



Faculty of Cognitive Sciences and Human Development

**RELATIONSHIP BETWEEN ORGANIZATION CULTURE AND  
THE SUCCESS OF AN ORGANIZATION IN BECOMING  
A LEARNING ORGANIZATION**

Ng Nee Nee

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Saya NG NEE NEE

(HURUF BESAR)

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TIDAK TERHAD

NG

(TANDATANGAN PENULIS)

Ng Nee Nee

(TANDATANGAN PENYELIA)

Alamat Tetap:

238, Kelong 8, Sungai Tengah,  
Jalan Matang, 93050 Kuching,  
Sarawak.

Tarikh : 9 May 2011

Tarikh: 9.5.2011

Catatan:

\* Tesis dimaksudkan sebagai tesis bagi Ijazah Doktor Falsafah, Sarjana dan Sarjana Muda

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ORGANIZATION**

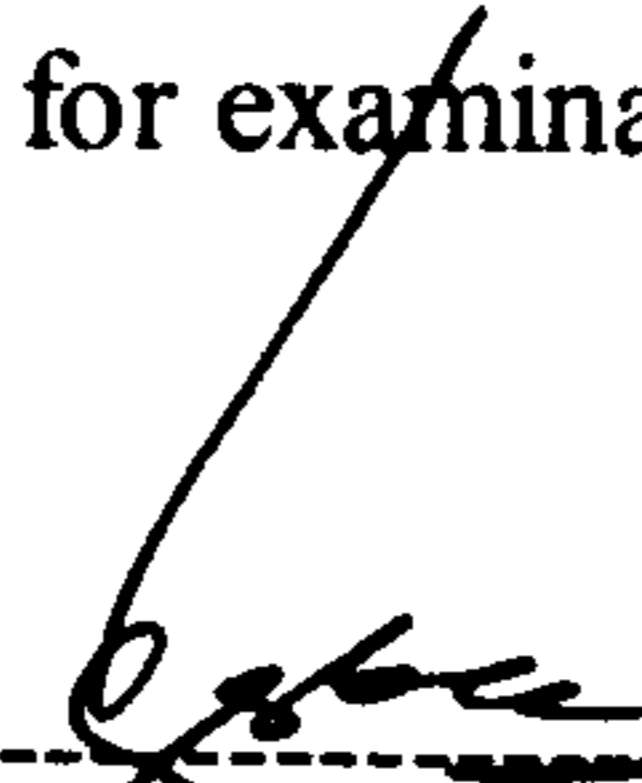
NG NEE NEE

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Received for examination by:

  
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(Dr. Hasbee Hj. Usop)

Date:

9/5/2011.  
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## Statement of Originality

The work described in this Final Year Project, entitled  
**“Relationship between Organization Culture and the Success of an Organization in  
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is to the best of the author’s knowledge that of the author except  
where due reference is made.

9 May 2011

(Date submitted)

Ng

(Student’s signature)

Ng Nee Nee  
21685

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## **ABSTRACT**

### **RELATIONSHIP BETWEEN ORGANIZATION CULTURE AND THE SUCCESS OF AN ORGANIZATION IN BECOMING A LEARNING ORGANIZATION**

Ng Nee Nee

The purpose of this study was to identify the relationship between organization culture and the success of an organization in becoming a learning organization. Specifically, it was aimed to find out if there was any relationship between organizational culture factors and success of an organization in becoming a learning organization. The factors concerned were organizational values, leadership, communication, work environment, motivation, and trust. The research methodology used was a quantitative survey method where questionnaire was utilized to collect data. The collected data was analyzed using software Statistical Package for Social Sciences (SPSS) version 17.0 which covered descriptive statistics and inferential statistics. Descriptive statistics in terms of frequency and percentage were used to determine the distribution of respondents' demographic characteristics. The hypotheses statements were analyzed using Pearson Correlation Coefficient (Inferential Statistic). Result of the study showed that all the tested independent variables (organizational values, leadership, communication, work environment, motivation, and trust) were significantly related to the success of an organization in becoming a learning organization. The study concluded with some recommendations that would allow improvement of learning organization and future research. Human resource practitioners were recommended to take organization culture into consideration when implementing a learning organization. Apart from that, future researchers were suggested to conduct their research in more than one company, complement their study with qualitative research methodology, and focus on other factors of organization culture which were not covered in this study.

