

INTI INTERNATIONAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

“A STUDY ON THE FACTORS INFLUENCING EMPLOYEE BEHAVIORS ON ORGANIZATION PERFORMANCE IN MALAYSIA’S AIRLINE INDUSTRY”

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Chapter 1

1.0 Introduction

"In an industry like ours, where there are no production lines, people are our most important asset and everything depends on how they work as part of a team. This means that, to get the best results, managers have to care about how they (the employees) live and function, not just about how they work and produce (Sir Colin Marshall, ex-chairman British Airways, quoted in the Financial Times, 1984)".

Today we live in the time of extensive change, wide in scope and dizzying in speed. Beyond the geopolitics of this era, the major force following this extensive transformation is the changing globalization and new technological tsunami brought by human creativity & innovation that shrouds our planet, epitomized by the digital revolution known as network economy (Smith, G.P. 2002).

In other words, today's Airline companies operate in a demanding environment. Competition is intensifying with globalization and the deepening of the Global Single Market, the pace of technological change is fast and consumers are increasingly demanding. Success in this environment requires a sustained effort by those who work, manage and invest in business to offer consumers value for-money goods and services. The tools for success are innovation, investment, good business practices, a skilled and motivated workforce and an ability to draw on a flexible and fair labor market (Hewitt, 2002).

One way for organizations to become more innovative is to capitalize on their employees' ability to innovate. As Katz, (1964) puts it: "an organization that depends solely upon its blueprints of prescribed behavior is a very fragile social system". Work has become more knowledge-based and less rigidly defined. In this context, employees can help to improve business performance through their ability to generate ideas and use these as building blocks for new and better products, services and work processes. Many practitioners and academics now endorse the

view that individual innovation helps to attain organizational success (Van de Ven, 1986; Amabile, 1988; Axtell et al., 2000; Smith, 2002; Unsworth and Parker, 2003). In order to realize a continuous flow of innovations, employees need to be both willing and able to innovate. Individual innovation is central to several well-known management principles, including total quality management (McLoughlin and Harris, 1997; Ehigie and Akpan, 2004), continuous improvement schemes (Boer and Gieskes, 1998), Kaizen (Imai, 1986), corporate venturing (Elfring, 2003), and organizational learning (Senge, 1990).

Finally, we can note that the chapter is designed to provide the reader with supportive ideas and insight into the research as a whole. It mentions key objectives of the research and the problem statement in which is the base of this study, considering that the world is in the midst of a transition from industrial age to technological age, which is variously heralded as the network economy (Hope & Hope, 2003).

1.1 Background of the Study

The background of the research, the scope of study, and significance of the research is not left out leading to the main objective of this study. To have foundation knowledge on the topic the researcher equipped himself by reading various journals and books on issues related to Factors influencing employee behaviors on organization performance in Malaysia's Airline industry.

The reason behind it is that the global airline industry has been affected tremendously by competitive pressures that have been drove by sustained drivers towards liberalization and sectoral deregulation as well as with concurrent polarization of possession, with big organizations and progressively more big alliances working alongside as either a host of new firms or as a low-cost (Ehigie, B.O. and Akpan, R.C. 2004).

In this research, I will portray how an organization performance is being influenced by employee behavior through their attitude, culture, motivation, communication skills and leadership style. As Malaysia is in a digital swarm era, the dialogue with customers is more important than ever. Airlines are in a battle for market share, and in some cases, survival. The global recession and the weakening demand for air travel in key economies, particularly in the US, make this the most difficult of downturns for the airline industry (Ehigie, B.O. and Akpan, R.C. 2004).

In today's business environment, customers will choose the carrier that provides the best overall value. Influence in the airline industry means constructing communities around the product, the service and the experiences that lead to a strong, trusted relationship. Elfring, T. (2003).

As we know, organization performance and productivity depends on its employee's ability to stimulate growth and development through effectively utilizing their attitude, culture, motivation, skills and leadership styles to examine how well they will achieve organization performance. In this paper, I will be focusing on the two major players of the airline industry in Malaysia as; Malaysian Airline (MAS) and Air Asia. However these two players will constitute my units of analysis in terms of survey and questionnaires as population sample (Hope & Hope, 2003).

1.1.1 Background of the Airlines under survey

1.1.2 Air Asia

Asia's leading airline was established with the dream of making flying possible for everyone. Since 2001, Air Asia has swiftly broken travel norms around the globe and has risen to become the world's best. With a route network that spans through more than 20 countries, Air Asia continues to pave the way for low-cost aviation through our innovative solutions, efficient processes and a passionate approach to business. Together with our associate companies, Air Asia X, Thai Air Asia and

Indonesia Air Asia, Air Asia is set to take low-cost flying to an all new high with our believe, "Now Everyone Can Fly".

