A Comparative Study of Organizational Culture in Saderat Bank and Eghtesad Novin Bank of Iran Based on Denison's Model

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Abstract

This article studies the organizational culture in two Iranian banks of Saderat and Eghtesad Novin (EN) comparatively based on the Denison's model of organizational culture. According to the research hypotheses, there wass no significant difference between the staff participation, stability of procedures, adaptability of the staff, for the staff and clarity of the organizational goals to the staff in Saderat Bank and Eghtesad Novin Bank. The statistical population of the research included the staff of the Saderat Bank and ENBank in Tehran. The results from the comparative study showed that despite the research hypotheses that assumed there was no significatn difference between the studied indicators in the two banks, the staff cooperation, procedure stability of the staff, staff adaptibility and clarity of organizational objectives to the staff in EN bank is higher than in Bank Saderat.

Keywords: organizational culture, Bank Saderat, EN Bank, Iran

1. Introduction

Culture is a complex issue that essentially includes all of a group's shared values, attitudes, beliefs, assumptions, artifacts, and behaviors. Culture is broad — encompassing all aspects of its internal and external relationships— and culture is deep in that it guides individual actions even to the extent that members are not even aware they are influenced by it (Tharp, 2002).

Organizational culture is defined as "A pattern of shared basic assumptions invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration" that have worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems" (Schein, 1992). It has also been defined as "the specific collection of values and norms that are shared by people and groups in an organization and that control the way they interact with each other and with stakeholders outside the organization." (Charles and Gareth, 2001). Ravasi and Schultz (2006) state that organizational culture is a set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behavior for various situations.

Scholars tend to agree that the root of any organization's culture is grounded in a rich set of assumptions about the nature of the world and human relationships. For example, the underlying belief that people are selfish and only out for themselves might unwittingly influence a company's attitudes and behaviors toward outside salespeople, vendors, and consultants. This is profound stuff that is largely invisible, unspoken, and unknown to an organization's members. So is it possible to really know a company's culture? While admittedly it would be a daunting (and some might claim impossible) task to fully account for all components of a company's culture, the dominant attributes can generally be identified. In focusing on "effective organizations", research has uncovered many critical dimensions. John Campbell (1974) and his fellow researchers identified thirty–nine important indicators. While such a list is helpful, it is still impractical for organizations to account for so many dimensions. Realizing this, Robert Quinn and John Rohrbaugh (1983) reviewed the results of many studies on this topic and determined that two major dimensions could account for such a broad range.

Through decades of empirical research, scholars have established abundant links between organizational culture and organizational performance. While previously businesses were either unaware of culture's importance or believed it too difficult to manage, today they recognize that it can be used for competitive advantage (Tharp, 2002).

2. Denison's model of organizational culture

Several methods have been used to classify organizational culture. While there is no single "type" of organizational culture and organizational cultures vary widely from one organization to the next, commonalities do exist and some researchers have developed models to describe different indicators of organizational cultures. This research mainly focus on the Denison's model of organizational culture.

Denison, Haaland, and Goelzer (2004) found that culture contributes to the success of the organization, but not all dimensions contribute the same. It was found that the impacts of these dimensions differ by global regions, which suggests that organizational culture is impacted by national culture. Daniel Denison's model (1990) asserts that organizational culture can be described by four general dimensions – Mission, Adaptability, Involvement and Consistency. Each of these general dimensions is further described by the following three sub-dimensions: Mission - Strategic Direction and Intent, Goals and Objectives and Vision Adaptability - Creating Change, Customer Focus and Organizational Learning Involvement-Empowerment, Team Orientation and Capability Development Consistency - Core Values, Agreement, Coordination/Integration Denison's model also allows cultures to be described broadly as externally- or internally focused as well as flexible versus stable. The model has been typically used to diagnose cultural problems in organizations.

Research objectives

1. Understanding the components of the organizational culture in the two banks of Saderat and Eghtesad Novin based on Denison's Model in a in a comparative study.

 2. Determining common and diference points of organizational culture and subsequently identifying the possible gaps in the organizational culture of the two organizations.

3. Proposing some solutions for to maintaining the positive points and eliminating or modifying undesirable points in the two organizations.

Research Hypotheses

1. There is no significant difference between the staff participation in Saderat Bank and Eghtesad Novin Bank.
 2. There is no significant difference between the stability of procedures for the staff in Saderat bank and Eghtesad Novin Bank.
3. There is no significant difference between the adaptablity of the staff in Saderat Bank and Eghtesad Novin bank.
4. There is no significant difference between the clarity of the organizational goals to the staff Saderat Bank and Eghtesad Novin Bank.

