



*Organizational Culture and Employees Performance: The Moderating Role of  
Person-Job and Person–Organization Fit: The Case of Ethiopian Airlines  
Group’s Commercial Division, Head Quarters,*

*By:*

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*Submitted as partial fulfillment of the requirements for the master of Business*

*Administration:*

*Focus in management*

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*June 2020*

## Declaration

This research project is my unique and original work and has not been submitted for examination to any other university.

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Advisor's Thesis Submission Approval Sheet

This research has been submitted for examination with my approval as the advisor.

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## **Acknowledgement**

I would like to extend my thankfulness to all those without whose support it would not have been a success. Special thanks go to my friends and colleagues for their encouragement & support during this entire period.

My profound gratitude goes to my supervisor, Lakew Alemu, Ph.D., for sparing his precious time to carefully guide me throughout the thesis writing.

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## **Acronyms/Abbreviations**

**BC**..... Bias-corrected Confidence Interval

**BCA**..... Bias-corrected & Accelerated Confidence Interval

**ETG**..... Ethiopian Airlines Group

**HDQ**.....Head Quarters

**KPI**..... Key Performance Indicators

**OC**..... Organizational Culture

**P-J**..... Person to Job fit

**P-O**..... Person to Organization fit

### *Abstract*

This research assessed the moderation role of person-job and person-organization fit (value congruence) in the link between organizational culture and employee performance in the aviation industry with evidence from the commercial division of Ethiopian Airlines at its head quarters, Ethiopia, Addis Ababa, Bole international airport. The case study probed if a strong organizational culture predicts employee performance & tested if the level of employee performance would be varied as a result of the moderators. The research was quantitative in nature & employed descriptive & inferential research approaches, using linear & multiple regressions, in data analysis. The sample population included management and non-management members working at the division addressed through purposive and convenience sampling technique to total of 256 respondents during data collection via survey questionnaire. Factor analysis was applied to ensure that the questions were framed appropriately. From the analysis, it was found that binary relationship between organizational culture & employee performance exhibits model specification problem. With the inclusion of moderators (Person-Job fit & value congruence) in the model, the level of employee performance shown increment. Based on the findings, it was recommended that top management of various organizations make sure person-job fit & value congruence is in place on top of a strong culture characterized by constant communication of values, strict compliance & differentiation to expect marked performance level from their employees. Future researches shall be directed towards the addition of Person-People fit as a moderator & shall strive to acquire actual key performance indicators' (KPI) rating results to avoid the limitation of this study.

## Key words

*Key Performance Indicators (KPI), Indoctrination, Differentiation, Compliance & Competition, Organizational culture, Employee Performance, Person-Job Fit, Person-Organization Fit*

## **Chapter One**

### **1. Introduction**

This chapter presented the introductory part of the research work which included the background of the study, statement of the problem, research questions, objectives, significance, justification, scope and organization of the study and operational definition of terms.

#### **1.1. Background of the Study**

Employee performance has gained substantial eminence to become one among the foremost important dependent constructs in both management & industrial studies (Kahya, 2009). It's a function of knowledge, skills, abilities & motivation directed at formal job responsibilities (Campbell, 1999). It's associated with employees having the ability to fulfill the duty target & achieving the work standard established by the organization (Bohlander et al., 2001) & it contributes immensely to organizational performance & company's competitiveness in an industry (Dessler, 2011). Plethora of studies have enlisted influencers of employee performance, among which are organizational culture, person job (P-J) Fit & person-organization (P-O) Fit.

The concept of organizational culture, in another part, was traced back to the first human relations view of organizations that originated since the 1940s & had gained its popularity since 1980s. Researchers on the world advocate that organizational culture could be a sophisticated topic demanding deeper understanding of beliefs & attitudes of individual members of organizations about their job & respective organizations (Brown, 1995).

Studies have been carried out on a number of aspects of organizational culture. For instance, early studies highlighted the types & stages of culture within organizations (Tharp, 2009). Later,

organizational culture was professed to have heavy impact on both the emotional attachment of employees & organizational performance at large (Shurbagi & Zahari, 2012). Researchers like Schein (2004) established the productivity of an organization was significantly determined by its culture. There has, also, been substantial exploration in the literature to discover the influence of organizational culture on employee performance which declared that a culture adopted in the organization becomes a vital resource to the organization so as to reach full potential by boosting employee's capability to achieve measurable goals & standards effectively & efficiently (Chan, 2004).

Similarly, the concept of Person-Organization fit has gained theoretical & practical consideration by managers & organizational behavior researchers since the 1950s (Muthusamy, 2009). It has been illustrated that an ideal value fit between individual employees & the organization was linked to employee's performance (Gallagher, 2008). Further, literature on the role of Person-Job Fit has demonstrated matching individual employees' attributes, devotions & abilities to that of the job characteristics & demands has substantial association with key employees' outcomes such as commitment & performance. Studies asserted that "the better a person 'fits' with the job, the less adjusting the employee will have to do" (Roberts & Robins, 2004).

Relevant to this research, Zahid & Riyaz (2017) and Alniacik et al. (2013) considered person-job and person-organization fit as moderators in their studies and established that both had impact on the dependent and independent constructs. Although, research works in the link between organizational culture and employee performance considering person-job and person-organization fit as moderators seem to be rare and not easy to find, it is believed that Person-Job & Person-Organization Fit could be moderators and may have indirect effect in the correlation

between organizational culture & employees' performance which shall be examined thoroughly in this study.

## **1.2. Statement of the Problem**

For visitors to experience an high-class business focus & a style that is inimitable to that organization, founders &/or top management are expected to introduce fitting organizational culture so that employees would demonstrate delicate communication, passion, energy, creativity & enthusiasm at all times (Denison, 1990). Most Businesses, however, seem to avail the basic working environment that do away workplace conflict & aspire for peace in between colleagues. Even though harmony is the foundation for working together, a corporate culture aimed at enhancing employee performance was found to be essential to work towards a common goal (Turner, 1990).

Often, individual employees of varying background join a new organizational setting with different work culture, job choice, expectations, needs & values. Thus, the management team engages in 'firefighting' that requires putting maximum effort & organizational scarce resources to undo the negative impacts of mismatch with the job type & organizational so as to be able to move towards desired state (Shahzad et al, 2012).

Scholars & academic research works, till date, like that of Alharbi (2013) have covered the thematic area and considered organizational culture as a predictor of employee performance. Similarly, academicians & organizational behavior intellects uncovered that Person–Organization & Person-Job Fit can influence employee performance at workplaces. However, in both cases, the focus was majorly on the binary relationship between employee performance and organizational culture with no addition of a third construct in between. Review of literatures

revealed P-J fit and P-O fit has been studied separately and the link between culture & performance involving the moderating role of person-job and organization fit has been less discussed (Ali, 2015). Researchers like Aktar, 2018, for instance, considered Person–Organization/Job Fit as moderators in the link between HR Practices & performance. Others considered theories of fit in the association between and supportive leadership and employee performance (Shin, 2016). Yet, it remains doubtful if organization & job fit would reinforce organizational culture in boosting employees’ performance as research on the subject matter was scarce.

Moreover, little or no attention has been given to study the organizational culture of high-performance organizations such as that of Ethiopian Airlines Group’s commercial division, HDQ. The division, based in the capital of Ethiopia, Addis Ababa, seemingly, has interwoven aspects of culture of indoctrination, compliance and differentiation reinforced by leaders enabling its members to continuously reach measurable goals and deliver values to customers owed to competitive culture fostered (Value Statement of Ethiopian Airlines & Annual-Report of 2017).

Likewise, boosting employee performance has been central in the attainment of visions and ambitious goals of all business entities to which the commercial airline is no exception to. Importantly, moderators are third constructs that affect the strength of the relation between predictors and criterion constructs. Consequently, there was a need to investigate if the main belief of good fit between employee personality & values, on one hand, and job type & organizational values, on the other, would further strengthen the relationship between organizational culture and employee performance.

Research questions:

Based on the stated research problems, the research intends to address the following research questions:

General Research Question

1. Does organizational culture, moderated by job & organization fit, improve or worsen employee performance?

Specific Research Questions

1. Is there relationship between Organizational Culture & Employee Performance?
2. Does Person-Job Fit moderate in the relationship between Organizational Culture & Employee Performance?
3. Does Person-Organization Fit moderate the relationship between Organizational Culture & Employee Performance?

### **1.3. General Objectives**

The general objective of this study was to examine the moderating role of fit on the connection between organizational culture & employee performance.

### **1.4. Specific Objectives**

- To examine the direct impact of organizational culture on employee performance.
- To examine the moderating role of person-job fit & person-organization fit.

### **1.5. Justification of the study**

The purpose of this quantitative explanatory research was to assess what makes up suitable culture and shed light on how it may affect the level of employee performance with the moderating role of person-job and person-organization fit. This research undertaking was justified to be carried out as there has been a long need, on the side of policy makers and organizational behaviorists, to study scientific ways that amplify employee performance significantly in different organizational settings.

### **1.6. Significance of the Study**

Organizational culture could be a central constituent part within the field of organizational behavior. This study was believed to bring deeper comprehension on the moderating role of Person-Job fit & Person-Organization fit and on the greater need for organizational members to grasp the context of organizational culture and its impact on employee performance.

More importantly, utmost significance of this research is to national & multinational profit-making organizations to understand the character of competitive culture & its effect on employee performance as reinforced by good fit between individual employees & their values on the one hand & job type & organizational values on the opposite.

It is believed government institutions & research entities will equally benefit from the findings of this research by way of advancing the knowledge & literature on the sphere. It also adds literature on the topic for referencing purposes and stimulates academicians to pursue further research in the area. The results of this study are very helpful to HR specialists & Top Management team in Public, Private, corporate & Non-Governmental Sectors in Ethiopia.

## **1.7. Scope of the Study**

The study focused on the link between Organizational Culture & Employee Performance and the moderating role of Person-Job & Person-Organization Fit. It was undertaken within the aviation industry context and the case of the commercial division of Ethiopian Airlines Group, based in its head quarters, Ethiopia, was the study area of this research. The respondents were employees of Ethiopian Airlines Group, HDQ, assuming managerial & non-managerial post at its commercial division. Charged for gaining 80% of total revenue of the airline, it is assumed that the commercial division of Ethiopian Airlines, HDQ, could be representative sample of all for-profit essential public service providers and other high competition business entities.

## **1.8. Operational Definition**

**Organizational Culture:** is defined as “a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation & internal integration, that has worked well enough to be considered valid &, therefore, to be taught to new members as the correct way to perceive, think, & feel in relation to those problems” (Schein, 1990).

**Person-Organization Fit:** is defined as “the compatibility between people & organizations when: (a) at least one entity provides what the other needs, or (b) they share similar characteristics, or (c) both” (Kristof, 1996; p. 5).

**Person–job fit:** is defined as “the compatibility between individuals & the job or tasks that they perform at work. This definition includes compatibility based on employee needs & job supplies available to meet those needs, as well as job demands & employee abilities to meet those demands” (Kristof et al., 2007).

**Employee Performance:** is best defined as individual members of workplace taskforce's effectiveness, quality of work, punctuality, involvement, taking the initiative to go the extra mile, adhering to standards & assuming more responsibility (Güngör, 2011).

**Moderating Constructs:** are constructs that affect either the strength &/or direction of the association among the explanatory constructs & dependent construct: enhancing, reducing, or changing the influence of the explanatory construct (Fairchild et al., 2003). The moderation model tests whether the prediction of a dependent construct, Y, from an independent construct, X, differs across levels of a third construct, Z.

### **1.9. Organization of the Study**

This thesis is organized into five chapters. The first chapter is an introductory chapter. It included background of the study, statement of the problem, general & specific objectives of the study, research questions, justification and significance of the study, Scope & Limitation of the study, & definition of operational terms. Chapter Two presents review of literature that would be gathered from both conceptual & empirical literature sources. Chapter Three presents research methodology. Chapter Four discusses the results of the data analysis, & chapter five illustrates the conclusions & recommendation of the research.

## **Chapter Two:**

### **2. Literature Review**

This chapter presented the theoretical aspects of the constructs and provided review of literatures on the study area.

#### **2.1. Theoretical background of organizational culture**

Even though organizational culture, also referred to as corporate culture, is an abstract concept (Schein, 2010), agreeably, it may be described as a set of business philosophies, traditions, values, beliefs, norms, policies, attitudes & expectations that shape the way employees perceive, feel, & behave at workstation that establish a general guideline for everything one does in a business environment (Schein, 2010).

The culture of a given organization could be manifested in two forms: the observable facets which encompass working hard, proper outfit & eye contact resembling responsiveness to customers & the intangible aspects which contain assumptions, values & deep rooted beliefs such as following instructions, exhibiting desirable attitude, integrity, & willingness to go beyond customer expectations (Collins & Porras, 2000). Accordingly, organizational culture echoes uniqueness distinguishing one company from the rest (Collins & Porras, 2000).

Organizational culture is designed over a period, fostered by all members of the organization & brainwashed to new comers as a perpetual set of guideline (Kondalrk, 2007). Additionally, it is the task of top management members to the evolution of resilient culture (Robbins, 2001).

