

# Organizational Climate and Corporate Performance: The Nigerian Experience

<sup>1</sup>Godwin.Ikpe. Umoh, <sup>2\*</sup>Edwinah Amah <sup>3</sup>Harcourt, Wokocha

1, 2(Department of Management, University of Port Harcourt)

3 (Chief Lecturer, Department of Office Technology and Management, School of Management, Rivers State  
College of Arts and Science, Rumuola, Port Harcourt)

\*edwinah4christ@gmail.com

## Abstract

The study examined the relationship between organizational climate and corporate performance in the Nigerian oil industry. The sample for the study consisted of three hundred and eighty two (382) employees from seven randomly selected major oil companies in Nigeria. The study utilized both quantitative data (questionnaire) and qualitative data (interview). The spearman rank correlation coefficient and Multiple Regression Model using the Statistical Package for Social Sciences (SPSS) version 17 were utilized for the analysis of data. Our finding revealed a positive and significant relationship between organizational climate and corporate performance. Specifically, recognition for achievement, organizational support and cohesion were revealed to have a positive and significant influence on corporate performance. Based on this finding, it was concluded that the prevailing organizational climate had a significant positive effect on corporate performance. The managerial implications of these findings were also discussed.

**Keywords:** Organizational Climate, Corporate performance, Organizational support, cohesion.

## 1. Introduction

Organizational climate can affect how employees perform within an organization because the way people feel and the way they perform are strongly associated (Freedman, 2005). A poor organizational climate characterized by lack of recognition, lack of trust, lack of cohesion, lack of organizational support, lack of accountability etc., may lead to low productivity, low profitability, decreasing market share and possibly high employee turnover. Because the literature did not suggest a specific and direct historical correlation between organizational climate and employee performance, understanding the relationship between organizational climate and employee performance would assist organizational leaders in increasing productivity through developing the organizational climate.

Organizational climate has also been linked to the interactive relationships existing between and among employees and their employers, and the working environment they all find themselves (Schneider, 1990). Studies have also shown that organizational climate affects the growth and success of a company when the perception of the workers about the structure and policies of the said company is positive (Patterson et al, 2004). Organizational climate has also been shown to significantly affect the morale, commitment, loyalty, satisfaction, welfare and performance of workers (Potosky and Ramahrishna, 2001). Also, it is essential to note that working in a wholesome and satisfying climate influences the levels and quality of performance of workers in an organization. This is because it has long been clear that behavior is a function of both a person's characteristics and the nature of his or her environment (Potosky and Ramahrishna, 2001). Also, it is essential for an organization to put in place autonomy systems, develop trust among employees, develop fairness in all the company's dealings, apply efficient support systems and policies that will be work -and-organization-friendly in order to enhance productivity and innovativeness of the employees in the organization (Koys and De Cotiis, 1991). This is because important environmental features in work settings are essential for the analysis and determination of employee perceptions of their organizations (Patterson et al, 2004).

Ngerobo (2000) have posited that the excellent performance of workers translates into the productivity of an organization, thus enhances the organization's performance in the industry it finds itself. According to Ngerobo (2000), the primary aim of organizations is to make profit and survive. These objectives have made many purposeful organizations to thrive to enhance their performance so as to attain set targets. Thus, to achieve excellent performance at the corporate level, the work environment and the current conditions within the company which influences the attitude and behaviour of workers must be one that can promote support, loyalty, reward and warmth that can motivate the workers to put their entire energy towards the success of the organization. Where an organization's climate is conducive, invariably performance can be easily enhanced.

Several researches on how to improve organizational performance have taken place in the past two decades. The difference in performance is often related to the strategy adopted by an organization to

achieve its objectives. It has also been argued that strategic group membership and associated collective behaviours are the primary sources of durable differences in organizational profitability and effectiveness (Caves and Porter, 1977; Porter, 1979).

Over the past decade, a great deal has been written about Organizational climate and the role it plays in successful performance of organizations (Schneider, 1990: Koys and De Cotiis, 1991: Ngerobo, 2000: Potosky and Ramahrishna, 2001: Patterson et al, 2004: Freedman, 2005: Biswas & Varma, 2007: MacCormick, 2010). Despite this growth of scholarly publications on the influence of organizational climate on organizational performance, little empirical evidence exists in developing countries, especially Nigeria. To bridge this gap in literature, this study examines the relationship between organizational climate and the performance of selected oil companies in Nigeria. By exploring the relationship between organizational climate and the performance, organizations can enhance their competitive advantage and effectiveness.

## 2. Literature Review

Litwin and Stringer (1968, in Al-shammari, 1992), defined organizational climate as “a set of measurable properties of the work environment and assumed to influence their motivation and behaviour.” Al-Shammari (1992) defined organizational climate as the “beliefs, values, philosophies and traditions that exist in organizations”. On their part, Moran and Volkwein (1992) expanded upon this definition by asserting that organizational climate is a relatively enduring characteristic of an organization which distinguishes it from other organizations: and (a) embodies members collective perceptions about their organization with respect to such dimensions as autonomy, trust, cohesiveness, support, recognition, innovation, and fairness; (b) is produced by member interaction; (c) serves as a basis for interpreting the situation; (d) reflects the prevalent norms values and attitudes of the organization’s culture; and (e) acts as a source of influence for shaping behaviour. Closely allied to the above, Baridam and Nwibere, (2008) defined organizational climate as what distinguishes one organization from another, that influences the behaviour of people within it, and are relatively enduring over time.

