THE RELATIONSHIP BETWEEN ORGANIZATIONAL CULTURE, HUMAN RESOURCE MANAGEMENT PRACTICES AND ORGANIZATIONAL PERFORMANCE: THE CASE OF JORDANIAN INSURANCE SECTOR

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AUTHOR DECLARATION

I hereby declare that the work in this thesis is my own except for quotations and summaries which have been duly acknowledged

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By the Name of Allah, the Most Gracious and the Most Merciful

First, I would like to express my appreciation to Allah, the Most Merciful and, the Most Compassionate who has granted me the ability and willing to start and complete this study. I do pray for His Greatness to inspire and enable me to continue the work for the benefits of humanity.

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ABSTRACT

Insurance is one of the cornerstones of the modern-day financial services sector. In addition to its traditional role of managing risk, the insurance sector promotes long-term savings and serves as a conduit to channel funds from policyholders to investment opportunities, including mortgage lending. As such, a thriving insurance sector is not only evidence of an efficient financial services sector, but it is also a key enabler of a healthy economy.

The present study aims to determine the understanding for conceptual of organizational culture, and study the relationship between the organizational culture, human resource management practices, and organizational performance. As well, to determine the mediating effect of human resource management practices on the relationship between organizational culture and organizational performance. This study attempted as a first empirical study in the Jordanian insurance sector. Nine dimensions of organizational culture namely supportiveness, emphasis on rewards, behavioral styles, innovation, performance oriented, stability and communication, encourage development, policies and procedures, and organizational expectation, along with five dimensions of human resource management practices requirement and selection, career planning, compensation, training & development, job description, and organization performance factors. To achieve research objectives the researcher used a quantitative method. A survey was carried out among 327 employees, who were selected using a cluster sampling technique from 28 insurance companies. The instrument measures the personality construct, organizational culture dimensions, human resource management practices, and organizational performance. Factor analysis, multiple regression analysis, and structural equation model were employed to examine their dimensionality, ensure internal consistency and validity, as well as to test the hypothesis.

The finding shows that there are correlation between organizational culture and human resource management practices ($r = 0.810$), and between organizational culture and organizational performance ($r = 0.649$), as well between human resource management practices and organizational performance ($r = 0.687$). In addition, the present study revealed the mediating effect of human resource management practices on the relationship between organizational culture and organizational performance ($r = 0.908$). In particular, the study found that innovation from organizational culture dimensions, most contribute to organizational performance ($\beta = 0.260$). The implications and suggestions of the present study on future research and practice are discussed.
ABSTRAK

Insurans merupakan salah satu asas dalam sektor perkhidmatan kewangan moden. Selain berperanan menguruskan risiko, sektor insurans juga menggalakkan simpanan jangka panjang dan berfungsi sebagai saluran untuk menyalurkan dana daripada pemegang polisi bagi peluang pelaburan termasuk pinjaman hutang. Oleh itu, sektor insurans yang berkembang maju bukan sahaja bukti kecekapan sektor perkhidmatan kewangan, tetapi ia juga merupakan satu kunci utama untuk ekonomi yang sihat.


Dapatan kajian menunjukkan bahawa terdapat hubungan antara budaya organisasi dan amalan pengurusan sumber manusia (r = 0.810), dan di antara budaya organisasi dan prestasi organisasi (r = 0.649), serta di antara amalan pengurusan sumber manusia dan prestasi organisasi (r = 0.687). Di samping itu, kajian ini mendedahkan kesan pengantara amalan pengurusan sumber manusia terhadap hubungan antara budaya organisasi dan prestasi organisasi (r = 0.908). Khususnya, kajian itu mendapati bahawa inovasi dari dimensi budaya organisasi memberi lebih banyak sumbangan kepada prestasi organisasi (β = 0.260). Implikasi dan cadangan kajian ini untuk penyelidikan dan pelaksanaan masa depan akan dibincangkan.
ملخص البحث

التامين هو أحد الأركان الأساسية لقطاع الخدمات المالية في العصر الحديث. بالإضافة إلى دوره التقليدي في إدارة المخاطر، يشجع التامين على المدى البعيد ويقدم كتامة لتحويل الأموال من خبرة الودائع الاستثمارية، مما يفيد في ذلك الدراسات العقلي. على هذا النحو، ازداد قطاع التامين ليس الدليل الوحيد على وجود قطاع خدمات مالية فعالة، وإنما هو أيضًا عامل أساسي من اقتصاد سليم.