The key significance of organizational culture is maintaining team spirit, collective commitment & promoting system permanence by providing standards for employees so that employees move

in the same direction towards common goal. It is also vital for molding behavior & setting desired attitude by helping members stick to conformity (Kondalrk, 2007) & serving as a basis for an organization management system (Denison & Neale, 2011). Besides, it has role of conflict lessening, minimizing uncertainty & serves as a source of coordination, control, motivation, improved performance & competitive advantage (Brown, 1998).

Depending on how extensively organizational values are nurtured among members of an organization, organizational culture may be regarded as a strong or weak one. If values are extensively shared, the culture is considered to be strong which bestows ample benefits to the organization including high performance. When employees are not able to identify the organizations' core values, however, it is said to be weak culture & could lead to diminished outcome of members (Goldstone, 2007). Thus, the influence of organizational culture on employees' productivity is highly contingent on how sincerely employees hold the governing corporate values. Contrarily, organizations experience turbulence when the prevailing values are short-lived & held primarily by members at the top of the organization (Goldstone, 2007).

Due to its ambiguity, organizational behavior scientists have differing methodologies in learning organizational culture. Some scholars maintain that observation & interviews permits scientists to reach deep beyond the artifacts such as values & assumptions claiming that delving into senior members & leaders of the organizations would yield better result (Schein, 1990). On the other hand, the vast majority dispute that stand on the ground that only quantitative inquiry allows large-scale organizational analysis as opposed to qualitative approaches that are somewhat elusive (Cooke & Rousseau, 1988).

Similarly, organizational culture has a number of viewpoints & diversified models. Charles Handy Model used source to categorize organizational culture into power Culture, role culture, task culture & person culture (Handy, 1985). Nevertheless, the relevance of source of culture to employees' performance is highly minimal.

Schein (1988) Model of Organizational Culture illustrated "culture could exist in the form of artifacts, values & underlying assumptions. Artifacts refer to features that can be observed, felt & heard as an individual experiences a new culture. Value denotes the espoused goals, ideals, norms, standards, & moral principles & is usually measured through survey questionnaires. Underlying assumptions are the essentials of culture which refers to the beliefs that all employees hold religiously (Schein, 1988)." However, this model seems to be more of definitional & limits itself to listing the component parts of culture without shedding light on how to build suitable organizational culture & whom to hold responsible to that end.

Denison, in his model of culture, identified involvement, consistency, adaptability & mission as key cultural traits. According to this model, involvement creates a sense of ownership, responsibility & counts on indirect control systems. Consistency devises clear agreement about the right & wrong way to do things crafting clear set of expectations. Adaptability is the capability of the organization to absorb & counter to dynamics in the environment. Finally, mission involves defining a meaningful long-term direction for the organization that helps to guide employees' actions (Denison & Neale, 2011). However, this model lacks simplicity & logical tie to make sense to business leaders.

In this study, it is proposed that constant communication of top management's principles, values & philosophies, instead of mission & long-term direction which are usually generic, sets

employees' behavior at workplace. In other words, the relevance of mission to employee performance is debatable. Besides, cultural trait of adaptability better predicts organizational performance than employee performance & shall not be considered. Moreover, strict adherence to rules & living up to organizational values devises clearer set of work standards instead of consistency which may be fluid. Finally, competition & differentiation are used in lieu of involvement as involvement is believed to be just one aspect of employee performance whereas the former may encompass variety of key performance indicators. Thus, the key variants of this study are indoctrination, compliance & competition & differentiation.

The literature examined Person-Job fit (Job fit) & Person-Organization fit (Organization fit) as moderators, which has rarely been done to date (Erdogan & Bauer, 2005). Person-Organization fit denotes the level to which employees values match to that of the organization's core values. Such a fit takes place when organizations provide the needs of employees & core values are intensely shared with other members in an organization. Thus, employees' response to organizational culture could depend on how well employees' values are perfectly aligned with organizational values.

Employees with elevated person-organization fit have an improved understanding of what the organization wants & needs as their norms & values counterpart to a bigger extent to the norms & values of the organization (Erdogan & Bauer, 2005). They are also likely to experience smoother communication with other members of the organization & incline to live up to the guidelines & instructions given by the organization (Meglino & Ravlin, 1998).

A substantial body of research also provides evidence that the compatibility between members' needs & values with the core corporate values yields enhance employees' performance

(Zimmerman & Johnson, 2005). Members whose values are aligned with that of the organization they work for also tend to be more strongly committed with the organization (Kristof, 1996). This match between the interest and the demand of the organization eventually leads to better performance of employees which plays a leading role in determining organizational survival. In contrast, low P-O fit employees experience less of a match with the value systems in place & usually struggle to become key actors in the corporate endeavors. This results in unfruitful managers effort in molding employee behaviors.

Person-job fit, on the other hand, emphasizes on the seamless match of a person's attributes, talents & capabilities to the necessities of a specific job (Carless, 2005). It denotes to the level of confluence between an individual & the task that takes place when individual skills of an employee matches the job characteristics or when the job tasks meet the needs of the employee (Edwards, 1991; Kristof, 2007). Thus, job fit is ensues when a person's attributes add synergy to assigned job tasks (Kristof, 1996).

This affirmation amplifies that job fit could be categorized into Demand-Abilities (D-A) fit & Need-Supply (N-S) fit. Demand-abilities fit has to do with the employee's talents, attributes & abilities mirroring with what the task requires. The need-supplies job fit, however, verifies if the job content suits the interest of an employee. It materializes when the employees' goals & inclinations are met by the jobs that they perform (Kirstof, 2007).

Corroborating this statement, we intend to assess existing research works that has to with the moderating role of organizational & job fit in the relationship between organizational culture & employee performance.

## **2.2. Review of Literatures on Organizational Culture & P-J & P-O Fit**

Early researches presented that organizational culture is linked with organizational performance. Magee (2002) in this very theme claimed that corporate culture is fundamentally associated to organizational practices; therefore, according to those studies, organizational performance is dependent up on organizational culture.

With subsequent researches on organizational culture, scholars have recognized ample links between organizational culture & employee performance & productivity. Today researchers believe that organizational culture is a great source of competitive advantage & predicts employee performance (Tharp, 2009). Present-day research discoveries also show that major relationship exists between organizational culture & amplified employees' performance. In this case, Mercer & Bilson (1985) maintained the association concerning organizational culture & employees' performance & acknowledged that improved performance of workforces is then transformed into organizational outcomes such as increased customer.

Discoveries of research undertaken by Renn and Vandenberg (1995) emphasized a concrete association among organizational culture & employee performance. Martin & Siehl (1990) also posit that organizational culture is notionally linked to performance & do have progressive influence on it. Goldstone (2007), in this case, proclaimed a culture can generate a positive or negative way or affect the way we work. As to him, strong organizational cultures bring about enthusiasm, responsibility, & reliability of employees to the organization.

Specifically, a study conducted in Gianyar district of Bali province of Indonesia, for instance, examined the effect of the employee's personality & organizational culture toward the employee's performance applying quantitative approach. The results showed employee's personality & organizational culture have an indirect effect on employee performance (Darsana, 2013). The study targeted employees without involving the management members. The findings of the study, however, skipped to consider the aspect of job fit.

Relevant to the current area of study, Pohlman and Gardiner (2007) conducted a case study on Southwest airline. According to the authors, "the airline's employees make their planes ready in time less than industry average & Teamwork, belongingness, group alliance, a sense of participation & bottom up communication make them work hard". Additionally, they upheld that "organizational culture is the great 'cure-all' for most organizational problems". The only deficiency of case study was that it was more of exploratory conducted through observation where the findings may require further examination.

Research conducted by Furnham & Gunter (1993) underlined that organizational culture has a role of synchronization between organizational objectives & its members by way of harmonizing interaction & creating feelings of organizational identity & commitment. The study indicated that culture creates shared system which forms the basis of communication & mutual understanding in organization & failure to create such to satisfactory level perpetrates significant negative influence on employees' performance." Corroborating that statement, Schein (1994) elucidated that those who hold alike values may feel & interpret circumstances & happenings in the same way decreasing uncertainty, role obscurity, & conflict which permit for the exact expectation of employee's behavior. The shortcoming of this literary work was that the key

indicators of employees' performance such as smooth communication & mutual understanding were not objective.

On another set, based on data collected from the financial database of varying British companies, Ogbonna & Harris (2000) inspected the link between various types of culture & performance. The authors documented four categories of organizational culture & used service level, sales & market share to evaluate performance. The results showed that all types of organizational cultures, be it competitive culture, innovative culture, bureaucratic culture & community culture, had linear association with performance & publicized that 25% of change in organizational performance was accounted for innovative & competitive culture. The voids of the research, however, were it didn't indicate if the four categories of organizational culture are associated with employee performance as well.

Explaining the variation in performance, Bowen (1989), in his relevant work, highlighted that the importance of culture is vibrant in nurturing, sustaining & enhancing the performance of employees even though the research considered effectiveness as the only performance indicator disregarding other key performance factors such as efficiency, punctuality, active participation in companywide initiatives. Kopelmal (1990), to this effect, clarified that "cultural system of any organizations adds to the coordination of assignments & minimizes inefficiency of employee efforts & firm's resources". Yet, key performance indicators of punctuality & participation in companywide initiatives were not addressed.

Case study conducted in Bangladesh Telecommunication Company, by Uddin et al., (2012), observed the influence of culture of organization on employee performance in view of employees' productivity. The research uncovered that organizational culture meaningfully

impacts employee performance & productivity in the dynamic emerging environment. One of the limitations of the literature work is inherent with the drawbacks of qualitative research methods as the findings may not be projected to alike. The inferences were drawn from the telecommunication Company's management team. Therefore, the findings might have been affected by some errors of top-level personnel of the organization. Nevertheless, the study adds input to the organizational behavior sciences in the context.

Exploratory research empirically verified the linkage between organizational culture & performance management practices through questionnaires at the COMSATS Institute of Information Technology at University in Pakistan. The results from the statistical analysis showed organizational culture have a positive major association with the performance management practices as well (Ehtesham et al., 2011) which is a variant of the current study.

Nigussie (2018) undertaken a study at Berhan International Bank S.C in Addis Ababa, Ethiopia & investigated the effect of organizational culture on employees' perceived performance applying explanatory or causal research design applying hybrid research approach including interviews & survey questionnaires. Results of the regression analysis proved that 57.6% of variation in employee performance was accountable for organizational culture which implicated that cultural qualities of adaptability & consistency have positive & considerably high effect on employees' performance. Nevertheless, the model used has shortcomings as adaptability has got more to do with organizations than the employees & consistency is fluid concept without appropriate enforcement tools as opposed to strict compliance.

Contrarily, an explanatory research studied the effect of organizational culture on employees' performance in case of JSI Research & Training Institute, Inc., Ethiopia using quantitative

research approach. Based on the inferential & descriptive analysis, it has been found that there was a positive & substantial correlation between the three constructs of organizational culture (mission, consistency & involvement culture) & employee performance except adaptability (Bethelhem, 2017). The study exhibited discrepancy from the previous findings which further supports the current studies move to consider logically set component parts of organizational culture.

Robbins & Judge (2013) had also ascertained the three ways that a strong culture can be formed. First is by hiring & retaining workforces who think & feel the same way they do. Second is by way of indoctrinating & socializing these employees to mold their way of thinking & feeling. & finally, a strong culture is created when managers' leadership is exemplary enough to encourage employees to assimilate with them & internalize deeply held beliefs, values & assumptions. In a likely manner, the gap with the research is that it assumes culture can be brought at a single campaign or requires founders & leader's presence, at all times, to upkeep the culture.

Hellriegel and Slocum (2007), in their exploratory research, revealed that organizational culture can improve performance in a large measure if what sustains a culture is clearly understood. According to these researchers, the culture of an organization allows the employees to be acquainted with both the firm's history as well as current ways of operation which endows the employees with guidance about expected & conventional behaviors. In this case, however, ways to sustain corporate culture were not studied.

Other researchers underpinned that organizational culture has the potential to boost employee productivity & problem resolution skill (Kotter, 2012). Conversely, divergent employees' & organizational values provoke a sense of pressure on employees (Chang & Lu, 2000). Thus, the

issue of congruence between personal value & collective value hints the need to consider Person-Organization fit in the relationship between culture & performance.

Prominent organizational behavior researchers have extensively examined the fit or match among a person & an organization in numerous empirical literatures. Person-organization fit refers to the match between the aims, beliefs & values of members of an organization & the aims, beliefs & values of the organization itself. Numerous researches recognized that there is affirmative connection between the level of match between employee values & organizational values with employee attitudes & performance (Amos, 2008). The inference is that the perceived similarity of employee-organizational values by employees is positively linked with job satisfaction & commitment to the organization. Person-Organization fit has benefits to individuals & organizations as it positively shapes employee attitudes & behaviors (Hoffman & Woehr, 2006). Similarly, it has been acknowledged that perfect fit is often interrelated with employee's performance & loyalty (Diskien , 2013).

Results of a quantitative research conducted by Kouzes (2003) unveiled that employees to whom individual & organizational values made good sense were more internalized & committed to the organization. In his work, employees showed diminished interest in their work when the corporate values were making little sense. The gap left unaddressed in his work was that it lacks linking value fit with measurable employee performance than employees boosting their interest in work.

