

12/06/2016
CS02/192

IMPACT OF CORPORATE CULTURE ON ORGANZATIONAL COMMITMENT IN SRI LANKAN SOFTWARE INDUSTRY

LIBRARY
UNIVERSITY OF MORATUWA, SRI LANKA
MORATUWA

Ayesha Piumi Attale

(119053U)

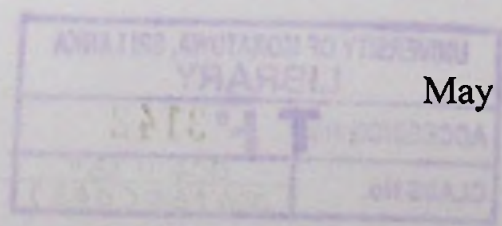
Dissertation submitted in partial fulfillment of the requirements for the degree Master
of Business of Administration in Information Technology



Department of Computer Science and Engineering

University of Moratuwa
Sri Lanka

001-13
001-65 (043)



May 2013

TH 3142

TH 3142

Declaration of Originality

I declare that this is my own work and this thesis, does not incorporate without acknowledgement any material previously submitted for the Degree or Diploma in any other University or institute of higher learning and to the best of my knowledge and believe it does not contain any material previously published or written by any other person except where the acknowledgement is made in the text.

Also, I hereby grant to University of Moratuwa the non-exclusive right to reproduce and distribute my thesis, in whole or in part in print, electronic or other medium. I retain the right to use this content in whole or part in future works (such as articles or books).

P. Attale

05/06/2013

Signature of the Candidate:

Ms. Ayesha Attale

Date

The above candidate has carried out research for the Master's thesis under my supervision.

UOM Verified Signature

05/06/2013

Signature of the Supervisor:

Ms. Vishaka Nanayakkara

Date

ABSTRACT

Corporate Culture combines many aspects of an organization from top to bottom of its hierarchy. In addition to the tangible practices and processes followed in an organization, personal factors of an individual also amend their thoughts towards employer. Hence, Corporate Culture is an important factor in strengthening an employer-employee relationship, which in turn has a direct influence in reducing the turnover intention and Organizational Commitment. Software companies are based on knowledge workers of the organizations rather than physical assets that create competitive advantage within the industry. Thus, loss of frequent key assets can severely harm the sustainability of an organization in long run. This empirical study attempts to reveal the relationship if any, between the software professional's perception towards Cultural factors at work place and measure their levels of Organizational Commitment.

The selected population of this study is the software professionals working in software industry in Sri Lanka which estimated as 21,914 (SLICTA, 2010) by 2010. Therefore, the calculated random sample size required 378 responses from software professionals in IT industry.

In the present study cultural factors were tested including; Communication Patterns, Training & Development, Leadership, Teamwork, Management Practices and Reward System. The results revealed that all the cultural variables have a linear relationship with Affective and Normative Commitment levels of employees. Furthermore, Teamwork, Management Practices and Reward Systems show a considerable negative linear relationship with Continuous Commitment, which reveals possible areas for further research. The study exposes that Organization Tenure and Gender moderates the relationship of Corporate Culture and Organizational Commitment as tenure increases. The results divulged the fact that influencing ability of Corporate Cultural variables on Affective Commitment reduce as Tenure increases, except for Leadership and Teamwork. Meanwhile, influencing capability increases for Normative Commitment, as Tenure increases on Commitment levels. Another significant finding was that the male software professionals give more weight for Leadership in gaining Organizational Commitment, while Female software professionals give weight to both Leadership and Reward System to gain Organizational Commitment. However there was no substantial evidence from the study that either genders being more committed to the employed organization one over the other. Age and Designation of software professionals did not disclose any impact in their level of Organizational Commitment.

This research brings out valuable research outcomes that can be incorporated in software organization's employee retention strategies, in order to gain stability and ultimately enhance the company bottom-line. Through the aspects of focussing on Teamwork and Leadership factors to reach higher Affective Commitment levels as tenure increases would create value in a workforce. Furthermore, the present study specifies other avenues that could be explored as future research areas, based on the variables such as the job role that would play the mediating role in measuring commitment levels.

Keywords: Corporate Culture, Organizational Commitment, Software Professionals, Leadership, Reward System, Teamwork, Organization Tenure

ACKNOWLEDGEMENTS

Completion of the study was a great achievement that would not have been possible without the courage and guidance given to me by many personalities that surrounded me.