هدف هذه الدراسة إلى بناء فهم جيد لمفهوم الثقافة التنظيمية إضافة إلى تحديد أثر الثقافة التنظيمية وممارساتها إدارة الموارد البشرية على أداء المنظمة في إطار قطاع التامين الأردني. علاوة على ذلك تهدف هذه الدراسة لتحديد دور العامل الوسائط (الممارسات إدارة الموارد البشرية) في العلاقة بين الثقافة التنظيمية وأداء المنظمة. لتحقيق أهداف البحث استخدم الباحث الأساليب الكمبي في دراسة العلاقة بين المتغيرات. بناء على استبان المسح الإحصائي لدراسة العلاقة بين الثقافة التنظيمية وممارساتها إدارة الموارد البشرية وأداء المنظمة. هذه الدراسة محركة أول دراسة تطبيقية في قطاع التامين الأردني. جدا من أبعاد الثقافة التنظيمية السائدة استخدمت في هذه الدراسة، وهي التركيز على المكافآت، والأساليب السلوكية، والابتكار، وتوحيد الأداء، والاستقرار والإصلاحات، تشجيع التنمية والسياسات والأعمال، التوقعات التنظيمية، جنبًا إلى جنب مع خمسة أبعاد من ممارسات إدارة الموارد البشرية وهي الاختيار والتوظيف، والتفاوض الوظيفي، والتدريب والتطوير والوصف الوظيفي، وعوامل أداء المنظمة.

لتبسي أهداف البحث، الدراسة الحالية استخدمت الأساليب الكم. تم استخدام الاختيارات الإحصائية لقياس مدى مصداقية الاستبان وتحليل العامل وتحليل الاحترام المتعدد لدراسة العلاقة بين المتغيرات، وضمان الاتساق الداخلي والصلاحية، وكذلك لاختيار الفرضية. أيضاً، تم إجراء استبان بين 327 موظف، الذين تم اختيارهم باستخدام تقنيات أخذ العينات العقدية من شركات التامين الـ 28 العاملة في السوق الأردني.

نتائج الدراسة تظهر أن هناك علاقة بين الثقافة التنظيمية وممارسات إدارة الموارد البشرية، وبين الثقافة التنظيمية وأداء المنظمة، كما بين ممارسات إدارة الموارد البشرية وأداء المنظمة. وبالإضافة إلى ذلك، كشفت هذه الدراسة تأثير المتغير الوسيط وهو ممارسات إدارة الموارد البشرية على العلاقة بين الثقافة التنظيمية وأداء المنظمة. على وجه الخصوص، وجدت الدراسة أن الإبنك من أبعاد الثقافة التنظيمية، هي الأكثر مساهمة في أداء المنظمة.
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUTHOR DECLARATION</td>
<td>i</td>
</tr>
<tr>
<td>BIODATA OF AUTHOR</td>
<td>ii</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENTS</td>
<td>iii</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>iv</td>
</tr>
<tr>
<td>ABSTRAK</td>
<td>v</td>
</tr>
<tr>
<td>MULAKHAS AL-BAHTH</td>
<td>vi</td>
</tr>
<tr>
<td>CONTENT PAGE</td>
<td>vii</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>xii</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>xiv</td>
</tr>
<tr>
<td>ABBREVIATIONS</td>
<td>xv</td>
</tr>
</tbody>
</table>

### CHAPTER I: INTRODUCTION

1.0 Introduction  
1.1 Background of the study  
1.2 Problem statement  
1.3 Research questions  
1.4 Research objectives  
1.5 Scope of the study  
1.6 Significance of the study  
1.7 Organization of the Thesis  

