



Faculty of Cognitive Sciences and Human Development

**IMPACTS OF ORGANIZATIONAL CULTURE ON EMPLOYEES'
PERFORMANCE**

Oliver Lefranco Anak Sanni

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

2021

Grade: _____

Please tick (✓)

Final Year Project Report

Masters

PhD

✓

DECLARATION OF ORIGINAL WORK

This declaration is made on the Wednesday of 11 August 2021.

Student's Declaration:

I, OLIVER LEFRANCO ANAK SANNI, 67426, FACULTY OF COGNITIVE SCIENCES AND HUMAN DEVELOPMENT hereby declare that the work entitled, IMPACTS OF ORGANIZATIONAL CULTURE ON EMPLOYEES' PERFORMANCE is my original work. I have not copied from any other students' work or from any other sources except where due reference or acknowledgement is made explicitly in the text, nor has any part been written for me by another person.

11 August 2021

Date submitted

Oliver Lefranco Anak Sanni (67426)

Name of the student (Matric No.)

Supervisor's Declaration:

I, PROFESSOR DR SHAHREN AHMAD ZAIDI ADRUCE hereby certifies that the work entitled, IMPACTS OF ORGANIZATIONAL CULTURE ON EMPLOYEES' PERFORMANCE was prepared by the above named student, and was submitted to the "FACULTY" as a * partial/full fulfillment for the conferment of BACHELOR OF SCIENCE WITH HONOURS (HUMAN RESOURCE DEVELOPMENT), and the aforementioned work, to the best of my knowledge, is the said student's work



Received for examination by: _____

(PROFESSOR DR SHAHREN AHMAD ZAIDI ADRUCE)

Date: 24 August 2021

I declare this Project/Thesis is classified as (Please tick (√)):

- CONFIDENTIAL** (Contains confidential information under the Official Secret Act 1972)*
- RESTRICTED** (Contains restricted information as specified by the organisation where research was done)*
- OPEN ACCESS**

Validation of Project/Thesis

I therefore duly affirmed with free consent and willingness declared that this said Project/Thesis shall be placed officially in the Centre for Academic Information Services with the abide interest and rights as follows:

- This Project/Thesis is the sole legal property of Universiti Malaysia Sarawak (UNIMAS).
- The Centre for Academic Information Services has the lawful right to make copies for the purpose of academic and research only and not for other purpose.
- The Centre for Academic Information Services has the lawful right to digitise the content to for the Local Content Database.
- The Centre for Academic Information Services has the lawful right to make copies of the Project/Thesis for academic exchange between Higher Learning Institute.
- No dispute or any claim shall arise from the student itself neither third party on this Project/Thesis once it becomes sole property of UNIMAS.
- This Project/Thesis or any material, data and information related to it shall not be distributed, published or disclosed to any party by the student except with UNIMAS permission.



Student's signature: _____
(11 AUGUST 2021)



Supervisor's signature: _____
(24 AUGUST 2021)

Current Address:
No 35, Lorong 5,
Kampung Bumbok,
KM 16 Jalan Batu Kitang,
93250, Kuching, Sarawak.

Notes: * If the Project/Thesis is **CONFIDENTIAL** or **RESTRICTED**, please attach together as annexure a letter from the organisation with the period and reasons of confidentiality and restriction.

[The instrument was duly prepared by The Centre for Academic Information Service]

IMPACTS OF ORGANIZATIONAL CULTURE ON EMPLOYEES' PERFORMANCE

OLIVER LEFRANCO ANAK SANNI

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
(2021)

The project entitled 'Impacts Of Organizational Culture On Employees' Performance' was prepared by Oliver Lefranco anak Sanni and submitted to the Faculty of Cognitive Sciences and Human Development in partial fulfillment of the requirements for a Bachelor of Science with Honours (Human Resource Development).

