Organizational Culture and Employee Retention of Selected Commercial Banks in Anambra State

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Abstract: Every organization develops and maintains a unique culture, which influence the way employees think, feel and behave in the workplace. The competitive environment of business has changed not only in the business world but also in the mindset of the individuals that work in those organizations. Employees are ready to switch over whenever they are dissatisfied with any reason in the job. This paper therefore examined the nature of relationship that exists between organizational culture and employee retention with particular reference to three selected commercial banks in Awka, Anambra State. Descriptive survey research design was adopted and the research hypotheses were tested using the Pearson Moment Correlation Coefficient. The study worked with a population of 35 employees. The finding revealed that there is a significant positive relationship between innovative culture and the employee commitment in commercial banks. In conclusion, Idea generation, capability and risk taking are essential to high retention. It was recommended that banks needs to adapt their innovative strategies in order to meet the pressure set by competitors.

Keywords: Organizational culture, Employee retention, Innovative culture

INTRODUCTION
Background of the Study
Humans grow-up within a culture, that is part of day to day living and this is established firmly in them and they can identify with it. It is basically the environment in which the employees function to the best of their abilities and it influences every aspect of an organization. It is reflected in the way people perform tasks, set objectives and administer the necessary resources to achieve objectives. Culture can be significant liability for an organization, if it is not in alignment with mission, core values and operational strategy. Culture determine things like loyalty and commitment, how employees work and how far they are prepared to take risks [1]. The culture of organization has been affected by attitudes, norms and beliefs that lead to strong communication between employees. Organizational culture is an important recipe for the encouragement or discouragement of behaviours in organization [2]. It is serves as a link or bond between employees and organization. Ritchie [3], notes that, from the time of the earliest writers on organizational culture “it has been suggested that organizational culture affects such outcomes as productivity, performance, commitment, self-confidence, and retention. In addition, Deal and Kennedy [4] intimated that, organizational culture can increase or decrease employee retention rates in organizations because it affects commitment levels of employees in organizations. Individuals tend to be attracted to and remain engaged in organizations that perceive to be compatible.

Employees are the key resource of an organization and the success or failure of organizations depends on the brilliance or excellence of the culture (their ability to attract, and retain talented and competent employees). In order to gain competitive market advantage organizations should hire competent and talented employees. Retaining talented employees is highly important for the long-term growth as well as success of the business [5]. It is an effort by an organization to maintain a working environment which supports current staff remaining with the organization. The prime challenge for any bank is retention of the employees, as a result of increased competition in the market and for the fact that bank staff are ready to switch over whenever they are dissatisfied with anything on the job. There is certain reason for the employees to leave or stay in an organization which organizational culture is one of them. In addition, if employees are excited about the culture of an organization, they tend to become emotionally and psychologically attached to that organization [6]. The financial sector of any economy can be described as the heartbeat of that economy and central to that sector is the banking industry. The banking industry is one of the most booming industries in Nigeria and they help to increase the economic growth of Nigeria. In today’s competitive environment, commercial banks are continually seeking new ways to become more
longevity and success depend upon innovation, creativity and flexibility. To gain competitive advantage organizations have to be innovative and mangers have to search for employees with useful knowledge and motivate them to use it for the benefit of the organization. An innovative culture will thrive when it is ensured that these valuable employees remain with the organization. When these employees are not given the room to generate, share, and execute valuable ideas, they become less committed and may leave the organization, thus taking their knowledge and skills elsewhere. This leads to high employee turnover and thereby affect employee retention in the organization. This creates a problem for such organization as the collective ability of such organization is reduced. In the light of this, it is imperative to examine the nature of relationship that exists between organizational culture in terms of innovative culture and employee retention.

Objective of the Study

The broad objective is to examine the relationship between organizational culture and employee retention.

1) The specific objective is to examine the nature of relationship between Innovative culture and employee commitment of selected commercial banks in Anambra state.

For purpose of this study innovative culture was further decomposed into creativity, idea generation, capability/potential and risk taking.

