

On the Effects of Organizational Culture on Organizational Performance: An Iranian Experience in State Bank Branches

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Abstract

While many researchers devoted numerous articles to the organizational culture, relatively few articles have been contributed to culture and performance research. The purpose of this study is to shed light on the role of organizational culture on performance. To achieve this goal and in order to measure organizational culture, Denison organizational culture model was used. The components of this model are: involvement, consistency, adaptation and mission. For performance evaluation survey, EFQM model was used. This model surveys performance in two different areas of enablers and results. The conceptual model of the research was tested by Structural Equation Modelling. Some university professors and Bank experts confirmed the Validity of questionnaires, and the reliability was tested by Cronbach alpha coefficient. Managers of the bank branches filled the performance evaluation questionnaires, and employees filled organization culture questionnaires. The results showed that between the components of organizational culture, just involvement and adaptability affect the performance of banks. The remaining components have indirect effect on the performance.

Keywords

Denison culture model, Organizational culture, Performance evaluation, The EFQM Excellence Model.

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Introduction

Every organization needs an evaluation system in order to be aware of its sub-system activities. Institutions, organizations, and executive agencies with every mission, goal, or vision are responsible for accountability to stakeholders (Morevati Sharif Abadi, 2005). Banks as organizations are not exceptions; however, available methods of performance evaluation reveal that these methods are empirical and entail just financial ratios without enough attention to the role of nontangible aspect of organizational (Amiryoussefi & Hafezi, 2007).

Despite the large number of ideas over the influence of culture on organizations performance, there are a small number of researches conducted in this respect (Gillespie, Denison, Haaland, Smerek, & Neale, 2008). In the recent years, organizational culture has been studied more than ever and more attention has been paid to the relationship between some variables such as productivity, organizational structure, style of leadership, efficiency and effectiveness. Therefore, according to the considered claims in this context, studies following this problem regularly have twofold benefits:

- In theoretical aspects, regarding small number of studies, this article helps to clarify the hidden dimensions of organizational culture and has an important role in scientific breakthroughs for achieving valid results.

- In practical aspects, if the link between the cultural characteristics and the organizational performance is sufficiently defined, applying mentioned tips will boost organizational improvement (Zahedi, 2002).

Iranian banks are confronting various financial and structural problems. Hence, comprehensive reforms are essential to achieve a dynamic economy (Samdaliri, 2002). Despite the importance of Iranian banks in their financial markets, from the perspective of performance, they are not desirable (Samdaliri, 2002; Afsharkazemi, Setayesh, & Mehrabian, 2006). The present empirical investigation focuses on clarifying the role of organizational culture in the performance of state banks in Bushehr city. By utilizing Denison culture model, cultural position of each branch is determined; then, performance evaluation is performed. In the next phase, after

investigating these two variables, the type of relationship and intensity of cultural effects on performance is clarified.

Literature review

It has been nearly two decades since the theorists and scholars of management and organizations, especially experts and specialist in the field of organizational behavior and organizational transformation proposed an issue in the organization that is not concrete and tangible. This issue was surveyed mostly by Warren Bennis, Edgar Shein, and William Ouchi and has been manifested by Peters and Waterman's book "in the search of excellence". This important issue was called "organizational culture" and has been surveyed as the nontangible aspect of organizational studies (Jean Lee & Yu, 2004).

Organization concepts including organization culture is difficult to define and like many of the terms in humanities renders no unified and clear-cut meaning. Available definitions of culture are so various and numerous that there are more than 200 definitions of culture (Hatch & Cunliffe, 2010; Keynejad, 2005). However, its understanding is more difficult than defining it (Borjan Brubakk, 1996). Martin (1988, 1990) and Wallch (1983) also have presented various definition of culture (Jean Lee & Yu, 2004). This point is true about culture definition in national level, too. The beginning of formal writing on the concept of organizational culture started with Pettigrew (1979). He introduced the anthropological concept of culture and showed how related concepts like "symbolism", "myth", and "rituals" can be used in organizational analysis. Dandridge *et al.* (1980) showed how the study of these myths and symbols aid in revealing the "deep structure" of an organization (Jean Lee & Yu, 2004).

