Influence of organisational culture on company performance

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Industrial management and organisation

ABSTRACT

Purpose: The lack of organizational effort to assess cultural compatibility or fit prior to the engagement of firms has contributed to the failure of several mergers and acquisition. A Korean public listed company with manufacturing plants in Malaysia and New Zealand found that the performances of the newly acquired plants were significantly lower than the manufacturing plants in Korea.

Design/methodology/approach: In this study, the influence of national culture on organizational culture and the effect on the organizational performance was conducted on 6 manufacturing plants in Korea (2), Malaysia (3) and New Zealand (1). Hofstede's culture dimensions were used to determine culture diversity between the manufacturing plants.

Findings: The values survey module was used to calculate the index scores on five dimensions of national value system as components of national cultures: power distance, Individualism, Masculinity, Uncertainty avoidance and Long term orientation.

Practical implications: The model of culture fit assesses the dimensions of socio-cultural environment, internal work culture and HRM practices. The resulting multiple regression analysis showed that there are cultural diversities between the manufacturing plants and national culture does influence organizational performance.

Originality/value: The results also showed that a dimension of internal work culture does influence organizational performance.

Keywords: Organisational performance; Values survey module; Model of culture fit

1. Introduction

Understanding the culture diversities between nations alone is not sufficient if one limit the understanding to just the culture at the national level. Nations consists of many societies and each individual society has its own developed culture. The integration of these developed culture forms the nation's culture. Members of the society bring part of the society's culture to their place of employment which may influence the culture of the organization.

Differences in organizational cultures may inhibit the transfer of know-how from one organization to another. Varying cultures require different managerial styles and even though it works in one society or organization often does not work well in others [1].The crucial element is not the organizational culture itself, but what management does with it [1]. In order to be able to effectively deal with the effect of organizational cultures, it is first important to determine what the culture of the organizations is.

The purpose of this study is to investigate the culture diversity between the countries and also between the organization or manufacturing plants. The relationship between national culture and organizational culture and also the relationship between organizational culture and company or organization performance will be investigated. The findings of this study will reveal the culture diversities, which were assumed to exist, that would provide the company with valuable information for the purpose of formulating its strategic direction and decision.

2. Literature review

Some of the definitions of culture are, "collective programming of the mind that distinguishes the members of one group or category of people from others" by Hofstede and Hofstede [2], " a pattern of shared basic assumptions that the group learned" by Schein [3] while Witte and Muijen [4] proposed a model to describe organizational culture as having different elements and influencing factors such as interaction between individuals, organizations, leadership, pressure, crisis, stakeholders, national culture and professional association. However, Hofstede and Hofstede's study in 2005 [2] on cultural dimensions for Malaysia, Korea and New Zealand is seen as the closest and most suitable to be adopted. In fact, their previous work in 1980 of which the 2005 work was based on, was well accepted by authors such as Early and Singh [5], Fontaine and Richardson [6] and Sondergaard [7].

Hofstede and Hofstede conceived culture as a construct which manifests itself in an organization as a result of the organization's location within a particular society. There are four discrete dimensions of culture:

* individualism (IDV) - stands for a society in which the ties between individuals are loose: a person is expected to look after himself or herself and his or her immediate family only;
* uncertainty avoidance (UAI) - the extent to which institutions and organizations within a society feel threatened by uncertain, unknown, ambiguous, or unstructured situations;
* power distance (PDI) - the extent to which relationships between superior and subordinate are distant and formal versus close and informal; and
* masculinity (MAS) - the extent to which success is defined in terms of assertiveness, challenge and ambition, rather than in terms of caring and nurturing.

These four dimensions are based on four fundamental issues in human societies within which every society has to find its particular answer. According to Hofstede and Hofstede [2], they represented the basic elements of common structure in the cultural systems of the countries. Thus, they provide an important framework not only for analyzing national culture, but also for considering the effects of cultural differences on management and organization. Table 1 shows the score of the cultural dimensions for Malaysia, Korea and New Zealand.

