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College of Business and Economics
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Management

**Organizational Culture and Its Influence on Employees’
Performance: The Case of Ethiopian Insurance Corporation**

By: - Matiwos Mengistu

June, 2019

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A thesis submitted to the Department of Public Administration and Development Management of Addis Ababa University in partial fulfillment of the requirements for the Degree of Masters in Public Management and Policy (MPMP)

June, 2019

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Department of Public Administration and Development Management

This is to certify that the thesis prepared by Matiwos Mengistu entitled “Organization Culture and Its Influence on Employees’ Performance: the case of Ethiopian Insurance Corporation” which is submitted in partial fulfillment of the requirements for the Degree of Masters in Public Management and Policy (MPMP), complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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List of Acronyms

EIC:	Ethiopian Insurance Corporation
VIF:	Variance inflation factor
ANOVA :	Analysis of Variance
SPSS:	Statistical Package for Social Sciences
SD:	Standard Deviations

ABSTRACT

The aim of the study is to examine the influence of organizational culture on employee performance in Ethiopian Insurance Corporation. Organizations do not exist in a vacuum but in a specific culture or socio-cultural environment that influence the way their employees think, feel, and behave. Work place culture is a very powerful force that influences an employee's work life. The conceptual framework was designed, taking organizational culture as independent variables and employee performance as dependent variable. The organizational culture questionnaire was adopted from Denison (1990) and the employee performance questionnaire was adopted from Linda Koopmans & Claire (2014). For the study the researcher deployed explanatory research design and Simple random sampling was used to draw sample respondents from the six offices and ten directorates of EIC's head office functions. The primary data was gathered through structured questionnaire from 150 current employees of EIC Head office and an interview with office managers and directors in EIC. The collected data was analyzed using statistical package for social science (SPSS) version 24. Both descriptive and inferential analysis was used to see the percentage, mean and standard deviation of demographic states and organizational culture dimensions and was used to see relationship and influence of independent variables on dependent variable respectively. Research findings revealed the significant influence of four dimension of organizational culture such as involvement, consistency, adaptability and mission on employee performance. Thus, the study showed that involvement, consistency and mission were positive relation with employee performance but adaptability was negative relation with employee performance and recommended that the organizations should give emphasis to improve the adaptability dimension of organizational culture by increasing workers creativity and innovation with designing adequate trainings.

Key words: Organizational culture, Employee performance

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Human resources are the only unlimited resource of creativity, new ideas, original and valuable solutions. The capability of an organization to make use of its human capital as a heart capability depends at least in part on the organizational culture that is operating (Florea, N.V.,Goldbach, L.R. & Goldbach, F.C 2011).

Culture itself is a result of a group of people living at the same place and having shared attitudes, values, beliefs, assumptions, and behavior. People who belong to a certain culture have similar norms, history, religion, values and artifacts which distinguish them from others. It is deep in that it guides individual actions even to the extent that members are not even aware they are influenced by it (Gjuraj, 2013).

Organizational culture refers to a system of shared meaning held by members that distinguish the organization from other organizations and the set of key values, assumptions, beliefs, understandings, and norms that members of an organization share (Robbins & Judge, 2007).

Organizations do not exist in a vacuum but in a specific culture or socio-cultural environment that influence the way their employees think, feel, and behave. Work place culture is a very powerful force that influences an employee's work life. It is the very thread that holds the organization together. Hence, managers and employees do not work in a value-free environment. They are governed, directed, and tempered by the organization's culture (Ritchie, 2000). Hence, organizational culture is the underlying values, beliefs, principles, and practices that constitute its management system (Denison, 1990).

As organizational culture and employee performance are defined in various ways as it is specified above, there are also studies that indicate a relationship between organizational culture and employees' performance. Magee (2002) explained that organizational culture is inherently connected to organizational practices which in turn influence employees' performance. Hellriegel and Slocum (2009) argue that organizational culture can be able to improve employees' performance if what sustains it can be understood.

Therefore, these research narrows down to one of Ethiopian public enterprise organization called Ethiopian Insurance Corporation with the aim of establishing the relationship between organizational culture and employee performance and evaluating the extent to which organizational culture can influence performance of individuals in organizations.

1.2. Background of the Organization

The emergence of modern insurance business in Ethiopia traced back to the establishment of the first bank which was called Bank of Abyssinia in 1905. After many years of dragging feet in the business, the first domestic insurance company, namely Imperial Insurance Company was established in 1951. Following the overthrow of the Imperial regime in 1974, the Provisional Military Administration Council (PMAC), came into existence with the new economic system called command economy. Consequently, in December 1975, being after the thirteen private Insurance Companies nationalized, the provisional Military Administration Council issued Proclamation No. 68/1975 to establish the Ethiopian Insurance Corporation (EIC). As per this proclamation, the asset, liabilities and capital of all nationalized insurance companies were transferred to EIC. The proclamation (68/1975) stated the purpose of EIC as follows:

- Engage in all classes of insurance business in Ethiopia.
- Ensure that services reach the broad masses of the people,
- Promote efficient utilization of both material and insurance resources. With regard to the power and function, this proclamation states the following:

Manage, administer, supervise and direct all insurance business transaction, and negotiate, arrange, underwrite and contract reinsurance treaties and policies with foreign re- insurance companies. (Proclamation 68/1975) According to the Proclamation, EIC had to be organized to have an insurance Board, a general Manager, and deputy general Manager. The nationalized insurance Companies were brought under a centralized management at the head office level, and the eleven non- life insurance companies were organized to form six regional Main non life Branches. Accordingly, the nationalized Ethiopian Life insurance Company and the Ethiopian- American Life insurance companies were organized to be under the umbrella of the Life Main Branch. The branch organization is still functioning except that of Northern Branch which was representing the then Asmara administrative region. As mentioned above , the Ethiopian Insurance Corporation had been a monopoly, for 19 years ; that is from 1976 up

to 1994 (The year 1994 is the time when proclamation no.86/1994, which proclaims the establishment of private insurance companies was declared). In 1991, the Marxist regime collapsed and consequent to that the economic policy of the country changed to a market economy. Following this, the then Transitional Government of Ethiopia (TGE) issued proclamation number 86/1994 which states establishment of private insurance companies.

Accordingly, EIC re-established as public enterprise under the Council of ministers Regulation no.201/94 with a paid-up capital of Birr 61, 007,038 (US\$10.25million at the prevailing exchange rate of 5.95/US\$). In connection with this Proclamation, the purpose of EIC revised as stated below:

- To engage in the business of rendering insurance services
- To engage in any other related activities conducive to the attainment of its purposes

Currently, Ethiopian Insurance Corporation total asset and the capital as it is registered as at June 2018/19 is birr 4.1billion and birr 610.8 million respectively. The gross written premium (general insurance) reached 2.7 billion the net income register was 698.6million.Over this period Ethiopian Insurance Corporation remarkably grown into large company insurance services industry in the country. EIC portal. (producer).(June 2018) Today, At head office level, it has 10 directorate and 6 offices having 392 employees under it (EIC .P June,2018).

1.3. Statement of the problem

The significant key element of current human resources management is to understand the concept, application, and principles of the organizational culture and its elements. Organizational culture is the pattern of values, norms, beliefs, attitudes, and assumptions that may not have been articulated but shape the ways in which people behave and get things done. Values refer to what is believed to be important about how people and the organizations behave. Norms are the unwritten rules of behavior (Armstrong, 2006). Employee performance is a usually used term to refer to whether a person performs his/her job well or not. Campbell, McCloy, Oppler and Sager (1993) describe employee performance as individual level variables that stand; performance is something a single person does. Cascio (2006), on the other hand, states the concept as the degree of accomplishment of the task that makes up an employee's job. Meanwhile, Jones (2003) describes Employee performance as the net effect of an employee's effort as modified by abilities and roles or task perceptions.

Different studies show the relationship of organizational culture with employee performance, job satisfaction, employee commitment and motivation, organizational performance, creativity, and many more. Kandula (2006) confirmed that the base good employee performance is a strong culture within the organization. He further maintains that as a result of difference in organizational culture, same strategies do not yield the same results for two organizations that are operating in the same industry and within the same location. But, organization culture has obtained relatively low levels of empirical enquiry among the possible backgrounds of employee performance. Lok and Crawford (2004) hence, investigative consequence each organizational culture attributes enables organizations to identify a cultural trait which has greater effect on employee performance.

Regardless of the excess of studies on organizational culture in the last few decades, there was no accepted causal relationship between organizational culture and performance. The empirical facts arising from different researches about the influence of organizational culture on employee performance have so distant and mixed results that are inconclusive and contradictory because of these contradictory results, the question of whether corporate culture improves or worsens employee performance is still recommendable for further research. (Onyango, 2014). In addition according to Bethlehem, (2017) the influence of organizational culture on employee performance has not received adequate research attention in Ethiopia. There are not many references available to organizational culture and employee performance for insurance industries in Ethiopia that's why there exists a major gap in relevant literature of a country like Ethiopia and selected one of the public enterprise organizations called Ethiopian insurance cooperation.

The current study under investigation encompasses shared values, norms and attitudes which guide the way employees behave. Therefore, this study was intended to fill this gap by studying the situation of the Ethiopian insurance corporation and providing more empirical evidence on the influence of organizational culture (Involvement, consistency, adaptability and mission) on employee performance.

1.4. Research question

This study intends to answer the following basic research questions:

- What are the dimensions of organizational culture prevails in Ethiopian Insurance Corporation?

- How do employees perceive their work performance in Ethiopian Insurance Corporation?
- To what extent do the dimensions of organizational culture influence employees' work performance in Ethiopian Insurance Corporation?
- What are the measures taken by the management of Ethiopian Insurance Corporation to shape the existing organizational culture and enhance employees' performance?

1.5. Research Objectives

1.5.1 General Objective

The aim of this study is to examine the influence of organizational culture on employee performance in Ethiopian Insurance Corporation (EIC)

1.5.2. Specific Objective

The study has the following specific objectives:

- To identify the dimensions of organizational culture that prevails in Ethiopia Insurance Corporation.
- To analyze the perception of employees towards their work performance in Ethiopia Insurance Corporation.
- To assess the extent to which the dimensions of organizational culture influence employees' work performance in Ethiopia Insurance Corporation.
- To identify measures taken by the management of Ethiopian Insurance Corporation to shape the existing organizational culture and enhance employees' performance.

1.6. Significance of the Study

The study was focused on influence on organizational culture and employee performance as an influence of organizational culture has on employee performance of Ethiopian Insurance Corporation. The main recipient of this study was encompassing managers and employees under the corporation.

The study findings are expected to provide answered to corporation's mangers for practical problems pertaining to organizational culture and employee performance so that the corporation can retrace current gaps regarding organizational culture in order to enhance the overall employee performance of the corporation. Employees could be benefited by this study to obtain safe cultural environment. If it is used and applied properly in the corporation enhancing and

keep up their motivation in order to perform their jobs successfully. In addition, the study will also assist the same organizations that operate in the similar industry to obtain a sight of information on organizational culture which is associated to employee performance. This research also serves as a reference for researchers who are interested to conduct a research on the topic and is helpful for others to conduct such practical researches.

1.7. Scope/Delimitation of the study

It would have been appropriate if the study can cover the corporation head office, district, and its branches located at different area, but due to time and financial constraints, the researcher chose to concentrate the study on employees of Ethiopian Insurance Corporation head office.

The study attempted to identify organizational culture and assess its influence of on employee performance in Ethiopian Insurance Corporation at head office.

The scope of the study covered Ethiopian Insurance Corporation head office managerial and non-managerial employees. Therefore, employees working at different corporation's districts and branches are excluded in the sampling size because of unfavorable location.

In addition, the concepts of organizational culture are very broad in scope to address them at depth and impossible to include all those concepts, dimensions, and models in a single research work. Thus, this study was able to address and concerned single business oriented public organization culture manifestation, its influence to the level of employee performance and the management capacity to taken measure to shape the existing organizational culture and enhance employees' performance.

1.8 Operational Definition of Terms

- **Culture:** is a result of a group of people living at the same place and having shared attitudes, values, beliefs, assumptions, and behavior.
- **Organization:** A social unit of people that is structured and managed to meet a need or to pursue collective goals.

- **Organizational culture** : a system of shared meaning held by members that distinguish the organization from other organizations and the set of key values, assumptions, beliefs, understandings, and norms that members of an organization share.
- **Performance of employee**: is calculated against the performance standard by the organization. Good performance means that how employee performed in the task that assigned to him.

1.9 Organization of the study

The contents of the paper are organized in five chapters. The first chapter was consists of Introduction, statement of the problem, research questions, objective of the study, and significance of the study and scope and limitation of the study. The second chapter describes review of related literature (theoretical and empirical) related to the Organization culture and its influence on employee Performance. Chapter three was deal with the method of the study. Chapter four is about the result and discussion of the study. And the last chapter consists summary, Conclusion and recommendation.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter essentially stress on the theoretical and empirical literature related to the study. On the initial part of the chapter is consisted of the theoretical base for the meaning and concepts, its importance, characteristics of organizational culture, model of organizational culture, changing organizational culture, and employee performance. In the later part of the chapter, the influence of the independent variable over the dependent variable under the study will be considered to see their benefits and their relation accordingly. Empirical review will relate researches done before by different scholars and their results will also be seen.

The chapter presents the concept of organizational culture and employees 'performance describes the and variables (i.e., independent as well as dependent) involved in the study and the influence of organizational culture on employees 'performance.

2.2 Theoretical Review

The word organizational culture has been employed in a vast collection of works by different authors, both within academic and practitioner areas. Despite the "lack of a hard theoretical grounding", very little has been done in an attempt to bring together the "relevant concepts found in cultural anthropology" (Allaire & Firsirotu, 1984). Different schools of thought over the years offer a variety of complex theories used to provide further understanding of such a multifaceted concept.

The differing points of sight, which frequently get the form of definitions about organizational culture, shoot from the fact that organizations are different, functioning with different people and put in different contexts and environments within their respective social, political and economic contexts, amongst others (Handel, 2003). This entails that organizational cultures are unique and adopt different features due to these differences, internal and/or external environments of the organization.

2.2.1 Origins of “Organizational Culture”

The field of organizational behavior and the related discipline of management science began investigating organizations in terms of culture as early as the 1930s. The final phase of the famous Hawthorne studies at the Western Electric Company marked the first systematic attempt to use a concept of culture to understand the work environment. While an important step forward in qualitative research, the investigation was rather blunt and the understanding of organizational culture remained fairly primitive during the following decades. Most mid-century attempts at understanding were conducted by scholars steeped in quantitative psychology and sociology, though by the 1970s researchers more explicitly and emphatically appropriated the theories and methods of anthropology. The late-century upsurge of interest in organizational culture is credited largely to the economic conditions of the 1970s when international competition had heightened and more foreign companies were operating factories in the United States. Specifically, the success of the Japanese in many industries sparked curiosity about whether their differing corporate values, attitudes, and behaviors were responsible for their often superior performance (Bruce, 1982).

