

## Organizational Culture and Organization Performance in Africa Economic Research Consortium

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### Abstract

Africa Economic Research Consortium has put in place structures that enable employees to be comfortable in the workplace by adopting competitive compensation practices and providing a good work environment for its employees to thrive. However, the low engagement metrics which stand at 43% are not equal to the organizational investment. The purpose of the study was to see how organizational culture affects organizational performance in Africa Economic Research Consortium. The study was anchored on Resource Base View Theory and used a case study research design. The population sample comprised 455 employees who work at African Economic Research Consortium. Self-administered questionnaires delivered over email were used to gather data. Data analysis was done using descriptive and regression analysis. The findings revealed a strong and positive relationship between organizational culture and performance ( $\beta=0.248$ ,  $p=0.003$ ). This study concludes that to improve organizational performance, organizational culture must support and be in accordance with the planned strategy and performance of employees' daily activities. The study recommends that firms should increase efforts to foster a positive corporate culture because culture is now a tactical instrument in the market for achieving long-term competitive advantage.

**Keywords:** *Organizational culture, organization performance, and Africa Economic Research Consortium*

### 1.0 Introduction

The effectiveness and efficiency with which an institution uses its resources to satisfy customers and achieve organizational goals are measured by organizational performance (Jones & George, 2003). Measuring effectiveness is very important so that the organization's management can evaluate the specific actions taken by companies and managers. However, this is not just an exercise, especially for companies with multiple goals such as customer loyalty, productivity, profitability and adaptability to an ever-changing environment, employee satisfaction, growth, and social responsibility. Compared to its competitors, the company develops and develops over the years (Sabina, 2009). The measurement of corporate performance, however, is a significant problem for science and practice. Efficacy, product quality, productivity, work-life balance, innovation, and profitability are the seven performance factors that, according to the Sink and Turtle model from 1989, interact in a complex way to determine how well an organizational system performs.

People can help a business develop or destroy its competitive edge by bolstering or deflating the organizational culture, claim Siddhanta and Roy (2010). To maintain employee engagement, their views and behavior must reflect the corporate culture. According to Garber (2012), people prefer to work for companies that have a good reputation, and this type of organizational culture should be encouraged since it increases organizational engagement because employees are proud of and contribute to the reputation. According to social exchange theory, a supportive work environment encourages employee involvement by creating a fair wage and income structure (Suharti & Suliyanto, 2012). Employee engagement rises when a company creates a culture that fosters a sense of belonging among its staff (Smith, Peter & Caldwell, 2016).

The African Economic Research Consortium (AERC) is a leading capacity-building organization dedicated to advancing research and education on information economic policy in sub-Saharan Africa. It was founded in 1988 to fill a glaring gap in economic policy analysis and research related to the need to strengthen postgraduate economics in sub-Saharan Africa. Its objective is to strengthen local capacity for objective, in-depth investigation of issues with economic governance in sub-Saharan Africa. Its main objectives are: to increase the capacity of local researchers to conduct policy-related economic research to promote the maintenance of this capacity in Africa; and promote its implementation in a political context.

The acquisition of highly trained and diversified people, together with enhanced retention tactics to retain competent staff, has attributed to the institution's rise in regional and global presence. The human resource function as a strategic function complements the overall business strategy and has in place strategies that boost employee performance. Despite the numerous initiatives that have been implemented, there are still challenges faced when it comes to employee engagement. The data shows that the engagement metrics stand at 43.2% which is low. There is a need to deploy more efforts to ensure that employees remain engaged and perform effectively to meet the demands of the evolving organization. People's feelings about their jobs are inextricably tied to their level of involvement and, eventually, their output (Holbeche & Springitt, 2003).

### ***1.1 Problem Statement***

Employee engagement is critical to firm performance because it motivates employees to work toward the organization's goals and objectives. Many businesses are considering layoffs, restructuring, and constant improvement to attain profitability and viability in the current economic climate (Statistics SA, 2017). Businesses need to promote positive employee engagement as a strategic tool for gaining a competitive edge to compete in the market. Enhancing employee engagement isn't simply about increasing productivity, according to Harvard Business Review (2013). According to a recent Gallup meta-analysis of 1.4 million employees, businesses with high levels of engagement produce 22 percent more.