Received for examination by:



(PROFESSOR DR SHAHREN AHMAD ZAIDI ADRUCE)

Date:

24 August 2021

Grade

A

ACKNOWLEDGEMENTS

First and foremost, I would like to thank God for blessing and make it possible leading me for completed my final year project. The successful completion of this project also depends to a great extent on the encouragement and guidelines of others. Therefore, I wish to take this opportunity to express my heartfelt gratitude to the people that had helped me throughout this journey.

I would like to express sincere thanks to my supervisor, Professor Dr Shahren Ahmad Zaidi Adruce for spending his time and efforts to give me a lot of guidance, advice, and supervision for my final year project. I have been grateful to have a supervisor who responded to my questions and queries so directly. Without his support, I would have difficulty to complete my final year project. Besides, all the believe and patience given by him have built my confidence to finish this project.

I also would like to give thank all to the respondents in Kuching which working in private sector for giving me the permission, opportunity, and cooperation to conduct my study who have taken their precious time and give commitment in answering my questionnaires. Their willingness to share their knowledge and experience has assisted me to complete my data collection process successfully.

In addition, to my beloved parents and my siblings, thank you for their consistent support and inspiration that motivate me to complete my final year project. I will always be grateful to them for their trust, moral support, and patience that they had throughout my journey which allowed me to achieve my goals.

Finally, I also wish to extend my special thanks to all my friends and course mates. Their willingness to share their knowledges, ideas, and opinions has helped me a lot in doing this final year project. I always be grateful for their support and feel blessed.

TABLE OF CONTENTS

ACKNOWLEDGEMENTS	v
LIST OF TABLES	x
LIST OF FIGURES	xi
ABSTRACT	xii
CHAPTER 1: INTRODUCTION.....	1
1.1 Introduction	1
1.2 Background of Study.....	1
1.3 Statement of Problem	3
1.4 Research Objectives	6
1.5 Research Question.....	7
1.6 Research Hypotheses.....	7
1.7 Conceptual Framework	9
1.8 Definitions of Terms	10
1.9 Summary	11
CHAPTER 2: LITERATURE REVIEW	12
2.1 Introduction	12
2.2 Issues Related to Study	12
2.2.1 Organizational Culture	12
2.2.2 Employee Performance.....	13
2.3 Related Model	14
2.3.1 Denison’s Model of Organizational Culture	14
2.4 Past Related Findings from Previous Research.....	18
2.4.1 Relationship between Organizational Culture and Employees’ Performance.....	18
2.4.2 Relationship between Demographic Factors and Employees’ Performance.....	18
2.4.3 Difference between Gender and Employees’ Performance.....	19
2.4.4 Difference between Age and Employees’ Performance.....	19
2.4.5 Difference between Ethnicity and Employees’ Performance.....	20
2.4.6 Difference between Educational Level and Employees’ Performance	20

2.4.7 Difference between Length of Service and Employees' Performance.....	21
2.4.8 Relationship between Empowerment and Employees' Performance.....	22
2.4.9 Relationship between Team Orientation and Employees' Performance.....	22
2.4.10 Relationship between Agreement and Employees' Performance.....	23
2.4.11 Relationship between Creating Change and Employees' Performance.....	23
2.4.12 Relationship between Job Satisfaction and Employees' Performance.....	24
2.5 Summary.....	24
CHAPTER 3: RESEARCH METHODOLOGY	25
3.1 Introduction.....	25
3.2 Research Design.....	25
3.3 Location, Population, and Sampling Method.....	25
3.4 Instrument.....	26
3.5 Validity and Reliability.....	26
3.6 Data Collection Procedure.....	27
3.7 Data Analysis Procedure.....	29
3.7.1 Descriptive Statistics.....	29
3.7.2 Inferential Statistics.....	30
3.7.2.1 Independent Samples T- Test.....	30
3.7.2.2 One-Way ANOVA.....	30
3.7.2.3 Pearson Correlation Coefficients.....	31
3.8 Ethics of the Study.....	32
3.9 Research Timeline.....	33
3.10 Summary.....	34
CHAPTER 4: FINDINGS	35
4.1 Introduction.....	35
4.2 Data Collection Summary.....	35
4.3 Data Preparation.....	35
4.4 Data Reliability Analysis.....	36
4.5 Demographic Findings.....	37
4.5.1 Gender.....	37