The relationship between culture and performance

Until recently, culture has been examined with performance and effectiveness. According to Reichers and Schneider (1990), while culture researchers have devoted numerous articles to the nature and definitions of culture, relatively fewer articles have been contributed towards culture and performance research. One reason for this was the difficulty in operationalizing the culture construct (Jean & Yu, 2004).

However, many studies confirm the influence and power of culture

on the performance of organization (Jean Lee & Yu, 2004; Xenikou & Simosi, 2006). There are different opinions how organizational culture affects performance. Matt Alvesson (2002) surveys existing views about how culture affects performance in the book "The concept of culture" hereby, there are four views on the relationship between organizational cultures and performance:

- Perhaps the most common one is the so-called strong-culture thesis. It has often been assumed that commitment of an organization's employees and organizational culture and Performance. Managers to the same set of values, beliefs and norms will have positive results – that the 'strength' of 'organizational culture' is directly correlated with the level of profits in a company (Denison, Janovics, Young, & Cho, 2006).

- This common culture motivates people to recognize their identity by the organization and have a sense of belonging and responsibility to the organization. Denison and Mishra used a more accurate method and found out a relationship between a strong culture and short-run financial performance. All studies in this context reveal that if the culture is strong, organizational performance can be affected by it (The meaning of a strong culture is general consensus about the concept of an organizational culture, internalization, and socialization).

- Another issue is that organizational culture should be harmonized to its environment. There are some other studies about surveying the relationship between culture and performance that concentrate on some contingency factors. In a competitive environment, the relationship between culture traits and effectiveness is moderated by them. Accordingly, if the culture helps an organization to adapt to external changes, it can lead to high performance in the long run. Most of managers who had low levels of performance believe that their organizational culture was not harmonized to the environment (Fang & Wang, 2006).

- In another view, there are organizations that are relatively stable and fit with a relatively stable environment, and risk-taking and innovation are not necessarily successful. Too much change can lead to instability, low cost-efficiency, risky projects, and a loss of sense of direction.

In addition to the views that were expressed, there are other approaches in relation to the impact of organizational culture on performance:

When the organizational culture is protective of organizational strategy, it will have a higher level of performance in the organization. For being successful, it is necessary to organizational culture to be coordinated with business. Obviously, if the culture is consistent with the employee's values, the organization will succeed (Lund, 2003).

However, Denshen argues that not only strategy and culture should be aligned, but both must be compatible with the environment. Denshen, based on the research findings, claims that if active organizations in drastically changing environments value flexibility and change, they will act better (he calls this culture Adaptability Culture) (Hatch & Cunliffe, 2010).

Others believe that pervasiveness of an organization's culture requires that management recognize the underlying dimensions of their organizational culture and its impact on employee-related variables such as satisfaction, commitment, cohesion, strategy implementation, and performance, among others (Lund, 2003).

Petty *et al.* (1995) found that a cultural emphasis on cooperation and teamwork were conducive to organization effectiveness. Similarly, Smart and St John (1995) showed that support, innovation, and goal orientation were related to higher performance in American colleges and universities in comparison to bureaucratic orientation.

The other cultural trait which concerns a higher performance is "humanistic orientation" that is characterised by cooperation among organizational members, teamwork, employee's self-actualization, and empowerment (Xenikou & Simosi, 2006).

It is difficult to investigate and test these diverse ideas. The relatively few systematic empirical studies on the culture-performance link, lead us to conclude that none of these four ideas have received much empirical support (Alvesson, 2013; Jean Lee & Yu, 2004; Zahedi, 2002).

Failure to establish an empirical link does not mean that no such link exists. Empirical studies in the area are very difficult to carry out. Culture is difficult to capture, and so is the case with performance. It is common sense that something that we can call 'organizational

culture' will have an impact on many types of actions in organizations and consequently also on organization's financial results. Any such influence may, however, be lost among all the components and interaction patterns that have something to do with these results.

Much of the early culture-performance research has focused on trait approach, a search for some traits or values, which are supposed to return in superior performance for a company. The strength with which the cultural values are held among employees is then taken to be a predictor of future organizational performance, usually financial.

