

The Impact of Organizational Culture on Employee Performance a Study of Selected Manufacturing Industry in Enugu

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Abstract: The study on this research work is to access empirically the impact of organizational culture on employee performance as well as organizational productivity using some selected manufacturing industry in South Eastern Nigeria as case study. We try to ascertain if the culture of an organization will affect the performance of employee. The study anchored on the following objectives, to determine the impact of organizational culture on employee performance and to ascertain the factors that influence the employee performance based on organizational performance. In order to achieve the above objectives, the following research questions were asked: to what extent does organizational culture affect employee performance? And what are the factors that influence employee performance in an organization? Two hypotheses were advanced. (i) There is no relationship between organizational culture employee performance (ii) Organizational culture does not affect employee performance in manufacturing industry. The study use survey research method. The case study manufacturing industry was selected using stratified and simple random sampling techniques, while the respondents were selected using simple random sampling techniques. The findings of this study are that a large number of respondents (57.7%) strongly agree that organizational culture has effect on employee performance and that 48.7% of the respondents also agree that there are factors that influence employee performance and determine the productivity level of the organization. These findings made us to accept our two alternate hypotheses and reject the null hypotheses because in both cases, the calculated values of Chi-square are greater than the tabulated values. The study amongst other things recommend that the organization should adopt a flexible organizational culture that can help them adjust to innovation in terms of job satisfaction, retention, recruitment, motivation and reward to gear up their employee performance.

Key words: Employee • Job performance • Organizational culture and Productivity

INTRODUCTION

The term culture refers to a general state or habit of mind closely aligned to human perception. The basic phenomenon that makes the understanding of different groups or people to come together to pursue a common goal is culture. An employee can be said to be cultured when his character, speech, behaviour cannot be faulted but whose personality and image can be a true positive representation of most of the members or groups of the organization. In organizational culture, Schein explained that culture is regarded as the values, common shared

faith and group norm, it just reflects the content of organizational culture but this transcends to the values of founder, ceremonies and rites, socialization and stories and language. An organization current customs, traditions and general way of doing things are largely due to what it has done before and the degree of success it has had with those endeavours [1].

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 part of development strategy of organization as it includes

the concept of production, planning, marketing, controlling, motivation and leading. Each part of the development strategy of organization has a direct or indirect impact on performance which means the quality of organizational culture construction will influence performance of organizations directly or indirectly. Organization is defined as the combination of people or individual effort working together in pursuit of certain purposes called organizational goals [2]. Organizational culture permeates organizational life in such a way as to influence every aspect of the organization. It affects such outcomes as productivity, performance, commitment, self confidence and ethical behaviour. Implement performance management system by discussing training and planning. Organizational culture will not only get in touch with organizational or employee performance closely but also exerts a great influence on organizational performance [3].

Many writers and scholars holds the belief that culture is the totality of the way of life evolved by a people in an attempt to meet up with their challenges of living in the environment, which give order and meaning to their social, political, economic and religious norms and modes of organization thus distinguishing them from other people or neighbours. To this end, culture determines the normative, cognitive, value, production and authoritative systems of an organization [4]. Culture regulates lives as well as interactions among its members and components. Culture dynamism provides a benchmark for the analysis of subsequent inputs affecting the organization performance and helps precisely in setting the stage for discovering the problems of functional connection. It has been defined as the specific collection of values and norms that are shared by people and groups in an organization and that control the way they interact with each other and with stakeholders outside the organization [5]. It is pertinent to state that organizational culture transforms people into social group; it interacts with the internal and external environment which influences their contribution in a greater margin. Organizational culture is an idea in the field of organizational studies and management which describes the psychology, attitudes, experiences, beliefs and values (personal and cultural values) of an organization [6].

Ravisi and Schuttz (2012), state that organizational culture is a set of shared mental assumptions that guide interpretation and action in the organization by defining appropriate behaviour for various situations. Although it is difficult to get consensus about the definition of organizational culture, several constructs are commonly

agreed upon – to say that organizational culture is historical, holistically, determined, related to anthropological concepts, socially constructed, soft and difficult to change. This definition continues to explain organizational values, described as beliefs and ideas about what kinds of goals members of an organizational members should use to come about the appropriate kinds or standards of behaviour organizational members should use to achieve these goals. From organizational values develop organizational norms, guidelines or expectations that prescribe appropriate kinds of behaviour by employees in particular situations and control and behaviour of organizational members towards one another [7].