The following are some supplementary definitions of culture and organization culture by different authors in their books and journal articles:

- The word ‘culture’ has an exceedingly extensive range of meanings. According to oxford dictionary of English language: “In late Middle English the sense was 'cultivation of the soil' and from this (early 16th century) arose 'cultivation (of the mind, faculties, or manners)’”, the common meaning of this term is “The arts and other manifestations of human intellectual achievement regarded collectively” according to the same dictionary. This definition is mostly rooted in psychology.
- When this term comes to organizational analysis, culture describes the influence and interaction among employees and between employees and the specific institution, organization or service they work in (Belias & Koustelios, 2014). Another widely accepted definition of Organizational Culture is provided by Wallach (1983) who proposed: “Organizational culture is the shared understanding of the beliefs, values, norms and philosophies of how things work”.

- According to Schein (2004) is “a pattern of shared basic assumptions that a group holds. Deal, T.E. and Kennedy, A.A. (1982) simply stated that organizational culture is “the way we do things around here.”
- According to Sorensen (2006) and Ogbor (2003), every organization culture has unique personality that differentiate it from others, these personality characters includes core values and beliefs, corporate ethics, & rules of behavior. Mission statement represents the standards of corporate culture of any organization, it consist all the elements i.e. the architectural style or interior décor of offices, dress code, communication inside the organization.
- Wilkins (1989), organizational culture is the interaction of employees at workplace. Ogbor (2003), organization culture is explained by all of the experiences, strong points, weak points, their education levels, upbringing, of employees as they are worked out in the organization. While executive leaders or founders play a large role in defining the culture of the organization by their actions and style of leadership, all employees contribute to the maintenance of the culture of the organization once it has been created.
- Mitroff and Kilmann (2001) in many ways, the culture of organization affects the behaviors of its employees significantly.
- According to Meyerson and Martin (1987) organizational culture is the outline of values, norms, beliefs, attitudes, and assumptions that might not have been expressed but shape the ways in which people behave and get things done. Values refer to what is believed to be important about how people and the organizations behave. Norms are the unwritten rules of behavior. The definition emphasizes that organizational culture is concerned with abstractions such as values and norms which pervade the whole or part of an organization. They may not be defined, discussed or even noticed. In another way, culture can be regarded as a ‘code word for the subjective side of organizational life’.
- Hofstede (2012) defines Organization culture as the combined ideas of the employee’s mind that differentiates one employee group from those of another and it is the system in which employees of an organization relate to each other, their work and the outer world in contrast to other Organizations. Furthermore, Campbell (2012) defines culture as multifaceted

information that an individual learns and which directs each individual's experience, movements and opinions.

- According Perron (2013) defines that Organizational culture is a process of creating common awareness and understanding out of different individuals' viewpoints and various interests. In similar, Perrin (2013) briefs Organizational culture is a carrier of importance and not only provides a common view about the level in which people in the Organization are surrounded by the values and formalities that strengthen the level.

2.2.2 Concepts of Organizational Culture

From a theoretical perspective, understanding the major key concepts of organizational culture will help in understanding how culture affects employee performance. The following seven characteristics are generally seen as constituting the central concepts of culture.

- **Culture is the Collective Behavior of Members of a Group**

According to Pettigrew (2003), culture is sometimes described as the pragmatic when employee meets. For example, language they use when meet, the norms and routine traditions that happen, and other practices describe the behavior of the employees involved in those situations. In this way, culture is describes collective behaviors and norms in an environment. In the context of an organization, culture is viewed of high standard values that exist in employees.

The culture of an organization or the collective behavior of its members can be supportive in achieving the mission and goals of the organization or it can be dysfunctional norms of behavior that define the culture of the organization. A norm of accountability will help make an employee to sell products in ethical way and an organization to be successful. Thus other scholar's made the point that collective behavior that tolerates poor performance or exhibits a lack of discipline to maintain established processes and systems will impede the success of an organization.

- **Culture is learned**

According to Pondy, et al., (1990), employee seeks to learn so that they can work and perform specific behaviors which may be of any consequences. When an employee behavior is credited, it ultimately included in organization culture. A thank gesture an employee from a higher authority motivate an employee to work harder & it has lasting ability on culture. Employees

learn culture when they interact each other at work. An applicant learn culture when he during interview session, and his or her fit within the culture.

- **People Shape the Culture**

Pondy, et al., (1990), suggested that experiences & interactions of employees develop and shape culture of an organization. If numerous artifacts showing company's heritage & culture and values are very clear & evident, employees will value their heritage and culture. To Pondy, et al., the culture of an organization can be shaped in several ways, such as:

- Creating a historical foundation through providing a sense of history, communications, telling stories about founders and leaders.
- Creating an understanding of what is expected through leadership, role model examples, norms, expectations, and values.
- Creating a system where everyone feels as being a part of a team through reward systems, career management and job security, effective recruiting and staffing practices, effective socialization of new staff members, and effective training and development.
- Encouraging interpersonal and inter-group relationships through member contact, participative decision making, inter-group coordination, and a genuine spirit of teamwork and cooperate oneness.

- **Culture is Shared Meanings and Negotiated**

Mitroff and Kilmann (1995) argued that culture is seen as the emergent understandings created by group members as they interact with each other. Once the initial culture of the organization is created, its maintenance and sustenance depends on how the meanings embedded in the culture are shared and negotiated. For an organization's culture to be of importance the meanings involved in everyday practices must be shared. Thus, the culture of the organization is developed as employees narrate their happenings with respected to organization defined norms.

- **Strong organizational culture Supports a Cohesive and Productive Work Environment**

Several research works have indicated that culture provides and encourages a form of stability on employees which leads to a positive and productive work environment (Lewis, Kunda, Kotter & Heskett, 1990 ,1992,1992). There exists experience involving stability, as well as a

good sense involving organizational identification, given by a good organization's culture. In addition to these factors i.e. stability & organization identity the culture can produce an awareness involving loyalty and determination among employees. Happy workers usually are actually fruitful workers. Productive workers usually are satisfied workers. Thus, Kunda (1992) suggests that it is important to explore critical aspects of the culture that actually add these qualities of into productive employees. It is the fact that with the passage of time, organization beliefs, grows; develop beliefs, norms, and other cultural factors. Organizational leaders, including civil servants, who understand the significant of the attributes of the organization's culture such as symbols & signs, they know how to motivate employees for creating and developing efficient organizations which are aligned with dynamic markets.

- **Functions of Organizational Culture**

As noted in the preceding discussion, the culture of any organization involves shared expectations, values, and attitudes that shape the behavior of the organizational members. Organizations are populated by humans are the employees who give meanings to receive meanings from their actions. It becomes necessary for organizational leaders to nurture the spirit of oneness and to develop an organizational entity that caters for the overall well-being of its employees. Kotter and Heskett (1992) identified four functions that organizational culture performs.

- **Forming and Protecting Organizational Identify**

We cannot find any organization be able to grow without strong dedication of its employees to the cause of the organization (Silverstone, 2004). The culture of an organization has its own ability to attract, develop and keep talented people through different forms of motivation such as Performance (Nongo, 2012). Thus, the culture of an organization provides and encourages a form of stability. The supported values must be collectively shared by members of the organization. In a strong culture, there is a feeling of stability, as well as a sense of organizational identity, provided by the culture of the organization.

According to Schein (2004), whenever we declare anything is "cultural" all of us indicate that it is not merely shared, but additionally firm, given it identifies the actual culture of employees group. Culture is tough to vary & change.

- **Sense of Loyalty, Harmonious, Integrative and Collective Commitment**

The grouped efforts of employees play a vital role in the success of any organization. Culture is that invisible bond of emotions and feeling that ties employees and organization into collective loyal commitment. In addition to stability and identity, the culture of an organization can generate a sense of loyalty and commitment. For instance, vision & mission, in which the organization's code of conduct, policies ethical policies, values, and philosophies are clearly described actually provide to all employees who gives a frame of reference to abide by and remain committed for organization.

According to Ognbor (2003), this harmonious and integrative aspect of the organization is one of the major reasons why organizational theorists advocate a strong culture in an organization. A strong culture involves loyalty on the part of the employees and makes them remain committed to the goals of the organization.

- **Socialization of Members**

The culture of an organization, according to Bellou (2010), in order to promote ideal system of any organization it must have same promotions policy for every employee, remuneration and other factors related to employees. For example, many studies have shown that through the socialization process, the culture of the organization influences human resource management systems, which in turn affect employee attitudes and behaviors and organizational effectiveness. Through the socialization process, the culture of the organization contributes to organizational performance by directing employee attitudes and behaviors through core values, social cohesion, focused effort and unified, collective action in the direction of organizational missions and strategies (Martins, 2002; Pondy, et al, 1990; Schein, 2004; Wilkins, 1989).

- **Values and Belief Systems**

According to Deal and Kennedy (1999), the culture of an organization provides the values, beliefs, underlying assumptions, attitudes, and behaviors that are shared by the members. Shared values play binding role in linking all the parts of an organization together. These values are so called the identity factors by which are known by any organization. These values must be stated as both organizational (corporate) values and individual values.

2.2.3 Importance of organizational culture

Organizational culture is important for the reason that it is the most caused element that describes the organization. This is way for many of them, changing it can turn to be the most difficult process ever to encounter. At this time, business environment is very difficult with fast changing demands that lead to many mergers and corporate restructuring, leaving often the employees to feel unimportant in the chain management process. A well organized organization, with a strong culture can make the employees feel like they take part of the process (Mullins 1999).

An extremely rooted culture is as important as the knowledge of when the moment of changing is needed. For a smooth and successful change of organizational culture to take place, every employee needs to have a proactive approach and to work side by side with the other. By doing so, proper solutions can be found that will help the organization to change as planned and also to sustain the new expected growth period that comes along with the change (Saiyadin, 2003).

The intention of the entire of this is that the organization to prosper and achieve its target and this is possible most of the time by following the rules and values that are established within the company. Through this we know the importance of values that survive in organizational culture.

2.2.4 Characteristics of organizational culture

According to Dasanayaka and Mahakalanda (2008), maximizing employee's values are considered as rational assets that required a culture to support their logical participation both for individual and organizational learning, new knowledge formation and readiness to share with others. Schein (1995), tells that organizational culture is very important today as compare with past. Hodgetts and Luthans (2003), define some of the characteristics of the organizational culture:

- Norms are measured by things like as amount of work done and also the level of cooperation between management and employees of the organization.
- Clearly rules are defined for employee's behavior associated to the productivity, intergroup cooperation and customer relationship.
- Observed behavioral regularities, as illustrate common language and formal procedures

- Coordination and integration between the organizational units for the purpose of improvement in efficiency to works, quality and speed of designing, manufacturing the products and services.

❖ **Dimensions of organizational culture**

According to Hofstede (1980), classified organizational culture into four dimensions;

- Power distance (the degree in which employees and management have distant relationship, formal and informal)
- Individualism (the degree in which people may create difference between interest of organization and self interest)
- Uncertainty avoidance (the level in which people are willing to mitigate the uncertainty and tolerant of ambiguity)
- Masculinity (the level in which define the success as ambition, challenge and insolence, rather than caring and promotion)

2.2.5 Models of Organizational Culture

Cultural anthropologists have suggested varied and multifaceted theories of culture that may be characterized by their particular assumptions, inclines and prominence.

2.2.5.1 Edgar Schein's model of organizational culture

According the Schein, organizational culture is the learned result of group experiences, and it is to a large extent unconscious (Schein 1992). Schein considers culture to be a three-layer phenomenon.

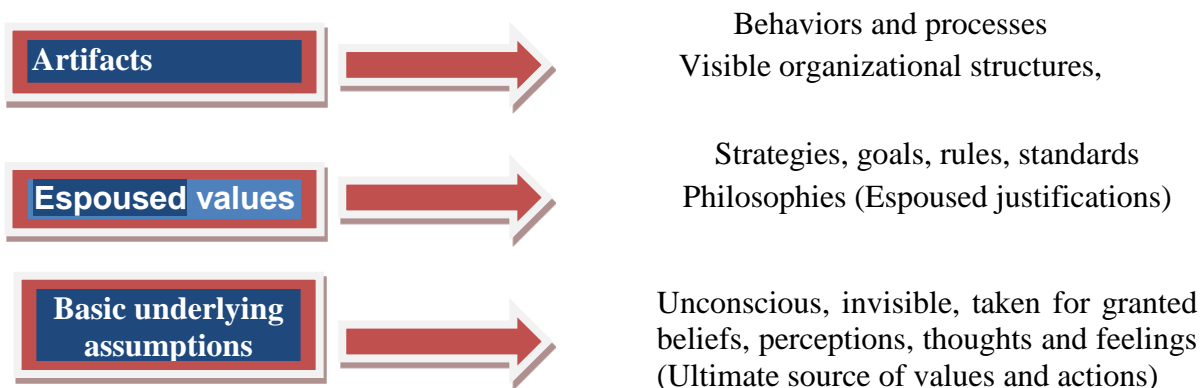
- **The initial level** of culture consists of visible organizational processes and various **artifacts**. For example, dress codes and the general tidiness of the workplace are artifacts 'that tell something about the organization's culture. The initial level, according to Schein, is difficult to interpret, however, because it represents the most superficial cultural phenomena, i.e. only reflections of the true corporate culture. For example, behavior .which is a cultural artifact is also influenced by countless factors other than a company's culture (Schein 1992).
- **The subsequent cultural** level in the Schein model consists of the organization's espoused values. These are apparent in, for example, the organization's official

objectives, declared norms and operating philosophy. Espoused values, however, do not always reflect a company's everyday operations. Most important in terms of operations is the culture's deepest level, namely its underlying assumptions (Schein 1985, 1992).

Therefore, according Schein's model of organizational culture is not only one of the most cited culture models but also one that serves a high degree of abstraction and complexity reduction. It mainly consists of three domains: -

- **The last layers** of phenomena are called basic underlying assumptions. It is espoused values and artifacts and distinguishes between observable and unobservable elements of culture. It therefore becomes clear that there is a certain hierarchy between these domains. Visible behavior influences and is influenced by unobservable assumptions through rules, stand.

