Identifying the Components of Organizational - Commercial Culture in the Refah Bank

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Abstract

Organizational culture is a kind of collective thought planning that has emerged in recent years as a dominant thinking in organizations. Since in the process of organizational culture management, first, it is necessary to know the existing organizational culture and then to achieve the desired culture, the reforms are implemented gradually and step by step, the purpose of this research is to identify organizational culture indicators and examine the current situation in the Welfare Bank of Iran. This research is applied in terms of purpose, a descriptive correlational in terms of nature and a survey in terms of method. Its statistical population is the employees of the Welfare Bank of Iran. The sample size was 344 people who were selected by stratified random sampling. We used a researcher-made questionnaire to collect information. We set up the organizational culture questionnaire in 9 factors and 42 sub-dimensions (indicators). The experts confirmed the formal and content validity of the questions. Cronbach's alpha coefficient was calculated to be higher than (0.7), which indicates the internal consistency of the items and the confirmation of reliability. In order to analyze the data, we used structural equation modeling using amos software. The results showed that the organizational culture measurement model including components (development of capabilities, ideals and goals, communication, coordination and cohesion, risk-taking, customer orientation, leadership style, employee rewards and promise) had a suitable goodness-of-fit. According to the calculated factor loads, the three questions had a factor load of less than 0.5; therefore, they were excluded from the analysis process. According to the results, we can say that in the population under study, the mean of organizational culture variable is above average (3) and is at the desired level (p-value <0.05).

Keywords: Leadership Style, Organizational Behavior, Organizational Culture, promise, Welfare Bank

Introduction

In a competitive and changing world, the question has always been how to explain the differences between organizational behaviors in different institutions? In other words, what factor has the most impact on the behavior of organizations? In answering this question, we have considered two aspects. The first aspect is psychological and refers to individual characteristics. Another aspect is the analysis of behavior and the organizational culture. Hence, personality is a central concept in psychological studies, and culture is the

hallmark of anthropological and ethnological studies. The concept of organizational culture is one of the basic concepts in organizational science and organizational behavior. This concept is rooted in anthropology and cognitive psychology (Ouchi & Wilkins, 1985).

In general, culture can be proposed in three senses. In the first sense, it has a popular aspect and is the factor that distinguishes human beings from each other. In other words, the cultural man is opposed to the non-cultural. In the second sense, the lexical one, culture means cultivating. In the third sense, culture is considered in terms of ethnology and anthropology, and for the first time, Taylor proposed it. Culture as a differentia distinguishes the human beings from other living beings. The third aspect of culture at the organizational level is the subject of the present research. Although in the early writings of scientific and administrative management, concepts such as spirit, the primacy of collective interests over the individual, are examples of the concept of culture, this concept was developed in the texts of organization and management after the studies of Elton Mayo and the human relations movement.

In the fourth edition of Leadership and Organizational Culture, Edgar Schein argues that organizational culture is a model of the fundamental assumptions that the group has learned in resolving issues of internal integration and external compliance. This pattern is so valid that it is passed on to new employees as the right way to perceive, think and feel difficulties. In his view, culture is a multidimensional structure and its analysis is harmful by considering only a few limited features and not paying attention to the dynamics and relationships between them (Schein, 2010).

Organizational culture is a set of ideologies, traditions, commitments and values in the organization that affect the performance of the whole organization to become a potential source of innovation, advancement and advantage. Generally speaking, according to studies conducted by individuals such as (Saffold, 1988) and (Afkhami & Farrahi, 2011), (Hazeri & Mehraein, 2002), (Hosseini & Danaeifard, 2012) and (Sanchez Canizares et al., 2007), we can say that the significant progress of successful organizations lies in the organizational culture of employees, their values and beliefs (Ahadi & Rahawi, 2004).

Organizational culture is a type of collective thought planning that has emerged in recent years as a dominant thinking in organizations (Balthazard et al., 2006). Many researchers have examined the significant role of internal processes such as organizational culture in innovation (Valencia et al., 2010). The importance of innovation at various (national, industrial, organizational and personal) levels has been firmly acknowledged. Organizations that have failed to innovate are at risk of losing their competitive advantage and stability (Naranji Valencia et al., 2010). Innovation is considered as an idea, practice or object that is accepted by another person or unit as something new (Fadiah et al., 2016).

