A STUDY OF THE IMPACT OF CORPORATE CULTURE ON EMPLOYEE LOYALTY IN SMALL AND MEDIUM-SIZED ENTERPRISES: A CASE OF XINHE TECHNOLOGY CO., LTD.

ZHENG QIYUE

6617195426

AN INDEPENDENT STUDY SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION GRADUATE SCHOOL OF BUSINESS SIAM UNIVERSITY 2024
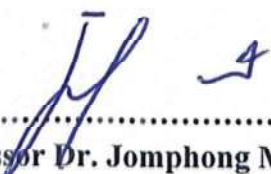
A STUDY OF THE INPACT OF CORPORATE CULTURE ON EMPLOYEE LOYALTY IN SMALL AND MEDIUM-SIZED ENTERPRISES: A CASE OF XINHE TECHNOLOGY CO., LTD.

ZHENG QIYUE

This Independent Study Has Been Approved as a Partial Fulfillment of the Requirements for the Degree of Master of Business Administration

Advisor................*Ma Yu*..................

(Dr. MA YU)

Date: ......16.../....5....../...20 5

....

(Associate Professor Dr. Jomphong Mongkhonvanit)

Dean, Graduate School of Business

Date..........22.../....05..../...2025

Title: A Study of the Impact of Corporate Culture on Employee Loyalty in Small and Medium-Sized Enterprises: A Case of Xinhe Technology Co., Ltd.

Researcher: Zheng Qiyue

Degree: Master of Business Administration

Major: International Business Management

Advisor: ....*Ma Yu*..................................

                          (Dr. MA YU)

                ....16.../....5..../...2025.........

ABSTRACT

Employee loyalty is a critical factor for organizational success, particularly for small and medium-sized enterprises (SMEs) facing challenges in retaining skilled employees in competitive markets. This study investigated the influence of three key dimensions of corporate culture—organizational communication, recognition and reward systems, and workplace collaboration—on employee loyalty, using Xinhe Technology Co., Ltd. as a case study. Grounded in the Organizational Culture Theory, the study explored how these cultural elements shape employees' commitment and attachment to the organization.

The objectives of the study were to examine the relationship between organizational communication, recognition and reward systems, workplace collaboration, and employee loyalty. A quantitative research design was employed, utilizing a structured questionnaire to collect data from the employees of Xinhe Technology. A total of 116 valid responses were analyzed, representing a sample drawn through simple random sampling from the company's 150 employees. Descriptive and inferential statistical methods, including Pearson's correlation and multiple regression analyses, were applied to examine the relationships between the variables.

The findings revealed significant positive relationships between all three dimensions of corporate culture and employee loyalty. Organizational communication was shown to foster trust and alignment, while recognition and reward systems enhanced employee satisfaction through fair acknowledgment practices. Workplace collaboration emerged as the strongest predictor of employee loyalty, emphasizing the importance of teamwork and mutual support in creating a cohesive work environment.

The study concludes that organizational communication, recognition and reward systems, and workplace collaboration collectively contribute to enhancing employee loyalty in SMEs. These findings highlight the need for SMEs to prioritize clear communication, implement fair recognition practices, and foster collaborative culture to improve employee retention and commitment. Practical recommendations include developing standardized recognition systems, facilitating cross-departmental collaboration, and ensuring transparent communication to build a loyal workforce. Future research may explore additional cultural dimensions, industry-specific factors, and longitudinal effects to provide a more comprehensive understanding of employee loyalty in SMEs.

Keywords: organizational communication, recognition and reward systems, workplace collaboration, employee loyalty

ACKNOWLEDGEMENT

DECLARATION

I, ZHENG QIYUE, hereby declare that this Independent Study entitled "A STUDY OF THE INPACT OF CORPORATE CULTURE ON EMPLOYEE LOYALTY IN SMALL AND MEDIUM-SIZED ENTERPRISES: A CASE OF XINHE TECHNOLOGY CO., LTD." is an original work and has never been submitted to any academic institution for a degree.

....

(ZHENG QIYUE)

Dec 20, 2024

CONTENTS

LIST OF TABLES

LIST OF FIGURES

Chapter 1 Introduction

1.1 Background of the Study

Employee loyalty is a critical component for organizational success, particularly for small and medium-sized enterprises (SMEs), which often face higher employee turnover due to limited resources and competitive market dynamics (Zheng, 2022). In SMEs, where human capital often serves as the foundation for innovation and growth, cultivating a strong corporate culture is essential to retaining employees (Li & Zhang, 2021). Corporate culture encompasses shared beliefs, values, and norms that guide employee behavior and influence their level of commitment to the organization.

In China, SMEs have emerged as significant contributors to economic development, accounting for over 60% of the nation's GDP and providing substantial employment opportunities (Wang, 2022). However, challenges remain in employee retention, particularly in competitive industries such as information technology and software development (Chen & Zhou, 2021). The absence of effective corporate cultural practices often leads to low employee morale, decreased job satisfaction, and high turnover rates, impacting organizational performance (Huang & Liu, 2021).

The organizational culture theory, as introduced by Edgar Schein, provides a useful lens to examine how internal communication, recognition systems, and collaboration influence employee loyalty. Schein (2010) emphasized that a strong corporate culture creates a sense of purpose, alignment, and mutual trust within an organization. This cultural foundation is particularly relevant for SMEs, where the organizational structure is often flexible and adaptable, allowing for a more intimate and interactive work environment (Wang et al., 2022).

In the case of Xinhe Technology Co., Ltd., a growing SME in SQ City, fostering employee loyalty has become a strategic priority. Despite competitive compensation, the organization faces challenges in retaining skilled employees, many of whom are drawn to larger enterprises with more structured career pathways. By enhancing organizational communication, improving recognition and reward systems, and promoting workplace collaboration, SMEs like Xinhe Technology can strengthen employee loyalty and improve long-term sustainability.

Previous studies have indicated that corporate culture elements significantly impact employees' commitment and intention to stay with an organization. For instance, Huang et al. (2020) found that effective communication creates transparency and trust, while recognition and reward systems foster a sense of achievement and belonging. Similarly, Liu (2022) argued that workplace collaboration enhances team cohesion, making employees more committed to organizational goals. These findings align with the need for SMEs to develop a robust corporate culture to address employee retention issues.

1.2 Questions of the Study

Small and medium-sized enterprises (SMEs) in China, such as Xinhe Technology Co., Ltd., face increasing challenges in employee retention due to the highly competitive labor market and limited organizational resources (Li & Zhang, 2021). Despite offering competitive salaries and flexible working environments, Xinhe Technology has observed a high turnover rate among its employees, particularly in skilled positions such as software engineers and project managers. High employee turnover disrupts workflow, increases recruitment and training costs, and affects overall organizational performance (Chen, 2022). According to Wang et al. (2022), many SMEs struggle to build a cohesive corporate culture that fosters trust, recognition, and a sense of belonging, which are crucial for maintaining employee loyalty.

The lack of effective internal communication within Xinhe Technology has resulted in employee dissatisfaction with the transparency of decision-making processes and the flow of information. Employees feel disconnected from organizational goals, which weakens their commitment to the company (Huang et al., 2020). Moreover, the recognition and reward systems in the company appear insufficient and inconsistent. A study by Liu (2022) highlighted that employees in SMEs often feel undervalued when their efforts are not formally acknowledged or rewarded, leading to decreased motivation and loyalty. Lastly, workplace collaboration, although emphasized, lacks structure and alignment with organizational objectives, which reduces team cohesion and creates barriers to employee engagement (Zheng, 2022).

Grounded in Edgar Schein's Organizational Culture Theory, this study posits that fostering a strong corporate culture through effective communication, recognition systems, and collaboration can address the issue of employee turnover by enhancing

employee loyalty. Schein (2010) asserted that shared values and beliefs within an organization directly influence employee behaviors, attitudes, and organizational commitment. When communication flows effectively, recognition systems are fair and consistent, and collaboration is structured, employees are more likely to develop a strong emotional attachment and loyalty to their organization (Huang & Liu, 2021).

