

Organizational Culture and Employees' Performance: A Study on Banking Sector in Twin City, Bhubaneswar and Cuttack

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Abstract:-

Purpose: To explore the factors of organizational culture which influences employees' job performance. To study the relationship between organizational culture and employees' job performance.

Methodology: The statistical analysis was based on two hundred respondents in the selected banks showing the cultural factors which influences the employees' job performance. Factor analysis was used to find out the factors and Regression analysis was used to know the relationship between culture and employees' performance.

Findings: From the data analysis, the major factors of organizational culture have extracted such factors are Employee satisfaction, Adaptability, Work environment, Team orientation, Employee contribution, Employee involvement and benefits, Mission, Growth and Development, Recognition and supervision. Employee satisfaction, working environment and mission factors have significant relationship on employees' performance.

The factors like employee satisfaction has, work environment has and mission and benefits has significant relation with employees' performance of the banking industry. The factor like recognition and supervision has, so this factor has negative impact on performance of the employees.

Conclusion: The HR manager should give emphasis to increase the quality of work environment, employee satisfaction and mission and benefits to retain the employees in the organization.

Keywords: organizational culture, banking sector, employees' performance

JEL Classification: E47, G11, G14, G17.

I. INTRODUCTION

“The stronger is the organizational culture, the more effective is the organization”- Organizational culture is directly connected with the efficiency and effective performance of an organization. Organizational culture is conceptualized as shared beliefs and values within the organization that helps in shaping the behaviour pattern of employees (Kottler and Haskett, 1992). It is a social glue which binds people together so that they can feel as a part of that organization. Organizational culture is defined as shared philosophies, ideologies, values, assumptions, beliefs, expectations, attitudes and norms in an organization. A strong

organizational culture supports adaptation and develops the employees' performance by motivating them towards the predetermined goals and objectives.

Mckinnon, 2003 told that obviously, cultural dimensions are reflected in various forms in the external life of a society or an organization, as well as in the values and beliefs held by its members. Culture; have been under consideration from the aspect of its different dimensions playing a role in effecting the job satisfaction,

II. REVIEW OF LITERATURE

Schein (1999) defines culture as a pattern of shared basic assumptions that the group learned as it solved problems of external adaptation and internal integration that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.

(Aswathappa,2003) refers to culture as a, complex whole which includes knowledge, belief, art, morals, law, custom, and other capabilities and habits acquired by man in a society.

Mullins (1999) presents a cultural web, as illustrated in the following figure, which brings together different aspects for the analysis of organizational culture.

Palthe & Kossek, 2003 however, it was also claimed that perception about the organization culture can never be the same among all the employees and it varies from person to person depending upon their own beliefs and mind sets.

Rashid et al, 2004 have studied organizational culture and organizational changes in Malaysia. Finding shows that association between organizational cultures, effectiveness attitude of organizational changes, result also shows that different types or organizational culture have their own way for the acceptance in organizational changes. This means every organizational culture has some capabilities for the changes and some organization does not allow their employees to change with the external environment, not even try to change their culture with time.

III. METHODOLOGY

Sampling: The data are collected through convenience sampling method and from both PSU’s and private banks in Bhubaneswar and Cuttack, Odisha. 100 questionnaire were filled up by respondents of PSU banks and another 100 questionnaires were collected from private banks. So, Sample size was 200 which includes whole workers including departmental managers, lower managers/executives, agents, lower staff/clerks of the banks

Research Design: The current study will focus on causative research design, where the relationship between organizational culture and employee’s job performance both in private and PSU banks will be found out. This relationship will be made by statistical models. The study is descriptive in nature and based on both primary and secondary data.

IV. DATA COLLECTION

Data are collected from both primary and secondary sources. Primary data are collected through the questionnaires and personal interview and secondary data are collected from periodicals, journals, magazines and books. This study is done using the convenience sampling issuing two hundred (200) questionnaires to the selected employees from these two banks. Questionnaires is designed to gather the data consists of two parts where part 1 is designed as the demographic characteristics of the respondents including age, gender, educational qualification, year of experience etc while part 2 consists of 24 questions to identify the cultural factor which influences the employees’ performance.

V. DATA ANALYSIS PROCEDURE & TECHNIQUES

Data is analyzed by various exploratory and empirical methods. Explorative factor analysis is adopted to extract the factors of organizational culture of the employees in the banks. Multiple linear regression method is followed to examine the relationship between organizational culture and employees job performance in banking industry. ANOVA technique is used to differentiate the variables of organizational culture. Before analyzing the data the survey instrument (questionnaire) is tested for its scale reliability by Cronbach’s alpha test.