An early example of this sort of study is found in "In Search of Excellence" by Peters and waterman (1982). The authors described the culture of 62 financially successful firms; making claims of a link between a particular type of "strong cultures and superior performance" (Jean Lee & Yu, 2004). Denison presented a model based on the impact that culture has on the effectiveness and is determined by empirical evidences. Components related to the culture in this study are: involvement, adaptability, consistency, and mission. Among these components, mission and involvement are the most associated with effectiveness in comparison with the other components (Denison *et al.*, 2006).

He, also, sought further evidence, using more sophisticated sampling procedures for both organizations and subjects within the organizations. He studied a convenient sample of 34 firms representing 25 different industries. He founded that, two indices, "organization of work" and "decision making", were found to be significantly correlated with financial performance. In addition, he found that the strength of the culture was predictive of short-term performance; when performance was defined with broad indicators like return on assets, return on investment, and return on sales (Jean Lee & Yu, 2004).

Rotenbery and Moberg (2007) found that job involvement has a significant impact on many corporate outcomes, including organizational performance. Job involvement is very effective on employees' motivation and their efforts. However, research on the impact of job involvement on employee performance has met limited success. In an analytical study done by Brown, it was revealed that small coefficient correlation exists between performance and job

involvement (Rotenberry & Moberg, 2007).

Contrary to the strong culture thesis, in a research that aimed to examine organizational culture and financial performance of retail in Britain, the results showed something contrary to this fact. The results revealed that a physical factor, store format, is the most important element in explaining Sale intensity. Employee's morale is the most significant human cultural variable, followed by employee's perception of manageable workloads. Interestingly, whilst job satisfaction is a significant predictor, it is in a negative direction. The more employees are satisfied, the more Sale intensity decreases (Booth & Hamer, 2009).

In another study, which was done with the purpose of surveying the relationship between organizational culture and performance of banks in Bahrain, the positive relationship was confirmed. Although the extant literature widely recognizes the impact of organizational culture on performance, such findings are either speculative or mostly based on US companies; thus, they may not be generalizable to other national settings. However, the results confirm a positive relation between culture and performance and marginal industry effect between banks and hotels. Nevertheless, the result is not reliable enough and it is necessary to consider some variables such as type of industry, uncertainty of environment, and organization size (Chung & Haddad, 2001).

In a research carried out by Prajogo (2010), the author examined the relationship between the four cultural dimensions of the competing values framework (group, developmental, hierarchical, and rational cultures) and four types of performance: product quality, process quality, product innovation, and process innovation. Theoretically, this represents the contrasts among the four quadrants of this model in terms of their respective outcomes. Data were collected from 194 middle and senior managers of Australian firms who had knowledge of past and present organizational practices relating to quality and innovation-related aspects in the organization. Developmental culture was found to be the strongest predictor among the four cultural dimensions. Rational culture showed a relationship with product quality, along with group and hierarchical cultures. It also plays a role in predicting process quality (Projogo & McDermott, 2011).

Based on these findings, this study sought to examine the role of organizational culture on performance in banking sector as a service organization. Obviously, the study of organizational culture in service organizations is an important issue to survey. However, there is not enough research in this area and this subject has been neglected (Fang & Wang, 2006).

Table 1 shows some other studies about the impact of organization culture on performance. Thereby this study is done with a strong basement of theories about the possible effect of organizational culture on performance.

Table 1. Studies about impact of organization culture on performance

Researcher	Year	Results
Peters and waterman	1982	High productive organizations are in relationship with strong culture.
Shifei Chung	2001	The results confirm a positive relation between Culture and performance and marginal industry effect between banks and hotels.
Lee & Kelvin	2004	Culture was found to impact a variety of organizational processes and performance. While more research remains to be done in this area, this study has demonstrated the power of culture in influencing organizational performance.
Owusu	2005	Culture is surveyed as one of effective factors on performance in public sector.
Athena Xenikou	2006	A path analysis showed that the achievement and adaptive cultural orientations had a direct effect on performance.
Paul F. Rotenberry	2007	Employees' self-reported job involvement significantly predicted certain supervisor performance ratings above and beyond work centrality.
Gillespie	2008	Relationship between organizational culture and customer satisfaction is surveyed in construction industry and car sellers. In first section job involvement and mission have the highest score and for car sellers, adaptability has the highest.
Simon A. Booth	2009	Contrary to the strong culture thesis, the results show that whilst job satisfaction is a significant predictor, it is in a negative direction. The more employees are satisfied, the more SI decreases.
Susita Asree	2010	leadership competency and organization culture are important factors which effect on responsiveness and performance of firms
Daniel I. Prajogo	2011	Developmental culture was found to be the strongest predictor among the four cultural dimensions, as it shows relationships with three of the performance measures.