Research model

Professor Daniel Denison conducted some research on organizational culture and effectiveness. In his model, he outlined the cultural characteristics as follows:

1. Involvement (participation) in work
 2. Adjustment (procedures stabilization)
 3. Adaptability
4. Goals and Mission

Model
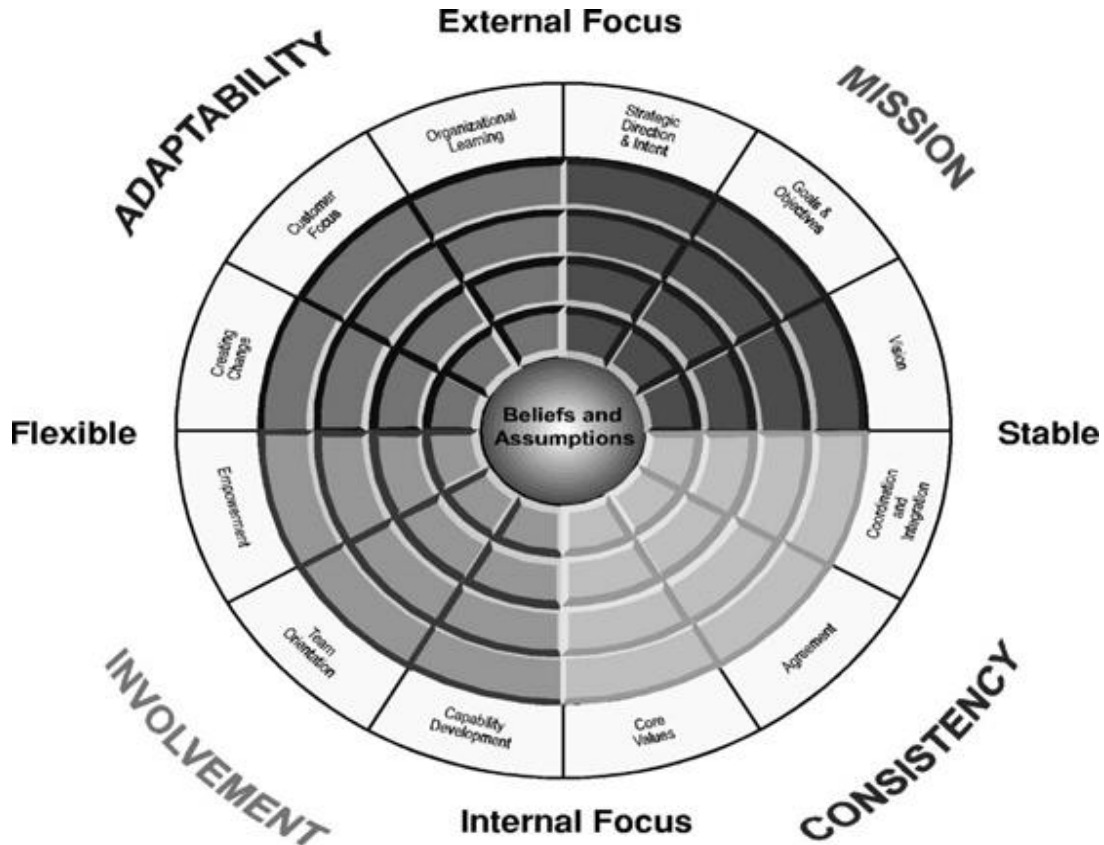
Research method

This research is of the descriptive type and a survey method has been applied to study the organizational culture in Saderat Bank and Eghtesad Novin Bank in Iran. It is also applied in term of purpose.

Research domains

Thematic domain: the research thematic domain included the components related to organizational culture.
 Spatial domain: the research spatial domain included the supervision of the North and the East of Saderat Bank and ENBank in Tehran.

Time domain: the research has been conducted from September to October of the year 2011.

Statistical population and sample size

The statistical population of the research included the staff of the Saderat Bank and ENBank in Tehran. In order to dirtribute and recollect the questionnaires from the staff of the two banks, the branches in supervision of North and East of Tehran were selected as the statistical sample. Questionnaires were distributed in 16 branches of Saderat Bank and 13 Branches of EN Bank. On average in each branch, 10 people filled in the questionnaires.

