

A Proposed Framework Model of the Relationship between Organizational Culture, Work Engagement, and Employee Performance at Airasia Berhad

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Abstract

The aim of this research to determine the relationship between organizational culture (OC) and employee performance (EP) mediated by work engagement (WE); and to make the proposed conceptual model on these three variables based on the prior literature review. In addition, this research focuses on airline business (AirAsia Berhad) which is one of the most famous and affordable airline companies in the Asia region. From the secondary data of AirAsia Berhad, it is demonstrated that for AirAsia succeed and to be a leading airline organization in Asia, employees are the main asset and contributor for succeed goal with a competitive advantage. Research has shown that AirAsia Berhad comes to this position due to the supported of leadership, organizational culture, employee's engagement and overall relay on employee's performance. However, the **contribution** of this study is two way explainable; one is theoretically – first of all, this research is proven the relationship among these three variables (OC, WE, EP) and determined the mediator role of work engagement between organizational culture and employee performance. Secondly, this research is developed the conceptual framework supported the previous literature that will facilitate the researcher for further study on this field. Another way is practical- this research will help the superior manager to induce plan to manage employees to succeed their goal with a competitive advantage. Secondly, it will help the manager to understood with concern; why employees

have to be compelled to engage and, why solid organizational culture is vital for work engagement and employee performance. Hence, this research is not out of *limitation*, which is described in the conclusion paragraph, consequently, these gaps need to fulfil by the future study.

Keyboards: Organizational Culture (OC), Work engagement (WE), Employee performance (EP), Motivation, Airasia Berhad

1. Introduction

In today's competitive business world, the keys to success in any business depend on innovation, organizational competitiveness, and overall organizational performance. To determine the keys to success in the organization, employees are one of the fundamental resources that helps a lot to achieve it. In addition, for organizational innovation, creativity is must needed things that comes from employees. Other than that, for organizational competitiveness, employees are the one who internal resource of the organization that cannot be duplicated by the rivals. The organizational performance is also more reliable with employee engagement, work culture, and employee performance. However, employees are the interior customer of each business, but innumerable organization fail to comprehend it. other than that, most of the research demonstrated that employee is the valuable assets for an organization who ends up in organizational success by tributary their performance and innovativeness (Richardsen,2019; Robertson and Cooper, 2010; Bakker and Schaufeli, 2008).

Normally, worker performance is taken into account what is employee does and doesn't do. Additionally, employee performance enclosed the standard amount of output, presence of labour, accommodative and useful nature and timeliness of output (Zhang et al, 2019). According to the results of the study conducted by DeNisi and Pritchard (2006) on individual performance showed that the performance of the people cannot be verified. Similarly, they assert that organizations can use direct bonuses and rewards supported individual performance if employee performance is noticeable (DeNisi and Pritchard, 2006). According to (Ngwa et al, 2019; Bishop 1987,) investigated employee performance and disclosed that acknowledgment and recognition and reward of performance of employees direct the discrimination between employee productivity. Morale and productivity of employees are extremely influenced by the effectiveness of performance of an organization and its reward management system (Jain et al, 2015). To satisfy customers, firms do abundant effort however do not concentrate to satisfying workers. but the fact is that customer would not be satisfied till and unless employees are satisfied. Because, if employees are satisfied, they will do a lot of work thus ultimately customers are satisfied (Murad, 2018).

In the airline business, organizational performance is usually associated with worker service where service nearly totally depends on the employee's willingness and motivation that organization given to them. Therefore, employee performance in any organization or field is influenced by motivation as a result of if employees are impelled then they will work with more effort and by that performance will ultimately improve the organizational success still. (Murad, 2018).

2. Theoretical Framework

Naido & Martin (2014) examined the relationship between organizational culture (OC) and work engagement (WE) among 3000 permanent employees in ICT companies in South Africa. Where were using the random sampling method and result highlighted that there is a significant relationship between organizational culture (OC) and Work Engagement (WE). In addition, the findings of this study confirmed the previous research finding where other researchers also proved there was significant relationship organizational culture (OC) and work engagement (WE), (Alarcon, 2010; Greenidge, 2010; Shuck et al., 2011).

Shahzad et al (2013) analysed the relationship between organizational culture (OC) and employee performance (EP) among Software house employees in Pakistan were using (N= 100). Based on researchers study it is shown that there is a significant relationship between organizational culture (OC) and employee performance (EP).

Yongxing et al (2017) determined the relationship between work engagement (WE) and employee performance (EP) among business organization employees in China, where sampling was based on (N= 1049) population and result shown that there is a significant relationship between work engagement (WE) and employee performance.

3. AirAsia Berhad and Employee Performance

AirAsia Berhad is a well-established organization in Malaysia. It is listed on the Main Board of Bursa Malaysia Securities Berhad since 2004. AirAsia Berhad is a component of the AirAsia group, a world-famous affordable airline that operates intensive networks each domestically and internationally. AirAsia pioneered affordable airfares in Asia and is now currently the largest low fare, essential airline in Asia. It is conjointly one amongst the largest airlines in all of Asia in terms of passengers carried. AirAsia has conjointly been voted the World's Best affordable Airline in 2009 and 2010. The airline was established by a Malaysian conglomerate in 1993 and commenced operations in 1996. Below the leadership of Tony Fernandes, the airline is flying high, and their vision is to be the most important affordable airline in Asia in order that they can offer a low-cost service which will enable the three billion individuals to fly to more destinations across the region. Hence, their mission is to be the highest company to figure in, wherever staff is treated like family.