Objectives of the Study: The broad objective of the study is to investigate the impact of organizational culture on employee performance. While the specific objectives are;

- To determine the impact of organizational culture on employee performance in a manufacturing industry.
- To ascertain the factors that influence the employee performance based on organizational culture.

Research Questions: The following questions will guide the study.

- To what extent does organizational culture affect employee performance?
- What are the factors that influence employee performance in an organization?

Hypotheses: In order to answer the research questions and achieve the objectives of the study, the following non hypotheses were advanced and tested in the course of this study.

- There is no relationship between organizational culture and employee performance in a manufacturing industry.
- Organizational culture does not affect employee performance in a manufacturing industry.

MATERIALS AND METHODS

In this study, survey research design is adopted. Survey research design was chosen because the sampled elements and the variables that are being studied are simply being observed as they are without making any attempt to control or manipulate them.

The theoretical population of the study consists of the entire workers of the manufacturing companies in Enugu. For effective coverage and lower cost, stratified sampling technique was used to select the manufacturing industries. The industries were stratified into two strata based on the year they were established. Thus we have 'old' manufacturing companies and 'new' manufacturing companies. Five manufacturing companies were selected. Employees in selected companies were divided into three strata: management staff, senior staff and junior staff. A simple random sampling technique was used to select a total of 100 employees that constituted our sample size. It should be pointed out that limited financial resources at the researcher's disposal could not permit or allow for a greater sample size.

Every research work has a framework for collecting data. Its function is to ensure that the required data are collected accurately and economically. Primary method of data collection was used in this study. The primary data consists of a number of items in structured questionnaire that was administered to the respondents. The decision to structure the questionnaire is predicated on the need to reduce variability in the meanings possessed by the questions as a way of ensuring comparability of responses. The questionnaire is titled "the impact of organizational culture on employee performance". However, only 78 out of 100 respondents returned their questionnaire and were used for final analysis in this study. One important way of ensuring that we have used the right instrument and have taken correct measurement is that our outcome must be in consonance with two major criteria for measuring quality known as validity and reliability.

To ensure the validity and reliability of the questionnaire used for the study, even number of experts were consulted to look at the questionnaire items in relation to its ability to achieve the stated objectives of the research, level of coverage, comprehensibility, logicity and suitability for prospective respondents. A pilot test which took the form of test-retest method was conducted at the branches of selected manufacturing companies in Enugu State where 10 workers from each of the manufacturing industry were selected using purposive random sampling technique. The choice of Enugu for the pilot study was informed by the fact that it is the city where the researcher is living with a fair concentration of the branches of the manufacturing industry studied. The manufacturing industries include:

- Juhel Pharmaceuticals Nigeria Ltd
- Nigeria Breweries Plc

- Guinness Nigeria Plc
- Bulger Pharmaceutical Nigeria Limited
- Nigeria Bottling Company Plc

Data collected from the questionnaire were analysed, summarised and interpreted accordingly with the aid of descriptive statistical techniques such as total score and simple percentage. Chi-square was used to measure the discrepancies existing between, the observed and expected frequency and to proof the level of significance in testing stated hypotheses.

The formular of chi-square is:

$$X^2 = \frac{\Sigma(O - E)^2}{E}$$

Data Presentation and Analysis: The table above shows that 58 (74.4%) of the respondents are male while 20 (25.6%) of the respondents are female.

This information was sought about respondents' number of years of working in the organization as it will help to show how much the respondents know about the organization and its activities.

This table shows that 50.0% of the respondents have worked in the organization for less than 5yrs while 26.9% of the respondents have worked in the organization for 6-10yrs, 14.1% have worked in the organization for 16-20yrs and 9.0% of the respondents have worked in the organization for 11-15yrs.