Figure 2.1 Schein's theory of organizational culture



Author; (Schein, 2004)

2.2.5.2 Denison's model of organizational culture

Subsequent Schien (1985) at the central part of Denison's model are the fundamental beliefs and assumptions that represent the deepest levels of organizational culture. These fundamental assumptions provide the foundation from which (1) More surface-level cultural components such as values and observable artifacts – symbols, heroes, rituals, etc. – are derived, and (2) behavior and action spring (Denison, 2004).

In Denison's model comparisons of organizations based on relatively more surface-level 'values and their manifest practices are made. Such values are deemed both more accessible than the assumptions and more reliable than the artifacts (Denison, 2004 & Yilmaz, 2008). Denison's

organizational culture model is based on four cultural traits involvement, consistency, adaptability, and mission that have been shown in the literature to have an influence on organizational performance (Denison, 1990).

In addition to the above interpretation Denison’s model of culture stated that the interrelations of an organization’s culture, its management practices, performance and effectiveness (Denison, 1990). The importance of linking management practices with underlying assumptions and beliefs when studying organizational culture and effectiveness (figure 2.2 The Denison’s Model of Culture)The values and beliefs of an organization give rise to a set of management practices, which are concrete activities usually rooted in the values of the organization. These activities stem from and reinforce the dominant values and beliefs of the organization. The model posits that there are four key traits: involvement, consistency, adaptability and mission.

Figure 2.2 - Denison Culture Model



Source: D.R. Denison, The role of the Board of Directors in shaping corporate culture

- **Involvement trait:** - Involvement is the degree to which individuals at all levels of the organization are engaged in pursuit of the mission and work in a collaborative manner to fulfill organizational objectives. This trait consists of building human capability, ownership and responsibility. Organizations empower their people, build their organizations around teams, and develop human capability at all levels (Becker, 1964; Lawler, 1996; Likert, 1961).

Executives, managers, and employees are committed to their work and feel that they *own* a piece of the organization. People at all levels feel that they have at least some input into decisions that will affect their work and that their work is directly connected to the goals of the organization (Spreitzer, 1995). When capability development is higher than empowerment, this can be an indication that the organization does not entrust capable employees with important decision making that impact their work. Capable employees may feel frustrated that their skills are not being fully utilized and may leave the organization for better opportunities elsewhere if this is not dealt with. On the other hand, when empowerment is higher than capability development, this is often an indication that people in the organization are making decisions that they are not capable of making. This can have disastrous consequences and often happens when managers confuse empowerment with abdication. When team development is higher than empowerment or capability development, it provides an indication that there cannot be much substance to the team. The team is likely to go about their daily activities without a real sense of purpose or without making a contribution to optimal organizational functioning.

- **Consistency Trait:** - Consistency is the organization's core values and the internal systems that support problem solving, efficiency, and effectiveness at every level and across organizational boundaries. Organizations also tend to be effective because they have “strong” cultures that are highly consistent, well-coordinated, and well integrated (Saffold, 1988). According to Zhang and Pan (2009) consistency dimension of organization culture is manifested by widely shared beliefs and values that assist employees of corporation to reach consensus and take concerted action, so as to have a positive impact on performance. The fundamental concept is that implicit control systems, based upon internalized values, are a more effective means of achieving coordination than external control systems which rely on explicit rules and regulations (Pascale, 1985 & Weick, 1987). Behavior is rooted in a set of core values, and leaders and followers are skilled at reaching agreement even when there are diverse points of view (Block, 1991). This type of consistency is a powerful source of stability and internal integration that results from a common mindset and a high degree of conformity (Senge, 1990). When agreement is lower than core values and coordination, this tends to indicate that the organization may have good intentions, but may become unglued when conflict or differing opinions arise. During discussions, different people might be seen talking at once or ignoring the input of others, and withdrawal behaviors might be observed.

The result is that nothing tends to get resolved and the same issues tend to arise time and time again.

- **Adaptability Trait:-** Adaptability is the ability of the company to scan the external environment and respond to the ever-changing needs of its customers and other stakeholders. Organizations hold a system of norms and beliefs that support the organization's capacity to receive, interpret and translate signals from its environment into internal behavior changes that increase its chances for survival and growth (Denison, 1990). Ironically, organizations that are well integrated are often the most difficult ones to change (Kanter, 1983). Adaptable organizations are driven by their customers, take risks and learn from their mistakes, and have capability and experience at creating change (Nadler 1998 & Senge 1990). When customer focus is higher than creating change and organizational learning, this signifies that the organization may be good at meeting customer demands currently, but is unlikely to be planning for future customer requirements or leading customers to what they may want in the future. However, when organizational learning and creating change are higher than customer focus, there is an indication that the organization is good at recognizing best practices and creating new standards in the industry, but has difficulty in applying their learning to their own customers. (Nadler 1998 & Senge 1990).
- **Mission Trait :-** Mission is the degree to which the organization and its members know where they are going, how they intend to get there, and how each individual can contribute to the organization's success. Successful organizations have a clear sense of purpose and direction that defines organizational goals and strategic objectives. They express the vision of how the organizations will look in the future (Mintzberg, 1987; Hamel & Prahalad, 1994). Asserts Gordon (2008), mission dimension of organizational culture will make personal and corporate values increase staff engagement. Therefore, employees gain more fulfillment from their job and are motivated to work harder, bringing their best to their work

When an organization's underlying mission changes, changes also occur in other aspects of the organization's culture. When strategic direction, intent and vision are higher than goals and objectives, this indicates that the organization may have a difficult time executing or operationalizing its mission. There may be brilliant visionaries who have a difficult time translating dreams into reality. When goals and objectives are higher than strategic direction,

intent and vision, this often indicates that the organization is good at execution but lacks a real sense of direction, purpose or long-range planning.

2.2.5.3 Hofstede's Cultural model

Hofstede's (1980) dimensions have been one of the pioneers in culture studies. Hofstede's (1980) dimensions of culture have used time and time has been internationally used by many researchers in many countries.

Using Hofstede's classification approach facilitates contrasts between studies which can be done neater and the level of objectivity involved is generally higher (Sackman, 1991). Its dimensions have appropriate construct validity Hofstede's initially developed four "dimensions" of culture values namely:

- **Power distance** - The extent to which the less powerful members of an organization accept that power is distributed unequally.
- **Uncertainty avoidance** - The extent to which people feel threatened by ambiguous situations and have created beliefs and institutions that they try to avoid.
- **Individualism/collectivism**- This dimension reflects an ethnic position of the culture, in which people are supposed to look after themselves and their immediate families, or a situation in which people belong to groups or collectives which are supposed to look after them in exchange for loyalty.
- **Masculinity/femininity**- A situation in which the dominant values are success, money and professions as opposed to the situation in which the dominant values are caring for others and the quality of life.

Hofstede (1980) identified the above-mentioned dimensions as national culture values. According to him, national culture was primarily based on differences in values which were learned during early childhood. These values were strong enduring beliefs, which were unlikely to change throughout the person's life.

On the hand, organizational culture was based more on differences in norms and shared practices, which was learned at the workplace and considered as valid within the boundaries of a particular organization. Hence, in the context of organizational culture, cultural differences resided more on practices while national, the differences lie in values. In addition, according to

Hofstede (1980), there were three factors that determined employees' behavior in the workplace: national culture, occupational culture and organizational culture.

Organizational culture practice was the most crucial factor that will determine organization success than national or occupational culture. The study of organizational culture should hence look into the differences in organizational culture which distinguished one organizational culture from another.

2.2.5.4. Tharp's theory of Organizational culture

This theory illustrious a few familiar features among the definitions that have been given to organizational culture through the years. Initially, they all include the concept of sharing; indicating that organizational culture is only developed within groups (even small ones). Subsequently, organizational culture is considered to be a social construction, related to each organizations and employees 'location, history, working environment and specific events. Tharp (2009) finally, many definitions imply that organizational culture is multidimensional and multileveled and includes many cognitive and symbolic strata.

What is more, Schein (1985) has distinguished is that three locations where an organizational culture is likely to be found:

- **Observable artifacts:** They refer to an organization's specific attitudes, beliefs and behaviors and may include its location and architecture, technologies and products, mission statement and values, individual style (e.g. dress code of employees), language and jargon, practices and stories, and even the employees' sense of humor, taboos, or special rituals and ceremonies.
- **Espoused values:** They are vindicated by the organization's superiors and may or may not be reflected in the employee's actual behavior. An organization's leadership should have significant influential skills, in order to make such values acceptable by employees. These values allow organizational members to interpret signals, events and issues that guide behavior.
- **Basic underlying assumptions:** they refer to interpretative personal schemes used for perceiving situations, creating the basis for collective action. They develop over time, while members of a group create strategies to face problems and pass them along

incoming members. Should superiors of an organization succeed in passing their schemes and values to the employees, those values may become so ingrained and taken-for-granted that employees act in certain ways unconsciously, while they experience the feeling of security and the sense of belonging.

Regardless of the diversity of definitions and models suggested for the content and types of organizational culture, similar descriptions and characteristics can be found. In general, it can be said that organizational culture is defined in terms of employees and superiors, products, processes and leadership's espoused values (Belias & Koustelios, 2013).

2.2.5. The components of Organizational Culture

An organization's culture is able to give a sense of select to its members. In addition an organization's clearly shared awareness and values are defined, the more strongly people can relate themselves with their organization's mission and charge a essential part of it (Chatman & Jehn 1994),

According to Collins and Porras (2008) state that organizational culture refers to a method of mutual meaning detained by members that make a distinction one organization from other organizations. They believe that these mutual meanings are a set of key characteristics, and that the organization values and the essence of an organizations culture can be confined in seven main characteristics. These characteristics are:

- **Attention to detail:** the degree to which employees are expected to exhibit precision analysis and attention to detail;
- **Outcome orientation:** the degree to which management focuses on results or outcomes rather than on the techniques and processes used to achieve those outcomes;
- **Innovation and risk taking:** the degree to which employees are encouraged to be innovative and take risks;
- **Team orientation:** the degree to which work activities are organized around teams rather than individuals;
- **Aggressiveness:** the degree to which people are aggressive and competitive rather than easygoing; and
- **Stability:** the degree to which organizational activities emphasize maintaining the status quo in contrast to growth.

- **People orientation:** the degree to which management decisions take into consideration the effect of outcomes on people within the organization

All of the above characteristics evaluating the organization and it provide a combined portrait of the organizations culture.



Figure 2.3: Dimensions of Organizational Culture Profile (OCP)

2.2.6 Employee performance

The word Performance refers to be the ability (both physical & psychological) to implement a specific task in a specific manner that can be measured as high, medium or low in scale. ‘Performance’ can be used to explain different aspects such as societal performance, organizational performance, employee performance, and individual performance etc.

(Roe, 1999; Campbell, McCloy, Oppler, & Sager, 1993; Campbell, 1990; Kanfer, 1990) tend to identify two dimensions of performance: an action dimension (i.e. behavioral aspect) and an outcome dimension (i.e. performance aspect). Here, the behavioral aspect of performance is assumed to be matched with work situation and job specifications. Then this selective behavioral aspect turns into a means of achieving organizational goals and objectives that is the outcome dimension or performance aspect. Although there is a range of behaviors that could be used for measuring performance. Motowidlo, S. J., Borman, W. C., & Schmit, M. J. (1997) emphasize

judgmental and evaluative processes that take a great deal along with action itself while defining performance.

Organizational Performance is able to divide in to two organizational performance and job performance (Otley, 1999). According to Otley, organizational performance is dependent upon the employee's performance or job performance and further issues such as the environment of the organization. The division between organizational and job performance is obvious; an organization that is performing well is one that is successfully attaining its objectives, in other words: one that is effectively implementing an appropriate strategy (Otley, 1999) and job performance is the single result of an employee's work (Hunter, 1986).

As per the above explanations employee Performance as disparate to organizational performance is also known as job performance. However, it appears that job performance is frequently personally measured in organizations and it will emerge that there are few alternative options.

Therefore, the aspire of this research is to provide a relation between organization culture and job performance, organizational performance lies outside the scope of this research and only job performance is addressed.

2.2.7. The Concept of employee performance in organizational

Performance does not only mean to define problem but it also for solution of problem (Hefferman & Flood 2000). He said that organizational performance is the organization's capability to accomplish its goals effectively and efficiently using resources. As similar to Daft (2000), said that achieving organizational goals and objectives is known as organizational performance. Richardo (2001) suggested that organizations success shows high return on equity and this become possible due to establishment of good employees performance management system.

According to Cascio (2006) performance is the degree of an achievement to which an employee's fulfill the organizational mission at workplace. He continues to say that the job of an employee is build up by degree of achievement of a particular target or mission that defines boundaries of performance.

Performance in organizations can be alienated in organizational performance and job performance (Otley, 1999). According to Otley, the performance of organizations is reliant upon the performance of employees and other factors such as the environment of the organization.

The difference between organizational and employee performance is obvious; an organization that is performing well is one that is successfully attaining its objectives, in other words: one that is effectively implementing an appropriate strategy (Otley, 1999) and employee performance is the single result of an employee's work (Hunter, 1983).

Performance of employee is calculated against the performance standard by the organization. Good performance means that how employee performed in the task that assigned to him. (Kenney ,1992). Performance is a main multidimensional build aimed to get results and has a strong link to planned objectives of an organization (Mwita, 2000). The work of employee is made up by his achievement of mission of organization that shows the limits of performance (Cascio, 2006). The achievement of objectives of organization has been designed based on employee performance (Richardo, 2001). An employee's achievement when he gains the goals of organization at workplace is called performance (Cascio, 2006). Different researches have identifies different thoughts, attitudes and beliefs of performance as it helps in measurement of input and output effectiveness measures that guide transactional relationship (Stannack, 1996).

Ramlall (2008), a good employee performance is necessary for the organization, since an organization's success is dependent upon the employee's creativity, innovation and commitment. According to Griffin, R. W., Welsh, A. & Moorhead, G. (1981), Good employee performances and productivity growth are also important in stabilizing our economy; by means of improved living standards, higher wages, and an increase in goods available for consumption. Griffin et al. (1981) also argue that therefore research of individual employee performance is significant to culture in general.

2.2.8. The Impact of organizational culture on performance

Utilized data from thirty American corporations on cultural performance over a period of five years and examines the characteristics of organizational culture and tracked the performance over time in these firms. Denison (1984)

According to Reichers and Schneider (1990), stated that culture researchers have committed various studies to the definitions of culture, relatively few researchers have been contributed in culture and performance research. Only reason for doing this was the complexity in operational concept of the culture construct. As per Kotter and Heskett (1992), investigate the relationship between long-term organizational performance and economic performance across more than 200 organizations. More ever, being one of the most important and most conscientious r efforts on this subject, the study has arranged three vital contributions.

