ABSTRACT

The study examined the relationship between organizational culture and employee performance: moderation effect of transformational leadership style. The present study was designed to use a survey research method in studying organizational culture and employee performance: moderation effect of transformational leadership style. The units of analysis were the selected employees of ministry of higher education in Oman. Random sampling procedures was used which consisted of 250 employees drawn from employee identification numbers in the data base of the ministry of education in Oman. Multiple and Hierarchical regression analysis was employed to test the hypotheses. Result showed that supportive and bureaucratic culture has significant positive influence on employee performance. The findings also revealed that innovative culture does not influence employee’s performance in the context of public sector. Additionally, moderating effect of transformational leadership style was found. The study significantly contributes to culture literature by the inclusion of transformational leadership style as a moderator. Another contribution is the relative paucity of research regarding organizational culture and employee performance in the public sector. Hence, enhancing employee’s performance require managers to improve the culture of their organization to match organizations dynamic environment, understanding that certain types of culture and the type of leadership style employed by managers will help to enhance the cohesiveness of members and subsequently their performance. Thus, organizational culture should play a prominent role before employee’s recruitment. Managers should also be concerned with designing meaningful tasks and drawing up plans to promote culture.

Keywords: organizational culture, employee’s performance, leadership style, public sector.

INTRODUCTION

Organizations have realized that maximizing employee’s performance requires the implementation of culture that matches employees need. Approximately 80% of organizations
Organizational Culture And Employee Performance: Moderation Effect Of Transformational Leadership Style

collapsed because of poor performance resulting from poor cultural and leadership style. Besides, 79.8% of organizations are in business without good cultural practices. Knowing that for employees to achieve high performance requires strong organizational practices. Since a good culture ensures that employees know exactly what the organization expected from them (Budhwar & Sparrow, 1998). Therefore, managers must build a culture that is favorable to the current work environment to achieve the needed outcome. As such, the study of culture will continue to evolve. Even though culture has gain continuous research attention, majority of these studies focused on private sector, very few have been conducted in the context of public sector particularly in Oman (Nier, 2009). Possibly in the past, there were no pressures on public entities to improve efficiency, and performance. However, today, public sector organizations are increasingly pressure to adapt to significant changes in the environment. Currently, there is a cut-throat competition between public and private sectors, to prove better over the other. Consistent with developing countries, the public sector remains the prime driver of the economy in Oman (Common, 2011).The dominance of the state sector in the economy and the resulting high level of public sector employment for nationals constitute a form of social obligation and allow the distribution of wealth across society (Common, 2011). Consequently, there are pressures on public sector employees to enhance efficiency and the government sector to run more like private entities, coupled with increase devaluation of public employees strengthen the need for fundamental change within these organizations which likely result to changes in the culture of public sector organizations. Hence, it would be important to examine the relationship between organizational culture and employee’s performance within the context of public sector (Nier, 2009).

Apart from the above, regardless of the great deal of studies on culture, researchers have failed to agree on a universal theoretical framework as to what culture is and how it should be examined (Schneider, Ehrhart, & Macey, 2013). The complexity of developing theories on culture is matched by paucity of empirical studies on innovative, supportive and bureaucratic culture primarily within the domain of public-sector (Detert, Schroeder & Mauriel, 2000). Very little culture study recognized these dimension and were conducted within the context of European private organizations (Silverthorne, 2004). Researchers have suggested for a study that will use this dimension within the context of public sector to better understand and validate the concept (Liou, Tu, & Chang, 2014; Taormina, 2008). Since then, this study is not aware of any empirical validation within the public context. Thus, this study entrenched innovative, supportive and bureaucratic culture as important cultural element that matches the public sector. Recognizing this cultural dimension is critical towards developing a better understanding of organizational culture in the public sector particularly at a time when public organizations are increasingly facing competition reduced federal funding and pressure to demonstrate efficiency and effectiveness. Against this seeming shortcoming, this study will add to the existing research by examining an important building block of culture that has received little research attention in management researches, particularly, as no clear empirical validation in relation to what type of culture significantly influence employee’s performance within the public context.

Besides, Liou, et al., (2014) recommended the examination of the intermediate linkages–moderator factors to develop more comprehensive models of culture-performance relationships. Leadership directly or indirectly determines organizational culture (Yukl, 2006). However, despite the implicit and explicit linking of leadership and culture in many parts of organization theory, management, business, and marketing, little research attention has been devoted to
understanding the relationship between the two concepts and the impact that such association might have on employee’s performance, even though Zhang, Lin and Fong Foo (2012) suggested for more empirical researches on leadership in educational context. The absence of studies exploring the performance implications of the links between organizational culture, leadership and employees performance is surprising given the many references to the importance of the two concepts in the functioning of organizations. As such, Men and Stacks (2013) recommended for research that will examine how leadership factors moderate culture and employee performance in public sector. Apart from the above, leadership studies in the Middle East are almost nonexistent because of the inherent difficulty of conducting organizational research there" (House, Hanges, Javidan, Dorfman, & Gupta, 2004).

It will also come as no surprise to anyone who is familiar with the Middle East in general, that the context of Oman is such that it is difficult to conceptualize leadership as developed by theorists and practitioners in the United States, where the bulk of popular leadership theory is derived (Common, 2011). It is imperative to state that the scope for the exercise of leadership is tightly constrained in Omani organizations (Common, 2011). This is not to say there is absence of leadership in Oman; rather, it is practiced beyond the modern organizational structures that have developed rapidly within the country and exhibits a behavior that seems to be inconsistent with contemporary interpretations (Common, 2011). Hence, the present research has two overarching objectives: to examine the relationship between culture and employee performance in Oman public-sector, and to determine if leadership style will strengthen culture and performance relationship in Oman public sector as there has been no significant research attention to culture-performance among public institution employees.

Thus, this study is structured as follows: In the section that follows, we provide empirical support for the research hypothesis that organizational culture influence employee’s performance. Further, the study explains why transformational leadership style is likely to moderate culture and employee performance. The methodology used is presented in the third section. Afterwards, the results of the research are presented in the fourth part of this paper. Following the results, discussion was made in light of the theoretical background, suggestions for future studies and the limitations of the study are presented.