Research Theoretical Framework

In the present study, among the various models that examine organization culture, Denison model was chosen. Denison organizational culture model, compared to other models of organizational culture, has the following benefits and that is why this model was chosen. The most important benefits are:

- This model is based on how organizational culture influences performance.
- Regarding measure indicators and assessing dimensions of organizational culture is an effective model.
- It is applicable to all levels of the organization.
- It has a strong research base.
- Its reliability and validity have been confirmed.
- It is applicable for a wide range of organizations.

There are two ways of measuring performance; using objective and subjective measures. The objective measure uses real figures from the organization, while the subjective measure uses perception of respondents. In this study, we decided to use a subjective measure to assess organizational performance because:

1. It is a more consistent measure of performance and it does not vary broadly from the objective measure in terms of accuracy;
2. and Asking respondents for specific financial measures may generate anxiety in them over the confidentiality of the information they provide (Asree, Zain, & Razalli, 2010).

Using this model, the researchers are seeking the relationship between the organizational culture and organizational performance. They believe that the nature of the enablers is in a way that we can find a more severe relationship between them and the components of organizational culture and effects of the enablers objectively can be revealed in results criteria. Related components to enablers are: leadership; strategy, people; partnerships and resources, processes, products and services, and related components to results are: customer results, people results, society results, and key results.

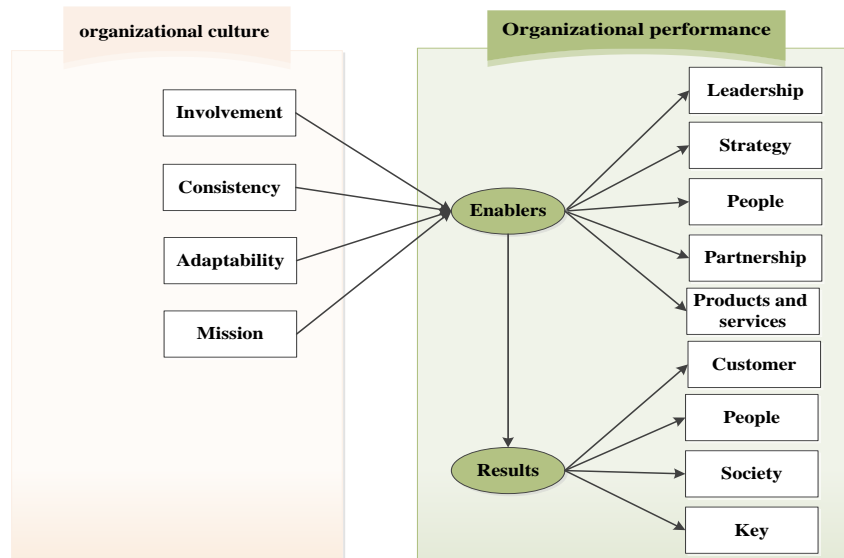


Fig. 1. Conceptual Model

Important components for this study are as mentioned below:

Involvement: involvement and high-level learning will rise up responsibility; in addition, sense of ownership would make responsibility stronger and provides an atmosphere where employees feel independency and freedom in their job. High levels of involvement and participation create a sense of ownership and responsibility. Out of this, ownership grows a greater commitment to an organization and a growing capacity to operate under conditions of greater autonomy.

Consistency: the relationship between organizational culture and effectiveness presents a somewhat different explanation. Consistency emphasizes the positive impact that a “strong culture” can have on performance; arguing that a shared system of beliefs, values, and symbols that are widely understood by an organization’s member has a positive effect on their ability to reach consensus and carry out coordinated actions.

