

Organizational Culture and Performance of Commercial Banks in Kogi State

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Abstract

The banking industry plays a pivotal role to the socio-economic development of Nigeria and Kogi State in particular. However, its operational efficiency as well as how it meets stakeholder's expectation largely depends on its cultural values, norms, ethics, leadership and innovativeness. This study titled organizational culture and performance of commercial banks in Kogi State is written to examine how performance of commercial banks is influenced by organizational culture. The study adopts descriptive research design and reached respondents who are employees selected commercial banks in Kogi State. The Godden sample size statistical technique was adopted in determining the sample size. More so, the descriptive statistics adopted in analyzing data were mean and standard deviation while hypotheses were tested using multiple regression. The study revealed that a significant positive relationship exist between organizational culture and performance of commercial banks in Kogi State. The study recommends that organizational cultural practices such as innovativeness, bureaucratic culture and leadership be strategically integrated and be consciously retain to enable the banks enhances their performance while periodic training be carried effectively in order to retain service delivery, operational efficiency and meeting stakeholders expectation.

Keywords: Culture, Performance Commercial Banks, Innovative culture.

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Introduction

Business environment is increasingly attracting stiff competitiveness owing to the influence of globalization thereby making it imperative to identify the 3cs of customers, competition and change (Shaut *et al.*, 2019). Thus, business whether small, medium or large, public or private are being faced with this reality making consistent review, revise and re-strategies their approaches to meet this task unavoidable. Organization culture which entails the integrated values, practices and belief system being adopted by a firm which makes such an organization unique (Hosni *et al.*, 2017). This implies that through the instrumentality of organizational culture the firm structural systems, procedures and overall activities towards pursuing their immediate and strategic objectives would be defined. More so, it is through continuous dispositions of organizational culture that the critical stakeholders and members of an organization that such an organization is perceived. Undoubtedly, it means that firm corporate culture is also seems as part of its core competitive strategies considering the fact that its operational efficiency as well as perception of the general public will make or mar such as organization. Though, Kathrin *et al* 2018 revealed that cultural diversity in an organization most times posed perceptual incongruence owing to the heterogeneity of individual and team objectives cum social, demographic and economic values but Naranjo *et al* 2015 argued that such heterogeneity

are holistically identified and integrated by the drivers of organization thus resolving and adopting a blue-print to be strategically followed which is seen as organizational culture. Thus, organizational culture are exhibited in form of innovative culture, bureaucratic culture or leadership styles which summed up to help such firm achieve its overall objectives of meeting performance (Quy, 2018 & Ochi, 2016).

The banking industry plays a significant role to the socio-economic development of Nigeria considering its multiplier value chain as well as its contributions to employability. This implies that its success largely defines the overall gross domestic product (GDP) Taju et al (2016). In Kogi State, the contributions of commercial banks also play a significant role as apart from its contribution in facilitating economic activities it's also largely contributes to revenue profile of the State. Thus, its successful operations and performance through effective application of organizational culture is paramount. This study becomes imperative to apart from contributing to existing body of literature in this area to also review how these decomposed variables of innovative culture, bureaucratic culture and leadership styles as an independent variable contributes to the overall performance of commercial banks. Therefore, this is the thrust of this study as it is believed that the empirical and theoretical approach of this study will contribute to knowledge in the area of organization culture and performance.

Research Questions

This study is guided by the following research questions:

- i. What is the relationship between Innovative Culture and performance in Kogi State?
- ii. What is the relationship between Bureaucratic culture and performance in Kogi State?
- iii. What is the relationship between Leadership style and performance in Kogi State?

Objectives of the Study

Generally, this study examines Organizational culture and Performance in Kogi State.

The study is specifically set to achieve the following objectives:

- i. To determine the relationship between Innovative Culture and performance in Kogi State.
- ii. To examine the relationship between Bureaucratic culture and performance in Kogi State.
- iii. To examine the relationship between Leadership and performance in Kogi State.

Statement of Hypotheses

Consequent upon the research questions and objectives, the study formulates the following hypotheses in their null form to guide the research.

- H₁: Innovative Culture has no significant positive relationship with performance in Kogi State.
H₂: Bureaucratic culture has no significant positive relationship with performance in Kogi State.
H₃: Leadership style has no significant positive relationship with performance in Kogi State.