This paper aims to investigate the value relevance of the various components of exploration and evaluation expenditures in the Australian extractives industry. Whether exploration and evaluation expenditures is more value relevant, following the adoption of AASB 6, and whether it differs for firms engaged only in exploration when compared to those also engaged in mining production is also examined.

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LITERATURE REVIEW

EMPLOYEE PERFORMANCE

Employees Performance has remained a common phenomenon in organization and management studies making the definition infrequently and clearly justified; and render its appropriateness indisputably assumed. Understanding employee performance requires a thoughtful knowledge of performance. According to Sihombing, Astuti, Al Musadieq, Hamied, and Rahardjo, (2018), performance is an outcome achieved by employees in their work based on specific criteria applied for a particular job. Rivai (2004), asserted that performance does not stand alone, but linked to job satisfaction and rewards, influenced by skills, abilities with individual characteristics. That is, ability, desire as well as environment determine performance. Similarly,

Ricardo and Wade (2001) argued that performance and productivity are two distinct elements. Productivity means the ratio that represents the volume of work done within the due time, while performance is an indicator of productivity, consistency and quality of work. In view of the above, extant study has defined employee performance as the activities that are officially recognized as part of the job which contribute to the organizations goals (Maamari, & Saheb, 2018). Anitha (2014) also defined employee performance as the financial or non-financial outcome of the employee that has a direct link with both the performance of the organization and its success. That is, employee performance is a significant factor for an organization to achieve its objectives (Pawirosumarto, Setyadi, & Khumaedi, 2017). To have a good performance, an employee must have a higher desire to do and know the work, and it can be increased if there is agreement between job and ability (Sihombing, et al., 2018).

Achieving this requires an employee to possess certain level of readiness and ability (Riva, 2008). Since performance is a function of motivation and ability (Pawirosumarto, et al. 2017). Thus, employees may be motivated to excellently perform even in the absence of sophisticated HRM practices such as pay for performance (Isa, Ugheoke, & Noor, 2016). Drawing on the above assertions, it is important to understanding the relationship between organizational culture and employee’s performance.

UNDERSTANDING ORGANIZATIONAL CULTURE

Organizational culture has long been a significant element in organizational theories (Chu, Wang, & Lai, 2019). An organizational culture or corporate culture is the set of values, beliefs as well as way of doing things in an organization. It has also been defined as the pattern of values, norms, beliefs, attitudes and assumptions that may not have been expressed but shaped the ways in which people in an organization conduct themselves and get things done (Akta, Çiçek & Kiyak, 2011). Organizational culture has significant effect on decision-making and level of authority (Childe et al., 2016). It importance is rooted in establishing the framework for a number of organizational factors such as, performance standards, attitudes as well as norms of behavior (Maamari, & Saheb, 2018). It creates the value of an institution not only by the manners and behaviors of every individual in the organization but the collective attitudes and behavior of the organization in general (Aksoy, Apak, Eren & Korkmaz, 2014). Besides, organizational culture is generally documented as a critical element in strategic implementation,
because it affects the effectiveness as well as efficiency of strategies (Chu, Wang, & Lai, 2019). It controls, directs as well as shapes the attitudes and behavior of employees towards organizational activities (Pawirosumarto, et al., 2017). An organizational culture also furnishes employees with a sense of identity and acceptable behavior in the society (Ibrahim, Boerhannoeddin, & Kayode, 2017).

However, a major argument among prior studies is how organizational culture should be examined whether to examined it in uniform, homogeneous or heterogeneous way. Such as, leadership ability to take risk, tolerance, results orientation, institutional collectivism and positive work environment (Gu, Hoffman, Cao and Schniederjans, 2014), competitive, bureaucratic and community (Zehir, Ertosun, Zehir & Müceldili, 2011), collectivism and individualism (Klehe & Anderson, 2007). Showing there is no precise way of what, and how organizational culture should be examined (Ehrhart & Macey, 2013), and no one type of culture is better than the other hence, different culture are better in different workplaces and corporate philosophies (Schneider, et al., 2013). Accordingly, Schneider et al., (2013), opined that no consensus on what culture is and how it should be studied. Due to the inconsistencies of cultural dimensions, the present study focuses on Wallach culture dimension of innovative, supportive and bureaucratic culture since very little culture study recognized this Wallach cultural dimension and prior researches have recommended this dimension for researches in public sector (Liou, et al., 2014; Taormina, 2008). As such, the present study focuses on bureaucratic, supportive and innovative culture as a bundle of significant culture element that matched the public sector (Wallach, 1983). Recognizing Wallach cultural model is important towards developing a better understanding of organizational culture in the public sector.

**Bureaucratic Culture**

Bureaucratic culture started from the period scholars within the field of sociology responded to Max Weber’s theory of bureaucracy. Weber demonstrated that bureaucracy is subject to formalized, compartmentalized offices with sharply defined labor rules, fixed jurisdictions, a clear chain of command and rules of professional conduct to ensure consistent, objective application of rules to governed (Nier, 2009). It is hierarchically structured, arranged, routine, and highly coordinated (Wallach, 1983). One of its foundational cultural norms is that the world responds best to intervention by hierarchical systems of ordered authority and responsibility (Morris, Podolny, & Sullivan, 2008). As it share common cultures created by the structure and the processes of the organization of administration itself (Sullivan et al., 2008). Impeccable procedures are followed through standard institutional structures (Sullivan et al., 2008). It forms the nucleus of all processes in public administration, including organizational structures and organizational behavior (Common, 2008).

