

# **ORGANIZATIONAL CULTURE AND EMPLOYEE PERFORMANCE IN AIRLINE SECTOR**

A Dissertation Submitted to the Office of the Dean, Faculty of Management in Partial  
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By

Kopila Gurung

Campus Roll No: 448/077

Exam Roll No: 35633/21

T.U. Registration No: 7-2-317-214-2016

Shanker Dev Campus

Specialization: Finance

Kathmandu, Nepal

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## CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled **“Organizational Culture and Employee Performance in Airline Sector.”**

The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor it has been proposed and presented as part of requirements for any other academic purposes.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

.....

Kopila Gurung

Date:

## REPORT OF RESEARCH COMMITTEE

Ms. Kopila Gurung has defended research proposal entitled “**Organizational Culture and Employee Performance in Airline Sector**” successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Dr. Dinesh Basnet and submit the thesis for evaluation and viva voce examination.

.....  
Dr. Dinesh Basnet  
Dissertation Supervisor

Dissertation Proposal Defended Date: .....
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Dissertation Submitted Date: .....
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.....  
Asso. Prof. Dr. Sajeeb Kumar Shrestha  
Chairperson, Research Committee

Dissertation Viva Voce Date: .....
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## APPROVAL SHEET

We, the undersigned, have examined the dissertation entitled “**Organizational Culture and Employee Performance in Airline Sector**” presented by Ms. Kopila Gurung for the degree of Master of Business Studies (MBS Semester) and conducted the Viva voce examination of the candidate. We hereby certify that the dissertation is worthy of acceptance.

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Dr. Dinesh Basnet  
Dissertation Supervisor

.....

Internal Examiner

.....

Internal Expert

.....

External Expert

.....

Asso. Prof. Dr. Sajeeb Kumar Shrestha  
Chairperson, Research Committee

.....

Asso. Prof. Dr. Kapil Khanal  
Campus Chief

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## ABBREVIATIONS

DV	:	Dependent Variable
EMP	:	Employee Performance
INV	:	Innovation
IS	:	Inferential Statistics
IV	:	Independent Variable
JCL	:	Job Challenge
OC	:	Organizational Culture
OLS	:	Ordinary Least Squares
PLS	:	Partial Least Squares
SCN	:	Social Cohesion
SEM	:	Structural Equation Modeling
SPSS	:	Statistical Package for the Social Sciences
TRT	:	Trust
TU	:	Tribhuvan University
WS	:	Work Satisfaction
$\alpha$	:	Cronbach's Alpha

## ABSTRACT

This study examines the impact of organizational culture on employee performance in Nepalese airline sector focusing on the mediating role of work satisfaction. Specifically, it aims to assess the current status of these variables, examine their relationship with employee performance and identify their individual effects through statistical modeling. A descriptive and causal-comparative research design was employed and all airline employees within Kathmandu Valley were the target population. Based on Cochran's formula, an initial sample of 384 was determined but 397 complete responses were collected through purposive sampling and used in the analysis. Primary data were collected using a structured questionnaire distributed through Google Forms in 2025. The data was tested for reliability and found to be consistent across all scales. Demographic analysis showed that the workforce was mostly young, educated, gender balanced, unmarried and moderately experienced. Descriptive statistics showed that commitment, innovation and employee performance had the highest mean scores while work satisfaction had the lowest score indicating it as an area of improvement. Correlation analysis showed that all independent variables such as trust, communication, innovation, job challenge, social cohesion and work satisfaction had significant and positive relationship with employee performance with work satisfaction having the strongest correlation. Regression analysis showed that only work satisfaction and commitment had statistically significant positive effect on employee performance while trust, innovation, job challenge and social cohesion although positively related were not significant predictors. The findings conclude that work satisfaction and commitment need to be enhanced to boost employee performance in Nepal's airline sector. Practical implication is that policies and managerial practices should be in place to satisfy and engage employees. Academically the study contributes to literature on organizational behavior in South Asian aviation context and recommends future research using longitudinal and sector diverse approaches.

**Keywords:** *Employee Performance, Trust, Communication, Innovation, Job Challenge, Social Cohesion, Work Satisfaction.*

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

Organizational culture was always considered as a key driver that affects employees' performance and behavior. It was made up of values, norms and beliefs that influence people's behavior in an organization (Schein, 2021). Good organizational culture created good work environment, increased employees' motivation and connected individual goals to organizational goals (Denison, 2020). Bad or negative culture created dissatisfaction, turnover and lower productivity (Cameron & Quinn, 2011). South Asian research found that high culture organizations had higher employees' commitment and workplace performance (Khan et al., 2019). Airlines expanded in Nepal during boom when organizational culture led to operational effectiveness and employee satisfaction (Lama, 2021).

Trust was an organizational culture driver that facilitated open communication, teamwork and employee commitment. High trust organizational culture was found to facilitate work satisfaction and sense of belongingness that led to better employee performance (Mayer et al., 2011). Conflict in the workplace was also reduced by trust and workers were encouraged to be more proactive in the workplace (Dirks & Ferrin, 2021). Trust dominated Nepalese airlines for smooth operations especially in areas like flight operations and customer interaction where collaboration was required (Ghimire, 2020).

Good communication was at the heart of developing successful organizational culture. Good communication came with increased levels of employee motivation, reduced miscommunication and successful teamwork (Robbins & Judge, 2017). Organizations where there was transparent and open communication developed culture that was respectful to workers and listened to them resulting to higher performance and work satisfaction (Men, 2014). One study conducted among Nepalese airlines found that bad communication always resulted to employee dissatisfaction, slow decision making and compromise in service (Sharma & Adhikari, 2021). Nepal Airlines Corporation and

other Nepalese private carriers including Buddha Air and Yeti Airlines were affected by communication that disrupted coordination of personnel and service (Poudel, 2022).

Organizational innovation fostered imagination and flexibility, which were essential for competitiveness. Organizations with a cultural focus on innovation allowed employees autonomy, to experiment with ideas and feedback for process improvement (Amabile, 1996). Innovative culture was associated with higher levels of employee job satisfaction and motivation which ultimately led to better performance (Janssen, 2013). Nepalese airlines that practiced innovative services like online booking, enhanced safety practices and personalized customer services had higher levels of employee motivation and customer satisfaction (Bista, 2019).

Employee issues had positive impact on employee learning and motivation. Employees who were given meaningful and challenging jobs were more satisfied with their work and learned problem solving skills (Locke & Latham, 2012). Studies found that firms that provided opportunities for development and challenging work environment were more likely to retain employees and improve employee performance (Sonnentag & Frese, 2013). Employees in Nepalese aviation faced work issues like unsociable working hours, high workload pressure and demands for customer care. These affected their performance and motivation (Karki & Shrestha, 2022). Airlines' strategies towards these issues determined the stability of labour and service quality.

Organizational social cohesion generated cohesion among the workers and boosted employees' morale. High levels of employees' social cohesion developed cooperation, sharing of information and mutual support (Carron et al., 2017). Organizations that were most socially cohesive had lower turnover rates, less conflict in the workplace and higher productivity (West, 2011). Research found that Nepalese airlines with higher team cohesion had higher job satisfaction and lower attrition rates (Acharya, 2021). People relation between workers, for example cabin crew and ground staff, was key to stress management and high performance under pressure (Subedi, 2023). Job satisfaction was the mediator between work performance and organizational culture. When employees were very job satisfied they were highly engaged, motivated and committed to work (Judge et al., 2013). Healthy positive environment was attributed to employees' well-being and better work performance (Podsakoff et al., 2016). Nepalese

airline studies found that employees' job satisfaction was positively related to employee retention, compliance to safety procedures and quality of service (Regmi, 2020). Airlines that provided appropriate training, fair compensation and employee reward system had better job satisfaction and company performance (Thapa, 2022).

Employee performance determined organizational success. It was linked to job satisfaction, motivation, and organizational support (Campbell, 2012). A strong organizational culture in relation to improved employee performance included elements such as communication, trust, innovation, work issues, and interpersonal relationships (Bakker & Demerouti, 2020). A research on Nepalese airlines (Thapa, 2022) indicated that the primary factors driving performance improvements were probably job satisfaction and a healthy work environment. In the airline industry, where service efficiency, passenger safety, and operational accuracy are paramount, it was especially critical to have effective staff performance (Dhakal, 2023).

Due to the intense competition and constant change in the aviation sector, a supportive organizational culture is necessary to boost productivity and employee happiness. Trust, communication, and cooperation are essential for inspiring employees and maintaining high performance (Gittell, 2003). Cappelli (2008) highlights a clear relationship between employee satisfaction and service quality, operational efficiency, and overall organizational success. As Nepal's aviation industry has expanded, organizational culture has become crucial to the delivery of airline services and performance (Lama, 2021). Acknowledging this, Nepal Airlines, Shree Airlines, and Saurya Airlines have prioritized developing supportive cultures in order to boost employee well-being and operational effectiveness (Poudel, 2022).

This study investigates the impact of organizational culture on employee performance in Nepal's aviation industry, using job satisfaction as the mediating factor. The dependent variable is employee performance, while the independent variables are trust, communication, innovation, job challenge, and social cohesion. Using such analysis, this research will offer useful insights on how businesses can establish a productive work atmosphere that promotes and supports a positive workplace that improves employee participation and performance in the aviation industry.

## 1.2 Problem Statement

Writing survey of past thinks about shown that most of the ponders centered on the effect of organizational culture on employees' execution in different businesses and outside countries. Past thinks about, such as Rojak et al. (2024); Iskanto (2023) moreover built up the common dominance of organizational culture on employees' execution. The thinks about demonstrated that authority fashion, social values, and organizational commitment were the determinants of employees' behavior. Whereas these discoveries were supportive, they were overwhelmingly drawn from non-Nepal settings where the financial, social, and industry-influencing components were basically distinctive. Need of adequate considers particularly pointed at the Nepalese aircraft industry implied that not much was caught on around the impact of organizational culture on workers working in this fast-developing however profoundly competitive trade. In addition, where a few think about of organizational culture did happen in benefit organizations, this as well was likely to generalize its discoveries without respect to the specific concerns of carrier workers such as non-standard working hours, work push, and client benefit stress. A few thinks about, for occasion, Dirwan et al. (2024); Saebah and Merthayasa (2024), centered on the interceding impact of inspiration and work fulfillment toward employees' execution.

The current research was grounded in the fact that work satisfaction had the strongest impact on employees' performance, particularly in service industries. However, fewer individuals concerned themselves with the extent to which some of the organizational culture dimensions like trust, communication, innovation, work issues, and interpersonal relationships influence employees' satisfaction and performance in airline industries. Furthermore, research such as Shahidi et al. (2024) discussed cultural variables such as supervisor humor as a moderator but not work satisfaction as a mediator in cases related to the airline sector of industries. Since employee performance in airlines is mostly driven by team effort, safety culture, and customer relationship, these very cultural variables need to be examined in an appropriate way. In addition, research on digital transformation (Shwedeh et al., 2023) and organizational commitment (Saluy et al., 2022) also supported the dynamic nature of workplaces.

These researches, though, did not offer much focus on the interaction between cultural dimensions and employees' satisfaction in the case of Nepal's aviation sector, where

service quality and employees' engagement were of utmost importance. Whereas research like Imran et al. (2022) had already proven innovation as an organizational culture-performance mediator, no research had determined the knowledge gap of making work satisfaction the precise mediator in the organizational culture-employee performance relationship in the aviation industry. Nepalese aviation is also beset by career development opportunities, turnover, and work-life balance, which also impact the organizational culture-employee performance relationship. Apart from that, the airline business entails stressful working positions for employees, so organizational characteristics like trust, communication, and job complexity become more vital than in other industries.

International research highlights that strong organizational culture boosts productivity, service quality, and employee health. However, Nepalese airlines face unique challenges like regulatory constraints, economic instability, poor infrastructure, intense competition, and financial vulnerability, which may influence how organizational culture affects employee performance. Despite existing studies, there's a significant gap in understanding the role of cultural elements like trust, communication, innovation, work demands, social cohesion, and work satisfaction in shaping employee performance within Nepal's aviation sector, given its distinct pressures and service expectations. Thorough research is needed to explore these connections in this context.