The following formula was used to determine the sample size:
and

$$n_0 = \frac{z_{\alpha/2}^2 pq}{d^2}$$

$$n = \frac{n_0}{1 + \frac{n_0}{N}} \qquad \text{or:} \qquad n = \frac{Nz_{\alpha/2}^2 PQ}{Nd^2 + z_{\alpha/2}^2 PQ}$$

Bank Saderat of Iran

Bank Saderat Iran (BSI) was founded by the prominent Mofarrah and Bolurfrushan families, commenced operation on 13 November 1952 with a board of three directors and 20 employees. It quickly became the largest privately owned bank in the region with branches in Hamburg, Paris, London and New York. As of 2006, it operates 3,248 branches and has over 30,000 employees[1]. Saderat Bank of Iran is one of the largest banks in the Middle East. Saderat Bank of Iran has 28 international branches and services in 12 countries . On 7 June 1979 , after the Iranian Revolution, all Iranian private banks were nationalized, quite to the dismay of the founding families, and became state-owned. In 1980, branches and sub-branches of BSI in the Iranian provinces were turned into independent banks, named Bank Saderat Ostan (province). Today, BSI has 29 owned provincial bank subsidiaries and over 200 affiliated companies, supervised by Ghadir Investment Company. Iranian banks are administered on the basis of a law passed by the Islamic Revolution Council on 25 September 1979, and the provisions of its Articles of Association.

On September 9, 2006, the bank was blacklisted by the United States because it allegedly transfers money to terrorist organizations[2].

According to the U.S. Department of the Treasury, Bank Saderat is used by the Government of Iran to transfer money to what the US considers to be terrorist organizations, including Hezbollah, Hamas, the Popular Front for the Liberation of Palestine-General Command and Palestinian Islamic Jihad.

Under the current Iranian Transactions Regulations (31 CFR Part 560), U.S. banks may process certain funds transfers involving an Iranian bank, such as transfers for authorized or exempt transactions and "U-turn" transactions. U-turn transactions allow U.S. banks to process payments involving Iran that begin and end with a non-Iranian foreign bank. Bank Saderat will not be able to participate in any transfers involving U.S. banks, effective from the date that the amendment to the regulations is filed with the U.S. Federal Register. By prohibiting U-turn and all other transactions with Bank Saderat, the bank is denied all direct and indirect access to the U.S. financial system[3]. Bank Saderat Iran currently conducts banking in the UAE, handling Iranian trade in and out of Dubai. Bank Saderat's profits are the 3rd highest among foreign Banks within UAE. The bank mainly deals in project financing, letters of credit (LCs) and bank guarantees (demand guarantees), whereas other activities remains less important.

Eghtesad Novin Bank

Eghtesad Novin Bank, also known as **EN Bank**, is a major banking establishment offering retail, commercial and investment banking services in Iran. The company was established in 2000 as a part of the government's privatization of the banking system[4]. While established in Tehran, the bank operates throughout the nation with 2077 employees, 622 ATMs and 200 branches[5].

EN Bank is Iran's first private bank[6]. It is currently listed under the Tehran Stock Exchange and was listed as one of Iran's top 200 companies[7]. The bank was also awarded Euromoney magazine's best bank of Iran in 2009[8]. EN Bank operates as a private bank in Iran; In addition to retail, corporate, international, and commercial banking, The company offers savings and current accounts, loans, cards, and safe deposit boxes; merchant, cash management, and financing services; Internet, telephone, mobile, and SMS banking; and foreign exchange, currency accounts, trade finance, fund transfer, and wire services. EN Bank also provides utility bill payment service; and complementary financial services, ranging from securities trading to insurance[9].

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[1] http://www.presstv.ir/detail.aspx?id=97402&sectionid=351020102

[2] "US blacklists major Iranian bank". BBC News. 2006-09-09. http://news.bbc.co.uk/2/hi/business/5329326.stm.

[3] "UPDATE 1-US Treasury tightens banking sanctions on Iran". *Reuters*. 2008-11-06.
http://www.reuters.com/article/idINN0640313020081106. &
http://www.treasury.gov/offices/enforcement/ofac/programs/iran/iran.shtml

[4] http://english.en-bank.com/Site.aspx?ParTree=12111A1311

[5] http://english.en-bank.com/Site.aspx?ParTree=12111A1312

[6] http://english.en-bank.com/Site.aspx?ParTree=12111A1311

[7] http://www.emergingmarketsanalysis.com/web/iran/list_ind.htm

[8] http://english.en-bank.com/Site.aspx?ParTree=12111A1318

[9] http://investing.businessweek.com/research/stocks/private/snapshot.asp?privcapId=105703507

Table 1- 3 shows the status of the staff in the two banks:

Marital status	Saderat		EN Bank	
	Percent	No	Percent	No
Single	31%	36	52%	59
Married	69%	82	48%	55
Total	100%	118	100%	114

