



Faculty of Cognitive Sciences and Human Development

**A STUDY OF THE RELATIONSHIP BETWEEN
ORGANIZATIONAL CULTURE AND JOB PERFORMANCE IN A
MOTOR VEHICLE COMPANY**

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**Bachelor of Science (Honours)
(Human Resource Development)
2020**

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Final Year Project Report

Masters

PhD

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**A STUDY OF THE RELATIONSHIP BETWEEN ORGANIZATIONAL
CULTURE AND JOB PERFORMANCE IN A MOTOR VEHICLE COMPANY**

LIM JIA YU

This project is submitted
in partial fulfilment of the requirements for a
Bachelor of Science with Honours
(Human Resource Development)

Faculty of Cognitive Sciences and Human Development
UNIVERSITI MALAYSIA SARAWAK
(2020)

Projek bertajuk entitled A Study Of The Relationship Between Organizational Culture And Job Performance In A Motor Vehicle Company telah disediakan oleh Lim Jia Yu dan telah diserahkan kepada Fakulti Sains Kognitif dan Pembangunan Manusia sebagai memenuhi syarat untuk Ijazah Sarjana Muda Sains dengan Kepujian Pembangunan Sumber Manusia.

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ABSTRACT

Organizational culture is the shared believes and values that practiced by the members of organization. It will influence the performance and behavior of organization in achieving organizational goals and development. Hence, organizational culture is a critical and important factor in an organization. There are many compositions include in the organizational culture and this study focuses on a few components such as communication, organizational norms, compensation, training and development and equity which may affects performance. The main objective of this study is to study the relationship between organizational culture and job performance. This study conducted in motor vehicle firms which located at Kuching, Malaysia. There are 100 respondents selected by using random sampling. Quantitative method was used in the study. Questionnaires were distributed to respondents to collect data. The data collected were analyzed using Statistical Package for Social Science (SPSS) version 21. The relationship between organizational culture and performance were examined by using Pearson correlation. The results were recorded and discussed.

CHAPTER ONE

INTRODUCTION

An organizational culture influences the way employees perform and take actions. Catana and Catana (2010) stated that organizational effectiveness will strongly influenced by organizational culture which is the central concept. Through practicing organizational culture, employers and employees understand the importance to create suitable systems and practices to enable all members in the organization cooperate well and achieve organizational goals.

An organization which practice effective and ethical culture results in high productivity of employees, stronger employees' commitment and high job satisfaction. Hence, it will affects performance through the ways employees make decision, solving problem and strategies planning in completing tasks (Weerarathna & Geeganage, 2014).

Performance of an individual brings either positive or negative impact to the organization. Poor performance of employees will affect the operation of organization and organization growth. The causes of the good and poor performance must be investigated properly to enables organization improve or enhances the practice. The performance of employees brings large impact in the development of organization and hence awareness of improving organizational culture and performance must be emphasized.

Automotive industry is the company which carry out manufacturing of motor vehicles, including important components such as engines and batteries. The used of technologies in manufacturing motor vehicles, knowledge and skills to operate machines and teamwork between employees are needed to increase productivity. Thus, members in the organizations need to understand well the culture in organization and give cooperation to enhanced performance.

Development in automotive industry have impact on resource-based industries, such as steel and iron industries and non-resource based industries such as electronics related and electrical parts. Besides, there is also provides service-related activities such as repairing, storing, marketing and others in the tertiary sectors. Automotive industry requires a set of production system which link to a wide range of industrial organizations (Mohd Rosli, 2006).

1.1 Background of study

In the business field, the outcome and profits made are one of the important matters that concern by shareholders. Employees done work of business and the culture of organization link between employees and organization. Scholars who came from the field of sociology give respond to Max Weber's theory of bureaucracy and started the idea that the culture of an organization can affect the performance of employees (Mohd Faizal, Ugheoke, & Wan Shakizah, 2016). Weber's theory of bureaucracy which stated the instrument of administration were be stressed efficiently used by bureaucracies because strict regulations and institutionalized rules allow everyone to complete their tasks as good as possible (Caramela, 2018). Besides, research about organizational culture need to be carry out continuously and the related study was continued to be determine until today. According to Ricardo and Jolly (1997), the dimension of organizational culture consists of training and development, decision making, communication, planning, team work, risk taking, rewards and management practices (Ricardo & Jolly, 1997). Besides, according to Denison's organizational model, internal dimension of the model consists of involvement and consistency. Involvement can be measured by the indexes of empowerment, team orientation and capability development whereas consistency measured by core values, agreement, integration and coordination (Denison et al., 2006).