To address these lacunae, the current study is set to examine the impact of organizational culture on employee performance through the mediator work satisfaction. The research is focusing on the following top questions:

- i. What is the situation of trust, communication, innovation, job challenges, social cohesion, work satisfaction and employee performance in Nepalese airline sector?
- ii. Is there any relationship between trust, communication, innovation, job challenges, social cohesion and work satisfaction with employee performance in Nepalese airline sector?
- iii. How do trust, communication, innovation, job challenges, social cohesion and work satisfaction impact on employee performance in Nepalese airline sector?

### **1.3 Objectives of the Study**

The general objective of the study is to explore the Organizational Culture and Employee Performance in Airline Sector. Based on the research questions, and to achieve the general objective of the study, this research has the following specific objectives:

- i. To assess the situation of trust, communication, innovation, job challenges, social cohesion, work satisfaction and employee performance in Nepalese airline sector.
- ii. To examine the relationship between trust, communication, innovation, job challenges, social cohesion and work satisfaction with employee performance in Nepalese airline sector.
- iii. To analyze the impact of trust, communication, innovation, job challenges, social cohesion and work satisfaction on employee performance in Nepalese airline sector.

### **1.4 Rationale of the Study**

The Commitment of Organizational Culture to Organizational Employee's Execution: The Interceding Part of Fulfillment in Carrier Divisions inquire about is valuable and worth perusing since it gives sound data approximately the effect of work culture on employees' execution, especially in competitive airlines. Since communication, development, work issues, social cohesion and believe have a noteworthy effect on employees' behavior, their effect on execution and work fulfillment must be investigated in an exertion to realize organizational adequacy and benefit quality. Indeed, in spite of the fact that accessible writing has been bland, the current inquire about is more specific in replying issues such as ordinary issues confronting aircraft representatives such as sporadic working plans, curiously upsetting work conditions, and client benefit weights. By filling the crevices, the consider gives noteworthy suggestions to the administration of the carrier in creating a great organizational culture, work fulfillment, and eventually execution results. Industry pioneers, human asset supervisors, and policymakers who are sharp on creating approaches for an locked in and high-performance workforce within the flying segment will discover this think about most useful.

### **1.5 Limitations of the Study**

Investigate impediments allude to the potential limitations which will influence the legitimacy, unwavering quality, or generalizability of the discoveries. In this consider, restrictions are as takes after:

- i. The use of purposive sampling limits the generalizability of findings to the entire airline sector workforce.
- ii. Reliance on self-reported responses may have introduced response and social desirability biases.
- iii. The cross-sectional nature of the study restricts the ability to observe changes over time or infer causality.
- iv. The study is limited to the airline sector only, which may not reflect organizational culture impacts in other industries.
- v. Data collection through online surveys may have excluded participants with limited internet access or technical familiarity.

## **CHAPTER II**

### **LITERATURE REVIEW**

This chapter has made a critical evaluation of research into the organizational culture's contribution to employee performance in the airline industry, providing a source of information by pointing to literature already published on this issue. It has provided a critical review of existing research within this topic. The chapter has been divided into two parts: the theoretical review, where organizational culture theories justifying its influence on employee performance have been deliberated and the empirical review, where the results of previous research studies conducted between 2020 and 2024 have been presented and discussed. These studies have measured the influence of organizational culture drivers such as trust, communication, innovation, job challenges and social cohesion on employee performance with work satisfaction acting as a mediator. Additional information on these two subheadings is presented below.

#### **2.1 Theoretical Review**

Theoretical review has covered the relevant theories for this study Organizational Culture on Organizational Employee's Performance in Airline Sectors, and considered issues such as trust, communication, innovation, job difficulties, and social coherence. Organizational Culture Theory, Herzberg's Two-Factor Theory, Social Exchange Theory, Job Demands-Resources (JD-R) Theory, and Competing Values Framework (CVF) have been explained as these are closely relevant to the topic and related variables. Further explications of the theories have been explained as follows:

#### **Organizational Culture Theory**

Organizational Culture Theory was established by Edgar Schein in the 1980s to comprehend how shared values, beliefs, and norms guide workplace behavior and performance. Organizational culture has been described as a collection of deeply rooted assumptions that serve as a foundation for employees to interpret, think, and act upon their work environment. It is assumed under the theory that culture emerges with leadership, socialization, and organizational history developments. Key assumptions involve that culture is made up of visible artifacts, expressed values, and latent assumptions that direct employee behavior. Such an approach was used by past

researchers such as Denison (1990); Hofstede (2001) in their studies of corporate culture's impact on employee commitment, work satisfaction, and performance. This theory is useful for the research at hand as it provides a framework for assessing how an airline business's organizational culture affects staff performance and actions. A healthy organizational culture makes people feel at home, hence leading to a high level of employee performance and work satisfaction.

### **Herzberg's Two-Factor Theory**

Herzberg, in 1959, designed the Two-Factor Theory as a way to explain work satisfaction and motivation at work. Theory also makes a distinction between hygiene factors (e.g., job security, pay, and work conditions) that prevent dissatisfaction and motivators (e.g., recognition, career, and responsibility) that contribute towards increased work satisfaction. Herzberg considered that it is not via dissatisfaction elimination but by positively facilitating employee engagement factors that motivation results. Previous studies by Malik and Naeem (2013); Ahmed et al. (2019) applied this theory in the measurement of workplace satisfaction and its impact on employee performance. The applicability of this theory to the present study is identifying organizational culture as it influences work satisfaction, and therefore, it serves as a mediator for employee performance in the aviation sector. Employee motivation is fostered in an environment where hygiene factors and strong motivators are maintained in equilibrium.

### **Social Exchange Theory**

Social Exchange Theory was first put forth by George Homans in 1958 and further established by Blau (1964) to explain worker relationships with the workplace based on reciprocity. As the theory explains, workers enter into social and professional dealings with their organizations in which they trade rewards (like recognition, compensation, and security) for their contribution (like productivity, commitment, and loyalty). Positive organizational culture engenders trust and justice, leading employees to return with higher performance. Cropanzano and Mitchell (2005); Emerson (1976) applied this theory to workplaces and found that employees who perceive fairness and support from the organization are more satisfied and productive. In airlines, where coordination and teamwork are necessary, this theory can be used to understand how

organizational culture facilitates employee commitment and performance. A culture of fairness and reciprocity enhances employee commitment and work satisfaction.

### **Job Demands-Resources (JD-R) Theory**

Demerouti et al. (2001) developed the Job Demands-Resources (JD-R) Theory to explain how work conditions influence worker performance and well-being. The theory categorizes work conditions as job demands (e.g., role conflict, time pressure, and workload) and job resources (e.g., autonomy, support, and development opportunities). The theory argues that high job demands lead to burnout, while job resources lead to motivation and performance. The model has widely been applied to organizational behavior research to explain worker well-being and motivation across industries. Additionally, it has been established that demands-to-resources ratio affects work satisfaction and turnover. Bakker and Demerouti (2007); Schaufeli and Taris (2014) studies have validated that the theory can be employed when examining the relationship between conditions of work and worker outcomes. The theory is highly applicable to this research because it assists in analyzing how airline workers cope with job pressure and support available in an organization and how this function impacts work satisfaction and performance.

### **Competing Values Framework (CVF)**

The Competing Values Framework (CVF) by Quinn & Rohrbaugh (1983) was designed to assess organizational effectiveness by categorizing cultures into Clan (cooperative), Adhocracy (adventurous), Hierarchy (structured), and Market (competitive). All four types of culture influence leadership behaviour, decision-making, and employees' behaviour in varying ways. Organisations who connect their culture with strategic aims and employees' needs will fare better. Past research, including that of Cameron and Quinn (1999); Hartnell et al. (2011), has applied CVF to examine the impact of corporate culture on employee engagement and work satisfaction. The theory is relevant to this study since it provides a better insight into how different organizational cultures in the airline sector affect employee motivation, work satisfaction, and performance. Having the right cultural fit optimizes employee engagement and results in organizational success.

## 2.2 Empirical Review

Rojak et al. (2024) undertook an experiment of the impact of transformational leadership and organizational culture on employees' performance. The research sought to determine the impact of leadership style and cultural values in managing the performance of employees across organizations. Qualitative data were collected through questionnaires from 120 employees of three universities and data analysis was conducted in SPSS version 26. Organizational culture and transformational leadership were considered independent variables and staff performance was considered the dependent variable. The conclusion arrived at was that there was a high and positive relationship between transformational leadership and staff performance and thus confirmed its efficacy to enhance staff performance towards organisational performance. Second, organisational culture had a massive impact on employee performance, where values, norms, and practices contributed to enhancing workplace effectiveness.

Dirwan et al. (2024) measured organizational culture and organizational commitment's impact on employee motivation and work satisfaction among Muhammadiyah University of Palu employees and lecturers. The primary objective of this research was to investigate how these factors impacted the motivation and satisfaction of employees in an educational environment. Research methodology used included a quantitative approach, utilizing the structural equation model (SEM) for data analysis. Organizational commitment and organizational culture were the independent variables, while work satisfaction and motivation were the dependent variables. The study revealed that organizational culture and organizational commitment had positive and significant effects on work satisfaction and motivation. Furthermore, work motivation was a mediator of organizational culture, organizational commitment, and work satisfaction, revealing that there is a requirement for motivating and satisfying work environment to enhance institutional performance.

Shahidi et al. (2024) tested supervisor humor empirically as a mediator of employees' perceived organizational culture and employee performance. It was known whether different organizational cultures such as hierarchical, clan, market, and adhocracy give us positive humor utilized by supervisors to exert influence on in-role performance and extra-role performance. It was tested through structural equation modeling among 317

employees working in Palermo's public hospitals in Italy. The findings were that positive humor of supervisors has a positive effect on employees' in-role and extra-role behavior. It also mediates the effect of organizational culture on performance and is more effective on extra-role behavior and particularly on organizational citizenship behavior towards people (OCBI).

Saebah and Merthayasa (2024) analyzed the organizational culture's impact on employee performance through organizational commitment as a mediator. The study was centered on the reality that organizational culture, which includes norms, values, and beliefs, plays a great role in shaping the behavior and performance of employees, particularly during competitive business conditions. Quantitative survey method entailed data gathering using questionnaires and the same being analyzed using SPSS. The outcome indicated employees' performance, to a greater extent, was positively influenced by organizational culture and that commitment played a strong mediation role. Study acknowledges the part played in bringing about an efficient organizational culture generating commitment and performance for competitiveness.

Shwedeh et al. (2023) examined how organizational digital transformation affects the performance of workers in the UAE. The research objective was to explore the influence of digital transformation drivers such as workplace organizational policies, leadership, and cultural diversity on workers' performance. A descriptive study of 50 employees across various industries and workplaces in the UAE was conducted. Organizational digital transformation was the independent variable, while employee performance was the dependent variable. The study attested that digital transformation played an important role in employees' performance by making the workplace more productive and efficient. The study elaborated that organizational embedding of digital transformation was able to re-engineer workplace processes, hence keeping the growth of the UAE as a global business hub going.

Rizaie et al. (2023) defined organizational citizenship behavior and patriotism roles in upholding public health workers' performance. The research was focused on assessing the role of discretionary behavior and patriotism in employees' performance, in this case, within the health industry during times of crisis. Cross-sectional quantitative research employing data collected from a sample of 541 Chinese public health workers

was the methodology employed. Organizational citizenship behavior and patriotism were employed as independent variables, and employee performance as the dependent variable. The findings indicated that organizational citizenship behavior was an important predictor in sustaining employee performance, and patriotism acted as a mediator. The study stressed that public health workers' job performance can further be improved by high quality of national and local institutions at the local and global levels, respectively.

Iskamto (2023) conducted a study of the impact of organizational culture on employee performance and organizational culture determinants for success. Quantitative research design where data were collected from 35 workers of the Riau Province government institution via saturated sampling method. SPSS version 25 was utilized for hypothesis testing. Organizational culture served as the independent variable, whereas the dependent variable was employee performance. The research indicated that organizational culture was a major contributor to affecting the performance of the employees, contributing 26.6%, and the remaining 73.4% came from other untested variables. The study highlighted the importance of maintaining a strong organizational culture in order to enhance the performance of the employees.

