

**THE RELATIONSHIP BETWEEN PERCEIVED
ORGANIZATIONAL CHANGE,
ORGANIZATIONAL LEARNING, REWARD
SYSTEM AND WORK PERFORMANCE AMONG
AIRLINES EMPLOYEES IN MALAYSIA**



DEAN NELSON MOJLOU

UMS
UNIVERSITI MALAYSIA SABAH

**FACULTY OF BUSINESS, ECONOMY AND
ACCOUNTANCY
UNIVERSITI MALAYSIA SABAH
2023**

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DEAN NELSON MOJLOU



**THIS IS SUBMITTED IN FULFILMENT OF THE
REQUIREMENTS FOR THE DEGREE OF
DOCTOR OF PHILOSOPHY**

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I hereby declare that the material in this thesis is my own except for quotation, equations, summaries, and references which have been duly acknowledged.

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ABSTRACT

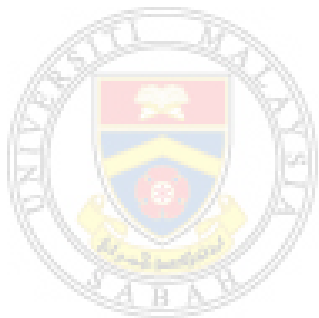
The airline industry in Malaysia is one of the industries with the most extensive financial contributions to the country. The operating income generated by the airline company is RM777.3 million, and the net income was RM40.1 million in 2018. Lately, several challenges and problems have occurred in airlines company, including the increasing consumer complaints reported by MAVCOM (2018) and the effect of Covid-19 that spread worldwide in early 2020, which slowed down the airlines' operation in Malaysia. The quality of this industry is determined by employee productivity and influenced by many factors which can lead to organizational performance. Therefore, the current study examines the relationship between the five factors of organizational change: people, technology, structure, task and organizational culture, and organizational learning. The study also examines the mediating effect of organizational learning between organizational change and work performance and the moderating effect of the reward system on the relationship between organizational learning and work performance. Structural Equation Modelling (SEM) and the Statistical Package for the Social Sciences Version 26 analyzed data collected from the sampling among 194 airline employees in Malaysia. Purposive sampling was employed to collect the data, and a survey questionnaire, including an online survey. The result shows that people, structure, and organizational culture significantly impact organizational learning. In addition, the result also provides evidence that organizational learning has a significant relationship with work performance among employees in the Airline industry of Malaysia. Besides that, the result revealed that organizational learning, such as people, structure, and organizational culture, significantly mediates the relationship between organizational learning and work performance. Meanwhile, regarding the moderating effect of the reward system, the reward system does not significantly moderate the relationship between organizational learning and work performance. Therefore, organizational change, such as people, structure, and organizational culture, was expected to positively impact organizational learning and work performance in the airline industry of Malaysia. The fundamental findings of this study have contributed to the body of knowledge within the context of the airline industry and the employees who work in this industry. Practically, this will help organizations improve their ability to alter and learn to improve their performance. A greater grasp of organizational transformation factors, including people, technology, structure, task, and organizational culture, would also help the organization. The outcome must serve as a baseline or set of principles for future organizational learning strategies. Moreover, future research can expand and continue exploring Malaysia's airline industry using other variables and frameworks. This study concludes that organizational change and learning are important in improving work performance in the Malaysian Airline Industry.

ABSTRAK

KAJIAN MENGENAI PERSEPSI DALAM PERUBAHAN ORGANISASI, PEMBELAJARAN ORGANISASI, PRESTASI KERJA DAN SISTEM GANJARAN: DALAM KES INDUSTRI PENERBANGAN DI MALAYSIA

