



ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE

**EFFECT OF ORGANIZATIONAL CULTURE ON EMPLOYEE
PERFORMANCE IN THE CASE OF CATHOLIC RELIEF
SERVICES IN ADDIS ABABA**

BY
NAZRAWIT SOLOMON

JUNE 2025
ADDIS ABABA, ETHIOPIA



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APPROVAL SHEET

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APPROVED BY BOARD OF EXAMINERS

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Wasihun M. (Ph.D.). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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June 2025

ENDORSEMENT

This thesis has been submitted to Addis Ababa University, School of Commerce for examination with my approval as a university advisor.

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June 2025

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The Researcher!

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ACRONYMS AND ABBREVIATION

CRS -	Catholic Relief Services
HR -	Human Resources
OCAL -	Organizational Culture Assessment Instrument
OCB -	Organizational Citizenship Behaviours
SMEs -	Small and Medium-sized Enterprises
SPSS -	Statistical Package for the Social Sciences
WASH -	Water, Sanitation, and Hygiene

ABSTRACT

This study examines the effect of organizational culture on employee performance at Catholic Relief Services in Addis Ababa, Ethiopia, focusing on five key dimensions: leadership style, communication channels, employee empowerment, work environment, and corporate values. Using a quantitative research approach, a survey was administered to 188 sample employees to explain how these cultural components of the organization influence employee performance. Primary data were collected from the targeted respondents through standardized questionnaire. Both descriptive and inferential analyses were conducted with the help of SPSS 25.0, The findings reveal that employee empowerment is the most influential predictor of performance, highlighting the importance of autonomy and decision-making power in fostering efficiency and motivation. Leadership style and communication channel also significantly contributes to employee performance, reinforcing the need for vision clarity, ethical leadership, and transparent dialogue. While work environment plays a moderate role in shaping job satisfaction, corporate values exert the least direct influence, suggesting a disconnect between organizational principles and their practical applications. The regression model confirms that these cultural dimensions collectively explain 62.1% of the variance in employee performance, emphasizing the need for strategic interventions to enhance engagement and productivity. The study recommends strengthening empowerment initiatives, refining leadership strategies, optimizing communication frameworks, improving workplace conditions, and integrating corporate values into daily operations to ensure long-term organizational success.

Keywords: Communication Channels, Corporate Values, Employee Empowerment, Employee Performance, Ethical Leadership, Leadership Style and Organizational Culture.

CHAPTER ONE: INTRODUCTION

1.1. Background of the study

In the contemporary hypercompetitive global marketplace, organizational success increasingly depends on optimizing employee performance through strategic culture alignment. As business challenges grow more complex, companies must cultivate workplace environments that actively engage employees and synchronize their efforts with corporate objectives (Hoffer, 2019). To do so, organizational culture serves as both the foundation for operations and the catalyst for workforce behaviors as a well-crafted work culture directly influences productivity, innovation, and adaptability (Gibson, 2019). Nonetheless, despite organizations with strong, values-driven cultures demonstrate greater resilience and performance, those with fragmented cultural frameworks risk operational inefficiencies and competitive disadvantage.

Organizational culture represents the shared values, norms, and practices that collectively shape workplace behaviors and decision-making processes. This dynamic ecosystem emerges from the interplay of leadership approaches, communication systems, recognition frameworks, physical work environments, and core corporate values -collectively forming the organization's ethos (Schein, 2017). Transformational leadership, for instance, serves as the cultural architect, modeling desired behaviors that cascade throughout all organizational levels (Robbins & Judge, 2018). Simultaneously, optimized communication networks act as the central nervous system, enabling seamless information exchange that drives both daily operations and strategic alignment (Andrews, 2017). When these elements synchronize effectively, they create a high-performance culture where employees intuitively understand how to contribute to organizational success.

Employee recognition serves as a powerful cultural magnifier, reinforcing desired behaviors by validating individual contributions. When implemented effectively, it cultivates a culture of appreciation that directly boosts engagement, performance, and retention (Mastrangelo, 2017). Workplace design equally influences cultural dynamics, thoughtfully crafted environments that prioritize ergonomics, collaboration spaces, and well-being that leads to measurable gains in productivity, job satisfaction, and organizational commitment. Most critically, core values act as the organization's ethical foundation, translating abstract principles into daily decision-making.

Clearly consistently modeling these values helps companies create cultural coherence that aligns employee behaviors with strategic objectives.

The integration of these cultural elements becomes the invisible hand shaping employee performance - the true differentiator in today's competitive landscape. Exceptional performance emerges not only from individual capability, but from an organizational ecosystem where culture either unlocks or constrains human potential. High-performance cultures act as force multipliers, creating the engagement, adaptability and psychological safety that fuel breakthrough results (Wahjoedi, 2020). Conversely, cultural deficiencies - whether in mutual understanding, communication flows or workplace dynamics - create invisible drag that erodes both morale and output (Andrews, 2017). The critical division between industry leaders and resisters or delayers lies not only in their talent pools, but in the cultural frameworks that either liberate or limit that talent.

Catholic Relief Services (CRS) has been actively engaged in Ethiopia for nearly six decades, delivering vital humanitarian aid and development initiatives (CRS Report, 2024). Its efforts encompass disaster response, food assistance, healthcare and nutrition programs, water and sanitation projects, and gender equality advocacy. Additionally, CRS supports sustainable livelihoods for farmers and entrepreneurs while working on communicable diseases prevention (Ethiopian Civil Society, 2022). As a global humanitarian entity operating in a culturally diverse and dynamic environment, CRS Ethiopia presents an ideal case for examining the relationship between organizational culture and employee performance. Understanding how leadership, communication, employee recognition, workplace conditions, and corporate values shape employee engagement and efficiency is essential for strengthening firm effectiveness and achieving strategic objectives.

This study, thus, aims to investigate the effect of organizational culture on employee performance, through its key components of leadership style, communication channels, employee recognition, workplace environment, and corporate values, on employee performance at CRS. Examining this relationship seeks to identify actionable strategies that enhance employee satisfaction, reduce turnover, and improve performance, thereby aligning each effort with organizational aspirations.

1.2. Statement of the problem

Employee performance is a key driver of organizational effectiveness and longevity especially in complex and dynamic operation settings. Catholic Relief Services (CRS), in Ethiopia as an international humanitarian institution, works in such a complex environment, where the need to make a trade-off between the global principle and the local context is crucial. The organization's ability to effectively serve vulnerable communities depends heavily on maintaining optimal employee performance. However, CRS has been experiencing challenges including employee dissatisfaction, high turnover rates, and declining performance levels, all of which threaten its capacity to achieve its humanitarian objectives.

Organizational culture, as defined by Schein's (2024) social interaction theory, develops through shared norms, values, and practices among employees. This culture encompasses key elements such as leadership approaches, communication systems, recognition practices, work environment, and corporate values - all of which significantly influence employee behavior and performance outcomes. While these cultural factors are crucial, CRS has traditionally prioritized program outputs and financial accountability over the cultural aspects that drive employee motivation and job satisfaction (Chen, 2010). This imbalance has created a growing disconnect between employee expectations and the organizational environment, resulting in negative impacts on staff retention and productivity.

Existing studies also identify aspects of the theoretical modelling of Organizational culture in humanitarian organizations as poorly understood, especially in the context of Ethiopia. Although according to other researchers such as Awadh & Saad (2013) and Soedjono (2015), there is a significant relationship between organizational culture with staff performance, yet the work of these researchers has been conducted in companies whose main priority is utmost profit in developed countries. These studies inadequately address the distinct operational realities of nonprofit organizations, where factors like mission alignment, values-driven work environments, and employee dedication assume heightened importance. Although Denison's (2000) work underscores the critical role of organizational culture in developing countries, there remains an absence of empirical studies focusing specifically on Ethiopia's humanitarian sector.

Catholic Relief Service Ethiopia functions in a country with a rich socio-cultural setting that deeply influences the expectations of staff, work attitude and organizational culture. At times,

the cultural differences between the international leadership of the organization and the local staff have led to tensions, making it difficult to reconcile the values of the organization and the employees themselves. Real life issues like inconsistent recognition programs for employees and lack of focus on providing a supportive work environment have also added to the struggle. Although job satisfaction as a mediator on employee performance is accepted in previous studies in Ethiopia (Robert, 2019; Wang, 2019), there is not enough information on how this relationship specifically works in aid organizations like Catholic Relief Service. Further, in the context of the relief service, studies have largely been restricted to project outcomes and beneficiary change. Little attention is given to the internal operation of an organization like workplace relationships and staff satisfaction. This gap has hindered the formulation of organization-wide strategies to enhance employee performance within a place like CRS.

To address these gaps, this study will examine how organizational culture affects employee performance at CRS Ethiopia, with particular focus on leadership styles, communication channels, recognition practices, work environment, and corporate values. The research will also explore how organizational culture influences employee commitment and productivity. By analyzing employee perspectives, the study aims to provide practical recommendations for creating an organizational environment that enhances staff retention, aligns individual and organizational goals, and ultimately improves overall performance.

1.3. Research Questions

1. How does leadership style within Catholic Relief Services influence employee performance?
2. What role do communication channels play in enhancing employee performance at Catholic Relief Services?
3. How does employee recognition influence employee performance at Catholic Relief Services?
4. How does the workplace environment affect employee performance at Catholic Relief Services?
5. What is the effect of corporate values on employee performance at Catholic Relief Services?

1.4. Objectives of the Study

1.4.1. General Objective

To investigate the effect of organizational culture on employee performance in CRS Ethiopia, in the case of catholic relief services in Addis Ababa.

1.4.2. Specific Objective

1. To analyze the effect of leadership styles on employee performance at Catholic Relief Services.
2. To examine the effect of communication on employee performance at Catholic Relief Services.
3. To investigate the effect of empowerment on employee performance at Catholic Relief Services.
4. To analyze the effect of the work environment on employee performance at Catholic Relief Services.
5. To examine the effect of corporate values on employee performance at Catholic Relief Services.

1.5. Significance of the Study

This investigation goes beyond just looking at workplace culture, it examines how the unique environment at CRS Ethiopia shapes employee effectiveness. It may have multiple significance in filling important knowledge gaps while offering real solutions for humanitarian organizations working in complex settings.

Specifically, it breaks new ground by analyzing how specific cultural factors like leadership approaches, communication channels, recognition systems, physical work conditions, and shared values impact staff performance. Previous studies have mostly examined corporations in wealthy countries, but this project focuses on the nonprofit world where people are motivated more by purpose than profits. The findings will also expand our understanding of established theories by testing them in a humanitarian context.

Challenges emanated from its mix of cultures and economic conditions in the country. CRS operates in this environment but lacks localized information about what really motivates and retains its workforce. This study directly addresses that need, helping CRS bridge the gap

between its global mission and local workplace realities. The insights should enable the organization to create a work environment that truly resonates with Ethiopian staff.

For CRS managers and other similar humanitarian organizations, this isn't just academic but practical. The study pinpoints which cultural elements most influence performance and job satisfaction. Most importantly, it provides concrete suggestions for improving leadership practices, strengthening communication, and showing proper appreciation for staff. These evidence-based recommendations can help CRS build a stronger workplace culture that retains good employees while making everyone aligned around the organization's mission.

In summary, this study bridges theoretical, contextual, practical, and methodological gaps, enabling CRS to cultivate an organizational culture that enhances employee satisfaction, commitment, and performance while advancing its mission in Ethiopia.

1.6. Scope of the Study

The study was conducted in Addis Ababa, the capital city of Ethiopia and one of the largest operational bases of Catholic Relief Services (CRS) in East Africa. Conditions in Addis Ababa were such that a whole range of cultural, social and economic issues were evident, therefore, offered a very appropriate context within which to investigate organizational culture and its impact on employee performance. The study was limited to staff of CRS in Addis Ababa, which promoted the depth of understanding the cultural dynamics of the organization in one setting.

The measurement of leadership styles, means of communication, staff appreciation, work environment and the values of the organization to see how it influences the performance of the employees were the study's independent variables against employees' performance which was the dependent variable. The study was rooted in Schein's (1992) social exchange theory, which examines the influence of cultural roots on employee attitudes, their behaviour and organizational performance.

To achieve an in-depth analysis of the study's variables, a quantitative research method was used. Quantitative data was obtained through a questionnaire-based survey administered to CRS staff which contained a series of close ended questions on perception of the organizational culture as well as staff perception of performance. The methodological design prioritized insights constrained from the perspective of the employee and the use of statistical procedures to examine relationships of the organizational culture dimensions with workforce productivity.

The study analyzed data collected in April-May 2025 which depicts the context that the organization operates within this period.

Finally, this scoped approach helped to hold the research findings tight, relevant and applicable, offering significant insights to both academic and practitioner communities concerned with enhancing organizational effectiveness.

1.7. Definitions of Key Terms

- **Organizational culture:** The underlying values, beliefs, and norms of behaviour that influence the way in which people interact within an organization and make decisions (Schein, 2004).
- **Employee Performance:** The degree of efficiency, productivity, and dedication the employees exhibit to realize organizations' objectives (Wang, 2019).
- **Leadership Style:** The way leaders attempt to integrate and motivate followers, affecting their engagement and the manner in which they make decisions (Robin & Judge, 2018).
- **Communication Channels:** Pathways on which messages flow in an organization, forming collaboration and trust (Andrew, 2017).
- **Employee Appreciation:** Recognizing employee contributions, boosting morale and job satisfaction (Mastrangelo, 2017).
- **Workplace setting:** All the physical, social and psychological conditions that have an impact on the well-being and performance of the employee (Walker, 2012).
- **Organizational Values:** Core organizational beliefs that determine action and behavior to support the accomplishment of goals (Hoffer, 2019)

1.8. Organization of the Study

This study is organized into five main chapters. The first chapter refers introduction of the study which includes the background, problem statement, research objectives, significance and scope of the study. The second chapter contains a review of related literature, which consists of the theoretical background and important findings from different kinds of literature, and the conceptual framework of the study. The third chapter contains the methodologies applied to conduct study. Evidence of reliability and validity, model specification, variable measurement,

and ethical considerations are also mentioned in this chapter. The fourth chapter presents demographic characteristics, descriptive and inferential statistics analysis, findings and their interpretations. The last chapter consists summary of major findings, conclusions and recommendations of the study.

CHAPTER TWO: REVIEW OF THE RELATED LITERATURE

This chapter reviews related literatures both conceptual and empirical studies. The review tries to come up with an insight on the relationship between organizational culture and employee performance from both the theoretical and empirical angle. Different studies in the field are reviewed, regarding the link between the concepts, and finally conceptual framework is developed to address the objectives of the study.

2.1. Theoretical Review

The theoretical review frames the gap identified in the introduction part under the statement of the problem to address it in a scientific approach. It comprises the theoretical framework of the study along with the concepts related to organizational culture and their effect on employee performance.

