

**ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND ECONOMICS  
SCHOOL OF COMMERCE**



**THE EFFECT OF ORGANIZATIONAL CULTURE ON  
EMPLOYEES' PERCEIVED PERFORMANCE: THE CASE OF  
BERHAN INTERNATIONAL BANK S.C.**

*Thesis Submitted to Addis Ababa University School of Commerce in Partial  
Fulfillment for the Award of Master of Arts in Human Resource Management*

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## **Statement of Declaration**

I declare that the thesis entitled **“The Effect of Organizational Culture on Employees’ Perceived Performance”**: Empirical Evidence from Berhan International Bank S.c. submitted for the partial fulfillment of the requirements for the Degree of Masters of Arts in Human Resource Management at Addis Ababa University School of Commerce is my original work and it has not been presented for the award of any other degree, diploma, or other similar titles at this or any other university or institution.

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## Statement of Certification

This is to certify that the thesis work entitled “The Effect of Organizational Culture on Employees’ perceived Performance: the case of Berhan International Bank S.C.” is submitted in partial fulfillment of the requirements for Master of Arts in Human Resource Management to Addis Ababa University School of Commerce is her original work and has got acceptance for the submission for the award of Masters Degree in Human Resource Management.

This project paper has been submitted for examination with my approval as a university advisor.

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**ADDIS ABABA UNIVERSITY**  
**SCHOOL OF COMMERCE**

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## **ABSTRACT**

*This study investigates the effect of organizational culture on employees' perceived performance. The aim of this study is to assess and examine the effect of organizational culture on employee performance in Berhan International Bank S.C.. The conceptual framework was designed by treating organizational culture as an independent variable and employee performance as dependent variable. To achieve the objective, six research questions and five hypotheses were formulated. Organizational culture was further expressed using specific culture dimensions such as involvement, consistency, adaptability and mission. Explanatory or causal research design with mixed research approach was applied. The organizational culture questionnaire was adopted from Denison (1990) and the employee performance questionnaire was adopted from Onyango (2014). In order to check the reliability and internal consistency of the questionnaire, cronbach alpha was tested. Furthermore, pilot test was conducted before the distribution of the questionnaires. The data were obtained by an interview and survey questionnaires consisted of 54 statements with five point Likert scale. The study took 250 target population with response rate of 132 respondents. The data were analyzed using SPSS (version 20). Both Descriptive as well as inferential statistics were used to analyze the data and interpret results. According to the results of regression analysis, it can be concluded that 57.6% of variation in employee performance is accountable for organizational culture. Specifically, Consistency and Adaptability sub culture dimensions have a positive and a high significant effect on employees' performance. Based on the research findings and research conclusions, major recommendations such as; employees' capacity development, performance management system, and enhancing internal communication tools were offered for possible consideration by Berhan International Bank S.C.*

**Key words:** *Organizational Culture, Involvement, Consistency, Adaptability, Mission, Employee Performance.*

## CHAPTER ONE

### 1. INTRODUCTION

#### 1.1 Background of the Study

Employees are considered the most valuable assets among the critical resources that organizations acquire, and without their contribution to performance, organization's goals and objectives would not have been achieved. The success of any organization largely depend on its employees' performance and good employees' performance direct the organization to its success path. This is due to the reason that individual performance is the backbone for realizing the outcome of organizational performance so that all organizations need employee's job performance in order to achieve pre- stated objectives, and employees to accomplish their duties based on specific standard stated by their managers. Thus, understanding the relationship between the organization and its employees' performance is the key factor to improve the organization's ability to move through change effectively.

There are different factors that determine the performance of employee so organizations are expected to understand the factors that most affect employees' performance because such insight will help them to make better decisions that will instill improved performance of employees and to an extension the overall performance of the organization (Mwangi, 2012).

One of the most determinant factors for achievement of employees' performance is organizational culture and organizations should be aware of their culture in order to survive successfully in unstable business environment (Northouse, 2004). According to Oyafunke, Paul, and Olumuyiwa (2014) analyze the concept of organizational culture has become a fundamental aspect in business, management, psychology and sociology.

It has predominantly become an inevitable phenomenon in spite of the highly dynamic environment in the banking sectors.

Due to rapid level of competitive rivalry and the drive to attain prime over, the banking industries are imperatively conscious of what, why, when, where and how they can best characterize and achieve their set purpose and goal (Oyafunke, Paul, and Olumuyiwa, 2014).

Based on Kandula (2006) argument, the key element to good employee performance is the existence of a strong culture and due to variations in the practice of organizational cultures; same strategies do not yield same results for two organizations in the same industry and in the same location. A positive and strong culture can make an average individual perform and achieve exceptionally whereas a negative and weak culture can be the cause of outstanding employees to be demotivated and to underperform and end up with no achievement.

Stewart (2007) also added that the way of life of every organization which is instituted through the norms influences all those involved in the organization. These norms become important for organizations who aim to achieve competitive and distinctive advantage. Gallagher and Brown (2007) pointed that the culture of organizations influences what the company does, how it operates, what it focuses on, and how it treats the expectation of customers, employees, and shareholders. Consistently, the culture of every organization includes the customs, beliefs, norms, morals, ethics and values which are often reproduced and replicated through its language, stories, signs (symbols), rituals and rites (Daft, 2000). According to Alharbi and Alyahya (2013), proper understanding and deep knowledge of organizational culture will improve employees' performance.

Culture can enhance the consistency of employees' behavior; this clearly benefits an organization and employees, because it spells out how things are done and what is important (Stephen & Timothy, 2012). As Baker (2004) concludes that the short of such organizational cultures affect the performance through decision making, problem solving and strategy formulation and finally it will be source of organizational illness.

Based on an empirical study analysis made by Ojo (2014), the concept of organization culture received attention in the late 1980s and early 1990s as management scholars were exploring how and why the American companies failed to compete with their Japanese counterparts. The concept of a national culture was not a sufficient explanation to this phenomenon. Instead, a model was needed that allowed for differentiation between organizations within a culture (Schein, 1990). An interesting and important fact was that techniques of production and productivity applied by companies in Japan were imported from the United States. The Japanese successfully incorporated those techniques into their own culture and won. Japan's economic success lies in the homogeneous organizational culture and high standards of education. Some of the basic characteristics they applied were flexibility, adaptability, and teamwork, while the Western business and organizational culture focuses exclusively on the functional effect of an individual. (Gavric, Sormaz and Ilic, 2016).

## **1.2 Background of the Organization**

The case company, Berhan International Bank S.C. (BIB) was established in October 10, 2009 with a paid up capital of birr 1.4 billion. In its nine years' experience in the banking industry, it is able to expand its branch network all over the country so that the total number of its branches has reached to 171. The bank's total asset and total deposit has reached at birr 11.8 billion and birr 8.9 billion, respectively. In addition, its permanent employees are 3,082 with a

combination of 2,070 male and 1,012 female employees (December 31, 2017 Company's performance report).

The company is striving to meet its well-articulated vision statement "To be a radiant and trustworthy bank in excellence" and in its mission statement is primarily focused on the development of a motivated and qualified human resource with the highest ethical standard. Hence, molding the employees' personality with underlined assumptions, attitudes, core values and behaviors is required so as to bridge and fit their behavior with job performance and finally it will drive the bank forward for the realization of its vision with a motto of "*Ende Simachin Berhan new sirachin*" and an English equivalent translation which was given by the researcher as "*Working transparently as implied by our very name*".

With the aim of assessing the satisfaction level of employees, an international company, which is called Deloitte Human Capital Consulting, has made an employee satisfaction survey on 2016/17 on some selected private banks in Ethiopia, and based on its findings, Berhan International Bank got the highest employee satisfaction score among the selected banks and also got an award with a quote of "*The 2016 institution which employees love to work*". And the company's survey result, the researcher wants to further investigate the contribution and effects of organizational cultures on the perceived employee performance in the case company.

### **1.3 Statement of the Problem**

Nowadays, organizations particularly in the banking industry are straggling with the stiff competition in the market and increase of competition; globalization and alliances have led them to a great need for building a performance based organizational culture, however, they are still facing challenges related to performance: lack of employees' efficiency in productivity,

performance, commitment, self-confidence, work habits and profitability (Linnenluecke & Griffiths, 2010).

Understanding the association of the culture within the organization and employee's job performance is a vital research subject because it is proven by different studies that individuals work performance is crucial for success of organization, but in a weak organizational culture, employees have a problem to define the organization's values and to determine the right process of conducting business in the organization (Childress, 2013).

In order to fill the need of acquiring well trained and experienced banking professionals, Berhan International Bank S.C.(BIB) has been deploying new employees from other different private and government banks, who have grown up with different organizational values, norms, attitudes and assumptions, however; culture branding was not get adequate attention parallel to the deployment of employees.

Subsequently; the bank could able to conduct employee performance and productivity assessment study early of June, 2018/19 as a prerequisite for the preparation of the annual strategic plan document and accordingly, a three year employee performance data was captured and various performance indicators ( Deposit per branch, deposit per employee, and Profit per employee) were computed and significant variations were identified in the study; hence, the assessment findings were became a driving force for the bank to appreciate the gap and took it as a key issue for the top management's discussion during the bank's annual meeting which was held on end of June, 2018/19. Hence; the management has decided that working on building the bank's organizational culture is a top priority area in order to tackle the employee performance gaps for the captioned fiscal year. Therefore, the Training and Development department has

taken the direction forwarded and started providing a continuous training program called “culture branding” recently to all its employees.

Regarding the literature gaps identified, the researcher was able to realize that even if a lot of attention has been given in exploring the extent of the relationship between organizational culture and employees' performance (Ojo, 2010; Omoniyi, Salau, & Fadugba, 2014), still there are literature gaps which were identified by authors (Omoregbe & Umemezia, 2017).

No matter how this topic is rich in studies, many researchers concur on the fact that there is no agreement on the precise nature of the relationship between corporate culture and performance. Because of these contradictory results, the question of whether corporate culture improves or worsens employee's performance is still worthy of further research (Ojo 2009). Furthermore, Ojo (2010) argues that there is no clear conclusion on the exact relationship between organizational culture and employees' performance. Similarly, Ogbonna and Harris (2000) claim that despite many research works done in this area and contributions from various fields, there is no generally acceptable causal relationship between organizational culture and employees' performance.

Therefore, the above mentioned key issues have triggered the researcher to investigate the impact of organizational cultures on employees' perceived performance specifically in Berhan International Bank S.C. (BIB).

#### **1.4 Research Questions**

With the aim of achieving the objective of the research, the study is framed to answer the following basic questions:

1. What is the effect of organizational culture on employee performance in Berhan International Bank S.c.?
2. To what extent Mission as an element of organizational culture dimension influences employee perceived performance in BIB?
3. Can adaptability as an element of organizational culture influence employee job performance in BIB;
4. To what extent involvement as an element of organizational culture dimension influences employee perceived performance in BIB?
5. Can consistency as an element of organizational culture influences employee job performance in BIB;

## **1.5 Objective of the study**

### **1.5.1 General Objective:**

The main objective of this study is to investigate the effects of organizational culture on employees' perceived performance in BIB.

### **1.5.2 Specific objective:**

This study has intended particularly:

1. To investigate the effect of organizational culture dimension on employee performance in the context of BIB.
2. To investigate the extent of the organization's mission as an element of organizational culture influences employee perceived performance in BIB;
3. To examine the degree of employee involvement as an element of organizational culture influences employee job performance in BIB;

4. To study the degree of employee adaptability as an element of organizational culture influences employee job performance in BIB;
5. To examine the degree of employee consistency as an element of organizational culture influences employee job performance in BIB;

## **1.6 Significance of the Study**

The study mainly focused on the effect of organizational culture on employees' performance specific to Berhan International Bank S.C. Hence; the findings of this study may contribute to the bank's top, middle, and supervisory managements and will able to get an insight to understand the implications of those cultures on employees' performance as a result, the company will able to re-examine which organizational culture dimensions most dominantly affects their employees' performance and the company may design practical strategies on how to take appropriate improvement action on building such cultures and that might facilitate its long-term success and well-being.

It will be helpful to reconsider organizational culture are one of the prominent determinant factors for employees' performance by other companies available in the banking industry. It will also used as a secondary information or reference for future researchers in the banking industry who may be inspired to do further researches on the topic.

## **1.7 Scope of the study**

The research focused on one of the private bank with specific reference to Berhan International Bank S.c. and intended to reflect the effect of organizational culture on employee performance. In terms of conceptual framework, the research analysis was focused on the model of Organizational Culture as defined by Daniel Denison (2010) because the model is based on

behavior, designed and created within the business environment, uses business language to explore business-level issues, linked to bottom-line business results, and applicable to all levels of the organization. Accordingly; the model comprises four major organizational culture dimensions: involvement, consistency, adaptability and mission and these again comprises three sub components or elements within.

This research study invited permanent Head Office employees whose educational qualification is B.A degree and also who have a service year for two years and above in the company because the researcher believed when employees stayed longer in serving the company, they can possibly have a better understanding about the existing organization's culture and its effect on their performance.

Regarding the methodology, mixed approach i.e. both quantitative and qualitative approaches were applied as quantitative method was appropriate to examine the relationship between two or more variables in the study, where as the qualitative method was used to conduct an interview for the bank's top and middle management. With respect to the research design, explanatory research design was adopted. This research covered a total of six to eight months duration, which was started on end of March, 2018 and the final thesis paper is going to be submitted on October, 2018.

### **1.8 Limitation of the study**

The researcher faced some limitation is that the bank does not have an individual based performance measurement system, instead applies team based performance measurement system, therefore, the researcher is forced to make the analysis and interpretation to entirely to depend on the employees' personal judgment, thoughts and perceptions and these may create some

perceptual errors. As the research study focused on one bank, its findings may not be comprehensive enough for other organizations especially for the banking industry.

Regarding the geographical area coverage, the study is limited to focus only on employees who are under Head Office even if the bank has huge number of employees in branches both in Addis and outlying area, this is due to the fact that the concept of Organizational culture is a high level strategic concept and it is assumed that it is more familiar to employees who are near to issues related to the conception, development and execution of strategic matters.

### **1.9 Definition of terms**

The terms in the study includes those that related to organizational culture and employee performance. The definition of terms helps the reader of the study to understand the meaning of the term based on the study context. The study includes the following key operational terms.

**Employee performance:** an employee performance is work outcome in quality and quantity that achieved by someone in conducting his responsibility. (Mangkunegara, 2005).

**Organizational Culture:** It is a statement of beliefs and values of an organization and contributes for organizations a sense of identity and establishes, through the organization's rituals, legends, values, norms, meanings, beliefs, and languages, the manner in which functions are carried out (Schein, 2011). According to Armstrong (2011), Organizational or corporate culture is the pattern of values, norms, beliefs, attitudes and assumptions that may not have been articulated but shape the ways in which people in organizations behave and things get done.

## 1.10 Organization of the Study

This study comprises five chapters. The first chapter provides background of the study, background of the organization, statement of the problem, objectives of the study, significance of the study, scope of the study, limitation of the study, and definition of key terms. Chapter two comprises a review of the related literature on the concept of organizational culture, different types of models of organizational culture and their dimension, concept of employee performance, theories of employee performance, the functions and characteristics of organizational cultures, Empirical Review and Conceptual framework. The third chapter presented research design, data sources, sampling technique, instruments of data collection, procedures of data collection, methods of data analysis and ethical considerations. Chapter four described the finding of analysis and interpretation on the relationship of organizational culture and employee performance and the final chapter i.e. the fifth chapter gave highlights on the implications based on the results; it included summary of major findings, conclusions, recommendations and finally suggestion for further research.

## CHAPTER TWO

### 2. REVIEW OF THE RELATED LITERATURE

#### 2.1 Theoretical Review

Under the following theoretical literatures relevant to the variables of the study were reviewed. It started with the concepts and definitions of employee performance and then organizational culture and its importance, characteristics of organizational culture, models of organizational culture, and functions of organizational culture. The chapter continues with the empirical review of different researchers' works regarding the relationship and effect of organizational culture on employee performance and then followed by the conceptual framework.

##### 2.1.1 Employee Performance

According to Awadh & Sadd (2013) performance was defined as the degree of an achievement to which an employee fulfills the organizational mission at workplace. Even though performance has been perceived differently by various researchers, most of the scholars relate performance with measurement of transactional efficiency and effectiveness towards organizational goals (Stannack, 1996; Barne, 1991). The job of an employee is build up by degree of achievement of a particular target or mission that defines boundaries of performance (Cascio, 2006). Certain researchers have identified different thought, attitudes and beliefs of performance as it helps in measurement of input and output efficiency measures that lead to transactional association.

The other definition of performance is stated as the ability (both physical & psychological) to execute a specific task in a specific manner that can be measured as high,

medium or low in scale. The word 'performance' can be used to describe different aspects such as societal performance, organizational performance, employee performance, and individual performance etc.

Performance is work results that is achieved by someone or group in organization, suitable with the authority and responsibility, in effort to reach the organizational goals legally, not violate the law, and suitable with moral and ethics. According to Ramlall (2008), employee performance is important; this is so because an organization's success is dependent upon the employee's creativity, innovation and commitment. Every employee performs different jobs or tasks in an organization depending upon the nature of the organization. These jobs or tasks are performed by the employees properly so they can give their best output at the job. The importance of employees' performance must be understood by the management and sincere efforts must be put in that direction.

Researchers (Roe 1999; McCloy, Oppler and Sager, 1993; Campbell 1990; Kanfer 1990) leaned in identifying two dimensions of performance: an action dimension (i.e. behavioral aspect) and an outcome dimension (i.e. performance aspect). Here, the behavioral aspect of performance is assumed to be matched with work situation and job specifications. Then this selective behavioral aspect turns into a means of achieving organizational goals and objectives that is the outcome dimension or performance aspect. Although there is a range of behaviors that could be used for measuring performance Motowidlo, Borman, and Schmit (1997) emphasizes judgmental and evaluative processes that take a great deal along with action itself while defining performance.

Furthermore; employee's performance is the ability of employees to attain goals either personal or organizational by using resources efficiently and effectively (Daft, 2000).

Sometimes, the term performance is mixed with productivity. Ricardo (2001) said that performance and productivity were two different things. Productivity means the ratio represents the volume of work done within the period while performance is an indicator of productivity, consistency, and quality of work. He suggested that developing a result oriented culture needs high level of education, concepts, instruments, training and management as well as leadership skills.

#### **2.1.1.1 Concepts of on Employee Performance**

Since employee performance is the basis of success for an organization, it is considered as a very critical factor in every organization. It is considered as backbone of the organization when it leads to its development effectively. The loyalty of an employee relies upon knowledge and awareness of culture that improves behavior of organization (Brooks, 2006). If an individual performs according to the expected standards, then organization performance will be enhanced and improved (Chegini, 2010). It is, therefore, logical that job performance is an extremely important criterion that relates to organizational outcomes and success. Given the importance of employee job performance, management has to carry out an in-depth analysis of their employees and find out the determinant factors that will increase high employee job performance. Armstrong (2009) also dictates that sustainability of business organization depends on talent, skill, knowledge and experience of employees and on their performance.