Africa Economic Research Consortium has put in place structures that enable employees to be comfortable in the workplace by adopting competitive compensation practices and providing a good work environment for its employees to thrive. However, the low engagement metrics which stand at 43% are not equal to the organizational investment. Employee engagement as a strategic driver is yet to be explored to drive organizational performance and provide impact. Failure to explore this affects the institution because employees lack meaningfulness, the perception of work being worthwhile or important, lack of responsibility and accountability for one's effort, and the knowledge of the outcome of their work from a satisfactory perspective.

Most of the studies conducted have focused on different aspects that contribute to a positive work environment. The information spans diverse organizations which show there is a need to do more research on this topic. Muthika (2016) focused on employee empowerment, effective leadership, training, and development, and mentorship. Diagone (2017) focused on organizational performance with respect to the quality of relationships, quality of personnel, and quality of services. According to Namanga (2018), employee remuneration influences, work environment, training, and employee involvement as a factor in organization performance were all investigated. Mbaya (2011) explored reward and compensation principles to link employee performance. This research contributes to the existing literature and sought to determine how organizational culture affects organization performance at AERC.

## **2.0 Literature Review**

### ***2.1 Theoretical Review***

The study was anchored on the resource-based view theory. In organizational performance research, resource-based theory (RBV/RBT) is commonly employed (Innocent, 2015). RBV outlines the organization's unique resources and competencies, which distinguish it from competitors in similar industries. RBV also strives to provide an answer to the topic of how businesses might improve their organizational performance and get a competitive advantage over their competitors. RBV demonstrates that organizational success is based on the organization's internal qualities. Organizational capacity (internal knowledge and skill) and organizational assets (tangible and intangible) are internal elements (Chuang, 2012). According to RBV, an organization's resources include, among other things, its assets, talents, processes, managerial skills, technology resources, and knowledge resources (Barney, 1991). These assets and competencies have boosted organizational performance and provided the business with a competitive edge (Barney, 1991).

RBV aids companies in discovering their distinctive internal resources, enhancing organizational performance, and giving them a competitive edge (Hsu & Pereira, 2008). Further, the research highlights RBV's importance in a range of industries, establishing a correlation between an organization's internal resources and its success (Innocent, 2015). The company's distinctive internal resources and strategic organizational qualities that lead to great organizational performance and a competitive edge over competitors will now be referred to as organizational culture, organizational communication, and staff development possibilities (Ahmed & Othman, 2017; Innocent, 2015). The RBV of this study's recommendations and objectives state that organizational factors like organizational culture are unique organizational resources and highly valued elements that support the accomplishment of predetermined organizational goals like market leadership and excellence.

### ***2.2 Empirical Review***

Corporate culture and performance have been linked in several cross-sectional studies. This has been done in both major Western organizations (Deshpandé et al., 2013) and commercial organizations (Chahal, Dangwal & Raina, 2016). The relative relevance of organizational performance is a point of contention in the literature on organizational culture. A considerable favorable association between organizational culture and performance has been demonstrated in several prior research (Ozmen, & Eris, 2012; Altindag, Zehir, & Acar, 2011). The use of different tools in these structures is one of the key causes of the disparity in outcomes (Liu & Fu, 2011).

Some problems need to be addressed in this area, according to (Song & Jing, 2017). The same holds for a company's strategy and culture (Storey & Hughes, 2013). When organizational

strategy and culture are consistent, organizational processes are found to function more successfully than when they are not (Moorman, 1995). As a result, organizational culture plays a crucial role in determining the efficiency and performance of the company (Puapuni, 2016; Majid et al., 2016; Rauch et al., 2009; Nazir & Lone, 2008). Additionally, current research indicates that organizational culture affects performance in both direct and indirect ways (Puapuni, 2016; Sokro, 2012; Chuang et al., 2012).