4.5.2 Age.....	38
4.5.3 Ethnicity.....	39
4.5.4 Educational Level.....	41
4.5.5 Length of Service.....	42
4.6 Bivariate Analysis	43
4.6.1 Hypotheses Testing Using Independent Sample T-Test.....	43
4.6.1.1 Difference between Gender and Employees’ Performance.....	43
4.6.2 Hypotheses Testing Using One-Way ANOVA.....	44
4.6.2.1 Difference between Age and Employees’ Performance.....	44
4.6.2.2 Difference between Ethnicity and Employees’ Performance.....	45
4.6.2.3 Difference between Educational Level and Employees’ Performance	45
4.6.2.4 Difference between Length of Service and Employees’ Performance.....	46
4.6.3 Hypotheses Testing Using Pearson Correlation	47
4.6.3.1 Relationship between Empowerment and Employees’ Performance.....	47
4.6.3.2 Relationship between Team Orientation and Employees’ Performance	48
4.6.3.3 Relationship between Agreement and Employees’ Performance.....	48
4.6.3.4 Relationship between Creating Change and Employees’ Performance	49
4.6.3.5 Relationship between Job Satisfaction and Employees’ Performance.....	50
4.7 Summary of Findings	52
4.8 Chapter Summary.....	55
CHAPTER 5: DISCUSSIONS AND RECOMMENDATIONS	56
5.1 Introduction	56
5.2 Discussions on the Findings	56
5.2.1 Difference between Gender and Employees’ Performance.....	56
5.2.2 Difference between Age and Employees’ Performance.....	56
5.2.3 Difference between Ethnicity and Employees’ Performance.....	57
5.2.4 Difference between Educational Level and Employees’ Performance	57
5.2.5 Difference between Length of Service and Employees’ Performance.....	57

5.2.6 Relationship between Empowerment and Employees' Performance.....	58
5.2.7 Relationship between Team Orientation and Employees' Performance.....	58
5.2.8 Relationship between Agreement and Employees' Performance.....	58
5.2.9 Relationship between Creating Change and Employees' Performance	59
5.2.10 Relationship between Job Satisfaction and Employees' Performance.....	59
5.3 Summary of Discussions.....	60
5.4 Contributions of Study	64
5.4.1 Knowledge.....	64
5.4.2 Methodology.....	64
5.4.3 Human Resource Practitioner.....	64
5.4.4 Policy.....	65
5.5 Limitation of Study	65
5.5.1 Topical.....	65
5.5.2 Subject/knowledge/theory	65
5.5.3 Methodology.....	66
5.5.4 Physical limitation	66
5.6 Recommendations	67
5.6.1 For future researchers	67
5.6.2 For the organization.....	67
5.7 Conclusion.....	69
REFERENCES.....	xii
APPENDIX.....	xxii
RESEARCH INSTRUMENT	xxii