Performance is the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost, and speed. Employee's performance is the contribution of employees for the achievement of organization objective.

Employees expected to perform acceptable level of the standard and managers follow up, and evaluate the performance of employees to attain the stated objective of an organization. (Armstrong, 2009).

### **2.1.2 Organizational Culture**

According to Kokilia and Ramalingam (2015), employees are the basic building blocks of an organization. The success and development of an organization depends on how effectively and efficiently its employee performs and culture is a means through which employees discover and correspond what is suitable or undesirable in an organization in the light of values and norms. Culture can be found in any organization, no matter how small or large the organization could be. Organization culture sets a framework within which individual and group behavior takes place in terms of employees' communication whether it is open or closed or they are given autonomy or recognition for their achievements.

The authors further described Organizational culture as it is the vital aspect of successful organization. There must be a positive culture to attract and retain loyal and committed employees, which, in turn, can strengthen relationships with customers and other partners. Just like any other asset, organizational culture must be monitored and nurtured to ensure that it reflects the organization and its vision.

“Organizational or corporate culture is the pattern of values, norms, beliefs, attitudes and assumptions that may not have been articulated but shape the ways in which people in organizations behave and things get done” (Armstrong 2009:120).

As authors Chatman and Eunyoung (2003) contemplated, organizational culture is a system of shared assumptions, values, and beliefs that show people what is appropriate and inappropriate behavior.

“The culture of an organization refers the unique configuration of norms, values, beliefs and ways of behaving that characterize the manner in which groups and individuals combine to get things done” (Eldridge and Crombie 1974:89). Organizational culture has the potential to enhance organizational performance, employee job satisfaction and a sense of certainty about problem solving (Kotter, 2012). It is also defined as a system of shared meaning held by members that distinguishes the organization from other organizations (Robbins & Judge 2013). Organizational values and norms have a strong influence on employee behavior as well as organizational performance and helps employees to understand the functions of the organizations through the sharing of its vision, mission, norms, values, rules, and regulation (Deshpande & Webster, 1989).

According to Agwu (2014), organizational culture was presented as it can be a source of powerful instruments for controlling behavior that how we can perceive our environment. Organizations do not exist in a vacuum but in a specific culture or socio-cultural environment that influence the way their employees think, feel and behave. Work place culture is a very prevailing force that influences an employee's work life. Hence, managers and employees do not work in a value free environment; rather they are governed, directed and tempered by the organization's culture (Ritchie, 2000). Thus, organizational culture has a strong influence on employees' performance and work attitude. For employees, it is like glue which has the strength to maintain their attachment with an organization or what drives them away.

In the book which was written by Schien (2004) defined Culture as both a dynamic phenomenon that surrounds us at all times, being constantly enacted and created by our interactions with others and shaped by leadership behavior, and a set of structures, routines, rules, and norms that guide and constrain behavior. Likewise, Ravasi and Schultz (2006) shared the concept and wrote that organizational culture is a set of shared assumptions that guide what happens in organizations by defining appropriate behavior for various situations. It is also the pattern of such collective behaviors and assumptions that are taught to new organizational members as a way of perceiving and, even, thinking and feeling. Thus, organizational culture affects the way people and groups interact with each other, with clients, and with stakeholders.

Culture has all-inclusive effects on a firm because a firm's culture not only defines who its relevant employees, customers, suppliers, and competitors are, but also it defines how a firm will interact with these key actors (Louis, 1983). This conception of organizational culture shaped classical distinctions between an organization's culture and its structure and strategy (Tichy, 1982) because these attributes of a firm are direct manifestations of cultural assumptions about what business a firm is in and how it conducts that business.

When one brings culture to the level of the organization and even down to groups within the organization and can see clearly how culture is created, embedded, evolved, and ultimately manipulated, and, at the same time, how culture constrains, stabilizes, and provides structure and meaning to the group members.

Every organization has its own unique set of values and therefore culture. Some companies focus on integrity and honesty, passion for customers while other emphasize on technology, self-improvement or innovation. Irrespective of the organization's culture, the companies should align the core values with the overall performance. It is important to focus on

creating a performance culture and to help employees that do not achieve their goals, before finding a better match for the position. Organizations cultural change does not happen by accident. In most of the cases, culture changes are implemented using a defined strategy for high involvement and by using a measurable action plan.

### **2.1.2.1 Concepts of Organizational Culture**

Organizational culture is a widely used term but one that seems to give rise to a degree of ambiguity. Watson (2006) emphasizes that the concept of culture originally derived from a metaphor of the organization as 'something cultivated'. For the past number of decades, most academics and practitioners studying organizations suggest the concept of culture is the climate and practices that organizations develop around their handling of people, or to the promoted values and statement of beliefs of an organization (Schein, 2004). He further highlights that the only thing of real importance that leaders do is to create and manage culture that the unique talent of leaders is their ability to understand and work with culture; and that it is an ultimate act of leadership to destroy culture when it is viewed as dysfunctional. Culture therefore gives organizations a sense of identity and determines, through the organization's legends, rituals, beliefs, meanings, values, norms and language. An organizations' culture encapsulates what it has been good at and what has worked in the past.

### **2.1.2.2 Importance and Functions of Organizational Culture**

The importance of organizational culture is manifested in a number of ways. To mention some of the benefit side of the culture: decides the way employees interact at their workplace and promote a healthy relationship and competition at the workplace. The culture of an

organization represents certain predefined policies which guide the employees and give them a sense of direction at the workplace and create a brand image of the organization. In addition, the organization culture brings all the employees on a common platform to be as a social member and also unites the employees who have different background.

According to Ojo (2014), several writers argue that a strong corporate culture is good for business because it serves three important functions: First, corporate culture is a deeply embedded form of social control that influences employee decisions and behavior. Second, corporate culture is the social glue that bonds people together and makes them feel part of the organizational experience. This social glue is increasingly important as a way to attract new staff and retain top performers. Finally, corporate culture assists the sense-making process. In other words, it helps employees understand organizational events and employees can communicate more efficiently and effectively thereby, reaching higher levels of cooperation with each other because they share common mental models of realities (McShane & Glinow, 2005).

### **2.1.2.3 Characteristics of Organizational Culture**

An organization's culture can provide a sense of identity to its members. The more clearly an organization's shared perception and values are defined, the more strongly people can associate themselves with their organization's mission and feel a vital part of it. Collins and Porras (2008) stated organizational culture as a system of shared meaning held by members that distinguish one organization from other organizations. They believe that these shared meanings are a set of seven primary characteristics which in aggregate may capture.

Accordingly, these are: (1) Innovation and risk-taking-which employees are encouraged to be innovative and take risks, (2) Attention to detail-reflects the degree to which employees are

expected to exhibit precision, analysis, and attention to detail, (3) outcome orientation shows that the degree to which management focuses on results or outcomes rather than on technique and process, (4) People orientation-the degree to which management decisions take into consideration the effect of outcomes on people within the organization, (5) Team orientation-the degree to which work activities are organized around teams rather than individuals, (6) aggressiveness-indicates that the degree to which people are aggressive and competitive rather than easygoing and (7) Stability emphasizes-the degree to which organizational activities are more focused on maintaining the status quo in contrast to growth.

#### **2.1.2.4 Types of Organizational Culture Models**

Different researchers develop models on organizational culture which incorporate different traits or behaviors driven by beliefs and assumptions that create an organizational culture. Some of the prominent models are discussed here under.

##### **2.1.2.4.1 Hofstede's Model of Organizational Culture**

According to Hofstede (1980), organization culture involves the various ideologies, beliefs and practices of an organization which make it different from others. The culture of any workplace decides how employees would behave with each other or with the external parties and also decide their involvement in productive tasks. Accordingly, he has identified six factors which influence the culture of the workplace.

The first factor, Power Distance Orientation, refers to the differences in the work culture as per the power delegated to the employees. There are some organizations which believe in

appointing team leaders or team managers who are responsible for their respective teams and have the challenge of extracting the best out of the members.

The second factor, Masculinity vs. Femininity, refers to the effect of differences in male and female values on the culture of the organization. Organizations where male employees dominate their female counterparts will follow different policies as compared to organizations where females have a major say in the decision making process of the organization. Male employees would be more aggressive as compared to the females who would be more caring and soft-hearted

The third factor, Individualism Vs Collectivism: the degree to which an organization integrates a group mentality and promotes a strong sense of community (as opposed to independence) within the organization. There are some organizations which strongly rely on team work. Here individuals with a common interest come together and work as a team.

The fourth factor, Uncertainty Avoidance: an organization's comfort level with risk-taking. As risk and return are largely correlative in the business environment, it is particularly important for organizations to instill a consistent level of comfort with taking risks.

The fifth factor, Long Term Orientation: the degree to which an organization or culture plans pragmatically for the future or attempts to create short-term gains. There are some organizations which focus on long term relationship with the employees and;

Tolerance vs. Restraint: this pertains to the amount of spending and fulfillment of needs. For example, a restrained culture may have strict rules and regulations for tapping company resources.

#### **2.1.2.4.2 Edgar Schein Model**

The most widely used organizational culture framework of Schein (1990) adopts the functionalist view and described culture as a pattern of basic assumptions, invented, discovered, or developed by a given group, as it learns to cope with its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore is to be taught to new members as the correct way to perceive, think, and feel in relation to those problems. According to the author, understanding the organization's culture may start from observing its artifacts: its physical environment, employee interactions, company policies, reward systems, and other observable characteristics. However, simply looking at these tangible aspects is unlikely to give a full picture of the organization, since an important chunk of what makes up culture exists below one's degree of awareness. The values and deeper, the assumptions that shape the organization's culture can be uncovered by observing how employees interact and the choices they make, as well as by inquiring about their beliefs and perceptions regarding what is right and appropriate behavior.

Hence, this culture model has three layers in it and the first layer that is recognized by the author is artifacts which are difficult to measure and they deal with organizational attributes that can be observed, felt and heard as an individual enters a new culture, Values deals with the espoused goals, ideals, norms, standards, and moral principles and underlying assumptions which deals with phenomena that remain unexplained when insiders are asked about the values of the organizational culture. Information is gathered in this level by observing behavior carefully to gather underlying assumptions because they are sometimes taken for granted and not recognized. According to the author, the essence of organizational culture lies in this level.

#### 2.1.2.4.3 Cameron and Quinn Model

The culture model presented by Cameron and Quinn (2011) places organizations in a continuum of four core values, called Flexibility, Stability, Differentiation, and Integration. “What is notable about these four core values is that they represent opposite or competing assumptions. Each continuum highlights a core value that is opposite from the value on the other end of the continuum” (Cameron & Quinn 2011, p. 40). The authors have named the quadrants in a way that vibrates well with managers and researchers alike that have some knowledge in organizational culture frameworks. The four types of cultures are:

Clan Culture which is full of shared values and common goals, an atmosphere of collectivity and mutual help, and an emphasis on empowerment and employee involvement. A kind of organizational culture where the sense of family is strongly exists. Teamwork is emphasized and leader's role is as a mentor,

The Adhocracy Culture is like a temporary institution, which is dismissed whenever the organizational tasks are ended, and reloaded rapidly whenever new tasks emerge. Adhocracy is an organizational culture which gives a lot more opportunity for individuals to develop in their own way, as long as they are consistent with the organization goals,

The Market Culture focuses on the transactions with the environment outside the organization instead on the internal management. The organizational goal is to earn profits through market competition. Market culture is a type of culture which stresses on the effectiveness on goal achieving and;

The fourth category; the Hierarchy Culture has a clear organizational structure, standardized rules and procedures, strict control, and well defined responsibilities. This culture can be simply identified through the domination of rule, system and procedure. Stability inside

the organization is a prime orientation which should be maintained through a set of fixed and tight rules.

#### **2.1.2.4.4 Deal and Kennedy Model**

This model measures organization in terms of feedback. Dolan and Lingham (2012) developed four types of organizational culture. These are; Tough-Guy Macho Culture that reflects the culture where by feedback is quick and the rewards are high. This often applies to fast moving financial activities such as brokerage and it is very stressful culture in which to operate, The Work Hard / Play Hard Culture is characterized by few risks being taken, all with rapid feedback. This is typical in large organizations, which strive for high quality customer service, Bet your Company Culture shows that in which big stakes decisions are taken, but it may be years before the results are known. Typically, these might involve development or exploration projects, which take years to come to completion, such as oil prospecting or military aviation and Process Culture which occurs in organizations where there is little or no feedback. People become suspicious with how things are done not with what is to be achieved. This is often associated with bureaucracies.

#### **2.1.2.4.5 Charles Handy Model**

A model which is called Charles Handy is developed by Dolan & Lingham (2012), Organizational structure is the foundation for this model to classify organizational culture into four categories: Power Culture, Role Culture, Task Culture and Person Culture.

The Power Culture describes the concentration of power within few and control radiate from the center like a web. Power Cultures have few rules and little bureaucracy.

The Role Culture is characterized by people has clearly delegated authorities within a highly defined structure. Typically, these organizations form hierarchical bureaucracies thus, power derives from a person's position and little scope exists for expert power.

In a Task Culture teams are formed to solve particular problems. Power derives from expertise as long as a team requires expertise. These cultures often feature the multiple reporting lines of a matrix structure.

The Person Culture exists where all individuals believe themselves superior to the organization. Survival can become difficult for such organizations, since the concept of an organization suggests that a group of like-minded individuals pursue the organizational goals.

#### **2.1.2.4.6 Denison Organizational Culture Model**

It is developed based on 20 years of studies and research. The Denison Model of organizational culture describes a theory of organizational behavior that emphasizes the strong link between culture and performance. The American Professor Denison, the creator of this model, has emphasized the following cultural dimensions: Involvement, Consistency, Adaptability and Mission. Each of these dimensions includes three other features. The Australian Journal of Basic and Applied Sciences have described the four types of Denison model of Organizational Culture and their respective sub elements are mentioned under.

The cultural dimension of Involvement describes that Organizational members are committed to their work, and feel a strong sense of ownership. People at all levels feel that they have at least some input into decisions that will affect their work and feel that their work is directly connected to the goals of the organization. This allows high involvement organizations to rely on informal, voluntary and implicit control systems, rather than formal, explicit, bureaucratic control systems. In the model, this trait is measured with three indexes:

Empowerment to emphasis that individuals have the authority, initiative and ability to manage their own work. This creates a sense of ownership and responsibility toward the organization. In Team Orientation index value is placed on working cooperatively toward common goals for which all employees fell mutually accountable and the organization relies on team effort to get work done, in Capability Development sub category the assumption is that the organization continually invests in the development of employee's skills in order to stay competitive and meet ongoing business needs.

The second cultural dimension is Consistency that organizations are effective when they are consistent and well integrated. Behavior is rooted in a set of core values, leaders and followers are skilled at reaching agreement and incorporating diverse points of view, and the organization's activities are well coordinated and integrated. Consistent organizations develop a mindset and create organizational systems that build an internal system of governance based on consensual support. In the model, this trait is measured with three indexes: Core Values: when the members of the organization share a set of values which create a sense of identity and a clear set of expectations, Agreement: when members of the organization are able to reach agreement on critical issues. This includes both the underlying level of agreement and the ability to reconcile differences when they occur. Coordination and Integration: as different functions and units of the organization are able to work together well to achieve common goals. Organizational boundaries do not interfere with getting work done.

The third dimension-Adaptability reflects that despite there are some natural advantages of well integrated organizations, there are also the least adaptive and the most difficult to change. Internal integration and external adaptation can be at odds. Adaptable organizations translate the demands of the organizational environment into action. They take risks, learn from their

mistakes, and have capability and experience at creating change. They are continuously improving the organization's ability to provide value for its customers. Organizations that are strong in adaptability usually experience sales growth and increased market share. In the model, this trait is measured with three indexes: Creating Change in this index the organization is able to create adaptive ways to meet changing needs. It is able to read the business environment, react quickly to current trends, and anticipate future changes. Customer Focus: The organization understands and reacts to these customers and anticipates their future needs. It reflects the degree to which the organization is driven by a concern to satisfy their customers. Organizational Learning: The organization receives, translates, and interprets signals from the environment into opportunities for encouraging innovation, gaining knowledge, and developing capabilities.

The fourth cultural dimension is Mission and it magnifies that successful organizations also have a clear sense of purpose and direction that defines organizational goals and strategic objectives and expresses a vision of what the organization will look like in the future. A mission provides purpose and meaning by defining a social role and external goals for the organization. It provides a clear direction and goals that serve to define an appropriate course of action for the organization and its members. A sense of mission allows an organization to shape current behavior by envisioning a desired future state. In the model, this trait is measured by three indexes: Strategic Direction and Intent: Clear strategic intentions convey the organization's purpose and make it clear how everyone can contribute and "make their mark" on the industry. Goals and Objectives: A clear set of goals and objectives can be linked to the mission, vision, and strategy, and provide everyone with a clear direction in their work. Vision: The organization has a shared view of a desired future state. It embodies core values and captures the hearts and minds of the organization's people, while providing guidance and direction.

The Denison's model has also categorized the dimensions as; Involvement and Consistency to determine the level of Internal Focus, whereas; Adaptability and Mission to determine the level of External Focus. Again Mission and Consistency to determine the level of Stability, while Involvement and Adaptability to determine the level of Flexibility.

Figure 2.1 The Denison Organizational Culture Model Circumplex



Source: D.R. Denison, *Organizational Culture Survey Facilitator guide*

Therefore; the researcher was adopted the Denison's organizational culture model for this research study. As the primary objective of this study was to investigate the influence of the organizational culture on employees' perception about their performance in terms of the Denison's four cultural dimensions: Involvement, Consistency, Adaptability and Mission.

The reason why this model was preferred is that: the Denison Organizational Culture Model describes a theory of organizational behavior that links the strength of corporate culture to bottom-line performance and also highlights both the need of the employees' internal integration and the importance of the external adaptation process, providing an opportunity to shape a certain cultural profile of the organization.

### **Theories of Organizational Culture**

This study considered the organizational culture theories which were developed by Schein's model of organizational culture that serves a high degree of abstraction and complexity reduction. It mainly consists of three domains: basic underlying assumptions, espoused values, and artifacts. She distinguishes between observable and unobservable elements of culture. It therefore becomes clear that there is a certain hierarchy between these domains. Visible behavior influences and is influenced by unobservable assumptions through rules. According to James and Jones (2005) basic underlying assumptions are the base level of organizational culture, and are the deeply-embedded, unconscious, taken for granted assumptions that are shared with others. Any challenge of these assumptions will result in anxiety and defensiveness. This theory has been chosen to guide this study because it postulates that the basic underlying assumptions, espoused values and artifacts should be reflected in an organizational culture so as to promote employees' performance and ultimately organizational performance.