Job performance is important in influence the development of organization effectively. The employees' performance can be improved through the value and norms that practiced in organization. Based on Sofijanova and Zabijakin-Chatleska (2013), researchers state that the significant factors that leads the organization to success are employee involvement and employee empowerment. Borman and Motowidlo (1993) proposed that the domain of work performance consists of task performance and contextual performance. Task performance was described as behavior of employees which directly or indirectly make contribution to the technical core of organization. For contextual performance, it describes as behavior that assist in psychological, social and organizational environment with functional technical core. Cooperating, volunteering, obey rules, helping and persisting are example of contextual activities (Borman & Motowidlo, 1993). The third dimension, which is counterproductive work behavior was described as behavior that damage the security and safety of organization (Rotundo & Sackett, 2002).

The issue of organizational culture and performance has attracted the attention of managers and scholars due to positive impacts on behavior and outcome in organization. Organizational performance is one of the factors that lead to success in organization as it has a long effect on the effectiveness of organization (Samad, 2010). The fast changes that occurred nowadays require employers and employees to understand well the factors that influence organizational performance (Samad, 2013; Samad & Yusuf, 2012). The factors are internal environment and external environment within organization (Samad, 2013). External environment can divide into two part and the first part focus on task environment which consists of competitors, customers, labor market and suppliers whereas the another part is general environment which consists of technology, socio-cultural, natural factor, economic, political and international factor. The internal environment includes existing employees, management and culture which is employees'

behavior in organization (Daft, 2012). Internal environment which is organizational culture that influence job performance was investigate in this study.

1.2 Problem statement

Organizational culture required the interaction of individual at workplace and how the basic beliefs and values shape the working environment (Lund, 2003; Schein, 2009). It is significant to reflect on different characteristics of organizational culture so that employees may share common vision to create a greater sense of aims (Zhu et al., 2009). This is supported by Denison and Mishra (1995), who clarified that one of the four cultural traits that is significant in organizational culture is the sense of mission.

In addition, the dimension of organizational culture which is team orientation and core value that included in Denison model has been investigated few times in past studies which study the relationship of the two dimension with job performance. Hence, this two dimension were chosen from Denison model to put more detailed attention and focus on them. Besides, the another two dimension of organizational culture which are communication and training and development was rarely to be investigate in past studies. Hence the four dimension of organizational culture that selected which are team orientation, core value, communication and training and development will be further investigate which related to their relationship with job performance in this study.

Besides, there are a lot of studies which investigate organizational theory usually put attention on developed countries which indicates 95% and there are only 5 % of studies investigating organizational theories in developing countries (Farashahi et al., 2005). Only few studies carried out which investigate the relationship between organizational culture and job performance in motor vehicles sectors in Malaysia which belongs to developing country. Therefore, this study

was conducted to fill the research gap. Furthermore, there are only few known studies conducted in manufacturing industry instead of automotive industry which located at Sarawak. Hence this study was carry out to gather data and determine on the relationship of organizational culture and job performance among employees who work in Kuching, Sarawak.

1.3 Research objectives

General objective

The general objective of this study is to investigate the relationship between organizational culture and job performance.

Specific objectives

The specific objectives in this study were stated as below:

1. To study the relationship between communication and job performance
2. To study the relationship between core value and job performance
3. To study the relationship between training and development and job performance
4. To study the relationship between team orientation and job performance
5. To suggest remedial measures to improve organizational culture

1.4 Hypothesis

Table 1

Null hypothesis of study

No.	Null Hypothesis
H ₀₁	There is no relationship between the effects of communication on job performance in motor vehicle firm
H ₀₂	There is no relationship between the effects of core value on job performance in motor vehicle firm
H ₀₃	There is no relationship between the effects of training and development on job performance in motor vehicle firm
H ₀₄	There is no relationship between the effects of team orientation on job performance in motor vehicle firm