Erdogan and Bauer (2005) found that employees with a high person-organization fit have a better understanding of what the organization wants & needs, as their norms & values mirror to a greater degree the norms & values of the organization which enables them to experience better

communication with across functions causing in improved commitment & productivity as opposed to members with lower person-organization fit (Meglino & Ravlin, 1998).

A study conducted by Downey (1975), in which he examined the proposition that organizational climate interacts with individual personality in influencing job satisfaction & performance, proclaimed that “individuals having high need for social contact & interdependence with other people were better performers (as measured by number of promotions or percent salary increases for managers) in organizations of humanitarian climates when compared to less sociable co-workers. Moreover, individuals with high need for social contact & interdependence with other people & who perceive the organization’s climate as open & empathetic & set high standards for achievement showed maximized satisfaction than employees with the same traits but who perceive the organization’s climate as closed, bureaucratic & impersonal”. The data was obtained from 92 personnel of an industrial firm who assumed various hierarchical levels & functional areas. Employees’ performance was evaluated in terms of job movements & salary increment from 1971 to 1973. The findings upheld the overall concept of congruence.

Tziner (1987) has also assessed the effect of degree of confluence between the values of members of an organization & corporate values on work performance in an industrial setting using self-assessment. It was illustrated those employees who believed they had lower divergences between their preferences & the organization’s environment for success had maximum self-appraised work performance than those reporting high discrepancies.

Chatman (1991) examined if the fit between personal values & organizational values brings about additional variance in employee productivity. She evaluated if their values were congruent with those of the organization. Data were collected from 171 sample size in American public

accounting firms. The OCP was used to measure person-organization fit. Kunin's Faces Scale was utilized to quantify the satisfaction level. Four Likert-scaled questions were devised to evaluate intention to leave. Controlling job fit, the results of her study shown that person-organization fit was associated with employee outcomes & predicted length of service, satisfaction, commitment & turnover intentions. The research was vital in that as it reassured the relevance of organizational fit to employees' performance.

Goodman & Svyantek (1999) dealt with the effect of person-organization fit on employees' task & contextual performance & hypothesized that the fit between employees' maxims & organizational values explains performance factors such as collaborative work. Data was gathered via survey from 221 respondents across functions of a manufacturing organization. Results supported the hypothesis such that perceptions of the organizational culture & the level of match or discrepancy between employees' maxims & the actual organizational values explain both contextual & task performance. They also established that reward component of an organization's culture influences all forms of performance. As much as its contribution, the relevance of reward to organizational culture needs further ascertainment.

Findings of research by Kristof (1996) reiterated that "the level of organizational fit & job fit increases by consistently communicating values & characteristics as well as demands & expectations of the organization to employees. He also found that employees' person-organization fit could predict intention to quit & performance as it is related to citizenship behaviors, contextual performance & self-reported teamwork".

Another study conducted considered job & organizational fit as moderators in the association between HR practices & employee attitudes & behaviors. Results from a sample of 412

employees support direct relationships between HR practices & employee attitudes & behaviors as well as the moderating effect of person-job & person-organization fit.

Furthermore, a field study carried out on 155 management & non-management employees by Hamstra et al. (2017) underpinned that “in-role task-related processes are facilitated when both supervisor & employee share a common frame of understanding about what is important for the organization & that high P-O fit supervisors attach value to the work behaviors of high P-O fit employees, both of which should translate into more positive performance evaluations. Employees’ perceived P-O fit was positively associated with their performance evaluation when supervisor perceived P-O fit was high, whereas this association was absent when supervisor perceived P-O fit was low.” This adds relevance to the thematic area of the current study.

Research by Kim et al. (2013) tested the mediation process perceived social exchange within an organization in the link between Person–organization fit & employee work attitudes & behaviors. The data was acquired from employees & first line managers of a production company in South Korea. From their findings, it was illuminated that perceived social exchange within an organization serves as a mediator in the link between the two. Similarly, it was established that the connection between Person–organization fit & perceived social exchange was moderated by leader–member exchange quality. Specifically, an improved leader–member exchange yielded positive effects of person–organization fit on perceived social exchange within an organization. However, their research works could not shed light as to the moderation role of Person–organization fit on employee outcomes as it is limited to mediation process.

Farooquia and Nagendrab (2014) in their study indicated that there is positive connection between person organization fit & job satisfaction & job performance. It was maintained that organization fit was a useful precursor of employees' performance & affirmed that the better an employee fits with the job, the less adjusting is needed. However, research works that examine the impact of person-job fit on employee engagement exist in limited number (Scroggins, 2008).

Maslach and Leiter's (2008) research, undertaken in a North American university of 466 respondents, articulated that job engagement substantially increases with higher perceived job fit. In contrast, diminished person-job fit level results in little engagement of employees.

Cable and DeRue (2002) affirmed that the relationship between person-job fit & work attitude & behavior was stronger in the Asian context than in the western setting. The later researchers further upheld that "there are two dimensional approaches to Person-job fit, namely Supply-Value Fit (S-V fit) & Dem&-Abilities Fit (D-A fit). In the supply-value fit (S-V fit), the individual determines for themselves which environment or work is perceived to fit their needs. While demand-abilities fit (D-A fit) is the extent to which individual skills & expertise meet the demand for work".

Person-Job fit literature by Edwards (1991) identified lower job stress, improved attendance, retention, performance & job satisfaction are outcomes positively affected by P-J fit. Extensive research undertaken supports the belief that individuals are happy with & adjust simply to jobs that are corresponding with their own career-relevant personality attributes.

A study undertaken by Onwuchekwa et al. (2018) in some selected commercial banks in Anambra State to observe the link that exists among Person-Job Fit & Employee Performance in.

Data collected from a sample size of 282 members, as determined by Krejcie & Morgan (1970) formula, was analyzed using Pearson's product Moment Correlation Co-efficient. The assertion was tested at 95% confidence. The results uncovered that the extent alignment between employee's interests & the job type maximizes the commitment level to the job.

Erdogan and Bauer (2005) proved that employees with high person-job fit were more successful in their job as their skills & abilities are perfect mirror of the job requirements unlike organizational members whose person-job fit is lower. Additionally, the negative perception of employees' need fulfillment on its own impacts their performance negatively.

Relevant to this assertion, Ostroff (1993) explored the comparative, cumulative & interactive effects of organizational culture & employees' orientations in their personality & attitudes on job engagement, adjustment to work, performance & punctuality. The survey data was obtained from total of 1,134 teachers out of 29 schools. The findings asserted that "work-related attitudes & behaviors depend up on both organizational climates & personal attributes. It was also confirmed that personal orientations made significant contribution to explaining individual's outcomes, independent of the climates of the organizations. As opposed to the hypothesized theory, the level of person-environment fit didn't add significantly to the understanding of individual's behaviors & attitudes beyond that already by climates & personal orientations alone".

To sum up, it was upheld by many scholars that organizational fit is related more powerfully to organization-related employee outcomes such as engagement in companywide initiatives & P-J fit more strongly to job-related outcomes such as efficiency & improved quality of customer service. Both theories of fit assume that positive outcomes materialize when individuals match their environment. Possessing the skills needed for a job does not essentially mean corresponding

to the values & culture of the organization (Kristof, 2007). In the same way, combining greater magnitude of job & organizational fit leads to even substantial effect sizes (Kristof, 2007). By matching the right attributes of employees' with the right job & organizational values, members of an organizations achieve greater cohesion & engagement in the overall initiatives carried out by the organization.

Literature in the area of P-O & P-J fit “reveals no pattern of effect & relationship between Organizational culture & employee performance, such as efficiency, effectiveness, punctuality & service quality & customer satisfaction (Jones, 2007)’’.

In the Ethiopian high performance organizations' context, however, the moderating role of Person-Job & Person-Organization fit in the connection between an organization's culture & employee performance is a topic that needs full examination.

Ayalew (2014) applied quantitative approach to study the predominant culture of Ethiopian Airlines Group. As per his survey findings, the importance of corporate culture was linked with organizational survival. Ayalew's research was more of fact-finding & descriptive which neither linked to employee performance or the theories of fit.

Mersen (2016) investigated the effect of four organizational culture traits namely, involvement, consistency, adaptability & mission on employee commitment at Ethiopian Airlines Group. Data collected & analyzed from 284 Ethiopian Airlines employees, using descriptive & inferential statistics, designated that all traits of corporate culture had positive relations with employee's commitment.

Selamawit (2012) conducted a research as to why Ethiopian Airlines Group become successful & what other business entities can learn from the aviation group's success stories. In her studies, she stressed on the need to create a lasting working standard, matching strategies & ways to monitor & evaluate achievements. Still, it is uncertain if job & organizational fit mediate in the relationship between Organizational Culture & Employee Performance.

These premises set the floor for the current research's objectives that aimed at examining the connection between organizational culture & employees' performance with the moderation role of both theories of fit. Thus, empirical evidences from survey data obtained from Ethiopian Airlines Group offered insight to the fulfillment of the current study's goals.

### **2.3. Conceptual Framework and Hypothesis Development**

The research at hand had aimed to investigate the moderating role of Person-Job & Person-Organization fit in the relationship between Organizational Culture & Employee Performance.

In the first place, the research sought to examine the nature of relationship between Organizational Culture and Employee Performance and observe the magnitude of influence that Organizational Culture places up on Employee Performance.

Further, the research included the moderating constructs, in its study, to examine the nature and appreciate the degree of variation in magnitude of the influence that Organizational Culture might place Employee Performance.

Hence, the dependent construct of this study is Employee Performance. The independent construct is Organizational Culture. Moderators of this research study were Person-Job & Person-Organization Fit.

Key factors of Organizational Culture (the independent construct) include practices of indoctrination, strict compliance & competition (differentiation). Indoctrination is about constant communication of top management's philosophy & mottos which lays the ground for strong culture. Strict compliance refers to employees' religious adherence to company rules, policies & procedures which helps to sustain the culture. Lastly, differentiation is about continuous employee performance appraisals through proven management systems.

Therefore, the conceptual framework was such that a clever job fit & an excellent organizational fit would substantially vary the magnitude of influence of organizational culture on employees' performance than the degree of influence organizational culture alone may have on the dependent construct, Employee Performance. Thus, the presumed relationship, dominant direction & magnitude of influence of the independent constructs, moderators & dependent constructs are illustrated by the direction of the pointed arrows put forth herewith.

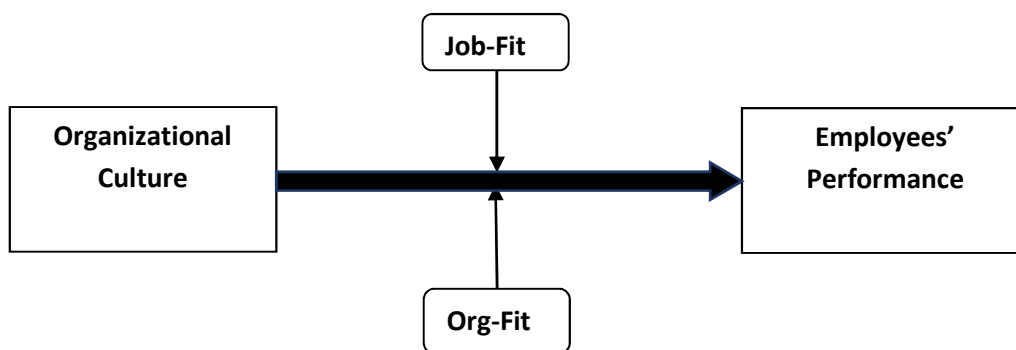


Figure 1: *A conceptual model for the moderating role of Person-Job fit & Person-Organization fit in the association between Organizational Culture & Employee Performance:*<sup>1</sup>

Source: Author's own

## **Hypothesis**

The study mainly aims to validate the connection between organizational culture & employee performance with the moderating role of Person-Job & Person-Organization Fit.

Primarily, it's held that organizational culture can affect the way employees work (Goldstone, 2007). Therefore, the primary hypothesis is:

H1: Organizational culture has direct positive effect on employee performance.

Extensive research supports the proposition that individuals are satisfied with & adjust most easily to jobs that are congruent with their own career-related personality types & Job Fit is a very important predictor of employee performance at workplace (Dawis & Lofquist, 1984). Therefore, second hypothesis is:

H2: Person-Job fit has positive moderating role within the relationship between Organizational Culture & Performance.

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<sup>1</sup> Note: Stata Command: sureg (mv1 iv) (mv2 iv)(dv mv1 mv2 mv3 iv)

It is also expected that employees' performance are enhanced when their personal values are perfectly congruent thereto of the organization. Therefore, third hypothesis is:

H3: Person-Organization fit has positive moderating role within the relationship between organizational culture & employee performance.

## **Chapter Three**

### **3. Research Methodology**

In this chapter, the research design & methodology was presented. Both primary & secondary data were collected from employees & management team engaged at the commercial division of Ethiopian Airlines, HDQ. Information gathered was used to address the research questions. The following sections also highlighted brief company profile of the study area and provided procedures & instruments used in this research.

#### **3.1. Company Profile of Ethiopian Airlines**

Ethiopian Airlines Group, headquartered in the city of Addis Ababa, is founded in 1945. Its wings stretched to more than 128 destinations through five continents with major international hubs in Addis Ababa, Dublin & Lome. The airline is an Aviation Holding Group with diversified business units such as Airports enterprise, Ground services, Cargo & Logistics, Aviation Academy, Inflight catering services, Maintenance & repair overhauls, Hotel & holidays.