Table 1: Marital status of the respondants

Gender	Saderat		EN Bank	
	Percent	No	Percent	No
Male	41%	48	43%	49
Female	59%	70	57%	65
Total	100%	118	100%	114

Table 2: Gender of the respondants

Job experience	Saderat		EN Bank	
	Percent	No	Percent	No
Below 5 years	24%	28	75%	86
6-10 years	42%	50	17%	19
11-15 years	11%	13	4%	5
Over 15 years	20%	24	1%	1
Not declared	3%	3	3%	3
Total	100%	118	100%	114

Table 3: job experience of the respondants

According to table 4, the standard deviation for all variables is over 0.05 and thus, the data distribution for all research variables is normal.

One−Sample Kolmogorov−Smirnov Test

Bank		N	Normal Parameters[a,b]		Most Extreme Differences			Kolmogorov− Smirnov Z	Asymp. Sig. (2−tailed)
			Mean	Std. Deviation	Absolute	Positive	Negative		
EN	Staff contribution	114	3.111	.460	.160	.100	−.160	.988	.283
	Staff procedure stability	114	3.226	.398	.112	.103	−.112	1.191	.117
	Staff adaptibility	114	3.242	.385	.117	.095	−.117	1.254	.086
	Clarity of the organizatin goals	114	3.238	.466	.111	.075	−.111	1.184	.121
Saderat	Staff contribution	118	2.833	.426	.155	.155	−.111	1.255	.086
	Staff procedure stability	118	2.867	.370	.087	.087	−.082	.945	.333
	Staff adaptibility	118	3.030	.382	.096	.073	−.096	1.044	.226
	Clarity of the organizatin goals	118	2.840	.408	.136	.071	−.136	1.105	.174

a. Test distribution is Normal.

b. Calculated from data.

Table 4: Kolmogorov-Smirnov Test to show the normality of the variables distribution in the two banks

Tables 5-21 show the statistical test results for the two banks.

Group statistics	Bank	N	Mean	Std.Deviation
Staff contribution	EN	114	3.1109	.45994
	Saderat	118	2.8327	.42636

Table 5: Mean and standard deviation for the two banks

In dependent Samples Test

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	Levene's Test for Equality of Variances		t-test for Equality of Means			
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference
Equal variances assumed	1.422	.234	4.779	230	.000	.27812
Equal variances not assumed			4.772	227	.000	.27812

Table 6: Tests for equality of variances and means for the two banks for the staff contribution

Bank		N	Mean	Std.Deviation
Empaowerment	EN Bank	114	3.3285	.54942
	Bank Saderat	118	3.1441	.59507
Team-orientation	EN Bank	114	3.1123	.58068
	Bank Saderat	118	2.8441	.64005
Ability development	EN Bank	114	2.9838	.61950
	Bank Saderat	118	2.6288	.52706

Table 7: Standard deviation and mean for the two banks

		Levene's test for Equality of Variances		t-test for Equality of Means			
		F	Sig.	t	df	Sig.(2-tailed)	Mean Difference
Empaowerment	Equal variances assumed	2.605	.108	2.451	230	.015	.18444
	Equal variances not assumed			2.454	229.533	.015	.18444
Team-orientation	Equal variances assumed	.086	.770	3.339	230	.001	.26821
	Equal variances not assumed			3.345	229.104	.001	.26821
Ability development	Equal variances assumed	1.249	.265	4.706	230	.000	.35496
	Equal variances not assumed			4.693	221.626	.000	.35496

Table 8: Comparison of the mean of the staff's procedure stability

	Bank	N	Mean	Std.Deviation
Staff procedure stability	EN	114	3.2260	.39800
	Bank saderat	118	2.8673	.36991

Table 9: The mean and standard deviation for the two banks

The staff's procedure stability	Levene's Test for Equality of Variances					
	F	Sig.	t	df	Sig(2-tailed)	Mean Difference
Equal variances assumed	1.737	.189	7.112	230	.000	.35864
Equal variances not assumed			7.103	227	.000	.35864

Table 10: Independent sample test for the two banks

Bank	N	Mean	Std.Deviation
EN	114	3.0110	.45670
Bank saderat	118	2.8881	.50976
EN	114	3.2434	.45901
Bank saderat	118	3.0282	.57407
EN	114	3.4189	.65873
Bank saderat	118	3.1547	.54196

