

Investigating the Relationship between Corporate Culture and Job Satisfaction in Financial Sector: Case for Banks

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Abstract

There is a consensus that organizational culture affects outcomes both for the organization and the individual. Researchers examined the impact of organizational culture on organizational commitment, job satisfaction, turnover and retention. Although it is generally accepted that organizational culture affects job satisfaction little empirical research has been

conducted to provide evidential support, especially in financial sector. This paper examines organizational culture's effect on job satisfaction in banking sector. We assume that organizational culture is the factor that influences job satisfaction and search the relationship between them. The research took place in Antalya with 102 respondents working in various banks located in Antalya.

Keywords: Organizational Culture, Job Satisfaction, Financial Sector, Banking

1. INTRODUCTION

Organizational culture is an important theme in the business and management literature as organizational culture is considered to have the potential to affect organizational and individual outcomes such as productivity, performance, commitment, self confidence, and job satisfaction, resulting organization's financial performance.

Although it is generally accepted that organizational culture affects job satisfaction little empirical research has been conducted to provide evidential support (Detert et al. 2000; Schein 1996). Researchers examined the impact of organizational culture on outcomes including organizational commitment, job satisfaction, and propensity to remain with (or leave) the organization (Shore et al. 1995; Tsui et al. 1997; Lee and Mathur, 1998; Brief, 1998; Shaw et al., 1998). The relationship between organizational culture and outcomes like commitment, job satisfaction, turnover and retention etc. is widely researched; however most of the studies have been conducted in the U.S.A, and in Anglo-American cultural context. Regarding this issue, the need to broaden the research of relationship between organizational culture and job satisfaction beyond the cultural boundaries of Anglo American countries arises (Choi et al., 2008). The study aims to research the link between organizational culture and job satisfaction in the banking sector, in Turkey.

1.1.Organizational Culture

Organizational culture is defined as "a pattern of shared basic assumptions invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration that have worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems" (Schein, 1992, p.9). It has also been defined as "the specific collection of values and norms that are shared by people and groups in an organization and that control the way they interact with each other and with stakeholders outside the organization" (Charles and Gareth, 2001). Organizational culture is a set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behavior for various situations. The paradigm, control systems, organizational structures, power structures, symbols, rituals and routines, stories and myths can be used to describe or have influence on organizational culture (Johnson, 1988). Although some authors claim that organizational culture is markedly different from organizational climate (Thumin, 2011), this paper approaches organizational climate and organizational culture to be similar, as if they are the different names of the same concept.

Effects of organizational culture on the outcomes both for the organization and the individual are widely researched, however there still remains blur because "the interrelationships among these aspects of organizational culture and employee outcomes are rather complex. For example, job stress has been identified as both directly and indirectly influencing employee

wellbeing and organizational commitment (Jamal, 1990; Mannheim & Papo, 2000; Tao et al., 1998), with well-being directly related to organizational commitment (Baba, Jamal, & Tourigny, 1998; Weaver, 2002). Whereas organizational commitment is a frequently identified predictor of job satisfaction (Freund, 2005; Yoon & Thye, 2002), there is some evidence of a reciprocal relationship between these employee outcomes (Farkas & Tetrick, 1989) with job satisfaction influencing organizational commitment as well as an interaction between job satisfaction and intent to leave, with organizational commitment (Popoola, 2005).” (Alinti Liora Findler, Leslie H. Wind, Michálla E. Mor Barak, *The Challenge of Workforce Management in a Global Society: Modeling the Relationship Between Diversity, Inclusion, Organizational Culture, and Employee Well-Being, Job Satisfaction and Organizational Commitment, Administration in Social Work, Vol. 31(3) 2007. P.69*).

