

THE ROLE OF CORPORATE CULTURE IN DETERMINING A COMPANY'S  
SUCCESS IN A COMPETITIVE ENVIRONMENT

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Abstract

*The need to establish a competitive edge has become inherent in the current business environment. This study identified a gap regarding the adoption and effectiveness of corporate culture on organizational performance. The researcher aimed to bridge the knowledge gap through the establishment of the mode of application and impacts of corporate culture in the business environment and further make sound recommendations. The study focused on the context of Nigerian firms, and the findings revealed a significant correlation between organizational culture and performance. Using survey research design, the researcher integrated 80 participants from the senior, middle, and lower level staffs of the selected organizations. The research hinged on two major hypotheses affirming the positive impacts of corporate culture on performance, employee attitude, and commitment levels. Hypotheses testing were done using the SPSS one sample t tests. The researcher concluded that whereas the Nigerian employees recognize the significance of organizational culture, the mode of implementation remains an imminent challenge. Recommendations dwelt on allowing employees the time to learn and integrate workplace culture and practices.*

*Keywords: Competitive edge, corporate culture, Employee attitudes, Employee commitment. Knowledge gap and Organizational outcomes*

Introduction

Corporate culture presents a basic success component in the current dynamic business environment. While innovations have led to the enactment of various strategic approaches to success, studies have emphasized the significance of corporate culture in boosting organizational performance to attain economic milestones (Rothenberg, Hull, & Tang, 2017). In defining corporate culture, Guo, Chan, and Xue (2016) described it as the set of values and norms strongly held and widely shared within an organization. Guo et al. (2016) noted that the corporate culture in most cases is neither spoken nor written but only culminates in the conduct of the organizational members. Despite the perceived impact of corporate culture, many organizations have failed to successfully adopt the approach to enhance productivity. Studies have shown mixed outcomes regarding the effectiveness of this approach in uplifting organizational performance (Carlos, Rodrigues, & Dibb, 2014). As

such, while various companies consider this approach a significant element in attaining a competitive edge, others have consistently depicted a downward trend in its application. A contention, therefore, arises on the role of corporate culture in determining organizational success within the highly competitive business environment.

### **Background literature**

A plethora of literature has delved into the analysis of the role of organizational culture. Majority of the studies tend to focus on the formation and alignment of the culture to the corporate goals, vision, and missions. Guiso, Sapienza, and Zingales (2015) propounded that corporate culture has a strong attachment and alignment with the attitude, behavior, and performance of employees in the work environment. The study further postulated that organizational cultures often attempt to embrace various elements and attributes pertaining to employees, such as the diverse life experiences of every employee in the workplace (Oloko&Ogutu, 2017). Hickman and Silva (2018) also noted that the effectiveness of corporate culture commences from the topmost management, which transfers the influence to the lower hierarchies. Some of the major components of organizational culture include group language, signs and symbols, work practices, success stories, decision-making, and overall strategies preferred by the members to compete within the business environment (Carlos et al., 2014). Given this background, organizations have increasingly embraced corporate culture as a competitive strategy to establish a topmost position in the diverse business environment.

Developing countries increasingly seek approaches to elevating their competitiveness within the global sphere. The impact of globalization on the international market has enabled third world countries such as Nigeria to operate in the higher economic realms and compete with other already established countries in terms of economic developments. With a GDP of \$405.1 billion, Nigeria ranked 30 among the largest economies globally in terms of nominal GDP (Ahmad & Mohamed, 2017). The study also ranked Nigeria as 29<sup>th</sup> in terms of purchasing power. Such statistics show the gradual growth experienced economic system and its impact on the firms operating within the economy. Given this growth, internal market competitions have intensified with each company attempting to establish a competitive edge in the market (Cameron & Quinn, 2011). With growths in key sectors such as technology, marketing, communications, finances, and manufacturing, companies are increasingly stepping up strategies to strengthen their positions in the market.