2.1.1. Concepts of Organizational Culture

Culture is set of values and commonly held beliefs that determine which behaviors are acceptable and expected for a given group (Dolan, 2013). Countries, religious and ethnic groups, and organizations all have cultures. Robbins and Judge (2013) explain culture as a system of shared meaning held by members that distinguishes the organization from other organizations. Organizational culture is the collective effect of the common beliefs, behaviors, and values of the people within a company. Those norms within any organization regulate how employees perform, how they cooperate with each other and whether they feel motivated to meet goals.

According to Jennifer and Gareth (2012), organizational culture is the set of shared values, beliefs, and norms that influences the way employees think, feel, and behave toward each other and toward people outside the organization. Organizational culture can be considered as the shared assumptions of people and groups as they attempt to address opportunities and problems facing the organization. These beliefs and values are taught to new recruits who become members of an organization when they learn to perceive, think, and feel about these opportunities and problems in the same way as existing employees. The kind of values and beliefs in an organization's culture can promote supportive work attitudes and behaviors that increase organizational effectiveness, or they can lead to behaviors that harm an organization.

Similarly, Robbins (2013) refers organizational culture is a system of shared meaning held by members that distinguishes the organization from other organizations. Organizational culture is the adhesive holding companies together in a country, is characterized by stability processes, collectivity and predictability, and is a source of recreation, of new opportunities as well as of conflicts and of dynamics (Donald, 2018). Organizational culture is the collection of traditions, values; beliefs, policies and attitudes that constitute a pervasive context for everything one does and think in an organization.

Similarly, Mahapatro (2010) stated organizational culture means the values, attitudes and beliefs reflected in the mission and goals, and practices of the organization. As too Denison and Neale (2011) organizational culture refer to the underlying value, beliefs and principles that serve as a foundation for an organization management system, as well as the set of management practices and behavior that reinforce those basic principles. Furthermore, these authors explain the visible and invisible aspect of organizational cultures. The visible aspect includes working hard, proper attire, acting friendly to customer etc. To the contrary, invisible assumptions, value and core beliefs which are harder to observe includes honesty, integrity, being ethical, and going beyond expectations to achieve goal.

Organizational culture is literally described by many researchers in diverse studies for various measures. Nongo (2012) asserted that culture is critical to understanding any society or group. Through the process of socialization individuals bring into groups. Groups have the capacity to shape, influence, and determine members' outlooks, viewpoints, outputs, attitudes and indeed behaviors.

Businesses are created to solve societal problems. Organizations employ individuals to assist them in the task of solving their assigned societal problems. However, the behavioral border among organizational members creates a pattern of behaviors, values and attitudes that can be distinguished, isolated and identified as strange organizational culture. The researcher measured organizational culture the in term of involvement, consistency, adaptability, and mission and employee performance was measured in profitability, productivity, and employee motivation. On other hand, Mehr (2012) stated that cultural clashes in any international project organization have led to an increased emphasis on preparedness on possible conflicts existing in cross-cultural

cooperation. Cultural differences often result in varying degrees of conflict and require careful consideration.

For a business, organizational culture is either a force for change or a definite barrier to it; hence managers are increasingly challenged with changing an organization's culture to support new ways of accomplishing work. According to Nelson and Quick, (2011), organizational culture performs four functions: gives members a sense of identity, increases their commitment, reinforces organizational values and serves as a control mechanism for shaping behavior. It is important to note that leaders shape and reinforce culture by what they pay attention to, how they behave, how they allocate rewards and how they hire and fire individuals. However, corporate culture is an important factor in enhancing the attainment of organizational goals and objectives. Corporate culture affects the way in which people behave in an organization and corporate culture can lead the employee improvement in workplaces to help and become more committed to their jobs (Nongo and Ikyanyon1, 2012).

In contrary to, Lim (1995) defined the term, culture refers broadly to a relatively stable set of beliefs, values and behaviors commonly held by a society. Despite the claims for a link between organizational culture and corporate performance, few studies appear to have examined the existence as well as the nature of this relationship. Garmendia (2004) discussed that a strong culture is now nearly generally understood to have a positive impact on performance. The translation of observation to the association between strong culture and success would involve playing down the importance of the former, to avoid an implied defense of cultural determinism. Certainly, financial results themselves influence cultural strength. Moreover, performance depends on many variables and may therefore be found to be very high in companies with weak cultures. The definitions and the measurements of the organizational culture discussed in the previous sections are consistent according to the context in which this study is conducted.

2.1.2. Models of Organizational Culture

Different researchers developed models on organizational culture which incorporate different traits or behaviors driven by beliefs and assumptions that create an organizational culture. 7S McKinsey Model, Edgar Schein Model and Denison model common to all model of culture and the linkages to organizational success assert that values of employees need to be aligned with vision and mission of the company.

2.1.2.1. 7s McKinsey Model

The 7S McKinsey model is a combination of 7 Model attributes all at the same time that affect the best performance of an organization: strategy, structure, systems, shared values, style, staff, and skills. This model provides added clarity to examine the ways workplace culture impacts workforce productivity and motivation. An organization engaged in humanitarian work strives to link global demands and local operational needs in a strategic manner in which leadership, communication and empowerment are key to productivity. It stresses that a good system of leadership and open communications will help performance, whereas a rigid system or lacking a feedback loop can be an obstacle to work performance (Bass & Riggio, 06; Yukl, 2013). Therefore, the use of the 7S Model to address the gaps and improve the processes becomes a strategic tool for CRS in enhancing the engagement of employees and organizational success.

Of the soft issues of the model, corporate values and leadership style have a fundamental role in influencing employee motivation and the culture of the organisation. CRS's humanitarian work flourishes when employee philosophies and goal philosophies are in harmony, but incongruence between espoused values and enacted practices can result in detachment (Denison, 1990). In contrast, when leaders promote a climate for innovation, inclusion, and ethical decision making, they create a climate of trust that encourages employees to get involved (O'Reilly & Chatman, 1996). Also, the development of staff and the improvement of work skills are important for productivity maintenance, and employees have to have the knowledge and skills to achieve organization's desires (Borman & Motowidlo, 1997). It is possible that the development of career advancement plans, and empowerment programs will help to maximize levels of job satisfaction and performance at CRS.

In order to obtain the best use of employees, improvement and intervention of this strategic 7S model should promote the transparency of leadership, improve communication systems, foster employee empowerment, and improve the working environment. Organizational culture that fits with employees' values, expectations and embodied values results in: more engagement, motivation, efficiency (Kotter, 1996). Leaders will also need to provide ongoing leadership training, feedback systems, and work-life balance strategies for employee satisfaction in the long term. Using the 7S McKinsey Model, organizations can target areas to improve work practices

that might lead to a more adaptable, committed and productive workforce, which will in turn strengthen its humanitarian mission in Ethiopia.

2.1.2.2. Edgar Schein Model

Another organizational culture model that Dolan and Lingham (2012) tried to summarize is Edgar Schein Model. This organizational culture model is described by three cognitive levels of organizational culture. At the first and most cursory level of Schein's model is organizational attributes that can be seen, felt and heard by the uninitiated observer. These includes facilities, offices, furnishings, visible awards and recognition, the way that its members dress, and how each person visibly interacts with each other and with organizational outsiders. The next level deals with the perceived culture of an organization's members. At this level, company slogans, mission statements and other operational beliefs are often expressed, and local and personal values are widely expressed within the organization. Finally, the third and deepest level depicts the organization's tacit assumptions. These are the elements of culture that are unseen and not cognitively identified in everyday interactions between organizational members. Many of these unspoken rules exist without the conscious knowledge of the membership.

The above three models encompass organizational culture traits from psychological or personality perspective and mainly the third is designed and created within the academic environment which uses non-business language. To the contrary, Denison organizational culture model, which is discussed in the subsequent paragraphs, is behaviorally based that are designed and created within the business environment. It is applicable to all levels of the organization in which business language is used to examine business results.

2.1.2.3. Denison Model

Denison & Neale (2011) designed a culture model, the Denison Model, with which to describe four primary cultural attributes in organizations: Involvement, Consistency, Adaptability and Mission, and, for each of them, 12 indicators are present. Participation is characterized by the active participation of employees, teamwork, and skill development is measured by indices such as empowerment, team orientation, and skill development. Consistency is the internal stability of recurrent relationships through shared values, expectations, and reconciliation is measured in agreement, core values, and integration. Adaptability evaluates the capacity of an organization to adapt to external changes through innovation, customer orientation, and learning.

Finally, Mission guides the long term with strategic vision, goals, and objectives, and it helps employees act in accordance with the organization's purpose.

In contrast to some other culture models the Denison Model is distinctive in being behaviourally based and therefore linking culture directly to performance. It is scaled in concert with leadership, communication, and workplace values, and the twelve indices provide measurable feedback about organizational operations. This is particularly valuable for business-related analysis as it associates cultural traits with actionable results such as employee engagement and strategic delivery.

The actionability of the Denison Model makes it suitable to evaluate and enhance employee performance in formal settings. Companies can identify the good and the bad in their culture by the strength of factors such as empowerment, agility and mission matching. Its utility in practice, in a private organization, such as Catholic Relief Services in Ethiopia, indicates that it is equally viable in mediating organizational culture and employee performance relationships.

In summary, for examining the effect of organizational culture on employee performance at Catholic Relief Services in Addis Ababa, the Denison Organizational Culture Model emerges as the most appropriate framework. This model's strength lies in its comprehensive, empirically validated approach that assesses culture through four key dimensions - Mission, Adaptability, Involvement, and Consistency - which directly correlate with performance outcomes. Particularly valuable for CRS's humanitarian context, the Denison Model has demonstrated effectiveness in nonprofit settings and offers a quantitative-friendly structure ideal for survey-based research, while specifically addressing mission alignment and employee engagement - both critical factors for CRS.

While alternative models present certain merits, such as Schein's layered qualitative approach to cultural analysis or McKinsey's 7S framework for broader organizational assessment, they either lack the performance-focused quantitative rigor (Schein) or are too expansive for this specific cultural investigation (McKinsey). The Denison Model balanced emphasis on measurable cultural traits and performance links makes it the optimal choice, though supplementing with select elements from Schein's model could provide valuable qualitative depth to the study's findings.

2.1.3. Determinants of Organizational Culture

Organizational culture is shaped by various determinants that influence how employees interact, perform, and align with the organization's goals. The following determinants are crucial:

2.1.3.1. Leadership Style

Leadership style plays a crucial role in enhancing the relationships between leaders and employees and significantly influences job satisfaction among employees (Asghar & Oino, 2017; Banks, 2016). It is essential for companies to ensure that managers at all levels maintain open communication with their employees. This communication is vital for conveying the company's values, vision, direction, and goals, ensuring that employees fully understand the ongoing processes within the organization. When employees feel well-informed and aligned with the company's objectives, they are more likely to feel respected and empowered in their roles (Lok & Crawford, 2004).

Leaders who demonstrate sympathy and a willingness to share build trust with their employees by showing an understanding of the situations and challenges employees may face. When employees perceive that they are treated with care, support, sympathy, and appreciation by their leaders, they are more likely to experience higher job satisfaction and develop positive attitudes towards their work (Armstrong, 2006; Aziri, 2011; Nguyen, 2020). This supportive leadership style fosters a positive work environment where employees feel valued and motivated, leading to improved performance and a stronger commitment to the organization.

An effective leadership style that encourages open communication, empathy, and support can significantly enhance employee satisfaction and performance. By building trust and fostering a respectful and empowering workplace culture, leaders can create a more engaged and productive workforce.

2.1.3.2. Communication Channels

Transparent and open communication is a fundamental pillar of organizational culture that significantly influences employee performance. According to Karamanis (2019), effective communication fosters a collaborative and trust-driven environment, where employees feel empowered to voice their ideas and share their perspectives. When employees perceive that their opinions are valued and considered, it bridges the gap between management and staff, building

stronger relationships and mutual respect. This dynamic cultivates an inclusive culture that motivates employees to engage actively in organizational processes.

Arianto (2018) concludes that clear communication channels play a critical role in ensuring that expectations are understood, and responsibilities are effectively delegated, reducing misunderstandings and inefficiencies. Consistent communication not only helps employees align their goals with organizational objectives but also promotes teamwork by facilitating information flow across different departments and hierarchies. This seamless interaction creates a cohesive environment where employees work collaboratively to achieve common goals, enhancing overall productivity and organizational success.

Furthermore, open communication channels serve as a mechanism for addressing concerns, resolving conflicts, and providing feedback, which are essential for maintaining employee satisfaction. Feedback mechanisms, when implemented properly, give employees a sense of involvement and ownership, strengthening their commitment to the organization. Transparent communication also supports adaptability by allowing employees to remain informed about changes and strategies, enabling them to respond effectively to evolving organizational needs (Mackenzie, 1995). In addition, communication channels are instrumental in fostering innovation and creativity. Organizations that encourage open dialogue create spaces for idea generation and problem-solving, empowering employees to contribute new perspectives that enhance operational outcomes. As employees feel their contributions make an impact, their motivation increases, leading to higher levels of job satisfaction and engagement.

Ultimately, communication serves as the lifeblood of an organization, connecting its various components and ensuring that employees remain motivated, productive, and committed. In practice, effective communication channels not only improve individual performance but also contribute to the organization's overall success and resilience in competitive environments.

2.1.3.3. Employee Empowerment

Empowerment is especially important for employees who interact with customers, as it creates flexibility in meeting customer requests (Li, 2018). Empowerment is the supervisor's willingness to give decision-making power to their subordinates within regulation. Empowerment allows employees to think independently, act, control, and decide on their own

work. They can decide to do the job according to what they believe is right and are willing to take responsibility for the results.

Empowerment is particularly crucial for employees who interact with customers, as it provides the flexibility needed to meet customer requests effectively (Li, 2018). Empowerment involves supervisors granting decision-making authority to their subordinates within the framework of organizational regulations. This delegation of power enables employees to think independently, act, and make decisions regarding their work. Empowered employees can perform their tasks according to their judgment and are willing to take responsibility for the outcomes.

When employees are empowered, they gain a deeper understanding of their work and feel fully accountable for their responsibilities. Successful empowerment fosters a work environment where employees genuinely enjoy their tasks and are motivated to utilize their abilities to the fullest. In organizations that encourage proactive decision-making, employees feel more enthusiastic and confident in their roles. Consequently, employees with higher levels of empowerment tend to experience greater job satisfaction compared to those with lower levels of empowerment (Choong and Lau, 2011; Rana and Singh, 2016; Spreitzer, 2017). Conversely, when employees face constraints that limit their ability to fully utilize their skills, they may feel frustrated and uncomfortable, increasing the likelihood of them leaving the organization when possible.

Empowerment, in general, not only enhances employee satisfaction but also improves overall performance by promoting autonomy, responsibility, and motivation. This approach leads to a more dynamic and engaged workforce, ultimately benefiting the organization at large.

