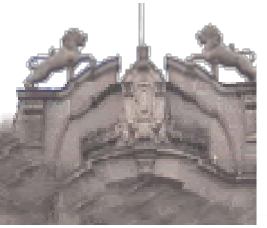


Addis Ababa  
University  
(Since 1950)



**The Impact of Organizational Culture on Employees' Job  
Performance: The Case of *Wegagen* Bank S.C**

**A Thesis submitted to Addis Ababa University, College of  
Business and Economics in partial fulfillment of the  
requirements for the Degree of Master of Science in  
Management**

**By:** Eyasu Tesfaye: GSE/2139/10

**Advisor:** Workneh Kassa (Ph.D)

**November, 2020**

**AAU**

**Addis Ababa, Ethiopia**


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

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**Approved by Board of Examiners:**

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## DECLARATION

I hereby declare that this study entitled “**The Impact Of Organizational Culture On Employee Job Performance: The Case of *Wegagen Bank S.C.***” is my original work and has not been presented for a degree in Addis Ababa University or in any other university. Besides, I would like to confirm that all sources of materials used for the study have been duly acknowledged.

Name: - Eyasu Tesfaye

Signature \_\_\_\_\_ Date \_\_\_\_\_

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

**Letter of Certification**

This is to certify that the thesis prepared by Eyasu Tesfaye titled: ‘The Impact of Organizational Culture on Employee Job Performance: The Case *Wegagen* Bank S.C’ submitted in partial fulfillment of the requirements for the Degree of Master of Science in Management.

Advisor: Workneh Kassa (PHD) Signature \_\_\_\_\_ Date \_\_\_\_\_

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## ***Abstract***

*This research study primarily focused on analyzing the impact of organizational culture on employee job performance at Wegagen Bank Share Company. The culture model adopted for this study is the five factor organizational culture profile (OCP). These are: innovation and risk taking, attention to detail, outcome orientation, people orientation, and team orientation. The study is conducted at the bank's head-quarter of Wegagen Bank S.c by using a stratified sampling technique randomly selecting top management, line managers, and senior officials of the bank. A research design employed for the research was a descriptive and explanatory. Data was collected through structured questionnaire based on the OCP model. Administered questionnaires were distributed for 178 employees of the bank, who are serving the bank more than a year. Out of the 178, 132 usable questionnaires were gathered and analyzed using the SPSS software. The regression analysis of the research study showed that the dimensions of outcome orientation and people orientation of organizational culture have a strong relationship with employee performance. The study further outlined that the dimension of attention to detail has a weaker relationship with employee job performance. The three dimensions team orientation, attention to detail, and innovation and risk taking were not found to have significant relationship with employee job performance. The research concluded that further study should be conducted to assess the impact of innovation and risk taking, people orientation, and team orientation sub dimensions on employee job performance.*

**Keywords:** Organizational culture, employee job performance

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## **Acronyms**

**ANOVA** – Analysis of Variance

**FY** – Fiscal Year

**NBE** - National Bank of Ethiopia

**NGOs** - Non- Governmental Organizations

**OCAI** - Organizational Culture Assessment Instrument

**OCP** – Organizational Culture Profile

**S.C** - Share Company

**SDs** – Standard Deviations

**SPSS** - Statistical Package for Social Science

# CHAPTER ONE

## INTRODUCTION

### 1.1. Background of the Study

Nowadays most organizations give due attention for the culture they operate perceiving that it has a huge influence on their corporate performance (Schein, 2004, Cameron and Quinn, 2006, Robbins and Judge, 2013). However, as Alvesson (2002) pointed out even if top managers have a strong awareness of the importance of organizational culture, there is a lack of a deeper understanding of how people and organizations function in terms of culture.

Organizational culture refers to a system of shared meaning held by members that distinguishes the organization from other organizations (Robbins, 2000). It is believed that, culture reflects the prevailing beliefs and principles that people carry inside their heads, and experiences of their inner world. Culture conveys a sense of identity to employees, provides unwritten and unspoken guidelines for how to get along in the organization.

The very nature of culture in terms of ‘how things are done around here’ and common values, beliefs and attitudes will have a significant effect on organizational processes such as decision making, design of structure, group behavior, work organization, motivation and job satisfaction, and management control.(Mullins, 2004). In assessing an organization’s culture, one can focus on the entire organization as the unit of analysis, or one can assess different subunit cultures, identify the common dominant attributes of the subunit cultures, and aggregate them. This blend can provide an approximation of the overall organizational culture (Cameron and Quinn 2006),

Organizational culture has a strong impact on employees’ performance and work attitude. For employees, it is either the glue that holds people to an organization together or a negative force which drives them away (Robin, 2004). Most organizational cultures will be derived from the individual characteristics and beliefs of the founder and the top management team and this for many organizations are out of the control of the organization. From the literatures, we can see that the influence of organizational culture in performance has received increasingly more interest and acceptance over the years. Yet, It is, difficult to establish clear and causal links between culture and something else (Alvesson 2002).

Hence, this research is trying to investigate the impact of organization culture on employees’ performance in the context of private banks of Ethiopia, the case of *Wegagen Bank Share*

Company by using the organizational culture profile (OCP) model developed by O'Relly, Chatman, and Cladwell (1991). Organizational culture has many models. But this research uses the OCP model. The model is chosen for diagnosing and changing the bank's culture because it is a useful predictor of job satisfaction and organizational commitment, which in turn affect performance (ibid). The OCP is considered an important instrument to measure the fit between individual's preferences and organizational culture. Its distinct attributes are very comprehensive and useful to easily demonstrate culture assessment results (O'Relly et al, 1991). Furthermore; it has been statistically validated and found to be both useful and accurate in diagnosing important aspects of an organization's underlying culture (Ibid). The five factor OCP model has been adopted for this research, these are: innovation and risk taking, attention to detail, outcome orientation, people orientation, and team orientation.

## **1.2. Statement of the Problem**

Every company has a culture specified or unspecified, good or bad. Most scholars and practitioners in the field suggested that organizational culture has a powerful effect on the performance and long-term effectiveness of organizations. Chatman and Cha suggested that in order to aid long-term performance, there are three main criteria needed to develop a suitable culture: it must be strategically relevant; it needs to be tough enough in order that people care about what is necessary; and the culture must have an intrinsic ability to cope up with changing circumstances. (Chatman and Cha, cited in Mullins 2004)

Conventional wisdom tells us that having a culture is important for the performance to be effective, and that the stronger the culture, the more effective the organization. Empirical research has produced various findings demonstrating the importance of culture to enhancing employees' job performance and eventually to organizational performance (Cameron and Ettington, 1988; Denison, 1990).

According to the National Bank of Ethiopia (NBE) 2017/18 annual report, there are sixteen privately owned banks currently operating in Ethiopia, of which six of them were commenced their operation at early stage (1990s) of the Ethiopian banking industry. While the rest ten banks were opened recently but growing at the fastest pace to catch-up with the pioneer banks. Among the six pioneer banks, in 2017/18 FY *Wegagen* Bank ranks the 4th position in its market share next to the state owned *Commercial Bank of Ethiopia (CBE)*, *Awash bank*, and *Dashen bank*.

As a result, the bank operated for longer time relative to other and grew well to score high level of asset, capital and profitability. The bank has 292 branches throughout the country as of 2018 FY.(NBE 2017/18 annual report). Whether the current organization culture of the bank gives an advantage for its profitability by creating a conducive work environment and ultimately contributes to employees' job performance is not conceptualized yet. Thus, this study aims to investigate the impact organizational culture has on employees' performance within *Wegagen Bank S.C*. In this study, the relationship between organizational culture and performance is examined.

Studies have been conducted on the subject in financial sectors, government institutions, and non- government organizations (NGOs) in Ethiopia (Rahel,2018, Micheal,2018), and neighboring East African countries of Kenya and Tanzania. (Emeka and Philemon, 2012, EdgarMasoud, 2013, Daniel Omondi, 2014,Wanjiku and Aguisoma, 2014, Nazir and Zamir, 2015).Most of the aforementioned studies have used the Denison Model of organizational culture to study employee performance of their respective organizations. For instance, Rahel (2018, unpublished MA thesis) has conducted a research on the effect of organizational culture on employee commitment on *Bunna* bank S.C based on the Denison model of organizational culture. The Denison model emphasized that organizational culture can be depicted by four general dimensions: Mission, Adaptability, Involvement and Consistency (Denison, 1990)The model allows cultures to be described broadly as externally or internally focused as well as flexible versus stable. The model often used to diagnose cultural problems in organizations. Besides, her study focused on employee commitment not performance. Commitment has to do with employee's belief in the organizational goals and objectives and the desire to remain a loyal member of an organization (Hakim, 2015). But performance refers to the degree of an achievement to which an employee's fulfill the organizational mission at workplace (Armstrong and Baron, 1998).

Masoud (2013) on the other hand tries to analyze organization culture from internal and external perspectives, and He focuses on the elements of equity and expectation, task or role perception, environmental factors, and technology. Since organizational culture has many facets or models, researchers may choose appropriated model they deemed necessary for the organization under study.

This study, however, employs the model of Organization Culture Profile (OCP) developed by O'Reilly, Chatman, and Cladwell to study the impact of organizational culture on employee performance in *Wegagen Bank S.C.* The organizational culture profile (OCP) is an instrument initially developed by (O'Reilly, Chatman, and Caldwell 1991). The OCP is a useful predictor of job satisfaction and organizational commitment, which in turn affect performance. The OCP is considered as a good instrument to measure the fit between individual's preferences and organizational cultures. Despite there is a lot of research undertaken on organizational cultures in general, there is little specifically on the role of culture in the financial sector, and specifically on the banking industry and how this relates to employees' performance. The link between culture and performance is unproven.

From the empirical studies, one can observe that the influence of organizational culture in performance has received increasingly more interest and acceptance over the years. Yet, It is, difficult to establish clear and causal links between culture and something else (Alvesson 2002). Due to this fact it can be asked that whether organization culture affect employee performance for better or worse. This question may trigger a research question for researchers. In addition, despite the existence of these studies, not much research has been given to the banking industry. This means that the impact of organization culture on employee job performance in the banking industry has not received adequate research attention in Ethiopia. This study, therefore, is intended to fill this gap by studying the situation of the banking industry and providing more empirical evidence on the effects of organization culture on employee job performance. This study tries to fill the gap by assessing the following issues

- *Wegagen bank S.C* has not a formally and comprehensively defined or recorded its culture so far;
- Organizational change initiative projects (like restructuring, introduction of new systems), without the involvement of cultural aspects, may not result in success or could quickly bring back to the status quo.
- It is found to be very crucial to prove whether the bank's values, which are considered as key reflection of organizational culture, correspond with the required culture type revealed after the necessary assessment is made.

### **1.3. Research Questions**

This research study tries to answer the following questions;

Q1. Do outcome orientation and attention to detail sub dimensions of organizational culture have an effect on the performance of employees in *Wagagen Bank*?

Q2. Do team and people orientations sub dimensions of organizational culture have an impact on employee performance in *Wagagen Bank*?

Q3. What influence do innovation and risk taking sub dimensions of organizational culture have on employee job performance in *Wagagen Bank*?

### **1.4. Research Objectives**

#### **1.4.1. General Objective**

The primary objective of this study is to assess the impact of organizational culture on employee job performance at *Wegagen Bank S.C*

#### **1.4.2. Specific Objectives**

- To examine the effect of outcome orientation and attention to detail sub dimensions of organizational culture on the performance of employees.
- To examine the impact of team and people orientation sub dimensions of organizational culture on employee performance.
- To examine the influence of innovation and risk taking sub dimensions of organizational culture on employee job performance

### **1.5. Significance of the Study**

The study intends to examine thoroughly how culture of organizations affects employees' performance in general and how this in turn determines organizational performance. The analysis of this research will provide important details pertaining to the culture of banks in the sector. The details gained will provide the bank with requisite knowledge that will enable to identify culturally related strengths, as well as address cultural weakness that hamper success.. besides, the findings of this study will have great importance in supporting the management of *Wegagen Bank S.C* to get better understanding about the influence organization culture has on employee's performance which in turn helps that the management to tune and restructure the firm's culture modestly to improve employee performance. Therefore, this organization culture assessment could be counted as an important extension (integral part) of the previously undertaken change

initiatives to align it from holistic perspectives and scale up the bank's performance effectiveness.

The study attempts to create a better understanding about organizational culture, make important assessment and analysis of the bank's prevailing as well as proposing the preferred culture by appraising the Bank on five primary culture characteristics/Profiles. In an effort to come up with the preferred culture profile, the current business values of the bank could be reviewed to match with the new culture type.

### **1.6. Scope of the Study**

The research study was conducted in the head quarter of the bank. City and outlying branches are not included. The samples included in the research were professional (clerical) employees who have an experience of more than a year so as to ensure the reliability of the study. Concerning the conceptual scope, literatures specify that the OCP model has seven or ten and more factors to measure employee performance and commitment. However, the dimensions of OCP model chosen for this study are the five factor model excluding aggressiveness and stability. It is believed that the five factors are fairly appropriate to measure performance.

