



Impact of organizational culture on organizational performance: A study of Nigerian banking sector

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Abstract

The objective of this study is to examine the impact of organizational culture on organizational performance in the Nigeria banking sector with specific focus on Guaranty Trust Bank (GTB) Plc. The population of the study is made up of the management staff and other employees of two branches (Bauchi and Jos metropolis) of GTB. Data for this study were collected from respondents through the use of likert five (5) scale interval rating questionnaire. A total of 110 questionnaire was given out to the respondent and the data collected were analyzed using the Pearson correlation and Anova and statistical tool. The study found out that there is a significant relationship between organizational culture and organizational performance. The study therefore recommends that the management of Guaranty Trust Bank Plc should focus more on enforcing organizational values that will align with the vision and mission of the organization. The study also recommended that the management of GTB should put in place a leadership style that will encourage all stake holders of the organization to put in their best in attaining organizational goals and objectives. Furthermore, the study recommended that the management of GTB Plc should enhance the degree to which culture are integrated across all department to ensure uniformity so as to boost overall performance.

Keywords: Organization culture, organizational performance, values, leadership, interactions

Introduction

Organizations word wide thrives every day to achieve their goals and objectives. These objectives are usually realized by putting in place a structure within the organization that serves as a culture that will guide and influence the work live within that organization. Globalization has force businesses to be more on their toes and be proactive in order to compete and survive in a dynamic business environment. Hence the ability to develop and sustain an organizational culture is very essential for overall performance. According to (Burnes, 2004) ^[4] organizational culture is the attitudes, beliefs, and ways of doing things within an organization. It is a system of shared assumptions, values, and beliefs that governs how an organization interacts with internal and external environments (Fonseca, 2014) ^[15]. Organizations have peculiar and unique culture that differentiates it from other organizations. These cultures are mostly in line with the vision mission and objective of such organizations.

Organizational performance is the ability of an organization to fulfill its mission through sound management, strong governance and a persistent dedication to achieving specific goals over a given period of time (Kamugisha, 2013) ^[20]. Performance is equally defined as the achievement of financial and non-financial goals that enables an organization to remain viable and sustainable both in the short term and in the long run (Brooks, 2006) ^[3] High organizational performance is achieved when all the parts of an organization work together to achieve desired results i.e. the ability of an organization to improve performance is largely predicated upon the organizations interaction with effective and productive culture (Gritti & Foss, 2010) ^[19].

The Nigerian financial sector has over the years undergone numerous changes and GTB just like any financial institution has to adapt to these changes to meet up with the ever evolving business environment. As such, the needs for

a culture that will not only boost performance but also ensure survival. There are several literatures on the impact of organizational culture on organizational performance yet only a few are focus on the Nigeria financial sector. It is against this backdrop that this study examines the impact of organizational culture on organizational performance in GTB Plc.

Statement of Problem

Organizational culture serves as a mechanism through which an organization aid performance and achieve set goals and objectives. As organizations adopt major changes due to changes in the business environment, the execution of their mandates or functions changes in line with new opportunities and challenges. Changes bring in new structure and management and while these changes reflect shifts in the culture of any organization, it is argued that a culture change if not well managed can sometimes lead to failure in attaining set goals and objectives.

GTB Plc over the years has undergone several changes. These changes have necessitated a review of the management structure, mandate and functions, and as a result, changes in organizational culture. Thus the question remains if these changes in culture have an impact on the organization's performance. Therefore this study will examine the impact of organization culture on organizational performance in GTB Plc with organizational values, organizational leadership and culture integration as component of organizational culture.

Statement of Hypotheses

The following null hypotheses will guide this study;

H₀₁: There is no significant relationship between values and organizational performance in GTB Plc

H₀₂: There is no significant relationship between organizational leadership and organizational performance in GTB Plc

H₀₃: There is no significant relationship between culture integration and organizational performance in GTB Plc

Theoretical Framework and review of literature

1. Organizational Culture

Culture can be a combination of values and beliefs that aid communications and simplification of behavior which gives direction to peoples. Organizational culture according to (Nelson & Quick, 2011) [21] is the norms that the members of an organization experience and describe as their work settings. Such norms shape how members behave and adapt to get results in the organization. In the same view point, (Bouwman, 2013) [2] sees organizations culture as the system that helps to define how employees make decisions and think. Culture is based on a set of beliefs, values and assumptions and it generally helps to define ways in which an organization conducts its business. Andish, Yousefipour, Shahsavari, & Ghorbanipour (2013) [1], identified four roles that an organization’s culture play, which include: providing a sense of identity to members, enhancing the employee commitment, strengthening organizational values and shaping behavior through a central mechanism. According to (Busse, 2014) [5] defined organizational cultures as a system of values that drives people to make choices in an organization.

Cao, Huo, Li, & Zhao, (2015) [6], view organizational culture as shared basic assumptions learned and adopted by members of an organization that guides overall performance. Having a complete knowledge and awareness of an organizational culture helps in improving the ability to attain its goals (Brooks, 2006) [3]. Organizational culture increases employees involvement and commitment to their tasks promotes and strengthens organizational values, gives a feeling of unity and identity, and finally serves technique for controlling and shaping conduct (Carter & Greer, 2013) [7].

2. Organizational performance

Organizational performance is seen differently by different scholars. Fusch & Gillespie, (2012) [16] define organizational performance as an organization’s capability to accomplish its goals effectively and efficiently using available resources. Organizational performance is a collection of financial and non-financial indexes which gives information on how well objectives and goals are realized and attained (Givens, 2012) [17].