Srimulyani et al. (2023) analyzed "AKHLAK" company culture and affective commitment mediation roles in inclusive leadership-employee performance relationships. The research was quantitative and used: data were collected from 135 permanent employees of three East Java, Indonesia, Madiun region BUMNs. SPSS version 24, Smart PLS, and online Sobel test were used to analyze the data. Corporate culture "AKHLAK" and affective commitment were mediating variables, independent variable was inclusive leadership and dependent variable was employee performance. Results were inclusive leadership and affective commitment relationship was partially mediated by corporate culture "AKHLAK" but not sufficient to mediate inclusive leadership effect on employee performance. Affective commitment is mediating completely between inclusive leadership and employee performance, and organizational culture "AKHLAK" effect on employee performance. The finding showed "Affective Commitment" is at the highest level of play in influencing employee performance through leadership and organizational culture, respectively.

Turyadi et al. (2023) reported a discourse on the magic of digital leadership in organizations for the maximization of employee performance and business outcomes. The study was founded on determining the contribution of digital leadership to organizational performance during the age of digitalization. Literature review and empirical evidence were taken as the approach. Digital leadership was used as the independent variable while employee performance and business success were used as the dependent variables. The evidence was good in indicating that digital leadership had played a critical role in employee performance through innovation, cooperation, and efficiency through the use of digital technology. Digital leadership also resulted in business success through digital transformation, change management, and fact-based decision-making. The study strongly placed digital leadership on every agenda within an organization and among the most powerful forces for competitiveness in the fast-evolving digital era.

Saluy et al. (2022) developed Motivation Moderating the Effect of Organizational Culture and Leadership on Employee Performance to examine interrelations among variables. The study was conducted to measure the organizational culture and leadership effect on employee performance in which motivation was employed as an intervening variable. The study was conducted with "ABC" University's 87 employees employing a quantitative approach. Data was collected from a survey and processed using the Partial Least Square (PLS) method and SmartPLS software. Results were such that organizational culture and leadership influenced employees' work motivation and performance positively. Additionally, motivation significantly functioned as a mediating connection between organizational culture, leadership, and employee performance. The research also set career development as another mediating variable on motivation, competence, and employee performance.

Imran et al. (2022) examined the mediating function of innovation between organizational culture and organizational performance in Pakistani banks. The research aimed at empirically testing the degree to which organizational culture dictates organizational performance via innovation. Questionnaire data gathered from 250 bank managers were used in the research, while hypothesis testing was conducted using Structural Equation Modeling (SEM). Organizational culture and innovation were the independent variables while organizational performance was the dependent variable.

Organizational culture and innovation were found to positively affect organizational performance, and the direct relationship between organizational culture and performance was insignificant when organizational innovation existed. The results confirmed that the development of innovative culture assisted organizations in effectively adopting innovations and hence performing well in the banking sector.

Virgiawan et al. (2021) examined Organizational Culture as a Mediator of Motivation and Transformational Leadership on Employee Performance to establish their relationship. The purpose of the research was to examine the effect of motivation and transformational leadership toward employee performance, wherein organizational culture significantly mediated between them, among the civil servants at the Indonesian Ministry of Public Works and Public Housing (PUPR). The study design was a descriptive causal study, and information was collected from 120 respondents who were chosen based on a purposive sampling method. Survey method was used, and analysis of data was made using Structural Equation Modeling (SEM) via the Partial Least Square (PLS) approach. The independent variables were organizational culture, transformational leadership, and motivation, while the dependent variable was employee performance. The discovery was that organizational culture was a determinant in the improvement of employees' performance by good time management and leadership influence, whereby seniors who behaved as models positively impacted working effectiveness and output.

Akpa et al. (2021) carried out Organizational Culture and Organizational Performance: A Review of Literature to ascertain their correlation. The research aim was to determine the influence of organizational culture on organizational performance through literature review of relevant theories like Schein's theory of organizational culture, Denison's organizational culture model, and Thomas Peters and Robert Waterman's organizational excellence model. The research methodology for the study was a review of literature synthesizing research studies on how organizational culture influences performance and productivity. Variables involved were organizational culture as the independent variable and organizational performance as the dependent variable. The conclusion was that organizations whose employees are committed and have norms and values improve in performance. Furthermore, well-developed work ethics, shared beliefs and values, consistency, adaptability, and effective communication enhance

worker identity, which enhances commitment and eventually leads to better organizational performance.

Paais and Pattiruhu (2020) empirically analyzed the Impact of Motivation, Leadership, and Organizational Culture on Satisfaction and Employee Performance. The research was conducted to analyze the effect of motivation, leadership, and organizational culture on work satisfaction and employee performance at Wahana Resources Ltd North Seram District, Central Maluku Regency, Indonesia. Research design was quantitative design whereby data were collected from 155 employees through the use of a questionnaire and analyzed using Structural Equation Modeling (SEM) with Amos. Organizational culture, leadership, and motivation were independent variables, whereas work satisfaction and employee performance were dependent variables. The finding was that motivation and organizational culture were determinants of employee performance but not work satisfaction. Leadership was a decent predictor of work satisfaction but not of performance. Coefficient of determination analysis indicated that motivation, leadership, and organizational culture explained 57.4% of the variability in work satisfaction and 73.5% of the variability in employee performance.

Fidyah and Setiawati (2020) analyzed the Organizational Culture and Employee Engagement Impact on Employee Performance: Work satisfaction as an Intervening Variable to research the interrelationships among them. The purpose of research was to discover the impact of organizational culture and employee engagement on employee performance and work satisfaction, and the mediating impact of work satisfaction on the relations. The research design was quantitative, and the survey questionnaire surveyed and analyzed 52 employees using t-test, F-test, multiple linear regression analysis, and path analysis. Organizational culture and employee engagement were independent variables, work satisfaction was the mediator variable, and employee performance was the dependent variable. The findings were that organizational culture and employee engagement were significant positive predictors of work satisfaction and employee performance. Job performance was also forecasted positively, very strongly by work satisfaction, and served as a mediator between employee performance and employee engagement and organizational culture and employee performance.

**Table 1***Summary of Empirical Review*

Authors	Titles	Objectives	Methodology	Findings
Rojak et al. (2024)	Influence of Transformational Leadership and Organizational Culture on Employee Performance	To determine the impact of leadership style and cultural values in managing the performance of employees across organizations.	Quantitative approach; sample of 120 staff from three universities; data analyzed using SPSS version 26.	Transformational leadership and organizational culture significantly enhance employee performance.
Dirwan et al. (2024)	Influence of Organizational Culture and Commitment on Motivation and Work satisfaction	To investigate how these factors impacted the motivation and satisfaction of employees in an educational environment.	Quantitative approach; structural equation modeling (SEM) analysis.	Organizational culture and commitment positively impact motivation and work satisfaction, with motivation acting as a mediator.
Shahidi et al. (2024)	Moderating Role of Supervisor Humor in the Relationship Between Organizational Culture and Employee Performance	To examine whether different organizational cultures such as hierarchical, clan, market, and adhocracy give positive humor utilized by supervisors to exert influence on in-role performance and extra-role performance.	Structural equation modeling; data from 317 employees in public hospitals in Palermo, Italy.	Supervisor humor enhances employee performance and moderates the impact of organizational culture on extra-role behaviors.
Saebah and Merthayas a (2024)	Impact of Organizational Culture on Employee Performance with Organizational Commitment as a Mediator	To analyze the reality that organizational culture, which includes norms, values, and beliefs, plays a great role in shaping the behavior and performance of employees, particularly during competitive business conditions.	Quantitative survey; data analyzed using SPSS.	Organizational culture positively impacts employee performance, with organizational commitment as a mediating factor.

Shwedeh et al. (2023)	Impact of Organizational Digital Transformation on Employee Performance in the UAE	To explore the influence of digital transformation drivers such as workplace organizational policies, leadership, and cultural diversity on workers' performance.	Descriptive study; sample of 50 employees from various sectors in UAE.	Digital transformation enhances productivity and efficiency, reshaping workplace practices.
Rizaie et al. (2023)	Role of Organizational Citizenship Behavior and Patriotism in Public Health Employee Performance	To assess the role of discretionary behavior and patriotism in employees' performance, in this case, within the health industry during times of crisis.	Quantitative cross-sectional study; sample of 541 Chinese public health employees.	Organizational citizenship behavior enhances performance, with patriotism as a mediating factor.
Iskamto (2023)	Influence of Organizational Culture on Employee Performance	To analyze the effect of organizational culture on employee performance and organizational culture determinants for success.	Quantitative approach; sample of 35 government employees in Riau Province; analyzed using SPSS version 25.	Organizational culture significantly impacts employee performance, accounting for 26.6% of performance variation.
Srimulyan i et al. (2023)	Mediating Role of "AKHLAK" Corporate Culture and Affective Commitment in Leadership-Performance Relationship	To analyze "AKHLAK" company culture and affective commitment mediation roles in inclusive leadership-employee performance relationships.	Quantitative approach; sample of 135 employees from three BUMNs in East Java; data analyzed using SPSS, Smart PLS, and Sobel test.	Affective commitment fully mediates leadership's effect on performance, while "AKHLAK" culture partially mediates commitment.
Turyadi et al. (2023)	Role of Digital Leadership	To determine the contribution of digital leadership to organizational performance during the age of digitalization.	Review of literature and empirical evidence on digital leadership.	Digital leadership improves employee performance and business success by fostering innovation, collaboration, and efficiency.

Saluy et al. (2022)	Motivation Moderating the Influence of Organizational Culture and Leadership on Employee Performance	To measure the organizational culture and leadership effect on employee performance in which motivation was employed as an intervening variable.	Quantitative study with 87 employees; analyzed using Partial Least Square (PLS) method.	Organizational culture and leadership positively influence motivation and performance. Motivation mediates their effect on employee performance.
Imran et al. (2022)	Innovation as a Mediator Between Organizational Culture and Performance	To examine the degree to which organizational culture dictates organizational performance via innovation.	Survey of 250 bank managers in Pakistan; analyzed using Structural Equation Modeling (SEM).	Innovation mediates the relationship between organizational culture and performance, making culture's direct effect insignificant.
Virgiawan et al. (2021)	Organizational Culture as a Mediator of Motivation and Leadership on Employee Performance	To examine the effect of motivation and transformational leadership toward employee performance, wherein organizational culture significantly mediated between them.	Descriptive causal study with 120 respondents; analyzed using SEM and PLS.	Organizational culture enhances employee performance through leadership influence and time management.
Akpa et al. (2021)	Organizational Culture and Organizational Performance	To determine the influence of organizational culture on organizational performance through literature review of relevant theories.	Literature review synthesizing existing studies.	Organizational culture positively impacts performance by fostering commitment, shared values, and adaptability.
Paais and Pattiruhu (2020)	Effect of Motivation, Leadership, and Organizational Culture on Satisfaction and Employee Performance	To analyze the effect of motivation, leadership, and organizational culture on work satisfaction and employee performance.	Survey of 155 employees; analyzed using SEM on Amos.	Motivation and culture positively impact performance, while leadership strongly influences work satisfaction.

Fidyah and Setiawati (2020)	Influence of Organizational Culture and Employee Engagement on Performance	To discover the impact of organizational culture and employee engagement on employee performance and work satisfaction, and the mediating impact of work satisfaction on the relations.	Survey of 52 employees; analyzed using regression and path analysis.	Culture and engagement positively affect work satisfaction and performance, with work satisfaction mediating the effect.
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### 2.3 Research Gap

Previous studies have compared the impact of organizational culture on employees' performance using varied study designs, populations, and statistical analysis. Rojak et al. (2024); Dirwan et al. (2024) employed quantitative designs with university staff, whereas Shahidi et al. (2024) analyzed humor among hospital supervisors. Saebah and Merthayasa (2024); Iskamto (2023) tested organizational culture and commitment but in general business organizations. Shwedeh et al. (2023); Turyadi et al. (2023) studied digital transformation and leadership, while Imran et al. (2022) studied innovation as a mediator. Virgiawan et al. (2021); Paais and Pattiruhu (2020) studied leadership and motivation but not with the airline sector in mind. The majority of earlier studies utilized sector-specific or small samples, limited mediating variables, and survey data. The current study filled these gaps by using a descriptive and causal-comparative design, examining 397 airline staff, and incorporating trust, communication, innovation, job challenges, and social cohesion as independent variables with work satisfaction as a mediator. The current study has successfully enhanced methodological rigor and broadened research scope, raising generalizability.