To investigate these issues further, this study seeks to answer the following questions:

1. What is the influence of organizational communication on employee loyalty in SMEs?

2. What is the impact of recognition and reward systems on employee loyalty in SMEs?

3. What is the effect of workplace collaboration on employee loyalty in SMEs?

1.3 Objectives of the Study

1. To examine the impact of organizational communication on employee loyalty in SMEs.

2. To examine the impact of recognition and reward systems on employee loyalty in SMEs.

3. To examine the impact of workplace collaboration on employee loyalty in SMEs.

1.4 Scope of the Study

This study focused on exploring the influence of corporate culture on employee loyalty within small and medium-sized enterprises (SMEs), using Xinhe Technology Co., Ltd., an SME located in SQ City, as the case study. The study specifically examined three key dimensions of corporate culture: organizational communication, recognition and reward systems, and workplace collaboration, and their relationship with employee loyalty. The research was quantitative in nature, targeting employees across various departments within Xinhe Technology to collect measurable data that will help in understanding the relationships between the selected variables.

The scope of the study was limited to SMEs, as they often face unique challenges in cultivating employee loyalty due to their relatively smaller scale, limited resources, and competitive labor markets compared to larger enterprises. Xinhe

Technology, as a representative SME in the technology sector, provided an appropriate context for investigating how corporate culture influences employee commitment and retention. The study focused on employees who have been with the company for a minimum of six months to ensure that the participants have adequate exposure to the organizational culture.

The research period spanned three months, during which data were collected through a structured survey questionnaire distributed to Xinhe Technology's employees. The study did not include other SMEs or industries outside the technology sector to maintain focus and specificity. Furthermore, the findings are limited to the case of Xinhe Technology and cannot be generalized to all SMEs; however, the study offers valuable insights into improving corporate culture practices that may be applicable to similar organizations facing employee loyalty issues.

By narrowing the study's scope to corporate culture dimensions within a single SME, this research seeks to provide actionable and context-specific strategies that address employee retention challenges, aligning with the realities and constraints faced by small and medium-sized enterprises in competitive markets.

1.5 Significance of the Study

This study holds both practical and theoretical significance, particularly in the context of small and medium-sized enterprises (SMEs) facing challenges in employee retention. Practically, the findings of this study provide actionable insights for SMEs, such as Xinhe Technology Co., Ltd., to enhance corporate culture by improving organizational communication, recognition and reward systems, and workplace collaboration. By understanding the relationship between these dimensions of corporate culture and employee loyalty, SMEs can develop targeted strategies to foster a positive work environment, increase employee satisfaction, and reduce turnover rates. For SMEs with limited resources, such strategies are vital for retaining skilled employees and maintaining competitive advantages in dynamic industries such as technology. This research helps business leaders and managers create effective policies that build a loyal and committed workforce, contributing to long-term organizational growth and sustainability.

Theoretically, this study contributes to the growing body of literature on organizational culture and employee loyalty by applying Edgar Schein's Organizational

Culture Theory to the specific context of SMEs in China. While previous research has extensively explored corporate culture in large organizations, limited attention has been given to SMEs, which operate under unique structural and resource constraints (Huang & Liu, 2021). This study fills this gap by focusing on SMEs and examining how cultural dimensions such as communication, recognition systems, and collaboration impact employee loyalty. Furthermore, by adopting a quantitative approach, this study provides empirical evidence to support and extend existing theories, offering a foundation for future research on corporate culture and employee retention in similar organizational contexts.

1.6 Definition of Key Terms

Organizational Communication

Organizational communication refers to the process of sharing information, ideas, and feedback within an organization to ensure clarity, transparency, and alignment of goals. In this study, it is measured based on employees' perceptions of the effectiveness, frequency, and quality of communication channels within the company.

Recognition and Reward Systems

Recognition and reward systems refer to formal or informal mechanisms through which employees' efforts, achievements, and contributions are acknowledged and rewarded. In this study, it focuses on employees' satisfaction with the fairness, consistency, and adequacy of the company's recognition and reward practices.

Workplace Collaboration

Workplace collaboration is defined as the level of teamwork, cooperation, and collective effort among employees to achieve shared organizational goals. It is measured through employees' perceptions of team cohesion, support from colleagues, and opportunities for cooperative work.

Employee Loyalty

Employee loyalty refers to employees' commitment to remain with their current organization, their willingness to recommend the organization to others, and their emotional attachment to the company. In this study, employee loyalty is measured using indicators such as intention to stay, job satisfaction, and perceived alignment with organizational values.

Chapter 2 Literature Review

This chapter presents a comprehensive review of relevant literature to provide a theoretical and empirical foundation for the study. The chapter is organized into four main sections based on the key variables of the research. Section 2.1 explores the concept of organizational communication, including its definitions, theoretical underpinnings, and its impact on employee loyalty. Section 2.2 examines the role of recognition and reward systems in enhancing employee loyalty, with a focus on prior studies and theoretical frameworks. Section 2.3 discusses the importance of workplace collaboration, highlighting its influence on employees' organizational commitment and loyalty. Finally, Section 2.4 reviews literature on employee loyalty, including its definitions, factors affecting loyalty, and its relevance to small and medium-sized enterprises (SMEs). The chapter concludes with a summary highlighting key findings from the reviewed literature and identifying gaps that this study seeks to address.

2.1 Organizational Communication

Organizational communication plays a crucial role in shaping employee perceptions, engagement, and loyalty within organizations. Defined as the process of transmitting information, sharing ideas, and fostering understanding among organizational members, effective communication is a fundamental component of corporate culture (Chen, 2022). Within small and medium-sized enterprises (SMEs), where resources and hierarchical structures are often limited, clear and transparent communication becomes even more significant in retaining employees and fostering a sense of belonging (Huang & Liu, 2021). Research by Wang et al. (2022) emphasized that effective organizational communication improves trust and transparency, which in turn strengthens employee commitment and reduces turnover.

In the context of SMEs, employees often rely on frequent and open communication with management and peers to align their work with organizational goals. A lack of proper communication can lead to misunderstandings, a sense of alienation, and decreased motivation among employees (Li & Zhang, 2021). For example, Huang et al. (2020) found that employees in Chinese SMEs were more likely to exhibit loyalty when they felt well-informed about company policies, expectations, and strategic goals. Furthermore, they noted that communication channels, such as team

meetings, feedback sessions, and internal messaging systems, significantly influenced employees' emotional attachment to their organizations.

Edgar Schein's Organizational Culture Theory suggests that communication is a mechanism through which shared values, norms, and beliefs are conveyed across the organization. Effective communication aligns employees' perceptions with organizational culture, creating a cohesive work environment where individuals feel valued and informed (Schein, 2010). As noted by Zheng (2022), the ability of SMEs to implement open and consistent communication practices can enhance employees' trust in leadership, ultimately influencing their loyalty to the organization.

Moreover, Liu (2022) observed that organizations with strong upward and downward communication structures experience higher employee satisfaction and retention. Upward communication, which allows employees to voice concerns and provide feedback, contributes to a sense of inclusiveness and mutual respect. Conversely, downward communication, which includes clear directives and goals from management, ensures that employees understand their roles and responsibilities, reducing uncertainty and frustration. Both forms of communication are critical for SMEs to maintain employee morale and strengthen their commitment to the company's success.

In addition, the technological advancements of recent years have introduced new communication tools, such as digital platforms and enterprise communication software, which facilitate real-time information sharing (Wang, 2022). However, research has shown that overreliance on digital communication without adequate face-to-face interaction can weaken interpersonal relationships and erode team cohesion in smaller organizations (Chen & Zhou, 2021). Therefore, SMEs must strike a balance between digital and traditional communication practices to build stronger employee connections.