2.1.3.4. Working Environment

Open working environment is characterized by both physical and communicative openness, creating a space that is comfortable and conducive to collaboration. Such environments often feature open floor plans, natural lighting, and elements of nature, which contribute to a relaxed and inviting atmosphere. Transparency in communication is crucial, as it ensures that employees are well-informed about organizational decisions and plans, fostering trust and a sense of belonging. When employees feel that their contributions are valued and their voices heard, they are more likely to be motivated and engaged. Encouraging employee involvement through regular meetings, suggestion boxes, and open-door policies helps bridge the gap between

managers and employees, promoting a collaborative and innovative workplace. This approach not only enhances job satisfaction but also increases overall well-being, leading to higher productivity and engagement (Karamanis, 2019; Mackenzie, 1995).

An open working environment significantly impacts employee performance by fostering a culture of transparency, trust, and collaboration. When employees work in a space that is physically open and inviting, with natural lighting and elements of nature, they tend to feel more relaxed and less stressed. This positive atmosphere can enhance their focus and productivity (Robert, 2022). Transparency in communication ensures that employees are well-informed about organizational goals, decisions, and changes. This openness builds trust between employees and management, making employees feel valued and respected. When employees believe that their contributions are recognized and their voices are heard, they are more likely to be motivated and committed to their work (Armstrong, 2010). Encouraging employee involvement through regular meetings, suggestion boxes, and open-door policies helps bridge the gap between managers and employees. This inclusive approach promotes a sense of ownership and accountability among employees, leading to higher levels of engagement and innovation. Employees are more likely to share their ideas and take initiative when they feel that their input is valued (Mackenzie, 1995).

The combination of these factors - reduced stress, increased motivation, and a sense of belonging - leads to improved job satisfaction. Satisfied employees are more likely to perform at their best, contributing to the overall success of the organization. They are also more likely to stay with the company, reducing turnover rates and the associated costs of hiring and training new employees

2.1.3.5. Corporate Value

Corporate values are the fundamental beliefs and principles that guide an organization's actions, decisions, and behaviors. These values reflect the company's culture and identity, shaping how it interacts with employees, customers, and the broader community (Asghar & Oino, 2017). When employees' personal values align with the corporate values, they are more likely to feel motivated and committed to their work. This alignment creates a sense of purpose and belonging, driving employees to perform at their best.

In this regard, corporate values help shape the organizational culture, which directly impacts employee behavior and performance. A positive culture that promotes teamwork, respect, and

recognition can lead to higher levels of collaboration and productivity. Clear corporate values provide a framework for decision-making and accountability, guiding employees' actions and decisions in line with the company's goals. This clarity reduces ambiguity and helps employees make choices that align with the company's objectives, leading to more consistent and effective performance (Banks, 2016). Corporate values that emphasize respect, fairness, and support contribute to higher employee satisfaction, reducing turnover rates and fostering a more engaged and productive workforce. Additionally, values that prioritize integrity and transparency build trust between the organization and its employees, encouraging loyalty and dedication (Lok & Crawford, 2004).

2.1.4. Employee Performance

Employee performance refers to the effectiveness, productivity, and efficiency with which individuals carry out their assigned tasks to achieve organizational goals. Researchers have emphasized two primary dimensions of employee performance: attitudinal performance and calculative performance (Mathieu & Zajac, 1990). Attitudinal performance stems from employees' alignment with organizational values and goals, driven by intrinsic motivation and commitment. Calculative performance, on the other hand, emerges from external factors, such as rewards or costs associated with leaving the organization, reflecting a more transactional relationship.

The concept of employee performance has evolved through theoretical contributions from various perspectives, including the exchange and investment approaches (Amernic & Aranya, 1983). The exchange theory highlights that employee performance increases when individuals perceive a favorable balance between rewards and inputs, fostering satisfaction and motivation. The investment approach suggests that performance is influenced by long-term engagement, tenure, and the perceived cost of leaving the organization. These factors, including age, length of service, and availability of alternative opportunities, shape an employee's commitment and overall performance.

Meyer and Allen (1991) further expand this framework through their side-bet theory, which describes how the accumulation of economic and social costs reinforces an employee's dedication to work tasks. Performance improves when employees develop emotional ties and a sense of responsibility towards organizational goals, which aligns with the notion of affective,

normative, and continuance commitment. Affective commitment reflects employees' emotional connection and involvement, normative commitment reflects a sense of obligation, and continuance commitment highlights the perceived costs of leaving the organization.

Performance also ties closely to employee satisfaction and motivation. Employees who have strong alignment with organizational values, feel appreciated for their contributions, and are provided growth opportunities tend to exhibit higher levels of productivity. Hakim (2015) identifies performance as an active relationship where employees contribute willingly to the organization's success, motivated by trust, recognition, and growth potential. Nongo & Ikyanyon (2012) assert that employees perform better when they believe in and accept organizational goals, feel motivated to exert effort, and wish to maintain their membership in the organization.

In summary, employee performance is shaped by intrinsic and extrinsic factors, including individual characteristics, organizational commitment, perceived rewards, and the work environment. By fostering a culture of recognition, alignment with organizational values, and opportunities for development, organizations can drive sustained performance and achieve their strategic objectives (Meyer & Allen, 1991; Mathieu & Zajac, 1990).

2.1.5. Organizational Culture and Employee Performance

Research highlights a strong relationship between organizational culture and employee performance. Organizational culture is tied to organizational practices and significantly influences how employees execute their tasks and align with organizational goals. According to Hellriegel and Slocum (2019), organizational culture enhances performance by providing employees with an understanding of the organization's history, operational methods, and expected future behaviors. This clarity equips employees with a sense of direction, motivating them to align their efforts with established norms and organizational objectives.

Organizational culture also serves as an integrating mechanism that coordinates interactions between employees and organizational processes (Furnham & Gunter, 2013). Internal integration fosters a sense of belonging, identity, and alignment among employees by promoting shared values and norms. A strong organizational culture motivates employees toward shared goals and objectives, ultimately channeling their behaviors and actions to improve performance. Parameters such as employee participation, innovation, risk-taking, reward systems, open communication, and customer service orientation play a significant role in shaping a culture that

drives productivity. Cultures emphasizing these elements inspire employees to exert greater effort, fostering a collaborative environment that enhances performance.

The influence of organizational culture on employee performance can be either positive or negative, depending on the nature of the culture cultivated within the organization. A supportive culture is where employees are considered integral to the organization's success, positively impacts performance. Employees who perceive that their goals are aligned with organizational objectives and who feel valued by the organization are more likely to perform efficiently and effectively. Recognition and appropriate rewards further enhance their motivation, fostering a positive feedback loop between culture and performance. In contrast, a culture that lacks openness, recognition, or alignment with employee values can lead to disengagement and hinder productivity.

Ultimately, organizational culture plays a pivotal role in shaping employee performance by influencing attitudes, behaviors, and alignment with organizational goals. By fostering positive cultural elements and addressing barriers to employee satisfaction and engagement, organizations can create an environment that enables both individual and collective success. Thus, cultivating a strong, adaptive, and inclusive organizational culture is essential for sustaining high employee performance and achieving long-term organizational objectives.

2.1.6. Theoretical Review

Under the theoretical review subtitle, the theories on which the study is anchored are presented. The following theories are presented about the effect of organizational culture on employee performance: Organizational Culture Theory and Transformational Leadership. While multiple theories can be relevant, Organizational Culture Theory and Transformational Leadership Theory are particularly significant in understanding how organizational culture influences employee performance. These theories highlight the role of shared values and effective leadership in fostering a productive and engaged workforce.

2.1.6.1. Organizational Culture Theory

Organizational Culture Theory emphasizes the importance of shared values, beliefs, and norms within an organization that shape employees' behaviours and attitudes. According to this theory, the culture of an organization is a powerful force that influences how employees interact with

each other and approach their work. A strong, positive organizational culture can significantly enhance employee performance by fostering a sense of belonging, motivation, and alignment with organizational goals.

Shared values and beliefs are the core components of organizational culture. These values and beliefs provide a common framework that guides employees' actions and decisions. When employees internalize these values, they are more likely to feel connected to the organization and its mission. This connection can lead to increased motivation and a willingness to go above and beyond in their roles (Schein, 2010). Norms are the unwritten rules that dictate acceptable behaviour within the organization. These norms influence how employees interact with each other and approach their tasks. A positive organizational culture promotes norms that encourage collaboration, innovation, and respect. When employees adhere to these norms, they are more likely to engage in behaviours that contribute to the organization's success (Deal & Kennedy, 1982).

A strong organizational culture fosters a sense of belonging among employees. When employees feel that they are part of a cohesive and supportive community, they are more likely to be engaged and committed to their work. This sense of belonging can lead to higher levels of job satisfaction and loyalty, reducing turnover rates and enhancing overall performance (O'Reilly & Chatman, 1996).

Aligning with organizational goals, organizational culture aligns employees with the organization's goals and objectives. When employees understand and embrace the company's vision and mission, they are more likely to work towards achieving these goals. This alignment ensures that employees' efforts are directed towards the same objectives, leading to more efficient and effective performance (Kotter & Heskett, 1992). The cultural elements of an organization have a profound impact on employee engagement and productivity. A positive culture that values and supports employees can lead to higher levels of engagement, where employees are emotionally invested in their work. Engaged employees are more productive, innovative, and willing to contribute to the organization's success (Cameron & Quinn, 2011).

2.1.6.2. Transformational Leadership Theory

Transformational Leadership Theory presents leaders who inspire, motivate, and support their employees can significantly influence organizational culture and employee performance. Transformational leaders create a vision for the future, encourage innovation, and foster an environment of trust and collaboration. This leadership style can lead to higher levels of employee satisfaction and performance by aligning individual goals with organizational objectives.

According to Bass & Riggio (2006), transformational leaders provide a clear and compelling vision of the future that inspires and motivates employees. By articulating a shared vision, these leaders help employees understand the larger purpose of their work and how it contributes to the organization's success. This sense of purpose can enhance employees' intrinsic motivation and drive them to achieve higher levels of performance. Besides, transformational leaders encourage creativity and innovation by challenging employees to think critically and explore new ideas. They create an environment where employees feel safe to take risks and experiment with new approaches. This intellectual stimulation fosters a culture of continuous improvement and learning, leading to enhanced problem-solving skills and innovative solutions (Bass, 1985).

Transformational leaders also show genuine concern for the individual needs and development of their employees. They provide personalized support, coaching, and mentoring to help employees grow and reach their full potential. This individualized consideration builds strong relationships between leaders and employees, increasing trust and loyalty. Employees who feel valued and supported are more likely to be engaged and committed to their work (Avolio & Bass, 1995). The leaders act as role models, demonstrating high standards of ethical behaviour and integrity. They earn the respect and admiration of their employees by consistently aligning their actions with the organization's values and principles. This idealized influence inspires employees to emulate their leaders' behaviours and strive for excellence in their own roles.

In relationship to its effect on employee performance, the transformational leadership style has a profound impact on employee performance. By fostering a positive and supportive work environment, transformational leaders enhance employees' job satisfaction and motivation. This leadership approach aligns employees' personal goals with the organization's objectives, leading to increased productivity and performance (Judge & Piccolo, 2004). Additionally, the emphasis

on innovation and continuous improvement drives employees to develop new skills and contribute to the organization's success.

In general, Organizational Culture Theory highlights the critical role of shared values, beliefs, and norms in shaping employee behaviours and attitudes. Same vein, Transformational Leadership Theory highlights the importance of inspirational motivation, intellectual stimulation, individualized consideration, and idealized influence in enhancing employee performance. By fostering a sense of belonging, motivation, and alignment with organizational goals, a strong organizational culture can enhance employee performance and contribute to the overall success of the organization. Creating a vision, encouraging innovation, and providing personalized support, transformational leaders can foster a highly motivated and productive workforce.

2.2. Empirical Study Review

An empirical study review is a valuable tool for synthesizing research findings and providing insights into a specific area of study – the relationship between organizational culture and employee performance. It helps to identify trends, gaps, and areas for future research, contributing to the advancement of knowledge in the field.

- *The effect of leadership style on employee performance*

Ratnawat (2014) conducted research on the impact of organizational culture on employee performance and emphasized the necessity of understanding the dimensions of culture, including leadership styles, in enhancing employee outcomes. The study revealed that various leadership styles within organizational culture influence employee productivity differently, highlighting the importance of adaptive and supportive leadership in fostering optimal performance.

Lawler (2018) further examined how leadership influences employee performance by assessing employee abilities, attributes, and perceptions. The research underscored that leadership styles fostering inclusion and aligning employee goals with organizational ambitions significantly enhance performance. Lawler's findings align with Saari and Judge's (2014) conceptualization, which demonstrated that human resource practices, including leadership approaches, positively impact employee satisfaction, thereby improving both individual and organizational performance.

Abraham (2019) conducted a study within the Commercial Bank of Ethiopia, exploring the relationship between involvement, consistency, adaptability, and mission-oriented leadership styles on employee commitment. Using quantitative research and explanatory design, the study identified a positive and significant relationship between leadership styles and employee productivity. The results highlighted how mission-driven leadership inspires employee engagement, with adaptability and consistency also contributing positively to performance outcomes.

Hypothesis (H1a): Leadership style has a positive and significant effect on employee performance

- *The effect of communication on employee performance*

Evelyn (2017) conducted research on organizational culture and employee performance in the Nigerian banking sector. While the study primarily explored leadership styles, training, work processes, and employee commitment, it highlighted the critical role of effective communication within organizational culture. Using primary data analyzed through SPSS 22.0, the study revealed that transparent communication channels positively influenced employee engagement and performance. Evelyn concluded that organizations should prioritize practices, such as clear communication, that enhance commitment to organizational goals.

Stephen (2016) investigated the relationship between organizational culture and employee performance, emphasizing the role of communication in enabling employee innovation and teamwork. By analyzing data with simple percentages and chi-square tests, the study found that organizations fostering a supportive communication culture, such as clan or teamwork-driven environments, experienced higher employee performance. Effective communication channels were identified as essential for promoting collaboration and achieving organizational success.

In Ethiopia, Bethlehem (2017) researched the impact of communication as part of organizational culture on employee performance at JSI Research and Training Institute. Employing both inferential and descriptive statistical analysis, she demonstrated a significant positive relationship between transparent communication, participative work environments, and employee productivity. The study emphasized the necessity of consistent communication mechanisms to align employee efforts with organizational goals.

Hypothesis (H1b): Communication has a positive and significant effect on employee performance.

- *The effect of empowerment on employee performance*

Empowerment within organizations significantly enhances employee performance by fostering autonomy, innovation, and accountability. Empowered employees are more motivated to take initiative, solve problems, and align their efforts with organizational objectives. Meseret (2019) investigated the relationship between organizational culture and employee commitment in Ethiopian Airlines. Through descriptive and inferential statistical analysis of 331 survey responses, she identified that dimensions such as adaptability and mission-driven practices had a strong and statistically significant impact on employee commitment. Involvement, which is linked to employee empowerment, exhibited a positive though statistically less significant effect, suggesting that fostering empowerment can improve performance through enhanced engagement.

Similarly, Awolowo (2003) examined the impact of organizational culture, including empowerment, on employee performance in Nigeria's textile industry. The study revealed that workers immersed in work environments promoting industrial values, empowerment, and collaboration demonstrated high dedication, optimism, and strong job values. These cultural practices, which integrate empowerment as a core element, contributed to reduced turnover and heightened productivity.