### **1.7. Limitations of the Study**

The major limitation of the study was the difficulty of getting research studies by using the model of organizational culture profile (OCP). There are little or no research done using this model especially in the financial sector. Besides; since culture has many dimensions selecting appropriate data design method is a major challenge of the research study. Furthermore, some employees felt uncomfortable and top managers of the bank were busy having little time for filling questioners.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Theoretical Review**

##### **2.1.1. The Concept of Organizational Culture**

Organizational culture is often a vague concept to concretely define. The topic is increasingly understood as a company asset that can be used to increase business performance. It is the set of shared values, beliefs, and norms that influence the way employees think, feel, and behave in the workplace (Schein, 2004).

He also added that culture can be observed at three levels of the organization: artifacts, espoused values, and basic assumptions. To Schein ‘Culture is to a group what personality or character is to an individual’. The behavior that results can be seen, but often the forces underneath that cause certain kinds of behavior cannot be seen. Nevertheless, just as the personality and character of an individual guide and constrain his/her behavior, so does culture guide and constrain the behavior of members of a group through the shared norms that are held in that group. Robbins and Judge defines it “Organizational culture refers to a system of shared meaning held by members that distinguishes the organization from other organizations” (Robbins & Judge, 2013).

Similarly, Armstrong (2009) ‘emphasizes that organizational culture is concerned with the subjective aspect of what goes on in organizations. It refers to concepts such as values and norms that encompass the whole or part of a business, which may not be defined, discussed or even noticed.’

The notion of culture is expressed as the unique configuration of norms, values, beliefs, way of behaving that characterize the manner in which groups and individuals combine to get the thing done (Adrian, 2004). The culture of a group (Organization culture) is a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration that has worked well enough to be considered valid and to be taught to new members as a correct way to perceive, think and feel in relation to those problems (Schein, 1992).

Seven primary characteristics seem to capture the essence of an organization’s culture : (Robbins and Judge 2013:512-13).

- **Innovation and risk taking.** The extent to which employees have the opportunity to be innovative and take risks. Innovation, a more sophisticated version of change, is a new idea applied to initiating or improving a product, process, or service
- **Attention to detail.** The degree to which employees are pressured to demonstrate precision, analysis, and attention to detail. It includes the ability to concentrate on a task. Attention to detail uses analytical thinking skills that allow us to gather and analyze information, to look at something through different points of view and to solve problems.
- **Outcome orientation.** The degree to which top executives focuses on results or outcomes rather than on the techniques and processes used to achieve them.
- **People orientation.** The level to which management decisions take into consideration the effect of outcomes on people within the organization.
- **Team orientation.** The extent to which tasks and activities are gathered around teams rather than individuals.
- **Aggressiveness.** The level to which people are aggressive and competitive rather than easygoing.
- **Stability.** The extent to which organizational activities emphasize maintaining the ‘business as usual’ status quo in contrast to growth.

These characteristics, though, shed some light on the definition of organizational culture, some scholars like Furnham and Gunter (cited in Armstrong, 2009) argue that it is difficult even pointless to define it due the very fact that it is multi-dimensional, with many different components at different levels. Besides; it takes time to establish and therefore time to change a corporate culture.

Cameron and Quinn (2006) based on competing values have conceptualized culture into four different types. These are: the hierarchy culture, clan culture, adhocracy culture, and market culture. The organizational culture compatible with the hierarchy culture is characterized by a formalized and structured place to work. The market type culture is oriented toward the external environment instead of internal affairs. It is focused on dealings with (mainly) external stakeholders such as suppliers, customers, contractors, licensees, unions, and regulators. And in contrast with a hierarchy, where internal control is maintained by rules, specialized jobs, and centralized decisions, the market operates primarily through economic market mechanisms, mainly monetary exchange.

A *clan* culture has a certain resemblance to a family-type organization. Collective values and goals, cohesion, participativeness, individuality, and a sense of “we-ness” pervaded clan-type firms. They resemble like extended families than economic unit. Unlike the type of hierarchies or the competitive profit centers of markets, which focus on rules and procedures, typical characteristics of clan-type firms were teamwork, employee involvement programs, and corporate commitment to employees. The other type of culture, the adhocracy culture, originated from the word *ad hoc*—implying something temporary, specialized, and dynamic. A major goal of an adhocracy is to cultivate adaptability, flexibility, and creativity where insecurity, ambiguity, and information overload are the norm.

It is reported by many scholars in the field that organizational culture has effects on individual attitudes and behaviors as well as overall company performance are what make the phenomenon an attractive area of study. It is argued that organizational culture operate as a system of social control and can influence employees’ attitudes and behaviors through the values and beliefs working in a company (Flynn & Chatman, 2001). Organizational culture has been shown to have a direct influence on staff satisfaction and commitment. Organizational culture glued the organization and its employees together and encourages to perform well and to feel committed to the organization. Although organizational culture is not explicitly seen in organizational activities, researchers have proved that organizational culture does affect performance and efficiency. Organizational culture can be seen with respect to major organizational ideas and activities like creativity and innovation and knowledge transfer.

## **2.2.2 Models of Organizational Culture**

There are different descriptive models that attempt to diagnose and make changes of organizational culture in the field of organizational development. Theories of some popular scholars in the area are presented as follows:

### **2.1.2.1 Cameron and Quinn Organizational Culture Model**

Cameron and Quinn present a statistically validated and widely used tool to diagnose culture. It is called “Organizational Culture Assessment Instrument” or “OCAI” and is based on the Competing Values Framework, which is founded in the work of Quinn and Rohrbaugh (1983) The OCAI organizational culture analyzed by Cameron and Quinn is briefly described below.

### **Clan culture**

In a clan culture, the criteria of effectiveness most highly valued include cohesion, high levels of employee morale and satisfaction, human resource development, and teamwork. The operational theory that dominates this culture type is that involvement and participation of employees foster empowerment and commitment. Thus, committed and satisfied employees produce effectiveness

### **Adhocracy culture**

The adhocracy culture most highly values new products, creative solutions to problems, cutting-edge ideas, and growth in new markets as the dominant effectiveness criteria. The underlying operational theory is that innovation and new ideas create new markets, new customers, and new opportunities. These outcomes comprise the basic indicators of effective performance

### **Market culture**

The criteria of effectiveness most highly valued in a market culture are achieving goals, outpacing the competition, increasing market share, and acquiring premium levels of financial return. The overriding operational theory that compels organizational success is that competition generates a momentum for advanced levels of productivity and therefore higher levels of effectiveness.

### **Hierarchy culture**

The criteria of success most valued in hierarchy organization culture type are efficiency, timeliness, smooth functioning and predictability. The dominant operational theory that drives organizational success is that control promotes efficiency (elimination of waste and redundancy) and therefore effectiveness.

#### **2.1.2.2 Daniel Denison's Model of Organizational Culture**

Denison asserts that organizational culture can be described by four general dimensions – Mission, Adaptability, Involvement and Consistency.

**Mission** has to do with strategic direction and intent, goals, objectives and vision.

**Adaptability** deals with creating change, customer focus and organizational learning.

**Involvement** is about empowerment, team orientation and capability development.

**Consistency** includes core values agreement, and coordination/integration

#### **2.1.2.3 Edgar Schein Organizational Culture Model**

Schein described his organizational culture model by three cognitive levels of organizational culture. These are: artifacts, espoused values, and underlying assumptions.

**Artifacts** – Artifacts deal with organizational attributes that can be observed, felt and heard as an individual enters a new culture. Artifacts are difficult to measure and

**Espoused Values** – This level related the espoused goals, ideals, norms, standards, and moral principles and is usually the level that often can be measured through survey questionnaires

**Basic Underlying assumptions**– The basic underlying assumptions are deeply embedded in the organizational culture and are experienced as self-evident and unconscious behavior. Assumptions are hard to recognize from within. It deals with occurrences that cannot be explained when insiders are asked about the values of the organizational culture. Information is collected in this level by observing behavior carefully to gather underlying assumptions because they are sometimes taken for granted and not recognized.

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

The most dominant model used by management researchers and which has formed the ground for most analyses of organizational culture is Hofstede's model. While known for his revolutionary work on dimensions of national culture, Hofstede also identified six dimensions of organizational culture which can be used in defining the style of management in an organization.

- **Process oriented vs. goal oriented**

The process oriented vs. result oriented dimension is concerned with the effectiveness of the organization. A key feature of a process oriented culture is the means or rather the way in which work has to be conducted. While in a result oriented culture, emphasis is placed on the goals of the organization. That is, employees are primarily out to achieve specific organizational goals even if the risks involved are substantial (Hofstede, 2001).

- **Parochial vs. professional**

This dimension reveals the internal and external frame of the organization (Hofstede, 2001). In a local culture employees' identity is with the immediate manager. Hence employees within this culture are internally focused and directed and there is also a strong social control. The converse is true in a professional culture where the identity of the employees is largely determined by the profession and content of the job.

- **Open system vs closed system**

The open system vs. closed system dimension deals about the communication climate of the organization (Hofstede, 2001). For an open system, new employees are welcomed and there is

the belief that everyone fits well in the organization. While for a closed system, it is difficult to join and it is believed that only a certain kind of individuals may fit in the organization.

- **Employee oriented vs job oriented**

This dimension communicates to the management philosophy in the organization. In an employee oriented organizational culture, concern is mainly on employee satisfaction. The staff members feel that their own personal problems and welfare is taken into account by the organization. While for a job oriented organizational culture, work is characterized by heavy pressure to perform the specific task at the expense of the employee (Hofstede, 2001).

- **Tighter control vs. loose control**

This dimension relates to structuring, control and discipline in the organization. A tight control culture is characterized by seriousness and punctuality while the features of a loose control culture are casual and improvisation (Hofstede, 2001). Examples of organizations that are often found within tighter controls are banks and pharmaceutical companies while those found in loose control are research laboratories and advertising agencies (Ibid, 2001).

- **Normative vs pragmatic**

This dimension reflects on the methods employed by organizations when dealing with the environment in general and customers in particular. It describes the level of “customer orientation”. Pragmatic cultures are flexible and more market driven while normative cultures are rigid and often emphasize on following applicable laws and rules (Hofstede, 2001). Hofstede labeled organizations involved in the sale of services as pragmatic while those engaged in application of laws and rules as normative. (<https://writepass.com/journal/2016/11/hofstedes-model-of-organisational-culture/> accessed in 28 Oct 2019)

### **2.1.2.5 Harrison’s Model of Organizational Culture**

According to Harrison, “though the model is intended to be descriptive rather than evaluative, there is a tendency to perceive it in evaluative terms” (Harrison, 1993:8). This descriptive model creates an awareness of the culture gap between the existing and preferred cultures in an organization (Harrison, 1993). Four cultural dimensions, namely *power-oriented culture*; *role-oriented culture*; *achievement-oriented culture*; and *support-oriented culture* can be analyzed by this organizational culture (Ibid).

### ***Power - oriented culture***

A power-oriented culture organization is characterized by high centralization and low formalization modes of operation. Brown (1998:66) states that “a power culture has a single source of power from which rays of influence spread throughout the organization”. This means that power is centralized and organizational members are connected to the centre by functional and specialist strings (Harrison, 1993).

Such an organization maybe tuned politically in the sense that decisions are taken largely on the bases of influence rather than on procedural or purely logical grounds. The management feel threatened by new changes imposed and or exposed by internal and external environments (Turner, 1990). Organizations try to rule their environment by exercising absolute power to dominate and control. As a result, some managers may experience the new managerial role of sharing power as losing power because their authority used to come from hierarchical positions (Kantar, 1997).

### ***Role oriented cultures:***

Harrison and Stokes (1992:15) define role-oriented culture as “substituting a system of structures and procedures for the naked power of the leader”. This type of culture often gives emphasis mainly on job description and specialization. In other words, work is controlled by procedures and rules that spell out the job description, which is more important than the personal traits and characteristics of the individuals taking these positions (Harrison, 1993). Organizations with this type of culture are characterized by a set of roles or job boxes joined together in a logical fashion (Harrison, 1993). These roles or job descriptions are organized at the top by a narrow band of senior management. The common link between the power-oriented and the role-oriented organizational cultures is that they depend on the use of external rewards and punishments to motivate organizational members (Harrison & Stokes, 1992).

Role-oriented organizations "operate on the assumption that people are not to be trusted, so they do not give individual autonomy or discretion to members at lower levels"(Harrison, 1993).. This culture brings forth a hierarchical chain of command which creates stability and predictability. In essence, this role culture exists to ensure that organizational members do not make mistakes, while emphasizing legality, legitimacy and responsibility. Role clarification is crucial in an organization with a role culture. The emphasis of role clarification is based on technical expertise and specialization more than product innovation or product cost (Ibid, 1993).