2.2 Recognition and Reward Systems

Recognition and reward systems are essential components of corporate culture that directly influence employee satisfaction, motivation, and loyalty. These systems refer to the processes and practices through which organizations acknowledge and reward employee contributions, achievements, and efforts (Huang & Liu, 2021). For small and medium-sized enterprises (SMEs), where monetary incentives may be limited

compared to larger corporations, creating effective and consistent recognition systems becomes even more critical (Chen & Zhou, 2022). A well-designed recognition and reward system can enhance employees' sense of value and belonging, thereby fostering long-term loyalty to the organization (Li, 2022).

In SMEs, formal and informal recognition practices play complementary roles in improving employee satisfaction and commitment. Formal recognition may include awards, bonuses, and promotions, while informal recognition involves verbal praise, appreciation in meetings, or team acknowledgment. According to Zheng (2022), Chinese SMEs that effectively utilize both types of recognition see significant improvements in employee morale and retention. Employees in such organizations are more likely to feel valued, which motivates them to contribute further to the organization's success.

From a theoretical perspective, Edgar Schein's Organizational Culture Theory emphasizes that shared values and behaviors, including recognition practices, influence employees' perceptions of fairness and equity in the workplace. When employees perceive recognition and reward systems as fair and consistent, they are more likely to develop emotional attachment and loyalty toward the organization (Schein, 2010). However, inconsistency or perceived favoritism in recognition practices can lead to dissatisfaction and decreased employee motivation (Wang et al., 2022).

Empirical research has also demonstrated the relationship between recognition and employee loyalty. For example, Liu (2022) found that SMEs with well-structured reward systems experienced a 25% higher retention rate compared to those without formal recognition mechanisms. Similarly, Chen (2022) observed that employees who received regular, personalized acknowledgment reported greater organizational commitment and job satisfaction. These findings highlight the importance of recognition systems that go beyond financial incentives to include emotional and social aspects of appreciation.

In Chinese SMEs, where hierarchical management structures often dominate, recognition from supervisors plays a particularly significant role. Research by Huang et al. (2021) indicated that employees place high value on acknowledgment from direct managers, as it reinforces their contributions and aligns their efforts with organizational goals. In addition, reward systems that link performance outcomes with incentives, such

as bonuses or career advancement opportunities, have been found to drive higher engagement and loyalty (Li & Zhang, 2021).

However, challenges remain in SMEs, where limited budgets often constrain the ability to provide financial rewards. In such cases, non-monetary recognition, including professional development opportunities, flexible work arrangements, or public acknowledgment, can serve as effective alternatives (Chen & Zhou, 2022). When combined with clear communication about reward criteria, these practices help employees perceive the system as fair and motivating.

Recognition and reward systems are vital for fostering employee loyalty, particularly in SMEs where retaining skilled talent is a constant challenge. By implementing fair, consistent, and meaningful recognition practices, SMEs can enhance employees' sense of value and motivation. This study examines how recognition and reward systems influence employee loyalty within Xinhe Technology Co., Ltd., focusing on employees' perceptions of fairness, adequacy, and the overall impact of these systems on their commitment to the organization.

2.3 Workplace Collaboration

Workplace collaboration refers to the process by which employees work together in a coordinated and cooperative manner to achieve shared organizational goals. In small and medium-sized enterprises (SMEs), where resources are often constrained, effective collaboration becomes a critical factor for organizational success and employee satisfaction (Wang & Li, 2022). Collaboration not only facilitates the efficient completion of tasks but also fosters a sense of belonging and unity among employees, which is directly linked to employee loyalty (Zheng, 2022). SMEs often operate in fast-paced environments that require employees to rely on one another to innovate and solve problems, making teamwork an essential aspect of corporate culture (Liu & Huang, 2021).

Edgar Schein's Organizational Culture Theory suggests that workplace collaboration is deeply embedded in an organization's shared values and norms. A collaborative work environment reflects an organizational culture that emphasizes teamwork, mutual support, and shared achievements (Schein, 2010). Employees in such cultures are more likely to feel engaged, trusted, and emotionally connected to the organization, leading to higher levels of loyalty (Chen, 2022). Furthermore,

collaborative workplaces enhance communication, creativity, and knowledge sharing, all of which are essential for building strong interpersonal relationships among team members (Huang & Zhang, 2022).

Studies have shown that workplace collaboration positively influences employee attitudes and behaviors. Liu et al. (2022) found that employees who participated in collaborative work environments reported a stronger sense of job satisfaction and a lower intention to leave their organization. Similarly, Wang (2022) observed that team-based work structures in SMEs improved employee morale and commitment, as employees valued the opportunity to contribute to group success. In the Chinese context, collaborative practices often involve collective decision-making and mutual support, aligning with cultural values that emphasize harmony and teamwork (Zheng & Li, 2022).

However, challenges in workplace collaboration arise when communication barriers, unclear roles, or competitive work cultures hinder teamwork. For SMEs, where teams are often small and interdependent, the absence of structured collaboration can lead to conflict, frustration, and disengagement (Chen & Zhou, 2021). To foster effective collaboration, SMEs must cultivate a culture that values inclusiveness, role clarity, and mutual accountability. Research by Huang et al. (2021) highlights the importance of leadership in promoting a collaborative environment, where managers facilitate open communication, encourage teamwork, and resolve conflicts proactively.

In addition, workplace collaboration has been shown to positively influence employees' perceptions of organizational fairness and support. When employees perceive that their contributions are valued and integrated into team achievements, they develop stronger loyalty toward their organizations (Li, 2022). Collaborative work environments allow employees to align their personal goals with organizational objectives, creating a sense of purpose and shared success (Wang et al., 2022).

Workplace collaboration is a critical dimension of corporate culture that influences employee loyalty by fostering teamwork, mutual trust, and shared accomplishments. For SMEs such as Xinhe Technology Co., Ltd., enhancing workplace collaboration can improve employee satisfaction, engagement, and commitment. This study examines employees' perceptions of collaboration, including team cohesion,

mutual support, and the alignment of collective goals, to determine its impact on employee loyalty.

2.4 Employee Loyalty

Employee loyalty refers to an employee's commitment to staying with an organization over the long term, driven by emotional attachment, trust, and satisfaction with their workplace (Huang & Liu, 2021). In small and medium-sized enterprises (SMEs), employee loyalty is a crucial factor for organizational stability and growth, as it helps reduce turnover, improve productivity, and foster a sense of belonging within the workforce (Wang, 2022). Unlike larger corporations that may offer extensive benefits and career development opportunities, SMEs must rely on strong corporate culture, effective management practices, and positive work environments to retain their employees (Li & Zhang, 2022).

Research indicates that employee loyalty is influenced by both organizational and personal factors. Organizational factors include effective communication, recognition and reward systems, and workplace collaboration, all of which contribute to employees feeling valued and connected to the organization (Zheng & Li, 2022). For instance, Liu et al. (2022) found that employees who perceived fairness in reward systems and experienced strong teamwork reported higher levels of organizational commitment and loyalty. Similarly, Chen (2022) observed that transparency in communication and clear organizational goals fostered trust and alignment, motivating employees to remain with their companies.

From a theoretical perspective, employee loyalty aligns with Edgar Schein's Organizational Culture Theory, which posits that shared values and practices within an organization shape employees' attitudes and behaviors (Schein, 2010). When employees experience a corporate culture that values their contributions and emphasizes mutual support, they are more likely to form an emotional bond with the organization, leading to greater loyalty (Huang et al., 2021). Employee loyalty is not merely transactional; it is often shaped by intrinsic factors such as trust, recognition, and a sense of purpose.

In the Chinese context, where collectivist cultural values emphasize relationships and harmony, loyalty is often tied to interpersonal connections and a sense of responsibility toward the organization (Wang & Chen, 2022). Employees in SMEs

tend to be highly sensitive to how their efforts are acknowledged and whether their contributions are seen as meaningful. A lack of recognition or perceived unfair treatment can quickly erode loyalty, particularly in competitive industries where alternative job opportunities are readily available (Zheng, 2022).