The respondents were asked if organizational culture has impact on employee performance. Their responses are shown in the table below:

The table above shows that 57.7% of the respondents strongly agree and 35.9% of the respondents agree that organizational culture has impact on employee performance. Also, we have 3.8% of the respondents who are undecided, 1.3% of the respondents who strongly disagree and 1.3% of the respondents who disagree that organizational culture has impact on employee performance.

The respondents were asked if organizational culture determines the productivity level of the organization. Their responses are shown, in the table below:

From the table above, we can see that 48.7% of the respondents strongly agree that organizational culture determines the productivity level of the organization and then followed by 44.9% of the respondents who also agree, 5.1% of the respondents are undecided and 1.3% of the respondents only disagree that organizational culture determine the productivity level of the organization.

Table 1: Sex Distribution of Respondents Respondent sex

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Male	58	74.4	74.4	74.4
	Female	20	25.6	25.6	100
Total		78	100	100	

Source: Field Survey 2014

Table 2: Respondents number of years of working in the organization Respondent number of years of working in the organization

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Below 5yrs	39	50.0	50.0	50.0
	6-10yrs	21	26.9	26.9	-76.9
	11 – 15yrs	7	9.0	9.0	85.9
	16 – 20 yrs	11	14.1	14.1	100
Total		78	100	100	

Source: Field Survey 2014

Table 3: Does Organizational Culture have impact on Employee Performance? Organizational Culture has effect on employee performance

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly Disagree	1	1.3	1.3	1.3
	Disagree	1	1.3	1.3	2.6
	Undecided	3	3.8	3.8	6.4
	Agree	28	35.9	35.9	42.3
	Strongly Agree	45	57.7	57.7	100
Total		78	100	100	

Source: Field Survey 2014

Table 4: Does Organization Culture Determine the Productivity Level of the Organization? Organizational culture determines the productivity level of the organization

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Disagree	1	1.3	1.3	1.3
	Undecided	4	5.1	5.1	6.4
	Agree	35	44.9	44.9	51.3
	Strongly Agree	38	48.7	48.7	100
Total		78	100	100	

Source: Field Survey 2014

Table 5: Are there factors that influence employee performance in an organization based on its culture. There are factors that influence employee performance based on organizational culture

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly Disagree	2	2.6	2.6	2.6
	Disagree	6	7.7	7.7	10.3
	Undecided	9	11.5	11.5	21.8
	Agree	38	48.7	48.7	70.5
	Strongly Agree	23	29.5	29.5	100
Total		78	100	100	

Source: Field Survey 2014

In this study, researcher also sought to know the respondents view on if there are factors that influence employee performance in an organization based on its culture. Their responses are shown in the table below:

From the table above, 48.7% of the respondents agree, 29.5% of the respondents strongly agree, 11.5% of the respondents are undecided, 7.7% of the respondents

disagree and 2.6% of the respondents strongly disagree that there are no factors that influence employees job performance based on culture.

The researcher sought to know the respondents view on if there is a positive relationship between organizational culture and organizational productivity. Their responses are shown in the table below:

Table 6: Any positive relationship between organizational culture and organizational productivity? There is a positive relationship between organizational culture and organizational productivity

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly Disagree	3	3.8	3.8	3.8
	Disagree	6	7.7	7.7	11.5
	Undecided	6	7.7	7.7	19.2
	Agree	40	51.3	51.3	70.3
	Strongly Agree	23	29.5	29.5	100
	Total	78	100	100	

Source: Field Survey 2014

Table 7: Test of hypothesis one

	Observed (O)	Expected (E)	Residual (O-E)	(O-E) ²	(O-E) ² E
Strongly Disagree	2	15.6	-13.6	184.96	11.86
Disagree	6	15.6	-9.6	921.16	5.91
Undecided	9	15.6	-6.6	43.56	2.79
Agree	38	15.6	22.4	501.76	32.16
Strongly Agree	23	15.6	7.4	54.76	3.51
Total	78	78			56.23

Decision rule: Reject H₀ where x² calculated is greater than x² tabulated, otherwise, accept H₁

This table reveals that 51.3% of the respondents agree and 29.5% of the respondents strongly agree that there is a positive relationship between organizational culture and organizational productivity. On the other hand, we have 7.7% of the respondents who are undecided, 7.7% of the respondents who disagree and 3.8% of the respondents who strongly disagree that there is a positive relationship between organizational culture and organizational productivity.