Table 11: The mean and standard deviation for the two banks

		Levene's Test for Equality of Variances		t-test for Equality of Means			
		F	Sig.	t	df	Sig.(2-tailed)	Mean Differenc
	Equal variances not assumed	.997	.319	1.931	230	.055	.12283
	Equal variances not assumed			1.934	228.712	.054	.12283
	Equal variances assumed	10.158	.002	3.146	230	.002	.21517
	Equal variances not assumed			3.158	222.293	.002	.21517
	Equal variances assumed	6.165	.014	3.341	230	.001	.26420
	Equal variances not assumed			3.330	218.761	.001	.26420

Table 12: Independent sample tests: Levene's test for equality of variances

Staff adaptibility	Bank	N	Mean	Std.Deviation
	EN Bank	114	3.2418	.38451
	Bank Saderat	118	3.0297	.38179

Table 13: Group statistics; mean and standard deviation for the two banks

Staff adaptibility	Levene's Test for Equality of Variances		t-test for Equality of Means			
	F	Sig.	t	df	Sig.(2-tailed)	Mean Difference
Equal variances assumed	.194	.660	4.215	230	.000	.21209
Equal variances not assumed			4.215	230	.000	.21209

Table 14: The review of the mean of the sub-categories of the adaptibility

Bank		N	Mean	Std.Deviation
Making change	EN Bank	114	3.0895	.50104
	Bank saderat	118	2.9525	.55918
Focusing on the customer	EN Bank	114	3.1944	.48339
	Bank saderat	118	2.6136	.52800
Organizational learning	EN Bank	114	3.3491	.47555
	Bank saderat	118	2.9220	.50909

Table 15: group statistics: mean and standard deviation for the two banks

		Levene's Test for Equality of Variances		t-test for Equality of Means			
		F	Sig.	t	df	Sig.(2-tailed)	Mean Differenc
Making change	Equal variances assumed	.881	.349	1.902	230	.060	.13693
	Equal variances not assumed			1.966	228.7	.051	.13693
Focusing on the customer	Equal variances assumed	3.172	.076	8.732	230	.000	.58089
	Equal variances not assumed			8.745	229.3	.000	.58089
Organizational learning	Equal variances assumed	.499	.481	6.598	230	.000	.42709
	Equal variances not assumed			6.606	229.7	.000	.42709

Table 16: Sample test; comparing the mean for increase in the organizational goals clearity in the two banks

	Bank	N	Mean	Std.Deviation
Clearity of organizational goals	EN Bank	114	3.2380	.46563
	Bank saderat	118	2.8402	.40827

Table 17: The mean and standard deviation for the two banks

Clearity of organizational goals	Levene's Test for Equality of Variances		t-test for Equality of Means			
	F	Sig.	t	df	Sig(2-tailed)	Mean Difference
Equal variances assumed	4.731	.031	6.926	230	.000	.38783
Equal variances not assumed			6.910	224	.000	.38783

Table 18: Levene's Test for equality of variances for the two banks

	Bank	N	Mean	Std.Deviation
Strategic direction	EN Bank	114	3.5579	.52779
	Bank saderat	118	3.2559	.51066
Objectives and goals	EN Bank	114	3.2632	.62927
	Bank saderat	114	2.8561	.69257
بصيرت Vision	EN Bank	114	3.2122	.59115
	Bank saderat	114	2.7180	.64070

Table 19: The mean and standard deviation for the two banks

		Levene's Test of Equality variances		t-tset for Equality of Means			
		F	Sig.	t	df	Si.(2-tailed)	Means Difference
Strategic direction	Equal variances assumed	.337	.562	4.429	230	.000	.30196
	Equal variances not assumed			4.427	228.954	.000	.30196
Objectives and goal	Equal variances assumed	1.432	.233	4.644	266	.000	.40702
	Equal variances not assumed			4.644	223.955	.000	.40702
Vision	Equal variances assumed	3.370	.068	6.052	266	.000	.49415
	Equal variances not assumed			6.052	224.551	.000	.49415

Table 20: Independent sample test

Bank	Cronbach's Alpha	N of items
EN Bank	.939	60
Bank saderat	.887	60

Table 21: Reliability test

Conclusion

In order to understand an organization and study the behavior and functions of the staff in the organization, it is crucial to get aware of its organizational culture. If managers are to increase the productivity in an organization, they need to consider the components of the organizational culture, that is because any change in the organization will be effective only by considering the organizational culture.

This article tried to study the organizational culture in two Iranian banks of Saderat and Eghtesad Novin (EN) comparatively based on the Denison's model of organizational culture.

The results from the study showed that staff cooperation, procedure stability of the staff, staff adaptibility and clarity of organizational objectives to the staff in EN bank is higher than in Bank Saderat.

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