Data Analysis and Interpretation

5.1: Table-1 represents Characteristics, source, survey

	Frequency	Percentage
Gender		
Male	119	59.5%
Female	81	40.5%
Total	200	100.0%

Age		
18-25 years	39	20.5%
26-35 years	67	33.5%
36-45 years	58	29%
Above 46 years	36	17%
Total	200	100.0%
Work experience		
0-5 years	75	37.5%
6-10 years	66	33%
11 years and above	59	29.5%
Total	200	100.0%
Educational qualification		
MBA/PGDM	67	33.5%
Post Graduation	52	26%
B. TECH	41	20.5%
Graduation	40	20%
Total	200	100.0%

5.2: Empirical Analysis

Table-2

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.771	.768	25

The scale (questionnaire) is optimally reliable, i.e. nearly 77% as the standardized Cronbach’s Alpha is 0.768 with 25 items in the structured questionnaire (excluding demographic variables).

Table-3

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.608
Bartlett's Test of Sphericity	Approx. Chi-Square	2027.008
	df	276
	Sig.	.000

The KMO statistics (0.608) is found to be significant (0.000). So the sample is adequate nearly by 60% to perform the multi-variate analysis, reflected from table-. From the above said analysis with principle component method, 9 factors have been extracted from 25 variables which explain 75% variance (cumulative percentage of rotation sum of square loading is 74.774).

Table -4

Total Variance Explained									
Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.017	16.740	16.740	4.017	16.740	16.740	2.592	10.800	10.800
2	2.960	12.332	29.071	2.960	12.332	29.071	2.334	9.727	20.527
3	2.609	10.869	39.941	2.609	10.869	39.941	2.303	9.596	30.122
4	1.897	7.903	47.843	1.897	7.903	47.843	2.149	8.955	39.077
5	1.582	6.593	54.437	1.582	6.593	54.437	1.776	7.398	46.475
6	1.424	5.935	60.372	1.424	5.935	60.372	1.764	7.348	53.824
7	1.287	5.362	65.734	1.287	5.362	65.734	1.763	7.345	61.169
8	1.165	4.855	70.589	1.165	4.855	70.589	1.722	7.176	68.345
9	1.004	4.185	74.774	1.004	4.185	74.774	1.543	6.429	74.774
10	.842	3.508	78.282						
11	.782	3.258	81.540						
12	.687	2.861	84.400						
13	.609	2.536	86.937						
14	.457	1.906	88.842						
15	.397	1.654	90.496						
16	.389	1.620	92.116						
17	.331	1.381	93.497						
18	.318	1.327	94.824						
19	.289	1.205	96.029						
20	.258	1.075	97.104						
21	.241	1.002	98.106						
22	.202	.842	98.948						
23	.137	.571	99.518						
24	.116	.482	100.000						

Extraction Method: Principal Component Analysis.

By principal component method and varimax rotation, the number of variables having more than 1 initial Eigen value are

consider as factors. Nine factors have been extracted from 24 variables which explain 75% variance (cumulative percentage of rotation sum of square loading is 74.774).

Table-5

Rotated Component Matrix ^a									
	Component								
	1	2	3	4	5	6	7	8	9
They pay offered at the organization are satisfactory	.727								
This job gives the employees professional growth and advancement in future	.697								
Organization communicates with employees effectively and in timely manner	.658								
Employees present salary is appropriate to the work they do	.545								
All the staff in my department are friendly and supportive		.843							
There is possibility to perform multi task in my department		.725							
Employees are encouraged to develop new and more efficient ways to do the work		.716							

The overall infrastructure provided by organization is satisfying		947	Work environment	
As a whole employees are satisfied with the work culture being followed by the management		940		
Sufficient encouragement is provided by the teammates at work		.746	Team orientation	
Employees job is more challenging and exciting		.646		
Level of work responsibilities given to the employees are appropriate		-.622		
Employees personal job performance is important to the success of organization	Employee contribution	.869	Employee involvement and benefits	
Team meetings are conducted regularly		.623		
Benefits plan provided		.802		
Manager is willing to share Decision-making power with employees		.715		
Employees in my team cooperate with each other to get the job done		.510		
Healthy eating facilities	Mission and benefits	.847		
Employees have clear understanding of goals and objectives of this organization		.617		
There is an opportunity of career growth of the organization	Growth and development	.839		
In this organization management uses the employees feedback for continuous growth and development		.526		
Employees are recognized and respected	Recognition and supervision		.745	
There is a regular supervision from supervisor regarding the work			-.574	
Team success is celebrated as a group achievement			.459	
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.				
a. Rotation converged in 11 iterations.				