First and foremost, I wish to thank my research supervisor Ms. Vishaka Nanayakkara, Senior Lecturer of the Department of Computer Science and Engineering, University of Moratuwa, for the immense guidance and continuous assistance and encouragement given to me throughout my research work, despite her busy work schedules.

Furthermore my grateful thanks to the Head of the Department, Dr. Chandana Gamage, for the guidance and assistance given in achieving the milestones of the thesis, which aided immensely in completing the study.

My heartiest gratitude goes to my 2nd supervisor, Mr. Janaka Kumarasinghe in giving me guidance and necessary resources, focussing on the subject areas.

A very special note of thanks goes to Ms. Ravindi Jayasundara for her valuable assistance and support given for the data analysis module of the study, which strengthened my work massively.

Further I wish to convey my thanks to all the software professionals who helped me by filling out the online survey despite their priorities in work, within the needful time period and my friends Anusha Siriwardena and Eranga Karunaratne for their unbounded support given.

My heartfelt appreciation should go to my parents, for all the care and unconditional support given, my beloved husband for his encouragement and strength provided, which made the success of the thesis a reality.

TABLE OF CONTENTS

DECLARATION OF ORIGINALITY	I
ABSTRACT.....	II
ACKNOWLEDGEMENTS	III
TABLE OF CONTENTS	IV
LIST OF FIGURES.....	VI
LIST OF TABLES.....	VII
LIST OF ABBREVIATIONS	IX
CHAPTER 1- INTRODUCTION.....	1
1.1 CHAPTER OVERVIEW.....	1
1.2 BACKGROUND AND MOTIVATION	1
1.3 PROBLEM STATEMENT	3
1.4 OBJECTIVES OF THE RESEARCH.....	5
1.5 IMPORTANCE AND BENEFITS OF THE STUDY	6
1.6 STRUCTURE OF THE THESIS	7
CHAPTER 2 – LITERATURE REVIEW	8
2.1 CHAPTER OVERVIEW.....	8
2.2 THE CONCEPT OF CORPORATE CULTURE	8
2.2.1 <i>What is Corporate Culture?</i>	9
2.2.2 <i>Characteristics of Corporate Culture</i>	10
2.2.3 <i>Theoretical models of Corporate Culture</i>	12
2.2.4 <i>Significance of Corporate Culture</i>	19
2.3 THE CONCEPT OF ORGANIZATIONAL COMMITMENT	21
2.3.1 <i>What is Organizational Commitment?</i>	21
2.3.2 <i>Theoretical models of Organizational Commitment</i>	22
2.3.3 <i>Organizational Commitment with Personal Factors</i>	27
2.3.4 <i>Significance of Organizational Commitment</i>	29
2.4 RELATIONSHIP OF CORPORATE CULTURE AND ORGANIZATIONAL COMMITMENT.....	30
CHAPTER 3 - METHODOLOGY AND DESIGN.....	38
3.1 CHAPTER OVERVIEW.....	38
3.2 CONCEPTUAL RESEARCH FRAMEWORK.....	38
3.2.1 <i>Variables on Relationships</i>	41
3.2.2 <i>Hypothesis Development</i>	43
3.3 OPERATIONALIZATION OF VARIABLES	46
3.4 QUESTIONNAIRE INSTRUMENT DEVELOPMENT	50
3.5 METHOD OF DATA COLLECTION	51
3.6 POPULATION AND SAMPLING	51
3.7 SAMPLE SIZE.....	52
CHAPTER 4 – ANALYSIS AND INTEPRETATION.....	53
4.1 CHAPTER OVERVIEW.....	53
4.2 RELIABILITY TEST.....	53
4.2.1 <i>Preliminary Survey</i>	53
4.2.2 <i>Research Survey</i>	56
4.3 DESCRIPTIVE STATISTICAL ANALYSIS.....	58
4.4 HYPOTHESIS TESTING	63
4.4.1 <i>The relationship between Corporate Culture and Organizational Commitment</i>	64

4.4.2 <i>Biographical variable's moderating impact on Corporate Culture and Organizational Commitment relationship</i>	74
--	----

CHAPTER 5 – CONCLUSIONS AND RECOMMENDATIONS	87
5.1 CHAPTER OVERVIEW.....	87
5.2 RESEARCH IMPLICATIONS	87
5.3 LIMITATIONS OF THE STUDY	95
5.4 RECOMMENDATIONS	96
5.5 CONCLUDING REMARKS.....	99
5.6 SUGGESTIONS FOR FUTURE STUDY	101
REFERENCE LIST	102
APPENDIX A – QUESTIONNAIR INSTRUMENT	110
APPENDIX B – DESCRIPTIVE STATISTICS	119