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

The research methodology part has described the tools, methods, and techniques used to analyze data and synthesize results on the topic, “Organizational Culture on Organizational Employee’s Performance in Airline Sectors.” It has involved a thorough investigation to identify the most suitable method of research in examining the impact of organizational culture on employee performance. In an attempt to achieve the objectives of the study, the researcher has employed the following methodology:

#### **3.1 Research Design**

Both descriptive and causal comparative research design methods have been used in this study to examine the problem of “Impact of Organizational Culture on Organizational Employee’s Performance: The Mediating Role of Satisfaction in Airline Sectors in Nepal.” The descriptive research design method has contrasted and studied the status and nature of organizational culture and employee performance and other leading factors such as trust, communication, innovation, workplace problems, and social bonding. Causal comparative research design has also investigated the relationships between these independent variables and mediating variable work satisfaction with the dependent variable employee performance. Through this design, this methodology has also facilitated the comprehensive evaluation of how organizational culture variables affect employee performance in the airline sector of Nepal. With the inclusion of both research design methods, this study has been able to provide valuable information on the importance of organizational culture in affecting employee performance in the airline sector in Nepal.

#### **3.2 Population and Sample, and Sampling Design**

This study has aimed at employees who are employed in the airline sector in Kathmandu Valley, forming the research population. The sample size of 384 respondents was determined to obtain statistical significance and reliable results, estimated by using Cochran's (1977) formula but during survey 397 respondents have been received so revised sample size of 397 have used for this study. Purposive

sampling has been adopted to include employees from all airline sectors in Kathmandu Valley so that the appropriate participants are selected. This approach has been justified as it is targeting the most suitable people to provide information on the impact of organizational culture on employees' performance in terms of main factors such as trust, communication, innovation, job challenges, and social cohesion. Cochran's (1977) formula for estimating a representative sample when the population size is unknown is as follows:

$$n = \frac{z^2 pq}{e^2}$$

Where;

n = Sample size for infinite population

Z = Critical value of desired confidence interval

p = Estimated proportion of an attribute that's present in population

e = Level of significance

With Confidence Interval of 95% and 5% level of significance

Here,

Z = 1.96, p = 0.5, q = 0.5, e = 0.05

Now,

$$n = \frac{(1.96)^2 0.5 \times 0.5}{0.05^2} = 384$$

Based on Cochran's (1977) formula, the ideal sample size has been 384; however, 397 respondents have been collected to reduce errors and improve accuracy.

### **3.3 Sources and Nature of Data, and Data Collection Instrument**

This study has utilized primary data gathered from employees working in airline industries of Kathmandu Valley via an online survey. The primary data source includes 384 responses from different airline industries of the area. A structured questionnaire has been applied to collect data, with the questions designed to assess the role of organizational culture in influencing workers' performance. Trust, communication, innovation, job challenges, and social cohesion have been utilized as independent variables, work satisfaction as the intervening variable and employee performance as the dependent variable. The instrument has been designed in such a way as to determine the validity and reliability of the information gathered, employing closed as well as open-ended questions for both qualitative and quantitative results.

### 3.4 Method of Analysis

Method of analysis is the process followed to analyze the data, i.e., descriptive statistics, correlation analysis, and regression analysis. The study has examined the impact of organizational culture on employees' performance in airline industries in Kathmandu Valley by using SPSS Version 29 for demographic profile analysis, reliability statistics, descriptive statistics and inferential statistics. Descriptive statistics give the main features, i.e., minimum, maximum, mean, and standard deviation (SD). Inferential statistics cover correlation analysis in order to examine the correlations between independent variables, i.e., trust, communication, innovation, job challenges, and social cohesion as well as the mediating variable work satisfaction with the dependent variable, employee performance. Regression analysis has been done to examine the effect of these variables on employee performance. Analysis tools are:

#### A. Reliability Test

Reliability is the extent to which a research process gives consistent results. For this study Cronbach's alpha has been used to establish the reliability of the questionnaire and results over 0.7 are adequate for social science research indicating acceptable to high internal consistency. The reliability of each study variable was quantified by the researcher and presented in Chapter 4's findings section. The scale and interpretation of reliability is as below.

**Table 2**

*Scale of Reliability Analysis*

Cronbach's Alpha ( $\alpha$ ) Value	Internal Consistency
Above 0.9	Excellent
0.8 – 0.9	Good
0.7 – 0.8	Acceptable
0.6 – 0.7	Questionable
0.5 – 0.6	Poor
Below 0.5	Unacceptable

*(Source: MBS 1<sup>st</sup> Semester Statistical Methods Book of Dreamland Publication)*

Table 3 presents the reliability scale, where Cronbach's alpha above 0.9 is excellent, 0.8–0.9 is good, 0.7–0.8 is acceptable, 0.6–0.7 is questionable, 0.5–0.6 is poor, and below 0.5 is unacceptable.

## **B. Respondent's Demographic Profile**

The research has employed demographic information of the workers in the airline sectors in Kathmandu Valley, considering the aspects of gender, age category, marital status, education level, earning per month and years of experience. The research has provided valuable information on how these demographic factors influence employee performance, particularly in the context of organizational culture factors such as trust, communication, innovation, job challenges, and social cohesion as independent variables, work satisfaction as the mediating variable, and employee performance as the dependent variable. The response rates for the survey have also been noted, indicating the number of questionnaires distributed and received, as well as the overall response rate. The profile of the respondents is outlined in Chapter 4 of the results section.

## **C. Descriptive Statistics**

The descriptive statistics played a significant function in the investigation of the prime variables related to organizational culture and employee performance for the airline businesses in Kathmandu Valley. The independent variables such as trust, communication, innovation, challenges at work, and social harmony have been subjected to analysis on the basis of work satisfaction acting as the mediator variable and the dependent variable for employee performance. This analysis has provided information on the minimum, maximum, mean, and standard deviation (SD) of the variables and their variability and distribution. These statistics have been useful in quantifying the central tendencies and dispersion of the data, opening the door to further analysis of the contribution of organizational culture to the determination of the performance of employees in the airline sector. The findings from the descriptive statistics are as follows:

### **Arithmetic Mean**

The mean, or arithmetic average, is the middle of a set of numbers and the most common measure of central tendency. It is computed by adding all of the numbers in the set and then dividing by the number of values. This offers one value that is easily utilized in summarizing the data, estimating the feeling of the middle point or mean value of the data set. Because it is easy to calculate, the arithmetic mean has various applications in various fields, such as statistics, economics, and social science, to

determine total trends and patterns. Although it is a good measure in general, the arithmetic mean can become highly influenced by outliers or extreme values. Say, for instance, one has a data value significantly greater or lesser than the rest of the values; then it will distort the mean so that it no longer represents the majority of values in the data set. Therefore, while the arithmetic mean is fine for a rough outline, in the case of data, especially if there is a skewed distribution or outliers, it might not present the whole picture.

The arithmetic mean can be defined by the following equation:

$$\text{Arithmetic mean } (\bar{X}) = \frac{\sum X}{n}$$

Where,

$n$  = Total number of values in the dataset

$\sum X$  = Sum of all values in the dataset

### **Standard Deviation**

Standard deviation is an important statistical parameter employed for the measurement of the spread or dispersion of a data set. It quantifies the magnitude of data points falling away from the mean value of the data set. Standard deviation gives a numerical value to the magnitude of spread of the data through squaring the variance. Low standard deviation means the values are near the mean, a scenario of low variation, and high standard deviation means dispersal, values distant from each other. It is a measure useful to offer stability, reliability, and predictability and has a universal application in finance, research, and quality control. Understanding what standard deviation is helpful in the measurement of risk or uncertainty of data and thus helpful in decision-making, particularly comparisons of data sets or distributions. It also comes into play when performing hypothesis testing and confidence interval estimation in that it quantifies the reliability of statistical conclusions.

The formula for Standard deviation is as under:

$$\text{Standard deviation } (\sigma) = \sqrt{\frac{\sum(X-\bar{X})^2}{n-1}}$$

Where,

$X$  Represents each individual data point in the dataset

$\bar{X}$  Represents the mean (average) of the dataset

$n$  is the total number of data points in the dataset

## D. Inferential Statistics

Inferential statistics has been employed to calculate the association of independent variables such as trust, communication, innovation, job challenges, and social cohesion with the intervening variable, work satisfaction, and the dependent variable, employee performance. Correlation and regression have been utilized in order to determine the degree to which the variables influence the performance of an employee in the airline sector. The analysis provided information about the strength and direction of the association between variables, which assisted the evaluation of the overall effect of organizational culture on employee performance. Below are the findings of the inferential statistics:

### Correlation Analysis

Correlation analysis examines the direction and degree of association between the variables and quantifies this using the correlation coefficient "r" between +1 and -1. When the correlation is +1, it is a direct relationship, and when -1, an inverse relationship. 0 represents no linear relationship. The analysis helps in evaluating variable relationships and also in deciding the future direction of statistical analysis. The value of Karl Pearson's correlation coefficient (r) has been obtained using SPSS software version 29. Correlation analysis is also helpful in the detection of possible predictors or causes of a given outcome, which is greatly needed in data-driven decision-making. Correlation analysis is widely used in social sciences, economics, and health to determine or confirm associations among key variables.

Pearson correlation coefficient (r) is derived by the formula:

$$r = \frac{n (\sum XY) - (\sum X) (\sum Y)}{\sqrt{[n (\sum X^2) - (\sum X)^2]} \sqrt{[n (\sum Y^2) - (\sum Y)^2]}}$$

Where;

n = the number of data pairs

$\sum XY$  = the sum of the product of each pair of scores

$\sum X$  And  $\sum Y$  = the sums of X and Y scores respectively

### Regression Analysis

Regression analysis is statistical analysis applied to study the effect of one or more independent variables (predictors) on a dependent variable (outcome). Regression analysis compares the changes in predictors with the outcome and the direction and

magnitude of its effect are determined by utilizing regression coefficients ( $\beta$ ). The method is widely applied in understanding and prediction of outcomes, pattern determination, as well as determination of reasons for variation of the dependent variable. It also offers the potential of obtaining predicted values of the dependent variable from the independent variable values, hence facilitating evidence-based decision-making. Regression analysis also assists in detecting multicollinearity between the predictors so that the findings realized from the model are stable and reliable. Through this, it aids in achieving a clearer comprehension of the relationships driving the outcome variable. It further cleans the model by choosing good predictors and eliminating unnecessary predictors, hence making the analysis more precise and effective overall.

### **Model Specification**

Employee performance is the mediating variable here, and it is influenced by a series of independent variables in the form of trust, communication, innovation, job challenges, and social cohesion with the mediating variable being work satisfaction. The organizational culture is studied to analyze its influence on employee performance in the airline sector in the Kathmandu Valley. The model is illustrated as:

$$EMP = \beta_0 + \beta_1 TRT + \beta_2 CMT + \beta_3 INV + \beta_4 JCL + \beta_5 SCN + \beta_6 WSF + \epsilon_{it}$$

Where;

$\beta_0$  = Constant term/Intercept

EMP = Employee Performance (Dependent Variable)

TRT = Trust (Independent Variable)

CMT = Communication (Independent Variable)

INV = Innovation (Independent Variable)

JCL = Job Challenges (Independent Variable)

SCN = Social Cohesion (Independent Variable)

WSF = Work Satisfaction (Mediating Variable)

$\epsilon_{it}$  = Error term of the stochastic model

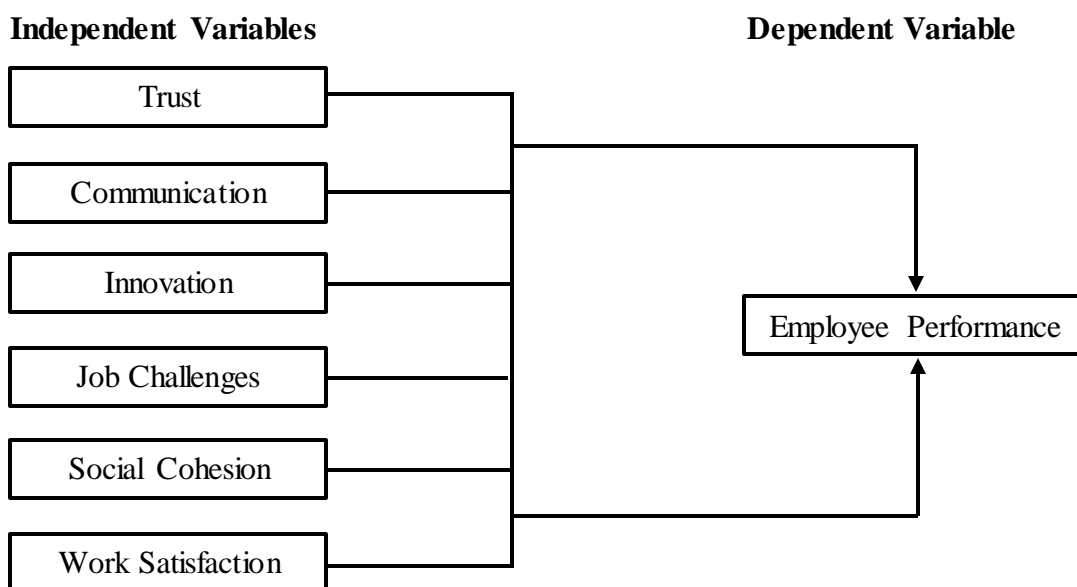
Betas including  $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$  and  $\beta_6$  are the model parameters.