Bureaucratic power is generalized ability to secure the performance of required obligations by units in a system of collective organization when the obligations are legitimized with reference to their bearing on collective goals (Zhou, Ai, & Lian Zhou, 2012). A culture with a strong tendency towards organizational excellence, bureaucracy is fundamental ways to enhance the performance of public employees (Rosca & Moldoveanu, 2010). Taormina (2008) showed that bureaucratic culture is characterized by leaders who favor the use of control rather than flexible behaviors. Ogbonna and Harris (2000) argued that bureaucratic culture have no direct relationship with performance. Suggesting that different type of culture produces different outcome and the overall performance of an organization is subject to the extent to which the
values of the cultures are extensively shared (Ogbonna & Harris, 2000). As such, a deeper understanding of bureaucratic culture can help public administrators and academics to identify and improve the factors that lead to increased levels of performance within and across organizations. The general tenet is that bureaucratic culture is subject to situational and contingency perspectives. While the public sector has consistent procedures for both internal and external performance assessment, there is considerable space for the reinterpretation of information so that all requirements may appear to be met. Based on analysis by Moldoveanu, and Pleter, (2007) bureaucratic culture rely on strict rules, following the norm to the standard letter, excessive formalizing, reduced innovation and relative change, in order to achieve an exact achievement of objectives. Dawson, (1992) found that bureaucracy with a culture of a strong trend towards organizational excellence are two fundamental ways to improve the performance of public organizations. Hence, we expect that bureaucratic culture will have positive influence on employee’s performance. Because a bureaucratic culture provides backbone upon which all public organization operational policies and work processes are built (Nier, 2009). Second, it provides a flow of ideas, and information generally flows from the top down (Sullivan, 2008). This usually encourages an organization particularly public culture with best-practices methodologies and close supervision (Moldoveanu, & Pleter, 2007). From the above discussion, this study therefore hypothesizes:

**H1. Bureaucratic culture has positive influence on employees’ performance.**

**Innovative Culture**

A culture of innovation is a fundamental antecedent to the types of innovative behaviors that can sustain organizations and promote organizational renewal (Hogan and Coote, 2014). Increasingly, literature have related innovativeness with performance and much studies showed that to be successful, organizations need to be innovative (Deshpandé, Farley, & Webster Jr, 1993). An innovative culture drives an organization to be externally-position, competitive-seeking, and more interested in managing market intelligence including new business ideas, technological breakthroughs, and taking aggressive competitive moves (Deshpandé, et al., 1993). An innovative culture is adaptive and external-position, cultivates internally-based capabilities to adopt new ideas, processes or products and brands. Organizations with strong innovative cultures are mindful that building a successful performance may not always depend on the interpretation of feedback received from customers and competitors, but upon organizations’ ability to innovatively develop unique ways of delivering superior value to customers (Carrillat, Jaramillo, & Locander, 2004). An innovative culture strengthens organization’s ability to innovate and be market-driving to achieve significant output (O’Cass, & Viet Ngo, 2007). Organizations who possess innovative culture encourages market-driving behaviors and respond to market intelligence (Jaworski, Kohli, & Sahay, 2000; O’Cass, & Viet Ngo, 2007). It provide more value to customers and achieve higher business performance hence, innovation culture is the fundamental contributor of brand performance (O’Cass, & Viet Ngo, 2007), organizational effectiveness and responsiveness (Damanpour & Gopalakrishnan, 2001). In view of the above, the following hypothesis is proposed:

**H2. Innovative culture has positive influence on employees’ performance.**
Supportive Culture

Because of the dynamic changes of workplace, culture researches are gradually receiving more attentions, as organizations are keen on providing a range of workplace supportive culture. A supportive culture originated as individuals feel a sense of supportiveness by their employers, perceive less negative career consequences, and recognize less time demands (Baral & Bhargava, 2010; Wu, Uen, Suling, & Chang, 2011). It is rooted in values and beliefs characterized by “the shared assumptions, beliefs and values regarding the extent to which an organization supports and values the integration of employees' work and family lives (Thompson, Beauvais, & Lyness, 1999). Supportive culture is crucial for the future of higher organization (Gazza, 2004). According to Thompson et al., (1999), supportive culture does not only influence the implementation of related organizational practices but also enhances employee attitudes, organizational attachment and performance. Employees feel more attached to organizations with a family supportive culture such as managerial support, less negative consequences while using relevant practices (Wu, et al., 2011). Employees organizational attachment will improve when they perceive less negative consequences as they adopt related practices within organization that signal supportiveness (Wu, et al., 2011). A supportive culture presents a more significant level of influence on performance than other types of cultures (Chiu, 2010). Hence, supportive culture significantly influence different important outcomes, such as organizational commitment (Wayne, Shore, Bommer, & Tetrick, 2002), job satisfaction (Stamper & Johlke, 2003), job attitudes and performance (Wayne & Casper, 2016). There is also evidence that organizations with an inclusive supportive culture outperform their peers in the creativity of the workplace (Cunningham, 2011a) and objective measures of performance (Cunningham, 2011b).

However, Liou, et al., (2014) found that a supportive culture has no direct influence on performance. Stressing that for any organization to achieve better results with less effort, such need to help employees fully identify themselves with the goals of the organization, actively participate in organizational activities, and be willing to stay and face the challenges alongside the whole organization (Liou, et al., 2014). If organizations want to improve job satisfaction of staff, they need to do more than just providing a supportive organizational culture (Liou, et al. 2014). Prior researchers have also found mixed results about supportive culture and performance, thus require the need for further research. This study suggests that supportive culture would improve employee’s performance, as such, proposes the following hypothesis:

H3. Supportive culture has positive influence on employees’ performance.

ORGANIZATIONAL CULTURE AND EMPLOYEES PERFORMANCE

The relationship between organizational culture and employee performance has remained a significant area of research. This is because, organizational culture significantly impact workplace ethical behavior, attitudes, orientations, and organizational values (Hur & Kim, 2017).

Since attitude is part of the organizational culture and part of the employee performance, it straightens organizational culture and performance relationship (Maamari, & Saheb, 2018). Hence, the relationship between belief, and employees performance is connected by the organizational culture (Debusscher, Hofmans, and DeFruyt, 2017; Dubey, Gunasekaran, Helo,
Papadopoulos, Childe, and Sahay, 2017). A strong organizational culture supports employee’s adaptation and develops the organization employee performance by inspiring employees towards a shared goal and objective (Maamari, & Saheb, 2018). Since the culture of an organization permit the employees to be familiar or conversant with the organization history and the existing operation methods (Awadh & Alyahya, 2013; Slocum and Hellriegel, 2009). Hence, organizational culture improves performance on a large scale (Slocum & Hellriegel, 2009). Therefore, shaping as well as directing employees ‘behavior to that definite direction should be at the top of both operational and functional strategies (Daft, 2010). A study by Isa, et al., (2016) found that a supportive culture has a significant positive influence on employee’s performance. An organization which have been able to uphold a “strong” culture, has higher chances of enjoying introvert as well as extrovert performance like higher level of person organization fit, commitment, innovation, and competitive advantage (Destler, 2016). Dubey et al., (2017) found that organizational culture play a significant role in generating commitment and improving employee performance. In a study, Pawirosumarto, et al. (2017) and Sihombing, et al. (2018) found that organizational culture has significant influence on the performance of employees. In view of the above, Hofstetter and Harpaz, (2015) asserted that organizations should make a significant effort to inspire their desired vision as well as norms among their members.

