

The Impact of Organizational Culture on Quality of Service: Applied Research in the Gulf Commercial Bank

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Abstract: The research aims to identify the types of cultures applied in the Gulf Commercial Bank as well as the effect of the organizational culture of all types bureaucratic culture, clan culture, entrepreneurship culture and market culture on the quality of service with its subsidiary dimensions reliability, responsiveness, Assurance, empathy, tangibility. In order to achieve the objective of the research, a questionnaire was prepared for each variable. The number of paragraphs for the first variable was 12 and the questionnaire was distributed on the employees at the bank. The number of paragraphs for the second variable was 15 and the questionnaire was distributed on the bank customers to determine their opinions about the quality of service provided by the bank. The number of the distributed forms is (30). The statistical data were processed and the results were analyzed in light of the outputs of the statistical program SPSS. The most important findings of the research were the existence of a strong relationship between the variables and the hypothesis proved correct. The Gulf Commercial Bank applies the market culture in the first place. The entrepreneurship culture and the tribe culture attained a close proportion and does not differ significantly from the market culture while the bureaucratic culture received the lowest percentage. This indicates an increase in awareness in the application of modern cultures.

Key words: Organizational culture, bureaucratic culture, clan culture, entrepreneurship culture, market culture, quality of service, reliability, responsiveness, assurance, empathy, tangibility

INTRODUCTION

Banks are social systems open to the external environment in which important and influential elements can guide the behavior of business organizations and their culture. Thus, the understanding of this environment has become necessary for the success of banks, especially with the spread of private banks in the Province of Babylon which the Gulf Commercial Bank is considered one of them and achieving excellence is one of its goals. As such banks seek to retain their customers by improving their services in a way that is appropriate to the needs of customers and the real key to achieve this is by providing services that meet customer expectations (Quy et al., 2015). Customers have become able to choose the bank that offers a range of high-quality services compared to the rest of the banks (Santhiyavalli, 2011). The service organizations of all kinds are constantly seeking different ways or sources, so that, they can distinguish their offers compared to their competitors (Wijetunge, 2016). As such banks like other organizations face many challenges from competition an unstable environment as well as changes in customer desires. In order for the management to direct its strategy towards customers, it has to coordinate with

the organizational culture of the bank (Beidokhti and Ghaderi, 2011), especially, since, each organization has an independent organizational culture distinct from its competitors. Organizational culture has taken on great importance, since, 1980's when both Peters and Watermans issued the best selling book in search of excellence through the argument that organizations can be attributed to organizational culture if they focus on customer service. Since, then, organizational culture has become the interest of many researchers, studies and books. Researchers have found that there is a strong relationship between the organizational culture and the performance of organizations in terms of financial indicators, revenues and sales. Although, the organizational culture is almost invisible but has a significant impact on researchers and their behavioral patterns.

It is common knowledge that each organization has its own style and method in selling its products and services. These methods are the ones that have an impact on the quality of and they are derived from the organizational culture prevailing in the organization such as the values and beliefs of the management system (Guide et al., 1999), so, the organizational culture was relied on to be an effective way of facing the increasing local and international competition. The organization can

set the required behavioral patterns of the researchers as well as in training the newcomers to use the organizational culture as a way to achieve external adaptation (Racelis, 2010). Organizations seek to build a positive organizational culture that motivates employees towards commitment to work and helps to facilitate the process of coordination between workers while ensuring control of work in a manner that avoids conflicts and thus, provide high quality products. Therefore, it was necessary to study the types of organizational culture and its relationship and impact on quality of service. Successful implementation of quality management requires an appropriate institutional culture based on employee participation and granting authority (Nikolic and Nastasic, 2010). Organizational culture in organizations and institutions is derived from three sources. Values and beliefs of the incorporating directors of the organization. The experiences and lessons learned over the years of the group members. Values, beliefs and assumptions that are transferred to the organization by the new members. Despite the multiplicity of sources from which the organizational culture is obtained, the role the organization in corporators remains the main and fundamental role in establishing the rules and bases of organizational culture (Andish *et al.*, 2013).

