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Impact of Organizational Culture on Employee Job Performance in a Large Scale Apparel Company (BASL-Finishing)

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Abstract

This study is focused to identify the impact of organisational culture on employee job performance in a large scale apparel company (BASL – Finishing). This research attempts to fill the gap of literature related to this topic by studying the situation of the Sri Lankan apparel industry and to provide more empirical evidence on the impact of organizational culture on employee job performance by investigating and measuring the possible relationships between organizational culture and job performance in BASL – Finishing. The data were collected from a random sample consisted of 100 individuals from BASL – Finishing representing managerial level, staff level and operational level employees. The data were obtained by a questionnaire consisted of 65 statements with five point Likert scale. The data were analysed using SPSS (version 16.0) including univariate and bivariate analyses. According to the research findings, organizational culture had a positive relationship with job performance of employees. Then, it is accepted that organizational culture had a moderate impact on employee job performance. According to the results of regression analysis, it can be concluded that 27% of variation in job performance is accountable for organizational culture. It is vital to make organizational culture strong in order to enhance the job performance of employees by improving adaptability, mission, involvement, and consistency of culture.

Keywords: *Organizational Culture, Job Performance, Apparel Industry*

Introduction

An organization is a consciously coordinated social unit composed of two or more people that functions on a relatively continuous basis to achieve a common goal or set of goals (Robbins & Judge 2012). This formal and definite unit has many different objectives to achieve to ensure its long-term survival, growth and ultimately earn profits (Masters 2011). One of the major resources that organizations have is their employees to achieve their goals and objectives. They contribute their efforts to gain organizational objectives through performing their roles; more simply, performing their jobs. Kokemuller (n.d.) says that for companies that consider employees their most valuable assets, human resources have extreme value. In the most general sense, human resource (HR) serves to motivate employees to top performance and maintain an organizational culture of high morale. Cascio (2006, as cited in Shahzad et al. 2012) further elaborates that the job of an employee is built up by the degree of achievement of a particular target or mission that defines boundaries of performance. As Brooks in 2006 (as cited in Awadh & Alyahya 2013) states, the employee performance would

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be considered as the backbone of an organization. However, employees' job performance can be affected by many factors both internal and external. Kottawatta in 2007 explains that the employees in an organization are affected by many factors to determine their job performance. Then it is clear that organizational culture is one of those factors that affects the employees' job performance.

Problem Background and Problem of the Study

The relationship between organizational culture and performance has engaged the attention of researchers for many years (Zakari, Poku & Owusu-Ansah 2013). While many culture researchers have devoted numerous articles to the nature and definitions of culture, relatively fewer articles have contributed towards culture and performance research (Lee & Yu 2004). Majority of existing studies on organizational culture and performance have concentrated on developed countries (Zakari, Poku & Owusu-Ansah 2013) and very little has been done in developing countries (Davidson, 2003 as cited in Zakari, Poku & Owusu-Ansah 2013).

Ojo (2009) emphasizes in his study that corporate culture is very important for every organization and that it has positive impact on employee job performance. The methodologies and findings of research show that culture and performance were considered interrelated (Lim 1995). Rousseau in 1990 (as cited in Shahzad et al. 2012) studied to overcome some of the limitations in measuring the culture of organization. At the end the result showed that there was no positive correlation between culture and employees performance. According to Lim (1995), it is assumed that there is a link between culture and performance. But as Ojo (2009) describes, while this topic is rich in studies, many researchers concur on the fact that there is no agreement on the precise nature of the relationship between corporate culture and performance.

Because of these contradictory results, the question of whether corporate culture improves or worsens employee's performance is still worthy of further research (Ojo 2009). In addition, despite the existence of these studies, very little attention has been given to the apparel industry especially in the Sri Lankan context. Thus, there is a major gap in the relevant literature in Sri Lanka, which has to be covered by research. This research attempts to fill this gap by studying the situation of the Sri Lankan Apparel industry and providing more empirical evidence on the effects of corporate culture on employee job performance. *Hence, the research problem of this study is to investigate and measure the impact of organizational culture on employee job performance at BASL – Finishing.*

Research Framework

Based on the writings of Geldenhuys (2006), it can be concluded that culture is an important contributor to performance, but not the sole contributor. After studying and analyzing literature, it is reasoned out that organizational culture has a deep impact on the variety of organizational process, employees and its performance. According to the studies of Ojo (2009), Zakari, Poku and Owusu-Ansah (2013), Rehman (2012), Shahzad et al. (2012), Davoren (n.d.), Jaghargh et al. (2012), Geldenhuys (2006), Robbins & Judge (2012), Shahzad, Iqbal & Gulzar (2013), Lee & Yu (2004), Awadh & Saad (2013), it has been proven

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that organizational culture has a direct impact on performance. Based on above findings, it is hypothesized that organizational culture has an impact on job performance of employees at BASL – Finishing. Thus, the hypothesis of the study is as follow.