UNDERSTANDING LEADERSHIP STYLE

A leader is an individual who inspires others to act, in order to achieve particular objectives. Literature has also defined leadership as the ability to work with a group of people to achieve a goal (Northouse, 2015). Studies have established that the leadership style affects performance both at individual and organizational level (Sauer, 2011). In the current business environment, where cultures are rapidly changing because of globalization, leadership play ultimate role in helping the organization to adapt to this new changing culture. Because leadership sets the rules on how employees relate to each other and to managers. Its outcomes provide value to the organization in terms of commitment and loyalty of the team members towards their colleagues, respective teams as well as their leaders (Maamari, & Saheb, 2018). Different types of leadership promote different styles of communication and constituting a major component of internal communication systems (Whitworth, & Chiu, 2015). However, because of multidimensional nature of leadership style, it is hard to provide a generally acceptable definition that will include all aspects of leadership. In view of this, leadership theories categorized leadership behaviors into two main styles: transformational leadership and transactional leadership (Bass & Avolio, 2000). Both leadership have been extensively recognized as not mutually exclusive (Laohavichien, Fredendall, & Cantrell, 2009; Yukl, 2006).

A clear difference between the two is that transactional leadership style relates to satisfying extrinsic needs or lower order needs, while the transformational leadership style satisfies intrinsic needs or higher order needs (Dartey-Baah, Dartey-Baah, Ampofo, & Ampofo, 2016). Transactional leadership is good when it comes to ensuring that particular targets are met in organizations (James & Collins, 2008). However, it has a negative influence on innovation (Lee, 2008) and do not allow any deviation from agreed goals on the part of employees (Dartey-Baah, et al., 2016). Though, it may result to followers’ complete obedience, the possibility that followers may fall short of exploiting their own creativity to complete tasks when doing something new will increase because of the fear of failure and punishment (Dartey-Baah, et al., 2016). Transformational leadership style typically opposed to transactional
leadership (Alonderiene, & Majauskaite, 2016). A transformational leadership is charismatic (Men & Stacks, 2013), encourage subordinates and appeal to their ideals and moral values by creating and representing a motivational vision of the future (Yukl, 2006). Takes a genuine interest in the welfare of its employees (Men & Stacks, 2013) and provides it followers with a sense of self-belief so that they can create a better future for the organizations (Jha, 2014). The essence is not whether one particular leadership style is better to be applied than the others, nonetheless to test whether the approach the leader handle or relate with the employees replicates in their work performance, considering the individual favorites of leadership styles. As such, this study focuses on transformational leadership styles because having the right leadership style improves employee job satisfaction and performance (Shaw & Newton, 2014; Yang, 2014), help managers to achieve targets using positive rewards and do not commonly threaten punishments for poor performance (Dartey-Baah, et al., 2016). Transformational leadership encourages followers to work beyond their wages and physical capacity limits to achieve higher performance (Bashir, & Awan, 2016). Besides, transformational leadership brings significant effect on the followers, develops vision, work cultural behavior, optimism and generate an environment in which followers take assignment as a challenge and devote all efforts and mental capability to achieve them (Bashir, & Awan, 2016).

Moreover, Maamari, and Saheb, (2018), argued that applying a particular style of leadership may not continuously inspire good performance, that different leadership styles based on different situations is suggested, and each leader must be capable to know when to display a particular approach and with whom. This was supported by Goleman, Boyatzis, and McKee, (2013), that no one-leadership style is perfect for every situation; a leader may have knowledge with skills to act successfully in one situation but may not emerge as effective in another. Hence, employees consider transformational leadership style part of an innovative culture that provides the appropriate climate for creativity (Kim and Yoon, 2015) and improves performance (Boehm, Dwertmann, Bruch, & Shamir, 2015). As transformational leadership defined the leader's effect on followers, where employees feel trust, admiration, loyalty as well as respect towards the leader (Liden, Wayne, Liao, & Meuser, 2014).

Leadership Style, Culture and Employees Performance Relationship

An examination of the literature in the field of culture and leadership revealed that leadership and culture have been used interchangeably and independently linked to performance (Howell & Avolio, 1993; Ogbonna, & Harris, 2000).While some studies argued that organizational culture has no direct influence on performance (Yesil & Kayas, 2013). Others found that organizational culture has both direct and indirect influence on employee's performance (Valmohammadi & Roschanzamir, 2015). Similar study by Sihombing, et al., (2018) argued that leadership significantly affects organizational culture and indirectly influence employee performance. The difficulty of the research on the relationship between organizational culture, leadership style and performance is as a result of the multiplicity of cultures to which the organization's members belong, and this situation makes the role of the leader difficult to define and to relate it directly to performance (Brown, Pearson, Braithwaite, Brown, and Biddle, 2013; Mgbere, 2009). Leadership is a critical factor to maximize employee performance (Jofreh & Jahandideh, 2013). Since the success of employee performance is subject to the system within an organization created by leaders which can unfavorably or favorable affect the employees' work performance (Ibrahim, et al., 2017). To positively use the leaders position to influence
employee’s performance, the leader in the first place should fit into the organization culture, and his leading style should be suitable to the situations of the organization and to its culture (Maamari, & Saheb, 2018). According to Boehm et al. (2015), a leader that has a good relationship with the employees is the perfect combination for any organization to create high effectiveness on the part of the employees. The effect of leadership style on organizational culture and its challenges to adapt to any new culture stressed on the significant of having a more active understanding about the role of organizational leaders and culture on present and future performance (Ehrhart, et al., 2013). Liden, et al., (2014) highlighted that the higher the human servant leadership, the better the employee performance.