(Mclean, 2005) argued that continuous innovation stems from an organizational culture that constantly creates experimentation and sense of accomplishment. Using the structural equation model in the analysis of the responses of 420 organizations in southern Europe with more than 25 forces, it was concluded that product innovation has a positive relationship with the culture of adhocracy and a negative relationship with the hierarchical cultures (Nourhazana et al., 2013). The more creative is the organizational culture, the more is its innovation. Organizational culture stimulates innovation in the organization through a series of influential factors. These factors include leadership, ideation, effective communication, intrinsic motivation, empowerment and trust (Stohr et al., 2012).

The interdisciplinary nature of organizational culture, the breadth of variables and their constituent factors and elements have led researchers in various fields to research in this field. About 70% of human resource and organizational behavior articles are directly or indirectly on the subject (Fischer, 2009). Foreign studies in the field of culture have been conducted in different countries and industries (Igo & Skitmore, 2006). Researchers have studied the Relationship between Organizational Culture and Intellectual Capital (Sanchez Canizares et al., 2007), Leadership Behaviors, Organizational Socialization and Organizational Culture (Taormina, 2008), Measuring Organizational Culture in Judicial and Punitive Organizations (Stohr et al., 2012), Relationship between Organizational Culture and Performance (Lee Jean & Tu, 2004), Development and Validation of Organizational Culture Scale (Westbrook et al., 2009), Dynamics of Cultural Change (Bryson, 2008), How Organizational Culture Affects Employees' Behaviors and Expectations (Balthazard et al., 2006), Relationship Organizational culture and creativity (Naranji Valencia et al., 2010), and the relationship between organizational culture and product innovation (Mclean, 2005).

According to the mentioned researches and since in the process of organizational culture management, first, it is necessary to know the existing organizational culture and then to implement the reforms gradually to achieve the desired culture, the aim of our research is to identify the indicators of organizational culture, examine the current situation and suggest working procedures to achieve the desired situation in the Welfare Bank of Iran.

Research Background

In a research, (Hajipour & Nazar Pourkashani, 2010), examined the organizational culture of the central headquarter of the Ministry of Health and Medical Education. The statistical population included all employees of the Ministry of Health (2200 people). 327 people were selected using Cochran's formula and stratified sampling method appropriate to the size. According to the research results, a strong organizational culture will lead to improved performance in the organization and alignment of individuals and activities. Therefore, given the uniqueness of each organization's culture and its significant role in the success of change programs and strategies, the human resource managers should take appropriate measures to improve communication within and outside the organization, promote teamwork and increase accountability.

In a research entitled "Assessing the current state of organizational culture according to the desired culture model: the application of a mixed approach", (Afkhami & Farrahi, 2011) have stated that the organizational culture of the bank is wholly in an acceptable position. In other words, Bank D currently has a relatively strong organizational culture from the point of view of the respondents. The value-oriented culture was in a better position than other aspects of organizational cultures. Strategy-oriented culture is secondary and law-oriented, human-centered and environment-oriented cultures are in the next ranks. The human-centered and environment-oriented culture at the last rank is considerable for the bank. In other words, the bank's attention to these two areas and the strengthening of related indicators is very important.

(Poor Kazemi & Shakeri Navai, 2004) conducted a research on Canadian tourism organizations entitled Restructuring Organizational Culture Recognition Relationships to Create Transformation. To create knowledge of existing organizational

culture, change organizational culture and management of organizational culture in Canadian tourism organizations, he has used interviews with managers and group discussions with experts and activists in the Canadian tourism industry. After recognizing these variables and examining them and identifying the culture of Canadian tourism organizations, he has described the change in organizational culture and the change management of organizational culture to achieve the desired organizational culture.

Methodology

This research is applied in terms of purpose, a descriptive correlational one in terms of nature and a survey in terms of method. The statistical population is the employees of the Welfare Bank of Iran. Given that we used the structural equation approach, we considered the sample size between 5 and 10 times more than the questionnaire questions (Valencia et al., 2010). This number can vary between 210 and 420 depending on the amount mentioned. Finally, we used 344 questionnaires as the basis for statistical analysis; they were selected by stratified random sampling. In order to collect data, we used a researcher-made questionnaire in the form of a 5-grade spectrum from I strongly agree to I strongly disagree. We set up the Organizational Culture Questionnaire in 9 factors and 42 sub-dimensions (indicators). The formal and content validity of the questions were confirmed by experts. To evaluate the reliability, we distributed the questionnaire among 30 statistical sample people in a pilot study. The calculated Cronbach's alpha coefficient according to (Table 1) was higher than (0.7) which indicated the internal coordination of the items and the confirmation of reliability.