1.2. Job Satisfaction

Job satisfaction can be defined as a pleasurable emotional state resulting from the appraisal of employee’s job, an affective reaction to employee’s job or an attitude towards employee’s job. Job satisfaction is recognized as a multifaceted construct that includes both intrinsic and extrinsic job elements, that is, employees expect their job to provide a mix of features (such as pay, promotion, or autonomy). Although, the range and importance of the preferences vary across individuals, job satisfaction is achieved when the accumulation of met expectations becomes sufficiently large (Egan et al., 2004). Leadership behaviors related to inspiring teamwork, challenging tradition, enabling others, setting examples, and rewarding high performance are found to have significant effects on job satisfaction, subjective fit with organizational culture has been established as a significant predictor of employee job-related attitudes like job satisfaction as well (Caplan et al., 1980).

Egan et al. (2004, p.284) suggest that “job satisfaction, as a work-related outcome, is determined by organizational culture and structure”. The relationship between organizational culture and job satisfaction is examined by Zavyalova and Kucherov (2010) and direct correlation between organizational culture and overall job satisfaction is found. Meeusen et al. (2011), also found relationship between organizational climate (organizational culture) and job satisfaction. Relationship between organizational learning culture, job satisfaction, and organizational outcome variables is studied in IT sector in the United States and found that learning organizational culture is associated with job satisfaction and turnover intention was found to be negatively influenced by organizational learning culture and job satisfaction (Egan et al., 2004). It is also stated in the study that job satisfaction is higher when promotion opportunities are higher.

One of the most current studies researching relationship between organizational culture and job satisfaction is performed by Khan et al. (2011) in the banking sector in Pakistan. Although results are found to depend on individual to individual, supervisor support and open communication are found to have effect on job satisfaction, whereas, rules and policies, rewards and benefits have no impact. Dirani (2009) studied organization culture, organizational commitment and job satisfaction in the Lebanese banking sector, however found no significant effect.

Relationship between organizational culture and job satisfaction is also studied in Turkey; Yahyagil (2005) researched organizational fit and work related attitudes of the employees (job satisfaction), Kök (2006) studied job satisfaction and organizational commitment, Duygulu and Eroğlu (2006) studied effects of organizational culture on job satisfaction in automotive

sector context, Gül et al. (2008) studied relationships between job satisfaction, organizational commitment, turnover and performance in health services.

2. MATERIALS AND METHODS

2.1. Sample and Research Instrument

Research data collection tool is developed using previous studies on organizational culture (20 items) and job satisfaction (23 items), all are 5 point Likert type items, and 10 demographics. Data is collected from banking sector employees, a total of 102 respondents are covered in the study. The study is limited to employees working in banks in Antalya.

Organizational Culture

There are two main perspectives in relation to the measurement of organizational culture, the quantitative and qualitative approaches (Su et al., 2009). The quantitative approach maintains that culture can be objectively determined and measured with numerous instruments having been developed to examine organizational culture (including the Culture Gap Survey (Kilmann and Saxton 1983), the Corporate Culture Survey (Glaser 1983), the Organizational Beliefs Questionnaire (Sashkin 1984), the Organizational Culture Inventory (Cooke and Lafferty 1989), and the Organizational Culture Profile (O'Reilly et al. 1991)). The qualitative approach assesses organizational culture through observation thereby facilitating a more detailed insight into the prevailing culture. This paper approaches organizational culture from quantitative point of view. The research instrument approaches organizational culture as a multi dimensional construct and aims to capture existence of training opportunities, relations with supervisors, colleagues etc. (Hofstede et al., 1990).

Job Satisfaction

Job satisfaction is also measured using the same approach used to measure organizational culture. The instrument used to measure bases on literature and assumes that the job satisfaction is a multi faceted concept, thus captures different dimensions related with job satisfaction (Gordon et al. 2010).

2.2. Validity and Reliability of the Measurement Instrument

In order to test reliability of the research scale Cronbach's alpha is calculated both for organizational culture and job satisfaction scales (Table 1 and Table 2). Cronbach's alpha value calculated for organizational scale is 0,899. Cronbach's alpha calculated for job satisfaction scale is 0,945. Both values calculated represent high reliability.