Table 1.
Geert Hofstede Cultural Dimension [2]

Country	PDI	IDV	MAS	UAI
Malaysia	104	26	50	36
South Korea	60	18	39	85
New Zealand	22	79	58	49

The Model of Culture Fit by Aycan et al.[8] was also an outstanding work and could be useful as a reference for this study because it explained the way in which socio-cultural environment influences internal work culture and human resources management practices. Aycan et. al. [8] further elaborated that managing human resources in organizations requires understanding of the influence of both the internal and external environments of organizations. The internal environment is represented by its internal work culture, whereas the external environment is represented by the enterprise or institutional culture as well as the socio-cultural environment. Both of these environmental forces are, in turn, influenced by the physical and socio-political context.

On reviewing other works on possible relationship between corporate culture and organizational performance, Frayerweather's [9] work was one of the early study that distinguished multinational business characteristic in business involving two or more nations. Miroshnik [10] on the other hand, had discovered that the dominant factor for causing problems and failures of multinational business abroad was culture. Carleton [11] also found that about 55-70% of mergers and acquisitions fail to meet the anticipated purpose. Cartwright and Cooper [12] also highlighted that financial benefits anticipated from mergers or acquisitions were often unrealized because of incompatible cultures. Schraeder and Self [13] stated that the lack of organizational effort to assess cultural compatibility or fit prior to the engagement of the firms could cause negative effect to its performance.

Differences in managerial styles and difficulties trying to adjust to new procedures and performance standards have a real and measurable impact on organizational performance [12]. Weber [14] suggested that the anticipated benefits or gains associated with a merger and acquisition are often unrealized because of productivity losses and the traumatic effect of mergers and acquisitions on a firm's human resources. Unrealized productivity expectations are often precipitated by the fact that some mergers bring about the worst in the respective organizations' cultures, making it difficult to marshal their strengths in an effectual manner [15]. Buono et al. [16] suggested that even though individuals will typically resist changes, they are more likely to support the change if they understand the need for it. Cartwright and Cooper [12] argued that successful pre-merger performance supported by a strong organizational culture does not guarantee that the culture can easily be transferred by another organization.

A combination of macro, micro and "meso" values creates a specific organizational culture, which varies from country to country according to their differences in national culture. [10]. Peters and Waterman [1] stated that managing organization across national borders present enormous challenges because varying cultures require different managerial styles – the managerial styles that works in one society often does not work well in others. Most managers believe that the culture of an organization moderates or erases the influence of a national culture. They believed that national differences are only important with foreign clients, not with colleagues from within the same organization [10]. One cannot safely assume that even a very powerful corporate culture will render national influences significant. Employees facing actual conflicts between the two are likely to respond in way typical to their national culture, not their organizational one.

In their study of 200 companies, Kotter and Heskett [17] concluded that corporate culture or organization culture can have a significant impact on a firm's or organization's long term economic performance. Strategies, structures and technologies that are appropriate in one cultural setting may lead to failure in another [10].

Organizational culture emerges from some common assumptions about the organization, which the members share as a result of their experiences in that organization. Cameron and Quinn [18] have mentioned that the most important competitive advantage of a company is its organizational culture. If an organization has a "strong culture" with a "well integrated and effect" set of values, beliefs and behaviour, it normally demonstrates a high level of corporate performance [13].

3. Methodology

A structured questionnaire was developed combining Geert Hofstede's Value Survey Module and Model of Culture Fit which was used by Aycan et. al. [8]. The questionnaire developed consists of three parts. The first part requires the respondents to provide demographic data, the second part made up of Value Survey Module which consists of 20 questions and the third part is made up of Model of Culture Fit which consists of 60 questions.

The questions allow index scores to be calculated on five dimensions of national value systems as components of national cultures: Power Distance, Individualism, Masculinity, Uncertainty Avoidance and Long Term Orientation. All content questions are scored on five-point scales (1-2-3-4-5). Index scores are derived from the mean scores on the questions for national or regional samples of respondents. Coefficient of Reliability and Cronbach's Alpha were calculated to determine the internal consistency.