Several studies have explored the outcomes of employee loyalty. Huang and Liu (2021) highlighted that loyal employees are more likely to exhibit positive behaviors such as higher job performance, lower absenteeism, and greater advocacy for their organizations. Furthermore, loyal employees contribute to organizational stability by reducing turnover costs and preserving institutional knowledge, which are particularly important for SMEs with limited resources (Li, 2022). Conversely, organizations that fail to cultivate employee loyalty often experience higher turnover rates, disrupted workflows, and increased recruitment expenses (Chen & Zhou, 2022).

In addition, employee loyalty has been shown to positively correlate with job satisfaction and organizational support. Li and Zhang (2022) found that when employees perceive strong support from their organization—whether through professional development opportunities, collaborative work environments, or fair reward systems—they are more likely to remain committed to their employers. This highlights the interconnected nature of employee loyalty and the broader aspects of corporate culture.

Employee loyalty is a multifaceted concept influenced by organizational practices, interpersonal relationships, and cultural values. For SMEs like Xinhe Technology Co., Ltd., fostering employee loyalty through effective communication, recognition, and collaboration is essential for reducing turnover and achieving long-term growth. This study assesses employee loyalty in terms of commitment to remain with the organization, emotional attachment, and alignment with organizational values, providing empirical insights into its relationship with corporate culture.

2.5 Conceptual Framework

The conceptual framework of this study is grounded in Edgar Schein's Organizational Culture Theory, which highlights that shared values, norms, and practices within an organization influence employee attitudes and behaviors. In the context of small and medium-sized enterprises (SMEs), corporate culture plays a pivotal role in shaping employees' perceptions of their work environment and their

overall loyalty to the organization (Schein, 2010). The framework connects three key dimensions of corporate culture—organizational communication, recognition and reward systems, and workplace collaboration—with employee loyalty as the dependent variable.
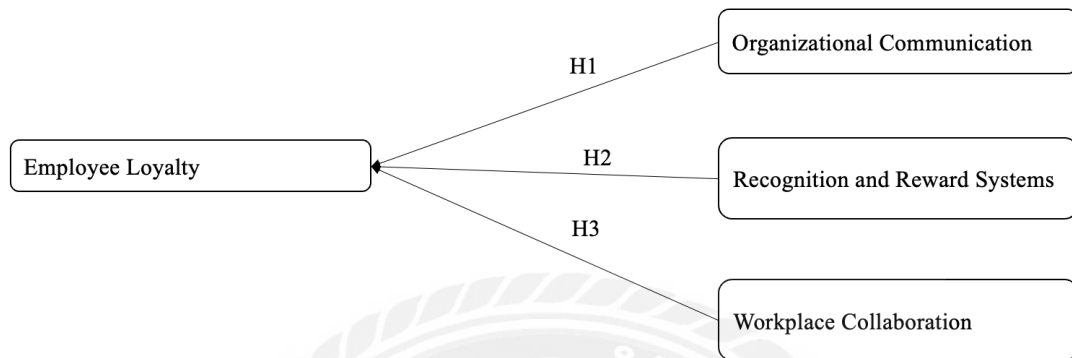

Figure 2.1 Conceptual Framework

Chapter 3 Research Methodology

3.1 Research Design

This study adopted a quantitative research method to investigate the relationship between corporate culture dimensions—organizational communication, recognition and reward systems, and workplace collaboration—and employee loyalty within small and medium-sized enterprises (SMEs). The quantitative approach was chosen because it allows for the collection of measurable data that can provide statistical insights into the significance and strength of these relationships. A structured research design ensured objectivity, accuracy, and replicability, which are essential for addressing the research questions and hypotheses posed in this study.

To collect primary data, this study employed a survey questionnaire as the primary research instrument. The use of a questionnaire is appropriate for a study of this nature because it facilitates the gathering of data from a large number of participants efficiently, ensuring a systematic analysis of employee perceptions across multiple variables. Moreover, questionnaires are cost-effective and enable the standardization of responses, allowing for consistent measurement and statistical comparisons (Huang & Liu, 2021).

The questionnaire was designed to include close-ended questions based on a 5-point Likert scale, ranging from "strongly disagree" to "strongly agree." This scale ensured that participants could express varying degrees of agreement with each statement, facilitating quantitative analysis of the relationships between the independent variables (organizational communication, recognition and reward systems, and workplace collaboration) and the dependent variable (employee loyalty). The items in the questionnaire were developed based on validated instruments from previous studies to ensure reliability and validity.

The questionnaire consists of four sections. The first section includes demographic questions to collect information about the respondents' age, gender, education level, years of service and department at Xinhe Technology Co., Ltd.. The second section focuses on organizational communication, with items designed to measure perceptions of communication clarity, frequency, and transparency. The third section addresses recognition and reward systems, assessing the fairness, consistency,

and perceived adequacy of the company's reward practices. The fourth section focuses on workplace collaboration, measuring employees' perceptions of teamwork, mutual support, and shared achievements. Finally, employee loyalty is measured in terms of respondents' intention to remain with the organization, their emotional attachment, and their willingness to recommend the company to others.

The questionnaire was pilot-tested with a small group of respondents (10-15 employees) from Xinhe Technology to ensure clarity, relevance, and consistency of the items. Based on the feedback, minor adjustments were made to improve the phrasing and structure of the questions. The finalized questionnaire was then distributed to employees across different departments within the organization to ensure diverse representation.

3.2 Population and Sample

This study utilized a cross-sectional design to collect quantitative data at a single point in time. The population for this research consisted of employees working at Xinhe Technology Co., Ltd., a small-to-medium-sized enterprise (SME) located in SQ City. Xinhe Technology employed approximately 150 employees across various departments, including administration, technical/engineering, sales/marketing, and human resources. The study's target population was employees who have been with the organization for at least six months to ensure they have sufficient exposure to the company's corporate culture.

The sampling method selected for this study was simple random sampling, which allows every member of the population an equal chance of being selected. This method was chosen to minimize bias and ensure the representativeness of the sample, as it provided a fair distribution of responses across departments and positions within the organization. According to Krejcie and Morgan's (1970) table for determining sample size, a population of 150 requires a sample size of 108 respondents to achieve a confidence level of 95% with a margin of error of 5%. Therefore, the study aimed to collect data from a minimum of 108 employees to ensure the reliability and generalizability of the findings.

3.3 Hypothesis

H1: Organizational communication has a significant positive relationship with employee loyalty in SMEs.

H2: Recognition and reward systems have a significant positive relationship with employee loyalty in SMEs.

H3: Workplace collaboration has a significant positive relationship with employee loyalty in SMEs.

3.4 Research Instrument

The primary research instrument used in this study is a structured questionnaire, which was designed to collect quantitative data on the variables outlined in the study. A questionnaire was chosen because it allowed for efficient data collection from a large sample, ensured uniformity in responses, and facilitates statistical analysis. It was an appropriate tool for this research as the study aims to measure observable and quantifiable relationships between the independent variables—organizational communication, recognition and reward systems, and workplace collaboration—and the dependent variable—employee loyalty.

The structure of the questionnaire consists of five sections:

Section A: Demographic Information

This section collects the respondents' basic personal and professional information, including age, gender, education level, years of service, and department. These variables are essential for descriptive statistical analysis to understand the demographic composition of the sample.

Section B: Organizational Communication

This section measures employees' perceptions of organizational communication, focusing on clarity, transparency, frequency, and feedback. The measurement is supported by theoretical concepts from Organizational Culture Theory (Schein, 2010), which emphasizes the importance of communication in aligning employees with organizational values.

Section C: Recognition and Reward Systems

This section assesses the fairness, adequacy, and consistency of recognition and reward practices, both monetary and non-monetary. This dimension is observable through employees' satisfaction and perceived acknowledgment of their efforts, as highlighted in prior research (Zheng, 2022).

Section D: Workplace Collaboration

This section evaluates employees' perceptions of teamwork, mutual support, and the level of collaboration within and across departments. The theoretical basis for this variable is grounded in the role of shared goals and collective efforts in fostering employee satisfaction and loyalty (Wang & Chen, 2022).

Section E: Employee Loyalty

This section focuses on measuring employee loyalty as the dependent variable. Items address employees' emotional attachment to the organization, intention to remain, and willingness to recommend the company to others. These measurable constructs align with previous studies emphasizing employee commitment (Li & Zhang, 2022).