In the year 2010 the fleet of Air Asia contained 97 aircrafts Asia and had won an award as the best low-cost airline worldwide. Air Asia therefore does not serve complimentary services inflight but they do offer drinks and snacks for sell in the craft. Economy and Premium Promo are the only classes that are offered by Air Asia (Air Asia, 2010).

In the past, domestic air routes were limited to only few players; such as the Malaysian Airlines, later on Air Asia was set up by Dato' Tony Fernandes in 2001. Being a Malaysian low cost airline grounded in Kuala Lumpur. The schedule operated by Air Asia is both domestically and international. In December 2001, Fernandes and his partners set up Tune Air Sdn Bhd (Tune Air), an airline holding company then bought over Air Asia which has already been widely and well accepted in scores of countries.

Now, Air Asia has become one of the most successful airlines in not only the Southeast Asian region but the world and the pioneer of low cost and no frills travel in Malaysia (Raze, 2008). The airline now flies to over 40 destinations in Malaysia, Thailand, Indonesia, Macau, China, Philippines, Cambodia, Vietnam and Myanmar. Starting from 2 aircraft till now Air Asia owns 28 and has carried more than 223 millions guest through its low fares travel (Air Asia, 2008).

Air Asia is one of the businesses that have successfully adopted cost leadership through operational effectiveness and efficiency. The cost advantages have enabled Air Asia to become the Asia's leading low fare airline. Established on 12 December 2001, Air Asia has been such a big phenomenon in airline industry especially in Asia. The airline (Air Asia) is using a simple but strong slogan "Now Everyone Can Fly" (Charles kho, et al. 2005).

The Airline's philosophy is very clear: before a business can grow, it needs to have its costs under control. It must be cost-efficient and profitable, and it must create value. Costs that do not add value must be contained, reduced and even be eliminated. We have been asked by various people, "How much lower can your cost reduce? You're already the lowest in the world!" Cost-efficiency, low complexity and profitability are always the cornerstones of building a strong business. While a strong foundation does not guarantee a solid house, it is the only basis upon which to build. To the consumer, a strong Air Asia brand is a sign of dependability and leadership, giving added confidence and assurance. Air Asia will not just be number one in size; it will be number one in the minds of consumers. This is the passion of Air Asia; we will never lose sight and passion of being the best (Air Asia web site, 2010).

1.1.3 Malaysian Airline (MAS)

Malaysia Airlines had its humble beginning in the golden age of travel. A joint initiative of the Ocean Steamship Company of Liverpool, the Straits Steamship of Singapore and Imperial Airways led to a proposal to the government of the Colonial Straits Settlement to run an air service between Penang and Singapore. The result was the incorporation of Malayan Airways Limited (MAL) on 12 October 1937. On 2 April 1947, MAL took to the skies with its first commercial flight as the national airline. Fuelled by a young and dynamic team of visionaries, the domestic carrier turned into an international airline in less than a decade (Company website, 2010).

With the formation of Malaysia in 1963, the airline changed its name to Malaysian Airlines Limited and soon after, Borneo Airways was incorporated into MAL. Within 20 years, MAL grew from a single aircraft operator into a company with 2,400 employees and a fleet operator using the then latest Comet IV jet aircraft, 6 F27s, 8 DCs and 2 Pioneers. In 1965, with the separation of Singapore from Malaysia, MAL became a bi-national airline and was renamed Malaysia-Singapore Airlines (MSA). A new logo was introduced and the airline grew exponentially with new

services to Perth, Taipei, Rome and London. However, in 1973, the partners went separate ways; Malaysia introduced Malaysian Airline Limited, which was subsequently renamed Malaysian Airline System, or simply known as Malaysia Airlines. Today, Malaysia Airlines flies nearly 50,000 passengers daily to some 100 destinations worldwide (MAS, 2010).

The airline holds a lengthy record of service and best practices excellence, having received more than 100 awards in the last 10 years. The most notable ones include being the first airline with the "World's Best Cabin Crew" by Skytrax UK consecutively from 2001 until 2004, "5-star Airline" in 2005 and 2006, as well as No.1 for "Economy Class Onboard Excellence 2006" – also by Skytrax UK (MAS, 2010).

Through a radical programme of business transformation, Malaysia Airlines went from record losses in 2005 to record profits in 2007, and was recently awarded the 2008 'Phoenix Award' by Air Transport World magazine – having already won the Centre of Asia Pacific Aviation's 'Airline Turnaround of the Year' award in 2006. As one of Asia's largest carriers, Malaysia Airlines carried more than 14 million passengers to over 100 destinations across six continents in 2009 (Company website, 2010).