Furthermore, Rowold and Rohmann, (2009) and Zagorsek, Dimovski, and Skerlavaj, (2009) found that transformational leadership style have significant relationship with higher work performance and employee attitudes. A transformational leader provide support and coaching employees to have positive view of organizational reputation both directly and indirectly (Men & Stacks, 2013), empowering employees by articulating understandable organizational future goals, values, and expressing high performance expectation from employees (Yukl, 2006). During the process of organizational formation, the leader creates an organization which reflects their values and beliefs (Ogbonna, & Harris, 2000). In this sense, a transformational leader creates and shapes the culture of their organization (Ogbonna, & Harris, 2000). Though, as the organization develop the culture created by the leader exerts an influence on the leader and shapes the actions and style of the leader. Through this dynamic ongoing process, the leader creates and is in turn shaped the organizational culture (Ogbonna, & Harris, 2000). Bass and Avolio (1993) mirror the argument of Schein (1992) by suggesting that the relationship between the two concepts represents an ongoing interplay in which the leader shapes the culture and is in turn shaped by the resulting culture. Yildirim and Birinci (2013) also argued that organizational culture has its origin from leadership style. An organization culture with the characteristics of transformational leadership competencies can become advantageous during key organizational changes (Yildirim, & Birinci, 2013). Hence, a transformational leader played a major role in nurturing appropriate organizational culture which further helped to improve job performance and the implementation of specific government reforms (Ogbonna, & Harris, 2000). Hence, leadership style as a moderator is important in improving employee’s performance and solution to problems in an innovative way (Bashir, & Awan, 2016).

Based on the abovementioned discussion of the reviewed of extant study, a gap is recognized in the existing body of knowledge, where the relationship between organizational culture and employees performance can be both direct and indirect (as moderated by leadership style). Since most of the reviewed literature showed only one relationship between organizational culture and employee’s performance or between leadership style and employees performance. Further study is necessary to identify, and elucidate the character and pattern of relationship between organizational culture, leadership style and employee performance. The present study examines both relationships simultaneously, as both direct, as well as moderated by transformational leadership style. Interestingly, few empirical studies have combined the simultaneous examination of this relationship. Thus transformational leadership would shape employees positive values towards the organization subsequently, create employee interest for valuable causes and expressing high performance expectation (Yukl, 2006). In order to address this gap, the researcher proposes the following hypotheses:
H4: The relationship between organizational culture and employee’s performance is moderated by transformational leadership style.

![Figure 1: A conceptual framework](image)

**RESEARCH METHODOLOGY**

The quantitative approach adopted in this study drawn from the study by (Silverthorne, 2004; Wallach, 1983). The procedure was to solicit survey on bureaucratic, supportive and innovative culture, and to match these with employee’s performance. The study used transformational leadership style to strengthen these relationships. To achieve the objective, the surveys were administered to employees identified in the sampled organization.

**Sampling**

The population of this study consists of employees in the ministry of education in Oman. Based on the available statistic provided by the Directorate General of Human Resource Development, the ministry of education comprises of six departments. There are approximately 700 employees within the rank of senior level management in the ministry. The senior level management employees in the six departments make up the population of this study. Because it is not practically realistic to conduct a survey on all the directors and managers in the ministry due to the busy nature of their work and time constraints, a sample of 250 was taking based on Krejcie and Morgan sample size table. According to Krejcie and Morgan (1970), a sample size of 162 is a good sample. Hence, to avoid problem of response bias and to increase the response, we sampled 250 respondents for this study. A random sampling was used in selecting the respondents because it has the least factor of bias unlike other sampling techniques, which cannot completely eradicate sampling error that always occur when a sample is taking from a population. The sample was draw by writing the names of the employees on a slip of paper and was shuffled, a slip was continuously pull out of a basket until the needed sample of 250 were randomly obtained.

To enhance the content validity, suggestions on questionnaire design, survey piloting by Churchill (1991) was adopted. The pilot survey was distributed to 20 employees from the six departments in the ministry. The alpha coefficients of the items were above 0.7. The results of the pilot study showed that the entire department sampled had three types of culture uphold in the ministry. Subsequently, the items were used for further analysis. 250 participants were
randomly selected from employee identification numbers from the data base of the ministry of education, 153 completed and returned the survey (which was necessary for a reliable result). Unfortunately, 15 of the questionnaires were not qualified to be used because of inappropriate completion of the survey instrument and issue of outliers. Individual confidentiality limitation was presented as such, the names of the employees were not provided resulting in an overall usable response rate of 61.2%. The response rate was satisfactory as literature has suggested. There was no threat of response bias because the threat of non-response bias exists whenever significant numbers of the targeted population decline to respond.

**Measures**

Organizational culture is the set of values, beliefs and way of doing things in an organization. Data regarding supportive, bureaucratic and innovative culture were obtained from Wallach’s (1983) cultural survey. Leadership in this study was defined as the ability to work with a group of people to achieve a goal, an individual who inspires others to act in order to achieve particular objectives. Items on transformational leadership were taking from Avolio and Bass, (1995). Employee performance was operationalized in this study as an outcome achieved by employees in their work based on specific criteria applied for a particular job. Employee performance was adopted from Mansor, Chakraborty, Yin, and Mahitapoglu, (2012). All the items were rated on seven-point Likert scale. The items were first translated from English to Arabic by professional native-Arabian, bilingual translators in the Language translation center of the ministry. The instruments have been confirmed for use both in developed and Asian context. In addition, the validity and the reliability for the Arabic usage have been established from the pilot survey. A correlation matrix was created to check the relationship between the variables.

