

**THE ASSOCIATION BETWEEN CORPORATE
CULTURE AND EMPLOYEE OUTCOMES:
EXAMINING THE MEDIATING EFFECT OF
PERSON-ENVIRONMENT FIT**

KAYATHRY A/P VEERAPANDIAN

FACULTY OF BUSINESS AND ACCOUNTANCY

UNIVERSITY OF MALAYA

JULY 2010

**The Association between Corporate Culture and
Employee Outcomes: Examining the Mediating
Effect of Person-Environment Fit**

Kayathry A/P Veerapandian

Bachelor of Information Technology (Honours)
University of Tenaga Nasional
2006

Submitted to the Graduate School of Business
Faculty of Business and Accountancy
University of Malaya, in partial fulfillment of the
requirements for the Degree of
Master of Business Administration

July 2010

DEDICATION

I dedicate this thesis to my father, who has taught me that when you can achieve wonders when you put your heart into it, showed me the joy of the learning pursuit without whom I would not have pursued MBA and for all the love and prayers showered upon me. I also take this opportunity to dedicate to my mother who have lifted my spirits up when I thought this thesis is never-ending and at times I doubt it can ever be completed. Their continuous support has taken the load off my shoulders.

I express sincere appreciation to Dr.Kamarulzaman for his guidance and insight throughout this research. His critical and constructive comments were vital to the development of my thesis. His enthusiasm in the research area has motivated me to explore further in the area of Person-Environment Fit.

I am very much indebted to all my colleagues and friends especially Ambiga, Azizah, Jayamalar, Mutia, Raphael and Ripan who were there to offer their valuable assistance, support and encouragement in the midst of all their demanding routine.

Finally, I would like to thank everyone involved in all aspects that led to the successful realization of this thesis.

ABSTRACT

Purpose - Research has suggested that understanding corporate culture as a management philosophy is essential to managing an organization in improving its overall performance. This study examines the association between corporate culture and employee outcomes. Specifically, this study examines four dimensions of corporate culture, namely teamwork, communication, rewards and recognition and training and development on employees' outcomes explicitly job satisfaction, organizational commitment and turnover intention. The influence of person-environment fit dimension as a mediating variable was further explored.

Design/methodology/approach – Data were gathered from two hundred and four employees from various Malaysian organizations. Data were analyzed using descriptive statistics, factor analysis, reliability analysis, Pearson correlation and hypotheses testing using hierarchical multiple regression.

Findings - The results from a survey 204 employees show that corporate culture are important determinants in motivating the employees to be attached to their organization. The findings implicate that an organization needs to be aware of the importance of these dimensions in providing a favorable working environment to its employees to ensure for organizational success. Thus this study proves that dimensions of corporate culture; training and development, teamwork,

communication and rewards and recognition correlates positively with job satisfaction and organizational commitment whereas it correlates negatively with turnover intention. It also indicated that the relationship between corporate culture and employee outcomes was mediated by person-environment fit.

Originality/value - This study contributes to the existing knowledge on the relationship between corporate culture, person-environment fit and employee outcomes. Dimensions of these variables were investigated to provide more comprehensive understanding as the area of research is almost unexplored in the Malaysian context.

Keywords – Corporate Culture, Person-Environment Fit, Organizational Commitment, Job Satisfaction, Turnover Intention

Category – Research Paper

TABLE OF CONTENTS

CHAPTER ONE: INTRODUCTION

1.1	Purpose and significance of study	1
1.2	Research questions	5
1.3	Objectives of the study	6
1.4	Scope of the study	7
1.5	Organization of the study	8

CHAPTER TWO: LITERATURE REVIEW

2.1	Independent variable (Corporate culture)	9
2.1.1	Training and development	10
2.1.2	Rewards and recognition	12
2.1.3	Teamwork	14
2.1.4	Organizational communication	15
2.2	Mediating variable (Person-environment fit)	16
2.2.1	Person-organization fit	17
2.2.2	Person-job fit	18
2.2.3	Person-group fit	19
2.3	Dependent variables (Employee outcomes)	20
2.3.1	Job satisfaction	20
2.3.2	Organizational commitment	22
2.3.3	Turnover intention	25
2.4	Relationships between variables	26
2.5	Theoretical framework	32

CHAPTER THREE: RESEARCH METHODOLOGY

3.1	Development of hypotheses	33
3.2	Selection of measures and instruments	34
3.2.1	Corporate culture (independent variable)	36

3.2.2	Person-environment fit (mediating variable)	37
3.2.3	Employee outcomes (dependent variable)	37
3.2.3.1	Job satisfaction	37
3.2.3.2	Organizational commitment	38
3.2.3.3	Turnover intention	38
3.3	Sampling design	39
3.4	Data collection procedure	40
3.4.1	Pilot test	40
3.5	Data analysis techniques	41
CHAPTER FOUR: RESULTS AND DISCUSSION		
4.1	Summary statistics	43
4.2	Analyses of measures	46
4.2.1	Descriptive statistics	46
4.2.2	Factor Analysis	47
4.2.3	Reliability Analysis	52
4.2.4	Correlation Analyses	53
4.3	Testing of hypotheses	54
4.4	Summary of research results	56
CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS		
5.1	Summary of the study	57
5.2	Limitation and suggestion for future research	59
5.3	Implications	60
5.4	Conclusions	61
REFERENCES		62
APPENDICES		74
Appendix 1:	Questionnaire	74
Appendix 2:	Online Questionnaire	79

LIST OF FIGURES

Figure 2.1: Theoretical Framework	32
-----------------------------------	----

LIST OF TABLES

Table 4.1: Summary of Descriptive Statistics of the respondents' profile	45
Table 4.2: Reliability Test for Corporate Culture	48
Table 4.3: Reliability Test for Person-Environment Fit	49
Table 4.4: Reliability Test for Employee Outcomes	50
Table 4.5: KMO and Bartlett's Test	51
Table 4.6: Summary of Cronbach's Alpha Reliability Analysis	52
Table 4.7: Correlations among variables	54
Table 4.8: Regression results testing direct and mediated effects	56
Table 4.9: Regression results testing corporate culture and P-E fit	56

LIST OF SYMBOLS AND ABBREVIATIONS

HR	Human Resource
HRM	Human Resource Management
KMO	Kaiser-Meyer-Olkin (SPSS Measures of Sampling Adequacy)
β	Indicate the individual contribution of each predictor to the regression model.
SD	Standard Deviation
p	The p value tells if the analysis is significant or not (level of significance)
OC	Organizational Commitment
TI	Turnover Intention
JS	Job satisfaction
P-E Fit	Person-Environment Fit
P-J Fit	Person-Job Fit
P-G Fit	Person-Group Fit
P-O Fit	Person-Organization Fit
Et. al.	And others
MBA	Master in Business Administration
OCQ	Organizational Commitment Questionnaire
SPSS	Statistical Package for the Social Sciences
KSA	Knowledge, Skills and Abilities
ACS	Affective Commitment Scale
M	Mean
r	The r-value indicates strength and direction (\pm) of the correlation
SD	Standard Deviation
SPSS	Statistical Package for the Social Sciences
TI	Turnover Intention