Research Question

The following research question is raised to guide the study:

1) What is the nature of relationship between innovative culture and employee retention of selected deposit money banks in Anambra state?

Hypothesis

The following research hypothesis is formulated for the study:

H1: There is a relationship between innovative culture and employee retention

Scope of the Study

The study centered on organizational culture and employee retention in selected commercial banks in Anambra state. It examined the relationship between organizational culture and employee retention. It specifically focused on the nature of relationship between innovative culture and Employee retention (commitment). The three commercial banks selected were United Banks for Africa (UBA), First Bank Nigeria Plc., and Zenith Bank Plc.,.The unit of analysis was Staff (relationship managers) of these commercial banks. It is however important to note that there are other forms of Culture other than the one to be considered in this study.

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REVIEW OF RELATED LITERATURE

Conceptual Review

Organizational culture:

Various researchers have defined organizational culture. Culture as they relate to organization have been a topic of interest to researchers. Researchers have linked a culture in the organization with many different organizational behaviors. They have also recognized the correlation between culture of organization & employee retention. Ritchie and Michael [3], state that organizational culture affects outcomes like productivity, performance, employee commitment, confidence and ethical behavior. It is one of the components of the workplace environment that influences every aspect of organizational life.

Hofstede [10], identify organizational culture as the mindset of people that distinguishes them from each other, within the organization or outside the organization. This includes values, beliefs, and behaviors of the employee’s different from the other organization. O’Reilly and Chatman [11], defined organizational culture as a set of behavior, attitude and value that distinguish one organization from another. Organizational culture means stable arrangements of beliefs and norms, which are held commonly by a society or department in the organization [12].

Greenberg and Robert [13], defined organizational culture as a framework of values, beliefs, consisting of attitudes, norms; behavior of employees, and their expectations, which are shared within the organization by it is the members. In the words of Sinha [14], organizational culture can be defined as work related activities in the frame work of norms and values regarding work. Organizational culture is the behavior of humans who are part of an organization and the meanings that the people attach to their actions [15].

Therefore, Organizational culture reflects the norms, values, belief and attitude of members of the organization. It affects the way employees interact with each other, with clients and stakeholders. This is basically because it is the focal point that affects employee commitment and engagement in an organization. Culture of organization creates commitment beyond the personal interests and benefits [16]. Organizational culture gives a sense of identity to members in the organization. It is a normal way to guide people of what is expected of them at the work place.

Organizational Culture affects the way in which employee consciously or unconsciously think, make decisions and ultimately the way they perceive, feel and act [17-19]. This view was corroborated by researchers who intimated that, employees elect to commit their work-life to an organization psychologically and physically especially when the values of the organization are in alignment with theirs. Thus, culture is the most important hallmark of excellent companies [20]. Organizational culture is a combination of value system and assumptions which lead an organization to run its business [15].

Schein [19], view organizational culture as the prevailing climate and practices developed by the organization which affects how people are managed or relates to the espoused values system of the organization.

Collins and Porras [21], are of the opinion that organizational culture is a system of shared meaning held by members that distinguish one organization from other organizations. They believe that these shared meanings are a set of key characteristics, and that the organization values and the essence of an organizations culture can be captured in seven primary characteristics- They are: innovation and risk – taking, attention to detail, outcome orientation, People orientation, Team orientation, Aggressiveness and Stability. Dimensions of organizational culture differ from author to author. Ogbonna and Harris [22], christened the dimensions of organizational culture as: innovative, community, competitive, and bureaucratic cultures. For the purpose of this study, we focused on the innovative culture.