### 3.5 Research Framework and Definition of Variables

Under the framework of this research, “Organizational Culture on Employee’s Performance in Airline Sectors,” independent variables are trust, communication, innovation, job challenges and social cohesion, which influence employee performance as the dependent variable. Work satisfaction is the mediating variable too, illustrating how the aspects of organizational culture lead to employee performance in general. The suggested model presents a systematic approach to examining the manner in which these organizational culture factors influence employees' performance. Through focusing of these key variables, the research will be in a position to provide informative data with regard to the impact that organizational culture imposes on employees' conduct and job performance in airlines. The model for the study is depicted in the following figure:

**Figure 1**

*Research Framework*



*(Source: Saluy et al., 2022; Iskamto, 2023; Saebah & Merthayasa, 2024)*

#### **Dependent Variable**

##### **Employee Performance**

Employee performance is the extent to which employees are performing their work duties and contributing organizational goals. It is often assessed in terms of productivity, job quality, and compliance with organizational standards. A strong organizational culture enhances employee performance by facilitating motivation, commitment, and a sense of belongingness among workers (Denison, 1990). If the

employees experience a positive work culture with trust, communication, and support, they are more productive and engaged. Through research, it has been found that the employees with the same cultural values of their organization portray higher performance and commitment (Schein, 2010). Further, whether an organization is successful in maintaining a culture of innovation, social cohesion, and work satisfaction greatly affects the output and efficiency of employees (Cameron & Quinn, 2011).

## **Independent Variables**

### **Trust**

Organizational trust has been referred to as employees' belief in the honesty, fairness, and reliability of their employer and colleagues. It is a fundamental foundation of a strong organizational culture since it promotes cooperation, reduces uncertainty, and enhances job satisfaction (Mayer et al., 1995). Employees who believe in their organization are likely to be committed, motivated and devoted to perform at levels that are optimal (Dirks & Ferrin, 2001). A culture of trust also leads to better teamwork, communication, and lower turnover, all of which lead to better employee performance (Colquitt et al., 2007).

### **Communication**

Organizational communication refers to the exchange of information, ideas, and feedback between employees and management. Effective communication is crucial for transparency, reduced miscommunication, and harmonization of employees with organizational goals (Robbins & Judge, 2017). Open and effective communication channels in organizations have higher levels of employee performance and engagement (Clampitt, 2016). Employees who are heard and well-informed are most likely to make positive contributions to organizational performance because effective communication enhances coordination, decision-making, and problem-solving (Men, 2014).

### **Innovation**

Innovation in an organization is the ability to develop and implement new ideas, processes, and solutions that improve business growth and competitiveness (Damanpour, 1991). A culture of innovation allows employees to think creatively, experiment with new things, and continually improve (Anderson et al., 2014). Organizations that support innovation through resources, leadership, and reward have

higher employee engagement and performance (Amabile, 1996). Encouraging an environment for innovation also encourages job satisfaction and meaning among employees (Shalley et al., 2004).

### **Job Challenges**

Job challenges refer to the complexity, responsibility, and problem-solving nature of the work in a specific job and affect the motivation and professional growth of an employee. Job challenges enhance work satisfaction, motivation and performance since employees are motivated to learn and enhance productivity to higher levels (Hackman & Oldham, 1976). However, excessive job demand with inadequate support will lead to stress and burnout, which impacts performance (Karasek, 1979). Organizations that provide challenging but manageable tasks create a challenging work environment that stimulates performance and professional development (Judge et al., 2001).

### **Social Cohesion**

Workplace social cohesion refers to the level of interpersonal ties, trust in one another, and cooperation among workers. There is high interdependence and collaboration in a work environment with high workplace social cohesion that reduces conflicts and increases employees' job involvement (Putnam, 2000). If there is high workplace social cohesion between the employees, they will be more likely to work together in solidarity, cooperate in sharing knowledge, and become an effective team (West et al., 2009). Research has shown that organizations that are socially connected register less turnover, greater productivity, and improved well-being of workers (Gittell et al., 2010).

### **Mediating Variable**

#### **Work Satisfaction**

Work satisfaction describes the overall gratification of workers with their assignment, work milieu, and work organization (Locke, 1976). It is an index that relies on factors such as trust, communication, innovativeness in the job, challenge in the job, and social cohesion, which are motivator and commitment determinants. Highly satisfied employees exhibit higher productivity, reduced absenteeism, and enhanced organizational commitment (Spector, 1997). Satisfied workers are found to be more likely to be retained, motivated, and willing to work extra hours, resulting in improved organizational performance (Judge et al., 2017).

## **CHAPTER IV**

### **RESULTS AND DISCUSSION**

This chapter has presented the data in the appropriate way, analyzed it, and discussed the data. It has answered the research questions outlined in the first chapter of the introduction. The conclusion has regarded the outcomes of the analyses as the results. The discussion has interpreted and considered the results in the relevant theory and empirical studies to find a conclusion. Therefore, this chapter has been written in both the Results and Discussion chapter.

#### **4.1 Results**

This section has presented the analysis of primary data using SPSS and Excel including reliability tests, demographic profiling and both descriptive and inferential statistics including correlation and regression analysis applied to assess the impact of organizational culture components on employee performance in the airline sector. Respondents have been categorized by gender, age, marital status, education level, monthly income and years of experience. Reliability analysis has been conducted to ensure the consistency of measurement scales. Descriptive statistics (min, max, mean and standard deviation) have been used to summarize the data. Correlation analysis has been conducted to examine the relationship between the independent variables such as Trust, Communication, Innovation, Job Challenges and Social Cohesion and the mediating variable Work Satisfaction as well as their associations with the dependent variable Employee Performance. Regression analysis has been performed to assess both the direct effects of the independent variables and mediating variable on employee performance. The results of the reliability tests, demographic profile, descriptive statistics and inferential statistics, including correlation and regression analyses, have been presented in the following subsections.

##### **A. Results of Reliability Test**

Reliability indicates the consistency and stability of a research instrument in measuring what it is intended to measure. In this study, Cronbach's alpha has been used to assess the internal consistency of the statements items related to TRT, CMT, INV, JCL, SCN, WSF and EMP. A Cronbach's alpha value greater than 0.7 is considered acceptable in

social science research, reflecting a satisfactory level of reliability. Cronbach's alpha values above 0.9 are excellent; 0.8–0.9 good; 0.7–0.8 acceptable; 0.6–0.7 questionable; 0.5–0.6 poor; below 0.5 unacceptable (Cronbach, 1951). Based on this scale, the reliability results for each variable in this study have been evaluated and are presented in the following table.

**Table 3**

*Reliability Test for Study Variables*

Study Variables	No. of Items	Cronbach's Alpha
TRT	4	0.601
CMT	6	0.801
INV	7	0.800
JCL	5	0.640
SCN	4	0.643
WSF	8	0.849
EMP	6	0.780

*(Source: SPSS Version 29)*

Table 3 shows that the majority of study variables have demonstrated acceptable to good internal consistency, as indicated by their Cronbach's alpha values. CMT - 0.801, INV - 0.800, WSF - 0.849 and EMP- 0.780 have surpassed the generally accepted threshold of 0.7, indicating good reliability of their measurement scales. Although TRT - 0.601, JCL - 0.640 and SCN -0.643 have alpha values below 0.7, they remain within an acceptable range for exploratory research. Overall, these results confirm that the questionnaire items are reliable and suitable for further analysis of the impact of organizational culture factors on employee performance in the airline sector.

### **B. Results of Respondents' Demographic Profile**

This section has presented the demographic profile of respondents, based on primary data collected through structured questionnaires. The demographic characteristics include gender, age category, marital status, education level, monthly income and years of work experience. Analyzing these demographics provides essential context for interpreting the study results and helps identify any patterns or differences in employee performance and work satisfaction among diverse groups within the airline sector. The respondents' demographic details are summarized in the following table.

**Table 4***Respondents' Demographic Profile*

Demographic Factors	Options	Frequency	Percentage
Gender	Male	202	50.9
	Female	195	49.1
Age Category	Under 25 years	26	6.5
	25 - 35 years	306	77.1
	36 - 45 years	57	14.4
	46 - 55 years	7	1.8
	Over 55 years	1	0.3
Marital Status	Married	118	29.7
	Unmarried	262	66.0
	Divorced/ Separated	17	4.3
Level of Education	+2 level and below	5	1.3
	Bachelor level	186	46.9
	Master level or above	206	51.9
Earnings Per Month	Below Rs. 20,000	8	2.0
	Rs. 20,000 - Rs. 40,000	110	27.7
	Above Rs. 40,000	279	70.3
Years of Work	Less than 3 years	47	11.8
Experience	3 – 6 years	190	47.9
	More than 6 years	160	40.3

(Source: Online Survey, 2025; SPSS Version 29)  $N = 397$ ; Percentage (%) = 100

Table 4 presents the demographic profile of the 397 respondents who participated in the study. The gender distribution is almost equal, with 50.9% male and 49.1% female, reflecting balanced representation from both genders.

In terms of age, the majority of respondents (77.1%) fall within the 25 – 35 years' age group, followed by 14.4% in the 36 – 45 years range. Only 6.5% are under 25 years, and a very small proportion (2.1%) are aged 46 or above. This indicates that the workforce in the airline sector is predominantly young.

Regarding marital status, 66.0% of respondents are unmarried, 29.7% are married, and 4.3% are divorced or separated. This suggests that a significant portion of the workforce may still be early in their personal and professional life stages.

Education-wise, the sample is highly qualified, with 51.9% holding a master's degree or above, and 46.9% having completed a bachelor's degree. Only 1.3% have qualifications of +2 level or below, indicating a well-educated respondent base.

In terms of monthly earnings, 70.3% of respondents earn more than Rs. 40,000, 27.7% fall within the Rs. 20,000 – 40,000 range, and only 2.0% earn below Rs. 20,000. This shows that most employees in the sector are relatively well-compensated.

With respect to work experience, 47.9% have between 3 to 6 years of experience, 40.3% have more than 6 years, and only 11.8% have less than 3 years. This indicates a workforce with considerable practical experience in the industry.

### **C. Results of Descriptive Statistics**

Descriptive statistics have been employed to analyze the questionnaire data using measures such as minimum, maximum, mean, and standard deviation. The study has included independent variables such as Trust (TRT), Communication (CMT), Innovation (INV), Job Challenges (JCL), and Social Cohesion (SCN) with Work Satisfaction (WSF) as the mediating variable and Employee Performance (EMP) as the dependent variable. Descriptive statistics for each variable have been assessed to understand the range, central tendency (mean), and variability (standard deviation) in how these dimensions of organizational culture influence work satisfaction and employee performance in the airline sector. Trust reflects the degree of confidence employees have in their organization, Communication captures the flow and clarity of information, Innovation refers to openness to new ideas and change, Job Challenges represent the stimulating aspects of work tasks, and Social Cohesion indicates the sense of teamwork and belonging. Work Satisfaction measures overall job contentment, while Employee Performance includes work quality, efficiency and goal achievement. The descriptive statistics of each variable are presented below, followed by a summary.