Industri penerbangan Malaysia adalah satu daripada penyumbang kewangan terbesar kepada negara. Industri ini boleh memberi pengaruh kepada pasaran pengangkutan secara global. Pendapatan operasi yang dijana oleh syarikat penerbangan ialah RM777.3 juta dan pendapatan bersih RM40.1 juta pada tahun 2018. Sejak kebelakangan ini, terdapat beberapa cabaran dan masalah yang berlaku dalam syarikat penerbangan yang semakin meningkat daripada aduan pengguna seperti yang dilaporkan oleh MAVCOM (2018) dan kesan Covid-19 yang merebak ke seluruh dunia pada awal tahun 2020 yang melambatkan operasi syarikat penerbangan di Malaysia. Kualiti industri ini ditentukan oleh produktiviti pekerja dan akan dipengaruhi oleh banyak pembolehubah yang boleh membawa kepada prestasi organisasi. Oleh itu, kajian ini bertujuan untuk mengkaji hubungan antara lima faktor dalam perubahan organisasi seperti pekerja, teknologi, struktur, tugas dan budaya organisasi dengan prestasi kerja. Penyelidik juga mengkaji kesan pengantara pembelajaran organisasi dan menilai kesan sistem ganjaran sebagai moderator dalam hubungan antara pembelajaran organisasi dan prestasi kerja. Pemodelan Persamaan Struktur (SEM) digunakan untuk menganalisis data yang telah diambil dari persampelan antara 194 pekerja syarikat penerbangan di Malaysia. Penyelidik telah menggunakan pensampelan purposif dalam mengumpul data dan menggunakan borang soal selidik tinjauan termasuk kaji selidik dalam talian. Keputusan kajian menunjukkan bahawa pekerja, struktur, dan budaya organisasi mempunyai hubungan positif yang signifikan terhadap pembelajaran organisasi. Selain itu, keputusan tersebut juga memberikan bukti bahawa pembelajaran organisasi mempunyai hubungan positif yang signifikan dengan prestasi kerja. Selain itu, hasil kajian menunjukkan bahawa pembelajaran organisasi, seperti pekerja, struktur, dan budaya organisasi, terbukti menjadi pengantara secara signifikan antara perubahan dalam organisasi dan prestasi kerja. Sementara itu, dari segi kesan moderasi, sistem ganjaran, kajian ini mendedahkan bahawa sistem ganjaran tidak memoderasi secara signifikan hubungan antara pembelajaran organisasi dan prestasi kerja. Oleh itu, secara keseluruhannya, perubahan organisasi seperti pekerja, struktur dan budaya organisasi dijangka memberi kesan positif kepada pembelajaran organisasi dan prestasi kerja dalam Industri Penerbangan Malaysia. Penemuan asas kajian ini telah menyumbang kepada badan pengetahuan dalam konteks industri penerbangan dan pekerja yang bekerja dalam industri ini. Secara praktikal, ia akan membantu organisasi meningkatkan keupayaan mereka untuk mengubah dan belajar

untuk meningkatkan prestasi mereka. Ia juga akan membantu organisasi dalam memahami dengan lebih baik dimensi perubahan organisasi seperti pekerja, teknologi, struktur, tugas dan budaya organisasi. Hasilnya akan berfungsi sebagai garis dasar atau prinsip untuk strategi pembelajaran organisasi masa hadapan. Selain itu, penyelidik pada masa depan boleh mengembangkan dan meneruskan penerokaan industri penerbangan di Malaysia dengan menggunakan pembolehubah lain dan rangka kerja yang berbeza. Kajian dapat merumuskan bahawa perubahan organisasi dan pembelajaran organisasi memainkan peranan penting dalam meningkatkan prestasi kerja dalam Industri Penerbangan Malaysia.



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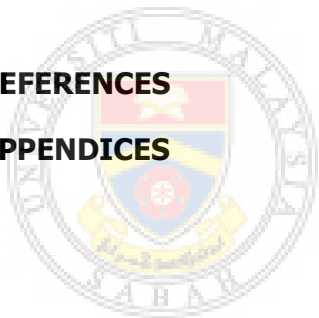
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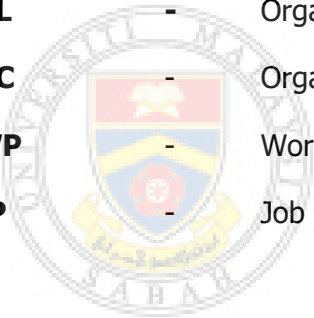
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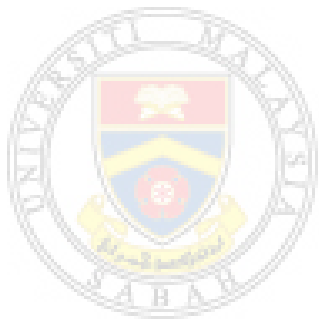
IATA	-	International Air Transport Association
MAVCOM	-	Malaysia Aviation Commissioner
MAHB	-	Malaysia Airlines Holdings Berhad
MOT	-	Ministry of Transportation
PLS	-	Partial Least Squares
RBV	-	Resource-Based View
SEM	-	Structural Equation Model
UAE	-	United Arab Emirates
UK	-	United Kingdom
OL	-	Organizational Learning
OC	-	Organizational Change
WP	-	Work Performance
JP	-	Job Performance



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CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter discusses the study's background, issue, problem statement, research gap, research objectives, research questions, the significance and scope of the study, variables definition, and thesis organization. The background of the study includes an explanation of the overall purpose, impact, and key variables of the study, followed by discussion on issues affecting the airline industry in Malaysia. The problem statement and research gap are described to emphasize the research purpose. The research objectives and questions of this study are stated. Next, the significance of the study is discussed, including its importance to organizations, employees, and academic institutions. The definitions of the variables are briefly explained, as well as important terms used in this study.

1.2 Background of the Study

Organizations nowadays cannot avoid change that happens in every sphere of life to achieve their goal and be successful. The constant change affects many organizations, creating new strategies and policies to survive and compete within the global business world and improve organizational performance. However, there are also many challenges and intense competition (Adeniji, Adeyeye, Iyiola, Olokundun, Borishade, Falola & Salau, 2018). Based on the survey conducted by Ebonkeng (2018) in the SOPINA in the country of Cameroon found that 100% of the respondents agree that the management is facing some challenges in their job activity, customers

complaining of delays in getting service and driving the management to implement such changes by introducing new technologies, and well-defined job description to help with the challenges.