LIST OF TABLES

Table 1: Conceptual and Operational Definition of Terms	10
Table 2: Rules of Thumb about the Strength of Correlation Coefficients	31
Table 3: Research process and timeline	33
Table 4: Data reliability analysis	36
Table 5: Frequency and Percentage Distribution of Respondents based on Gender	37
Table 6: Frequency and Percentage of Respondent based on Age	38
Table 7: Frequency and Percentage of Respondents based on Ethnicity.....	39
Table 8: Frequency and Percentage of Respondents based on Educational Level	41
Table 9: Frequency and Percentage Distribution of Respondents based on Length of Service.....	42
Table 10: Mean and Standard Deviation of Gender	43
Table 11: Independent Samples T-Test for Gender and Employees' Performance.....	43
Table 12: Results of ANOVA for Age and Employees' Performance	44
Table 13: Results of ANOVA for Ethnicity and Employees' Performance	45
Table 14: Results of ANOVA for Educational Level and Employees' Performance...	46
Table 15: Results of ANOVA for Length of Service and Employees' Performance ...	46
Table 16: Correlation between Empowerment and Employees' Performance	47
Table 17: Correlation between Team Orientation and Employees' Performance	48
Table 18: Correlation between Agreement and Employees' Performance.....	49
Table 19: Correlation between Creating Change and Employees' Performance	50
Table 20: Correlation between Job Satisfaction and Employees' Performance	51
Table 21: Summary of Main Findings	52
Table 22: Summary of Discussions on the Findings	60

LIST OF FIGURES

Figure 1: Conceptual Framework.....	9
Figure 2: Denison’s Model of Dimensions of Organizational Culture	15
Figure 3: Data Collection Procedure	29
Figure 4: Pie Chart of Gender	37
Figure 5: Pie Chart of Age	38
Figure 6: Pie Chart of Ethnicity	40
Figure 7: Pie Chart of Educational Level.....	41
Figure 8: Pie Chart of Length of Service	42

ABSTRACT

IMPACTS OF ORGANIZATIONAL CULTURE ON EMPLOYEES' PERFORMANCE.

Oliver Lefranco anak Sanni

The aim of this study is to identify the impacts of organizational culture on employees' performance. A quantitative method is utilized in this study where the data are collected from 100 respondents who are working in private sector in Kuching, Sarawak by using online questionnaires. Data collected are analyzed using descriptive statistics and inferential statistics through Statistical Package for Social Sciences (SPSS) version 26. Independent Samples T-Test, One-Way ANOVA, and Pearson Correlation were used to test the research question and research hypotheses. The findings of this study have shown that there is no significant difference between each demographic factors (gender, ethnicity, educational level, and length of service) and employees' performance. Meanwhile, the findings also have shown that there is significant difference between age and employees' performance. Besides, the findings have shown that there is significant relationship between each of the organizational culture (empowerment, team orientation, agreement, creating change, and job satisfaction) and employees' performance. The results of this study may contribute to knowledge, methodology, human resource practitioners, and policy. Apart from that, several recommendations have been given to the organizations and future researchers.

CHAPTER 1: INTRODUCTION

1.1 Introduction

This study conducted to study impacts of organizational culture on employees' performance. The objective of this study explored the organizational culture which gives impacts on employees' performance in the organization. Besides, this study focused on private sector in Kuching, Sarawak. In this chapter, it explained the background of study, statement of problem and further explanation regarding organizational culture construct in the organization that give broad views about this study.

1.2 Background of Study

An organization's culture can influence the way people act and must be taken as a contingency factor in any program for organization growth. According to Maamari & Saheb (2018), the organizational culture comprises sets of values, beliefs, and actions of doing things in an organization. In the organization, culture can be different depending on the work environment. According to (Gutterman, 2015) an organization's culture has a strong impact on how the organization handles concerns and questions, sets goals, and establish mechanisms that define the organizational members' work activities and relationships, as well as how members behave while carrying out their organizational activities. They can bring out the best in people and build outstanding working conditions for people or they can bring out the worst in people and create stress-filled unhealthy environments (Warrick, 2017). On the other hand, employee performance can refer actions of the workers in the workplace and how well they accomplish the tasks employer obligated them to perform. Employee performance includes factors such as job quality, productivity as well as the behavior of the workers in the workplace. According to (Shahzadi et al., 2014) employee performance includes quality and quantity

production, present at work, tolerant and helpful character, and timeliness of output. Employees need to understand and attach to the organizational culture which is belonging to that organization which can help to improve performance to ensure the organization workforce can meet business and customer needs.