Common to all the definitions is the fact that organizational climate encompasses the organizational atmosphere and how employees feel, what employees believe, and what employees perceive to be real within the organizational boundaries. Thus, organizational climate has foundationally been identified as the psychological environment of an organization that affects the organization in manifold ways (Diekhoff, Thompson and Denney, 2006). Earlier research evidence of Likert (1967) in McMurray, Scott, and Pace, (2004) indicates specific examples of some of those properties and suggested that organizational climate is a psychological, multidimensional, complex phenomenon that has an effect on organizational learning, corporate performance, absenteeism and labour turnover rate, as well as employees’ tenure. Similarly, the study of McMurray, Scott, and Pace (2004) revealed that organizational climate encourages employee commitment to an organization, its performance, and their own responsibilities. Organizational climate is purported to be an emergent property because it originates in the cognition and perceptions of individuals, and is amplified through interactions and exchanges with other unit members to manifest as a higher-level collective phenomenon (Kozlowski & Klein, 2000).

Using a structural questionnaire representing a Likert response type, Litwin and Stringer arrived at the conclusion that different management approaches leads to different climates and that the prevailing climate influences motivation, satisfaction and organizational performance. On their part, Koys and De Cotiis (1991) offered eight typical dimensions organizational climate: Support: The perception of the degree to which superiors tolerate members’ behaviour, including willingness to let members learn from their mistakes without fear of reprisal; Recognition: The perception that members’ contribution to the organization are acknowledged; Cohesion: The perception of togetherness or sharing within the organization setting, including the willingness of members to provide material risk; Innovation: The perception that change and creativity are encouraged, including risk-taking into new areas where the member has little or no prior experience; Autonomy: The perception of self-determination with respect to work procedures, goals and priorities; Fairness: The perception that organizational policies are non-arbitrary or capricious; Trust: The perception of freedom to communicate openly with members at higher organizational levels about sensitive or personal issue, with the expectation that the integrity of such communication will not be violated; and Resource: The perception of time demands with respect to task completion and performance standards. In this study, some of the components of organizational climate identified by Koys and De Cotiis (1991) and Litwin and Stringer were adopted.

## 2.1. Corporate Performance Defined

The definition of organizational performance remains a contentious issue among researchers as there are different opinions and definitions of organizational performance (Barney, 1997). To this end, defining, conceptualizing, and measuring performance have not been an easy task. The central issue concerns the appropriateness of various approaches to the concept utilization and measurement of organizational performance (Venkatraman & Ramanuam, 1986). For example, Perotti and Javier (2002), argues that organizational performance is equivalent to the famous 3Es (economy, efficiency, and effectiveness) of a certain program or activity. Daft (2000), defined organizational performance as the organization's ability to attain its goals by using resources in an efficient and effective manner. Quite similar to Daft (2000), Richardo and Wade (2001) defined organizational performance as the ability of the organization to achieve its goals and objectives. Based on the above, the definition of performance has included both efficiency-related measures, which relate to the input/output relationship, and effectiveness related measures, which deal with issues like business growth and employee satisfaction.

Many researchers sometimes confuse the term performance with productivity. However, Ricardo and Wade (2001) explained that there was a difference between performance and productivity. Productivity was a ratio depicting the volume of work completed in a given amount of time. Performance was a broader indicator that could include productivity as well as quality, consistency and other factors and emphasised that in result oriented evaluation, productivity measures were typically considered. Ricardo and Wade (2001) further argued that performance measures could include result-oriented behavior (criterion-based) and relative (normative) measures, education and training, concepts and instruments, including management development and leadership training, which were the necessary building skills and attitudes of performance management. Hence, from the above literature review, the term "performance" should be broader based which include effectiveness, efficiency, economy, quality, consistency behavior and normative measures (Ricardo and Wade, 2001).

Besides its problem of definition, organizational performance has also suffered from a conceptual problem. To emphasise this point, Hefferman and Flood (2000) argues that as a concept in modern management, organizational performance suffered from problems of conceptual clarity in a number of areas. The first was the area of definition while the second was that of measurement. Organizational performance has been conceptualized using financial and nonfinancial measures from both objective and perceptual sources. Objective measures include secondary source financial measures such as return on assets, return on investment, and profit growth. These measures are nonbiased and are particularly useful for single-industry studies because of the uniformity in measurement across all organizations in the sample (Venkatraman & Ramunujam, 1986).

## 2.2. Relationship between Organizational Climate and Corporate Performance

Thus, organizational climate has foundationally been identified as the psychological environment of an organization that affects the organization in manifold ways (Diekhoff, Thompson and Denney, 2006). Earlier research evidence of Likert (1967) in McMurray, Scott, and Pace, (2004) indicates specific examples of some of those properties and suggested that organizational climate is a psychological, multidimensional, complex phenomenon that has an effect on organizational learning, corporate performance, absenteeism and labour turnover rate, as well as employees' tenure. Similarly, the study of McMurray, Scott, and Pace (2004) revealed that organizational climate encourages employee commitment to an organization, its performance, and their own responsibilities. Organizational climate is purported to be an emergent property because it originates in the cognition and perceptions of individuals, and is amplified through interactions and exchanges with other unit members to manifest as a higher-level collective phenomenon (Kozłowski & Klein, 2000).

Over the years there have been several studies on the factors that determine organizational performance. According to Hansen and Wernerfelt (1989) in the business policy literature, there were two major streams of research on the determinants of organizational performance: the first was based on economic tradition, emphasizing the importance of external market factors in determining organizational performance while the second line of research was built on the behavioral and sociological paradigm and saw organizational factors and their 'fit' with the environment as the major determinant of success. The economic model of organizational performance provided a range of major determinants of organizational profit which included: (i) Characteristics of the industry in which the organization competed, (ii) The organization's position relative to its competitors, and (iii) The quality of the firm's resources. On the other hand, the organizational model of firm performance focused on organizational factors such as human resources policies, organizational culture, and organizational climate and leadership styles. Another study by Chien (2004) found that there were five major factors determining organizational performance, namely: Leadership styles and environment, Organizational culture, Job design, Model of motive, and Human resource policies.