## **ABSTRAK**

### **HUBUNGAN DI ANTARA BUDAYA ORGANISASI DAN KEJAYAAN SESEBUAH ORGANISASI DALAM MEMBENTUK SEBUAH ORGANISASI PEMBELAJARAN**

*Ng Nee Nee*

*Kajian ini bertujuan untuk mengenalpasti hubungan di antara budaya organisasi dan kejayaan sesebuah organisasi dalam membentuk sebuah organisasi pembelajaran. Secara spesifik, kajian ini adalah bertujuan untuk mengenalpasti samada hubungan di antara faktor-faktor budaya organisasi dengan kejayaan sesebuah organisasi dalam membentuk sebuah organisasi pembelajaran. Antara faktor-faktor yang dikaji termasuk nilai-nilai organisasi, kepimpinan, komunikasi, persekitaran kerja, motivasi, dan kepercayaan. Metodologi kajian yang digunakan adalah survei kuantitatif di mana soalan soal selidik digunakan untuk memperoleh data kajian. Data-data kajian yang diperolehi adalah dianalisis dengan menggunakan Statistical Package for Social Sciences (SPSS) versi 17.0 yang meliputi statistik deskriptif dan statistik inferensi. Statistik deskriptif telah digunakan untuk mengenalpasti ciri-ciri demografi para responden. Manakala statistik inferensi (Ujian Pekali Korelasi Pearson) digunakan untuk menganalisis hipotesis-hipotesis dalam kajian ini. Keputusan kajian ini menunjukkan bahawa kesemua pemboleh ubah tidak bersandar yang dikaji (nilai-nilai organisasi, kepimpinan, komunikasi, persekitaran kerja, motivasi, dan kepercayaan) adalah secara signifikan berkaitan dengan kejayaan sesebuah organisasi dalam membentuk sebuah organisasi pembelajaran. Kajian ini diakhiri dengan beberapa cadangan untuk menambahbaik organisasi pembelajaran dan kajian masa hadapan. Pengamal-pengamal sumber manusia dicadangkan megambil kira budaya organisasi apabila menjalankan organisasi pembelajaran. Selain itu, ahli-ahli kajian bagi masa hadapan adalah dicadangkan untuk menjalankan kajian di beberapa organisasi, melengkap metodologi kajian kualitatif, dan memberi tumpuan kepada faktor-faktor budaya organisasi lain yang belum dikaji dalam kajian ini.*

# **CHAPTER 1**

## **INTRODUCTION**

### **1.0 Introduction**

This chapter described the background of the study, statement of the problem specific to the context of the study, research objectives, research questions, as well as the research hypothesis. In addition, this chapter also explained the research framework of the study, significance of the study, limitation and scope of the study, and definition of terms. Finally, the chapter ended with a summary.



## **1.1 Background of the Study**

Nowadays, our business environments keep on changing. The rapid environmental changes have required the organization to adapt to the changes quickly. This is the main reason why currently there are many organizations showing their interest in building a learning organization where continuous learning takes place. In order for an organization to survive in this competitive world, the organization is required to adapt to the environmental changes rapidly through organizational learning.

According to Senge (1990), "Learning organization is a place where people continually expand their capacity to create results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free and where people are continually learning how to learn" (p. 3). On the other hand, Garvin (1993) defines that a learning organization was an organization which was skilled in creating and transferring knowledge, and modifying its organization behavior to become more knowledgeable organization.

There were several reasons for developing a learning organization mentioned by Slater and Narver (1995) which included increasing organizational competitiveness through continuous learning and reducing organizational change effect by forming close relationship with customers and other key constituent. On the other hand, Kleiner (1995) mentioned that the reasons for establishing learning organizations were to improve quality and innovation, to avoid decline, to expand boundaries, to engage in community, and to increase ability to manage change.

There is no easy answer for an organization to become a successful learning organization. According to Lim (2004), the level of success of an organization in becoming a learning organization was influenced by a few factors. These factors were organization culture, senior management commitment,

manager's skills, employees' attitudes and organization of work. However, only one factor was focused in this study which was organization culture. This factor was chosen as Senge (1990) mentioned that organizational culture was one of the main elements that an organization needs to consider when developing into a learning organization. Pool (2000) had shown that there was a strong relationship between supportive organization culture and higher level of learning in an organization. Therefore, it was important for this study to find out whether there was a significant relationship between the characteristics of an organization culture and the success of an organization in becoming a learning organization. In this study, organizational values, leadership, communication, work environment, motivation, and trust were all the elements of organization culture that were investigated.

## **1.2 Problem Statement**

In this fast growing world, the changes in technology and business environment require the organization to adapt to the changes rapidly in order to survive and succeed. Nowadays, there are many organizations that show their interest in becoming a learning organization as they believe that continuous learning is the key factor that determines their success in this rapidly changing world. However, Senge (1990) had mentioned that it was not enough for an organization to only adapt to the changes, but also to develop proactive strategies to predict and made continuous change toward the current environmental conditions as well as the future trends.

