlying assumptions about the way work is performed, what is acceptable and not acceptable, and what behavior and actions are encouraged and discouraged.

Pearce and Robinson (2008) defined organizational culture as the set of important assumptions, which in most cases are not stated, that members of an organization share in common, which ultimately provide meanings and directions to the behaviors exhibited by organizational members and also serve as basis for organizational members actions.

Thompson and Struckland (1995) looked at organizational culture as firms values, beliefs, traditions, operating style and internal work environment that is manifested in the business principles and parches preached by management, in its, ethical standards and official policies, in its stakeholders relationships, in the traditions the organization maintains in its supervisor practices, in employees attitudes and behavior etc. The definition given by Thompson and Struckland (1995) clearly shows that organizational culture permeates the entire activities of an organization. It dominates the way in which the entire organizational activities are being carried out.

Gareth (2010) views organizational culture as the set of values, norms, standards of behavior and common expectations that control the ways in which individuals and groups in an organization interact with each other and work to achieve organizational goals.

Characteristics of Organizational Culture

According to Hodgelt and Luthans (2003) a number of important characteristics are associated with an organizations culture.

1. Observed behavioral regularities as typified by common languages, terminology and rituals.
2. Norms as reflected by things such as the amount of work to be done and the degree of cooperation between management and employees.
3. Dominant values that the organization advocates and expects participants to share, such as high product or service quality, low absenteeism, and high efficiency.
4. A philosophy that set forth in the multinational corporations, beliefs, regarding how employees and customers should be treated.
5. Rules that dictate the do's and dont's of employee behavior relating to areas such as productivity, customer relations, and inter group cooperation.
6. Organizational climate or the overall atmosphere of the enterprise as reflected by the way that participants interact with each other, conduct themselves with customers and feel about the way they are treated by higher level management.

Besides, Robins (1999) identified and described the following characteristics of organizational culture;

- i. **Individual Initiative:** The degree of responsibility, freedom and independence that individual have.
- ii. **Risk Tolerance:** The degree to which employees are encourage to be aggressive, innovative and risk taking.
- iii. **Direction:** The degree to which the organization creates clear objectives and performance expectations.
- iv. **Integration:** The degree to which units within the organization are encouraged to operate in a coordinated manner.
- v. **Management Contact:** The degree to which managers provide clear communication, assistance and support to their subordinates;
- vi. **Control:** The degree of rules and regulations, and the amount of direct supervision that are used to oversee and control employee behavior.

- vii. **Identity:** The degree to which members identify with the organization as a whole rather than with their particular work group or field of professional expertise.
- viii. **Reward System:** The degree to which allocations (i.e. salary increases promotions) are based on employees performance criteria.
- ix. **Conflict Tolerance:** The degree to which employees are encouraged to air conflicts and criticisms openly.
- x. **Communication Patterns:** The degree to which organizational communications are restricted to the formal line of hierarchy of command.

Functions of Organizational Culture

Smincich (1983) has identified a four functions often fulfilled by organizational culture. These are;

- i. It gives members an organizational identity.
- ii. It facilitates collective commitment among employees of an organization.
- iii. It promotes social system stability. The extent to which the work and reinforcing and conflicts and change are managed effectively.
- iv. It shapes behavior by helping members make sense of their surroundings.
- v. Organizational culture serves as a form of social control that influences employee decisions (Reilly and Chatman, 1996)
- vi. It serves as a “social glue” that bonds people together and makes them feel part of the organizational experience (Ashforth and Mael, 1989).
- vii. It helps employees understand organizational events and get on with the task at hand rather than spend time trying to figure out what is expected of them.

Limitations of Culture in Organizations.

The limitations of shared culture in organizations include:

- i. Barrier to change and improvement
- ii. Barrier to diversity.
- iii. Barrier to mergers and acquisitions.
- iv. Barrier to cross departmental and cross organizational cooperation (Scholl, 2003).

METHODOLOGY

The design of this study is the survey research design. The study population of this research work was made up of senior staff, directors, and managers of the Nigerian banks. Owing to the widespread of the network of branches of these banks all over the country, it is therefore impossible to carry out this research using the whole population. The population of this study is the entire employees of Nigerian commercial banks. For effective coverage and lower cost, stratified sampling technique was used to select the participating banks. These banks were stratified into two strata based on the year they were established. Thus we have “old” generation banks and “new” generation banks. From each stratum, two banks were randomly selected. The employees in the selected banks were stratified into three strata: senior staff, directors, and managers. 30 respondents each were selected from senior staff and directors’ stratum while 20 respondents were selected from manager’s stratum. In all, 80 respondents constitute our sample size. In conducting this study the researcher ensured that data collection method match the research objective to explore the relationship between organizational culture and corporate performance in Nigerian banking industry. Primary data were used for this study. Our data were performance in Nigerian banking industry. Primary data were used for this study. Our data were collected through a questionnaire that was administered to the selected respondents.

