

**THE RELATIONSHIP BETWEEN SERVICE CLIMATE AND  
ORGANIZATIONAL PERFORMANCE IN MALAYSIAN  
HIGHER EDUCATION INSTITUTIONS**

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HIGHER EDUCATION INSTITUTIONS**



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**Othman Yeop Abdullah Graduate School of Business,**

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**(International Accounting)**

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## ABSTRAK

Objektif kajian ini adalah untuk mengkaji hubungan antara dimensi persekitaran perkhidmatan dan prestasi organisasi dan sejauh mana dimensi ini mempengaruhi prestasi organisasi. Sebanyak 103 sampel telah dikumpulkan dari tiga universiti awam di Utara Malaysia. Responden terdiri daripada kakitangan universiti dan ujian-t, ANOVA dan regresi digunakan untuk menganalisis data tersebut. Hasil kajian ini mendapati hubungan yang signifikan antara ketiga-tiga dimensi persekitaran perkhidmatan dan prestasi organisasi pekerja universiti. Menurut hasil regresi, dapat dilihat bahawa persekitaran perkhidmatan secara keseluruhan mempunyai hubungan yang signifikan dengan prestasi organisasi. Selain itu, apabila setiap dimensi yang diuji berasingan, orientasi pelanggan (CO) dimensi telah mempunyai hubungan yang signifikan dengan prestasi organisasi.

Ini menunjukkan bahawa orientasi pelanggan mempunyai pengaruh yang kuat ke atas prestasi organisasi. Dua lagi dimensi iaitu memudahkan kerja (WF) dan sokongan pengurusan (MS) mempunyai hubungan yang signifikan dengan prestasi organisasi kerana nilai beta yang rendah. Ujian-t juga menunjukkan bahawa tidak terdapat perbezaan min prestasi organisasi berkenaan dengan responden lelaki dan perempuan. Kepentingan kajian ini adalah untuk membangunkan tenaga kerja yang bermotivasi dengan meningkatkan inspirasi terhadap persekitaran perkhidmatan untuk memastikan prestasi institusi terus unggul.

**Kata kunci:** iklim Service, memudahkan kerja, orientasi pelanggan, sokongan pengurusan, dan prestasi organisasi.

## ABSTRACT

The objective of this study is to investigate the relationship between service climate dimensions and organizational performance and to what extent these dimensions influence organizational performance. A total of 103 samples were collected from three public universities in Northern Malaysia. The respondents were employees of the universities and t-test, ANOVA, and multiple regression was used to analyse data. The result of the study reveals significant relationship between the three dimensions of service climate and the organizational performance of universities' employees. According to the regression results, it was also visible that overall service climate has a significant relationship with organizational performance. Besides, when each dimension tested separately, customer orientation (CO) dimension has found a significant relationship with organizational performance.

It is indicating that customer orientation has a strong influence on organizational performance. Other two dimensions work facilitation (WF) and managerial support (MS) found an insignificant relationship with organizational performance because their low beta value indicated so. Also, t-test reveals that there is no mean difference of organizational performance in respect of male and female respondents. The significance of this study is to develop motivated workforce by deploying an inspiring service climate to ensure the superior institutional performance.

**Keywords:** Service climate, work facilitation, customer orientation, managerial support, and organizational performance.

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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First of all, 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 to His Greatness to inspire and enable me to finish this study on the required time. Without his permission, for sure I cannot make it possible.

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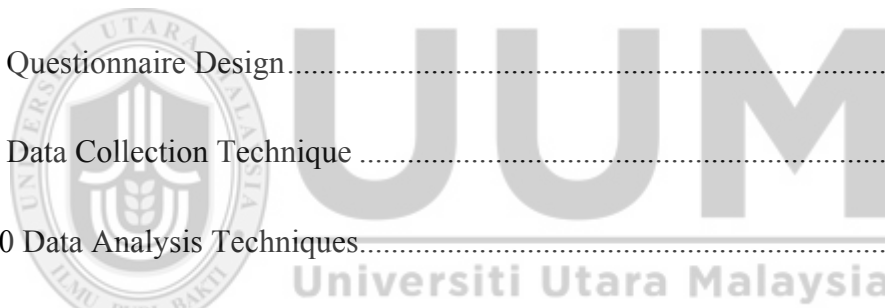
## TABLE OF CONTENTS

PERMISSION TO USE .....	iii
ABSTRAK .....	iv
ABSTRACT .....	v
ACKNOWLEDGEMENTS .....	vi
LISTS OF TABLES .....	xii
LISTS OF FIGURES .....	xiii
LIST OF ABBREVIATIONS .....	xiv
<b>CHAPTER ONE</b> .....	<b>1</b>
1.1 Introduction .....	1
1.2 Background of the Study .....	1
1.3 Problem Statement .....	3
1.4 Research Questions .....	5
1.5 Objectives of the Research .....	5
1.6 Significance of Study .....	6
1.7 Operational Definition .....	6
1.7.1 Organizational Performance .....	6
1.7.2 Customer Orientation .....	6
1.7.3 Managerial Support .....	7
1.7.4 Work Facilitation .....	7
1.8 Organization of the Chapters .....	8

<b>CHAPTER TWO .....</b>	<b>9</b>
<b>LITERATURE REVIEW .....</b>	<b>9</b>
2.1 Introduction.....	9
2.2 Organizational Performance .....	9
2.3 Measurement of Organizational Performance by Balance Scorecard .....	10
2.4 Four Perspectives of Balanced Scorecard.....	12
2.4.1 The Customer Perspective .....	12
2.4.2 The Financial Perspective .....	12
2.4.3 The Internal Business Process Perspective .....	13
2.4.4 Learning and Growth Perspective.....	13
2.5 Service Climate .....	15
2.6 Past Research's on Service Climate and Organizational Performance .....	16
2.7 Relationship between Customer Orientation and Organizational Performance ..	19
2.8 Relationship Between Work Facilitation and Organizational Performance .....	20
2.9 Relationship Between Managerial Support and Organizational Performance.....	21
2.10 Relationship between Overall Service Climate and Organizational Performance .....	22
2.11 Underpinning Theory: Resource Based View .....	22
2.12 Service Climate Theory .....	s23
2.13 Summary .....	25



<b>CHAPTER THREE .....</b>	<b>26</b>
<b>METHODOLOGY .....</b>	<b>26</b>
3.1 Introduction.....	26
3.2 Conceptual Framework.....	26
3.3 Hypotheses Development .....	27
3.4 Research Design.....	28
3.5 Populations and Sample.....	29
3.6 Unit of Analysis .....	32
3.7 The Sampling Method.....	32
3.8 Questionnaire Design.....	33
3.9 Data Collection Technique .....	37
3.10 Data Analysis Techniques.....	38
3.11 Pre-Analysis Data Screening / Cleaning.....	39
3.12 Data Analysis.....	39
3.13 Descriptive Statistic Analysis .....	40
3.14 Inferential Statistics .....	41
3.15 Multiple Linear Regression.....	41
3.16 Summary.....	42
<b>CHAPTER FOUR.....</b>	<b>43</b>
<b>DATA ANALYSIS .....</b>	<b>43</b>



4.1 Introduction.....	43
4.2 Overview of Data Collection .....	43
4.2.1 Response Rate.....	43
4.2.2 Normality .....	43
4.3 Profile of the Respondents (Demographic).....	45
4.4 Reliability.....	46
4.5 Descriptive Statistics.....	47
4.6 Correlation .....	48
4.7 T-Test.....	51
4.8 Multiple Regression .....	52
4.9 Regression (Overall Service Climate) .....	54
4.10 Hypotheses Testing.....	55
4.11 Chapter Summary .....	55
<b>CHAPTER FIVE .....</b>	<b>56</b>
<b>DISCUSSION AND CONCLUSION .....</b>	<b>56</b>
5.1 Introduction.....	56
5.2 Summary of Findings.....	56
5.3 Discussions .....	57
5.4 Managerial Implications .....	59
5.5 Limitations of the Study.....	60

5.6 Future Recommendations .....	60
5.7 Conclusion .....	61
<b>References.....</b>	<b>62</b>



## LISTS OF TABLES

Table 3.0:	Measurement Items	34
Table 4.1:	The Assessment of Normality	44
Table 4.2:	Frequency Table	45
Table 4.3:	Reliability Statistics	47
Table 4.4:	Descriptive Statistics	48
Table 4.5:	Inter-Item Correlation Matrix	50
Table 4.6:	ANOVA	50
Table 4.7:	Group Statistics	51
Table 4.8:	Independent Samples Test	51
Table 4.9:	Model Summary	52
Table 4.10:	ANOVA	53
Table 4.11:	Coefficients	53
Table 4.12:	Model Summary	54
Table 4.13:	ANOVA	54
Table 4.14:	Hypotheses Testing	55

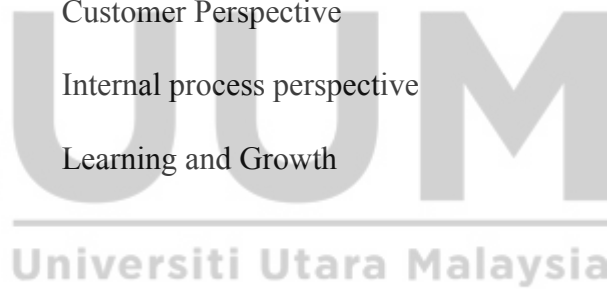
## LISTS OF FIGURES

<b>Figure 1:</b>	Components of service climate	15
<b>Figure 2:</b>	Conceptual Framework of Organizational Performance	27



## LIST OF ABBREVIATIONS

BSC	Balanced Scorecard
SPSS	Statistical Package for Social Sciences
ANOVA	Analysis of Variance
WF	Work Facilitation
MS	Managerial Support
CO	Customer Orientation
FIN	Financial Perspective
CUS	Customer Perspective
INP	Internal process perspective
LG	Learning and Growth



# CHAPTER ONE

## 1.1 Introduction

This chapter briefly explains the environment of the Malaysian Higher Education institutions system and the importance of service climate on organizational performance of Malaysian Higher Education institutions.

