Organizational Culture and Its Influence on the Performance of Nigerian Insurance Industry

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ABSTRACT
This study examined the influence of organizational culture on the performance of Nigerian insurance industry with specific reference to WAPIC insurance Plc. Structured questionnaires were used to collect data from the forty five (45) respondents through convenience sampling technique. Data were analyzed with the aid of Correlation and Linear Regression. Result showed that organizational culture dimensions were joint predictors of organizational performance (R² = 0.75; P = 0.000). The predictor variables jointly explained 75% of the variance of organizational performance while the remaining 25% could be due to the effect of extraneous variables. The study also established that organizational culture dimensions were independents strong predictor of organizational performance. Based on this, it may be suggested that the organizational culture can help stabilize the development of insurance industry and the improvement of the overall performance. Subsequently, the study recommended that management of WAPIC insurance Plc, should develop cultures that are well appreciated and consistent with the interest of the clients and employees in order to gain their commitment and retain them for the maximum periods.

Keywords: Organizational Culture, Power Culture, Role Culture, Achievement Culture

INTRODUCTION
Organizational culture has been an important theme in management and business research for the past few decades due to its effect and potential impact on organizational performance. The contributions of organizational culture to the firms’ growth in developed and developing countries have been acknowledged by professionals, researchers and scholars. According to Gray, Densten and Sarros (2003), organizational culture is used as a powerful tool that portrays many facets of a workplace as well as to quantify the way a business functions in today’s business environment. Studies have confirmed that organizational culture is not only able to change, guide and display but also give significant contributions by influencing the thought, feeling, interacting and performance in the organization (Ahmed, 2012). According to Kotter and Heskett (1992), organizational culture is conceptualized as shared beliefs and values within the organization that helps to shape the behavior patterns of employees. Gordon and Cummins (1979) defined organization culture as the drive that recognizes the efforts and contributions of the organizational members and provides holistic understanding of what and how is to be achieved, how goals are interrelated, and how each employee could attain goals. According to Agwu (2014), organizational culture provides a powerful mechanism for controlling behavior by influencing how we view the world around us. Organizations do not exist in a vacuum but in a specific culture or socio-cultural environment that influence the way their employees think, feel and behave (Agwu, 2014).

The insurance sector has been recognized as an alternative paradigm to economic growth and development in developed and developing economies. According to Sajuyigbe (2016), insurance is a pillar of economic growth and development of any nation. By implication, no country can experience a
meaningful development without the presence of formidable insurance industry (Sajuyigbe, 2016). It acts as mobilize of savings, a financial intermediary, a promoter of investment activities, a stabilizer of financial markets and a risk manager. Previous studies have shown that despite the adoption of organisational culture in most organisations to induce business performance, the resultant effect in terms of productivity is still low, due to the fact that human beings are not predictable. More also, the relationship between organisational culture and business performance in the insurance sector has remained largely unexplored; particularly in Nigeria. Studies confirmed that the sector only contributes 0.7% toward Gross Domestic Product (GDP) and the sector was ranked 62nd in the world, while South Africa was ranked 17th in the world with premiums of $51.6 billion (Sajuigbe, 2016). Salihu, Salihu, Rayyan and Musa (2016) argued that organizational culture has to be developed to provide support to an organization and bring continuous improvement. Equally, Nguyen (2014) reiterated that a strong culture creates good relationship among members as they share common understanding and interest, which in turn enhances organization performance.

Based on this background, this study intends to fill the gap in knowledge by focusing on the role of organizational culture in organizational performance with specific reference to Nigerian insurance industry.

Research Questions

The following research questions were the focus of this study:

i. To what extent does the power culture has effect on the performance of Nigerian Insurance industry?

ii. To what extent does the role culture lead to the performance of Nigerian Insurance Industry?

iii. To what extent does the support culture influence the performance of Nigerian Insurance Industry?

iv. To what extent does the achievement culture has impact on the performance of Nigerian Insurance Industry?

