

**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE  
DEPARTMENT OF HUMAN RESOURCE MANAGEMENT  
GRADUATE PROGRAM UNIT**



**THE EFFECT OF ORGANIZATIONAL CULTURE ON EMPLOYEE  
PERFORMANCE  
THE CASE OF JOHN SNOW INCORPORATED (JSI) RESEARCH AND  
TRAINING INSTITUTE, INC.**

**THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY SCHOOL OF  
COMMERCE IN PARTIAL FULFILLMENT FOR THE AWARD OF  
MASTER OF ARTS (MA) IN HUMAN RESOURCE MANAGEMENT**

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**MAY, 2017**

**ADDIS ABABA, ETHIOPIA**

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## **DECLARATION**

I, Bethelhem H/Gebriel Abrae, hereby declare that the thesis work entitled “The Effect of Organizational Culture on Employee Performance: The Case of JSI Research and Training Institute, Inc.” submitted in partial fulfillment of the requirements for Master of Arts (MA) in Human Resource Management to Addis Ababa University School of Commerce, is the outcome of my own effort and that all sources of materials used for the study have been duly acknowledged.

This study has not been submitted for any degree in this University or any other University.

Name: Bethelhem H/Gebriel Abare

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Date: \_\_\_\_\_

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## **STATEMENT OF CERTIFICATION**

This is to certify that Bethelhem H/Gebriel Abrae’s research work on the topic entitled “The Effect of Organizational Culture on Employee Performance: The Case of John Snow Research and Training Institute, Inc.” is her original work and suitable for submission for the award of Masters Degree in Human Resource Management.

This project paper has been submitted for examination with my approval as a university advisor.

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Wubshet Bekalu (Ph.D)

(Advisor)

May, 2017

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**BY**

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## **Acknowledgements**

I would like to thank my almighty God for helping me in all the process of my study until its completion.

Special thanks goes to my advisor Dr. Wubshet Bekalu, who supported and guided me in the whole process from the initial stage of writing the first draft of the proposal and finally to the completion and submission of the report. The assistance I have received from the School of Commerce staff is immense and very helpful towards the successful completion of my study and it is highly appreciated.

My heart-felt thanks should also go to all JSI Research and Training Institute, Inc. employees who gave their valuable time to comments on my thesis work and fill in the questionnaires. Without their support, I would not have been able to pursue this study.

My family, especially my parents, my great husband- Getaneh and my children (Nathan, Bement, Abigaël and Barok) have enormous role in supporting and inspiring me throughout this process.

Thank you and God bless you all!

Bethlehem H/Gabriel

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## LIST OF ACRONYMS

**GoE**- Government of Ethiopia

**HEP**-Health Extension program

**JSI**- John Snow Incorporated

**MDG**- Millennium Development Goals

**OC**- Organizational Culture

**PHCU**-Primary Health Care Unit

**RMNCH**- Reproductive, Maternal, Newborn and Child Health

**UNICEF**-United Nations International Children's Emergency Fund

**USAID**- United States Agency for International Development

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### **Abstract**

*This research paper discussed the effect of organizational culture on employees' performance in case of JSI Research and Training Institute, Inc., one of the international non-government organizations, Ethiopia. It views organizational culture as 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. The aim of this study is to assess and examine the effect of organizational culture on employee performance in John Snow (JSI) Research and Training Institute, Inc. The conceptual framework is designed, taking organizational culture as independent variables and employee performance as dependent variable. The thesis adopts explanatory research with quantitative research approach. The organizational culture questionnaire was adopted from Denison (1990) and the employee performance questionnaire was adopted from Onyango (2014). Prior pilot test was conducted and validity and reliability of the questionnaire was determined before data collection. The study took 120 target population with response rate of 105 respondents. Both inferential and descriptive analysis are used to see the relationship and effect of independent variables on dependent variable. Based on the analysis, there is a positive and significant relationship between the three variables of organizational culture (mission, consistency and involvement culture) and employee performance. Based on the research findings and research conclusions, major recommendations were offered for possible consideration by JSI Research and Training Institute, Inc. which are mostly related to capability development, performance management system and coordination and integration.*

**Key words: Organizational culture, Employee performance, Addis Ababa, Ethiopia**

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Management of human resource in an organization has become an increasingly important factor for organization performance and business vision achievement. For this, employees are valuable resources of an organization and the success or failure of the organization depends on employee performance which positively or negatively affects organization's performance at large and its sustainable competitive advantage. Without human presence, it is impossible for an organization to achieve its intended objectives. Human resources are the only inexhaustible resource of creativity, new ideas, original and valuable solutions. The ability of an organization to use its human capital as a core competency depends at least in part on the organizational culture that is operating (Florea et al, 2011).

One of the main components in recent human resources management is to understand the concept, application, and principles of the organizational culture and its associated elements. Different studies show the relationship of organizational culture with employee performance, job satisfaction, employee commitment and motivation, organizational performance, creativity, and many more. This study will aim to explain the relationship of organizational culture with employee performance as the performance of employees occupies an important place in the functions of human resources management.

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).

People are constantly surrounded by culture, usually invisible that forms the background of their work lives in organizations. Organizational culture provides a powerful mechanism for controlling behavior by influencing how we view the world around us. Organizations do not exist in a vacuum but in a specific culture or socio-cultural environment that influence the way their employees think,

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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).

According to (Cascio, 2006) performance is the degree of an achievement to which an employee's fulfill the organizational mission at workplace. Other author (Daft, 2000) defines employee's performance as a means to measure the ability of employees to attain goals either personal or organizational by using resources efficiently and effectively.

As organizational culture and employee performance are defined in various ways as it is indicated 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 & Slocum (2009) contend that organizational culture can enhance employees' performance if what sustains it can be understood. Thus, the culture of an organization acquaints employees with the firm's history as well as current methods of operation that guide employees on expected and acceptable future organizational behaviors and norms. From numerous "culture surveys" it has been claimed that employee performance can be improved by developing and creating certain kinds of organizational cultures (Sackman and Bertelsman, 2006; Denison, 1990).

## **1.2 Background of the Organization**

JSI Research & Training Institute, Inc., is a public health management consulting and research organization dedicated to improving the health of individuals and communities throughout the world. Its mission is to improve the health of underserved people and communities and to provide a place where people of passion and commitment can pursue this cause. JSI operates in different parts of the world. In Ethiopia, JSI Research and Training Institute, Inc. has partnered with the Government of Ethiopia (GoE) at federal, regional, and woreda levels to contribute to improvements in health outcomes since 1994. With funding from the Bill & Melinda Gates Foundations, UNICEF and USAID, JSI works closely with the Ethiopia Government to implement

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innovative strategies to engage local communities to Reproductive, maternal, newborn and child health (RMNCH) interventions. The primary goal of JSI is to enhance the interactions between households, communities, and the Health Extension program (HEP), including the Primary Health Care Unit( PHCU), and to test community-based strategies for learning and evidence-based scale-up. In so doing, JSI contributes toward sustained improvements in Reproductive, Maternal, Newborn and Child Health outcomes and ultimately toward achieving the maternal and child health MDGs. At different points in time, JSI covers a total of 201 woredas in the four most populated regions of Ethiopia (Amhara, Tigray, Oromia, and Southern Nations, Nationalities and Peoples' regions) and some intervention areas in Afar region.

JSI works to ensure optimum coverage of high impact RMNCH interventions and thus contribute towards reducing maternal, new born, and child mortality targets. Furthermore, JSI works towards improving health status of households and communities by focusing on:

- Generating, shaping, and sustaining demand through increased use of RMNCH services and increased health care seeking behaviors.
- Implementing quality assurance and quality improvement approaches through community engagement.
- Measuring, learning, evaluating, and disseminating experiences to provide evidence for global RMNCH strategies and policies.

Currently, JSI has a total of 145 employees scattered in six different offices in Ethiopia.

### **1.3 Statement of the Problem**

Many organizations today put more efforts on the focus of only intrinsic and extrinsic reward systems to enhance employee performance, giving less concern on the traditional cultural activities. According to Kandula (2006), the key to good employee performance is a strong culture within the organization. He further maintains that due to 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. Ahmed (2012) confirmed that organizational culture has an active and direct role in performance management. However, organization culture has received relatively low levels of empirical investigation among the possible antecedents of employee performance

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(Lok & Crawford, 2004). Although empirical research has been carried out, there has been little evidence to prove the effect of organization culture on employee performance (Mckinono et al. 2003). In a study of Hong Kong and Australian managers, Lok and Crawford (2004) found a positive effect of organization culture on employee performance. Zain et al. (2009) examined the effect of four dimensions of organization culture namely teamwork, communication, reward and recognition, and training and development on employee performance and found that all the four dimensions of organization culture were important determinants of performance. Njugi & Nickson (2014) found in their study that was done at World Vision Kenya, organization culture has a great influence on performance as it dictates how things are done, organization's philosophy, work environment, performance targets, and organizations stability. However, Lahiry (1994), indicated a weak association between organization culture and performance.

It is because of these mixed results that give room for more research to be done on the association between organizational culture and performances by employees. According to Ojo (2008) despite the studies on organizational culture in the last few decades, the empirical evidences emerging from various studies about the effect of organizational culture on performance have so far yielded mixed results. He further states that researchers concur on the fact that there is no agreement on the precise nature of the relationship between organizational culture and performance.

As the nature and context are different from organization to organization and country to country, the relationship of organizational culture and employee performance is worth to investigate for specific organization like JSI Research and Training Institute, Inc. in order to meet its intended objectives and gain competitive advantage. Several researchers have described organizational culture and employee performance from other wider dimensions in other countries such as Nigeria, India and USA. However, a lot has not been done to establish the specific culture related factors that affect employee performance. Organization culture research has not been effectively done in developing countries hence there exists a major gap in relevant literature of a country like Ethiopia. This research intends to bridge this available gap by identifying the actual effect of culture in an organization to the employees' performance.

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JSI Research and Training Institute, Inc. undertook quality improvement assessment of 16 randomly selected staff in August 2016 and the finding showed gaps in informality and inconsistency of communication, lack of clarity of communication line, limited consultation and feedback, inconsistency in support, and lack of formal decision making process etc. As the above identified gaps are part of the organizational culture, it will be relevant to diagnose JSI's organizational culture based on these factors and other perspectives. This will help the organization to understand its own dynamic culture and assist the management team to capitalize on the insights to be gained by the cultural perspectives hence allowing to yield greater control over the organization. This will enhance and foster many organizational parts including but not limited to effective and efficient organizational performance, employee performance, job satisfaction, employee motivation, and other human resources practices.

In addition, as per the discussion which was held among selected JSI's staff, there are positive improvements towards the organizational culture like the staff effort and dedication to accomplish the overall mission and objectives because of the existence of the social bondage which contributes to the work dynamics. Moreover, the staff consider the organization as having an environment which encourages creativity and innovation. However, there are gaps in leadership style that are manifested at different times. The staff engagement is very informal and the growth of staff's engagement doesn't align with the organization growth and the organization doesn't nurture the organizational culture through time.

#### **1.4 Research Questions**

Many factors influence people in organizations, but not all are considered when trying to understand the behavior of people at work, the most frequently overlooked factor is the effect of organizational culture on employees' performance; hence the research will focus on the following research questions:

1. What are the dimensions of organizational culture as well as employee performance in JSI Research and Training Institute, Inc.?
2. What is the level of employee performance in John Snow (JSI) Research and Training Institute, Inc.?

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3. What is the relationship between perception on organizational culture dimensions and employee performance in JSI Research and Training Institute, Inc.?
  4. What are the cultural dimensions with significant effect on employee performance in JSI Research and Training Institute, Inc.?

## **1.5 Research Objectives**

### **1.5.1 General Objective**

The aim of this study is to assess and examine the effect of organizational culture on employee performance in John Snow (JSI) Research and Training Institute, Inc.

### **1.5.2 Specific Objective**

The study has the following specific objectives:

1. To identify the main components of organizational culture and employee performance in JSI Research and Training Institute, Inc.
2. To examine the level of employee performance in JSI Research and Training Institute, Inc.
3. To examine the relationship between perception on cultural dimensions and employee performance.
4. To examine the effect of organizational culture on employee performance.
5. To determine the cultural dimensions based on Denison model with significant effect on employee performance in JSI Research and Training Institute, Inc.