This chapter also highlights problem statements of the study, objectives, research questions and definition of terms used in this study.

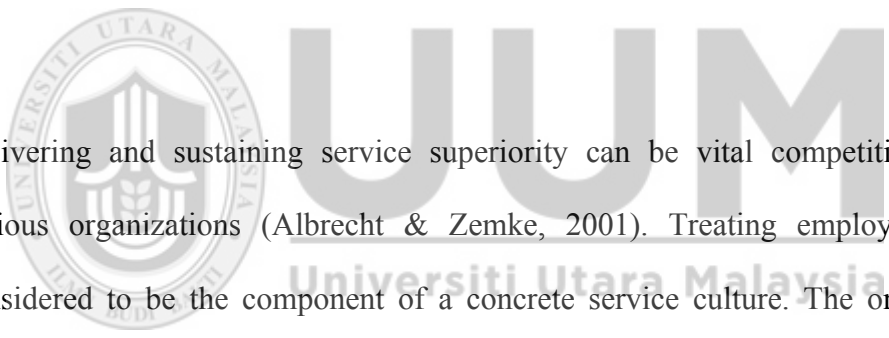
## 1.2 Background of the Study

Service climate is well-known due to its effect on organization performance. For example, organization might be affectedly employee performance, service performance, and organizational performance (Boo, H. B., Jamil, H., & Jennifer, T., 2009) Schneider et al. (1998) found organization climate would encourage employees to exert effort and to use their competencies accordingly produce superior service quality. Apart from this, several previous studies had found that service climate positively influence the service performance outcome (Jong, Ruyter & Lemmink, 2004).

Koeneet. al. (2002) pointed out that a supportive climate will positively affect both employee satisfaction and firm performance. According to Avery (2004), leaders can affect followers and performance indirectly by actions such as creating an environment in which employees can work effectively, developing an appropriate

culture that helps employees build commitment to organizational goals, and formulating strategy.

According to NurAnisah (2011) since 2006, 70% of the higher education institutions have started implementing some form of measurement to quantify the performance of the employees and the institutions as a whole. This change has occurred in line with the launching of the National Higher Education Plan 2007-2020. In other words, there is a need for higher education institutions to produce valid data to analyze and show the contribution they have given in achieving the national vision in accordance with MOHE (Ministry of Higher Education).



Delivering and sustaining service superiority can be vital competitive gain for various organizations (Albrecht & Zemke, 2001). Treating employees well is considered to be the component of a concrete service culture. The organizational culture, which creates a favorable service climate can modify behaviors and attitudes of employees, which in turn give higher value and superior results (Lytle & Timmerman, 2006; Walker, 2007).

Service climate is extremely important for service organization to concentrate and look into in order to achieve high organizational performance. Climate dominates employees' behavior, thinking and feeling about their environment (Salancik & Pfeffer, 1978). In particular, employees rely on signals from their adjoining work environment to interpret events, develop proper attitudes and behaviors, and



consequences (Salancik & Pfeffer, 1978). Consequently, there will be a greater possibility to improve performance of the organization.

This study seeks to identify the relationship between service climate and organizational performance of Malaysian higher education institutions. In brief, there is no widely accepted consensus on what a specified type of organizational performance measure can be employed to observe the organizational results specifically in operations management (Jitpaiboon & Rao, 2007; Parthiban & Goh, 2011).

Norton and Kaplan, (1992) presented the idea of parity scorecard through the Balanced Scorecard - measures that drive performance. This is a situated of measures that fitting for all encompassing, coordinated perspective of business execution and can be distinguished as the original of the equalization scorecard. The scorecard was initially made to supplement the conventional monetary measures with those of three other extra viewpoints, for example, those of clients, inside business methods, and learning and development (Kaplan & Norton, 1996).

### **1.3 Problem Statement**

The goal of the Higher Education blueprint in establishing Malaysia as a regional education hub is only possible through involvement and continues support of all higher learning institutions.

The internationalization of education remains a main challenge faced by tertiary institution systems around the world (Arambewela & Hall, 2009). Derived from the growth of worldwide education and deduction of government allocation budget, public higher education institutions are focused on commercial competition enforced institutions as well as private by economic effects. Such competitive environments demand that higher education institutions over the world specifically in Malaysia have had an impact on the delivery of educational services, how institutions operate, and at the same time increased their organizational performance (Kagaari, Munene & Ntayi, 2010).

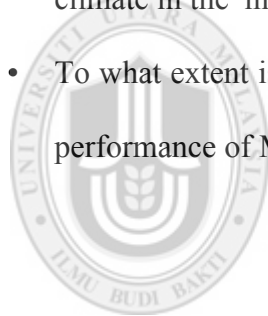
The educational environment is not only extremely dynamic, it is also challenging. The emergence of global ranking over the last few years has focused considerable attention on higher education. The spotlight is being set on universities that are increasingly being compared nationally and internationally. Thus, improvement of performance of the universities in Malaysia is vital concern for earning reputation. The government developed strategies and plan to ensure higher education institutions are ready to undertake change and achieve excellence to face the competition in the global education market. Moreover, institutions are striving for achieving the national vision in accordance with MOHE (Ministry of Higher Education). Thus, the current higher education environment in Malaysia is very dynamic, competitive, and challenging. To survive in the dynamic, competitive, and challenging environment, universities must ensure their productivity in a continuous manner through transformation (MOHE, 2007).

Organization must create and maintain service climate for encouraging employees to perform better for delivering excellent service. Ali and Musah (2012) suggested in their study that quality culture initiative can be used effectively in the context of the Malaysian higher education sector to enhance staff performance.

#### **1.4 Research Questions**

The questions serve as a guide in shaping and directing the research to a logical conclusion. The research questions of the study are:

- What is the level of organizational performance (university), and service climate in the higher education sector in Malaysia?
- To what extent is the relationship between service climate and organizational performance of Malaysian higher education institutions.



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#### **1.5 Objectives of the Research**

The objectives of this study are:

- To investigate the the relationship between customer orientation, work facilitation, and managerial support on organizational performance
- To make an appropriate recommendation on how to improve university performance of Malaysia employees perspective.

## **1.6 Significance of Study**

Findings of this study will give benefit to both practitioners and academics, especially for Malaysia higher education system.

Theoretically, the study enhances existing literature review on the relationship between service climate and organizational performance. This study would increase the understanding on the effects of service climate and organizational performance at three universities namely (Universiti Utara Malaysia, Universiti Sains Malaysia, Universiti Malaysia Perlis).

## **1.7 Operational Definition**

### **1.7.1 Organizational Performance**

Organizational performance is defined as the process of collecting, processing and delivering information on the performance of people, activities, processes, products, services, and business units (Forza & Salvador, 2000). In other hands, organizational performance is also recognized with effectiveness and efficiency and refers concurrently to the action, the result of the action and to the success of the results compared to some benchmark (Neely, 1998).

### **1.7.2 Customer Orientation**

According to the definition of Day (1994), customer orientation means placing a high priority on customer interests, generating and using information about customers, and creating systems to act on such information, which includes the

component of customer feedback suggested by Shainesh and Sharma (2003). In a service climate, when employees understand that superior service is expected, desired, and rewarded then they are more the likely to provide good service (Liao & Chuang, 2004). Customer orientation, one component of service climate, is argued to lead to a sense of pride in belonging to an organization in which all departments and individuals work toward the common goal of satisfying customers.

### **1.7.3 Managerial Support**

Day (1994) defines managerial support means actions taken by an employee's immediate manager in a manner that supports and rewards delivery of quality service. Based on a case of an Australian university, Joiner and Bakalis (2006) suggested that, and access to resources, which organizational support might come from managers and co-workers, role clarity have the same meaning as managerial support and work facilitation in this study. Employees are more likely to feel an obligation to return the supportive behaviour in terms of commitment.

### **1.7.4 Work Facilitation**

Work facilitation means all working conditions that support delivery of service quality, such as general HR practices, guidance, and cooperation among workmates (Day, 1994).

## **1.8 Organization of the Chapters**

Chapter one briefly explained a brief introduction, background, and the study's research problem. It then outlines research questions, objectives; definition of key terms and structure of this research.

Chapter two is literature review related to this research.

Chapter three presented the research theoretical framework and hypotheses. Further it explains the research Method used, which includes research design, population and sampling. Measurement of variables used and data analysis method.

Chapter four is discussed on results of the study. Profile of respondents, goodness of measure, descriptive analyses, Reliability analysis of variables and results of hypotheses tested.

Chapter five presented research findings and discussions. In addition, the implications and Limitation of the study are also discussed. It is concluded with the recommendation for Future research.

# CHAPTER TWO

## LITERATURE REVIEW

### 2.1 Introduction

Sekaran (2010) refers literature review as documentation of inclusive reviews from the published work and is obtained from the sources of data information gathered in specific subject of the researchers. In particular, this study looks at the impact of service climate on organizational performance of Malaysian higher education institutions.

Several topics are covered in this section. The section commences with discussion on organizational performance, followed by service climate, and relationship between service climate and organizational performance. This section also presents literature concerning various dimensions of service climate and provides measurement for organizational performance.

### 2.2 Organizational Performance

Organizational performance is defined as the process of collecting, processing and delivering information on performance of people, activities, processes, products, services, and business units (Forza & Salvador, 2000). In other words, organizational performance is also recognized with effectiveness, efficiency and refers concurrently to action, result of action (Neely, 1998).