Objective of the Study

The general objective of this study was to examine the effect of organizational culture on the performance of Nigerian insurance industry. Other specific objectives are to:

i. To examine the effect of power culture on the performance of Nigerian insurance Industry.

ii. To determine the relationship between role culture and the performance of Nigerian insurance Industry.

iii. To assess the influence of supportive culture on the performance of Nigerian insurance Industry.

iv. To examine the impact of achievement culture on the performance of Nigerian insurance Industry.

Research Hypothesis

The following hypotheses were formulated for the study:

\( H_{01} \): Power culture has no significant effect on the performance of Nigerian insurance Industry.

\( H_{02} \): Role culture has no significant relationship with the performance of Nigerian insurance Industry.

\( H_{03} \): Support culture has no significant influence on the performance of Nigerian insurance Industry.

\( H_{04} \): Achievement culture has no significant impact on the performance of Nigerian insurance Industry.

Significance of the Study

The significance of the study is to improve understanding of the role of organizational culture in the achievement of organizational objectives in Nigerian insurance industry. The study also adds to literature on organizational culture in Nigerian insurance industry.
Theoretical Framework
The concept of organisational culture has attracted a significant amount of research since the 1980s. Before the concept surfaced in the literature, the concept of organisational climate was common in the organisational and management literature in the 1960s and 1970s. There is no fixed, universal definition or understanding for culture, and neither for organizational culture, there is no single definition for it. Naranjo-Valencia, Jiménez-Jiménez and Sanz-Valle (2016) saw organizational culture as the collective programming of the mind that distinguishes the members of one organisation from others. Chatman and Eunyoung (2003) also described it as a system of shared assumptions, values, and beliefs which guide people to be aware of appropriate and inappropriate behaviour. Robbins (2005) defined organisational culture as a system of shared meanings held by members of an organisation that distinguishes them from others. Therefore, organizational culture refers to norms, values and beliefs that the members of an organization maintain about rules of conduct, leadership styles, administrative procedures, rituals and customs.

Organizational culture according to Mobley, Wang and Fang (2005), is a less tangible factor determines source of competition outside quality, cost, technology, consumer service brand etc. Organizational culture are introduced to all employees once they are recruited, this helps them to be acquainted with the organisation and the happenings in the system (Fakhar, Zahid & Muhammad 2012). To Palmer and Hardy (2002), organizational culture can undermine performance, especially when such performance comes with arrogance, politics and bureaucracy, all of which can prevent organisations from identifying new directions and inhibit change. According to Alvesson (2002), organisational culture is behavioural regularities, that guides policies on how to best workers and customers are to be treated. That is, the organisational climate gives an overall feeling and this is portrayed in the physical layout, interaction process and the ways employees conduct themselves.

Dimensions of Organizational Culture
Previous studies have identified different dimensions of organizational culture, For instance, Aftab, Rana and Sarwar (2012) identified four organizational culture dimensions such as involvement, consistency, adaptability, and corporate mission. In another study, Sinha and Arora (2012) identified seven organizational culture dimensions such as innovation, communication, environment, humanistic workplace, commitment, systems, and result orientation. Similarly, Fakhar, Zahid and Muhammed identified five organizational culture dimensions such as customer service, employee participation, reward system, innovation & risk-taking, and communication system. Also, Al-Enezi (2011) identified six dimensions of organizational culture, such as performance appraisal, conflict resolution, leadership & team-work, training, quality, and finally mission, vision and values.

In another study, Ezekiel and Darius (2012) identified four organizational culture dimensions namely, involvement, consistency, adaptability, and mission. Also, Handy (1985) identifies four kinds of organisational culture as: Power culture, Role culture, Achievement culture and Support culture. Hellriegel, Slocum and Woodman (2001) also identified four types of cultures: bureaucratic culture, clan culture, entrepreneurial culture, and market culture in the same vein, Hua-Lin, Shih-Yun., Chun-Weilu, and Sheng-Hsu (nd) identify four dimensions: bureaucratic culture, innovative culture, Supportive culture and Effective culture.

In this study, power culture, role culture, supportive culture and achievement culture were adopted to measure organizational culture, because many scholars and researchers agreed that they are the best dimensions to measure organizational culture (Breneyah & Tetteh, 2016; Schein, 2010; Hofstede, 2011; Harrison & Stokes, 1993; Handy, 1985).