The economic factors and organizational factors model was supported by many researches including Hansen and Wernerfelt (1989) who found in their study that economic factors represented only 18.5% of

variance in business returns, while organizational factors contributed 38 % of organizational performance variance. This research focused more on organizational factors that determine organization's performance. Organizational factors were found to determine performance to a greater extent than economic factors indicated by Trovik and McGivern (1997).

Several earlier studies have used many variables to measure organizational performance. These variables include profitability, gross profit, return on asset (ROA), return on investment (ROI), return on equity (ROE), return on sale (ROS), revenue growth, market share, stock price, sales growth, export growth, liquidity and operational efficiency (Thomas & Ramaswamy, 1996; Gimenez, 2000). Although the importance of organizational performance is widely recognized, there has been considerable debate about both issues of terminology and conceptual bases for performance measurement (Ford & Schellenberg, 1982). No single measure of performance may fully explicate all aspects of the term (Snow & Hrebiniak, 1980). There was also inconsistent measurement of organizational performance- although most researchers (Kotter & Heskett, 2011; Denison & Mishra, 1995) measured organizational performance by using quantitative data like return on investments, return on sales and so forth.

Financial measures enable researchers to construct trend analyses and benchmarking analyses (Drew, 1997). Perceptual sources include employee evaluations of organizational effectiveness or financial health and their overall level of satisfaction. These subjective assessments of performance frequently have been used in organizational theory to evaluate organizational effectiveness and overall employee satisfaction. Given the increasing pressure of organizations to satisfy multiple stakeholder groups, there is a need for more complex measures of organizational effectiveness in which overly simplistic single variable models are inadequate expressions of the real world, multi-goal existence of organizations (Kirchhoff, 1977).

Most practitioners seemed to use the term performance to describe a range of measurements including input efficiency, output efficiency and in some cases transactional efficiency (Stannack, 1996). According to Doyle (1994), there was no single measure or best measure of organizational performance. Organization adopts different objectives and measurements for organizational performance. Hamel and Prahalad (1989) and Doyle (1994), however, argued that profitability was the most common measurement used for organizational performance in business organizations. This view is supported by Amah and Baridam (2012) who stressed that profitability is one of the best indicator to identify whether an organization met its objectives or not. Other researchers such as Galbraith and Schendel (1983) supported the use of return on assets (ROA), return on equity (ROE), and profit margin as the most common measures of performance. Return on Assets (ROA) is derived by dividing net income of the fiscal year with total assets. Return on Equity (ROE) means the amount of net income returned as a percentage of shareholders equity. It measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

According to Griffin (2003), organizational performance is described as the extent to which the organization is able to meet the needs of its stakeholders and its own needs for survival. Hence, performance should not be wholly equated with certain profit margin, high market share, or having the best products, although they may be the result from fully achieving the description of performance. To Griffin (2003), organizational performance is influenced by multitude factors that are combined in unique ways to both enhance and detract performance. This argument by Griffin (2003) is well supported by Venkatraman and Ramanujam (1986) who postulated that there are two major issues associated with the operationalization of organizational performance. First, what constitutes the construct? That is, how does one define the performance of the organization? Second, what are the data sources that should be used in the measurement of this construct? Should archival (or secondary) measures be used or can respondent (or primary) data be as reliable? Venkatraman and Ramanujan (1986) consider three aspects of performance, among them are financial performance, business performance, and organizational effectiveness and the later have been subsequently known as organizational performance.

They suggested that researchers in addition to using financial indicators should also use operational indicators when measuring organizational performance. The operational indicators may include such measures as new product introduction, product quality, manufacturing value-added and marketing effectiveness. These operational measures could reflect the competitive position of the firm in its industry space and might lead to financial performance. Hence, using a multiple indicator approach to operationalize firm's performance would be superior to using only a single indicator. Conversely, researchers have argued that no one measure is inherently superior to another and the definition that a researcher adopts should be based on the disciplinary framework adopted for the study (Cameron & Whetten, 1983). According to Hofer (1983), different fields of study will and should use different measures of organizational performance because of the differences in their research questions. In fact, the conceptualization of business performance in strategic management research usually revolved around the use of financial indicators. Thus, indicators based on financial measures such as sales growth, profitability, and earnings per share have been used by researchers. In addition, market-based measures such as variants of stock market returns have been used in previous studies. However, no one of these



measures is without flaws (Barney, 1997). The second major issue associated with operationalizing business performance is the source of data used to develop the construct. Data on the performance of a firm can be obtained either from published sources (secondary data) or directly from the firm (primary data). While financial data from secondary sources may be more accessible in the case of the large, publicly held company, such information is extremely difficult to obtain in the case of the small firms.

Objective data on the performance of small firms are usually not available because most small firms are privately held and the owners are neither required by law to publish financial results nor usually willing to reveal such information voluntarily to outsiders (Dess & Robinson, 1984). Besides, financial statements of small firms may be inaccurate because they are usually un-audited. Furthermore, owner/managers of small firms are inclined to provide subjective evaluations of their firm's performance (Sapiena, Smith & Gannon, 1988). Hence, the general consensus among researchers is that secondary sources of performance data represent the ideal source since measures developed using secondary data are less likely to be influenced by the personal biases of the respondent. However, Dess and Robinson (1984) argued that when objective measures of performance are unavailable, as is usually the case with small businesses, subjective measures can represent a reasonable proxy.