**FINDINGS**

The table below presents the correlation and regression results of the study variables. The individual level data allow for the assessment of hypotheses 1 to 4, which predict significant relationships between the three cultural dimensions, leadership style and employees performance. The correlations indicated that the data are consistent with the hypotheses. Regression analysis was used to test the relationship of the research hypothesis. Overall, the models accounted for 41.6 percent of the variance ($R^2$) in employee performance. The study also minimizes the effects of common method bias problem by conducted Harman’s single-factor test. The results showed that no single factor record the greatest part of covariance in the independent and dependent constructs. The results explained a cumulative variance of 62.02%, with the first (largest) factor explaining 24.18% of the total variance, which is less than 50% recommended by literature. The reliability of the variables was also examined. The Cronbach’s alpha was use to get the inter-item consistency reliability. The reliability of the variables ranges from 0.725 to 0.863 exceeding the minimum acceptable threshold of 0.7. The validity test was also conducted. The KMO of the entire variables were greater than 0.6 which shows that the sample of this study is normal and suitable for further analysis.
Table 1 Correlation Coefficient

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>SD</th>
<th>Bureaucratic culture</th>
<th>Supportive culture</th>
<th>Innovative culture</th>
<th>Leadership style</th>
<th>Employees performance</th>
</tr>
</thead>
<tbody>
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<td>Bureaucratic</td>
<td>3.08</td>
<td>0.8</td>
<td></td>
<td>1</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Supportive</td>
<td>3.33</td>
<td>0.7</td>
<td>.361&quot;</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Innovative</td>
<td>2.83</td>
<td>0.9</td>
<td>.628&quot;</td>
<td>.402&quot;</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership style</td>
<td>3.01</td>
<td>0.6</td>
<td>.443&quot;</td>
<td>.169&quot;</td>
<td>.540&quot;</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Employee performance</td>
<td>3.28</td>
<td>0.7</td>
<td>.169&quot;</td>
<td>.353&quot;</td>
<td>.031</td>
<td>.540&quot;</td>
<td>1</td>
</tr>
</tbody>
</table>

In order to confirm the model presented in this study, through testing of the hypothesis, a multiple regression analysis results was presented at the significant level of $p<0.05$. The three dimensions of organizational culture explained 41.6 percent of the variance ($R^2$) in employee performance. In other words, the multiple regression model fits the data and significantly explained 41.6% of the variation in employee’s performance ($R^2=41.6\%, p < 0.05$). The relationship between supportive and bureaucratic culture was supported and the result was consistent with the study prediction. However, the prediction that innovative culture significantly influences employees’ performance was not supported which therefore reject hypothesis 2. Accordingly, innovative culture has no positive influence on employees performance ($\beta = 0.028, P<0.418$). The table below presents the results of the multiple regression testing.

Table 2 Multiple Regression Analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>Standard error</th>
<th>Beta ($\beta$)</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bureaucratic culture</td>
<td>.033</td>
<td>0.341</td>
<td>0.000**</td>
</tr>
<tr>
<td>Supportive culture</td>
<td>.046</td>
<td>0.259</td>
<td>0.002**</td>
</tr>
<tr>
<td>Innovative culture</td>
<td>.416</td>
<td>0.028</td>
<td>0.418</td>
</tr>
<tr>
<td>$R^2$</td>
<td></td>
<td></td>
<td>41.6%</td>
</tr>
<tr>
<td>Sig. F change</td>
<td></td>
<td></td>
<td>0.000***</td>
</tr>
</tbody>
</table>

$^*P<0.10, \,**P<0.05, \,***,P<0.001, \,\text{Sig} = \text{Significant, NS} = \text{Not Significant}$

To achieve the second research objective, a hierarchical regression analysis was conducted to test the effect of leadership style on the relationship between organizational culture and employee performance. Baron describes the rule to measure the moderation effect. These rules are to check the moderation effect through the change in $R^2$ that shows the change in F-score ($F$ change). F-Score has been shown in the multiple regression table above.

The hierarchical regression table below showed additional two $R^2$ values, one is before moderation and the other is within moderation affect. Before moderation $R$-square value was 42.8%, while within moderation $R$-square value was 46.3%, at $p<0.05$ significance level, which
represents that leadership act as a moderator between culture and employees performance. In other words, the role of leadership as a moderator is unavoidable in the existing organizational scenario and its importance is increasing day after day.

Model 1: When the independent variable was first regressed, the value of $R^2$ was 41.6%, which represents that 41.6% variation in employee’s performance is due to organizational culture. Particularly, bureaucratic culture ($P<.000^{**}$), supportive culture ($P<.002$) had a positive effect on employees performance. The result also showed that innovative culture ($p<.418$) was not significant at $p<0.05$ significant level.

Model 2: The moderating effect of leadership style was introduced in model two to examine if the moderator has a significant direct effect on the dependent variable. When the moderation variable was introduced in model two the variance explained increases to 42.8%. The result in model 2 was supported by the significance F. change of (0.014) at $p < 0.05$ level for employees performance. The R square changes from 0.017 to 0.016. Next, is to enter the interaction variable in Model 3. The coefficient value represents that leadership has an effect on employee’s performance at significance level.

Model 3: In model 3 the moderation effects of leadership was entered. That is, the product of the predicting variables (organizational culture) and the moderator variable (transformational leadership style). When the interaction terms were entered, an increase in R square was observed. Before the moderation, R-square value was 42.8%, when moderation was entered R-square value increase to 46.3%. The predictive power of the model increase following the introduction of the interactive terms with 0.034 differences in $R^2$ and a significant F. change at .003 levels. The coefficient values showed that leadership act as moderator and strengthen the relationship between culture and employees performance. The model was confirmed to be significant at $p<0.05$. Table 4.6 presents the results of the hierarchical regression testing.

Table 3 Hierarchical Regression Result for Moderating Effect of leadership style on organizational culture and employee performance