H₁: There is an impact of organizational culture towards employee job performance in BASL – Finishing.

Method

Study Design

The objective of the study is to investigate the impact of organizational culture on employee job performance at BASL – Finishing in order to find out a relationship between the independent variable and the dependent variable. Therefore, the type of the investigation used in this study is experimental. The study was conducted in natural environment where events normally occur, that is non - contrived setting. Data gathering was done only for once within a particular time period and there was no subsequent extension of the research contemplated. Thus, the time horizon is cross-sectional. The unit of the study is individual: managerial, staff and operational level employees at BASL – Finishing.

Research population was the employees at BASL – Finishing including managers, staff level and operational level employees. Sample was selected using simple random sampling technique and consisted of 100 participants from the above population including 5 managers, 25 staff level employees, and 70 operational level employees. Primary data were collected using a questionnaire for the study and the same questionnaire was answered by both managers and other employees.

Measures

The dependent and independent variables in this research study (i.e. employee job performance and organizational culture) were measured using a questionnaire with five point scale (Strongly Agree (SA), Agree (A), Neither Disagree nor Agree (NDN), Disagree (DA), Strongly Disagree (SD)) which was completed by the respondents themselves on their experiences. The level of measurement of the variables in the study constitutes interval scales. But the job level and gender were measured using nominal scale.

The dependent variable of the study which is the job performance of employees in BASL – Finishing was measured by an instrument consisted of 30 statements developed by Udayakumar in 2003 (as cited in Kottawatta, 2007). Job performance was measured in terms of three dimensions, traits, behaviour and attitudes.

The independent variable of the study which is the organizational culture was measured using an instrument consisted of 35 statements developed by Denison and his colleagues (Denison 1984, 1990, 1996; Denison & Mishra 1995, 1998; Denison & Neale 1996; Denison, Cho, & Young 2000; Fey & Denison 2002; Denison, Haaland & Neale 2002, as cited in Denison Haaland & Goelzer 2002) on a five point scale. The organizational culture was measured in terms of four dimensions; adaptability, mission, involvement, and consistency.

Reliability and Validity

The instrument used to measure the job performance has been used by Udayakumar in 2003 (as cited in Kottawatta, 2007) in his study. Then, Kottawatta in 2007 used the same questionnaire to measure the job performance in his study. To measure the external reliability of the instrument used to collect data in his study was examined by test – retest method. The test was carried out using ten executive and ten non-executive employees from the apparel industry in Sri Lanka with two weeks time interval between two administrations. The coefficient of the Test – retest of the instrument was 0.701 that indicates a good external reliability. The internal item consistency reliability was examined with Cronbach's Alpha test. The result of Cronbach's Alpha test was 0.852 which suggests that the internal reliability of each instrument was satisfactory (Kottawatta, 2007). The content validity of the instruments was ensured by the conceptualisation and operationalization of the variables using the available literature and indirectly by the high internal consistency reliability of the instruments as denoted by the Alphas. Since the instrument that used to measure the job performance has been used for several times by the academics, the instrument is expected to be highly validated and reliable.

The instrument used to measure the organisational culture has also been used by many scholars such as Zakari, Poku & Owusu-Ansah (2013), Ehtesham, Muhammad and Muhammad (2011). This instrument was originally designed by Denison and his colleagues (Denison 1984, 1990, 1996; Denison & Mishra 1995, 1998; Denison & Neale 1996; Denison, Cho & Young 2000; Fey & Denison 2002; Denison, Haaland & Neale 2002, as cited in Denison Haaland & Goelzer 2002). This model has been deployed successfully in over 5000 organizations around the world (denisonconsulting.com n.d.). The model can be followed at www.denisonconsulting.com to get the consulting support in measuring the culture in organizations. This commercial instrument is widely used by many scholars as it is highly validated and reliable in past researches.

Techniques of Data Analysis

The data collected from the primary source were analysed using the computer based statistical data analysis package SPSS (version 16.0).

Results

To investigate the responses for independent and dependent variables, univariate analysis was used. The results of the univariate analysis are given in Table 1.

Table 1: Univariate Analysis

	Job Performance	Organizational Culture
Mean	4.3137	3.4950
Median	4.4167	3.5000
Mode	4.60	3.53
Std. Deviation	0.35801	0.15460
Variance	0.128	0.024
Skewness	-1.716	0.847
Std. Error of Skewness	0.241	0.241
Kurtosis	3.250	3.431
Std. Error of Kurtosis	0.478	0.478
Range	1.67	1.03

According to Table 1, the data recorded for job performance are negatively distributed and the data recorded for the organizational culture are positively skewed. As per means, organizational culture has an average of 3.495 which indicates that the organizational culture is strong or highly favourable since it is greater than 3 and the mean value of job performance is also greater than 3, then job performance of the respondents is good.

The bivariate analysis, Pearson's Correlation between job performance and organizational culture at BASL – Finishing are illustrated in Table 2.