Thus, employee performance is vital for success in any organization, especially in the Airline industry. Even though this industry has many challenges, various strategies, and systems may be developed to tackle this modern era's challenges. An organization's success can most often be attributed to internal and external parameters, each playing varying roles and contributing significantly to the overall success (Ebonkeng, 2018). She further stated that an organization should achieve a competitive advantage; more emphasis must be placed on the personnel in the organization as this constitutes the tangible assets of every organization that has a significant and immense role to play in the achievement of overall organizational success.

Conversely, technology usage, especially in management, was frequently changing due to the rapid development of technology based on research and innovation programs. The Malaysia Aviation Sector (FY09) has three different segments: Malaysia Airlines, AirAsia Berhad, and Firefly. According to the Malaysia Industry Research (2012), airline companies in Malaysia and airports are enhancing their technological infrastructure with new and improved aircraft, navigation systems, security systems, and equipment. For instance, Malaysia Technology Sendirian Berhad upgraded the baggage handling system at Malaysia Airport to improve efficiency.

Moreover, organizational and technological change are the most crucial elements that every management should not take for granted. It becomes an important element when the organization faces an increase in competitors and technology. According to Petkova (2015), companies face tough competition and must cope with challenging market conditions. The study's main purpose is to examine the relationship between organizational change and organizational learning among employees and the mediating role of organizational learning in the relationship between organizational change and work performance. Besides, the

study adapted Leavitt's (1965) and Burke-Litwin's (1992) model of organizational change. Thus, the model selects five variables: people, technology, structure, task, and organizational culture.

Organizational change is a growing area of importance for modern organizations to strategically develop and effectively manage the organizational process, representing a crucial achievement for competitive companies (Gomes, 2009). Burke and Litwin (1992) claim that this paradigm actually specifies a variable within organizations as opposed to driving factors. Leavitt (1965) states that a significant shift could begin in any four components. Due to its size, all components will need time to adapt, which could lead to major modifications.

The change will always occur in an organization, and the rate of change is accelerated (Karanja, 2015). It needs effort from the employee and leader to render the change happen within their organization to make them successful. Karanja (2015) further stated that a successful change must involve top management, including the board and chief executive, because an agent of change should translate the vision and carry out the plan. The majority of businesses today undergo change, and many of these changes are driven by both internal and external environmental influences.

Organizational change does not occur in a vacuum; if nothing changes or disturbs organizational life, the change will be gradual and sometimes unintentional. (Senior & Fleming, 2006). Since managing change is difficult, organizational change is crucial for any firm. When a company refers to managing change, it means making the changes systematic and planned. According to Ndahiro, Shukla, and Oduor (2015), change management techniques benefit business performance by contributing significantly to organizational skills, which is a great boost for fostering further innovation.

Hargreaves *et al.* (2014) mentioned that successful leaders with entrepreneurial instincts are more innovative and managed to build "*social capital*" to improve the fortunes of an organization and sustain that improvement. Therefore, leaders with a clear vision, high inspiration, creativity, and innovation will perform as

expected (Ros Intan Safinas Munir *et al.*, 2012). The elements of the mentioned implication involve people, technology, structure, task, and organizational culture.

One of the important elements in this study is the reward system. This element moderates the relationship between variables, especially organizational learning and work performance. A reward system is a set of principles for administering incentives, including techniques for giving monetary and non-monetary awards and procedures for determining the relative size of jobs and rating individual achievement (Chepkwony, 2014). Furthermore, the reward system is concerned with formulating and implementing strategies and policies that reward people fairly and consistently following the organization's values (Chepkwony, 2014). Intrinsic reward is one of the types in the reward system that any organization should not overlook. Achievement, autonomy, the range of application and development of skills, training, career development possibilities, and high-quality leadership are just a few examples of intrinsic rewards that do not include cash incentives and frequently result from the work itself (Chepkwony, 2014).

The Malaysian Airline industry was selected as the context of the study because it is a significant industry contributing to Malaysia's economic growth. It includes airlines company such as Malaysia Airlines Berhad, AirAsia Berhad, Firefly, and Malindo Air. Malaysia has the fourth largest air passenger traffic in South and Southeast Asia, after China, India, and Indonesia. According to the Ministry of Transportation Portal (2019), Malaysia has a modern and fully equipped domestic and international airport network. The airports in Malaysia have world-class facilities and airports capacities that can accommodate additional passengers and operations of airlines either locally or abroad.

The Ministry of Transportation's portal (2019) stated that Malaysia has six (6) international airports, 16 domestic airports, and 18 airport aerodromes (short take-off landing ports-STOL ports) to accommodate the passenger demand and sustain various aircraft types. Recently, Malaysia Air Passenger traffic in Malaysia has seen slight moderation with 6.5% growth and required the airline industry to ramp up as significant players parallel with the growth that could reach 8.6% (MAVCOM, 2018).