Miller (2020) further explored the role of empowerment within consensual and entrepreneurial cultures. His findings emphasized that organizations characterized by innovation and risk-taking - key components of empowerment - achieved higher levels of creativity and collaboration among employees. These empowered environments facilitated both individual and team performance, highlighting the pivotal role of empowerment in driving organizational success.

Hypothesis (H1c): Staff empowerment has a positive and significant effect on employee performance.

- *The effect of work environment on employee performance*

The work environment plays a pivotal role in shaping employee performance by influencing their motivation, satisfaction, and ability to efficiently perform assigned tasks. Herzberg (2015)

conducted a study emphasizing that the quality of the work environment directly affects job satisfaction. Positive aspects of workplace experiences, including clarity of tasks, responsibilities, and authority, contribute to emotional satisfaction and enable employees to perform effectively. On the contrary, poorly structured environments that rely heavily on rigid processes and legalistic approaches can lead to dissatisfaction, impeding employee performance.

Locke (2019) investigated the relationship between organizational environment and employee traits, underscoring the importance of a supportive work environment in fostering job satisfaction. Committed employees tend to persevere and work toward organizational goals, even under challenging conditions, when the work environment aligns with their needs and values. However, in environments where negative cultural elements persist, a lack of commitment and performance decline is evident.

Lunenburg (2011) explored the broader impacts of organizational culture and work environment on performance, stating that values, beliefs, and norms embedded within the workplace significantly influence how employees think, feel, and behave. Through the adoption of Peters and Waterman's concept of excellence, Lunenburg identified critical attributes of high-performing organizations, such as autonomy, entrepreneurship, direct effort, and productivity - fostered by a conducive work environment. These attributes enable employees to thrive by creating an atmosphere of trust and collaboration, improving performance outcomes.

Hypothesis (H1d): Work environment has a positive and significant effect on employee performance.

- *The effect of corporate value on employee performance*

Corporate values serve as the foundation of organizational culture, defining the principles and ethical standards that guide behavior, decision-making, and goal alignment within an organization. These values significantly impact employee performance by influencing attitudes, commitment, and productivity. Ojo (2011) investigated the relationship between organizational culture, including corporate values, and performance in the Nigerian banking industry. Adopting a survey-based research design, the study found that corporate values positively influence organizational success and employee performance. Employees working within organizations that integrate strong ethical standards, and shared values exhibit higher levels of commitment, motivation, and satisfaction.

Aluko (2013) expanded on this relationship, examining how weak corporate values hinder employee involvement, adaptability, and consistency, limiting employee performance. The study found that an organization's inability to establish clear and consistent corporate values led to reduced alignment and engagement - a strong value system in fostering employee productivity.

Hypothesis (H1e): Corporate values have a positive and significant effect on employee performance.

2.2.1. Research Gap

Despite significant research explores the link between organizational culture and employee performance, there are still important gaps that need closer attention. Many existing studies offer generalized findings on how specific elements of organizational culture such as leadership style, communication, empowerment, workplace environment, and corporate values, impact performance. However, there is limited context-specific evidence for firms operating in distinct socio-economic, cultural, and industrial settings, particularly in developing nations like Ethiopia.

First, while studies like those by Abraham (2019) and Meseret (2019) focus on leadership styles or other dimensions in the Ethiopian context, they often neglect to provide a holistic view of how the interplay of multiple cultural dimensions collectively affects employee performance. Furthermore, the growing role of emerging factors, such as digitalization in communication channels or inclusivity in the workplace environment, remains underexplored in the existing research. Moreover, so does the distinct contributions of corporate values as a cornerstone of culture in aligning employee behavior with organizational goals, especially in organizations with high cultural diversity or those undergoing transformation. Studies by Heck (2013) emphasize this concept but fail to explore the practical implications in varying organizational contexts. Lastly, many existing studies adopt cross-sectional methodologies, which capture only a snapshot of the relationships between organizational culture and performance. Longitudinal studies that track changes and outcomes over time are scarce, limiting the ability to draw conclusions about causation and the long-term impact of cultural interventions.

Addressing these gaps offers the opportunity to deepen theoretical understanding and provide actionable insights for organizations looking to enhance employee performance through targeted cultural transformations.

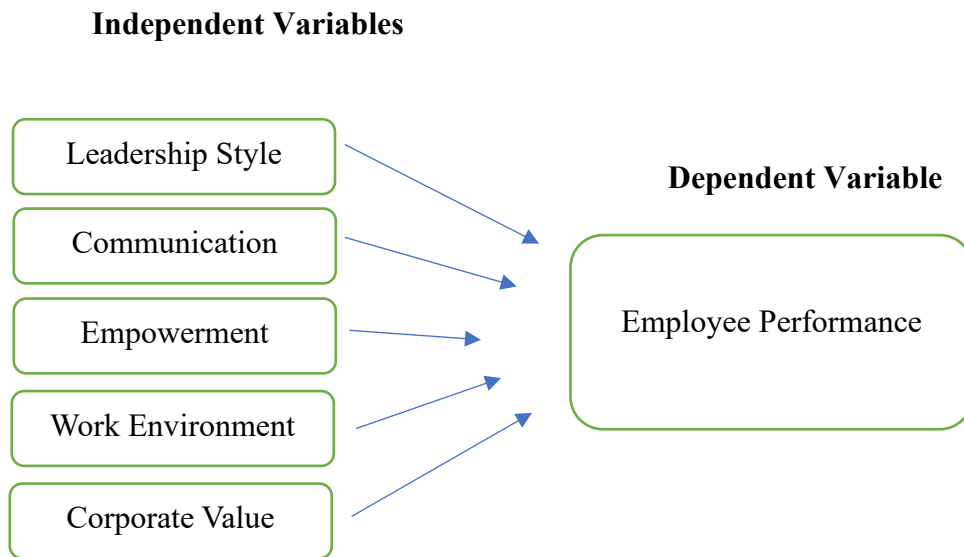
2.3. Conceptual Framework and Hypothesis

2.3.1. Conceptual Framework

As discussed in the theoretical and empirical literature reviews, there is substantial studies that support the argument that organizational culture plays a vital role in influencing employee performance. In this regard, the study considered leadership style, communication, empowerment, working environment, and corporate values as the five determinants of organizational culture to explain employee performance.

Key dimensions of organizational culture, such as leadership style, communication channels, employee empowerment, workplace environment, and corporate values, play a central role in enhancing employee productivity and engagement. Effective leadership provides direction and motivation, ensuring that employees align their efforts with organizational goals. Transparent communication fosters trust and collaboration, enabling employees to work cohesively and efficiently. Empowerment allows individuals to take ownership of their roles and contribute creatively, increasing accountability and innovation. A conducive work environment promotes employee satisfaction and reduces stress, creating the optimal conditions for productivity. Corporate values unify staff under shared principles, encouraging commitment and alignment with the organization's mission. Together, these cultural elements form the foundation for fostering a high-performing workforce that drives success while ensuring employee fulfillment and growth.

The model, developed by Thuy et al. (2021) is adopted to test the relationship among the study variables as shown in the conceptual framework, figure 1. The conceptual framework diagram illustrates the relationship between the independent (organizational culture) and dependent (employee performance) variables. The boxes represent these two study variables, while the arrows indicate the direct relationship of organizational culture with employee performance.



Source: Thuy et al. (2021)

Figure 1: Conceptual Framework

2.3.2. Proposed Hypotheses

Based on the theoretical literature and empirical studies review, the following alternate hypotheses are proposed. The hypotheses are:

- H1a – Leadership style has positive and significant effect on employee performance.
- H1b – Communication has positive and significant effect on employee performance.
- H1c – Employee empowerment has positive and significant effect on employee performance.
- H1d - Work environment has a positive and significant effect on employee performance.
- H1e – Corporate value has positive and significant effect on employee performance.

CHAPTER THREE: RESEARCH METHODOLOGY

The primary aim of this research was to investigate the effect of organizational culture on employee performance at Catholic Relief Service in Addis Ababa. This chapter refers to the research methodology, detailing the sampling design and data collection processes. It outlines the research approach, research design, population, sampling technique, and data collection tools. The data was gathered using close-ended questionnaires. The chapter further explores the sampling and data collection methods used in the study.

3.1. Research Approach

The research approach employed in this study was primarily quantitative, focusing on assessing the effect of organizational culture on employee performance at Catholic Relief Services in Addis Ababa. This method was characterized by the measurement and analysis of numerical data through statistical techniques, facilitating the identification of patterns and causal relationships (Creswell, 2014). The rationale for using a quantitative framework lay in its ability to yield objective and reproducible results, contrasting with the subjective nature of qualitative research. Data were systematically collected using close-ended questionnaires administered to staff, specifically designed to quantify various dimensions of organizational culture and performance metrics. This methodology allowed for straightforward statistical analysis while enhancing the reliability and validity of the results.

Furthermore, the quantitative approach enabled the examination of specific hypotheses, such as the correlation between organizational culture dimensions (leadership, communication, empowerment, work environment, and corporate values) with performance indicators, including productivity and job satisfaction. The findings derived from this study had significant implications, allowing for generalization to similar organizations within the non-profit sector, thereby enriching the existing literature on the interplay between organizational culture and employee output. In conclusion, the quantitative approach provided a robust framework for investigating the influence of organizational culture on employee performance, ensuring that the conclusions drawn were both valid and applicable to real-world organizational practices.

3.2. Research Design

Research design guides the systematic way the researcher used to study the research questions or hypotheses. This establishes the credibility, confirmability, and dependability of the data collected, and conclusions drawn thereafter (Rudestam & Newton, 2021). This study is designed to research the relationship between the various components of organizational culture and the performance of Catholic Relief Services employees, an explanatory research design was used.

Through the adoption of an explanatory design the study not only examined the nature of these relationships but also discovered and explained the mechanisms by which organizational culture impacts an employee behaviour and performance. Consequently, this model allowed the findings to be descriptive but also causal. These results added new knowledge in organizational literature and offered practical tools for those managers who tried to build up an environment of work capable of stimulating the best performance for the employee.

3.3. Population

The target population of this study is centred on the examination of the relationship between organizational culture and employee performance within the context of Catholic Relief Services in Addis Ababa. The population of interest comprised the entirety of Catholic Relief Services' workforce, specifically those employees who were based in Addis Ababa and various regions across the country. According to data retrieved from the firm's Human Resource Database, the total employees counted 417 staff members in Addis Ababa. The objective of this study was to conduct an in-depth analysis and evaluation of how work culture affects employee performance, thereby contributing insights that could assist in enhancing employee effectiveness and overall organizational productivity within Catholic Relief Services, particularly by focusing on the employees in Addis Ababa. The study aims to gather empirical evidence that explains the dynamics of organizational culture as it relates to workforce performance in a multifaceted non-profit environment.

Focusing on employees in Addis Ababa serves as the central hub for Catholic Relief Services' operations, providing a representative sample of diverse job positions. The proximity to headquarter facilitates efficient data collection and offers insights into the core organizational culture. Besides, employees significantly enhance organizational culture and benefit from

resource allocation, making this focus practical and comprehensive for understanding employee performance.

3.4. Sampling Technique

The probability stratified sampling technique was employed for its efficiency in streamlining the research process compared to non-probability sampling methods (Hair, 2010). Stratified sampling involved dividing the entire population into distinct subpopulations, or "strata," allowing for targeted sample selection from each stratum. To further minimize selection bias and enhance sample representativeness, a simple random sampling method was applied within each stratum, ensuring that every member of the target population had an equal opportunity to be included in the sample.

This approach was particularly relevant to investigating the relationship between employee performance and organizational culture at Catholic Relief Services in Addis Ababa, as it ensured that diverse perspectives within the workforce were adequately represented. The study focused on employees in the city, encompassing various departments and job positions. By using stratified sampling, the research targeted specific responder subgroups, ensuring their representation within the overall sample size. This method enhanced the reliability of the findings, ensuring that distinct subgroups within the population were sufficiently represented, thereby enriching the analysis and contributing to a comprehensive grasp of workplace dynamics within Catholic Relief Services.

3.5. Sample Size Determination

The study adopted Yamane's (1967) sampling technique formula, known as preferential sampling, to determine the appropriate sample size. This formula is widely used in survey research to calculate sample sizes based on the desired level of precision, population size, and acceptable margin of error.

In this regard, the targeted population size counts 417 in number along side 5% marginal error. By applying this formula, it ensures that the sample size is sufficient to produce reliable and valid results while also being manageable within the constraints of the study.

$$n = \frac{N}{1+N(E)^2} = \frac{417}{((1+(417*(0.05)^2))} = \underline{\underline{204}}$$

Where:

n = Sample size

N = Total population size

E = Acceptance

Level of error = 5%

Table 1: Department, Population (Employees), and Samples Proportions

Department	Population (a)	Population prop. (b = a/417)	Sample Prop. (c = b * 204)
Emergency Response	109	26.14%	53
Health and Nutrition	75	17.99%	37
Water, Sanitation, and Hygiene (WASH)	81	19.42%	40
Agriculture and Livelihoods	48	11.51%	23
Gender Equality	49	11.75%	24
Education	55	13.19%	27
Total	417		204

Source: Catholic Relief Services Database, 2025

According to the HR department of CRS in Ethiopia, the organization operates through several key departments, each dedicated to addressing different aspects of humanitarian aid and development. The Emergency Response department focuses on providing immediate relief during natural and man-made disasters. The Health and Nutrition department works to improve health outcomes and nutritional status among vulnerable populations. The Water, Sanitation, and Hygiene (WASH) department ensures access to clean water and proper sanitation facilities. The Agriculture and Livelihoods department supports farmers and entrepreneurs to enhance their livelihoods. Finally, the Gender Equality department promotes women's empowerment and gender equality, while the Education department strives to improve access to and the quality of education. Together, these departments collaborate to provide support to communities in need across the country.

3.6. Source of Data

Data collection for this research utilizes both primary and secondary sources to ensure accurate findings. Primary data, which is real-time data gathered through questionnaires, as suggested by Mesly (2015). The key sources of primary data are staff members of CRS in Addis Ababa working at various sites. Closed-ended questions are employed to facilitate analysis and ease of understanding for respondents. While secondary source includes information previously collected by others, such as annual reports and the organization's profile. Nonetheless, despite this study also incorporated documents authored by the management of CRS and other secondary sources focusing on employee practices relevant to the study, no secondary data was used for analysis.

3.7. Data Collection Instrument

Data collection tools are instruments used to gather and analyze data systematically, ensuring the accuracy and reliability of research findings (Saunders, 2010). In this study, a standardized questionnaire with close-ended questions was employed to achieve this objective. The chosen method is due to its ability to provide consistent data, making it easier to analyze and interpret results. The questionnaire comprises three distinct sections: the Background Questionnaires, the Organizational Cultures Questionnaire, and the Employee Performance Questionnaire.