Another theory which was considered in this study was the theory of organizational excellence which was studied by Thomas P. and Robert W. (2014), this theory maintains that the culture that an organization adopts directly linked to its success.

Therefore, successful companies are characterized by cultural practices which put emphasis on action, closeness to customers, entrepreneurship, productivity, value based effort, simplicity, lean staff and economic utilization of resources. This implies that organizations are likely to stay in businesses if their cultural values provide individuals associated with the organization room to perform.

The organizational values which are manifested and possibly will drive Berhan International Bank s.c. to its organizational excellence through: providing quality service to its customers, utmost respect to its customers, by continuously developing innovative ways to meet its customers' needs, promoting and clarifying the core values of the organization to the employees particularly integrity and loyalty, developing team spirit, collaboration, public confidence and trust, Fairness and confidentiality.(BIB's Annual Report, 2006/17).

## **2.2 Empirical Literature Review**

In order to strengthen the study, various research reports were reviewed. The empirical evidences are summarized and presented below.

The significance of organizational culture and its impact on performance has drawn special attention to the study of organizations and their cultures. Empirical studies of organizational culture have been carried out across various countries and industries, particularly, in the banking industries context; several empirical studies have supported the positive link between culture and performance. Even though the relationship of organizational culture and employees' performance are naturally proven, it was mixed up in many studies (Kopelman, Brief, & Guzzo, 1990). Studies have also shown that the relationship between many cultural attributes and employees' performance has not been consistent over time (Denison 1990 & Sorenson, 2002).

According to Bulach, Lunenburg and Potter (2012), the effects of organizational culture on employee behavior and performance can be summarized as: 1) knowing the culture of an organization allows employees to understand both the organization's history and current methods of operation. 2) Organizational culture can foster commitment to the organization's philosophy and values. 3) Organizational culture, through its norms, serves as a control mechanism to channel behaviors toward desired behaviors. 4) Certain types of organizational cultures may be related directly to greater effectiveness and productivity than others.

An Indian PhD Scholar (Gunaraja, 2014) presented his empirical study which was mainly made on the effectiveness of organizational corporate culture on employee performance as well as employee's productivity using Indian banking industry. And his findings confirmed that a large number of respondents almost more than 50% of the respondents strongly agreed that organizational corporate culture has an influence on employee work performance and the study further shows that there is a positive relationship between corporate culture and employee's job performance.

Dahni (2012) and Alharbi (2013) found that certain dimensions of culture have been identified so far and research showed that value and norms of an organization were based upon employee relationship. And at last the strong culture of an organization based upon managers and leaders help in improving level of performance. Managers relate organization performance and culture to each other as they help in providing competitive advantage to firms. Significant demonstration of both positive and negative characteristic of culture has significant consequences on employees as well as firms performance.

The studies of Mohammad, Rumana, and Saad (2013) revealed that organizational culture is an open system approach which has interdependent and interactive association with

organizations performance. The authors also invited further studies to create an effective framework between organizational culture and its impact on performance.

There was also empirical evidences found in organizational culture and Organizational Performance, conducted in Ghana University by Mariama (2013) and applied organizational culture and Performance variables were measured using five-point Likert scale and using the Denison's Organizational Survey Instruments. The researcher reached to a conclusion that there was a positive relationship between Organizational Culture and Performance in the case of banking Industry in Ghana. Among the Organizational dimensions, Mission was the Culture Trait with the strongest potential of impacting positively on Performance.

Similarly, a researcher Omorodion (2017) made an analysis on the extent of influence of organizational culture on selected Nigerian banks and the findings were confirmed that there is a high level of relationship between organizational culture practices and employees performance in the Nigerian banking sector. Organizational culture dimensions all had positive effects on employee's performance.

Thus, all of the aforementioned empirical studies have increased the confidence level of the researcher that the effect of organizational culture is highly influential factor that can best enhance employee performance.

### **2.2.1 Relationship between Overall Organizational Culture and Performance**

Organizational culture and performance relation has been well evidenced by many researchers. A strong organizational culture supports adaptation and develops organization's employee performance by motivating employees toward a shared goal and objective; and finally shaping and channeling employees' behavior to that specific direction should be at the top of

operational and functional strategies (Daft, 2010). According to Kandula (2006) the key factor to good performance is a strong culture. He further maintains that due to difference in organizational culture, same strategies do not yield same results for two organizations in the same industry and in the same location. A positive and strong culture can make an average individual perform and achieve brilliantly whereas a negative and weak culture may discourage outstanding employee to underperform and end up with no achievement. Therefore; organizational culture has an active and direct role in employee performance. Magee (2002) contends that without considering the impact of organizational culture, organizational performance could be in danger because the two are interdependent and change in one will impact the other.

A successful organization is the result of the inputs of the employees, those organization that value their employees can develop a great customer relation and enhances a sustainable profits and employees performance, thereby the more organizations values their employees, the high profit they get due to high performance of the employees (Timothy and LerzanAksoy, 2015). A culture of an organization can encourage high performance or low performance. It is the organizational culture that helps to influence the behavior of the employees towards this. Martins and Terblanche (2003) agreed that organizational culture plays an indirect role in influencing behavior by using reasonable managerial tools, such as strategic direction, goals, tasks, technology, structure, communication, decision-making, cooperation and interpersonal relationships, and so forth, which are all designed to do things. In line with this, the under mentioned hypothesis (1) was tested.

According to Denison model, the comparison between organizations is made according to the surface-level values and their manifest practices. The organizational culture model of

Denison is based on four cultural traits: involvement, consistency, adaptability and mission. All these traits have been shown to have an influence on organizational performance (Denison, 1990).

### **2.2.2 Consistency Dimension of Organizational Culture and Employee Performance**

Consistency implies the extent to which the values, beliefs and standards of behavior are acquired and shared among employees in an organization (Denison 2009). Consistency culture, in fact, is a theory of strong culture. Consistency culture in an organization is manifested by widely shared beliefs and values that help organizational members to reach consensus and take concerted action, so as to have a positive impact on performance. (Achua and Lussier, 2013). Consistency represents the main source of integration, coordination and control. In addition, it helps organizations develop a set of procedures that create an internal system of governance which is based on support that is consensual.

Successful companies have a clear set of values that support employees and managers in making consistent decisions. When facing difficult issues and misunderstandings, the members discuss them openly and try to reach an agreement. In these organizations, each employee is aware of the fact that their work impacts others and how the work of others impacts them. The employees always make sure that their work is aligned with the organizational goals and objectives. According to Salihu and et al.,(2016) empirical evidence it confirmed the acceptance of the hypothesis formulated as: Consistency has positive relationship with organizational culture with the Pearson correlation matrix value of ( $r=0.751$ ,  $p$  value of  $0.0021$ ). Accordingly, the following hypothesis (2) was tested.

**H<sub>1</sub>**. Consistency has a significant relationship and effect on employees' performance.

### 2.2.3 Adaptability and Employee Performance

High performing organizations distinguish from low performing organizations by their ability to understand and react to the competitive environment and customers. In addition, they restructure behaviors and processes that help them to adapt. Moreover, high performing organizations encourage new ideas and different solutions for solving problems. In addition, employees seek new and better ways to meet customer expectations on a continuous basis.

Controlled risk taking is encouraged as the organizations learn from both successes and failures. Hence; the following hypothesis (3) was tested.

**H<sub>1</sub>**. Adaptability has significant relationship and effect on employees' performance.

### 2.2.4 Mission and Employee Performance

Successful organizations have a clear mission that shows employees why they are doing their tasks and how the work they do help the organizational performance. Strategic direction and intent are about multi-year strategies and high priorities are established. In successful organizations the goals and objectives are short term. In addition, specific goals are defined so that employees understand how their daily routines relate to the vision of the organization. Vision represents the main reason an organization exists and competes on a certain market.

An organizational mission is an organization's reason for existence (Sorensen, 2002). It is sometimes referred to as a creed, purpose, or statement of corporate philosophy and values (Forest and David 2003). The mission of an organization is aligned to the expectations of its targeted customers, so as to achieve its ultimate returns (Zhang, Li and Pan, 2009). Achua and Lussier (2013) affirmed that culture offers a shared understanding about the identity of an organization. The right culture can make employees feel that they are valued participants and, as

such, become self-motivated to take on the challenge of realizing the organization's mission and work together as a team. In order to check the theory, the following hypothesis (4) was tested.

**H<sub>1</sub>**. Mission has significant relationship and effect on employees' performance.

### **2.2.5 Involvement and Employee Performance**

According to Zhang, Li and Pan (2009), organizations that uphold an involvement culture emphasize the input and participation of its members. Involvement in this context is to be understood as a regular participation of employees in deciding how their work is done, making suggestions for improvement, goal-setting, planning, and monitoring of their performance (Macleod and Brady, 2008). A performance culture is built around shared desire to exceed expectations and achieve remarkable results. Camps and Luna-Arocas (2009) observed that high-involvement work practice aim to provide employees with the opportunity, skills and motivation to contribute to organizational success in environments demanding greater levels of commitment and involvement.

Highly involved organizations differentiate from the rest of the companies by creating a sense of responsibility. This particularity creates a greater commitment to the organization and autonomy. In these organizations, employees know a kind of decisions they are allowed to take and which ones are beyond their responsibility. In other words, employees are empowered to take decisions in an informed framework. Employees are encouraged to work in teams and they support each other to attain their work goals. Last but not least, the high-involved companies use training and coaching to develop employee capability. In order to verify the theory, hypothesis (5) was tested.

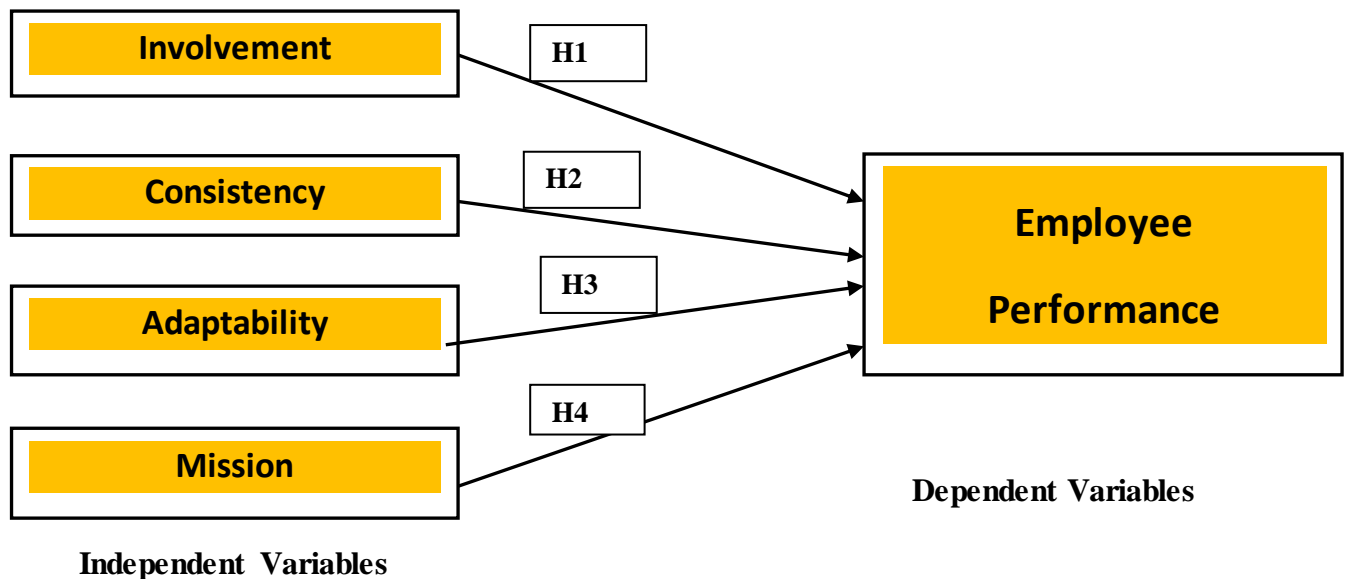
**H<sub>1</sub>:** Involvement has significant relationship and effect on employees' performance.

### 2.3 Conceptual Framework

Early studies have indicated that there exist relationship between organizational culture and its performance. Magee (2002) has justified that organizational culture is inherently connected to organizational practices; therefore, organizational performance is conditional on organizational culture. According to Hellriegel and Slocum (2009), organizational culture can enhance performance in a large scale if it can be understood that what sustains a culture.

Accordingly; independent variables and dependent variable are used by the researcher in order to develop a conceptual framework. This conceptual framework was logically developed and designed. Based on the primary objective of this study, to identify the effect of organizational culture on employee performance in case of BIB, organizational culture was selected as an independent variable and employee performance as a dependent variable.

**Figure 2.2 Conceptual Relationships of Organizational Culture and Employee Performance**



Source: from Literatures

**Involvement and performance:** Organizational cultures characterized as "highly involved" strongly encourage employee involvement, and create a sense of ownership and responsibility in their performance. And hence, receiving input from organizational members increases the quality of the decisions and improves their implementation. When Individuals are empowered, they have the authority, initiative, and ability to manage their own work. When employees at all levels of the organization feel that they have at least some input into decisions that will affect their work and feel that their work is directly connected to the goals of the organization.

**Consistency and performance:** It creates a "strong" culture based on a shared system of beliefs, values and symbols that are widely understood by members of an organization. Implicit control systems based on internalized values can be a more effective means of achieving coordination and integration than external-control systems that rely on explicit rules and regulations.

**Adaptability and Performance:** Adaptable organizations translate the demands of the organizational environment into action, take risks, learn from their mistakes, and have capability and experience at creating change.

**Mission and performance:** A mission provides purpose and meaning by defining a social role and external goals for the organization.

## CHAPTER THREE

### 3. RESEARCH METHODOLOGY

The objective of this research was to examine the effect of organizational culture on employee performance. The methodology used to achieve this object was presented in the following section.

#### 3.1 Research Approach

In order to achieve the study objectives, the research adopted mixed type of research approach which comprises both quantitative and qualitative methods. Quantitative method is appropriate to examine the relationship between two and more variables in the study, and is mainly relevant for theory testing and the qualitative method is appropriate to explore the phenomenon in the study situation through using interviews, observations, and document reviews (Tsang, 2014).

#### 3.2 Research Design

The study applied an explanatory or causal research design as it is relevant to explore the effect of organizational culture on employee performance in the study company i.e. BIB. It is conducted in order to identify the extent and nature of cause-and-effect relationships. Causal studies focus on an analysis of a situation or a specific problem to explain the patterns of relationships between variables. In addition it seeks explanations of observed phenomena, problems, or behavior and answers to why and how types of questions. Moreover, it helps to understand the nature of the relationship between the independent and dependent variables.

### 3.3 Population and Sampling

The target population for the study was the head office employees of Berhan International Bank S.c., with the assumption that employees who work in head office can have a better exposure and knowledge for the strategic matters and in a better position to understand and identify the prevailing cultures within the bank and what is missed elements in the working culture.

The employees particularly, in job positions like: messengers, motorist and drivers were excluded from the target population as it is assumed that they have less exposure and understanding level to observe the effect of the company's culture. In addition, employees who have less than two years' service experience were also excluded from the study.

Employees who work at various departments and divisions with job titles: officers, senior officers, Division Managers and Directors were selected as a target population for the study. The total number of the sampling frame for the study was 250. Accordingly, the sampling size was calculated using the formula adopted from (Yumane, 1964). Thus, the formula is used to calculate the sample size is:

$$n = N / (1 + N(e)^2)$$

Where:

N = is the total population

n = is the sample from the population

e = is the error term, which is 5% (i.e. at 95% confidence interval)

$$n = 250 / (1 + 250(0.05)^2) = 154 \text{ target respondents}$$

Therefore, based on the above formula, the sample size of the study was determined and the total target population was 154 employees. The sampling technique was simple random sampling technique.

**Table 3.1 Distribution of questionnaires among departments and divisions**

<b>S.No</b>	<b>Head Office-Departments/Divisions</b>	<b>No. of Employees questionnair e distributed</b>	<b>%age participation Proportion</b>	<b>No. of questionnaire s collected</b>
<b>1</b>	Credit Management and Follow up	27	18.0	23
<b>2</b>	International Banking Division	28	18.7	26
<b>3</b>	Finance	33	22.0	29
<b>4</b>	Corporate Customers and Relationship Mgt.	12	8.0	10
<b>5</b>	Corporate Communication and Marketing	8	5.3	6
<b>6</b>	Human Resource Management	20	13.3	20
<b>7</b>	Strategy Development and Performance Mgt.	4	2.7	4
<b>8</b>	Risk and Compliance Mgt.	4	2.7	3
<b>9</b>	Deposit Mobilization	2	1.3	3
<b>10</b>	Internal Audit	12	8.0	8
	<b>Total</b>	<b>150</b>	<b>100</b>	<b>132</b>

Source: BIB's HR data

### **3.4 Data Sources and Types**

The Primary data was collected from Berhan International Bank S.c. through a formal interviews and survey questionnaires. The survey questionnaires were distributed randomly to selected employees in the head office. The questionnaire applied for the primary data collection had a title of "Organizational Culture and Employees' perceived Performance Questionnaire".

The interview involved managers and directors who are under departments of corporate Strategy, Customer Service, Corporate service and Operation. The main purpose of making the interview was to gain insights and accurate context into the study topic as it accommodates

flexibility during the interview process. While making the interview questions, the researcher intended to measure the existing perceptions about the effects of the bank's existing organizational culture that significantly influences the perceived employee performance. The researcher was directly involved in the interview process to explore the topic in-depth and strengthening the knowledge on the topic.

For the purpose of measuring the organizational culture, 60 item survey questionnaires were developed which was based on the Denison Organizational Culture Survey, which included the four cultural traits of Involvement, Consistency, Adaptability and Mission and for each of these four traits, the model defined three sub dimensions. On the other hand, in order to measure the perception of employees towards their performance, 17 item questionnaires were designed for this variable which was adopted from Onyango (2014).

Regarding the secondary data, it was obtained from the banks publications i.e. BIB's Annual Reports, publication materials like brochures and also the bank's website were used as a data source.

The classification of the questionnaire was divided into three sections: (1) Demographic data of the respondent employees, (2) Questionnaires on Organizational Culture dimensions and (3) Questionnaires on employee performance. The demographic data was used to obtain information about members of staff of the bank.

The individuals were expected to respond based on their perceptions, and guided as per the dimensions of the organizational culture and was useful and accurate in diagnosing important aspects of the company's underlying culture. The questionnaire responses were expected to fall on the five point Likert scale of (Strongly agree (5) Agree (4), Neutral (3), Disagree (2), Strongly Disagree (1).