Whereas studies have suggested multiple strategies that could enhance market competition, organizational culture stands out among the most effective and unexploited strategies in the Nigerian market (Ali, Said, Abdullah, & Daud, 2017). Studies have illustrated the consistent performance of specific firms in Nigeria and attributed the steadiness to various factors such as technology, motivation, healthy corporate culture, and strategic marketing among others. The element of corporate culture mirrors in the success stories of major firms such as Dangote Cement Company, Nestle Nigeria Plc, Guaranty Trust Bank, Zenith Bank, and Lafarge Africa Plc. Analysis of the company culture has shown a positive and consistent trend among employee patterns of communication, performance, behavior, leadership styles, and motivations among others.

Ali et al. (2017) while investigating the impacts of corporate cultures in the performance of firms in Nigeria noted that strong corporate cultures tend to achieve greater levels of effectiveness as compared to the weaker cultures that yield insignificant

outcomes. The study by Ali et al. (2017) further established that the effective organizational culture often develops through leadership approaches regarding the means of producing certain items. The formal and informal groups within the organizations often conform quickly to the corporate strategies thereby affecting performance (Denison, Haaland, & Goelzer, 2003). The study also noted that the nature of leadership communications and engagements has a direct impact on the formal and informal groups' actions, perceptions, and feelings that transform and evolve the work environment in conformity with the established culture.

The study by Ahmad and Mohamed (2017) equally attributed the successful integration of the technological approach to the strength of the corporate culture. According to their analysis, the majority of the successful companies such as the Guaranty Trust Bank have established a strong corporate culture related to technological integrations that enable the small groups and departments to accommodate the changes quickly. Given the above considerations, it is evident that the concept of corporate culture could yield a major impact on the organizational performance.

While numerous studies have pointed at the significance of corporate culture in organizational performance, others have exhibited the inability of certain firms to integrate corporate culture and boost performance successfully. A knowledge gap, therefore, exists on the application of the approach and its impact on performance. Nigeria is a growing economy with vast firms from multiple sectors gaining entry into the business environment. Studies such as Jamali and Karam (2018) attributed the entry of such firms to the intensifying competition within the market environment. As observed in the review of the various literatures, corporate culture remains extensively unexploited as the majority of Nigerian firms lack the knowledge and skills for integrating it into their systems. Whereas employees and organizations understand the significance of corporate culture, its applicability remains an inherent challenge to the majority of firms within the Nigerian context. The imminent knowledge gap in its application has elevated corporate culture into a significant element for the creation of a competitive edge within the business environment. The outcome of this study would bridge the knowledge gap on the application and impacts of corporate culture, and further suggest possible ways through which firms could successfully implement the strategy.

The rationale of this study aims at eliminating the existing knowledge gap in the application of the corporate culture approach. As articulated above, the Nigerian business environment faces intense competition with competing firms attempting to establish a competitive edge over the others. A plethora of studies has noted that despite the spirited efforts by various companies in Nigeria to adopt the corporate culture approach, the majority have failed due to the inability to find suitable ways of implementing the corporate culture approach (Jamali & Karam, 2018). With only a handful of companies successfully implementing the approach, the findings of this study would enlighten on the various approaches for effective implementation to yield significant outcome. It is envisaged that the outcome would eliminate the inherent marginalization of low performing firms from the market competition hence presenting an equal environment for all business to compete (Cox & Blake, 1991). The findings would further elevate the Nigerian businesses to implement the effective strategies and compete at the international levels.

### **Study Objectives**

- I. To investigate the impact of corporate culture on organizational performance among Nigerian firms.

- II. To investigate the impact of corporate culture on employee attitudes and commitment levels.