Literature Review

Organizational Culture

The concept of culture is seen as the way of life of people through their ideas, customs social and behavioural pattern in a given society (Maicibi, 2017). This implies that culture includes the

characteristics and knowledge of a particular group displayed through language, religion, norms, ethics, structure, procedures or social habit. Though, it is very difficult if not impossible to exhaust all the conceptual views in any construct in the field of management, social science and humanity which culture is also part of thus, this study is confined to few conceptual clarifications. Organizational culture is seen as behavioural pattern of an organization in form of philosophy, ideology, habits, symbols, language and norms through which its operations are being performed strategically (Majabi, 2017).

Ochi (2016 and Mba (2014) see organizational culture as an unwritten customs, behavioural patterns and belief system which guides the operations of firm on the immediate and strategic basis. Again, Langat, Lagal (2017 and Cengiz, Ercan (2008) noted that organizational culture is the firm collective programming of mind which distinguishes one organization from the other. To this end, it means that organization culture is based on shared history and traditions which transforms into current organizations patterns. In addition, Carlos et al (2014) and Naranjo et al (2016) noted that organizational culture is seen as a shared constant values and belief system which organization teams adopts to pursue its immediate and strategic objectives.

Therefore, organizational culture serves as potent tool in influencing firm's orientation through which it's routine and strategic activities are being pursued. Organizational culture can therefore be pursued through innovative culture, bureaucratic culture and leadership culture. The technique of strategically adopting these guarantees effective performance. Quy (2018) argued that firm innovative culture is exhibited through promoting learning and creativity applying new technique in pursuing its objectives. Again, the bureaucratic culture of firm deals with how initiated blue-prints are being strictly adhered to without deviating from it while Ochi (2016) noted that leadership culture deals with the leadership styles and abilities through which firms immediate and strategic goals are being pursued and attained.

Organizational Performance

Performance is seen as the extent to which firm's goal is being attained. This according to Ochi (2016) means that it is on the basis of performance target and its attainment that firm's success can be effectively measured. To this end, organizational performance requires adoption of management control mechanism through which the actual firms' output is measured against initial objectives being set. In addition, Sarmad et al (2018) noted that firm performance is multidimensional which is being influenced by several endogenous and exogenous variables. However, to effectively measure firm performance Samad et al (2018) concludes that several score card such as efficiency, outputs, responsiveness and democratic outcomes is adopted as the performance of firms. It is therefore; on this basis that organizational performance is measured.

Empirical Review

This section reveals previous studies that were conducted in the area of organizational culture and performance. It is on this basis that research gap will be identified thereby justifying the present research. Hosni et al conducted a study in 2017 on the impact of organizational culture on corporate financial performance. The research which was a qualitative study was conducted in Malaysia and performance was measured using financial variables. The study revealed that there is a relationship between organization culture and firm performance.

Again, Ochi conducted a study in 2016 on the effect of organizational culture on employee performance in Dantata and Sowoe Construction Company. The study which adopted a descriptive

research design determines its sample size using Taro Yaman statistical formula. Again, the data collected were analyzed using a five points likert scale while hypotheses were tested using regression analysis. The study revealed that 100% of employees' performance is influenced by organizational culture. More so, Samad et al 2018 conducted a study on examining the effects of strategic management and organizational culture on organizational performance. The study unveiled the effect of strategic management and organizational culture. The study reached respondents numbering 291 through a self administration questionnaire. The study revealed that performance of firms is influenced by organizational culture.

In addition, Salih and Ahmed conducted a research in 2013 the effect of organizational culture on firm financial performance: Evidence from a developing country. The study adopts a descriptive research design and the analytical tools include a five point's likert scale, means, and standard deviation while hypothesis was tested using regression analysis. The study revealed that firm performance in developing countries is being influenced by organizational culture. In addition, Qiu conducted a study in 2018 on organizational culture and firm performance: a comparative study between local and foreign companies located in Ito Chi Minh city. The study reached respondents numbering 427 comprising 246 foreign respondents and 181 local respondents, both descriptive and inferential statistics were adopted in analyzing data. Finding revealed that there is a significant relationship between organizational culture and firm performance.