**Table 3.2 Measuring Instrument**

<b>Variables</b>	<b>Instrument Source</b>	<b>No. of Items</b>
<b>Employee Performance</b>	Onyango, 2014	16
<b>Organizational Culture</b>		
Involvement Dimension of OC	Denison, D. R. 2010	14
Consistency Dimension of OC	Denison, D. R. 2010	9
Adaptability Dimension of OC	Denison, D. R. 2010	9
Mission Dimension of OC	Denison, D. R. 2010	6

**Source: From literature**

### **3.5 Data Collection Procedures**

The first action the researcher took was to request the Addis Ababa University School of Commerce Distance Program Coordination Office to write a support letter for Berhan International Bank S.c, accordingly, the researcher went for the company along with the letter and discussed in detail with Director Strategy Development and Performance Management about the required data and documents needed for the research.

In addition, during conducting the questionnaire, the researcher provided clarifications on the questions as required. Regarding to determine the tenure of the respondents, employees whose year of experience was to be two years and above because the researcher believes that the longer the employees stayed in the organization, the more they will be familiar with the organizational culture and its relationship with their performance. Furthermore, managers and directors were involved in the interview process this helped the researcher to ensure the reliability of collected data and to provide a balanced analysis.

### **3.6 Ethical Considerations**

With a maximum precision the research conducted the study in professional and ethical manner. Hence; the researcher exerted her maximum effort to clearly inform to the respondents about the purpose of the study i.e. exclusively used for academic purpose and ensure them not for other purpose.

In addition to this, they were informed that their participation in the study was entirely depending on their willingness. And the researcher was also ensured that any of the respondents' response will not be personalized, in the process of data presentations, analysis, and interpretation. Furthermore, confidentiality of data was maintained during the process. The researcher was also told the respondents the existence of anonymity and confidentiality in processing the data analysis and presentation. Finally; all the reference materials used for this research were acknowledged with proper citations.

### **3.7 Reliability Test**

As defined by Miller (2009) reliability is the extent to which a questionnaire test, observation or any measurement procedure produces the same results on repeated trials. In short, it is the stability or consistency of scores overtime or across raters. The items on the questionnaire were face validated by senior colleagues in research area. Pilot study was conducted by testing and pre-testing the questionnaire with 30 randomly selected employees of the bank. Feedbacks were incorporated and questions were then revised. The pre-testing assisted in enhancing the clarity of the questionnaire.

Alpha was developed by Lee Cronbach in 1951 to provide a measure of the internal consistency of a test or scale; it is expressed as a number between 0 and 1 (Tavakol, 2001). Internal consistency describes the extent to which all the items in a test measure the same

concept or construct. Accordingly, the organizational culture dimensions and the sub items of the respective dimension, organizational culture and employee performance were tested as depicted below.

**Table3.3 Reliability Test Result**

Variables	Cronbach Alpha	No. of Items
Involvement-Empowerment	0.815	5
Involvement-Team orientation	.920	5
Involvement-Capability Development	0.875	4
<b>Involvement</b>	<b>0.937</b>	<b>14</b>
Consistency-Core value	0.803	4
Consistency-Agreement	0.826	3
Consistency-Coordination and Integration	0.757	2
<b>Consistency</b>	<b>0.908</b>	<b>9</b>
Adaptability-Create Change	.757	3
Adaptability-Customer focus	.729	3
Adaptability-Organizational Learning	.791	3
<b>Adaptability</b>	<b>0.885</b>	<b>9</b>
Mission-Purpose and Direction	.868	2
Mission-Goals and Objectives	.847	2
Mission-Vision	.812	2
<b>Mission</b>	<b>0.922</b>	<b>6</b>
<b>Employee Performance</b>	<b>0.921</b>	<b>16</b>

**Source:** Own Survey, 2018

As Tavakol (2001) stated that, there are different reports about the acceptable values of alpha, ranging from 0.70 to 0.95. Hence, the Cronbach's alpha coefficient of all the above variables was fall within the stated range and concluded that there is consistency among each question in the questionnaire.

### **3.8 Validity Test**

The clarity of the instrument items to the respondents was established so as to enhance the instrument's validity. According to Sekaran (2003), validity is the most critical criterion and indicates the degree by which the sample of test items represents the content the test is designed

to measure. To establish the validity of the research instrument the researcher required opinions of experts in the field of study especially the feedback obtained from the advisor of this research, who assessed and reviewed the appropriateness of questions and the scales of measurement. Moreover, pilot test has been made to check the questionnaires.

### **3.9 Questionnaire Administration**

The questionnaires were self-administered by the researcher to the participants and distributed to Head office employees. Hence; 154 questionnaires was planned for distribution. In order to ensure the proper follow up of the questionnaires to be filled and returned, an employee who works there was assigned as a contact person.

### **3.10 Methods of Data Analysis**

The data was analyzed using both descriptive and inferential statistics. The data collected from questionnaires were systematically organized in a manner to facilitate the analysis. The data was analyzed using Statistical Package for Social Sciences (SPSS) and summarized to relate the variables that are collected from questionnaires. Pearson correlation coefficient and Cronbach's Alpha coefficient were used to test goodness and internal consistency of the measure. In addition, the data was classified, tabulated and summarized using descriptive measures such as; mean, standard deviation, and percentages. In this study, regression and correlation analysis were applied to explain the relation and the effect of organizational culture on Employee Performance, respectively.

## CHAPTER FOUR

### 4. DATA PRESENTATAON, ANALYSIS AND INTERPRETATION

This chapter focuses on data analysis and discussion results and findings about the effect of Organizational Culture on Employee Performance in case of Berhan International Bank s.c. based on the data collected from survey questionnaires and interview conducted.

#### 4.1 Response Rate

**Table 4.4 Response of Respondents**

Description	Respondents
Target Population	154
Questionnaire Distributed	150
Questionnaire Returned	132
Response rate %	88%
Usable response	132

**Source:** Survey, 2018

Response rate is the total number of respondents who participated in the study and out of the total questionnaires distributed i.e.150, out of which 132 were participated in the survey. The percentage of response rate was 88%.

#### 4.2 Demographic profile of Respondents

For the purposes of this study, the first section of the survey questionnaire provides the demographic profile of the respondents to be used as a building frame for the interpretation of the results. The respondents profile is organized in terms of gender, age, and marital status, level

of education, employment category, and total years of experience. The result of this demographic presentation is stated below using descriptive statistics analysis using graphs and pie charts. The respondents' demographic profile are captured and analyzed below.

**Table 4.5 General Information of Respondents**

No.	Item		Response	
			No.	%
1	Gender of Respondents	a) Male	74	56.1
		b) Female	58	43.9
		<b>Total</b>	<b>132</b>	<b>100.0</b>
2	Age of Respondents	a) 18-27	36	27.3
		b) 28-37	85	64.4
		c) 38-47	10	7.6
		d) 48 and above	1	.8
		<b>Total</b>	<b>132</b>	<b>100.0</b>
3	Relationship	a) Single	58	43.9
		b) Married	74	56.1
		<b>Total</b>	<b>132</b>	<b>100.0</b>
4	Education	a) BA/BSC	97	73.5
		b) MA/MSC	35	26.5
		<b>Total</b>	<b>132</b>	<b>100.0</b>
5	Service Year	a) 2-5	98	74.2
		b) 6-10	34	25.8
		<b>Total</b>	<b>132</b>	<b>100.0</b>
6	Employment Category	a) Managerial Position	27	20.5
		b) Non Managerial Position	105	79.5
		<b>Total</b>	<b>132</b>	<b>100.0</b>

**Source:** Own survey, 2018

#### **4.2.1 Gender**

The survey result in terms of gender mix indicates that 41.5% of the employees participated in the survey were female and the rest (58.5%) were male. Gender is considered as an important attribute while reviewing the employee performance variations between men and women as they have different perceptions on organizational culture and its effect on performance.

#### **4.2.2 Age**

The respondents were also asked to indicate their age categories. Accordingly, respondents within the age group of 28-37 years old emerged with the highest number of participants at 62.2%. Moreover, 29.3% of the respondents fall under the age category of 18-27 years and 7.3% are in the age range of 38-47 years. The remaining 1.2% falls under the age group of 48 years and above. This implies that almost 90% of the employees were within the age range of 18 and 37 and may indicate that the bank is composed of young workforce with a capability to bring the desired corporate culture at BIB. Also, a young workforce is attributed to career development and performance oriented; accepting challenging assignments and who adopts constant changes was characterized by this age group.

#### **4.2.3 Marital Status**

The marital status of the employees who participated in the survey was indicated that 53.7% of respondents were married, where as 46.3% were single. As most studies indicated that married employees are more effective in their work and ready to accept challenging assignments and building a strong working culture with married employees is somehow easy for the bank than single ones.

#### **4.2.4. Educational level**

The composition of respondents across education level shows that the highest percentage of respondents (75.6%) first degree and (24.4%) are MA/MSc. And this pertains a good opportunity for the bank as this workforce is can easily adapt new changes, technological

innovations and flexible and trainable mindset so that the bank can have an opportunity to create a strong organizational culture.

#### **4.2.5. Service Year**

Respondents were also asked their length of service year in the bank, accordingly, 80% of the respondents were stayed in the bank from a range of 2-5 years, and 20% are 6-10 years. This may have implied that most of the employees were hired in recent years.

#### **4.2.6 Employment Category**

When respondents were requested about their job position category 84% of the employees participated in the survey were fall under the non-managerial position, where as 16% under managerial position.

### **4.3 Analysis on the extent of Organizational Culture and Employee**

#### **Performance**

With the aim of understanding the existing organizational culture at Berhan International Bank S.c., employees were asked to give their extent of agreement to the statements with regard to the four organizational culture dimensions, hence, the respondents were asked to rate how they felt about the organizational culture dimensions of Involvement, Consistency, Adaptability and mission on their performance in a five point Likert scale were then analyzed with descriptive statistics of mean score and standard deviation. The data collected from the questionnaires were analyzed quantitatively. The questionnaire was a closed ended. It should be noted that the

questions were opinion based which seek to find out views, opinions and perceptions of respondents.

The standard deviation measures how concentrated the data are around the mean; the more concentrated, the smaller the standard deviation and according to Zaidaton & Bagheri (2009) the mean score below 3.39 was considered as low, the mean score from 3.40 up to 3.79 was considered as moderate and mean score above 3.8 was considers as high. A 5-point Likert scale was used to rate the various indicators whereby 1 point was accorded to 'Strongly disagree', 2 point as 'Disagree', 3-point as 'Neutral', 4-point as 'Agree', and 5-point as 'Strongly Agree'. Thus, detail of the analysis was presented as follows.

4.3.1. Involvement as organizational Culture dimension.

Table 4.6 The Involvement Cultural Dimension at Berhan International Bank (BIB)

Items	N	Mean	Standard Deviation	Agreement Scale				
				SD (%)	D (%)	N (%)	A(%)	SA (%)
In my opinion, most of employees are highly involved in their work in (BIB).	131	4.02	0.948	3.0	9.1	17.4	47.7	22.7
My organization gives me the authority and ability to manage my own work.	132	4.02	1.04	4.5	3.8	14.4	40.2	37.1
Information is widely shared within BIB.	132	3.78	0.999	3.0	9.1	17.4	47.7	22.7
Everyone in BIB believes that he or she can have a positive impact on their work contributes	132	4.02	0.856	1.5	4.5	12.9	53.0	28.0
My organization grants me greater autonomy and involves me in decision making.	132	3.69	0.982	3.8	6.8	25.0	45.5	18.9
<b>Empowerment</b>	<b>132</b>	<b>3.9</b>	<b>0.73</b>					
<b>Average %age</b>				<b>3.2</b>	<b>6.7</b>	<b>17.4</b>	<b>46.8</b>	<b>25.9</b>
My organization places much value on employees working cooperatively towards the common goals.	132	4.00	0.92	2.3	3.8	16.7	46.2	31.1
I believe that cooperation is well practiced in BIB while I perform my duties.	132	4.03	0.88	1.5	7.6	5.3	57.6	28.0
In my opinion, the bank's norms encourage cooperation, teamwork, and participation.	132	4.07	1.01	1.5	8.3	13.6	34.8	41.7
In BIB, I feel like I am part of a team.	132	4.22	1.01	3.8	5.3	3.8	39.4	47.7
I believe that works are organized so that each employee can see the relationship between his or her job.	128	3.82	1.13	7.8	5.5	10.2	50.0	26.6
<b>Team Orientation</b>	<b>132</b>	<b>4.03</b>	<b>0.86</b>					
<b>Average %age</b>				<b>3.4</b>	<b>6.1</b>	<b>9.9</b>	<b>45.6</b>	<b>35.0</b>
My organization (BIB) develops its employees human capability at all levels.	131	3.69	1.04	3.1	12.2	18.3	45.0	21.4
I agree that the bank is constantly working on developing its employee's capability.	131	3.81	0.88	1.5	6.1	22.1	50.4	19.8
The bank has a direction on making continuous investment in the skills of employees.	131	3.73	0.98	1.5	9.2	27.5	38.2	23.7
I believed that capabilities of employees are viewed as source of competitive advantage.	131	3.78	0.99	2.3	9.2	20.6	44.3	23.7
<b>Capability Development</b>	<b>132</b>	<b>3.75</b>	<b>0.82</b>					
<b>Average %age</b>				<b>2.1</b>	<b>9.2</b>	<b>22.1</b>	<b>44.5</b>	<b>22.1</b>
<b>Involvement</b>	<b>132</b>	<b>3.9</b>	<b>0.72</b>					
<b>Overall Average %age</b>				<b>2.9</b>	<b>7.3</b>	<b>16.5</b>	<b>45.6</b>	<b>27.7</b>

Note: (SD=Strongly disagree, D=Disagree, N=Neutral, A=Agree, SA=Strongly Agree)

Source Survey, 2018

The study was intended to evaluate the existence of involvement culture dimension in Berhan International Bank s.c. The study sought information on sub components of involvement culture such as; employee empowerment, team orientation and capability development. Hence, 14 questions were designed and distributed to the sampled employees and requested their level of agreement and the responses were summarized and presented in the above table.

From the three sub dimensions: Team Orientation has got the highest mean score of (M=4.03 with SD=0.86) or the average sum of (strongly agree and agree) agreement level of employees response showed 80.6%, confirmed that the team orientation culture practice is well adopted in the bank and While reviewing responses provided to empowerment sub dimension, a mean score of (M=3.9 and SD=0.73), or alternatively 72.7% of responses indicated that the existing practices related to empowerment is available and to some extent known by employees in the bank as a culture. However, the responses which were collected from respondents regarding capability development were moderate (M=3.75, SD=0.82) and in terms of percentage computation, 66.6% of respondents believed the existence of employee capability development interventions in the bank, however, it can be an indicator that when capability development is lower than empowerment, the organization will be in short of capable employees who can make important decision making that impact their work.

4.3.2. Consistency as organizational culture dimension in BIB

Table 4.7 The Consistency Cultural Dimension at BIB

Items	N	Mean	Stand. Dev.	Agreement Scale				
				SD (%)	D (%)	N (%)	A (%)	SA (%)
The bank's core values are shared among the majority of its members.	132	3.83	0.892	1.5	8.3	15.2	55.3	19.7
My supervisor always shows me in practice what she/he is saying in words.	132	3.83	1.035	2.3	11.4	15.2	43.2	28.0
The bank has a clear and consistent set of values that dictates the way I do my work.	130	3.81	0.973	.8	10.8	21.5	40.8	26.2
There is an ethical code that guides my behavior and tells the right and the wrong.	131	3.97	0.928	1.5	6.1	16.8	45.0	30.5
<b>Core Values</b>	<b>132</b>	<b>3.86</b>	<b>0.76</b>					
<b>Average %age</b>				<b>1.5</b>	<b>9.1</b>	<b>17.2</b>	<b>46.1</b>	<b>26.1</b>
Different departments and division of my bank are able to work together well to achieve common goals.	130	3.98	0.94	2.3	4.6	16.9	44.6	31.5
I think the bank has a strong organizational culture.	132	3.86	0.997	2.3	6.8	23.5	37.9	29.5
As an employee, I am given assignments that are consistent with my strengths, interests and opportunities	132	3.78	1.006	2.3	9.1	22.7	40.2	25.8
<b>Agreement</b>	<b>132</b>	<b>3.87</b>	<b>0.84</b>					
<b>Average %age</b>				<b>2.3</b>	<b>6.8</b>	<b>21.0</b>	<b>40.9</b>	<b>28.9</b>
The bank's approach to doing business is very consistent and predictable.	132	3.80	0.969	3.0	6.1	22.0	45.5	23.5
There is good alignment of team goals with the bank's strategic objective, mission and vision.	132	3.83	1.005	3.8	7.6	14.4	50.0	24.2
<b>Coordination and Integration</b>	<b>132</b>	<b>3.82</b>	<b>0.9</b>					
<b>Average %age</b>				<b>3.4</b>	<b>6.8</b>	<b>18.2</b>	<b>47.7</b>	<b>23.9</b>
<b>Consistency</b>	<b>132</b>	<b>3.85</b>	<b>0.75</b>					
<b>Overall Average %age</b>				<b>2.4</b>	<b>7.6</b>	<b>18.8</b>	<b>44.9</b>	<b>26.3</b>

Note: (SD=Strongly disagree, D=Disagree, N=Neutral, A=Agree, SA=Strongly Agree)

Source: Own survey, 2018

Consistency is the other organizational culture dimension which was intended to evaluate the degree of the bank's consistency culture in terms of three sub items namely: Core values, Agreement and Coordination and Integration. Hence, nine questions were presented to assess the opinion and agreement level of the sampled employees. While evaluating the perception of respondents on whether the bank's core values are shared among the members in the organization, and the average agreement rate was displayed. Among the queries, a question asked about the existence of ethical code has got the highest mean score ( $M=3.97$ ;  $SD=0.92$ ), their perception revealed that they are familiar with the bank's existing core values.

The overall mean score for the three sub dimensions of consistency culture: Core Value, Agreement and Coordination & Integration are ( $M=3.86$ ;  $SD= 0.76$ ,  $M=3.87$ ;  $SD=0.84$ , and  $M=3.82$ ;  $SD=0.90$ ), respectively. While comparing their mean score, agreement dominates both core values and coordination, this tends to indicate that the organization may have a good intentions in resolving work related conflicts or differing opinions whenever arises.

While evaluating the perception of respondents on whether the bank's core values are shared among the members in the organization and the cumulative agreement response was confirmed to the level of 72.2%. The second highest response i.e. 69.8% was provided to the bank's coordination and integration practices.

This view was also well discussed and explained by the bank's sampled middle and top management members during conducting the interview session and the bank is formulated its short and middle term strategic objectives and during annual business plan and budget period it is cascaded downward to every departments, divisions branches at team level. By doing this, it is believed that the prioritized strategic objectives of the bank are aligned to employees' team performance.