1.1.4 Differences between Air Asia and Malaysian Airlines

Air Asia Berhad is a low-cost airline based in Kuala Lumpur, Malaysia. It operates scheduled domestic and international flights and is Asia's largest low fare, no frills airline. Air Asia pioneered low cost travelling in Asia. It is also the first airline in the region to implement fully ticketless travel and unassigned seats. Its main base is the Low Cost Carrier Terminal (LCCT) at Kuala Lumpur International Airport (KUL). Its affiliate airlines Thai Air Asia and Indonesia Air Asia fly from Suvarnabhumi Airport, Thailand and Soekarno-Hatta International Airport, Indonesia, respectively (Mazrifu F., 2008).

The history of Air Asia is that of transformation from loss making regional operators to profitable low cost airlines. Perhaps this is not surprising, given that Air Asia is managed by Conor McCarthy, an ex-Ryanair director. Besides attracting passengers from buses and ferries, both carriers have experienced a large proportion of first time flyers, largely attracted by the low fares on offer (ATI, June 2004).

One of the most striking features of aviation industry in the beginning of this century was the availability for consumers of a new concept of flying. LCCs open a totally new product: no frills, no food, no drinks, no spacious seats, no travel agencies bookings, but a very low price (Barbot, 2004). This "low-cost revolution" has then forced the traditional network full-services carriers to respond this phenomenon progressively. Therefore, the competition between LCCs and full-services carriers has become a significant issue of widespread interest regarding the airlines industry (Doganis, 2001).

Malaysia Airlines (Malay: Syarikat Penerbangan Malaysia) on the other hand is the flag carrier of Malaysia. Malaysia Airlines operates flights from its home base, Kuala Lumpur International Airport, and its secondary hub in Kota Kinabalu. Despite a financial restructuring exercise in 2006, Malaysia Airlines maintains a strong presence in Southeast Asia, East Asia, South Asia, Middle East and on the Kangaroo Route between Europe and Australasia. Malaysia Airlines also operates transatlantic flights from Kuala Lumpur to Newark, via Stockholm, and transpacific flights from Kuala Lumpur to Los Angeles, via Taipei. In 1997, the airline flew the world's longest non-commercial, non-stop flight from Boeing Field in Seattle to Kuala Lumpur, flying eastward passing the European and African continents and breaking the Great Circle Distance Without Landing record for an airliner on a Boeing 777-200ER; this record is now held by the Boeing 777-200LR (Mazrifu F., 2008).

1.2 Problem statement

As discussed above, this research is basically trying to recognize the factors affecting employee behaviors on organization performance in Malaysia's Airline industry. Findings of this research will provide an insight to the management of Airlines in Malaysia to improve on their strategies towards enhancing employee welfare.

The airline industry has a long history of developing and applying optimization approaches to their myriad of scheduling problems, including designing flight schedules that maximize profitability while satisfying rules related to aircraft maintenance; generating cost-minimizing, feasible work schedules for pilots and flight attendants; and identifying implementable, low cost changes to aircraft and crew schedules as disruptions render the planned schedule inoperable. The complexities associated with these problems are immense, including long and short-term planning horizons; and multiple resources including aircraft, crews, and passengers, all operating over shared airspace and airport capacity. Optimization approaches have played an important role in overcoming this complexity and providing effective aircraft and crew schedules (Ware, 2002).

However Kuala Lumpur International Airport (KLIA) in Malaysia is available to both full service airlines as well as the low cost as many people fly to numerous destinations on these flights. However it is noted that leisure travelers traveling with the low cost are different from those of full service airlines (Gheorghe and Firoiu, 2005). Thus, though travelers might choose the same destination but may be having different requirements and satisfaction on the Airline that they board. Therefore the factor affecting the choice of flying for these two customers may differ. Therefore it is very important to detect the similarities and differences in factors that influence the choice of flying by those travelling for leisure or business and their decision on whether to take a low cost airline or a full service airline based on the organization performance and productivity.

However, the outcome of this study will help the ^{air}Airline companies to utilize their human resource (employee's) capabilities to enhance and stimulate organizational performance to capture and gain greater market share within the industry. Looking at the intense competition between the full service airlines and the low cost airlines, achieving competitive advantage becomes imperative.

Also the result of this research will benefit the passengers and tourism operators domestically to work with airlines of different kinds so as to position their choice towards the dealing with the best airline in terms of efficiency, reliability and performance. All these can only be achieved through having vibrant employee's who are loyal, devoted and committed to doing their jobs in the right way and at the right time. As such, it is the behaviors of employee's that determine the organization performance and productivity of not just the airline industry, but any other organization in existence.