## **1.6 Significance of the Study**

This study has a great advantage for different parties on showing the effect of organizational culture on employee performance towards the attainment of organizational goals. First and for most the findings are anticipated to provide concrete information to the senior leaders about the effect of organizational culture on employee performance in the context of JSI Research and Training Institute, Inc. The research outcome is expected to benefits the management of the organization to direct their attention as it will highlight organization's current position in terms of organizational culture and employee performance.

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As a second significance, the study will also help similar organizations that operate in the same industry to get a glimpse of information on organizational culture which is related to employee performance. Lastly, this research enhances the researcher's knowledge of how the organizational culture affects employee performance and suggests what should be done to improve it. Furthermore, the research will contribute towards the advancement of theoretical knowledge and serves as a preliminary basis and reference material for future studies.

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

The research will focus on one of the non-governmental international organizations with specific reference to JSI Research and Training Institute, Inc. in Ethiopia which has an aim to explain the relationship between organizational culture and employee performance. 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. Therefore, the researcher will only focus on selected organizational culture dimensions focusing on mission culture, involvement, and consistency culture.

There is also a methodological scope in target population. In this study, the whole target population is taken. However, with one exclusion criteria from the population, non-clerical staff are excluded from the study for the fact that they might have limited understanding about the organizational culture, its relationship and effect on employee performance due to the complexity of the subject matter.

### **1.8 Limitation of the Study**

There will be few difficulties to complete this research; one of the limitation is the field of organizational culture and its effect in an organization has emerged in past recent decades, hence in-depth case studies, journal articles and text books pertaining to organizational culture are not sufficient. Therefore, the researcher used available resources to develop lucrative and concrete review of related literature from library and websites. This study will also be limited to one organization and hence may not entirely represent the different cultures in different industries.

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## 1.9 Operational Definition of Terms

- **Culture:** is a way of life of a group of people-the behaviors, beliefs, values, and symbols that they accept, generally without thinking about them, and that are passed along by communication and imitation from one generation to the next.
- **Employee:** An individual who works part-time or full-time under a contract of employment, whether oral or written, express or implied, and has recognized rights and duties.
- **Performance:** Performance is deemed to be the fulfillment of responsibility and an obligation, in a manner that releases the performer from all liabilities under the contract.
- **Organization:** A social unit of people that is structured and managed to meet a need or to pursue collective goals. All organizations have a management structure that determines relationships between the different activities and the members, and subdivides and assigns roles, responsibilities, and authority to carry out different tasks. Organizations are open systems-they affect and are affected by their environment.

## 1.10 Organization of the Study

This research paper will consist of five chapters. The content of each chapter is summarized as follows:

**Chapter 1** of the study will present background of the study, background of the organization, statement of the problem, research questions, research objective, significance of the study, scope of the study, limitation of the study, definition of terms, and organization of the study.

**Chapter 2** of the study is composed of related literature review on organizational culture and employee performance with its relationship and effect. In addition, it includes empirical review made on previous studies on organizational culture on employee performance and conceptual framework.

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**Chapter 3** deals with the research methodology that is used and it encompasses introduction, descriptions of the study geographic area, research design and approach, target population, data type and data sources, data collection instrument and data analysis.

**Chapter 4** will describe the finding of analysis and interpretation of the study with sub topics introduction, response rate, demographic presentation, analysis on the three types of organizational culture, employee performance, and the interpretation on the relationship of organizational culture and employee performance.

**Chapter 5** will highlight the implications based on the results; it will include summary of major findings, conclusions, recommendations and finally suggestion for further research.

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## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Theoretical Review**

This chapter starts with the concepts and definitions of organizational culture and the theoretical review of its importance, characteristics of organizational culture, models of organizational culture, changing organizational culture, functions of organizational culture, the elements of organizational culture, creating and maintaining organizational culture, communicating organizational culture, and employee performance. The chapter continues with the empirical review of different researchers' works regarding the relationship and effect of organizational culture on employee performance and then followed by the conceptual framework.

##### **2.1.1 Organizational Culture**

In general terms, 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. 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' (Meyerson and Martin, 1987).

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

- Spencer(2008) defined culture as fuzzy set of basic assumptions and values, orientations to life, beliefs, policies, procedures, and behavioral conventions that are shared by a group of people, and that influence (but do not determine) each member's behavior and his/her interpretations of the 'meaning' of other people's behavior.
- Culture is a set of customs, values, norms, and beliefs that influence on an organization (Khorshidi, 2008).

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- According to Martins and Terblanche (2003), culture is deeply associated with values and beliefs shared by personnel in an organization.

Culture is also defined from the perspective of organizational side. Organizational culture comprises the unwritten customs, behaviours, and beliefs that determine the “rules of the game” for decision making, structure and power. It is based on the shared history and traditions of the organization combined with the current leadership values. In effect, culture dictates the way we do business and the organizational survival tactics that facilitates assimilation and personal success (Dave H. and Jeanne Ulrich, 2010).

Organizational Culture is the pattern of shared basic assumptions that is learned by a group as it solved its problems of external adaptation and internal integration (Schein 2004). These assumptions are said to be maintained in the continuous process of human interaction (attitudes and behavior) as the right way in which things are done. Zhang (2010) also describes organizational culture as a model, composed by some basic assumptions; and the assumptions are found and created gradually by a certain group in the process of exploring the method of adapting to external environment and solving internal interconnected system. Internal integration is the socialization of new members in the organizations, creating the new boundaries of the organization and the feeling of identity among personnel and commitment to the organization (Martins and Terblanche, 2003). External adaptation is also said to be creation of competitive edge, making sense of environment in terms of acceptable behavior and social system stability. The definitions by Schein (2004) and Zhang (2010) offer both deeper basic assumption and faith that is shared by organizational members in explaining the purpose; and the environment of organization itself. Also, the affirmations focus on internal integration and external adaptation of organizations which are the organizational culture attributes that define the performance of organizations. It is thus admittable that organizational culture is paramount to organizational success (Twati and Gammack, 2006).

Other author defines organizational culture as a system of shared meaning held by members that distinguishes the organization from other organizations. Seven primary characteristics seem to capture the essence of an organization’s culture: Innovation and risk taking, attention to details,

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outcome orientation, people orientation, team orientation, aggressiveness and stability (Robbins and Timothy, 2013).

Ravasi and Schultz (2006) wrote that organizational culture is a set of shared assumptions that guide what happens in organizations by defining appropriate behaviour for various situations. It is also the pattern of such collective behaviours and assumptions that are taught to new organizational members as a way of perceiving and, even, thinking and feeling.

According to Needle (2004), organizational culture represents the collective values, beliefs and principles of organizational members and is a product of such factors as history, product, market, technology, strategy, type of employees, management style, and national culture; culture includes the organization's vision, values, norms, systems, symbols, language, assumptions, beliefs, and habits.

As it can be seen from the above definitions, there are some commonalities between and it can be assumed that organizational culture comprises of some sort of values, beliefs, and attitudes that are held by individuals and the organization.

### **2.1.2 The Importance of Organizational Culture**

The importance of organizational culture are numerous, focusing on each and every employees. To mention some of the benefits-the culture decides the way employees interact at their workplace and promote a healthy relationship and competition at the workplace. The culture of an organization represents certain predefined policies which guide the employees and give them a sense of direction at the workplace and create a brand image of the organization. In addition, the organization culture brings all the employees on a common platform and it unites the employees who are otherwise from different backgrounds.

Mullins (1999) attests that ‘‘culture helps to account for variations among organizations and managers, both nationally and internationally. Culture helps to explain why different groups of people perceive things in their own way and perform things differently from other groups. Culture

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can help reduce complexity and uncertainty. It provides a consistency in outlook and values, and makes possible the process of decision-making, coordination and control.

Saiyadin (2003) explains that culture has the following importance:-

- Culture supplements rational management: creation of work culture is a time consuming process. Therefore, organization culture cannot suddenly change the behaviour of people in an organization. Culture communicates to people through symbols, values, physical settings, and language, and, thereby supplements the rational management tools such as technology and structure;
- Culture facilitates induction and socialization: Induction is a process through which new entrants to an organization are socialized and indoctrinated in the expectations of the organization.
- Culture promotes a code of conduct: a strong culture in an organization explicitly communicates modes of behaviour so that people are conscious that certain behaviours are expected and others would never be visible. The presence of a strong culture would be evident where members share a set of beliefs, values, and assumptions which would influence their behaviour in an invisible way.
- Sub-culture contribute to organizational diversity: sub-culture, and sub-systems of values and assumptions, which may be based on departmentalization, activity centres, or geographical locations, provide meaning to the interests of localized, specific groups of people within the macro organization.

Schein (2004) suggests that organizational culture is even more important today than it was in the past. Increased competitions, globalization, mergers, acquisitions, alliance and various workforce developments have created a greater need for:

- Coordination and integration across organization units in order to improve efficiency, quality, and speed of designing, manufacturing and delivery products and services.
- An effective control mechanisms dictating employees behaviour. Culture is more powerful way of controlling and managing employee behaviours than organizational rules and regulations.
- Product and strategy innovation.

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- Process innovation and the ability to successfully introduce new technologies and products and services.
  - Effective management of dispersed work units and increase workforce diversity.
  - Cross cultural management of global enterprises and multinational partnerships.
  - Facilitation and support of team work.

### **2.1.3 Characteristics of Organizational Culture**

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

- Norms are measured by things like the amount of work done and the level of cooperation between management and employees of the organisation.
- Clearly rules are defined for employee's behaviour associated with productivity, intergroup cooperation and customer relationship.
- Observed behavioural regularities, as illustrated 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.

### **2.1.4 Models of Organizational Culture**

While there is no single "type" of organizational culture and cultures can vary widely from one organization to the next, commonalities do exist. And several models by researchers have been proposed till to date explaining the organization culture and some researchers have developed models to describe different indicators and dimensions of organizational cultures. The prominent scholars exploring organizations culture are as follow:

#### **2.1.4.1 Edgar Schein's Model of Organizational Culture**

Schein (2004) believed that there are three levels in an organization culture and his model focuses on artifacts, values, and assumptions.

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- A. **Artefacts:** The first level is the characteristics of the organization which can be easily viewed, heard and felt by individuals collectively known as artefacts. The dress code of the employees, office furniture, facilities, behaviour of the employees, mission and vision of the organization all come under artefacts and go a long way in deciding the culture of the workplace. And this aspect of the organizational culture is the simplest perspective on culture which is provided by the tangible artefacts that reveal specific cultural predispositions.
  - B. **Values:** The next level according to this model which constitute the organization culture is the values of the employees and rules of behaviour. The values of the individuals working in the organization play an important role in deciding the organization culture. The thought process and attitude of employees have deep impact on the culture of any particular organization. The mind-set of the individual associated with any particular organization influences the culture of the workplace. Values pertain largely to the ethics embedded in an organization.
  - C. **Assumed Values:** The third level is the assumed values of the employees which can't be measured but do make a difference to the culture of the organization. There are certain beliefs and facts which stay hidden but do affect the culture of the organization. The inner aspects of human nature come under the third level of organization culture. The organizations follow certain practices which are not discussed often but understood on their own and much more difficult to deduce through observation alone. These are tacit assumptions that infect the way in which communication occurs and individuals behave. They are often unconscious, yet hugely important.

According to Schein (1992), understanding the organization's culture may start from observing its artefacts: its physical environment, employee interactions, company policies, reward systems, and other observable characteristics. However, simply looking at these tangible aspects is unlikely to give a full picture of the organization, since an important chunk of what makes up culture exists below one's degree of awareness. The values and deeper, the assumptions that shape the organization's culture can be uncovered by observing how employees interact and the choices they make, as well as by inquiring about their beliefs and perceptions regarding what is right and appropriate behaviour.