Table 1. Cronbach's Alpha for Organizational Culture

Cronbach's Alpha	N of Items
,899	18

Table 2. Cronbach's Alpha for Job Satisfaction Scale

Cronbach's Alpha	N of Items
,945	19

In order to ensure validity of the scales, previously validated scale items are adopted. To test construct validity of the scales we have conducted exploratory factor analysis. Rotated component matrix with varimax rotation is given in Table 3. Exploratory factor analysis demonstrate a five-dimension structure. Five dimensions explain %69,677 of the total variance. Dimensions are named as Supervisory, Advancement, Colleagues, Socialization and Fringe benefits.

Table 3. Factor Analysis for Organizational Culture Scale

Dimensions Items	Supervisory	Advancement	Colleagues	Socialization	Fringe benefits
Supervisory1	,855				
Supervisory2	,776				
Supervisory3	,740				
Supervisory4	,586				
Supervisory5	,582				
Advancement1		,830			
Advancement2		,780			
Advancement3		,644			
Colleagues1			,821		
Colleagues2			,703		
Colleagues3			,565		
Colleagues4			,537		
Socialization1				,736	
Socialization2				,715	
Socialization3				,630	
Socialization4				,622	
Fringe benefits1					,763

Fringe benefits2						,716
Variance Explained (%)	38,486	12,129	6,923	6,263		5,876

In order to ensure validity of the job satisfaction scale, previously validated scale items are adopted. To test construct validity of the scale we have conducted exploratory factor analysis. Rotated component matrix with varimax rotation is given in Table 4. Exploratory factor analysis demonstrate a three-dimension structure. Three dimensions explain %67,880 of the total variance. Dimensions are named as Overall Performance, Work security and Promotion.

Table 4. Factor Analysis for Job Satisfaction Scale

Dimensions Items	Overall Performance	Work security	Promotion
Overall Performance1	,848		
Overall Performance2	,813		
Overall Performance3	,792		
Overall Performance4	,610		
Overall Performance5	,588		
Overall Performance6	,565		
Overall Performance7	,548		
Overall Performance8	,528		
Work security1		,779	
Work security2		,769	
Work security3		,719	
Work security4		,657	
Work security5		,616	
Work security6		,571	
Promotion1			,849
Promotion2			,811
Promotion3			,743

Promotion4			,631
Promotion5			,565
Variance Explained (%)	52,016	10,024	5,840

In the following analysis the factor structure obtained using exploratory factor analysis are used. Arithmetic means of item scores are calculated for each dimension, and arithmetic mean values calculated are put into analysis.

2.3. Analysis

In order to examine organizational culture and job satisfaction relationship, regression analysis is conducted. As both constructs are multi dimensional, three regression equations are calculated for each job satisfaction dimension accepted as the dependent variable, and organizational culture dimensions as the independent variables.

Regression Analysis 1:

In order to examine organizational culture dimensions' effect on overall performance dimension regression analysis is conducted. Regression equation and regression analysis tables (Table 5 and Table 6) represent that regression equation is statistically significant at 0,001 level. R², which is interpreted as the variation explained by the regression equation is calculated as 0,525, represents a moderate explaining power.

Table 5. Determination Coefficient Calculated

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate
1	,724a	,525	,500	,59253

Table 6: Regression Analysis

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	37,192	5	7,438	21,187	,000
	Residual	33,704	96	,351		
	Total	70,896	101			

Table 7: Regression Equation Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	,709	,412		1,722	,088
Supervisory	,091	,108	,073	,844	,401
Advancement	,064	,085	,072	,756	,452
Colleagues	,358	,094	,395	3,812	,000
Socialization	,196	,096	,187	2,041	,044
Fringe_benefits	,127	,059	,182	2,152	,034

Regression equation 1: Organizational cultures effect on overall performance

$$\text{Performance} = (0,091)\text{Supervisory} + (0,064)\text{Advancement} + (0,358)\text{Colleagues} + (0,196)\text{Socialization} + (0,127)\text{Fringe_benefits} + 0,709$$