Organizational performance is widely studied in management accounting (Neely, 2005). However, scholars in the fields like strategic management, operations management, human resources management, organizational behaviour and marketing also contributed to the area of organizational performance (Neely, 2005).

process of collecting and delivering information on performance of people, activities, process, products, services, and business units (Forza & Salvador, 2000). In general, organizational performance is the instrument that an organization employs to check the contractual relationship between senior management with its stakeholders (Atkinson, Waterhouse & wells, 1997).

### **2.3 Measurement of Organizational Performance by Balance Scorecard**

Evaluating business performance is one of the most important management agendas; because the key for continuous improvement is in the ability to continually evaluate organizational performance. Many organizations aware on the importance of continuous performance measure and many of them apply various approaches to performance evaluation (Fernandes et al., 2006). Between 1850 and 1975, organizations had evaluated performance solely according to financial criteria, and the Approach has been leaving criticized because it gave short term viewpoint. On the other hand, it creates deficiency to Make better decisions regarding organizational Improvement.



Hilman and Kaliappen (2013) referred in their study organizational performance can be measured through balanced scorecard.

BSC provides comprehensive framework for managers to modify the strategy of the enterprise into a coherent set of performance criteria (Kaplan and Norton, 1992). BSC, in contrast to the traditional evaluation system which only included financial criteria, has been designed in such a way that it improves managers' decision making through leading their attention towards wider dimensions of the operations of the enterprise (Shahin & Zairi, 2006).

Kaplan and Norton (1992, 1996) provided four dimensions in measuring performance, namely financial, customer, internal process, and learning and growth. To elaborate the point, Kaplan and Norton (2000) stated that for non-profit and government 66 organizations, the needs to measure customer, internal process and learning and growth are more important than Financial Objectives. They further added that the financial dimension identifies how the organization wishes to be viewed by its stakeholders, and customer dimension decides how the organization wishes to be viewed by its customers. Furthermore, internal process dimension describes how the organization operates their business process to satisfy its stakeholders and customers and the organizational learning and growth perspective involves the changes and improvement which the organization needs to achieve their intended objectives (Kaplan & Norton, 2000).

## **2.4 Four Perspectives of Balanced Scorecard**

### **2.4.1 The Customer Perspective**

This component tracks how well the organization is meeting the expectations of its customers. This view measures how well the company compares to competitors in terms of price, quality, product innovation, customer service and other dimensions (Chang & Chow, 1999).

### **2.4.2 The Financial Perspective**

Convenient and exact budgetary information is constantly required by an association (separated, obviously, from being a legitimate prerequisite for an exchanging organization). However an excess of ought not be perused into money related information alone; its part is as a feature of an adjusted point of view - henceforth the adjusted scorecard (Danaei et al., 2014). About long-term objective of the associations to give predominant profits based on capital by an organization.

Budgetary Measures, has been the conventional technique for breaking down authoritative achievement and includes such components as productivity, deals development, and the income every business visit. Despite the fact that the BSC stresses the need to the fuse extra measures to focus on the achievement, the requirement for Financial Measures is still a greatly solid component to the focus achievement (Bhasin, 2012).

### **2.4.3 The Internal Business Process Perspective**

It is focusing on performance of internal business processes. It includes measures such as quality levels, productivity, cycle time, and cost.

Have we improved key business processes so that we can deliver more to customers  
What internal processes are critical to provide value to customers (Garrison, Norton & Brewer, 2010). Chen, (2006) rightly defined the internal process perspective in this way: It priorities various business the processes that create value and the satisfaction for customers and shareholders. Philbin (2011) defined the internal process is the capability of the institution related to core staff, visitors and affiliates, performance milestones, and equipment.

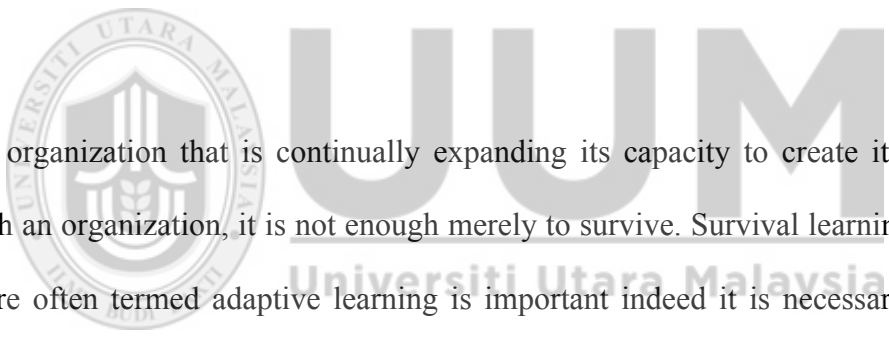
It is related to identify skills and tools needed to improve internal processes. Key areas of concern include the skills the levels of employees, availability of training and employee satisfaction. Employees tend to perform better if they are highly motivated and perform less if they feel exploited or undervalued (Holbeche, 2006).

### **2.4.4 Learning and Growth Perspective**

It focuses on the organization's ability to continuously improve. This metric is developed by considering questions such as the following: What must we do to continue to learn, and create value for our customers? How can we know that we are a knowledge-driven learning organization? This category might include such factors as new product and process introductions, improvement initiatives, the

implementation of change, and the holistic development of personnel (Aikens, 2006). The concept of learning is not new at all. It is developed from the essence of system theory and system dynamics emerged in the 1950s and 1960s as well as theories of learning from organizational psychology.

“Singe repeatedly pointed out, Over the long run, superior performance depends on superior learning” (Evans & Lindsay, P24, 2011). Maitland (2002) stated that high performance and then innovate again. Their employees believe that rapidly new companies innovate products and services development is the key to superior performance against competitors.



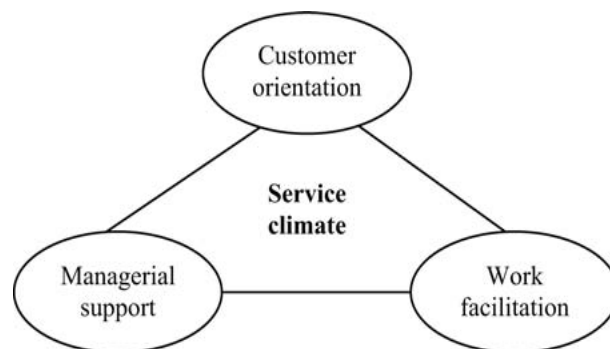
An organization that is continually expanding its capacity to create its future, for such an organization, it is not enough merely to survive. Survival learning or what is more often termed adaptive learning is important indeed it is necessary. But for a learning organization, adaptive the learning must be joined by generative learning, learning that enhances our capacity to create. This definition is an understanding and integration of many concepts and principles of total quality philosophies.

High performance organizations consider their employees are the most important assets. Therefore, they are willingly to invest more on employees' development issues. Basically, learning and growth more perspective attempt to identify the skills and tools needed to improve important internal processes.

## 2.5 Service Climate

Service climate is defined as the shared perceptions of employees concerning the practices, procedures, and kinds of behaviors that get rewarded and supported with respect to customer service and service quality (Schneider et al.,1998). Organizational climate often concerns the nature of work environment, such as climate for service (Schneider & Bowen, 1985; Schneider et. al., 1998). Because multiple climates often exist simultaneously within a single organization, climate is best regarded as a specific construct having a referent a climate must be a climate for something (e.g., service, support, innovation, safety; Schneider, Gunnarson, & Niles-Jolly, 1994).

Conceptual definition is given for each variable in this study below: All the definitions are extracted from existing literature and components of service climate are listed below:



**Figure 1:** Components of service climate (He, Y.et al., 2011)

## **2.6 Past Research's on Service Climate and Organizational Performance**

He, Y., Li, W., and Lai, (2011) considered different dimensions of service climate separately, including customer orientation, managerial support and work facilitation, and to examine the relationship between service climate and customer satisfaction. Empirical results indicated that different dimensions of service climate have different effects on customer satisfaction. For instance, customer orientation, as one dimension of service climate, has a direct and positive influence on customer satisfaction, while two other dimensions of service climate, managerial support and work facilitation, have indirect positive influence on customer satisfaction through improving employee commitment.

How to create an encouraging service climate is still unidentified to many managers? Realistic suggestions may not have been put forward because most of past research has dealt with service climate at the combined level. Thus, it is necessary to separate the various dimensions of service climate, so as to explore its consequences (Shainesh & Sharma, 2003). Maxwell and Steele (2003), found that the collective effects of organizational commitment outcomes have a positive impact on service quality and organizational performance .

Rogg, (2001), found that service climate facilitates the delivery of customer satisfaction . Schneider et al. (1998), reported a positive link between the way employees perceive service climate and customer's perceptions of service quality. According to Clark (2002), in the case of service organizations, the existing climate may be an important antecedent of the relationships formed between

employees and customers and the actual service provided. In the same context, examining hotels, Davidson (2003), proposed that organizational climate is a determinant of both the perceived and the actual level of service quality, and in turn, customer satisfaction and organizational performance.

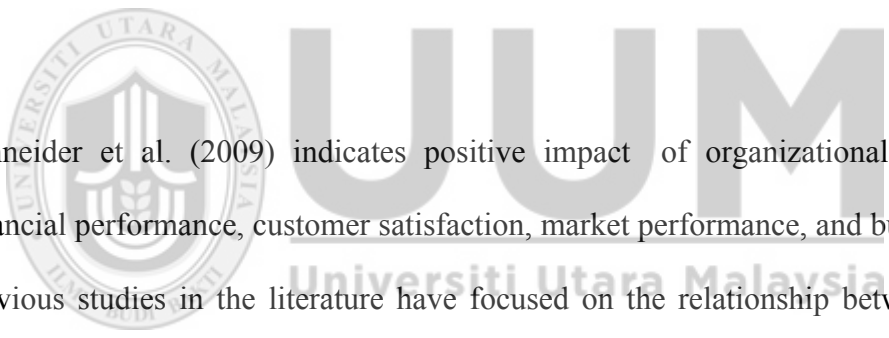
Davidson, (2003), presented a conceptual model that provides an explanation of the linkage between organizational culture, organizational climate, service quality, customer satisfaction and hotel performance. In this model, the organizational climate is exposed by several factors such as empowerment and training, operating procedure and resources. The model furnished that the organizational climate leads to service quality, service quality leads to customer satisfaction and ultimately customer satisfaction leads to organizational performance.