Multiple regression analysis was used to examine:

- influence influence of socio-cultural environment dimension on internal work culture.
- of internal work culture on HRM practices.

Spearman's rank correlation coefficient was used to examine the relationship of internal work culture of organizational culture and organization performance.

As for the company's performance indicator for this study, company's uptime is used where it measures the plant utilization against the plan production time. Other common measures such as financial, sales or production volume would be easier to understand but it is quite difficult to obtain and compare the information due to differences in administration, selling policies and varied products among the DWH branch companies. Thus, uptime is seen as the most appropriate measure for company performance at this point.

4. Results and discussions

A total of 290 respondents from 6 manufacturing plants in Korea (2), Malaysia (3) and New Zealand (1) were obtained from the survey. The results are therefore discussed in the following sub headings. The six companies under DWH as their parent company, are now represented as DFBN (Malaysia), DFM (Malaysia), DMM (Malaysia), MDF1 (Korea), MDF2 (Korea) and DPN (New Zealand).

4.1. Power distance index

Power distance is calculated using Hofstede and Hofstede [2] characteristics. The index normally has a value between 0 (small Power Distance) and 100 (large Power Distance), but values below 0 and above 100 are technically possible (Fig. 1).
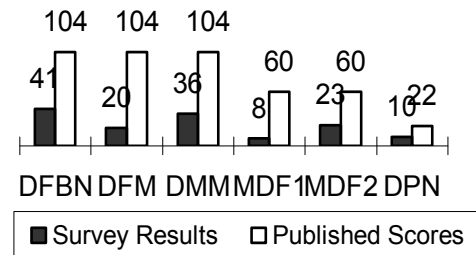

Fig. 1. Power Distance Index (PDI)

The published PDI scores showed big differences between Malaysia (DFBN, DFM and DMM) and New Zealand (DPN) and are much higher compared to the survey results. All the manufacturing plants scored below 50 in the survey indicating that they have small power distance. It could also be observed that there are differences of scores between manufacturing plants of the same country.

4.2. Values Survey Module

The Values Survey Module is for comparing culturally influenced values and sentiments of similar respondents from two or more countries. But different locations within a country consist of different societies which have their own developed culture. Furthermore, the respondents from this survey, who are mainly non-Executive level of the organizations, are probably local residents of the surrounding community. It can be assumed that the culture of the society surrounding the site of the manufacturing plant would contribute to the differences of the score for manufacturing plant within the same country.

The companies in Malaysia are located in three different areas. DFBN is located in the southern part of Peninsular Malaysia while the other two manufacturing plants are located in the north. But the two manufacturing plants in Korea are located near to each other in an industrial area within the city of Incheon. There was an 8- year operation gap between the two manufacturing plants which may have contributed to the differences in the scores of the two manufacturing plant.

Hofstede and Hofstede [2] found that lower-status and lower-educated employees produced higher power distance scores. In most societies, social class, education level, and occupation are closely linked.

The PDI scores for MDF1, MDF2 and DPN are lower than the Malaysian manufacturing plants. Although the respondents for all the manufacturing plants were mainly from the lower end of the organization level, the difference in PDI scores could be contributed by the differences in the education level. The high percentage of respondents from the Malaysian manufacturing plants who has

attained only primary or secondary school education level may have contributed to the higher PDI scores compared with the manufacturing plants in South Korea and New Zealand.

Hofstede and Hofstede [2] provided some of the characteristics of the workplace which recorded small power distance index. In the small power distance situation, subordinates and superiors consider each other as existentially equal; the hierarchical system is just an inequality of roles, established for convenience; roles may be changed, so that someone who today is the subordinate may tomorrow be the boss. Organizations are fairly decentralized, with flat hierarchical pyramids and limited number of supervisory personnel. Workers are highly qualified, and high-skill manual work has a higher status than low-skill office work. Superiors should be accessible for subordinates, and the ideal boss is resourceful (and therefore respected) democrat. Subordinates expect to be consulted before a decision that affects their work is made, but they accept that the boss is the one who finally decides.

