DYNAMIC CAPABILITY AND ORGANIZATIONAL CULTURE OF DEPOSIT MONEY BANKS, PORT HARCOURT, NIGERIA

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ABSTRACT

This study examined the relationship between dynamic capability and organizational culture. The study adopted a cross-sectional survey in its investigation of the variables. Primary data was generated through self-administered questionnaire. The population of four hundred and sixty (460) employees was drawn from 7 selected deposit money banks in Port Harcourt. A sample size of two hundred and ten (210) respondents was calculated using the Taro Yamane's formula for sample size determination. The reliability of the instrument was achieved by the use of the Cronbach Alpha coefficient with all the items scoring above 0.70. The hypotheses were tested using the Spearman’s Rank Order Correlation Statistics. The tests were carried out at a 95% confidence interval and a 0.05 level of significance. The study findings revealed that dynamic capability positively and significantly correlated with the culture of deposit money banks in Port Harcourt. Management of deposit money banks should focus on stimulating organizational active competences in order to develop its distinctive capacity and also corporate accomplishment.

Keywords: Organizational Culture, Dynamic Capability, Sensing, inventiveness and Competence

INTRODUCTION

Businesses operating in changing commercial atmosphere need to forecast likely changes and be proactive in handling them on a continuous basis. The firm’s capacity to systematically react to waving business atmosphere is termed as dynamic capability according to (Teece, 2007) with purpose to describe a firm’s competitive edge gradually. A firm’s dynamic capability has the capacity of acquiring wealth and developing the acquired wealth to increase their economic value. Ward and Peppard (2016) assert that firms with greater ability to anticipate and explore new ventures and also reconstruct available capabilities and resources as per environmental changes as well as recognize that opportunities can generate and maintain competitive advantage over other market players.

Fundamentally, organizations are collection of flexible components stimulating people with their exceptional abilities and incentive, to transform instruction concurrently which is exceedingly difficult, and needs for greatly productive executives with advanced social intelligence. The functions of the executives were transformed in the closeness, this is as a result of transformed operations in the organization. Corporate advancement has some presumptive characteristics that cohesively support the foundation of manufacturing needed outcome. Awadh & Saad, (2013) asserts that improvement in production activates workforce dedication although targets, values and patterns assist in improving corporate culture. Other scholars consider corporate culture as a mutual philosophy, opinion, and ideas shared between associates at different rank in addition to the affecting workforce approaches towards their workplace (Schein, 1990, Cameron & Quinn, 2011, Hartnell, Ou, & Kinicki, 2011). Businesses are competing for greater achievements and expand culture that enhances the performance of organizational motivated plans competent of providing excellent quality to clients.

Dynamic capabilities are viewed as business structure, restructure and the innovation of resources in order to react to business and technological know-how transformation (Teece, 2007). Furthermore, Helfat, Finkelstein, Mitchell, Peteraf, Singh & Winter (2007) affirms that dynamic capability is a firm’s proficiency to intentionally produce, broaden, or reform its capital assets. The intangible nature of corporate culture possesses a lot of challenges facing organizations today. Corporate culture varies in their operational mode, beliefs, opinions, norms and liveliness. The workforce of any given organization is its fundamental component, as such culture is the routine value and ethical behaviour by the workforces.

Corporate culture in contemporary computer surroundings are some of the predominant hindering elements of the organization. Fearfulness of Risks taking, attention on consumers’ request only and operative and administrative challenges confronting organizations. According to Gorann, LaBerge, & Srinivasan, (2017) ethical and observable difficulties confronting the fundamental components among the restraining elements of computer capability. This study therefore seeks to evaluate the connection between dynamic capability and organizational culture of deposit money banks in Port Harcourt.

LITERATURE REVIEW

Theoretical Framework

Person-Fit Theory

The theory above supposes that individual have an inherent desire, searching for appropriate surroundings which correspond with its peculiarities. Yu, (2013) contend that people struggle to fit into organizations, this is as a result of commonly desire permanence, to exercise authority above its existence, to lessen doubtfulness, to possess a certain desire, cheerfulness and lively contentment. Nevertheless, humans aspire for conviction and consistency, which may be accomplish if their conducts, patterns, philosophy
and manners assemble with others (Hogg 2000). The person-fit theory permits persons to best comprehend the conduct of others and expedites inter-individual communications (Edwards & Cable 2009). Individual have essential necessity (Deci & Ryan 2000), consequently, they match themselves with others in the collective domain. This impression occurs when an employee understands that they share the same peculiarities with others (Hogg & Terry 2000). This implies that the best can only be gotten from employees working in a conducive environment, a culture that is not complicated and rigid in terms of rules and procedures.

Resource-Based Theory

Barney, (1991) contends that persistent competitive edge generated from the capital assets and an organizational competency influence worthwhile, exceptional, inadequately incomparable, and cannot be interchangeable. These capital assets and its competence can be regarded as the bunch of real and unreal or physical and non-physical resources, comprising organizational administrative capabilities, its series of action, activities, the facts and awareness it regulates. In the intermediary period, the dissemination of the resource-based theory (RBT) in a tactical administrative and relevant field has been theatrical, disputable complicated, substantially conceptual advancement and realistic examination. This theory is anchored on dynamic capabilities which position that on the building and rebuilding of organizational resources to suite the modern technological know-how as well as gaining competitive edge over other competitors in the market domain.