### CHAPTER II: LITERATURE REVIEW

2.0 Introduction  
2.1 Islamic Culture and Insurance in Jordan  
2.2 Organizational Culture  
  2.2.1 Culture as a Descriptive Term  
  2.2.2 Theory of Organizational Culture  
  2.2.3 Organizational Culture Classification  
  2.2.4 Organizational Culture Dynamics  
  2.2.5 Matching People with Organizational Culture  
  2.2.6 Strong versus Weak Cultures  
  2.2.7 Cultures Formation  
  2.2.8 Measuring Organizational Culture  
  2.2.9 Assessing Organizational Culture  
  2.2.10 Changing Organizational Culture  
2.3 Human Resource Management  
  2.3.1 Human Resource Practices
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.3.1.1 Recruitment and Selection</td>
<td>40</td>
</tr>
<tr>
<td>2.3.1.2 Career Planning</td>
<td>41</td>
</tr>
<tr>
<td>2.3.1.3 Job Description</td>
<td>41</td>
</tr>
<tr>
<td>2.3.1.4 Training and Development</td>
<td>41</td>
</tr>
<tr>
<td>2.3.1.5 Compensation</td>
<td>41</td>
</tr>
<tr>
<td>2.3.2 Organizational Culture and Human Resource Practices</td>
<td>41</td>
</tr>
<tr>
<td>2.3.3 Human Resource practices and Organizational Performance</td>
<td>43</td>
</tr>
<tr>
<td>2.4 The Performance</td>
<td>46</td>
</tr>
<tr>
<td>2.4.1 Organizational Performance</td>
<td>49</td>
</tr>
<tr>
<td>2.4.2 Theory of Organizational Performance</td>
<td>51</td>
</tr>
<tr>
<td>2.4.3 Measurement of Organizational Performance</td>
<td>52</td>
</tr>
<tr>
<td>2.4.3.1 Financial Performance</td>
<td>55</td>
</tr>
<tr>
<td>2.4.3.2 Non-Financial Performance</td>
<td>55</td>
</tr>
<tr>
<td>2.4.4 Sustaining High Performance</td>
<td>57</td>
</tr>
<tr>
<td>2.4.5 Performance Evaluation</td>
<td>58</td>
</tr>
<tr>
<td>2.5 Reviews of Related Studies</td>
<td>58</td>
</tr>
<tr>
<td>2.5.1 Organizational Culture and Organization Performance Link</td>
<td>59</td>
</tr>
<tr>
<td>2.5.2 Organizational culture and Human Resource Management link</td>
<td>68</td>
</tr>
<tr>
<td>2.5.3 Human Resource and organizational performance link</td>
<td>70</td>
</tr>
<tr>
<td>2.6 Definitions of Key Terms</td>
<td>74</td>
</tr>
<tr>
<td>2.6.1 Culture</td>
<td>74</td>
</tr>
<tr>
<td>2.6.2 Organizational Culture</td>
<td>74</td>
</tr>
<tr>
<td>2.6.3 Human Resource Management Practices</td>
<td>75</td>
</tr>
<tr>
<td>2.6.4 Organizational Performance</td>
<td>76</td>
</tr>
<tr>
<td>2.7 Framework of the Study</td>
<td>76</td>
</tr>
<tr>
<td>2.7.1 Supportiveness</td>
<td>76</td>
</tr>
<tr>
<td>2.7.2 Innovation</td>
<td>77</td>
</tr>
<tr>
<td>2.7.3 Emphasis on reward</td>
<td>77</td>
</tr>
<tr>
<td>2.7.4 Performance-oriented</td>
<td>78</td>
</tr>
<tr>
<td>2.7.5 Stability and communication</td>
<td>78</td>
</tr>
<tr>
<td>2.7.6 Organizational Expectations</td>
<td>78</td>
</tr>
<tr>
<td>2.7.7 Encourage Development</td>
<td>78</td>
</tr>
<tr>
<td>2.7.8 Behavioral Styles</td>
<td>79</td>
</tr>
<tr>
<td>2.7.9 Policies and procedures</td>
<td>80</td>
</tr>
<tr>
<td>2.8 Hypotheses Development</td>
<td>81</td>
</tr>
<tr>
<td>2.9 Summary</td>
<td>82</td>
</tr>
</tbody>
</table>
CHAPTER III: METHODOLOGY