Again, Didik et al conducted a study in 2013 on the impact of organizational culture on firm performance: An empirical Research on Indonesian manufacturing firms. The study adopted a descriptive research survey design where 151 respondents were reached. The data collected were analyzed using descriptive statistics. Finding revealed that organizational culture has significant effect on firm performance. From the above empirical review it shows that research has been conducted on organizational culture and firms' performance. However most of the research were conducted outside the country while where such study were conducted in Nigeria it was not in commercial bank. Thus, the findings of other research if generalized could amount to either hasty or faulty conclusion. The finding of this study will be unique considering its peculiarity and constructs being adopted.

Theoretical Framework

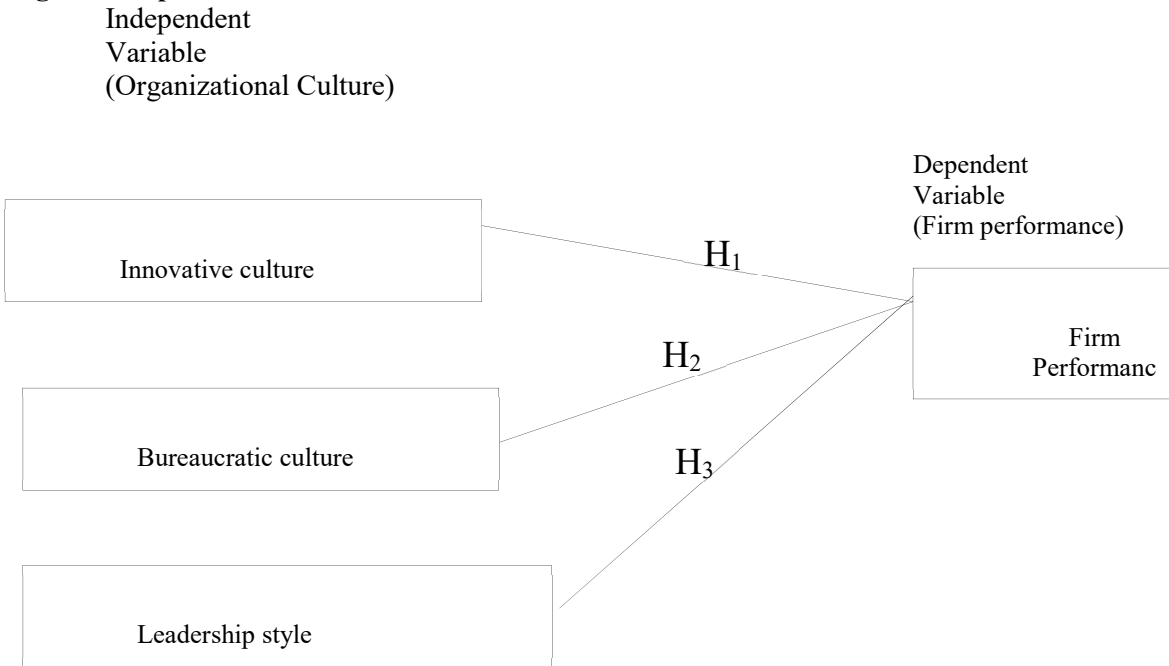
Adaptability Theory

This research examines the adaptability theory which is based on how norms, ethics and belief systems enhance firms ability of reception, interpretation and translation of signals from the internal and external environment. This implies that the theory portray how organizational culture promotes and influences the growth on the immediate and strategic basis. To this end, firms which exhibits adaptively focus on how they satisfy and meet stakeholders' needs without necessarily are considering their personal or corporate long time strategies. The firms integrate their workforce towards adapting to ever-changing structure and strategies while learning from their mistakes where such technique is not perfect from the inception. The Adaptability theory believes that for firm to thrive effectively it requires the right kind of leadership who will not focus on meeting the firm immediate needs nor pursue its objectives anchored on internal climate alone but strategically identify and pursue firms overall needs as they occurs towards consistently meeting firms objective (Ochi, 2016). The Adaptability theory is relevant to organizational culture and firms' performance considering its practical application especially as it relates to culture, structure, leadership and consistent pursuance of firms immediate and strategic goals.

Conceptual Model

This study design a model which drives the research constructs. For the purpose of emphasis, fig. 1 describes the model as shown below.