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#### 2.1.4.2 Robert A Cooke's Model of Organizational Culture

According to Cooke (1987), the culture of an organization is the way employees behave at the workplace to ensure stable future and growth. And he proposed the following three types of culture in the organization:

**A. Constructive Culture:** there are certain organizations which encourage healthy interaction amongst the employees. The individuals have the liberty to share their ideas, exchange information and discuss things to come to an innovative solution beneficial to all. Conflicts arise when employees feel neglected and are not allowed to speak their minds. A constructive culture encourages discussions, exchange of ideas amongst employees, motivates the employees and eventually extracts the best out of them. The key features of a constructive culture are:

- **Achievement:** A constructive culture helps the employees to achieve the targets within the stipulated time frame.
- **Self-Actualizing:** In this kind of culture, an employee stays motivated and realizes full potential.
- **Encouragement:** A constructive culture encourages employees to deliver their level best and strive hard for furthering the image of the organization.
- **Affiliative:** The employees avoid conflicts and unnecessary disputes and promote a positive ambience at the workplace.

**B. Passive Culture:** in a passive culture, the employees behave in a way contrary to the way they feel is correct and should be the ideal way and the main motive of the employee is to please the superiors and make his/her position safe and secure in the organization. In such a culture, employees unhappily adhere to the guidelines and follow the rules and regulations just to save their job. The characteristics of a passive culture are:

- **Approval:** In such a culture employees can't take decisions on their own. They need to take their supervisor's approval before implementing any idea.
- **Conventional:** Employees are bound by rules and regulations of the organization and act according to the prescribed standards only.
- **Dependent:** In such a culture, the performance of the employees is dependent on the superior's decisions and they blindly follow their boss's orders.

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- **Avoidance:** Employees tend to avoid their own personal interests, satisfaction and simply act according to the company's policies.
- C. Aggressive Culture:** organizations following an aggressive culture promote competition amongst the employees. They encourage the employees to compete against each other so that each one performs better than his fellow worker. In such a culture, employees seeking their colleague's assistance are often called as incompetent employees. Every individual vies for power, attention and strive hard to win appreciation. The key features of such a culture are opposition, power, perfectionist and competitive.

#### **2.1.4.3 Hofstede's Model of Organizational Culture**

Another author, Hofstede (1980) organization culture refers to the various ideologies, beliefs and practices of an organization which make it different from others. The culture of any workplace decides how employees would behave with each other or with the external parties and also decide their involvement in productive tasks. Accordingly, there are majorly six factors which influence the culture of the workplace.

- A. Power Distance Orientation:** power distance refers to the differences in the work culture as per the power delegated to the employees. There are some organizations which believe in appointing team leaders or team managers who are responsible for their respective teams and have the challenge of extracting the best out of the members. The team members also have to respect their team leaders and work as per their orders and advice. However in some organizations, every employee is accountable for his own performance. No special person is assigned to take charge of the employees. The individuals are answerable to none except for themselves. Every employee gets an equal treatment from the management and has to take ownership of his /her own work.
- B. Masculinity vs. Femininity:** this refers to the effect of differences in male and female values on the culture of the organization. Organizations where male employees dominate their female counterparts will follow different policies as compared to organizations where females have a major say in the decision making process of the organization. Male employees would be more aggressive as compared to the females who would be more caring and soft-hearted. The responsibilities also vary as per the sex of the employees.

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- C. Individualism Vs Collectivism:** It could be described as the degree to which an organization integrates a group mentality and promotes a strong sense of community (as opposed to independence) within the organization. There are some organizations which strongly rely on team work. Here individuals with a common interest come together and work as a team. These organizations believe that the output is always more when individuals exchange their ideas, discuss things among themselves to come out with innovative ideas. In such a scenario the employees share a healthy relationship and take each other's help when required.
- D. Uncertainty Avoidance Index:** uncertainty avoidance describes an organization's comfort level with risk-taking. As risk and return are largely correlative in the business environment, it is particularly important for organizations to instill a consistent level of comfort with taking risks. Uncertainty avoidance index refers to a culture where employees know how to respond to unusual and unforeseen circumstances. It deals with the tolerance level of the employees in both comfortable and uncomfortable situations.
- E. Long Term Orientation:** this is the degree to which an organization or culture plans pragmatically for the future or attempts to create short-term gains. There are some organizations which focus on long term relationship with the employees. In such organizations people have a steady approach and strive hard to live up to the expectations of the management. Employees get attached to the organization and do not look at short term objectives. On the contrary, some organizations have employees who are more concerned with their position and image. They follow a culture where people move on in a short span of time and nothing is done to retain them. The employees are concerned only with their profits and targets and leave as and when they get a better opportunity.
- F. Tolerance vs. Restraint:** this pertains to the amount (and ease) of spending and fulfillment of needs. For example, a restrained culture may have strict rules and regulations for tapping company resources.

#### **2.1.4.4 Daniel Denison's Model of Organizational Culture**

Denison (1990) asserts that organizational culture can be described by four general dimensions – Mission, Adaptability, Involvement, and Consistency. Each of these dimensions is further described by the following three sub-dimensions:

Mission: Do we know where we are going?

- **Strategic Direction and Intent, Goals and Objectives and Vision.**

Adaptability: Are we responding to the marketplace/external environment?

- **Creating Change, Customer Focus and Organizational Learning.**

Involvement: Are our people aligned and engaged?

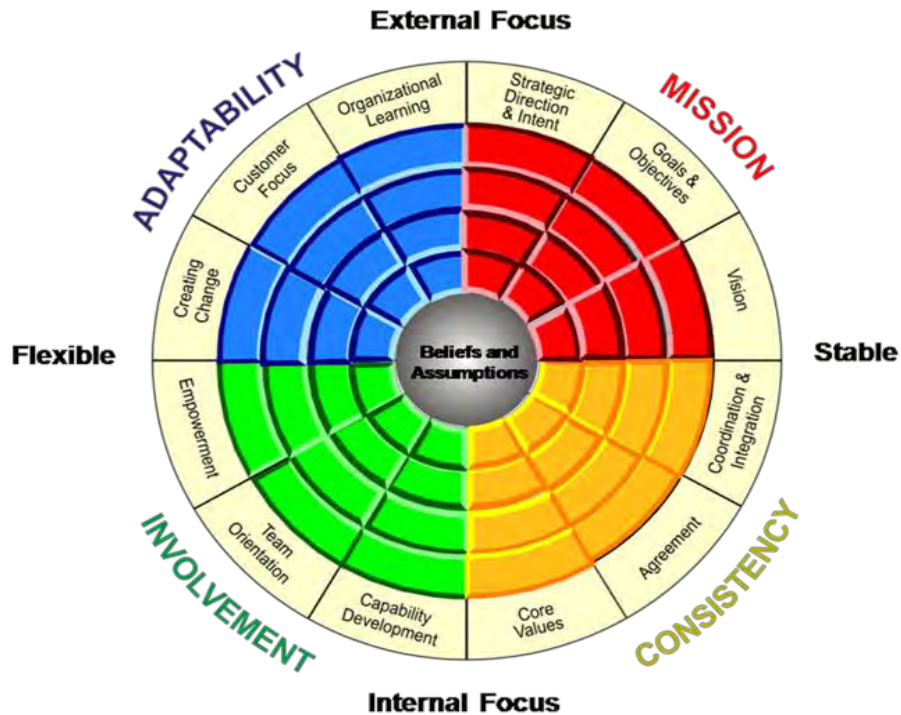
- **Empowerment, Team Orientation and Capability Development.**

Consistency: Do we have the values, systems and processes in place to create leverage?

- **Core Values, Agreement, Coordination/Integration.**

Denison's model also allows cultures to be described broadly as externally or internally focused as well as flexible versus stable. Denison's model is illustrated in the diagram below.

**Figure 2.1 - Denison Culture Model**



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

The model has been typically used to diagnose cultural problems in organizations and it is the one we shall adopt in this study as a tool for measuring organizational culture. In the case of this study, I will focus only on three of these dimensions, i.e involvement, mission, and consistency culture.

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The reason for selecting the three dimensions are the fact that they have been identified to have effect on employee performance and by extension organizational performance, following a series of empirically tested studies conducted over a fifteen years period, on over one thousand organizations and forty thousand respondents, in different parts of America and Europe (Denison, Janovics, Young and Cho, 2006). The adaptability dimension was left out because it was found out that a good number of elements that can be measured in adaptability could also be measured using the organization's level of consistency. Adaptable organizations translate the demands of the organizational environment into action.

Furthermore, it was found that the dimension of adaptability overlaps with the dimension of the organization's mission. McNeen (2010) notes that the response to changes in the external environment such as emerging opportunities and threats are reflected in the organization's vision, mission, objectives and core strategies.

Involvement is the rate of participation and initiative of all the employees in an organization (Macleod and Brady, 2008). Research literature has shown that effective organizations empower and engage their people, build their organization around teams, and develop human capability at all levels (Denison, et al 2006). Employees at all levels of the organization feel that they have at least some input into decisions that will affect their work and feel that their work is directly connected to the goals of the organization (Kurstedt and Mallak, 1996). This allows high involvement organizations to rely on informal, voluntary and implicit control systems, rather than formal, explicit, bureaucratic control systems. Denison, et al (2006) measure this trait with three indexes: The first is empowerment, where individuals have the authority and ability to manage their own work. This creates a sense of ownership and responsibility towards the organization; the second is team orientation, which places much value on working cooperatively towards common goals for which all employees feel mutually accountable; and the third is capability development, a trait that is evident when the organization continually invests in the development of employees skills in order to remain competitive and meet on-going business needs.

An organizational mission is an organization's reason for existence (Sorensen, 2002). Forest and David (2003) assert that successful organizations have a clear sense of purpose and direction that

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defines organizational goals and strategic objectives and expresses a vision of what the organization will look like in the future, adding that a sense of mission allows an organization to shape current behaviour by envisioning a desired future state. Lee and Yu (2004) believe that being able to internalize and identify with an organization's mission contributes to both short and long-term commitment to the organization. They therefore measured this trait with three indexes as follows: The first index looks at the strategic direction and intent. Here, clear strategic intentions convey the organization's purpose and make it clear on how everyone should contribute towards fulfilment of organization's purpose. The second index analyses the goals and objectives. Here a clear set of goals and objectives highlight the targets the organization so wants to achieve within a given time period. This is then linked to the mission, vision, and strategy and provides everyone with a clear direction in their work. The third index looks at the vision. Here, the organization has a shared view of a desired future state. It embodies core values and captures the hearts and minds of the organization's people, while providing guidance and direction. A clear sense of purpose and direction in an organization, which is what defines organization's goals and strategic objectives, can only be attained if there is consistency in the organization's way of doing things.

Consistency implies the extent to which the values, beliefs and standards of behaviour are acquired and shared among employees in an organization (Denison, 2009). Denison, et al (2006) found out that organizations are effective when they assume a predictable style of doing things for a considerable period of time. Consistent organizations, according to Denison, et al (2006), develop a mind set and create organizational systems that build internal systems of governance based on consensual support. These implicit control systems can be a more effective means of achieving coordination and integration than external-control systems that rely on explicit rules and regulations. Xenikou and Simosi, (2006) measured this trait with three indexes: The first index is the core values where members of the organization share a set of attributes, which create a sense of identity and a clear set of expectations, the second index is agreement where members of the organization are able to reach consensus on critical issues and the third is coordination and integration where different functions and units of the organization are able to work together well to achieve common goals.

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### **2.1.5 Changing Organizational Culture**

The successful functioning of an organization depends on the effort put by each employee. Each individual has to contribute his/her level best to accomplish the tasks within the desired time frame. The culture of the organization is nothing but the outcome of the interaction among the employees working for quite some time. The behaviour of the individual with his fellow workers as well as external parties forms the culture. The management style of dealing with the employees in its own way also contributes to the culture of the organization. Employees working for a considerable amount of time in any particular organization tend to make certain rules and follow some policies as per their convenience and mutual understanding. Such policies and procedures practised by the employees for a long time to make the workplace a happier place form the culture. The culture often gives the employees a sense of direction at the workplace.

Generally speaking, the following are some of the major common reasons for changes in work culture.