(0,401)
(0,452)
(0,001)
(0,044)

(0,034)
(0,088)

Regression equation examines the relationship between overall performance as the dependent variable and organizational culture dimensions (Supervisory, Advancement, Colleagues, Socialization and Fringe Benefits) as independent variables. Although regression equation is found to be significant, not all organizational culture dimensions have significant effect on overall performance. Thus, what regression equation tells us is that Colleagues (0,358, $p < 0,001$), Socialization (0,196; $p < 0,05$) and Fringe benefits (0,127, $p < 0,05$) have positive effect on overall performance. Colleagues' effect on overall performance is found to be having the most effect where socialization and fringe benefits have lower effects. The regression analysis can be interpreted as organizational culture has an effect on overall performance, however not all organizational culture dimensions have significant effect and not all dimensions have equal effect. Colleagues dimension is found to have the most effect on overall performance.

Regression Analysis 2:

In order to examine organizational culture dimensions' effect on work security dimension, regression analysis is conducted. Regression equation and regression analysis tables (Table 8 and Table 9) represent that regression equation is statistically significant at 0,001 level. R^2 , which is interpreted as the variation explained by the regression equation is calculated as 0,531, represents a moderate explaining power.

Tabl 8. Determination Coefficient Calculated

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate
1	,729a	,531	,507	,64748

Table 9. Regression Analysis

Model	Sum Squares	df	Mean Square	F	Sig.
Regression	45,657	5	9,131	21,781	,000b
Residual	40,246	96	,419		
Total	85,903	101			

Table 10. Regression equation coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	,939	,450		2,087	,040
Supervisory	-,085	,118	-,062	-,717	,475
Advancement	-,046	,093	-,047	-,493	,623
Colleagues	,590	,103	,592	5,757	,000
Socialization	,152	,105	,132	1,450	,150
Fringe_benefits	,153	,064	,199	2,377	,019

Regression equation 2: Organizational cultures effect on work security

Work Security= (-0,085)Supervisory +(-0,046)Advancement + (0,590)Colleagues + (0,152)Socialization + (0,153)Fringe_benefits + 0,939

(0,019) (0,475) (0,623) (0,001) (0,150)

Regression equation examines the relationship between work security as the dependent variable and organizational culture dimensions (Supervisory, Advancement, Colleagues,

Socialization and Fringe Benefits) as independent variables. Although regression equation is found to be significant, not all organizational culture dimensions have significant effect on work security. Thus, what regression equation tells us is that Colleagues (0,590, $p < 0,001$) and Fringe benefits (0,153, $p < 0,05$) have positive effect on work security. Colleagues' effect on work security is found to be having the most effect while fringe benefits have lower effects. The regression analysis can be interpreted as organizational culture has an effect on work security, however not all organizational culture dimensions have significant effect and not all dimensions have equal effect. Colleagues dimension is found to have the most effect on work security.

Regression Analysis 3:

In order to examine organizational culture dimensions' effect on overall performance dimension regression analysis is conducted. Regression equation and regression analysis tables (Table X and Table X) represent that regression equation is statistically significant at 0,001 level. R², which is interpreted as the variation explained by the regression equation is calculated as 0,351, represents a low explaining power.

Tabl 11. Determination Coefficient Calculated

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate
1	,593a	,351	,318	,85445

Table 12: Regression Analysis

Model	Sum Squares	df	Mean Square	F	Sig.
Regression	37,972	5	7,594	10,402	,000b
Residual	70,088	96	,730		
Total	108,060	101			

Table 13: Regression equation coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	,108	,594		,181	,857
Supervisory	,151	,156	,098	,965	,337
Advancement	,007	,123	,006	,058	,954

Colleagues	,252	,135	,225	1,860	,066
Socialization	,079	,139	,061	,567	,572
Fringe_benefits	,315	,085	,366	3,713	,000