In a similar vein, Chandler and Hanks (1993) asserted that assessing performance relative to competitors is a relevant concept when gauging firms' performance. Firms are more likely to be aware of the activities of their competitors (Brush & Vanderwerf, 1992) and when these measures are anchored to objectively defined performance criteria; their validity is enhanced (Chandler & Hanks, 1993). Similarly, Brush and Vanderwerf (1992) found owner-reported measures of performance to have considerable reliability. Also, since managers in smaller companies may be sensitive to making public specific numerical data regarding their performance, they may be more willing to reveal broader indicators of their performance, such as their performance in relation to that of their competitors in the industry. Liao and Rice (2010) measured organizational performance by two variables (Bird and Beechler, Helfat et al., 2007): sales growth and expected sales growth.

Many researchers have used managers' subjective perceptions to measure beneficial outcomes for firms. Others have preferred objective data, such as return on assets. Scholars have widely established that there is a high correlation and concurrent validity between objective and subjective data on performance, which implies that both are valid when calculating a firm's performance (e.g., Dess & Robinson, 1984; Venkatraman & Ramanujan, 1986). As seen in the literature on organizational performance, performance is all about achieving the objectives that organizations/firms set for themselves. The objectives of an organization / firm could be financial, that is to say, profit-making or non-financial such as spreading awareness among a certain community. Organizational performance could be categorized under two categories: financial and non financial. From the foregoing, the following hypotheses were derived.

Ho<sub>1</sub>: There is no significant relationship between recognition and profitability.

Ho<sub>2</sub>: There is no significant relationship between recognition and market share

Ho<sub>3</sub>: There is no significant relationship between support and profitability

Ho<sub>4</sub> There is no significant relationship between support and market share

Ho<sub>5</sub> There is no significant relationship between cohesion and profitability

Ho<sub>6</sub> There is no significant relationship between cohesion and market share

### 3. Research Methodology

This correlational study was conducted as a cross-sectional survey. The study units for data generation were managerial employees in the oil companies and the micro-level of analysis was adopted. A sample size of 438 managerial employees was determined using the Taro Yamen's formula (Baridam, 2001) from seven randomly selected oil companies in Nigeria. After cleaning, 382 copies of the instrument were used for the analysis. In selecting the respondents the simple random sampling technique was adopted. – The dimensions of Organizational Climate adopted for this study are based on the earlier study of Koys and De Cotiis (1991) and includes: recognition, support and cohesion. **Recognition-** A five-item recognition scale was developed based on the Organizational Climate. **Support-** A five-item support scale was developed. **Cohesion-** A five-item cohesion scale was developed.

The dependent variable is Corporate Performance. The measures of Corporate Performance adopted for this study are based on the earlier study of Gunasekaran et al (2005) and includes profitability and market share. **Profitability-** A five-item profitability scale was developed based on the survey of organization questionnaire. **Market share-** A five-item market share scale was developed based on the survey of organization questionnaire.

A five-point Likert type scale was used (ranging from 5-strongly agree to 1- strongly disagree).

For test of reliability of the scale, the following Cronbach's alpha coefficients were obtained: Recognition (0.70), Support (0.70), Cohesion (0.80), Profitability (0.70), and Market share (0.80). In accordance with Nunnally (1978) model, which recommends a bench mark of 0.70, the reliability levels of the study scale are

acceptable. Spearman's rank correlation statistical tool was used to test the hypothesis. The result as presented was obtained.

#### 4. Research Results

Data per se cannot convey any significant meaning unless they are subjected to statistical test. Hence, our hypothesis will be subjected to statistical test using the data so collected.

**Table 1 : Nonparametric Correlations Matrix of the Relationship between Organizational Climate and Corporate Performance:**

	Spearman's rho	REG	SUP	COH	PRT	MKS
REG	Correlation Coefficient Sig. (2-tailed) N	1.000 . 40				
SUP	Correlation Coefficient Sig. (2-tailed) N	.700** .000 40	1.000 . 40			
COH	Correlation Coefficient Sig. (2-tailed) N	.681** .000 40	.605** .000 40	1.000 . 40		
PRT	Correlation Coefficient Sig. (2-tailed) N	.712** .000 40	.744** .000 40	.764** .000 40	1.000 . 40	
MKS	Correlation Coefficient Sig. (2-tailed) N	.703** .000 40	.789** .000 40	.751** .000 40	.653** .000 40	1.000 . 40

Source: SPSS Output, 2012

**Table 2: Spearman rank correlation and Zr-test on the relationship between recognition and profitability**

Variables	N	$r_s$	Df	Zr-cal	Z-crit	Result
REG Vs. PRT	40	.712	38	11.376	1.960	Significant

PRT=Profitability REG=Recognition Source: Survey Data, 2012

**Table 3: Spearman rank correlation and Zr-test on the relationship between support and profitability**

Variables	N	$r_s$	Df	Zr-cal	Z-crit	Result
SUP Vs. PRT	40	.744	38	11.411	1.960	Significant

PRT=Profitability SUP=Support Source: Survey Data, 2012

**Table 4: Spearman rank correlation and Zr-test on the relationship between cohesion and profitability**

Variables	N	$r_s$	Df	Zr-cal	Z-crit	Result
COH Vs. PRT	40	.764	38	11.523	1.960	Significant