Innovation is the application of resources to create value for the customer and the enterprise by developing, improving and commercializing new and existing products, processes and services [13]. For innovation to take place, the climate, values and philosophy of an organization need to be oriented towards openness and employee encouragement [24, 25]. According to Al-salaymeh [26], Innovative culture is a set of procedures, processes and behavior that leads to improving the general atmosphere in the organization and activating the creative performance through motivating employees to solve problems and decisions in a more creative and unusual way of thinking. Innovation is all about changing the way organization do business, meeting customer demands or needs, embracing uses of technology. Innovative culture improves staff retention because employees like to work in challenging and innovative jobs that promote team work and problem solving. Robbins, Stephen and Mary [16], have identified three sets of variables that are responsible for stimulating innovation; Organization’s structure, organizations culture and HR practices. Employees are risk taker and innovative in their jobs if their organization have the culture of innovation. Innovation as an element of organizational culture helps to steer the organization to maintain competitive advantage. Therefore, innovation is central to building a proactive and entrepreneurial organization [27] that has become widely recognized as key to competitive success [28]. Organizational innovation culture is about driving growth, capability, idea generation, risk taking and collaboration of ideas [29]. Innovative culture empowers employees to be creative and more outspoken within a company. Odum, Boxx and Dunn [30], states that employee attitudes and behaviors is
enhanced by a culture exhibiting innovative characteristics.

**Employee Retention**

Employee retention is the ability to hold on to employees where an organization finds that it is losing valuable staff [31]. It is the ability of an organization to retain its employees in their workforce. Recent evidence by Raudenbush & Bryk [32], suggests that retention is very important for every organization. Cappelli [33], indicates that several factors are considered important in a well-functioning of employee retention. Cole [34], suggests that people stay at such companies where there is a sense of pride and will work to their fullest potential. Leaders should provide support to their staff because in most of the cases “People Don’t Leave Organization People Leave Managers” [55]. Employees prefer working in organizations with conducive working environment. They would be more productive if the relationship between themselves and also between them and the employer are bettered [35]. Selecting and retaining talented staff is key for any business success. Companies invest in their workforces when they pursue practices and develop programs that increase retention. Failing to make such investments, they might incur high cost of turnover. The dilemma of turnover needs to be overcome because it foists huge costs on both individuals and organizations [36]. Employee turnover show employees that have left the organization in a particular time period, if turnover is high it is not good for any organization because other employees who are working in the organization are affected and their morale and performance may decrease. Furthermore they may be influenced to quit the organization. Whether an organization manages to avoid turnover or not will largely depend on the availability of internal retention incentives as well as the organization’s propensity and ability to apply them [37].

Organizational commitment has been considered as one of the most important indicator of turnover and intention to leave. It was found that employees who were more committed to their organizations had lower intention to leave than those with lower organizational commitment [38, 39].

Organizations are always searching for talented employees and spent time and money on their employees for future return aspects. Factors like lack of skilled workforce, economic growth and employee turnover demand to devise policies to increase employee retention. Talented people who continue to develop skills and increase their value to an organization and to the customer are the most important resource. Employee retention is very important in the sense that if employees are allowed to leave an organization, they leave with intellectual property, relationships, Investments (in both time and money). Therefore, management should identify the reasons for frequent change of employment by employees and once this reason has been identified, management can then devise retention strategies that would help in keeping essential employees for a longer tenure.

**Theoretical Framework**

This study is anchored on organizational culture and effectiveness model by Dension [40]. The model argues that organizational culture is based on four traits namely; involvement, Consistency, Adaptability, Mission.

Involvement: is all about team work, empowerment and human capability at all level. People at all levels feel that they have at least some input into decisions that will affect their work and that their work is directly connected to the goals of the organization [41, 42]. Managers, executives and employees take active interest in work related activities and feel that they own a piece of the organization.

Consistency: Organizations also tend to be effective because they have “strong” cultures that are highly consistent, well-coordinated, and well integrated [43, 44]. Consistency is all about core values, agreement, coordination / integration.

Adaptability: Adaptable organizations are driven by their customers, take risks and learn from their mistakes, and have capability and experience at creating change [45, 46]. Any organization that creates change will be able to read the business environment,
react quickly to current trends, and anticipate any future changes.