The airline has realized its strategic growth plan of Vision 2025 in many parameters & is gearing towards the attainment of Vision 2035 to sustain long-term strategic plan. With unparalleled efficiency & operational excellence, it is applauded by many for playing a wholesome role in the nation's progression endeavors.

Ethiopian Airlines factsheet, (2016) affirmed that the airlines group is numerous awards winner. The airlines won official crowns from SkyTrax World Airline Awards for 'Best Airline Staff in Africa' & 'Passenger Choice Award for Best Airline in Africa'. Ethiopian also won trophy of 'Airline of the Year' for five uninterrupted years from African Airlines Association (AFRAA),

'African Best Employer Brand Award 2016' & 'Business Leadership Excellence Award' held by Employer Branding Institute, Stars of the Industry Group & CHRO Asia'.

The strong working culture, continuous improvement practices & bold corporate values such as safety, customer focus, differentiation, continuous learning, professional-excellence, agility, integrity, respect, self-discipline, commitment, team spirit, innovativeness, creativeness & equal opportunity ingrained in the systems of the commercial division of Ethiopian Airlines Group's, based at the head quarters, Ethiopia, Addis Ababa, are claimed to foster the High-Performance Culture & nurture future leaders (Ethiopian Airlines factsheet, 2016).

### **3.2. Measuring Employee Performance at The Commercial Division of Ethiopian Airlines**

#### **Group, HDQ:**

Employee performance, in the commercial division's setting, is measured both subjectively & objectively. The division applies financial, customer, internal process and learning & growth perspectives when rating individual employees' performance. Financial perspective is related to effectiveness & efficiency highlighting employees' achievement of preset targets & zero transaction errors. Customer perspective qualifies employees' level of customer service & responsiveness. Internal process perspective highlights employees' level of compliance & involvement in companywide initiatives &, last, Learning & growth perspective measures demonstrating company values, grooming, willingness to be trained, coach others & punctuality. All these are termed as key performance indicators (KPI's) by the airline. With the aid of these evaluation parameters, it was learnt that the airline differentiates all members from super-stars, average to poor performers.

### **3.3. Research Design**

Research design is a broad plot that strategizes the means used to collect & interpret data to achieve research objectives. In order to be holistic and detail oriented in examining the link between organizational culture & employee performance and the moderating role of Person-Organization & Person-Job Fit, the research design opted for this explanatory research was a case study. Accordingly, survey questionnaire was developed to provide respondents with relevant constructs. Finding & conclusions were extracted from the responses of the study group using categorical scale. The responses to the survey questionnaire were depicted in 1-5 Likert scale where a response of 1 meant strongly disagree, 2 meant disagree, 3 meant neutral, 4 meant agree and 5 referred to as strongly agree.

The research protocol for the current study ensured that the required data was gathered in a structured, practical & efficient manner. Deadlines were met & record of the entire procedure was made. The protocol was also used to assess the validity & reliability of the distributed surveys content to guarantee reliable level of quality & forward objective recommendations.

### **3.4. Research Approach & Data Sources**

This study applied quantitative method to decide if the hypothetical propositions should be rejected or otherwise based on responses of the survey using statistical systems on the ground that quantitative research is conclusive and cost-effective method which allow researchers to draw projectable conclusions to a larger population as opposed to qualitative one which is relevant for explanatory works where the study area is hardly known.

The underlying study applied Generalized-Least-Square regressions & correlation analysis to meet the research objectives & test the research hypothesis. Perceptions & factors were represented by numbers, which is convincing in terms of the logical verification to understand the phenomena in terms of its functioning. Thus, the quantitative approach supported the testing of casual relationships on the subject matter of the current study.

Data was collected through survey distribution to extract primary data for survey distribution, with regards to Organizational culture, had been tested in multiple countries, cultures & in a variety of industries and proved to be flexible across numerous positions of the workforce.

Secondary sources of the study used in this research included Employee performance appraisals (KPIs), different published books, journals, previous research studies, websites & archives. Published books were reviewed to analyze related theoretical literatures & interpret research findings. Journals & research works were in use in an attempt to describing on the existing knowledge. Internet websites & portal links were, similarly, major source of information relevant to this research.

### **3.5. Study Area & Target Population**

The current study was conducted within the aviation industry context at the commercial division of Ethiopian Airlines, head quartered at Bole International Airport, Ethiopia, Addis Ababa, regarded by many as high competition and high-performance setting. The commercial division, chaired by the Chief Commercial Officer (CCO), who is directly accountable to the CEO, is comprised of 1,090 employees with various departments such as Marketing, Sales, International Services, Global Call Center, ET Express & Integrated Marketing & Communication &

respective offices under its umbrella. It is mandated with a target of gaining 80% of the airline's total revenue. Hence, the total target population size of the study consisted of 1,090 members, management and non-management employees, of the airline across the division.

### 3.6. Sample Size Determination

Sample size was determined using a sample size estimation table which enumerated the exact size of samples for a finite population size (Morrison et al., 2007).

Population size	Confidence level = 95%			Confidence level = 99%		
	Margin of error			Margin of error		
	5%	2,5%	1%	5%	2,5%	1%
100	80	94	99	87	96	99
500	217	377	475	285	421	485
1.000	278	606	906	399	727	943
10.000	370	1.332	4.899	622	2.098	6.239
100.000	383	1.513	8.762	659	2.585	14.227
500.000	384	1.532	9.423	663	2.640	16.055
1.000.000	384	1.534	9.512	663	2.647	16.317

Figure 2: Estimation of population survey

Source: Morrison et al., 2007

As of June 2019, Ethiopian Airlines Group had total number of 18,525 employees of out of which 13,958 were full time employees. Out of this total, 12,402 (88.85%) of the workforce are in Addis Ababa. Total number of employees assigned at the commercial division was 1,090 making up 8.78% of the total full-timers. As a profit-making organization, the commercial division of Ethiopian Airlines is in charge for 80% of its total revenue. Given its commercial

importance and relevance for profit-making organization, it was then be prudent to study this division using the table for estimation of population survey. Accordingly, questionnaire was distributed to a sample size of 278 management & non-management employees of the total 1,090 assigned at the commercial division. Assertions in the current study were tested at 95% confidence.

### **3.7. Sampling Procedure**

In this research methodology, the researcher used both purposive & convenient sampling method targeting cross-functional employees & managers. Due to the information they hold resulting from the position they assume, managers were deliberately included in the questionnaire survey. Due to shift works, the study applied convenient sampling technique to include employees assigned at Marketing & Sales Department, International Services, Global Call Center, Ethiopian Express & Integrated Marketing & Communication. The engagement of members with diversified job tasks at different environmental settings highlights adequate representation of the sample population to the whole.

Accordingly, for questionnaire distribution purpose, a mix of each stratum namely junior & senior employee, lower, mid & higher management members were selected using convenient sampling method. The sample source truly reflected the target population as the respondents involved the management & non-management members of the airlines group.

### **3.8. Study Constructs, Data Gathering Methods & Instruments**

This study engaged organizational Culture as the independent construct. Both Person-Organization fit & Person-Job fit were studied as moderators while Employee performance was used as the dependent construct.

The primary data of this study were obtained from the commercial division of Ethiopian Airlines Group, based at its head quarters, Addis Ababa, mainly through questionnaire. Structured & close-ended type survey questionnaire was distributed to managers at different functional areas & employees across the commercial division of the airline in order to solicit valid views to serve the research objectives.

Data was collected quantitatively through self-administered survey questionnaire. Survey questionnaires were conveniently distributed to respondents in person & via email after soliciting approval letter from concerned department of the aviation group.

Respondents were requested to indicate their level of agreement, on a five-point scale, to the questionnaire items in relation to organizational culture, job & organizational fit & employee Performance referred to as key performance indicators (KPI's) in the aviation group. The scale varied from 5 = strongly agree to 1 = strongly disagree. Employee performance, the dependent construct in this study, was measured by referring key performance indicators (KPI's) of the airlines. As scale of five points was devised to extract the respondents' performance rating achieved in the previous quarter on specified parameters. The scale ranges from 1, which represents lowest performance, to 5, implying highest performance.

In the process of developing the actual questionnaire, it was made sure that the survey questions were relevant to the study so as to get fit answers that allows the researcher to extract & measure the information obtained (Jennings & Holt, 1998). Not only simplicity but also understandability, clarity, length of questions, content analysis & wording of the questions was given due care. Brief introduction as to whose research it was, why the study was being conducted & the importance of the targeted population responding as truthfully & carefully as possible was made.

As a quantitative approach, the Likert scale was chosen to be a suitable approach with regards to the questionnaire with view to simplify the task for the target population to respond to questions & statements & fully complete questionnaire. In comparison to other methods, the Likert scale has been found to give more informative & accurate results.

### **3.9. Pilot Study**

Preliminary & pilot test are proven to be effective ways to increasing the quality of procedures applied in sourcing the primary data. Both examine if the instrument used was appropriate for the study. This includes studying the assembly, physical structure, intended purpose & simplicity of questions asked in the questionnaire.

In this research, a pilot test was conducted on a total of 6 respondents; 1 respondent who was not part of the airlines & 5 members of the commercial division of Ethiopian Airlines Group, HDQ, to check the clarity of the items in a calm fashion to benefit fully (Yin, 2003). Participants in the pilot test were informed that in fact they are taking a pilot test & not the official data collection test.

Results of the pilot studies were also examined for improved research outcome & necessary adjustments as to the length & wording of the questions were made after learning the participants' feedback. Thereafter, a questionnaire of English version, in order to appeal to the targeted populations as the company's working language is English, was distributed to the sample population. Extreme attention to detail in a professional approach was given in order to result in a suitable, efficient & effective instrument.

### **3.10. Validity Test and Analysis**

Validity is a test that ascertains if inferences from the survey questionnaire in a research undertaking were drawn based on relevant & supportive evidences (Shadish et al., 2002).

The first concern is whether the data collected are able to capture the complexity of the concept of organizational culture, P-J fit & P-O fit & whether causal inferences with can be drawn. To deal with these, the researcher crafted the survey questionnaire mirroring the theoretical presumption & in a way that portrays interlink between each components of the constructs (Shadish et al., 2002). It was also made sure that the numbers of items were adequate.

To ascertain if the measurement for employee performance are accurate indicators of actual performance, the current study crafted the question items based on the key performance indicators & perspectives that are used to rate employees' accomplishment in the airline (Forth et al., 2008). Similarly, the survey was distributed shortly after the quarter performance appraisal to help respondents remember figures correctly (Wall et al., 2004).

As a final point, factor analysis was undertaken on all constructs to evaluate if the loading effect of all items was acceptable enough. The researcher, thereafter, proceeded to administer the

survey questionnaire in a manner that is suitable to high performance organizations setting & hence, implications of the findings of the study at hand may be vital for all alike within the nation & the rest of the world.

### **3.11. Reliability Test and Analysis**

Cronbach's alpha is commonly used reliability test to assess if the average correlation of items within the test is standardized. Pallant, (2005) upholds that Cronbach's alpha coefficient above the score of 0.7 is acceptable. Compatibly, outputs of Stata 14 generated Cronbach's alpha result of 0.94 for 38 items of the independent construct as well as moderators (N=256). Likewise, the Cronbach's alpha result of all the independent constructs, moderators & dependent construct, all together, for 45 items on 256 sample population was found to be 0.88. Thus, the Cronbach's alpha result indicates the presence of highest reliability.

The test was also carried out on all items under each component of the constructs to make sure that this reliability figure is robust. Again, the Cronbach's alpha score for each item exceeded 0.7 that removal of items was not necessary to increase reliability. Hence, it is true that all constructs of the survey questionnaire used in this study have an acceptable reliability level.

The figure below demonstrates the results of overall reliability of all constructs.

Item	Obs	Sign	item-test correlation	item-rest correlation	average interitem covariance	alpha
KPI	256	+	0.4969	0.3623	.4700701	0.9109
Indo	256	+	0.8731	0.8166	.3620366	0.8523
StrictC	256	+	0.8408	0.7319	.3258439	0.8670
Differ	256	+	0.8600	0.7622	.3184238	0.8608
JOB	256	+	0.8527	0.7883	.3675978	0.8564
ORG	256	+	0.8921	0.8433	.3568378	0.8483
Test scale					.3668017	0.8872

*Figure 3: Reliability Test, (N=256, 45 Items)*

*Source: Output of Stata*

### **3.12. Assumptions Test**

Before proceeding to analysis of the regression results, several tests were carried out to make sure the data's appropriateness.

#### **Linearity Test**

Linearity shows the proportion to which the variance in the dependent construct is explained by the change in the independent constructs. To determine whether the relationship between the independent construct organizational culture (culture of indoctrination, compliance & competition) & the dependent construct, employee performance, plots of the regression residual through Stata software had been used.