- A new management and team leader brings a change in the organization culture. A new employee but obvious would have new ideas, concepts and try his/her level best to implement them. His/her style of working, behaviour and ideologies would definitely bring a change in the work culture.
- Financial loss, bankruptcy, market fluctuations also lead to change in the work culture of the organization. When an organization runs into losses, it fails to give rewards and appraisals to the employees as it used to give earlier.
- Acquiring new clients might cause a change in the work culture. The employees might have to bring about a change in their style of working to meet the expectations of the new clients.
- The employees on their own might realize that they need to bring a change in their attitude, perception and style of working to achieve the targets at a much faster rate. Such self-realization also changes the work culture.

There are different theoretical views on changing or managing organizational culture, which suggest that the process of culture change is complex. O'Reilly (1989) believes that it is possible to change or manage organizational culture by choosing the attitudes and behaviors that are

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required, identifying the norms that promote or impede them, and then taking action to create the desired effect.

In relation to that, Arnold (2005) stated that “culture can be seen as something that can be managed or changed when the existing culture is inappropriate or even detrimental to the organization’s competitive needs”. On the other hand Martins and Martins (2003) states that “changing an organization’s culture is extremely difficult but cultures can be changed”. Thus, Harrison (1993) highlights that although it is possible to change organizational culture, changing the fundamental cultural orientation of an organization has the following drawbacks:

- It is difficult to achieve, requiring deep changes in values and management style and in organization systems, structures, and rewards systems.
- It takes a long time, three to five years or much more.
- It creates turmoil and stress within the organization.
- The effort results in the organization suffering a decrement in performance at first, which often causes the leadership to abandon the effort before it bears fruit.

According to Martins and Martins (2003) organizational culture change can only take place when most or all of the following conditions exist:

- A dramatic crisis: this is the shock that undermines the status quo and calls into question the relevance of the current culture.
- Turnover in leadership: new top leadership which can provide an alternative set of key values may be perceived as more capable of responding to the crisis.
- Young and small organization: the younger the organization, the less entrenched its culture will be and it is easier for management to communicate its new values when the organization is small.
- Weak culture. The more widely held a culture is and the more members agree with its values, the more difficult it will be to change; thus weak cultures are more amenable to change than strong ones.

Culture change may be necessary to reduce employee turnover, influence employee behavior, make improvements to the company, refocus the company objectives and/or rescale the

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organization, provide better customer service, and/or achieve specific company goals and results. Culture change is affected by a number of elements, including the external environment and industry competitors, change in industry standards, technology changes, the size and nature of the workforce, and the organization's history and management.

Prior to a cultural change initiative, a need assessment is needed to identify and understand the current organizational culture. This can be done through employee opinion surveys, interviews, and focus group discussion, observation, and customer surveys where appropriate, and other internal research, to further identify areas that require change. The organization must then assess and clearly identify the new, desired culture, and then design a change process.

Cultural changes require a thorough preplanning like other change management process. Starting from strategic planning, having a dedicated committee to undertake the change management process, top management engagement and having clear process and steps and involvement of key staff members etc. are very important for the success of this change.

### **2.1.6 The Functions of Organizational Culture**

According to Wagre and hollebeck (1998), an organization's culture is thus an informal, shared way of perceiving life and members in the organization that binds members together and influence what they think about themselves and their work. Overall, culture benefits organizations by increasing organizational commitment and the consistency of employee behavior. It also aids employees by reducing ambiguity. In the process of helping to create a mutual understanding of the organization life, organizational culture fulfills five basic functions.

1. It gives members an organizational identity as culture conveys a sense of identity for its members.
2. It facilitates collective commitment. The common purpose that grows out a shared culture tends to elicit strong commitment from all those who accept the culture as their own.
3. It promotes organizational stability. By nurturing a shared sense of their identity and commitment, culture encourages lasting integration and cooperation among the members of an organization.

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4. It also foster social stability as culture is the social glue that helps to hold the organization together by providing appropriate standards for socially acceptable employee behavior.
  5. It shapes behavior by helping members make sense of their surroundings. An organization's culture serves as a sources of shared meanings to explain why things occur the way they do. Culture serves as a control mechanism that guides and shapes the attitudes and behavior of employees.

By performing these five functions, the culture of an organization serves as a sort of social glue that helps reinforce persistent, coordinated behaviors at work. Other author said the main function of organizational culture is to define the way of doing things in order to give meaning to organizational life (Arnold, 2005). Making meaning is an issue of organizational culture, because organizational members need to benefit from the lessons of previous members.

Brown (1998) states the following functions of organizational culture:

- Conflict reduction: A common culture promotes consistency of perception, problem definition, evaluation of issues and opinions, and preferences for action.
- Coordination and control: Largely because culture promotes consistency of outlook it also facilitates organizational processes of coordination and control.
- Reduction of uncertainty: Adopting of the cultural mind frame is an anxiety reducing device which simplifies the world of work, makes choices easier and rational action seem possible.
- Motivation: An appropriate and cohesive culture can offer employees a focus of identification and loyalty, foster beliefs and values that encourage employees to perform.
- Competitive advantage: Strong culture improves the organization's chances of being successful in the marketplace.

The functional definition of organizational culture is quite straightforward. Organizational culture can be defined functionally or pragmatically as a social force that controls patterns of organizational behavior by shaping members' cognitions and perceptions of meanings and

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realities, providing affective energy for mobilization and identifying who belongs and who does not.

### **2.1.7 The Elements of Organizational Culture**

Chatman and Jehn (1994) state that, an organization's culture can provide a sense of identity to its members. The more clearly an organization's shared perception and values are defined, the more strongly people can associate themselves with their organization's mission and feel a vital part of it. Collins and Porras (2008) state that organizational culture refers to a system of shared meaning held by members that distinguish one organization from other organizations. They believe that these shared meanings are a set of key characteristics, and that the organization values and the essence of an organizations culture can be captured in seven primary characteristics. These characteristics are:

- Innovation and risk – taking: the degree to which employees are encouraged to be innovative and take risks;
- 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;
- People orientation: the degree to which management decisions take into consideration the effect of outcomes on people within the organization;
- 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.

Each of these characteristics exists on a continuum from low to high. Appraising the organization on these seven characteristics gives a composite picture of the organizations culture.

**Figure 2.2: Dimensions of Organizational Culture Profile (OCP)**

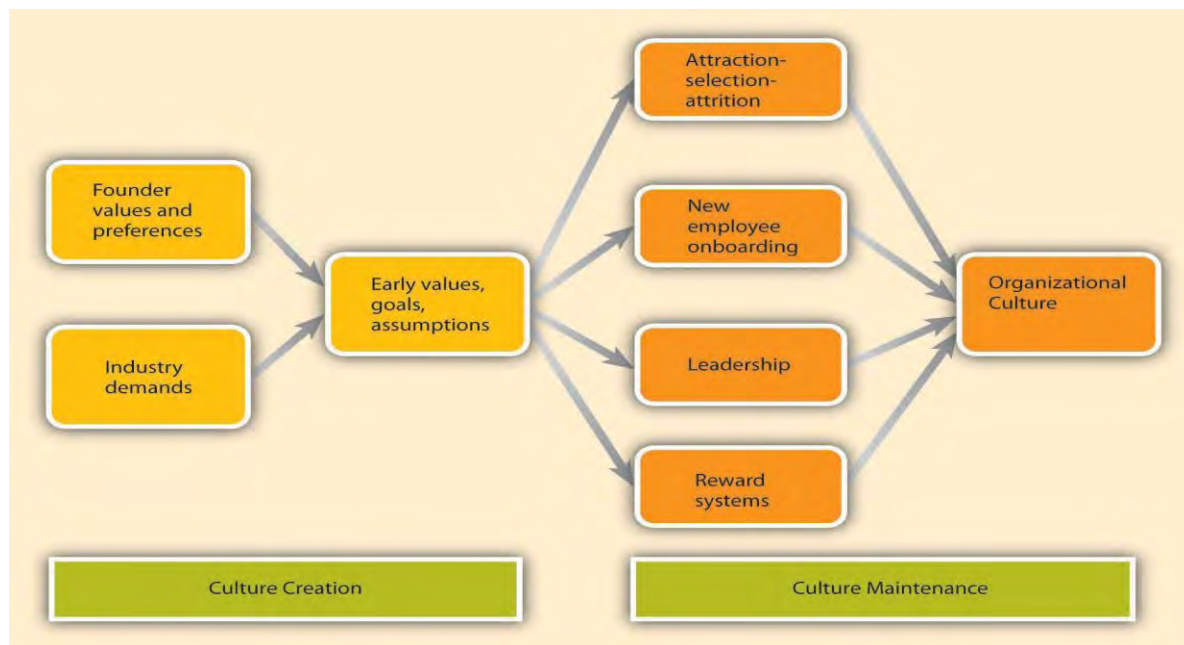


Goldhaber and Barnett (1988) examine the elements of organizational culture: language, values, and behaviors, including organizational rites and rituals, stories, or organizational myths, and legends which often describe an organization’s heroes and villains and extrinsic aspects of culture—the organization’s artifacts. Wager and Hollenbeck (1998) agree with Goldhaber and Barnett (1988) that deep within the culture of every organization is a collection of fundamental norms and values that shape members’ behaviors and helps them to understand the surrounding organization. Fundamental norms and values like these are the ultimate source of the shared perceptions, thoughts, and feelings constituting the culture of an organization.

### **2.1.8 Creating and Maintaining Organizational Culture**

An organization’s culture is shaped as the organization faces external and internal challenges and learns how to deal with them. When the organization’s way of doing business provides a successful adaptation to environmental challenges and ensures success, those values are retained. These values and ways of doing business are taught to new members as the way to do business (Schein, 1992). The factors that are most important in the creation of an organization’s culture include founders’ values, preferences, and industry demands.

**Figure 2.3 Models describing how cultures are created and maintained**



Robbins (2001) emphasized that the founders of an organization have a major impact on that organization's early culture. They have a vision of what the organization should be, and they are unconstrained by previous customs and ideologies. The process of culture creation occurs in three ways:

- First, founders only hire and keep employees who think and feel the way they do;
- Second, they indoctrinate and socialize these employees to their way of thinking and feeling; and
- Finally, the founders own behavior acts as a role model that encourages employees to identify with them and thereby internalize their beliefs, values, and assumptions.

Robbins (2001) further explained that culture is transmitted to employees in a number of forms, the most potent being, stories, rituals, symbols, languages and others.

### **2.1.9 Communicating Organizational Culture**

Goldhaber and Barnett (1988) stated that an organization's culture is communicated in many ways. The most important of these is through the organization's informal interpersonal networks. It is through interactions with long-time members that new recruits are acculturated. This is how they

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learn the language and appropriate behaviors of the group, hear stories and legends, and observe rites and rituals in which its members engage. These interactions make possible nonverbal communication. Members must determine what appropriate dress is, how to arrange one's office, and how much leeway they have in being on time for appointments and in meetings deadlines.

An organization's culture is also communicated through a variety of other channels. Internally, cultural information reaches members through formal or informal written communication, in the form of memos, house-organs, annual reports, statements of corporate philosophy, and official policy messages. The culture of an organization may be communicated by sources external to the organization. Advertisements in the mass media, both print and electronic, provide cultural information. As an organization communicates to the environment, it reveals its values and style to those outside the organization, as well as, to its members. How it conducts its public relations, announcements of new products, or services and speeches by its officers tell the public what it would be like to be part of the organization.

The more frequently these channels communicate these messages, the more the organization acts to reinforce its culture. One result of organizational communication will be less variance in members' perceptions of the organization. There will be greater integration of members' meaning systems, particularly concerning the domain of symbols related to the organization. Overtime, the culture will become more consistent with similar messages about the organization coming from a variety of different sources.

### **2.1.10 Employee Performance**

The word 'performance' can be used to describe different aspects such as societal performance, organizational performance, employee performance, and individual performance etc. In the organizational context, performance is usually defined as the extent to which an organizational member contributes to achieving the goals of the organization. Employee's performance means the ability of employees to attain goals either personal or organizational by using resources efficiently and effectively (Daft, 2000). Employee performance is originally what an employee does or does not and how those activities were executed. It plays an important role for organizational performance.