1.3 Research Question

Research questions are mainly used to recognize the area in which the researcher will use to examine in this study. Three research questions were obtained, which are:

- How can we recognize the similarities among the factors affecting employee behaviors on organization performance in Malaysia's Airline industry?
- What are the differences in the factors influencing employee behaviors on organization performance throughout the airline industry in Malaysia?
- What are the most influential factor affecting employee behaviors on organization performance in Malaysia's Airline industry?

1.4 Research Objectives

This research should fulfill three objectives based on the research questions above which are as follows:

- To examine the similarities in the factors influencing employee behaviors on organization performance in Malaysia's Airline industry.
- To determine the differences in the factors influencing employee behaviors on organization performance throughout the airline industry in Malaysia.
- To determine the most significant factors affecting employee behaviors on organization performance in Malaysia's Airline industry.

1.5 Significance of the study

Objectives in line with questions.

The research done on employee behaviors in Malaysia's airline industry is limited. However earlier researches are more focused on factors that influence employee behaviors and performance in organizations generally. Due to the increasingly intense competition in the airline industry in Malaysia, the researcher found it worthy to attempt an effective and crucial analysis to help business men, domestic & international tourist, Airline companies and the Malaysian government to govern the competitive edge of the air travels and the flying routes in order to endure a great value for the industry.

However, this study also shows how it will benefit and who will benefit from its outcomes;

- ✓ The study will enable Malaysian government to create innovative policies and programs guiding Airlines activities within the country.
- ✓ This study will enable the Airline companies to improve on their present state of operations so as to stimulate steady growth and development for the industry at large.

- ✓ It will help improve on employee performance as a win-win situation for both employees and their employers in terms of improving on efficiency and productivity.
- ✓ The study will create a stable and perfect competitive environment to enable customers a variety of choices to fly to various destinations across the world.
- ✓ This study will create and foster unity among competitors within the Airline industry, through maintaining cordial relationship between companies as they are in to the business with common interest of making profit.

1.6 Scope / Limitations of the study

The basic idea of this research is to examine factors influencing employee behaviours on organization performance in Malaysia's Airline industry. This will enable us identify and analyse employee behaviours in the Airline industry in terms of their attitudes, culture, motivation, skills and leadership styles towards adopting and sustaining organizations competitive advantage. Therefore in relation to the information the answer to the research questions were found and therefore the study will use questionnaires, interview and data from organizational websites and industry such as Malaysia's Ministry of Aviation and other government sectors directly involved with the Airlines industry in Malaysia.

This study is also limited to Malaysian Market only as it focuses on Malaysia's Airline industry looking at the factors influencing employee behaviours in the Airline companies.

1.7 Chapter Outline

- **Chapter 1 Introduction:** This chapter provides the reader with background information of the study. Background of study, problems, research questions, research objectives, nature of the study and significance as well

as the limitations of the problem that will be faced by the researcher are clearly stated in the chapter.

- **Chapter 2 Literature Review:** This chapter explores past relevant literatures. It basically deals with pertinent literature on the factors influencing employee behaviors on organization performance in Malaysia's Airline industry. This section concludes with an overview on how employee behaviors stimulate organizational performance to reach productivity.
- **Chapter 3 Methodology and Data Collection:** This chapter focuses on the research design that will be used to conduct this research. It further discloses the ways used in analyzing data that will be collected through primary and secondary form, also limitations of the methods used and how the data will be collected.
- **Chapter 4 Data analysis and findings:** This chapter outlines results of data analysis, provides discussion of research findings and builds bridges between objectives, findings and relevant literature. The result section summarizes the analysis of the data and present findings of the study with respect to the hypothesis and research questions.
- **Chapter 5 Conclusion and Recommendation:** Conclusions and recommendations are provided in this chapter together with discussions on the contribution of the study to the body of knowledge. This chapter concludes the research and documents the implications of the study with recommendations for future research.

1.8 Chapter Summary

Finally, this chapter delivers all the necessary basic knowledge about the airline industry in Malaysia and some general ideas and information's about the study. Background of study, problems, research questions, research objectives, significance and nature of research as well as the scope and limitations that the researcher might face are detailed in this part.

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Chapter 2

2.0 Literature reviews

Direct competition between full service airlines and low cost carriers is intensifying across the world. American and European full service airlines have lost a significant proportion of their passengers to low cost carriers, the experience now being repeated in the domestic markets of Asia, Malaysia in particular (Williams, G., 2001).

British Airways' Chief Executive Bob Ayling was recently asked what he would do to change the airline industry where he is given the power to do so. His answer went along these lines: "It is flattering to be asked the question, but my main ambition is to survive until tomorrow". In saying this, Mr. Ayling was echoing the thoughts of thousands of people in the airline industry, from top executives to baggage handlers (Woolsey J., 1997).