### **Hypotheses**

The study hinges on the two major hypotheses

*H1- A strong corporate culture has a positive impact on organizational performance in Nigerian manufacturing firms*

*H2- Organizational culture has a positive impact on employee attitude and commitment in Nigerian firms*

### **Methodology**

The study adopted the survey research design and targeted the manufacturing firms in Nigeria. The choice of manufacturing firms peg on their dominance within the business environment and forming a large section of the competing firms. Given a large number of companies, the research adopted the stratified sampling technique in selecting participating firms for the study. The study divided the firms into distinct strata based on their years of establishment and product categories. The researcher then selected two manufacturing firms from each of the strata to represent the entire population of the manufacturing firms. Stratified sampling technique was also applied in the selection of the study population. The employees' categories involved senior level management, middle-level employees, and the lower level employees. The researcher chose 30 respondents each from the senior levels and middle levels staff, with the lowest levels having 20 respondents. The total sample population stood at 80 participants. The researcher will not disclose the selected firms to preserve the integrity of their information. In calculating the sample size, the researcher utilized the formula

$$n = \frac{2(Z\alpha + Z1 - \beta)^2 \sigma^2}{\Delta^2}$$

Where  $\sigma$  – is the error standing at 5%

Z – Constant (2 sided 1.96) set by the power of the study

Data collection involved questionnaires administered to each of the respondents in their respective organizations. The researcher sought permission from the top management in each of the organizations to administer the questionnaires. Each participant was informed about the study scope, objectives, and duration and confirmed their willingness to participate by signing a consent form. The 80 respondents were issued with the structured questionnaires alongside the instructions on how to fill. Out of the selected sample population, 76 respondents returned their questionnaires. The researcher then sorted the questionnaires to confirm accuracy and proper use leading to the selection of 72 questionnaires; four of the questionnaires failed to meet the selection criteria. The study was conducted, data collected and tabulated; descriptive analysis aided in the description of the key research variables. The hypothesis testing was done using the Statistical Package for Social Sciences (SPSS) and T-tests.

### **Results/Data Presentation and Analysis**

This section focuses on the results of the primary data, its presentation, and further analysis. Special statistical tools such as Statistical Package for Social Sciences (SPSS) and T-tests provided the basis for data analysis to prove the study objectives. As articulated above, the total number of respondents stood at 80, upon return of the questionnaires,

only 76 provided valid data, and after further sorting, the final figure was 72. This depicts in table 1 below.

**Table 1: Respondent response rate**

Participants	Respondents	Respondent percentage (%)
Total distributed	80	100%
Not returned	4	5%
Returned	76	95%
Eligible for use after sorting	72	90%

The 90 percent response rate symbolized a good participant response to the study. Given the overwhelming responses, the data below represents the outcome of the questionnaires. The two-study hypothesis that guided the research includes:

*H1- A strong corporate culture has a positive impact on organizational performance in Nigeria manufacturing firms*

*H2- Organizational culture has a positive impact on employee commitment in Nigerian firms*

The questionnaires conformed to the study hypothesis.

**Table 2: Percentage of employees believing that corporate culture could affect organizational performance**

Valid responses	Response frequency	Percentage	Cumulative percentages
Yes	68	94.4	94.4
No	3	4.2	98.6
Not certain	1	1.4	100

From the above tabulation, it is evident that 94.4 percent of the participants strongly believed that corporate culture could have certain levels of impact on employee performance. 3 percent do not believe, and 1.4 percent had no idea.

**Table 3: findings on the positive impact of corporate culture on organizational performance**

Valid Responses	Response frequency	Percentage	Valid percentage	Cumulative percentages
Strongly Agree	22	32%	29.6%	29.6
Agree	42	58.3%	60.6%	90.2
Neutral	4	5.5%	6.0%	96.2
Disagree	3	4.2%	3.8%	100
Strongly Disagree	0	0	0	

The table 3 above presents the responses regarding the percentage of participants that believed that corporate culture has a positive impact on organizational performance. According to the findings, 58.3 percent and 32 percent of the respondents agreed and strongly agreed respectively that corporate culture has a positive impact on performance. A value of 4.3 percent of the study sample disagreed, while 5.5 percent expressed uncertainty.