Fig 1 Conceptual Model



Source: Designed by the Researchers (2021)

Fig 1 shows the conceptual model designed by the researcher. The model shows that the independent variable is organizational culture and it is decomposed as firm innovative culture, bureaucratic culture and leadership style. Furthermore, the dependent variable is firm performance. This means that firm performance is being influenced by organizational culture. To this end, the model describes how innovative culture, bureaucratic culture or leadership style could influence firm performance in form of efficiency, outputs, responsiveness and democratic outputs. Thus, all these performance indices are evidenced in commercial banks in Kogi State.

Research Methodology

The research adopted a descriptive research design which is a research survey design involving surveying the respondents with the view to collecting their responses for the purpose of analysis. The primary data obtained were through a structured questionnaire and data collected were subjected to descriptive and inferential statistical analysis.

The population of this study is the entire employees of commercial banks in Kogi state both management, intermediate and junior staff as well as those on contract employment. The total population is 1360. This research therefore adopted the Godden' statistical formula which is statistical technique for determination of sample size therefore, in using the Godden statistical formula we have:

The Godden (2004) formula denoted as.:

$$SS = \frac{Z^2 (P) (1 - P)}{C^2} \quad \text{-- equ (1)}$$

$$\text{New SS} = \frac{SS}{1 + \frac{(SS-1)}{\text{Population}}} \quad \text{equ (2)}$$

Where SS = Sample size

Z = Confidence level 95 %

P = Percentage of population (50%)

C= Confidence interval = 5 % (0.05)

$$SS = \frac{1.96^2 (0.5) (1- 0.5)}{0.05^2} \quad \text{equ (1)}$$

$$SS = \frac{3.8416 (0.5) (1 - 0.5)}{0.0025}$$

$$SS = \frac{0.9604}{0.0025}$$

$$SS = 384$$

$$\text{Population} = 1360$$

$$\text{New SS} = \frac{384}{1 + \frac{(384 - 1)}{1360}}$$

$$384$$

$$\frac{384}{1 + 0.2816}$$

$$1 + 0.2816$$

$$SS = \frac{384}{1.2816}$$

$$\text{New SS} = 300$$

However, out of the total of 300 questionnaires distributed only 268 were duly completed and retrieved giving a response rate of 89%. The research adopts the systematic sampling technique so that every respondent could be given equal chances of representation.

The questionnaire was the major source of primary data therefore; the study designed a well-structured questionnaire. The questionnaire was close ended questionnaire while a five- point Likert-scale responses of strongly agree (5), Agree (4), Undecided (3), Disagree (2) and strongly disagree (1) were used. The study employed the services of two trained research assistants who helped in the administration of the research questionnaire.

However, the study relied solely on inferential statistics in testing the hypotheses where multiple regression analysis was used in examining the strength of relationship between the decomposed independent variables with the dependent variable. This process was aided with the statistical package for social sciences (SPSS).

Reliability of the Instrument

Reliability of this study was used to determine the internal consistency of the instrument. In testing the reliability of the instrument, the study conducted a pilot study by distributing questionnaires numbering twenty (25) to the target respondents through the help of two trained research assistants; the Cronbach Alpha coefficient measure of internal consistency was adopted. The reliability of the instrument using Cronbach alpha reliability test with the Statistical Package for Social Sciences (SPSS) yielded the result of 0.74 for Innovative culture, 0.76 for bureaucratic culture, 0.88 for leadership style and 0.82 for performance. The reliability result is showed in

table 1.

Table 1. Reliability Statistics

<i>Proxies/ Independent Variable</i>	<i>Number of items</i>	<i>Cronbach Alpha</i>
<i>Innovative culture</i>	<i>4</i>	<i>0.74</i>
<i>Bureaucratic culture</i>	<i>4</i>	<i>0.76</i>
<i>Leadership styles</i>	<i>4</i>	<i>0.88</i>
<i>Performance</i>	<i>4</i>	<i>0.82</i>

Source: SPSS statistical analysis

The 1 revealed that all the variables have Alpha Values above 0.70 hence, the instrument is deemed reliable.

Technique for Data Analysis

The study adopted inferential statistics in analyzing the data. The inferential or parametric statistics was used in testing the earlier formulated hypotheses while multiple regression analysis which examines the strength of relationship between the independent and dependent variables however, for the purpose of making a statistical inferences in this research only the inferential statistic results are presented for analysis.