Interpretation:

With varimax rotation and Kaiser Normalization, nine factors extracted as described in the rotated component matrix table which are named as i. Employee Satisfaction, ii. Adaptability

iii. Working Environment iv. Team orientation, v. Employee contribution, vi. Employee involvement and benefits vii. Mission and benefits viii. Growth and Development ix. Recognition and supervision.

TABLE-6

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	100.305	9	11.145	11.735	.000 ^b
	Residual	180.450	190	.950		
	Total	280.755	199			
a. Dependent Variable: Performance						
b. Predictors: (Constant),						

The significant (P=0.000) F statistics (F= 11.735) refers that the multiple linear regression model is fitting for the analysis, reflected from the table-5

Table-6					Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.598 ^a	.357	.327	.975	.357	11.735	9	190	.000	1.942
a. Predictors: (Constant), Recognition and Supervision , Growth and Development , mission and benefits ,Employee involvement and benefits , employee contribution , team orientation , working environment , adaptability , employee satisfaction.										
b. Dependent Variable: Performance of employees										

The performance (dependent variable) depends on 9 factors of organization culture (independent variables) by 32% as the adjusted R square value (.327) is significant (P=0.000). In the

current research the Durbin Watson statistical value is 1.942 which is justifying the above claim

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	3.035	.069		44.043	.000		
Employee satisfaction	.469	.069	.395	6.790	.000	1.000	1.000
Adaptability	.085	.069	.072	1.235	.218	1.000	1.000
Work environment	.381	.069	.321	5.513	.000	1.000	1.000
Team orientation	-.100	.069	-.084	-1.445	.150	1.000	1.000
Employee contribution	-.071	.069	-.059	-1.022	.308	1.000	1.000
Employee involvement and benefits	.121	.069	.102	1.746	.082	1.000	1.000
Mission and benefits	.221	.069	.186	3.195	.002	1.000	1.000
Growth and Development	-.057	.069	-.048	-.823	.412	1.000	1.000
Recognition and supervision	-.224	.069	-.189	-3.244	.001	1.000	1.000

a. Dependent Variable: Employee Performance

All the VIF values are below 2 and the tolerance values are exactly 1. So, multi-collinearity is very less or no multi-collinearity exists. So, no doubt arises regarding the regression statistics.

The variables like employee satisfaction, working environment and mission and benefits are showing the significant (0.000, 0.000, 0.002, 0.001) beta values (0.395,0.321, 0.186, -0.189), which justify that the above said factors meaningfully contribute to performance of the employees.

VI. FINDINGS OF THE STUDY

6.1: Findings from Objective: 1-

From the data analysis, the major factors of organizational culture have extracted such factors are Employee satisfaction, Adaptability, Work environment, Team orientation ,Employee contribution, Employee involvement and benefits, Mission, Growth and Development , Recognition and supervision. Employee satisfaction, working environment and mission factors have significant relationship on employees' performance.

6.2: Findings from objective: 2-

The factors like employee satisfaction has 40%, work environment has 32% and mission and benefits has 19% significant relation with employees' performance of the banking industry. The factor like recognition and supervision has -19%, so this factor has negative impact on performance of the employees.

6.3: Managerial Implications:

The important elements of organizational culture are identified by this research, which can be used by the banking industry decision makers or strategists to build a better work environment and to make employees satisfied. The organizations where employee performance is unsatisfactory, there performance can be enhanced by developing a congenial work environment and providing all satisfaction to employees.

6.4: Conclusion:

The present study uncovers the organizational culture of banking sector in Bhubaneswar and Cuttack cities. The main objective of the study was to find out the factors influencing the employees' performance and to study the relationship between organizational culture and employees' performance. Banking sector organizations are characterized with complex work profile, high attrition and stressful work-life among employee. Results have been drawn from a sample set of 200 employees from both private sector bank and public sector banks. There age ranges from 22 to 55 years and designation ranges from assistant to managers .The findings revealed there are some factors which influences the employees performance and some factors have positive impact on employees performance.

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