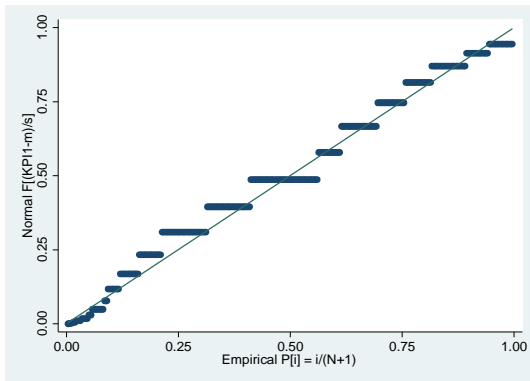


Figure 4: *Linearity Test:*

*Source: Questionnaire & Stata Output (2020)*

The scatter plot of residuals shows no larger difference in the spread of the residual as you look from left to right on figure 4. This result suggests the relationship to be predicted is linear. Similarly, the above figure shows the normal distribution of residuals around its mean is zero.

The normality assumption is fulfilled as required. Hence, it is possible to conclude that the inference that the researcher made about the population is somewhat valid.

### **Normality Test**

Figures put forth below show the frequency distribution of the standardized residuals compared to a normal distribution. Although, there are few residuals (those occurring around 0) that are relatively far away from the curve, many of the residuals are fairly close. Moreover, the points fall along the straight line signifying that the underlying distribution of the data is normal.

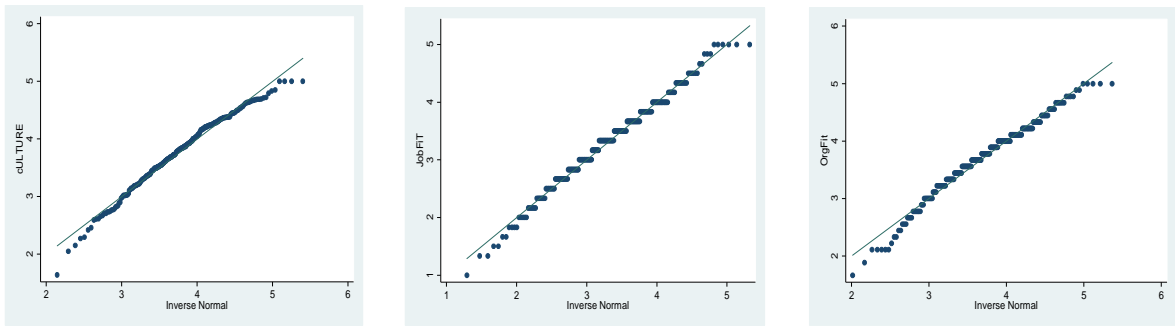


Figure 5: Normality test: Normal P-P Plot of Regression Standardized Residual of the Dependent Constructs and Moderators

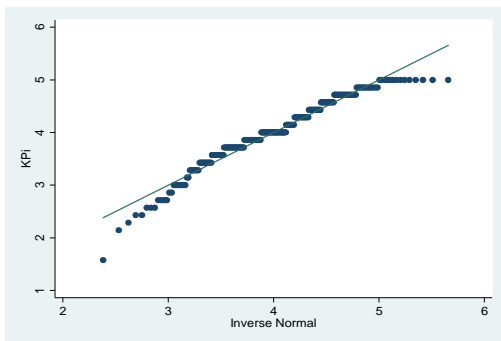


Figure 6: Normality test: Normal P-P Plot of Regression Standardized Residual of the Independent Construct

Source: Questionnaire & Stata Output (2020)

### Multicollinearity Test

Multicollinearity test determines whether there is similarity between the independent constructs in the model that result in a very strong correlation.

Table 1: *Organizational Culture: Job & Organizational Fit:*

Construct	VIF	1/VIF
Indoctrination	3.02	0.331503
Compliance	2.51	0.398756
Competition	2.00	0.499890
	Mean VIF	2.51
Job Fit	2.40	0.417156
Org Fit	2.40	0.417156
	Mean VIF	2.40

*Source: Questionnaire & Stata Output (2020)*

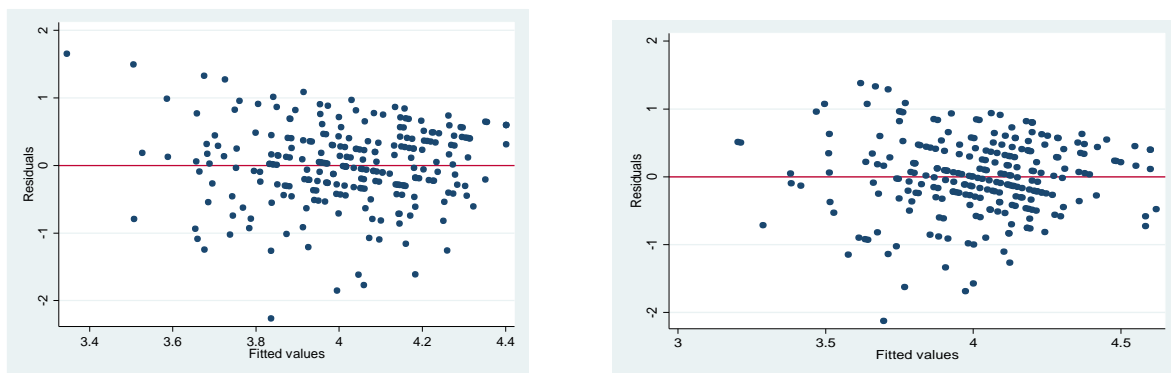
Based on the coefficient output, the values for each independent construct & moderating factor obtained from collinearity statistics (VIF) were between 1 & 10. Given the output of 2.51 & 2.40 mean VIF, it can be concluded that there are no multicollinearity symptom between the components of the independent constructs. As moderators sit between independent constructs & dependent construct, multicollinearity can't be avoided in between the moderating factors & the independent constructs. Thus, the researcher established that there are no significant data problems that to hold there is violation of the assumptions of classical linear regression.

### **Autocorrelation Test**

Autocorrelation has to do with the degree of correlation between the values of the same constructs across different observations in the data in different time horizons (Debarsy, 2010).

Most frequently, this issue arises with panel data. In this research, autocorrelation of the same constructs across different observations does not persist since there is no time component with cross-sectional data.

### Homoscedasticity Test



*Figure 7: Residual-Values-Fitted Plot Test*

*Source: Questionnaire & Stata Output (2020)*

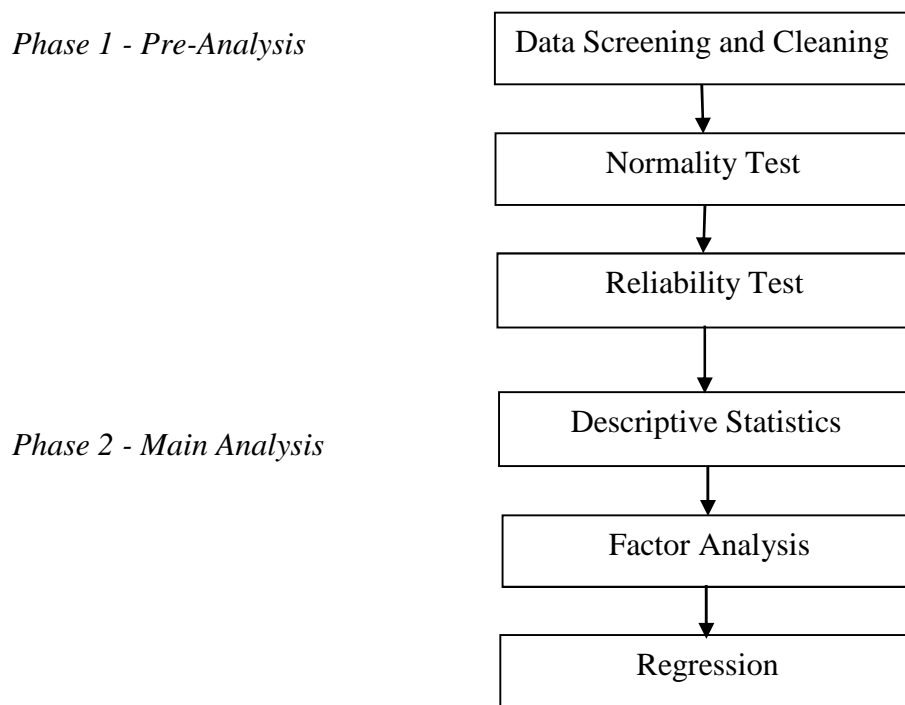
In a well-fitted regression model, Homoscedasticity is expected to be the underlying condition where the explanatory constructs do not have determinant influence on the variance term. Put in other terms, the variance of the dependent construct given the independent construct shall be constant that there should be no pattern of the residuals against the fitted values. From our Stata results, it is observed that there is vertical variation in the residuals that a curvature can be seen in the pattern of the residuals without considering the two outliers at the top center of the graph.

This suggests a violation of the assumptions of ordinary-least-squares & indicates existence of heteroskedasticity. Hence, generalized-least-square method shall be in use in this research.

Further substantiating the assertion, Breusch-Pagan Test also indicates existence of heteroskedasticity as the P-value was found to be lesser than 0.05 which suggests strong rejection of the null hypothesis that there was constant variance of the dependent construct given the independent constructs.

### 3.13. Data Analysis & Presentation

The steps followed by the researcher in the process of data analysis are shown below.



*Figure 8: Stages of data analysis*

*Source: Authors own*

As the reliability of the instrument was ascertained, the researcher proceeded to administer the questionnaire to the respondents. The researcher distributed and collected the survey questionnaires. Data obtained through questionnaire were edited, coded, categorized & computed

with the use of computer and software programs (StataSE 14). Categorized data was analyzed and summarized for recommendations.

Descriptive statistics such as counts & percentage were used to provide demographic information of respondents. This was important as it provided the impetus for conducting further analyses on the data (Ezirim & Nwokah, 2009). Pearson's correlation test was undertaken to find out the strength of association between dependent construct, independent construct & moderators then interpret according to the findings (Ezirim & Nwokah, 2009).

To examine the nature and magnitude, thereof, of the association of organizational culture and employee performance, inferential statistics such as linear regression was applied as the nature of association was binary. The overall nature and degree of influence of the moderators was examined through multiple regression analysis.

In this study, the moderation effects were tested with Generalized Least-Square regression analysis, where all explanatory constructs and their interaction term were centered prior to model estimation to facilitate the analysis of regression coefficients using the product of the coefficients method. Thus, the level of influence was computed by multiplying the regression coefficients as in  $a_1 * b_1 = a_1 b_1$ .

So long as the Ordinary Least Square estimator may not be applied when the assumptions of best linear unbiased estimator (BLUE) are not met, due to the existence of heteroscedasticity, the coefficients and the prediction power of organizational culture and the moderators were obtained using Generalized-Least-Square through Seemingly Unrelated Regression (SUREG).

Therefore, Seemingly Unrelated Regression (SUREG) was applied to estimate the coefficients for all constructs in the study and proper model for moderation analysis is in use this research (Edwards & Lambert, 2007; Preacher, 2008). To that effect, instead of making assumptions about the sampling distribution of a statistic, Bootstrapping technique, a computer intensive, nonparametric approach to statistical inference, had been utilized to test the significance of the coefficients of the moderators & independent construct.

### **3.14. Ethical Considerations**

Adequate explanation of the willful participation, the nature of the study & anonymity of names were provided to all respondents in the survey questionnaire at times of distributing the questionnaires. It was also put forth that the information gathered through the survey would only be used for the research purpose & confidentiality is maintained.

Moreover, an official letter was written to get permission by MBA Program office of Addis Ababa University which was later submitted to & duly signed by HR Managers at Ethiopian Airlines Group for distribution of the questionnaire. Furthermore, all participants were informed of the purpose of the study & their willful consent was obtained at times of distribution. Ethical considerations of respect for others are of greater significance (Cavan, 1977). Data analysis was dealt with scientific impartiality, honesty, accuracy & sensitivity. Confidentiality as to the age of respondents, sensitivity of subject under research & controversial matters are given due account (Morrison et al., 2007).

## **Chapter Four**

### **4. Data Analysis, Results and Discussions**

This study aimed to explain the moderation role of Person-Job & Person-Organization fit in the connection between organizational culture and employee performance through the analysis of data collected from the commercial division of Ethiopian Airlines Group, HDQ.

#### **4.1. Pre-analysis considerations and Results**

##### **Response rate analysis**

From the total sample population of 278 respondents, 256 valid responses were obtained. The response rate achieved was, therefore, at 92.8%. Mugenda & Mugenda (2003) upheld that at least 70% response rate is deemed very good &, hence, the researcher is warranted to proceed to data analysis & draw solid inferences on the research topic from the data collected.

##### **Screening data cleaning & reducing outliers**

As checking, tracing & correcting data errors is the key step during the pre-analysis stage, the researcher has thoroughly examined the data & entered the correct values after the data entry stage. In addition, missing observations were filled taking the mean score of the observations as advocated by Coakes & Steed (2007). Similarly, the issue of reducing outliers' influence was not an issue as Likert-Scale was employed to solicit level of agreement & the responses ranged from 1 to 5. Consequently, it was made sure that the data set was clean & error-free.

## **4.2. Demographic Information of the Respondents**

This section analyses the demographic information, such as age, sex, educational level, employment type, marital status & years of service at the airlines, of total 256 respondents, who returned valid questionnaire for the study. The result of the descriptive analysis is done using frequency counts & percentage.