Adaptability: the adaptability asserts that an organization must hold a system of norms and beliefs which support the capacity of an organization to receive, interpret, and translate signals from its environment into internal behavioral changes that increase its chances for survival, growth, and development.

Mission: mission, a shared definition of the purpose and direction

of an organization and its members. A sense of mission provides two major influences on organization functioning; first, a mission provides purpose and meaning and a host of non-economic reasons why the work of an organization is important. Second, a sense of mission provides clear direction and goals which serve to define the appropriate course of action for the organization and its members (Denison, Janovics, Young, & Cho, 2006).

Leadership: how leaders develop and facilitate the achievement of the mission and vision. Leadership creates values required for long-term success and implements them via appropriate actions and behaviors. It is involved in ensuring that the organization's management system is developed and implemented.

Policy and strategy: how the organization implements its mission and vision via a stakeholder focused strategy supported by relevant policies, plans, objectives, targets, and processes.

People: how the organization manages, develops, and releases the knowledge and full potential of its people at an individual, team-based, and organization-wide level and how these activities are planned in order to support its policy and strategy and the effective operation of its processes.

Partnership and recourses: how the organization plans and manages its external partnerships and internal resources in order to support its policy and strategy and the effective operation of its processes.

Processes, products and services: how the organization designs, manages and improves the processes to support the policy and strategy and fully satisfies and generates increasing value for its customs and other stakeholders.

Customer results: what the organization achieves in relation to its external customers.

People results: what the organization achieves in relation to its people.

Society results: what the organization achieves in relation to local.

Key performance results: what the organization achieves in relation to its planned performance (Najmi, 2010).

Research hypotheses

Based on the considered model, research hypotheses are as follows:

1. Involvement component affects the area of enablers in state bank branches of Bousher.
2. Consistency component affects the area of enablers in state bank branches of Bousher.
3. Adaptability component affects the area of enablers in state bank branches of Bousher.
4. Mission component affects the area of enablers in state bank branches of Bousher.
5. Area of enablers affects the area of results in state bank branches of Bousher.

Methods

Measures: Denison model is used in this research to measure organizational culture via a standard questionnaire. For the purpose of this study, because of the tasks of bank, some changes were made in the questionnaire. University professors and some superior bank employees made the necessary changes. The questionnaire was designed to measure behaviors that are expected or implicitly required by members of an organization. The subscales of the questionnaire contained 12 items which are measured on a 1-5 Likert scale (1= not at all, 5= to a very great extent). The subscales of the model used in the present study are labeled by the constructors as strategic decision and intent, goals and objectives, vision, creating change, customer focus, organizational learning, empowerment, team orientation, capability development, core values, agreement, coordination and integration. Finally, the questionnaire, consisting of 60 questions, was rendered to the managers of bank branches and its employees.

Performance evaluation questionnaire contained (according to EFQM model) 9 components, and 8 items asked about each component; so in total it consisted of 72 questions. To answer questions related to performance evaluation, managers were asked to do so according to perception of the conditions of their branch.

Data collection: Participants were contacted at work and were asked to fill in a set of questionnaires concerning their conception of

organization culture. For performance evaluation, managers were asked to fill in the EFQM model questionnaire. Participants filled in the questionnaire either at home or at work. About 190 employees of all the state banks in Bushehr city participated in the present study. Concerning education level, 80(43 per cent) had a bachelor degree, 57 people had a high school diploma, 48 people had an associate degree, and 5 had an M.A degree. With regard to the hierarchical position, 101 participants did not hold a management position, 37 participants were managers, and the rest of the participants, about 30, were assistant.

43 bank branches were studied. The branches are directed by a general director who is accountable to the top management of the bank. The number of employees working in branches included in this study ranges between 3 to 10 employees. An average of 4 employees was presumed for each branch. So, there were 392 employees who worked in 98 branches of whom 190 employees were studied from 43 different branches. Finally, 42 participants reported being with the bank for 1 to 7 years, 57 participants for 8 to 14, 62 participants for 15 to 21, and 29 participants for 22 to 28 years. Cronbach’s α coefficient is presented in following tables; the reliability reached acceptable level for all components.