PRT=Profitability COH=Cohesion Source: Survey Data, 2012

**Table 5: Spearman rank correlation and Zr-test on the relationship between recognition and market share**

Variables	N	$r_s$	Df	Zr-cal	Z-crit	Result
REG Vs. MKS	40	.703	38	11.302	1.960	Significant

MKS=Market Share REG=Recognition Source: Survey Data, 2012

**Table 6: Spearman rank correlation and Zr-test on the relationship between support and market share**

Variables	N	$r_s$	Df	Zr-cal	Z-crit	Result
SUP Vs. MKS	40	.789	38	11.612	1.960	Significant

MKS=Market Share SUP=Support Source: Survey Data, 2012

**Table 7: Spearman rank correlation and Zr-test on the relationship between cohesion and market share**

Variables	N	$r_s$	Df	Zr-cal	Z-crit	Result
COH Vs. MKS	40	.751	38	11.601	1.960	S

S=Significance MKS=Market Share COH=Cohesion Source: Survey Data, 2012

As can be seen from the tables above, the results of data analysis indicates that all the dimensions of organizational climate (recognition, support, and cohesion) had a strong positive influence on the measures of corporate performance (profitability and market share).

#### 4.1 Summary of Statistical Hypotheses Testing

Based on our data analysis and SPSS (version 17.0), we summarize our findings from the hypotheses tested in the correlation matrix as follows:

**Table 10: Correlation Matrix of the Summary of Hypotheses  $H_{01}$ - $H_{06}$  Tested**

Variables	Profitability	Market Share
Recognition	.712** $H_{01}$ (Reject)	.703** $H_{04}$ (Reject)
Support	.744** $H_{02}$ (Reject)	.789** $H_{05}$ (Reject)
Cohesion	.764** $H_{03}$ (Reject)	.751** $H_{06}$ (Reject)

Source: SPSS Output, version 17.0

N = 40

\*\*= Correlation significant at 0.05 level (2-tailed)

### 5. Discussion of Findings, Conclusion and Recommendations

One of the important questions in business has been why some organizations succeeded while others failed. Organization performance has been the most important issue for every organization (both profit making and non-profit making ones). It has been very important for managers to know which factors influence an organization's performance in order for them to take appropriate steps to initiate them. Based on the above, this study examined the relationship between organizational climate and corporate performance.

#### 5.1. Relationship between Recognition and Profitability

The first hypothesis sought to examine the relationship between recognition of employee's achievement and organizational profitability. Hence it was hypothesized that there is no significant relationship between recognition and profitability. Data analysis however revealed a strong positive relationship between recognition and organizational profitability ( $\rho = 0.712$ ). The finding supports the earlier finding of Mathisen and Einarsen, (2004). Based on this finding it was concluded that recognition of employees' achievements enhances organizational profitability. Recognition involves the identification of the contributions of organizational members in relation to the work they perform in a company. Most experienced workers appreciate recognition as it gives them a sense of belonging and encourages them to work harder. Some employees are well experienced and have attained much higher level on the job, and they are never motivated by pay and fringe benefits, but by the recognition of their efforts (Mathisen and Einarsen, 2004). This is because they have the belief and attitude to render the best service in accordance with the wealth of experience, skills, and knowledge they have attained in their previous organizations (Koys and De Cotiis, 1991). Thus, when a worker's effort is recognized he or she feels motivated as motivation leads to improved productivity which ultimately leads to corporate profitability.

#### 5.2. Relationship between Support and Profitability

The second hypothesis sought to examine the relationship between organizational support and corporate profitability. Hence it was hypothesized that there is no significant relationship between organizational support

and corporate profitability. Data analysis however revealed a strong positive relationship between organizational support and corporate profitability ( $\rho = 0.744$ ). The finding supports the earlier finding of (Litwin and Stinger, 1968). Based on this finding it was concluded that providing organizational support to employees enhances corporate profitability. Organizational support is the degree of mutual help and co-operative support enjoyed by organizational members in an organization (Baridam and Nwibere, 2008). Organizational support is the perceived helpfulness of managers and co-workers, the emphasis (or lack of emphasis) on mutual support (Litwin and Stinger, 1968). Organizational support is the perception of the degree to which superior members of the organization tolerate members' behavior, including willingness to let members learn from their mistakes without fear of reprisal (Koys and De Cotiis, 1991). Thus, with absolute support from each and every member of the organization, every task confronting the organization will be tackled mutually and with unity of purpose for the realization of set corporate objectives.

### **5.3. Relationship between Cohesion and Profitability**

The third hypothesis sought to examine the relationship between cohesion and corporate profitability. Hence it was hypothesized that there is no significant relationship between cohesion and corporate profitability. Data analysis however revealed a strong positive relationship between cohesion and profitability ( $\rho = 0.764$ ). The finding supports the earlier finding of Litwin and Stinger, (1968). Cohesion implies working in unity and applying group efforts to achieve corporate goals (Koys and De Cotiis, 1991). Cohesion is concerned with positive co-operation among organizational members, and it focuses on collective action which is based on the shared meaning and understanding that individuals or groups have with one another (Litwin and Stinger, 1968). The extent of collective action exhibited in an organization can motivate an employee to join that organization because he or she will be pleased to add their contribution to the growth and survival of the said organization. Cooperation comes with team work and mutual aid. Essentially, cooperation enhances the productive rate of every organization as tasks can be completed faster for the enhancement of the profit level of the organization.