Table 1. Reliability of research questionnaire dimensions

Dimension	Cronbach's alpha	Number of questions
Capacity development	0.700	5
Ideals and goals	0.754	5
communication	0.858	4
Coordination and coherence	0.740	5
Risk-taking	0.704	4
Customer-orientation	0.744	5
Leadership style	0.781	4
Employee rewards	0.740	4
Promise	0.873	6

In order to analyze the data, we used exploratory factor analysis and one-sample t-test using amos software.

Results

Question 1: What are the indices of organizational culture variable?

According to the indicators presented in (Table 2), we can say that the measurement model of organizational culture has a goodness-of-fit. According to the factor loads calculated in (Table 3), the three questions (1, 2 and 7) had a factor load of less than 0.5; therefore, they were excluded from the analysis process. In the factor analysis model, we used 7 covariance relations to improve the fit indices. The results of confirmatory factor

analysis in (Figure 1) show that the variables of organizational culture, namely the dimensions of coordination, coherence and customer orientation, explain 98% of the changes in organizational culture, respectively.

Table 2. Indicators of goodness-of-fit of organizational culture pattern

Index	Acceptable limit	Reported value
Normalized Chi-square (CMIN / DF)	Equal to or less than 3	0.067
Goodness-of-Fit Index (GFI)	Equal to or greater than 0.9	0.902
Modified Goodness-of-Fit Index (AGFI)	Equal to or greater than 0.9	0.877
Normalized Goodness-of-Fit Index (NFI)	Equal to or greater than 0.9	0.896
Incremental Goodness-of-Fit Index (IFI)	Equal to or greater than 0.9	0.913
Tucker-Lewis Index (TLI)	Equal to or greater than 0.9	0.903
Adaptive Goodness-of-Fit Index (CFI)	Equal to or greater than 0.9	0.912
Mean squared root of estimation error (RMSEA)	Equal to or less than 0.08	0.056

Table 3. Standard factor load and t values of questions on organizational culture

Structure	Question	Standardized factor load	t-value	p-value
Capacity development	1	0.373	832.5	0.001<0
	2	0.458	817.6	0.001<0
	3	0.540	640.7	0.001<0
	4	0.720	-	0.001<0
	5	0.512	–	0.001<0
Ideals and goals	6	0.597	879.9	0.001<0
	7	0.446	562.7	0.001<0
	8	0.677	-	0.001<0
	9	0.747	.990	0.001<0
	10	0.665	–	0.001<0
communication	11	0.698	411.11	0.001<0
	12	0.632	382.10	0.001<0
	13	0.657	775.10	0.001<0
	14	0.685	–	0.001<0
Coordination and coherence	15	0.678	959.10	0.001<0
	16	0.689	100.11	0.001<0
	17	0.662	746.10	0.001<0
	18	0.711	.393١١	0.001<0
	19	0.632	–	0.001<0
Risk-taking	20	0.747	367.11	0.001<0
	21	0.757	570.14	0.001<0
	22	0.759	624.14	0.001<0
	23	0.759	–	0.001<0
Customer-orientation	24	0.696	–	0.001<0
	25	0.711	596.12	0.001<0
	26	0.696	344.12	0.001<0
	27	0.715	673.12	0.001<0

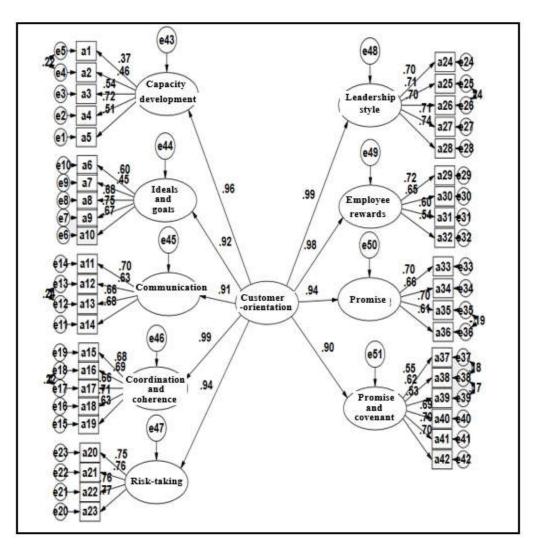|	28	0.741	111	0.001<0
	29	0.719	–	0.001<0
Leadership style	30	0.647	623	0.001<0
	31	0.602	804	0.001<0
	32	0.537	624	0.001<0
	33	0.698	–	0.001<0
Employee rewards	34	0.660	324	0.001<0
	35	0.700	898	0.001<0
	36	0.606	342	0.001<0
	37	0.546	–	0.001<0
	38	0.619	545	0.001<0
Promise	39	0.531	769	0.001<0
	40	0.686	197	0.001<0
	41	0.702	325	0.001<0
	42	0.699	302	0.001<0