The background questionnaire intends to collect demographic information about respondents that is relevant to the study. This section includes questions on various aspects such as gender, age, level of education, and other pertinent details. Collecting this background information is crucial as it helps in understanding the characteristics of the sample population and provides context for the analysis of the main research variables. The question regarding organizational culture focuses on gathering data related to the organizational culture at CRS in Addis Ababa. This section aims to capture the respondents' perceptions and experiences concerning various cultural dimensions within the organization like leadership style, communication, empowerment, work environment and shared value. By doing so, the study can assess the prevailing cultural norms, values, and practices that potentially influence employee performance. The questions concerning employee performance are also intended to directly assess and evaluate that performance. This section assesses various aspects of job performance, including productivity, job satisfaction, and other performance indicators.

More specifically, the model that evaluate the relationship between organizational culture and employee performance is adopted from a study by Thuy et al. (2021). The model is a strong fit for the study because it examines the influence of organizational culture on employee satisfaction and commitment, particularly in small and medium-sized enterprises in Vietnam. This study similarly aims to assess how organizational culture affects employee performance, making their framework highly relevant. Besides, their model identifies key cultural dimensions such as leadership style, communication, empowerment, work environment, and shared values - elements that align closely with the variables in this study. Thus, by adopting this model, the study can leverage established theoretical foundations and empirical findings to strengthen its analysis of how organizational culture impacts employee performance. This alignment ensures that the research builds upon validated insights while adapting them to the specific organizational context of CRS in Addis Ababa.

The question utilizes a five-point Likert scale developed by Lise and Gilbert (2003) to measure respondents' agreement or disagreement with specific statements related to their performance. The Likert scale includes the following response options: strongly disagree (1), disagree (2), neutral (3), agree (4), and strongly agree (5). This scaling method provides a quantitative measure of employee performance, facilitating statistical analysis and interpretation of the data.

The use of close-ended questions in the questionnaire is particularly advantageous as it allows for the collection of quantifiable data, enhancing the reliability and validity of the results (Saunders, 2010). Closed-ended questions are easier for respondents to understand and answer, which reduces the likelihood of misinterpretation and ensures consistency in responses. Additionally, this method enables the researcher to perform statistical analyses, such as correlation and regression, to identify patterns and relationships between organizational culture and employee performance.

3.8. Validity Test

Ensuring the validity of research findings is crucial in accurately reflecting the relationship between organizational culture and employee performance at Catholic Relief Services (CRS) in Addis Ababa. Validity verifies whether the study truly measures what it intends to explore, free from distortion or misrepresentation (Saunders, 2003). To strengthen the research design, content validity - which ensures that all dimensions of organizational culture and employee

performance are comprehensively addressed and construct validity - which confirms that measurement tools accurately capture the theoretical concepts under examination were rigorously assessed.

The questionnaire underwent extensive validation and reliability testing to ensure its effectiveness in measuring the relationship between organizational culture and employee performance. Minor modifications were made based on insights from previous studies on workplace culture and employee engagement. Additionally, expert reviews from specialists in organizational behavior and human resource management were conducted to refine the questionnaire structure, ensuring it aligned with CRS's core values, leadership style, work environment, and employee motivation.

A pilot test was administered, involving selected CRS employees, HR personnel, and management representatives. Their feedback and critical assessments were analyzed to improve clarity, enhance logical sequencing, and ensure relevance in evaluating factors such as leadership, teamwork, communication, adaptability, and job satisfaction. By incorporating advisor recommendations and participant input, the final version of the questionnaire effectively captures the influence of organizational culture on employee performance.

Through this rigorous validation process, the study ensures that findings credibly represent CRS's organizational dynamics. The refined methodology offers reliable insights into how workplace culture shapes employee engagement, productivity, and overall job performance, making the research valuable for leadership development and policy enhancement within CRS Addis Ababa.

3.9. Reliability Test

Application of internal reliability refers to the multiple-indicator variables. I.e., all the constituent indicators are measuring the same thing (Bryman and Bell, 2013). Cronbach's Alpha is a commonly used test of internal consistency. It essentially calculates the average of all the possible split-half reliability coefficients. Alpha coefficient ranges in value from 0.0 (denoting no internal reliability) to 1.0 (perfect internal reliability). Higher results ($>.07$) are typically employed as a rule of thumb to denote an acceptable level of internal consistency. In this study, Cronbach's alpha test was used to test the internal reliability of the study variables with 5-point Likert scale.

Table 2. Reliability Test Results

Measurement	Number of items	Cronbach's alpha
Leadership	5	.802
Communication	5	.705
Empowerment	5	.705
Work Environment	5	.782
Corporate Value	5	.710
Employee Performance	5	.786
Reliability of all items	30	.900

Source: Own Survey, 2025

The results in Table 2, each of the organizational culture dimensions like leadership style, communication, employee empowerment, work environment, and corporate value, showed strong reliability, with Cronbach's Alpha values ranging between 0.705 and 0.802. Employee performance, another critical measure, also scored 0.786, indicating solid internal consistency.

Most importantly, the overall reliability of the measurement tool was 0.900, confirming that all items combined have a high level of internal consistency. This means that the survey questions were well-designed and effective in measuring the intended variables. Consequently, the results could be considered stable and reliable, providing a strong foundation for further analysis and conclusions.

3.10. Method of Data Analysis

Data analysis is used to evaluate and interpret the information gathered from the questionnaires. The collected data needs to provide accurate answers to the research questions. One fundamental approach employed is descriptive analysis, which focuses on summarizing the main characteristics of the dataset. This method often involves calculating statistical measures such as the mean and standard deviation using SPSS software. Another method used in this research is inferential statistics, including correlational and regression analysis. Multiple regression analysis is employed to assess the relationship between the dependent and independent variables, particularly the dimensions of organizational culture and employee performance.

In addition to this, the quantitative information obtained from the questionnaires is coded, tabulated, arranged, and handled using statistical procedures for analysis and inference. The

editing stage is conducted to identify and correct errors that occur during the collection of raw data. The coding stage involves assigning numerical values to responses to facilitate statistical analysis. This systematic approach ensures the accuracy and reliability of the research findings.

Model Specification - The study was conducted based on dependent and independent variables, which include leadership style, communication, empowerment, work environment and corporate value. One of the main models used to interpret and test the hypothesis is the regression model, which applies a general-to-specific approach. The basic objective of using the regression equation in this study is to facilitate understanding and prediction of the stated variables through multiple-linear regression. This approach allows for a detailed analysis of how each independent variable influences the dependent variable, thereby providing valuable insights into the relationship between organizational culture and employee performance at CRS in Addis Ababa. The model expresses as follows:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \varepsilon$$

To address the objectives of the study, substituting the model with the study variables is represented as:

$$PERF = \beta_0 + \beta_1LED + \beta_2COM + \beta_3EMP + \beta_4ENV + \beta_5VAL + e$$

Where:

- PERF: Organizational Performance
- LED: Leadership Style
- COM: Communication
- EMP: Empowerment
- ENV: Work Environment
- VAL: Corporate Value
- β_0 : Constant term; β_1 ..: Coefficients of Independent Variables; ε : Error terms,

3.11. Ethical Considerations

Confidentiality of the response of the respondents was maintained at a high level to make the respondents feel comfortable so that their responses were considered non-biased and reflect the truth about the situation in question. The voluntariness of the participants was taken into

consideration. In this study, there are descriptive questions about the respondent's demographic profile but this information was not enough to identify the person. The second ethical principle to consider was the lack of informed consent. The potential participant received as much information needed to decide whether to participate or not. In this study, the survey contains information about the research and contact details for further questions. The third ethical principle concerned the invasion of privacy. The respondent might find some questions too private and didn't wish to make the answer public. In this study, the respondent had the opportunity to skip a question if it is judged sensitive. After considering these ethical principles and fully living up to the requirements, thus, this study can be classified as ethical.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETTIONS

This study aimed to investigate the relationship among organizational culture and employee performance. To address the research objectives, the collected data were presented, analyzed, interpreted, and discussed accordingly. The chapter mainly constitutes demographic information of the respondents, descriptive and inferential analyses of the collected data.

4.1. Response Rate

Table 3. Response Rate

Questionnaires	Frequency	Percentage (%)
Total distributed	204	100.0
Returned questionnaires	192	94.1
Unreturned questionnaires	12	5.9
Response errors	4	2.0
Total valid and usable	188	92.2

Source: Own Survey, 2025

As the results in Table 3 indicates, the response rate analysis indicates that out of 204 distributed questionnaires, 192 were returned, yielding an impressive 94.1% response rate. This high level of engagement suggests that the participants found the study relevant and accessible. However, 12 questionnaires (5.9%) were not returned, potentially due to respondent unavailability or other factors affecting participation. Additionally, 4 responses (2.0%) contained errors, such as incomplete answers, requiring exclusion from the final dataset. After screening, 188 responses (92.2%) were confirmed as valid and usable for statistical analysis. The strong response rate, combined with a relatively low number of unusable responses, ensures that the collected data is reliable and representative, providing a solid foundation for meaningful analysis and conclusions.

4.2. Personal Information about the Respondents

It is necessary to analyze some demographic characteristics of the respondents to see the extent to which samples were representative of the population from which they were drawn. Variation in such characteristics may influence relationships between indicators. Demographically sex, age, education, position and tenure characteristics of respondents were considered.

Table 4. Demographic Characteristics of Respondents

	Category	N	(%)
Sex	Male	103	54.8
	Female	85	45.2
	Total	188	
Age	21 – 30 years	40	21.3
	31 – 40 years	83	44.1
	41 – 50 years	56	29.8
	51 – 60 years	9	4.8
	Total	188	
Education	Highschool	38	20.2
	Diploma	54	28.7
	First Degree	77	41.0
	Masters & above	14	7.4
	Others	5	2.7
	Total	188	
Department	Emergency Response	39	20.7
	Health and Nutrition	43	22.9
	Gender Equality	17	9.0
	Education	31	16.5
	Agriculture/Livelihoods	38	20.2
	WASH	17	9.0
	Other	3	1.6
	Total	188	
Position	Manager	6	3.2
	Supervisor	15	8.0
	Senior	123	65.4
	Junior	44	23.4
	Total	188	
Service Year	1 – 5 years	102	54.3
	6 - 10 Years	61	32.4
	Above 10 Years	25	13.3
	Total	188	

Source: Own Survey, 2025

There is a rich descriptive analysis on the demographic information that gives a clear profile of the participants (Table 4), and a good hint about the participants' gender, age, education, department, position within the company, and years of service in the company.

54.8% of the respondents were male while 45.2% were female, showing a relatively balanced gender proportion. This means that there is a gender diversity present in the company which covers the inclusion of views in workplace and performance standards.

44.1% of the respondents are aged between 31-40 years, followed by 29.8% aged between 41-50 years. Youth workers aged 21-30 years form 21.3% and 4.8% are from the 51-60 age category. This age demography also indicates that the workforce is largely composed of individuals in the middle stages of career with considerable experience, but likely still in a position to be open to change and innovation.

The highest proportion of respondents have first degree which is 41.0% of the sample size, followed by diploma 28.7%. A considerable percentage, 20.2% of them have graduated from high school whereas 7.4% holds degree of master's or higher. Well-educated professionals are available, and this implies that formal education has an important role as far as competencies are concerned and is likely to affect work efficiency and development of competencies.

The Health and Nutrition department composes 22.9% of the targeted population, emergency response team forms 20.7% reflecting their importance in humanitarian operations. Other Sections, including Agriculture/Livelihoods and Education composes 20.2% and 16.5% respectively. Lower percentages are observed in Gender Equality and WASH both being 9% each.

65.4% of the respondents occupied positions at the senior level suggesting that the working force is experienced. The proportion of junior employees is 23.4%, suggesting a moderated balance between experienced and recent employees. The small percentage of managers 3.2% and supervisors 8.0% indicate a hierarchically structured with reduced number of managerial positions perhaps leading to high decision-making power.

54.3% of the respondents have 1-5 years of experience followed by 6-10 years 32.4%. 13.3% of the respondents have more than 10 years of experience. This reveals a consistent flow of new hires alongside a strong foundation of tenure.

The composition positively reflects a properly blended workforce regarding varied capabilities, experiences and gender orientation. The allocation across departments reveals an emphasis on emergency response, health, and livelihood, and potential areas for growth in gender equality and water sanitation activities.

Organizational Culture and Employee Performance

Employee perceptions regarding leadership, communication, empowerment, work environment, corporate values, and performance were assessed using a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree), following Best’s (1987) classification. Mean scores provide quantitative insights, categorizing responses into agreement levels, while standard deviation (Std.) measures response variability - high Std. values (>1.000) indicate diverse opinions, whereas lower Std. values suggest consensus. The findings help organizations identify areas of strength, such as ethical leadership, while pinpointing opportunities for improvement. Strategically, this data-driven approach enables targeted interventions, ensuring workplace culture aligns with employee expectations. By refining leadership practices, communication strategies, and empowerment initiatives, management can enhance engagement and performance, ultimately fostering a collaborative and efficient work environment.

4.2.1. Leadership Practice and Employee Performance

Table 5. Description of Leadership Practice (n = 188)

Description	Mean	Std.
My supervisor offers regular feedback or coaching for personal development.	3.94	1.668
My supervisor communicates a clear vision for the organization.	3.28	1.856
Leaders in my organization promote innovation/ creativity among employees.	3.15	1.762
Managers effectively align employees with organizational goals.	3.97	1.628
Leaders demonstrate ethical behavior in a professional way.	4.21	1.394
Grand Mean	3.71	1.247

Source: Own Survey, 2025

Referring the results in Table 5, leadership practice plays a crucial role in shaping employee performance. The grand mean of 3.71 (std. = 1.247) indicates that overall, employees agree that

leadership practices positively influence their work experience. Among the leadership indicators, more specifically, ethical behavior (mean = 4.21, std. = 1.394) received the strongest agreement, showing that employees perceive their leaders as ethical and professional in their conduct, which fosters trust and integrity within the organization. Similarly, regular feedback and coaching (mean = 3.94, std. = 1.668) is well-rated, demonstrating that employees appreciate ongoing guidance and developmental support from their supervisors. However, vision communication (mean = 3.28, std. = 1.856) and innovation promotion (mean = 3.15, std. = 1.762) received lower scores, indicating that leaders need to enhance their ability to articulate a clear organizational vision and actively encourage creativity among employees. The high standard deviations in these indicators suggest mixed perceptions, meaning some employees experience effective leadership communication, while others do not. Strengthening leadership initiatives focused on vision alignment and fostering innovation can enhance engagement and drive higher productivity and innovation within teams.