### **5.4. Relationship between Recognition and Market share**

The fourth hypothesis sought to examine the relationship between recognition for achievement and organizational market share. Hence it was hypothesized that there is no significant relationship between recognition for achievement and organizational market share. Data analysis however revealed a strong positive relationship between recognition for employees achievement and organizational market share ( $\rho = 0.703$ ). This finding corroborates the earlier finding of Litwin and Stinger, (1968). Recognition is the perception that an organization accords its workers by the acknowledgement of their contributions (Koys and De Cotiis, 1991). Under normal circumstances, members of an organization do have the feeling of being motivated as criteria for them to seek for employment opportunities in organizations (Litwin and Stinger, 1968). The recognition given to a worker goes a long way to motivate him or her to get to the extra mile in the discharge of productive work that will enable the organization achieve set targets.

### **5.5. Relationship between Support and Market share**

The fifth hypothesis sought to examine the relationship between organizational support and corporate market share. Hence it was hypothesized that there is no significant relationship between organizational support and corporate market share. Data analysis however revealed a strong positive relationship between organizational support and corporate market share ( $\rho = 0.789$ ). This finding provides support for the earlier finding of Smith, (1994). Organizational support is concerned with how an organization provides the necessary means by which corporate task can be accomplished effectively (Rose and Graffin, 2002). Organizational support also implies the means by which assistance and encouragement are given to organizational members to succeed in the discharge of their work (Smith, 1994). Thus, providing the necessary organizational support helps organizations and their employees to render mutual aid to one another in the process of task accomplishment which may promote the image of the organization and enhance market share in an effective and efficient manner.

### **5.6. Relationship between Cohesion and Market share**

The sixth hypothesis sought to examine the relationship between cohesion and market share. Hence it was hypothesized that there is no significant relationship between cohesion and market share. Data analysis however revealed a strong positive relationship between cohesion and market share ( $\rho = 0.751$ ). This finding provides support for the earlier finding of Koys and De Cotiis, (1991). Cohesion is concerned with the means of pooling efforts together in unity. Most employees feel satisfied to contribute their tasks in corporations where there are co-operation and collective efforts (Koys and De Cotiis, 1991). Cooperation comes with team work and mutual aid. These factors enhances the productive rate of every organization as tasks can be completed faster for the realization of efficient market share or any set targets of the organization. Thus, cohesion helps to make



members of a particular organization channel their energy to one cause and execute it minimally without wasting resources (Koys and De Cotiis, 1991).

### 5.7 Recommendations

Based on the findings and conclusion above, the following recommendations were made: firstly, oil companies should provide very conducive work environment that will recognize the work efforts of organizational members in order to make them contribute positively to the attainment of the corporate objectives of the organizations. Secondly, oil companies should develop policies that will promote collective work efforts that will make organizational members support one another in the discharge of their duties. Collective efforts will enable the organization to complete their task as and when due. Thirdly, oil companies should offer performance contingent reward system to encourage organizational members put in their best for the achievement of set targets. Rewards are means of motivating organizational members. It should be used to make employees to bring out their best performance at the work place. It is expected that the reward system will improve productivity, and influence the effective and efficient utilization of corporate resources to achieve corporate objectives. Fourthly, oil companies should reward committed employees to promote loyalty. The workers in the oil companies should exhibit loyalty and effective response to, and identification with the organization based on a sense of duty and responsibility.. The commitment of workers is needed to enable the organization attain its corporate objectives. Fifthly, promotion of Trust in the work environment: oil companies should develop co-operation among their work force so as to make them develop trust and unity in the work place for the achievement of set objectives. Trust can be achieved when confidential matters affecting the progress of the organization are managed to the benefit of the organization.

### References

- Ahiauazu, A. (1999). *The African Industrial Man*. Port Harcourt: Cimrat Publication.
- Al-Shammari, M. M (1992) "Organizational Climate", *Leadership & Organization Development Journal*, Vol. 13 Iss: 6, pp.30 – 32
- Amah,EandBaridam,D(2012)Adaptability and Organizational Effectiveness:A Study oftheNigerianBankingIndustry *InternationalJournalofBusinessand Management Tomorrow*. Vol 2 No3 p122-131
- Barney, J. (1997) *Gaining and Sustaining Competitive Advantage*, New York: Addison-Wesley.
- Baridam, D. M. (2001), *Research Methods in Administrative Sciences 3<sup>rd</sup> edition*, Port Harcourt: Sherbrooke Associates.
- Baridam, D.M., and Nwibere, B.M. (2008). *Understanding and Managing Organization Behaviour*. Port Harcourt: Sherbrooke Associates
- Biswas, S. and Varma, A (2007) Psychological climate and individual performance in India: test of a mediated model; *Employee Relations*, Vol. 29 Iss: 6 pp. 664 – 676
- Bird, A. & Beechler, S. (1995). Links between business strategy and human resource management strategies in U.S.-based Japanese subsidiaries: An empirical investigation. *Journal of International Business Studies*, 26: 23-45.
- Caves, R. E and Porter, M. E (1977) *From Entry Business: Conjectural Decisions And Contrived Deterrence to New Competition*. *Quarterly Journal of Economics*.
- Cameron, K. S., & Whetten, D. A. 1983. Organizational effectiveness: One model or several? In K. S. Cameron, & D. A. Whetten (Eds.), *Organizational Effectiveness: A Comparison of Multiple Methods*: 1-24. New York: Academic Press.
- Chandler, G. N., & Hanks, S. H. (1993). Measuring the performance of emerging businesses: A validation study. *Journal of Business Venturing* 8: 391-408.
- Chien,M.H.(2004) A Study to Improve Organizational Performance. A View from SHRM. *Journal of American Academy of Busines*,Vol.4,1/2;p289.
- Daft, R.L. (2000), *Organization Theory and Design*. 7<sup>th</sup> ed Cincinnati, Ohio: South-Western College Publishing.
- Denison, D. (1990). "Corporate Culture and Organizational Effectiveness",*Strategic Management Journal*, Vol.2, No.4, p.91.
- Denison D.R. and Mishra A.K (1995) 'Toward a theory of Organizational Culture and effectiveness' *Organization Science* 6:204 – 223.
- Diekhoff, G. M., Thompson, S., and Denney, R. (2006). A multidimensional scaling analysis of church climate. *Journal of Psychology and Christianity*, 25, 17-27.