Previously, there were research regarding organizational culture on employee performance. The study at selected software houses in Pakistan where the result shows the positive correlation between organizational culture and employees' job performance (Shahzad, 2014). In this study, the research question focused on the arrangement in organizational culture which five possible features includes reward system, employee participation, innovation, customer service and risks taking and communication system. Research on the results of work culture in the public sector in Saudi Arabia reveals a positive association between organizational culture and work performance (Saad & Abbas, 2018). In a state-owned bank in Pontianak, Indonesia, the study investigated the impact of organizational culture and compensation on employee performance. The study used work motivation as an intermediary variable (Daud, 2020). As mentioned by Dewi & Wibowo (2020) performance of permanent lecturers at the University of Maarif Hasyim Sidoarjo has partially affected by organizational culture. Besides, as studied by Awadh & Alyahya (2013) the research article was focused on identifying and measure the strong relationship between organizational culture and performance.

Hence, the focused of this study was identified impacts of organizational culture on employees' performance which focuses on the private sector in Kuching, Sarawak. So, organizational culture will be the independent variable and employee performance will be the dependent variable. This study need identified whether there is significant difference between

demographic factors and employees' performance. This study also identified whether there is a significant relationship between organizational culture and employees' performance. It will help to determine how organizational culture can be related to a better understanding regarding this topic. So, people within organization need to understand the organization's culture that can bring the employees on a common platform and develop a better relationship. By having a strong organization culture, it enhances the effectiveness of worker with performing the jobs well.

1.3 Statement of Problem

Organizational culture should not be ignored and in certain situations, it also can influence members in the organization than other sets of procedures and rules applied. The culture in the organization needs to establish a good working relationship among organization members in the workplace which maintain values and expectations that can affect employee performance. A strong culture of an organization based on managers and leaders tends to improve performance (Awadh & Alyahya, 2013). There are a lot of studies were conducted on organizational culture in which different findings were found and the gaps will be discussed which will helps to describe the issues and views from previous studies.

Firstly, organizational culture has been connected to performance through the influence on employee attitude and action. Hendrawijaya (2019) point out that the effects of age, gender, education level, working years and the number of family dependents are indirectly affected by employee performance. There was research regarding organizational culture was conducted in Pakistan discovered that the culture of the organization has a significant positive impact on the work performance of the employees of the selected software company (Shahzad, 2014). In his study revealed that although organizational culture has impact on the job performance of

employees, he stated that future researchers should explore the relationship between the performance of employees and their perceptions of culture across organizations. Besides, the study was conducted in Lebanon to emphasize the influence of organizational culture on leader style and the influence of selected leadership style on team performance. (Maamari & Saheb, 2018). The researchers stated that managers need to focus on further training and development of employee skills, so that employees can accept, adapt, and integrate into the organizational culture. The research was conducted in Saudi Arabian to study the direct and indirect influence of organizational culture on work results (Saad & Abbas, 2018). They identified these cultural elements, such as achieving goals, managing changes, teamwork and the impact of cultural forces on performance influence on performance. Mousavi et al., (2015) argued that only involvement and adaptability affect the performance of banks among the components of organizational culture. Their studies aim to expose the effective role of organizational culture in Iran's branches of state banks. Besides, as studied by (Rozanna et al., 2019) the findings suggest that any attempt to increase employee performance should be focused on improving job satisfaction which this study was conducted on employees of public works and spatial planning agencies in Pidi District, Aceh province, Indonesia. Past studies showed most of the research regarding organizational culture was conducted in foreign countries such as Indonesia, Pakistan, Lebanon, and Saudi Arabian that indicated some limitations of their studies. Hence, the understanding of organizational culture based on previous studies shows that it can influence performance based on different perspectives.