4.2.2. Communication Practice and Employee Performance

Table 6. Description of Communication Practice (n = 188)

Description	Mean	Std.
Communication among departments is open.	4.22	1.419
Employees are encouraged to express their ideas/ opinions freely.	3.53	1.623
Information about changes within the organization is transparent and timely.	3.93	1.648
Communication fosters collaboration/ teamwork among employees.	3.62	1.734
Feedback mechanisms address employee concerns effectively.	3.23	1.708
Grand Mean	3.71	1.104

Source: Own Survey, 2025

Effective communication is fundamental to creating a collaborative, transparent, and engaged workforce. As seen in Table 6, the results reveal agreement that communication practices are generally effective within the organization (grand mean 3.71 with std. 1.104). Open communication between departments (mean 4.22 with std. 1.419) is highly rated, suggesting that cross-functional collaboration is well-supported, enabling teams to work efficiently and share knowledge seamlessly. Employees also feel informed about organizational changes (mean 3.93,

std. 1.648), reinforcing the organization’s commitment to transparency. However, feedback mechanisms (mean 3.23 with std. 1.708) scored lower, suggesting that employees feel their concerns are not adequately addressed. The high variability in responses across multiple communication factors implies inconsistencies in how communication is perceived across different departments or hierarchical levels. Improving structured feedback systems, creating channels for open dialogue, and ensuring consistent information flow can bridge communication gaps and enhance employee trust and engagement.

4.2.3. Empowerment Practice and Employee Performance

Table 7. Description of Empowerment Practice (n = 188)

Description	Mean	Std.
Empowerment has an impact on my job satisfaction.	4.22	1.467
My organization encourages taking initiative for problem-solving.	3.73	1.701
I feel supported by my supervisor when managing my responsibilities.	3.98	1.582
I have the autonomy to make decisions about my work.	3.40	1.778
I am empowered to contribute meaningfully to team/ organizational goals.	3.56	1.706
Grand Mean	3.78	1.117

Source: Own Survey, 2025

Table 7 illustrates the perception of employees regarding employee empowerment by the management. The grand mean of 3.78 (std. 1.117) indicates a positive perception of empowerment initiatives, with employees agreeing that they feel supported and encouraged to take initiative. The highest-rated factor, empowerment’s impact on job satisfaction (mean 4.22, std. 1.467), highlights the importance of autonomy and trust in enhancing employee morale and commitment. Employees also feel supported by their supervisors (mean 3.98, std. 1.582), indicating good leadership support in handling their responsibilities. However, autonomy in decision-making (mean 3.40, std. 1.778) is notably lower, suggesting that while empowerment is generally encouraged, some employees feel constrained in making independent decisions about their work. The high variability in responses indicates that empowerment is not uniformly experienced, possibly differing across departments or hierarchical levels. Organizations should focus on strengthening autonomy, encouraging independent decision-making, and providing greater flexibility in work processes to enhance employee confidence and initiative.

4.2.4. Work Environment and Employee Performance

As far as the work environment of the organization is concerned, a well-structured work environment significantly impacts employee satisfaction, well-being, and productivity. The results in Table 8 show that the grand mean of 3.68 (std. 1.238) suggests that employees generally agree that their work environment supports productivity.

Table 8. Description of Work Environment (n = 188)

Description	Mean	Std.
The physical work environment is comfortable to employee productivity.	4.07	1.517
My workplace promotes a collaborative or respectful culture.	3.74	1.743
The work environment reduces stress to support employee well-being.	3.27	1.786
Resources necessary for job success are readily available.	3.84	1.689
I feel appreciated or valued in my work environment.	3.48	1.720
Grand Mean	3.68	1.238

Source: Own Survey, 2025

Specifically, comfortable physical workspace (mean 4.07, std. 1.517) is highly rated, emphasizing the importance of infrastructure and ergonomic conditions in facilitating efficient workflow. Similarly, resource availability (mean 3.84, std. 1.689) indicates sufficient access to necessary tools and materials. However, workplace stress reduction (mean 3.27, std. 1.786) and employee appreciation (mean 3.48, std. 1.720) received lower agreement, indicating areas that require improvement. The high standard deviations suggest varying experiences across employees, meaning some find their environment supportive, while others struggle with stress and recognition challenges. Implementing stress management initiatives, wellness programs, and employee appreciation efforts can foster a more supportive and engaging workplace culture.

4.2.5 Corporate Values and Employee Performance

Table 9. Description of Corporate Values (n = 188)

Description	Mean	Std.
Corporate values guide ethical decision-making within the organization.	4.19	1.538
Corporate values enhance my sense of belonging to the organization.	3.55	1.545
The organization's core values align with my personal values.	3.37	1.859
I am motivated to achieve organizational goals due to the company's values.	3.84	1.809
My organization promotes transparency, integrity, accountability, etc.	3.17	1.813
Grand Mean	3.62	1.170

Source: Own Survey, 2025

Corporate values serve as the backbone of an organization, influencing employee behavior, decision-making, and workplace engagement. The results in Table 9, as suggested by the grand mean of 3.62 (std. 1.170), employees generally perceive corporate values positively, acknowledging their role in shaping organizational culture and performance expectations. However, while corporate values foster ethical decision-making and goal alignment, there are areas where employees experience disconnects between stated values and their day-to-day experiences. The strongest-rated factor, guiding ethical decision-making (mean 4.19, std. 1.538), underscores the organization's commitment to integrity, fairness, and accountability. Employees strongly agree that the corporate values provide a clear ethical framework, ensuring professionalism and responsible workplace conduct. This high rating suggests that leadership actively promotes ethical practices, creating a culture where employees feel confident in their work ethics and responsibilities.

Employees also recognize corporate values as a motivating factor in achieving organizational goals (mean 3.84, std. 1.809). This suggests that clear alignment between corporate mission and operational objectives plays a role in enhancing employee engagement and commitment.

However, the high standard deviation signals variability in perceptions, meaning that some employees strongly feel motivated by corporate values, while others may experience a weaker connection to them.

However, alignment of corporate values with personal beliefs (mean 3.37, std. 1.859) and promotion of transparency and accountability (mean 3.17, std. 1.813) received lower scores, suggesting areas where employees feel disconnection from leadership principles. This misalignment can affect employee motivation, engagement, and satisfaction, potentially leading to lower commitment levels and workplace disengagement. Despite some perceiving the organization as fully transparent, others feel that critical information is withheld or inconsistently shared.

The high variability in responses reflects divergent views on how values are embedded in daily operations. Organizations should ensure strong value communication, reinforce ethical standards, and enhance transparency initiatives to create greater alignment between employees and organizational principles.

4.2.6 Employee Performance

Table 10. Description of Overall Employee Performance (n = 188)

Description	Mean	Std.
I consistently meet or exceed the performance goals set for my role.	3.46	1.669
My job satisfaction is influenced positively by the workplace culture.	4.27	1.203
I believe I am productive/ efficient in completing my tasks.	4.21	1.144
The organizational culture motivates me to give my best effort.	3.61	1.438
Overall, the organizational culture enhances my professional growth.	3.54	.933
Grand Mean	3.82	.956

Source: Own Survey, 2025

Table 10 indicates the respondents' perception about the overall employee performance of the organization. Employee performance is directly influenced by workplace culture, leadership, and organizational support. As suggested by the grand mean of 3.82 with std. = .956, there is a strong overall agreement that employees feel motivated, engaged, and productive. Job satisfaction influenced by workplace culture (mean = 4.27, std. = 1.203) and task efficiency

(mean = 4.21, std. = 1.144) are highly rated, indicating that employees feel their work environment and operational structure support productivity.

However, motivation to exert maximum effort (mean = 3.61, std. = 1.438) and perceived professional growth (mean = 3.54, std. = .933) reveal room for improvement, especially regarding career development opportunities. The relatively lower standard deviation suggests consistent agreement among respondents, reinforcing the notion that most employees feel their performance is positively influenced by workplace culture. To further strengthen employee performance, organizations should enhance career development programs, increase training opportunities, and create incentives for continued engagement.

In conclusion, the findings across leadership, communication, empowerment, work environment, corporate values, and employee performance demonstrate largely positive perceptions, with employees agreeing that these factors influence their engagement and productivity. However, areas requiring improvement include fostering innovation, enhancing feedback mechanisms, increasing autonomy, reducing workplace stress, improving transparency, and aligning corporate values with employee expectations. Addressing these gaps will help boost motivation, collaboration, and overall job satisfaction, ensuring a productive and engaged workforce. Strengthening leadership communication, investing in empowerment strategies, and reinforcing workplace well-being can significantly enhance organizational performance and employee commitment.

4.3 Inferential Analysis

Inferential statistics can help to provide explanations for a situation or phenomenon. It allows researchers to draw conclusions based on extrapolations and is thus fundamentally different from descriptive statistics, which simply summarize the data that has been measured (Hair, 2010). In this study, inferential statistics are adopted to examine the relationship between organizational culture, and employee performance. To do so, correlation tests, the assumption for regression model tests, and finally multi-regression analysis in terms of model summary, ANOVA test, and beta coefficient determination were performed to address the study objectives.

4.3.1 Correlation Test

A correlation coefficient is a useful tool for summarizing the relationship between variables with a single number ranging from -1.0 to 1.0 (Hair, 2010). It relies on correlation to assess the direction and strength of the relationship between variables. If the correlation coefficient falls between 0.1 and 1.0, the coefficient (r) is weak at 0.29; moderate at 0.3 to 0.49; and strong at >0.5 relationship between variables. In this study, Pearson correlation coefficient was calculated to determine the relationship between the variables, statistical significance at the level of 95% confidence interval and significance at $p < .05$. The correlation matrix is more appropriate for examining the relationship among categorical/ ordinal data.

Table 11. Correlation Matrix

	LES	COC	EMP	WOE	COV	PER
Leadership	1					
Communication	0.467**	1				
Empowerment	0.331**	0.257**	1			
Work Environment	0.354**	0.471**	0.301**	1		
Corporate Value	0.349**	0.292**	0.397**	0.417**	1	
Employee Performance	0.577**	0.545**	0.580**	0.531**	0.498**	1
**. Correlation is significant at the 0.01 level (2-tailed).						

Source, Own Survey, 2025

The matrix of coefficient correlations in Table 11 reflects the relationship of leadership (LES), communication (COC), empowerment (EMP) work environment (WOE), corporate values (COV) and employee performance (PER). Correlation coefficients vary from 0 to 1, with values closer to 1 demonstrating stronger association. Double asterisks (**) indicate that the relationship is significant at $p < 0.01$ (all such links are significant). More specifically, leadership demonstrates the strongest relation with employee performance ($r = 0.577$), suggesting that effective leadership significantly enhances employee motivation, job satisfaction, and overall efficiency. Strong leadership likely ensures clear direction, guidance, and support, contributing to better outcomes. This high coefficient supports the importance of leadership development programs in improving performance levels.

Communication is highly related with employee performance ($r = 0.545$), indicating that transparent, effective communication channels foster collaboration, engagement, and

productivity. Open dialogue between employees and management boosts trust, reduces misunderstandings, and enhances teamwork, leading to higher performance outcomes. Organizations should prioritize structured communication practices to further strengthen this relationship.

The strong relation ($r = 0.580$) between empowerment and employee performance signifies that granting employees' autonomy, decision-making power, and initiative-taking abilities positively impacts their efficiency. Empowered employees tend to exhibit higher engagement, responsibility, and productivity. This suggests the need for workplace policies that enhance employee autonomy and participation in strategic decision-making.

The positive relation ($r = 0.531$) between work environment and employee performance suggests that a supportive and well-structured workplace significantly enhances productivity. Comfortable physical conditions, resource availability, and workplace culture reduce stress and improve job satisfaction, leading to higher performance levels. Organizations should focus on reducing workplace stressors and ensuring an inclusive, supportive work environment.

Corporate values show a moderate positive relation ($r = 0.498$) with employee performance, indicating that ethical principles, organizational vision, and integrity influence workplace behavior. When employees align with corporate values, they tend to feel greater commitment and motivation to contribute meaningfully to their roles. Enhancing value-driven leadership and ethical business practices can further strengthen this connection.

Leadership, communication, empowerment, work environment and corporate value, all of the organizational culture antecedents, show statistically significant positive relationships with employee performance. Of these, empowerment, leadership and communication have the higher magnitude of effect, highlighting their pivotal influence over productivity and engagement. The findings demonstrate that increasing leader effectiveness, openness in communication, autonomy in work, and supportiveness directly contributes to the performance of employees. Organizations need to work on these areas to enhance employee's output and job satisfaction.

4.3.2 Assumption for Regression Model Test

The test of assumptions was carried out for the reason that violations of the assumptions affect consequent use of multivariate statistical methods (Hair, 2010). There are many assumptions to

consider but the researcher focused on the major four assumptions (namely multicollinearity, homoscedasticity, normality and linearity) that are easily tested with SPSS.

4.3.2.1 Multicollinearity

Table 12: Collinearity Statistics

Model		Collinearity Statistics	
		Tolerance	VIF
1	Leadership	.705	1.418
	Communication	.673	1.486
	Empowerment	.788	1.268
	Work Environment	.680	1.470
	Corporate Value	.723	1.384
a. Dependent Variable: The Employee Performance			

Source: SPSS output, 2025

The collinearity test is used to analyze whether the independent variables namely leadership, communication, empowerment, work environment, and corporate value, are highly related, which could distort regression results and affect the accuracy of predictions. As seen in Table 12, the Tolerance values, all above 0.6, indicate that each variable maintains a sufficient level of independence, meaning they are not excessively correlated with one another. Similarly, VIF (Variance Inflation Factor) values remain well below 10, demonstrating that no significant multicollinearity is present. Empowerment (Tolerance = 0.788, VIF = 1.268) has the highest tolerance, suggesting it is the least influenced by other variables, while Communication (Tolerance = 0.673, VIF = 1.486) and Work Environment (Tolerance = 0.680, VIF = 1.470) exhibit moderate correlations but remain within acceptable statistical boundaries.

These findings confirm that all predictors can be reliably incorporated into the regression model without risk of distortion, allowing each to contribute independently to analyzing employee performance and workplace dynamics. With this validated statistical foundation, organizations can confidently use these variables to shape leadership strategies, communication improvements, employee empowerment initiatives, and corporate value integration, ultimately enhancing workplace effectiveness and employee engagement.

4.3.3 Test of Normality

Test of normality is another assumption to be tested before running regression. The normal distribution is detected based on skewness and kurtosis statistics. The normality analysis examines the distribution of responses for leadership, communication, empowerment, work environment, corporate values, and employee performance using skewness and kurtosis values. As proposed by George & Mallery (2010), the acceptable range for normality for both statistics is between -2 and +2.

Table 13: Normality of Distribution Using Descriptive Statistics (Skewness and Kurtosis)

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Leadership	188	-.723	.177	-.618	.353
Communication	188	-.545	.177	-.583	.353
Empowerment	188	-.714	.177	-.428	.353
Work Environment	188	-.609	.177	-.743	.353
Corporate Value	188	-.612	.177	-.510	.353
Employee Performance	188	-.421	.177	-.832	.353

Source: SPSS output, 2025

Table 13 shows the normal distribution of the collected data. The negative skewness observed across all variables suggests that respondents generally leaned toward agreement, meaning employees perceive leadership, communication, and workplace conditions favorably. However, the degree of skewness varies, with leadership (-0.723) and empowerment (-0.714) being more skewed, indicating a stronger tendency toward agreement, whereas employee performance (-0.421) shows less skewness, suggesting a more balanced distribution of responses. Additionally, negative kurtosis values across all factors indicate a flatter distribution, meaning responses were spread out rather than tightly clustered around the mean. For instance, employee performance (-0.832) and work environment (-0.743) have the most dispersed responses, reflecting diverse perceptions of workplace conditions and job satisfaction. This variability implies that while many employees view these aspects positively, some may have differing experiences based on department, leadership style, or organizational role.

