

**EFFECT OF PERCEIVED ORGANIZATIONAL CULTURE ON EMPLOYEE  
PERFORMANCE AT KTDA FACTORIES IN SOUTH RIFT**

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**DECLARATION**

This research project is my original work and has not been presented for any degree award in any institution of higher learning.

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**D61/79349/2015**

This research project has been submitted for examination with my approval as the University Supervisor.

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**Date**.....

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## **DEDICATION**

I heart fully dedicate this research project first and foremost to the Almighty God for giving me the strength, knowledge ,health and resources to come this far. Secondly I dedicate it to my beloved husband Gilbert Mutai and my mentor Benjamin Kiptum for their moral support during the period of study.

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## **ABSTRACT**

With the dynamic global environment, the expectation and motivation of employees have as well changed. There is no doubt that any organizations with the expectation of competing in today business environment have to change it organization culture to cope with the changing expectation of the employees. Research has been done over the year to examine the relationship between the employee's performance and productivity and organization. The main question researched is how organizational culture influences the productivity and the performance of employees. The target population consist of employees of KTDA factory and descriptive survey design was used. The study sample was selected through stratified random sampling techniques and a sample of 91 respondents were picked for the study. A questionnaire was used to collect data which contained both closed and open-ended questions. The questions were formed on the basis of the objective of study. Data was analyzed using descriptive and inferential statistics and the results presented in tables. The findings showed that most of the individuals who responded were in agreement that market culture, hierarchy culture and clan culture positively influenced employee performance. The study established that firms adopted various organizational cultures to boost performance of employees. The findings also showed that factories had a culture that determined how things were done and market culture, hierarchical culture and clan culture were important factors in improving employee performance. The study concludes that organizational culture can work for the good of the organization because of its influence on employee performance. It is through employee performance that the organizations increase its productivity .The study also concludes that there was a positive significant relationship between organizational culture and employee performance in KTDA factories. The study recommended that KTDA factories needed to understand the concept of organizational culture and strengthen it within the company then use it as a tool for competitive advantage against other market competitors. The human resources department should also create an organizational culture profile. that provides an in depth analysis of the core of the business as well as conduct cultural audits regularly in order to measure whether the current practices were still relevant.



# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the study

With the dynamic global environment, the expectation and motivation of employees have as well changed. There is no doubt that any organizations with the expectation of competing in today business environment have to change it organization culture to cope with the changing expectation of the employees. Research has been done over the year to examine the relationship between the employee's performance and productivity and organization. The main question researched is how organizational culture influences the productivity and the performance of employees. Walumbwa & Oke, (2010) describe organization culture as an important tool for measuring organization economic performance.

Different organizations have different organization culture, and the culture of the business can be used to determine how the business will be competitive in the market (Goetsch & Davis, 2014). In addition, the culture of the organization differs in term of belief, values, and perceptions (Milgo & Makokha, 2014). Majority of the organization has adopted the culture that they believe it will influence their performance positively. The organization culture influence employees in setting their professional and personal objectives hence determine how they will execute their duties in the workplace. The organization culture affects the consciously and subconsciously of individual thinking when it comes to decision making and hence affect how employees perceive thinks, feel and act (Langat, 2013). The management perceives organization culture as a key ingredient during the development and implementation of or the organization strategy since it influences the behaviors and attitudes of employees.

Joo, (2010) state that the organizational culture is a key determinant on how employees think about the organization, he adds that the employee will likely share the same ideology about the company they are working for. The employee's roles and responsibilities are defined in the organization structure and if the responsibilities are well executed the quality of the service delivery is boosted which in the long run influence the economic performance of the organization. The objective of this research is to access how organization influences the performance of employees in Kenya Tea Development Agency factories. KTDA manages 65 factories which possess different cultural characteristics. Though the factories have different traits, it can not be ignored that some of the cultural traits are shared among the factories.

### **1.1.1 Organizational Culture**

The concept of organizational culture came in place at the end of 1970. At this time the managers used the term to analyze the organization performance. By the beginning of 1980, the concept was tested and perceived as the best tool for determining the failure or success of the organization. The term organization culture is used to define set of values, altitude, and beliefs commonly shared by the members of a certain organization setting (Griffin & Moorhead, 2011). The culture of a business determines survival tactics within the business environment. Organization culture is based on the leadership values and the traditions and history of the organization. These values influence the employees' behavior, and they are also very critical in the decision making process.

Though organization operates across and within a given culture, it should be noted that they also produce their own culture. Managers and staffs receive and create cultural objects that may obstruct or facilitate the operations of the organization. Hartnell and

Kinicki (2011) argue that the culture of the organization promote the stability of the social system in the firm by reflecting the extent to which one can effectively manage change conflict and change. Moreover organization culture reference employees perception to words the working environment.

Liden and Meuser (2014) argue that organization embraces certain ethical values and norms which is part of day-to-day activities because it is believed values and norm help in shaping the employees and other organization members. Liden and Meuser further indicate that leaders create and influence the organizational culture hence it is the responsibility of the top management to ensure that all employees follow the rules or laws of the organization. These mean that they will be held liable if the members do not abide by the rule and regulations.