Table 2: The Pearson's Correlation between Independent Variable and Dependent Variable

Pearson Correlation	0.115
Sig. (1-tailed)	0.127

Correlation is significant at the 0.01 level (1-tailed)

As shown in Table 2, Pearson's correlation between organizational culture and job performance is 0.115 and it is positive and the relationship is moderate as well (a coefficient of 1). It shows that, as predicted, there is a positive relationship between organizational culture and job performance and as organizational culture gets strong, job performance increases. In other words, a strong organizational culture has a positive impact on employee job performance.

The results of simple regression analysis of the independent variable and dependent variable are given in Table 3.

Table 3: Regression analysis of the independent variable and dependent variable

Method	Linear
R Square	0.013
Adjusted R Square	0.003
F	1.313
Significance	0.255
B-constant	3.383
b-value	0.266

According to Table 3, the b value of the equation, the gradient of the regression, 0.266 which is significant at 1% (significant = 0.000). It is observable that independent variable is positively related with the dependent variable. As indicated by R squared, 1.3% of the variance of job performance is explained by organizational culture with the standardized beta of 0.003. The F value is 1.313, which is significant at 1% ($p=0.000$) which suggests that job performance has significantly explained 0.3% of the variance of job performance.

Discussion and Conclusion

Based on the results of correlation analysis, it was found that there is a positive relationship between organizational culture and job performance at BASL – Finishing at 0.115 of correlation which is significant at 0.127. But the correlation was not so strong as it was less than the lower bound of strong correlation (0.5). Again, it was found that there is a positive impact of organizational culture on job performance according to the results of simple regression analysis which was 0.266 at 1% of significance (Significant=0.000). The relationship is strong to an acceptable level. Therefore, it was found that organizational culture is a predictor of job performance. Since the culture of BASL – finishing is strong (mean value of organizational culture is 3.495), it can be concluded that the strong organizational culture can have a positive impact on job performance of employees.

These findings were supported by the findings and arguments given by Shahzad et al. (2012), Lee & Yu (2004), Kandula (2006, as cited in Ehtesham, Muhammad & Muhammad 2011), Awadh & Saad (2013), Shahzad, Iqbal and Gulzar (2013), Ojo (2009), Rehman (2012), Zakari, Poku and Owusu-Ansah (2013) with positive relationship between organizational culture and job performance while culture was strong. But the findings of Ehtesham, Muhammad & Muhammad (2011) prove that each of the four organizational cultural traits of involvement, consistency adaptability and mission are positively and strongly associated with performance at a confidence level of 0.99.

The hypothesis testing was done using the results of Pearson's bivariate Correlation and the Regression analysis. The Pearson's product moment correlation coefficient between organizational culture and job performance is 0.115, which is significant at 1% ($p= 0.127$). According to the results, simple regression analysis (b) between these two variables is 0.266, which is significant at 1% (Sig. T= 0.255). Therefore, based on the results of both analyses, the Null hypothesis is rejected and alternative hypothesis is accepted since $r>0$ and $b>0$. For that reason, it is statistically supported to conclude that there is a positive relationship between organizational culture and job performance or organizational culture has a positive impact on employee job performance at BASL – Finishing. If the culture is not strong or weak, the controllability of employee performance may be hindered or dissatisfactory.

It can be concluded that 27% of variation in job performance is accountable for organizational culture while 73% of variance was unexplained by this model. These variables may be personality, organizational structure, motivation, group (Kottawatta, 2007), managerial standards, and commitment (Sinha 1997). The findings of this research study

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could be important on the theoretical as well as practical scenario. As this research model proves to be an explanatory model of job performance, the findings of the study are important to improve job performance of employees. According to the findings, it is vital to make the organizational culture strong in order to enhance the job performance of employees. Adaptability, mission, involvement, and consistency should be improved for a strong organizational culture.

For a culture of high adaptability, some steps that can be taken are; preparing staff better to adjust to new goals and objectives (Johnston n.d.), read the business environment, quickly react to current trends, and anticipate future changes, creating changes, organizational learning (Denison & Neale 1999), welcome new ideas, willingness to try new approaches to doing things, see creating change as an important part of the way they do business (denisonconsulting.com n.d.). For a culture of high mission, some steps that can be taken are; clear mentioning of strategic intentions, convey the organization's purpose and make it clear, a clear set of goals and objectives (Denison & Neale 1999).

For a culture of high involvement, some steps that can be taken are; building self-managed work teams (Zmoreski n.d.), enabling individuals to adopt new behaviors that further their individual aspirations (Gershon 2007), enabling individuals to have the authority, initiative, and ability to manage their own work, encouraging team work, invests in the development of employees' skills in order to stay competitive and meet ongoing business needs (Denison & Neale 1999). For a culture of high consistency, some steps that can be taken are; have a clear set of core values that help employees and leaders make consistent decisions and behave in a consistent manner (denisonconsulting.com n.d.), enabling different functions and units of the organization to work together well to achieve common goals (Denison & Neale 1999).

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