A further and most important fact has also been established that there is a direct positive correlation between good organizational climate and organizational performance (Davidson, 2003). This reinforces the need for managers to realize their organization's climate in order to run successfully (Davidson, 2003). Climate determines how individuals behave, as it influences how they think and feel about their environment (Salancik & Pfeffer, 1978). In particular, employees rely on indications from their surrounding work environment to interpret events, develop appropriate attitudes, behaviours, and the consequences (Salancik & Pfeffer, 1978).

Consequently, there will be a greater possibility to improve performance of the organization. Jing et al., (2011) in their survey, which on retail pharmacies in

Sydney, investigated the relationship between organizational climate and performance in small businesses. They concluded that a climate of organizational protection results in higher organizational performance.

When employees perceive a high level of supportive climate inside organization, there is a high possibility that they will make an interactive relationship with each other. Study shows that positive organizational climate creates employee satisfaction, and higher performance. It also reduces work commitment, attachment to the work, stress, tendency to leave the job, and absence at work. Employees would also work more in such a climate (Shahin, Naftchali, S. J., & Pool, 2014).

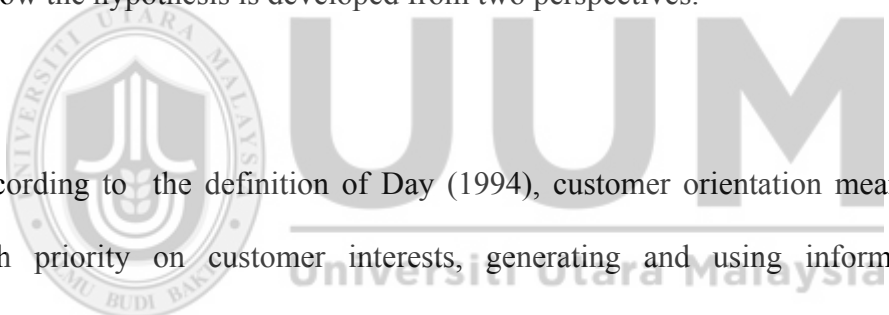


Schneider et al. (2009) indicates positive impact of organizational climate on financial performance, customer satisfaction, market performance, and business. Few previous studies in the literature have focused on the relationship between culture and firm performance organizational by (Ngo & Loi, 2008). Most previous studies examining relationships between organizational culture and firm performance have found support for the effects of organizational culture on firm performance , (Daft, 2007). Ngo and Loi (2008) suggested that a culture which is adaptive has a positive effect on market-related performance.



## **2.7 Relationship between Customer Orientation and Organizational Performance**

Some researchers suggest that it is a set of organizational behaviours devoted to attaining and utilizing customer information for the purpose of achieving customer satisfaction (Jawarski & Kohli, 1993). In any case, customer orientation focuses primarily on realizing customers' interests and needs and delivering appropriate solutions (Victoria, 2010). Victoria (2010) also mentioned in her study in hospital settings that individuals do believe trying to the understand and satisfy the needs of both internal customers and patients (external customers) enhances the level of service quality. As a result, service quality enhances organizational performance. Below the hypothesis is developed from two perspectives.



According to the definition of Day (1994), customer orientation means placing a high priority on customer interests, generating and using information about customers, and creating systems to act on such the information, which includes the component of customer feedback suggested by (Shainesh & Sharma, 2003). Customer orientation is an individual-level construct that we believe is a service organization's ability to be market oriented.

Shainesh and Sharma (2003) have two goals in examining the construct. First, we seek to identify its basic personality trait determinants as to obtain and improve understanding on factors that lead some employees to be more customer-oriented than others. Second, to investigate the effects of customer orientation and the more basic traits on overall service performance evaluations as judged by the service

workers themselves and the workers' supervisors (Brown, Mowen, Donavan & Licata, 2002). Below is the hypothesis from these factors.

*H1: There is a positive relationship between customer orientation and organizational performance.*

## **2.8 Relationship Between Work Facilitation and Organizational Performance**

Tang and Tang (2012), investigated service-oriented organizational citizenship behaviours in the hospitality industry, with regard to high-performance human resources practices and organizational climate. The results of their research indicated that high-performance human resources practices impact on organizational social climate and organizational citizenship a behaviour. Shahin et al. (2014), found a positive relationship between organizational citizenship behaviour and organizational performance. Here, high-performance human resources practices are solely related with work facilitation according to the definition of Day (1994).

Organizational culture is ultimately important because it is an important driver of critical outcomes of an organization's functioning, such as innovation, productivity, and financial performance. The essences of culture are that the organization's members can find solutions to problems about internal integration, adaptation to environment, and coordination through shared cultural values by Farnham and Gunter, (1993). Here, the stressing point is human resources that the can be productive through work facilitation because it blends with human resource

practices, guidance, and cooperation among workers (Day, 1994). Below is the hypothesis from these factors:

***H2: There is a positive relationship between work facilitation and organizational performance.***

## **2.9 Relationship Between Managerial Support and Organizational Performance**

Godarziand and Gominian (2001) in their study shows that those organizations give emphasis to protective climate, open relationships, collaboration, free thinking and rewarding successes have high performance than those organizations act not in that manner. When employees perceive a high level of supportive climate inside organization, there is a high possibility that they will make an interactive relationship with each other .

Study shows that positive organizational climate creates employee satisfaction, commitment, attachment to the work, and higher performance. It also reduces work stress, tendency to leave the job, and absence at work. Employees would also work more in such a climate (Shahin, A., Naftchali, S. J., & Pool, 2014). Thus, hypotheses can be developed in this manner. Below is the hypothesis from these views:

***H3: There is a positive relationship between managerial support and organizational performance.***

## **2.10 Relationship between Overall Service Climate and Organizational Performance**

Service climate plays a major role particularly to the organization performance. It is because organization performance is connected to the practices of the organization such as which area that it focuses on. For instance, the organization might be focus on the employee performance, service performance, and organizational performance (Boo, Jamil, & Jennifer, 2009). Schneider et al. (1998) found that the organization climate that fosters service employees to exert effort and to use their competencies accordingly would be likely to generate superior service quality.

Numerous previous researchers established that service climate positively influenced the service performance outcome (Jong et. al., 2004; Boo et. al., 2009; & Solnet, 2006). Koene et al. (2002) pointed out that a supportive climate will positively affect both employee satisfaction and firm performance. Below is the hypothesis from these views.

***H4: There is a positive relationship between overall service climate and organizational performance.***

## **2.11 Underpinning Theory: Resource Based View**

“The resource based view (RBV) as a basis for the competitive advantage of a firm lies primarily in the application of the bundle of valuable tangible or intangible resources at the firm’s disposal” (Wernerfelt, 1984, p 172). If valuable resources are controlled by the firm, then it could be a source of competitive advantage.

Competitive advantages are the attributes that allow an organization to outperform its competitors. The resource based view of strategy holds company assets as the primary input for overall strategic planning, emphasising the way in which competitive advantage can be derived via rare resource combination. This competitive advantage brings the firm's above average returns through the value-creating strategies (Barney, 1991).

In this study, service climate is combination of tangible and intangible assets which refer bundle of valuable resources according to the theory. These resources are competitive advantage of the institution which allows an organization to perform better than its competitors. Customer orientation is an intangible asset and leads to a sense of pride in belonging to an organization therefore all employees work towards common goal of satisfying customers. Work facilitation variable is related to tangible and intangible assets because it is the working conditions of the organization which is a combination of infrastructure and guiding principles. Managerial support variable is also related to intangible assets means that immediate manager supports and rewards delivery of quality service. Finally, it can be stated that organizational performance is the combination of tangibles and intangibles assets of a firm in line with Resource Based View (RBV) theory.

## **2.12 Service Climate Theory**

Schneider and Bowen (1985) emphasizing closeness, service climate theory suggests that customers experience branch-targeted service climate first hand through their interactions with branch employees. Thus, climate target is boundary condition for

service climate effects on customer satisfaction; the relationship is such that these effects become stronger as the target becomes more proximal and potent to customers.

The majority of service climate studies have conceptualized the subunit as the focal target (Borucki & Burke, 1999; Johnson, 1996; Schneider & Bowen, 1985). According to the Service Climate Theory (Schneider et al., 1998), a subunit's positive service climate facilitates the delivery of excellent service and improves customer's reactions; these studies have repeatedly found relationships between service climate and customer outcomes.

In connection with above explanation, the research model in this study is relevant to service climate theory because respondents in this study are the representation of various units at universities. Their delivery of service excellence depends on positive service climate and ultimately positive service climate assists employees to perform better to maintain customer's positive reactions. In this study, the service climate is composed of customer orientation, work facilitation, and managerial supports which are related to service climate theory. Thus, Schneider et al. (1998, p151) rightly "defined that climate for service as employee's perceptions of the practices, procedures, and behaviours that get rewarded, supported, and expected with associated to customer service quality". These things are clearly explained in service climate's dimensions in this study.

### **2.13 Summary**

This chapter discussed the background of Balanced Scorecard and the concepts of it. It also covered a review of previous literatures regarding the concepts and definitions of service climate, managerial support, work facilitation and customer orientation, and how they effect on organizational performance.