- Affiliation among culture and performance established in their research is strong.
- The author provides a significant mixture of theoretical point of view regarding the nature & span of culture.
- They plan well-built associations between culture, management practices and performance. The claim that organizational culture is attached to performance is initiated on the apparent role that culture can play in caused competitive advantage. Rousseau (1991) studied to overcome some of the limitations in measuring the culture of organization. At the end the results shows that there is no positive correlations between culture and employees performance. After critically reviewed the methodologies and findings of recent researches, it is assumed that there is a link between culture and performance. Theorists also argue that sustainable competitive advantage arises from the formation of organizational competencies which are both superior and incorrectly imitable by competitors (Saa-Pe're & Garcia-Falcon, 2002). Practitioners and academics suggested that the performance of an organization is dependent on the degree to which the values of the culture are comprehensively shared (Denison, 1990).

2.3 Empirical Review

The following empirical review outlines the outcome of diverse researches on the topic ‘‘ Organizational Culture and its influence Employee Performance’’ and it is tried to summarize it as follow.

Mohammad (2013), study on the ‘‘Impact of Organizational Culture on Employee Performance and Productivity’’: A Case Study of Telecommunication Sector in Bangladesh. The paper explained how employees’ beliefs, norms, gestures and all relevant aspects of organizational culture impacted on firm’s performance. The findings of the paper significantly reveal both

positive and negative mannerism of culture which has significant consequences on employees as well as firms performance. The paper has covered a wide range of cultural traits which include from behavioral aspects to gestural attributes.

The paper also asserts that organizational culture is an open system approach which has interdependent and interactive association with organizations performance. The sophisticated and extensive nature of the paper would add value to organization studies discipline by providing an important qualitative perception towards organizational culture and performance and would initiate further discussions to create an effective framework between organizational culture and its impact on performance. Therefore, the paper argues that organizational culture significantly influences employee performance and productivity in the dynamic emerging context.

However, according to Dysphasia (2015) made study on the “Impact of Organizational Culture on Employee’s Performance” The main objective of this paper was to discover the impact of organizational culture on employee performance. The superior bodies should set realistic norms and standards so that employees can achieve these standards. The positive association between culture and performance helps in improving productivity of organization. Efficient and effective management of work force employees can be stronger by organization strong culture. Healthy organizational culture improves and runs competitive environment. The employee commitment helps in improving performance based organization sustainability.

Thus, the findings indicates that there is positive relationship between employees performance and organizational culture and also indicates that there is no significant difference in responses between gender of employees regarding organizational culture and employee performance.

In addition to the above empirical review Gordon and DiTomaso (1992) in a take notes study originate the maintaining evidence that a well-built culture was predictive of short-term company performance. In an attempt to replicate Denison's (1984) study, they also defined cultural strength using the contrary of standard deviations across the scales in their instrument. They then correlated their management surveys of eleven united state insurance companies with their asset and premium growth rates for the following five years. “They found that a strong culture ‘regardless of content’, in which a substantive value was placed on the value of ‘adaptability’, was associated with stronger performance, at least in the preceding three years.” More importantly, they found that a cultural value of “adaptability” is also predictive of short-term

performance. Therefore they suggested that at the same time as both a well-built culture and a fitting culture from the standpoint of content will produce positive results; a mixture of both is most powerful. This result was significant as it begins the idea of well into culture and performance relationship researches.

Ialharb (2013) study on the “Impact of Organizational Culture on Employee Performance” according to his research the findings are emphasis on Certain dimensions of culture have been identified so far and research shows that value and norms of an organization were based upon employee relationship. The goal of an organization is to increase level of performance by designing strategies. The performance management system has been measured by balance scorecard and by understanding nature and ability of system culture of an organization have been identified and Thus he was recommended that strong culture of an organization based upon managers and leaders help in improving level of performance. Managers relate organization performance and culture to each other as they help in providing competitive advantage to firms.

2.3.1 Conceptual Framework

These study conceptual frameworks encompass independent variables which are organizational culture and dependent variable employee performance.

According to Denison, (1995) independent variable organizational culture there has dimensions: **Involvement:** which refers to giving power to employees, construct their organizations around teams, and build up human potential at all stage in an organization.

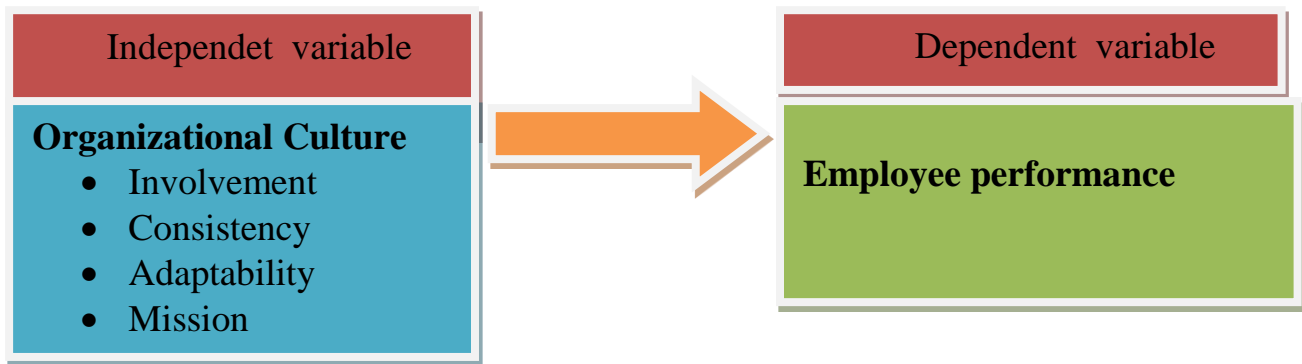
Consistency: refers to cultures that are greatly consistent, well organized, and well integrated

Adaptability: culture of organizations that are driven by their customers, take risks and learn from their mistakes, and have capability and experience at creating change in the organization environment.

Mission assessment: inherent or even saintly meaning that goes beyond purposely defined routine or bureaucratic roles.

According to Kenney et.al, (1992) **performance of employee** is calculated against the performance standard by the organization. Good performance means that how employee performed in the task that assigned to him.

Figure 2.4 – Conceptual Framework of Organizational Culture and Employee Performance



Source: adopt from Denison model

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains the approaches to the research and look for establishing sound reasoning in linking the steps that respondents answer the proposed research questions to achieve the intended objectives of the research. The following were included this part:- research design, population, sampling design ,sample size and source and tools/instruments of data collection, data collection method, data collection procedures, methods of data analysis, reliability and validity and ethical consideration.

3.2 Research design

According Sekaran and Bougie, (2010) research design deal with significant issues concerning to a research project such as purpose of study, location of study, type of investigation, extent of researcher interference, time horizon and the unit of analysis .

As per to scholars such as Saunders, Lewis & Thronhill (2009), studies are classified in to three according to their purpose i.e. exploratory study, descriptive study and explanatory study. Among these, the researcher used explanatory design because it stresses on discovering influence of organizational culture on employee performance.

The research problems required seeking both quantitative and qualitative information. The researcher employed therefore, mixed methods approach where both quantitative and qualitative data collection techniques and analytical procedures are used in same research design (Saunders, *et al.*, 2009).

This result of study was based on descriptive and inferential statistics. Descriptive statistic was found out to be helpful to describe how employees perceive the way things are and inferential statistics was found out to be helpful to identify the relationship and the influence between the variables and to generalize the findings.

The quantitative analysis was used to analyze the information gathered from the standard organization culture questionnaire developed by Denison and employee performance questionnaire developed by (Lind, D. A., & Marchal, W. G 2008) the organization cultural framework focuses on cultural traits of Involvement, Consistency, Adaptability, and Mission. While employee performance includes Task performance, Contextual performance and

Counterproductive work behavior (CWB). With Likert scale with anchors strongly disagree (=1) to strongly agree (=5) will use.

In addition to quantitative analysis, the researcher used qualitative analysis by gathering information from semi structured interview for higher officials and office managers/directorate/ of the corporation head office.

3.3 Research participants/population and Sampling Design

This research involved population of the corporation only at head office. The various inputs concerning the influence of organizational culture on employee performance were gathered from this corporation head office's population.

The corporation head office has 392 members as a total population. The population consists of 242 males and 150 females participants. The employees are divided into ten directorate and six offices. The study excluded corporation's staff in the districts and branches because unfavorable location. In addition, 40 non clerical were excluded from 392 total head office employees within the corporation.

3.3.1 Sampling Design

According to Cooper and Schindler (2006) a sample was a group from the population that is representative of the population. Sampling was a method involved in the selection of a proportionate representation from the total sample size. There are several reasons for sampling, including: lower cost, greater accuracy of results, greater speed of data collection, and availability of population elements (Cooper & Schindler, 2006). This research is conducted by taken sample from the population of EIC'S head office.

3.3.2 Sampling Technique and Sample Size

The researcher was used simple random sampling techniques to draw a sample size of 187. Respondents were drawn from different directorate and office and job categories based on their willingness to respond.

The sample size was the actual respondents representing the total target population. After determining the target population for the study by excluding non-clerical staff (i.e. 352), sample size will be calculated using the Slovein's formula (Serakan, 1992) cited in Unam (2012, PP.52). as a result,

$$n = \frac{N}{1 + N(e)^2}$$

Where n is the sample size, N is the population size, and e is the level of precision. With the level of precision e= 5% and N= 352

i.e.
$$N = \frac{352}{1 + 352(0.05)^2} = 187$$

Thus, the sample size for this particular research studies was used 187, which was large enough to represent the population.

3.4. Source and tools/instruments of data collection

The data can obtain from Primary and secondary sources of data. Primary data is collected from total EIC’S employees including corporation head office managers and clerical employees by using structured questionnaire and interview for higher officials and office managers/directorate/ of the corporation’s head office. Secondary data was collected from published books, journals, EIC internal policies, procedures, and manual, internal memo, communication and written materials and reliable internet sources and websites etc. The secondary data helped to add to the primary data that is collected and use it to combine different respondent’s opinions and base a theory with evidence to back the tension.

3.5. Data collection method

Data collection modes were different for different researches. Some researchers require observation; others may depend on surveys, or secondary data (Zikmund, 2000). The Data collection was occurred after the confirmation of the sampling criteria.

The research instrument was mostly structured and the respondents were provided with guidelines to ensure that they understood the questions and, therefore, responded suitably. As much as possible, questions in the survey instrument are worded in a closed-ended manner to provide quantitative data as per the researcher’s response category. Due to the perceived research quality intended in this study, both qualitative and quantitative methods of data collection were used. The reason for the utilization of the two methodologies is that the qualitative method was used to explore the perceptions of the various respondents, while the quantitative method is

mutually used to determine the frequency of the perceptions with the relationship and the influence of two variables.

3.6. Data collection procedures

The data collection procedure also focus on primary data which is questionnaire were conducted to each subject in face-to-face situation to control extraneous variables such as copying and writing other's opinion that may affect the validity of information and to brief unclear questions. On top that, the questionnaire distributed for each subject in their favorable times to avoid unwillingness and in order to make them be able to fill the questionnaire. The questions were closed ended, because these kinds of questions mostly clear and helps to give information for respondents. In addition, were prepared semi structured interview questions and provided to office managers and directorates in order to get further information about organizational culture and employee performance practice of corporation's head office. Secondary data gathering tools were designed based on review of related literature and research questions.

3.7. Data analysis

Data collected through questionnaire was analyzed and interpreted quantitatively and qualitatively which was more organized and care for with different statistical techniques.

Descriptive statistics, such as frequency count, percentages, mean and standard deviation were calculated in order to determine demographic characteristics, to identify the prevalence of organizational culture dimensions in EIC's head office and to analyses the perception of employee performance based on the respondents. The data was entered into SPSS version in order to draw simple tabulations to describe the demographic characteristics of the respondents.

Inferential statistics used such as Pearson's correlation was used in order to explain the relationship between the variables, dependent (Employee Performance) and the independent (Organizational culture). Pearson's correlation allows us how well variables are related, their strength and direction of the linear relationship and regression analysis was conducted to examine the influence of organizational culture on employee performance.

3.8. Validity and Reliability

The assessment of validity and reliability of the research data is an important step in any research in order to make certain valid results. According to researchers, like DeVellis (2003), troubles with the validity and reliability of measures used on scales have often led to difficulties in interpreting the results of field research. In this research, validity and reliability were the concerns when the scale was being designed.

3.8.1 Validity

Validity is a significant standard and indicates the degree to which an instrument measures what it is supposed to measure (Kothari, 2004).

According to Schwab (2005), a measure is content valid when its points are evaluated to reflect accurately the domain of the construct as defined conceptually. Content validation ordinarily requires experts in the subject matter of interest to assess content validity (Schwab, 2005). It typically involves an organized review of the survey's contents to ensure that it includes everything it should and does not include anything it should not.

In order to confirm and minimizing the validity of this study, the researcher adopted two procedures, these being to: review the literature and obtain expert and consultant assistance.

3.8.2 Reliability

To confirm the reliability of the tools in this research paper and the researcher has tested the reliability using Cronbach's Alpha (α). Cronbach's Coefficient (α) is calculated to estimate the internal consistency of reliability of a measurement scale. Cronbach's Coefficient is a reasonable indicator of the internal consistency of instruments that do not have right or wrong marking schemes, thus can be used for questionnaires using scales such as rating (Black & Leslie, 1999).

For this particular study, the questionnaires Likert scale items reliability was checked by Cronbach's - alpha coefficient with the help of SPSS software and as shown below in table 3.1.

Table 3.1 Reliability Test Result

Dimension of organizational culture	Cronbach's Alpha	N of Items
Involvement	.981	8
Consistency	.965	8
Adaptability	.961	8
Mission	.942	8
Employee performance	.979	16
Measures taken by management to shape existing culture and enhance employee performance	.817	8

SPSS output (2019)

3.9. Ethical considerations

Ethical consideration was among the main consideration of research. Before the data collection process all the necessary information about the study like who is conducting the study and for what purpose is the study conducted and other necessary information that respondents like to know were provided to all respondent so that it can help them to decide whether to participate or not in this study. Consequences and they are not harmed as a result of their participation or non-participation in the study. They were also guaranteed for the anonymity and confidentiality of their response.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter presents the data analysis and discussion of the research findings. The data analysis was made with the help of inferential statistics and Statistical Package for Social Science. A total of 187 questionnaires were distributed to sample selected randomly, however 150 has completed and properly returned, out of which 37 questionnaires were not completed and returned from respondent thus making the response rate 80.2%. Therefore, 150 Analyzed Questionnaires were considered for the study.