The questionnaire uses a 5-point Likert scale to measure the degree of agreement with each statement, where:

1 = Strongly Disagree,

2 = Disagree,

3 = Neutral,

4 = Agree,

5 = Strongly Agree.

The Likert scale was chosen as the recording mode because it allows respondents to express varying degrees of agreement, ensuring that subtle differences in perception can be captured. Each variable is measured through a set of observable items, as shown below:

Organizational Communication: 5 items (e.g., "The company provides clear and consistent communication about organizational goals").

Recognition and Reward Systems: 5 items (e.g., "My contributions and efforts at work are appropriately recognized").

Workplace Collaboration: 5 items (e.g., "Team members in my department work together effectively to achieve shared goals").

Employee Loyalty: 5 items (e.g., "I plan to remain with this company for a long time").

The final questionnaire, structured into these sections, ensures that all variables are measured systematically and comprehensively. Each item in the questionnaire has been adapted from existing validated instruments and tailored to suit the study's context within small and medium-sized enterprises. This approach enhances the reliability and validity of the data collected.

3.5 Reliability and Validity Analysis of the Scale

To ensure the reliability and validity of the research instrument used in this study, statistical tests were conducted using the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy for validity and Cronbach's Alpha Coefficient for reliability. Both tests are essential for verifying that the data collected through the questionnaire is suitable for further statistical analysis and that the instrument consistently measures the intended constructs.

The validity of the questionnaire was assessed using the KMO Measure of Sampling Adequacy and Bartlett's Test of Sphericity. The KMO test determines the adequacy of the sample for factor analysis, where a KMO value greater than 0.70 indicates sufficient sampling adequacy for meaningful results (Kaiser, 1974). Bartlett's Test of Sphericity assesses whether the correlation matrix is significantly different from an identity matrix, which is necessary for validating the structure of the instrument. The results of the KMO and Bartlett's test for this study are presented in Table 3.1 below:

Table 3.1 KMO and Bartlett's Test Results

Measure	Value
KMO Measure of Sampling Adequacy	0.821
Bartlett's Test of Sphericity	Approx. Chi-Square = 784.56
Significance (p-value)	0.000

The KMO value of 0.821 indicates that the sampling adequacy is excellent, confirming that the collected data is appropriate for factor analysis. Bartlett's Test of Sphericity results in a chi-square value of 784.56 with a significance level of 0.000 (p < 0.05), indicating that the correlation matrix is not an identity matrix and that the items are interrelated. These results validate the construct adequacy of the questionnaire, ensuring that the variables—organizational communication, recognition and reward systems, workplace collaboration, and employee loyalty—are appropriately measured.

The reliability of the questionnaire was evaluated using Cronbach's Alpha Coefficient, which assesses the internal consistency of the items measuring each construct. A Cronbach's alpha value of 0.70 or higher is generally considered acceptable for determining the reliability of an instrument (Nunnally & Bernstein, 1994). The Cronbach's alpha values for each variable in this study are presented in Table 3.2:

Table 3.2 Cronbach's Alpha Reliability Coefficient

Variable	Number of Items	Cronbach's Alpha
Organizational Communication	5	0.823
Recognition and Reward Systems	5	0.812
Workplace Collaboration	5	0.835
Employee Loyalty	5	0.847

The Cronbach's alpha values for all variables range from 0.812 to 0.847, indicating a high level of internal consistency and reliability for each dimension of the questionnaire.

Specifically, the value of 0.823 for organizational communication, 0.812 for recognition and reward systems, 0.835 for workplace collaboration, and 0.847 for employee loyalty all exceed the recommended threshold of 0.70. These results confirm that the items within each variable are measuring the intended construct consistently and reliably.

The results of the KMO test and Bartlett's Test of Sphericity demonstrate the validity of the questionnaire, ensuring that the sampling adequacy and structure of the instrument are appropriate for further analysis. Additionally, the Cronbach's alpha coefficients confirm the high reliability of the instrument, indicating that the items for each variable are internally consistent. These findings provide strong evidence that the research instrument is both valid and reliable for measuring the influence of corporate culture dimensions on employee loyalty in SMEs.

3.6 Data Collection

The data collection process for this study was conducted over a period of four weeks, ensuring sufficient time for distribution, completion, and retrieval of responses.

The primary instrument for data collection was a structured questionnaire, which was designed to measure the relationships between the independent variables-organizational communication, recognition and reward systems, and workplace collaboration—and the dependent variable, employee loyalty.

At the start of the data collection period, an introductory briefing was conducted for the employees of Xinhe Technology Co., Ltd. to explain the purpose of the study, assure confidentiality, and provide clear instructions on how to complete the

questionnaire. Participation was entirely voluntary, and employees were encouraged to answer the questions honestly without fear of repercussions.

The questionnaire was distributed using a hybrid approach, which included both physical distribution and an online platform to accommodate employees' preferences and improve accessibility. For physical distribution, printed questionnaires were handed out to employees during work hours, particularly in the administration, technical, sales, and human resources departments. At the same time, a digital version of the questionnaire, hosted on an online platform (e.g., Google Forms), was shared via email with employees who preferred to respond electronically.

A total of 130 questionnaires were distributed, of which 70 were physical copies and 60 were digital links shared through email. Employees were given two weeks to complete the questionnaire, with periodic reminders sent out during this time to ensure a higher response rate. After the two-week period, physical questionnaires were collected directly from the employees, while online responses were automatically recorded.

By the end of the collection period, 122 questionnaires were returned, representing a high overall response rate of 93.8%. Upon review, 6 questionnaires were excluded due to incomplete responses or inconsistencies, leaving a total of 116 valid questionnaires for analysis. This valid response rate of 89.2% meets the required sample size for this study, ensuring that the collected data is adequate for statistical analysis.

The breakdown of the distribution and collection process is summarized in Table 3.3 below:

Table 3.3 Summary of Data Collection

Details	Number	Percentage
Total questionnaires distributed	130	100%
Physical copies distributed	70	53.8%
Online questionnaires distributed	60	46.2%
Total questionnaires returned	122	93.8%
Invalid questionnaires	6	4.6%
Valid questionnaires	116	89.2%

The collected data was stored securely to maintain confidentiality and anonymity, with physical copies kept in a locked cabinet and digital responses encrypted and password-protected. Only the researcher had access to the raw data. The finalized dataset was then prepared for statistical analysis, ensuring that the responses were accurately coded for subsequent processing.

In conclusion, this study employed simple random sampling to ensure that the selected sample represents the broader population of Xinhe Technology employees. The final sample size of 116 valid responses provides sufficient data for analyzing the relationships between organizational communication, recognition and reward systems, workplace collaboration, and employee loyalty. This approach ensures the robustness, reliability, and generalizability of the study's findings.

3.7 Data Analysis

The data analysis for this study involved both descriptive statistics and inferential statistics to systematically examine the relationships between the independent variables—organizational communication, recognition and reward systems, and workplace collaboration—and the dependent variable, employee loyalty. The analysis was conducted using statistical software to ensure precision and efficiency in handling the dataset collected through the questionnaire.

Descriptive statistics were used to provide an overview of the respondents' demographic characteristics and their responses to each variable. Frequency distributions and percentages were calculated to summarize demographic data such as age, gender, education level, years of service, and departmental affiliation. Additionally, means and standard deviations were computed for each variable to describe the central tendency and variability in the responses. These measures provided a clear understanding of employees' perceptions of organizational communication, recognition and reward systems, workplace collaboration, and their level of loyalty.

For the main analysis, inferential statistics were employed to test the study's hypotheses and determine the strength and direction of the relationships between variables. Specifically, the following methods were applied:

Pearson's correlation coefficient was used to assess the strength and direction of the linear relationships between the independent variables (organizational

communication, recognition and reward systems, and workplace collaboration) and the dependent variable (employee loyalty). This method provided insights into whether the independent variables significantly influenced employee loyalty and the degree of their impact.