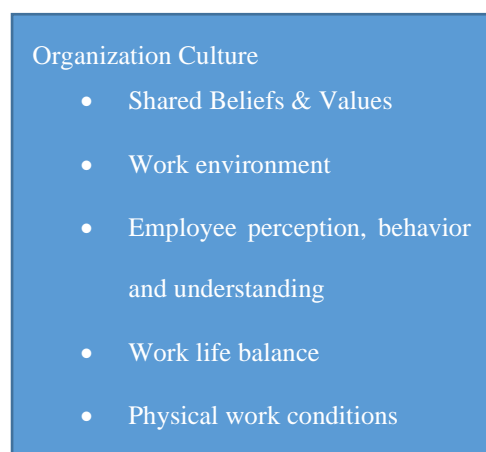
Despite the role of organizational culture, research demonstrates that there is still room for improvement in this relationship from both a philosophical and scientific standpoint (Weinzimmer et al., 2012; Sackmann, 2010). In the relevant literature, however, there is no firm evidence for this link (Uzkurt et al., 2013; Han & Verma, 2012; Hartnell et al., 2011). According to academics, a strong and positive corporate culture adopts initiatives that benefit the organization's employees and customers (Innocent, 2015). Employee behavior, organizational activities, and most crucially, organizational performance are all influenced by organizational culture (Naranjo-Valencia et al., 2016). Other studies have found a link between company culture and organizational involvement that is favorable (Majid et al., 2016; Azizollah et al., 2016).

Several studies have also looked at the role of organizational culture as a mediating factor (Kim et al., 2016; Majid et al., 2016; Pinho et al., 2014; Zaman et al., 2012; Chen, 2004; Abdul Rashid et al., 2003; Yousef, 2000). The accomplishment of the organization's vision and goals depends on understanding organizational culture. This has been proven in the previous study to have a major impact on organizational outcomes.

### 2.3 Conceptual Framework

The independent variable was organization culture, while the dependent variable is organization performance.

#### Independent Variable



#### Dependent Variable



**Figure 1: Conceptual Framework**

### 3.0 Methodology

The research used a case study research design to determine the effect of organizational culture on performance. The population sample comprised 455 employees who work at African Economic Research Consortium. Self-administered questionnaires delivered over email were used to gather data. The sampling technique used to gather useful information within the populations was complimented by the use of questionnaires and interviews. Data analysis was

achieved through descriptive and regression analysis. Ethical considerations were taken into account to ensure that respondents do not feel victimized for sharing their responses and providing objective feedback.

#### 4.0 Results and Discussion

##### 4.1 Reliability Analysis

**Table 1: Reliability Assessment**

Construct	Cronbach's Alpha	No. of items
Organizational culture	0.805	7
Organization performance	0.848	10

Table 1 indicates that organizational culture and performance had Cronbach Alpha coefficient greater than 0.7, and this implies that the items measuring the variables were reliable.

##### 4.2 Descriptive Analysis

##### Organizational Culture and Organizational Performance

Descriptive statistics data was collected using a Likert scale as follows: Very Great Extent =5, Great =4, Moderate Extent = 3, Little Extent =2, No Extent =1. Results for organizational culture are presented in Table 2.

**Table 2: Respondents' Responses on Organizational Culture and Organizational Performance**

Statement	No extent	Little extent	Moderate extent	Great extent	Very great extent	Mean	Std.Dev
I understand the organization's mission and vision.	20 (21.1%)	9 (9.5%)	19 (20%)	21 (22.1%)	26 (27.4%)	3.25	1.49
I know what behaviors are to be exhibited at work as I carry out my day-to-day work.	7 (7.4%)	0.00%	19 (20%)	20 (21.1%)	49 (51.6%)	4.09	1.18
Our way of doing things enables us to have a competitive edge over our competitors.	9 (9.5%)	6 (6.3%)	26 (27.4%)	25 (26.3%)	29 (30.5%)	3.62	1.25
Our mission statement gives meaning to the core values of the institution.	10 (10.5%)	5 (5.3%)	11 (11.6%)	24 (25.3%)	45 (47.4%)	3.94	1.33
I can maintain a reasonable balance between work and my personal life	6 (6.3%)	8 (8.4%)	13 (13.7%)	25 (26.3%)	43 (45.3%)	3.96	1.23