Table 4.1: Questionnaires Distribution and its Responses

Details	Number	Percentage
Total Questionnaires given	187	100%
Returned Questionnaires	150	80.2%
Non Returned Questionnaires'	37	19.8%
Analyzed Questionnaires'	150	80.2%

Source: SPSS output (2019)

4.1 Demographic Characteristics of the respondents

The demographic data for gender shows that out of the 150 respondents who replied for the questionnaire distributed, there were 88 male and only 62 female. Table 4.2 shows the male respondents formed majority of the target population with a percentage of 58.7%, while female respondents were representing 41.3%.

The sample population is largely dominated by respondents who are at the age of 46-54 covering 42% followed by age groups of 36-45 (32%), and 26-35(14.7%) . The rest of the respondents are under the age category of 18-25. The data indicated Table 4.2 shows Ethiopian Insurance Corporation's head office employees were very adult.

Table 4.1 shows only 4% of the respondents have a diploma; 86% of the respondents have bachelor degree and 10% of the respondents have master's degree. Based on this data it's likely to conclude that most employees in EIC were bachelor degree holders. Thus, most employees in EIC are educated.

Based on Table 4.1 in terms of years of experience, 3.3% (5) have less than 2 years of service, 10.7% (16) have 2-5 years of service, 18.7 % (28) have 6-7 years of experience ,33.3 % (50)

have 8-10 years of experience and the remaining 34 % (51) have above 10 years of experience. This information required about respondent number of years of service in the organization as it support to demonstration how much the respondents know about the corporation and its activities. According to the below table the number of respondents who served the organization longer is higher than those who served for shorter period.

As per the total respondents from each working groups are involved and the majority 124(82.7. %) are Specialists /Officers. Top management, middle level managers, team leaders and clerical staff are taken place. Represented by 1(0.7%), 10(6.7%), 4(2.7%) and 11(7.3%) respectively.

Table 4.2 Personal Background of Respondents

	Item	Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	88	58.7	58.7	58.7
	Female	62	41.3	41.3	100.0
	Total	150	100.0	100.0	
Age	18-25	9	6.0	6.0	6.0
	26-35	22	14.7	14.7	20.7
	36-45	48	32.0	32.0	52.7
	46-54	63	42.0	42.0	94.7
	55+	8	5.3	5.3	100.0
	Total	150	100.0	100.0	
Educational level	Diploma	6	4.0	4.0	4.0
	Bachelor degree	129	86.0	86.0	90.0
	Masters degree	15	10.0	10.0	100.0
	Total	150	100.0	100.0	
Experiences	Less than 2 years	5	3.3	3.3	3.3
	2-5 years	16	10.7	10.7	14.0
	6-7 years	28	18.7	18.7	32.7
	8- 10 years	50	33.3	33.3	66.0
	above 10 years	51	34.0	34.0	100.0
	Total	150	100.0	100.0	
Work Grouping	Top Management	1	0.7	0.7	0.7
	Middle level management	10	6.7	6.7	7.3
	Team leader (Coordinator)	4	2.7	2.7	10.0
	Specialist/Officer	124	82.7	82.7	92.7
	Clerical Staff	11	7.3	7.3	100.0
	Total	150	100.0	100.0	

Source: Questionnaire survey (2019)

4.2. Organizational Culture in EIC

In order realized the organizational culture at EIC, employees were request to provide their stage of consent to statements with considered to the four dimension. Employees rating in five points of Likert scale are then analyzed with descriptive statistics of mean and standard deviation. A 5-point Likert scale was used to rate the various indicators whereby 1 was accorded to ‘Strongly disagree’, 2 ‘Disagree’, 3 ‘Neutral’, 4 as ‘Agree’, and 5 as ‘Strongly Agree’. The analysis results are presented in the following tables each deals with one traits of organizational culture at

Ethiopian Insurance Corporation. The mean score below 3.39 is considered as low, the mean score from 3.40 up to 3.79 is considered as moderate and mean score above 3.8 is considered as high.

Based on Zaidation and Bagheri (2009) suggestion the current study intended to identify which dimension of organizational culture significantly prevails in Ethiopian Insurance Corporation.

Table 4.3 Means and Standard Deviations for Involvement Dimension

No	Description	N	Mean	Std. Deviation
1	There is continuous investment in the skills of employee EIC	150	2.95	1.71
2	Information is widely shared so that everyone can get the information he or she needs whenever required	150	4.04	0.81
3	Everyone believes that he or she can have a positive impact	150	4.19	1.09
4	Decisions are usually made at the level where the best information is available	150	4.27	1.39
5	Work is organized so that each person can see the relationship between his or her job and the goals of the organization	150	4.39	0.98
6	The Capability of people is constantly improving	150	2.98	1.49
7	Authority is hand over so that employee can do something on their own.	150	4.14	0.96
8	Problems seldom arise because we have the skills necessary to do the job.	150	4.05	1.05
Aggregate result of involvement dimension		150	3.88	

Source: Questionnaire survey (2019)

As shown in the above Table 4.3, Involvement dimension, the responses mean score indicates that Mean=4.39(Work is organized so that each person can see the relationship between his or her job and the goals of the organization) ,Mean= 4.27(Decisions are usually made at the level where the best information is available), Mean=4.19 (Everyone believes that he or she can have a positive impact), Mean= 4.14 (Authority is hand over so that employee can do something on their own.) ,Mean= 4.05 (Problems seldom arise because we have the skills necessary to do the job.) and Mean=4.04 (Information is widely shared so that everyone can get the information he or she needs whenever required.)items are considers as high level mean score. Hence, the remaining mean=2.98(The Capability of people is constantly improving) and 2.95 (There is continuous investment in the skills of employee EIC) items indicted that consider as low level of mean score. According to the above respondent data the aggregate total average of eight statement of involvement practiced at EIC, resulted in the existence of level to M=3.81 which is

well above the high level based on the framework designed by Zaidation & Bagheri (2009). However, respondents believe that there is less level of practice to constantly improving Capability of people (employee) and continuous investment skills of employees in EIC.

Table 4.4 Means and Standard Deviations for Consistency Dimension

No	Description	N	Mean	Std. Deviation
1	It is easy to coordinate projects across different parts of the organization	150	3.5	1.24
2	There is good alliance of goals across levels	150	3.92	0.92
3	It is easy to reach consensus, even on difficult issues	150	3.8	1.00
4	There is a ‘strong culture’ of doing things in EIC.	150	3.96	0.89
5	There is an ethical code that guides our behavior and tells us right from wrong	150	4.07	0.85
6	Ignoring core values will get you in trouble	150	3.49	1.4
7	We seldom have trouble reaching agreement on key issues	150	4.1	0.84
8	A culture of consistency is created by manager in the organization who are meant to be role models	150	3.72	1.00
Aggregate result of consistency dimension		150	3.81	

Source: Questionnaire survey (2019)

As table 4.4 indicates the aggregate Mean= (3.81) for the analysis of the data gathered through questionnaire showed that most of the participants are agreed on high practice of one of organizational culture dimension called consistency in the corporation. The data in the table, also, illustrates that most of the participants satisfied with the practice of consistency organizational culture dimension by taking in to consideration good alliance of goals across levels versus work experience, easy to reach consensus, even on difficult issues, a ‘strong culture’ of doing things, ethical code that guides our behavior and tells us right from wrong, and seldom have trouble reaching agreement on key issues which is (Mean=3.92), (Mean=3.8), (Mean=3.96), (Mean=4.07), and (Mean=4.1), respectively. However by considering mean score of Mean= 3.49, Mean=3.72 there is moderate level of consistency on easily coordination projects across different parts of the corporation and Ignoring core values will get you in trouble.

Table 4.5 Means and Standard Deviations for Adaptability Dimension

No	Description	N	Mean	Std. Deviation
1	Innovation and risk taking are encouraged and rewarded	150	2.24	1.38
2	Learning is a significant aim of our daily work	150	3.91	0.96
3	The way things are done is extremely simple and elastic to change	150	2.38	1.31
4	The interests of the colleagues rarely get ignored in our decisions	150	4.09	1.2
5	every employees of EIC have a deep understanding of colleagues needs and wants	150	4.24	1.56
6	Creative methods to do work are continually adopted in EIC	150	3.29	1.81
7	colleagues contribution directly influences our decisions	150	2.26	0.93
8	The management style of the organization is characterized based on the demand in the environment.	150	3.87	1.06
Aggregate result of adaptability dimension		150	3.28	

Source: Questionnaire survey (2019)

According to Table 4.5 under Adaptability dimension, respondent of EIC have a deep understanding of colleagues needs and wants scores the highest Mean=(4.24) and the lowest mean score fail on Innovation and risk taking are encouraged and rewarded ,scoring Mean=(2.24) and the aggregate mean score of Adaptability dimension (Mean=3.28) considering low level. Thus, as per framework designed by Zaidation & Bagheri (2009) respondents believe that there is low level practice of adaptability dimension in EIC.

Table 4.6 Means and Standard Deviations for Mission

No	Description	N	Mean	Std. Deviation
1	We continuously track our progress against our stated goals	150	4.07	0.62
2	Leaders set goals that are ambitious, but realistic	150	4.31	0.74
3	We are able to meet short-term demands without compromising our long-term vision	150	4.02	0.6
4	Our vision creates excitement and motivation for our employees	150	3.96	0.6
5	There is clear mission that gives meaning and direction to our work	150	4.12	0.85
6	Our strategic direction is clear to me	150	3.79	1.13
7	Leaders have a long term view point.	150	3.99	1.09
8	Top management have a clear picture of the company's organizational culture	150	4.27	1.23
Aggregate result of mission dimension		150	4	

Source : Questionnaire survey (2019)

From Table 4.6 the aggregate and each mean scores are high. But, our strategic direction is clear scores the moderate mean (Mean=3.79,), the moderate mean indicate that respondents believe there is moderate clarity about strategic direction of EIC.

The interviews that have been conducted with the office managers and directors of Ethiopian Insurance Corporation and analysis of the answers show that in general, the entire organizational culture dimension has a positive influence on employee performance, but this influence is stronger with Involvement, and consistency cultural dimension which have an internal focus in the organizational culture model. But regarding mission is the same as to the Hence, it can be conceived that employees of the corporation are mostly concerned with internal issues rather than external ones and find them more important to their job performance. However, another reason may be involved with such intention as well, such as the corporation acts in a way that the employees are not adequately aware of external insurance industries environment and issues of the corporation as they mentioned the need to be informed and give lessen about different external focused dimensions.

Therefore the above analysis suggested that innovation, consistency, adaptability, and mission where dimension of organizational culture prevails in Ethiopian Insurance Corporation.

Table 4.7 Means and Standard Deviations for Employee Performance

No	Description	N	Mean	Std. Deviation
1	My planning is optimal	150	4.07	0.62
2	Manage to plan my work so that it is done on time.	150	4.31	0.74
3	I keep in mind the results that I had to achieve in my work.	150	4.02	0.61
4	I am able to perform my work well with minimal time and effort	150	3.96	0.6
5	I am able to separate main issues from side issues at work.	150	4.12	0.85
6	I focus on the negative aspects of a work situation, instead of on the positive aspects.	150	3.79	1.13
7	I complain about unimportant matters at work.	150	3.99	1.09
8	I speak with colleagues about the negative aspects of my work.	150	4.2	1.23
9	I speak with people from outside the organization about the negative aspects of my work.	150	4	1.13
10	I keep looking for new challenges in my job	150	4.07	1.09
11	I work to keep my job knowledge and skills up-to-date	150	4.27	0.9
12	I take on extra responsibilities.	150	4.07	0.62
13	I start new tasks myself, when my old ones were Finished	150	4.30	0.74
14	I actively participate in work meetings	150	4.02	0.61
15	I come up with creative solutions to new problems.	150	3.96	0.6
16	I take on challenging work tasks, when available	150	4.12	0.85
	Aggregate result of employee performance dimension	150	4	

Source: Questionnaire survey (2019)

The study analyzed the employees work performance from the respondents involved in the study. The findings in Table 4.7 recognized that respondents were from the highest declaration range of Mean=4.31 (Manage to plan my work so that it is done on time.) to the smallest declaration range of Mean=3.79 (I focus on the negative aspects of a work situation, instead of on the positive aspects.) in general the aggregate mean level of employees work performance in EIC is reach to Mean=4 .Thus, employees have high level rating to their performance at EIC.

During interview, respondents said about the rating of employee performance in the corporation as follows:-We measure employee performance primary identifying a set of objectives that each

individual has to reach, and at the end of the year we measure how many of those objectives were actually reached and to what extent by the use of change management tools like BSC, TQM and etc. We also include a competency framework identifying a number of skills which are relevant to the job. These include integrity, teamwork, responsibility, accountability and so on.

Table 4.8 Means and Standard Deviations for Measures taken by the management of EIC to shape the existing organizational culture and enhance employees' performance.

No	Description	N	Mean	Std. Deviation
1	The management of our Corporation provides adequate trainings to employees in order to shape existing organizational culture and enhance employee performance	150	2.59	1.35
2	In our corporation the management is more concerned with maintaining good relationship with their subordinates than employees' work performance	150	3.9	1.21
3	In our corporation people are rewarded in proportion to the excellence of their job performance	150	4.07	1.15
4	In our corporation managers plan the tasks, distribute assignments and supervise the work properly.	150	4.42	0.81
5	In our corporation a mistake by a subordinate is treated as an experience by the superior from whom lessons are learnt to prevent failure and improve performance in the future.	150	4.33	0.84
6	In our corporation management staff molds the juniors for future career developments.	150	3.98	1.22
7	In our corporation there is a provision for Bonus and other incentives for better performers.	150	4.41	0.98
8	In our corporation cordial relationship prevails among the managers and subordinates	150	3.57	0.11
	Aggregate result of Measures taken by the management dimension of EIC	150	3.91	

Source: Questionnaire survey (2019)

Eight (8) items were used to assess measures taken by the management of EIC to shape the existing organizational culture and enhance employees' performance. Corporation managers plan the tasks, distribute assignments and supervise the work properly scores highest mean (Mean=4.32) and The management of our Corporation provides adequate trainings to employees in order to shape existing organizational culture and enhance employee performance scores the smallest mean which is (Mean=2.59) in general the aggregate mean scores of Mean=3.91. This

indicated that most of respondent satisfied about the decision of EIC's management to shape existing culture and enhance employee performance. However, according to the above data Corporation provides inadequate trainings to employees in order to shape existing organizational culture and enhance employee performance.

