



Influence of Organizational Culture on the Performance of Medium Sized Companies Operating in Akwa Ibom State, Nigeria

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Abstract

This study examined the extent to which organisational culture is valued and practiced among medium sized companies operating in Akwa Ibom State, Nigeria. It also assessed the influence of the practiced organisational culture on the performance of the companies. The research was survey research employing the Ex post facto research design. The population of the study is 48,786 consisting of 40,673 middle level employees and 8113 top level management of medium sized enterprises operating in Akwa Ibom State. Purposive sampling technique was employed to derive a sample size of 2300 comprising of 2000 middle level employees and 300 top level management. The study adopted the "Organizational Culture Assessment Instrument" (OCAI) proposed by Cameron and Quinn (1999) and the performance variables proposed by Quinn and Rohrbaugh (1983) in Domingo and Antonio (2011). These are standardized instruments; therefore, there was no further need for further validation and reliability. The mean and the standard deviation was used to answer the research question one while regression was used to answer research question 2 and to test the null hypothesis at .05 level of significance. The result shows that there was a less extent of the implementation of organizational culture among medium sized companies. The result also showed that there is no significant influence of the implemented organizational culture on the performance of medium sized companies in Akwa Ibom. It was recommended among others that Company leaders and top management of medium sized companies should develop organisational culture consciously.

Keywords: Employees, Performance, Organizational Culture, Values, Company

Introduction

Organization Culture refers to a system of shared meaning held by members that distinguishes the organization from other organisations. Culture has its origin in the organisational interaction. *Organization Culture* is the fabric of meaning in terms of which human beings interpret their experience and guide their action. Edgar (2010) defined organizational culture as a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way you perceive, think, and feel in relation to those problems.

Basically, organizational culture is the personality of the organization. Culture is comprised of the assumptions, values, norms and tangible signs (artifacts) of organization



members and their behaviours. Members of an organization soon come to sense the particular culture of an organization. Culture is one of those terms that's difficult to express distinctly, but everyone knows it when they sense it. For example, the culture of a large, for-profit corporation is quite different than that of a hospital which is quite different than that of a university. You can tell the culture of an organization by looking at the arrangement of furniture, what they brag about, what members wear, etc.

Corporate culture can be looked at as a system. Inputs include feedback from, e.g., society, professions, laws, stories, heroes, values on competition or service, etc. The process is based on one's own assumptions, values and norms, for example, an organization's values on money, time, facilities, space and people. Outputs or effects of culture are, organizational behaviours, technologies, strategies, image, products, services, appearance, among others. Every organisation has its own unique culture even though they may not have consciously tried to create it. Rather it will have been probably created unconsciously, based on the values of the top management or the founders or core people who build and/or direct that organisation. Over time individuals (particularly the organisation's leaders) attempt to change the culture of their organisations to fit their own preferences or changing marketplace conditions. This culture then influences the decision-making processes, it affects styles of management and what everyone determines as success and most importantly, the performance of the organisation. When an organisation is created it becomes its own world and its culture becomes the foundation on which the organisation will exist in the world. People's actions in organisations are not always their own but are largely influenced by the socialisation processes of the specific culture to which they belong (Daniel and Jerome, 1997).

Organizational culture is the key to organizational excellence and the function of leadership is the creation and management of culture. Interpreting and understanding organisational culture is an important activity for managers and consultants because it affects strategic development, productivity and learning at all levels. Cultural assumptions can both enable and constrain what organisations are able to do.

Organizational Culture and Performance

Organizational culture is an essential element that helps companies to achieve its set-goals and targets. According to Rosenthal and Masarech, (2003) in Domingo and Antonio (2011), if managers change the values, rules and customs of the company, they could modify employees' behaviour and attitude, leading to an improvement in the firm performance.

A primary aspect of organizational culture is its relationship with organizational performance. An increasing body of evidence according to Domingo and Antonio(2011) supports a linkage between an organization's culture and the firm's performance. Small and medium sized organizations according to Sandino (2007) may not provide sustainable performance unless their organization's culture and people are fully prepared and aligned to support changes. Culture is what distinguishes truly high-performing organisations from the



pack. Given its relevance to productivity, organizational culture is becoming a key managerial instrument to enhance performance. Some research studies show that companies

with well established cultures achieve higher performance than those characterized by weak cultures (Kotter and Heskett, 1992; Gordon and Di Tomaso, 1992). A well developed organizational cultures facilitate the stability of the performance in uncertainty environments.