In order to become a successful learning organization, it is important for an organization to understand the organizational culture. Pool (2000) maintains that it was essential for an organization to become a learning organization by knowing the supportive organizational culture which included challenging task, open communication, trust, innovation, and cohesion among employees. In the previous study on "The learning organization: motivating employees by

integrating TQM philosophy in a supportive organizational culture”, Pool (2000) had found that there was a strong relationship between supportive culture and the higher levels of learning in an organization. Due to that finding, this study was carried out to identify further the relationship between organization culture and the success of an organization in becoming a learning organization.

### **1.3 Research Objectives**

#### **1.3.1 General objective**

The general objective for this study was to determine the relationship between organization culture and the success of an organization in becoming a learning organization.

#### **1.3.2 Specific objectives:**

The specific objectives for this study were to identify:

1. the relationship between organizational values and the success of an organization in becoming a learning organization.
2. the relationship between leadership and the success of an organization in becoming a learning organization.
3. the relationship between communication and the success of an organization in becoming a learning organization.
4. the relationship between work environment and the success of an organization in becoming a learning organization.
5. the relationship between motivation and the success of an organization in becoming a learning organization.
6. the relationship between trust and the success of an organization in becoming a learning organization.

#### **1.4 Research Questions**

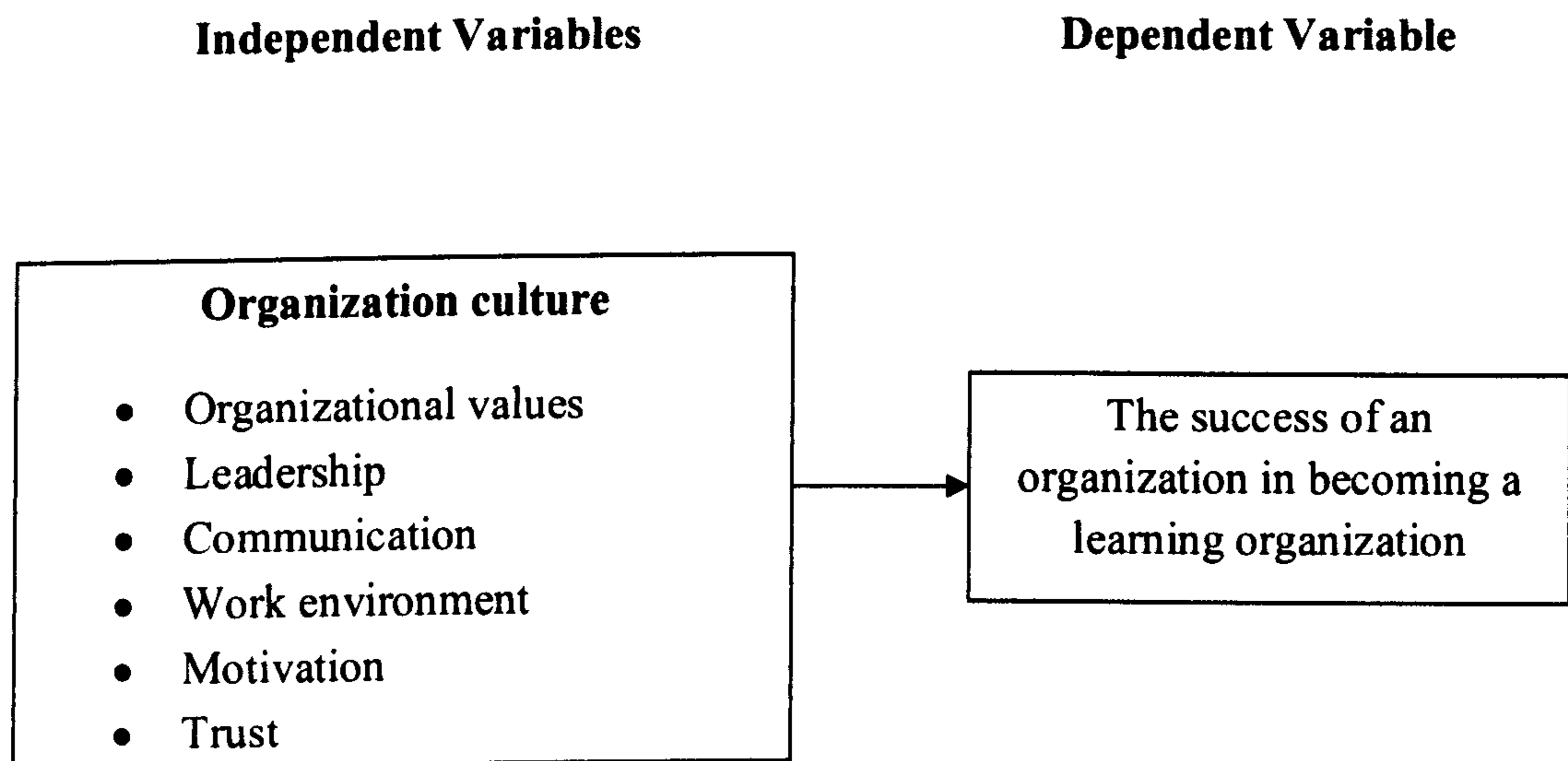
1. Was there any relationship between organizational values and the success of an organization in becoming a learning organization?
2. Was there any relationship between leadership and the success of an organization in becoming a learning organization?
3. Was there any relationship between communication and the success of an organization in becoming a learning organization?
4. Was there any relationship between work environment and the success of an organization in becoming a learning organization?
5. Was there any relationship between motivation and the success of an organization in becoming a learning organization?
6. Was there any relationship between trust and the success of an organization in becoming a learning organization?