Mission: Successful organizations have a clear sense of purpose and direction that defines organizational goals and strategic objectives and expresses a vision of how the organization will look in the future [47-49]. When the mission of an organization’s changes, changes also occur in other aspects of the organization’s culture. Mission of the organization should be shared among employees to enable them contribute effectively to the achievement of organizational goals

Mission and consistency encourages/ promote stability while involvement and adaptability allows for change. The relevance of this theory to our study is that organization can get competitive advantage if management creates and maintain a culture with mission, culture that is consistent, well- coordinated, that allows employees a to take risks and learn from their mistake.

Empirical Review

Over time, numerous studies have investigated the relationship between organizational culture and employee retention.

Typically, Delle and Kumasey [2], Looked at, the influence of organizational culture on employee retention using four (4) selected banks in the Ghanaian service industry. Predictive correlational research design was used to examine the problem in this study. A convenient sample of 301 participants from four (4) banks was involved in the study. Standard regression and hierarchical regression analysis was conducted to test the hypotheses in the study. It was observed that organizational culture significantly and positively predicted employee retention in the Ghanaian banking sector. The findings obtained in the Ghanaian Banking sector show that organizational culture particularly one involving strong innovative, community and bureaucratic cultures were capable of making employees stay with their current organization than one with competitive culture.

Similarly, Saad and Hazoor [50], Investigated the effect of organization culture and job climate on employee retention in Pakistan. Data was collected from individuals in four banks and government employee who are living in government colonies in Pakistan. The regression test was used to check dependency of employee retention on predictor variables. The result of the finding indicate that employee retention depends more on the organizational culture variables (incentive program, union representation, co- worker social support and less on working hours and supervisory program).

Usha and Rashmi [51], Looked at the impact of organizational culture on employee retention at a cement plant in India. Data were generated through the questionnaire. The average mean score and percentage score of the overall of 18 items was computed. The finding shows that the retention policy at jaypee cement plant are fair enough and help in employee retention with the organization for longer period.

Habib, Aslam, Hussain, Yasmeenn and Ibrahim [52], Studied the impact of organizational culture on the job satisfaction, employees’ commitment and the retention of the employees in the organization. The research was based on primary data, and this research was conducted on the employee’s working in different organizations within territory of Multan region, Punjab, Pakistan. Data was collected through questionnaire. The sample consisted of 235 employees of different Organizations (MCB Layyah, U micro Finance Bank Layyah, Layyah Sugar Mill, Thermal Power Plant Muzaffar Garh, and NRSP DG Khan). The Correlation analysis test was applied through SPSS Software to test the hypotheses in the study. It was observed that the organizational culture has an impact on the staff retention in Markazi Province Gas Company and this can be the strong point for senior managers to have positive impact on staff behavior.

Michani, sadeghi and Michani [53], Investigated the relationship between organizational culture and staff retention. 350 questionnaires were distributed among the staff in Markazi Province Gas Company. The research hypotheses were examined through Friedman test, factor analysis, regression analysis and Fisher test, by SPSS Software. The finding is consistent with other results based on which it can be infered that the organizational culture has an impact on the staff retention in Markazi Province Gas Company and this can be the strong point for senior managers to have positive impact on staffing.

Maqsood et al [54], Examined the Human Resource (HR) practices that promote employee retention. Effective HR practices can reduce employee turnover and increase retention within an organization. This study focused on telecom sector of Pakistan. These practices are training and development, compensation and culture. A questionnaire was developed in this study with the help of literature to measure the identified HR practices and employee retention.

The sample size of this study was 250. Regression analysis was performed to analyse the data. The results of multiple regressions revealed a significant impact of HR practices on employee retention. The finding shows that Compensation and Culture has a positive relationship with employee retention.
Many of the studies have focused on organizational culture and its relationship with employee retention in countries like Ghana, Pakistan and India. They recognized organizational culture as an important instrument capable of making employees stay with their current organizations. None of the reviewed studies specifically examined innovative culture as an important factor of employee retention thus creating a gap which this study attempts to fill. This study bridges this gap by exploring the relationship between innovative aspect of organizational culture and employee retention in commercial banks in Anambra State in order to determine the extent to which the findings from earlier held similarly related studies are manifest within the Nigerian context with particular reference commercial banks in Anambra State.