However, only 72 out of 80 respondents filled in and returned their questionnaire and were used for final analysis in this study. Data collected from the study were collated and analyzed using descriptive analysis to obtain the basis statistics that describe the variables in the questionnaire. The information gathered from the research is presented in tabular form and data were sorted into different categories of rows and columns. Furthermore, all the hypotheses were tested using a parametric t-test with the aids of SPSS.

Research Hypothesis

Hypothesis 1

H₁: Employees believe that there is a correlation between organizational culture and employee’s commitment to corporate goals.

Hypothesis 2

H₁: Employees believe that there is a correlation between organizational culture and corporate performance.

DATA PRESENTATION AND ANALYSIS

This section focuses mainly on the presentation, analysis and interpretation of primary data collected with the aid of a structured research questionnaire. The data collected were analyzed using the Statistical Package for Social Sciences (SPSS) version 15.

The table below gives a summary of the rate of return of questionnaire and participation level of the respondents.

Table 1: Respondent’s Response Rate

Response	Number of Respondents	Percentage (%)
Returned	72	90%
Not returned	8	10%
Total Disturbed	80	100%

Source: Field Survey, 2019

A total of 80 copies of the questionnaires were administered selected respondents. Of these, 72 copies 90% were adequately filled returned and used in this analysis while 8 copies of the questionnaires representing 10% were not returned. The return rate indicates that overwhelming majority of the respondents cooperated with the researcher in the process of data gathering.

Table 2: Does Organizational Culture Affects Employee Productivity

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	69	95.8	97.2
	No	2	2.8	100.0
	Total	71	98.6	100.0
Missing	System	1	1.4	
Total	72	100.0		

Source: Field Survey, 2019

From table 2 above, the responses presented reveal that 97.2% of the respondents believe that the culture in their organization affects employees’ productivity as well as corporate performance; while only 2.8% of the respondents believe otherwise. One of the respondents (1.4%) however did not respond to the question.

Table 3: There is a correlation between organizational culture and employees’ commitment to corporate goals.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	12	16.7	16.9
	Agree	24	33.3	50.7
	Indifferent	17	23.6	74.6
	Strongly disagree	6	8.3	83.1
	Disagree	12	16.7	100.0
	Total	71	98.6	100.0
Missing	System	1	1.4	
Total	72	100.0		

Source: Field Survey, 2019

Table 3 above reveals that 16.7% of the respondents agreed that there is a correlation between organizational culture and employees’ commitment to corporate goals. In other words, we can say that workers who have internalized the organization’s culture function better in terms of goals achievement. 33.3% of the respondents agree, 23.6% of the respondents are indifferent to the statement, 8.3% of the respondents strongly disagree, and 16.7% of the respondents disagree with the statement. We are unable to get the response of one respondent. From the above, we can marginally say that workers who have internalized themselves with

organizational culture will achieved better performance and be committed to corporate goals than their colleagues who did not internalized organizational culture.

Table 4: There is a correlation between organizational culture and corporate performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	18	25.0	25.0	25.0
	Agree	46	63.9	63.9	88.9
	Indifferent	2	2.8	2.8	91.7
	Strongly disagree	1	1.4	1.4	93.1
	Disagree	5	6.9	6.9	100.0
	Total	72	100.0	100.0	

Source: Field Survey, 2019

Here, responses as to whether there is a relationship between organizational culture and corporate performance are presented in table 4 above. The table reveals that 25.0% of the respondents strongly agreed, another 63.9% of the respondents agreed to this assertion. 2.8% of the respondents are indifferent to the statement. 1.4% of the respondents strongly disagree while remaining 6.9% of respondents disagree with the statement. The inference that can be drawn here is that there is a correlation between organization culture and corporate performance.

Table 5: Employees commit themselves to actively achieving organizational goals when they buy into cultural norms of the organization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	21	29.2	29.6	29.6
	Agree	43	59.7	60.6	90.1
	Indifferent	5	6.9	7.0	97.2
	Disagree	2	2.8	2.8	100.0
	Total	71	98.6	100.0	
Missing	System	1	1.4		
Total		72	100.0		

Source: Field Survey, 2019

In table 5 above, respondents were required to state whether employees commit themselves to actively achieving organizational goals when they buy into cultural norms of their organization. The responses presented reveal that 29.2% of the respondents strongly agreed, 59.7% of the respondents agreed to this assertion. However, 6.9% of respondents are indifferent to the statement, while 2.8% of respondents disagreed. 1.4% of the respondents did not respond to the statement. Thus, we can say that employees commit themselves to actively achieving organizational goals when they buy into cultural norms of the organization. Hence, they enhance organizational performance.

Testing of Hypotheses and Discussion of Results

The hypotheses for this study are tested here using the non-parametric chi-square test and a parametric t-test. Below are the discussions of the results obtained.