**Table 5***Descriptive Statistics of Trust*

Scale Items for Trust	Mean	S.D.
I know exactly what is expected of me.	3.2594	0.58231
My supervisor shows complete trust in employees' ability to perform their job well.	3.5365	0.72600
I feel to discuss problems or negative feelings with my supervisor.	3.1914	0.62250
Within reason, people in this organization can say what they want without fear of punishment.	3.3401	0.73011

(Sources: Field and Online Survey, 2025; SPSS Version 29)

Table 5 presents the descriptive statistics for trust among employees in the airline sector, highlighting their perceptions of openness, supervisory support, and role clarity. The item "My supervisor shows complete trust in employees' ability to perform their job well" received the highest mean score of 3.54 with a standard deviation of 0.73, indicating that employees generally feel confident that their supervisors believe in their capabilities. The next highest, "Within reason, people in this organization can say what they want without fear of punishment" (Mean = 3.34, SD = 0.73), suggests a moderately safe environment for open communication, although some reservations may still exist. The statement "I know exactly what is expected of me" has a mean of 3.26 (SD = 0.58), reflecting a fairly clear understanding of job responsibilities, which contributes to operational consistency and efficiency. However, the lowest rated item, "I feel to discuss problems or negative feelings with my supervisor" (Mean = 3.19, SD = 0.62), points to a potential gap in emotional openness or psychological safety when it comes to sharing personal or work-related concerns. These findings collectively suggest that while trust in supervisors and clarity in expectations are relatively strong, there remains room to improve open dialogue and emotional support, which are essential components of a trust-rich work environment.

**Table 6***Descriptive Statistics of Communication*

Scale Items for Communication	Mean	S.D.
Management here does a good job of communication with employee.	3.5869	.72866
This organization gives praise and recognition for outstanding performance.	3.7330	.79407
All in all, you can have trust and confidence in higher management in this organization.	3.4307	.81238
People who perform well receive financial rewards such as higher pay, bonuses or awards.	3.6247	.85144
There is good communications between departments in this organization.	3.5718	.84268
Around here, conflicts are resolved to the satisfaction of those concerned.	3.3350	.72203

(Sources: Field and Online Survey, 2025; SPSS Version 29)

Table 6 demonstrates descriptive statistics for communication within the airline sector organization. The highest mean score is for the item “This organization gives praise and recognition for outstanding performance” ( $M = 3.73$ ,  $SD = 0.79$ ), showing that employees generally feel appreciated for their achievements. “People who perform well receive financial rewards such as higher pay, bonuses or awards” follows with a mean of 3.62 ( $SD = 0.85$ ), indicating that financial incentives are fairly recognized as part of communication and motivation. The statement “Management here does a good job of communication with employees” has a mean of 3.59 ( $SD = 0.73$ ), reflecting a positive view of management’s communication efforts. “There is good communication between departments in this organization” scored a mean of 3.57 ( $SD = 0.84$ ), suggesting a moderate level of effective inter-departmental communication. Trust and confidence in higher management has a mean of 3.43 ( $SD = 0.81$ ), showing some trust but also room for improvement. The lowest mean of 3.34 ( $SD = 0.72$ ) appears in “Around here, conflicts are resolved to the satisfaction of those concerned,” indicating that conflict resolution is an area that could benefit from better handling. Overall, communication is viewed positively, especially regarding recognition and rewards, but improvements are needed in conflict resolution and strengthening trust in leadership.

**Table 7***Descriptive Statistics of Innovation*

Scale Items for Innovation	Mean	S.D.
We are encouraged to make suggestion for improvements in our work.	3.6524	0.73860
People in my work unit are encouraged to try new and better ways of doing this work.	3.7179	0.81402
Creativity is actively encouraged in this organization.	3.4332	0.76785
Innovators (those who come up with new ways of doing things) are the people who get rewarded in this organization.	3.4962	0.78374
Trying new ways of solving problems is encouraged here.	3.4458	0.80730
In my unit, the supervisor makes important decisions without consulting with employees.	3.3426	0.73066
People around here uphold and appreciate established ways of doing the work.	3.4887	0.75745

(Sources: Field and Online Survey, 2025; SPSS Version 29)

Table 7 outlines descriptive statistics of innovation in the organization. The highest mean is for “People in my work unit are encouraged to try new and better ways of doing this work” (M = 3.72, SD = 0.81), showing strong support for experimentation. “We are encouraged to make suggestions for improvements in our work” also scored high (M = 3.65, SD = 0.74), indicating openness to employee input. “Creativity is actively encouraged” scored moderately (M = 3.43, SD = 0.77), suggesting some encouragement for creative efforts. “Innovators are rewarded” has a mean of 3.50 (SD = 0.78), reflecting recognition with room for improvement. “Trying new ways of solving problems is encouraged” (M = 3.45, SD = 0.81) also indicates moderate support. The lower mean of 3.34 (SD = 0.73) for “Supervisors make decisions without consulting employees” suggests some top-down decision-making. Lastly, “People uphold established ways of working” scored 3.49 (SD = 0.76), indicating a mix of tradition and innovation. Overall, innovation is encouraged, but employee involvement in decisions and rewarding innovators can improve.

**Table 8***Descriptive Statistics of Job Challenges*

Scale Items for Job Challenges	Mean	S.D.
The job requires me to use a number of complex or high-level skills.	3.4836	0.66123
I have new and interesting things to do in my work.	3.4232	0.77019
My work challenges me.	3.2141	0.59204
The job requires me to do many different things at work, using a variety of skills and talents.	3.4181	0.69010
The job is quite challenge.	3.2217	0.60406

(Sources: Field and Online Survey, 2025; SPSS Version 29)

Table 8 shows a comprehensive overview of the descriptive statistics related to job challenges as perceived by employees in the organization. The statement “The job requires me to use a number of complex or high-level skills” received the highest mean score of 3.48 with a standard deviation of 0.66, indicating that most employees consider their roles intellectually demanding and involving advanced competencies. This suggests the presence of tasks that require critical thinking, technical expertise, or decision-making under complexity. The item “I have new and interesting things to do in my work” scored a mean of 3.42 (SD = 0.77), highlighting that employees generally perceive their work as dynamic and engaging, which is essential for maintaining interest and motivation. A similar mean score of 3.42 (SD = 0.69) for “The job requires me to do many different things at work, using a variety of skills and talents” reinforces the perception of diversity in job roles, implying that employees are expected to be multi-skilled and adaptable. However, the statements “My work challenges me” and “The job is quite challenging” received comparatively lower mean scores of 3.21 (SD = 0.59) and 3.22 (SD = 0.60), respectively, suggesting that while employees recognize a degree of difficulty in their work, it may not be perceived as particularly strenuous or excessively demanding. This moderate level of challenge could be seen as beneficial, as it may prevent burnout while still promoting growth and development. Collectively, these findings imply that the job environment fosters skill utilization, variety, and engagement, while maintaining a manageable level of challenge that supports employee satisfaction and performance.

**Table 9***Descriptive Statistics of Social Cohesion*

Scale Items for Social Cohesion	Mean	S.D.
People in my work unit enjoy their coworkers.	3.6499	0.68963
Coworkers in my work unit are like a family.	3.5819	0.79549
Solutions exist here between coworkers.	3.2846	0.71215
I trust my coworkers to do what is in the best interests of the organization.	3.4307	0.71659

(Sources: Field and Online Survey, 2025; SPSS Version 29)

Table 9 provides a detailed overview of the descriptive statistics related to social cohesion among employees within their work units. The statement “People in my work unit enjoy their coworkers” received the highest mean score of 3.65 with a standard deviation of 0.69, indicating that employees generally have positive and enjoyable relationships with their colleagues, fostering a pleasant social atmosphere at work. Similarly, the item “Coworkers in my work unit are like a family” scored a mean of 3.58 and a standard deviation of 0.80, reflecting a strong sense of camaraderie and close-knit bonds among coworkers, which suggests that many employees feel a personal connection and emotional support within their teams. The level of trust employees have in their coworkers, measured by the statement “I trust my coworkers to do what is in the best interests of the organization,” shows a moderate mean of 3.43 with a standard deviation of 0.72, suggesting that while there is a reasonable amount of trust, there remains room to enhance mutual confidence and reliability among team members. The lowest mean score of 3.28 (SD = 0.71) for “Solutions exist here between coworkers” indicates that collaborative problem-solving and conflict resolution occur but are not as strongly perceived, highlighting a potential area where teamwork and communication could be further developed. Overall, these findings suggest that employees experience a generally supportive, familial, and cooperative work environment, yet strengthening trust and improving conflict resolution mechanisms could enhance social cohesion, ultimately leading to better collaboration, morale, and organizational effectiveness.

**Table 10***Descriptive Statistics of Work Satisfaction*

Scale Items for Work Satisfaction	Mean	S.D.
There is a balance between work quality and social quality of life.	3.6700	0.78781
There is a feeling of pride working in this company.	3.5642	0.81590
I feel motivated to continue working actively and optimally.	3.4207	0.78617
Organization and elements of the organization inspire me and those around me.	3.5214	0.76388
There is satisfaction in working with colleagues and teams in this organization.	3.5239	0.81808
All of our suggestions and complaints as employees are listened to and considered by the company.	3.4181	0.74296
Management shows enthusiasm for the employee's career.	3.5088	0.76081
There are strict rules that make employees must comply with the regulations.	3.4383	0.77807

(Sources: Field and Online Survey, 2025; SPSS Version 29)

Table 10 shows descriptive statistics of work satisfaction with eight items. Respondents agreed most on “There is a balance between work quality and social quality of life” (Mean = 3.67, SD = 0.79), indicating good work-life balance. “There is a feeling of pride working in this company” (Mean = 3.56, SD = 0.82) reflects strong employee pride. Motivation is moderate with “I feel motivated to continue working actively and optimally” (Mean = 3.42, SD = 0.79). Inspiration from the organization is shown in “Organization and elements of the organization inspire me and those around me” (Mean = 3.52, SD = 0.76). Satisfaction with teamwork is noted in “There is satisfaction in working with colleagues and teams in this organization” (Mean = 3.52, SD = 0.82). Openness to feedback appears moderate: “All of our suggestions and complaints as employees are listened to and considered by the company” (Mean = 3.42, SD = 0.74). Career support is positive with “Management shows enthusiasm for the employee's career” (Mean = 3.51, SD = 0.76). Compliance is reflected in “There are strict rules that make employees must comply with the regulations” (Mean = 3.44, SD = 0.78). Overall, work satisfaction is positive with particular strengths in work-life balance and pride.

**Table 11***Descriptive Statistics of Employee Performance*

Scale Items for Employee Performance	Mean	S.D.
There is a professional system reward so that all forms of assessment are carried and transparently.	3.6423	0.80593
The company continues to increase rewards and bonuses for employees who have achieved company targets.	3.6222	0.83383
Training and Development motivates employees to work optimally.	3.4987	0.74408
Plenty of absenteeism and absenteeism during this time.	3.2594	0.66340
The goal given by the company is always achieved or even exceeds.	3.4912	0.75415
An increase in the value of assets and good corporate investment is reflected through the results of the company financial statements that profit.	3.5441	0.82950

(Sources: Field and Online Survey, 2025; SPSS Version 29)

Table 11 presents descriptive statistics of employee performance based on six scale items. The highest-rated statement is “There is a professional system reward so that all forms of assessment are carried and transparently,” with a mean of 3.64 and SD of 0.81, indicating employees perceive the reward system as fair and transparent. “The company continues to increase rewards and bonuses for employees who have achieved company targets” follows closely with a mean of 3.62 (SD = 0.83), reflecting recognition of employee achievements. “Training and Development motivates employees to work optimally” has a mean of 3.50 (SD = 0.74), showing moderate motivation through learning opportunities. The statement “Plenty of absenteeism and absenteeism during this time” scored lower with a mean of 3.26 (SD = 0.66), suggesting some concerns about attendance. “The goal given by the company is always achieved or even exceeds” has a mean of 3.49 (SD = 0.75), indicating general achievement of targets. Lastly, “An increase in the value of assets and good corporate investment is reflected through the results of the company financial statements that profit” scored mean 3.54 (SD = 0.83), suggesting positive financial performance is recognized. Overall, the data indicate that employee performance is viewed positively, with strong systems for rewards and motivation but some attention needed on absenteeism.