Figure 1. Results of confirmatory factor analysis of organizational culture (standardized factor load)

Question 2: What is the status of organizational culture components in the Welfare Bank of Iran?

According to the results of (Table 4), we can say that in the population under study, the organizational culture variable is at the desired level (p-value <0.05). In other words, according to the mean obtained for this variable, we can say that the status of organizational culture in the population under study has been measured above the moderate level.

Table 4. A study of the status of organizational culture variable in the population under study

Mean	Standard deviation	Theoretical mean=3.00	
		t-statistic	p-value
3.41	0.57	13.32	0.001

According to the results of (Table 5), we can say that in the population under study, the employee reward dimension is not at the desired level (p-value <0.05). In other words, according to the mean obtained for this variable, we can say that the situation of this dimension in the population under study has been measured below the average level. The dimensions of capability development, ideals and goals, communication, coordination and cohesion, risk-taking, customer-orientation, leadership style and promise are measured at the desired level (above the moderate level) (p-value <0.05).

Table 5. A study of the status of dimensions of organizational culture variable in the population under study

Dimension	Mean	Standard deviation	Theoretical mean=3.00	
			t-statistic	p-value
Capacity development	3.48	0.71	12.57	0.001
Ideals and goals	3.54	0.62	15.97	0.001
communication	3.26	0.94	5.05	0.001
Coordination and coherence	3.14	0.67	3.80	0.001
Risk-taking	3.17	0.78	4.03	0.001
Customer-orientation	3.17	0.60	5.17	0.001
Leadership style	3.61	0.78	14.55	0.001
Employee rewards	2.98	0.83	-0.49	0.687
Promise	4.09	0.77	26.39	0.001

Discussion

If there is no strong culture in an organization, the behavioral values and excellence values of the organization will fall sharply and we cannot distinguish the appropriate behavior from inappropriate. A strong culture is that the values and goals of the organization are clearly considered and accepted by the individuals and the behavioral priorities are known well by them. A strong culture can replace the formal rules and regulations of the organization. It is very clear that one of the main results of having a strong culture is that

order and coordination are well formed in the organization; the staff turnover decreases and loyalty and commitment to the organization increases (Hajipour & Nazar Pourkashani, 2010). In such a culture, the raison d'etre of the organization is clear to employee. Having a strong culture by definition is a smart tool in leading the organization and can be of great help to the manager when needed. Accordingly, the impact of organizational culture on the life cycle of the organization is determined, so that the institutionalization of the organization causes employees and members of the organization to have a common understanding of what is appropriate and worthy. Therefore, when the organization becomes an institution, a certain pattern of behavior will be accepted by all members of the organization. This pattern of behavior can be seen everywhere in the organization. As can be seen, this is exactly the role that organizational culture plays. Therefore, knowing and understanding what makes the organizational culture and the way it is created and maintained, helps to better justify and predict the behavior of people in the organization (Hajipour & Nazar Pourkashani, 2010). Therefore, in the present article, while identifying organizational cultural indicators, we examined its status.

Conclusion

According to the results, we can argue that in the population under study, the organizational culture variable is at the desired level (p-value <0.05). In other words, according to the mean obtained for this variable, we can state that the status of organizational culture in the population under study has been measured above the average level. According to the results, we can say that in the population under study, the employee reward dimension is not at the desired level (p-value <0.05). In other words, according to the mean obtained for this

variable, we can say that the situation of this dimension in the population under study has been measured below the moderate level. The dimensions of capability development, ideals and goals, communication, coordination and cohesion, risk-taking, customer-orientation, leadership style and promise are measured at the desired level (above the moderate level) (p-value <0.05).

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