According to the interview respondents, about measure taken by corporation management to shape existing organizational culture and enhance employee performance. The respondents said we currently conducted and used different methods in order to shape existing organizational culture and enhance employee performance by providing on-job and off-job trainings, reward in proportion to the excellence of their job performance, and provision for Bonus and other incentives for better performers, lastly they said molds the juniors staff for future career developments and management is more concerned with maintaining good relationship with their subordinates than employees' work performance.

4.3 Correlation analysis on the relationship between organizational Culture and employee performance of EIC

Correlation coefficient statistics determine the degree to which two sets of numbers are related A higher correlation coefficient signifies a stronger relationship. In other way A correlation coefficient of 1.0 means a perfect positive relationship as one se of numbers goes up, so does the other. But, a correlation of less than 1.0 means a perfect negative correlation when one set of numbers goes up, the other goes down. In the middle, a correlation of 0 means there is no correlation at all. (Noe etal. 2011)

In order to determine the influence of organizational culture on employee performance in Ethiopian insurance corporation, relationship between independent variables i.e. (Organizational culture such as involvement, consistency, adaptability and mission dimension) and dependent variable i.e. (employee performance) of EIC, correlation analysis has been conducted by classifying the relationship with the above each dimension.

All the above correlation coefficients interpretations are based on Pallent (2003) way of determining the strength of the relationship. Accordingly,

- If $r = 1.00$ perfectly positive correlation
- If $r = -1.00$ perfectly negative correlation
- If $r = 0.00$ no relationship at all

- If $r = 0.10$ to $r = 0.29$ or $r = -0.10$ to -0.29 weak relationship
- If $r = 0.30$ to $r = 0.49$ or $r = -0.30$ to -0.49 moderate relationship
- If $r = 0.50$ to $r = 1$ or $r = -0.50$ to -1 strong relationship

Table 4.9. The relationship of Organizational culture and Employee performance

		Correlations				
		Employee Performance	Involvement	Consistency	Adaptability	Mission
Pearson Correlation	Employee Performance	1.000	.899	.884	.401	.911
	Involvement	.899	1.000	.980	.935	.963
	Consistency	.884	.980	1.000	.955	.983
	Adaptability	.401	.935	.955	1.000	.968
	Mission	.911	.963	.983	.968	1.000
Sig. (1-tailed)	Employee Performance	.	.000	.000	.000	.000
	Involvement	.000	.	.000	.000	.000
	Consistency	.000	.000	.	.000	.000
	Adaptability	.000	.000	.000	.	.000
	Mission	.000	.000	.000	.000	.
N	Employee Performance	150	150	150	150	150
	Involvement	150	150	150	150	150
	Consistency	150	150	150	150	150
	Adaptability	150	150	150	150	150
	Mission	150	150	150	150	150

Source: Questionnaire and SPSS output (2019)

According to table output correlation obtained sig.(2-tailed) of $0.000 < 0.05$ it can be concluded that there is a positive significant relationship between organizational culture dimension and employee performance. The mission of organizational culture dimension is the most related to employee performance with $r=0.911$, involvement dimension with $r=0.899$, and consistency dimension with $r=.884$, involvement, consistency and mission organizational culture dimensions have strong positive relationship with employee performance. The adaptability dimension is also moderately relation to employee performance with $r=0.401$ Therefore, strong positive relationships indicate that the employee performance has improved as a result of the ample level practice of organization culture at EIC.

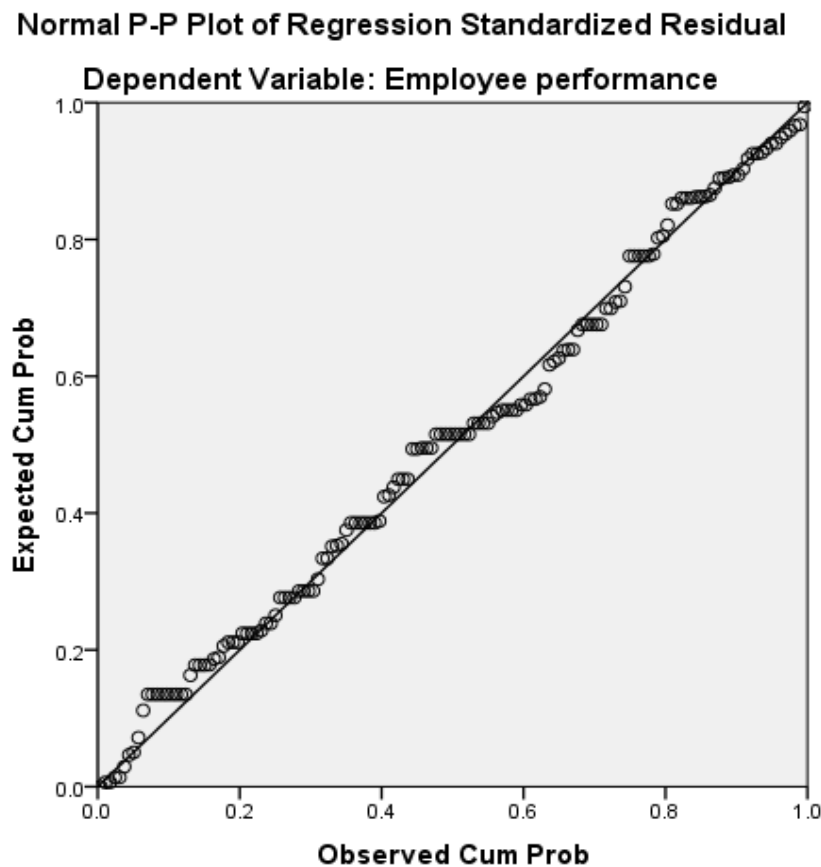
4.4 Assumptions test

There are a number of assumptions before the use of regression analysis. These assumptions concern both dependent and independent variables, and the relationship as a whole.

4.4.1 Linearity Test

Linearity refers to the degree to which the change in the dependent variable is related to the change in the independent variables. To determine whether the relationship between the independent variable organizational culture (Involvement, Consistency, Adaptability and Mission) and the dependent variable i.e. Employee performance linear; plots of the regression residual through SPSS software had been used (see Figure 4.1).

Figure 4.1: Normal Point Plot of Standardized Residual

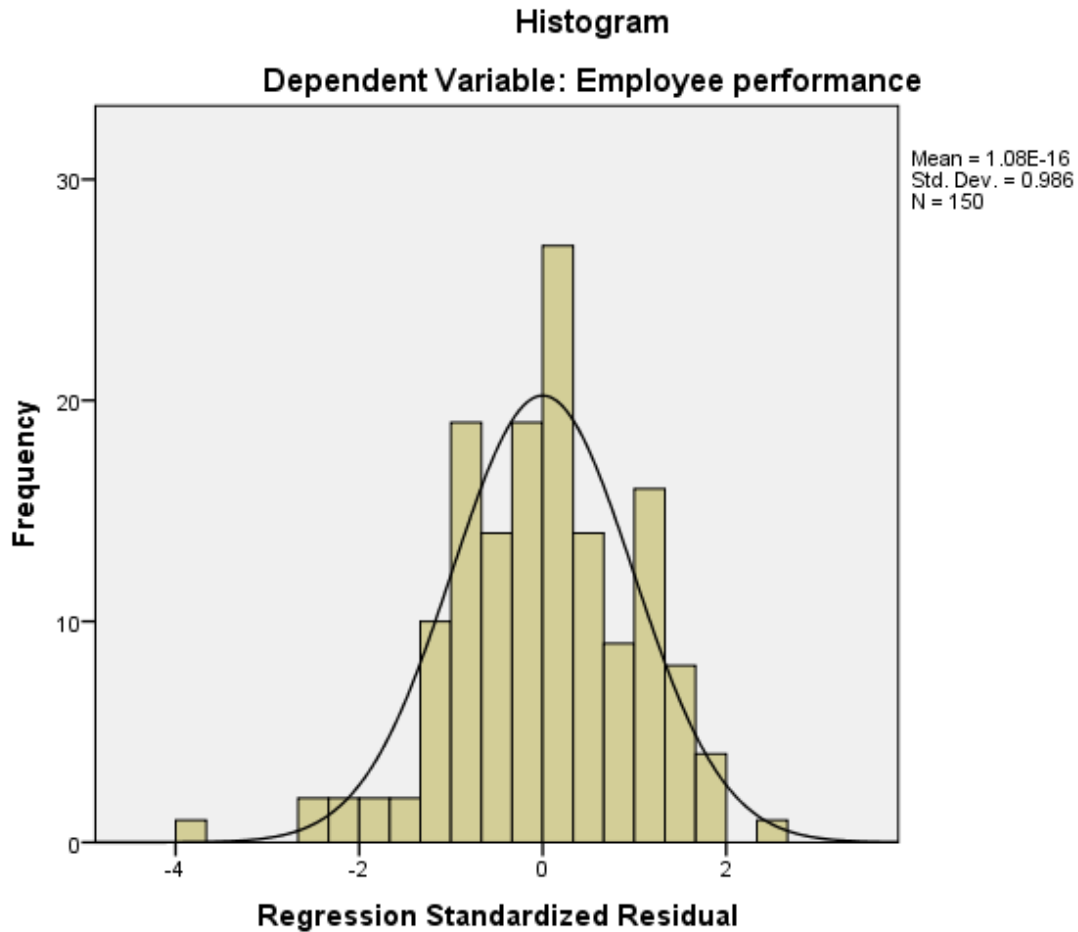


Source: SPSS output (2019)

4.4.2 Normality Test

Normality was tested by evaluating the histogram in Figure 4.2 for which the employee performance variable appears to be normally distributed in the population (a bell-shaped curve). The standardized residuals in the scatter plot had a roughly rectangular distribution, with most of the scores concentrated in the centre (along the 0 point) (see Figure 4.3).

Figure 4.2: Frequency Distribution of Standardized Residual

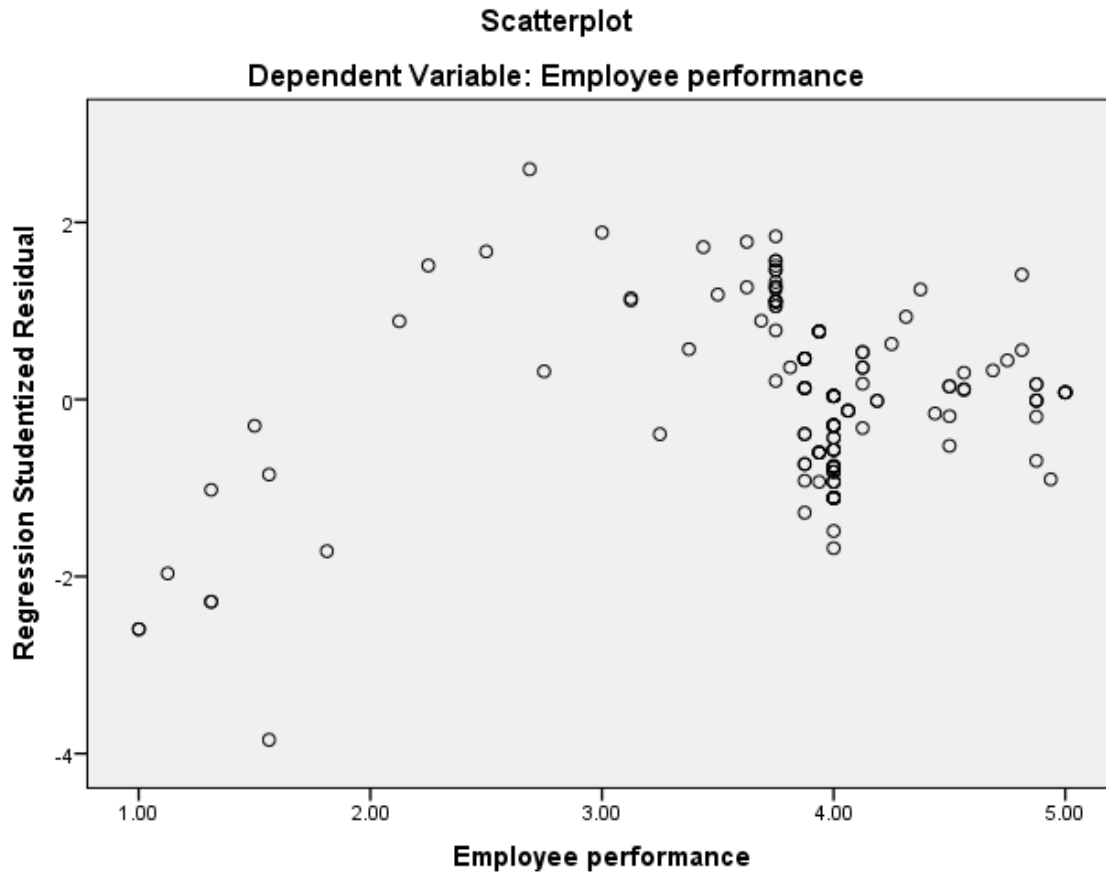


Source: SPSS output (2019)

4.4.3 Homoscedasticity

The variance of the residuals about predicted dependent variable scores should be the same for all predicted scores (Pallant, 2005).

Figure 4.3: Scatter plot for employee performance



Source: SPSS output (2019)

Based on the figure 4.3 it can be concluded that there was no clear or systematic pattern to the residuals (for example, curvilinear, or higher on one side than the other).

4.4.4 Multicollinearity test

Field (2005) stated that multicollinearity refers to which two or more independent variables are very closely correlated. The presence of multicollinearity would not contribute to a good regression analysis. However, in most research, multicollinearity is presented, because of the correlation coefficient between any two variables is too large, the assumption of multicollinearity can then be applied (Pedhazur 1997).

The following measurements can be carried out to diagnose the multicollinearity:

If the correlation coefficient is greater than 0.9 between independent variables then there is source for concern (Field, 2005). If the largest Variance Inflation Factor (VIF) value is greater than 10, then there is cause for concern (Field, 2005). VIF was used in this study as the cut-off threshold for high multicollinearity.

Another way of assessing multicollinearity is to measure the tolerance values. If the tolerance value is less than 0.1, there is almost certainly a serious collinearity problem (Field, 2005). In other words, very small tolerance values denote high collinearity.

Table 4.10: Multicollinearity test

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Involvement	.509	1.385
Consistency	.315	1.997
Adaptability	.303	2.097
Mission	.390	1.061

Source: SPSS output (2019)

To determine similarity between the independent variables in a model, it is required to conduct multicollinearity tests. Similarities between the independent variable will result in a very strong correlation. Moreover, multicollinearity tests done to evade practice in decision making process regarding the partial influence of independent variables on the dependent variable. Test multicollinearity as a basis the VIF values of multicollinearity test results.