Organizational cultural: Researchers differed in setting a definition for organizational culture as there was no agreed definition among researchers but most of them focused on assumptions, beliefs, goals and values shared by members of the organization (Racelis, 2010). Janicijevic (2013) defined it as a pattern of common values and beliefs that help individuals to understand organizational research and provide them with the behavioral rules conducted by the organization. Nikolic and Nastasic (2010) defined it as a model of values, assumptions and basic criteria developed by a group of workers or discovered and learned by dealing with problems of external adaptation and internal integration. Janicijevic (2013) defined it as a system of assumptions, values, standards and attitudes reflected in the codes developed by the members of the organization and adopted through mutual experiences that help them determine how they behave with people. Both Belias and Koustelios (2014) defined it as the result of a group of people living together with similar positions and attitudes and share specific rules with similar history and religion. Ahmed and Shafiq (2014) defined it, as the institutional standers and values that influence the workers in the organization. Habib *et al.* (2014) defined it as a group of beliefs, values and work methods which distinguish the organization from other organizations. Robbins and Judge

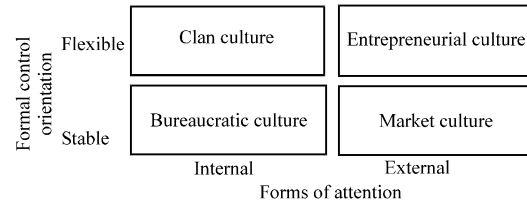


Fig 1: Types of organizational culture

(2013) defined it as a significant system followed by the members inside the organization which distinguish the organization from other organizations.

In the light of the above definitions, we can set a procedural definition that the organizational culture is a mix of institutional values, rituals and standers of performing work as well as the conducted behavioral rules in the organization which were made by the incorporators and the workers of the organization through their experience and through dealing with problems of external adaptation and internal integration to facilitate work and to present a performance distinguished from other organizations. The importance of organizational culture is highlighted by creating a frame of reference for the actions of employees based on the values and assumptions set by the founders, affecting the pattern of business performance within the organization (Janicijevic, 2013), achieve coordination and integration between organizational units in order to improve work efficiency, the existence of specific rules for the conduct of employees in order to research collectively and in order to determine how to deal with customers (Shahzad *et al.*, 2012). Transferring the sense of the identity of the organization to all its members, developing a sense of commitment among employees towards the public interest rather than personal interest, helping to achieve social stability within the organization (Robbins and Judge, 2013).

The organizational culture has many types and models presented by many researchers. These models differ according to the criteria used for the distinction between the types of organizational culture (Janicijevic, 2013) which the researchers tried to summarize (Belias and Koustelios, 2014). The model of competitive values presented by the two researchers Quin (1988), Hooijberg and Petrock (1993) includes 4 types as shown in Fig. 1 where this model has been extensively studied. The vertical axis shows the direction of control from stable to flexible while the horizontal axis represents the direction of attention from the inside to the outside. The model includes the following types:

Bureaucratic culture (internal attention and stability in control): This type of culture in organizations is based on the sequence of authority, rules, policies and procedures specified by the administration. This type is also characterized by the centrality of decision-making by higher authorities. Usually, the director in this type is authoritarian but some researchers tend to have this type because they ensure the hierarchy with strict regulation (Gibson *et al.*, 2012).

The clan culture (internal attention and flexibility in control): This type of culture in organizations is characterized by family status and its organizational structure is designed to support its members. The decision is unanimous and democratic (Millington and Schultz, 2009).

Entrepreneurship culture (external attention and flexibility in control): This type of culture is based on innovation, creativity and risk to achieve goals. This culture is also based on the searching for opportunities and exploiting them. It illustrates the culture of entrepreneurship because it is based on individual initiatives and research in a changing dynamic environment (Belias and Koustelios, 2014).

Market culture (external attention and stability in control): This type of culture focuses on the growth of sales and increase the market share of the organization as well as the focus on financial stability and profitability but the disadvantage in this type of culture is the lack of teamwork and cohesion and is based on the analysis of data (Millington and Schultz, 2009).

Quality of service: The interest of service organizations has increased with the increasing competition faced by service organizations, especially that the current customer has become more aware of the quality of service and its primary role in meeting its needs. Most organizations seek to maintain their customers as well as seek new customers by providing high quality products tailored to customer's needs as departments view customer needs as the driving force of departments (Aljasser and Sasidhar, 2016). Cudjoe *et al.* (2015) it as the standard difference between customer expectations and actual services. Many researchers have provided lists of quality of service standards but the most common model is provided by Al-Sayyed *et al.* (2015) which provided five-dimensional quality measurement tools (Titko *et al.*, 2013). The SERVQUAL Model was adopted in the study to assess the quality of service provided. This model is not limited to evaluating the service provided but also the method used in providing the service (Aljasser and Sasidhar, 2016). It includes the following:

Reliability: This standard represents the ability to provide services and scheduling in a reliable and accurate manner.