# CHAPTER THREE

## METHODOLOGY

### 3.1 Introduction

In this chapter, the researcher discusses the research methodology adopted to carry out this study. It is beginning with the research model and research framework together with hypotheses generated from the literature review in previous chapter. This chapter mainly clarifies the research design, operational definition of variables, population and sample of research and the sampling method implemented, data collection technique, measurement development and questionnaire administration, measurements of research variables as well as elaborates in detail the data analysis procedures.

### 3.2 Conceptual Framework

This study examines the impact of service climate dimensions which are customer orientation, managerial support, and work facilitation is stated as independent variables and university performance as dependent variable. The interaction of variables in the model determines somehow the effect of service climate on organizational performance.

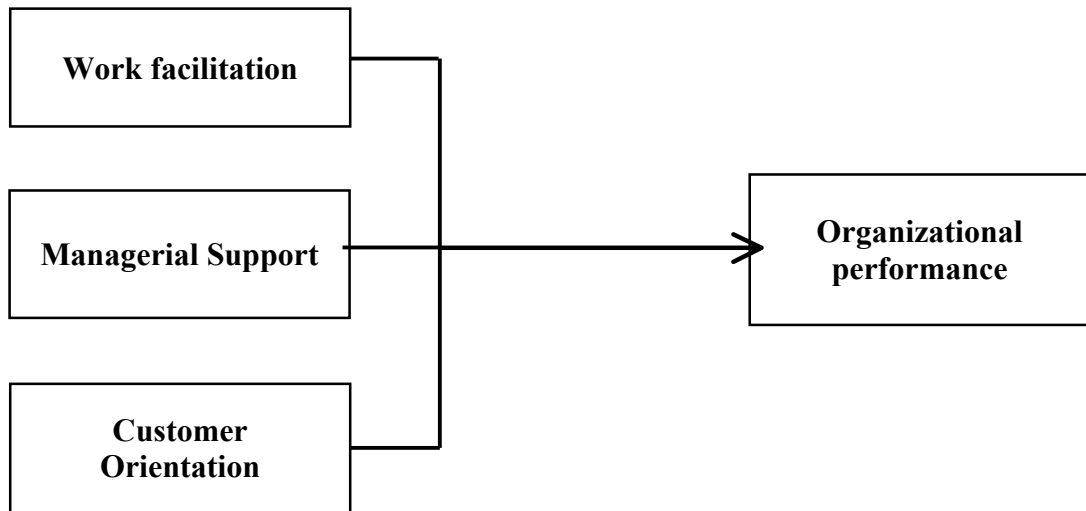
Several previous researchers found that service climate positively influenced the service performance outcome (Jong et. al., 2004; Boo et al., 2009; Solnet, 2006; and Koene et. al, 2002). The theoretical framework for this study is shown in Figure 2.



## Independent variables

Service Climate Dimensions

Dependent variable



**Figure 2:** Conceptual Framework of Organizational Performance

### 3.3 Hypotheses Development

A hypothesis can be defined as an assumption and not a proven statement about a factor which a researcher is interested in to study. It is a declarative and can be examined empirically by the study. A hypothesis plays an important role in the research because it suggests the possible variable that can be included in the research design. By testing the hypotheses and the relationship with the variables, the answer to a particular problem are expected to be found to correct the problem that occurs (Sykes, 2000).

## **Hypotheses**

**H1:** *There is a positive relationship between customer orientation and university performance.*

**H2:** *There is a positive relationship between managerial support and university performance.*

**H3:** *There is a positive relationship between work facilitation and university performance.*

**H4:** *There is a positive relationship between overall service climate dimensions and university performance.*

## **3.4 Research Design**

Research design is the process of how data can be collected and analysed (Sekaran & Bougie, 2010). The understanding and applying the suitable research methods are important to all researchers. There are generally two approaches in conducting research used namely, Quantitative and qualitative research approaches (Neil, 2009). Neil (2009) describes research design as the overall arrangement and methods applied in conducting the test to prove the hypothesis according to the standards maintained for data collection and analysis.

Quantitative research is the research done based on data that is descriptive in nature and not qualified (Uma & Roger, 2009). This research method looks more at establishing general sable relationship between dependent variable and independent variable in a given population (Zikmund, 2003). Zikmund (2003) further explains

that both the approaches are equally important, and the choice is made based on the nature of the research. Therefore, the present study Makes use of quantitative approach, in order to test the hypothesis That a relationship exist between service climate and organizational performance of Malaysian higher education institutions.

The quantitative approach can be categorized in to descriptive or experimental. In this study, the researcher opted to descriptive research; to apply this approach, the demographic characteristic of the Respondents was measured in order to establish a relationship between independent and dependent variable. The independent variables are those variables that influence the dependent variable (Uma & Roger, 2009).

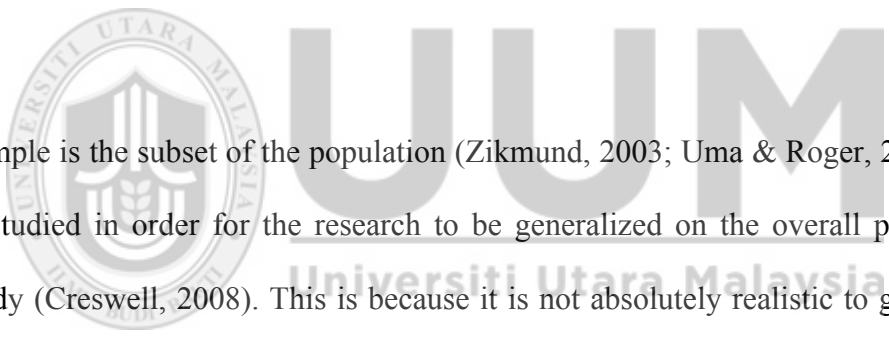
The independent variable in this study is service climate with three dimensions, namely managerial support, customer orientation and work facilitation. They are tested and analysed as to examine their influence on organizational performance.

### **3.5 Populations and Sample**

Population refers to the total number of people, event or things that the researcher wants to examine (Uma & Roger, 2009) that share a common characteristic required by the researcher (Zikmund, 2003). Zikmund (2000) in addition said it is also the total category of a matter which is the focus of attention on a particular research subject. Therefore, the population for this study is the employees at public universities at northern region of Malaysia. A total of three universities were used. Employees of various departments of universities will be counted as a target

population for this study because they are suitable in a sense that they are engaged in the environment and they are more knowledgeable about this environment thus true picture can be captured through their opinions .

The conceptual model is related with service climate and organizational performance. To measure these variables in organizational perspective, employees that hold supervisory and executive positions is right choice of target population. The target population is the source from which the data are collected. The usual technique for defining the target population is to answer questions about the crucial characteristics of the population.



Sample is the subset of the population (Zikmund, 2003; Uma & Roger, 2009), which is studied in order for the research to be generalized on the overall population of study (Creswell, 2008). This is because it is not absolutely realistic to gather all the data from this population, hence it is important to determine the size of the sample (Zikmund, 2003). In order to make a decision the actual sample size of this type of study, Roscoe (1975), suggested that generally a sample size that is above 30 and smaller than 500 are sufficient to conduct a research.

A proportionate random sampling procedure was chosen in this study. The utilization of sampling method is the most appropriate because random sampling method figures heterogeneity among respondents to reduce the common survey bias (Jun et al., 2006). This sampling method also improves the representativeness of the sample by reducing sampling error (Chang et al., 2010).

Sekaran and Bougie (2010) also proposed that in multivariate research, the parameter for sample size should be several times (preferably 10 times or more) as large as the number of variables in the study. In this study, four variables are there thus total target sample size is 113 which is more than 10 times of variables.

<b>Institution</b>	<b>Existing Departments</b>
University Sains Malaysia	83
Universiti Utara Malaysia	46
Universiti Malaysia Perlis	24
<b>Total Departments</b>	<b>153</b>

**Source:** Collected by Own Effort

<b>Institution</b>	<b>Existing Departments</b>	<b>Sample Size</b>
University Sains Malaysia	83	61
Universiti Utara Malaysia	46	34
Universiti Malaysia Perlis	24	18
<b>Total Respondents</b>		<b>113</b>

**Source:** Collected by Own Effort

### **3.6 Unit of Analysis**

The sampling unit is a single element or group of elements subject to selection in the sample (Zikmund et al., 2010). In this study, the unit of analysis is academic and non-academic department of various universities. That is means, any department of a particular university represent the unit of analysis and from that unit desired samples were drawn.

### **3.7 The Sampling Method**

According to Zikmund (2003), sampling is an important characteristic of every research that entails in-depth examination. The function of sampling in business research is to estimate unidentified characteristics of the population (Zikmund, 2003). There are various sampling techniques used in the academic research domain. Basically, they can be categorized into two namely, probability and non-probability sampling (Zikmund, 2003; Uma & Rofer, 2009).

Among the sampling techniques, cluster sampling, systematic sampling, stratified sampling and simple random sampling is subject to randomization, in so doing creating the opportunity for the elements of the population to have equal opportunity to be included in the study (Olodele, 2007).

When the population of study is large, systematic sampling is suitable to be administered. Stratified sampling entails the need to divide the entire population in to subgroups otherwise known as “strata” applicable to the research study (Oladale,

2007), whereas cluster sampling involves selecting the group instead of the individual and generally use when the population is widely spread.

The probability sampling technique is selected due to the fact that the findings based on this type of sampling technique can be generalized to the target population with a level of confidence and the representativeness of the sample is of importance in the interest of wider generalizability (Sekaran & Bugie, 2010). In this study, proportionate random sampling is used for data collection. Proportionate sampling, which often provides a reasonable approximation to simple random sample, consists of selecting elements from an available list.