In addition, most of the research on organizational culture is led by researchers from abroad who have different views or opinions. These will show the gap in the research on organizational culture and performance study were done in Malaysia context. There are few known researchers conducted in Malaysia on organizational culture. Based on research

conducted by Asree et al. (2010) analyzed the operational analyze the operating strategy of the service company (hotel) to evaluate its leadership and organizational culture which is the infrastructural aspect of their operational practices that this will affect their ability to respond to employees and customers, and ultimately affect their performance. The studies argued that through the operational practice of leadership and organizational culture can improve the hotel's revenue performance. Other than that, there was a study to examined the relationship between organizational culture and financial performance of top Malaysian companies (Yusoff, 2011). She found although culture affects the performance of Malaysian companies, the three cultural dimensions of masculinity, individualism and power distance have a negative impact on company performance. As studied by (Shamsuddin et al., 2020) found that both involvement culture and adaptability culture had significant influences on employee performance. This study aims to determine the relationship between the organizational culture of civil servants in the Kelantan State Government Office and employee performance. From these stated studies, researchers more focused on service firms (hotel), industrial sectors, and public servants which the target group of research are different and involves different elements of organizational culture. Apart from this, it shows a lack of research about the impact of organizational culture on employee performance in Malaysia context.

Therefore, as there is least known number of research been conducted for the impact of organizational culture on employee performance, this study aimed to explore the impact of organizational culture on employee performance and have a better understanding of this topic based on the perspective of local context. It also be focused on organizational culture elements which include empowerment, team orientation, agreement, creating change based on Denison's model and include job satisfaction. This study be focusing the employees from the private sector located in Kuching, Sarawak. Apart from this, the topic of organizational culture needs

to explore more in the local context which allows more insight and ideas about this topic. Hence, the research conducted will fill the gap in the past research of organizational culture and employee performance in Malaysian context.

1.4 Research Objectives

General objective

The general objective of this study is to identify the impacts of organizational culture on employees' performance in private sector.

Specific objectives

The specific objectives in this study were stated as below:

- To determine the demographic factors attributes (gender, age, ethnicity, educational level, and length of service) of the respondents in private sector.
- To determine if there is any significant difference between gender and employees' performance in private sector.
- To determine if there is any significant difference between age and employees' performance in private sector.
- To determine if there is any significant difference between ethnicity and employees' performance in private sector.
- To determine if there is any significant difference between educational level and employees' performance in private sector.

- To determine if there is any significant difference between length of service and employees' performance in private sector.
- To determine the relationship between empowerment and employees' performance in private sector.
- To determine the relationship between team orientation and employees' performance in private sector.
- To determine the relationship between agreement and employees' performance in private sector.
- To determine the relationship between creating change and employees' performance in private sector.
- To determine the relationship between job satisfaction and employees' performance in private sector.

1.5 Research Question

RQ1: What are the demographic factors attributes (gender, age, ethnicity, educational level, and length of service) of the respondents in private sector?

1.6 Research Hypotheses

H₀1: There is no significant difference between gender and employees' performance in private sector.

H₀2: There is no significant difference between age and employees' performance in private sector.

H₀₃: There is no significant difference between ethnicity and employees' performance in private sector.

H₀₄: There is no significant difference between educational level and employees' performance in private sector.

H₀₅: There is no significant difference between length of service and employees' performance in private sector.

H₀₆: There is no significant relationship between empowerment and employees' performance in private sector.

H₀₇: There is no significant relationship between team orientation and employees' performance in private sector.