Overall, these findings highlight positive employee perceptions but also reveal inconsistencies in experiences, suggesting a need for targeted improvements in leadership communication, empowerment strategies, and workplace policies to ensure greater alignment across the workforce.

4.3.3.1 Homoscedasticity Test

The scatterplot presents a homoscedasticity test, which examines whether the residuals in the regression model maintain a constant variance across different levels of the predicted values. Homoscedasticity is a critical assumption in linear regression analysis, ensuring that the error terms do not systematically increase or decrease as the independent variable changes.

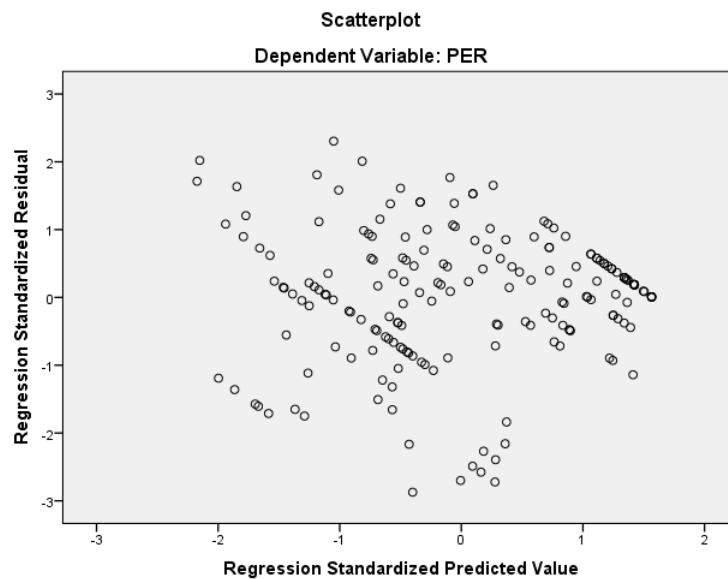


Figure 2: Frequency Distribution of Standardized Residuals

In the scatterplot, as depicted in figure 2, residuals are spread evenly across the range of predicted values, indicating that variance remains stable throughout. There is no clear funnel-like pattern or clustering at one end, which supports the assumption of homoscedasticity. If heteroscedasticity were present, one would expect to see a systematic change in the dispersion of residuals, such as an increasing spread at higher predicted values.

Since the residuals are randomly dispersed, the regression model's predictions are likely unbiased and consistent across different values of the independent variables. This ensures that the model does not violate key assumptions, making its estimates reliable for interpretation and

decision-making. If heteroscedasticity had been detected, corrective measures such as log transformations, weighted least squares regression, or robust standard errors would be necessary to ensure valid conclusions.

In conclusion, the homoscedasticity assumption appears to be satisfying meaning that the regression model maintains constant variance in residuals across predicted values. This supports the validity of statistical inferences drawn from the model, reinforcing the reliability of estimated coefficients for employee performance analysis.

4.3.3.2 Linearity Test

The linearity tests are carried out to determine whether the relationship between the dependent variable (PER - Employee Performance) and the independent variables is linear or not, whether the regression model accurately describes the true relationships. If the data points do not appear to be on a straight line, the model may be incorrectly specified as a linear model and a non-linear model could be a better fit.

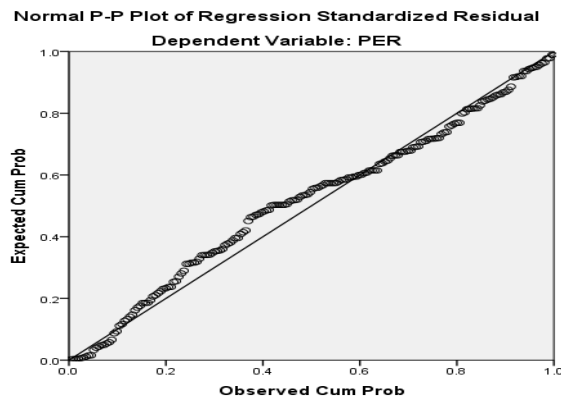


Figure 3: Point Plot and Frequency Distribution of Standardized Residuals

Referring figure 3, the scatterplot of regression standardized predicted values (x-axis) versus regression standardized residuals (y-axis) can reveal whether the residuals are randomly distributed. In a perfect linear relationship, the residuals should be spread out randomly around the horizontal axis ($y = 0$) not showing any particular curve or clustering structure. If the response function is nonlinear (and deterministic), one gets some systematic aspect to the above statistics (ie., the above functions are not just flat), such as a wave-like or funnel-like shape.

In this specific example the residuals seem to be randomly scattered about the zero line without any evident trend, curvature or systematic grouping. This in turn indicates that the assumption of linearity is met, and that a linear model is adequate for relating employee performance to the predictors. The residuals do not display an obvious non-linear pattern, so the linear regressions model can be fair in modelling the reactions between the data.

To conclude, the test indicates that the model meets linearity assumption, that is there is a linear relationship between leadership, communication, empowerment, work environment and corporate values to employee performance. This validation adds to the robustness and veracity of the regression analysis, thus enabling organizations to derive actual inferences and strategic decisions from the insights of an employee's performance.

4.3.4 Multiple Linear Regression Analysis

Multiple linear regressions were used to determine the explanatory power of the independent variables (leadership, communication, employee empowerment, work environment, and corporate value) on dependent variable (employee performance).

Table 14. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.788 ^a	.621	.611	.59672

a. Predictors: (Constant), COV, COC, EMP, LES, WOE

Source: SPSS output, 2025

Results of the regression analysis in Table 14 show that the predictor variables such as leadership, communications, empowerment, work environment and corporate values have a significant relationship with employee performance. The model has a significant predictability, a R value of 0.788 suggesting a high correlation between the data points. The organizational characteristics account for 62.1% of the variance in employee performance ($R^2 = 0.621$) and the adjusted R^2 of 0.611 indicates the robustness of the model against overfitting. The standard error of 0.597 indicates that the model is making relatively reliable predictions (typically within ± 0.6 points of observed employee performance scores). Combined, findings suggest that leadership effectiveness, quality communication, empowerment practices, working conditions, and organisation values are the critical influences of employee performance that the organization should strategically manage to increase the productivity and engagement of their workforce.

Table 15: ANOVA Test

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	106.227	5	21.245	59.666	.000 ^b
	Residual	64.805	182	.356		
	Total	171.032	187			
a. Dependent Variable: PER						
b. Predictors: (Constant), COV, COC, EMP, LES, WOE						

Source: SPSS output, 2025

Therefore, as indicated in table 15, the ANOVA results indicate that the regression model is highly significant ($F = 59.666$, $p < 0.001$), meaning that the predictor variables collectively explain a substantial portion of variance in employee performance. The regression sum of squares (106.227) is significantly larger than the residual sum of squares (64.805), suggesting that the model explains more variation in employee performance than is left unexplained by external factors. The low residual mean square (0.356) further reinforces the model’s strength, indicating minimal error in predictions.

Table 16: Regression analysis

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.405	.204		1.981	.049
	Leadership	.195	.042	.254	4.680	.000
	Communication	.186	.048	.215	3.860	.000
	Empowerment	.282	.044	.330	6.417	.000
	Work Environment	.141	.043	.182	3.291	.001
	Corporate Value	.114	.044	.140	2.604	.010
a. Dependent Variable: Employee Performance						

Source: SPSS output, 2025

As seen in table 16, the regression analysis identifies empowerment as the most influential predictor of employee performance, with $B = 0.282$, $\beta = 0.330$, $t = 6.417$, $p < 0.001$. This finding underscores the critical role of autonomy, involvement, and decision-making power in enhancing workplace efficiency. Employees who feel empowered to take initiative and exercise

independent judgment are more engaged, motivated, and productive, highlighting the need for organizations to foster an environment where employees have agency over their work.

Leadership also plays a strong role in driving employee performance ($B = 0.195$, $p < 0.001$). This result confirms that effective leadership strategies - including ethical decision-making, clear vision-sharing, and structured guidance, significantly improve workplace outcomes. Employees thrive in organizations led by trustworthy and transparent leaders, demonstrating that strong managerial support can enhance motivation and job effectiveness.

Communication positively influences employee engagement ($B = 0.186$, $p < 0.001$), reaffirming that open dialogue, feedback mechanisms, and transparency contribute to higher productivity. Organizations that encourage employees to express ideas and provide clear, timely information foster a collaboration environment, trust, and efficiency. Strengthening communication pathways could further increase job satisfaction and alignment with organizational goals.

The work environment also has a notable impact on employee performance ($B = 0.141$, $p = 0.001$), though its effect is moderate compared to leadership and empowerment. A comfortable, resource-equipped workspace enhances productivity and well-being, but external factors like workload, stress, and culture may influence how employees perceive their environment. Focusing on workplace enhancements like wellness initiatives, stress management strategies, and fostering a supportive culture, could further improve employee performance.

Nonetheless, corporate values are the least influential predictor ($B = 0.114$, $p = 0.010$), although still statistically significant. While values-based leadership shapes ethical practices and fosters organizational integrity, its direct impact on day-to-day performance is weaker compared to empowerment and leadership practices. Employees may align with company values in principle, but tangible motivators like leadership support, decision-making autonomy, and communication effectiveness have a greater influence on their engagement and output.

In conclusion, the analysis confirms that empowerment, leadership, and communication have the strongest effects on employee performance, while work environment and corporate values contribute moderately. The findings suggest that organizations aiming to maximize employee engagement and productivity should prioritize autonomy, leadership effectiveness, and transparent communication, while also ensuring a well-structured work environment and reinforcing value-driven culture. These insights provide a clear roadmap for strategic

improvements, enabling stronger workforce development and higher organizational performance.

4.4 Discussion

Employee performance is a critical factor in organizational success, influencing productivity, engagement, and overall business outcomes. While several factors contribute to employee effectiveness, leadership, communication, empowerment, work environment, and corporate values are often cited as key drivers. Leadership shapes organizational culture, communication enhances collaboration, empowerment fosters autonomy, work environment influences well-being, and corporate values provide ethical and motivational frameworks. However, despite extensive research on these variables, the relative impact of each factor on employee performance remains a subject of debate, with varying findings across different organizational contexts.

The existing literature affirms that leadership and communication are strong determinants of job engagement (Bass & Avolio, 1994; Yukl, 2013), yet some studies argue that employee autonomy (empowerment) plays an even greater role in enhancing productivity and workplace satisfaction (Spreitzer, 1995; Thomas & Velthouse, 1990). Furthermore, while corporate values help shape organizational commitment and ethical workplace behavior, their direct influence on daily employee performance has been found to be less significant compared to other managerial practices (Chatman, 1991; Agle & Caldwell, 1999). This gap in understanding suggests that while organizations emphasize corporate culture and values, their practical application may not translate into measurable performance improvements as effectively as leadership and empowerment strategies.

With the inconsistencies of findings above, it is, therefore, the purpose of this research to investigate on which aspect of leadership practices, communication, empowerment, environment, work environment and corporate values which has the highest predictability on enhancing employee performance. This study using a regression approach attempts to distinguish which of these has the most influence confirming (or not) whether empowerment is indeed the most important predictor as conclusions in published studies have reported previously or whether leadership and communication have the most influence. The research extends existing knowledge by considering the hierarchy of performance drivers which provides

empirical evidence to guide organizations in developing more effective workforce development strategies.

Results of the regression analysis show that empowerment ($B = 0.282, p < 0.001$) is the strongest correlate of performance among all the dimensions, supporting previous studies which affirm that autonomy and participation are key motivators in work settings. Spreitzer (1995) contributed to this translation and argued that the dimensions of psychological empowerment that include self-determination and competence enhance job satisfaction and engagement, which ultimately result in increased performance. Thomas & Velthouse (1990) additionally asserted that giving workers authority over tasks will lead to better performance and responsibility. Research backs up these conclusions, showing that employees that are empowered to make their own decisions and take action are more engaged, motivated, and productive. Structural measures could go even further to decentralize decision making and foster agency, making sure that workers have the resources and power to shape the results for which they work.

Also, leadership ($B = 0.195, p < 0.001$) has a tremendous effect on performance and that supports the findings of prior literature which indicates that strategic leadership, ethical role modelling, vision integrity, and sharing of vision have positive effects on engagement in the workplace. Bass & Avolio (1994) postulates the transformational leadership model, which posits that leaders who motivate, coach, and create clear visions for a goal also enhance both employee satisfaction and performance. Yukl (2013) also highlights that a leader who behaves ethically and encourages a shared vision inspire his or her subordinates to gain positive work climate, and therefore job effectiveness. The findings of this study are consistent with these findings in that employees are agreeable when the leadership is supportive. Organizations, therefore, need to direct their attention to leadership development programs that improve mentoring and ethical decision-making and strengthen communication strategy, so that leadership remains a prominent contributor to success.

Communication ($B = 0.186, p < 0.001$) is a second key predictor, consistent with previous work emphasizing the importance of honest workplace conversation to employee engagement. Men, 2014 believed that well communicated and formatted communication will enhance employee trust and teamwork, where Tourish & Robson, 2006 pointed out that accurate feedback mechanism will prevent misunderstandings and support workplace cooperation. The results

validate these findings and suggest that employees appreciate formal, open communication, which builds team alignment and engagement. To reinforce this, it's vital to establish regular feedback sessions, open-door policies and information sharing, facilitating that lines of communication remain a core enabler of performance.

Work environment ($B = 0.141$, $p = 0.001$) has a moderate and significant impact on role performance, which is consistent with Oldham & Hackman (1980) Job Characteristics Model, which asserts that better environment helps an individual be concentrated, less stressed, and more efficient. Chandrasekar (2011) also did find that organized work environment leads to more productivity; however external conditions such as job demands and work pressures moderate the relationship. Our findings are consistent with those from previous research and are further supported in the present study which demonstrates that the aid of a positive working environment results in greater job satisfaction and possibly other performance outcomes. Companies can look to do their part to increase the individual's workplace environment by initiating employee stress reduction programs, upgrading facilities and providing people with the tools they need to work at their best and feel their best.

Corporate values ($B = 0.114$, $p = 0.010$) have the lowest impact on employee performance, although statistically significant. Previous research (Agle & Caldwell, 1999; Chatman, 1991) has indicated that theoretical values arbitrate between ethical behavior, organizational commitment, and performance, however, the effect is less strong than that of leadership strategies and empowerment. This is supported by the findings of this paper that employees do indeed perceive and subscribe to organizational values, it does not however translate into measurable workplace performance. Companies need to embed their corporate values in actionable behaviors and make it a part of leadership, rewards and strategic planning to ensure those values are relevant to the way things get done around there.