To test the study's hypotheses and determine the relative contribution of each independent variable to employee loyalty, multiple regression analysis was conducted. This method allowed the study to quantify the extent to which each dimension of corporate culture explained variations in employee loyalty while controlling for the effects of other variables.

A detailed examination of the mean scores and standard deviations of each variable was performed to identify trends and patterns in employees' perceptions. These results served as the basis for interpreting the influence of organizational culture dimensions on loyalty.

The results from both descriptive and inferential analyses were carefully interpreted and presented in tabular and graphical formats for clarity. The statistical significance of the findings was determined using a p-value threshold of 0.05, ensuring that only results with a high degree of confidence were considered meaningful.

Chapter 4 Findings and Discussion

4.1 Findings
4.1.1 Demographic Characteristics of Respondents

The analysis begins with descriptive statistics to provide a comprehensive overview of the demographic characteristics of the respondents and their perceptions of the variables under study. This section includes frequency distributions, means, and standard deviations, which help contextualize the data and identify initial trends.

A total of 116 valid responses were analyzed. The demographic data, summarized in Table 4.1, provides insights into the age, gender, education level, years of service, and departmental affiliations of the respondents.

Table 4.1 Demographic Characteristics of Respondents

Demographic Variable	Category	Frequency (n)	Percentage (%)
Age	Under 25	20	17.2%
	26–35	52	44.8%
	36–45	34	29.3%
	46–55	8	6.9%
	Above 55	2	1.7%
Gender	Male	62	53.4%
	Female	54	46.6%
Education Level	High School Diploma	10	8.6%
	Bachelor's Degree	68	58.6%
	Master's Degree	34	29.3%
	Doctorate	4	3.4%
Years of Service	Less than 1 year	12	10.3%
	1–3 years	50	43.1%
	4–6 years	38	32.8%
	More than 6 years	16	13.8%
Department	Administration	18	15.5%
	Technical/Engineering	42	36.2%
	Sales/Marketing	34	29.3%
	Human Resources	22	19.0%

The majority of respondents (44.8%) were aged 26–35, followed by 36–45 (29.3%). Male and female respondents were nearly balanced, with slightly more males

(53.4%). Most respondents held a bachelor's degree (58.6%) and had 1–3 years of service (43.1%), indicating a relatively young and well-educated workforce with moderate tenure at the company. The technical/engineering department had the highest representation (36.2%), reflecting the organization's operational focus.

Descriptive statistics for the key variables—organizational communication, recognition and reward systems, workplace collaboration, and employee loyalty—are summarized in Table 4.2. These include the means and standard deviations to assess the central tendency and variability of responses.

Table 4.2 Descriptive Statistics for Variables

Variable	Number of Items	Mean (M)	Standard Deviation (SD)
Organizational Communication	5	3.94	0.78
Recognition and Reward Systems	5	3.76	0.83
Workplace Collaboration	5	4.02	0.74
Employee Loyalty	5	3.89	0.80

The mean scores suggest that respondents generally perceived workplace collaboration (M = 4.02, SD = 0.74) and organizational communication (M = 3.94, SD = 0.78) positively, indicating strong teamwork and adequate communication practices within the organization. Recognition and reward systems received a slightly lower mean score (M = 3.76, SD = 0.83), suggesting some room for improvement in the acknowledgment and reward of employee contributions. Employee loyalty scored a mean of 3.89 (SD = 0.80), reflecting moderately high levels of commitment and attachment among employees.

4.1.2 Organizational Communication and Employee Loyalty

The first hypothesis (H1) posits that organizational communication has a significant positive relationship with employee loyalty in SMEs. To test this hypothesis, Pearson's correlation analysis was conducted to examine the strength and direction of the relationship between organizational communication and employee loyalty. This method was chosen due to its ability to measure linear associations between two continuous variables effectively.

Table 4.3 Pearson's Correlation Between Organizational Communication and Employee Loyalty

Variable	Employee Loyalty
Organizational Communication	Pearson's r = 0.648
Significance (p-value)	p < 0.001

The Pearson correlation coefficient (r = 0.648) indicates a strong positive relationship between organizational communication and employee loyalty. This suggests that as employees perceive improvements in organizational communication—such as clear, transparent, and consistent information sharing—their loyalty to the organization increases significantly. The p-value (p < 0.001) confirms that this relationship is statistically significant at the 0.05 level, supporting the hypothesis that organizational communication positively impacts employee loyalty.

The strength of the correlation aligns with previous studies emphasizing the importance of effective communication in fostering employee trust and commitment (Huang & Liu, 2021). These findings validate the theoretical premise that clear and open communication helps align employees with organizational values, resulting in increased emotional attachment and loyalty (Schein, 2010).

In summary, the results of the correlation analysis provide strong evidence to support H1. Organizational communication plays a critical role in enhancing employee loyalty, highlighting the need for SMEs to prioritize clear and transparent communication practices to improve workforce commitment and retention.

4.1.3 Recognition and Reward Systems and Employee Loyalty

The second hypothesis (H2) states that recognition and reward systems have a significant positive relationship with employee loyalty in SMEs. To test this hypothesis, multiple regression analysis was conducted to evaluate the effect of recognition and reward systems on employee loyalty while controlling for the other variables. This method was chosen because it allows for an in-depth understanding of how recognition practices impact loyalty when other factors, such as organizational communication and workplace collaboration, are accounted for.

Table 4.4 Regression Analysis: Recognition and Reward Systems and Employee
Loyalty

Predictor Variable	Standardized Beta (β)	t-value	Significance (p-value)
Recognition and Reward Systems	0.463	7.218	p < 0.001

The standardized beta coefficient (β = 0.463) indicates that recognition and reward systems have a moderate positive effect on employee loyalty. The t-value (t = 7.218) is statistically significant with a p-value of p < 0.001, confirming that the relationship is significant at the 0.05 level. These results demonstrate that improvements in recognition and reward systems are associated with increased employee loyalty, supporting the second hypothesis.

The findings align with prior studies, such as those by Zheng (2022) and Li & Zhang (2022), which emphasize the critical role of acknowledgment and fair rewards in fostering employee satisfaction and long-term commitment. When employees feel that their contributions are valued and recognized through consistent reward systems, they are more likely to develop an emotional attachment to the organization, thereby enhancing their loyalty.

In conclusion, the regression analysis provides robust evidence to support H2. The significant positive relationship between recognition and reward systems and employee loyalty highlights the importance of implementing fair and consistent acknowledgment practices in SMEs. This result further reinforces the theoretical framework that employee loyalty is influenced by how well their efforts are rewarded and recognized within the workplace.

4.1.4 Workplace Collaboration and Employee Loyalty

The third hypothesis (H3) posits that workplace collaboration has a significant positive relationship with employee loyalty in SMEs. To test this hypothesis, Pearson's correlation analysis was conducted to examine the strength and direction of the relationship between workplace collaboration and employee loyalty. This method was well-suited for evaluating the linear association between the two variables.

Table 4.5 Pearson's Correlation Between Workplace Collaboration and Employee
Loyalty

Variable	Employee Loyalty
Workplace Collaboration	Pearson's r = 0.721
Significance (p-value)	p < 0.001

The Pearson correlation coefficient (r = 0.721) indicates a strong positive relationship between workplace collaboration and employee loyalty. This suggests that higher levels of teamwork, mutual support, and cooperative efforts among employees are significantly associated with increased loyalty to the organization. The p-value (p < 0.001) confirms that this relationship is statistically significant at the 0.05 level, providing robust evidence to support the third hypothesis.

These findings align with prior research by Wang and Chen (2022), who identified collaboration as a key factor in enhancing employee satisfaction and organizational commitment. When employees feel supported by their colleagues and experience a collaborative work environment, they are more likely to develop a sense of belonging and alignment with the organization's goals. This emotional attachment strengthens their loyalty and reduces the likelihood of turnover.