- Drew, A. S (1997) From knowledge to action: the impact of benchmarking on organizational performance. *Long Range Planning* vol 30 issue 3 p 427-441
- Ford, J., & Schellenberg, D. 1982. Conceptual issues of linkage in the assessment of organizational performance. *Academy of Management Review*, 7(1): 49-58. Freedman. D. A (2005) *Statistical Models: Theory and Practice*. Cambridge University Press .
- Gunasekaran, A. H., Williams, J., and McCanghey, R. E. (2005), "Performance Measurement and Costing System in New Enterprise" *Technovation*, Vol.25, No. 5 pp. 523. (May).
- Dess, G.G. and Davis, P.S (1984). Porter's (1980) Generic Strategies as Determinants of Strategic Group Membership and Organisational Performance, *Academy of Management Journal*, Vol.27, No.3: 467-488.
- Doyle, Peter (1994). Setting Business Objectives and Measuring Performance. *European Management Journal*, Vol. 12, No.2: 123-132.
- Galbraith, Craig and Schendel, Dan (1983). An Empirical Analysis of Strategy Types. *Strategic Management Journal*, Vol.4: 153-173.
- Gimenez, F.A.P.(2000). The Benefits of a Coherent Strategy for Innovation and Corporate Change: A Study Applying Miles and Snow's Model in the Context of Small Firms. *Strategy and Innovation in SMEs*,9(4),235-244
- Griffin, K (2003) Economic , Globalization and Institutions of Global Governance. *Development and Change*, vol 34 ,issue 5 p789-808
- Hamel, G. and Prahalad, C. K (1989) Strategic Intent. *Harvard Business Review* May/ June
- Hansen, G. S and Wernerfelt, B (1989) Determinants of Firm Performance: The Relative Importance of Economic and Organizational Factors, *Strategic Management Journal*, Vol. 10, No. 5 pp. 399-411
- Heffernan, M.M. & Flood, P.C.(2000). An Exploration of the Relationship between Managerial Competencies Organizational, Characteristic and Performance in an Irish organization. *Journal of European Industrial Training*. University Press, 128-136.
- Helfat, C., Finkelstein, S., Mitchell, W., Peteraf, M., Singh, H., Teece, D. and Winter, S. (2007) *Dynamic Capabilities: Understanding Strategic Change in Organizations*. Malden,MA: Blackwell.
- Hofer, C. W. 1983. ROVA: A new measure for assessing organizational performance. In R. Lamb (Ed) *Advances in Strategic Management*, Vol. 2:43-55. New York: JAI Press.
- Jaja, S. A., and Okwandu, G.A. (2006) *Understanding Business Management: Insights and Critical Issues*. Port Harcourt: Pearl Publishers.
- Kirchhoff, B. A. (1977) 'Organization Effectiveness Measurement and Policy Research', *Academy of Management Review*, Vol. 2, no. 3, pp. 347-355.
- Kotter, J.P and Heskett, J.L (2011) *Corporate Culture and Performance*, New York: The Free Press.
- Koys, D., and De Cotis, T. (1991). "Inductive Measures of Organizational Climate". *Human Relations*. Vol. 4, No.4, pp. 265-285
- Koys, R., and De Cotis, D. (1991). "Categories of Organizational Climate and Employees Commitment Factors". *Strategic Management Journal*, Vol.1, No.2, p.10-22.
- Kozlowski, S. W. J., & Klein, K. J.(2000).. A multilevel approach to theory and research in organizations; in K. J. Klein & S. W. J. Kozlowski (Eds.), *Multilevel theory, research and methods in organizations* (pp. 3-90). San Francisco: Jossey-Bass.
- Liao, T.S and Rice, J. (2010) "Innovation investments, market engagement and financial performance: A study among Australian manufacturing SMEs", *Research Policy*, 39(2): 117-125 (ERA A\*).
- Litwin, G.H., and Stringer, R.A. (1968). *Motivation and Organizational Climate*. Boston: Division of Research Graduate School of Business Administration, Harvard University
- MacCormick, Judith Sylvia (2010) *Organizational Climate, Market Volatility And Business Performance* U.of New South Wales
- McMurray, A.J., Scott, D. and Pace, RW. (2004) The Relationship between Organizational Commitment and Organizational Climate in Manufacturing. *Human Resource Development Quarterly*, Vol 15, 4, December, pp473-488.
- Mathisen, L., and Einarsen, M. (2004). *Organizational Climate and Employee Motivation*. Chicago: Illinois: The Dorse Press.
- Moran, P., and Volkwein, R..(1992). *Organizational Psychology*. New York: The Free Press.
- Muchinsky, P.M. (1987). *Psychology Applied to Work*. (2<sup>nd</sup> Edition). Chicago, Illinois: The Dorse Press
- Ngerobo, R. (2000). *Well Performing Organizations*, Available at:<http://www.idrc.ca/er-101834-1-DO-Topic.html>. Retrieved on: 31<sup>st</sup> March, 2011.