**METHOD**

**Research Design**

This study employed the descriptive survey design. Organizational culture (Innovative culture) is the independent variable and employee retention of commercial banks is the dependent variable.

**Population of the Study**

The target population of the study is the staff (relationship managers) of United Bank for Africa (UBA), Zenith Bank Plc., and First Bank of Nigeria plc., in Awka, Anambra State. Thirty-five questionnaire were administered and complete enumeration was used for the study. There was no sampling technique since the entire population size was utilized.

**Method of Data Collection**

Data for the research were collected from primary source.

**Questionnaire Frequency Distribution**

<table>
<thead>
<tr>
<th>Question</th>
<th>SA</th>
<th>A</th>
<th>UN</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>I feel confident that my ideas are valued and are implemented quickly by my organization.</td>
<td>23</td>
<td>76.7%</td>
<td>6</td>
<td>20.0%</td>
<td>1</td>
</tr>
<tr>
<td>In my organization, employees are given room to (innovate) introduce something new.</td>
<td>19</td>
<td>63.3%</td>
<td>8</td>
<td>26.7%</td>
<td>1</td>
</tr>
<tr>
<td>I am periodically trained to update my skills.</td>
<td>18</td>
<td>60.0%</td>
<td>9</td>
<td>30.0%</td>
<td>-</td>
</tr>
<tr>
<td>My organization is a very dynamic entrepreneurial place, for which we (employees) are willing to stick out our necks and take risks.</td>
<td>20</td>
<td>66.7%</td>
<td>7</td>
<td>23.3%</td>
<td>3</td>
</tr>
<tr>
<td>I care about doing a good job.</td>
<td>20</td>
<td>66.7%</td>
<td>6</td>
<td>20.0%</td>
<td>3</td>
</tr>
<tr>
<td>I feel my work adds value to this bank.</td>
<td>19</td>
<td>63.3%</td>
<td>8</td>
<td>26.7%</td>
<td>2</td>
</tr>
<tr>
<td>I usually look forward to coming to work in my organization.</td>
<td>12</td>
<td>40.0%</td>
<td>6</td>
<td>20.0%</td>
<td>4</td>
</tr>
<tr>
<td>I would be very happy to spend the rest of my career with this bank.</td>
<td>23</td>
<td>76.7%</td>
<td>6</td>
<td>20.0%</td>
<td>1</td>
</tr>
</tbody>
</table>

**Sources of Data**

Data used for this study was primary data which was collected through the administration of questionnaire to the three focused bank. These banks are United Bank for Africa, Zenith Bank plc., and First Bank of Nigeria plc.

**Reliability Test**

This was done using Cronbach Alpha at 5% level of significance. Cronbach Alpha is the most Common measure of internal consistency (reliability). It is commonly used in determining if a scale is reliable.

**Table 1: Reliability Statistics**

<table>
<thead>
<tr>
<th>Cronbach’s Alpha</th>
<th>No of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>.724</td>
<td>8</td>
</tr>
</tbody>
</table>

Source: SPSS Ver. 22

The cronbach Alpha value was .724 which means that 72.4% of the variance in the scores is reliable variance.

**Method of Data Analysis**

Pearson Product Moment Correlation was used for data analysis. Correlation is a form of statistical analysis (test) used to find out the relationship between two or more sets of variables, one dependent and the other independent variables.

**DATA PRESENTATION AND ANALYSIS**

**Table 2: Schedule of Questionnaire Administered and Returned**

<table>
<thead>
<tr>
<th>Number of Questionnaire Administered</th>
<th>Number of Questionnaire Returned</th>
</tr>
</thead>
<tbody>
<tr>
<td>35</td>
<td>30</td>
</tr>
</tbody>
</table>