As depicted in table 1, 112 respondents (49%) were between age of 18 & 27 years from total 256 respondents. This age group formed majority part of the respondents. 110 participants (43%) fallen under the 28 to 37 years age category. The headcount of respondents between the age of 38 & 47 years was 12 in number & made up to 5% of the total sample size while respondents above 48 years made up only 3% of the total participants. From the results, the demographic analysis based on age mirrored that there are more of young employees than aged ones at the commercial division. Therefore, the sample size was inclusive enough to include from all age groups to gain valid views on the research area.

The distribution of gender shown that while 56% (144) of the respondents were male while 44% (112) of the respondents were female. From the results, the demographic analysis based on the gender of the respondents revealed that the disparity between male and female employees at the commercial division is only 6%. This implied that both gender (male & female) were well represented.

Response from lower, mid & top managers is 38 in total which is close to 15% of the total respondents. Data obtained from non-management employees is 218 in number & 85%. From the results, it was implicated that there were more of non-management respondents than

management team and the respondents analysis based on employee group depicts fair representation and that diverse views were extracted from all ranks.

Based on the table, respondents characteristics by educational level shows 26 respondents that is 10% of the total had achieved Diploma, 81% (32) had first degree & the remaining 9% had masters & above. The demographic analysis based on respondents educational level unveiled that 90% of the total respondents had first degree & above and the rest 10% achieved Diploma. This implied the respondents engaged in this study were professionals who at least attained tertiary school certifications which again solidified the results of results of the current study.

The same table also shows majority of the respondents (41%) of the respondents had served at the commercial division of Ethiopian Airlines Group, HDQ, for a period less than 3 years, close to 26% between served between 3 & 5 year while 33% of the total served above 5 years. From the results, the demographic analysis based on years of service shown that there are comparable representation of junior, middium and senior employees. This was useful to indicate if corporate culture of the commercial division of Ethiopian Airlines Group was widely shared among all of its members & if Person-Environment fit was given due emphasis.

Out of the 256 respondents, 183 respondents (71%) were single, non-married, while close to 28% & 71 in number were married. Unit number of widow & divorced workforce is revealed at the commercial division of Ethiopian Airlines Group which is 1% summed. From the results, the demographic analysis based on marital status depicted the respondents to the current study were of all various marital status and their valid views were represented in the study.

Table 2:

*Demographic Information of the Respondents:*

Age in Years	Frequency	%	Marital Status	Frequency	%
18-27	126	49	Single	183	71
28-37	110	43	Married	71	28
38-47	12	5	Divorced	1	0.5
Above 48	8	3	Widow	1	0.5
Total	256	100	Total	256	100

Years of Service	Frequency	%	Educational level	Frequency	%
Below 3 Years	105	41	Diploma	26	10
From 3 to 5 Years	66	26	Degree	206	81
Above 5 Years	85	33	Masters & Above	24	9
Total	256	100	Total	256	100

Sex	Frequency	%	Employment Group	Frequency	%
Male	144	56	Management	38	15
Female	112	44	Non-Management	218	85
Total	256	100	Total	256	100

*Source: Questionnaire & Stata Output (2020)*

Pair-wise results of comparison between age distribution & employment group highlighted 12% of the 126 participants that fall under the 18 to 27 years age category were members of the management team. This implied that there were also young management team represented in this study.

Additionally, employees who served less than 3 years are 92 in number. Out of which, 12% are members of the management team echoing that junior employees were also part in the management arena the commercial division of the group.

As a final point, 12.5% of 112 female respondents are part of the management team while 16.66% of 144 male respondents are management team. This implied the comparable involvement of both genders in the managerial affairs of the airline.

#### **4.3. Organizational Culture at the Commercial Division of Ethiopian Airlines Group, HDQ**

In order to find out how organizational culture at the commercial division of Ethiopian Airlines Group, based in the capital of Ethiopia, Addis Ababa, influenced employee performance, the respondents were surveyed to give a picture of the extent to which they agree to specific questions in relation to the practice of indoctrination, compliance & competition as well as person-job & organization fit. Responses are discussed hereby.

In relation to culture of indoctrination, six items, clustered into two factors, were used to collect data from the commercial division.

Majority of the respondents, above 73%, clearly pointed out that leaders of the aviation group had coined motivating business philosophies & mottos. From the data obtained, 84% of the entire respondents affirmed the existence of an upright practice of induction at entry to

familiarize entrants with these mottos & philosophies. The results connoted that the practice of industrial familiarization at entry coupled with the elaborate business philosophies & mottos motivated at least three fourth of members the division.

In addition to the above, 73% of the total respondents made it evident that there was constant communication of corporate values at the commercial division of the Group and above 75% of the respondents strongly underlined that such constant communication of values brings desired employees' attitude & sustains organizational culture. The responses implacted that daily briefing enabled the repondents upheld the division's culture and brought about conformity at all times.

Responses given to the six items, clustered into two factors through factor analysis, in relation to culture of indoctrination, above, indicated that more than three fourth of the respondents agree there is sustained practice of general familiarization, sharing of corporate values, business philosophies, and constant communication in the commercial division of Ethiopian Airlines Group, HDQ. It is with this constant communication and daily briefing that employees were reminded of the corporate culture until full internalization and 100% compliance.

Pertaining to the practice of compliance, seven items , clustered into single factor through factor analysis, were used to gather data.

From the data gathered, 82% of the respondents affirmed the existence of vision & ethical code that guides employees' work & behavior. 78% of the respondents also upheld that consistent set of values governed the way business was done at the airline.

75% of the respondents indicated that there is general agreement on strict compliance to rules & regulations. Above 74% revealed there are commonly accepted ways across the division. 76% aired that shared rules & policies served as glue of the company. Taking the average score, 72% of total respondents asserted that strict compliance to rules & regulations brings about desired mindset on employees side.

The responses indicated that there were clear ethical codes, vision and consistent set of values which governed employees' behaviour at the commercial division of Ethiopian Airlines Group, HDQ. Similarly, close to three fourth of the respondents posited adherence to accepted ways of doing business is given due attention across the division and that it shaped employees' behaviour and served as a cohesion amongst all. This implicated the importance of sustained practice of compliance to maintaining organizational culture at the division signaling it's determining effect on employees' performance.

In a move to examine the prevailing culture of competition at the commercial division of the Group, based in its HDQ, ten items, clustered into single factor, were used.

The survey results revealed that 74% of the respondents agreed Ethiopian Airlines Group's the commercial division heavily emphasized on competitive actions of employees & slightly higher than 75% of the entire sample population affirmed goals set at the division were measurable. 80% of total respondents further highlighted that all employees had preset targets to achieve. Majority (74%) highly agreed that measures of effectiveness, efficiency & customer satisfaction to internal & external customers were given due consideration at times of performance rating.

Furthermore, 72% of the respondents strongly agreed that employees at the commercial division of the group, are differentiated based on their performance rating & 73% affirmed that competitive culture builds high morale on employees & 69% believed that such differentiation reinforced competition. 71% of the respondents also indicated that promotion was decided based on employees' performance rating. From this, it was concluded that there was sustained practice of competition and that the practice of competition, differentiation and promotion based on performance results could further restrengthen employees' output.

Eight questionnaire items, put into two factors, were used to examine the level of person-organization fit at the division of the aviation group.

69% of the respondents believed that their values & principles were similar and aligned with that of the organization. 71% affirmed there were many employees exhibiting similar behavior at the airline. 77% of the respondents also acknowledged that they had shared common feelings with their workmates. While 76% of the respondents strongly agreed on the importance of shared values in bringing about cohesion among employees, 70% of the respondents asserted that managers exert efforts to create a good alignment of personal values & organizational values.

Responses given have shown the existence of higher level (72.6%) of person-organization fit at the commercial division of the aviation group.

Similarly, six items, grouped into two factors, were crafted to detect the level of person-job fit at the commercial division of Ethiopian Airlines Group, HDQ.

From the data collected, 70% of the respondents had confirmed that the commercial division to ensure compatibility of employee's abilities/attributes to the job demands/characteristics. 65% of

the entire sample population strongly agreed that their preferences & aspirations were met by the job. Score of 61% & 62% agreement is also observed on the assertion that the organization decides transfer and placement based on employees' personal abilities, respectively. The average score of Person-Job fit was fairly lower (64.5%) than the rest of constructs used in this research work.

Overall organizational culture at the commercial division of Ethiopian Airlines Group, HDQ:

Total of twenty three (23) items were used to evaluate the organizational culture in place. Above 75% (mean score of 3.81, 3.88 & 3.71 out of 5) of the respondents reacted in the affirmative, agreeing to the question items in relation to cultures of indoctrination, compliance & competition, respectively.

From this, it was made evident that the organizational culture of the commercial division of the holding aviation group comprised a deeply held practice of indoctrination, compliance & competition that sets forth enabling and fit working environment for employees. These findings justified the need to assess how the above mentioned core values work together to influence the level of employees' performance than a binary relationship between culture and performance yields.

#### **4.4. Employee Performance at the Commercial Division of Ethiopian Airlines Group, HDQ**

Seven items were used to measure employees' performance at the commercial division of Ethiopian Airlines Group, based in its head quarters, Addis Ababa. The results revealed 78% of the respondents achieved their preset revenue target effectively and 80% were efficient in what

they do. It was also learned the quality of work of 77% of the sample population was excellent in their last performance rating.

Furthermore, 80% of the respondents achieved their targets observing the expected standards & that they were punctual at all times. More than 82% affirmed that they were fully productive during working hours & managed to go extra miles to assume more responsibilities than assigned to them.

This implied that employee performance was rated at the commercial division of the aviation group and that it was measured against key factors such as target revenue, efficiency, quality of output, punctuality, compliance to standards and productivity during work hours.

Aligned with the airline's 10-70-20% differentiation approach and the need to mitigate the subjectivity of the performance rating, 20% of the total employees whose performance rating was below 3.5 were put under low-performers category. 70% who scored up to 4.70 might be regarded as high performers while 10% of total employees with score rating up to 5.00 could be deemed super stars. Put in a simplified fashion, employees with performance rating above 3.50 were said to be high performers and lesser than the stated as low performers.

#### **4.5. Pearson's Correlation**

Pearson's correlation was used to assess the direction and strength of the relationship between the dependent, independent constructs and moderators.

The values of the Pearson's correlation range from -1 up to 1. A value of 0 indicates no relationship between the constructs whereas -1 would mean perfect negative linear relationship while +1 implies perfect positive linear relationship.

This study sought to determine if there were significant interrelations among variants such as job fit, organizational fit & organizational culture against employees' performance (Key Performance Indicators).

From the output of Pearson's correlation obtained, shown under table 2, it was established that the direction of relationship between culture of indoctrination & employee performance (KPI) is positive as the coefficient is positive value (0.2723). In addition, the association between culture of indoctrination & employee performance (KPI) is significant at 1% as 0.000 is less than 0.01.

Similarly, the coefficient value of 0.2589 of the correlation between culture of compliance & employee performance (KPI) indicates the direction of association is positive & is significant at 0.01.

Moreover, the direction of relationship between culture of competition & employee performance (KPI) is positive as the coefficient is positive (0.3049) significant at 1% as  $0.00 < 0.01$ .

As depicted in the table, the direction of relationship between Person-Job fit & Employee Performance is positive (0.3859) with significance level of 99% as 0.00 is less than 0.01.

In the same way, the direction of correlation between Person-Organization fit & Employee Performance is positive (0.3847) with significance level of 99%.

Therefore, we fail to accept the null hypothesis & accept the alternative hypothesis.

Table 3:

*Pearson's correlation tables*

	KPI	Indoctrination		KPI	Compliance
KPI	1.000		KPI	1.000	
Indoctrination	0.272*	1.000	Compliance	0.259*	1.000
	0.000			0.000	

	KPI	Competition
KPI	1.000	
Competition	0.305*	1.000
	0.000	

	KPI	Job Fit		KPI	Org Fit
KPI	1.000		KPI	1.000	
Job Fit	0.386*	1.000	Org Fit	0.385*	1.000
	0.000			0.000	

*Source: Questionnaire & Stata Output (2020)*

#### **4.6. Overall Regression Model**

The association between organizational culture & employee performance was computed with linear regression model. The direction & magnitude of the specific and cumulative loading effect of the moderators was computed by way of running nonlinear combination (nlcom).

From the linear regression results, when examining the between organizational culture & employee performance, it was revealed that the value of F-test is 27.82 implying that the model is statistically significant. Noting that the squared value of 5.27 (27.77) is approximately same as that of the F-test value of 27.82, the T-test for organizational culture, which equals 5.27, is statistically significant denoting that the regression coefficient of the dependent construct is significantly different from zero. The regression coefficient of organizational culture is 0.24 indicating that key performance indicator of employees (KPI) is boosted by 24 units with a unit increase in organizational culture. This is significant at P-value of 0.01 demonstrating that the assertion that KPI is affected by culture that emphasizes in indoctrination, compliance & competition is 99% true.

The adjusted R-squared value of 0.095, however, indicates that only 9.5% of the variance was predicted by the model. This indicates the model is not sufficiently specified that 89.5% of the variance of employees' performance is left unexplained by organizational culture. Hence, there are other constructs that should be included.

