

UNIVERSITI TEKNOLOGI MARA

**RELATIONSHIP OF HUMAN
CAPITAL, SERVICE DELIVERY
AND ORGANIZATIONAL
PERFORMANCE: EXAMINING THE
MODERATING EFFECT OF
ORGANIZATIONAL CULTURE IN
MALAYSIAN GOVERNMENT
MINISTRIES**

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ABSTRACT

The main purpose of this study was to investigate the relationship between human capital and service delivery with organizational performance of Malaysian government ministries. The study further examined the influence of human capital, service delivery on organizational performance of Malaysian government ministries. Finally the study looked into the moderating effect of organisational culture on the relationship between human capital and organizational performance as well as between service delivery and organisational performance. The data was collected based on the self-administered questionnaire from 432 officers of the selected ministries in the administrative city of Putrajaya, Malaysia. Descriptive statistics, confirmatory factor analysis (CFA), hierarchical multiple regression and Structural Equation Model (SEM) in AMOS were used to analyse the data collected in this study. As hypothesised, the results revealed that human capital and service delivery were significantly and positively related to organisational performance. It was also found that human capital and service delivery has influenced significantly on organizational performance. Apart from that, the study discovered that service delivery has indicated more or higher influence than human capital on organizational performance. Findings in this study correspondingly support that organizational culture moderates the relationship between human capital and organizational performance as well as between service delivery and organisational performance. It was ascertained that organizational culture has moderated the relationship between overall human capital and service delivery with organisational performance.

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CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

Organizational performance is one of the widely research topic and has been the focus of many researchers and practitioners. Studies in this area have been done in both private and public organizations. The performances of organizations have been commonly studied based on the financial and non-financial measures or components (Skinjar, Bosilj-Vuksic & Indihar-Stemberger, 2008). Some examples of financial performance are return on asset, profit and return on investment. Meanwhile non-financial performance which normally in a form of intangible aspects are like employee satisfaction, delivery services, quality services, efficiency, effectiveness, service outcomes and customer satisfaction. However, different nature of organizations may give different priority in their performance measures. Thus, this particularly very relevant when discussing the performance between the private and public or government organizations. While private companies may focus more on profit-driven performance; the public organizations generally will focus more on non-financial performance in terms of intangible aspects such as efficiency and the outcomes of service (Sargent, 2009). Public organizations generally focus their performance on non-financial such as in terms of quality of service, customer satisfaction and employee satisfaction. Though there is a different emphasis of performance studies between government and private organizations, researchers has stressed that performance of public organizations are equally important to private or profit making organizations including in Malaysia. The study of public organization performance is pivotal in Malaysia for example because public organizations have to provide important services to people and other stakeholders (Mohd Saudi, 2014; Beh, 2014).

Hence, many studies have been devoted by researchers on organizational performance of government organizations (Fang, 2008). This is because government organizations play major role in implementing their strategic planning for the betterment of the people and survival as well as sustainability of the nation (Sargent,