### 4.3.3 Adaptability as organizational culture dimension

**Table 4.8 Adaptability Culture Dimension at BIB**

Items	N	Mean	Std. Dev.	Agreement Scale				
				SD (%)	D (%)	N (%)	A (%)	SA (%)
The way things are done in BIB is very flexible and easy to change.	132	3.85	1.03	3.8	6.1	20.5	40.9	28.8
The bank responds well to competitors and changes in the business environment.	132	3.78	0.85		9.1	22.0	50.8	18.2
New and improved ways of doing works are continually adopted in BIB.	132	3.67	0.992	1.5	15.2	15.9	49.2	18.2
<b>Creating Change</b>	<b>132</b>	<b>3.77</b>	<b>0.79</b>					
<b>Average %age</b>				<b>2.7</b>	<b>10.1</b>	<b>19.4</b>	<b>47.0</b>	<b>21.7</b>
Customer comments and recommendations often lead to changes.	132	3.76	0.866		7.6	29.5	42.4	20.5
Customer input directly influences our decisions.	132	3.67	0.844	1.5	7.6	25.8	53.0	12.1
All members in BIB have a deep understanding of customer wants and needs.	132	3.68	1.014	3.0	10.6	22.0	43.9	20.5
<b>Customer Focus</b>	<b>132</b>	<b>3.70</b>	<b>0.73</b>					
<b>Average %age</b>				<b>2.3</b>	<b>8.6</b>	<b>25.8</b>	<b>46.5</b>	<b>17.7</b>
We view failure as an opportunity for learning and improvement.	132	3.80	0.912		9.8	23.5	43.2	23.5
Innovation and risk taking are encouraged and rewarded.	132	3.39	1.103	5.3	15.2	31.8	30.3	17.4
Learning is an important objective in our day-to-day work.	130	3.97	0.98	3.8	3.1	16.9	44.6	31.5
<b>Organizational Learning</b>	<b>132</b>	<b>3.71</b>	<b>0.84</b>					
<b>Average %age</b>				<b>9.1</b>	<b>28.1</b>	<b>72.2</b>	<b>118.1</b>	<b>72.4</b>
<b>Adaptability</b>	<b>132</b>	<b>3.73</b>	<b>0.69</b>					
<b>Overall Average %age</b>				<b>9.8</b>	<b>23.5</b>	<b>43.2</b>	<b>23.5</b>	<b>9.8</b>

Note: (SD=Strongly disagree, D=Disagree, N=Neutral, A=Agree, SA=Strongly Agree)

Source: Own Survey, 2018

The average response rate which was given from respondents about the sub dimensions of creating change, customer focus, and organizational learning were: mean score of (M=3.77;SD=0.79, M=3.70; SD=0.73 and M=3.71; SD=0.84). On the contrary, query presented of whether innovation and risk taking is encouraged and rewarded by the bank the response rate was about 52.3% were strongly disagree, disagree and were neutral and also has got the lowest mean score of 3.39, therefore, this may imply that the overall adaptability culture practice in terms of employees' perception is at infant stage not well developed yet.

Even though the average mean score of adaptability culture within BIB has got the lowest mean score (M= 3.73; SD=0.69) among the four dimensions, the bank is currently follows adaptability strategy, so that it helps the bank see the practice of external business environment and competitors' strategy.

In many literatures (Schein, Peters and Waterman, 2011) were explained the main distinguishing factors for high performing organizations from low performing organizations is their strength of the culture of an organization and its adaptive ability to understand and react to the competitive environment and customers are the main factors that enable organizations to attain its performance goals.

#### 4.3.4. Mission as Organizational Culture Dimension

Table 4.9 The Mission Cultural Dimension at BIB

Items	N	Mean	Std. Dev.	Agreement Scale				
				SD (%)	D (%)	N (%)	A (%)	SA (%)
There is a clear mission that gives meaning and direction to our work in BIB.	132	4.15	0.984	3.8	3.0	9.8	40.9	42.4
There is a clear strategy for the future in BIB.	128	4.03	1.079	5.5	3.1	14.1	37.5	39.8
<b>Purpose and Direction</b>	<b>132</b>	<b>4.09</b>	<b>0.96</b>					
<b>Average %age</b>				<b>4.6</b>	<b>3.1</b>	<b>12.0</b>	<b>39.2</b>	<b>41.1</b>
In BIB there is widespread agreement about goals.	132	4.02	0.851	1.5	2.3	18.9	47.0	30.3
We continuously track our progress against our stated goals.	132	3.92	0.949	2.3	6.1	17.4	46.2	28.0
<b>Goals and Objectives</b>	<b>132</b>	<b>3.97</b>	<b>0.84</b>					
<b>Average %age</b>				<b>3.8</b>	<b>8.3</b>	<b>36.4</b>	<b>93.2</b>	<b>58.3</b>
I have shared the bank's vision what will be like in the future.	130	4.15	0.924	2.3	1.5	17.7	36.2	42.3
The bank's vision creates excitement and motivation on my performance.	132	3.95	1.111	5.3	3.0	22.7	28.8	40.2
<b>Vision</b>	<b>132</b>	<b>4.04</b>	<b>0.96</b>					
<b>Average %age</b>				<b>7.6</b>	<b>4.6</b>	<b>40.4</b>	<b>64.9</b>	<b>82.5</b>
<b>Mission</b>	<b>132</b>	<b>4.03</b>	<b>0.85</b>					
<b>Overall Average %age</b>				<b>2.3</b>	<b>1.5</b>	<b>17.7</b>	<b>36.2</b>	<b>42.3</b>

Note: (SD=Strongly disagree, D=Disagree, N=Neutral, A=Agree, SA=Strongly Agree)

Source: Own Survey, 2018

The sub dimensions of BIB has got the highest score; Vision (M= 4.04; SD=0.96). But if goal and objective is lower than vision and purpose & direction, this often indicates that the organization may lack in execution but may be good in defining its direction, purpose or long-range planning. The focus is usually a short term, bottom-line focus with little forward planning.

While analyzing the descriptive statistics of the organizational culture dimensions, the mean score of the four cultural dimensions, BIB seems focusing more on its external environment as its Mission mean score ( $M= 4.03, SD=0.85$ ) was the highest, however; its adaptability culture mean score of ( $M= 3.73, SD=0.69$ ), which is in the lowest rank from the group. In addition; its internal focus was also encouraging as its involvement culture Mean score of ( $M=3.90, SD=0.72$ ) was ranked as the second in the category.

According to the studies made by Mariama and Kofi (2013), they investigated that mission was the Culture Trait with the strongest potential of impacting positively on Performance. Furthermore; the findings of Tewodros (2016) indicated that a well-defined mission and vision is a successful strategy to establish an effective organizational culture and to improve performance in the corporate group.

#### 4.4.5. Employee Performance

**Table 4.10 Employees' Performance at BIB**

Items	N	Mean	Std. Dev.	Agreement Scale				
				SD (%)	D (%)	N (%)	A (%)	SA (%)
My job enables me to make use of my skills and abilities.	132	4.04	.984	4.5	3.8	7.6	51.5	32.6
I get a sense of personal accomplishment from my work.	132	4.05	1.010	4.5	5.3	5.3	50.8	34.1
I know how the Company measures my performance.	132	3.63	1.115	6.8	7.6	23.5	40.2	22.0
I have a complete knowledge and understanding while performing my tasks.	132	4.13	.795	.8	4.5	7.6	55.3	31.8
I have the required skills and behavioral abilities to perform my task.	132	4.36	.644			9.1	46.2	44.7
I perform my work to the expected standards.	130	4.32	.726		1.5	10.8	42.3	45.4
I understand how my performance is evaluated.	132	3.85	1.007	2.3	7.6	22.7	37.9	29.5
I understand the link between my performance and my pay.	130	3.65	1.200	7.7	10.0	19.2	36.2	26.9
I receive regular performance reviews.	132	3.63	1.142	7.6	9.1	17.4	44.7	21.2
My organization examines targets given for employees.	130	3.73	.987	3.1	7.7	23.8	43.8	21.5
I trust the feedback I receive from my Supervisor.	129	3.88	.949	4.7	2.3	16.3	53.5	23.3
I am able to judge a given work situation and respond to it.	132	4.00	.838	3.0	2.3	9.8	61.4	23.5
I am able to manage my time and allocate resources effectively.	132	4.09	.824	3.0	2.3	4.5	62.9	27.3
I think carefully before responding to customers.	132	4.35	.677		2.3	4.5	49.2	43.9
I delivered my work assignments timely.	132	4.36	.689		2.3	5.3	47.0	45.5
As an employee, I give the highest priority and support to meet the needs of clients.	132	4.33	.736		1.5	2.3	54.5	41.7
<b>Employee Performance</b>	<b>132</b>	<b>4.02</b>	<b>0.61</b>					
<b>Average %age</b>				<b>4.4</b>	<b>4.7</b>	<b>11.9</b>	<b>48.6</b>	<b>32.2</b>

Note: (SD=Strongly disagree, D=Disagree, N=Neutral, A=Agree, SA=Strongly Agree)

Source: Own Survey, 2018

Employees' of BIB's performance response rate was assessed with sixteen performance indicator parameters. The sampled employees were asked to indicate whether they agreed or disagreed with the statements to rate with a five-scale agreement and it was presented in the above table.

The overall response rate which was found computing over the sixteen questions requested about employee performance was mean score of (M=4.02, SD=0.61, whereas; among the questions requested about employees whether to deliver their assignments on time, the highest response rate was given to it (mean score of 4.36).

Followed by the query presented regarding the presence of giving high priority and support for their customers need, and a score (mean score of 4.35) has been indicated. However, 37.8% of respondents including who chose neutral side did not know how the Company measures their performance. Likewise, 36.9% and 32.6% of employees did not have the clue how their performance is linked with pay and how performance is evaluated, respectively. With reference to the promptness of receiving performance review and whether the company examines targets given for employees or teams against the planned objectives, 34.6% of respondents have stated their disagreement including the neutral responses.

#### **4.4 Relationship between Organizational Culture and Employee Performance**

According to Emeka and Philemon (2012), an empirical study was made on the effect of organizational culture on employee performance in Nigeria, and their study findings confirmed that 57.7% strongly agreed that organizational culture has relationship with employee performance.

Empirical evidence investigated by Shahzad (2014) showed that the relationship of overall organizational culture with employee performance with the result the correlation matrix value of Pearson's correlation was 0.415, which falls between "0.4 to 0.6", and interpreted as organizational culture has a moderate relationship with employee performance.

Similarly; one of the objectives of this research is to study the relationship of organizational culture at BIB with its employees' perceived performance. In order to determine the significance level of the correlation and to evaluate and measure the strength of this relationship, a Pearson Product Movement Correlation Coefficient was conducted with the result shown in the matrix below.

**Table 4.11 Interpretation of R**

<b>Interpretation of R</b>	<b>Description</b>
0.80 or higher	Very High
0.6 to 0.8	Strong
0.4 to 0.6	Moderate
0.2 to 0.4	Low
0.2 or lower	Very Low

**Source:** Bartz 2009)

As per Bartz (2009), a correlation coefficient enables to quantify the strength of the linear relationship between variables. This coefficient is usually represented by 'r' and can take only the value from -1 to +1. If  $r = +1$  there is perfect positive relationship between variables.

Table 4.12: Correlation Analysis Matrix

Variables		Employee Performance	Involvement	Consistency	Adaptability	Mission
<b>Employee Performance</b>	Pearson Correlation	1	.687**	.731**	.664**	.574**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	132	132	132	132	132
<b>Involvement</b>	Pearson Correlation	.687**	1	.851**	.708**	.719**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	132	132	132	132	132
<b>Consistency</b>	Pearson Correlation	.731**	.851**	1	.681**	.703**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	132	132	132	132	132
<b>Adaptability</b>	Pearson Correlation	.664**	.708**	.681**	1	.589**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	132	132	132	132	132
<b>Mission</b>	Pearson Correlation	.574**	.719**	.703**	.589**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	132	132	132	132	132

\*\* Correlation is significant at the 0.01 level (2-tailed).

Source: Own Survey: 2018

From the Pearson correlation analysis; employee performance was found to have a strong positive correlation with the consistency dimension ( $r=0.731$ ;  $p < 0.01$ ), followed by moderate positive correlation with the three remaining organizational culture dimensions: Involvement dimension with ( $r=0.687$ ;  $p < 0.01$ ), adaptability with ( $r=0.664$ ;  $p < 0.01$ ) and Mission ( $r=0.574$ ;  $p < 0.01$ ). From this correlation, it can be concluded that due to availability of good practice of consistency culture in BIB, enhances the practice of employee performance at BIB.

## 4.5 The impact of Organizational Culture on Employees' Performance

Regression analysis is a systematic method that can be used to investigate the effect of one or more predictor variables on dependent variable. That is, it allows us to make statements about how well one or more independent variables predict the value of a dependent variable. Specifically this multiple regression was conducted in order to investigate the effect overall organizational culture on employees' performance.

### 4.5.1 Testing the assumptions of Regression model

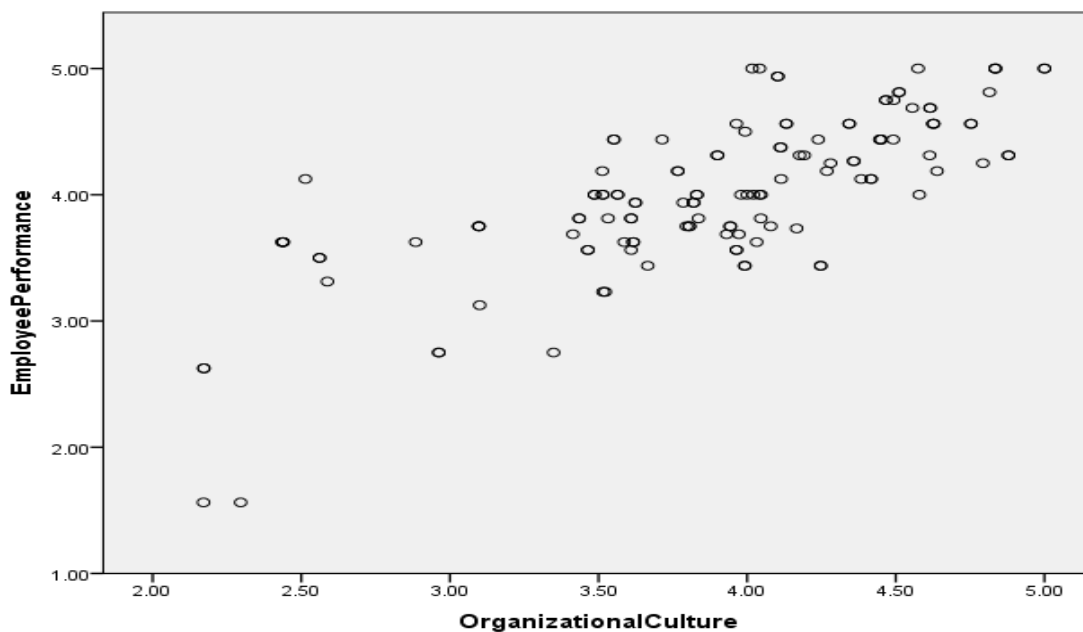
According to Field (2005), multiple linear regression uses to estimate the effect of more than one independent variables over dependent variable or it estimates the coefficient of determination on the predicted one explained by the predictors. In order to have valid multiple regressions analysis, several key assumptions should be satisfied. The key assumptions of Multiple Regression that are identified as primary concern in the research include: linearity, independence of errors, Homoscedasticity, normality, and multicollinearity. For this study; each assumption were defined and assumptions were tested and the results of these assumptions was briefly summarized and presented below.

#### **Assumption 1: The relationship between the IVs and the DV is linear.**

Some researchers argue that this assumption is the most important as it directly relates to the bias of the results of the whole analysis (Keith, 2006). Multiple regression assumes a linear relationship between the independent and dependent variables. The bivariate plot of the predicted value against residuals can help us infer whether the relationship of the predictors to the outcome is linear.

Hence; using visual inspection of the scatter plot, it can be suggested about the linearity. Looking at the scatter plot of each independent variables, it appears that the relationship of standardized predicted to residuals is roughly linear around zero. Hence, we can conclude that the relationship between the response or outcome variable and predictors is around zero suggesting that the relationships between these variables are linear.

**Figure 4.3 Testing the linearity of dependent and independent variables**

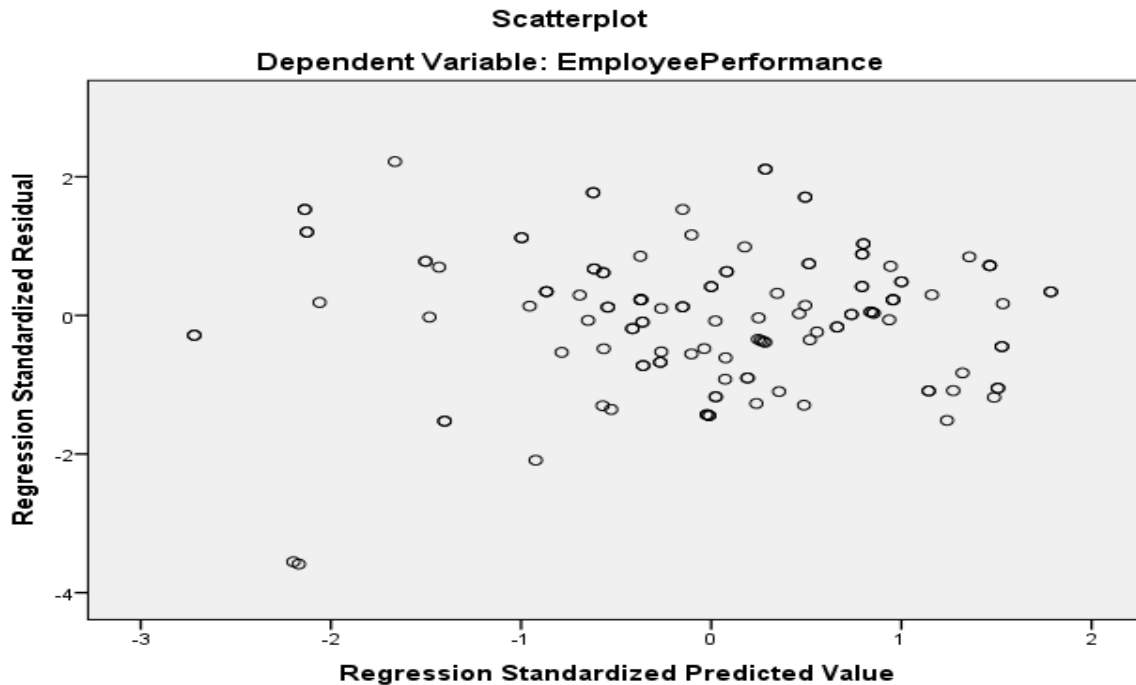


### **Assumption 2: Homoscedasticity**

The assumption of Homoscedasticity refers to equal variance of errors across all levels of the independent variables (Osborne & Waters, 2002). Ideally, residuals are randomly scattered around 0 (the horizontal line) providing a relatively even distribution.