Furthermore, the strong correlation supports the theoretical framework of this study, emphasizing that workplace collaboration reflects a shared organizational culture that fosters trust, cohesion, and alignment. This collaborative culture not only enhances team productivity but also contributes to the retention of skilled employees by creating a supportive and engaging work environment.

In conclusion, the results of the correlation analysis provide compelling evidence to support H3. Workplace collaboration has a significant and strong positive relationship with employee loyalty, highlighting the importance of fostering teamwork and mutual support in SMEs. This finding underscores the critical role of collaboration in creating a cohesive work environment that enhances employee commitment and retention.

4.2 Discussion

4.2.1 Results

The findings from hypothesis testing provide significant insights into the relationships between corporate culture dimensions and employee loyalty within SMEs, particularly in the case of Xinhe Technology Co., Ltd.. Each hypothesis is supported by statistical evidence, confirming the importance of organizational communication, recognition and reward systems, and workplace collaboration in fostering employee loyalty.

The results of the correlation analysis for H1 reveal a strong positive relationship between organizational communication and employee loyalty ($r = 0.648$, $p < 0.001$). This finding underscores the critical role of clear, transparent, and consistent communication in aligning employees with organizational goals. When employees feel informed about decisions, policies, and expectations, they are more likely to trust leadership and develop a stronger sense of belonging to the organization. This result supports the theoretical foundation that communication serves as a mechanism for reinforcing shared values and organizational culture, thereby enhancing loyalty.

For H2, the multiple regression analysis indicates that recognition and reward systems significantly influence employee loyalty ($\beta = 0.463$, $p < 0.001$). This result highlights the importance of fair and consistent acknowledgment practices in fostering commitment. Employees who perceive that their contributions are valued and rewarded are more likely to feel emotionally attached to the organization. This finding aligns with previous research suggesting that both monetary and non-monetary rewards play a pivotal role in motivating employees and reducing turnover intentions. The moderately strong effect size suggests that while recognition is crucial, it must be integrated with other cultural dimensions to maximize its impact.

The correlation analysis for H3 demonstrates a strong positive relationship between workplace collaboration and employee loyalty ($r = 0.721$, $p < 0.001$). This result emphasizes the significant role of teamwork, mutual support, and cooperative efforts in fostering a cohesive work environment. Employees who experience high levels of collaboration are more likely to feel connected to their colleagues and aligned with the organization's goals. This sense of unity and shared purpose enhances their loyalty. The findings reinforce the idea that collaboration reflects a supportive

organizational culture, which is essential for sustaining employee engagement and retention in SMEs.

Overall, the findings confirm that each dimension of corporate culture examined in this study—organizational communication, recognition and reward systems, and workplace collaboration—plays a critical role in influencing employee loyalty. Workplace collaboration emerged as the strongest predictor, suggesting that creating a collaborative culture may yield the greatest impact on employee commitment. However, the interplay of all three dimensions is essential for building a holistic organizational culture that supports long-term employee retention.

These results provide practical implications for SMEs, emphasizing the need to prioritize effective communication, fair recognition practices, and teamwork to cultivate a loyal and committed workforce. The findings also align with the theoretical framework of Organizational Culture Theory, which posits that shared values and practices within an organization are instrumental in shaping employee behaviors and attitudes.

4.2.2 Disscusion

The findings of this study strongly align with prior research on the relationship between corporate culture dimensions and employee loyalty, particularly within the context of small and medium-sized enterprises (SMEs). The significant positive relationship between organizational communication and employee loyalty corroborates earlier studies, such as those by Huang and Liu (2021), which emphasized that clear and transparent communication fosters trust and alignment with organizational goals. Consistent with the theoretical foundation of the Organizational Culture Theory (Schein, 2010), the findings confirm that communication channels that facilitate the flow of information and feedback are pivotal for fostering employees' emotional attachment to their organization.

Similarly, the results related to recognition and reward systems echo prior research that highlights the role of fair acknowledgment in motivating employees and reducing turnover. Studies by Zheng (2022) and Li and Zhang (2022) noted that both monetary rewards and non-monetary recognition contribute significantly to employees' sense of value and commitment. This study further substantiates these claims by demonstrating that a well-structured recognition system enhances loyalty, especially in

SMEs, where resource constraints necessitate creative approaches to employee acknowledgment.

The positive relationship between workplace collaboration and employee loyalty aligns with findings by Wang and Chen (2022), who highlighted the importance of teamwork and mutual support in building cohesive work environments. This study reinforces the notion that collaboration fosters a sense of unity and shared purpose, ultimately driving loyalty. Furthermore, the strong correlation observed between workplace collaboration and employee loyalty suggests that fostering teamwork may yield even greater benefits than other cultural dimensions in the SME context.

While the findings largely support the study's hypotheses, some unexpected results were observed. For instance, although recognition and reward systems had a significant positive impact on employee loyalty, their effect size ($\beta = 0.463$) was slightly lower than anticipated compared to workplace collaboration. This result might reflect the unique dynamics of SMEs, where employees often value interpersonal relationships and team cohesion more than formal recognition systems. It suggests that in resource-constrained environments, intrinsic motivators such as collaboration and support may outweigh extrinsic motivators like rewards. This finding provides a nuanced understanding of the interplay between cultural dimensions in influencing loyalty, particularly in smaller organizational settings.

Another unexpected result was the relatively high variability in responses regarding recognition and reward systems (SD = 0.83), indicating differing perceptions among employees. This variability could stem from inconsistencies in how recognition is implemented across departments or roles, which may reflect operational challenges within SMEs. Addressing this variability by standardizing recognition practices could further enhance employee perceptions and loyalty.

Chapter 5 Conclusion and Recommendation

5.1 Conclusion

This study investigated the influence of corporate culture dimensions—organizational communication, recognition and reward systems, and workplace collaboration—on employee loyalty within small and medium-sized enterprises (SMEs), using Xinhe Technology Co., Ltd. as a case study. Employee loyalty is a critical factor for organizational success, particularly for SMEs facing challenges in retaining skilled employees in competitive labor markets. This research sought to understand how specific elements of corporate culture contribute to fostering employee loyalty, providing insights into effective management practices.

To achieve the research objectives, a quantitative research design was adopted. Data were collected using a structured questionnaire distributed to employees of Xinhe Technology. The questionnaire measured perceptions of organizational communication, recognition and reward systems, workplace collaboration, and employee loyalty. A sample of 116 valid responses was analyzed using descriptive and inferential statistical methods, including Pearson's correlation analysis and multiple regression analysis, to test the hypotheses and answer the research questions.

The results revealed significant positive relationships between all three dimensions of corporate culture and employee loyalty. Organizational communication was found to enhance loyalty by fostering transparency and trust, while recognition and reward systems contributed to loyalty through the acknowledgment of employee contributions. Workplace collaboration emerged as the strongest predictor of employee

loyalty, emphasizing the importance of teamwork and mutual support in creating a cohesive and engaging work environment.

The key findings of the study answered the research questions directly. First, effective organizational communication was shown to have a meaningful impact on employee loyalty, supporting the need for clear and consistent information sharing. Second, recognition and reward systems were found to significantly influence loyalty, highlighting the role of fair and meaningful acknowledgment practices. Finally, workplace collaboration was identified as a critical factor in promoting employee loyalty, with the strongest effect among the three dimensions. These results demonstrate that corporate culture dimensions collectively shape employees' emotional attachment and commitment to the organization.

The study confirmed that organizational communication, recognition and reward systems, and workplace collaboration are integral components of corporate culture that positively influence employee loyalty in SMEs. By understanding these relationships, SMEs can implement targeted strategies to enhance employee retention, improve organizational performance, and sustain long-term growth. These findings provide valuable insights for managers and policymakers seeking to foster a loyal and motivated workforce in resource-constrained environments.

5.2 Recommendation

Based on the findings of this study, several recommendations are provided to help small and medium-sized enterprises (SMEs), particularly Xinhe Technology Co., Ltd., foster a loyal and committed workforce through targeted enhancements to corporate culture.