Dynamic Capability

Dynamic capabilities permit businesses to support the obligation of tactical rehabilitation in the quest of lasting accomplishment in the unsteady business domain. Dynamic competence expedites corporate degree of training, also, it’s allowed organisations to surmount the capital asset disparity among the existing and appropriate inventiveness (Teece et al., 1997; Helfat et al., 2007). Teece et al. (1997), expound dynamic capability as the preparedness of organization to absorb, develop, and redesign the interior and exterior proficiencies to which handles speedily transform. On the whole, dynamic capabilities may be described as the top-level competencies that reshape and completely remodel its subordinate functional procedures and proficiencies (Zollo & Winter, 2002; Winter, 2003; Ambrosini, Bowman & Collier, 2009). The purposes of dynamic capability go beyond reliant on and directing subordinate, moreover, organizations clearly shown the internal direction which organization practise dynamic competence subject, and resolves midway on how effective and efficient to work and further develop (Helfat et al. (2007). Teece (2007) asserts that there are three limit of dynamic capabilities and each are important in bringing accomplishment; the compromise involve sensing, grabbing, and innovativeness/transformational capacities. However, it is created and associated for the purpose of manufacturing and retaining greater height. Individuals must ponder over the estimation and the impact of dynamic competency on implementation (Barreto, 2010).

Organizational Culture

Hofstede, (2001) sustains that common preparation of the brainpower distinguish workforces of group/establishment from another. Nevertheless, the intellectual ability characterises the greater portion of the anthropological form for mental, fondness, and the consequence of accomplishment, expectation and attitude. In connection with the above, culture incorporates standard of ideology which are the essential constituent of culture. Similarly, Schein, (2004) position that an organisation of a cooperative ultimate principles which was knowledgeable by a gathering of individuals as it revealed its difficulties of superficial familiarisation and innermost integration, considered as realistic to instruct and stimulate the newly employed workforces as well as giving them an appropriate method to intellectual, love and
identifying with respect to those challenges. The custom at which employees and outside entities behave themselves in the organization is determined by its culture. notwithstanding, there are several unique cultures possessed by establishments, this is consequence to the differences in organization’s environment which may have stirred the behaviour of their workforces and its responsibility of ever changing the sensitivity of commitment, accuracy, involvement and coherence in accordance to their schedule of duty in the organization (Sinha, Singh, Gupta, & Dutt, 2010).

Various intellectuals have emphasized on the necessity to ascertain and regulate corporate culture as the development of principles, standards, attitudes which may empower & control organizational procedures (Lather, Puskas, Singh, & Gupta (2010). In conformity with the above, Manish & Esha (2015) claims that opinions, beliefs, feelings, standards and norms are constructs organizational culture, however, its designated sureness, realities, comprehensive interdependence and potential expectations. Conventional and conversational guidelines as well as expectations, attitude, customs and opinions which are long-drawn-out with the over a period of time, considered dependable. Organizational culture is difficult to divulge independently, this is built on the non-physical character of culture, though corporate workforces distinguishes when it is sensed. Culture is detected distinctly by the workforces of the organization, it stems from the fact that humans have dissimilar understandings, awareness, belief, worth and emotions about their organization and its surrounding.

**Dynamic Capabilities and Organizational Culture**

Culture that regards the well-being and ideas of its employees, will probably have diverse stages of efficiency utilizing dynamic capabilities in attaining innovative resourcefulness arrangements. Consequently, organizations are obligatory to be more effective. Dynamic capabilities are proportionate to organizational work colleagues to improved and be able to acclimatize to or produce market modification. Similarly, improved adjustability would yield more progressively developing flow of incomes comparative for such an organization compel to other rivals with lower dynamic capabilities (Andersen, 2009); thus, a firm with more relative effective dynamic competences which is expected to display lesser incomes unpredictability compel to its organizational contemporaries, since it is healthier to frequently distinguish and produce appropriate feedbacks to prospects and menaces in business surroundings.

Organizational culture has the capability to enexpand work fulfilment, and the consciousness about solution to problem and organizational achievement (Kotter, 2012). An organizational culture with mismatched in addition with dynamic prospects of inside and outside shareholders, such organization's accomplishment will reduce as it has occurred with some establishments (Ernst, 2001). Also, the aggressive struggle of the market economy and internationalization directions are constraining organizations to continuously discovering current ideas and enhanced inventiveness and flexibility to transformations so as to sustain and advance (Giri & Kumar, 2007). This demands organizations to create and sustain distinct culture practices that will encourage the competence and endorse the involvement of individuals to accomplish the general organization’s intention.