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.0 Introduction</td>
<td>83</td>
</tr>
<tr>
<td>3.1 Research Design</td>
<td>83</td>
</tr>
<tr>
<td>3.1.1 Present Research Method</td>
<td>84</td>
</tr>
<tr>
<td>3.2 Population and Sampling</td>
<td>86</td>
</tr>
<tr>
<td>3.2.1 Sampling Procedure</td>
<td>87</td>
</tr>
<tr>
<td>3.3 Building the Instrument</td>
<td>89</td>
</tr>
<tr>
<td>3.4 Instrumentation</td>
<td>90</td>
</tr>
<tr>
<td>3.4.1 Independent Variables: Organizational Culture Dimensions</td>
<td>91</td>
</tr>
<tr>
<td>3.4.2 Mediating Variable: Human resource management practices</td>
<td>94</td>
</tr>
<tr>
<td>3.4.3 Dependent Variables: organizational performance</td>
<td>96</td>
</tr>
<tr>
<td>3.5 Pre-Test</td>
<td>97</td>
</tr>
<tr>
<td>3.6 Factor Analysis</td>
<td>98</td>
</tr>
<tr>
<td>3.7 Data Analysis Technique</td>
<td>99</td>
</tr>
<tr>
<td>3.7.1 Descriptive Statistics</td>
<td>100</td>
</tr>
<tr>
<td>3.7.2 Correlations</td>
<td>100</td>
</tr>
<tr>
<td>3.7.3 Regression</td>
<td>102</td>
</tr>
<tr>
<td>3.7.4 Interpreting Statistics from Structural Equation Modeling</td>
<td>103</td>
</tr>
<tr>
<td>3.7.4.1 Chi-square ($\chi^2$) Statistic</td>
<td>103</td>
</tr>
<tr>
<td>3.7.4.2 Comparative Fit Index (CFI)</td>
<td>103</td>
</tr>
<tr>
<td>3.7.4.3 Root Mean Square Error of Approximation (RMSEA)</td>
<td>104</td>
</tr>
<tr>
<td>3.8 Summary</td>
<td>104</td>
</tr>
</tbody>
</table>

CHAPTER IV: FINDINGS AND DISCUSSION

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.0 Introduction</td>
<td>105</td>
</tr>
<tr>
<td>4.1 Overview of Data Collected</td>
<td>105</td>
</tr>
<tr>
<td>4.2 Respondents Profile</td>
<td>106</td>
</tr>
<tr>
<td>4.3 Factor Analysis</td>
<td>108</td>
</tr>
<tr>
<td>4.4 Reliability Test</td>
<td>114</td>
</tr>
<tr>
<td>4.5 Major Finding</td>
<td>118</td>
</tr>
<tr>
<td>4.5.1 The Relationship between Organizational Culture and Human Resource Management Practices</td>
<td>119</td>
</tr>
<tr>
<td>4.5.1.1 The Direct impact of Organizational Culture Dimensions on Human Resource Management Practices</td>
<td>122</td>
</tr>
<tr>
<td>4.5.2 The Relationship between Organizational Culture and Organization Performance</td>
<td>124</td>
</tr>
<tr>
<td>4.5.2.1 The Direct impact of Organizational Culture dimensions</td>
<td>127</td>
</tr>
</tbody>
</table>
4.5.3 The Relationship between Human Resource Management Practices and Organization Performance

4.5.3.1 The Direct Impact of Human Resource Management Practices on Organization Performance

4.6 The Contribution of Culture Dimension/s for Organizational Performance

4.7 Structural Equation Model

4.8 Modification of the Model Using SEM

4.8.1 Confirmatory Factor Analysis (CFA) Results – Model 1

4.8.2 Confirmatory Factor Analysis (CFA) Results – Model 2

4.8.3 Confirmatory Factor Analysis (CFA) Results Model 3

4.8.4 Confirmatory Factor Analysis (CFA) Results Final structure model

4.8.5 The Mediation Role of HRM Practices for the Relationship between Organizational Culture and Organization Performance

4.8.6 Conclusion

4.9 Summary

CHAPTER V: CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

5.1 Summary of Findings

5.1.1 Impact of organizational culture on human resource practices

5.1.2 Impact of organizational culture on organizational performance

5.1.3 Impact of human resource practices on organizational performance

5.1.4 The role of HRM practices on the relationship of organizational culture on organizational performance

5.1.5 The contribution of culture dimensions for organizational performance

5.1.6 The Findings Conclusion

5.2 Limitations

5.3 Implications of the Research

5.3.1 Implications to the Practice

5.3.2 Implication to the Theory

5.4 Recommendations for Insurance Sector

5.5 Suggestions for Future Research

5.6 Summary

BIBLIOGRAPHY
APPENDIX

Appendix I: Letter to interview and collect data
Appendix II: Questionnaire (Arabic & English)
Appendix III: Publication
# LIST OF TABLES