Based on the utilitarianism ethical theory the decision or actions should consider the happiness of all the stakeholders. The managers are also assigned with the responsibility of deciding the best course of action which reflect the interest of the stakeholders' groups and organization in the circumstance the action taken may be of benefit to one person while it hurt the majority of people in the organization. Mowday and Steers (2013) state that the organization culture has a direct relationship with employees dedication towards work assigned to them

### **1.1.2 Employee performance**

Employee performance is defined as the propensity of employees to efficiently and successfully carry out the task and duties assigned to them by the human resource

manager (McShane and Glinow 2011). Employee performance does not only describe the achievements of the employees in regards to the targets and goals of the organization. Employee performance also indicates how employees and individual staffs are motivated. The performance of employees is not only measured on their ability to meet organization goals and target but by how they are willing to subscribe to the organization norms and values. Every employee should follow the company code of ethic when executing his or her responsibilities.

Van Dooren and Halligan (2015) defines performance management as an effective process of planning, controlling, coordinating and controlling employees in the workplace for the purpose of improving their efficiency. To meet the organizational objectives employees the performance of employees is evaluated. Performance management is designed to ensure employees drive their behavior toward the organization norms and values hence improving service delivery. Performance management allows employees to understand their jobs description within the organization (Jackson & Werner, 2011). Langat (2013) define performance as the ability of the employees to fulfill the mission of the organization. The mission of the employees is to achieve periodical targets as set by the management of the organization.

### 1.1.3 Kenya Tea Development Agency Managed Factories

The history of KTDA started from 1957 when the first tea factory was established in central province Nyeri County. The company was formed through the partnership with the multinational tea company. The factory was incorporated as a private company in the year 2000. Today KDTA is the largest tea managing agency in Africa and developing countries. The factories get its tea from small-scale and large-scale farmers.

In the begin, the Kenya Tea Development Authority had a single factory which was serving nineteen thousand growers with 4700 ha tea plantation, but currently, the agency manages 67 factories which serve more than six hundred thousand small-scale farmers. The farmers are the major shareholders of the factories. The small-scale farmer supply green leaf to the factories which serve as raw materials.

The operations of factories involve activities from getting the raw materials from the farmers, processing, and packaging of tea for sale to the customers as the final product. To perform these activities, the factories require workforce. The factories employ approximately 70-120 employees depending on the size of the factory. The tea factories act as the source of livelihood to the employees hence determining their living standards. The employees in the KTDA includes supervisors, tea extension officers, leaf collection clerks, top management, etc. these are the people who determine the success of the factories by ensuring they achieve the objectives and goals which are in line with the mission, vision, and values of the organization.

## **1.2 Research Problem**

Majority of the organization today direct much of their energy on non-financial and financial incentives as a strategy of motivating their employees to provide best services to the organization. This indicates that employees are valued for the service they offer to the business operations; however, there are limiting of the extent to which the company can reward its employees as Gruman and Saks (2012) state talented people will not remain in the organization just because they are rewarded. Therefore the management should not ignore other non-financial factors including organizational culture which shape value

system and behaviors believe that is very important in promoting the employees performance.

Tsai (2011) states<sup>6</sup> that a strong organizational culture is a solution to the good performance of the employees. In this study, the state that organization culture differ from organization to organization and similar strategy can give two different outcome in the different organization. Therefore the outcome of the organization culture depends on the environmental setting within which the business operates. A positive and strong organizational culture makes employees perform their work to their best ability, and the goals and objectives of the organization are achieved. On the other hand, weak and negative organization culture makes employees perform poorly hence making them not to meet the target goals of the organization.

According to Jiménez-Jiménez and Sanz-Valle (2011), the vision defines why the company exists and authentic identity while the mission gives the purpose and hope for the company achievements. The mission outline the traits that make the firm unique from other firms within a given organization environment. The organization will work efficiently only it has a well-defined value system. Development of unfavorable practices and styles for implementing culture read to demotivation of employees since they feel they are involved in decision making hence affecting the overall performance of the organization. Failure to have well set cultural beliefs, norms and values have preventing KTDA factories from achieving employees performance effectively. The factories

management team lack strong emphasis on mission, vision, and core. The objective of the study is to determine how organization culture influences employee performance.

### **1.3 Research Objective**

The objective of the study is to determine the influence of organizational culture on employee performance.

### **1.4 Value of the study**

The study will be of importance to Kenya Tea Development Agencies in a sense it will help top management to have a better understanding of how organization culture influence employee performance. This will help in formulation and implementation of strategies on the best practice of managing the human resource in the company where employees follow set rules and regulation hence improving organization-working conditions.

The finding of this study will give closure on whether the organizational culture theories are credible for decision making. The researcher will use the study result to verify reliability of the theories used. Organization culture is based on diversity hence the research will give theoretical framework that exist between the culture of the organization and employees performance. The study finding will contribute to the existing literature on employee performance, organization performance and organization culture hence this information will be of great importance to educationist, student and scholars. It will also

help to bridge the current information gap that exists apart from giving researchers more information in the area and used as a source reference.



## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This section covers the theories associated to the topic, empirical study that have been conducted on the influence of organizational culture on employee performance in KTDA. Broad categories will be reviewed to help to identify the critical impact organization culture to employees performance in the workplace .This chapter precisely addresses the empirical literature and the theoretical framework guiding the study.

### **2.2 Theoretical Foundation**

The researcher developed some theories to discuss the correlation between organization practices and performance. Some of the theoretical models indicate there exist a positive relationship between organizational culture and employee's attitudes and behaviors, which in the end influence the level of performance (Khan & Ramay, 2010). The researcher use theories in predicting, explaining and analyzing the problem of the study. The theories applied in the study include Charles Handy Model of Culture, Double S Cube Model and Edgar Schein's Model of Organizational Culture.

#### **2.2.1 Edgar Schein's Model of Organizational Culture**

Organization culture is not a one-day event; employees need some time to adapt to it in the period. They are required to adapt to change while they familiarize themselves with company structure and the external environment (Linnenluecke & Griffiths, 2010). Culture is one of the critical features in transforming outlasting services in the organization, products, management and leaders and all physical feature of the business.

Organization culture analyzes achievement made by the business in handling the customer demand by remaining committed to its values (Schein, Organizational culture and leadership (Vol. 2), 2010). Culture is a continuous process, and it is necessary forced on the organizational framework. Forcing of certain traits in the organization can result in negative performance.

Edgar Schein's Model of Organizational Culture has three elements: basic underlying assumptions, artifacts, and espoused values. Artifact consists of the physical components of the company that reflects cultural definition like furniture and dress code. Bellot (2011) describes artifact as the physical aspect of the business culture divided by employees and recognized by all business stakeholders. Exposed values are the second culture under this analysis. This explains how the organization is represented by the members. It includes the shared beliefs, code of conduct, strategies and set standards, values and norms set by the leaders of the organization. It also includes the shared values and norms of the individuals within organization culture.

Underlying assumption is the third and final element of organization culture discussed in this research paper. Schein (1990) describe assumption as predicted level of culture. James and Jones (2005) stated that the common underlying assumptions are deeply rooted, invisible and intangible assumptions that are known to employees who have the knowledge of how the business operates. Underlying assumptions are self-evidence and does not require any discussion but employees can understand them on their own.

### **2.2.2 The Double S Cube Model**

Organization culture is broadly classified into two according to Sun and Scott (2003), which are solidarity and sociability. Nonetheless, from this two classification, four types of organization culture comes out thereof. Solidarity by default refers to the scenario where people with similar thoughts and interests come together purposeful and motivated by logic to do so. When solidarity is at its peak in an organization, cooperation is and hence activities, and work gets done smoothly. On the other hand, when solidarity levels are low, people value individuality, there is less concern for others and disagreements are bound to happen frequently.

Sociability is the nature of friendliness in an organization amongst staff factoring in social concern and emotions of the diverse pool. Sociability is parallel to success since it motivates people to help each other and therefore win together. High level of sociability is needed. On the contrary, low sociability tends to have an inverse relationship with progress since people cover up or are ignorant of others mistakes within the system even when their performance is low (Griffin & Moorhead, 2011).

Stemmed from Sociability and solidarity dimensions, organization culture gets subdivided into four; Communal, Networked, Mercenary and Fragmented cultures. Communal culture refers to a friendly people with common goals who have grown to be a big family. This bond allows for free communication, with junior employees being allowed to partake in both formal and informal matters that relate to the organization. This has the attribute of the overall commitment to organizational objectives. In networked cultures, sociability is high, and hence people can connect and reach out to

each other easily. Subsequently, the organizational environment becomes favorable to all allowing people to have the relaxed conversation with each other free of intimidation.

Mercenary culture is a combination of self-motivated individuals whose desire is to achieve organizational goals. Those who do not perform or are not driven by these goals are cut off from the organization's workforce. Ideally, formal communication is recommended in such cultures, and idle talk is highly discouraged. Finally, Fragmented culture is characterized by low sociability and solidarity implying people work independently of each other. Employees identify themselves by their profession and find it of no need to identify with the organization making the organization difficult to control or govern.

### **2.2.3 Charles Handy's Model of Organization Culture**

According to Seel (2000), culture refers to the people's lifestyle and the conscious adherence to rules and norms unwritten. (Handy, 1985) States that culture is formed by principles and beliefs held within an organization. Culture comes from four fundamental functions and can be grouped into task, power, and role and person culture. Power culture denotes a situation where power is in the hand of specified persons who carry the role of decision making and enforcing activities. Such persons are ranked high and customarily accorded much respect. Subordinates are required to strictly adhere to their senior's instructions and have no room to voice their concerns. However, decisions made thereof that are not rational or in the best interest of the organization will hurt the organization.

Task culture is formed by the operative team tasked with a particular obligation to ensure an activity is performed and performed well. People communal sharing a particular purpose, agenda, and interests are brought together to have tasks completed. Team dynamics is the most resourceful thing for the project's completion and is, therefore, the most central point in this culture. Skills, expertise and a blend of personalities are highly needed. Role culture is where employees are delegated work based on their qualifications and experience. The roles are defined and have well laid out procedures. Each employee is accountability for their assigned duties and is challenged to perform according to (Handy, 1985). Power in role culture comes from responsibility.