**Table 12***Summary of Descriptive Statistics*

Study Variables	N	Min	Max	Mean	S.D.
TRT	397	2.00	5.00	3.3319	0.42220
CMT	397	2.17	5.00	3.5469	0.56187
INV	397	2.43	5.00	3.5114	0.52057
JCL	397	2.40	5.00	3.3521	0.39546
SCN	397	2.50	5.00	3.4868	0.50688
WSF	397	1.50	3.13	2.1854	0.32584
EMP	397	2.50	5.00	3.5092	0.53464

(Sources: SPSS Version 29)

Table 12 summarizes the descriptive statistics for all key study variables: Trust (TRT), Commitment (CMT), Innovation (INV), Job Challenge (JCL), Social Cohesion (SCN), Work Satisfaction (WSF), and Employee Performance (EMP), based on responses from 397 participants. All variables were measured using a 5-point Likert scale, with higher mean values indicating stronger agreement. The highest mean is recorded for Commitment (CMT) at 3.55 (SD = 0.56), suggesting a strong emotional and organizational attachment among employees. Innovation (INV) and Employee Performance (EMP) also show high means of 3.51 (SD = 0.52) and 3.51 (SD = 0.53) respectively, indicating that employees feel their work is innovative and they are performing well. Social Cohesion (SCN) also reports a relatively high mean of 3.49 (SD = 0.51), reflecting positive interpersonal relationships and teamwork within the organization. Trust (TRT) and Job Challenge (JCL) show moderate agreement with means of 3.33 (SD = 0.42) and 3.35 (SD = 0.40), suggesting that while these elements are present, there is room for improvement in building deeper trust and increasing task complexity or variety. Notably, Work Satisfaction (WSF) has the lowest mean score of 2.19 (SD = 0.33), indicating a comparatively lower perception of satisfaction among employees regarding their work experience. Overall, the descriptive results reveal a generally favorable outlook on commitment, innovation, employee performance, and cohesion, while pointing to trust, job challenge, and especially work satisfaction as areas for potential organizational development.

## D. Results of Inferential Statistics

In the context of the current study, inferential statistics have been employed including both correlation and regression analyses. The correlation analysis examines the relationships between TRT, CMT, INV, JCL, SCN and WSF with EMP. Regression analysis further explores the extent to which these factors influence employee performance. By assessing significant relationships and predictive effects, this analysis provides insight into how organization environmental factor contribute to employee performance. The detailed results from these inferential analyses are presented in the sections below.

### Correlation Analysis

Correlation analysis has been used to measure the relationships between TRT, CMT, INV, JCL, SCN and WSF with EMP. This statistical technique identifies whether these workplace factors are positively or negatively associated with organizational outcomes. The results of these correlations are presented in the table below.

**Table 13**

*Karl Pearson's Correlation Analysis Between Study Variables*

Variables	TRT	CMT	INV	JCL	SCN	WSF	EMP
TRT	1						
CMT	0.658**	1					
INV	0.630**	0.833**	1				
JCL	0.588**	0.621**	0.682**	1			
SCN	0.633**	0.770**	0.776**	0.711**	1		
WSF	0.630**	0.780**	0.780**	0.630**	0.771**	1	
EMP	0.619**	0.794**	0.788**	0.627**	0.769**	0.946**	1

\*\* . Correlation is significant at the 0.01 level (2-tailed).

(Source: SPSS Version 29)

Table 13 presents the results of Karl Pearson's correlation analysis between employee performance (EMP) and the key study variables: trust (TRT), commitment (CMT), innovation (INV), job challenge (JCL), social cohesion (SCN) and work satisfaction (WSF). The correlation between TRT and EMP is strong and positive ( $r = 0.619$ ), indicating that higher levels of trust are associated with better employee performance. The relationship between CMT and EMP also reveals a strong positive correlation ( $r =$

0.794), suggesting that increased commitment among employees correlates with improved performance. Likewise, INV and EMP show a strong positive correlation ( $r = 0.788$ ), meaning that employee innovation is positively related to performance. The correlation between JCL and EMP is strong and positive ( $r = 0.627$ ), reflecting that more challenging job roles are linked to higher levels of employee performance. A strong positive correlation is also observed between SCN and EMP ( $r = 0.769$ ), implying that better social cohesion within the workplace enhances performance. Most notably, WSF and EMP demonstrate a very strong positive correlation ( $r = 0.946$ ), showing that higher work satisfaction is closely tied to better employee performance. All correlations are statistically significant at the 0.01 level (2-tailed), confirming the strength and reliability of these associations.

### Regression Analysis

Regression analysis has been used to assess the influence of key components of organizational culture namely Trust (TRT), Commitment (CMT), Innovation (INV), Job challenges (JCL), Social Cohesion (SCN) and Work Satisfaction (WSF) on Employee Performance (EMP). The analysis includes a model summary, ANOVA, and regression coefficients to examine the strength and significance of these relationships. The results from the regression analysis are presented in the following tables.

**Table 14**

#### *Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.951	0.905	0.903	0.16631

a. Predictors: (Constant), TRT, CMT, INV, JCL, SCN, WSF

*(Source: SPSS Version 29)*

Table 14 highlights the model summary of this study, showing an R-square value of 0.905. This indicates that approximately 90.5% of the variation in the Employee Performance (EMP) is explained by the predictors including Trust (TRT), Commitment (CMT), Innovation (INV), Job challenges (JCL), Social Cohesion (SCN) and Work Satisfaction (WSF). The remaining 9.5% of the variance is attributed to other factors not included in the model.

**Table 15***Analysis of Variance (ANOVA)*

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	102.406	6	17.068	617.055	0.000
	Residual	10.787	390	0.028		
	Total	113.193	396			

a. Dependent variable: EMP

b. Predictors: (Constant), TRT, CMT, INV, JCL, SCN, WSF

*(Source: SPSS Version 29)*

Table 15 represents the analysis of variance for the regression model. The significance value (Sig.) of the regression model is 0.000 which is less than the 5% significance level (0.05). This indicates the model is statistically significant, showing that TRT, CMT, INV, JCL, SCN and WSF collectively significant impact on EMP.

**Table 16***Coefficients of Regression Model for Dependent Variable EMP*

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Sd. error	Beta		
	TRT	-0.016	0.028	-0.013	-0.571	0.568
	CMT	0.095	0.030	0.100	3.132	0.002
	INV	0.058	0.033	0.057	1.752	0.081
	JCL	0.004	0.032	0.003	0.113	0.910
	SCN	0.037	0.032	0.036	1.186	0.236
	WSF	1.317	0.047	0.802	27.797	0.000

a. Dependent variable: EMP

*(Source: SPSS Version 29)*

$$\text{EMP} = -0.001 - 0.016\text{TRT} + 0.095\text{CMT} + 0.058\text{INV} + 0.004\text{JCL} + 0.037\text{SCN} + 1.317\text{WSF} + \varepsilon$$

Table 16 presents the regression coefficients for Employee Performance (EMP) as the dependent variable with TRT, CMT, INV, JCL, SCN and WSF as predictors. Trust (TRT) has an unstandardized coefficient (B) of -0.016 with a p-value of 0.568 which is

greater than the 0.05 significance level, indicating that TRT does not have a statistically significant effect on employee performance. Commitment (CMT) has an unstandardized coefficient (B) of 0.095 with a p-value of 0.002 which is less than 0.05; therefore, CMT has a statistically significant positive effect on employee performance at the 0.05 level. Innovation (INV) has an unstandardized coefficient (B) of 0.058 with a p-value of 0.081, which is above 0.05; hence, INV's positive effect is not statistically significant. Job Challenge (JCL) has an unstandardized coefficient (B) of 0.004 with a p-value of 0.910, well above 0.05; thus, JCL does not significantly affect employee performance. Satisfaction (SCN) has an unstandardized coefficient (B) of 0.037 with a p-value of 0.236, greater than 0.05, indicating no statistically significant effect. Work Satisfaction (WSF) has an unstandardized coefficient (B) of 1.317 with a p-value of 0.000, which is well below 0.05; this confirms that WSF has a very strong and statistically significant positive effect on employee performance. In conclusion, Work Satisfaction (WSF) has the highest positive impact on employee performance with a standardized Beta of 0.802, indicating a very strong effect, whereas Trust (TRT) has the lowest impact with a negative standardized Beta of -0.013, showing no significant influence on employee performance.

## **4.2 Discussion**

This research has investigated the impact of organizational culture on employees' performance, with the mediating role of work satisfaction in the airline sector, by collecting primary data through structured online questionnaires from 397 respondents. Reliability tests have confirmed the consistency of all variables. The demographic profile of the respondents has shown a nearly equal gender distribution, a predominantly young workforce aged 25–35 years, mostly unmarried, highly educated with over half holding master's degrees, well-compensated with the majority earning above Rs. 40,000, and experienced with most having over three years of work in the airline sector. To analyze the data, both descriptive and inferential statistics have been employed. Descriptive statistics have assessed the current status of organizational culture and related variables, correlation analysis has examined the relationships between Trust (TRT), Commitment (CMT), Innovation (INV), Job Challenge (JCL), Satisfaction (SCN) and Work Satisfaction (WSF) with Employee Performance (EMP) and regression analysis has evaluated the impact of these predictors on EMP in the airline sector in Nepal.

The descriptive analysis has revealed that among the variables, Commitment (CMT) holds the highest mean of 3.55 (SD = 0.56), followed closely by Innovation (INV) at 3.51 (SD = 0.52) and Employee Performance (EMP) at 3.51 (SD = 0.53), indicating strong emotional attachment, innovative efforts, and high performance among employees. Social Cohesion (SCN) has also shown a relatively high mean of 3.49 (SD = 0.51), reflecting positive interpersonal relationships within the organization. In contrast, Trust (TRT) and Job Challenge (JCL) have demonstrated moderate means of 3.33 (SD = 0.42) and 3.35 (SD = 0.40), suggesting moderate perceptions of reliability and task complexity. Notably, Work Satisfaction (WSF) has reported the lowest mean at 2.19 (SD = 0.33), highlighting it as a key area of concern requiring organizational attention.

The correlation analysis has supported these findings by revealing statistically significant and strong positive relationships (at the 0.01 level, 2-tailed) between all predictors including Trust (TRT), Commitment (CMT), Innovation (INV), Job Challenge (JCL), Social Cohesion (SCN), and Work Satisfaction (WSF) with Employee Performance (EMP). Among them, WSF has exhibited a very strong correlation with EMP ( $r = 0.946$ ), underscoring its pivotal role in driving performance. Other variables such as CMT ( $r = 0.794$ ), INV ( $r = 0.788$ ), SCN ( $r = 0.769$ ), JCL ( $r = 0.627$ ), and TRT ( $r = 0.619$ ) have also shown strong correlations, confirming that higher levels of organizational culture components are associated with greater employee performance.

Building on these associations, the regression analysis has identified Work Satisfaction (WSF) as the most influential and statistically significant predictor of Employee Performance (EMP) ( $B = 1.317$ ,  $p = 0.000$ ), followed by Commitment (CMT), which has also had a significant positive impact ( $B = 0.095$ ,  $p = 0.002$ ). However, the effects of Trust (TRT) ( $B = -0.016$ ,  $p = 0.568$ ), Innovation (INV) ( $B = 0.058$ ,  $p = 0.081$ ), Job Challenge (JCL) ( $B = 0.004$ ,  $p = 0.910$ ), and Social Cohesion (SCN) ( $B = 0.037$ ,  $p = 0.236$ ) have not reached statistical significance. These results suggest that although several cultural elements correlate positively with performance, only WSF and CMT have had a direct and significant impact on enhancing employee performance in the airline sector context.