Based on above data the values obtained from collinearity statistics (VIF) was between 1 and 10. Therefore, it can be concluded that there are no multicollinearity symptoms between the components of the independent variables.

4.4 Regression analysis on the influence of each dimensions of organizational culture on employee performance

Regression analysis is a method of predicting an outcome variable from one predictor variable (simple regression) or several predictor variables (multiple regressions) (Andy field, 2009).The model of regression shows how much of the variance in the employees' performance is illustrated by organizational culture.

Regression is the determination of a statistical relationship between two or more variables. In simple regression, we have only two variables, one variable is called “independent” is the basis of the performance of another one called “dependent variable”. Regression analysis is a statistical method to deal with the formulation of mathematical model depicting relationship amongst variables which can be used for the purpose of prediction of the values of dependent variable, given the values of the independent variable. (Kothari, 2004) thus, in this study the independent variable is organizational culture and the dependent variable is employee performance.

In addition, this study was used inferential statistic to measure the quantitative data and was analyzed using SPSS too by considering the influence of organizational culture on employee performance in EIC, X (Independent variables) and Y (Dependent variable). The regression equation is:

$$Y = a + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + e$$

Where: a = the constant (point at which line crosses Y axis)

β_1 = slope (regression coefficient) for variable X1

β_2 = slope for variable X2

β_3 = slope for variable X3

β_4 = slope for variable X4

e = error (or residual) value

Where Y is the employee performance, a is the regression constant, β_1 to β_4 are regression coefficient, X1 is the involvement culture, X2 is the consistency culture X3 is the adaptability and X4 is the mission cultural dimension, e is the error term.

Table 4.11 Regression Output Model summery

Model	R	R square	Adjusted R square	Std. Error of the Estimate
1	.938 ^a	.880	.877	.304

a. Predictors: (Constant), Mission, Involvement, Adaptability, Consistency

b. Dependent Variable: Employee Performance

Source: SPSS output (2019)

According to the above table R-squared is calculated the good fit of the variables in explaining the variation in EIC measures the variable Predictor: (Constant), Mission, Involvement, Consistency and Adaptability. Adjusted R-square value for the regression model was 0.877. This indicates the four independent variables in this study explain 87.7 percent of the variation in

employee performance. The remaining 12.3 percent of the variation in employee performance in Ethiopian Insurance Corporation are explained by other variables which are not included in the model. Therefore, involvement, consistency, adaptability and mission are good explanatory variables of employee performance.

4.5 Regression ANOVA

Table 4.12 The regression ANOVA table is summarized as follows:

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	92.927	4	23.232	545.188	.000 ^b
	Residual	6.179	145	.043		
	Total	99.106	149			

a. Dependent Variable: Employee performance

b. Predictors: (Constant), Involvement, Adaptability, Mission, Consistency

Source: SPSS output (2019)

From the result analysis of variance (ANOVA) test in table 4.11 shows that the Sig. Value 0.01 is greater than the calculated value 0.000. It reflects there was a statistically significant correlation between dependent variable and independent variable at 1% significant level. Therefore, the model is statistically significant in determining the influence of organizational culture (involvement, adaptability, mission, consistency) on employee performance. But it does not mean that all these factors have equal significant correlation with employee performance.

Table 4.13 Regression output of the influence Organizational culture on Employee performance

This analysis attempted respond the research question of this study which was to what extent do the dimensions of organizational culture influence employees' work performance in Ethiopian Insurance Corporation?

Model	Unstandardized Coefficients		Standardized Coefficients	t	sig
	B	Std,Error			
(Constant)	.553	.109		5.071	.000
Involvement	.704	.125	.823	5.653	.000
Consistency	.676	.199	1.008	1.778	.004
Adaptability	-.046	.123	-.031	-.402	.000
Mission	1.599	.171	1.712	9.3	.000

Source: Questionnaire and SPSS output (2019)

➤ **The relation between involvement and employee performance**

From the above table 4.11 points out that involvement had appositve relation with since=0.823 and sig= 0.00 this indicted that the unit increment of involvement increase employee performance of the corporation is increase by 0.823 with keeping others are constant. this finding in line with Spreitzer, (1995) argued that People at all levels feel that they have at least some input into decisions that will affect their work and that their work is directly connected to the goals of the organization.

➤ **The relation between consistency and employee performance**

According to the above table 4.11 data consistency had appositve relation with since=1.008 and sig= 0.00 this indicted that the unit increment of consistency increase employee performance increase by 1.008 keeping others constant. This finding related with Zhang, Li and Pan (2009) argued that consistency dimension of organization culture is manifested by widely shared beliefs and values that assist employees of corporation to reach consensus and take concerted action, so as to have a positive impact on performance.

➤ **The relation between adaptability and employee performance**

Table 4.11 indicted that adaptability had negative relation with since= - .031and sig= 0.00 this indicted that the unit increment of adaptability decrease employee performance decrease by - .031 keeping others constant. This finding related with Nadler 1998 &Senge (1990,). argued organizational learning and creating change are higher than customer focus, this implies that the organization is well at recognize greatest practices and creating innovative standards in the industry, but has difficulty in applying their learning to their own customers.

➤ **The relation between mission and employee performance**

Finally based on Table 4.11 mission had positive relation with since= 1.712 and sig= 0.00 this indicted that the unit increment of mission increase the employee performance of the corporation is increase by 1.712 with keeping others are constant. This finding associated with Gordon (2008), mission dimension of organizational culture will make individual and corporate values increase employee's engagement. Thus, employees gain more fulfillments from their job and are motivated to work harder, bringing their best to their work.

Therefore, involvement, consistency and mission had positive relation with employee performance but adaptability had negative relation with employee performance.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

The purpose of the study was to examine the influence of organizational culture on employee performance in Ethiopian Insurance Corporation (EIC). specific objectives of the study were: to identify the dimensions of organizational culture pertain in Corporation, to examine the employees perception about their work performance, to assess the extent to which the dimensions of organizational culture influence employees' work performance and measures taken by the management of the Corporation to shape the existing organizational culture and enhance employees' performance .The data collected from different sources were presented and presented in chapter four. This chapter is based up on the findings of the preceding chapter objectives of the study and the research questions that were to be answered. Thus, the chapter is divided into four sections. The first section presents a summary of the research findings, the second part presents conclusion, and the third contains recommendations and lastly suggestions for further research.

5.1 Summary of Major Findings

In this part, the researcher has tried to summarize the overall data as follow.

- From involvement dimension of organizational culture related to eight statements the majority of the respondents seemed to be significantly high agreement on the involvement dimension practice as per the aggregate mean score of $M=3.88$.But,out of the eight statement under involvement dimension less level of practice to constantly improving Capability of people (employee) and continuous investment skills of employees in EIC.
- The consistency dimension of organizational culture, relation to an aggregate of its eight statements are evaluated to have been practiced highly to the level $M=3.81$.however,out of the eight consistency indicator statement respondents believe that there by considering us mean score of $Mean= 3.49$, $Mean=3.72$ and indicted that there is moderate level of consistency on easily coordination projects across different parts of the corporation and Ignoring core values will get you in trouble in EIC .
- On the adaptability of organizational culture at EIC practiced to low level with the overall agreement level of $M=3.28$ But, out of eight adaptability indicator respondents believe that

there is insufficient practice in EIC about the lowest mean score fail on Innovation and risk taking are encouraged and rewarded ,scoring Mean=(2.54) .

- The Mission dimension of organizational culture which are practiced at EIC and resulted in the existence of at EIC to the level M=4 which is significantly reach high level agreement on the mission dimension practice in EIC. Out of eight mission indicator statement the practice of corporation is moderate declaration range of Mean=3.79 about focus on the negative aspects of a work situation, instead of on the positive aspects in EIC.
- The employees' performance about their work is analyzed with sixteen performance indicator statements. The average agreement to these statements range from the smallest Mean=3.79 to the largest 4.31. For all these aggregate statements, the performance level of employees at EIC is computed to the level M=4, which is a high level of employee performance in EIC.
- Among Eight (8) items were used to assess measures taken by the management of EIC to shape the existing organizational culture and enhance employees' performance. Corporation managers plan the tasks, distribute assignments and supervise the work properly scores of the highest mean (Mean=4.32) and the smallest mean the management of our Corporation provides adequate trainings to employees in order to shape existing organizational culture and enhance employee performance which is mean (Mean=4.32) in general the aggregate mean scores of Mean=3.91.
- The result of the study has indicated that there is a positive relationship between organizational culture and employee in EIC. This positive relationship indicates that the culture of the EIC is influencing the Employee performance of EIC.
- The findings confirmed that the assumptions of the four cultural dimension Involvement, Consistency, Adaptability and Mission have relatively strong correlations when associated to employees' performance by the use of SPSS with Pearson's correlation; However, out of the four cultural dimensions, involvement, consistency and mission have higher positive values in correlation with employee performance. Under the mission dimension is the most related to employee performance with $r=0.911$, involvement dimension with $r=0.889$ and consistency dimension with $r=0.884$ However, adaptability organizational culture dimension

moderately relation to employee performance with $r=0.40$ in Ethiopian insurance corporation.

- Based on the result of regression analysis, involvement, consistency and Mission have the positive influence on employees' performance. However, the result of this study shows that adaptability has negative association with performance of employees'. According to the result shows adaptability is statistically negative significant. This indicates at EIC the employees adaptability dimension have negative influence on employees' performance.
- Finally, this research implies that EIC employees have well performance. This reflects that employee performance determined by the existing culture. Participant's opinion on the practice of employees' performance in EIC was found to be positive and they were satisfied with the existing practice. The general idea of participants on the overall organizational culture of EIC is indicated as there is reliable organizational culture.

5.2 Conclusions

Through deep analysis, the research has drawn the following conclusion:-

Organizational culture is one significant issue in corporations which if it tends to become less level of employee performance it will affect the performance of the organization. A higher level of good organizational culture practice will increase employee performance in their daily work. On the other hand, organizational culture will decrease employee performance and adversely affects the corporation.

According to different literatures, it was found that there are many dimension or factors that explain organizational culture. However, this research work is concerned with four dimension of organizational culture (involvement, consistency adaptability and mission) adopted from Denison model.

The study attempted to examine the influence of organizational culture on employee performance in Ethiopian Insurance Corporation. In conclusion, since the adaptability dimension of organizational culture score is below the average mean, it indicates that there is less level of practice and need attention in EIC, however the rest of three dimension of organizational culture such as involvement, consistency and mission are scores above the average mean, this indicated that there is high level of practice in the corporation. Generally, expect adaptability in all dimension of organizational culture significantly prevail in EIC. In addition based on the

findings regarding to employee performance of the corporation this research work conclude that all the ratings show that employees' have high level of perception and ratings to their performance at Ethiopian Insurance Corporation.

Based on the findings of correlation analysis, the researcher concludes that involvement, consistency and mission dimensions of organizational culture have a positive and significant relationship with employee performance. But among four organizational cultures dimension adaptability is moderate relation to employee performance in the corporation.

According to Denison (1990) Influence of organizational culture which encompass of involvement, consistency, adaptability and mission culture. From the study findings of regression output model summery the independent variables in this study explain 87.7 percent of the variation in employee performance. The remaining 12.3 percent of the variation in employee performance in Ethiopian Insurance Corporation are explained by other variables which are not included in the model. Therefore, researcher concludes that involvement, consistency, adaptability and mission are good explanatory variables of employee performance. Moreover based on the objectives of the study, this research work concluded that all dimension organizational culture except adaptability had significant positive influence on employee performance. But adaptability had statically negative influence on employee performance in EIC.

Based on this research finding most of respondent satisfied about the decision of EIC's management to shape existing culture and enhance employee performance. However, respondent believes that among eight inductions of measure taken by the corporation management provides inadequate or insufficient trainings to employees in order to shape existing organizational culture and enhance employee performance. Therefore the researcher concludes that majority respondents were not satisfied the adequacy of trainings and need attention in the corporation.

5.3 Recommendations

According to the finding and conclusion made the following are recommendations are offered by the researcher so as to strength and assist the corporation to improve the organizational culture in order to increase the employee performance.

- The Corporation should do regularly audit of organizational culture dimension in order to improve and fill the gaps in employee performance. One of the factors for high employee performance came from the existence of good organization culture and if this doesn't persist, employee performance will be lower and the organization existence will be at risk position.
- The influence of the four dimension of organizational culture is 87.7% on employee performance. This implies that there are also other influencing causes to employee performance. So the corporation should appear for those influencing causes like motivation (intrinsic and, extrinsic) and others investigate its relationships with employee performance.
- Among four organizational culture dimension the corporation should give more attention to adaptability (Creative and innovative methods to do work are continually adopted, Innovation and risk taking are encouraged and rewarded, colleagues contribution directly influences our decisions and the way things are done is extremely simple and elastic to change) in order to enhancing and keeping the current employee performance and translating the demands of the corporation's business environment into action.
- Training needs is a gap that exists between requirements of given job and the actual performance of the trainees therefore, Based on the finding and literature the corporation should give adequate training in order to shape existing culture and enhance employee performance.
- Finally, it is important for EIC hiring managers and human resources practitioners to understand the significance of assessing organizational culture to improve the employee performance.

5.4 Future Research Directions

- This study limited itself to only one corporation head office; recommendations are therefore made for further research on organizations and other district and branches' of the corporation in order to broaden research in the organization.
- Organizational culture, influence organizations in many ways. From the overall organizational performance to subsets like financial performance, employee job satisfaction, leadership behavior, person-organizational fit, organizational change, customer satisfaction, and strategy implementation, among others. For further research study, we recommend a study on the influence of organizational culture on any of the above subsets in large organizations in order to broaden research in this industry. Also further study on the impact of adaptability dimension of an organization on employee performance practices was highly recommended.
- This research study used Denison's Model, further research on the same organization can be done using a different Framework like Hofstede's cultural dimensions theory, Edger Schein Model, O'Reilly, Chatman's and Caldwell model and others. On organizational culture.

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Appendix
Questionnaire
Addis Ababa University
Collages of Business and Economics
Department of Public Administration and Development Management

Dear Sir/ Madam,

I am undertaking a research in partial fulfillment of ‘**Masters of Public Management and Policy(MPMP)**’ on the topic “*Organization culture and its influence on employee Performance; in case of Ethiopian Insurance Corporation(EIC)*” I would much appreciate if you could kindly take a little of your time to complete the attached questionnaires. The information supplied by you will be held in a strict confidential manner; it will be utilized for academic purpose ONLY. Eventually, I would like to seize this opportunity to thank you in advance for your kind participation and timely return of your completed questionnaire.