I would recommend working here to a friend	8 (8.4%)	9 (9.5%)	16 (16.8%)	22 (23.2%)	40 (42.1%)	3.81	1.31
My physical working conditions are good	5 (5.3%)	6 (6.3%)	16 (16.8%)	23 (24.2%)	45 (47.4%)	4.02	1.18

The study results show that 47(49.5%) of the respondents indicated that the vision and mission of the organization were clear to them to a great extent (mean=3.25, std. dev=1.49). This implied that the mission of the African Economic Research Consortium was not clear to more than half of the employees. In addition, the majority of respondents, 69 (72.7%), said they knew, to a large extent, what behaviors were expected at work as they went about their daily tasks (mean=4.09, std. dev=1.18). This implied that most employees of the African Economic Research Consortium were able to carry themselves rightfully within the organization. Further findings revealed that the majority of respondents, 47 (or 49.5%) indicated that their processes gave them a significant competitive advantage over their rivals (mean=3.62, standard deviation=1.25). As a result, it was claimed that African Economic Research Consortium was fiercely competitive. The majority of respondents, 69 (72.7%), said that the organization's mission statement helped them understand the institution's essential values in a significant way (mean: 3.94; standard deviation: 1.33). This implies that the African Economic Research Consortium's objective provides its staff with a clear understanding of the company.

The majority of respondents, 68 (71.6%), said that they were able to manage their personal and professional lives to a considerable level (mean: 3.96; standard deviation: 1.23). This implies that African Economic Research Consortium improves employee work-life balance. Results showed that the majority of respondents aged 62 (65.3%) said they would strongly advise their friends to work for the organization (mean: 3.81; standard deviation: 1.31). This suggests that the majority of African Economic Research Consortium employees were content with their working circumstances. The majority of respondents, 68 (71.6%), said that their physical working conditions were good to very good (mean=4.02, std. dev=1.18), according to the results. This infers that African Economic Research Consortium had created good working conditions for the employees.

### Organizational Performance

Descriptive statistics data was collected using a Likert scale as follows: Very Great Extent =5, Great =4, Moderate Extent = 3, Little Extent =2, No Extent =1. Results for organizational performance are captured in Table 3.

**Table 3: Respondents' Responses on Organizational Performance**

Statement	No extent	Little extent	Moderate extent	Great extent	Very great extent	Mean	Std. Dev
The work environment at AERC is favorable.	10 (10.5%)	2 (2.1%)	6 (6.3%)	28 (29.5%)	49 (51.6%)	4.09	1.27
This organization's beliefs, policies, processes, and systems,	10 (10.5%)	0	12 (12.6%)	26 (27.4%)	47 (49.5%)	4.05	1.26

as well as the manner it conducts business, satisfy me.							
Employees' performance is reviewed on an annual basis.	8 (8.4%)	4 (4.2%)	21 (22.1%)	26 (27.4%)	36 (37.9%)	3.82	1.23
I would still choose to work for my current employer.	9 (9.5%)	13 (13.7%)	15 (15.8%)	32 (33.7%)	26 (27.4%)	3.56	1.29
I can meet my annual goals and targets	7 (7.4%)	5 (5.3%)	12 (12.6%)	37 (38.9%)	34 (35.8%)	3.91	1.17
You have the right tools that allow you to be effective and productive at work.	9 (9.5%)	1 (1.1%)	11 (11.6%)	25 (26.3%)	49 (51.6%)	4.09	1.24
I am responsible for reaching particular objectives.	5 (5.3%)	4 (4.2%)	11 (11.6%)	20 (21.1%)	55 (57.9%)	4.22	1.14
The organization focuses on satisfying internal and external stakeholders	7 (7.4%)	6 (6.3%)	8 (8.4%)	24 (25.3%)	50 (52.6%)	4.09	1.24
I am present psychologically when I come to work	3(3.2%)	18 (18.9%)	29 (30.5%)	15 (15.8%)	30 (31.6%)	3.54	1.21
I am motivated and satisfied when at work	11 (11.6%)	23 (24.2%)	18 (18.9%)	19(20%)	24 (25.3%)	3.23	1.37

The findings indicate that 77(81.1%) of the participants noted that their work environment at AERC was favorable to a great extent (mean=4.09, std.dev=1.27). This infers that AERC ensured that their employee had a good working environment. Further, 73(76.9%) of the participants indicated that their organization's beliefs, policies, processes, and systems, as well as how it, conducted business, satisfy them to a great extent (mean=4.05, std.dev=1.26). This infers that AERC has a good organizational culture that favors the employees.