Responsiveness: This criterion is the extent to which employees respond to customer support and ability to provide very fast services (Titko *et al.*, 2013).

Assurance: This standard refers to ensuring that customers receive good services while ensuring the employee's behavior in addition to providing data to the customer per month which is clear and comprehensible as well as ensuring the safety of money.

Empathy: This criterion is the relationship between the Bank's employees and the bank's customers and clarifies the extent to which employees are open to customer's needs as well as the suitability of employee's working hours to customer conditions as well as the bank's position and proximity to customers and advice provided by employees (Kumar, 2016).

Tangibility: This standard refers to the tangible features, equipment and personnel that helps to create customer's impressions. The increasing interest in this indicator helps to retain customers and attract them to the bank (Al-Sayyed *et al.*, 2015).

MATERIALS AND METHODS

The banks have a mixture of workers from different environments who apply quality to the services provided to customers. As the organizational culture is an important part to ensure the success of banks in directing the behavior of the workers. Therefore, it was necessary to study the types of organizational culture and its relationship and impact on quality of service a questionnaire was prepared for each variable. The number of paragraphs for the first variable was 12 and the questionnaire was distributed on the employees at the bank. The number of paragraphs for the second variable was 15 and the questionnaire was distributed on the bank customers to determine their opinions about the quality of service provided by the bank. The number of the distributed forms is (30) all of the instruments were constructed on a 5-point Likert scale. The schematic design and its dimensions were designed within the framework of the research its objective. The components of the organizational culture were selected based on the model presented by Gibson *et al.* (2012). The quality of the service has been based on the dimensions that were used by El Saghier (2015), Aljasser and Sasidhar (2016) as shown in Fig. 2, therefore, the following hypothesis are introduced:

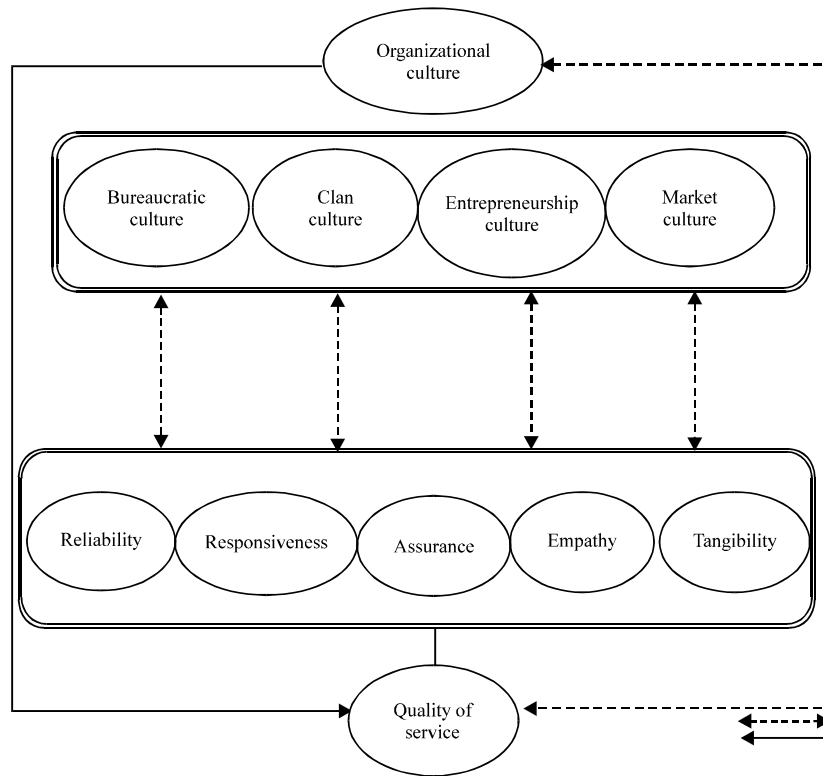


Fig. 2: Hypothetical schema

- H_1 : there is a significant correlation between organizational culture and quality of service
- H_{1a} : there is a significant correlation between the bureaucratic culture and the quality of service (reliability, responsiveness, assurance, empathy, tangibility)
- H_{1b} : there is a significant correlation between the clan culture and the quality of service (reliability, responsiveness, assurance, empathy, tangibility)
- H_{1c} : there is a significant correlation between the entrepreneurship culture and the quality of service (reliability, responsiveness, assurance, empathy, tangibility)
- H_{1d} : there is a significant correlation between the market culture and the quality of service (reliability, responsiveness, assurance, empathy, tangibility)
- H_2 : there is a significant effect relationship between organizational cultural and the quality of service