However, it does not mean all the characteristics should exist in each manufacturing plants. The characteristics may be obvious in some plants but not in others. The combination and the magnitude of each characteristic would determine the score for the index. To explain the differences in the score and characteristics between manufacturing plants the mean score of each question should be compared.

Table 2 shows the mean score of each manufacturing plants for the questions in determining PDI. Lower values means agree, important or seldom and vice versa. Respondents of MDF2, DFM and DMM felt that it was more important to have a good working relationship with direct superior compared to the other manufacturing plants. Respondents of DFM felt it was important that their direct superiors consulted them in his/her decisions while respondents of MDF2 and DPN were less afraid to express disagreement with their superiors. DPN also preferred a less hierarchical structure where decision- making is within a few selected persons. By comparing the means, differences in the characteristics of each manufacturing plants could be observed. As stated earlier, the Values Survey Module is for comparing culturally influenced values and sentiments of similar respondents from two or more countries. Although the differences could already be observed from the index scores but by comparing the means for each characteristics, the differences could be explained further.

4.3. Individualism Index

Individualism stands for a society in which the ties between individuals are loose: a person is expected to look after himself or herself and his or her immediate family only. Collectivism stands for a society in which people from birth onwards are integrated into strong, cohesive in-groups, which continue to protect them throughout their lifetime in exchange for unquestioning loyalty. The index normally has a value between 0 (strongly collectivist) and 100 (strongly individualist), but values below 0 and above 100 are IDVs scores compared to Hofstede's technically possible.

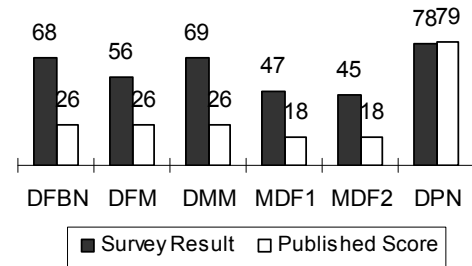Figure 2 shows the surveyed results have higher.

Fig. 2. Individualism Index (IDV)

High occupational mobility is one of the characteristics for high IDV score. Although from the survey results, high IDV is associated with high occupational mobility but from the mean, respondent felt that is important. It can also be observed from the demographic data that after having security of employment with the current organization, respondents have decided to stay longer (Table 3).

4.4. Masculinity Index

Masculinity stands for a society in which emotional gender roles are clearly distinct: men are supposed to be assertive, tough, and focused on material success; women are supposed to be more modest, tender, and concerned with the quality of life. Femininity stands for a society in which emotional gender roles overlap: both men and women are supposed to be modest, tender, and concerned with the quality of life. The index normally has a value between 0 (strongly feminine) and 100 (strongly masculine), but values below 0 and above 100 are technically possible.

The survey results produce contrasting results between MDF1 and MDF2 where each is on the opposite side of the scale (Fig. 3). It is difficult to explain the reason for such results. Based on the demographic data the differences noticed are the average age, duration of present employment and organization level. Average age and duration of current employment are due to the difference in the year of commencing operation which is 1986 and 1994 respectively.
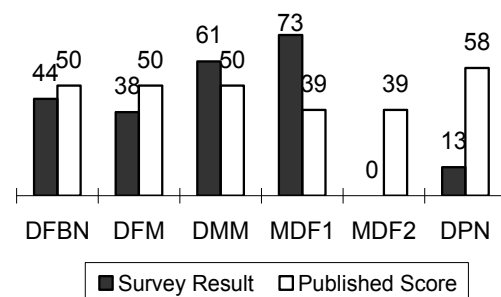

Fig. 3. Masculinity Index (MAS)