The findings indicate that 62(65.3%) of the participants indicated that employee performance is reviewed on an annual basis to a great extent (mean=3.82, std.dev=1.26). This infers that AERC reviews employee performance annually. In addition, results show that the majority of 58(61.1%) of the respondents indicated that they would still choose to work for their current employer to a great extent (mean=3.56, std.dev=1.29). This infers that majority of the AERC employees were comfortable with their organization. Further, results showed that a majority 71(74.7%) of the respondents indicated that they were able to meet their annual goals and targets to a great extent (mean=3.91, std.dev=1.17). This infers that most employees at AERC were effective in their jobs. In addition, 74(77.9%) of the participants indicated that they had the right tools that allowed them to be effective and productive at work to a great extent (mean=4.09, std.dev=1.24). This infers that AERC had equipped their employees with the relevant tools and equipment to carry out their jobs.

Further, 75(79.0%) of the participants agreed that they were responsible for reaching particular objectives to a great extent (mean=4.22, std.dev=1.14). This infers that the AERC employees were working towards achieving the organization's objective. Results also show that majority 74 (77.9%) of the participants indicated that the organization focuses on satisfying internal and external stakeholders to a great extent (mean=4.09, std.dev=1.24). This infers that AERC management minded the interest of their stakeholders. Further, 45(47.4%) of the participants indicated that they are present psychologically when they come to work to a great extent (mean=3.54, std.dev=1.21). This infers that AERC has enhanced the work-life balance of their employees. Results revealed that 45(47.4%) of the participants were motivated and satisfied when at work to a great extent (mean=3.23, std.dev=1.37). This infers AERC had focused on satisfying their employees which enhanced their performance.

#### 4.3 Regression Analysis

This section presents regression analysis results on the effect of organizational culture on performance at AERC.

**Table 4: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.719a	0.516	0.511	0.564715

a Predictors: (Constant), organizational culture

The correlation value (R) was 0.719. This suggests that at AERC, organizational culture, and organizational performance are strongly correlated. R squared was 0.516 as well. This suggests that organizational culture accounts for 52% of the variability in organizational performance at AERC. The study findings agreed with Basbous (2011) who found that to improve organizational performance, firms must focus on organizational culture.

**Table 5: Analysis of Variance**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.668	1	31.668	99.303	.000b
	Residual	29.658	93	0.319		
	Total	61.326	94			

a Dependent Variable: Performance

b Predictors: (Constant), organizational culture

The F statistic in Table 5 is 99.303, and the P-value associated with it is 0.000, which is less than the 0.05 p-value. Results indicate that organizational culture has a significant effect on organizational performance at AERC at a 95% confidence level. Results further reveal that the model was fit for further analysis.

**Table 6: Regression Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.198	0.273		4.382	0.000
	Organizational culture	0.704	0.071	0.719	9.965	0.000

a Dependent Variable: Performance



Organizational culture and performance have a positive and substantial link, according to the regression of coefficients ( $\beta = 0.248$ ,  $p = 0.003$ ). The findings do suggest that an increase in organizational performance of 0.248 units would follow a unit increase in organizational culture. These results were in line with those of Puapuni (2016), who discovered that organizational culture is a crucial organizational instrument that affects the efficiency and productivity of the organization.

## 5.0 Conclusion

Organizational culture had a favorable and substantial impact on organization performance. An effective and adaptable mission is viewed by AERC as having a strong and positive impact on performance. The implication is that organizational culture contributes significantly to positive change in organizational performance.

## 6.0 Recommendations

AERC management should put more effort into adopting a good organizational culture because culture has become a strategic tool in the market to achieve sustainable competitive advantage. In addition, AERC's leadership must also emphasize an organizational culture that supports the overall welfare of employees. This is because employees are an important asset for the organization and apart from working to ensure the organization achieves the desired goals, there are also career growth goals to be achieved.

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