Brown (1998:67) states that “role cultures are likely to be most successful in stable and predictable environments over which the organization is able to exert some control or where product life spans are long”. Therefore, an organization with this type of culture can find it difficult to survive in an environment that requires the ability to be adaptive and responsive to dynamic changes.

### **Achievement/ *task culture***

Harrison and Stokes (1992:17) define achievement-oriented culture as “the aligned culture which lines people up behind a common vision or purpose”. It entails that organizational members focus on realizing the set purpose and goals of the organization. Achievement-oriented culture’s mode of operation is high in formalization and low in centralization. This implies that there is a natural balance between formality and centrality of power, which is shared within the organizations.

The main strategic objective of this culture is to bring the right people together, in order to achieve the organizational goals (Brown, 1998). This may be indicating that the achievement-oriented culture has some similarity to team orientation as a characteristic of organizational culture. Martins and Martins (2003:381) describe team orientation as “the degree to which work activities are organized around teams rather than the individuals”. By bringing together a spectrum of people who are specialists in their fields; the organization is able to meet its market demand.

### **Person/support culture**

Support-oriented culture dimension differ from the achievement-oriented culture which emphasizes teams, because promotes individuals as the central point in the organization. Harrison and Stokes (1992:20) define support-oriented culture as an “organizational climate that is based on mutual trust between the individual and the organization”. Thus, support-oriented organizational culture is often referred to as a person-oriented culture.

The organizational structure is a benevolent cluster structure with minimal hierarchy, which implies less power control of employees (Harrison, 1993). Authority is assigned on the basis of task competence; this is similar to the role-oriented culture organization. Power sharing and the influence of power can only be exercised where there is a need for expert or task competence (Brown, 1998). Consequently individuals influence each other through example and cooperation

The four dimensions of culture orientation are measured within two modes of operation, which are formalization and centralization (Harrison, 1993). Both modes of operation can be measured on a range of high or low levels. According to Martins (2003:382) “high formalization in an organization creates predictability, orderliness and consistency”. In other words, a strong culture can serve as a substitute for formalization..

#### **2.1.2.6 Deal and Kennedy's Cultural Model**

Deal and Kennedy identifies the four culture types as follows:

**Tough-Guy, Macho** – This culture belongs to individualists who enjoy high risk and gets quick feedback on their decisions. This is an all-or-nothing culture where competent employees are the ones who are in favor of excitement and work very hard to be stars. According to Deal and Kennedy (1982), the film industry, sports teams and advertising are good examples of this cultural type. Teamwork has no place in this culture, and it's a complex environment for people who want to flourish through time. Hence, this in turn leads to higher turnover, which impedes efforts to build a cohesive culture. Thus, individualism continues to prevail.

**Work Hard/Play Hard** –Employees in this culture take few risks; however, the response on how well they are succeeding is almost instant. Employees in this culture have to retain high levels of energy and stay positive. This culture knows that an individual alone cannot make the company; rather they recognize that it is a team effort and everyone is driven to excel.

**Bet-Your-Company** – Here, ‘big stake’ decisions are taken but results, and whether decisions were right or wrong are known after a very long period of time. Because the urgency to make the right decision is so immense, the cultural elements evolve such that values are long-term focused and there is a collective belief and assumption in the need to plan, prepare and perform due diligence at all stages of decision making.

**Process** – In this culture, feedback takes time, and the risks are low. Large retailers, financial and insurance companies and government organizations are typically in this group. Single transaction does not have much effect on the organization's success and it takes years to find out whether a decision was good or bad. Because of the lack of immediate feedback, employees are concerned with how the work is done rather than what is the end result. Technical superiority is often valued here and employees will pay attention to getting the process and the details right without necessarily measuring the actual outcome.

### **2.1.2.7 Schneider's Organizational Culture Model**

Schneider defines a four -square –matrix to describe his culture model depicted as follows

#### **Collaboration- oriented culture**

This culture type springs from the family. Its way to success is to put a collection of people together, to build these people in to a team, to engender their positive affective relationship with one another and to change them with fully utilizing one another as resources. This means destructive behavior and excessive self- interest do not go well with this type of culture -” status and rank take a back seat”.

#### **Control –oriented culture**

Basically, it prizes objectivity. Emotions and subjectivity take everyone's eye off the ball and potentially get the organization in trouble. What valued highly here are empiricism and the systematic examination of externally generated facts.. Decision making is highly impersonalized. Order, stability and predictability are also important values.

#### **Competence –oriented culture**

It is based on achievement motive. The need to achieve has to do with accomplishing more and doing better than others, being superior or the best is paramount. This can mean having the best products, service, process, technology in the market place. This culture gets its uniqueness by combining possibility with rationalism. Fundamental values are knowledge and information. Formalities and emotional considerations are not important compared to proven accomplishment. A competence culture gives emphasis for competition for its own sake even though it is not necessarily more competitive than other core cultures.

#### **Cultivation –oriented culture**

The cultivation culture is considered as “one of faith”, that “heralds a system of beliefs or expectations that the organization and its people will accomplish what it deems valuable. This culture trusts unquestioningly success, in its people and in the organization”(Schneider 1999:82). The individual's commitment and the fulfillment of worthwhile purposes create the energy and vitality of the cultivation culture.

### **2.1.3 The Concept of Employee Performance**

Practitioners in the field almost reached a consensus that performance has to be considered as a multi-dimensional concept. On the most basic level one can distinguish between a process aspects (i.e., behavioral) and an outcome aspect of performance. The behavioral aspect refers to

what people do while at work, the action itself (Campbell, 1990). Performance may include specific behavior such as sales conversations with customers, teaching statistics to undergraduate students, programming computer software, assembling parts of a product. This notation implies that only actions that can be scaled (i.e. counted) are regarded as performance (Campbell et al., 1993). Moreover, this performance conceptualization explicitly expresses goal-oriented behavior i.e behavior which the organization hires the employee to do well as performance (Ibid, 1993).

Job performance refers to whether a person performs his/her job well or not. Campbell, McCloy, Oppler and Sager (1993) describe job performance as an individual level variable. Expressing in other words, performance is something a single person does. Cascio (2006), on the other hand, refers to the concept as the degree of accomplishment of the task that makes up an employee's job. Meanwhile, Jones (2003) describes it as the net effect of an employee's effort as modified by abilities and roles or task perceptions. Armstrong and Baron (1998), consider a number of factors in measuring employee job performance. One of them is the level of productivity of an employee, which is measured by the extent to which the employee produces the desired quality and quantity of assignments.

In organization level, culture is regarded as the real driver for superior performance and a definite source of competitive advantage that is very difficult for competitors to emulate. Organizational culture is the main development strategy of organization as it includes the concept of production, planning, marketing, controlling, motivation and leading. Each element of the development strategy of organization has a direct/indirect influence on performance which means the quality of organizational culture construction will influence performance of organizations directly or indirectly.

#### **2.1.4 Organization Culture and Performance**

It is evident that all organizations have cultures, yet, all cultures do not equally influence employees' behaviors and actions. Strong cultures—those in which the key values are deeply encrypted and widely shared—have a greater impact on employees than do weaker cultures. (Robbins and Coulter, 2012:53)

Robbins and Coulter raised a question why is having a strong culture important. They suggested that for one thing, in organizations with strong cultures, employees are more loyal than are employees in organizations with weak cultures. Research also suggests that strong cultures are

associated with high organizational performance. And it's easy to understand why. After all, if values are clearly stipulated and widely accepted, employees recognize what they're expected to do and what's expected of them, so they can act quickly to take care of problems. The limitation, however, is that a strong culture also might prevent employees from trying new approaches especially when conditions are changing rapidly (Robbins and Coulter, 2012:53)

Culture plays a distinguishing role: it creates distinctions between one organization and others. Further, it emulates a sense of identity for organization members, and facilitates commitment to something beyond the self interest of individuals. Culture augments the solidity of the social system which helps the organization to hold together by providing firm grounds for what employees should say and do. Culture defines the rules of the game (Robbins, 2013:516).

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### **2.1.5 How Culture Emerges/How Does Culture Form?**

Like many things, organization's culture does not pop out of thin air, and once established it rarely fades away easily. An organization's current customs, traditions, and 'the way things are done here' are largely due to what it has done before and how successful it was in doing it (Robbins 2013:519). Consensus has been reached by many scholars that the ultimate source of an organization's culture is its founders/leaders. Without the burden of the past and previous customs or ideologies, founders have a vision of what the organization should be, and the firm's small size makes it easy to impose that vision on all members. Schein stated that:

*'I believe that cultures begin with leaders who impose their own values and assumptions on a group. If that group is successful and the assumptions come to be taken for granted, we then have a culture that will define for later generations of members what kinds of leadership are acceptable. The culture now defines leadership.'* (Schein, 2004:2)

The original source of the culture usually reflects the vision of the founders. Company founders have the opportunity to start from a scratch and are not constrained by previous customs. Thus, they can establish the early culture by articulating a vision of what they want the organization to be. Also, the small size of most new organizations makes it easier to instill that vision with all organizational members. Once the culture is in place, however, certain organizational practices help maintain it (Robbins and Coulter, 2012:54). Stories, rituals, material symbols, and language are the major instruments to teach employees the culture of the organization.

According to Robbins culture creation occurs in three ways. First, founding fathers hire and retain employees whose thinking and feeling are the same with the founders themselves. Second, they inculcate their way of thinking and doing things to these employees. Finally, the founders' inherent character pressures employees to stick and identify with their beliefs, values, and assumptions. When the organization succeeds, the founders' personality becomes embedded in the culture (Robbins, 2013:519).

It is reported by many scholars in the field that organizational culture has effects on individual attitudes and behaviors as well as overall company performance are what make the phenomenon an attractive area of study. It is firmly believed by researchers that organizational culture acts as a system of social control and can influence employees' attitudes and behaviors through the values and beliefs operating in a company (Flynn & Chatman, 2001). Organizational culture has been shown to have a direct impact on employee satisfaction and commitment. It holds the organization together and encourages employees not only to perform well but also to feel committed to the organization. Although organizational culture is implicit in organizational activities, researchers have proved that it affects performance and efficiency. Major organizational ideas and activities like creativity and innovation and knowledge transfer has been studied in relation to organizational culture

### **2.1.6 The Organizational Culture Profile (OCP)**

The organizational culture profile (OCP) is an instrument initially developed by O'Reilly, Chatman, and Caldwell (1991) to assess person-organization fit. The tool can also be beneficial in analyzing organizations in need of culture change, distinguishing subcultures, and evaluating potential fit in mergers and acquisitions. According to the aforementioned OCP developers,

Person-organization fit is a useful predictor of job satisfaction and organizational commitment, which in turn affect performance.

The OCP is taken as an important instrument to measure the fit between individual's preferences and organizational cultures. Traditional measures of person-situation fit used a limited set of descriptions and circumstances, thus failing to take into account idiosyncratic differences between individuals and situations, depending on salience and relevance. An additional advantage of the profile is that it allows the assessment of individuals and situations using a common language. Culture is understood as a system of shared symbols and meanings (Alvesson, 2002).

According to Schein's (1984) well-established model, organizational culture is composed of different levels with artifacts and creations at the visible level, values at the next level, and finally, basic underlying assumptions at the core, below the conscious level of culture. The attraction-selection-attrition framework (Schneider, Goldstein, & Smith, 1995) posits that organizational members perpetuate an organization's values by virtue of attraction to similar individuals (Newcomb, 1960), selection of similar recruits, and departure of ill fitted individuals. As person-organization fit is a useful predictor of job satisfaction and organizational commitment, the congruency between the values of the individual and the organization may be particularly relevant to organizations. The OCP contains 54 value statements that are to be sorted by the participants and reflect the following seven factors: (1) innovation; (2) stability; (3) people orientation; (4) outcome orientation; (5) easygoing; (6) detail orientation; (7) team orientation.

## **2.2. Empirical Review**

Ritchie (2000) asserted that, from the time of the earliest writers on organizational culture (Deal and Kennedy, 1982, and Ouchi, 1981), "it has been suggested that organizational culture affects such outcomes as productivity, performance, commitment, self-confidence, and ethical behavior". Similarly, more recent writers such as Holmes & Marsden, (cited in Anne Wu et al , 2003) have repeated the assumption that "organizational culture impacts significantly on an organization, its employees' behavior and motivations and, ultimately, that organization's financial performance"

There has been significant empirical research to explore the impact of organizational culture on employee performance. Scholars like Hofstede(1980), Ouchi, (1981), Hofstede& Bond (1988),

Kotter and Heskett, (1992), and Magee(2002) claim that organizational culture could be used for measuring performance of an organization.

Omondi (2014) tried to test empirically the influence of organizational culture on employee job performance at Pacis Insurance Company Ltd. His study revolved around three specific objectives: To what extent does involvement as an element of organizational culture influence employee job performance, to what extent does consistency as an element of organizational culture influence employee job performance, and to what extent does the organization's mission as an element of organizational culture influence employee job performance? The study found out that the ability of employees to communicate better influences their knowledge and understanding of tasks, their ability to perform work to the expected standards, their ability to manage their time and allocate resources effectively, as well as their practice to have careful thoughts before responding to customers and project activities.