Odhiambo, Kibera & Musyoka (2015) supports the opinion that dynamic capabilities and organizational culture provides organizations competitiveness and increase their developmental appropriateness. There is a significant effect on dynamic capabilities and organization culture, the anthropological characteristic has been abandoned; some scholars basically disregarded the function of dynamic capabilities and the worries in organizational life such as building relationships, kindness, and good activities (Cameron & Caza, 2002; Spreitzer & Sonenshein, 2003). According to Morgan, Slotegraaf & Vorhies, (2009), competitive advantage
consequences emanating from the relationship between dynamic capabilities and organizational culture. Therefore, the relationship between dynamic capabilities and organizational culture is essential for developing restructuring and the positioning of organizational resourcefulness.

Truskie, (2002) declares that the most substantial invention commenced when organizational practitioner and academics started learning both organizational culture and organization’s influence on culture. Rashid, Sambasivan & Johari (2003) contended that numerous investigations have been carried out to distinguish the quality and category of organizational culture in establishments with an understanding of provoking the major standards, opinions, and rules in a society or an organization that have agreed abundant incentive to the accomplishment and greater accomplishments of the organization. To prompt some of these explorations and its achievements in establishing connection between organizational culture and achievement, this necessitates the thought of organizational culture which would be primarily comprehended.

From the foregoing therefore, the study hypothesized thus:

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\text{H}_0: \text{There is no significant relationship between dynamic capability and organizational culture of deposit money banks in Port Harcourt.}
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**METHODOLOGY**

The study adopted a cross-sectional survey in its investigation of the variables. Primary source of data was generated through self-administered questionnaire. The target population for this study consists of all the 22 deposit money banks that are currently operating in the financial services sector in Port Harcourt, Rivers State. The accessible population for the study was 7 selected deposit money banks operating in Port Harcourt, Rivers State. The population frame comprised of four hundred and sixty (460) employees of the selected banks. These 460 employees were obtained from the staff enrolment list of the respective Human Resources/administrative departments of the selected deposit banks money in Port Harcourt. The sample for the study was 210 calculated using the Taro Yamane sample size determination formula. The reliability of the instrument was achieved by the use of the Cronbach Alpha Correlation Coefficient with all the items scoring above 0.70. The hypothesis was tested using the Spearman’s Rank Order Correlation Coefficient Statistics.

**RESULTS**

We began by presenting first a test of existing relationships

![Figure 1: scatter plot relationship between dynamic capability and organizational culture](image)

The scatter plot graph showed at \( R^2 \) linear value of (0.885) depicting a strong relationship between the two constructs. The implication was that an increase in dynamic capability simultaneously brings about an increase in the level of organizational culture. The scatter diagram provided vivid assessment of the intimacy of the relationship among the pairs of variables through the nature of their attentiveness.
The correlation coefficient ($r$) showed that there is a positive relationship between dynamic capability and organizational culture. The value 0.853 indicates a very strong positive relationship at $p < 0.05$. The correlation coefficient represented a very strong correlation indicating also a very strong relationship among the variables. Therefore, based on empirical findings the null hypothesis earlier stated was hereby rejected and the alternate upheld. Thus, there is a significant relationship between dynamic capability and organizational culture of deposit money banks in Port Harcourt.

**DISCUSSION**

This study examined the relationship between dynamic capability and organizational culture of deposit money banks in Port Harcourt. The findings revealed a significant and positive relationship between dynamic capability and organizational culture of deposit money banks in Port Harcourt using the Spearman Rank Order Correlation Coefficient tool at a 95% confidence interval. The finding of this study strengthens the interpretations of Odhiambo, Kibera & Musyoka (2015) supports the opinion that dynamic capabilities and organizational culture give businesses competitive edge over their rivals and boost their evolutionary suitability. There is a noteworthy accomplishment on dynamic capabilities and organizational culture, this is as a result of the anthropological characteristic which has been mistreated; other studies mainly neglect the function of dynamic capabilities and focuses on organizational existence for instance relationships, kindness, and ethical performances (Cameron & Caza, 2002; Spreitzer & Sonenshein, 2003). In accordance with Morgan et.al (2009), competitive advantage outgrowths mainspring from the relationship between dynamic capabilities and organizational culture. Consequently, the connection between dynamic capabilities and organizational culture has capacity for enhancing innovativeness and positioning of organizational resources.

**CONCLUSION AND RECOMMENDATIONS**

This research thus accomplished that dynamic capabilities meaningfully control organizational culture of deposit money banks in Port Harcourt.

On the basis of the finding, the investigation therefore recommended:

- Management of deposit money banks should focus on adopting dynamic capabilities, such as sensing and reconfiguration capabilities in order to boost its distinctive capacity and also accomplish organizational goals.
- Organizational culture that encourages inventiveness, honesty, open-minded of current concepts insightfully (not being closed to new ideas), taking risks and business attitude should be implemented.
- Management of deposit money banks in Port Harcourt should implement a culture that cares about their employees’ welfare, since this will motivate their employees to put in their best
and achieve the overall organizational objectives.

- Management of deposit money banks should focus on stimulating organizational active competences in order to develop its distinctive capacity and also corporate accomplishment.

REFERENCES