The pressure created from this kind of competition can be positive. The rush of adrenaline which is induced often helps to find creative solutions to problems, and it frequently leads to great achievements. But, such pressure also carries danger. It can lead to rushed decision making, corner cutting and low quality work, none of which can be tolerated in a business like air travel where safety is crucial. Also, corporate pressure to cut costs and boost performance makes managers and staff look inward, rather than focusing on customers (Woolsey J., 1997).

There are signs that the rush to structure and achieve profitability is leaving behind the core component of any business - the customer. Some of the procedures being adopted by air lines in their rush to survive are not necessarily in the interest of their customers (Woolsey J., 1997).

Many airlines are being forced into radical restructuring. Robert Crandall, Chairman of American airlines, recently described the airline industry as "one of the most

miserable businesses in the world". Throughout the industry, airlines are being squeezed because costs are rising faster than yields (Festa, 1997, p.40).

Airlines are facing an intensely competitive market place, which is creating a two-tier industry. On one level are low- cost carriers, such as South west airlines and ValuJet which offer little on board services and can undercut the fares of large airlines. The second tier consists of established carriers such as United Airlines, American Airlines and Delta Airlines which are seeking to attract the high- yield, high- margin fares of business and first class passengers (Festa, 1997).

2.1 Challenges faced by airline industry

The greatest challenges for the airlines are managing its employees, how managers treat employees and the service they provide to customers. Labor issues are major and complex considerations. Issues such as employee behavior in terms of; attitude, culture, motivation, communication skills and leadership style must be addressed in order to ensure organization performance within the airline industry (Festa, 1997).

2.1.1 Attitude

Organizational researchers frequently measure attitudes through employee self-reports when evaluating the effects of organizational interventions (e.g., training programs) or practices (e.g., employee benefits) on employees. But studies show that self-reported attitude measures may be influenced by personality and mood dispositions of the respondent (Brief et al., 1988; Cacioppo & Berntson, 1994; Payne, 1988; Watson, 1988; Watson & Clark, 1997). In particular, one stable and general disposition, Negative Affectivity (NA) has been found to influence self reported measures of stress, health, and job satisfaction (Engle & Lord, 1997; George, 1991; chaubroeck, Judge & Taylor, 1998). The construct NA as defined and studied by Watson and Clark (1984) is a mood-dispositional dimension that reflects pervasive individual differences in negative emotionality and self-concept.

High-NA individuals tend to accentuate the negatives in most situations and are more likely to experience distress than low-NA individuals. Thus observed relationships between self-reported scores on stress and strain may be a manifestation of a single underlying NA construct, as was found by Brief et al. (1988) in a study involving managers and professionals.

citation
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There is now growing evidence that a positive analog to NA, called Positive Affectivity (PA) might also exist in individuals (Russell & Carroll, 1999). Positive Affectivity is strongly associated with trait measures extraversion and well-being (Costa & McCrae, 1980), and includes temperamental characteristics conducive to joy, excitement, and other states of positive feelings. At present, it is not clear whether NA and PA reflect two ends of a single bipolar dimension, or whether they reflect two independent unipolar dimensions. Some researchers assume that positive and negative affect are the opposite of each other (Cuthbert, Bradley & Lang, 1996; Feldman, 1995; Reisenzein, 1994; Russell & Carroll, 1999; Russell, Weiss, & Mendelsohn, 1989). Others assume that positive and negative affect are independent (Mayer & Gaschke, 1988; Morris, 1989; Tellegen, 1985, Watson & Clark, 1997; Watson, Clark, & Tellegen, 1988). The National Advisory Mental Health Council (1995) also advocates this view, indicating that "while one would ordinarily think that positive and negative emotions are opposites, apparently this is not the case . . . This finding is one of the most interesting results of emotion research" (p. 839).

Therefore, a general recommendation for researchers is that they take note of this dual nature characterizing affective responses when measuring employee attitudes (cf. Brief & Roberson, 1989; Burke & Perlman, 1988; Watson et al., 1986). For example, high-NA employees are likely to express dissatisfaction with their workplace despite actual improvement in the working conditions, whereas high-PA employees are likely to exaggerate their satisfaction.

2.1.2 Culture

The term "culture" refers broadly to a relatively stable set of beliefs, values and behaviors commonly held by a society. Although it is derived from social anthropology as a framework for understanding "primitive" societies (Kotter and Heskett, 1992), the concept of culture has recently been widely used in the context of organizations.

In particular, "corporate" or "organizational culture" was used to explain the economic successes of Malaysians over Indonesian firms, through the development of a highly motivated workforce, committed to a common set of core values, beliefs and assumptions (Denison, 1984; Furnham and Gunter, 1993). While it has been suggested that culture accounts for the economic performance of various countries (Hofstede, 1980; Hofstede and Bond, 1988), the idea of corporate culture also serves to provide a basis for understanding the differences that may exist between successful companies operating in the same national culture (Schein, 1990). Peters and Waterman (1982), for example, held that successful organizations possess certain cultural traits of "excellence". Ouchi (1981) presented a similar relationship between corporate culture and increased productivity, while Deal and Kennedy (1982) argued for the importance of a "strong" culture in contributing towards successful organizational performance.