Regression equation 3: Organizational cultures effect on promotion

$$\text{Promotion} = (0,151)\text{Supervisory} + (0,007)\text{Advancement} + (0,252)\text{Colleagues} + (0,079)\text{Socialization} + (0,315)\text{Fringe_benefits} + 0,108$$

(0,337)
(0,954)
(0,066)
(0,572)

(0,000)
(0,857)

Regression equation examines the relationship between promotion as the dependent variable and organizational culture dimensions (Supervisory, Advancement, Colleagues, Socialization and Fringe Benefits) as independent variables. Although regression equation is found to be significant, not all organizational culture dimensions have significant effect on promotion. Thus, what regression equation tells us is that only Fringe benefits (0,315, $p < 0,001$) have positive effect on promotion. The regression analysis can be interpreted as organizational culture has an effect on promotion, however not all organizational culture dimensions have significant effect. The only organizational culture dimension having effect on promotion is fringe benefits.

3.DISCUSSION

There are two main perspectives in relation to the measurement of organizational culture and job satisfaction; the quantitative and qualitative approaches. According to the quantitative approach, organizational culture and job satisfaction can be objectively determined and measured with instruments having been developed. On the other hand, according to the qualitative approach organizational culture and job satisfaction can be observed through observation. This paper approaches organizational culture and job satisfaction from quantitative point of view. The research approaches organizational culture and job satisfaction as multi dimensional constructs and aims to capture the relationship between them. The research proposes a model that job satisfaction is a consequence of organizational culture, thereby job satisfaction is considered as dependent, and organizational culture as independent variables. In order to test the relationship, regression analysis is conducted.

In order to demonstrate the relationship between organizational culture and job satisfaction, we have calculated three regression equations, one for each of job satisfaction dimensions. Analysis shows that organizational culture has statistically significant effect on job satisfaction, however, determination coefficients (R²) calculated do not refer to high explained variance. It may be possible to claim that organizational culture effects job satisfaction, but, factors other than organizational culture also effects job satisfaction.

The first regression equation researches the relationship between organizational culture dimensions and overall performance. Results support evidence for relationship between organizational culture and overall performance, however not all organizational culture dimensions effect job satisfaction. Meanwhile, dimensions having statistically significant

effect on job satisfaction has different levels of effects, either. Results show that colleagues dimension has the biggest effect on job satisfaction.

The second regression equation researches the relationship between organizational culture dimensions and work security. Regression equation is statistically significant, that organizational culture has effect on job satisfaction. But regression analysis results are surprising, that colleagues dimension's effect on work security dimension is found to be having the most effect while fringe benefits have lower effects. Colleagues dimension is found to have the most effect on work security. This finding can be interpreted as congruent with Turkish culture; Turkish culture is found to be not individualistic but collectivist that relationships have the main importance in their professional lives. We claim that employees depend on their colleagues for work security, in Banking Sector in Turkey.

The third regression equation researches the relationship between organizational culture dimensions and promotion dimension. Although regression equation is found to be significant, only Fringe benefits dimension have positive effect on promotion.

4.CONCLUSION

Organizational culture and job satisfaction are widely researched subject areas. However, the relationship between organizational culture and job satisfaction still supports surprising findings. The paper's findings suggest that colleagues dimension, which captures the relationships between people in the working place, has the most important effect on job satisfaction dimensions except for promotion dimension, which captures payment and promotion opportunities. Results can be interpreted as the job satisfaction of the employees working in the banking sector is effected mostly by their colleagues. Although colleagues dimension has the highest regression equation coefficients, fringe benefits dimension, which also captures payment/salary, is the only dimension having, weak but steady, effect on the entire job satisfaction dimensions. We conclude our study with the claim that although fringe benefits have an overall effect, colleagues dimension has the biggest influence on job satisfaction in the banking sector in Turkish society.

The study is limited with 102 respondents working in Antalya, in Turkey. Future studies should be performed with more respondents. Also, analysis results support evidence for existence of other than organizational culture having effect on job satisfaction, which should be considered in the future studies.

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