**Table 4: Findings on the impact of strong organizational culture on employee attitude and commitment in Nigerian firms**

Valid Responses	Response frequency	Percentage	Valid percentage	Cumulative percentages
Strongly Agree	19	26.6%	26.6%	26.6
Agree	45	62.5%	62.5%	89.1
Neutral	2	2.7%	2.7%	91.8
Disagree	4	5.5%	5.5%	97.3
Strongly Disagree	2	2.7%	2.7%	100

Table 4 shows the responses to the effects of corporate culture on employee attitude and commitments. According to the responses, 62.5 percent and 26.7 percent agreed and strongly agreed respectively that a strong corporate culture yields a positive impact on employee attitude and commitment. Seven percent, on the other hand, disagreed that a strong corporate culture had any positive impact on employee attitude and commitment. The remaining 2.7 and 5.5 percent disagreed or did not have any idea of any impact.

**Hypothesis testing**

**Hypothesis H1**

The study hypothesis H1 was tested using both the parametric and non-parametric t-tests. The one sample statistical tests provided sufficient grounds for testing and accepting each of the hypotheses. The significance level of each of the hypotheses stood at 0.000, an implication that the positive hypotheses are true. The statistical tables below reveal the one sample tests conducted to determine the suitability of each hypothesis to the study.

**One Sample Statistics**

Hypothesis H1	N=72	Mean	Standard deviation	Standard error mean
Strong corporate culture has a positive impact on organizational performance in Nigeria manufacturing firms	72	2.03	0.974	0.126

**One sample test**

Hypothesis H1	T	df	Sig (2 tailed)	Difference in mean	The confidence interval of difference (lower)	The confidence interval of the difference (upper)
Strong corporate culture has a positive impact on organizational performance in Nigeria manufacturing firms	17.237	72	0.000	2.039	1.79	2.27

**Hypothesis 2 testing**

Hypothesis H2	N=72	Mean	Standard deviation	Standard error mean
Organizational culture has a positive impact on employee commitment in Nigerian firms	72	1.99	1.052	0.126

**One sample test**

Hypothesis H2	T	df	Sig (2 tailed)	Difference in mean	The confidence interval of difference (lower)	The confidence interval of the difference (upper)
<i>Organizational culture has a positive impact on employee commitment in Nigerian firms</i>	15.872	72	0.000	1.826	1.73	2.16

**Discussion**

The above findings attempt to answer the research question on the impacts of corporate culture on employee performance. The above responses and statistical figures reveal the outcome of the study. The participants' response to the study stood at 90 percent, with 94.4 percent of the population expressing belief that indeed corporate culture has certain levels of impact on organizational performance while the remaining percentage either had no idea or disagreed. Whereas a large percentage of the study population believed on the impact of organizational culture on performance, 58.3 and 32 percent expressed their belief that organizational culture had a significant impact on the performance. Employee attitude emerged as a significant element in corporate culture as it determined the level of engagement in an organization. Considering the findings, 62.5 percent and 26.7 percent agreed and strongly agreed respectively that strong corporate culture has a major impact on organizational performance. As such, the primary results point to a strong correlation between corporate culture and organizational performance. A substantial section of the respondents believed that strong corporate culture has a significant impact on the organizational performance.

In hypothesis testing, the analysis delved into both the parametric and non-parametric t-tests. The researcher used single sample statistics and single sample tests to authenticate each of the hypotheses. In the hypothesis H1, a mean of 2.03 on a scale of 1 Strongly agree, 2 Agree, 3 Neutral/Indifferent, 4 Disagree, 5 Strongly disagree revealed that a large portion of the sample population attributed organizational culture has a given influence on corporate performance. On the one sample test in H1, a two-tailed test was used with the d.f standing at 72-1. As such, the statistical value of the figure 0.05 at 70 degrees of freedom was 1.89. The calculated value of 17.237 proved greater than 1.89 leading to the acceptance of the alternative hypothesis. This proves that corporate culture has a strong correlation with performance.