If you have any queries, please don’t hesitate to contact me through my Tel phone No. **0911-78-28-86** or E-mail:- **Matmegt2008@gmail.com**. Thank you once again for assisting me in this survey.

Sincerely

MatiwosMengistu

Appendix - I: Questionnaire
Addis Ababa University
Collages of Business and Economics
Department of Public Administration and Development Management

Questionnaire to be filled by Employees of Ethiopian Insurance Corporation

This questionnaire is designed to collect first-hand information for a project conducted in partial fulfillment of Master degree in Public Management and Policy under the title of **Organization culture and its influence on employee Performance; in case of Ethiopian Insurance Corporation (EIC)**.

The completion of the research substantially depends on your cooperation and of the information you give in this questionnaire. Furthermore, the information you provide will be solely used for academic purpose. Therefore you are requested to give a genuine response to the questions. The survey will be confidential and will not be used for other purpose other than this research paper. Thank you for taking your treasured time to fill out the questionnaire. I appreciate your collaboration in advance.

Part I: Respondent's Demographic Data

Please mark tick (√) in the box corresponding with your choice

- Age

18-25		26-35	
36-45		46-54	
55+			

- Gender:

Male		Female	
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- Educational level

Diploma		Master's degree	
Bachelor degree		PHD	

- How long you have been worked in EIC?

Less than 2 years		8- 10 years-	
2-5 years		10 years and above	
5-7 years			

- **Work Grouping**

Top Management		Specialist/Officer	
Middle level manager(department head)		Clerical Staff	
Team leader (Coordinator)			

Research related questions

Part- II- Organizational Culturein EIC

The following tables consist of the four basic dimensions of organizational culture (i.e. involvement, consistency, adaptability and mission). Each table is composed of statements that the researcher believes can best explain the organizational culture of EIC. There are five blank boxes beside each statement listed. The five numbers above the boxes represents the degree in which the respondent agrees with each statement. Therefore the respondents are kindly requested to put “√” in the box that describes their feeling.

- **1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. strongly agree**

	Involvement	1	2	3	4	5
1	There is continuous investment in the skills of employee EIC					
2	Information is widely shared so that everyone can get the information he or she needs whenever required					
3	Everyone believes that he or she can have a positive impact					
4	Decisions are usually made at the level where the best information is available					
5	Work is organized so that each person can see the relationship between his or her job and the goals of the organization					

6	The Capability of people is constantly improving					
7	Authority is hand over so that employee can do something on their own.					
8	Problems seldom arise because we have the skills necessary to do the job.					

	Consistency	1	2	3	4	5
1	It is easy to coordinate projects across different parts of the organization					
2	There is good alliance of goals across levels					
3	It is easy to reach consensus, even on difficult issues					
4	There is a ‘strong culture’ of doing things in EIC.					
5	There is an ethical code that guides our behavior and tells us right from wrong					
6	Ignoring core values will get you in trouble					
7	We seldom have trouble reaching agreement on key issues					
8	A culture of consistency is created by manager in the Organization who are meant to be role models					

	Adaptability	1	2	3	4	5
1	Innovation and risk taking are encouraged and rewarded					
2	Learning is a significant aim of our daily work					
3	The way things are done is extremely simple and elastic to change					
4	The interests of the colleague rarely get ignored in our decisions					
5	every employees of EIC have a deep understanding of colleague needs and wants					
6	Creative and innovative methods to do work are continually adopted in EIC					
7	colleague contribution directly influences our decisions					
8	The management style of the organization is characterized based on the demand in the environment.					

	Mission	1	2	3	4	5
1	We continuously track our progress against our stated goals					
2	Leaders set goals that are ambitious, but realistic					
3	We are able to meet short-term demands without compromising our long-term vision					
4	Our vision creates excitement and motivation for our employees					
5	There is clear mission that gives meaning and direction to our work					
6	Our strategic direction is clear to me					
7	Leaders have a long term view point.					
8	Top management have a clear picture of the company's organizational culture					

Part III Employee performance

NO.	Description	1	2	3	4	5
1	My planning is optimal					
2	Manage to plan my work so that it is done on time.					
3	I keep in mind the results that I had to achieve in my work.					
4	I am able to perform my work well with minimal time and effort					
5	I am able to separate main issues from side issues at Work.					
6	I focus on the negative aspects of a work situation, Instead of on the positive aspects.					
7	I complain about unimportant matters at work.					
8	I speak with colleagues about the negative aspects of my work.					
9	I speak with people from outside the organization about the negative aspects of my work.					
10	I keep looking for new challenges in my job					
11	I work to keep my job knowledge and skills up-to-date					
12	I take on extra responsibilities.					
13	I start new tasks myself, when my old ones were Finished					
14	I actively participate in work meetings					

15	I come up with creative solutions to new problems.					
16	I take on challenging work tasks, when available					

Part IV Measures taken by the management of EIC to shape the existing organizational culture and enhance employees' performance

NO.	Description	1	2	3	4	5
1	The management of our Corporation provides adequate trainings to employees in order to shape existing organizational culture and enhance employee performance					
2	In our corporation the management is more concerned with maintaining good relationship with their subordinates than employees' work performance					
3	In our corporation people are rewarded in proportion to the excellence of their job performance					
4	In our corporation managers plan the tasks, distribute assignments and supervise the work properly.					
5	In our corporation a mistake by a subordinate is treated as an experience by the superior from which lessons are learnt to prevent failure and improve performance in the future.					
6	In our corporation management staff molds the juniors for future career developments.					
7	In our corporation there is a provision for Bonus and other incentives for better performers.					
8	In our corporation cordial relationship prevails among the managers and subordinates					

Appendix - II: interview

Addis Ababa University
Collages of Business and Economics
Department of Public Administration and Development Management

This Interview questions are made so as to fulfill a MA Thesis which is being conducted by student in Addis Ababa University Collages of Business and Economics Department of Public Administration and Development Management under the title of “Organizational Culture and its influence employee in case of Ethiopian insurance corporation (EIC)”. The following questions are provided for selected directors with high management positions in EIC.

- How do you express organizational culture in your corporation?
- How do you explain the influence of organizational culture on employee performance of the corporation?
- Based on the corporation experience, which cultural traits direct influence on employee performance?
- How do you rate the Employee performance within the corporation?
- What actions are taken to shape existing organizational culture and improve employee performance?

Appendix III: Analysis Results

Correlations						
		Employee Performance	Involvement	Consistency	Adaptability	Mission
Pearson Correlation	Employee Performance	1.000	.899	.884	.401	.911
	Involvement	.899	1.000	.980	.935	.963
	Consistency	.884	.980	1.000	.955	.983
	Adaptability	.401	.935	.955	1.000	.968
	Mission	.911	.963	.983	.968	1.000
Sig. (1-tailed)	Employee Performance	.	.000	.000	.000	.000
	Involvement	.000	.	.000	.000	.000
	Consistency	.000	.000	.	.000	.000
	Adaptability	.000	.000	.000	.	.000
	Mission	.000	.000	.000	.000	.
N	Employee Performance	150	150	150	150	150
	Involvement	150	150	150	150	150
	Consistency	150	150	150	150	150
	Adaptability	150	150	150	150	150
	Mission	150	150	150	150	150

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

* . Correlation is significant at the 0.05 level (2-tailed).

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.938 ^a	.880	.877	.304	.536

a. Predictors: (Constant), Mission, Involvement, Adaptability, Consistency

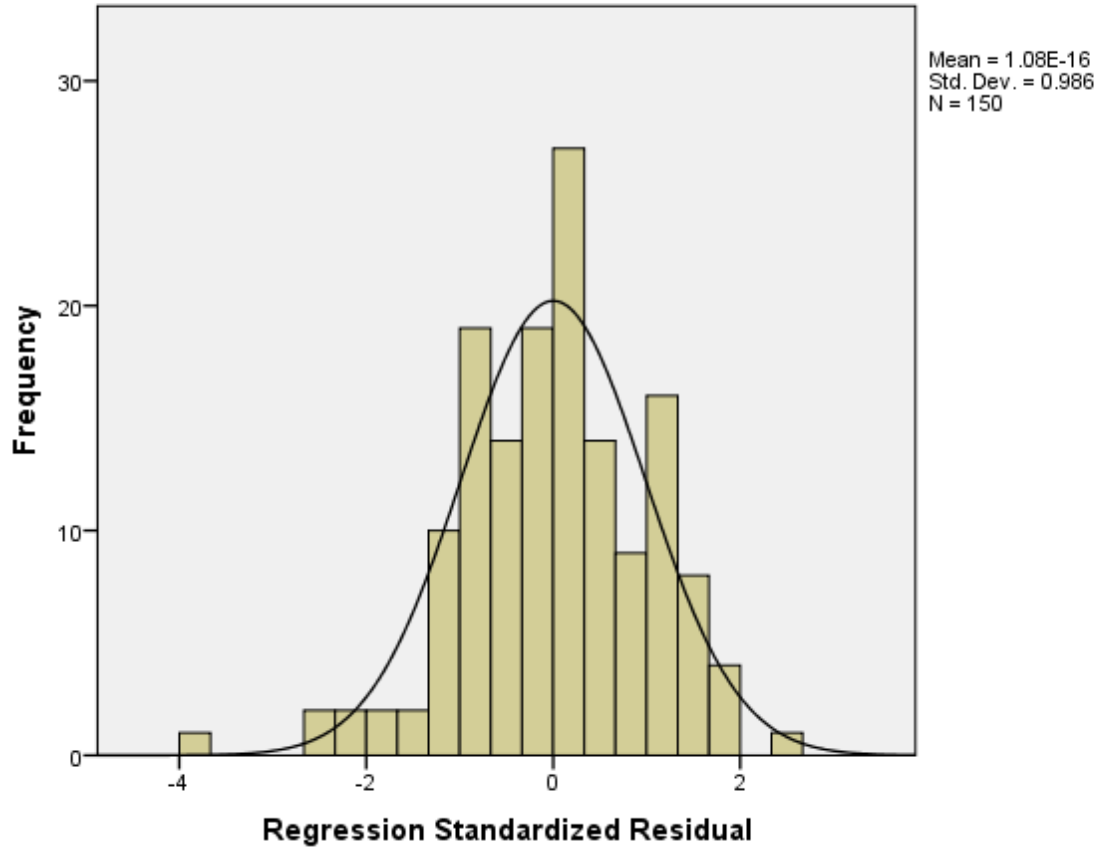
b. Dependent Variable: Employee Performance

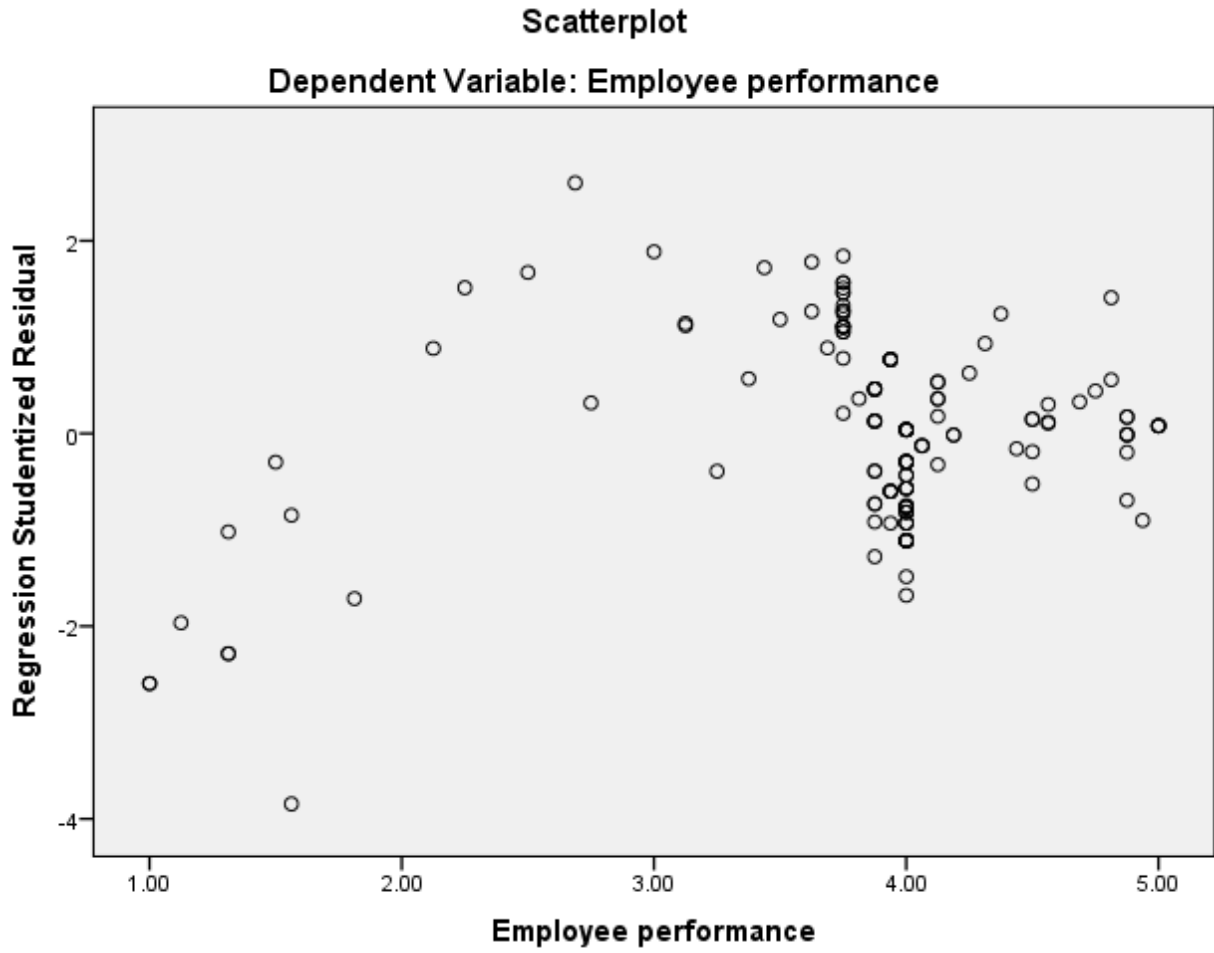
Coefficients^a						
Unstandardized Coefficients				Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.	
1	(Constant)	.553	.109		5.071	.000
	Involvement	.704	.125	.823	5.653	.000
	Consistency	.676	.199	1.008	1.778	.004
	Adaptability	-.046	.123	-.031	-.402	.000
	Mission	1.599	.171	1.712	9.3	.000

a. Dependent Variable: Employee Performance

Histogram

Dependent Variable: Employee performance





Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Employee performance