### **3.8 Questionnaire Design**

The questionnaire applies a five-point Likert scale from 1 strongly disagree to 5 strongly agree with respondents signifying their level of agreement. The researcher's choice of using this scale is subject to empirical findings by Zikmund (2003), that testing behavioural and attitude it is suitable using the scale as a result of the simple nature of the administration. In a study conducted by Garland (1991), affirm the use of scale where the researcher stated that, rating help in guiding respondents to express their opinion about the survey. The most researchers have proposed that suitable scale is content based, which is objective of a study, in addition to the condition for which the measurement is being made (Komorita, 1963).

A well-designed self-administered questionnaire will be distributed to the target respondents in two different ways: directly personal visit and through the networks of friends. In order to gain the support, the respondents will be given the assurance and guarantee of anonymity through the cover letter and clearly it stated that the data is strictly for academic matters and the privacy of institutions and selected samples are protected. The target population were employees of various departments of the selected institutions. The choice of using four, five and seven-point Liker scale in present researches is an unending contest because of the issue of removing the mid - scale, for the reason that some researchers believe that neutrality responds is insignificant in a survey. Subject to this disagreement, Dawis (1987), assert that no singular best measure in designing a survey scale, the researcher makes a note that one scale could be better in one problem but problematic in another.

Therefore, the aforementioned example justifies the researcher's desire to utilize five-point Liker scale which is not only enhance the consistency level of the responds in this study but also increase the reliability of the scale. In totality, the researcher is expected to receive a minimum of 100 questionnaires to validate the study (Sekaran, 2003). The data collection instrument is shown below:



**Table 3.0:** Measurement Items

Variables	Researcher Adapted
<b>Work Facilitation</b>	Shainesh & Sharma (2003)
WF1: I receive adequate support from workmates to perform my job well.	
WF2: If I perform job well, I receive appropriate recognition and reward.	
WF3: I have the guidelines and resource materials available to serve my job.	
WF4: I have access to the product and policy information when I need them to do my work in my organization.	
<b>Managerial Support</b>	Foley & Hang (2005)
MS1: My direct supervisor supports me when I come up with new ideas on how to improve service.	
MS2: My direct supervisor encourages me to deliver high quality service.	
MS3: My direct supervisor is responsive to my requests for help or guidance.	
MS4: My direct supervisor is very committed to improving the quality of our area's work and service.	
<b>Customer Orientation</b>	Day (1994); Shainesh and Sharma (2003).
CO1: My organization has clear ideas about customers and their needs.	
CO2: High quality service is emphasized as the best way to keep students.	
CO3: My organization defines its services from students' perspectives.	
CO4: My institution does a good job of keeping students informed of changes, which affect them.	
CO5: We are informed about student evaluations of the quality of service	

delivered.	
<b>CO6:</b> My institution always responds to the students' feedback and suggestions quickly.	
<b>Financial Perspective</b>	
<b>Fin1.</b> Our university having good budget management.	
<b>Fin2.</b> Our university maintains cost savings operations.	Chan (2004)
<b>Fin3.</b> Our university increasing in productivity (financial growth).	
<b>Fin4.</b> Our university reduced unit cost (per student) of service delivered.	
<b>Customer Perspective</b>	Chan(2004); Fuentes-Fuentes (2004)
<b>CUS1.</b> Our university having high community demand.	
<b>CUS2.</b> Our university emphasized on student satisfaction.	
<b>CUS3.</b> Our university emphasized on timeliness of service delivered.	
<b>CUS4.</b> Our university maintains good reputation among our students.	
<b>Internal Process Perspective</b>	
<b>INP1.</b> Our institution maintains the highest level of motivation among employees.	
<b>INP2.</b> Our institution successful in implementing employee development programs (training).	Chan (2004); Fuentes-Fuentes (2004)
<b>INP3.</b> Our institution maintains high level of employee health and safety.	
<b>INP4.</b> Our institution having work climate support of obtaining bank's objectives.	
<b>Learning and Growth</b>	
<b>LG1.</b> Our institution has successfully identified the emerging needs of	

customers/community.	Fuentes-Fuentes (2004); Kanji (2002).
<b>LG2.</b> Our institution is ahead of competitors in respect of new service/product development.	
<b>LG3.</b> Our institution utilizes latest technology for increasing effectiveness.	
<b>LG4.</b> Our institution has successfully developed procedure to improve quality of service/product offered.	

### 3.9 Data Collection Technique

Collecting data is the central process of every research. The procedures and guiding principle for the collection, processing, analysing as well as reporting of information are the components of research. There are basically two methods of collecting data, which is primary, and secondary data collection (Uma & Roger, 2009). In this research the researcher was using the primary data, which is collected directly from the field.

The questionnaire is composed of close-ended statements used to determine the phenomenon that the research aimed to investigate. Furthermore, it comprised two major sections. Section one is formed by demographic information such as gender, academic position and years of work experience. Section two is consists of 30 items and these are related with service more climate and balanced score card dimensions. Balanced scored card dimensions are used as to measure is university performance in this study and it consists 16 items. A five-point Liker type scale is employed for data

collection. The scale is interpreted as: 1= strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree.

This survey method is also suitable for the target population, which is highly computer literate, enabling them to complete the questionnaire (Roy, 2005). This method of data collection provides a personal effect and a high degree of anonymity among the respondents and increased self-commitment as well as a response rate of the survey (Heerwegh, 2005).

### **3.10 Data Analysis Techniques**

The use of questionnaires is the leading instrument in data collection from the respondents. It facilitates gathering of quantitative data in standardized approaches in order to be internally reliable and consistent for analysis. According to Uma and Roger (2009), a questionnaire is a pre-arranged set of questions to be answered by the respondents. The creativity, proficiency, as well as the understanding of the researcher has a significant role in designing questionnaires.

The researcher made changes to the adopted questionnaire to suit the instruments to the university environment; changes were strictly kept under control to ensure the validity of the questions to the constructs tested.

### **3.11 Pre-Analysis Data Screening / Cleaning**

Data Screening was executed prior statistical analyses. The normality, detection of missing data and outliers was also assessed. Data screening was carried out to examine the uniqueness of the respondents so as to respond to question about correctness of data qualify for statistical supposition, data transformation has to be carried out (Mayers, Gamst & Guarino, 2006). According to Hair et al. (2010), prior to processing data, it is vital to assess the detection of outliers. Mayers et al. (2006), further assert that severe cases or strange values on a singular disparity or a mixture of discrepancy are considered to be outliers. Multivariate outliers will be carried out for this research. In addition to recognizing possible outliers, it is imperative to test the possibility underlying large number of multivariate techniques.

### **3.12 Data Analysis**

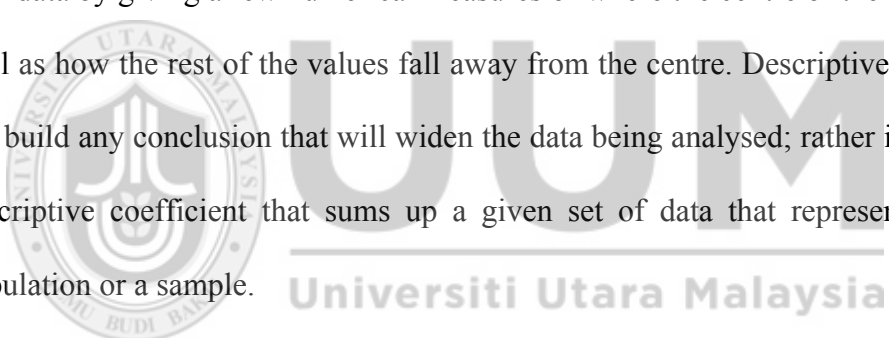
Data analysis are the techniques that help the researcher to conduct arranged testing of the data and develop explanations, and assist in testing the hypothesis (Joel, 1996). It assists the researcher to clean, inspect, transform, and model the data collected from the respondents in order to draw attention to the valuable information connected to the problem under study, using the result generated from the data to make a conclusion and recommendation. After collecting the data, the researcher carries out a preliminary exercise such as coding the data collected, data cleaning and screening, and recording the data. Version 20.0 of SPSS was used.

The mean, standard deviation and other descriptive statistical tools were utilized to describe the main characteristic of the sample. The researcher uses statistical package

for social science (SPSS) version 20.0 to analyse demographic characteristics of the respondents and the analysis of the main study. The independent variable is service climate with three dimensions (Customer orientation, managerial support and work facilitation).

### **3.13 Descriptive Statistic Analysis**

Descriptive statistics help in summarizing the sample and the observations that the researcher has made, it could be in a simple graph or quantitative. According to Janes (1999) descriptive statistics are the fundamental descriptive measures that attempt to sum data by giving a few numerical measures of where the centre of the data set is as well as how the rest of the values fall away from the centre. Descriptive statistics do not build any conclusion that will widen the data being analysed; rather it gives short descriptive coefficient that sums up a given set of data that represent the entire population or a sample.



The measures that describe the data are measures of central tendency and measures of variability or dispersion. Example of measures of central tendency is the mean, median and mode, while measures of variability are the standard deviation or variance, minimum and maximum variables, normality test, missing value etc. Consequently, the aforementioned descriptive statistics is incorporated in this study to describe the necessary features of the data in the study and to enable the researcher summarizes the measure and sample.

### **3.14 Inferential Statistics**

Inferential statistics are the techniques that allow the researcher to arrive at conclusions that go further than the immediate data. For instance, when the researcher is trying to make conclusion of the probability that a survey difference between groups is reliable or the difference occur by chance in the study hence inferential statistics make generalization the population (Malcom & Demetri, 2005).

Possibly researcher could compare the differences of commitment between male and female respondents in a single measure to know if great difference exists using inferential test. Whenever a researcher desires to compare the average performance between two teams, inferential statistics is a suitable technique to be used (Salkind, 2009). Inferential statistics is the suitable technique to be used. Inferential statistics are mainly adopted when responding to answers relating to cause and effect, or when predicting existing data. Though, it was not proven causality. Providing result is subject to a given theory, perhaps statistical data generated from previous research studies; it is imperative to state the theories before using inferential statistics. For instance, saying workers are given incentive base on their performance, there must be previous literature or theory backing the argument.