Testing of Hypotheses: Hypotheses testing are very crucial in a research work because until a hypothesis has been tested and checked against available data, it is nothing more than a guess. There are various statistical tools that can be used for testing of hypotheses but this research work will be limited to the use of chi-square (x²) statistical tool.

The chi-square test is used in goodness of fit to assess whether a particular set of observation is sufficiently reliable for the purpose for which it is been collected. Chi-square involves calculating the probability that an observed value randomly picked from the population equals a normal curve frequency of the hypothetical population. Hence, the observed and expected set of frequencies will be compared and arranged in single columns.

Chi-square (x²) is calculated using this formula:

$$X^2 = \frac{\sum(O - E)^2}{E}$$

where:

Σ = Summation

O = Observed frequency

E = Expected frequency

Hypothesis 1:

H₀: There is no relationship between organizational culture and employee performance.

H₁: There is a relationship between organizational culture and employee performance.

$$\text{Calculated } (x^2) = \frac{\sum(O - E)^2}{E} = 56.23$$

Degree of freedom “d .o. f” = n - 1

where n = number of rows

Therefore, d.o.f = 5 - 1 = 4

Tabulated (x²) = At 0.05% level of significance, the tabulated value of x² for 4 degrees of freedom is 9.488.

Decision: Since the calculated x² is greater than tabulated x², we reject the null hypothesis (H₀) and accept the alternative hypothesis (H₁).

This indicates that there is relationship between organizational culture and employee performance.

H₀ Organizational culture do not affect employee performance and productivity.

	Observed (O)	Expected (E)	Residual (O-E)	(O-E) ²	(O-E) ² / E
Strongly Disagree	2	15.6	-12.6	158.76	10.8
Disagree	6	15.6	-9.6	92.16	5.91
Undecided	6	15.6	-9.6	92.16	5.91
Agree	40	15.6	24.4	595.36	38.16
Strongly Agree	23	15.6	7.4	54.76	3.51
Total	78	78			63.67

Decision rule: Reject H₀ where x² calculated is greater than x² tabulated, otherwise, accept H₁

$$\text{Calculated } (x^2) = \frac{\sum(O - E)^2}{E} = 63.67$$

Degree of freedom “d .o.f” = n - 1

where n = number of rows

Therefore, d.o.f = 5 - 1 = 4

Tabulated (x²) = At 0.05% level of significance, the tabulated value of x² for 4 degrees of freedom is 9.488.

Decision: Since the calculated x² is greater than the tabulated x², we reject the null hypotheses (H₀) and accept the alternative hypotheses (H₁).

This indicates that there is a positive relationship between organizational culture and organizational productivity.

Empirical Findings: Based on analysed data, the findings in this study include the followings:

- A large number of respondents (57.7%) strongly agree that organizational culture has impact on employee performance.
- 48.7% of the employees also agree that organizational culture determines the productivity level of the organization.
- This study further reveals that there is a positive relationship between organizational culture and employee performance. This is evidenced in the first hypothesis tested in which the calculated value of chi-square 56.23 is greater than the tabulated value of 9.488.
- There is also a positive relationship between organizational culture and organizational productivity. This also came from the second hypothesis in which the calculated value of chi-

square 63.67 is greater than the tabulated value of 9.488 which made us to accept alternative hypothesis two and reject null hypothesis two.

CONCLUSION

In this study, the researcher tried to look at the impact of organizational culture on employee performance with evidence from selected manufacturing industry.

Questionnaire were administered to respondents who were randomly selected from sampled industries to find out their opinions and views on whether organizational culture has an impact on employee performance.

What we deduced from this study is that organizational culture is very important in every organization and that it has positive impact on employee performance. Besides, organizational culture affects the level of organizational productivity in a positive way.

This study shows that there is a positive relationship between organizational culture and employee performance.

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