- Panell, John A. and P. Wright (1993). Generic Strategy and Performance: an Empirical Test of the Miles and Snow Typology. *British Journal of Management*, 4, 29-36.
- Patterson, M., Warr, P., and West, M. (2004). "Organizational Climate and Corporate Productivity", *Journal of Occupational and Organizational Psychology*, London, Vol. 2, No. 40, p.47.
- Perotti, E. C. & Javier, S. (2002) "Last bank standing: What do I gain if you fail?," *European Economic Review*, Elsevier, vol. 46(9), pages 1599-1622, October.
- Porter, M. E (1979) *The Structure Within Industries and Companies Performance*. Review of Economic Statistics.
- Porter, M. E. 1980. *Competitive strategy*. New York: Free Press.
- Potosky, D., and Ramakrishna, H. (2001). "Goal Orientation, Self -Efficacy, Organizational Climate and Job Performance". *Academy of Management*, Vol. 2, No. 6, p.571.
- Ricardo,R.,&Wade,D.(2001). *Corporate Performance Management: How to Build a Better Organization Through Measurement Driven Strategies Alignment*. Butterworth Heinemann.
- Rose, D. M., and Graffin, M. (2002). "High Performance Work Systems, HR Practices and High Involvement: A Group of Level Analysis", *Academy of Management, Conference 2002*, Denver, USA.
- Sapienza, H. J., K. G. Smith, and M. J. Gannon (1988) 'Using Subjective Evaluations of Organizational Performance in Small Business Research,' *American Journal of Small Business*, Vol.12, no. 3, pp. 45-53.
- Schneider, B. (1990). *Organizational Climate and Culture*. San Francisco: Jossey-Bass.
- Smith, P.L. (1994). "Hidden Aspects of Organization Design". *Journal of Management*. Vol. 44, No.12, pp. 80-
- Snow, C., & Hambrick, D. 1980. Measuring organizational strategies: Some theoretical and methodological problems. *Academy of Management Review*, 5(4): 527-538.
- Stannack, P. (1996). Perspective on Employees Performance. *Management Research News*, 119(4/5), 38-40.
- Thomas, Anisya S. and K. Ramaswamy (1996). Matching Managers to Strategy: Further Tests of the Miles and Snow Typology. *British Journal of Management*, 7, 247-261.
- Trovik,S.J., and McGivern , M.(1997). Determinants of Organizational Performance. *Management Decision*.35/6,p417-435.
- Venkatraman,N.,&Ramanujam,V.(1986). Measurement of Business Performance in Strategy Research: a Comparison Approaches. *Academy of Management Review*,11,801-814.

Godwin Ikpe Umoh is an Associate Professor in the University of Port Harcourt. He has a PhD Engineering Production, Specializing in Systems, Re-Engineering and Operational Research from the University of Birmingham, England, UK (1983). His MSC is in Systems Analysis and Operational Research (1981). He has a Graduate Diploma in Systems analysis and design, from Aberdeen College, Aberdeen, Scotland, U.K. (1980). He is presently the Head of Department of Management in the Faculty of Management Sciences in the University of Port Harcourt. He is a member of the Institute of Data Processing London. His areas of Specialization include Operational research applications in business, Advanced Statistics and Statistical analysis, Operations/Production Management, Human factors engineering otherwise known as Ergonomics, Management Information Systems. He is a Fellow, Nigerian Institute of Corporate Administration. He is a Member, Operational Research Society, UK, Member, Institute of Data Processing, London, Member, Ergonomics Society, UK, Member, Institute of Production Engineers, Uk. Member, The Academy of Management.

Edwinah Amah is a Senior Lecturer in the Department of Management at the University of Port Harcourt. She has a Ph.D in Management from the University of Port Harcourt, (2010). She has a Masters in Management from the Rivers State University of Science and Technology (1992). Her first degree is in Zoology from the University of Port Harcourt (1987). Her areas of Specialization include, Organizational Behaviour, Human Resources Management, Business Policy and Strategy and Corporate Culture. She is a Member of the Nigeria Institute of Management, and The Academy of Management Nigeria.

Ify Harcourt Wokocha is a Chief Lecturer with the Rivers State College of Arts and Science. He has a Ph.D in Management from the University of Port Harcourt. His area of specialization is Production and Operations Management. He is member of the Nigerian Institute of Management.

This academic article was published by The International Institute for Science, Technology and Education (IISTE). The IISTE is a pioneer in the Open Access Publishing service based in the U.S. and Europe. The aim of the institute is Accelerating Global Knowledge Sharing.

More information about the publisher can be found in the IISTE's homepage:

<http://www.iiste.org>

## CALL FOR JOURNAL PAPERS

The IISTE is currently hosting more than 30 peer-reviewed academic journals and collaborating with academic institutions around the world. There's no deadline for submission. **Prospective authors of IISTE journals can find the submission instruction on the following page:** <http://www.iiste.org/journals/> The IISTE editorial team promises to review and publish all the qualified submissions in a **fast** manner. All the journals articles are available online to the readers all over the world without financial, legal, or technical barriers other than those inseparable from gaining access to the internet itself. Printed version of the journals is also available upon request of readers and authors.

## MORE RESOURCES

Book publication information: <http://www.iiste.org/book/>

Recent conferences: <http://www.iiste.org/conference/>

## IISTE Knowledge Sharing Partners

EBSCO, Index Copernicus, Ulrich's Periodicals Directory, JournalTOCS, PKP Open Archives Harvester, Bielefeld Academic Search Engine, Elektronische Zeitschriftenbibliothek EZB, Open J-Gate, OCLC WorldCat, Universe Digital Library, NewJour, Google Scholar