Table 2.
Means Score of PDI questions

		Manufacturing Plants					
		DFBN	DFM	DMM	MDF1	MDF2	DPN
Q3	Have a good working relationship with direct superior	2.33	1.90	1.92	2.43	1.82	2.00
Q6	Be consulted by direct superior in his/her decisions	2.63	2.19	2.33	2.48	2.55	2.57
Q14	Subordinate afraid to express disagreement with their superior	3.42	2.92	3.15	2.86	2.50	2.50
Q17	Structure with subordinate having two bosses should be avoided	1.74	2.15	1.87	2.24	2.27	2.64
	Mean Score	2.53	2.29	2.32	2.50	2.29	2.43

Table 3.
Means Score of IDV questions

		Manufacturing Plants					
		DFBN	DFM	DMM	MDF1	MDF2	DPN
Q1	Have sufficient time for your personal or family life	1.90	1.93	1.87	2.24	2.23	1.79
Q2	Have good physical working condition	1.96	1.93	2.00	1.81	1.82	1.86
Q4	Have security of employment	1.63	1.52	1.67	1.48	1.82	1.93
Q8	Have element of variety and adventure	2.34	2.63	2.46	2.19	2.59	2.29

With regards to organization level, MDF2 respondent consist of more supervisors and executive. It has been mentioned that organization level and education level can influence the outcome of the score for each manufacturing plant. Therefore with more supervisors and executive as respondents and the small sample size, could have contributed to the differences in scores between the manufacturing plants and between the published and surveyed results. Based on the published score, New Zealand was ranked higher than Malaysia and Korea but the survey results showed New Zealand ranked lower than the other two countries. Respondents from DPN consists more of supervisors and executive and furthermore the sample size from DPN was very much smaller. Again, the organization level factor could be the contributing factor for the difference between the published score and survey results. With a small sample size answers by single respondents will unduly affect the results.

These two factors, organization level and sample size, can be assumed as the contributing factors for the difference but it is not a satisfactory explanation for explaining the magnitude of the difference. This is because the difference could be observed in all four indexes but for masculinity it has the biggest difference. Further investigation is required in order to be able to provide a satisfactory explanation.

4.5. Uncertainty Avoidance Index

Uncertainty Avoidance is defined as the extent to which the members of institutions and organizations within a society feel threatened by uncertain, unknown, ambiguous, or unstructured situations. The index normally has a value between 0 (weak Uncertainty Avoidance) and 100 (strong Uncertainty Avoidance), but values below 0 and above 100 are technically possible.

DFBN scored much higher than the other two Malaysian manufacturing plants (Fig. 4). After 3 years under the management of DWH, Korean management style may have some influence on DFBN compared to the other two manufacturing plants which have only recently being acquired.
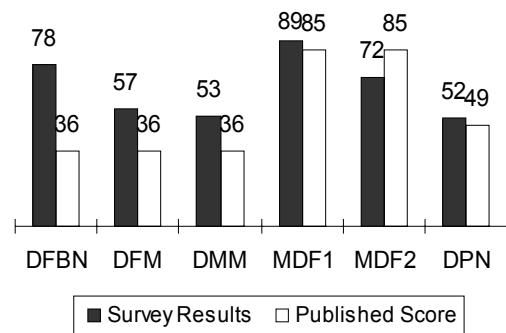

Fig. 4. Uncertainty Avoidance Index (UAI)

Characteristics at the workplace described by Hofstede and Hofstede [2] for high UAI scores are:

- There is an emotional need for rules, even if these will not work,
- There is an emotional need to be busy and an inner urge to work hard,
- Time is money,

- There is a need for precision and formalization,
- Belief in expert and technical formalization,
- Top managers are concerned with daily operations,
- Focus on decision content,
- Worse at invention, better at implementation,
- Motivation by security and esteem or belonging.

Top managers concerned with daily operations were very obvious in DFBN, DFM and DMM. Daily, weekly and monthly reports are common requirements by the management. At times, too much time has been spent in writing reports. These reports which go as high as to the CEO would require much details which sometimes may not be necessary.

4.6. Model of Culture Fit

The influence of Socio-cultural environment dimensions on internal work culture dimensions was examined using standard multiple regression analysis. Multiple regression analysis was performed using SPSS 12.0 software.