Statement of the Problem

A well crafted organizational culture is based on values that enhance a shared view of the organization. Managers and employees feel part of a unique project, where the benefit and individual improvements return directly on the benefit and improvement of the team and of the organization as a whole. The challenge with medium sized companies in Nigeria in trying to implement innovative culture is exacerbated by the not so friendly business environment in Nigeria, the issue of business policy summersault, overreliance on government, constant change and longing to survive. However, these challenges, while a problem, could also serve as an inspiration for companies to define their paths through organizational culture. Failure to implement organizational culture by management has the capacity to cause a company to drift, loose focus, loss revenues and weakened performance.

Purpose of the Study

The main purpose of this study is to determine the influence of organizational culture on predicting the performance of medium sized companies in Akwa Ibom State, Nigeria. Specifically, the study sought to

1. Determine the extent of implementation of organization culture by companies in Akwa Ibom State.
2. Determine the influence of the implemented organizational culture on the performance of medium sized companies in Akwa Ibom.

Research Questions

The following research Questions guided the Study

1. What is the extent of implementation of organization culture by companies in Akwa Ibom State?
2. What is the influence of the implemented organizational culture on the performance of medium sized companies in Akwa Ibom?

Null Hypothesis

The following hypothesis was tested

H₀₁: There is no significant influence of the implemented organizational culture on the performance of medium sized companies in Akwa Ibom.

H₁: The implemented organizational culture influences positively the performance medium sized companies in Akwa Ibom.



Methodology

The research was survey research employing the Ex post facto research design. The population of the study is 48,786 consisting of 40,673 middle level employees and 8113 top

level management of medium sized enterprises operating in Akwa Ibom State. Purposive sampling technique was employed to derive a sample size of 2300 comprising of 2000 middle level employees and 300 top level management. The study adopted the “Organizational Culture Assessment Instrument” (OCAI) proposed by Cameron and Quinn (1999). These authors identify four cultures: market, hierarchy, clan and adhocracy, in relation to two dimensions. The first dimension shows the company orientation towards control, stability and order. The companies within this dimension fluctuate between, on the one hand those with high stability, predictable and order emphasis, and on the other hand those maintaining high flexibility levels, organic structures and adaptation skills. The second dimension regards the internal versus external business orientation. The clan culture is typical in companies that look for the internal control of the organization but with flexibility, worrying about its employees and showing a special customer concern. The adhocratic culture is related to companies focused on external aspects of the organization, looking for a high degree of flexibility and innovation. The market culture appears in those organizations that stress the external orientation of the business, but considering at the same time the need for control and internal stability. The hierarchical culture pays special attention to internal aspects requiring control and stability (Domingo and Antonio, 2011).

This research also adopts the performance variables proposed by Quinn and Rohrbaugh (1983) in Domingo and Antonio (2011). According to Domingo and Antonio (2011), these authors set a framework for the organizational analysis, distinguishing three dimensions within organizational efficiency. The first dimension relates to the organizational approach, from an internal point of view, based on a “micro” perspective about good understanding and development of personnel, to an external one, whose emphasis relays on a “macro” level of business success. The second dimension is focused on the organizational structure, making emphasis on business stability and flexibility. The third dimension is based on organizational means and aims. These are standardized instruments and therefore, there was no further need for validation and reliability test. The mean and the standard deviation was used to answer the research questions while regression was to test the hypothesis at .05 level of significance. If the p-value is less than .05 ($p < .05$), the alpha level, the result is statistically significant. If it $p > .05$, the result is statistically not significant.

Discussion of Findings

Research Question 1: What is the extent of implementation of organization culture by companies in Akwa Ibom State?

Table 1: Summary of Respondents on the Extent of Implementation of Organization Culture by Companies *n = 2300*