Empirical Review on the Relationship between Organizational Culture and Performance
Numerous studies have examined the relationship between organizational culture dimensions and performance of organizations in developed and developing countries, Nigeria inclusive, and they have mixed and controversial results. For instance, Aftab, Rana and Sarwar (2012) examined the impact of four organizational culture dimensions such as involvement, consistency, adaptability, and corporate mission
on role based performance. Results confirmed that involvement, consistency, adaptability, and corporate mission are positively related to work performance. Sinha and Arora (2012) also investigated the influence of organizational culture dimensions such as innovation, communication, environment, humanistic workplace, commitment, systems, and result orientation on the business performance of electric plant in India. Results indicated that all the seven dimensions have positive and moderate relationship with business performance.

In another study, Ooncharoen and Ussahawanitchakit (2008) examine and investigate the relationship between five dimensions of service culture (high-quality service, communicate openly and honestly, service responsiveness, service failure prevention, and service recovery) and organizational excellence. Authors selected the hotel business in Thailand. A total of 1000 mail surveys were sent to hotel managers, out of which 278 questionnaires returned and were valid for analysis. Results indicated that all service culture dimensions had a positive effect on organizational excellence. In the same vein, Fakhar, Zahid and Muhammed (2013) examined the impact of five organizational culture dimensions such as customer service, employee participation, reward system, innovation & risk-taking, and communication system on employee’s job performance of selected software houses in Pakistan. Results showed that all the five dimensions of organizational culture have significant positive impact on employee’s job performance at selected software houses in Pakistan. Also, Olanipekun, Aje and Abiola-Falemu (2013) investigated the impact of organisational culture on the performance of quantity surveying firms in Nigeria. The study reveals that organisational culture wields influence on the performance of quantity surveying firms in the areas of reward, stability, competitiveness, and performance orientation.

However, Al-Enezi (2011) measured perceptions of Kuwaiti government employees towards organizational culture and its impact on job performance. Six dimensions of organizational culture were studied: performance appraisal, conflict resolution, leadership & team-work, training, quality, and finally mission, vision and values. Results indicated that all six dimensions of organizational culture have not significantly influence job performance. Similarly, Ezekiel and Darius (2012) examined the impact of four corporate cultural variables namely, involvement, consistency, adaptability, and mission on employee commitment to the organization. Results showed that involvement and adaptability significantly correlated with commitment, while consistency and mission did not correlate with commitment. Hua-Lin, Shih-Yun., Chun-Weilu, and Sheng-Hsu (nd) also investigated the impacts of the corporate culture on organizational performance of Southern Science Park, Taiwan. The results showed that the bureaucratic culture, which requires standardized operations and procedures, have positive impacts on all the indices of organizational performance. By contrast, the innovative, supportive and effective cultures only have positive impacts on part of indices of organizational performance.

Definition of variables

**Power Culture** is a type of culture in which leadership resides in the person who is in charge, and rests on the leaders' ability and willingness to administer rewards and punishments.

**Role Culture** is a type of culture which is characterized by bureaucracy as work is coordinated by a manager or small number of managers at the top. In a role culture orientated organization, structures and systems give protection to subordinates and stability to the organization. The duties and rewards of employees' roles are clearly defined.

**Achievement Culture** is focused on the mission of the organisation and on completing the job. This culture uses the mission to attract and release the personal energy of its employees in the pursuit of common goals.

**Support Culture** is defined as an organization climate that is based on mutual trust between the individual and the organization. In such organizations, people are valued as human beings and are not just machines.