Source	SS	df	MS	Number of obs =	256
				F(1, 254)	= 27.82
Model	9.5459337	1	9.5459337	Prob > F	= 0.0000
Residual	87.1408542	254	.343074229	R-squared	= 0.0987
				Adj R-squared	= 0.0952
Total	96.6867879	255	.379163874	Root MSE	= .58573

KPI	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
OC	.2411142	.0457096	5.27	0.000	.1510961 .3311324
_cons	4.020647	.0366078	109.83	0.000	3.948554 4.092741

*Figure 9: Regression results of KPI & Organizational Culture:*

*Source: Questionnaire & Stata Output (2020)*

With the addition of moderators such as job fit & organizational fit, the strength & direction of the correlation between the dependent & independent constructs may be modified. I.e. enhancing, reducing, or changing the extent of influence.

Accordingly, results of the seemingly unrelated regression (SUREG) revealed that job & organizational fit are of the coefficient values of 0.2296\* & 0.2515\*, respectively, in the relationship between organizational culture & employees' performance. Even though the value of the constant term remained to be the same (4.02) with the results of the linear regression model, the direction & degree of influence of organizational culture has differed resulting in - 0.0935\* because in the linear regression model, the value was 0.241\*.

In a likely manner, results of the regression also illustrated that the R-square value of the overall regression is 0.1746 as opposed to the outputs of the linear regression model which was 0.0952. This indicates the constructs in this study, with the inclusion of the moderators, explain 17% of the variation in employees' performance which is acceptable enough in business researches.

Equation	Obs	Parms	RMSE	"R-sq"	chi2	P
JOB	256	1	.4619394	0.5716	341.50	0.0000
ORG	256	1	.4043996	0.6716	523.63	0.0000
KPI	256	3	.5583334	0.1746	54.16	0.0000

	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]
JOB					
OC	.6661867	.0360495	18.48	0.000	.595531 .7368423
_cons	-4.84e-11	.0288712	-0.00	1.000	-.0565865 .0565865
ORG					
OC	.7221656	.0315591	22.88	0.000	.6603109 .7840202
_cons	2.15e-09	.025275	0.00	1.000	-.049538 .049538
KPI					
JOB	.2296159	.0799326	2.87	0.004	.0729508 .3862809
ORG	.2515971	.0913058	2.76	0.006	.0726409 .4305532
OC	-.0935475	.0823803	-1.14	0.256	-.25501 .0679149
_cons	4.020647	.0348958	115.22	0.000	3.952253 4.089042

Figure 10: Results of Seemingly Unrelated Regression:

Source: Questionnaire & Stata Output (2020)

$$Note: Y = \beta_0 + \beta_1 X + \beta_2 M + \beta_3 XM + e$$

$M$  is the moderator which is the sum of  $M_1$  &  $M_2$ .  $Y$  is the dependent construct.  $e$  is the error term.  $X$  is the independent construct.

$\beta_0$  is the constant term or intercept in the equation.

$\beta_1$  is the coefficient relating the independent construct,  $X$  when the moderator,  $M$ , is 0.

$\beta_2$  is the coefficient relating the moderator construct,  $M$ , to the outcome when  $X = 0$ .

$\beta_3$  is the regression coefficient which the total loading effect of moderation role.

Note 2: For the moderation to be significant  $\beta_3$  has to be statistically different from zero.

The results from the nonlinear combination show that the specific loading effect of Job fit is 0.1529\* while the loading effect of organization fit is 0.1817\*.

The total moderating role of Job fit & Organization fit is 0.3346 (0.1529 + 0.1817). The results of the non-linear combination revealed that both the separate loading effects & the total loading effect of the moderators on the dependent construct is positive & load by total effect of 0.3346 on employee performance. Therefore, the ratio of the total effect of the moderators (0.367) to the coefficient of the dependent construct (-0.0935) is -3.5786\* & the proportion due to both moderators (0.3346/0.3346 – 0.0949) is equal to 0.9065\*. Thus, the loading effect of the culture, with moderators such as job & organizational fit, on employees' performance is 0.9065\* resulting in 0.6654 increment as the sole effect of organizational culture was 0.24.

	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]
_nl_1	.3346618	.0711515	4.70	0.000	.1952074 .4741161

*Figure 11: Results of non-linear combination of specific & cumulative loading effect of Job fit, Organizational fit & their aggregate:*

*Source: Questionnaire & Stata Output (2020)*

As z-test & p-values are more reliable with linear regression models than with Generalized Least-Squares models, Bootstrap has been applied to test the significance of the coefficients of the moderators & independent construct. To that end, bias-corrected confidence interval (BC) & bias-corrected & accelerated confidence interval (BCA) were generated from the bootstrap results. The decision rule, in this regard, is 'if a value is zero is contained in the bias-corrected confidence (BC) or bias-corrected & accelerated confidence (BCA) intervals, the coefficients would be insignificant'.

From the bootstrap output, it is inferred job fit has the same values of bias-corrected confidence (BC) & bias-corrected & accelerated confidence (BCA) intervals ranging from (+) 0.1388\* up to (+) 0.3034\*. Similarly, the values of organizational fit's BC & BCA intervals range from 0.0528\* up to 0.4189\*. The values of organizational culture BC & BCA intervals range from -0.1683\* to -0.0866\* where all are negative values. Thus, the results of the bootstrapping technique revealed that even 5 replications of the undertaken sample size of 256 would not contain a value of zero neither in the bias-corrected confidence (BC) nor in the bias-corrected & accelerated confidence (BCA) intervals of the moderators (Job fit & organizational fit) & the independent construct (organizational culture) are significant.

KPI							
JOB		.22961587	-.0628919	.08052664	.1388149	.3034424	(BC)
					.1388149	.3034424	(BCa)
ORG		.25159706	.040919	.1508137	.0528574	.4189218	(BC)
					.0528574	.4189218	(BCa)
OC		-.09354755	.0107293	.05870199	-.1683902	-.0086608	(BC)
					-.1683902	-.0086608	(BCa)
_cons		4.0206473	.0087244	.04137408	3.963789	4.07164	(BC)
					3.963789	4.07164	(BCa)

(BC) bias-corrected confidence interval

(BCa) bias-corrected and accelerated confidence interval

*Figure 12: Bootstrap results of Key performance indicators against Organizational Culture, Job fit & Organizational: fit:*

*Source: Stata Output (2020)*

Therefore, the moderation role of Job & organizational fit in the relationship between culture & employees' performance is statistically significant & hence, it was maintained that employee performance is substantially boosted with the moderating effect of Person-Job fit & Person-Organization fit given that there is a good organizational culture in place that emphasizes on indoctrination, compliance & competition.

Based on these statistical tests & as the regression coefficient of the moderators & the independent construct is significant, the researcher resorted to fail to accept the null hypotheses. I.e. the null hypothesis that the product of the coefficients of the moderators & the independent construct is equal to zero ( $H_0: a_1b_1=0$ ) is not accepted.

Decision: Since all the independent & moderating constructs are statistically significant, we fail to accept each of the null hypotheses & confirm that:

H1: There is a positive relationship between organizational culture & employee job performance.

H2: There is positive moderating effect of Person-Job fit in the relationship between Organizational Culture & Performance.

H3: There is positive moderating effect of Person-Organization fit in the relationship between Organizational Culture & Performance.

These findings enable us to fail to reject the three alternative hypotheses. Therefore, it is concluded that both person-job fit & person-organization fit offer significant moderating role in the association between organizational culture & employees' performance.

## **CHAPTER FIVE**

### **5. CONCLUSIONS & RECOMMENDATIONS**

This chapter presents conclusions drawn and recommendations forwarded based on the finding of the research work. It also puts forth future research directions steaming from the limitations of the research.

#### **5.1. Conclusions**

In this study, the researcher tried to investigate the impact of two moderators in the link between organizational culture & employee performance with evidence from the commercial division of Ethiopian Airlines Group, HDQ. The research validated that the three components of organizational culture, namely, constant communication of corporate values (indoctrination), compliance & completion (differentiation) have significant positive influence over employee performance. The study has mapped out different cultural aspects of organizations as well as showed the vital relationship between organizational culture & employee performance. However, it was found out that a binary relationship between organizational culture & employee performance doesn't yield good model specification that other intervening factors were needed to increase the prediction level of the independent constructs on the dependent one.

Through robust & in-depth observations, the research explained how the synergy of culture of indoctrination, compliance & competition impacted employees' performance through the moderation effect of Job-fit & Organizational-fit. The findings of the research significantly demonstrated organizational culture had greater positive impact on employee's performance when moderators such as job fit & organizational fit sit in between than organizational culture would.

This research adds value to organizational behavior studies by providing an important quantitative perception towards organizational culture & employees' performance & would initiate further discussions to create an effective framework between moderated organizational culture & its impact on employee performance.

## **5.2. Recommendations**

Based on the discussions & findings of the study, the commercial division of the Group, based in its HDQ, needs to give due attention to the below recommendations;

- Culture, as a part of the operational activity a business, is influenced by the values of individual employees which itself is dependent on the macro environs that the organization operates in. Defining unwritten norms & values adds to strong culture of an organization to adherence so as to promote better employee performance & productivity.
- The existence of substantial loading effect of theories of fit on employee performance was duly appreciated in this study. Therefore, it is recommended that managers through their HR officer exert maximum effort to ensure person-job & person-organization fit that employee' personal attributes/abilities & personal values are compatible with that of the job characteristics/demands & organizational values respectively.
- The commercial division of Ethiopian Airlines Group, HDQ, needs to address its organizational culture and enhance the level of Person-Environment Fit. The airline shall reinforce common values, behavior patterns & practices. Most importantly, daily briefings & weekly meetings shall be held with the view to constantly communicate values so as to preserve desired mindset.
- It is also advised that organizational culture must be binding on all members & employees of the organization as it encourages uniformity among members of the organization, share vision & enhance business communication flow, cohesion among members & overall performance of employees as the environment of the organization

helps the employees to perform fittingly & meet the performance levels expected of them.

- For maximum employee performance results, top managers must be able to sustain competitive culture supportive of creativity with emphasis on compliance to rules & norms in order to influence attitudes, opinions & beliefs.

### **5.3. Suggestions for Further Study**

This research was restrained by several factors; the first shortcoming is inherent in the sampling method employed. Convenience sampling might have led to the use of a sample uncharacteristic of the entire population to some extent. Another source of limitation could be the issue of social desirability inherent with cross sectional data. Additionally, the respondents' quarterly key performance indicators' (KPI) rating was obtained from the respondents, indirectly through questionnaire. Hence, the KPI results, somehow, might have depended upon the respondents' utmost sincerity & honesty for it was impossible to access the actual KPI rating. The research was also constrained by time & cost factors.

Based on the underlying limitations of the current study and few contradictory results observed, further scrutiny is needed to validate the findings and elaborate on the reasoning. The researcher, hence, recommends the following.

- Future researches may apply forced-choice randomized response techniques.
- Future research works shall strive to measure employee performance inferring from the respondents' earlier and recent actual performance records in order to do away with any symptoms of common method bias.
- Prospective studies to be undertaken may include the moderating role of Person-people fit to determine its explanatory power on employee performance.
- In order to fully comprehend the thematic area, it is highly recommended that future researches deal with the effect of organizational culture on specific facet of organizational performance considering the moderators.

- Given the constructs are more organization level constructs, Future research studies shall also be conducted in comparative manner to measure variability of these constructs.
- In addition, it was revealed under the data analysis part of this research that the coefficient of the independent construct was found to be negative. Although it is true that moderators may reverse the relationship of the IV on the DV and that the loading weight of the overall moderation model was positive, further studies need to be conducted if new results would be discovered with the addition of other constructs.

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## Appendices

### Research Survey: Questionnaire

**Dear Respondent:**

Greetings!

I am Kibrom Gidey, a Masters student of Business Administration at Addis Ababa University College of Business & Economics. As part of my Master's Degree requirement, I am expected to successfully conduct a research paper on a relevant topic in my area of concentration. The aim of this research study is to investigate **“The impact of Organizational Culture on employees' Performance: The moderating role of Person-Job & Person-Organization Fit: The Case of Ethiopian Airlines Group's Commercial Division, HDQ”**.

This questionnaire is designed to get the relevant information for the current study to be used for academic purposes. The participation in this survey is voluntary & responses will be treated with utmost confidentiality. I, therefore, kindly request you to spend some of your valuable time (10-15 minutes) to complete this questionnaire to the best of your knowledge.