From the leadership of Tony Fernandes, AirAisa growing their profit and market very fast. From the financial report of AirAsia Bhd shown that year of 2014 Air Asia were profited 83 million and each year it's growing not in lack of profit scale. Additionally, the year of 2018 AirAsia has got to gain 1965 (million) net profit that is the highest net profit by the AirAsia Bhd ever. In the below, providing the statement table that has adopted from AirAisa own website regarding financial Statistics.

Table 1. Financial report of AirAsia Bhd

	2014	2015	2016	2017	2018
Revenue	5,416	6,298	6,846	9,710	10,638
Net total expenses	4,590	4,702	4,780	7,549	9,419
Operating profit	826	1,596	2,066	2,161	1,219
Profit before taxation	23	215	1,705	2,088	1,335
Taxation	60	326	-86	-516	360
Net profit	83	541	1,619	1,571	1,695

*above all amount is provided in Million (RM)

Source: <https://ir.airasia.com>

For these rapid growing employees are the most contributor and their utmost effort helps AirAsia Berhad to attain this sort of success. Chief executive Tony Fernandes aforesaid that employees are a company’s Most valuable assets and each effort ought to be created to create them determine with the company. Other than that, he additionally expressed that employees are the most effective fundamental resource that offers AirAsia in this position in the Airline industry nowadays. Additionally, organizational culture and engagement facilitate employees to perform higher and impact the significant overall performance of AirAsia Berhad. Therefore, from the rapid performance of AirAsia and chief executive officer speech, it is proved that employee performance is essential to any organization to survive and succeed.

4. Conceptual Framework

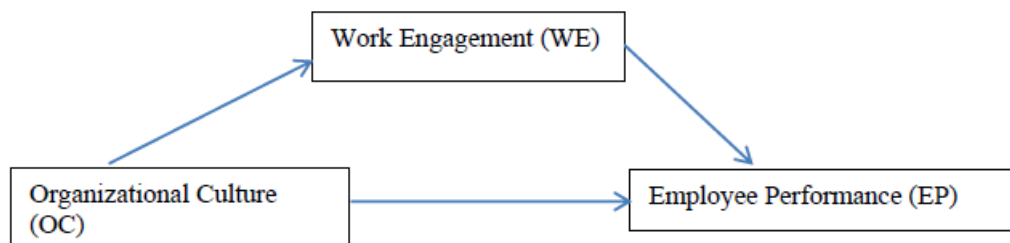


Figure 1. Conceptual Framework

5. The Relationship between Organizational Culture (OC) and Work Engagement (WE)

For decades, researchers have determined that an organization’s culture ends up in a major competitive advantage within the business atmosphere (Naranjo-Valencia et al, 2016; Fortado & Fadil, 2012). organizational culture (OC) is deed support as a predictive and explanatory construct in organizational studies (Fattah, 2017; Liu, Shuibo & Meiyung, 2006), and has been coupled to job satisfaction and commitment (Yousef, 2017), and appears to be a central determinant of overall organizational effectiveness (Naranjo-Valencia et al, 2016). The ever present and pervasive nature of an organization’s culture demands that organizations establish

the elemental dimensions of their organizational culture and the impact therefrom on employee-related variables, like work engagement.

Employees' work engagement seems to be a decent indicator of outcomes that a business values, and is so a good measuring instrument of organizational health (Rana et al, 2019; Rich, Lepine, & Crawford, 2010), and has been shown to be powerfully coupled to a spread of business success outcomes, as well as commitment, satisfaction, productivity, innovation, and retention, and, in general, positive work outcomes (Richardson, 2019; Halbesleben, 2010). Work engagement is measured at the individual level, however, there clearly are organizational (i.e. culture, leadership, etc.) factors which will influence an employee's work engagement levels (Rich, Lepine, & Crawford, 2010).

Other than that, the link between organizational culture and work engagement is explained from the social exchange theory (SET) perspective. consistent with the theory, social behaviour is the result of an exchange process. In his seminal writing on social exchange, Homans noted that "Social behaviour is an exchange of products (Adams, 1965). Thus, once staff understand the culture of the organization permits them to own a decent relationship with other members at intervals the organization, wherever they need the required support and power among others, they tend to relinquish their all, be dedicated and work with vigour.

H 5: There is a significant relationship between Organizational culture (OC) and work engagement (WE)

6. The Relationship between Organizational Culture (OC) and Employee Performance (Ep)

Organizational culture is considered as the character of the organization and it is the part of the shapes the manner in which the organizational capacities. It involves the frames of emotions, encounters, beliefs, and estimations of the organization, gained through social realizing, that control the manner in which people and groups in the organization interface with each other and with groups outside it. Besides, culture features consideration on the human sides of the hierarchical life stressing on the significance of making proper frameworks to empower employees to cooperate in accomplishing a shared objective.