Table 2. Cronbach’s α for all components

	Components	Cronbach’s α
Organizational Performance	leadership	83.8%
	Strategy	83.3%
	People	81.2%
	Partnerships & Resources	83.0%
	Processes, Products & Services	84.3%
	Customer Results	88.4%
	People Results	86.1%
	Society Results	80.0%
Organizational culture	Key Results	87.0%
	Involvement	74.6%
	Consistency	81.4%
	Adaptability	71.1%
	Mission	87.0%

Results

In this section, there are two groups of findings. The first part is about descriptive analysis and the second is specified to test conceptual

model by “Amos” software. Descriptive statistics for organizational culture dimensions are shown in Table 3. As can be seen, mission has the highest level (average of 3.59) in state banks and adaptability (average of 3.36) the lowest.

Table 3. Descriptive statistics for organizational culture components

Components	Average (numerical)	SD	variance	Max	Min
Involvement	3.54	0.4316	0.186	3	4.8
Consistency	3.51	0.3670	0.135	3	4.2
Adaptability	3.36	0.3486	0.122	2.7	4.1
Mission	3.59	0.3860	0.149	3	4.5

Descriptive statistics for organizational culture is shown in Table 4. According to the numerical average, team orientation (3.71), vision (3.67), empowerment (3.65), goals and objectives (3.56), respectively, have the highest ranks among others. It shows desirability of these components from employee’s viewpoint. And also, capability development (3.24), creating changes (3.28), organizational learning (3.41), and agreement (3.48) have the lowest degrees among other cultural indexes.

Table 4. Descriptive statistics for organizational culture indexes

	Indexes	Average(numerical)	SD
Mission	Vision	3.36	0.393
	Strategic Decision and Intent	3.54	0.484
	Goals and Objectives	3.56	0.429
Adaptability	Organizational Learning	3.41	0.576
	Customer Focus	3.39	0.352
	Creating Change	3.28	0.386
Involvement	Empowerment	3.65	0.420
	Team Orientation	3.71	0.599
	Capability Development	3.24	0.662
Consistency	Coordination and Integration	3.52	0.380
	Agreement	3.48	0.448
	Core Values	3.53	0.449

Radar curve for organizational culture index is shown in Figure 2. Team orientation has the highest score among others and capability development the lowest.

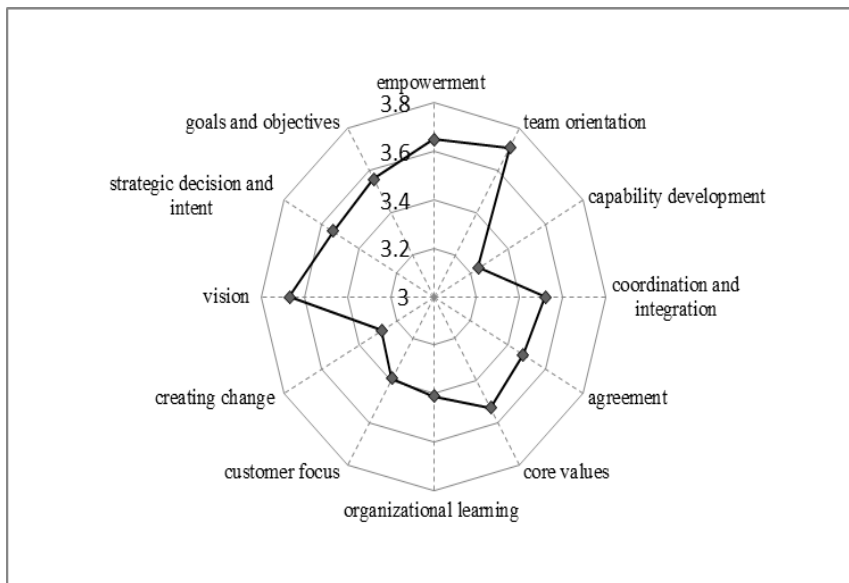


Fig. 2. Radar curve for descriptive statistics of organizational culture indexes

Descriptive statistics for EFQM components model is shown in Table 5. Based on information in Table 5 in enabler’s area, artnerships and resources, and processes (3.38) have the highest scores in comparison with other components and the component “people” (3.04) has the lowest score. In results area, key results (3.37) have the highest score and customer results (3.19) have the lowest.