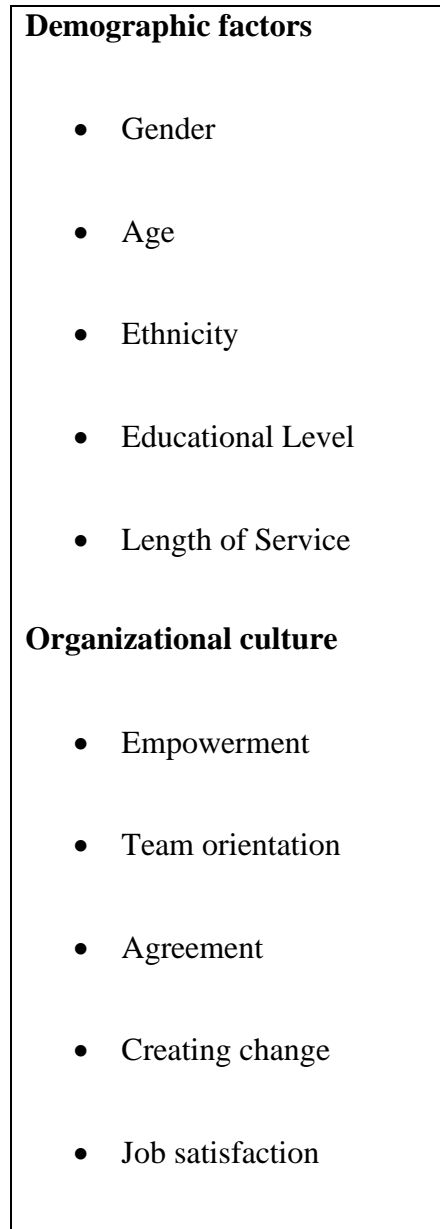
H₀₈: There is no significant relationship between agreement and employees' performance in private sector.

H₀₉: There is no significant relationship between creating change and employees' performance in private sector.

H₀₁₀: There is no significant relationship between job satisfaction and employees' performance in private sector.

1.7 Conceptual Framework

Independent variables



Dependent variable

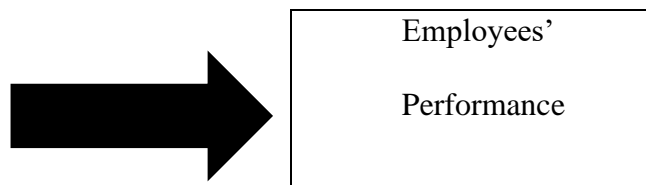


Figure 1: Conceptual Framework

1.8 Definitions of Terms

Table 1: Conceptual and Operational Definition of Terms

Terms	Conceptual definition	Operational definition
Organizational culture	Organizational culture is the collection of ideals, beliefs, and way of doing things in an organization (Maamari & Saheb, 2018).	In this study, the set of values, beliefs, and way of doing things shared by employee within organization.
Empowerment	Empowerment is the mechanism by which others may acquire power, authority and control over others, organizations or society (Borghei et al., 2010).	In this study, empowerment important which employee have the authority and ability to manage their work.
Team orientation	Team orientation implies as a team which the condition of being guided (Arulraja & Opatha, 2013).	In this study, employee jointly work as a team toward common goals for organization.
Agreement	Agreement can be define when members of the organization can reach agreement on important issues (Nigussie, 2018).	In this study, employee ability to reconcile differences thought when they occur in organization.
Creating change	The organization is able to build adaptive ways to meet evolving needs (Nigussie, 2018).	In this study, employee able to act on changes happen and anticipate future changes.

Job satisfaction	Job satisfaction can define as people's perceptions and thoughts towards their jobs (Ezeanyim & Ufoaroh, 2019).	In this study, employee able to has positive emotions towards the job.
Employee performance	Employee performance is the success of workers in carrying out a job in an organization (Dewi & Wibowo, 2020).	In this study, employee performance refers how well employee perform on the job's duties in the organization.

1.9 Summary

In conclusion, this chapter had discussed the introduction, background of study, research gap in the problem statement, study objectives, and definition of terms which includes conceptual definition, and operational definition. The researcher must had a basic understanding of the study and the ability to come up with ideas for what parts of the study should be discussed. Besides, hypothesis, conceptual framework, significance of study, limitations of study also been covered in this chapter which needs to adapt for this study.