The study confirmed that high performing organizations have a committed workforce that is aligned with the organization's mission, vision and values. Supervisors and management help employees contribute towards the fulfillment of their organization's purpose. The study found out that personal values and behaviors are consistent with those of the employees 'organization; senior executives usually set the tone by exerting core values that form the overall dominant culture shared by the majority of the members in the organization; and finally, a strong culture can be likened to an anchor for letting people loose to create a lot of change and not what impedes change.

Ojo (2009) in his research titled 'Impact Assessment of Corporate Culture on Employee Job Performance, the case of Nigerian banking industry', asserted that corporate culture is very important in every organization and that it has a significant impact on employee job performance. Besides, He asserted that corporate culture affects the level of organizational productivity in a positive way, and His study shows that there is a positive relationship between organizational culture and employee job performance.

Wambugu (2014) in his study analyses the influence of organization culture on employee's performance with a focus on Wärtsilä Limited, a private organization in Kenya. The purpose of His study as indicated in the introduction part was to explain and empirically test the effect of the four elements of Organization culture namely; organization values, organization climate, leadership styles and work processes to the employee's performance. The results of His study

suggest that the focus of managers should be on the factors that have a significant effect on employee performance, if they want to enhance their businesses. The result of the research study revealed that organizational values has a more significant effect to employee's job performance at Wärtsilä, than the organization climate as is mostly assumed as a vice versa relationship. Generally a positive relationship between organization culture and employee performance was established, however the effect diversely varied amongst the variables with work processes and systems in Wärtsilä having more effect to employees performance. The research has offered recommendations on what can be done to achieve optimum performance while adopting the right culture.

Uddin, Luva, and Hossian,(2012) in their research have tried to examine the impact of organizational culture on employee performance and productivity from the perspectives of multinational companies operating especially under the telecommunication sector of Bangladesh. The paper argued that organizational culture has a significant influence on employee performance and productivity. The world is changing alarmingly and it is expected that the level of employee expectation and satisfaction also change accordingly. Organizational culture should adapt overtime to cope up with such dynamic transformation and meet the ever increasing demand of employee expectations and satisfactions.

Daniel Denison (1984) on the other hand studied a convenient sample of 34 firms representing 25 different industries. He found that two indices, “organization of work” and “decision making”, were found to be significantly correlated with financial performance. In addition, his result indicated that the strength of the culture was predictive of short-term performance, when performance was defined with broad indicators like return on assets, return on investment and return on sales, etc.

### **2.2.1 Relating the Organizational Culture and Employee Performance**

The organizational culture model selected to examine the impact of culture on employee performance is the five factor organization culture profile (OCP) adopted from O'Relly, Chatman, and Cladwell (1991). These are: innovation and risk taking, attention to detail, outcome orientation, people orientation, and team orientation. Their relation with employee job performance is important so as to measure their impact on the latter (performance).

### **2.2.1.1 Innovation and Risk Taking Dimension of Organizational Culture and Employee**

#### **Performance÷**

Madueke et al. (2017) in their study argue that innovative culture improves employee performance given that employees like to work in challenging and innovative jobs that promote team work and problem solving. They further examined the nature of relationship that exists between organizational culture and employee retention with particular reference to three selected commercial banks in Awka, Anambra State. Their finding revealed that there was a significant positive relationship between innovative culture and the employee commitment in commercial banks. They concluded that, idea generation and risk taking are essential to high retention organization and increasing employee job performance. Hence, It was recommended that organizations needs to adapt their innovative strategies in order to meet the pressure set by competitors.(Madueke et al, 2017)

Harrison et al. (2000) and Thomas and Mueller (2000) also give evidence on the importance of innovation and creativity for the survival of organization. The current business world “characterized by unprecedented levels of technological change, product and service innovation, and intense global competition” (Harrison et al., 2000:489). Recognition of this at both the organizational and individual levels allows the proposition that an organizational culture that emphasizes innovation will engender positive responses by employees.

According to the OCP framework, companies that have innovative cultures are flexible, adaptable, and dare to experiment with new ideas. These companies are characterized by a flat hierarchy in which titles and other status distinctions tend to be downplayed (O’Relly et al, 1991). Innovation is the optimum balance achieved by using the latest technologies, cost structures, styling, features, and services, and then successfully delivering that which is “new” to match customer or end-user needs at the optimum price. Innovative organizations are more likely to experiment with new practices and their employees are more likely to respond positively to new techniques (Baird et al. 2007).

### **2.2.1.2.Attention to Detail Dimension of Organization Culture and Employee Performance**

With respect to Attention to Detail, Sheridan (1992) found out that it has a weak association with performance. This is due to the fact that organizational culture dimensions of Attention to Detail and Innovation may well be considered opposites in that the pursuit of innovation often requires not given much attention to detail, and on its component value of being constrained by rules.

Support for this contention is provided by Lee and Mathur cited in Anne Wu (2003) who, in their study of South Korean workers, found negative worker responses to formalization, rules and procedures, and noted the significance of this finding for managers in global business and competitive environments.

Lok and Crawford (2001) suggest that there is no direct relationship between attention to detail (initiation of structure) organization culture and the level of Employee organization commitment. Organizations with detail-oriented cultures are characterized in the OCP framework as emphasizing precision and paying attention to details(O'Reilly et al, 1991).

Detailed orientation focuses on the degree to which employees are expected to exhibit precision, analysis, and attention to detail (Robbins and Judge, 2013). It includes the ability to concentrate on a task. Attention to detail uses analytical thinking skills that allow us to gather and analyze information, to look at something through different points of view and to solve problems. Attention to detail can be defined as a strict compliance with detailed rules and procedures in terms of precision and accuracy (O'Reilly, Chatman, & Caldwell, 1991).

### **2.2.1.3 Outcome Orientation Dimension of Organization Culture and Employee**

#### **Performance**

Nystrom (1993) argued that employees feel more committed and perform well in organizations that focus on realistic values where results are more important than processes. Hofstede (1998) also believed that employees in organizations with a process-oriented culture identify themselves as risk-averse and only exert the minimum amount of energy on their work, while in outcome oriented companies, employees assume that everyday can bring new challenges and exert maximum effort into their work. McKinnon et al. (2003) treated the link between outcome orientation and the level of Employee performance as an empirical question with the results demonstrating a positive relationship. Outcome-oriented cultures described in the OCP framework as those that emphasize achievement, results, and action as important values (O'Reilly et al, 1991).Employees as well as managers can be accountable in Outcome-oriented cultures for the success of the company and utilize systems that reward employee and group output. In these companies, it is customary to connect rewards to performance indicators as opposed to seniority or loyalty. Research indicates that organizations that have a performance-oriented culture tend to surpass companies that are in short of such a culture. (Nohria, Joyce, & Roberson, 2003). Similarly, some outcome-oriented companies may have such a high drive for outputs and

measurable performance objectives that they may face unwanted repercussions. Outcome orientation is the degree to which management focuses on results or outcomes rather than on the techniques and processes used to achieve them (Robbins and Judge, 2013). It refers to the extent to which business units emphasize action and results, have high expectations for performance, and are competitive (O'Reilly, Chatman, & Caldwell, 1991).

#### **2.2.1.4 People Orientation Dimension of Organizational Culture and Employee**

##### **Performance**

McKinnon et al. (2003) found a positive association between respect for people (people orientation) and the level of employee commitment in a Taiwan organization. Since value and respect for people is universal, it is expected that a similar result will be found in firms in Ethiopia as well. Employees who are treated with genuine respect and fairness are more likely to behave with loyalty and hard work and thus boost employee performance.

Sheridan (1992) found that firms having a culture emphasizing interpersonal relationship values (Respect for People) had better retention rates than firms where the culture emphasized the completion of work tasks. It is intuitively appealing that an organization that is people oriented, values and respects its people and treats them fairly and with tolerance, will engender reciprocal responses of upgrading employee job performance within the organization (Anne Wu et al, 2003) People-oriented cultures value fairness, supportiveness, and respect for individual rights (O'Reilly, Chatman, & Caldwell, 1991). Besides having right procedures and management styles, these companies create conducive atmosphere where work is enjoyable and employees do not feel required to choose between work and other aspects of their lives. In these organizations, there is a greater emphasis on and expectation of treating people with respect and dignity.(Erdogan et al, 2006).

People orientation focuses on the degree to which management decisions take into consideration the effect of outcomes on people within the organization.(Robbins and Judge, 2013). The leadership style under this scenario is manifested by coaching, affiliative and participative styles. In each of these styles, leaders seek to build relationships with subordinates and include them in the process of operations. Respect for people deals with the extent to which business units' focus on fairness, respect for the rights of the individual, and tolerance (Windsor and Ashkanasy 1996). Being respected by the organization can boost employees' commitment to their organization (Tyler 1999). Specifically, employees who are treated with genuine respect and

fairness are more likely to behave with loyalty and hard work. People-oriented cultures give due emphasis to fairness, supportiveness, and respecting individual rights.

#### **2.2.1.5 Team Orientation Dimension of Organizational Culture and Employee Performance**

In this kind of culture work activities are organized around teams rather than individuals. (Robbins and Judge, 2013) Team work refers to the extent to which employees within a firm cooperate with each other and work in unison towards overall organizational goals. The importance of teams has been emphasized in the modern economy as they can increase employees' flexibility and productivity which are both essential components for organizational success (Bishop, Scott and Burroughs 2000). Organizations with team-oriented cultures are supportive and emphasize cooperation among employees. In this kind of culture work activities are organized around teams rather than individuals. (Robbins and Judge, 2013)

Erdogan et al (2006) rightly pointed out that in team-oriented organizations, members tend to have more positive relationships with their coworkers and particularly with their managers. Companies with team-oriented cultures are collaborative and emphasize cooperation among employees (O'Reilly et al, 1991). They also place emphasis on training work teams as a whole (Bolino and Turnley,). In general, four of the five dimensions in the organizational culture set, specifically Innovation and risk taking, people orientation, team orientation, and outcome orientation had uniformly strong association with employee job performance. For a fifth dimension, Attention to Detail, the weaker association is consistent with expectation.

### **2.2.2. Socio-Demographic Variables and Employee Performance**

#### **2.2.2.1 Age and Job Performance**

When employees get older, do they perform lower or higher? Or would younger workers in a given job perform differently than older workers in the same job? Researchers propose an answer for these questions through longitudinal research, in which the same people are tracked across time to observe age-related changes in behavior. But such a research is expensive and almost impractical due to the reason that employees change occupation, switch companies and so on.

Generally speaking, various empirical researches on this issue reveal that no relationship is found between age and job performance. (McEvoy and Cascio, 1989, Rhodes; Salthouse and Maurer, 1996). Most research so far indicates that the employees' age, by itself, has little real meaning in explaining job performance. However, other than the possibility that there may truly

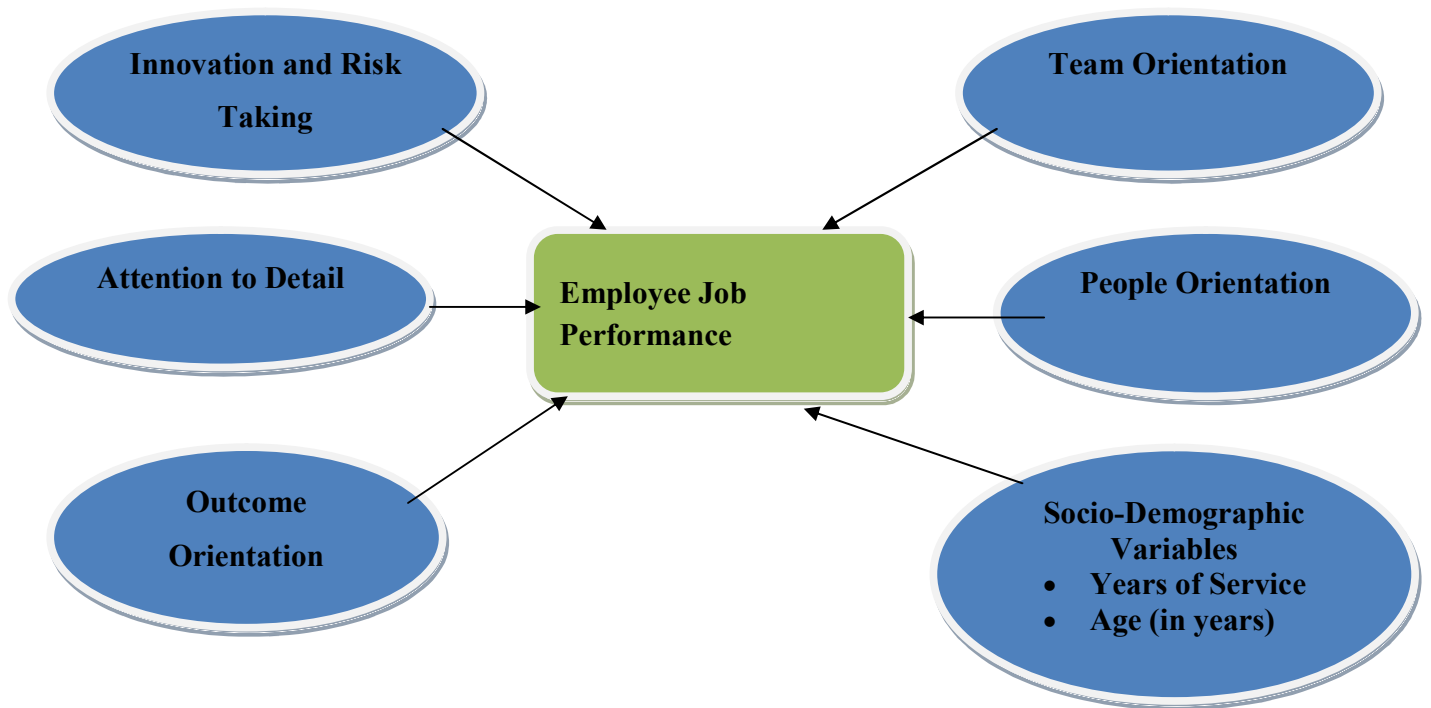
be no relationship between age and performance, there are several others possible reasons why there is no observed relationship between age and performance in research.