In hypothesis 2, H2 testing the one sample test statistics gave a mean of 2.03, a depiction that a large portion of the respondents believed that corporate culture has a significant impact on employee attitude and commitment. This proves the existence of a

correlation between the attitude and commitment to corporate culture. The one sample test utilized a two-tailed test having a d.f of 72-1. In this context, there was a statistical value for t at the point 0.05 with a free level of 70 degrees at 1.839. The calculated value was representing  $t = 15.872$ . Comparing the t value with the statistical value of 1.839, the calculated t value is higher, proving the existence of the correlation between employee commitment and attitude to corporate culture.

Thus, the findings confirm the postulation by Guo et al. (2016) that corporate culture is driven by the performance of employees within the organization. The responses to the employee attitude and commitment towards performance depict the contributions made by the same in levels of performance. The overwhelming portion of the participant response on the impact of corporate culture on performance supports the study hypothesis that indeed there is a significant impact. The responses on the strength of corporate culture on the levels of commitment and attitudes prove the Guiso et al. (2015) argument that the values constantly practiced by the employee's impact their attitudes and their levels of commitment to the organizational goals. This could as well imply that integrating strong values within the organizational culture and norms could result in a significant impact on employee performance. Transforming the values to become part of the company norms and culture cultivates the positive attitude towards the work environment, causing them to embrace the set values and goals hence achieving the intended purposes.

#### **Implications for Management and Recommendations**

The above findings reveal a strong correlation between organizational performance and corporate culture. The responses from the participants reveal that a large section believes in the power of corporate culture and that it inspires commitments, improves attitude, and in the long run boosts organizational performance (Guiso et al., 2015). The study identified a gap in the implementation of the corporate culture among companies in Nigeria. This study has demonstrated that a large percentage of the employees understand the significance of a strong corporate culture and the approaches taken by the organization to adopt the cultures could be the determining factors to their successful implementation. This approach boosts employee motivation levels, creates a sense of belonging, raises commitment and improves performance (Hartnell, Ou, & Kinicki, 2011). While the majority of organizations use rewards and other motivational approaches to boost performance, the corporate culture seems to have an intrinsic effect on performance (Witt et al., 2015). This makes it more effective and having long-term impacts compared to the other approaches. Based on the above perspective, a key recommendation to the organizations would be to ensure the gradual cultivation of positive behaviors within the organizational culture.

In terms of recommendations, the positive outcome of the organizational culture reveals its significance in performance. As Nigerian companies, increasingly seek a means of enhancing their competitive edge, the concept of corporate culture should strongly feature on the performance (Oloko & Ogutu, 2017). The concept should be adopted to establish a foundation upon which all the subsequent employees would confirm and further provide trends that would guide employee performance within the business environment. Besides, it is worth recognizing that as organizations often encounter people from diverse cultural backgrounds. The organizational culture would always be different from their cultures. As such, the organization should provide adequate time to enable them to adapt and understand the different cultures (Hartnell et al., 2011). The cultures should also be free of



bias to ensure uniformity among all members of the organization. This would ensure the creation of an environment that promotes productivity.

### Conclusion

The primary objective of this study was to examine the role of corporate culture in the determination of a company's success within a competitive environment within the Nigerian context. The study noted that akin to other developing countries in Africa, Nigeria exhibited a knowledge gap in the implementation of corporate culture in a bid to enhance performance. As the markets increasingly become dynamic, companies seek means to leverage their competitiveness within the market. The study further identified the existence of a research gap that majority of companies lacked the knowledge and skills to implement the strong corporate cultures. The background information and literature review proved the practicality of the issue and evidenced its application at both international and local levels (Rothenberg et al., 2017). The research also revealed that the majority of employees within the context of the Nigeria business environment believed in the strength of the corporate culture. The findings of this study, therefore, bridge the imminent gap that exists and proves that the concept could be applied to the manufacturing firms.

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