Table 5. Descriptive statistics for EFQM components model

Organization performance	Areas	Components of EFQM model	Average	SD	Variance	Min	Max
	Enablers		leadership	3.14	0.681	0.464	1.8
		Strategy	3.157	0.630	0.397	1.9	4.5
		People	3.04	0.730	0.532	1.2	4.1
		Partnerships & Resources	3.116	0.662	0.438	1.6	4.1
		Processes, Products & Services	3.381	0.691	0.478	1.4	5
results		Customer Results	3.19	0.692	0.479	1.6	5
		People Results	3.260	0.704	0.496	1.6	5
		Society Results	3.215	0.626	0.392	1.8	4.6
		Key Results	3.372	0.686	0.471	1.2	4.6

And here is the Radar curve for EFQM components which is shown in Figure 3. Customer results have the highest score among all EFQM components.

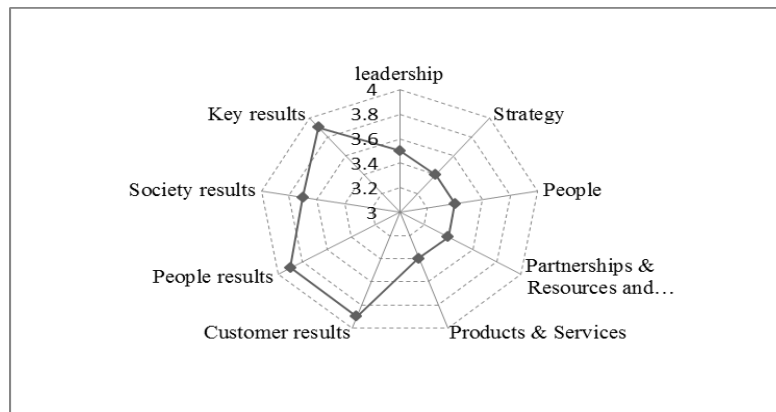


Fig. 3. Radar curve for Descriptive statistics of EFQM variables

In this part, the conceptual model is tested. In order to test the hypotheses, we describe the relationship between components like involvement, adaptability, mission and consistency, and enablers based on the conceptual model.

In this model we have three categorized indices: absolute fit indices, comparative fit indices, and parsimonious fit indices. In Table 6, indexes and accepted fitness are introduced. We tested conceptual model in Amos. Index fitness is surveyed, too. As information in Table 6 reveals, this model is not acceptable and some modifications should be performed. Some of the modifications are suggested by the software itself and some others are performed based on theoretical support.

Table 6. Results of Structural Equation Modeling on research structural model

Index grouping	Index	Abbreviation	Primary Model	Acceptable Fitness
Absolute fit indices	Chi-Square	χ^2	0.000	Higher than 5%
	Goodness of Fit Index	GFI	0.530	GFI>90%
	Adjusted Goodness of Fit Index	AGFI	0.341	AGFI>90%
	Non Normed Fit Index	NNFI	-	NNFI>90%
	Normed Fit Index	NFI	0.523	NFI>90%
Comparative fit indices	Comparative Fit Index	CFI	0.579	CFI>90%
	Relative Fit Index	RFI	0.427	RFI>90%
	Incremental Fit Index	IFI	0.590	IFI>90%
	Parsimonious Normed Fit Index	PNFI	0.436	Higher than 50%
Parsimonious Fit Indices	Root Mean Squared Error of Approximation	RMSEA	0.276	RMSEA<10%
	Normed Chi Square	CMIN/df	4.199	Between 1 and 3

Similar to previous model, some modifications are needed in conceptual model by omitting some relationships between

components and making some new relationships. And also by emerging some error components, indexes were performed in the modified model. As it is shown in the modified model, consistency component has no direct relationship with enablers and has an indirect relation via involvement component. The mission is in relationship with adaptability and involvement. Based on the general model, there is a relationship between key results and society results.