S/N	Item description	\bar{x}	Std. Dev	Remarks
Company definition: how would you define your company using the statements given below				
1	It is like a great family. People share a lot of values with the others.	3.20	1.45	GE
2	It is dynamic and adventurous firm. People defend their ideas and take risks.	3.30	1.38	GE
3	It is led to obtain results. People are very competitive and focused to accomplish with targets.	3.20	1.29	GE
4	It is very hierarchical, formalized and structured company.	3.45	0.83	GE
5	There are procedures and rules for any operation.	3.47	1.05	GE
Company managerial style:				
6	Promote working as team, consensus and participation.	2.68	1.02	GE
7	promote individual initiatives, risk taking, and innovation	3.12	1.30	GE
8	Promote aggressive competitiveness and the achievement of ambitious goals.	3.09	1.04	GE
9	promote employment stability and little uncertainty	2.24	1.47	LE
Shared values by personnel				
10	Loyalty, commitment, each other trustiness and team work.	2.32	1.18	LE
11	Commitment to innovation and continuous development	2.55	1.12	GE
12	Aggressiveness, winner attitude and the achievement planned goals.	2.14	1.18	GE
13	Respect towards established rules and company policies as well as accomplishment with organizational hierarchy	2.29	1.26	GE
Key issues for the business success				
14	Team work, commitment and employee satisfaction	2.44	1.31	GE
15	Development of new and innovative products	2.20	1.45	GE
16	Market entrance and market share. Maintain leadership in the market.	2.30	1.38	LE
17	Efficiency, manufacturing planning and low costs strategy	2.20	1.29	LE
Cumulative Mean		2.28		LE



Table 1 gives the summary of the Mean and standard deviation of the item analysis of the extent of implementation of organization culture by medium sized companies. The result shows that when it comes to company definition, all the respondents agreed to a great extent of the company being like a family, its dynamic and adventurous nature. The respondents all agree to having a great company managerial style. However, on shared values and key business success issues, the respondent were of the opinion that the values were implemented

to a less extent. The cumulative Mean response is 2.28, this indicates that there is a less extent of implementation of organization culture by companies in Akwa Ibom State.

Research Question 2: What is the influence of the implemented organizational culture on the performance of medium sized companies in Akwa Ibom?

Table 2: Summary of the regression test for influence of the implemented organizational culture on the performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	57.612	1.530		37.653	.000
	Org. Culture	.880	.623	.069	1.413	.158

a. Dependent Variable: PERFORMANCE, $r=0.29$, $R^2=0.0841$

Table 2 gives the summary of the regression coefficients. The result shows that for every unit rise in organizational culture, performance increases by 0.88. the result also shows that the r-value (correlation index) is 0.29, indicating a low positive relationship between organizational culture and performance. The result further shows that the coefficient of determination (R^2) is 0.0841, indicating that 8.41% changes in performance is as a result of organizational culture.

Testing the Null Hypothesis.

H₀₁: There is no significant influence of the implemented organizational culture on the performance of medium sized companies in Akwa Ibom.

H₁: The implemented organizational culture influences positively the performance medium sized companies in Akwa Ibom.

Table 3: Summary of Significant Test for influence of the implemented organizational culture on the performance



Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	174.202	1	174.202	1.997	.158 ^a
	Residual	36471.760	2299	87.253		
	Total	36645.962	2300			

Not significant at .05

Table 3 shows the summary of the regression-ANOVA test for influence of the implemented organizational culture on the performance. The result shows that $p > .05$. Since p-value is greater than the alpha level, the null hypothesis is upheld. Thus, there is no significant influence of the implemented organizational culture on the performance of medium sized companies in Akwa Ibom.

Discussion of Findings

The result of analysis shows that there is a less extent of the implementation of organizational culture in medium sized companies in Akwa Ibom State, Nigeria. The result also shows that there is no significant influence of the implemented organizational culture on the performance of medium sized companies in Akwa Ibom. Companies that value loyalty rules and procedures with less value towards employee job satisfaction as a culture may suffer some setbacks in performance. This is corroborated by Merchant and Van der Stede (2012) and Simons (1995), which found that companies with strong control systems including strict rules and procedures create boundaries within which employees must perform. It is possible that too many or too strict rules and procedures decreases the employees' opportunities or willingness to be innovative and creative and test new business opportunities. This may then result in companies losing business opportunities and maybe lead to a decrease in performance.

Conclusion

Companies are composed of multiple variables and work in a complex and multivariate world. Studying the impact of one or two variables in isolation would seem relatively inconsequential and artificial. However, to include them all would be impossible. The results provide evidence on the link between organizational culture and performance. This study concludes that organizational culture do not operate in isolation, but they have to be considered as a total package. The research concludes that the implementation and moderation of organizational culture will improve the performance of medium sized companies.

Recommendations

Based on the findings of the study, the following recommendations are made



1. Company leaders and top management of medium sized companies should develop organisational culture consciously.
2. Medium sized executives should lead by example by modeling the culture for their employees.
3. A hand book of the company's culture should be made available for staff. Also, the organizational, vision, goals, objectives and core values should be placed visibly at strategic points of the company office and properties.
4. The effect of the culture should be measured periodically. This can be achieved by bringing in outside consultants to help in objectivity of assessment.

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