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Employee performance at the workplace is a major concern for the organizations irrespective of all the factors and conditions. As such, employees are considered very important assets to their organizations (Qureshi and Ramay, 2006). Good performance by employees of an organization leads to a good organizational performance which ultimately makes an organization more successful and effective and the vice versa (Armstrong, 2009).

From Deadrick and Gardner's (1997) points, employee performance could be defined as the record of outcomes achieved, for each job function, during a specified period of time. If viewed in this way, performance is represented as a distribution of outcomes achieved, and performance could be measured by using a variety of parameters which describe an employee's pattern of performance over time. Performance is a main multidimensional build aimed to get results and has a strong link to planned objectives of an organization (Mwita, 2000).

Different studies related to employee performance variables were carried out in the past. A study (Murphy & Kroeker, 1988) defines employee performance as a function of the individual's performances on the specific tasks that comprise standard job descriptions, and declares that it is also affected by variables such as maintaining good interpersonal relations, absenteeism and withdrawal behaviors, substance abuse and other behaviors that increase hazards at the workplace (Murphy, 1989). A study (Befort, 2003) indicates that the essence of job performance relies on the demands of job, the goals and the mission of the organization and the beliefs of the organization about which behavior are mostly valued.

## **2.2 Empirical Review**

This section outlines the result of different researches on the topic ‘‘ the Effect of Organizational Culture on Employee Performance’’ and it is tried to summarize below.

Okechuku (2014) made a study on the ‘‘ Organizational Culture and Employee Performance in the National Agency for Food and Drugs Administration and Control (NAFDAC) in Nigeria’’. It assumes that a positive organizational culture will enhance employee's performance. The three major findings of the research were NAFDAC's organizational culture of decentralization provide employees' with greater intrinsic rewards than other traditional means of governance, there is a

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significant relationship between organizational culture and increased employees' commitment in NAFDAC and the last research result was there is a significant relationship between organizational culture and increased employees' productivity in NAFDAC.

Angela (2006) argues that corporate culture can help drive business results, but it takes a cultural audit to differentiate which elements of the culture can lead to superior performance. The researcher conducted employee engagement surveys that are specifically designed to measure the correlation between employee behaviors and attitudes that define an organization's culture and its financial results. The questions are developed in two categories: behavior defining outcomes with financial value and behaviors and attitudes describing inputs that could affect those outcomes.

Ojo (2009) analyzed and assesses empirically the impact of corporate culture on employee job performance as well as organizational productivity using Nigerian banking industry as the case study. He tried to ascertain if organizational culture affects employee job performance, and to formulate recommendations regarding corporate culture and employee job performance. He came out with the result that majority of the respondents strongly agrees that corporate culture has effect on employee job performance, and that majority of the employees respondents agree that corporate culture has effect determines the productivity level of the organization.

Gordon and DiTomaso (1992) in a follow-up study found the supporting evidence that a strong culture was predictive of short-term company performance. In an attempt to replicate Denison's (1984) study, they also defined cultural strength using the inverse of standard deviations across the scales in their instrument. They then correlated their management surveys of 11 US 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. They therefore postulated that while both a strong culture, and an appropriate culture from the standpoint of content will produce positive results, a combination of both is most powerful. This finding was important as it introduces the concept of fit into culture-performance studies.

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According to Bulach, Lunenburg, & Potter (2012), the effect of organizational culture on employee behavior and performance can be summarized thus:

- First, knowing the culture of an organization allows employees to understand both the organization's history and current methods of operation.
- Second, organizational culture can foster commitment to the organization's philosophy and values.
- Third, organizational culture, through its norms, serves as a control mechanism to channel behaviors toward desired behaviors.
- Finally, certain types of organizational cultures may be related directly to greater effectiveness and productivity than others.

However more recently, it has been suggested that the relationship between organizational culture and employee performance is tenuous (Lim, 1995). Indeed, the growing popularity of the resource-based view of competitive advantage suggests that the degree to which a culture can be theorized to determine a sustainable advantage is dependent upon the value, rarity, limitability and sustainability of the organizational culture.

According to Furnham and Gunter (1993), organizational culture functions as the internal integration and coordination between firms operations and its employees. Internal integration can be described as the societal interaction of new members with the existing ones, creating boundaries of the organization feelings of identity among personals and commitment to the organization. Shared system which forms the basis of communication and mutual understanding in organization is due to its culture and if the organizational culture fails to fulfill these functions at satisfactory level, the culture may have significant negative influence on the efficiency of the employees.

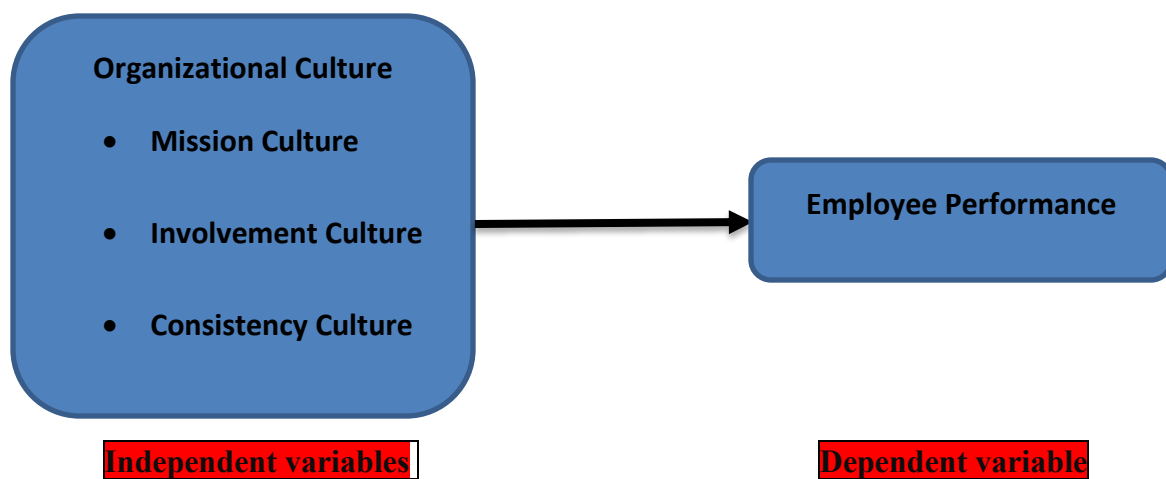
### **2.3 Conceptual Framework**

Though there are different models and frameworks for organizational culture, I preferred to take the Denison's organizational culture model. The reasons for adoption of this model as a conceptual framework are as follows: The basis of the model is that it tests the behavior of group, it is applicable to all of the hierarchy levels from viewpoint of the measuring indices and measurement of organizational culture dimensions, it is a detailed model, the graphical diagram of this model

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indicates clearly the organizational culture characteristics in two dimensions of internal and external centralization and the degree of inflexibility as well as at 12 indicators level. This model has a direct impact on organizational culture and provides a novel framework over the other organizational culture models and lastly the Denison's model has been extensively employed by various organizations in other countries in order to diagnosis organizational culture.

**Figure 2.4 – Conceptual Framework of Organizational Culture and Employee Performance**



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## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

The term methodology is a system of explicit rules and procedures in which research is based and against which claims of knowledge are evaluated (Ojo, 2008). Therefore, this section of the thesis deals with the methodology used in the study, which includes the research design and approach, target population, data types & sources, data collection instruments, ethical considerations, and methods of data analysis.

#### **3.1 Description of the Study and Geographic Area**

This study is concerned with the relationship between organizational culture and employee performance in JSI Research and Training Institute, Inc., Ethiopia. As has already been illustrated, the organizational culture stands out as one of the most important variables for companies' sustainable performance and competitive advantage. To construct the methodology, the paper adopted quantitative approach. First, the study identified the critical aspects of organizational culture and its characteristics which influence employee performance. Through questionnaire, the paper developed the essential cultural theme of the organization and its relationship with employee performance. The study captures the geographic area which focuses on all offices in JSI Research and Training Institute, Inc in Ethiopia i.e. Addis Ababa, Tigray, Afar, Oromia, Amhara and SNNP Regions.

#### **3.2 Research Design and Approach**

A research design is defined by (Mugenda and Mugenda, 1999) as the arrangement of conditions for collections and analysis of data in manner that aims to combine relevance to purpose with the economy in procedure. A research design “specifies the objectives of the study, methodology and techniques to be adopted for achieving the objectives” (Shajahan S and Shajahan L, 2009).

The study adopt explanatory research to seek explanations of observed phenomena, problems, or behavior and answers to why and how types of questions. It attempts to “connect the dots” in research, by identifying causal factors and outcomes of the target phenomena. Moreover, it helps to understand the nature or mechanisms of the relationship between the independent and dependent variables.

The research is designed to judge the effect of organizational culture on employee’s performance at John Snow (JSI) Research and Training Institute, Inc. For this purpose, culture is supposed as an independent variable while employee performance is taken as dependent variable of using the explanatory research design.

The research adopted quantitative approach and this approach has been used to quantify the respondents’ evaluation following the effect of organizational culture on employee performance at JSI Research and Training Institute, Inc. by way of generating numerical data or data that can be transformed into useable statistics. The approach is selected because it is reliable & objective compared to qualitative approach and it looks at relationships between variables and can establish cause and effect in highly controlled circumstances.

### 3.3 Target Population

Currently, JSI Research and Training Institute, Inc has offices (central office is located in Addis Ababa and five regional offices at main regional centers) with a total staff strength of 120 which constitutes the target population of this study, excluding 25 non clerical staff (a total of 145 employees within the organization). The following table is generated from the Human Resources data base of HR department. The staff size of the particular offices of JSI is presented in the following table.

**Table 3.1 Target Population of JSI Office as of March 2017**

Offices	Location	Staff size	% of total size
Ceral Office	Addis Ababa	30	25%
Amhara Regional Office	Bahir Dar	20	17%
Oromia Regional Office	Addis Ababa	24	20%
Tigray Regional Office	Mekelle	12	10%
SNNP Regional Office	Hawassa	31	26%
Afar Regional Office	Afar	3	2%
<b>Total</b>		<b>120</b>	<b>100%</b>

**Source: Human Resources Data Base**

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In this research, census study is considered as the researcher believes that taking the whole target population have a great output in the research study. This is therefore that there was no sampling technique applied for this study.

### **3.4 Data Type and Sources**

With the sources of data, the data can obtained from primary and secondary sources. The primary data is collected from JSI's employees using structured questionnaire. In addition, the researcher gathered some relevant information through informal discussion with JSI's employees. Moreover, secondary data is collected from published books, journals, JSI's 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 point up.

### **3.5 Data Collection Instrument**

The data collection instrument is comprised of three parts: data collection procedure, data content and validity and reliability.

#### **3.5.1 Data Collection Procedure**

The data collection procedure was started by having formal and official steps of discussion with the people concerned in JSI Research and Training Institute, Inc. and review committee of School of Commerce. Discussion has finalized and approval for the undertaking has been approved by both entities. The next step was assessing relevant literature to have deep understanding and to get associated with the issues under consideration. In addition, the research proposal was developed and the basic questions are developed. Finally, the data gathering tools were designed based on review of related literature and research questions.

#### **3.5.2 Data Content**

The data content mostly relied on primary data, which were gathered using self-administrated and structured questionnaires. Questionnaire is selected because, firstly it is economical in terms of researcher time, effort and cost than most other methods. Secondly, it is more appropriate and find easy for respondents to fill and forward their feelings and responses for questions. The primary data is collected from high level management, middle level managers, employees and other clerical

staff, excluding non-clerical staff. The questionnaire contains three parts. The first part is designed to collect respondents' demographic variables related questions. There are questions that focuses on organizational culture which was adopted from Denison (1990) with some modification and contain 45 items that transform the qualitative factors into quantitative values by using Likert 5-chioce scale. In addition, there are 15 questions on employee performance based on the study adopted (Onyango, 2014).

### 3.5.3 Validity and Reliability

Validity and reliability of the measures need to be assessed before using the instrument of data collection (Hair et al., 2003). Validity concerns whether an instrument can accurately measure, while reliability pertains to the consistency in measurement.