<table>
<thead>
<tr>
<th>Table</th>
<th>Title</th>
<th>Page No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 1:</td>
<td>Definitions of culture</td>
<td>24</td>
</tr>
<tr>
<td>Table 2:</td>
<td>The organizational culture assessment instrument</td>
<td>35</td>
</tr>
<tr>
<td>Table 3:</td>
<td>HRM practices stated by scholars</td>
<td>39</td>
</tr>
<tr>
<td>Table 4:</td>
<td>The performance measurement provided by scholars</td>
<td>46</td>
</tr>
<tr>
<td>Table 5:</td>
<td>List of insurance companies</td>
<td>87</td>
</tr>
<tr>
<td>Table 6:</td>
<td>Consists of the instrument</td>
<td>89</td>
</tr>
<tr>
<td>Table 7:</td>
<td>Organizational culture items</td>
<td>91</td>
</tr>
<tr>
<td>Table 8:</td>
<td>HRM practices items</td>
<td>94</td>
</tr>
<tr>
<td>Table 9:</td>
<td>Organization performance items</td>
<td>96</td>
</tr>
<tr>
<td>Table 10:</td>
<td>Reliability pre-test of overall variables</td>
<td>98</td>
</tr>
<tr>
<td>Table 11:</td>
<td>The value of r</td>
<td>102</td>
</tr>
<tr>
<td>Table 12:</td>
<td>Survey Responses</td>
<td>106</td>
</tr>
<tr>
<td>Table 13:</td>
<td>Demographic information about gender</td>
<td>106</td>
</tr>
<tr>
<td>Table 14:</td>
<td>Demographic information of age</td>
<td>107</td>
</tr>
<tr>
<td>Table 15:</td>
<td>Demographic information of educational level</td>
<td>107</td>
</tr>
<tr>
<td>Table 16:</td>
<td>Demographic information of period of service</td>
<td>108</td>
</tr>
<tr>
<td>Table 17:</td>
<td>Construct level factor analysis results for OC</td>
<td>110</td>
</tr>
<tr>
<td>Table 18:</td>
<td>Construct level factor analysis results for HRM</td>
<td>112</td>
</tr>
<tr>
<td>Table 19:</td>
<td>Construct level factor analysis results for OP</td>
<td>113</td>
</tr>
<tr>
<td>Table 20:</td>
<td>Reliability test on instruments</td>
<td>115</td>
</tr>
<tr>
<td>Table 21:</td>
<td>Cronbach’s Alpha for organizational culture dimensions</td>
<td>116</td>
</tr>
<tr>
<td>Table 22:</td>
<td>Cronbach’s Alpha for HRM Practices</td>
<td>117</td>
</tr>
<tr>
<td>Table 23:</td>
<td>Cronbach’s Alpha for organization performance factors</td>
<td>117</td>
</tr>
<tr>
<td>Table 24:</td>
<td>Correlation of OC and HRM practices</td>
<td>119</td>
</tr>
<tr>
<td>Table 25:</td>
<td>Correlation culture dimensions and HRM practices</td>
<td>120</td>
</tr>
<tr>
<td>Table 26:</td>
<td>Multiple regression organizational culture dimensions and HRM practices</td>
<td>122</td>
</tr>
<tr>
<td>Table 27:</td>
<td>Correlations of organizational culture and organizational performance</td>
<td>124</td>
</tr>
<tr>
<td>Table 28:</td>
<td>Correlation of culture dimensions and organization performance</td>
<td>125</td>
</tr>
<tr>
<td>Table 29:</td>
<td>Multiple regression between organizational culture dimensions and organization performance</td>
<td>128</td>
</tr>
</tbody>
</table>
Table 30: Correlation of HRM Practices and Organization Performance 129
Table 31: The Relationship between HRM Practices and OP factors 130
Table 32: Multiple regression between HRM practices and OP factors 131
Table 33: Cultural dimensions that most contribute to OP 135
Table 34: Results of fit indices for CFA 140
Table 35: Results of fit indices for CFA 141
Table 36: Results of fit indices for CFA 142
Table 37: Fit indices for the full structural models of the relationship of OC, HRM Practices and OP 145
Table 38: Fit indices for the final structural model of the full relationship between OC, HRM Practices and OP 145
Table 39: Fit indices for the structural model of the mediation role of HRMP for the relationship of OC and OP 148
<table>
<thead>
<tr>
<th>Figure No</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 1:</td>
<td>The Onion Model of Organizational Culture</td>
<td>20</td>
</tr>
<tr>
<td>Figure 2:</td>
<td>Hard and Soft Model of Organizational Concept</td>