LIST OF FIGURES

Figure 2. 1: Different Dimensions of Culture	14
Figure 2. 2: Cultural Web	16
Figure 2. 3: Recardo and Jolly's 8 dimensions of Corporate Culture.....	17
Figure 2. 4: Three component conceptualization of organizational commitment	23
Figure 3. 1: The Conceptual Framework	40
Figure 3. 2: Overall IT Workforce in 2009	52
Figure 4. 1: Distribution of respondents by Gender.....	58
Figure 4. 2: Distribution of respondents by Age.....	59
Figure 4. 3: Distribution of respondents by Designation	59
Figure 4. 4: Distribution of respondents by Organization Tenure	60
Figure 4. 5: Distribution of respondents of question 27	61
Figure 4. 6: Distribution of respondents of question 30	62
Figure 4. 7: Distribution of respondents of question 31	62
Figure 4. 8: Culture influence over Affective Commitment by Tenure	84
Figure 4. 9: Culture influence over Normative Commitment by Tenure.....	85



LIST OF TABLES

Table 3. 1: Dependent Variable Definitions	41
Table 3. 2: Independent Variable Definitions	42
Table 3. 3: Operationalization of variables	47
Table 3. 4: Instrument Measurement of Independent Variables	50
Table 3. 5: Instrument Measurement of Moderating Variables	50
Table 3. 6: Instrument Measurement of Dependent Variables	50
Table 4. 1: Preliminary Survey - Reliability Test for Independent Variables	54
Table 4. 2: Preliminary Survey - Reliability Test for Dependent Variables	55
Table 4. 3: Research Survey - Reliability Test for Independent Variables	57
Table 4. 4: Research Survey - Reliability Test for Dependent Variables	57
Table 4. 5: Pearson Correlation - Communication Pattern and Organizational Commitment	65
Table 4. 6: Pearson Correlation - Training & Development and Organizational Commitment	66
Table 4. 7: Pearson Correlation - Leadership and Organizational Commitment	67
Table 4. 8: Pearson Correlation - Teamwork and Organizational Commitment	68
Table 4. 9: Pearson Correlation - Management Practices and Organizational Commitment	69
Table 4. 10: Pearson Correlation - Reward System and Organizational Commitment	70
Table 4. 11: Summary of Correlations among the cultural and commitment variables	71
Table 4. 12: Pearson Correlation - Age against Organizational Commitment	72
Table 4. 13: Spearman's Correlation - Designation against Organizational Commitment	73
Table 4. 14: Pearson Correlation - Males impact on Corporate Culture and Commitment	74
Table 4. 15: Pearson Correlation - Females impact on Corporate Culture and Commitment	75
Table 4. 16: Summary of Correlations by Gender on Affective Commitment	76

Table 4. 17: Summary of Correlations by Gender on Normative Commitment.....	76
Table 4. 18: Groups Statistics - Gender against Organizational Commitment.....	77
Table 4. 19: Independent Samples Test - Gender against Organizational Commitment	77
Table 4. 20: One way ANOVA - Organization Tenure against Organizational Commitment	78
Table 4. 21: Pearson Correlation - Less than 1 year Tenure on Organizational Commitment	79
Table 4. 22: Pearson Correlation - 1-2 years Tenure on Organizational Commitment	80
Table 4. 23: Pearson Correlation - 3-4 years Tenure on Organizational Commitment	81
Table 4. 24: Pearson Correlation - 5-6 years Tenure on Organizational Commitment	82
Table 4. 25: Pearson Correlation - More than 6 years Tenure on Organizational Commitment	82
Table 4. 26: Summary of Correlations by Tenure groups on Affective Commitment	83
Table 4. 27: Summary of Correlations by Tenure groups on Normative Commitment	85

LIST OF ABBREVIATIONS

Abbreviation	Description
ANOVA	Analysis of Variance
BCG	Best Companies Group
HR	Human Resources
IT	Information Technology
OCB	Organizational Citizenship Behaviors
OCQ	Organizational Commitment Questionnaire
OCP	Organizational Culture Profile
P-O	Person –Organization
POS	Perceived organization Support
PTS	Perceived Team Support
SPSS	Statistical Package for Social Sciences