Finally, person culture is somewhat selfish since it focuses more on individual interest at the expense of the organizational objectives. The organization suffers thereof. It is primarily designed the employee self-actualization needs and therefore is motivated by the compensation and not the organization's success. Employees in person culture are not keen on what the management requires, less loyal and often find themselves more significant even overly the organization (Patnaik, 2011).

### **2.3 Elements of Organizational Culture**

Bergquist and Pawlak (2008) outline six essential elements whose interplay lead to the formation of organizational culture. These six features are namely; social structures, Values & attitudes, language, communication, and religion. Ideally, society is based on social structures and so is the organizational culture. The important unit is family, and its relationship with the society determines the culture to be established. In the Western

countries, the focal point is on nucleus family while in the African setting is the extended family.

Value and Attitude is yet another significant element in organizational culture. According to Schein (2006), values should be held in high regard while attitude helps apply the values in their daily lives. It is important to note that these values and attitudes vary from society to the next subject to culture. For instance, some have different beliefs and approaches to a factor let say age. In Asian and the Arabian countries, the elderly are accorded much respect. They hold most of the high offices in reputable companies. However, this is not the case in Western Countries whose regard for leadership is largely based on one's competency.

Thirdly, language gives clues on cultural values according to (Bergquist & Pawlak, 2008). Language is a great input in shaping organizational culture as it spells out the world one is living in. Language brings a lot of diversity in an organization. However, this is not to say that a country speaking in one language has the same culture all through, divergent happens even when language is uniting. Language aids communication and inter-relationships. Kenya has English as the common language, and so does the US. This enables the two countries to engage in communication and business.

Communication similarly shapes the organizational culture. It can either be verbal or non-verbal, but information is conveyed. Culture diversity comes in the sense that different backgrounds interpret clues in various ways. It is therefore important to check on and understand to communicate effectively. Finally, religion is a valuable element in organizational culture. As (Griffin Pustay, 1999) puts it, religion as a direct interplay with

religion. Although they seem to work independently, their dependence is optimally there. Religion influences purchases and availability of goods and services. Muslim for example discourages the consumption of pork and advise their followers not to partake of it. This is bold means selling of pork in areas dominated by the Muslims is restricted by the religious boundaries. The interplay between the six elements determines how an organizational culture will be like.

## **2.4 Organizational Culture and Employee Performance**

Over the past few decade, organizational culture literature and its abundance have been founded on the grounds of culture and performance. According to Walumbwa and Oke. (2010), there is sufficient evidence to support the relationship between organizational culture and performance. Nyambegera and Sparrow (2011) goes further in his research and establishes the different factors that influence the performance of employees around different commercial banks around UasinGishu County. In his research, he concludes that job performance and employee behavior is hugely influenced by the organizational culture.

Another study by Koech (2013) that also establishes the influence how organizational culture impacts on organizational performance. This study did a review of the textile industry and analyzed factors such as the employee's cultural background. From the study, Koech concluded that the employees seemed to have to the different ways of life of their organization. It went further and showed that there was a positively strong connection between organizational culture and positive work attitude, staff attrition and employee level of commitment.

Zain et al. (2009) also did a study of the effects of organizational culture on organizational on staff performance using four different organizational culture parameters. The four parameters consisted of team spirit, training, and development, reward and recognition and communication. These four parameters according to the study are determinants of employee performance and seek to establish how it impacts on specific cultures and employee performance in Kenya. From this study, the researchers intend to bridge the gap that exists between organizational culture and employee performance in KTDA factories.



## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

The purpose of chapter three of research proposal is to explain the methodological procedures and steps that used in conducting this study, the tools and instruments for gathering the data and the methods of measurements and analysis. It presents Research design, Target population, sampling design and data collection instruments and data analysis.

### **3.2 Research Design**

This researcher applied descriptive survey research approach. The researcher preferred this design due to a large number of respondents from which information was to be gathered. The research design enabled the researcher to understand how one variable affects the other and vice versa.

### **3.3 Target Population**

The target population for this study compromised all KTDA employees in South Rift Region. South Rift region has 14 factories with 915 employees.

### **3.4 Sample Design**

The study applied stratified random sampling approach based on the management level. This ensured that all members of the population got the equal chances. The study focused on 915 employees in the region and the three levels of management that is the bottom level management, middle-level management, and top-level management.

**Table 3.1 Computation of the sample**

<b>Strata</b>	<b>Target Population</b>	<b>Population %</b>
Top level management	70	7.65%
Middle-level management	84	9.18%
Low level management	761	83.17%
<b>Total</b>	<b>915</b>	<b>100%</b>

### **3.4 Sample Frame and Sampling Technique**

The study covered a sample of 10% of the total population. The population under study was not homogeneous and hence employees in different levels of management pass through different challenges hence stratified sampling technique was best for this study. The researcher subdivided target population segregated into strata based on management level. Random sampling was done from each strata. Application this method helped the researcher to come with a more accurate and representative sample of the various subpopulations (Cooper & Schindler 2000). The sample size will be obtained using the following formula.