First, organizations should prioritize improving organizational communication by ensuring clarity, consistency, and transparency in the flow of information. Regular updates on company goals, policies, and decisions can help employees feel more connected and aligned with the organization's objectives. Implementing two-way communication channels, such as feedback sessions or anonymous suggestion platforms, enables employees to voice their concerns and ideas, fostering trust and mutual respect.

Second, recognition and reward systems should be structured and standardized across all departments to ensure fairness and consistency. SMEs should incorporate both monetary and non-monetary recognition methods, such as performance-based bonuses, public acknowledgment, and professional development opportunities. Tailoring rewards to individual preferences can further enhance their effectiveness. Managers should also ensure that recognition practices are timely and directly linked to employee contributions to reinforce positive behavior and motivation.

Third, organizations must cultivate a culture of workplace collaboration by promoting teamwork and mutual support. Encouraging cross-departmental projects and providing team-building opportunities can strengthen interpersonal relationships and foster a sense of unity among employees. SMEs should also create environments where employees feel supported by their colleagues and managers, as this significantly enhances emotional attachment and loyalty.

Finally, leadership plays a crucial role in shaping corporate culture. Managers should lead by example, demonstrating effective communication, recognizing employee contributions, and fostering a collaborative environment. Leadership training programs can help managers develop these skills and align their practices with the organization's cultural objectives.

By implementing these recommendations, SMEs can create a positive corporate culture that enhances employee loyalty, reduces turnover, and improves overall organizational performance. These strategies are particularly vital in resource-constrained environments, where retaining skilled employees is essential for sustaining competitive advantages and achieving long-term success.

5.3 Further Study

While this study provides valuable insights into the relationship between corporate culture dimensions and employee loyalty within SMEs, there are several areas where future research may expand and deepen the understanding of this topic.

First, future studies should consider exploring additional dimensions of corporate culture that may influence employee loyalty, such as leadership style, organizational ethics, or work-life balance. These factors could provide a more

comprehensive understanding of the interplay between corporate culture and employee behavior.

Second, further research may examine the role of industry-specific factors in shaping the relationship between corporate culture and employee loyalty. For example, comparing the effects of corporate culture in technology-based SMEs like Xinhe Technology with those in other industries such as manufacturing or retail could provide valuable insights into contextual differences.

Third, longitudinal studies should be conducted to observe how changes in corporate culture over time impact employee loyalty. This approach may provide a deeper understanding of causal relationships and the long-term effects of organizational initiatives aimed at enhancing corporate culture.

Lastly, future research may expand the geographic scope to include SMEs in different regions or countries. This would allow for a comparative analysis of cultural and economic factors influencing employee loyalty, providing insights that are generalizable across diverse organizational settings.

By addressing these areas, future studies can contribute to a more nuanced and holistic understanding of how corporate culture impacts employee loyalty, offering practical recommendations that are tailored to specific organizational and contextual needs.

References

Chen, J. (2022). Organizational practices and their impact on employee retention in Chinese SMEs. *Journal of Business Management Studies*, *15*(3), 112-127.

Chen, Y., & Zhou, F. (2021). Barriers to workplace collaboration in Chinese SMEs and solutions. *Management and Organizational Review*, *10*(2), 85-98.

Chen, Y., & Zhou, F. (2022). The role of non-monetary rewards in improving employee loyalty in small enterprises. *Asia-Pacific Management Journal*, *10*(1), 78-92.

Huang, L., & Liu, R. (2021). Corporate culture and employee retention: A case study of Chinese SMEs. *Asia-Pacific Journal of Human Resources*, *10*(2), 45-60.

Huang, Y., Wang, Z., & Li, Q. (2020). Exploring the relationship between communication and employee loyalty: A case of SMEs in China. *Chinese Journal of Management Science*, *9*(1), 78-92.

Huang, Z., Wang, X., & Li, H. (2021). Exploring the relationship between corporate culture and employee loyalty. *Chinese Journal of Organizational Behavior, 12*(3), 91-108.

Li, M. (2022). Factors influencing employee commitment and retention in small businesses. *Human Resource Development Review*, *13*(4), 120-135.

Li, X., & Zhang, W. (2021). Performance-based rewards and their impact on employee retention: Evidence from Chinese SMEs. *Journal of Business Studies*, *12*(3), 67-85.

Li, X., & Zhang, W. (2022). Employee loyalty in Chinese SMEs: The mediating role of workplace culture. *International Journal of Business Research*, *16*(3), 85-98.

Liu, S. (2022). Reward systems and employee loyalty: A quantitative study in small enterprises. *Management Science Review*, *12*(4), 120-137.

Schein, E. H. (2010). *Organizational culture and leadership* (4th ed.). Jossey-Bass.

Wang, Q., & Chen, X. (2022). Workplace collaboration and its influence on employee satisfaction in SMEs. *Management and Organizational Review*, *14*(3), 78-92.

Wang, Z., & Li, X. (2022). Collaborative work culture and its influence on employee satisfaction. *Management Science Review*, *18*(5), 78-93.

Zheng, P. (2022). Enhancing employee loyalty through workplace culture in SMEs: A case study approach. *Journal of Human Resource Management*, *20*(1), 101-115.

Zheng, P., & Li, Q. (2022). Workplace practices and employee retention in small Chinese enterprises. *Chinese Management Review*, *12*(2), 67-83.

Appendix

Dear Participant,

Thank you for agreeing to take part in this survey. This study aims to examine how organizational communication, recognition and reward systems, and workplace collaboration influence employee loyalty within small and medium-sized enterprises (SMEs). Your participation is entirely voluntary, and all responses will be kept strictly confidential and used only for academic purposes. The questionnaire will take approximately 8-10 minutes to complete.

Your honest and thoughtful responses are highly valued. Please read each statement carefully and select the response that best reflects your opinion.

For Sections B to E, please indicate the degree to which you agree or disagree with the statements on a 5-point Likert scale:

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

Please provide the following information:

1. **Age**:
   - o Under 25
   - o 26-35
   - o 36-45
   - o 46-55
   - o Above 55

2. **Gender**:
   - o Male
   - o Female
   - o Prefer not to say

3. **Education Level**:

- o High School Diploma
- o Bachelor's Degree
- o Master's Degree
- o Doctorate or Higher

4. **Years of Service at the Company**:
   - o Less than 1 year
   - o 1-3 years
   - o 4-6 years
   - o More than 6 years

5. **Department**:
   - o Administration
   - o Technical/Engineering
   - o Sales/Marketing
   - o Human Resources
   - o Others (please specify): _____

---

6. The company provides clear and consistent communication about organizational goals.
   - o 1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]
7. Communication within the company flows effectively between departments.
   - o 1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]
8. I feel well-informed about decisions made by management.
   - o 1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]
9. Management encourages open and two-way communication with employees.
   - o 1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]
10. Communication tools (e.g., meetings, emails) are used effectively to share information.

- 1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]

---

11. My contributions and efforts at work are appropriately recognized.

- 1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]

12. The reward system in this company is fair and consistent.

- 1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]

13. I am satisfied with the recognition I receive for my performance.

- 1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]

14. The company provides incentives (e.g., bonuses, promotions) that motivate me to perform better.

- 1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]

15. Verbal and non-monetary recognition (e.g., praise) are effectively practiced by management.

- 1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]

16. Team members in my department work together effectively to achieve shared goals.

- 1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]

17. I feel supported by my colleagues when completing tasks or projects.

- 1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]

18. Collaboration across departments is encouraged and valued by management.

- 1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]

19. Teamwork helps me perform better and feel connected to the organization.

- 1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]

20. The company promotes a culture of mutual respect and cooperation.

- 1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]

21. I feel emotionally attached to this organization.

- 1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]

22. I plan to remain with this company for a long time.

- 1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]

23. I would recommend this company as a good place to work to others.

- 1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]

24. I feel aligned with the values and goals of this organization.

- 1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]

25. I am willing to put in extra effort to contribute to the success of this company.

- 1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]

Thank you for taking the time to complete this survey. Your responses are highly appreciated and will contribute significantly to the study. If you have any questions or concerns regarding this survey, please feel free to contact the researcher.