This means that researchers assume that errors are spread out consistently between the variables (Keith, 2006). As depicted in the figure below, the spread of the residuals were fairly constant at each point of the predictor variables (or across the linear model).

Figure 4.4 Scatter plot of Homoscedasticity



Source: Own Survey, 2018

### Assumption 3: Multicollinearity

Multicollinearity occurs when several independent variables correlate at high levels with one another, or when one independent variable is a near linear combination of other independent variables. If a correlation matrix demonstrates correlations of more than 0.8 among the independent variables, there may be a problem with multicollinearity. The other method is by computing tolerance values which measures the influence of one independent variable on all other independent variables and Variance Inflation Factor (VIF) for each independent variable. Multicollinearity exists when Tolerance is below 0.1, and the average variance inflation factor (VIF) is greater than 10.

**Table 4.13 Multicollinearity test using Tolerance Values and Variance Inflation Factor**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1 (Constant)	1.300	.211		6.162	.000	.882	1.717		
Involvement	.077	.103	.089	.746	.457	-.127	.280	.227	4.412
Consistency	.359	.093	.438	3.860	.000	.175	.543	.251	3.982
Adaptability	.250	.074	.280	3.379	.001	.104	.397	.470	2.127
Mission	.027	.062	.037	.433	.666	-.096	.149	.446	2.240

a. Dependent Variable: Employee Performance

Source: Own Survey, 2018

The table 4.14 above displays that the multicollinearity tests by computing tolerance values and Variance Inflation Factor (VIF) for each independent variables. In this case, all the tolerance values are greater than 0.10 and VIF is less than 10. Hence, the researcher assumed Multicollinearity was not a problem.

**Assumption 4: Normality**

This assumption can be tested through histograms of the standardized residuals (Stevens, 2009). Histograms are bar graphs of the residuals with a superimposed normal curve that showed distribution. In this case, as indicated in (Annex 4), involvement and mission variable curves are left skewed distribution, this implies that the respondents response fall under agree and strongly agree category, whereas, the adaptability and consistency graph showed relatively

equal distribution on both sides. So, the residuals are normally distributed and the assumption was satisfied for the two independent variables.

**Assumption 5: Independent of Residuals**

This is basically the same as saying that the observations (individual data points) to be independent from one another (uncorrelated). The Durbin-Watson statistic is used to test for independence of residuals. The value of the Durbin-Watson statistic ranges from 0 to 4. As a general rule, the residuals are independent (not correlated) if the Durbin-Watson value is approximately closer to 2, and values below 1 and above 3 are causes for concern and may render the analysis invalid.

**Table 4.14 Independent Residual Assumption**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.767 <sup>a</sup>	.589	.576	.40026	2.237

a. Predictors: (Constant), Mission, Adaptability, Consistency, Involvement

b. Dependent Variable: Employee Performance

---

**Source:** Own Survey, 2018

In this case the Durbin-Watson statistics showed (Durbin-Watson = 2.237). Hence, the result falls between 1 and 3, the researcher assumed independence of residuals assumption is satisfied.

**Assumption 6: There are no influential cases biasing the Model**

Significant outliers and influential data points can place excessive influence on the model, making it less representative of the data as a whole. To identify any particular influential

data points, the Cook's Distance statistic for each participant would be measured. Any values over 1 are likely to be significant outliers, which may place undue influence on the model.

**Table 4.15 Cook's Distance Statistics**

Description	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.7395	4.8637	4.0216	.47161	132
Std. Predicted Value	-2.719	1.785	.000	1.000	132
Standard Error of Predicted Value	.037	.197	.074	.025	132
Adjusted Predicted Value	2.7509	4.8587	4.0213	.47243	132
Residual	-1.43608	.88806	.00000	.39411	132
Std. Residual	-3.588	2.219	.000	.985	132
Stud. Residual	-3.726	2.289	.000	1.007	132
Deleted Residual	-1.56381	.94487	.00029	.41241	132
Stud. Deleted Residual	-3.933	2.328	-.002	1.023	132
Mahal. Distance	.143	30.734	3.970	3.958	132
Cook's Distance	.000	.276	.009	.030	132
Centered Leverage Value	.001	.235	.030	.030	132

a. Dependent Variable: Employee Performance

**Source:** Own Survey, 2018

The survey result indicates that the Cook's Distance is between 0.00 and 0.46, suggesting that there are no influential cases biasing the study model.

In conclusion, the independent and dependent variables met almost all of the assumptions which indicate that the model the researcher got for a sample can be accurately applied to the population of interest. That means the coefficients and parameters of regression could be said to be unbiased (Field, 2006).

## 4.5.2 Linear Regression

### Analysis of Variance (ANOVA)

The key purpose of ANOVA test is to show whether the model is significantly better at predicting the dependent variable or using the means. Accordingly, Table 20 indicates that the ANOVA is significant ( $F=45.466$ ,  $df$  (regression) = 4,  $df$  (residuals) = 127,  $Sig<0.05$ ). Hence, it can conclude that at least one of the four independent variables can be used to model employee performance towards organizational culture in this study.

**Table 4.16 Overall Model Fit of the Regression Model (ANOVA)**

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	29.137	4	7.284	45.466	.000 <sup>b</sup>
Residual	20.347	127	.160		
Total	49.484	131			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Mission, Adaptability, Consistency, Involvement

**Source:** Own Survey, 2018

### 4.5.3 Multiple Linear Regression Analysis

Table 4.17 Model Summary with Predictors

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.767 <sup>a</sup>	.589	.576	.40026	2.237

a. Predictors: (Constant), Mission, Adaptability, Consistency, Involvement

b. Dependent Variable: Employee Performance

---

Multiple linear regression is the most common form of the regression analysis. As a predictive analysis, multiple linear regression is used to describe data and to when observing the sum effects of the predictors (Involvement, Consistency, Adaptability and Mission) on employee performance (table 4.18) above, they have able to explain the increase of employee performance by 57.6%. Similarly, while reviewing the empirical finding made by Betelhem (2017), 31.4% of the organizational culture was able to influences employee performance.

The relative contribution of each of the different variables can easily be compared by taking the beta value under the standardized coefficients. The higher the beta value, the strongest its contribution becomes. From the table 4.20 below, a two-tail test at 95% confidence level ( $\alpha=0.05$ ) showed that the positive beta values suggesting a positive influence of the independent variables on the dependent variable.

**Table 4.18 Multiple Regression Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	1.300	.211		6.162	.000	.882	1.717
	Involvement	.077	.103	.089	.746	.457	-.127	.280
	Consistency	.359	.093	.438	3.860	.000	.175	.543
	Adaptability	.250	.074	.280	3.379	.001	.104	.397
	Mission	.027	.062	.037	.433	.666	-.096	.149

a. Dependent Variable: Employee Performance

**Source:** Own Survey, 2018

Accordingly, the regression constant value showed that when the independent variables (involvement, consistency, adaptability and mission culture) are constant at zero, the employee performance would be at beta value of 1.300. While considering the degree to which the independent variables affect the dependent variable, the standardized coefficient results of consistency showed that (Beta=.438; P<0.01) makes the strongest unique contribution to explain the dependent variable in which the results revealed that, a one unit increase or positive change in Consistency would lead to a 0.438 unit increase in the level of employees' performance, followed by Adaptability (Beta=.280, Sig.001 and P<0.01), which indicates that a one unit change in the dependent variable will bring a 0.280 unit increase in employee performance.

Hence, it implies that consistency and adaptability have a significant effect on employees' performance and able to explain the changes in increase of employee performance by 43.8% and 28.0%, respectively.

On the contrary, the involvement culture ( $\beta = .089$ , sig. 457,  $p < 0.05$ ) and Mission ( $\beta = .037$ , sig.666,  $P < 0.05$ ), hence, they could be able to account for the increase in employee

performance by 8.9% and 3.7%, respectively. This may indicate that their level of impact on employee performance was somewhat weak in the context of BIB's culture practices as compared to the other two dimensions i.e. consistency and adaptability.

#### 4.6 Testing Hypothesis with Regression analysis

Hypothesis is simply an educated and testable guess about the answer to your research question. A hypothesis is often described as an attempt by the researcher to explain the phenomenon of interest. Those hypotheses are the researcher's attempt to explain the phenomenon being studied, and that explanation should involve a prediction about the variables being studied. These predictions are then tested by gathering and analyzing data, and the hypotheses can either be supported or refuted (falsified) on the basis of the data. Accordingly, the four hypotheses which were developed earlier in chapter two were tested based on the regression coefficient data.

**Table 4.19 Summary Result of Regression Analysis**

	<b>Model</b>	<b>Beta</b>	<b>Statistical Significance</b>
1	Organizational culture(overall)	.748	.000
	Involvement	.089	.457
	Consistency	.438	.000
	Adaptability	.280	.001
	Mission	.037	.666

**Source:** Own Survey, 2018

### **Hypothesis 1**

**H1:** Consistency has significant relationship and effect on employee performance:

The regression coefficient result of consistency dimension in Berhan International Bank was indicated as ( $\beta=0.438$ ,  $P<0.01$  as Sig.000, which implies that 43.8% of increase in employee performance is due to the change in the consistency culture, assumed all other variables are being constant, which entails that Consistency culture dimension has significant relationship and effect on employee performance, therefore, the Hypothesis 1 is accepted.

### **Hypothesis 2**

**H1:** Adaptability has significant relationship and effect on employee performance:

The adaptability regression coefficient result was defined with ( $\beta=0.280$ ,  $P<0.01$ , sig. .001), which infers that 28.0% of increase in employee performance is explained or justified by due to the changes in adaptability culture dimension, and 72% increase on the variable is explained by other factors not included in this study, therefore, the Hypothesis 2 is accepted.

### **Hypothesis 3**

**H:1** Mission has significant relationship and effect on Employees' performance:

The regression coefficient result of Mission culture dimension was denoted as ( $\beta = .037$ ,  $P>0.01$ , as Sig .666) and in this relation, mission culture could only able to explain the dependent variable with 3.7% which is insignificant and also the significance coefficient i.e. .666 is above the p value of 0.01. Thus, we can conclude from the results, the hypothesis 3 has been rejected.

### **Hypothesis 4**

**H:1** Involvement has significant relationship and effect on employee performance:

The result on the above (table 21) shows that the existing involvement culture dimension of the bank has a Beta coefficient with ( $\beta = 0.089$ ,  $P > 0.457$ ), and it is interpreted as 8.9% of the increase in employee performance is explained by the improvement in involvement culture practices, however, the p value is greater than 0.01, hence, the Hypothesis 4 is rejected.

**Table 4.20 Summary of Tested Hypothesis**

No	Developed Hypothesis	Test Result
1	Consistency has significant relationship and effect on employee performance.	Accepted
2	Adaptability has significant relationship and effect on employee performance.	Accepted
3	Mission has a significant relationship and effect on employees' performance.	Rejected
4	Involvement has significant relationship and effect on employee performance.	Rejected

**Source:** Own Survey, 2018

#### **4.7 Regression Mathematical Model**

The equation of multiple regressions on this study is generally built on around two sets of variables, namely dependent variable (employee performance) and independent variables (Consistency and Adaptability). The basic objective of using regression equation on this study is to make the researcher more effective at describing, understanding, predicting, and controlling the stated variables. Therefore, the model for the study was formulated as Employee Performance which is the dependent variable is the function of the independent variable i.e. organizational culture; hence; employee performance again the function of the organizational culture dimensions: Consistency (CON) and Adaptability (ADP). It was therefore, the Regression Model used in the study was mathematically expressed as follows:

**Model of Regression**

$$EP = f(OC) \dots\dots\dots (1)$$

$$OC = f(CON, ADP) \dots\dots\dots (2)$$

From equation 1 and 2

$$EP = f(CON, ADP) \dots\dots\dots (3)$$

Hence, having derived this regression model is represented in the equation below:

$$OC = \beta_0 + \beta_1 CON + \beta_3 ADP + \varepsilon \dots\dots\dots (1)$$

$$EP = OC + \varepsilon \dots\dots\dots (2)$$

*Therefore,*

$$EP = \beta_0 + \beta_1 CON + \beta_2 ADP \dots\dots\dots (3)$$

Where:

EP = Employee Performance, OC = Organizational Culture,  $\beta_0$  =Regression constant,  $\beta_1, \beta_2$  = coefficients of elasticity displaying degrees of explanation power about employee performance; and, CON =Consistency, ADP= Adaptability, and  $\varepsilon$ = model's error term.

Based on the multiple regression analysis, the following model summary was extracted to conclude the variation between the variables as follows.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e$$
$$EP = 1.300 + 0.438(CON) + 0.280(ADP) + 0.211$$

## CHAPTER FIVE

### 5. SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents a summary of the study findings, conclusions, recommendations, limitation of the study and future research direction. Based on the key findings and results, conclusions are drawn and recommendations were made. The recommendations included interventions to improve employee performance in the studied organization and pave the way for further studies.

#### 5.1 Summary of Major Findings

The findings derived from the data analyzed by using descriptive statistics, correlation and regression are presented below:

From the arithmetic mean values generated by the descriptive statistics, it shows that Involvement (M=3.90; SD=0.72), Consistency (M=3.85; SD=0.69), Adaptability (M=3.73; SD=0.75) and the Mission culture (M= 4.09; SD=0.85) are all above average score. From this we can understand that employees of BIB are moderately agreed or satisfied with the existing practice of organizational culture.

Among the four culture dimension, Mission has got the highest culture (M=4.09; SD=0.85), followed by Involvement, Consistency and Adaptability, respectively.

- As it was referred from involvement culture, the practice of employee empowerment and team orientation sub components has got the highest mean score, however, as compared to its category, Capability development has got lower mean score, and this can imply that

there is a gap on provision of training and development of employees' skill and knowledge.

- The Consistency culture dimension demonstrated that the three sub cultures: core values (M=3.86;SD=0.76), agreement (M=3.87;SD=0.84) and coordination and Integration (M=3.82;SD=0.9) could able to get on average similar feelings and perceptions of employees, this implies there is a well and good understanding about the existing practice of consistency culture within the bank.
- Regarding adaptability culture, it has got the lowest mean score among the four culture dimensions, however, its mean score falls within the moderate range of score, while reviewing the mean score of the three sub elements: Creating Change (M=3.77; SD=0.79), Customer Focus (M=3.70; SD=0.73) and Organizational Learning (M=3.71;SD=0.84) have got relatively moderate mean score, and this again has implications on the understanding and the perception of employees about the practice of adaptability culture was good. Particularly responses given to the existence of innovation and risk taking practice,(M= 3.39;SD=1.103) has got the lowest mean score in the category.
- The Mission Culture has got the highest mean score of (M=4.03, SD=0.85), which also indicates that it is very important culture within the bank according to the perception of employees.
- The Employee Performance variable has got a highest mean score of (M=4.02, SD=0.61) but moderate response variations were also revealed. For instance; questions asked about having the awareness of how the company measures their performances, how performance targets are given, reviewed and evaluated and how it is linked with the pay

system, about 23.8% of the respondents were preferred either to be disagreed or being neutral for the questions presented.

From the person correlation analysis; employee performance was found to have a strong positive correlation with the consistency dimension ( $r=0.731$ ,  $p<0.01$ ), followed by moderate positive correlation with the three remaining organizational culture dimensions: Involvement dimension with ( $r=0.687$ ,  $P<0.01$ ), adaptability with ( $r=0.664$ ,  $P<0.01$ ) and Mission ( $r=0.574$ ,  $P<0.01$ ). From this correlation, it can be inferred that consistency, involvement, adaptability and mission culture dimensions have a positive correlation with employee performance.

Additionally, the regression analysis was made on the overall effect of organizational culture and its culture variables on employees' performance and its results have been summarized below.

- The regression coefficient result of consistency dimension in Berhan International Bank was indicated as ( $\beta=0.438$ ,  $P<0.01$ ), implying a 43.8% of increase in employee performance is due to the change in the consistency culture practices, which entails that Consistency culture dimension has a positive relationship and significant effect on employee performance; therefore, the Hypothesis (H1) is accepted.
- The adaptability regression coefficient result was defined with ( $\beta=0.280$ ,  $P<0.01$ ), which infers that 28.0% of increase in employee performance is explained or justified by due to the changes in adaptability culture dimension, and 72% increase on the variable is explained by other determinant factors, therefore, the Hypothesis (H2) is accepted.
- Involvement culture dimension of the bank has a Beta coefficient with ( $\beta = 0.089$ ,  $P>0.457$ ), as the significance coefficient is greater than 0.01, hence, the Hypothesis (H3) is rejected.

- The regression coefficient result of Mission culture dimension was denoted as ( $\beta = .037$ ,  $P > 0.01$ , as Sig .666) and in this relation, mission culture could only able to explain the dependent variable with 3.7% which is insignificant and also the significance coefficient i.e.666 is above the p value of 0.01. Thus, we can conclude from the results, the hypothesis (H4) has been rejected.

## **5.2. Conclusions**

Based on the findings of this study a number of conclusions can be drawn. The major objective of this study was to investigate the effects of the organizational culture dimensions on the employees perceived employees' performance in BIB. The results indicated that all the variables of Organizational culture (Consistency, Adaptability, Mission and Involvement) have positively related with employee's performance. With this objective in mind, a lot of descriptive statistical tools and multiple regression analysis were used.

Accordingly, the regression analysis on the involvement culture showed insignificant in affecting the employee performance and this was also inferred by the descriptive analysis and the perception of employees inferred the existing gaps within the bank particularly the provision of autonomous power and involvement employees in decision making practice and availability of spreading timely information to employees have reflected some inefficiencies in this area, moreover, the position of the bank in terms of developing the employees capability was also depicted as a wider gaps.

With respect to adaptability culture, new and improved ways of doing works was not adopted in a continuous manner in BIB and also innovation and risk taking practices are not encouraged and rewarded as well. According to the employees' perception on the customer focus culture index, there was

variations in their level of understanding about what really customers need from their output. Hence, creating change, customer focus and organizational learning are the components of adaptability culture needs the banks bold attention as its existence relies on proactively responding to competitors and changes in the business environment.

Based on the descriptive statistical data, the mission culture had got a significant favorable response and its mean value was the highest among the four culture dimensions, however, while looking into its correlation matrix value, it was the lowest from the group and also repeated in the regression analysis i.e. the Beta coefficient was depicted insignificant effect on employee performance. And from this it can be deduced that there was a gap in the vertical and horizontal integration of the culture components of purpose and direction, goals and objectives and vision with the employees' performance within BIB.

### **5.3. Recommendations**

In this section, some important suggestions were made on the basis of the findings of the study. One important aim of this research was to reveal the organizational culture practice of the BIB. In general, the result of same study has shown that organizational culture practice in the BIB is not to the required level so as to attain its strategic vision of being a radiant and trust worthy bank in excellence. In order to meet its vision, its organizational culture practice should be grown. Therefore; the recommendations has been forwarded for the management and for Employees accordingly.