<b>Strata</b>	<b>Target population</b>	<b>Sample</b>
Top level management	70	7
Middle level management	84	8
Low level management	761	76
<b>Total</b>	<b>915</b>	<b>91</b>

### **3.5 Data Collection**

The research applied primary data. The researcher prepared questionnaire that will be distributed to the respondents. The questionnaire had both open-ended and closed question. The questionnaire was divided into three sections. Section A contained bio data, section B contained independent variable and section C contained dependent variable information.

### **3.6 Data Analysis**

The quantitative method of data analysis used was descriptive statistics. Descriptive statistics that were employed were frequencies, percentages, and arithmetical mean. Inferential statistics used include spearman's correlation and regression analysis. This was done with the help of SPSS version 16.0 and the results presented in tables for better understanding.

The simple linear regression analysis was applied to develop a model that express the relationship that exist between the dependent variable (organizational culture) and independent variable (employee performance).

## CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

### 4.1 Introduction

This chapter presents data analysis, findings and results of the study. The data that was collected for the study was presented and discussed in this chapter.

### 4.2 Response Rate

This section presents the questionnaires issued and the ones that were returned to the researcher for analysis. The response rate from the study as per the questionnaires received is presented in

**Table 4.1: Response Rate**

Questionnaire	Frequency	Percentage (%)
Distributed	95	100
Returned	57	
Response rate	57/95	60

**Source: Research Data (2017)**

As shown in table 4.1 out of 95 respondents to whom questionnaires were distributed a total of 57 were responded to whereby all questions were answered. This is representation of 60% of the sample. Mugenda and Mugenda (2003) stipulate that any response rate above 50% is generally a representative for a descriptive study. This makes the response rate of 60% drawn from the research adequate for data analysis.

### 4.3 Demographic Data

In this section information about the respondents' demographic data is presented in terms of their gender, age bracket, management level, period worked with the factory and highest level of education. Demographic characteristics were considered necessary in providing basic information on the background of the respondents from whom data was generated.

#### 4.3.1 Response by Gender

The study sought to establish the distribution in terms of gender of the respondents. The findings were as presented in Table 4.2

**Table 4.2: Response by Gender**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Male	35	66
Female	22	34
<b>Total</b>	<b>57</b>	<b>100</b>

**Source: Research Data (2017)**

From the findings as shown in Table 4.2, the study established that out of 57 respondents who participated in the study, 35 were male while 22 were female. This result shows that 66% were male while 34% were female. This is a clear indication that majority of the employees in KTDA factories were males. Organizational culture is perceived differently by men and women and this made gender a relevant attribute of the respondents.

### 4.3.2 Response by Age Bracket

The classification of the respondents according to age is presented in table 4.3

**Table 4.3:Response by Age Bracket**

<b>Age in years</b>	<b>Frequency</b>	<b>Percentage (%)</b>
18-30	7	12
31-40	35	61
41-49	11	19
50 &Above	4	7
<b>Total</b>	<b>57</b>	<b>100</b>

**Source: Research Data (2017)**

As shown in Table 4.3, 61% of the respondents were aged between 31-40 years, 19% fell in the age bracket of 41-49 years, and 12% were aged between 18-30 years while only 7% were above 50 years. The results indicate that majority of the employees in KTDA factories were aged between 31-40 years which meant that they were mature enough to give data that was reliable regarding organizational culture.

### 4.3.3 Response by Management

The research study sought to establish the level of management of the respondents. The findings are presented in table 4.4

**Table 4.4: Response by Level of Management**

<b>Management level</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Top level	7	12
Middle level	12	21
Lower level	38	67
<b>Total</b>	<b>57</b>	<b>100</b>

**Source: Research Data (2017)**

As shown in table 4.4, 67% of respondents are lower level management, 21% are middle level management while 7% which is the least are top level management .The results show that majority of the respondents fall under the lower level management. Knowing the respondents management level in KTDA factories was important in making sure all levels of management were represented hence minimizing biasness.

#### **4.3.4 Response by period worked**

The distribution of the respondents according to the number of years worked in KTDA factory is presented in Table 4.5

**Table 4.5: Response by Period Worked**

<b>Period worked</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Below 5 years	9	16
6-10 years	27	47
More than 10 years	21	37
<b>Total</b>	<b>57</b>	<b>100</b>

**Source: Research Data (2017)**

As shown in table 4.5, 47% of the respondents had worked for the factory between 6-10 years, 37% has worked for more than 10 years while 16% of the respondents had worked for less than 5 years. The findings indicate that the majority of respondents had worked for duration of 6 to 10 years with the factory whereas the least had worked for less than years hence this means a sizable number of respondents had worked long enough in the factory to be in a position to give reliable data regarding organization culture.

#### 4.3.5 Response by Highest Education Level

The study sought to establish the level of education of the respondents. The findings are presented in table 4.6.