The notion of organizational performance is affiliated to the endurance and success of an organization. Performance is a comprehensive measure that can include productivity, quality, and consistency. In the same view point, (Fiordelisi & Ricci, 2014) [13] opined that performance indicators involves results, behaviors and relative measures management develop to achieve set objectives. Organizational performance is the function of the basic returns to the Instillation of strong culture in the organization's systems which enable it to perform its routines successfully (Flamhotz & Randle, 2012) [14].

Cravens, Oliver, Oishi, & Steward, (2015) [10] defined performance as the level of achievement after having exerted effort. Organizational performance can be defined

as the ability of an organization to produce results in relation to a target. To identify performance some factors must be considered such as, communication, job knowledge, creativity/innovation, technology skills, problem solving, attitude, sense of accountability, and culture (Eaton & Kilby, 2015) [11]. The aforementioned views shows that job performance can be measured by quantity, quality, and accuracy of work, employee’s efficiency and standard of work, employees striving for higher quality of work, achievement of work goals, and also organizational policy and strategy (Burnes, 2004) [4].

Organizations perform different activities to achieve organizational objectives. However, the concept of organizational performance is one of the most argued topics among various researchers and theorist (Engelen, Flattern, Thalmann, & Brettel, 2014) [12]. Chatman, Caldwell, O’Rally, & Doer, (2014) [9] also opined that without definite agreement to the operational definition of the concept, there would naturally be different perceptions among scholars and researchers.

Research Methodology

This study used the descriptive design method. The population of the study consists of management staff and other employees of two (Bauchi and Jos metropolis) branch of GTB Plc. The sampling technique use in this study is the stratified sampling technique. The likert five (5) scale interval rating questionnaire was use as the primary source to collect data from respondents. A total of 110 structured questionnaire was distributed to the respondents out of which 98 were returned which are sufficient for the study. Data collected were analyzed using Pearson correlation and Anova statistical tool. The Validity and Reliability of Instruments use in this study was tested using Cronbach’s Alpha to assess the consistency of the scales used. The Cronbach alpha value (α) is a reliability coefficient that has positive relationship with each other. According to George and Mallery (2003), the closer Cronbach alpha value (α) is to 1, the greater the internal consistency of the item in the scale.

Data Presentation and Analysis

Table 1: Response Rate

Organization	Questionnaire Administered	Questionnaire Returned	Percentage (%)
GTB Plc	110	98	89%

Hypothesis Testing

H₀₁: There is significant relationship between values and organizational performance in GTB Plc

Table 2: Correlation Analysis

		Organizational values	Organizational performance
Organizational Values	Pearson correlation	1	.341
	Sig.(2-tailed)		.000
	N	74	74
Organizational performance	Pearson Correlation	0.341	1
	Sig. (2 tailed)	0.000	
	N	74	74

Correlation at 0.01 significant level

The correlation analysis in table 2 above show the strength and direction of the linear relationship between organizational values and organizational performance in GTB Plc. The analysis shows a positive relationship between the two variables at $r=.341, n=74, p<0.01$. Therefore the study rejected the null hypotheses stated and accepts the alternate hypotheses.

H₀₂: There is no significant relationship between organizational leadership and organizational performance

Table 3: Correlation Analysis

		Organizational Leadership	Organizational performance
organizational leadership	Pearson correlation	1	.461
	Sig.(2 tailed)		.000
	N	74	74
Organizational performance	Pearson correlation	.461	1
	Sig.(2 tailed)	.000	
	N	74	74

Correlation at 0.01 significant level

The correlation analysis in table 3 above shows the strength and direction of the linear relationship between organizational leadership and organizational performance in GTB Plc. The table shows a positive relationship between the two variables with $r=0.0461, n=74, p<0.01$. Hence this shows that there is a positive relationship between organizational leadership and organizational performance in GTB Plc. Therefore the study rejects the null hypothesis stated and accepted the alternate hypothesis

H₀₃: There is no significant relationship between culture integration and organizational performance

Table 4: Correlation Analysis

		Culture Integration	Organizational Performance
Organizational interaction	Pearson correlation	1	.640
	Sig.(2-tailed)		.000
	N	74	74
Organizational performance	Pearson correlation	.640	1
	Sig.(2-tailed)	.000	
	N	74	74

Correlation is significant at 0.01 level

The correlation analysis in table 4 above shows the strength and direction of the linear relationship between culture integration and organizational performance. The result shows that there is a positive relationship between culture integration and organizational performance with $r=0.640, n=74, p<0.01$. Therefore this study rejects the null hypothesis stated and accept the alternate hypothesis.

Conclusion and Recommendations

The main objective of this study is to examine the impact of organizational culture on organizational performance in the Nigerian banking sector with a focus on GTB Plc. Base on the findings, the study concluded that organizational values, leadership and culture integration has a positive impact on organizational performance in GTB Plc. The study therefore recommended that the management of GTB Plc should focus more in enforcing organizational values that will align with the vision and mission of the organization. The study

also recommended that the management of GTB Plc should put in place a leadership style that will encourage all stake holders of the organization to put in their best in attaining organizational goals and objectives. Furthermore, the study recommended that the management of GTB Plc should enhance the degree to which culture are integrated across all department to ensure uniformity so as to boost overall performance.

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