<td>21</td>
</tr>
<tr>
<td>Figure 3:</td>
<td>Organization Cultures Form</td>
<td>32</td>
</tr>
<tr>
<td>Figure 4:</td>
<td>The Relationship between HRM and Performance</td>
<td>44</td>
</tr>
<tr>
<td>Figure 5:</td>
<td>Organizational Performance Model</td>
<td>47</td>
</tr>
<tr>
<td>Figure 6:</td>
<td>Schematic diagram of research framework</td>
<td>81</td>
</tr>
<tr>
<td>Figure 7:</td>
<td>Research model</td>
<td>90</td>
</tr>
<tr>
<td>Figure 8:</td>
<td>Full model revised after EFA</td>
<td>114</td>
</tr>
<tr>
<td>Figure 9:</td>
<td>Scatterplot organizational culture and HRM</td>
<td>123</td>
</tr>
<tr>
<td>Figure 10:</td>
<td>Scatterplot organizational culture and organizational performance</td>
<td>129</td>
</tr>
<tr>
<td>Figure 11:</td>
<td>Scatterplot HRM practices and OP</td>
<td>132</td>
</tr>
<tr>
<td>Figure 12:</td>
<td>SEM for organizational culture dimensions</td>
<td>139</td>
</tr>
<tr>
<td>Figure 13:</td>
<td>SEM for HRM practices</td>
<td>141</td>
</tr>
<tr>
<td>Figure 14:</td>
<td>SEM for organizational performance</td>
<td>142</td>
</tr>
<tr>
<td>Figure 15:</td>
<td>SEM structural model of the full relationship between OC, HRM Practices and OP</td>
<td>144</td>
</tr>
<tr>
<td>Figure 16:</td>
<td>Impact organizational culture on performance</td>
<td>162</td>
</tr>
</tbody>
</table>
## ABBREVIATIONS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEH</td>
<td>Behavior style</td>
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<tr>
<td>CP</td>
<td>Career planning</td>
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<tr>
<td>CFI</td>
<td>Comparative Fit Index</td>
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<tr>
<td>COM</td>
<td>Compensation</td>
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<tr>
<td>CPO</td>
<td>Capital outcome</td>
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<tr>
<td>DF</td>
<td>Degree of Freedom</td>
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<tr>
<td>EMP</td>
<td>Emphasis on reward</td>
</tr>
<tr>
<td>ENC</td>
<td>Encourage development</td>
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<tr>
<td>EP</td>
<td>Employee performance</td>
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<tr>
<td>EXP</td>
<td>Organizational expectation</td>
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<tr>
<td>FP</td>
<td>Financial performance</td>
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<tr>
<td>GFI</td>
<td>Goodness of Fit Index</td>
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<tr>
<td>HRM</td>
<td>Human Resource Management</td>
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<tr>
<td>INNO</td>
<td>Innovation</td>
</tr>
<tr>
<td>JD</td>
<td>Job description</td>
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<tr>
<td>OC</td>
<td>Organizational Culture</td>
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<tr>
<td>OP</td>
<td>Operational performance</td>
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<tr>
<td>OS</td>
<td>Organizational supportiveness</td>
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<tr>
<td>PERF</td>
<td>Performance oriented</td>
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<tr>
<td>POL</td>
<td>Policies and procedures</td>
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<tr>
<td>RMSEA</td>
<td>Root Mean Square Error of Approximation</td>
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<tr>
<td>RMR</td>
<td>Root Mean Square Residual</td>
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<tr>
<td>SEL</td>
<td>Selection</td>
</tr>
<tr>
<td>SEM</td>
<td>Structural Equation Model</td>
</tr>
<tr>
<td>STAB</td>
<td>Stability and communication</td>
</tr>
<tr>
<td>TRA</td>
<td>Training</td>
</tr>
</tbody>
</table>
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