## For the Management

- The bank's management should develop an intervention strategy for employee's capability development though planned developmental programs are advisable to enhance employees' skill, knowledge and behavior.
- The management is highly recommended to device a system that upgrades its internal communication tools such as the bank's website, portal etc. so that all its members are kept updated at a time and it will create a sort of feeling of being valuable assets to the company because these tools can also be a good means of collecting employees' feedback for improvements and maximizing efficiency.
- This study also found that the organizational culture practices and employee's performance level have shown a great variations among work units and departments of the Bank. This will give an opportunity to make bank wide cultural audit and locating the areas where the top management bodies should intervene to improve organizational culture practices and employees performance and hence; will able to capture the full picture of what its existing culture looks like and for its subsequent development of organizational culture strategies.
- Since consistency culture has a dominant contribution towards employee performance, the bank is advised to maintain its consistency culture through developing the key management tools like; implementation of corporate governance, company policies and procedures, managing risk and compliance, developing internal audit guideline, building company's code of conduct to bring consistent work practices for all the functions of its departments so that all work together well to achieve common goals.

- In adaptability culture dimension, organizations are expected to have the ability to understand and react to the competitive environment and customers. In this regard, BIB is expected to work a lot and it is encouraging that the bank follows adaptability strategy, however, it scored moderate level as depicted by the score ( $M=3.73$ ;  $SD=0.69$ ). So, the bank should design a communication strategy whenever there is new changes implemented within the bank in order to make employees more familiar with it and it will increase the confidence of employees on the bank's existence and highly reduces a culture of resistance.
- The bank should also strengthen its organizational learning culture because it is a prerequisite for adaptability strategy. Therefore, the bank should encourage and empower its employees so as to make them more innovative and to develop an appetite for taking risks and to proactively respond to the changing needs of their customers, and finally they can comfortably adapt to the competitive business environment at large.
- In terms of the regression analysis, the mission culture's Beta coefficient ( $\beta=0.27$ ;  $Sig.0.666$ ) its contribution to employee's performance is weak or having insignificant effect on employee performance would have a paramount implication especially when the bank boldly dictates its mission statement as to develop a motivated and qualified human resource with the highest ethical standard. If this is the case, the management should focus more on the adherence to the organization's mission by making sure that those in leadership positions are conversant with the organization's mission so as to be able to pass it down to their subordinates.
- The contribution of organizational culture dimensions could able to explain 57.6% changes in employee performance. This implies that 43.4% of the influence made to

employee performance is made by other determinant factors which are related to employee performance. So the bank should considers those influential factors such as job satisfaction, leadership style, motivation, salary and benefits as it will later improve employee performance and organization performance in a comprehensive manner.

The bank should devise a performance management system which carries out regular appraisals to determine the performance of its employees; the organization can take the said opportunity to address the shortfalls and help the employees unleash their full potentials.

- The bank is also advised to create a system not only measures the individual performance achievement, but also a system that is committed for promoting team culture and also reward employees who owns and practice those desired values and attributes.

### **For Employees**

- In order to enhance the culture of high involvement such as: exercising autonomous power, accepting challenging assignments, participating in decision making, building self-managed work teams and ability to manage own work, take initiations to prepare learn and share sessions at particular interval and experience sharing on best fit practices will maximize the employees' capability in every corner and build the confidence of employees' belongingness for realization of both short term and long term organizational goals.
- Moreover; so as to keep the agreement culture up, employees should develop effective communications with their supervisor about targets, achievements, getting regular feedback and coaching on performances achievements and gaps will have a positive

impact on the employees' performance level which will ultimately to increase the organization productivity.

#### **5.4 Future Research Directions**

The future researchers can expand the sample to study about the impact of organizational culture on employee performance, to get a broader idea about the impact and/or relationship as well as to protect the generality of the findings. The following recommendations are forwarded;

- The study of the research is confined with only one organization and even with limited sample size; therefore, future researchers should also make their researches in different banking institutions and other different organizations in order to broaden empirical evidences in the area.
- Future researchers can also apply various types of organizational culture models formulated by different authors other than the Denison model; therefore, their perspectives regarding organizational culture will be widened.
- In order to see the significant impact of organizational culture on employee performance, researchers are recommended to make their research on organizations who designed performance management system hence, the study bases on the employees performance appraisal result other than relying only on the employees' perception and opinion.

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# ANNEXES

**Addis Ababa University  
School of Commerce  
Human Resource Management  
Questionnaire to be filled by employees of the Berhan International Bank S.c.**

**Dear Respondent:**

I am a Masters student of Human Resource Management Program at Addis Ababa University school of Commerce. As part of my Masters Degree requirement, I am expected to successfully conduct a research paper on a relevant topic in my area of concentration. The aim of this research study is to investigate **“The effect of Organizational Culture on employees’ perceived Performance in case of Berhan International Bank S.c.”**.

Therefore, this questionnaire is designed to get the relevant information for the current study and used only for academic purpose. Hence, your responses will be treated with the confidentiality it deserves. To maintain anonymity, I request that you DO NOT write your names on the questionnaire. Please take into consideration that the soundness and the validity of the findings will highly depend on your genuine responses.

Therefore, I kindly request you to spend some of your valuable time (10-15 minutes) to complete this questionnaire to the best of your knowledge.

Yours Sincerely;

Meseret Nigussie  
Masters Student

**Part I. Information about Demographic Data**

1. Gender      Male       Female

2. Age      18-27       28-37       38-47       48 and above

**3. Marital Status**

Single       Married       Divorce       Widow

**4. Educational Qualification**

BA/BSC       MA/MSc       PhD       if any, please specify \_\_\_\_\_

**5. Year of service in the organization**

2-5 years       6-10 years       11-15 years       above 15 years

**6. Employment Group**

Management       Non Management

**Part II. To assess Organizational Culture of within your Organization.**

This part of the questionnaire consists of items taken from the Organizational Culture Denison Model. The main purpose of the instrument is to assess four dimensions of organizational culture in your organization i.e. Consistency, Involvement, Adaptability and Mission. Evaluate to what extent each statement fits the culture of your organization. Use the following rating scale, and put “√” mark for each rating. **1: Strongly Disagree, 2: Disagree, 3: Neutral, 4: Agree and**

**5: Strongly Agree**

**I. Questionnaires on Organizational Culture**

Please indicate with a tick mark (✓) the extent to which you agree or disagree with the following statements by using the scale of 1-5 where; **1 for Strongly Disagree (SD), 2 Disagree (D), 3 Neutral (N), 4 Agree (A) and 5 Strongly Agree (SA).**

S.N	Questions by organizational culture Dimension	5	4	3	2	1
		(SA)	(A)	(N)	(D)	(SD)
	<b>Involvement</b>					
	<b>I. Empowerment</b>					
1	In my opinion, most of employees are highly involved in their work in Berhan International Bank (BIB).					
2	My organization gives me the authority and ability to manage my own work.					
3	Information is widely shared within BIB so that everyone in the bank can get the information he or she needs when it's needed.					
4	Everyone in BIB believes that he or she can have a positive impact on their work contributes					
5	My organization grants me greater autonomy and involves me in decision making.					

<b>II.</b>	<b>Team Orientation</b>					
6	My organization places much value on employees working cooperatively towards the common goals of the organization.					
7	I believe that cooperation is well practiced in BIB while I perform my duties.					
8	In my opinion, the bank's norms encourage cooperation, teamwork, and participation.					
9	In BIB, I feel like I am part of a team.					
10	I believe that works are organized so that each employee can see the relationship between his or her job and the goals of the organization.					
<b>III</b>	<b>Capability Development</b>					
11	My organization (BIB) develops its employees human capability at all levels.					
12	I agree that the bank is constantly working on developing its employee's capability.					
13	The bank has a direction on making continuous investment in the skills of employees.					
14	I believed that capabilities of employees within the bank are viewed as an important source of competitive advantage.					
<b>IV</b>	<b>Core Values</b>					
15	The bank's core values are shared among the majority of its members.					
16	My supervisor always shows me in practice what she/he is saying in words.					
17	The bank has a clear and consistent set of values that dictates the way I do my work.					
18	There is an ethical code that guides my behavior and tells the right and the wrong.					
<b>V</b>	<b>Agreement</b>					
19	Different departments and division of my bank are able to work together well to achieve common goals.					
20	I think the bank has a strong organizational culture.					
21	As an employee, I am given assignments that are consistent with my strengths, interests and opportunities					

<b>VI</b>	<b>Coordination &amp; Integration</b>					
22	The bank's approach to doing business is very consistent and predictable.					
23	There is good alignment of team goals with the bank's Strategic objective, mission and vision.					
	<b>Adaptability</b>					
<b>VII</b>	<b>Creating Change</b>					
24	The way things are done in BIB is very flexible and easy to change.					
25	The bank responds well to competitors and other changes in the business environment.					
26	New and improved ways of doing works are continually adopted in BIB.					
<b>VIII</b>	<b>Customer Focus</b>					
27	Customer comments and recommendations often lead to changes.					
28	Customer input directly influences our decisions.					
29	All members in BIB have a deep understanding of customer wants and needs.					
<b>IX</b>	<b>Organizational Learning</b>					
30	We view failure as an opportunity for learning and improvement.					
31	Innovation and risk taking are encouraged and rewarded.					
32	Learning is an important objective in our day-to-day work.					
	<b>Mission</b>					
<b>X</b>	<b>Purpose and Direction/Strategy/</b>					
33	There is a clear mission that gives meaning and direction to our work in BIB.					
34	There is a clear strategy for the future in BIB.					
<b>XI</b>	<b>Goals &amp; Objectives</b>					
35	In BIB there is widespread agreement about goals.					
36	We continuously track our progress against our stated goals.					
<b>XII</b>	<b>Vision</b>					
37	I have shared the vision of what the bank will be like in the future.					
38	The bank's vision creates excitement and motivation on my work performance.					

**Part III. To assess the employee perceived Performance**

This part of the questionnaire consists of questionnaires which are designed to assess your perception about the level of your Performance accomplishment within your organization i.e. Berhan International Bank S.C.(BIB).

**ANNEX 2**

**Questionnaires on Employee Performance**

Please indicate with a tick mark (✓) the extent to which you agree or disagree with the following statements by using the scale of 1-5 where **1** for Strongly Disagree (SD), **2** Disagree (D), **3** Neutral (N), **4** Agree (A) and **5** for Strongly Agree (SA).

S.N.	Employee Performance Questions	5	4	3	2	1
		(SA)	(A)	(N)	(D)	(SD)
1	My job enables me to make use of my skills and abilities.					
2	I get a sense of personal accomplishment from my work.					
3	I know how the Company measures my performance.					
4	I have a complete knowledge and understanding while performing my tasks.					
5	I have the required skills, sociological readiness and behavioral abilities to perform my task.					
6	I perform my work to the expected standards.					
7	I understand how my performance is evaluated.					
8	I understand the link between my performance and my pay.					
9	I receive regular performance reviews.					
10	My organization examines targets given for employees or teams against the planned objectives.					
11	I trust the feedback I receive from my Supervisor.					
12	I am able to judge a given work situation and respond to it.					
13	I am able to manage my time and allocate resources effectively.					
14	I think carefully before responding to customers and project activities.					
15	I delivered my work Assignments timely.					
16	As an employee, I give the highest priority and support to meet the needs of clients and customers and to solve their problems.					

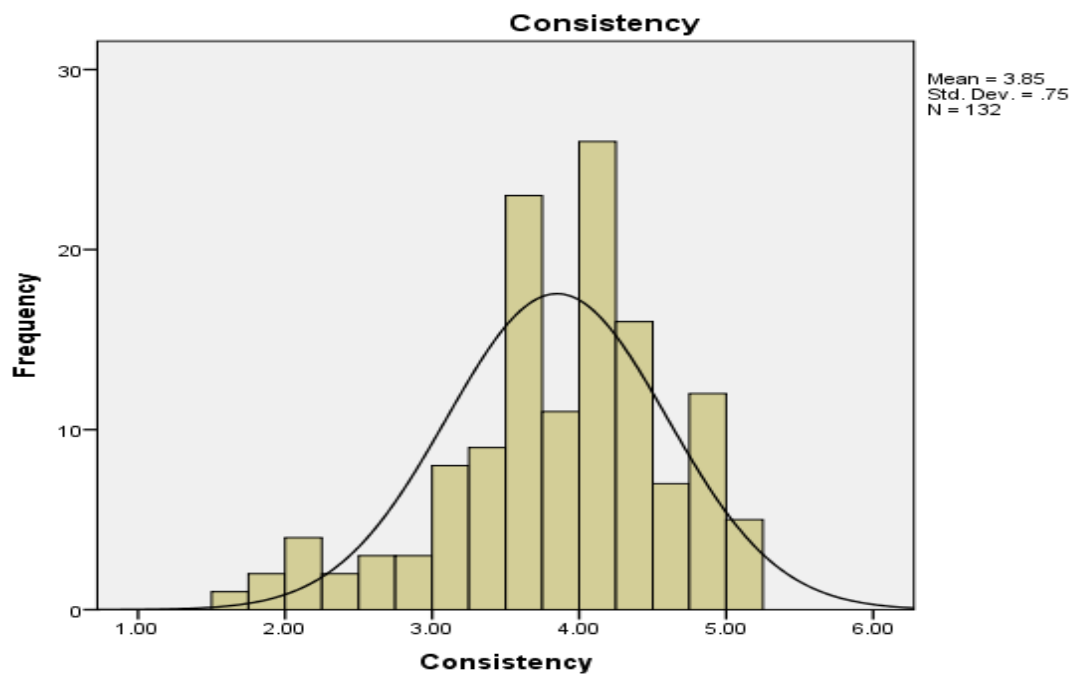
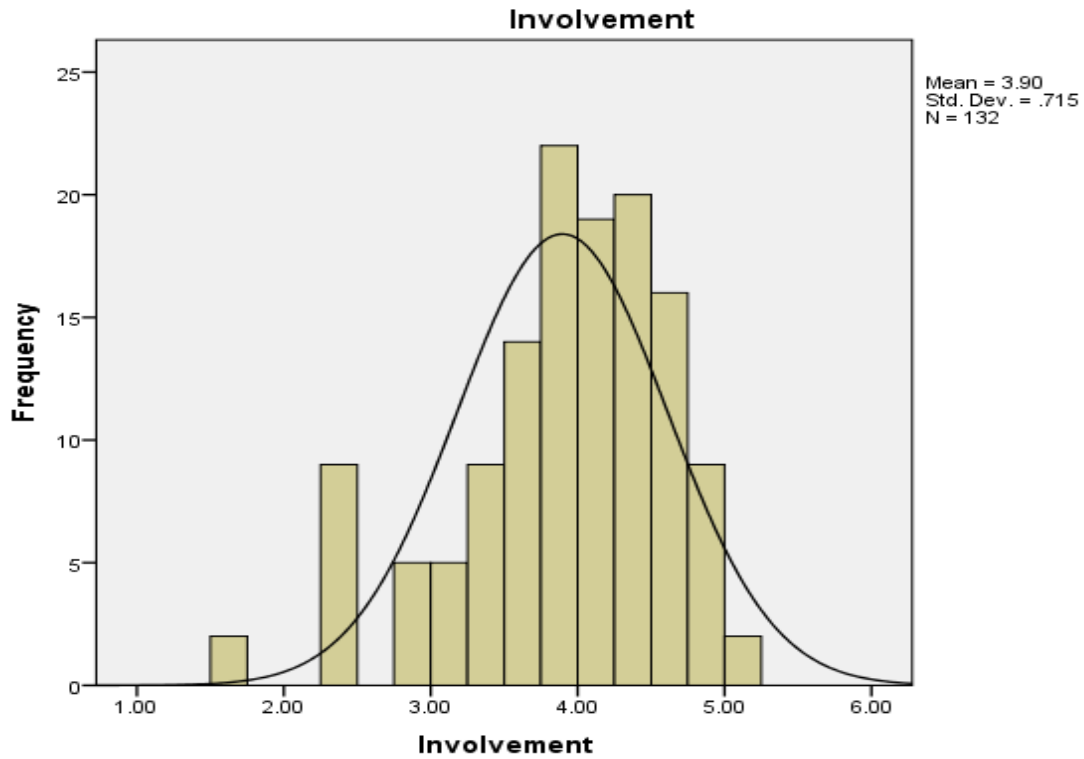
**Addis Ababa University**  
**School of Commerce Human Resource Management**  
**Interview with Middle management members of Berhan International Bank S.c.**