RESULTS AND DISCUSSION

In order to test the methodology of the research and to show the effectiveness of the default research plan and the validity of hypothesis, the study variables (organizational culture and quality of service) were

analyzed in this part. The frequency, arithmetic average and standard deviation were extracted as well as the correlation and effect relationship between the variables studied using the statistical program SPSS as from the interpretation of the data on the organizational culture variable which represents the bank employees point of view, we notice that the intensity of response is 73.4%, the arithmetic average is 3.67 and the standard deviation is 1.19. We also notice that the arithmetic average of all variables is >3% except that of the variable x^2 which is <3%. Table 1 shows order of organizational cultures according to relative importance.

Table 1 shows that the market culture has received the highest importance among the others as it reached 78.2% which means that it is the prevailing and applied culture within the bank under discussion based on the responses of its employees. That the entrepreneurship culture was ranked second in terms of importance and the clan culture was ranked third where there was a simple difference in the response intensity to the two types in the favor of the entrepreneurship culture. This indicates that the modern concepts are suitable for the rapid changes and that there is awareness of the successful cultures by the staff and by the bank manager. As for the bureaucratic culture, it was the fourth highest with 62.8%.

Table 1: Order of organizational cultures according to relative importance

Variables organizational cultures	Arithmetic average	SD	Percentage weight (%)	Classification
Bureaucratic culture	3.14	1.40	62.8	Fourth
Clan culture	3.81	1.04	76.2	Third
Entrepreneurship culture	3.82	1.18	76.4	Second
market culture	3.91	1.13	78.2	First

Table 2: Order of quality of service according to relative importance

Variables quality of services	Arithmetic average	SD	Percentage weight (%)	Classification
Reliability	3.300	1.38	66	Fifth
Responsiveness	3.740	1.21	74.8	Fourth
Assurance	3.973	1.03	79.46	second
empathy	4.020	1.02	80.3	First
tangibility	3.860	1.12	77.2	Third

Table 3: Correlation between organizational culture and quality of service

The dependent variable/Independent variables	Quality of service (y)	Correlation (R)	p-value (t)	Calculated (t)	Table (t)
Organizational Culture X		0.994**	0.000	19.895	2.75

(**) Means the correlation is significant at the level of (α = 0.01)

From the interpretation of the data on the quality of service which represents the view of customers dealing with the bank, we notice that this variable has obtained a high response rate of 75.6% with an arithmetic average of 3.78 and a standard deviation of 1.15 we also notice that the arithmetic average of all variables is >3% except that of the variable y2 which is <3%. Table 2 order of quality of service according to relative importance and from Table 2, we note that the empathy dimension has received the highest importance among the dimensions by 80.3% and was ranked first by the customers. This means that the approach used by the employees to dealing with customers is one of the main reasons that customers are still dealing with the bank. The assurance dimension came second with 79.46%. This indicates the degree of security provided by the bank to its customers and the degree of confidence that customers give to the bank. The tangibility dimension ranked third with 77.2%. The responsiveness dimension ranked 4th according to the responsiveness to customers with 74.8%. While the reliability dimension ranked the 5th with 66% which is considered, so, little compared to other dimensions.

To complete the analytical processes and the test hypothesis, Table 3 reflects the test of the first major hypothesis which states that there is a significant correlation between organizational culture and quality of service to determine the strength of the relationship between the two main variables.

Table 3 confirms the validity of the main hypothesis that there is a strong positive correlation between the organizational culture (X) and the quality of service (Y) by 99% at the significance level of 0.01 which means it is a very strong correlation. The calculated value of t is

greater than the scale, this indicates the significance of the relationship between them. The following is a test of sub-hypothesis derived from the first hypothesis.

