

UNIVERSITI TEKNOLOGI MARA

**MEDIATING EFFECTS OF
ORGANIZATIONAL CULTURE ON
THE RELATIONSHIP BETWEEN
ORGANIZATIONAL CONTEXT AND
ORGANIZATIONAL
PERFORMANCE**

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Thesis submitted in fulfillment
of the requirements for the degree of
Doctor of Philosophy

Faculty of Business and Management

February 2016

ABSTRACT

This research examines the construct relationships between organizational structure, strategy, and the congruence between structure and strategy in terms of organizational context, and their effect on organizational performance, then examines the effect of organizational culture as a mediator between these relationships. A total of 216 Yemen Airways non-managerial employees from four main departments participate in the study. The main objective of the study was to examine the significance of organizational culture as a plausible mediator between the congruence of organizational structure, strategy, and organizational performance and then between organizational structure, strategy, and organizational performance. The findings stated that organizational culture significantly and partially mediates the relationship between organizational context and organizational performance. Similarly, organizational culture significantly and partially mediates the relationship between organizational structure and organizational strategy. Other objectives are to identify the effect of organizational context on organizational performance and organizational culture. The findings reported that organizational context has positive effects on organizational performance and organizational culture. Then the next objective is to determine the effect of organizational culture on organizational performance, and the finding is that organizational culture has a significant correlation with organizational performance. The last objective is to identify the effect of organizational structure and organizational strategy on organizational performance and organizational culture. In this objective, the research findings stated that organizational strategy has a positive effect on organizational culture and organizational performance. Meanwhile, it was found that there is no significant relationship between organizational structure and organizational performance, but it has a significant effect on organizational culture. This study reported that organizational culture served as a significant mediator for the relationship between organizational structure and organizational performance. Organizational culture was also found to be a significant mediator for the relationship between organizational strategy and organizational performance, and the more important is that the plausible significant effect of organizational culture as a mediator between the congruence of organizational structure and strategy shows a higher correlation and effect on organizational performance better than the effect of structure and strategy separately. Furthermore, this research shaped ten hypotheses to analyze an organizational context structural model (congruence of structure and strategy) as an independent variable, organizational culture as a mediator, and organizational performance as a dependent variable. The results indicate that 48 percent of the variance in organizational performance was accounted for by the dimension of organizational context as a congruent factor. However, only 20 percent of the variance in organizational culture was accounted for by dimensions in organizational context, and then organizational structure explained 34 percent of organizational culture while organizational strategy explained 22 percent of organizational culture. Moreover, the variance percentages explain organizational performance where 11 and 12 percent respectively. Finally, theoretical, practical, and methodological contributions as well as recommendations for future research were discussed.

ACKNOWLEDGMENT

Alhamdulillah, I am grateful to the Almighty ALLAH of giving me the opportunity to complete my PhD thesis. I am also with unlimited thank full to HIM for being the greatest source of strength and solace.

To all, I am eternally grateful from deep of my heart. Very special grateful and gratitude is owed to my supervisor **Professor. Dr Zaini Haji Abdullah**, the name that will be highlighted for the rest of my life, because of his enthusiasm for the research that was essential robustness for starting this research. Throughout the thesis, his professional guidance, wisdom and constructive feedbacks was like a lights and critical insight for me. He has taught me so much that the experience of doing the PhD research has become priceless asset to me.

Last but not least, I would like to express tremendous gratitude to my biggest love “YEMEN”, and my lovely family, a very special appreciation, grateful and gratitude goes to my mother and my wife for their total supports and prayers. Also I will not forget to thank and appreciate my lovely kids (Juman, Saad and Kaiss) for their patience and understanding their father situation.

My ALLAH blesses all of you for your kindness. Amin

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CHAPTER ONE

RESEARCH OVERVIEW

1.1 INTRODUCTION

This chapter discusses the background of the present study, rationale for conducting the research, research questions and research objectives. In addition, this chapter explains how the present study is significant in terms of contribution to theories and practices. Scope of the present study is also highlighted. Finally, this chapter talks about how the thesis is organized.

1.2 BACKGROUND OF THE RESEARCH

1.2.1 Organizational Performance Gap with the Independent Variables

Today the concept of organizational performance has become like a tool frequently used by both academicians and professional managers in all the areas of business sciences particularly in strategic management studies and more vital in issues of developing organizational performance (Yıldız & Karakas, 2012). Although one cannot ignore the huge process of performance measurement transformation that has taken place in the last couple of years, the data imply that numerous manager and directors still consider traditional performance measurement to be appropriate (Chatterji & Levine, 2005). So far, there are lacking empirical evidence of factors that influence the implementation of contemporary performance measurement (Rejc, 2004).

Many studies investigate about these factors and the relationship between them and organizational performance, and in their research they use organizations success or failure to measure the performance outcome (Dess & Robinson, 1984). Success or failure offers a limited performance measure; the extent of its use in organization policy research on organization is evidence of the difficulty in obtaining objective measures within this milieu (Andersen, Heinesen, and Pedersen, 2013).