#### **2.2.2.2 Years of Work Experience and Job Performance**

Studies on the impact of work experience on job performance did not yield consistent result so far. Researchers have noted that there is lack of consistency in the definition and measurement of work experience. For instance, in a review of the work experience literatures, most studies used time/tenure on the job to measure work experience (Schmidit and Hunter, 1988). Other studies, on the other hand, have measured experience by counting the number of times an individual has performed a given task (Hedge, 1989). Early studies on the issue, however, concluded that work experience was not as important for job performance as had been previously thought (Quinones etal, 2001). Findings from a research by Bhargava and Anbazhagan (2014) on education and work experience-influence on the performance of employees indicates that the performance of the employees gradually increases with their experience and after an experience of 20 years the performance is again getting lower (Ochonma etal, 2018).

### **2.3 Conceptual Framework of the Study**

In this study there is an independent variable, organizational culture, and dependent variable which is employee job performance. From exhaustive review of literatures, and based on the various empirical studies, the conceptual framework for the study of the influence of organizational culture on employees' job performance is portrayed as follows. Organizational culture is being taken as an independent variable and employee job performance is a dependent variable.



**Figure 1.**Conceptual framework (Source: adopted from O'Relly, Chatman, and Cladwell, 1991)

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Description of the Study Area**

The study has investigated the impact of organization culture on employee job performance; the case of *Wegagen Bank S.C.* The bank is the largest private bank in Ethiopia. It has more than 292 branches all over the country (annual report of the bank, NBE, annual report, 2017/18 FY). The research was conducted in its head quarter. Sample was drawn from head office staff of the bank by using a stratified random sampling technique of taking samples from a sample framework of top management, line managers and officers who have an experience in the bank more than a year. The study has implemented well validated data gathering techniques and tools that are tested by different researches so as to reach on reliable conclusions.

#### **3.2. Research Approach**

Among the various research approaches the study adopted descriptive research approach which concerns with describing the characteristics of a particular individual, or of a group (Kothari, 1990). There are various culture models including; Denison, Hofstede, and the like. Researchers in the field, however, advise to rely on culture characteristic rather than following a single culture model. Which is usually attributed to the fact that, primary culture characteristics (Organization culture profile) deemed to provide a composite picture of a culture. Organizational Culture Profile (OCP) instrument is used as the measure of organizational culture (O'Reilly, Chatman, & Caldwell, 1991) in this study in a customized manner.

In this study ,therefore, the aforementioned approach found out to be helpful to give detail information of the various related literatures and empirical study findings, and also elaborating the characteristic of variables involved and results expected from this study –in related to the impact of organizational culture on employee job performance.

#### **3.3. Research Design**

The research method used in this research study was the descriptive method of research with quantitative tool of analysis by using the SPSS. Quantitative research method related with business research that address research objectives through empirical assessments that entail numerical measurement and analysis approaches (Zikmund, 2009).This was considered

appropriate because of the nature of the subject matter. In addition, it gives insight into what the effect of culture is on employee performance in *Wegagen Bank S.C*

### **3.4 Population and Sample**

Population for the study involved in *Wegagen Bank S.C* head office. Respondents were drawn from each department of the bank. The study excluded employees whose work experience is less than a year so as to take maximum causation in reliability of data collected as these employees are inexperienced to express the culture of the bank.

For the purpose of this study a stratified random sampling method is used. First the population split in to two groups: professional and non-professional who have experience of more than one year in the Bank. A stratified sample gives assurance that members from each group will be represented in the sample, so this sampling method is good when we want some members from every group. Although the issue of culture is comprehensive and inclusive of all rank and file working in the Bank, the target group for this study rely on professional employees for the following reasons.

- The study of organization culture is so complex and demands reliable and valid information;
- Professionals are considered as the most responsible bodies in an organization to own, embed and influence corporate culture;
- Professionals are assumed to know well the culture enough to answer the question in that truly represent the overall organization culture;
- The professionals will also be stratified in to senior Management, middle Management and lower professional employees (Senior officers, Officers, Customer Service Supervisor, junior officers of all kinds) in that the sample will be representative of the workforce of the Bank. (The information obtained from the Human Resource Management Directorate of the bank depicted that, the total number of top managers are 20, division managers 38, and there are 113 senior officials and 150 officers as of July 2019.)

### 3.4.1 Sampling Technique and Simple Size

The study applied a stratified random sampling technique – among the probability sampling methods. The bank had a total of 635 permanent employees in the head office as of July 2019. Out of which 321 employees are clerical or professional staffs who happened to have an experience of more than a year. The sample size of the study is, therefore, calculated as follows by using Yamane's (1967) formula as the target population is finite considering 95% Confidence level and 5% margin of error or level of precision.

$$n = \frac{N}{1+N(e^2)}$$

Sample Size for ±5% Precision Levels where Confidence Level is 95%

Where;

n = Sample size, N = Study population, e = Margin error of the study set at ±5%

Therefore the sample size of the study is;

N = the targeted population size in the head office is 321

e = Margin error of the study set at ±5%

n = ?

$$n = 321 / 1 + 321(.05)^2$$

$$n = 178$$

Table 3.1. Proportion of sample

No.	Job Position in the bank	No. Of Employees On The Respective Positions	Proportion Of Sample
1	Directors	20	$20/321 \times 178 = 11$
2	Division managers	38	$38/321 \times 178 = 22$
3	Senior officers	113	$113/321 \times 178 = 62$
4	Officers	150	$150/321 \times 178 = 83$
	Total	321	178

### 3.5 Data Sources and Types

Both primary and secondary data were used for this study. Primary data were gathered through questionnaire. The questionnaire is adopted from the organization culture profile model. Respondents were asked to rate their perceptions on organizational culture and performance management practices on a five-point Likert Scale in which 1=Strongly Disagree, and 5=Strongly Agree. While secondary data will be obtained via reviewing various pertinent material of the bank, such as the bank's five year strategic plan (2015/16 – 2019/20), quarterly and annual reports, human resource management manual, bulletin and different publications that are prepared by related concerned body like National bank of Ethiopia, Ethiopian Banks' Association and the like.

### 3.6 Operationalization and Measurement of Variables

Operationalization is the process of strictly defining variables into measurable factors. (<https://explorable.com/operationalization>) The process defines unclear concepts and allows them to be measured, empirically and quantitatively (Ibid). Hence; the dependent variable in this study is employee performance, which is measured using a subjective measure of performance through a five point Likert scale. The definition, measurement and the expected influence on employee performance of the independent variables is shown in Table 3.2.

**Table 3.2. Operationalization and measurement of variables**

<b>Constructs</b>	<b>Definition</b>	<b>Measurement</b>	<b>Expected Effect on Employee Performance (+/-)</b>
<b>Innovation and risk taking</b>	It implies that the extent to which employees are encouraged to be innovative and take risks (O'Relly etal,1990, Baird etal, 2007, Robbins and Judge, 2013)	Five point Likert type scale (1=strongly agree, 5= strongly disagree)	+
<b>Attention to detail/ Detailed oriented culture</b>	It focuses on the degree to which employees are expected to exhibit precision, analysis, and attention to detail (Robbins and Judge, 2013)	Five point Likert type scale (1=strongly agree, 5= strongly disagree)	-
<b>Outcome Orientation</b>	This includes those culture that emphasize achievement, results, and action as important values (O'Relly etal, 1991).	Five point Likert type scale (1=strongly agree,5= strongly disagree)	+
<b>People Orientation</b>	In these organizations, there is a greater emphasis on and expectation of treating people with respect and dignity. (Erdogan, B., Liden,	Five point Likert type scale (1=strongly agree, 5= strongly disagree)	+
<b>Team Orientation</b>	Companies with team-oriented cultures are collaborative and emphasize cooperation among employees (O'Relly etal, 1991).	Five point Likert type scale (1=strongly agree, 5= strongly disagree)	+

### **3.7 Validity and Reliability**

#### **3.7.1 Validity**

Validity relates to whether an instrument measures what it purports to be measuring. Such a broad concept is predictably linked with a wide variation of methods in its assessment. Many different forms of validity have been defined (e.g. predictive, concurrent, construct, convergent, discriminant). Whilst each of these can be distinguished in theory, in practice there is much

overlap in their assessment and at times confusion in their labeling; this is particularly so where the variable of interest is a theoretical concept (i.e. a construct) rather than a directly observable phenomenon. The literature (Adkins & Caldwell, 2004; O'Reilly et al., 1991) suggests that the measure of organization culture profile (OCP) has not only discriminant validity, but also substantial predictive validity, and is therefore useful to organizations.

### **3.7.2 Reliability**

Reliability refers to the extent to which measures are free from random error and yield consistent results (Zikmund 1997). The reliability of a measuring instrument is defined as its ability to consistently measure the phenomenon it is designed to measure of a test. Simply put, for the validity of a measuring instrument to be supported, it must be demonstrably reliable. Any measuring instrument that does not reflect some attribute consistently has little chance of being considered a valid measure of that attribute (Ho, Robert, 2006:239)

Research supports that the OCP is internally consistent and reliable. Adkins and Caldwell (2004) report coefficient alpha scores between .85 and .96 for 5 different profiles. Sheridan (1992) used as few as 14 to 19 members per organization, and observed .23 as the median interclass correlation for OCP dimensions, which is low but not inconsistent with other measures used in climate research.

The OCPs reliability and validity were checked by most scholars in the area and taken as a standardized questionnaire for the organizational culture study. Reliability of the instrument (i.e., the extent to which the instrument measures culture types consistently), has been tested by (Quinn & Spreitzer, 1991) with 796 executives from eighty six different public utility firms. Cameron and Freeman (1991) illustrated the OCAI instrument measured the four types of organizational culture in a study of 334 institutions of higher education (responding from each institution for a total of 3,406 individuals participated) with 12 – 24 individuals. Validity of the instrument was examined by matching the domain of effectiveness in which the organization excelled and the type of decision making, structure and strategy employed. JSS is one of the few instruments available to measure job satisfaction that have shown high reliability and high validity as well (Van Saane, Sluiter, Verbeek, Dresen, 2003).

**Table 3.3. Reliability Statistics**

No	Variable	No of Items	Cronbach Alpha Value
1	Innovativeness and risk taking	5	0.75
2	Attention to detail	5	0.77
3	Outcome orientation	3	0,75
4	People orientation	6	0.86
5	Team orientation	6	0.88
6	Employee job performance	5	0.77

**Source: Own Survey and SPSS Output (2020)**

### **3.8 Data Analysis**

In this study, both descriptive and inferential statistics methods are used for the analysis of the data to be gathered. In Inferential statistics linear regression data analysis method was used to explain the impact of organizational culture variables on employee job performance. Data collected was analyzed through Statistical Package for Social Sciences/SPSS 20 version of software.

The multiple regression equation is portrayed as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + e$$

Where, Y= Employee job performance

$\beta$  =coefficient

$X_1$ =innovation and risk taking

$X_2$ =Attention to Detail

$X_3$ =Outcome Orientation

$X_4$ =People Orientation

$X_5$ =Team Orientation

$X_6$ = Age in years

$X_7$ = Years of experience

e=error term

### **3.9 Ethical Consideration**

The researcher has got a permission to conduct this research from Human Resource Directorate of the bank. Data were collected from respondents of their own free will and they were fully informed regarding the procedures of the research. Besides, the confidentiality of data and anonymity of the respondents will be secured. The researcher also respects exclusive rights of different authors in the subject matter and has not used their work without appropriate citations.