**Table 4.6: Response by Highest Level of Education**

<b>Qualification level</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Master's degree	10	18
Bachelor's degree	24	42
Diploma	12	21
Professional certificate	11	19
<b>Total</b>	<b>57</b>	<b>100</b>

**Source: Research Data (2017)**

As shown in Table 4.6, 42% of the respondents had bachelor's degree, 21% had a diploma, 19% had a professional certificate while 18% had a Master's degree. The results



show that a majority of the respondents were university graduates and therefore they understand how organizational culture has an influence on their performance in the factory.

#### **4.4 Organizational Culture in KTDA factories**

The study sought to establish the levels of agreement by respondents with the statements relating to organizational culture .The component cultures were market culture, hierarchy culture and clan culture. A 5 point likert scale was used to measure the level of agreement of the respondents whereby where 1-strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly agree. Analysis was done using mean in order to get a generalized feeling of the respondents.

##### **4.4.1 Market Culture**

**Table 4.7: Mean and standard deviation for measures of market culture**

<b>Statement</b>	<b>Mean</b>	<b>Standard Deviation</b>
In my factory major focus is on the competition between the company and its market competitors	4.1	0.79
Work environment in my factory is managed through creating value for customers	4.3	0.63
The marketing management in my factory is geared towards growth and profitability.	4.29	0.81
Employees in my factory identify themselves with the mission and vision of the factory.	4.38	0.61

**Source: Research Data (2017)**

As shown in table 4.7 Factory employees agreed that major focus was on the competition between the company and its market competitors with a response of 4.1. Employees also agreed that the work environment was managed through creating value for customers with a response of 4.3. The marketing management was geared towards growth and profitability received a response of 4.29 while whether employees identified themselves with the mission and vision of the factory received a response of 4.38 .From the analysis it can be concluded that market culture which is basically result oriented in that it focuses on profitability, alignment with the mission and vision and creating value for customers actually existed in KTDA factories.

#### 4.4.2 Hierarchy Culture

The study sought to find out the extent of agreement with the statements that relates to hierarchy culture and the results are shown in table 4.5 below

**Table 4.8: Mean and standard deviation for measures of hierarchy culture**

Statement	Mean	Standard deviation
My factory uses hierarchical organizational structure to ensure that tasks and functions are executed and co-ordinated efficiently.	4.35	0.68
Clear lines of decision-making, authority, standardized rules and procedures are used to ensure order and harmony in my factory.	4.24	0.77
Formalized rules and policies are used to hold my factory together	4.33	0.65
In my factory managers are responsible and accountable for performance of employees reporting to them	4.16	0.76

**Source:Research Data (2017)**

The table above shows the rates provided by respondents on hierarchy culture. Respondents agreed that the use of hierarchical organizational structure ensured that tasks and functions were executed and co-ordinated efficiently at a score of 4.35. Formalized rules and policies were used to hold the factory together scored 4.33, respondents also agreed that clear lines of decision-making, authority, standardized rules and procedures were used to ensure order and harmony in at 4.24 lastly managers were responsible and accountable for performance of employees reporting to them at a score of 4.16. From the analysis it can be concluded that factory employees embraced formalized structures, procedures ,policies and believed in the leadership of the factory.

#### 4.4.3 Clan Culture

**Table 4.9: Mean and standard deviation for measures of clan culture**

<b>Statement</b>	<b>Mean</b>	<b>Standard Deviation</b>
The major task of management in my factory is to empower employees and facilitate their participation, commitment and loyalty	3.9	1.03
Employees in my factory value team work rather than individualism	4.15	0.79
My factory emphasizes on sharing of the same values, beliefs and goals in order to effectively and efficiently coordinate organizational activities.	3.9	0.92
Leaders in my factory are thought of as mentors and perhaps even as parent figures who are always concerned with efficiency.	4.05	0.86

**Source: Research Data (2017)**

It is evident that the respondents agreed that employees valued team work rather than individualism at a score of 4.15, Leaders being seen as mentors and parents of efficiency received a score of 4.05. However, employees were not so sure whether the factory emphasized on the sharing the same values, beliefs and whether management empowered employees goals at a score of 3.91 and 3.9 respectively. It can be concluded that employees believed in team work and sharing of the same values, beliefs and goals. All the findings from table 4.7, 4.8, 4.9 shows that KTDA factories in the South Rift were guided by market culture, hierarchy culture and clan culture

#### 4.4.4 Employee Performance

The study sought to establish the performance levels of employees at KTDA factory.

**Table 4.10: Mean and standard deviation for measures of employee performance**

Statement	Mean	Standard Deviation
The quality of work of employees under my supervision is good	4.16	0.76
Employees under my supervision are cost conscious	4.28	0.71
Employees that report to me are productive.	4.05	0.78
Performance of employees in my factory is affected by high rate of absenteeism	2.94	1.41
Employees work without constant supervision in my factory	4.01	0.86

**Source: Research Data (2017)**

Table 4.10 above shows the performance level of employees. Respondents who were managers in this case agreed that employees were cost conscious at a mean of 4.28, the quality of employees work was supported with a mean of 4.16. Employees worked without constant supervision with a mean of 4.01 however respondents disagreed that absenteeism affected the performance of employees. From the above analysis it can be concluded that the level of employee performance at KTDA factories was high.