**Organization Performance:** This comprises the actual output or results of an organization as measured against its intended outputs. Performance is work results that achieved by someone or group in organization, suitable with the authority and responsibility, in effort to reach the organizational goals legally, not violate the law, and suitable with moral and ethics.
Model Specification and Analytical Technique
To evaluate the influence of organizational culture on organizational performance; mathematically, the model is expressed as follows:
Organizational Performance = f (Organizational culture).
Organizational culture is measured by power culture, role culture, support culture and achievement culture.
Therefore;
\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \mu_i \]  
where:
\[ Y = \text{Organizational Performance} \]
\[ X_1 = \text{Power Culture} \]
\[ X_2 = \text{Role Culture} \]
\[ X_3 = \text{Support Culture} \]
\[ X_4 = \text{Achievement Culture} \]
\[ \beta_0 = \text{intercept} \]
\[ \beta_1, \beta_4 = \text{Regression coefficient} \]
\[ \mu_i = \text{stochastic error term} \]

METHODOLOGY
Research Design: The descriptive survey was used for the study. Creswell (2003) argued that descriptive survey is when a group of people or items are studied by collecting and analyzing data from only few people or items considered to be a fair representation of the entire group, and the findings from the study is expected to be generalized to the entire population.
Population and Sampling
The population of this study constitutes all management and staff of WAPIC Insurance Plc in Lagos working in diverse positions in the company’s headquarters, and numbered sixty (60). A sample size of forty five (45) was chosen from the entire population using the convenience sampling technique. The study adopted the convenience sampling technique considering the availability and timely collection of data. The choice of this insurance company is based on the fact that is the oldest among insurance companies in Nigeria, and also it was rated the best in Nigeria recently by the leading global insurance rating agency based in the United States of America.
Research Instruments
The study used the organizational culture questionnaire and organizational performance questionnaire. The organizational culture questionnaire was developed and validated by Brenyah and Tetteh (2016). This scale was used to measure organizational culture dimensions. It is a Likert type scale anchored on 5-point rating scale. Its response format ranges from “Strongly agree” (5) to “Strongly disagree” (1). The Organizational Culture questionnaire consists of four items of power culture scale with reliability alpha coefficient of 0.79, a three-item role culture scale with alpha reliability coefficient of 0.77; a four-item support culture scale with alpha of .85, and three-item achievement scale with alpha of 0.80. The organizational performance questionnaire was developed and validated by the researchers. The instrument was rated on a five-point likert scale (‘1 = Strongly Disagreed through to 5 = Strongly Agreed’).
Reliability and Validity of the Instruments
The instruments used in this study were submitted to a panel of experts for validation. The scales were subjected to further item analysis as to determine their psychometric soundness. The reliability coefficients (Cronbach’s) are in the Table 1.
Table 1: Reliability Coefficients

<table>
<thead>
<tr>
<th>Scale</th>
<th>Reliability Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Culture Questionnaire</td>
<td>0.80</td>
</tr>
<tr>
<td>Role Culture Questionnaire</td>
<td>0.73</td>
</tr>
<tr>
<td>Support Culture Questionnaire</td>
<td>0.71</td>
</tr>
<tr>
<td>Achievement Culture Questionnaire</td>
<td>0.76</td>
</tr>
<tr>
<td>Organizational Performance Questionnaire</td>
<td>0.78</td>
</tr>
</tbody>
</table>

RESULTS AND DISCUSSION

Table 2, Pearson Product Moment Correlation Showing the Relations of Organizational Culture Dimensions and Organizational Performance

<table>
<thead>
<tr>
<th>Variables</th>
<th>X</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.Organizational performance</td>
<td>56.36</td>
<td>7.95</td>
<td>1.000</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Power Culture</td>
<td>16.17</td>
<td>2.27</td>
<td>0.58*</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Role Culture</td>
<td>1.53</td>
<td>0.56</td>
<td>0.49*</td>
<td>0.190*</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Support Culture</td>
<td>21.24</td>
<td>9.54</td>
<td>0.65**</td>
<td>0.128</td>
<td>0.052*</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>5. Achievement Culture</td>
<td>17.21</td>
<td>3.02</td>
<td>0.68**</td>
<td>0.140</td>
<td>0.050</td>
<td>0.079*</td>
<td>1.000</td>
</tr>
</tbody>
</table>

Table 2 presents the result of the relationship between and among organizational culture dimensions and organizational performance. Result shows that the relationship between power culture was positive and significant (r = 0.58*, P<.05). This result implies that power culture is major determinant of organizational performance. The relationship between role culture and organizational performance was positive and significant (r = 0.49*, P<.05). This result indicates that role culture play is a veritable tool to organizational performance. The relationship between support culture and organizational performance was also positive and significant (r = 065**, P<.05). This result means organizational performance emerged as a determinant of support culture. The relationship between achievement culture and organizational performance was also positive and significant (r = 068**, P<.05). This implies that achievement culture is an impetus of organizational performance.