## CHAPTER FOUR

### RESULTS AND DISCUSSIONS

This chapter deals about the research findings and results of the study. Hence, descriptive and inferential statistics are discussed. 132 usable questionnaires were gathered out of the 178 distributed which makes the response rate 74%..

#### 4.1 Demographic Profile of Respondents

The demographic profile illustrates gender, age, level or position in the organization, years of service (experience), and educational background of the respondents. The descriptions are presented in the following tables.

**Table 4.1. Gender Representation**

	Frequency	Percent	Valid Percent
MALE	94	71.2	71.2
Valid FEMALE	38	28.8	28.8
Total	132	100.0	100.0

**Source:** Own survey (2020) and SPSS output

In terms gender composition table 4.1.1 shows out of the 132 respondents, 94 (71.2%) are male, while the remaining 38 (28.8) are female. Most of the respondents are male employees and It is also evident that the majority of the workforce is occupied by male.

**Table 4.2. Age of Respondents (years)**

	Frequency	Percent	Valid Percent
20-30	30	22.7	22.7
31-40	83	62.9	62.9
Valid 41-50	11	8.3	8.3
51 and above	8	6.1	6.1
Total	132	100.0	100.0

**Source:** Own survey (2020) and SPSS output

When we come to the age composition of respondents, table 4.2. Shows that 30 (22.7%) of the respondents are at the age range of between 20-30 years, and 83 (62.9%) of them are between the age of 31-40. The remaining 11 (8.3%) and 8 (6.1%) respondents are between the age category of 41-50, and 51 and above years respectively. From the age composition of the respondents, one

can perceive that the majority falls between the age range of 31-40, and this indicates the workforce are somehow young and in its productive age.

**Table 4.3. Position in the Bank**

	Frequency	Percent	Valid Percent
Managerial	25	18.9	18.9
Valid Non-managerial	107	81.1	81.1
Total	132	100.0	100.0

**Source:** Own survey (2020) and SPSS output

The above table portrays that 25(18.9%) of the respondents are serving the bank on the managerial position while 107 (81.1%) are on the non-managerial staff.

**Table 4.4. Years of Service (experience)**

	Frequency	Percent	Valid Percent
2-5 years	45	34.1	34.1
6-10 years	57	43.2	43.2
Valid 11-15 years	17	12.9	12.9
above 15 years	13	9.8	9.8
Total	132	100.0	100.0

**Source:** Own survey (2020) and SPSS output

With regard to the experience or service of respondents, it is found out that 45 (34.1%) have an experience of working in the bank for 2-5 years, 57 (43.2%) have 6-10 years of experience, 17 (13%) have between 11-15 working experience, while the remaining 9% (13 respondents) have the experience of working above 15 years. From the above data we can infer that the majority of respondents (43.2%) have a relatively good experience of working in the bank for at least 6-10 years. And hence they have a better understanding of the culture of the bank.

**Table 4.5. Educational Qualification**

	Frequency	Percent	Valid Percent
diploma	1	.8	.8
BA degree	95	72.0	72.0
Valid MA degree and above	36	27.3	27.3
Total	132	100.0	100.0

**Source:** Own survey (2020) and SPSS output

Concerning the level of education, as it is illustrated on table 4.5, 95 (72%) of the respondents are BA holders, and 36 (27%) are MA degree graduates. Only one respondent is a diploma graduate.

#### **4.2 Descriptive analysis of sub-dimensions of organizational culture**

In this section employees were asked to give their level of agreement to question regarding the five dimension of organizational culture at *Wegagen* bank s.c. the five point Likert scale were used to analyze the various indicators whereby 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, and 5= strongly agree. The analysis is discussed below on each of the dimension of organizational culture.

Table 4.6. Descriptive Analysis Of Organizational Culture

	N	Mean	Std. Deviation
Innovation And Risk Taking	132	3.1638	.62072
Attention To Detail	132	3.4596	.67587
Outcome Orientation	132	3.6174	.63431
People Orientation	132	3.4347	.65718
Team Orientation	132	3.4286	.70496
Employee Job Performance	132	3.8220	.40968
Valid N (Listwise)	132		

Table 4.6 reveals that employees have a neutral stand on the impact of culture dimension of innovation and risk taking on employee job performance since it has a mean or average score of 3.16 and SD of .620. This implies that respondents are indifferent about the impact of innovation and risk taking on the performance of employees.

On the other hand the culture dimension of attention to detail, employees have somehow a positive response on its impact. Employees are slightly agreed as it can be shown on its mean

score of 3.456, and SD equals .675. Similarly, the dimension of outcome orientation scores the highest mean of 3.61, employees consider this dimension has a positive impact on employee job performance. Regarding the culture dimensions of people orientation and team orientation, respondents slightly agree on their impact on employee job performance since the two dimensions have the average score of 3.43 and 3.42 respectively.

The mean score of employees level of agreement on employee job performance, as it is depicted on the above table (table 4.6), is 3.822 which shows that respondents are agree about employee job performance of the bank in general.

#### 4.2.1 Innovation and Risk Taking

Table 4.7.Means and standard deviation for innovation and risk taking

	N	Minimum	Maximum	Mean	Std. Deviation
in the bank employees are encouraged for innovative approaches in solving problems	132	1.00	5.00	3.2652	1.01033
the management style in the bank can be characterized by individual risk taking, freedom and uniqueness	132	1.00	5.00	3.0303	.98026
in my organization, employees are given room to innovate something new	132	1.00	5.00	3.2955	1.08943
employees are not blamed for new ideas	132	1.00	5.00	3.4924	.91214
experimentation and innovation are stressed, even at the expense of orderliness and consistency	132	1.00	5.00	3.2348	.93171
i am periodically trained to update my skills	132	1.00	5.00	2.6970	1.13204
our business has been built-up by taking calculated risks at the right time	132	1.00	5.00	3.3636	1.03579
i feel confident that my ideas are valued and are implemented quickly by my organization	132	1.00	5.00	2.9318	.95064
<b>Innovation and Risk taking</b>	132			3.1638	.62072

Source: Own survey (2020) and SPSS output

Table 4.7 shows the innovation and risk taking dimension, in which employees are not blamed for new ideas has the highest mean (Mean=3.49, SD=.912), and the lowest mean i.e. Being periodically trained to update the skill of employees, scoring (Mean=2.69, SD=1.13) which indicates that respondents are not happy about the training program which in turn leads not to be innovative enough in solving problems.

#### 4.2.2. Attention to Detail

**Table 4.8. Means and standard deviation for attention to detail dimension**

	N	Minimum	Maximum	Mean	Std. Deviation
there is a practice of free and open communication	132	1.00	5.00	3.3864	1.04588
the bank is a very structurally controlled place and formal procedures generally govern what people do	132	1.00	5.00	3.7576	.89204
the management in the bank is generally considered to exemplify mentoring and support	132	1.00	5.00	2.9091	1.06617
i believe the bank has a clear sense of purpose and direction	132	1.00	5.00	3.6818	.95963
management encourages and expects employees to be perfect and precise	132	1.00	5.00	3.5000	.98461
employees apply analytical knowledge while making decisions	132	1.00	5.00	3.5227	.92022
employees are trained to use a wide range of problem solving tools	132	1.00	5.00	3.3788	1.02287
Attention to Detail	132			3.4596	.67587

**Source:** Own survey (2020) and SPSS output

Table 4.8 illustrates that with regard to attention to detail dimension, the bank is a very structurally controlled place and formal procedures generally govern what people do scores of the highest mean (Mean=3.75, SD= 0.89)and the question the management in the bank is

generally considered to exemplify mentoring and support scores the lowest mean (Mean=2.90,SD=1.06)

### 4.2.3 Outcome Orientation

**Table 4.9 Means and standard deviation of outcome orientation**

	N	Minimum	Maximum	Mean	Std. Deviation
i have internalized and identified with the bank's mission and vision	132	1.00	5.00	3.8409	.86342
the bank is result oriented	132	1.00	5.00	3.8258	.87803
my supervisor help me contribute towards the fulfillment of the bank's purpose	132	1.00	5.00	3.6439	.85723
advancement and promotion is on the basis of job performance	132	1.00	5.00	3.3106	1.01990
during meetings some our shared beliefs help us reach a consensus on critical issues	132	1.00	5.00	3.4848	.81479
the bank is committed to excellent customer service	132	1.00	5.00	3.5985	.88981
<b>Outcome Orientation</b>	132			3.6174	.63431

**Source:** Own survey (2020) and SPSS output

As shown in table 4.9 Respondents were asked their opinion (level of agreement) about the outcome orientation element of culture. Accordingly, the question ‘I have internalized and identified with the bank’s mission and vision’ enjoyed the highest score (mean= 3.84, and Standard deviation=0.863). While respondents believe that advancement and promotion is on the basis of job performance has a lower score (Mean=3.31, and standard deviation=1.01)

### 4.2.4 People Orientation

**Table 4.10. Means and standard deviation of people orientation dimension**

	N	Minimum	Maximum	Mean	Std. Deviation
the bank tries to balance the demands of work and personal/family demands	132	1.00	5.00	3.3258	.96104
the bank gives me authority and ability to manage my own work	132	1.00	5.00	3.5833	.84746

employees in the bank feel pride in their work and the bank	132	1.00	5.00	3.3712	.84171
the bank treats its employees with dignity and respect	132	1.00	5.00	3.3182	.96755
the culture in the bank helps me to grow personally and professionally	132	1.00	5.00	3.4318	.95863
the top management and supervisors are accessible	132	2.00	5.00	3.6591	.83647
the bank has cultural values which create excitement and motivation	132	1.00	5.00	3.2576	1.00092
in our bank when someone is on a difficult assignment he/she can usually count on getting assistance from his/her boss and colleagues	132	1.00	5.00	3.5303	.85104
People Orientation	132			3.4347	.65718

**Source:** Own survey (2020) and SPSS output

As shown in table 4.10 employees in the bank feel pride in their work and the bank scored the highest mean score of 3.37, SD=.84. While, the bank has cultural values which create excitement and motivation scored the lowest mean of 3.25, and SD=1.00

#### 4.2.5 Team Orientation

**Table 4.11 Means and standard deviation of team orientation dimension**

	N	Minimum	Maximum	Mean	Std. Deviation
the management style in the bank is characterized by teamwork, consensus and participation	132	1.00	5.00	3.3561	.90909
decision making involves employees	132	1.00	5.00	3.1667	1.07836
in this bank we have the time to examine problems that affect us	132	1.00	5.00	3.3409	1.00251
my work unit is effective in influencing policies and procedures	132	1.00	5.00	3.5227	.86903

my work unit has good communications with other teams in the bank	132	1.00	5.00	3.6970	.79059
conflicts are handled in an amicable (agreeable) way	132	1.00	5.00	3.4773	.94478
management facilitates enabling conditions for a team	132	1.00	5.00	3.4394	.91014
Team orientation	132			3.4286	.70496

**Source:** Own survey (2020) and SPSS output

For team orientation dimension the above table shows that (table 4.11) all the mean scores are high. However, the question ‘my work unit has good communications with other teams in the bank’ has the highest mean score (mean=3.69, SD=0.79)

#### 4.2.6 Descriptive Analysis of Employee Job Performance

Table 4.12 means and standard deviation of employee job performance

	N	Minimum	Maximum	Mean	Std. Deviation
i am able to finish my work on time	132	1.00	5.00	3.9621	.69244
i am capable of handling my assignments without much supervision	132	1.00	5.00	3.9015	.73992
i rarely have to repeat a task because it was not done properly	132	1.00	5.00	3.0455	1.02536
we have good working relations between me and my colleagues	132	1.00	5.00	4.0227	.81462
i offer help to customers without being asked	132	2.00	5.00	3.8712	.63493
i am quick to solve problems when things go wrong	132	1.00	5.00	3.9773	.68200
i communicate well with colleagues and customers	132	1.00	5.00	4.0909	.69298
my colleagues believe i am a high performer in my organization	132	2.00	5.00	3.7273	.71078

my performance is better than that of my colleagues with similar qualifications	132	2.00	5.00	3.6061	.67403
i can handle multiple assignments for achieving organizational goals	132	1.00	5.00	4.0152	.65364
Employee Job Performance				3.8220	.40968

**Source:** Own survey (2020) and SPSS output

Ten (10) attributes were used to measure employee job performance among employees. Table 4.12 depicted that good communication of employees with their colleagues and customers has the highest score (mean=4.09, SD=.69). The item ‘i rarely have to repeat a task because it was not done properly’ has the lowest mean of 3.04