Hypothesis 1

H₁: Employees believe that there is a correlation between organizational culture and employee’s commitment to corporate goals.

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
There is a correlation between organizational culture and employees, commitment to corporate goals.	72	2.01	.986	.116

Interpretation: Where 1 represents strongly agree, 2 represents agree, 3 represents indifferent, 4 represents strongly disagree, and 5 represents disagree. Therefore, the mean of 2.01 shows the average response indicates the respondents agree that there is a correlation between organizational culture and employee’s commitment to corporate goals.

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
There is a correlation between organizational culture and Employees’ commitment to corporate goals.	17.336	71	.000	2.014	1.78	2.25

Interpretation: This is a two tailed test with d.f. = 72-1. The statistical value for 0.05 at 71 degree of freedom is 1.99 and the calculated value t=17.336 is greater than the tabulated value of 1.99, we accept the alternative hypothesis (H₁). This implies that organizational culture is positively correlated to employee commitment to corporate goals.

Hypothesis 2

H₁: Employees believe that there is a correlation between organizational culture and corporate performance.

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
There is correlation between organizational culture and corporate performance	71	1.99	1.049	.124

Interpretation: Where 1 represents strongly agree, 2 represents agree, 3 represents indifferent, 4 represents strongly disagree, and 5 represents disagree. Therefore, the mean of 1.99 shows the average response indicates that the respondents agree that organizational culture impacts corporate performance positively. Thus, there is a correlation between organizational culture and corporate performance.

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
There is a correlation between organizational culture and corporate performance	15.956	70	.000	1.986	1.74	2.23

Interpretation: This is a two tailed test with d.f. = 71-1. The statistical value for t at 0.05 and 70 degree of freedom is 1.99 and the calculated value of t=15.956. Since the calculated value of t (15.956) is greater than the tabulated value of t which is 1.99, we accept the alternative hypothesis (H₁). This implies that there is a correlation between organizational culture and corporate performance.

From the data obtained and analyzed, it was discovered that:

- i. Proper organizational culture is performance driven which is supported by the employees’ responses to whether organization culture promotes employees’ commitment, encourages participation and reinforces their effectiveness and productivity. In essence, there is a correlation between organizational culture and corporate performance. This answers one of the questions posed in the first part of this research. It was also proven after testing the relevant hypothesis.
- ii. The study further reveals that the values imbibed by employees’ overtime are reflected in the way they think and act.

- iii. The result from table 5 reveals that a large percentage of the respondents agree that employees commit themselves to actively achieving organizational goals when they buy into cultural norms of their organization.
- iv. From statistical analysis derived from testing the hypothesis one, the calculated value $t=17.336$ is greater than the tabulated value of 1.99; we therefore accept the alternative hypothesis (H_1). This implies that organizational culture affects employee commitment to corporate goals.
- v. Finally, from our test of hypothesis two, the statistical value for 0.05 at 70 degree of freedom is 1.99 and the calculated value of $t=15.956$. Since the calculated value of t (15.956) is greater than the tabulated value of 1.99, we accept the alternative hypothesis (H_1). This implies that there is a correlation between organizational culture and corporate performance.

CONCLUSION

In this study, the researchers examine the impact of organizational culture on corporate performance with evidence from Nigerian banking industry. Questionnaires were administered to respondents who were randomly selected from the study population to find out their opinions and views on whether organizational culture has an impact on corporate performance.

Judging from the various computations, analyses and findings, resulting from data collected for this study, the results revealed some vital facts which our conclusions are based. One, of the things we can deduce from this study is that organizational culture is very important in every business entity and that it is correlated to corporate performance. Besides, organizational culture affects the level of employee's commitment to corporate goals in a positive way.

This study shows that there is a positive relationship between organizational culture and corporate performance.

Considering the high percentage of respondents in favor of the two hypotheses, we can infer that organizational culture plays vital roles in corporate performance. This research has been able to describe and evaluate the effects of various dimensions of organizational culture to explain why some organizations outperform others.

RECOMMENDATIONS

The following recommendations are made to the management of case study companies and other organizations that are interested in modifying their culture in order to improve their general performance.

1. Organizational culture must be binding on all members and staff of the organization and this will encourage uniformity among members of the organization and thus enhance commitment and group efficiency.
2. In cases where an organizational culture must be changed, employees must first of all be notified and made to learn the modifications of the old culture as this will affect their performance as well as the general performance of the organization.
3. Organizations should be more innovative and creative in recruiting new members with different backgrounds in terms of culture thereby strengthening organizational culture and enhance organizational performance.
4. Organizations should be involved in the sponsorship of publicly cherished and organized events.
5. Every individual has different culture and beliefs that he works with and when he joins an organization that has a completely, different culture and beliefs from his own, he should be allowed to internalize himself first with the organizations culture and values to know whether he can cope with them or not. It is the ability of the employee to cope with the organizations culture that will determine his commitment to corporate goals.

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