Despite the claims for a link between culture and organizational performance, few studies appear to have actually examined the existence as well as the nature of this relationship. In this study, the relationship between organizational culture and performance is examined. In order to do this, approaches used to study organizational culture will be presented as a basis for examining existing empirical research on the relationship between culture and performance.

Groups develop and exist in organizations and are as important a factor to consider, with respect to helping the organization achieve its objectives, as the individual employee. Teams have a major influence on individuals in terms of their

satisfaction and performance. It benefits the manager, the individual and the organization to have properly functioning groups with goals in positive correlation with the organizations.

In 1989 KLM (Royal Dutch Air lines) Cargo was experiencing various financial difficulties. It had been losing money for several years and, despite a \$12 million investment in facilities, had been unable to reach profitability. The operation ran continuously, but work patterns were such that employees did not work with the same colleagues or supervisors for more than three or four consecutive shifts. There was an implicit "do not care" attitude, and the staff did not feel as part of the organization and had no goal to work towards. The management had heard about the Japanese concept of team working and visited Nissan to see it in action.

The crucial part of the whole process was selecting the composition of the teams. To do this effectively a working party of staff, employee representatives and management was set up. Eventually, teams were formed. Each team had its own performance targets to aim at, and the team leaders reported on the teams' achievements at a monthly meeting with production management.

Team working helped KLM Cargo achieve a 22 percent increase in productivity and 30 percent decrease in over time (Eaton, 1996). This example demonstrates the importance of teams and their impact on organizations culture.

2.1.3 Motivation

Motivation is central to the study of organizational performance. From management's point of view, motivation is concerned with getting things done in the managerial interest of the organization (Eaton, 1996).

...in an airline this involves rules that tell people what to do and what not to do. It includes verbal and written instructions, temporary and standing orders. It includes

teaching people to do what is right and even persuading them by precept and incentive; it includes inspiring them by tradition and example (Barry, 1965).

Motivation is the internal drive to satisfy an unsatisfied need. The level of an individual's motivation is a critical factor in performance. There wards available to meet employee needs are both intrinsic and extrinsic.

One way to stimulate employees' motivation is by pushing the decision making process down to the employees and getting them involved. One example is South west airlines which does not have a rigid corporate hierarchy, job specialization and in flexible work rules. The employees are asked to get involved in day- to- day decisions and are concerned with getting the job done regardless of whose "official" responsibility it is. This gives employees the motivation and flexibility to help each other when needed. As a result, the whole operation becomes more adaptive (Eaton, 1996).

South west has learned that when employees are trusted to apply common sense and ingenuity to a problem, they come up with far better solutions than the company could have managed. They can quickly respond to customers' demands and can direct their energies toward seizing unique market opportunities when time is critical (Freiberg, 1996).

This demonstrates that people become motivated, act responsibly and do more than expected when they are given the freedom to think on their own.

2.1.4 Communication Skills

Communication is the transfer of information from one communicator to another. The process includes a sender, a receiver and a method of transmitting the message in the most effective way. For communication to be effective, the message must be similarly understood by both sender and receiver (Capelli, 1995). Access to information is essential in the operation of any airline. Poor

communication creates complexity and the organization becomes sluggish while employees sort things out. Access to information also means access to key people. The role of executives and managers in the corporate office is to organize employees and to serve others. This means giving people the tools and information they need to do their jobs quickly and efficiently (Capelli, 1995).

With easy access to key people, employees develop the confidence to make decisions, an important factor in the ability of any airline to change direction quickly to address the challenges of an industry that is constantly shifting (Capelli, 1995). Trans World Air lines (TWA) recognizes their commitment to communicate with employees. Carl Icahn, the former Chief Executive Officer of TWA stated:

"There can never have been an industry in which information passes so quickly, most of it in accurate. The only way to ensure that everybody is on board is to make sure that correct and timely information is shared, even if the more cautious might want to with hold it to avoid aiding competitors, or to prevent embarrassment or for whatever other reasons seem relevant. The usual panoply of activities - road shows, news groups, letters, 800 numbers, employee news papers and the like, all have a role. No news letter can replace the daily impact of personal contact between the management of the company and those on the line. Communication with the union leaders is a singularly important ingredient of this process, so that there are no surprises in what management is saying" (Capelli, 1995, p.228).