### **4.3 The Effect of Organizational Culture on Employee Job Performance**

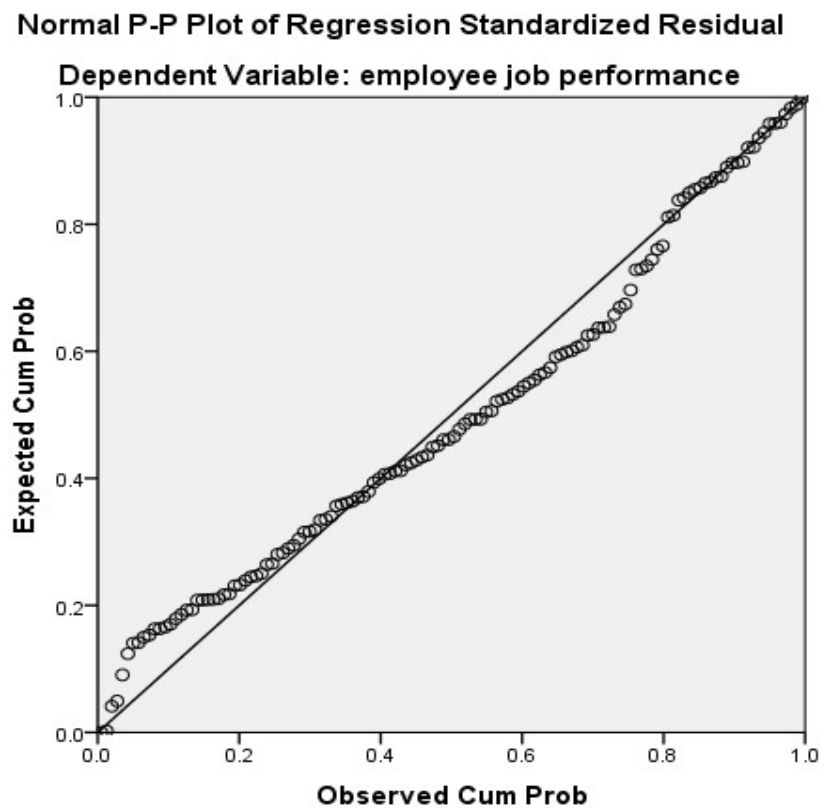
To find out the effect of the five dimensions of organizational culture on employee job performance the study employed multiple regression analysis. In very general terms, regression is concerned with describing and evaluating the *relationship between a given variable and one or more other variables* (Brooks, 2014:74). More specifically, regression is an attempt to explain movements in a variable by reference to movements in one or more other variables (Ibid)

Before applying the multiple regression analysis, there are some key assumptions to be made. Hence linearity test, normality distribution test, and multicollinearity are explained below.

#### **4.3.1 Linearity Test**

To be linear, linear regression needs the relationship between the independent and dependent variables. Therefore; the linearity of the relationship between dependent and independent variables is crucial. According to Ho (2006); Linearity can easily be examined by residual plots.

**Figure 2.** Normal Point Plot of regression standardized residual



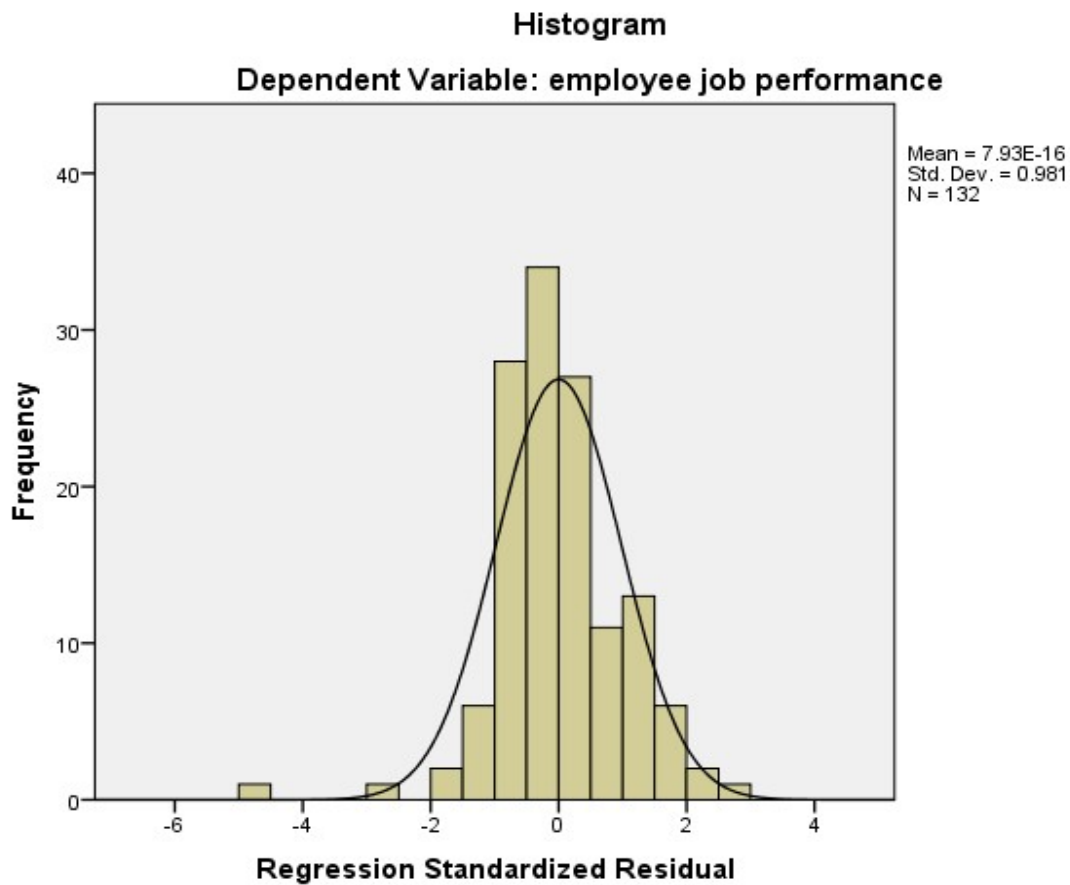
**Source: own survey and SPSS output (2020)**

Looking at the scatter plot produced by SPSS in the above figure 2, it is evident that the relationship between the independent variables and the dependent variable could be modeled by a straight line indicating that the relationship between these variables is linear.

#### **4.3.2 Normality Distribution Test**

The linear regression analysis assumes all variables to be multivariate normal. This supposition can best be checked with a histogram or a Q-Q-Plot. It is assumed that errors of prediction are normally distributed (HO, 2006) Violation of this assumption can be detected by constructing a histogram of residuals, with a visual check to see whether the distribution approximates the normal distribution.

**Figure: 3. Histogram**



**Source: own survey and SPSS output (2020)**

Figure 3 shows frequency distribution of standardized residual. Almost the data is distributed symmetrically around the center of the scores. Thus we can infer that there is a normal distribution and is characterized by bell-shaped curve. This shape basically implies that the majority of scores lie around the center of the distribution.

### **4.3.3 Multicollinearity**

So as to determine whether there is similarity between the independent variables in a model, it is necessary to do a multicollinearity test. Multicollinearity refers to the situation in which the independent/predictor variables are highly correlated (HO, 2006) According to HO (2006), the existence of multicollinearity can be checked using the “Tolerance” and “Variance Inflation Factor (VIF)” values for each predictor. The values obtained from collinearity statistics (VIF) was between 1 and 10 (Saunders, Lewis, & Thornhill, 2009). Values that are less than 0.10 may merit further investigation. The VIF, which stands for variance inflation factor, is computed as

“1/tolerance,” and it is suggested that predictor variables whose VIF values are greater than 10 may merit further investigation.

**Table 4.13. Multicollinearity Test**

Coefficients<sup>a</sup>

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Innovation and Risk Taking	.464	2.153
Attention to Details	.390	2.562
Outcome Orientation	.182	5.485
Team Orientation	.387	2.583
People Orientation	.206	4.863
Age in Years	.554	1.805
Years of Service	.553	1.808

**Source: Own Survey and SPSS Output (2020)**

As it is depicted in table 4.13 it can be concluded that there are no multicollinearity symptoms between the components of the independent variables. Based on the coefficient output-Collinearity statistics, obtained VIF value of independent variable i.e Organizational Culture: innovation and risk taking (2.153), attention to detail (2.562), outcome orientation (5.485), people orientation (4.863), and team orientation (2.583).

The tolerance value is an indication of the percentage of variance in one predictor that cannot be accounted for by the other predictors. The value of tolerance should be above 0.10 and any value lower than this indicates the existence of multicollinearity. Moreover, as seen from the above table 4.13 the values of tolerance calculated for each independent variable on the regression analyses fulfills the criteria discussed above, which indicate the non- existence of multicollinearity in the variables.

#### 4.4 Overall Regression Model

The multiple regression analysis is summarized as follows:

Table 4.14 Regression Model Summary and ANOVA

Model Summary							
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	df1
1	.427 <sup>a</sup>	.183	.137	.45704	.183	3.959	7

Model Summary		
Model	Change Statistics	
	df2	Sig. F Change
1	124 <sup>a</sup>	.001

a. Predictors: (Constant), years of service ,Innovation and risk taking, people oriented, age in years, attention to details , team oriented , outcome oriented

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.789	7	.827	3.959	.001 <sup>b</sup>
	Residual	25.902	124	.209		
	Total	31.691	131			

a. Dependent Variable: Employee Job Performance

b. Predictors: (Constant), years of service, Innovation and risk taking, people oriented, age in years, attention to details, team oriented , outcome oriented

**Source:** Own Survey and SPSS Output (2020)

Table 4.14 depicted that the ANOVA table summarizes that the overall model is significant as the significant value of F-statistics shows a value 0.001. The primary objective of this study is to assess the impact of organizational culture on employee job performance at *Wegagen Bank S.C*, by using the five factor OCP model (innovation and risk taking, outcome orientation, people orientation, attention to detail, and team orientation).

**Table 4.15. Regression Coefficients**Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.888	.261		11.053	.000
Innovation and Risk Taking	.000	.080	.000	-.003	.998
Attention to Detail	.010	.089	.014	.107	.915
<b>Outcome Orientation</b>	<b>.438</b>	<b>.143</b>	<b>.584</b>	<b>3.069</b>	<b>.003</b>
Team Orientation	.084	.085	.128	.984	.327
<b>People Orientation</b>	<b>.235</b>	<b>.118</b>	<b>.355</b>	<b>1.985</b>	<b>.049</b>
Age In Years	.107	.072	.162	1.489	.139
Years Of Service	-.096	.058	-.183	-1.676	.096

a. Dependent Variable: Employee Job Performance

**Source: Own Survey and SPSS Output (2020)**

Table 4.15 shows that the strength of each independent variables effect on the dependent variable which could be investigated using standardized beta coefficient. The regression coefficient explains the average amount of change in dependent variable that caused by a unit of change in the independent variable. As we can see from the table the dimension outcome orientation and people orientation dimensions of organizational culture considered to be statistically significant. The coefficient of outcome orientation is higher than others which reveal its contribution in the prediction of employee performance was high (0.438) and it was statistically significant ( $p < 0.05$ ). This finding proved the findings of Nystrom (1993), Hofstede (1998), Nohria et al, (2003), and McKinnon et al. (2003). For instance, Nystrom (1993) argued that employees feel more committed and perform well in organizations that focus on realistic values where results are more important than processes. Hofstede (1998) also believed that employees in organizations with a process-oriented culture perceive themselves as risk-averse and only exert the minimum amount of effort on their work, while in outcome oriented organizations, employees perceive that everyday can bring new challenges and exert maximum effort into their work. McKinnon et al.

(2003) treated the link between outcome orientation and the level of Employee performance as an empirical question with the results demonstrating a positive relationship.

The dimension people orientation, as indicated in the above table (4.15), is also statistically significant ( $p < 0.05$ ), this finding proved the work of McKinnon et al. (2003), Sheridan (1992), and Anne Wu et al, (2003). McKinnon et al. (2003), found out that there is a positive association between respect for people (people orientation) and the level of employee commitment in a Taiwan organization. Employees who are treated with genuine respect and fairness are more likely to behave with loyalty and hard work and thus boost employee performance. Sheridan (1992) found that firms having a culture emphasizing interpersonal relationship values (Respect for People) had better retention rates than firms where the culture emphasized the completion of work tasks. It is intuitively appealing that an organization that is people oriented, values and respects its people and treats them fairly and with tolerance, will engender reciprocal responses of upgrading employee job performance within the organization (Anne Wu et al, 2003).

With respect to Attention to Detail, the table (4.15) depicted that it is not statistically significant ( $B=.010$ ) the finding goes in line with the work of Sheridan (1992), He found out that the dimension attention to detail has a weak association with performance. Support for this contention is provided by Lee and Mathur cited in Anne Wu (2003) who, in their study of South Korean workers, found negative worker responses to formalization, rules and procedures, and noted the significance of this finding for managers in global business and competitive environments. Lok and Crawford (2001) suggest that there is no direct relationship between attention to detail organization culture and the level of Employee organization commitment. Organizations with detail-oriented cultures are characterized in the OCP framework as emphasizing precision and paying attention to details (O'Relly et al, 1991). Such a culture gives a competitive advantage to companies by assisting them distinguish themselves from others.