Sincerely,

Kibrom Gidey Abay: [kibromabay25@gmail.com](mailto:kibromabay25@gmail.com), Tel: +251-9-14-759-566

**Part 1: General Profile (Please put any mark in the box that best describes you)**

1. Age :

18- 27      28- 37      38- 47      48& above

2. Gender:

Female      Male

3. Employment Group:

Management      NonManagement

4. Highest educational level obtained:

Diploma/Level IV      First Degree      Masters& above

5. How long have you been in this organization?

Less than 3Years      Less than 5Years      5 Years& Above

5. Marital Status;

Single      Married      Divorce      Widow

**Please indicate your response to the following survey questions by circling your level of agreement on each statement on the five point Likert scale; 1= strongly disagree 2= Disagree 3= Neutral 4= Agree 5= strongly agree.**

Item	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
We have shared vision that gives direction to our work.	1	2	3	4	5
There is an ethical code that guides my behavior & tells the right & the wrong.	1	2	3	4	5

My organization sets measurable goals to all employees.	1	2	3	4	5
My organization ensures compatibility exists between employee's attributes & the job characteristics.	1	2	3	4	5
My organization ensures compatibility exists between employee's abilities & the job demands.	1	2	3	4	5
There is a consistent set of values that govern the way my organization does business.	1	2	3	4	5
Leaders of my organization have motivating business philosophies.	1	2	3	4	5
Leaders of my organization have motivating business mottos.	1	2	3	4	5
My organization introduces its organizational culture to new employees through induction/orientation.	1	2	3	4	5
In my organization, managers exert efforts to create good alignment of personal values of employees & organizational values.					
Corporate values are emphasized by constant communication.	1	2	3	4	5
There is a widespread agreement about the importance of strict compliance to unwritten norms & values.	1	2	3	4	5
There is a widespread agreement about the importance of strict compliance to rules & regulations.	1	2	3	4	5

The glue that holds my organization together is formal rules & policies.	1	2	3	4	5
People from different parts of the organization share a commonly accepted way of doing things.	1	2	3	4	5
Constant communication of values brings desired employee's attitude.	1	2	3	4	5
Shared values build high cohesion among employees.	1	2	3	4	5
Constant communication of values sustains organizational culture.	1	2	3	4	5
My organization's core values are shared among most of its members.	1	2	3	4	5
Strict compliance brings desired mindset at workplace.	1	2	3	4	5
Competitive action is emphasized in my organization.	1	2	3	4	5
My organization sets targets for individual employees.	1	2	3	4	5
My organization has performance measures that indicate effectiveness.	1	2	3	4	5
My organization has performance measures that indicate efficiency.	1	2	3	4	5
My organization has performance measures that indicate	1	2	3	4	5

customer satisfaction.					
My organization differentiates its employees based on performance.	1	2	3	4	5
Competitive culture builds high morale on employees.	1	2	3	4	5
My organization decides promotion based on performance rating.	1	2	3	4	5
Differentiation reinforces our competitive actions.	1	2	3	4	5
I feel that my aspirations are being fulfilled in my present job.	1	2	3	4	5
My preferences are met by the job that I do in my firm.	1	2	3	4	5
I find that my values & the organization's values are very similar.	1	2	3	4	5
In this organization, there are a lot of people who exhibit similar behavior related to the work.	1	2	3	4	5
My organization decides employees' placement based on employees' personal attributes.	1	2	3	4	5
My organization decides employees' transfer based on employees' personal abilities.	1	2	3	4	5

I can work in this organization without giving up my principles.	1	2	3	4	5
My values are in alignment with that of my organization.	1	2	3	4	5
I can say I share common feelings with my workmates on many points.	1	2	3	4	5

**Please fill in Last quarter's Performance rating achieved out of five:**

I achieved my targets in the last quarter.	1	2	3	4	5
I was able to perform my work efficiently.	1	2	3	4	5
I rated the quality of my work in the last performance excellent.	1	2	3	4	5
I perform my work to the expected standards.	1	2	3	4	5
I was 100% punctual in the last quarter.	1	2	3	4	5
I was fully productive during work hours.	1	2	3	4	5
I managed more responsibilities in my job than assigned to me.	1	2	3	4	5

**I really thank you in advance for all your cooperation!**



## **Factor Analysis**

Factor Analysis is a technique applied to a set of constructs that seeks to sort the strongly related components of the constructs known as factors. A factor is a weighted average of the original constructs. The main aim of factor analysis is to aid data interpretation, another goal being reducing the elements (factors). Accordingly, this study tried finding out the number of major influencing factors of each component parts of organizational culture, job fit & organizational fit.

Among the various methods of factor analysis, Principal-component factor (PCF) method has been commonly used. The study has applied PCF method to determine the appropriate number of the influencing components of the subsets of the constructs & moderators.

Eigenvalue & Scree plot may be used to determine how many factors to retain & drop. Factors whose eigenvalues are greater than one are retained since these provide the information than is provided by the rest (Kaiser, 1960). This study has preset 50% percentage of proportion that must be accounted for the variation to keep a factor unless the eigenvalue of the largest factor is several times larger than one.

Communality shows how well a construct is predicted by the retained factors. High commonality indicates a construct has much in common with the other constructs taken as a group whereas relatively low communality means the construct does not sustain an established relationship with the other constructs.

Factor loading implies the extent of influence between the constructs & factors. Hair (1998) suggested that constructs with factor loadings of 0.5 & above are very significant to determine

the minimum loading necessary to comprise an item. For simpler interpretation, however, the current study used rotated loading factor of each construct.

Rotation allows maximizing the sum of the variances of the squared loadings which forces the factor loadings to be either large or small. This simplifies the interpretation of the factor to a consideration of these two or three factors by way of clustering the elements into groups and is regarded as a new factor. Suitable to this goal is orthogonal varimax rotation method which the current study has applied. The predict command is used to summarize & cluster the elements to each retained factors considering their rotated loading factor.

### **Results of the Factor analysis**

In this analysis, there was one independent construct namely Organizational Culture with 3 subsets (Indoctrination, Compliance & Competition) which in turn had various components. There are also 2 moderators namely Person-Job Fit & Person-Organization Fit with 6 & 8 elements respectively.

Using the Bartlett Test, the researcher is justified to proceed applying Principal-component factor (PCF) factor analysis on the data as the probability (Prob) value is less than 0.05 (Bartlett, 1950).

Table 4, depicted below, illustrated culture of indoctrination. Two factors (factor 1 & factor 2) with eigenvalues of 3.04 & 1.04 were identified to be retained by using the rule of eigenvalue greater than one. The total proportion or cumulative weight of these factors in the total variance accounted for over 68% of the variation. Results of the rotated loading factors show that elements such as Philosophy, Mottos & Induction (clustered as 'Briefing') load by 0.63, 0.85 &

0.89 on factor 1 while elements like Constant communication, Desired Attitudes & Sustains (clustered as 'Sustained action') influence factor 2 majorly by 0.57, 0.84 & 0.87. Using the predict command, the whole elements were summarized or clustered into two factors namely 'Briefing' & 'Sustaining' taking their rotated loadings & level of explained variance (1-Uniqueness).

Table 5, depicted below, in relation to culture of compliance, reveals that one factor (factor 1), with eigenvalue of 3.20 (three times larger than one), has been retained. The variance accounted for by this factor is 45% while the rotated loading factors of each element are above 0.5. Thus, a cluster factor, termed as 'Strict Compliance' that comprises all elements was formed computed based on the respective rotated loading factors & explained variance.

Results from table 6, depicted below, indicated 8 factors of Culture of Competition shall be reduced to one factor (factor 1) as its eigenvalue is 5.07. Factor 1 explains 50.79% of the variance. The rotated loading factor revealed that all elements would load more than .506, indicating that a new cluster construct, named 'Differentiation' be identified in tandem with the factors' loading factors & explained constructs.

From table 7, depicted below, it has been found that factor 1 & factor 2 explain 75% of the total variance as their eigenvalue is greater than one (3.28 & 1.19 respectively). Job characteristics & job demands load .89 & .91, respectively, on factor 2. The rest elements (aspirations, preferences, transfer & placement) majorly influence factor 1 that ranged from 0.78 to 0.86 rotated loading effects. Accordingly, the components were summarized into two new cluster constructs (Job Type & Personal attributes) based on these loadings.

Shown under table 8, depicted below, two factors (factor 1 & factor 2) explained 59% of the total variance in relation to person-organization fit. The eigenvalue of the two factors was 3.62 & 1.10. Three elements had a load of 0.67, 0.78 & 0.81 on factor 2 while the rest five had a load factor ranging from 0.62 to 0.79 on factor 1. Computed based on respective rotated loading effects, cluster constructs of 'Observed fit' for factor 2 & 'Felt fit' for factor 1 were formed, using the predict command, for better comprehension.

The following tables captured the results of the factor analysis using PCF method.

Table 4:

*Factor analysis results for Indoctrination:*

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	3.04886	2.00348	0.5081	0.5081
Factor2	1.04538	0.29764	0.1742	0.6824
Factor3	0.74774	0.14555	0.1246	0.8070
Factor4	0.60219	0.26426	0.1004	0.9074
Factor5	0.33793	0.12004	0.0563	0.9637
Factor6	0.21789	.	0.0363	1.0000

LR test: independent vs. saturated:  $\chi^2(15) = 568.96$  Prob> $\chi^2 = 0.0000$

Rotated factor loadings (pattern matrix) and unique variances

Variable	Factor1	Factor2	Uniqueness
Philosophy	0.8953	0.1539	0.1748
Mottos	0.8588	0.2191	0.2144
Induction	0.6325	0.2196	0.5517
ConstantCom	0.4147	0.5718	0.5010
desiredatt~s	0.1432	0.8415	0.2714
sustains	0.1958	0.8771	0.1924

Table 5:

*Factor analysis results for Compliance:*

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	3.20854	2.26855	0.4584	0.4584
Factor2	0.93999	0.20992	0.1343	0.5926
Factor3	0.73007	0.06933	0.1043	0.6969
Factor4	0.66074	0.10196	0.0944	0.7913
Factor5	0.55878	0.09617	0.0798	0.8712
Factor6	0.46261	0.02333	0.0661	0.9372
Factor7	0.43928	.	0.0628	1.0000

LR test: independent vs. saturated:  $\chi^2(21) = 455.25$  Prob> $\chi^2 = 0.0000$

Rotated factor loadings (pattern matrix) and unique variances

Variable	Factor1	Uniqueness
vision	0.6887	0.5256
ethical	0.6980	0.5128
governedway	0.6899	0.5241
rulesregul~s	0.6932	0.5194
policiesgl~s	0.6735	0.5464
acceptedways	0.6839	0.5323
desiredmin~t	0.6076	0.6308

Table 6:

*Factor analysis results for Competition:*

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	5.07870	4.16144	0.5079	0.5079
Factor2	0.91727	0.14692	0.0917	0.5996
Factor3	0.77034	0.03217	0.0770	0.6766
Factor4	0.73817	0.12350	0.0738	0.7504
Factor5	0.61467	0.12924	0.0615	0.8119
Factor6	0.48543	0.02458	0.0485	0.8605
Factor7	0.46085	0.01934	0.0461	0.9065
Factor8	0.44151	0.11050	0.0442	0.9507
Factor9	0.33100	0.16895	0.0331	0.9838
Factor10	0.16206	.	0.0162	1.0000

LR test: independent vs. saturated:  $\chi^2(45) = 1196.93$  Prob> $\chi^2 = 0.0000$

Rotated factor loadings (pattern matrix) and unique variances

Variable	Factor1	Uniqueness
measurable	0.5060	0.7439
competitiv~n	0.6494	0.5782
targetset	0.5562	0.6907
indicateef~e	0.7981	0.3631
indicateef~y	0.8451	0.2858
cussatisf~n	0.6977	0.5133
differenti~n	0.7873	0.3802
comhighmor~e	0.7231	0.4772
promotion	0.7743	0.4004
diffreinfo~p	0.7152	0.4885

Table 7:

*Factor analysis results for Job Fit:*

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	3.28646	2.09493	0.5477	0.5477
Factor2	1.19153	0.48547	0.1986	0.7463
Factor3	0.70606	0.38625	0.1177	0.8640
Factor4	0.31981	0.05790	0.0533	0.9173
Factor5	0.26191	0.02767	0.0437	0.9610
Factor6	0.23424	.	0.0390	1.0000

LR test: independent vs. saturated:  $\chi^2(15) = 737.78$  Prob> $\chi^2 = 0.0000$

Rotated factor loadings (pattern matrix) and unique variances

Variable	Factor1	Factor2	Uniqueness
jobcharacter	0.1873	0.8954	0.1632
jobdemands	0.1564	0.9104	0.1467
aspirations	0.7930	0.2707	0.2979
preferences	0.7802	0.2480	0.3297
placement	0.7910	0.1701	0.3455
transfer	0.8643	0.1180	0.2391

Table 8:

*Factor analysis results for Organizational Fit:*

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	3.62876	2.52446	0.4536	0.4536
Factor2	1.10429	0.28208	0.1380	0.5916
Factor3	0.82221	0.19764	0.1028	0.6944
Factor4	0.62457	0.06074	0.0781	0.7725
Factor5	0.56383	0.01024	0.0705	0.8430
Factor6	0.55359	0.14076	0.0692	0.9122
Factor7	0.41284	0.12293	0.0516	0.9638
Factor8	0.28990	.	0.0362	1.0000

LR test: independent vs. saturated:  $\chi^2(28) = 647.81$  Prob> $\chi^2 = 0.0000$

Rotated factor loadings (pattern matrix) and unique variances

Variable	Factor1	Factor2	Uniqueness
alignedPOV	0.3107	0.6708	0.4534
valuescohe~n	0.1645	0.7883	0.3514
mostlyshared	0.1596	0.8129	0.3138
similarval~s	0.7285	0.2796	0.3911
similarbeh~r	0.6283	0.1917	0.5685
principlefit	0.7968	0.1550	0.3410
valuealign	0.7994	0.2524	0.2972
commonfeel~s	0.6612	0.1107	0.5505

*Source: Questionnaire & Stata Output (2020): Author's own*