Table 4 shows the first sub-hypothesis confirms that there is a strong positive relationship of significance between the bureaucratic culture and each dimension of the quality of service (reliability, responsiveness, assurance, empathy, tangibility). The calculated value of t is greater than the table value. Table 4 shows the second sub-hypothesis confirms that there is a strong positive relationship of significance between the clan culture and each dimension of quality of service (reliability, responsiveness, assurance, empathy, tangibility). The calculated value of t is greater than the table value, except after the responsiveness and the tangibility. And accept the 3rd hypothesis confirms that there is a strong correlation between the culture of entrepreneurship and each dimension of quality of service (reliability, responsiveness, assurance, empathy, tangibility). The calculated value of t is greater than the table value, except after the responsiveness it is less than table value. As well as the validity 4th hypothesis confirms that there is a strong correlation between the market culture and each dimension of quality of service (reliability, responsiveness, assurance, empathy, tangibility). The calculated value of t is greater than the table value, except the assurance and the empathy, they are less than the table value.

Influence relationship test: The objective of this study is to test the effect of the independent variable (organizational culture) in the dependent variable (quality of service) by relying on simple regression analysis as well as (F) by ANOVA the analysis of variance to determine the significance of the simple regression equation as shown in Table 5. The second hypothesis (the existence of significant influence relationship between organizational culture and quality of service).

In light of this hypothesis, a relationship between the real value of the organizational culture and the existence of the service (Y) was formula T in the following simple regression equation:

Table 4: Correlation between the types of organizational culture and the dimensions of the quality of service

The dependent variable/ Independent variables	The dimensions of quality of service (Y)				
	Reliability	Responsiveness	Assurance	Empathy	Tangibility
Bureaucratic culture (R)	0.986**	0.952**	0.931**	0.940**	0.939**
Calculated (t)	3.751	7.761	8.168	8.971	7.978
clan culture (R)	0.982**	0.979**	0.978**	0.971**	0.972**
Calculated (t)	6.565	1.235	04.349	4.829	1.153
Entrepreneurship culture (R)	0.965**	0.987**	0.986**	0.976**	0.987**
Calculated (t)	7.365	2.249	3.500	3.844	1.278
Market culture (R)	0.962**	0.980**	0.963**	0.978**	0.966**
Calculated (t)	7.959	3.746	1.185	2.408	0.8493

(**) Means the correlation is significant at the level of (a = 0.01)

Table 5: The Analysis of Variance (ANOVA) table, for the relationship between organizational culture and quality of service

Source of contrast	Degree of freedom	Total squares	Average squares	Calculated F value
Regression	1	7991.582	7991.582	361.832
The error	28	90.285	3.224	
The error total	29	8081.867		

Table 6: Influence relationship between organizational culture and quality of service

Samples	Non-standard transactions		Standard transactions			
	Beta coefficient	SE	Beta	R ²	Beta value	t-values
Constant	2.915	1.130	0.994	0.989	0.000	2.580
Organizational culture (X)	1.221	0.025				49.784

$$Y = a + \beta X$$

Quality of service = 2.915+0.994 organizational culture. We notice from the table that the calculated value of F is very large compared to the table value of (2.495). This indicates that there is a significant relationship between the organizational culture and the quality of service. The effect relationship is calculate Tedin (Table 6). In the light of the regression equation, the constant (A_ = 2.915) indicates that there is a quality of service (2.915) when the organizational culture value is zero. The value of themarginal propensity at the study sample was (B_ = 0.994) which accompanies (x). It indicates that a change of (1) in the organizational culture will result in a change of (0.994) in the quality of service. The value of the coefficient of determination (R²) to a factor of (0.989) means that the organizational culture explains (0.989) of the discrepancy in the quality of service which indicates the strength of the regression model and linear relationship. Thus, the second main hypothesis accepts the existence of an effect relationship between the organizational culture and the quality of service.

CONCLUSION

Through the results obtained from data analysis, the most important conclusions can be identified as follows:

The Gulf Commercial Bank applies the market culture in the first place. The entrepreneurship culture and the tribe culture at taineda close proportion and does not differ significantly from the market culture while the bureaucratic culture received the lowest percentage. This indicates an increase in awareness in the application of modern cultures. The founders are aware of the importance of organizational culture and its reflection on the quality of service and customer satisfaction. There is a strong correlation and influence relationship between the organizational culture and the quality of service which has been proven through statistical analysis. Gulf Bank has an organizational culture of 73.4% and service quality of 75.6%. One of the founders objectivesis to confront competitors which is the culture that employees receive. The bank’s management and staff are able to cope with unexpected events.

SUGGESTIONS

We suggest the need to emphasize the teamwork and make it within the culture of the bank and the bank manager should attach great importance to customers as they are the reason for the bank’s survival as well the need to adopt the rest of the banks culture that correspond to the nature of the environment as well improvements in the bank’s decor and public facilities should continue.

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