1.5 The conceptual framework

Independent variables

Dependent variables

Organizational Culture

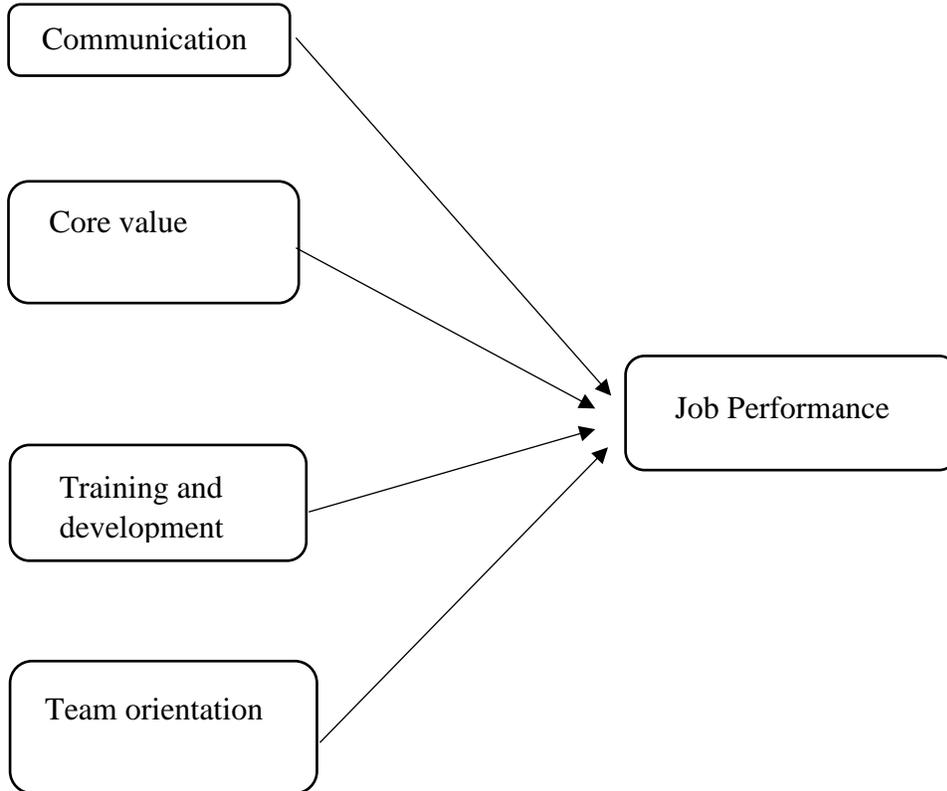


Figure 1. Conceptual framework of study

1.6 Definition of terms

1. Organizational culture

Conceptual definition: The patterns of beliefs and values that shared together over time which bring out behavioral norms that were used in solving problems (Owens 1987; Schein, 1990)

Operational definition: The shared values, belief and behavior that practiced in the organization that enable employees know the common ways that used to solve problems and behave.

2. Job performance

Conceptual definition: The ability of employees in achieved projected value and complete jobs with fixed procedure and timeline of organization (Liao et. al, 2012)

Operational definition: The tasks and duties that completed by individuals by putting efforts in performing the jobs. Job performance can be evaluate through performance appraisal.

3. Communication

Conceptual definition: The process of delivering information and ordinary understanding from one people to another (Keyton, 2011).

Operational definition: The delivering and feedback of information between two individual, which also known as two ways communication that ensure effectiveness in delivering information.

4. Core value

Conceptual definition: Belief system, behavior and universal principles for take action in an organization (Anwar & Hasnu, 2013).

Operational definition: Shared belief that guide behavior of individual in organization to conduct daily work and interact with people.

5. Training and development

Conceptual definition: Development of attitudes, skills, and knowledge systematically which needed by an individual to complete the tasks given (Armstrong, 2001).

Operational definition: The activities and programs that need to accomplish in a period of time to enhance knowledge, skills and ability of employees.

6. Team orientation

Conceptual definition: Positive attitude of individual in organization to work as a team (Fransen, Kirschner & Erkens, 2011; Mathieu, Maynard, Rapp & Gilson, 2008).

Operational definition: Employees have commitment to work as team in achieving goals.

1.7 Significance of research

Automotive industry brings opportunity to development of small and medium firms (SMFs), and it also enhance economy of country (Mohd Rosli, 2006). Hence, research on the organizational culture and job performance is important in this sector as it brings big impact to the economy of country. The study of organizational culture was important when it has relationship with performance to make the actions of employee better (Alvesson, 1990). Suitable, fit and appropriate organizational values can increase performance among employees. Besides, this study was conducted to provide data and information to Human Resource practitioners. The data and information provided will help in future research and as a suggestion for company to improve and modify organizational culture. In addition, this research also collected the opinion of employee on the suggestion of remedial measures to improve organizational culture. The information that gather may help management in company to build more fit and suitable culture for their own organization.

1.8 Limitation of research

There are few limitations in this study. First, the research only conduct in one private sector company which is located in Sarawak, for better studies it can be carry out in both government and private sector. Besides, the method that used in this research is quantitative. Qualitative or triangulation methods can be used in future research for more detail investigation on the topic. In addition, there are only 55 respondents involved in this study, it is recommended to gather 100 and above respondents to increase the accuracy of analysis.

1.9 Summary

In summary, this chapter discuss about introduction, background of study, research gap in the problem statement and the objectives of study. It was important for researcher to have basic understanding about the study and figure out the parts that need to be discuss in the study.

Besides, conceptual framework and definition of terms such as organizational culture, job performance, communication, organization norms, compensation, training and development and equity also been discovered in this chapter. Significance and limitation of research also stated in this chapter.