<table>
<thead>
<tr>
<th>Variables in the Model</th>
<th>Model 1 Independent variable</th>
<th>Model 2 Moderating variable</th>
<th>Model 3 Interaction variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bureaucratic culture</td>
<td>0.000**</td>
<td>0.005</td>
<td>0.038**</td>
</tr>
<tr>
<td>Innovative culture</td>
<td>0.418NS</td>
<td>0.096</td>
<td>0.043**</td>
</tr>
<tr>
<td>Supportive culture</td>
<td>0.002**</td>
<td>0.048</td>
<td>0.016**</td>
</tr>
<tr>
<td>TRANSLEAD</td>
<td></td>
<td></td>
<td>.584</td>
</tr>
<tr>
<td>LEAD*OCUL-&gt; PER</td>
<td></td>
<td></td>
<td>.621</td>
</tr>
<tr>
<td>F change</td>
<td>19.293</td>
<td>4.107</td>
<td>7.032</td>
</tr>
<tr>
<td>Sig. F change</td>
<td>0.000</td>
<td>0.014</td>
<td>0.003</td>
</tr>
</tbody>
</table>
In examining the moderating effect, we aggregate bureaucratic, innovative and supportive culture to a group level of analysis. Because we did not have any priori expectations that leadership style would differentially affect individual components of organizational culture, we combined these scales. This combination strategy is consistent with many recent empirical studies (Walumbwa, Avolio, & Zhu, 2008; Bliese, 2000). Aggregating variables to a group level of analysis has both theoretical and statistical support (Bliese, 2000). According to Hofmann (1997), there are different ways to deal with hierarchal data, such as aggregating the variables into a group level (Hofmann, 1997). Hence, researchers can examine the relationships involving predictors and an outcome at a single level (Hofmann, 1997). That is, the influence of predictors at two levels of analysis (e.g., individual and group) with regard to an individual-level outcome and (b) the moderating effect over the relationship between individual-level outcome variables (Zhu, Avolio, & Walumbwa, 2009).

The hierarchical table shows three $R^2$ values, one is before moderation, within moderation effect and the last $R^2$ is the interaction effect. Before moderation $R$-square value is almost 42%, $R$-square value within moderation is almost 43%, while the interaction is 46%. This represents that leadership act as moderator between organizational culture and employee’s performance. The relationship between organizational culture and employee’s performance was stronger when leadership style is more positive, providing further support for hypothesis 4.

This implies that transformational leadership strengthens the positive relationship between culture and employee’s performance. Hence, the results support hypotheses H4. The graphical representation of the result is presented in figure 2 below.
DISCUSSION

The concept of organizational culture and employees’ performance has gained a number of research attentions. However, little has been said about this relationship in the public sector (Nier, 2009). Apart from the above, previous researches did not address the possible moderation effect of leadership style on culture-employees performance relationship. We made great contribution by helping to fill the gap in the literature. Hence, this study made another significant contribution to culture literature by broadening Wallach framework as literature has suggested.

From the result, it was found that bureaucratic culture has significant positive influence on employee’s performance. This implies that bureaucratic culture appears to be the most common culture among public employees, because of the stronger nature of bureaucratic activities in public organizations. The value placed on rational legal authority came not as a surprise given the dominance of the bureaucracy in Omani society. Moreover, the result is possible because employee’s behavior in the public sector is subject to formal rules, norms and more on informal and implicit ways of behaving. Dignity and respect is key elements in Oman culture, preserved mainly by the concept of saving face and obedience to procedures. Through the use of patience, Omani avoid embarrassing or cutting procedure to prevent them from losing respect. Besides, Omani attitudes to task and time are much more relaxed than in many western cultures. The system is implemented in a top-down mode (Common, 2011).

Bureaucratic culture creates a high level of formality in the way organizations function, makes every employee understands who is in charge and what is responsible for every situation. Bureaucratic culture is hierarchical, compartmentalized, systematic, and has a clear lines of responsibility and authority. It enhances alignment and set consistency and common expectation for employee behavior in dealing with others and the surrounding environment. A high level of formality promotes work independents amongst employees with little interference. It decreases the risk in task where management or an employee intervenes in the task of others. This type of environment promotes individual value and the task they perform.

We also found that innovative culture has no positive influence on employee’s performance in the context of public sector in Oman. The relatively nature of the state in Oman means that it is difficult to describe a national culture when analyzing organizational behavior. In the western context nationality determines innovation, identity and loyalty to innovation, whereas in the Muslim world such as Oman, it is defined by faith. As a consequence Oman culture is incorporated in believed. The result is also not surprising because the culture of Omani lies in the interior, as majority of the employees are self-sufficient employees. The system in Oman is somewhat implemented in a top-down mode, which makes it very difficult for the employees to engage in any kind of innovation. In Oman, learning is based on memorization. Learning through rote memorization is seen as generally one of the weaknesses of the educational system in Oman (Al-Toubi, 1998; Al-Issa, 2005). This fragmented approach could fails in acquiring innovation. For two main reasons, first, people will forget what they have memorized. Second, knowledge is transmitted to the employees in a linear style making innovation more difficult. Oman people encounter problems with thinking critically and analytically because of the structure of the system and its underlying philosophy and practices.
Organizational Culture And Employee Performance: Moderation Effect Of Transformational Leadership Style

(Al-Issa, 2005). The result is somehow consistent with the argument by Baer and Frese (2003) and Black, Carlile and Repenning (2004) that innovation culture is highly disruptive, changing relationships across functional and occupational limits or causing adjustment to the organizational structure and climate. Apart from the above, public organizations have numerous layers of management. As such, decision making authority has to pass through larger number of layers, and because of the separation of power, public organizations are very sensitive in making changes. These compel them to unbending tight procedures and cause them to be reluctance in adjusting to innovation. The common natures of formal structures that exist in every public organization create difficulty in making changes within a short term. It also creates difficulty for innovation to take place because of slow feedback, emanating from norms that are institutionalized within the sector. The policy and procedure only permit little deviation from the established norms of the organization as such, every employee is expected to act according to the norms, and this creates difficulty for innovation to rapidly take place.