Source: Field Survey (2015)
Questionnaire Descriptive Statistics

Table 4: Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>I feel confident that my ideas are valued and are implemented quickly by my organization.</td>
<td>30</td>
<td>3.00</td>
<td>5.00</td>
<td>4.7333</td>
<td>.52083</td>
</tr>
<tr>
<td>In my organization, employees are given room to (innovate) introduce something new.</td>
<td>30</td>
<td>1.00</td>
<td>5.00</td>
<td>4.4333</td>
<td>.97143</td>
</tr>
<tr>
<td>I am periodically trained to update my skills.</td>
<td>30</td>
<td>1.00</td>
<td>5.00</td>
<td>4.3333</td>
<td>1.12444</td>
</tr>
<tr>
<td>My organization is a very dynamic entrepreneurial place, for which we (employees) are willing to stick out our necks and take risks.</td>
<td>30</td>
<td>3.00</td>
<td>5.00</td>
<td>4.5667</td>
<td>.67891</td>
</tr>
<tr>
<td>I care about doing a good job.</td>
<td>30</td>
<td>1.00</td>
<td>5.00</td>
<td>4.4667</td>
<td>.93710</td>
</tr>
<tr>
<td>I feel my work adds value to this bank</td>
<td>30</td>
<td>2.00</td>
<td>5.00</td>
<td>4.5000</td>
<td>.77682</td>
</tr>
<tr>
<td>I usually look forward to coming to work in my organization</td>
<td>30</td>
<td>1.00</td>
<td>5.00</td>
<td>3.5333</td>
<td>1.56983</td>
</tr>
<tr>
<td>I would be very happy to spend the rest of my career with this bank.</td>
<td>30</td>
<td>3.00</td>
<td>5.00</td>
<td>4.7333</td>
<td>.52083</td>
</tr>
<tr>
<td>Valid N (list wise)</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: SPSS Ver. 22

Test of Hypothesis

Hypothesis One:

H1: There is a significant positive relationship between innovative culture and employee commitment

Table 5: Correlations Result

<table>
<thead>
<tr>
<th></th>
<th>Innovative culture</th>
<th>Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovative</td>
<td>Pearson Correlation</td>
<td>.444*</td>
</tr>
<tr>
<td>Correlation</td>
<td>Sig. (2-tailed)</td>
<td>.014</td>
</tr>
<tr>
<td>N</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Commitment</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td>Correlation</td>
<td>Sig. (2-tailed)</td>
<td>.014</td>
</tr>
<tr>
<td>N</td>
<td>30</td>
<td>30</td>
</tr>
</tbody>
</table>

*.Correlation is significant at the 0.05 level (2-tailed).

Source: SPSS Ver. 22

Result Summary

Decision Rule: We accept the null hypothesis when the probability value (P-value) is greater than the alpha value, otherwise we reject.

Pearson correlation coefficient was computed to examine the nature of relationship that exist between innovative culture and employee commitment. From the table above, the Pearson Correlation result showed a value of .444** [positive] and p value (.014)< .05; thus we reject the null hypothesis and accept the alternate. We therefore infer that there is a positive significant relationship between innovative culture and employee commitment

SUMMARY AND DISCUSSION OF FINDINGS

The study sought to examine the nature of relationship that exist between organizational culture and the employee retention in commercial bank. The result shows that the innovative culture has a positive effect on employee retention (commitment). This is in line with result of Delle and Kumasey [2] who found that organizational culture particularly one involving strong innovative culture are capable of making employees stay with their current organization.

CONCLUSION

This study having examined the relationship between Organizational Culture and Employee Retention of selected commercial banks in Awka, established that there is a relationship between organization innovative culture (idea generation, capability and risk taking) and employee retention (commitment). Idea generation, capability and risk taking are essential to high retention organization. Employees want to stay with such organization for their career growth.

RECOMMENDATIONS

Based on the findings and conclusion, the study thus recommends:
1. Banks needs to adapt their innovative strategies in order to meet the pressure set by competitors.
2. Banks should, commit themselves to creating, enhancing and maintaining culture that encourages idea generation, allows employees to take risk, supports a collaborative idea management that encourages different department to working cross-functionally to identify and develop new innovation and solution as such culture may have the capacity to keep employees in their organization.

3. Managers can play an important role in building an effective organizational culture which draws employees rather than pushing them away.

REFERENCES