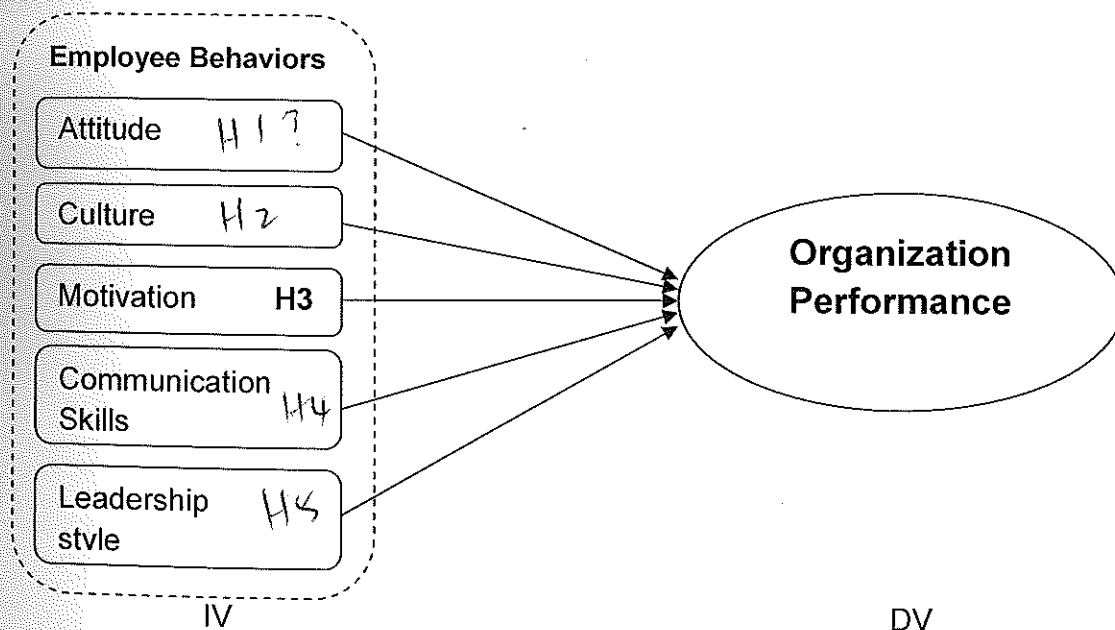
2.1.5 Leadership Style

Organizations accomplish their mission and achieve their goals through the efforts of employees. As a resource, employees must be managed to achieve efficiency and effectiveness in the performance of their tasks. More important, they must be influenced to achieve the objectives considered most important to the organization (Ott, 1995). Leadership is the process of making choices about how to treat people in order to influence them and then translating those choices into actions. It is not a way of getting employees to do what, the executives want to do.

It is getting people to want to do what the executives or the leaders want them to do because they share the same purpose, vision and values (Ott, 1995). Herb Kelleher, the Chairman of South west airlines states: "Leadership is not determined by position or title to any extent, shape or form. Our people have determined not to regard title or position as especially important because they would not be as free to make things happen". Leadership is based on mutual influence. Leaders both shape and are shaped. Leadership is inherently oriented toward servant hood (Freiberg, 1996, p.303).

At South west airlines, leaders raise people to higher levels of motivation by showing them how their individual contributions are linked to the major purposes of the organization performance. This is done by acknowledging peoples' contributions by celebrations, stories in the company news letter and by verbal appreciations.

2.2 Research Model / Framework



Adapted from: Michael N. O. (2002), Lim, L. (2002), Zhou, L. (2004) and Goleman D., (1996).

2.2.1 Research Hypothesis model

The hypothesis model formulated displays the relationship between Organization performances as dependent variable with Attitude, Culture, Motivation, Communication skills and Leadership style as independent variables which hinders Organization performances in Malaysia's airline industry has been clearly highlighted.

2.3 Chapter Summary

This part of the study discover past literatures with relevance to the topic which is factors influencing employee behaviors on organization performance in Malaysia's Airline industry and finally concluded with an outline on how employee behaviors stimulate organizational performance to reach productivity.

Acceptable
research into
relevant
literature
Able to make
inferences.

Chapter 3

3.0 Research Design and Methodology

Presented in this chapter is the research methodology of which is inclusive of the type of research, approach, strategy used, population as well as sampling size and method. It is also in this chapter that data collection method, variables and measurement, procedure of entering data and data analysis is done.

3.1 Research Design

Qualitative research and quantitative research are the two research designs that can be used by researchers to collect data. Qualitative research is utilized to explore a complete and detailed description of subjects that is hard to quantify (Miles, and Huberman, 1994). Qualitative researchers may only understand generally before what they are looking for (Miles, and Huberman, 1994). The data of qualitative research is the form of words, pictures or objects (Miles, and Huberman, 1994). Generally, the methods of collecting data include participant observation and in-depth interview which are expensive research and there is a need to spend a lot of time on collecting data (Miles, and Huberman, 1994).