### **3.15 Multiple Linear Regression**

Multiple linear regression smoothing the progress of modelling the correlation between two variables by appropriating a linear equation to experimental data. One variable is measured as a descriptive variable, while the other is observed as the dependent variable. However, this study makes use of multiple linear regression in

analysing the relationship between service climate dimensions (independent variable) and Organizational performance (dependent variables).

In this situation, a scatter plot smoothing is the progress in shaping the strength of the relationship. On the condition, it becomes visible that no relationship between the propose explanation and dependent variables or if the scatter plot does not signify if there is increasing or decreasing trends, then appropriating a multiple linear regression model to the data would possibly give a functional model.

### **3.16 Summary**

This chapter has briefly views all parts of the research methodology applied in this study. The researcher has described how the research approach adopted in the study, providing the details in research subjects based on population and size sample, about the questionnaires and how the questionnaires were administered. The data collected then has been analysed using SPSS Version 20.0 and the results of statistically analysis are explained in Chapter four.



# CHAPTER FOUR

## DATA ANALYSIS

### 4.1 Introduction

In this chapter, the researcher presents the results of the data analysis obtained from this study. The first section of this chapter discusses on the overview of the data collection. Then, it presents the respondents' profile and followed by the analysis to test the normality and reliability of the variables. Consequently, the results of hypotheses testing are presented.

### 4.2 Overview of Data Collection

#### 4.2.1 Response Rate

The data collection was done by sending questionnaires directly to respondents. A total of 113 questionnaires were distributed and 106 returned. Three questionnaires were eliminated due to incompleteness of demographic information. Therefore, a total of 103 questionnaires were left for analysis. The response rate is 94%. According to Hair et al. (2010), a response rate above 50% is generally acceptable to conduct the study therefore the registered 85% is sufficient to complete the analysis.

#### 4.2.2 Normality

In this study, the assessment of normality has measured through skewness and kurtosis. The value of skewness should fall within the range of -1.0 to + 1.0 to indicate normal distribution (Awang, 2012). The Table 4.1 is depicting the normality

because all the values are within the range of -1.0 to + 1.0. The value for kurtosis between - 2 and + 2 are acceptable in order to obtain normal unvaried distribution (George & Mallery, 2010) and in this study kurtosis value is found within the acceptable limit.

**Table 4.1: The Assessment of Normality**

Variables	N	Minimum	Maximum	Skewness		Kurtosis	
		Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
WF	103	3.00	5.00	-.198	.238	-.439	.472
MS	103	3.00	5.00	.093	.238	-.714	.472
CO	103	3.00	4.83	.052	.238	-.826	.472
FIN	103	2.75	5.00	.306	.238	-.664	.472
CUS	103	2.50	5.00	-.506	.238	.175	.472
INP	103	2.50	5.00	-.015	.238	-.334	.472
LG	103	2.75	5.00	-.302	.238	-.083	.472
Valid (listwise)	N 103						

### 4.3 Profile of the Respondents (Demographic)

This is the preliminary step to obtain the summary of demographic information from the respondents. The demographic variables include gender, position, service length, monthly salary and the highest level of education.

Table 4.2: Frequency Table

Variable	Category	Frequency	Percent
Gender	Male	41	39.8
	Female	62	60.2
Position	Faculty	24	23.3
	Administrative	71	68.9
	IT Staff	8	7.8
Service Length	1-5 years	25	24.3
	5-10 years	47	45.6
	10 years and above	31	30.1
Monthly Salary	RM 2000-5000	50	48.5
	RM 5000-10000	33	32.1
	RM 10,000 & above	20	19.4
Level of Education	Ph.D	27	26.2
	Masters	30	29.1
	Bachelor	27	26.2
	Diploma	19	18.4

According to the frequency Table 4.2, 39.8% respondents are male and 60.2% respondents are female. This indicates that higher percentage of female staffs is working in a higher education institute. Faculties are representing 23.3% as respondents and rest of the 76.7% respondents are administrative and IT staffs. Service length indicates that 85.6% of respondents are in the service 5 or more years. It indicates that retention rate of employees is satisfactory in a higher education context. Only 24.3% respondents are in the service 1 and less than 5 years. Only 19.4% of respondents are earning RM 10,000 and more salary per month which is normal at higher education institute. This kind of respondents is mostly belonging to faculty segment. In respect to level of education only 26.2% respondents have PhD.

#### **4.4 Reliability**

Cronbach alpha was measured as to identify the internal consistency or the average correlation of the items in the survey instruments to measure its reliability (Cronbach, 1951). According to Sekaran and Bougie (2010), reliability is a measuring instrument that measures consistency of an instrument. Fornell and Lacker (1981) have suggested a composite reliability of .70 as satisfactory. Hair et al. (2010), recommended that a loading above .50 to be significant. In this study, minimum Cronbach alpha is 0.70 and according to the reliability statistics table, all variables are meeting minimum cut-off point.

**Table 4.3:** Reliability Statistics

Variables	Number of Items	Cronbach's Alpha
Work facilitation	4	0.711
Managerial support	4	0.726
Customer orientation	6	0.733
Financial perspective	4	0.713
Customer perspective	4	0.771
Internal process perspective	4	0.705
Learning & Growth	4	0.696

#### 4.5 Descriptive Statistics

Descriptive analysis is being used to identify the overall range of answers for each construct in the form of mean and standard deviation. The responses are analysed through SPSS version 20.0. Two variables recorded 2.5 in the minimum response for internal process and customer perspective. In the maximum value of response received all variables have obtained 5.0 from the respondents except customer orientation (CO). Besides that, the mean values of the variables were obtained by the measure on a livelier scale, which means the higher the number on the five-point scale, higher the goodness of the variable will be.

In addition, a mean value equal or more than 4 indicates a high agreement with a particular criterion which is a mean value equal or less than 2 were considered as low, and a mean value of 3 was considered as a moderate agreement. For this study

the mean value is generally high in nature. The highest two mean values are at 4.0194 and 4.0024 for work facilitation (WF) customer perspective respectively. The lowest mean value is at 3.8155 for the dependent variable, financial perspective (FIN) construct. A descriptive analysis of all four variables is presented in the Table 4.4

**Table 4.4: Descriptive Statistics**

Variables	N	Minimum	Maximum	Mean	Std. Deviation
FIN	103	2.75	5.00	3.8155	.50846
INP	103	2.50	5.00	3.9223	.49387
LG	103	2.75	5.00	3.9272	.46919
CO	103	3.00	4.83	3.9401	.43901
MS	103	3.00	5.00	3.9806	.50934
CUS	103	2.50	5.00	4.0024	.55295
WF	103	3.00	5.00	4.0194	.47960
Valid N (listwise)	103				

#### 4.6 Correlation

Before testing the hypothesis in this study, the researcher presented a Table 4.5 to show the Pearson correlation between the variables. This analysis allows the researcher to establish the relationship between the variables used in this study.

The correlation less than .20 indicated as very weak relationship, .20 to .40 as weak, .40 to .70 as moderate correlation followed by .70 to .90 as strong and more than .90 as very strong correlations. Based on the guideline above, there is a correlation between the variables in this study. Correlation does not involve cause and effect but only shows how satisfactory the relationships are (Zickmund, 2003). The correlation between each pair of latent exogenous construct must be less than 0.85 then measurement model is free from redundant items (Awang, 2012).

Work facilitation (WF) is moderate correlated with managerial support (MS). Managerial support is moderately correlated with work facilitation and customer orientation (CO). Customer orientation (CO) is moderately correlated with financial and internal process perspective. The interesting finding is that financial perspective (FIN) is moderately correlated with customer orientation, customer perspective, and internal process perspective. Finally, learning & growth is moderately correlated with internal process perspective (INP).

**Table 4.5: Inter-Item Correlation Matrix**

	WF	MS	CO	FIN	CUS	INP	LG
WF	1.000	.430*	.200	.264	.023	-.014	.080
MS	.430*	1.000	.404*	.190	.239	.004	.199
CO	.200	.404*	1.000	.413*	.260	.425*	.328
FIN	.264	.190	.413*	1.000	.390*	.440*	.277
CUS	.023	.239	.260	.390*	1.000	.371*	.336
INP	-.014	.004	.425*	.440*	.371	1.000	.406*
LG	.080	.199	.328	.277	.336	.406*	1.000

Sig\* at  $p \leq 0.05$  level**Table 4.6: ANOVA**

	Sum of Squares	Df	Mean Square	F	Sig
Between People	64.884	102	.636		
Between Items	2.854	6	.476	2.657	.015
Within People Residual	109.586	612	.179		
Total	112.440	618	.182		
Total	177.325	720	.246		

Grand Mean = 3.9439



#### 4.7 T-Test

T-test has performed in this study to identify the means difference of organizational performance between male and female respondents. The test reveals that there is no means difference of organizational performance in respect of male and female respondents. Because p value (0.772) which is greater than  $\alpha$  value (0.05) thus the study fail to reject null hypothesis (see table 4.7).

**Table 4.7: Group Statistics**

Gender		N	Mean	Std. Deviation	Std. Error Mean
Performance	Male	41	3.9299	.32662	.05101
	Female	62	3.9083	.39524	.05020

**Table 4.8: Independent Samples Test**

		t	df	Sig(2-tailed)
Org. Performance	Equal variance assumed	0.290	101	0.772

$p \leq 0.05$  level.