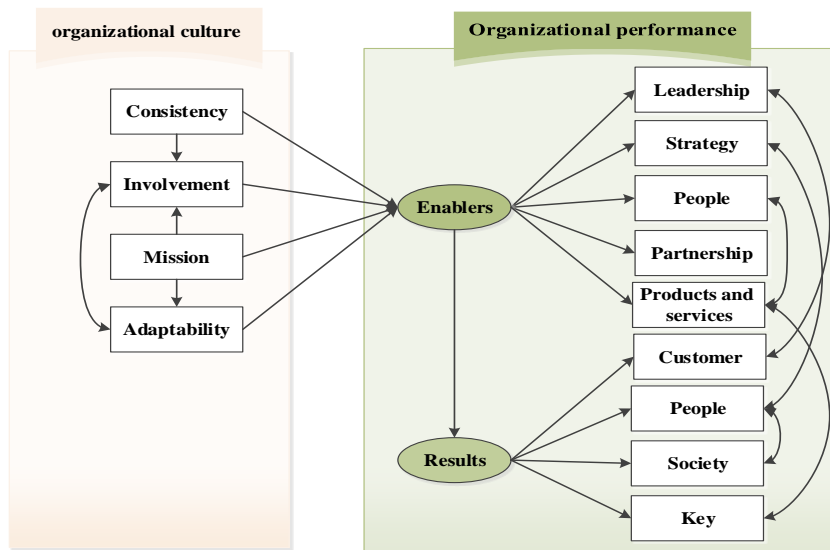


Fig. 4. The Modified model in Amos software

Based on the modified model, research assumptions were surveyed. Related results are shown in Table 7. For hypothesis acceptance, value of significance should be less than 0.05 and (***) shows value less than 0.01. As we can see in Table 7, hypotheses 1, 3 and 5 are accepted and hypothesis 2 is rejected based on significance value. For rest of the hypotheses, no meaningful effects were found.

Table 7. Significance of estimated coefficients on the final reformed conceptual model

Surveying	relationship	Sig.	Critical ratio	S.E.	Estimate	hypothesis No.	Result
Mission	⇒ Adaptability	0.079	10.95	0.079	0.861	-	-
Mission	⇒ Involvement	0.126	2.908	0.126	0.366	-	-
Consistency	⇒ Involvement	***	4.312	0.126	0.542	-	-
Involvement	⇒ Enablers	0.026	-2.226	0.259	-0.577	1	accept
Consistency	⇒ Enablers	-	-	-	-	2	reject
Adaptability	⇒ Enablers	0.033	-2.127	0.259	-0.551	3	accept
Mission	⇒ enablers	-	-	-	1	-	accept
Enablers	⇒ results	***	3.303	0.148	0.490	5	accept

***=0.001

Discussion

We have identified the nature of the relationships between organizational culture and the performance of state banks. There were deductions on how management can improve performance via cultural components which leads to tangible progress in performance indexes. Four organizational culture components were surveyed, and two components were statistically significant to performance.

The key conclusion is that there is a negative relation between culture components and enablers area. The analysis of this evidence, which suggests negative relation, may exist due to the nature of banking processes. These results help practicing managers by identifying which culture components enhance and inhibit organizational performance.

In this study, the effects of involvement and adaptability on performance are negative, so this study does not support the main accepted model by Denison (1995), which determines the positive relationship between culture and organizational performance. However, the finding is consistent with Ouchi's theory about involvement (1978), Booth (2009), Lee & Kelvin (2004) and Rotenbery's (2007) studies that show small and somehow negative relationship between involvement and performance. Saderat bank, in spite of the highest level of culture, in comparison with other state banks, has the lowest level of performance.

As an implication to bank managers, they need to avoid risk-taking and some actions which rationally seems vague; delegation to employees should be preformed logically. To this end, adequate information about employee's capability, job conditions, and action sensitivity is required. Banks should be cautious in this regard since if they go bankrupt, people will lose their trust of the whole banking system which in turn results in banks' losing their position in financial markets.

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