As per Anitha (2014) the way to great execution is a solid culture. He likewise expressed that because of the social contrasts in authoritative culture, similar procedures do not yield similar outcomes for two organizations in a similar industry and a similar area. However, a positive and solid culture can cause a normal individual to perform and accomplish splendidly though a negative and feeble culture can demotivate extraordinary workers to fail to meet expectations and end up with no accomplishment. In this way, authoritative culture directly affects execution of the executives. (Murphy and Cleveland 1995) the belief that examination on culture will contribute to understanding the execution of the executives. According to the Baloch, Nadeem, and Zia-ur-Rehman, (2019) battles that without thinking about the effect of authoritative culture, hierarchical practices, for example, performance of the executives could be counterproductive in light of the fact that two are free and change in one will affect the other.

H 6: There is a significant relationship between organizational culture (OC) and employee performance (EP)

7. The Relationship between Work Engagement and Employee Performance

Work engagement is a functioning, positive work-related state that is described by vigour, devotion, and ingestion (Bakker and Schaufeli, 2008; Simpson & Michelle, 2009). Vigour alludes to elevated amounts of vitality and flexibility in work. Engagement is portrayed by solid inclusion in one's work just as a feeling of importance and energy. Retention is a condition of being completely thought and cheerfully immersed in one's work. Consequently, drew in employees are generally furnished with large amounts of vitality and excitedly engaged with their work. In addition, they are regularly completely submerged in their work with the goal that time flies (May, Gilson, and Harter, 2004) Work engagement is basic for organizations since it adds to the bottom line (Demerouti and Cropanzano, 2010; Macey & Schneider, 2008). Work engagement has been observed to be decidedly connected with employment execution appraised by bosses (Bakker and Bal, 2010; Halbesleben and Wheeler, 2008)

Work engagement is advantageous for both employees and organizations in light of the fact that drew in workers are relied upon to show better job performance. (Demerouti and Cropanzano, 2010). Better execution among connected employees, in contrast with non-connected employees, is represented by connected workers' certain feelings, for example, joy, happiness, and eagerness (Bakker and Demerouti, 2008). engaged employees frequently experience positive feelings (Schaufeli and Van Rhenen, 2006). Cheerful individuals are progressively touchy to circumstances at work, all the more friendly and supportive to other people, and increasingly certain and idealistic (Yongxing et al, 2017). For instance, Bakker and Bal (2010) demonstrated that engaged teacher got higher appraisals from their bosses on in-job execution, showing that connected with workers perform well and are happy to go the additional mile. Salanova et al. (2005) directed an investigation among staff working in Spanish cafés and lodgings in which 342 employees gave data about organizational resources, engagement, and service climate and 1140 customers assessed workers' performance and revealed their own customer steadfastness. This exploration demonstrated that organizational resources and work engagement anticipated service climate, which thusly anticipated worker execution and customer loyalty. Besides, Xanthopoulou et al. (2009) directed research consider among employees working in a Greek drive-through eatery and found that day-levels of work engagement were prescient of target day by day monetary.

H 7: There is a significant relationship between work engagement and employee performance

8. Conclusion

In this research, deeply concentrates on proposed conceptual model among organizational culture (OC), work engagement (WE) and employee performance (EP). Additionally, based on the review of existing literature it is proven that there is a significant relationship between organizational culture (OC) and work engagement (WE), organizational culture and

employee performance (EP), work engagement (WE) and employee performance (EP) and mediation role of work engagement between organizational culture and employee performance.

Other than that, there is concentrate on an explicit organization that is Airline business (AirAsia Berhad). From the secondary, it is highlighted that AirAsia Berhad gains its competitive advantage and net profit increasing day by day supported leadership, organizational culture, employee's engagement with the organization, and due to the overall sensible management style.

Furthermore, the *contribution of this study* is two way explainable; one is theoretically – first of all, this research is proven the relationship among these three variables (OC, WE, EP) and determined the mediator role of work engagement between organizational culture and employee performance. Secondly, this research is developed the conceptual framework supported the previous literature that will facilitate the researcher for further study on this field. another way is practical- this research will help the superior manager to induce plan to manage employees to succeed their goal with a competitive advantage. Secondly, it will help the manager to understand with concern; why employees have to be compelled to engage and, why solid organizational culture is vital for work engagement and employee performance.

On the other hand, this research is *not out of limitation*; there are few limitations that require to concentrate on further research by other researchers. *First*, this research simply developed the conceptual framework supported previous literature review but ought to examine the connection and conceptual model. *Secondly*, due to the short time of research on this topic might a number of the current journal is not within the list of citation and reference, future research can concentrate on it. apart from that, this research simply concentrates on just one organization than the whole industry. Consequently, future research will concentrate on numerous organizations to examine the connection and examined the conceptual model. *Lastly*, this research entirely supported secondary data future can concentrate on both primary and secondary data or primary data.

Therefore, this research tries to fulfil the previous gaps and to provide new findings on the management field, however, *researcher anticipates future research also fulfil the gaps of this research*.

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