In correlation Results, Trust (TRT) has a strong but non-significant correlation with Employee Performance (EMP), aligning with Rojak et al. (2024), not Shahidi et al. (2024); Social Exchange Theory (Blau, 1964) cites limited reciprocity in airlines. Communication (CMT) shows a strong, significant correlation with EMP, matching Dirwan et al. (2024) and Saebah and Merthayasa (2024), but not Imran et al. (2022); Organizational Culture Theory (Schein, 1980s) highlights CMT's cultural role. Innovation (INV) has a positive, non-significant correlation, consistent with Fidyah and Setiawati (2020), not Akpa et al. (2021); CVF (Quinn & Rohrbaugh, 1983) notes hierarchical culture dominance. Job Challenges (JCL) show a strong, non-significant correlation, aligning with Saluy et al. (2022), not Turyadi et al. (2023); JD-R Theory (Demerouti et al., 2001) points to high demands. Social Cohesion (SCN) has a positive, non-significant correlation, matching Virgiawan et al. (2021), not Rizaie et al. (2023); CVF suggests limited clan culture impact. Work Satisfaction (WSF) shows a very strong, significant correlation, consistent with Dirwan et al. (2024) and Fidyah and Setiawati (2020), not Shahidi et al. (2024); Herzberg's Two-Factor Theory (Herzberg, 1959) supports its mediating role.

In Regression Analysis, Work Satisfaction (WSF) significantly affects Employee Performance (EMP), aligning with Dirwan et al. (2024) and Fidyah and Setiawati (2020), but contrasting Shahidi et al. (2024), with Herzberg's Two-Factor Theory and Social Exchange Theory explaining its role via motivators and reciprocity. Commitment significantly impacts EMP, consistent with Saebah and Merthayasa (2024) and Dirwan et al. (2024), but not Imran et al. (2022), supported by Social Exchange Theory and Organizational Culture Theory for shared values. Trust (TRT) has no significant effect on EMP, aligning with Shahidi et al. (2024) and contrasting Rojak et al. (2024), due to limited reciprocity per Social Exchange Theory. Innovation (INV) lacks significance, consistent with Shahidi et al. (2024) and contrasting Akpa et al. (2021), as CVF suggests a non-adhocracy culture. Job Challenges (JCL) show no significant effect, aligning with Shahidi et al. (2024) and contrasting Saluy et al. (2022), with JD-R Theory noting high demands. Social Cohesion (SCN) is non-significant, consistent with Shahidi et al. (2024) and contrasting Rizaie et al. (2023), as CVF indicates limited clan culture impact.

## **CHAPTER V**

### **SUMMARY AND CONCLUSION**

The purpose of this chapter to present an overview of the study in the summarized form along with major findings and the conclusion of the study. Accordingly, it has been organized in three sections:

#### **5.1 Summary**

The main objective of this study is to investigate the impact of organizational culture on employees' performance in the Nepalese airline sector, with work satisfaction as a mediating factor. Specifically, it aims to assess the status of key factors including trust, communication, innovation, job challenges, social cohesion and work satisfaction and examine their relationships and effects on employee performance. To achieve these objectives, the study has employed a descriptive and causal-comparative research design. The population consists of all employees in the Kathmandu Valley airline sector. Using Cochran's (1977) formula, a sample size of 384 was determined, but 397 responses were collected and used for analysis. Purposive sampling has been employed. Primary data have been collected through a structured questionnaire distributed via Google Forms on various online platforms during 2025. Reliability tests have been confirmed for all variables. The demographic profile of respondents shows a nearly equal gender distribution, a predominantly young, mostly unmarried, highly educated, well-compensated, and experienced workforce. Furthermore, descriptive statistics and inferential analyses, including correlation and regression, have been used to analyze the collected data.

The descriptive analysis has revealed that Commitment, Innovation, and Employee Performance have emerged as the most prominent factors, indicating strong emotional attachment, innovative efforts, and high employee output. Social Cohesion has also shown a positive presence within the organization, reflecting good interpersonal relationships. In contrast, Trust and Job Challenge have been perceived at moderate levels, while Work Satisfaction has appeared notably lower, highlighting an area requiring organizational focus.

Correlation analysis has confirmed strong and significant positive relationships between all key predictors such as Trust, Commitment, Innovation, Job Challenge, Social Cohesion, and Work Satisfaction with Employee Performance. Work Satisfaction has stood out with the strongest association, emphasizing its critical role in driving performance. These findings have suggested that higher levels of organizational culture components have generally been linked to better employee performance.

Regression analysis has identified Work Satisfaction and Commitment as the only significant predictors directly influencing Employee Performance. While other factors such as Trust, Innovation, Job Challenge, and Social Cohesion have shown positive associations, their effects have not reached statistical significance. This has implied that enhancing work satisfaction and commitment has been the most effective approach for improving employee performance in the studied context.

## **5.2 Conclusion**

The first objective of the study is to assess the situation of trust, communication, innovation, job challenges, social cohesion, work satisfaction and employee performance in Nepalese airline sector, which has been fulfilled through descriptive analysis. The findings have concluded that employees have generally exhibited strong emotional attachment, innovative efforts, and high performance. Positive interpersonal relationships have also been evident, while moderate perceptions of reliability and task complexity have been reported. Work satisfaction has been identified as a key area requiring organizational attention due to its relatively lower level.

The second objective of the study is to examine the relationship between trust, communication, innovation, job challenges, social cohesion and work satisfaction with employee performance. This objective has been addressed through correlation analysis. The results have revealed statistically significant positive relationships between all variables and employee performance. Work satisfaction has shown the strongest correlation, indicating its pivotal role in driving performance. Other variables such as commitment, innovation, social cohesion, job challenges, and trust have also demonstrated strong positive associations, confirming that higher levels of these organizational culture components are linked with better employee performance.

The third objective of the study is to analyze the impact of trust, communication, innovation, job challenges, social cohesion and work satisfaction on employee performance. This has been addressed through regression analysis, which has revealed that work satisfaction and commitment have had statistically significant positive impacts on employee performance, with work satisfaction being the most influential factor. Trust, innovation, job challenges, and social cohesion have shown positive but statistically insignificant effects. These results suggest that while various cultural elements are positively related to employee performance, focusing on enhancing work satisfaction and commitment should be prioritized in the Nepalese airline sector to improve overall employee performance.

### **5.3 Implications**

The research may have a number of implications for policymakers, practitioners, and the academic community. These are reported below as recommendations and areas for future research.

#### **For Policymakers**

The study highlights the vital role of work satisfaction and commitment in improving employee performance. Policymakers should promote regulations that encourage employee-focused workplace environments, emphasizing engagement and well-being. Although trust, innovation, and social cohesion have indirect effects, policies supporting these areas will help create a more comprehensive organizational culture. Regular employee satisfaction assessments should be institutionalized to identify and address workplace challenges effectively.

#### **For Practitioners and Airline Management**

Management should prioritize enhancing work satisfaction and commitment through recognition programs, career development, and fair rewards, as these have the strongest impact on performance. While trust, innovation, and social cohesion showed positive but non-significant effects, fostering these factors can improve workplace climate. Addressing job challenges with clear role definitions, training, and support will further enhance employee experience and outcomes.

**For the Academic Community**

This study adds to the understanding of organizational culture in Nepal's airline sector, but further research is needed to validate findings across other sectors and regions. Future studies should use longitudinal or mixed methods to explore causal links and include variables like leadership style or psychological empowerment. Qualitative research can provide deeper insight into employee perceptions, and comparative studies may identify sector-specific cultural influences.

**Scope for Future Research**

The study's focus on Kathmandu Valley limits generalizability, so future research should explore other regions to capture broader cultural differences. Investigating additional cultural factors such as leadership and work-life balance could offer a more complete picture. Research might also examine other employee outcomes like turnover and well-being. External influences like economic changes and technology should be considered, and intervention-based studies testing strategies to improve work satisfaction and commitment would be valuable.

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# APPENDIX

## Questionnaire

Dear Respondent,

I am Kopila Gurung, an MBS student at Shanker Dev Campus, Putalisadak, Kathmandu. As part of my research project, I am conducting a survey on “Organizational Culture and Employee Performance in Airline Sector.” The information collected will be used solely for academic purposes and strict confidentiality is assured. You are kindly requested to fill out the following questionnaire to help me gather the necessary information. Thank you for your cooperation.

### Section A: Demographic Information

#### 1. Gender

- a) Male
- b) Female

#### 2. Age Category

- a) Under 25 years
- b) 25 – 35 years
- c) 36 – 45 years
- d) 46 – 55 years
- e) Over 55 years

#### 3. Marital Status

- a) Married
- b) Unmarried
- c) Divorced

#### 4. Level of Education

- a) +2 and below
- b) Bachelor level
- c) Master level and above

### 5. Earning Per Month

- a) Below Rs. 20,000
- a) Rs. 20,000 – Rs. 40,000
- b) Above Rs. 40,000

### 6. Years of Work Experience

- a) Less than 3 years
- b) 3 – 6 years
- c) More than 6 years

### Section B: Statements for Study Variable

Following are the statements for the variables in the study on the “Organizational Culture and Employee Performance in Airline Sector.” The variables include Trust, Communication, Innovation, Job Challenges, Social Cohesion, Work Satisfaction, and Employee Performance. Please indicate your level of agreement or disagreement with each statement. Responses will be measured on a five-point Likert scale, defined as follows:

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
5	4	3	2	1

(Source: Likert, 1932)

### Trust

Code	Statements	Ratings				
		5	4	3	2	1
TRT1	I know exactly what is expected of me.					
TRT2	My supervisor shows complete trust in employees’ ability to perform their job well.					
TRT3	I feel to discuss problems or negative feelings with my supervisor.					
TRT4	Within reason, people in this organization can say what they want without fear of punishment.					

## Communication

Code	Statements	Ratings				
		5	4	3	2	1
CMT1	Management here does a good job of communication with employee.					
CMT2	This organization gives praise and recognition for outstanding performance.					
CMT3	All in all, you can have trust and confidence in higher management in this organization.					
CMT4	People who perform well receive financial rewards such as higher pay, bonuses or awards.					
CMT5	There is good communications between departments in this organization.					
CMT6	Around here, conflicts are resolved to the satisfaction of those concerned.					

## Innovation

Code	Statements	Ratings				
		5	4	3	2	1
INV1	We are encouraged to make suggestion for improvements in our work.					
INV2	People in my work unit are encouraged to try new and better ways of doing this work.					
INV3	Creativity is actively encouraged in this organization.					
INV4	Innovators (those who come up with new ways of doing things) are the people who get rewarded in this organization.					
INV5	Trying new ways of solving problems is encouraged here.					
INV6	In my unit, the supervisor makes important decisions without consulting with employees.					
INV7	People around here uphold and appreciate established ways of doing the work.					

### Job Challenges

Code	Statements	Ratings				
		5	4	3	2	1
JCL1	The job requires me to use a number of complex or high-level skills.					
JCL2	I have new and interesting things to do in my work.					
JCL3	My work challenges me.					
JCL4	The job requires me to do many different things at work, using a variety of skills and talents.					
JCL5	The job is quite challenge.					

### Social Cohesion

Code	Statements	Ratings				
		5	4	3	2	1
SCN1	People in my work unit enjoy their coworkers.					
SCN2	Coworkers in my work unit are like a family.					
SCN3	Solutions exist here between coworkers.					
SCN4	I trust my coworkers to do what is in the best interests of the organization.					

### Work Satisfaction

Code	Statements	Ratings				
		5	4	3	2	1
WSF1	There is a balance between work quality and social quality of life.					
WSF2	There is a feeling of pride working in this company.					
WSF3	I feel motivated to continue working actively and optimally.					
WSF4	Organization and elements of the organization inspire me and those around me.					
WSF4	There is satisfaction in working with colleagues and teams in this organization.					
WSF6	All of our suggestions and complaints as employees are listened to and considered by the company.					
WSF7	Management shows enthusiasm for the employee's career.					
WSF8	There are strict rules that make employees must comply with the regulations.					

## Employee Performance

Code	Statements	Ratings				
		5	4	3	2	1
EMP1	There is a professional system reward so that all forms of assessment are carried and transparently.					
EMP2	The company continues to increase rewards and bonuses for employees who have achieved company targets.					
EMP3	Training and Development motivates employees to work optimally.					
EMP4	Plenty of absenteeism and absenteeism during this time.					
EMP5	The goal given by the company is always achieved or even exceeds.					
EMP6	An increase in the value of assets and good corporate investment is reflected through the results of the company financial statements that profit.					

Thank you for your participation!

PAPER NAME

**ORGANIZATIONAL CULTURE AND EMPLOYEE PERFORMANCE: JOB SATISFACTION AS MEDIATOR IN AIRLINE SECTOR**

AUTHOR

**Kopila Gurung**

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