#### 4.5 Relationship between Organizational Culture and Employee Performance

This section used Pearson correlation analysis to establish the relationship between organizational culture and employee performance at KTDA factories. The findings are presented in Table 4.11

**Table 4.11: Correlation Analysis**

		<b>ORGANISATION CULTURE</b>	<b>EMPLOYEE PERFORMANCE</b>
<b>ORGANISATION CULTURE</b>	Pearson Correlation	1	0.517
	Sig. (2-tailed)		0.000
	N	57	57
<b>EMPLOYEE PERFORMANCE</b>	Pearson Correlation	0.517	1
	Sig. (2-tailed)	0.000	
	N	57	57

Correlation is significant at the 0.01 level (2-tailed).

Table 4.11 shows that there was a positive correlation between organization culture and employee performance as shown by the correlation co-efficient of 0.517. The Sig.2-tailed level is .000 which showed that there is significance between organizational culture and employee performance. This therefore shows that organization culture was proportionately related to employee performance at KTDA factories in the south rift.

#### 4.6 Regression Analysis

This section presents results of the linear regression model for the link between the independent variables and the dependent variable. The analysis is presented in tables below.

**Table 4.12: Regression Analysis**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.517 <sup>a</sup>	0.267	0.254	0.52725

a. Predictors: (Constant), ORGANISATION CULTURE

#### ANOVA <sup>a</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.571	1	5.571	20.040	.000 <sup>b</sup>
	Residual	15.289	55	0.278		
	Total	20.860	56			

a. Dependent Variable: EMPLOYEE PERFORMANCE

b. Predictors: (Constant), ORGANISATION CULTURE

**Coefficients <sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.239	0.594		2.087	0.042
	ORGANISATIO N CULTURE	0.625	0.140	0.517	4.477	0.000

a. Dependent Variable: EMPLOYEE PERFORMANCE

**Source: Research Data(2017)**

As shown in table 4.12, the model attained goodness of fit ( $R^2=0.267$ ,  $F=20.04$ ,  $P<0.01$ ) these results further imply that organizational culture explains 26.7% of variance in employee performance. The regression coefficient shows that for unit change in organizational culture, there is a corresponding 62.5% change in employee performance.

**4.7 Discussion**

This section sought to discuss the results of the study in line with the objective as well as relating existing literature with the existing variables. The study indicated that the factory had a culture that had become part of every life employees irrespective of the position in the factory or their cultural backgrounds. It is also evident that KTDA factories were guided by market culture, hierarchy culture and clan culture and the factories had adopted these cultures to a large extent in attempt to enhance employee performance. Schein (2011) concurs that organization achieves good performance through a strong culture and how adaptable the culture is to employees.

These findings show that organizational culture enabled factory employees to be result oriented people, they recognized formalized rules and procedures set out by the company and it enabled them value the power of team work. This depicted a strong association between organizational culture and employee performance. This concurs with Deal and Kennedy (1982) study that a substantial organization culture is useful in enhancing employee performance that leads to an increase in the overall performance of the organization and goal achievement.

The findings also show that organization culture influenced employee performance in terms of employees' productivity, the quality of their work and their reliability in the work place. This in concurs with Kotter (2012) that job satisfaction and employee performance can be enhanced when employees identify themselves with organizational culture which results in acceptable personal habits in the work place employees. This concurs with Peters and Waterman (2011) that culture gives employees a sense of belonging and this eventually results in an increased commitment towards work.



# **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

## **5.1 Introduction**

The study is aimed at determining the effect of perceived organization culture on employee performance in KTDA factories. This section shows the summary, conclusion and recommendation drawn from the data that was collected and analyzed in chapter four. This section also outlines the limitations of the study as well as researchers recommendation for further research.

## **5.2 Summary of findings**

Based on findings of this study, employees at KTDA factories have shown that the organization culture has an influence on employee performance. The cultures are hierarchical culture, market culture and clan culture. From the findings it was noted that market culture plays an important role in determining the employee performance. Employees identified themselves with the mission and vision of the company and believed the factories were geared towards creating value for customers, growth and profitability.

The findings also show that adoption hierarchy culture had a positive influence on employee performance. Employees believed that hierarchical organizational structure held the factory together through clear lines of decision making, authority and managers were responsible and accountable for their performance. There were mixed reactions towards adoption of clan culture. The employees agreed that the organization operate more like a family in that employees valued team work which created a friendly work environment

and saw leaders as their mentors or even parent figures of efficiency however employees were not sure whether the major task of management was to empower employees and facilitate their participation in the factory and also they were not sure if the management emphasized on sharing the same values, beliefs and goals.

### **5.3 Conclusion**

The study examined the relationship between organizational culture and employee performance in KTDA factories. The study showed that KTDA factories had a culture that determined how things were done and market culture, hierarchical culture and clan culture were important factors in improving employee performance.

Organizational culture is a strong force that if well comprehended by an organization members can work for the good of the organization because of its influence on employee performance. It is through employee performance that the organizations productivity increases since employees clearly understand their roles and responsibilities without constant supervision from managers. This eventually creates competitive advantage for the organization.