Due to the nature of the questionnaire construct, as varying ways were applied for measuring the different variables considered. In this research, the researcher is used questionnaire that their validity and reliability are checked according to the specific topic. The researcher has tested the reliability using Cronbach's Alpha ( $\alpha$ ) which is an internal consistency test that measures the degree to which the items or measurements consistently measures the underlying construct, the result of the Cronbach's coefficient of reliability test is indicated in the table below.

**Table 3.2: Reliability Test Result**

<b>Organization Culture Dimension</b>	<b>Cronbach's Alpha</b>	<b>N of Items</b>
Involvement-Empowerment	.814	5
Involvement-Team Orientation	.818	5
Involvement-Capability Development	.814	5
<b>Involvement</b>	<b>.873</b>	<b>15</b>
Consistency-Core Value	.808	5
Consistency-Agreement	.839	5
Consistency-Coordination and integration	.823	5
<b>Consistency</b>	<b>.910</b>	<b>15</b>
Mission-Strategic Direction and Intent	.864	5
Mission-Goals and Objectives	.886	5
Mission-Vision	.806	5
<b>Mission</b>	<b>.933</b>	<b>15</b>
<b>Employee Performance</b>	<b>.923</b>	<b>15</b>

Source: Own Survey, 2017

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According to Greener (2008), three validity measures were considered in designing the survey instruments, construct validity, face validity (external validity), and internal validity.

Construct validity is the assumption that the instruments must actually measure what they are purported to measure. To overcome this challenge, the draft survey questionnaire was pilot tested with 12 randomly selected respondents and feedback from the pilot testing was incorporated into designing of the final survey questionnaire. The purpose of the pilot test is to help the researcher to get feedback as whether the questionnaire is constructed to fit with its purpose especially in detecting some redundant, ambiguous, and unclear items of the questionnaire. In addition the pilot testing is used to check the reliability and validity of the instrument and the feedbacks obtained were instrumental in increasing the response rate understandability of the questionnaire.

As recommended by Greener (2008), triangulation was also applied to increase the reliability of the questionnaire by gathering comparable information and feedback from other outside parties who is less invested in the instrument. Accordingly, the first draft of the survey questionnaire was critiqued by those people.

External validity more often called generalizability, determines if we can generalize the results of the study to other contexts or situations. The survey to some extent may suffer from lack of external validity considering the study population, and the theoretical backing by (Lau and Zhang, 2006) as the cultural context and set up is different from organization to organization and country to country.

Whereas internal validity, also called causality, examines whether the observed change in a dependent variable is indeed caused by a corresponding change in independent variable, and not by variables extraneous to the research context. The study has, rather examined association between dependent and independent variables instead of causality and this was clearly discussed elsewhere in this report. Hence, the study is less likely to be susceptible to the risk of internal validity error.

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### **3.6 Ethical Considerations**

Ethical issues are very important in research these days. Ethical emerged from value conflicts. In research, these conflicts are expressed in many ways: individual's rights to privacy versus the undesirability of manipulation, openness and replication versus confidentiality, future welfare versus immediate relief, and others. Each decision made in research involves a potential compromise of one value for another. Researchers must try to minimize risks to participants, colleagues and society while attempting to maximize the quality of information they produce.

Thus, the researcher observes the principles of ethical issues like confidentiality and dignity of the participants, integrity, on no account plagiarism, and never fabricating and destroying data. The research took at most precaution before undertaking the research and inform the participants in the study about the objectives of the study, and is consciously consider ethical issues in seeking consent, avoiding deception, maintaining confidentiality, respecting the privacy, and protecting the anonymity of all respondents. A researcher must consider these points because the law of ethics on research condemns conducting a research without the consensus of the respondents for the above listed reasons.

### **3.7 Data Analysis**

The primary data is collected from the questionnaire and is analyzed using both inferential and descriptive statistics.

Essentially, the data analysis is used through inferential statistics, both correlation and regression analysis. The correlation analysis is done to infer and quantify the relationship between continuous variables of organizational culture and employee performance (between independent and dependent variables respectively). Pearson correlation is used to determine the degree of relationships between the variables. Regression analysis is used to determine the predictability (contribution) of the independent variable to the dependent variables.

In addition, descriptive statistics is employed using mean, standard deviation, frequency and percentage to describe the demographic characteristics of the respondents and employees'

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perception towards organizational culture and employee performance. The findings are also presented through the use of tables and graphs.

The statistical package for social science (SPSS) 20 is used to analyze the data collected. After the data was collected, it was be compiled, sorted, edited, coded and then it was entered in to SPSS.

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## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

#### 4.1 Introduction

This chapter provides the results and findings about the effect of organizational culture on employee performance in case of JSI Research and Training Institute, Inc. The chapter is divided into different sections starting with introduction, response rate, demographic characteristics of respondents, involvement culture, consistency culture, mission culture, employee performance. Finally, the chapter presents the relationship and effect of organizational culture on employee performance using correlation and regression analysis.

#### 4.2 Response Rate

Response rate is the total number of respondents who participated in the study and this study has target population of 120 respondents, out of which 105 are participated in the survey.

**Table: 4.1 Response Rate of the Respondents**

Description	Respondents/Employees
Target population	120
Questionnaire Distributed	120
Questionnaire Returned	105
Response Rate (%)	87.5%
<b>Usable Responses</b>	<b>105</b>

#### 4.3 Demographic Characteristics of Respondents

For the purposes of this study, the variables on demographic information are gender, age, marital status, level of education, duty station, employment category, and total years of experience. The result of this demographic presentation is stated below using descriptive statistics analysis.

**Table 4.2 Demographic Characteristics of Respondents**

No.	Respondent Characteristics		Frequency	Percentage
1	<b>Sex</b>	Male	80	76.2
		Female	23	21.9
		Total	103	98.1
		Unspecified	2	1.9
		Total	105	100.0
2	<b>Age</b>	Below 25 years	1	1.0
		26-30 years	17	16.2
		31-35 years	35	33.3
		36-40 years	26	24.8
		Above 40 years	26	24.8
		Total	105	100.0
3	<b>Marital Status</b>	Single	22	21.0
		Married	78	74.3
		Divorced	2	1.9
		Widowed	1	1.0
		Total	103	98.1
		Unspecified	2	1.9
		Total	105	100.0
4	<b>Level of Education</b>	First Degree	45	42.9
		Second Degree	57	54.3
		Others	3	2.9
		Total	105	100.0
5	<b>Duty Station</b>	Central Office	27	25.7
		Regional Office	74	70.5
		Total	101	96.2
		Unspecified	4	3.8
		Total	105	100.0
6	<b>Employment Category</b>	Top Management	7	6.7
		Advisor	11	10.5
		Coordinator	13	12.4
		Specialist/Officer	67	63.8
		Clerical Staff	3	2.9
		Total	101	96.2
		Unspecified	4	3.8
Total	105	100.0		
7	<b>Total Years of experience</b>	Below 10 years	26	24.8
		10-14 years	36	34.3
		15-19 years	17	16.2
		20-24 years	6	5.7
		Above 25 years	16	15.2
		Total	101	96.2
		Unspecified	4	3.8
		Total	105	100.0

Source: Own Survey, 2017

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Out of 105 respondents participated in the survey, 103 have specified their gender. As per the findings in the above table, about 3/4<sup>th</sup> of them (76.2%) are male, whereas 23(21.9%) are female respondents. The results show that (1.9%) of respondents did not indicate their gender. This indicates that a majority of the JSI Research and Training Institute, Inc. employees are male dominated.

All the respondents have specified their age. The age of the respondents range from 24 to 56 years with standard deviation of 7.06. The average age of the respondent is 37 years. From the age group data, 35(33.3%) of the respondents are in the age group of 31-35 years. Those in the age group of 36-40 years and above 40 years constitute 26(24.8%) of the respondents, each fewer responses 18(17.2%) are ages below 31 years. Almost 50% of the employees are above 36 years and the rest half are below 35 years of age. So it can be generalized that the majority of the workforce is comprised of young and middle age groups.

The majority of respondents, 78(74.3%) are married. Those single are 22(21%) and the rest 3(2.9%) are divorced and widowed. Two of the respondents didn't indicate their marital status. From the data one can conclude that the majority of the respondents have established their own family.

Regarding education level of the respondents, 57(54.3%) have Second degree and the rest 45(42.9%) have First degree. From the target population, all have first and second degree, the second degree holders have great share in JSI and this can be concluded that there is a higher level of expertise which matches with their positions.

Among the total respondents in the survey, most of the employees are located at the regional center (out of Addis), which constitutes 70.5% and other 25.7% are in the central office. This implies that most of the positions are based at regional office which actual development programs have been taken place.

In this research, respondents from each employment category are involved and the majority 67(63.8%) are Specialists and Officers. Top management, Advisors and Coordinators are

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represented by 7(6.7%), 11(10.5%) and 13(12.4%) respectively. Thus, we can say that employees in different hierarchical levels of the organizational structure were represented from top management to clerical staff.

The study has also tried to dragonize the total years of staff in their employment career. Accordingly, 36(34.3%) of the employees has experience between 10-14 years, 26(24.8%) below ten years, 17(16.2%) of the staff are between 15-19 years of experience. In addition, 16(15.2%) of the respondents have work experience of above 25 years. The minimum and maximum total years' experience ranges from 3 to 33 years respectively with mean of 14.51 and standard deviation of 7.02. As per the findings on years of experience, the majority (71.4%) of the staff have more than 10 years of experience both in JSI and other organizations and it can be deduced that the majority of the staff have sufficient years of experience.

#### **4.4 Descriptive Analysis on Organizational Culture**

In order to understand the organizational culture at JSI, employees were asked to give their level of agreement to statements with regard to the three dimensions. 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 point was accorded to 'Strongly disagree', 2 point as 'Disagree', 3-point as 'Neutral', 4-point as 'Agree', and 5-point as 'Strongly Agree'. The analysis results are presented in subsequent tables each deals with one dimension of organizational culture at JSI Research and Training Institute, Inc.

According to Zaidation and Bagheri (2009), 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.

##### **4.4.1 Involvement Culture**

The involvement culture at JSI is evaluated with respect to its three sub-dimensions i.e. empowerment, team orientation and capability development. The result of the analysis is presented in table 4.3.

**Table 4.3: The Involvement Cultural Dimension at JSI**

<b>Involvement Culture</b>				
<b>No.</b>	<b>Description</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
1	Most employees are engaged in their work.	105	4.34	0.95
2	Decisions are usually made at the level where the best information is available.	104	3.83	1.02
3	Information is widely shared so that everyone can get the information s/he need when it is needed.	105	3.64	1.15
4	Everyone believes that's/he can have a positive impact.	104	4.07	0.97
5	Business planning is ongoing and involves everyone in the process to some degree.	103	3.79	0.98
<b>Involvement-Empowerment</b>		<b>105</b>	<b>3.94</b>	<b>0.72</b>
1	Cooperation across different parts of the organization is actively encouraged.	105	4.18	0.92
2	People work like they are part of the team.	104	4.25	1.01
3	Teamwork is used to get work done, rather than hierarchy.	105	4.43	0.90
4	Teams are our primary building blocks.	103	4.28	0.98
5	Work is organized so that each person can see the relationship between his or her job and the goals of the organization.	105	4.14	1.03
<b>Involvement Team Orientation</b>		<b>105</b>	<b>4.26</b>	<b>0.80</b>
1	Authority is delegated so that people can act on their own.	105	3.83	0.95
2	The capability of people is constantly improving.	104	3.61	0.98
3	There is continuous investment in the skills of employees.	104	3.01	1.21
4	The capabilities of people are viewed as an important source of capability development.	105	3.58	1.01
5	Problems seldom arise because we have the skills necessary to do the job.	103	3.65	0.89
<b>Involvement Capability Development</b>		<b>105</b>	<b>3.53</b>	<b>0.70</b>
<b>Involvement</b>		<b>105</b>	<b>3.91</b>	<b>0.64</b>

Source: Own Survey, 2017

As to the empowerment sub-dimension, respondents' average level of agreement (mean) to the five statements are computed. For empowerment sub-dimension, the mean aggregate agreement level is M=3.94 as high mean score from five statements whose mean score ranges from 3.64-4.34 for each question under this sub dimension. This dimension is significantly high agreement and hence the organizational culture with respect to empowerment is highly practice at JSI.