## 4.8 Multiple Regression

In the previous section, the researcher completed the correlation analysis to identify the level of relationship between the service climate dimension and organizational performance. In regression analysis, effect between independent variable and dependent variable was examined. The regression in Table 4.13 presents the effect of service climate dimensions (WF, CO, MS) towards organizational performance. The results of the analysis show that 23.8% (R square = .238) of the total variance in organizational performance has been explained by service climate dimensions.

The variable with high beta value has the strong influence on organizational performance. Only one variable, customer orientation (CO) has the highest beta value (0.476) that means this variable is explained more variations in organizational performance. Table 4.9 indicates F-test is significant so the variables explain a large portion of the variance in the dependent variable (organizational performance).

**Table 4.9: Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.488 <sup>a</sup>	.238	.215	.32593

a. Predictors: (Constant), CO, WF, MS

b. Dependent Variable: Org. Performance

**Table 4.10: ANOVA<sup>a</sup>**

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	3.291	3	1.097	10.328	.000 <sup>b</sup>
Residual	10.516	99	.106		
Total	13.808	102			

a. Dependent Variable: Org. Performance

b. Predictors: (Constant), CO, WF, &MS

**Table 4.11: Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	2.235	.370		6.046	.000
WF	.013	.075	.016	.169	.866
MS	.015	.075	.021	.202	.841
CO	.399	.080	.476	4.958	.000*

a. Dependent variable: Org. Performance. CO is sig\* at p = 0.000 level.

#### 4.9 Regression (Overall Service Climate)

The model summary of Table 4.16 indicates that the correlation of coefficient,  $R = 0.357$  means that between independent and dependent variables have weak effect. The adjusted  $R^2 = 0.119$ , it means that 11.9% variance in dependent variable (organizational performance) that is explained by the independent variables such as service climate. The ANOVA Table 4.12 shows that  $F = 14.733$  is statistically significant at 0.000 level and indicating that predictors (service climate) is significantly predict organizational performance.

**Table 4.12: Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.357 <sup>a</sup>	.127	.119	.34541	1.956

a. Predictors: (Constant), Service Climate

b. Dependent Variable: Org. Performance

**Table 4.13: ANOVA<sup>a</sup>**

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	1.758	1	1.758	14.733	.000 <sup>b</sup>
Residual	12.050	101	.119		
Total	13.808	102			

a. Dependent Variable: Org. Performance. Predictors: (Constant), Service Climate

## 4.10 Hypotheses Testing

**Table 4.14: Hypotheses Testing**

No.	Hypotheses	Results
<b>H1</b>	There is a positive relationship between customer orientation and organizational performance.	<b>Supported</b>
<b>H2</b>	There is a positive relationship between managerial support and organizational performance.	<b>Not Supported</b>
<b>H3</b>	There is a positive relationship between work facilitation and organizational performance.	<b>Not supported</b>
<b>H4</b>	There is an overall positive relationship between service climate and organizational performance.	<b>Supported</b>

## 4.11 Chapter Summary

In this chapter, response rate, normality testing and description of demographic characteristics, reliability of the study variables and finally discussion of the hypothesis has been done. This chapter also presented the analysis of variance (ANOVA) and T-test for male and female respondents on organizational performance. This study will further discuss the findings of the research.

# CHAPTER FIVE

## DISCUSSION AND CONCLUSION

### 5.1 Introduction

This study aimed to examine the relationship between service climate dimensions and organizational performance of administrative employees, faculty, and IT employees at Universiti Utara Malaysia, Universiti of Malaysia Perlis, and Universiti Sains Malaysia. Based on this, hypotheses were formulated according to the research questions. Specifically, the research questions were formulated so as to be able to reveal the major determinants that contribute to organizational performance of employees at above mentioned institutes. The outcome of the hypothesis testing, limitations and implications have been highlighted and discussed in this chapter.

### 5.2 Summary of Findings

The objective of this study was to look at the demography of the respondents and the effects to the study; and to investigate the relationship between service climate dimensions and organizational performance and to what extent these dimensions influence organizational performance among university employees. The study was conducted to test the three dimensions of service climate. To examine the suggested framework in three universities, 103 samples were collected from employees of respective universities.

The result of the analysis verified a significant relationship between the three dimensions of service climate and the organizational performance of universities' employees. According to the correlation results it was also apparent that overall service climate has a significant relationship with organizational performance. Besides, when tested separately, customer orientation (CO) dimension has the found significant relationship with organizational performance. Other two dimensions' work facilitation (WF) and managerial support (MS) found insignificant relationship with organizational performance because their low beta value.

### **5.3 Discussions**

According to the descriptive statistics as in Table 4.4 in previous chapter, a mean value equal or more than 4 indicates a high agreement with a particular criterion which is a mean value equal or less than 2 were considered as low, and a mean value of 3 moderate agreement was considered as a. For this study the mean value is generally high in nature. The highest two mean values are at 4.0194 and 4.0024 for work facilitation (WF) and customer perspective respectively.

These are representing high agreement of respondents mean that universities are maintaining well about these variables. The lowest mean value is at 3.8155 for the dependent variable, financial perspective (FIN) construct. The financial perspective is also good even if the lowest score. Thus, the study can stress that universities are maintaining this perspective well.

According to the correlation Table 4.5, Work facilitation (WF) is moderately correlated with managerial support (MS). Managerial support is moderately correlated with work facilitation and customer orientation (CO). Customer orientation (CO) is moderately correlated with financial and internal process perspective. The interesting finding is that financial perspective (FIN) is moderately correlated with customer orientation, customer perspective, and internal process perspective.

Finally, learning growth is moderately correlated with internal process perspective (INP). Here, management of the institution must concentrate on financial perspective and work facilitation the institution to improve performance. According to the T-test, the test reveals that there is no means difference of organizational performance in respect of male and female respondents. Because p value (0.772) which is greater than  $\alpha$  value (0.05) thus the study fails to reject null hypothesis (see Table 4.7).

The multiple regression analysis shows that 23.8% (R square = .238) of the total variance in organizational performance has been explained by service climate dimensions. The variable has the highest beta value that has the strong influence on organizational performance. Only one variable, customer orientation (CO) have the highest beta value (0.476) that means this variable is explained more variations in organizational performance (see Table 4.12 & 4.13). According to the Table 4.14, F-test is found significant and indicating that predictors (CO, WF, & MS) are significantly predicted organizational performance.



The model summary as in Table 4.12 indicates that the correlation of coefficient,  $R = 0.357$  means that between independent and dependent variables have weak relationship. The adjusted  $R^2 = 0.119$ , it means that 11.9% variance in dependent variable (organizational performance) that is explained by the independent variables such as service climate. The ANOVA Table 4.13 shows that  $F = 14.733$  is statistically significant at 0.000 level and indicating that predictors (service climate) is significantly predict organizational performance.

#### **5.4 Managerial Implications**

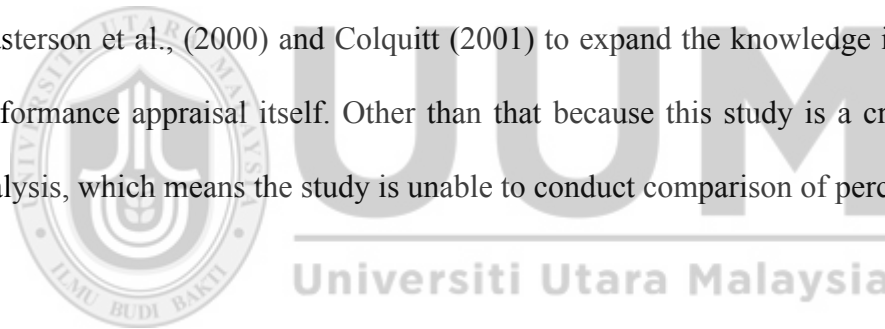
This study opens a new direction in understanding the relationship service climate and organizational performance, more specifically among the academic community in Northern Malaysia. This study gives the insight for the management of the university and government into how the employees could be managed by implementing the service climate perspective in increasing organizational performance. This study also explains the area of importance in terms of customer orientation that needs to be given priority because of it has explained more variance in explaining organizational performance.

Employees' perception on the customer orientation (CO) in the organization has a strong impact in increasing in the institutions an performance by developing a motivated workforce. Moreover, future leaders of higher education can use these results in developing strategic a decisions thus students related vital issues will be solved.

### **5.5 Limitations of the Study**

As any study, this study poses some limitations. First due to the narrow scope of study that focuses on service climate and organizational performance only three universities in Northern region of the Malaysia. There are 52 public and private, universities and university collages operating in Malaysia, this greatly limits the generalizability of this study to the employees due to the small number of samples size Rating results for (SETARA'11 & MyRA, 2012).

This study can be improved by taking into consideration the other factors that may influence the performance organizational, in line with the previous studies by Masterson et al., (2000) and Colquitt (2001) to expand the knowledge in the area of performance appraisal itself. Other than that because this study is a cross sectional analysis, which means the study is unable to conduct comparison of perceptions.



### **5.6 Future Recommendations**

A longitudinal study need to be conducted to capture the better results of organizational performance in respect of service climate and its dimensions, However, it is believed that the mechanics and results of this study will be significant findings to the management of the universities, government and future researchers. Moreover, service climate can be used as an independent variable to measure the job satisfaction of employees in the higher education context.

## 5.7 Conclusion

The objective of this study is to investigate the relationship between service climate dimensions and organizational performance and to what extent these dimensions influence organizational performance. The result of the study are reveals a significant relationship between the three dimensions of service climate and the organizational performance of universities' employees. According to the regression results it was also visible that overall service climate has a significant effect on organizational performance.

Besides, when each dimension tested separately, customer orientation (CO) dimension has found significant relationship with organizational performance. It is indicating that it has a strong influence on organizational performance. The other two dimensions' work facilitation (WF) and managerial support (MS) found insignificant relationship with organizational performance due to their low beta value. Also, t-test reveals that there is no mean difference of organizational performance in respect of male and female respondents.

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