#### **1.5 Research Hypothesis**

- Ho<sub>1</sub>: There was no significant relationship between organizational values and the success of an organization in becoming a learning organization.
- Ho<sub>2</sub>: There was no significant relationship between leadership and the success of an organization in becoming a learning organization.
- Ho<sub>3</sub>: There was no significant relationship between communication and the success of an organization in becoming a learning organization.
- Ho<sub>4</sub>: There was no significant relationship between work environment and the success of an organization in becoming a learning organization.
- Ho<sub>5</sub>: There was no significant relationship between motivation and the success of an organization in becoming a learning organization.
- Ho<sub>6</sub>: There was no significant relationship between trust and the success of an organization in becoming a learning organization.

## 1.6 Research Framework

The purpose of this study was to determine the relationship between organization culture and the success of an organization in becoming a learning organization. Figure 1.1 showed that independent and dependent variables that has been developed from this study. The independent variable was the organization culture which consisted of organizational values, leadership, communication, work environment, motivation, and trust. The dependent variable for this study was the success of an organization in becoming a learning organization.



**Figure 1.1: The Research Framework of Organization Culture That Influences the Success of an Organization in Becoming a Learning Organization.**

### **1.7 Significance of the Study**

The findings of this study have brought some benefits to the organization and human resource practitioners. It has helped to enhance both the organization and human resource practitioners' knowledge and understanding on how organization culture influences the success of an organization in becoming a learning organization. Furthermore, a new theoretical framework regarding organization culture and learning organization was developed. On the other hand, the result of this study could help the organization to improve their quality and take corrective action to ensure of its success of becoming a learning organization. Moreover, it might encourage the human resource practitioners to change their existing policy or make a new policy that strongly support their organizational culture and directly enhance their success in becoming a learning organization.

### **1.8 Limitation and Scope of the Study**

The population of this study was just focused on an organization in Kuching. Therefore, the findings of this study might not be accurate and cannot be used to generalize over a wider population and for the other organizations.

In addition, there was only one method that was used in this study which was questionnaire. This was due to the limitation of time and resources. Thus, the results of this study may not really be accurate as observation and interview were not being conducted.

On the other hand, the scope of this study was only focusing on a few elements in organization culture. However, there were other potential independent variables that were not being looked at in this study like organization structure and innovation.

## **1.9 Definition of Terms**

The following section explained on the definition of terms relevant to the study. These terms are defined first conceptually and then operationally as follows:

### **1.9.1 Learning Organization**

According to Senge (1990), “Learning organization is a place where people continually expand their capacity to create results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free and where people are continually learning how to learn” (p. 3).

In this study, the learning organization was referred to an organization which was continuously learning to adapt to the new changes in technology and environmental condition.

### **1.9.2 Organization Culture**

Organization culture is a set of values, norms and beliefs that represents the characteristic of an organization (*Definition of Organizational Culture*, n.d.).

In this study, the organization culture was referred to the organizational values, leadership, communication, work environment, motivation and trust which were shared by the organization members and serves as a guide for all kinds of behavior.

### **1.9.3 Organizational Values**

An organizational value is a belief of what kind of goals should be achieved and what standards of behavior should be used by the organizational members to achieve the organizational goals.

In this study, an organizational value was the belief of an organization on what kind of goals should be achieved and what standard of behavior should be used by the organizational members for achieving the organizational goals. The organizational values must be in line with its organizational goals, mission, and vision.

#### **1.9.4 Leadership**

According to Werner & DeSimone (2007, p. 40), “Leadership is the use of noncoercive influence to direct and coordinate the activities of a group towards accomplishing a goal”.

In this study, leadership was a position of a manager or leader who takes role in managing the people and events inside the organization.

#### **1.9.5 Communication**

According to Steel (2003), communication was referred as “the act of sharing or exchanging information, ideas, or feelings” (p. 155).

In this study, the communication was the process of transmitting job information by an organization to its members and among the members of an organization. Information could be transmitted from upper level to lower level employees and vice visa.

#### **1.9.6 Work Environment**

Work environment is the physical and psychological states of a workplace where the employees are working in.

Work environment referred in this study was the workplace condition where the employees were working in and where organization promotes the learning opportunities to its members through training and development program.