Organizational culture is important when introducing organizational change .For a successful change to occur an organization must focus on ethics, leadership behavior and diversity of employees. Managers need use their leadership to determine how the intended organizational change will affect the employees and their level of productivity. This will minimize resistance by employees, poor quality of work and negative effects on the company's production

The study concludes that organizational culture is useful for organizational growth. A healthy culture develops strong identities, values, attitudes and culture norms in support of their mission, vision and strategies therefore managers need to see culture as an integral part of how they do business. Once such a healthy culture is adopted an organization can use it as a source of competitive advantage against other market competitors.

#### **5.4 Limitations**

The researcher heavily relied on the personal views of the staff targeted from the 14 targeted KTDA factories in the South Rift on the various cultural components adopted. It was therefore hard to validate the legitimacy of the responses made by the respondents regarding organizational culture.

The study population was only limited to the employees at KTDA factories in the South Rift region, which may not be a representative of culture and opinions of employees in other organizations. This means more research needs to be done on organizational culture effect on employee performance especially in Kenya at a national level.

#### **5.5 Recommendation**

Organizational culture has been established to have an influence on employee performance therefore the management and all the stakeholders of KTDA factories need to understand the concept of organizational culture and strengthen it within the company then use it as a tool for competitive advantage against other market competitors. This will in turn enhance organizational growth and its success.

The human resources department at KTDA factories should create an organizational culture profile. An organizational profile provides an in depth analysis of the core of the business as well as shared values, attitudes, standards, and beliefs that characterize the goals of the organization. An organizational culture profile should suit the employees as well as the customers and anyone else associated with the factory. In addition, a corporate culture profile will be of use in implementing the desired change in the company which will promote desired work environment.

Since organizational culture has been established to have an influence on employee performance therefore KTDA factories should embark on carrying out cultural audits regularly. Cultural audits will measure whether current practices, programs and processes are still culturally appropriate for the organization with the aim of aligning the factories processes with the desired outcome. This will enable the factory management decide on what to keep or change in the best interest of the organization and its employees.

#### 5.6 Suggestions for further study

More research remains to be done in the area of corporate culture especially for Kenyan based organizations since this research only focused on KTDA factories in the south rift region. Furthermore, the study has only illustrated the effect of market, hierarchy culture and clan culture on employee performance but other types of organizational culture like adhocracy culture, academy culture need to be also researched as well.

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# APPENDICES

## APPENDIX 1: QUESTIONNAIRE

This questionnaire is meant to collect information on organizational culture and employee performance at KTDA factories. This information is being sought solely for academic purposes and will be treated with strict confidentiality. Kindly answer the questions by ticking the boxes provided as applicable to you and/or your factory.

### SECTION A: DEMOGRAPHIC DATA

1. Please indicate your gender

Male ( ) Female ( )

2. In which Age bracket do you fall?

18- 30 ( ) 31-40 ( ) 41-49 ( ) 50 and above ( )

3. Which management level do you fall under (Please Tick appropriately)

Top level management ( )

Middle level management ( )

Lower level management ( )

4. Please indicate the period you have worked with the Bank (Please Tick appropriately)

Below 5 years ( ) 6-10 Years ( ) More than 10 Years ( )

5. Which of the following represents your highest level of education?

PhD Degree ( ) Masters Degree ( ) Bachelors Degree ( )

)

Diploma ( ) Professional certificate ( )



Others Specify.....

**SECTION B: ORGANIZATIONAL CULTURE**

6. Below are several statements on various cultures commonly found in organizations. Please indicate your level of agreement with each of the statements on different aspects of organizational culture in the factory you work for.

Please use the scales of 1-5 where 1= strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly agree.

**Market Culture**

<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
In my factory major focus is on the competition between the company and its market competitors					
Work environment in my factory is managed through creating value for customers					
The marketing management in my factory is geared towards growth and profitability.					
Employees in my factory identify themselves with the mission and vision of the factory.					

## Hierarchy Culture

Statement	1	2	3	4	5
My factory uses hierarchical organizational structure to ensure that tasks and functions are executed and co-ordinated efficiently.					
Clear lines of decision-making, authority, standardized rules and procedures are used to ensure order and harmony in my factory.					
Formalized rules and policies are used to hold my factory together					
In my factory managers are responsible and accountable for performance of employees reporting to them					

**Clan Culture**

Statement	1	2	3	4	5
The major task of management in my factory is to empower employees and facilitate their participation, commitment and loyalty					
Employees in my factory value team work rather than individualism					
My factory emphasizes sharing of the same values, beliefs and goals in order to effectively and efficiently coordinate organizational activities.					
Leaders in my factory are thought of as mentors and perhaps even as parent figures who are always concerned with efficiency.					

**SECTION C. EMPLOYEE PERFORMANCE (FOR MANAGERS ONLY)**

7. Below are several statements on performance levels of employees. Kindly indicate the extent to which each of these is reflected in the factory where you work.

Please use the scales of 1-5, where 1= strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly agree.

<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The quality of work of employees under my supervision is good					
Employees under my supervision are cost conscious					
Employees that report to me are productive.					
Performance of employees in my factory is affected by high rate of absenteeism					
Employees work without constant supervision in my factory					

**THANK YOU**