In conclusion, the study supports that empowerment, leadership and communication are the most significant predictors of employee performance, followed by work environment and corporate values. These findings are in line with previous studies, which only add credence to the negative influence of autonomy, managerial support and clear communication on workplace productivity. Engagement itself is influenced by corporate values, but they have less of an effect on people's day-to-day productivity than direct managerial practices. Empowerment

programmes, development of leaders and improvement of communication should be implemented to help employees improve, in addition to well-organised working conditions and promoting ethical practices in tangible forms, if organisations are to maximise the performance of their employees.

CHAPTER FIVE: FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

In this chapter, the summary of major findings, their respective conclusions and possible recommendations are presented.

5.1. Summary of Major Findings

Based on the analysis of organizational culture and employee performance, several key findings emerged from the study:

- The regression analysis revealed that employee empowerment ($B = 0.282$) has the highest effect on performance for the reason that empowerment is the strongest predictor ($r = 0.580$), linked to job satisfaction (mean 4.22), but decision-making autonomy (mean 3.40) is inconsistent.
- The study confirms that leadership effectiveness ($B = 0.195$) plays a crucial role in shaping employee motivation and job satisfaction. Leadership drives performance ($r = 0.577$), but employees rate innovation (mean 3.15) and vision (mean 3.28) lowest, despite strong ethical leadership (mean 4.21).
- Workplace communication ($B = 0.186$) is another key predictor of employee performance. The reason that communication strongly affects performance ($r = 0.545$), as rated highest (mean 4.22) but feedback mechanisms weakest (mean 3.23), signaling a need for better channels.
- While work environment ($B = 0.141$) is positively associated with performance, its effect is less pronounced than leadership and empowerment. Work environment supports performance ($r = 0.531$), with workspace comfort (mean 4.07) rated well, but stress reduction (mean 3.27) and recognition (mean 3.48) need improvement.

- Although corporate values ($B = 0.114$) are statistically significant, their direct effect on daily employee performance is weaker than other factors. The reason that corporate values moderately affect performance ($r = 0.498$), guiding ethics (mean 4.19) but showing weaker alignment with personal values (mean 3.37) and transparency (mean 3.17).
- Employee Performance is stable (Grand mean 3.82), strong in efficiency (mean 4.21) and satisfaction (mean 4.27), but effort motivation (mean 3.61) has room for growth.
- The model confirms that leadership, communication, empowerment, work environment, and corporate values collectively explain 62.1% of the variance in employee performance.

5.2. Conclusion

This study examines the influence of leadership, communication, empowerment, work environment, and corporate values on employee performance, identifying critical predictors of workplace productivity and engagement. The findings highlight empowerment as the most significant determinant of employee performance, underscoring the importance of autonomy, decision-making, and initiative-taking in fostering workplace efficiency. Similarly, leadership effectiveness and communication practices demonstrate substantial contributions, reinforcing the necessity of vision clarity, ethical leadership, and transparent dialogue to enhance job satisfaction and motivation.

Although work environment positively affects employee performance, findings indicate that stress management and employee recognition require further attention to optimize workplace conditions. Furthermore, while corporate values provide an ethical foundation, their direct impact on performance remains lower than other managerial practices, suggesting organizations must bridge the gap between corporate principles and their practical applications within daily operations.

The study findings have several implications for organizational management. From a practical standpoint, organizations seeking to improve employee engagement and performance must prioritize empowerment initiatives, ensuring employees have meaningful decision-making authority over their work processes. In addition, leadership development programs should focus on enhancing vision articulation, ethical practices, and strategic guidance to cultivate trust and organizational alignment. Communication frameworks must also be refined, particularly in the

areas of feedback mechanisms and employee voice, ensuring employees feel valued and heard in the decision-making process.

From a strategic perspective, organizations should implement targeted stress-reduction programs and workplace wellness initiatives to improve work conditions and mitigate factors that negatively impact employee well-being. Furthermore, corporate values must be embedded into leadership strategies, incentive systems, and employee development initiatives to ensure better alignment between organizational principles and employee experience. By adopting these targeted interventions, organizations can foster a collaborative, engaged, and high-performing workforce, ultimately driving long-term organizational success and employee commitment.

5.3. Recommendations

Based on the study's major findings, several key gaps have been identified, necessitating targeted interventions. The following recommendations outline strategic actions to address these gaps, specifying who should take responsibility for implementation.

- Employees value empowerment, but the lack of autonomy in decision-making indicates that some employees feel constrained in executing independent tasks.
 - Organizations should review and restructure decision-making protocols to allow employees greater participation in strategic and operational decisions.
 - HR managers and supervisors must implement training programs focused on delegation strategies, ensuring employees have both responsibility and the authority to make meaningful workplace contributions.
 - Managers should set measurable empowerment goals to monitor improvements in autonomy and engagement.
- While leadership effectiveness is recognized, communication of organizational vision scored the lowest, indicating uncertainty regarding long-term goals.
 - Executives and senior management should develop clear, structured vision-sharing sessions, ensuring employees understand the strategic direction of the organization.
 - Middle managers must be trained to translate organizational goals into actionable team-level objectives, fostering alignment and motivation.

- Leaders should establish two-way communication platforms, allowing employees to engage in organizational priorities and express concerns.
- Employees value workplace communication, yet feedback mechanisms scored the lowest, indicating concerns about how employee input is acknowledged and acted upon.
 - HR and management teams should introduce structured feedback loops, including regular surveys, open forums, and direct reporting mechanisms, ensuring staff feel heard and valued.
 - Supervisors should establish feedback protocols where responses to employee concerns are tracked, reviewed, and acted upon in a timely manner.
 - Organizations should leverage technology-driven solutions, such as internal communication platforms or anonymous feedback tools, to enhance transparency and accessibility.
- While employees generally appreciate their work environment, workplace stress reduction received lower ratings, highlighting potential burnout concerns.
 - HR managers should implement stress management programs, including flexible scheduling, wellness initiatives, and professional mental health support.
 - Organizations should introduce work-life balance policies, including remote work options and workload assessments, minimizing stress-related declines in performance.
- Despite corporate values are recognized, alignment between personal and corporate values scored lower, suggesting that employees feel disconnected from organizational principles.
 - Department managers, in collaboration with HR teams, must integrate corporate values into daily operations, ensuring that ethical principles are actively reflected in policies, decision-making, and performance evaluations.
 - Organizations should reinforce value-driven leadership, ensuring managers lead by example through transparent, ethical decision-making practices.
 - Employee recognition programs should be aligned with corporate values, rewarding individuals whose contributions reflect the organization's integrity, accountability, and ethical standards.

Limitations of the Study

This study has several limitations that should be acknowledged. Conducted within a specific organizational setting, its findings may not be fully generalizable to different industries, requiring cross-sector validation in future research. Reliance on self-reported survey responses introduces biases, as employees may overestimate or underestimate their perceptions, necessitating objective performance indicators for improved accuracy. The cross-sectional design captures insights at a single point in time, overlooking potential changes in workplace dynamics, warranting longitudinal studies for a more comprehensive view. Additionally, the study focuses solely on internal organizational factors, omitting external influences such as economic shifts or market competition, limiting a broader workforce analysis. Lastly, some independent variables (like leadership and communication or empowerment and work environment) show conceptual overlap, potentially affecting regression accuracy, suggesting that advanced analytical techniques could refine predictive modeling.

In conclusion, despite these constraints, the findings provide valuable empirical support for understanding key drivers of employee performance, emphasizing the importance of empowerment, leadership, and communication in workplace engagement. Addressing these limitations in future research will strengthen applicability, depth, and reliability, ensuring more effective organizational decision-making.

Suggestion for Future Study

Future research should focus on key areas that enhance understanding of employee performance. A longitudinal analysis can track how leadership, communication, empowerment, and workplace conditions evolve over time, offering insights into workforce dynamics. Cross-industry comparisons can identify sector-specific performance influences, ensuring broader applicability of findings. External factors like economic conditions, competition, and technology should be examined for their impact on workplace engagement. Advanced analytical models such as structural equation modeling or machine learning can refine predictive accuracy beyond regression analysis. Additionally, research should explore how cultural and generational differences shape employee motivation and engagement, while comparing leadership styles like transformational, servant, and transactional models to assess their effects on job satisfaction and

professional growth. These investigations will expand theoretical frameworks, provide nuanced insights, and help organizations develop data-driven workforce strategies.

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Appendices

Survey Questionnaire

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE

Questionnaire to be filled by Employees of Catholic Relief Service

Dear Participant,

My name is Nazrawit Solomon, a prospective graduate of the Master of Business Leadership at Addis Ababa University in School of commerce. I am currently conducting my research entitled “THE EFFECT OF ORGANIZATIONAL CULTURE ON EMPLOYEE PERFORMANCE IN THE CASE OF CATHOLIC RELIEF SERVICES IN ADDIS ABABA” The purpose of this questionnaire is to investigate the effect of organizational culture in the context leadership style, communication channels, employee empowerment, work environment and corporate value on employee performance. Mitigating employee turnover and enhancing employee performance by creating satisfying work environment facilitates the alignment of individual staff’s values and beliefs with the business objectives of the organization. The researcher will use your valuable feedback to examine the relationship between organizational culture and employee performance. As a result, a valuable suggestion for the improvement of the organizational culture for the enhancement of the employee performance will be recommended.

The study is purely for academic purposes and thus does not affect you in any case. Your genuine, honest and timely response is vital for the success of the study. Therefore, I kindly request you to respond to each question carefully and oblige.

Note: - No need of writing your name. Where alternative answers are given, encircle your choice and put “x” mark where necessary; and please return the completed questionnaire in time.

Thank you in advance for your cooperation and timely response.

Name: Nazrawit Solomon

E-mail: nazrawit.skassahun@gmail.com

General Information

Your Participation is Voluntary

Do not write your name on the Questionnaire

I. Demographic Profile of Respondents

Direction: The following statements are about your personal information. Please write the necessary information on the blank space provided and, in the optional items, indicate your answer by putting a tick mark (x) in the box.

1. Sex Male Female
2. Age (Years) 21 – 30 31 – 40 41 – 50 51 – 60
3. Education High School Diploma Degree Masters +
 Other, please specify
4. Department Emergency Response Health and Nutrition Gender Equality
 Education Agriculture and Livelihoods
 Water, Sanitation, and Hygiene (WASH)
 Other, please specify
5. Position Manager Supervisor Senior (≥ 3 years) Junior
6. Service year 1- 5 6 - 10 Above 10

II: The Effect of Organizational Culture on Employee Performance

Introduction: I am currently conducting my research entitled “The Effect of Organizational Culture on Employee Performance in the Case of Catholic Relief Services in Addis Ababa.” The purpose of this questionnaire is to investigate the effect of organizational culture in the context of leadership style, communication channels, employee empowerment, work environment, and corporate values on employee performance. Your responses will be kept confidential and used solely for academic purposes.

Leadership Style Please indicate your level of agreement with the following

	Scale				
Leadership Style	1	2	3	4	5
My supervisor provides clear and inspiring vision for the future.					
Leaders at CRS encourage innovation and creativity among employees.					
My supervisor shows genuine concern for my personal development.					
Leaders at CRS act as role models and demonstrate high ethical standards.					
My supervisor effectively communicates the company's values and goals.					
Communication Channels	1	2	3	4	5
Information flows smoothly across different departments at CRS.					
CRS encourages open dialogue and idea sharing among employees.					
I feel well-informed about organizational decisions and changes.					
Feedback mechanisms at CRS are effective in addressing concerns.					
Transparent communication at CRS fosters trusts and collaboration.					
Employee Empowerment	1	2	3	4	5

I have the autonomy to make decisions related to my work.					
CRS encourages employees to take initiative and solve problems.					
I feel empowered to contribute creatively to my team's goals.					
My supervisor supports my ability to manage my own work.					
Empowerment at CRS enhances my job satisfaction and performance.					
Work Environment	1	2	3	4	5
The physical workspace at CRS is comfortable and conducive to productivity.					
CRS promotes a collaborative and supportive work environment.					
I feel valued and respected in my workplace.					
The work environment at CRS reduces stress and enhances well-being.					
CRS provides the resources necessary for me to perform my job effectively.					
Corporate Values	1	2	3	4	5
CRS's corporate values align with my personal values.					
The organization's values guide my actions and decisions at work.					
CRS promotes integrity and transparency in all its operations.					

The corporate values at CRS foster a sense of purpose and belonging.					
I am committed to CRS's mission and goals due to its strong corporate values.					

III: Employee Performance Please indicate your level of agreement with the following statements regarding your performance at CRS:

Employee Performance	1	2	3	4	5
I consistently meet or exceed my job performance goals.					
I feel motivated to contribute to the success of CRS.					
My job satisfaction is high due to the organizational culture at CRS.					
I am productive and efficient in my work tasks.					
The organizational culture at CRS positively impacts my overall performance.					

Appendix II – SPSS Output

Correlation Matrix

		Correlations					
		LES	COC	EMP	WOE	COV	PER
LES	Pearson Correlation	1	.467**	.331**	.354**	.349**	.577**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	188	188	188	188	188	188
COC	Pearson Correlation	.467**	1	.257**	.471**	.292**	.545**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	188	188	188	188	188	188
EMP	Pearson Correlation	.331**	.257**	1	.301**	.397**	.580**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	188	188	188	188	188	188
WOE	Pearson Correlation	.354**	.471**	.301**	1	.417**	.531**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	188	188	188	188	188	188
COV	Pearson Correlation	.349**	.292**	.397**	.417**	1	.498**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	188	188	188	188	188	188
PER	Pearson Correlation	.577**	.545**	.580**	.531**	.498**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	188	188	188	188	188	188

** . Correlation is significant at the 0.01 level (2-tailed).

Regression Output

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.788 ^a	.621	.611	.59672

a. Predictors: (Constant), COV, COC, EMP, LES, WOE

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	106.227	5	21.245	59.666	.000 ^b
	Residual	64.805	182	.356		
	Total	171.032	187			

a. Dependent Variable: PER

b. Predictors: (Constant), COV, COC, EMP, LES, WOE

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.405	.204		1.981	.049
	LES	.195	.042	.254	4.680	.000
	COC	.186	.048	.215	3.860	.000
	EMP	.282	.044	.330	6.417	.000
	WOE	.141	.043	.182	3.291	.001
	COV	.114	.044	.140	2.604	.010

a. Dependent Variable: PER

Assumption Tests

Descriptive Statistics

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
LES	188	-.723	.177	-.618	.353
COC	188	-.545	.177	-.583	.353
EMP	188	-.714	.177	-.428	.353
WOE	188	-.609	.177	-.743	.353
COV	188	-.612	.177	-.510	.353
PER	188	-.421	.177	-.832	.353
Valid N (listwise)	188				

Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	LES	.705	1.418
	COC	.673	1.486
	EMP	.788	1.268
	WOE	.680	1.470
	COV	.723	1.384

a. Dependent Variable: PER