Based on the result shown on table 4.15, the rest two sub-dimensions of organization culture i.e innovation and risk taking, and team orientation positive but not have significant effect on employees' performance ( $B= 0.000$  and  $=.084$ . respectively). Finally, the demographic variables of age and years of service (work experience) do not have a significant relationship with employee job performance.

Therefore; the multiple regression equation is portrayed as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + e$$

Where, Y= Employee job performance

$\beta$  =coefficient

$X_1$ =innovation and risk taking

$X_2$ =Attention to Detail

$X_3$ =Outcome Orientation

$X_4$ =People Orientation

$X_5$ =Team Orientation

$X_6$ =Age in Years

$X_7$ =Years of Service

e=error term

The predicted equation for is given as

$$Y = 2.888 + .000x_1 + .010x_2 + .438x_3 - .084x_4 + .235x_5 + .107x_6 - .096x_7$$

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1. Summary of Major Findings

This chapter presents a summary of the study findings and results of the study. Based on the key findings and results, conclusions are drawn and some recommendations are made. The research tries to find out, as stated in its objective, the effect of organizational culture on employee job performance at *Wegagen banks.c*. 132 questionnaires were gathered from respondents who are 94 (71.2%) male, and the remaining 38 (28.8) are female. Data were analyzed in descriptive analysis and inferential statistics using SPSS. Accordingly the following major findings are sorted out.

The regression analysis indicated that the five sub dimensions of organizational culture based on the Organization Culture Profile (OCP) framework i.e innovation and risk taking, attention to detail, outcome orientation, people orientation, and team orientation, have a varied impact on employee job performance in *Wegagen bank S.C*. Out of the five dimensions outcome orientation has the highest or (stronger) relationship with employee performance followed by people orientation. On the contrary, innovation and risk taking, and team orientation has a weaker relationship with employee job performance. With regard to attention to detail it can be argued that being concerned about detailed procedures, rules, and regulations in the bank employees may feel discouraged. to be risk takers. The result of this sub dimension (attention to detail) of organization culture, therefore, goes in line with other studies. However, in case of the financial sector especially in the banking industry compliance with the rules and regulation is very important due to the strict follow up of the state owned National bank of Ethiopia (NBE), and the routine nature of the task as well.

#### 5.2 Conclusion

However cliché it seems there is this implication that having a culture is necessary for effective performance, and that the stronger the culture, the more effective the organization. Empirical research has produced various findings demonstrating the importance of culture to enhancing employees' job performance and eventually to organizational performance. Despite there is a lot of research undertaken on organizational cultures in general, there is little specifically on the role of culture in the financial sector, and specifically on the banking industry and how this relates to

employees' performance. The link between culture and performance is unproven. Besides, organizational culture has many facets or models, researchers may choose appropriated model they deemed necessary for the organization under study.

This study employs the model of Organization Culture Profile (OCP) developed by O'Relly, Chatman, and Cladwell to study the impact of organizational culture on employee performance in Wegagen Bank S.C.

The influence of organizational culture in performance has received increasingly more interest and acceptance over the years. Yet, it is, difficult to establish clear and causal links between culture and something else. Due to this fact it can be asked that whether organization culture affect employee performance for better or worse. This question may have an impact to trigger a research question for researchers. In addition, despite the existence of these studies, not much research has been given to the banking industry. This means that the impact of organization culture on employee job performance in the banking industry has not received adequate research attention in Ethiopia. This study, therefore, is intended to fill this gap by studying the situation of the banking industry and providing more empirical evidence on the effects of organization culture on employee job performance. This study tries to fill the gap by assessing the following issues

- Wegagen bank S.C has not a formally and comprehensively defined or recorded its culture so far;
- Organizational change initiative projects (like restructuring, introduction of new systems), without the involvement of cultural aspects, may not result in success or could quickly bring back to the status quo.
- It is found to be very crucial to prove whether the bank's values, which are considered as key refection of organizational culture, correspond with the required culture type revealed after the necessary assessment is made.

Having examined the relationship between Organizational Culture and Employee job performance in *Wegagen bank s.c*, the study concluded that some dimensions of organization culture has a relationship with employee job performance (outcome orientation, and people orientation).Conversely, the three dimensions of innovation and risk taking, attention to detail, and team orientation has no significant relationship with that of employee job performance. This

study stressed that organizational culture is a very complex concept which has interdependent and interactive association with many elements of an organization.

### **5.3 Recommendation**

Based on the findings and conclusion, the study thus recommends some measures to be taken by *Wegagen Bank's* S.C executive organ to focus on the core objectives of the bank, increase efficiency, reduce costs and mitigate risks. The recommendations include interventions to improve employee job performance in the bank and pave the way for further studies

- First, *Wegagen Bank* S.C has identified six (6) strategic issues on its five year strategic plan (2015/16 – 2019/20) to meet its core objectives. However, it still needs to gather resources to achieve its target focusing on final out comes by implementing strategies which give due emphasis to results. Because, although there is no universal "best culture", employee performance is higher in organizations where outcome and final results are highly valued instead of wasting unnecessary time and energy on processes. This helps the bank to increase deposit mobilization, cut costs, and regain its market share. Besides, the bank should adapt outcome oriented strategies in order to meet the pressure set by peer (pioneer banks like *Awash, Dashen, Abyssinian, Hibret, and Nib* banks) and newly emerged banks in the industry, and the ever increasing demand of customers.
- Second, the bank should give due emphasis for its employees who are the ultimate contributors of the success of the bank. Because, as the study found out, people orientation (respect for people) has a positive influence on employee job performance Employees have a significant impact on the quality of service provided to customers, The bank should implement strategies to underpin its human resource aspects by crafting programs such as career progression, succession planning, employees' job satisfaction and other capacity building programs. The top management of the bank should cultivate an effective organizational culture which supports employees to give their level best.
- Third, the bank (especially executive management) should commit itself to strategic intents, and better loosening the attention to detail aspects of organizational culture so as to boost the performance of its employees for the ultimate success of the bank. As a financial institution, rules and regulations are important so as to keep the smooth flow of the business and to avoid fraudulent activities. However, unnecessary restrictions at each

level might hinder the creativity aspect of the business, as innovation and creativity needs a free spirit

- Finally, organizational culture has many facets and there are many more models to measure its relationship with employee performance. Therefore; this study recommends and would like to initiate further discussions to create an effective framework between organizational culture and its impact on employee job performance.

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## Appendix- Questionnaire

# ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND ECONOMICS

## The Impact of Organizational Culture on Employees' Job Performance: The Case of *Wegagen Bank S.C*

### Questionnaire Filled By Employees

**Dear Respondents,**

The purpose of this questionnaire is to gather data about '*The Impact of Organizational Culture on Employee Performance: The Case of Wegagen Bank S.C*', for the partial fulfillment of masters degree in management from Addis Ababa university. It is purely designed for academic purpose, and the responses are kept confidential.

The questionnaire is anonymous and no need of writing your name.. The survey consists of two sections. The first section is about your personal information. Indicate with a tick (✓) inside the box on the appropriate response from the alternatives provided.

Questions in the second section are designed for quick response by using the five point scale ranging from strongly disagree to strongly agree. Please use the tick mark or circle on the appropriate answer.

If you have any clarification regarding the questionnaire do not hesitate to contact the researcher through phone no. 0911760128 (Eyasu Tesfaye)

Your honest and thoughtful responses are appreciated.

Thank you for your participation.

Kind regards,

## Section I- Employee Profile

1. Sex:	Male <input type="checkbox"/>	Female <input type="checkbox"/>		
2. Age	20-30 <input type="checkbox"/>	31-40 <input type="checkbox"/>	41-50 <input type="checkbox"/>	51 and above <input type="checkbox"/>
3. Level/Position in the organization	Managerial <input type="checkbox"/>	Non-managerial <input type="checkbox"/>		
4. Years of service in the organization	2-5yrs <input type="checkbox"/>	6-10yrs <input type="checkbox"/>	11-15yrs <input type="checkbox"/>	Above 15 yrs <input type="checkbox"/>
5. Education level	Diploma <input type="checkbox"/>	BA degree <input type="checkbox"/>	MA degree and above <input type="checkbox"/>	

## Section II: Organization Culture<sup>1</sup>

Please indicate the degree of your agreement/disagreement with the following statements associated with the five factor of Organizational Culture Profile (OCP) by circling on your choice from the response options provided.

**5. Strongly Agree (SA) 4. Agree (A) 3. Neutral (N) 2. Disagree (D) 1. Strongly Disagree (SD)**

S/N	Response	SA (5)	A (4)	N (3)	D (2)	SD (1)
<b>1. Innovation and Risk Taking</b>						
1.1.	In the bank employees are encouraged for innovative approaches in solving problems.	5	4	3	2	1
1.2.	The management style in the bank can be characterized by individual risk taking, freedom and	5	4	3	2	1
1.3.	In my organization, employees are given room to (innovate) introduce something new.	5	4	3	2	1
1.4.	Employees are not blamed for new ideas	5	4	3	2	1
1.5.	Experimentation and innovation are stressed, even at the expense of orderliness and consistency	5	4	3	2	1
1.6.	I am periodically trained to update my skills	5	4	3	2	1

<sup>1</sup>Adopted from the Organization Culture Profile (OCP) by O'Relly, Chatman, and Cladwell (1991)

S/N	Response	SA (5)	A (4)	N (3)	D (2)	SD (1)
1.7.	Our business has been built-up by taking calculated risks at the right time	5	4	3	2	1
1.8.	I feel confident that my ideas are valued and are implemented quickly by my organization.	5	4	3	2	1
<b>2. Attention to Detail</b>						
2.1	There is a practice of free and open communication	5	4	3	2	1
2.2	The bank is a very structurally controlled place and formal procedures generally govern what people do.	5	4	3	2	1
2.3	The management in the bank is generally considered to exemplify mentoring and support	5	4	3	2	1
2.4	I believe the bank has a clear sense of purpose and direction.	5	4	3	2	1
2.5	Management encourages and expects employees to be perfect and precise	5	4	3	2	1
2.6	Employees apply analytical knowledge while making decisions	5	4	3	2	1
2.7	Employees are trained to use a wide range of problem solving tools	5	4	3	2	1
<b>3. Outcome Orientation</b>						
3.1	I have internalized and identified with the bank's mission and vision	5	4	3	2	1
3.2	The bank is result oriented	5	4	3	2	1
3.3	My supervisors help me contribute towards the fulfillment of the bank's purpose.	5	4	3	2	1
3.4	Advancement and promotion is on the basis of job performance	5	4	3	2	1
3.5	During meetings some of our shared beliefs help us reach a consensus on critical issues	5	4	3	2	1
3.6	The bank is committed to excellent customer service.	5	4	3	2	1
<b>4. People Orientation</b>						
4.1.	The bank tries to balance the demands of work and personal/family demands.	5	4	3	2	1
4.2	The Bank gives me the authority and ability to manage my own work.	5	4	3	2	1
4.3	Employees in the bank feel pride in their work and the Bank	5	4	3	2	1
4.4	The bank treats its employees with dignity and respect	5	4	3	2	1
4.5	The culture in the bank helps me to grow personally and professionally	5	4	3	2	1
4.6	The top management and supervisors are accessible	5	4	3	2	1

S/N	Response	SA (5)	A (4)	N (3)	D (2)	SD (1)
4.7	The bank has cultural values which create excitement and motivation	5	4	3	2	1
4.8	In our bank when someone is on a difficult assignment he/she can usually count on getting assistance from his/her boss and colleagues.	5	4	3	2	1
<b>5. Team Orientation</b>						
5.1	The management style in the bank is characterized by teamwork, consensus and participation	5	4	3	2	1
5.2	Decision making involves employees	5	4	3	2	1
5.3	In this Bank we have the time to examine problems that affect us.	5	4	3	2	1
5.4	My Work unit is effective in influencing policies and procedures	5	4	3	2	1
5.5	My Work unit has good communications with other teams in the Bank	5	4	3	2	1
5.6	Conflicts are handled in an amicable (agreeable) way	5	4	3	2	1
5.7	Management facilitates enabling conditions for a team	5	4	3	2	1
<b>6. Employee Job Performance</b>						
6.1	I am able to finish my work on time.	5	4	3	2	1
6.2	I am capable of handling my assignments without much supervision.	5	4	3	2	1
6.3	I rarely have to repeat a task because it was not done properly	5	4	3	2	1
6.4	We have good working relations between me and my colleagues	5	4	3	2	1
6.5	I offer help to customers without being asked	5	4	3	2	1
6.6	I am quick to solve problems when things go wrong	5	4	3	2	1
6.7	I communicate well with colleagues and customers	5	4	3	2	1
6.8	My colleagues believe I am a high performer in my organization	5	4	3	2	1
6.9	My performance is better than that of my colleagues with similar qualifications	5	4	3	2	1
6.10	I can handle multiple assignments for achieving organizational goals	5	4	3	2	1

**Additional comments or suggestions (if any).....**

**Thank you for your time!!**