The team orientation sub-dimension at JSI also is evaluated with employees' responses to five statements. Overall, team orientation practice at JSI is evaluated to have been agreed to the level

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M=4.26 from the five statements whose mean score ranges from 4.14-4.43 under this sub dimension. And it is significantly high level of agreement and is therefore acknowledged by employees that JSI is practicing it to the level high.

The third sub-dimension, within the involvement culture, i.e. capability development is also assessed. The capability development with M=3.53 as moderate mean score for five statements whose mean ranges 3.01(there is continuous investment in the skills of employees) to 3.83(authority is delegated so that people can act on their own). It is also a relatively moderate level of employee's agreement towards this sub dimension.

In general, the involvement culture dimension, which is an aggregate of its three sub-dimensions, is then evaluated to have been practiced to the level M=3.94 and this result shows that JSI has highly practicing involvement organizational culture based the frame work suggested by Zaidation and Bagheri (2009).

#### **4.4.2 Consistency Culture**

Similar to the involvement culture, the consistency culture at JSI is assessed with five statements for each sub-dimension consisting of core values, agreement and coordination/integration.

**Table 4.4: The Consistency Cultural Dimension at JSI**

No.	Consistency Culture			
	Description	N	Mean	Std. Deviation
1	The leaders and managers “practice what they preach”.	105	3.66	0.97
2	There is a characteristics management style and a distinct set of management practices	104	3.71	0.93
3	There is a clear and consistent set of values that governs the way we do business.	105	3.75	1.02
4	Ignoring core values will get you in trouble.	104	4.11	1.09
5	There is an ethical code that guides our behavior and tells us right from wrong.	105	4.37	1.08
<b>Consistency-Core values</b>		<b>105</b>	<b>3.96</b>	<b>0.76</b>
1	When disagreements occur, we work hard to achieve “win-win” solution.	104	3.88	1.04
2	There is a “strong culture” of doing things.	104	4.03	0.97
3	It is easy to reach consensus, even on difficult issues.	104	3.76	1.01
4	We seldom have trouble reaching agreement on key issues.	104	3.39	1.18
5	There is a clear agreement about the right way and the wrong way to do things.	103	3.95	1.07
<b>Consistency-Agreement</b>		<b>104</b>	<b>3.80</b>	<b>0.77</b>
1	Our approach to do business is very consistent and predictable.	104	3.63	1.14
2	People from different parts of the organization share a common perspective.	104	3.66	0.94
3	It is easy to coordinate projects across different parts of the organization.	103	3.68	0.98
4	Working with someone from another parts of the organization is not like working with someone from a different organization.	104	3.87	0.98
5	There is a good alignment of goals across levels.	103	4.02	0.89
<b>Consistency-Coordination and Integration</b>		<b>104</b>	<b>3.77</b>	<b>0.71</b>
<b>Consistency</b>		<b>105</b>	<b>3.85</b>	<b>0.66</b>

Source: Own Survey, 2017

One of the dimension, core value has mean score which ranges form 3.66-4.37. The consistency culture with respect to core values is found to be a common practice with a mean score, M=3.96 which is a high level agreement.

Statements in relation to the agreement sub-dimension are also found to have been agreed by employees of JSI. Overall, the agreement sub-dimension is rated to the level, M=3.80 which is significantly a high level practice of this culture. The five statements within this sub dimension, the mean score ranges from 3.39-4.03. The coordination and integration sub-dimension is assessed

with employees' level of agreement, and evaluated to have been practiced to the level 3.77 and is considered as a moderate level of agreement. The means score for five statements in this category ranges from 3.63-4.02 for this sub category. The three sub-dimensions, which are practiced at JSI, resulted in the existence of consistency culture at JSI to the level to the level M=3.85 which is well above the high level based on the framework designed by Zaidation and Bagheri (2009).

#### 4.4.3 Mission Culture

This mission dimension of organization culture is also comprised of three sub-cultures: Strategic direction and intent, goals and objectives, and vision. All these three sub-dimensions are assessed with five statements each.

**Table 4.5: The Mission Cultural Dimension at JSI**

<b>Mission Culture</b>				
<b>No.</b>	<b>Description</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
1	There is a long term purpose and direction.	104	4.07	0.93
2	Our strategy leads other similar organizations to change the way they compete in the industry.	104	3.74	1.00
3	There is clear mission that gives meaning and direction to our work.	104	4.22	0.84
4	There is a clear strategy for the future.	104	3.85	0.99
5	Our strategic direction is clear to me.	104	3.96	0.93
	<b>Mission- Strategic Direction and Intent</b>	<b>104</b>	<b>4.00</b>	<b>0.78</b>
1	There is wide spread agreement about goals.	103	4.27	3.01
2	Leaders set goals that are ambitious, but realistic.	103	3.83	0.82
3	The leadership has'' gone on record'' about the objectives we are trying to meet.	104	3.88	0.87
4	We continuously track our progress against our stated goals.	104	4.01	1.05
5	People understand what needs to be done for us to succeed in the long run.	103	3.83	0.98
	<b>Mission- Goals and Objective</b>	<b>104</b>	<b>3.97</b>	<b>0.91</b>
1	We have a shared vision of what the organization will be like in the future.	104	3.84	1.08
2	Leaders have a long term view point.	104	3.90	0.93
3	Short term thinking seldom compromised our long term vision.	104	3.61	1.05
4	Our vision creates excitement and motivation for our employees.	103	3.87	1.03
5	We are able to meet short term demands without compromising our long term vision.	104	3.80	0.98
	<b>Mission-Vision</b>	<b>104</b>	<b>3.80</b>	<b>0.77</b>
	<b>Mission</b>	<b>104</b>	<b>3.92</b>	<b>0.70</b>

Source: Own Survey, 2017

As to the strategic direction and intent sub-dimension, the employees' agreement is significantly different from the moderate level. Overall, the strategic intent sub-dimension is rated to the level  $M=4.00$ , which is significantly a high level practice. The five statements in this category ranges the mean score from 3.85(there is a clear strategy for the future) to 4.22(there is a clear mission that gives meaning and direction to our work). Similarly all the five statements under the goal and objectives sub-dimension are agreed by employees to the level higher as per the suggested framework. With the overall agreement level of  $M=3.97$ , the goals and objectives direction culture at JSI is practiced to high level. The five statements with the mean score ranges from 3.83-4.27. The vision sub-dimension with overall agreement level of  $M=3.80$  is also a high level practice and the mean score ranges from 3.61-3.90.

#### 4.5 Employee Performance

The employees' performance is assessed with fifteen performance indicator statements. Employees then rated these statements with a five-scale agreement and it is presented as follows.

**Table 4.6: Employee Performance at JSI**

Employee Performance				
No.	Description	N	Mean	Std. Deviation
1	I rated the quality of my work in the last performance excellent.	103	4.35	0.81
2	I rated the quantity of my work in the last performance very sufficient.	103	4.30	0.88
3	I managed to plan my work so that it was done on time.	103	4.30	0.97
4	I was able to perform my work well with minimal time and effort.	103	4.18	1.00
5	I often expand extra effort in carrying my job.	102	4.24	0.99
6	I have a complete knowledge and understanding of my tasks.	103	4.63	0.78
7	I complete in all areas of my job handling tasks with proficiency.	103	4.44	0.76
8	I always reach my objective set (performance target).	103	4.23	0.82
9	I review my performance continuously for improvement.	103	4.24	1.06
10	I have the required skills to perform my task.	102	4.58	0.89
11	I have the required level of motivation to perform the tasks.	103	4.30	1.00
12	I do my job independently.	103	4.51	0.84
13	I perform my work well to the expected standards.	103	4.51	0.78
14	I could manage more responsibilities in my job than typically assigned to me.	103	4.53	0.84
15	I feel I appear suitable for a higher level role.	102	4.37	0.87
<b>Aggregate Employee Performance</b>		<b>103</b>	<b>4.36</b>	<b>0.69</b>

Source: Own Survey, 2017

The average agreement to these statements range from the smallest 4.18(I was able to perform my work well with minimal time and effort) to the largest 4.63(I have a complete knowledge and understanding of my tasks). This indicates that employees have high level of rating to their performance at JSI. Overall, the performance level of employees at JSI is computed to the level M=4.36, which is a very high level of performance.

#### 4.6 Relationship between Organizational Culture and Employee Performance

One of the objective in this research is to study the relationship of employees' performance with the organizational culture practice at JSI. In order to evaluate this relationship, a Pearson Product Movement Correlation Coefficient is conducted with the result shown in the matrix below. As per Saunder (2009), a correlation coefficient enables to quantify the strength of the linear relationship between variables. This coefficient is usually represented by 'r' and can take only the value from -1 to +1.

**Table 4.7 Correlation Analysis Matrix**

Variables		Employee Performance	Involvement	Consistency	Mission
Employee Performance	Pearson Correlation	1	0.461	0.512	0.552
	Sig. (2-tailed)		.000	.000	.000
	N	103	103	103	102
Involvement	Pearson Correlation	0.461	1	0.791	0.764
	Sig. (2-tailed)	.000		.000	.000
	N	103	105	105	104
Consistency	Pearson Correlation	0.512	0.791	1	0.713
	Sig. (2-tailed)	.000	.000		.000
	N	103	105	105	104
Mission	Pearson Correlation	0.552	0.764	0.713	1
	Sig. (2-tailed)	.000	.000	.000	
	N	102	104	104	104

Source: Own Survey, 2017

From the correlation analysis, all the three organization culture dimensions are found to have positive correlation with the employees' performance. The mission dimension is the most related to employee performance with  $r=0.552$ , followed by the consistency dimension with  $r=0.512$ . Both

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mission and consistency culture have strong positive relationship with employee performance. The involvement dimension, is also moderately related to employee performance with  $r=0.461$ . These strong positive relationships indicate that the employee performance has increased due to the adequate level practice of organization culture at JSI. So the high level employee performance at JSI,  $M=4.36$ , can be somewhat influenced by the perception of employees on organization culture practice.

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
- 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

#### **4.7 The Effect of Organizational Culture on Employee Performance**

To further assess the effect of organization culture on employees' performance, multivariate regression analysis was conducted as indicated in the below table.

- A. Predicators: (Constant), Involvement Culture, Consistency Culture and Mission Culture.
- B. Dependent Variable: Employee Performance

Multivariate regression model is applied to determine how organizational culture in JSI Research and Training Institute, Inc. has an effect on employee performance as the study contains more than one predictor. The following model is used with three predictor variables that is  $X_1$ ,  $X_2$  and  $X_3$ .

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

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

$\beta_1$  = slope (regression coefficient) for variable  $X_1$

$\beta_2$  = slope for variable  $X_2$

$\beta_3$  = slope for variable X3

e = error (or residual) value

Where Y is the employee performance, a is the regression constant,  $\beta_1$  to  $\beta_3$  are regression coefficient, X1 is the involvement culture, X2 is the consistency culture and X3 is the mission culture, e is the error term.

**Table 4.8: Detailed regression analysis on organizational culture and employee performance**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.951	.368		5.294	.000
	Involvement	.072	.165	.067	.438	.663
	Consistency	.290	.150	.275	1.930	.056
	Mission	.404	.131	.407	3.080	.003

Source: Own Survey, 2017

The regression constant shows that when the independent variables (involvement, consistency and mission culture) are constant at zero, the employee performance would be 1.951. In addition, it was established that employee performance would increase by 0.072 with every unit positive increase in involvement culture (provided that other culture remains constant). Consistency culture would lead to an increase in employee performance by factor of 0.290.

**Table 4.9: Summary model of regression analysis on organizational culture and employee performance**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.578 <sup>a</sup>	.334	.314	.57540

Sources: Own Survey, 2017

The coefficient of regression which is represented by R square and measures the proportion in a dependent variable that can be explained by the independent variables. From the regression result, the coefficient of determination, i.e R Square, is computed to be 0.314=31.4%. This implies that

organization culture considerably influence employees performance. That is the organization culture at JSI has 31.4% influences on employees performance.