Quantitative research is used to clarify features, count them, and build up statistical models to explain what is observed (Miles, and Huberman, 1994). Quantitative researchers definitely know what they are looking for before they start the research (Miles, and Huberman, 1994). The data of quantitative research is numbers and statistics which are collected by the methods of questionnaires or equipments (Miles, and Huberman, 1994). Quantitative research is more efficient than qualitative research since the results are able to be used to test hypothesis (Miles, and Huberman, 1994).

Therefore the key objective for this research is to be able to identify the factors that influence employee behaviors on organization performance in Malaysia's airline

industry. Thus the five key factors brought forward and a questionnaire is used to quantify the results. However the research design formulated in relation to the strategy used the research is considered to be qualitative.

3.2 Types of Research

Generally, there are three (3) types of research, which are exploratory research, descriptive research and casual research. Each type of research is discussed in the following paragraphs.

Exploratory research is designed to explore the nature of problems and generate basic knowledge (Zikmund, 2000). The findings of exploratory research are general knowledge that contributes to further research to obtain more accurate and precise results (Du, 2006). The purpose of exploratory research is to do diagnostic and analyze situation, provide option, as well as discover new idea.

Descriptive research is intended to provide further insight into the research problems by different variables, and utilize to profile, define, segment and estimate, predict and examine associative relationship (Du, 2006). This type of research seeks to describe what already existed in a group or population; it does not pursue to measure the effect of a variable.

Casual research is conducted to provide information in order to identify the cause-effect relationship between different variables (Du, 2006). It means that causal research investigate the effect of one or more independent variables on one dependent variable.

The topic of this study is to identify factors influencing employee behaviors on organization performance in Malaysia's Airline industry. This research is a descriptive research because "identifying the factors influencing employee behaviors on organization performance" is providing further insight into the

research problems by different variables, and utilizes to profile, define, segment and estimate, predict and examine associative relationship (Du, 2006).

3.3 Research Approach

This research is largely influenced by some quantitative view and approach and qualitative as well. Scholz & Tietje (2002) and Bryman & Bell (2007) found out that the combination of both qualitative and quantitative approach helps to improve on existing knowledge and enhance the knowledge that may be gained.

The literature review used indicates that the five factors influencing employee behaviors on organization performance in Malaysia's airline industry. This study aims at identifying precisely among the factors that affect employee behaviors on organization performance in Malaysia's airline industry. This process is logical and thus the study is considered as an approach on inferential reasoning.

3.4 Data Collection

The purpose of data collection is to test hypothesis, as well as to fulfill the research objectives. There are two types of data, primary data and secondary data (Du, 2006).

3.4.1 Primary Data

Primary data is the original data that researchers collect from their own observations or experiences (Du, 2006). In other words, primary data is data collected by researchers for the first time, and there has been no similar data available before the researchers started their investigation (Zikmund, 2000). Based on the primary data collected, hypothesis can be tested and conclusion can be drawn from the data analysis (Zikmund, 2000).

With regard to this research, primary data is data collected with the use of questionnaires. The questionnaires will be filled by employees working in the airline

industry in Malaysia especially those in Malaysian airlines (MAS) and Air Asia. The questionnaires are distributed face-to-face to the respondents. By distributing the questionnaire face-to-face, directly to the respondents, the researcher can answer the respondents' queries immediately to reduce response error. The advantage of primary data is that the degree of accuracy is quite high, and it describes the data in details. The questions in the questionnaires are designed based on the literature review and relevant to the research objectives of this study. Primary data collection is deemed relevant to this study as there is limited research done carried out to identify the similarities or differences between the factors influencing employee behaviors on organization performance in Malaysia's airline industry. On the other hand, collecting primary data requires a lot of time and financial support (Zikmund, 2000). Since this research focuses on employees working in the airline industry in Malaysia especially those in Malaysian airlines (MAS) and Air Asia to collect the primary data. Hence, a high amount of financial resources required in carrying out data collection for this research.

3.4.2 Secondary Data

Secondary data is the accessible data that prior scholars and researchers collect to satisfy previous research objectives (Du, 2006). Secondary data can be categorized as quantitative data (numbers, statistics or financial) and qualitative data (words or text) (Du, 2006). For this research, the secondary data is collected from academic journals, conference papers, reference books and information in the Internet. Journals, conference papers and reference books contribute to the context of literature review, while information in the Internet provides data such as data of airlines statistics and notion to the background of this study and research methodology. Secondary data can be easily accessible in a short period of time with low financial and labor costs as well. However, one of the common problems with secondary data is that the secondary data available does not exactly fit the research objectives, or the target population of the research is different from the target population of the secondary data. Only relevant information from the