

ORGANIZATION CULTURE AND FINANCIAL PERFORMANCE OF FIRMS: A SURVEY OF THE NIGERIAN BANKING INDUSTRY.

NAME: Abigail Duopama-Obomanu.

Abstract

Banks in Nigeria are currently faced with competition and disruption, through globalization and advancement in technology, resulting in a move towards adopting strategies to remain profitable and achieve long-term value for stakeholders. Globalization and changes in current business models are compelling banks to constantly look towards operating models that emphasize the adoption of an organizational culture that requires individuals and groups to focus on customer service, deliver on targets, and remain ethical and compliant. This study, therefore, seeks to investigate how the organizational culture, of the sampled banks, affects their financial performance. The study adopted a mixed- method approach and drew a sample size of 352 from 22 banks in Nigeria. The study found that, among all the four dimensions of organizational culture including involvement, consistency, adaptability, and mission, there is a significant positive relationship only between the culture trait of involvement and financial performance. However, it showed that there is a positive relationship between the strength of the prevailing culture and financial performance. This is to establish that there is a significant positive relationship between culture strength and financial performance. Interestingly, while the study did not show any significant relationship among consistency, adaptability, mission, and financial performance, it found that when consistency and adaptability were moderated by culture strength, the relationship was significant. It was obvious that while the findings of the study showed that culture strength does not moderate the effect of all the dimensions of organizational culture on financial performance, it confirmed that the proportion of culture strength is dependent on the manifestation of a particular culture trait within a bank. Based on the findings, it is implied that managers should take a keen interest in increasing the involvement of their employees in the decision-making of their banks. Conversely, managers could maximize the effect of consistency and adaptability to achieve financial performance by making culture strength a necessary condition. This must, however, not be done in isolation from external adaptation and individual learning.

Keywords: Culture; organization; financial performance; learning; adaptability.