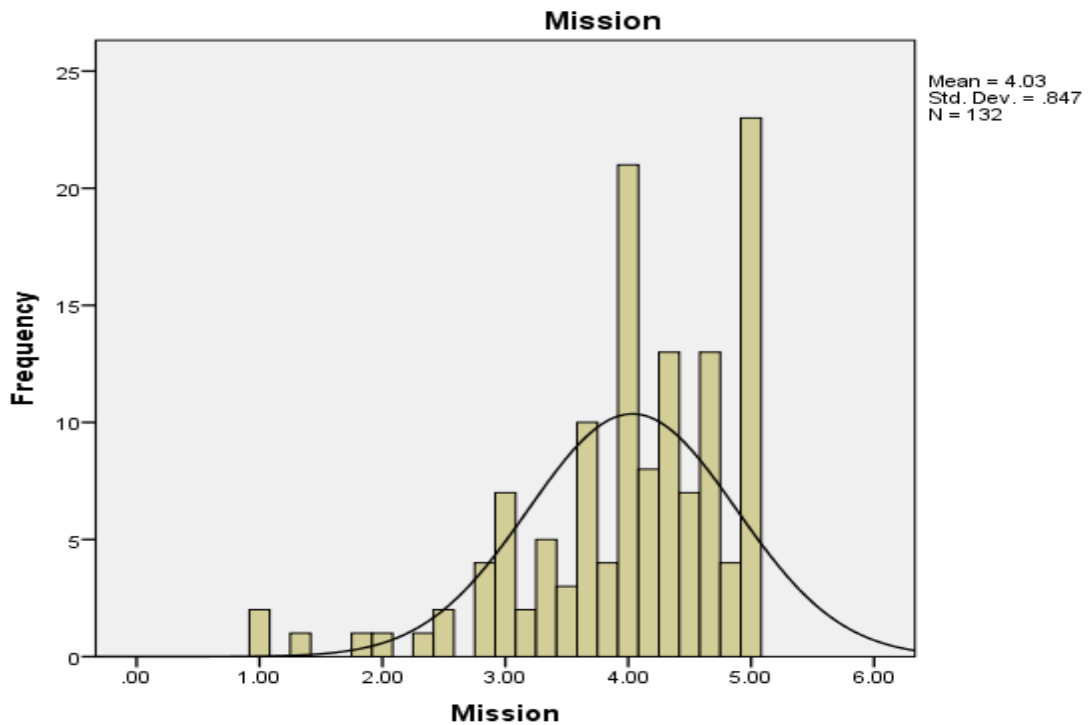
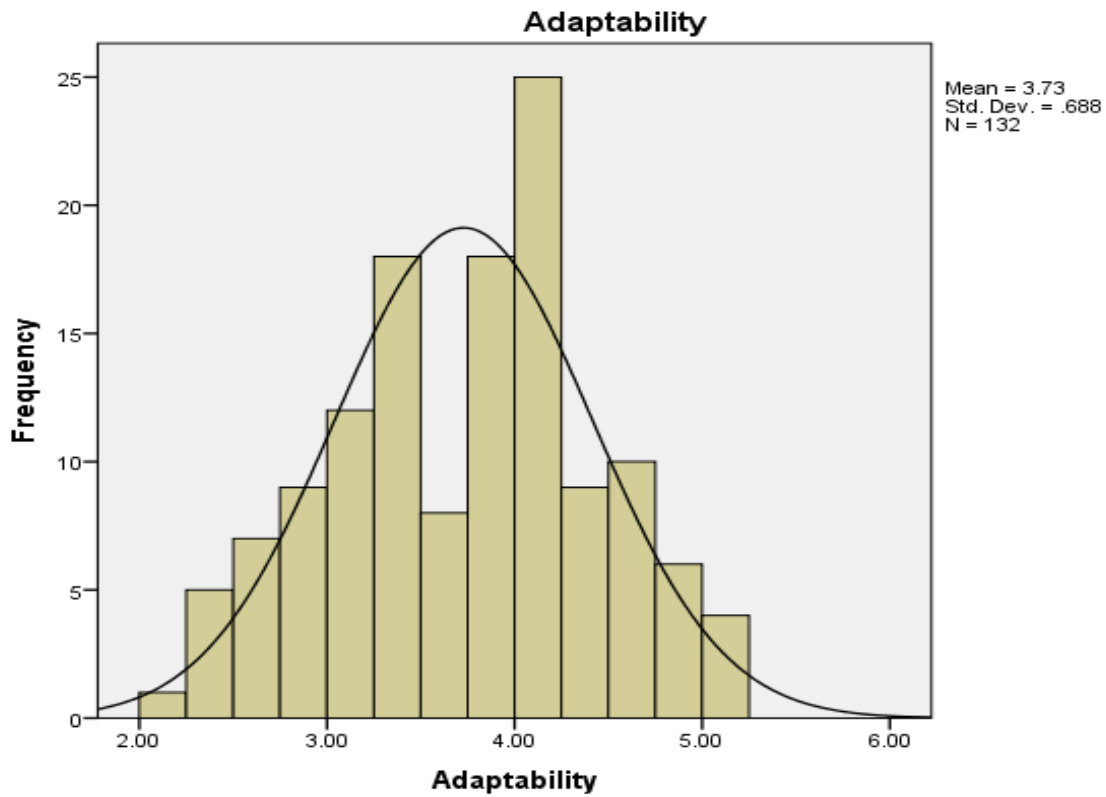
This interview questions is designed for managers and directors within different departments. The purpose of preparing this interview questions is with the assumption that a better and open responses will be given and the reliability of the data and quality may be enhanced.

**Questions**

1. What do you understand about organizational culture?
2. How often do you introduce your organizational culture to new employees?
3. How do you explain the existing organizational culture with respect to the organizational culture dimensions: Consistency, Adaptability, Involvement and Mission?
4. How do you perceive the relationship between organizational culture and employee Performance? Why?
5. How do you perceive the effect of organizational cultures on your employees' performance? Why?
6. Do you believe these cultural dimensions are part of the existing culture of the bank? How?
7. Do you think the employees understand the existing organizational culture? How?
8. How do you rate the level of employee's performance in relation with existing culture?
9. What improvements are required to build a strong organizational culture in order to enhance employees' performance?

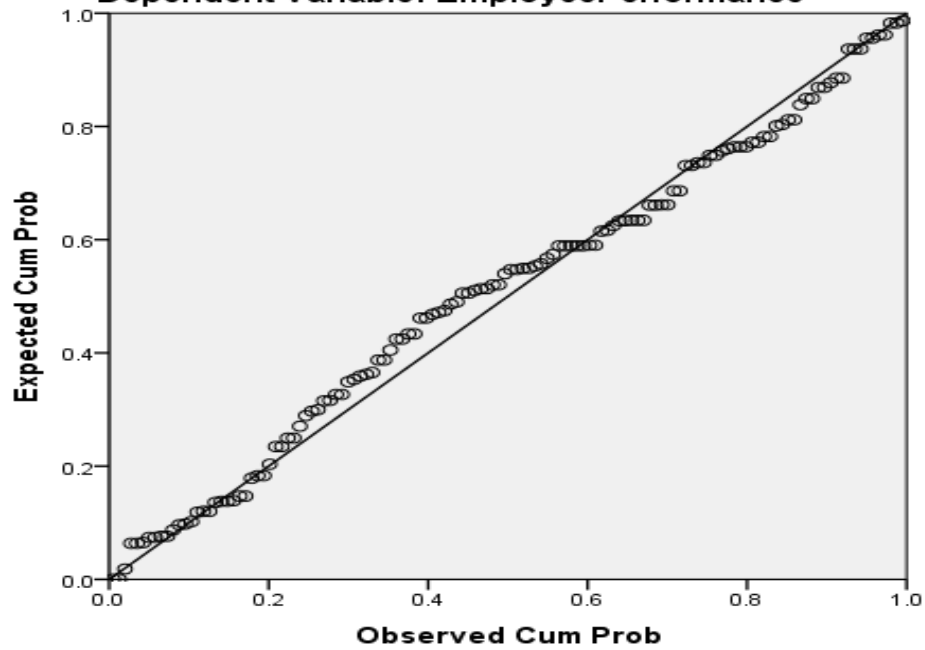
**Normality Test**





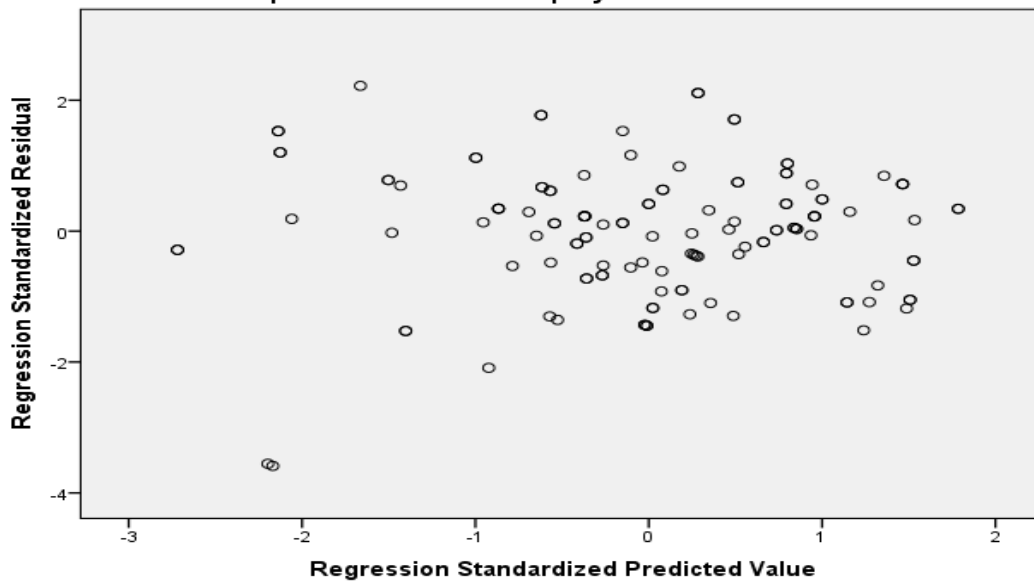
Residual Test

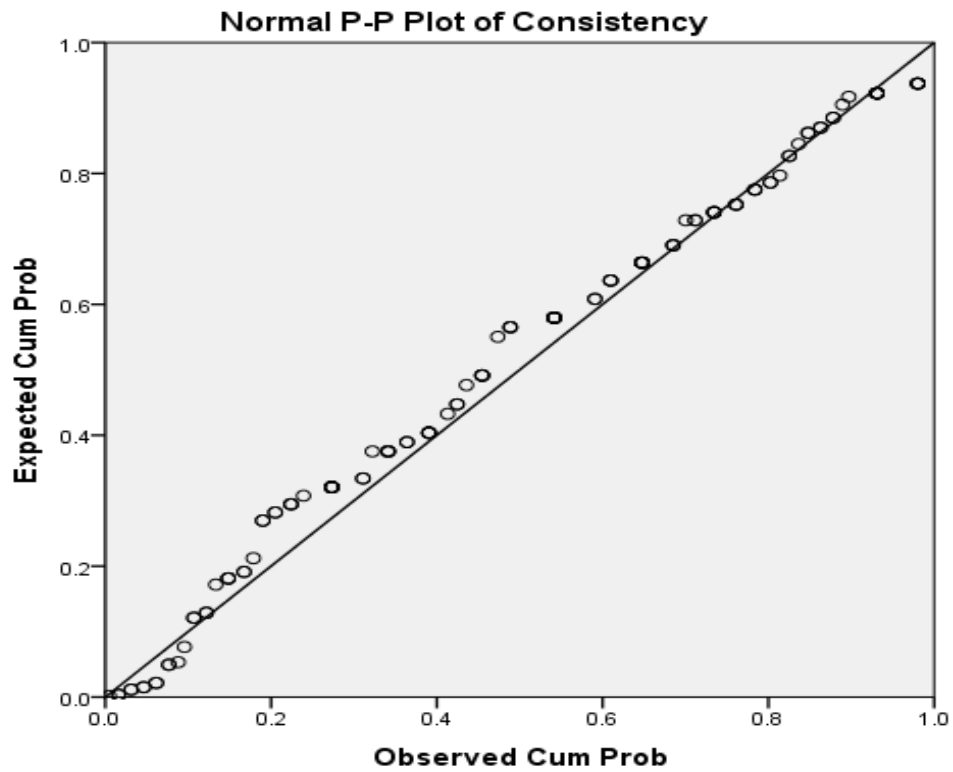
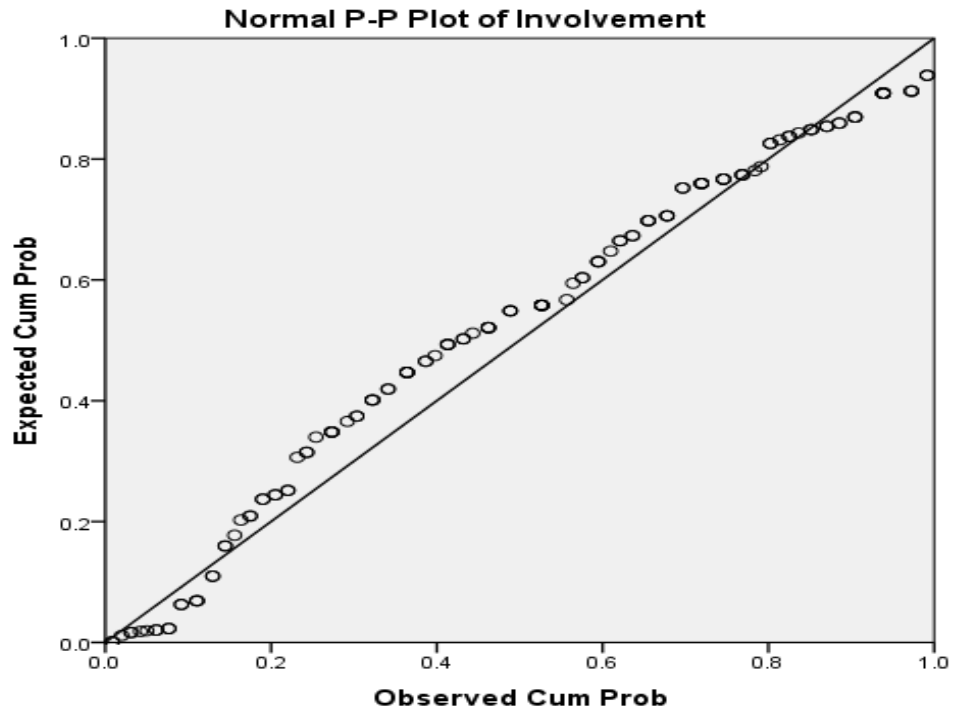
Normal P-P Plot of Regression Standardized Residual  
Dependent Variable: EmployeePerformance

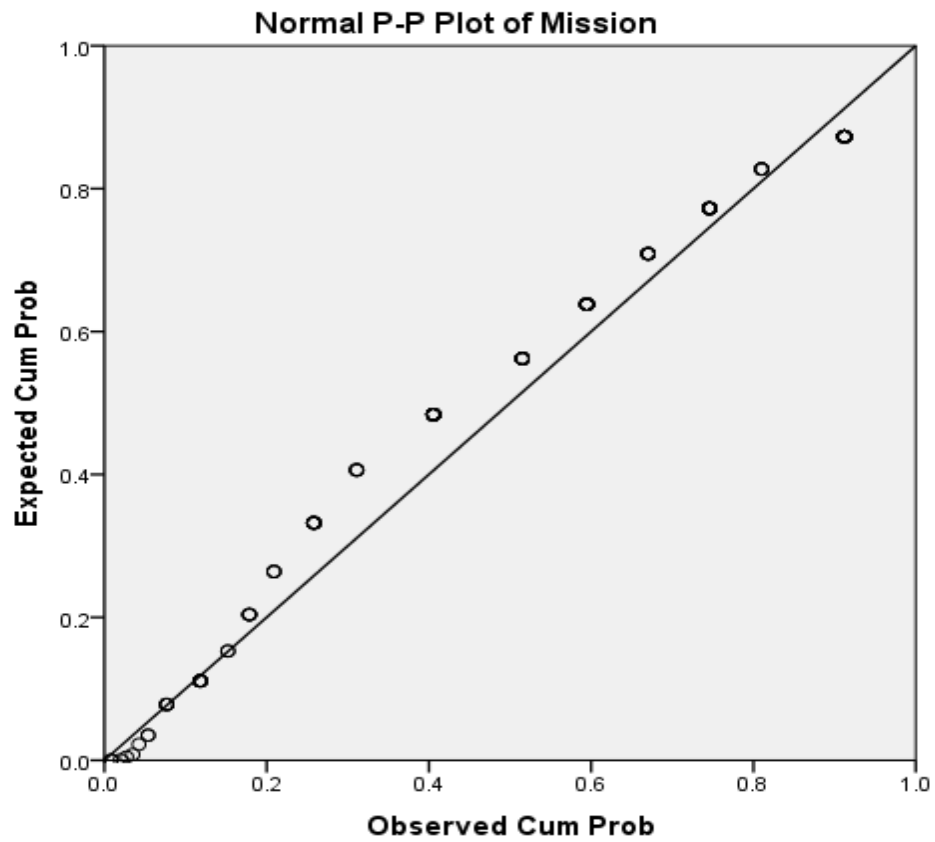
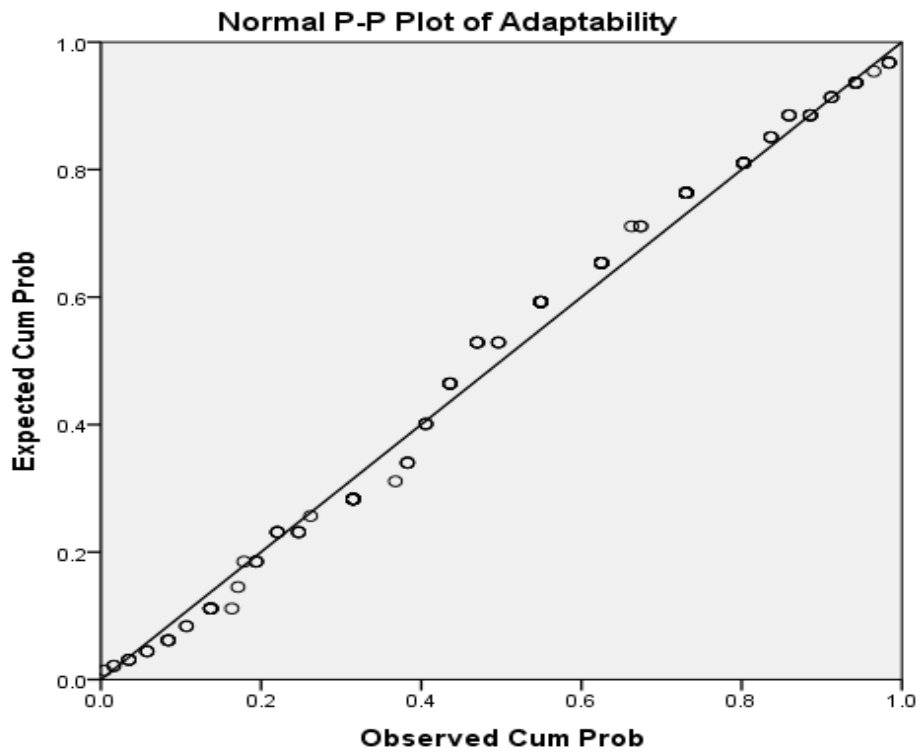


Scatterplot

Dependent Variable: EmployeePerformance







**Descriptive Statistics**

Items	N	Range	Minimum	Maximum	Mean		Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic	Std. Error	Statistic	Std. Error
Empowerment	132	3.40	1.60	5.00	3.9042	.06376	.73251	-.880	.211	.923	.419
Team Orientation	132	3.40	1.60	5.00	4.0288	.07491	.86061	-1.253	.211	1.322	.419
Capability Development	132	4.00	1.00	5.00	3.7538	.07174	.82424	-.625	.211	.214	.419
Core Values	132	3.25	1.75	5.00	3.8611	.06572	.75508	-.516	.211	-.250	.419
Agreement	132	4.00	1.00	5.00	3.8687	.07336	.84283	-.663	.211	.381	.419
Coordination and Integration	132	4.00	1.00	5.00	3.8182	.07871	.90434	-.959	.211	1.168	.419
Creating Change	132	3.33	1.67	5.00	3.7677	.06858	.78788	-.612	.211	.078	.419
Customer Focus	132	3.33	1.67	5.00	3.7020	.06385	.73361	-.119	.211	-.661	.419
Organizational Learning	132	3.33	1.67	5.00	3.7146	.07354	.84496	-.487	.211	-.093	.419
Purpose and Direction	132	4.00	1.00	5.00	4.0909	.08379	.96270	-1.338	.211	2.069	.419
Goals and Objectives	132	4.00	1.00	5.00	3.9697	.07309	.83975	-.875	.211	1.153	.419
Vision	132	4.00	1.00	5.00	4.0417	.08348	.95917	-1.102	.211	1.302	.419
Employee Performance	132	3.44	1.56	5.00	4.0216	.05349	.61460	-1.034	.211	2.763	.419
Valid N (listwise)	132										