Supportive culture significantly influences employees performance in this study. It is important for organization to realize that regardless of the size and type of organization, supportive culture is important to both organization and employee performance. One concept that is applicable in general Arab cultural characteristic is the importance of in group. The importance of the in group is emphasized by supporting one another, inculcated in the religion believe. Oman tends to hold deeply to this religion values. Even though its society is diversified among different Islamic sects and ethnicities, the culture has been very tolerant of other groups. The “in group” consists of the extended family and friends, further embedded by a shared place of origin. The importance of the “in group” is emphasized by reinforcing “consultation, obedience to seniors, loyalty, face-to-face interaction and networks of personal connections (El Tayeb, 2005). Ethnic, sectarian, or linguistic conflict rarely occurs in Oman although tribal disputes are not unknown. The government of Oman worked hard to establish a social welfare service to provide support and security for families in a rapidly changing social environment. The Ministry of Social Affairs, Labor, and Vocational Training take responsibility for making monthly payments to the elderly, the widowed, the divorced, and the disabled. Special attention has been given to training the mildly disabled particularly the young, through special government centers. Oman enjoys a stable political, economic, and social system, supported by the excellent relationships between the Sultanate and its neighboring countries (Common, 2011). While majority of Omanis share a common Arab, Muslim, and tribal culture, the employees remain culturally distinct and often feel culturally supportive to each other. Even though the dominant cultural group is Arab and Muslim, the culture has been very supportive and tolerant of other groups. The implication is that Omanis characterized by its warm, friendly people, rich in heritage and culture of extreme hospitality and generosity in both social and professional contexts. With its well-deserved reputation for hospitality, Oman culture encourages people to support each other with open arms. This support is also manifested in the workplace. This is closely connected to their desire to establish trust and build relationships with people in the workplace. While facts and information help provide support, in Oman people rely on how well they know and trust a person and their emotions guide them in supporting one another. Supportive culture promotes employees hard work, create trust and mutual respect between employees, in so doing help the employees to meet set organizational goals. A supportive culture to a large extent balances the human resource development of an
organization and facilitates employee’s cooperation to achieve better outcome. This further indicated that a supportive culture create a more active workplace environment where employees of different demography bring a sense of unity, promoting better communication and understanding towards achieving a common goal, encourages teamwork, and a trusting work environment. Through a supportive culture, organizations create a workplace that encourages employee’s loyalty and commitment to the organization. Besides, when employees perceive that an organization has a culture that is supportive, such will be more willing and committed to help the organization to achieve its goal.

Finally, the hierarchical regression result showed that transformational leadership style moderate the relationship between organizational culture and employee performance. Oman appears to have a culture that is potentially supportive of participative leadership. The extent to which culture influence employee’s performance in Oman is significant to its leadership quality. The rapid modernization of Oman seems to require the kind of power vested in the transformational leadership style as the country is a monarchical regime, where “monarchs not only reign but rule. Any initiative relating to public policy, business enterprise, economic direction is attributed to the transformational leadership style of the leaders. The most effective leaders strengthen, promote, support, and sustain organizational cultures that facilitate the type of management reform envisioned by reinventing and the attendant increases in effectiveness and efficiency. The extra effort of a leader positively strengthens the culture and subsequent employee performance. Transformational Leaders are particularly sensitive to the values and work perception, because people are attracted to leaders who are perceived to "walk their talk," or lead by the values they proclaim. Thus, leader’s values influence the decisions they make regarding outcome. While the development has centralized political leadership in the country, Oman seems to have a culture that is possibly supportive of transformational leadership style being made by the Sultan (Common, 2011). Given the cultural context of Oman, the features of Omani culture are related to its leadership. Thus, the selection of leaders remains influential when addressing organizational behavior in Oman.

If leadership is situational, it is evidence from the result of this study that Oman like other gulf countries provides a promising context for the development of current interpretation of leadership. Although some may argue that leadership is culturally bound, however, one needs to understand situational factor. In the case of Oman, bureaucratic activity is such that the employees will act based on the tacit approval of the leadership of the sultan. Given the cultural context of Oman, it is imperative to emphasize the feature of Omani culture in relation to leadership. An effective leadership style by the Sultan in Oman looks after the personal welfare of all the employees. Though, public bureaucracy may prove resistance to the type of change by transformational leadership in other context. But certainly not in Oman because of the centralized nature of the country, which assumes that the top leadership has full knowledge of governance, and therefore knows the problems and changes required to solve the problems. Understanding that Oman does not have a significant private sector, it economy is dominated by public sector organization or state owned enterprises. The traditional system continues with the sultan whose leadership influences the corporate sector. The transformational leadership style of the Sultan Qaboos inspires market-orientated policies and private sector development for Oman’s prosperity and growth through reshaping the role of the government in economy,
broadening, diversifying the economy and sources of national income, globalization and upgrading the Omani workforce. More specifically, the people value depends on loyalty to the leadership of the Sultan. This remains an important part of the organizational structure of Oman. Leadership is a catalyst, which transforms the organization into a more productive one. In the Sultanate of Oman, leadership style is a dominant figure even in a highly bureaucratic system. As leaders direct subordinates to perform tasks efficiently, the leadership style adopted towards the direction is a significant determinant to subordinates outcome.

Unfavorable leadership style will not influence employee’s performance. Managers should seek to modernize and update their leadership style to lead effectively. A transformational leadership helps to develop needed skills and inculcate cultural practices that can bring the needed output. It creates a positive sense of value and belief in the subordinate and appeal to their ideals by creating a motivational vision of the future. If employee’s performance is to be enhanced, managers need to develop effective leadership style that will help to develop desirable behaviors and work conduct. Managers are also expected to demonstrate a set of behaviors consistent with their assigned roles. Just as managers expect employees to perform roles to achieve organizational goals, employees also expect support and resources from managers to accomplish goals. These mutual expectations are contingent upon the leadership style developed by managers. Even though the present study found that leadership style drive employee behavior, this behavior is shaped by employees’ social identities and the cultural environment of the organization. Thus, transformational leadership style help to strengthen employee positive behavior by setting values and goals that will also meet the demand of the employees. That is, transformational leadership style creates a positive work environment that can enhance employee’s efforts to complete their tasks.

CONCLUSION

Several gaps existed in the literature regarding organizational culture and employee’s performance. To address some of these issues, this study was conducted. The results contributed to the literature since more study broadening the range of culture has been described as still necessary. The present study is unique such that it has helped to fill some of the gaps that existed in the literature. Considering the dynamic nature of workplace environment, organizational culture will continue to gain research attention. However, this study is not without limitation, even though the study provides significant results in relation to gulf context. It is important to note that a study of this type also has some limitations. The limited sample of employees in this study is not a representative of other gulf countries. Thus, care should be taking in applying the findings of this research. A second limitation was the common source measurement; that is, the data were gathered only from employees’ viewpoint. While the present study recognized this view, it would be interesting for culture researches to examine other type of culture suitable within public domain in other gulf countries with larger sample since other Arab countries, also encounter the same cultural problems.
REFERENCES


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