Table 3: Multiple Regression Analysis Table Showing Organizational Culture Dimensions Prediction of Organizational Performance

<table>
<thead>
<tr>
<th>Model 2</th>
<th>B</th>
<th>T</th>
<th>Sig.</th>
<th>R</th>
<th>R²</th>
<th>Adj. R²</th>
<th>Sig</th>
<th>F- value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Culture</td>
<td>0.124</td>
<td>1.900</td>
<td>0.002</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Role Culture</td>
<td>0.097</td>
<td>1.111</td>
<td>0.016</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support Culture</td>
<td>0.167</td>
<td>1.515</td>
<td>0.009</td>
<td>0.866</td>
<td>0.75</td>
<td>0.72</td>
<td>0.000</td>
<td>1.617</td>
</tr>
<tr>
<td>Achievement Culture</td>
<td>0.155</td>
<td>0.914</td>
<td>0.040</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The result shows in Table 3 that organizational culture dimensions (power culture, role culture, support culture and achievement culture) were joint predictors of organizational performance ($R^2 = 0.75; P = 0.000$). The predictor variables jointly explained 75% of the variance of organizational performance while the remaining 25% could be due to the effect of extraneous variables.

Result also indicated that power culture ($\beta = 0.124; t = 1.900$) has positive and significant effect on organizational performance. This implies that power culture is a veritable tool for organizational performance. Finding of this study is corroborates with the findings of Brenyah and Tetteh (2016) that power culture is a strong predictor of organizational performance. Therefore, null hypothesis which states that power culture has no significant effect on the performance of Nigerian insurance Industry was not acceptable while alternative hypothesis is accepted.

Result also showed that role culture ($\beta = 0.097; t = 1.111$) has positive and significant effect on organizational performance. This indicates that role culture is catalyst for organizational performance. The study is consisted with Brenyah and Tetteh (2016) that role culture is major determinant of organizational performance. Therefore, null hypothesis which states that role culture has no significant effect on the performance of Nigerian insurance Industry was not acceptable while alternative hypothesis is accepted.

Result also revealed that support culture ($\beta = 0.167; t = 1.515$) has positive and significant effect on organizational performance. This implies that support culture is an alternative paradigm to organizational performance. This study is in agreement with Hua-Lin et al. (nd) and Brenyah and Tetteh (2016) that role culture is major determinant of organizational performance. Therefore, null hypothesis which states that support culture has no significant influence on the performance of Nigerian insurance Industry was not acceptable while alternative hypothesis is accepted.

Result also showed that achievement culture ($\beta = 0.155; t = 0.914$) has positive and significant impact on organizational performance. This implies that achievement culture is an alternative paradigm to organizational performance. This study corroborated with the findings of Brenyah and Tetteh (2016) that achievement culture is a predictor of organizational performance. Therefore, null hypothesis which states that achievement culture has no significant impact on the performance of Nigerian insurance industry was not acceptable while alternative hypothesis is accepted.

The implication of this finding is that, implementation of organizational culture may assist Nigerian insurance industry to achieve the vision to be the insurance industry of choice among emerging markets, noted for high market capacity, transparency, efficiency and safety, to attain the position of one of the 20 largest insurance markets in the world by the year 2020.

CONCLUSION AND RECOMMENDATION
This study examined the influence of organizational culture on the performance of Nigerian insurance industry with specific reference to WAPIC insurance Plc. The study established that organizational culture dimensions were independents strong predictor of organizational performance. Based on this, it may be suggested that the organizational culture can help stabilize the development of insurance industry and the improvement of the overall performance.

Subsequently, the study recommended that management of WAPIC insurance Plc, should develop cultures that are well appreciated and consistent with the interest of the clients and employees in order to gain their commitment and retain them for the maximum periods.

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