**Table 4.10: Stepwise Regression analysis on Organizational Culture and Employee Performance**

Model		Unstandardized Coefficients	Standardized Coefficients	t-value	p-value	R	R Square	Adjusted R Square
		B	Beta					
1	(Constant)	2.215		6.726	.000	0.552	.304	.297
	Mission	.548	.552	6.616	.000			
2	(Constant)	1.913		5.365	.000	0.577	.333	.319
	Mission	.378	.381	3.247	.002			
	Consistency	.253	.240	2.045	.044			

Source: Own Survey, 2017

In order to further evaluate the individual influences of each dimension, a stepwise regression analysis was conducted. In the first step of the regression the highest correlated dimension, i.e. mission, is used to regress employees' performance. Which resulted in R-square=29.7%. This is the extent of influence to performance as a result of the mission culture practice at JSI. Consistency is then included in the 2<sup>nd</sup> step of the regression. Together, mission and consistency cultures, are found to have 31.9% influence on employee's job performance. The extra percentage, 4.2% = 31.9% - 29.7%, is an additional influence by the consistency culture, which can't be attained by considering the mission culture only.

The remaining culture dimension, involvement, need not be included to regress employee performance because its inclusion will not significantly raise the R-square. The reason for this is that involvement has significant correlation with both mission and consistency dimensions, and its influences were already incorporated/explained by the two dimensions.

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## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS**

This chapter states the summary of the study findings and results. Based on the key findings and results, conclusions are drawn and recommendations are made. The recommendations include interventions to improve organizational culture and employee job performance in the studied organization and pave the way for further studies.

#### **5.1 Summary of Findings**

This section presents the summary of key findings of the study and they are outlined as follows.

- One hundred five responses were valid for analysis, which represented 87.5% response rate.
- The study revealed that the organization has male staff which constitutes 76.2% and the other 21.9% are female staff.
- From the age group data, 35(33.3%) of the respondents are in the age group of 31-35 years. Those in the age group of 36-40 years and above 40 years constitute 26(24.8%) of the respondents, each fewer responses 18(17.2%) are ages below 31 years.
- The study revealed that respondents from each employment category are involved. The majority 67(63.8%) are Specialists and Officers. Top management, Advisors and Coordinators are represented by 7(6.7%), 11(10.5%) and 13(12.4%) respectively.
- From involvement culture, three sub dimensions of empowerment, team orientation and capacity development are observed. For empowerment sub-dimension in involvement culture, the mean agreement level,  $M=3.94$ , is significantly high agreement.
- Team orientation practice at JSI is evaluated to have been agreed to the level  $M=4.26$ , which is significantly high above the moderate level agreement.
- The third sub-dimension, within the involvement culture, i.e. capability development is also assessed with  $M=3.53$  average agreement, is a relatively moderate level of employees' agreement.
- The involvement culture dimension, which is an aggregate of its three sub-dimensions is evaluated to have been practiced highly to the level  $M=3.94$ .

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- In relation to consistency culture, statements in relation to the agreement sub-dimension are also found to have been agreed by employees of JSI. Overall, the agreement sub-dimension is rated to the level,  $M=3.80$  and the coordination and integration sub-dimension is assessed with employees' level of agreement, and evaluated to have been practiced to the level 3.77.
  - The third sub-dimensions, core values, which are practiced at JSI and resulted in the existence of consistency culture at JSI to the level  $M=3.85$  which is well above the moderate level.
  - On the mission culture, there are strategic intent, goals and objectives and lastly the vision sub dimension. Overall, the strategic intent sub-dimension is rated to the level  $M=4.00$  and similarly all the five statements under the goal and objectives sub-dimension are agreed by employees to the level higher than the moderate level.
  - The goals and objectives direction culture at JSI is practiced to high level with the overall agreement level of  $M=3.97$ . The vision sub-dimension with overall agreement level of  $M=3.92$  is also a high level practice as indicated in the analysis part of the previous chapter.
  - The employees' performance is assessed with fifteen performance indicator statements. The average agreement to these statements range from the smallest 4.18 to the largest 4.63. For all these statements, the performance level of employees at JSI is computed to the level  $M=4.36$ , which is a very high level of performance.
  - From the correlation analysis, it is found that all the three organization culture dimensions are found to have positive correlation with the employees' performance. The mission dimension is the most related to employee performance with  $r=0.552$ , followed by the consistency dimension with  $r=0.512$ .
  - To further assess the effect of organization culture on employees' performance using regression analysis was conducted, from the regression result, the coefficient of determination, i.e R Square, is computed to be  $0.314=31.4\%$ .
  - Using a stepwise regression analysis, the highest correlated dimension is mission on employee performance with R-Square of 29.7%. Using same analysis method, both mission and consistency cultures, are found to have 31.9% influence on employee's job performance.

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## 5.2 Conclusions

Based on the above findings on each research objective, the next section gives the conclusions in relation to employee performance and each cultural component with employee performance.

Based on the findings, employee job performance is a critical factor in every organization to be successful. This research work can justify that employee performance has positive relationship and impact of organizational culture which comprises of involvement, consistency and mission culture. As per the findings on employee performance, all the ratings shows that employees have high level of ratings to their performance at JSI Research and Training Institute, Inc.

As it is indicated in the review of related literature, involvement culture consists of empowerment, team orientation and capability development. In all three sub dimensions, the result shows that JSI has highly practicing the involvement organizational culture i.e. empowerment and team orientation is highly practiced in JSI and their mean scores fall above 3.80, and capability development is categorized in the moderate group. From this research objective, we can say that the organization under this study practice involvement culture which are manifesting through sense of ownership and responsibility.

As the study explained that the involvement result is higher than the moderate level, it can be said that the organization in which people are connected to their work, aware of its importance, its connection to the rest of the organization, willing to accept additional responsibilities. Organizations which uphold an involvement culture emphasize on the input and participation of its members. This can be achieved by being informal, implicit control system and giving the employees the authority and ability to manage and decisions that affect their own work.

The consistency part of organizational culture is significantly practiced in JSI Research and Training Institute, Inc. The consistency elements took the dimension of core values, agreement and coordination and integration with an aggregate practicing of this organizational culture at the highest level i.e. both core values and agreement are at the highest level whereas coordination and integration are at moderate level. As per this study the consistency dimension has positive

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relationship with employee performance and this is manifested by employees knowing the organizational core values, alignment of employee behavior with core values.

When there exists a culture of consistency in an organization, different functions and departments of the organization are able to work together well to achieve common goals. Still with the responsibility of promoting this culture, it is the top management who are expected to give individuals assignments that are consistent with their strengths, interests and opportunities for continued learning and growth.

The mission culture is organization's reason for existence and has sub dimensions of strategic intent and direction, objectives and goals and vision. As per the outcome of this dimension, it has significantly and highly practiced in JSI. Therefore, knowing very well the reason why an organization exists will give an employee the motivation to achieve the organizational objectives. This study has shown that high-performing organizations have a committed workforce that is aligned with the organization's mission, vision and values. It came out very clearly that the top management plays a pronounced role in influencing organizational culture so that it aligns to organizational strategy and structure. They help define the values and beliefs in the organization. This is because they have an accurate picture of the organization's culture. Top management helps employees to contribute towards the fulfilment of mission of the organization.

For an organization to achieve its purpose, the mission statement advocates for strong work ethics and this study looked at the ethical practices of the organization because they form part of an organization mission and by extension, they influence employee job performance. The findings have clearly indicated that strong work ethics highly influence loyalty and equality in the organization hence high employee job performance.

In addition to the relationship of the different dimensions of organizational culture on employee performance, the effect of these three cultural dimensions constitutes 31.9%. The percentage contribution and effect is decreasing when it adds-on other organizational cultural dimensions like involvement and consistency culture.

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### **5.3 Recommendations**

As it can be shown from the different parts of this study, JSI Research and Training Institute, Inc. is having a good organizational culture and its relationship with employee performance is manifested through the three types of organizational culture. However in order to keep this momentum and contribute to the organizational culture at large in the future, the following recommendations are suggested by the researcher.

#### **5.3.1 Recommendations for JSI Research and Training Institute, Inc.**

The following recommendations are made based on the summary of findings and conclusion:

- The first recommendation will be in order to keep the existence of high impact organizational culture on employee performance, the organization should do frequent cultural audit with actionable outcomes and review its work environment so that to fill the gaps from the review process and the employee performance will be kept increasing. One of the factor 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.
- From the review of involvement culture which comprises of empowerment, team orientation and capability development, team orientation and then empowerment have great contribution to involvement at the highest level. In order to make further its employee identification with the organization, the management should extend its employee involvement in decision-making that affects them, giving them the authority and additional responsibilities, delegation and ability to manage their own work. These items should be included in different organization's manuals like human resources and operations manual for clarity and understanding.
- Though capability sub dimension has positive contribution towards involvement at the moderate level. It is advisable to work on capability development to develop the skills of employees through training, short term assignment, experience sharing and others. In order to make this happen, skills gaps need to be identified through training need assessment, facilitating learning and development and evaluation process. This will certainly boost the employees 'performance at large in the future.

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- In addition to take the great advantage of the current working environment, employees' performance management should be strengthened more and the relationship of performance management system with capability development should be aligned. This should be done through training and development need assessment that brought from the performance management system. Regular feed backing and coaching are also very important.
  - The organization maintains its consistency culture, is the second highest contribution towards organizational culture, by exerting core values that form the overall dominant culture shared by the majority of the members in the organization. If this is adhered to, the different functions and departments of the organization will be able to work together well to achieve common goals. In additional emphasis should be given in the hiring process to attract those individuals who can fit with organizational values through competency recruitment process of reflecting organizations' core values. In addition, adequate and frequent induction and socialization should be given in order to bring to the required behaviors and attitude for the newly hired staff once they are joined the working environment.
  - From the consistency culture, agreement and core values sub dimensions have the highest level of agreement, however coordination and integration at the moderate level of agreement. So JSI should practice and keep integration and coordination by developing new technologies, processes, systems, alignment of goals and process, and consistent ways of working among units and departments. In addition, organizational structure should be revisited. Coordination and integration among departments can be enhanced through frequent team meetings, give staff clear direction, and optimize the use of resources, creating different forums like team meetings, establishing processes that enable staff to complement.
  - From the study, one of the highly rated factor is mission culture and this shows that the management plays a great role in influencing the organizational culture through its strategy and structure. So the mission culture should be maintained by making sure that those in leadership positions are conversant with the organization's mission and help others to understand those culture of strategic intent and direction, vision and goals and objectives of the organization. In order to keep the mission culture as before and improving in the

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future, there should be consistently revisiting of organization's vision, strategic intent and direction and even goals and objectives at country level, department and unit level with actionable outcomes. Moreover, it is important to revisit mission statements and remind employee about the overall mission, vision, strategic direction so that they are fully aware about the organization's long and short term intent and plan.

- As it is seen the contribution of the three kinds of organizational culture is 31.9% on employee performance. This implies that there are also other contributing factors which are related to employee performance. So the organization should look for those contributing factors (might be job satisfaction, leadership style, motivation, salary and benefits issues...) and explore its relationships with employee performance. This will in return will boost both employee performance and organization performance together.

### **5.3.2 Recommendations for further studies**

The following are some of the recommendations for future studies:

- As it is mentioned in the first chapter of this study, the research on the effect of organizational culture on employee performance are limited specially in our context and the result of the study will be limited only to one organization; recommendations are therefore made for further research in a different international non-government organizations in order to broaden research in this industry.
- There are different models and framework that will help to study on the effect of organizational culture on employee performance like Hofstede's cultural dimensions theory, Edger Schein Model, O'Reilly, Chatman's and Caldwell model and others. This research study used Denison's Model, further research on the same organization can be done using a different framework of organizational culture as suggested above to bring depth understanding and outcome.
- Apart from the organizational culture influencing employee performance, there are other things which should be seen like job satisfaction, organizational performance, leadership, organization change and others. So for future studies, it is recommended to focus on those relationship in order to broaden the subject matter.

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