Data Analysis and Results

The study tests the hypotheses using the multiple regression statistical analysis with the aid of Statistical Packages for Social Sciences (SPSS). The independent variable is Organizational culture and the decomposed variables are innovative culture, bureaucratic culture and leadership style respectively while the dependent variable is performance. The specific analytical approaches adopted are the descriptive, model summary and coefficient. The decision rule is to accept P. value if the alpha value is ≥ 0.05 otherwise the null hypothesis be rejected.

Table 2. **Descriptive Statistics**

	Descriptive Statistics		
	Mean	Std. Deviation	N
Innovative culture	3.524	1.317	268
Bureaucratic culture	3.652	1.272	268
Leadership style	3.723	1.463	268
Performance	3.726	0.543	268

Table 2 shows the descriptive statistics of the variables, it shows that the selected scale means lie within the accepted range, therefore, they are highly reliable and the research concludes that data obtained and analyzed is significant and reliable. The mean value for innovative culture is 3.524, bureaucratic culture is 3.652, leadership style 3.726 and Performance is 3.726 as well as standard deviation for Innovative culture is 1.317, bureaucratic culture 1.272, leadership style 1.463 and Performance as 0.543. This implies that Performance is being influenced by innovative culture, bureaucratic culture and leadership style respectively.

Test of Hypotheses

Table 3. **Model Summary**

Model	R	R Square	Model Summary ^b		
			Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.784 ^a	.748	.744	.21114	.119

a. Predictors: (Constant) IC, BC, LS

b. Dependent Variable: Performance

Table 3 shows that there is a significant positive relationship between the dependent variable (performance) and independent variable (IC, BC, LS) as indicated by a strong R of 0.748. The coefficient of determination R^2 (R square) which measures the percentage of the total change in dependent variable that can be explained by independent variable indicating that variables of organizational culture collectively increase 0.744 which means that organizational culture increase the 74% of performance.

This also implies that a 1% increase in organizational culture will lead to 75% Performance. However, this could be overstated so the adjusted estimate for the whole result was explored and it also gives 0.744 and the standard error of the estimate is 0.21114. Finally, the model shows that there is no auto regression in the variables as it shows the Durbin Watson of 0.119.

Table 4. Coefficients

		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	.124	.026		1.236	.000
	IC	.511	.015	.543	23.24	.000
	BC	.231	.324	.643	15.03	0.00
	LS	.252	.221	.432	35.91	0.00

a. Dependent Variable: performance

To test the significance of the regression for the variables Organizational culture (independent variable) and performance (Dependent variable) the P-value was considered. The result shows that the average performance is 0.124 when Organizational culture is zero.

The t-test value is 1.263 and its sig-value is 0.000 which is less than alpha value of 0.05 hence, it means that it is statistically significant. This implies that without the influence of Organizational culture the average performance is 1.263.

Discussion of Findings

From the empirical evidence in this research it shows that there is a significant positive relationship between organization culture and firm performance in commercial banks in Kogi State. The study specifically shows that innovative culture play pertinent role in influencing firm corporate performance while leadership styles follow and even though bureaucratic culture also influences firm performance it is queuing behind other constructs. This finding conforms to the findings of Ochi (2016) and Hosni et al (2017) which revealed that there is a significant relationship between organizational culture and firm performance. Again, the finding relates with that of Samad et al 2018 which revealed that strategic management and organizational culture influences performance since bureaucratic, innovation and leadership styles fits these constructs being adopted by the research.

Conclusion and recommendations

This study concludes that organizational culture is critical to firms' immediate and strategic performance owing to how such strives in the attainment of firm efficiency, outputs, responsiveness and democratic culture. Consequent upon the findings the study recommends that the management

of commercial banks should ensure that the existing firms' culture is strictly adhered to while periodic review is carried out with the view to suit stakeholder's satisfaction as the need arises. More so, organization cultural practices being noted in this study such as innovative culture, bureaucratic culture as well as leadership be strategically imbibed and integrated so as to retain such consciousness on their workforce. Finally, periodic training should be carried out by the banks to help employees cope with the challenges of cultural dynamics in the banking industry.

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