The results of the multiple regression analysis were found to be that DFBN and DMM shown statistical significance on social cultural dimensions influence on malleability while MDF2 did not.

The same goes to paternalism where DFBN and DMM showed a positive relationship. In a paternalistic relationship, the role of the superior is to provide guidance, protection, nurturance and care to the subordinate. Low fatalism value belief that it is possible to control the outcome of one's action. Through this belief and the guidance from the superior, given the appropriate training and development opportunities, skills can be changed and improved.

For any DMM, power distance ($p< 0.01$) and fatalism ($p< 0.05$) did not have statistical contribution to the prediction of malleability. A pragmatic subordinates-superior relationship is preferred which is a characteristic of low power distance. Hierarchical relationship is a common characteristic of power distance and paternalism. Compared to DFBN, subordinate involvement is preferred rather than superior guidance for DMM.

For influence of socio-cultural environment dimension on internal work culture dimension of obligation towards others, DFBN, DFM and DMM showed a statistical significance. Aycan et al. [8] assumption is that internal work culture dimension of obligation towards others is influence by paternalism and loyalty towards community.

4.7. Influence of Internal Work Culture

The influence of internal work culture dimensions on HRM practices was examined using standard multiple regression analysis. Multiple regression analysis was performed using SPSS 12.0 software. The results of the multiple regression analysis are presented in Table 4 and Table 5.

DFM ($p< 0.001$), MDF1 ($p< 0.001$) and MDF2 ($p< 0.001$) showed a statistical significance influence of internal work culture dimension on HRM practices of job design. Aycan et al. [8] assumption is that HRM practices of job design were influenced by malleability, proactivity and responsibility seeking.

Table 4.
Multiple Regression Analysis Results with Internal Work Culture Dimensions as Independent Variables and HRM Practices as Dependent Variables

Dependent Variables	Plant	R^2	F	Sig.
Job Design	DFBN	0.043	0.908	0.479
	DFM	0.314	6.139	0.000
	DMM	0.177	1.982	0.099
	MDF1	0.764	9.714	0.000
	MDF2	0.752	9.720	0.000
	DPN	0.376	0.963	0.493
Supervision and Control	DFBN	0.338	10.409	0.000
	DFM	0.403	9.054	0.000
	DMM	0.300	3.936	0.005
	MDF1	0.468	2.643	0.066
	MDF2	0.468	2.811	0.052
	DPN	0.535	1.839	0.212
Performance Reward cont.	DFBN	0.142	3.366	0.007
	DFM	0.091	1.345	0.256
	DMM	0.344	4.833	0.001
	MDF1	0.409	2.078	0.125
	MDF2	0.511	3.338	0.030
	DPN	0.511	1.671	0.247

Job Design

Dimensions of job design are feedback, autonomy, skill variety and task significance. For DFM, where participation ($p< 0.001$) makes a statistical significance contribution in the prediction, employees prefer their involvement in matters concerning them and delegation at all levels which would result in job enrichment, multi skills and understanding the significance of their job.

For MDF1, responsibility seeking ($p< 0.01$), participation ($p< 0.05$) and obligation towards others ($p< 0.01$) contributed statistical significantly in predicting job design. Participation and obligation towards others showed a negative relationship with the dependent variable. Employees are more willing to accept and seek responsibility in order to enrich their job, improve their skills and decide the best method to perform their job.

For MDF2, only malleability ($p< 0.01$) makes a significant contribution in predicting the dependent variable. Employees believe that with appropriate training and given opportunities for development, they would be able to change and improve which will then enrich their jobs, broaden their skills and understand the importance of their jobs and how they affect others. For DPN, none of the internal work culture dimensions is statistically significant with job design.

Table 5.
Standardised Coefficients Beta of Internal Work Culture Dimensions as Independent Variables

Dependent Variable	Plant	Internal Work Culture				
		Malleability	Obligation Twards Others	Part'cpt	Pro- activity	Responsibility Seeking
Job Design	DFBN	0.108	-0.142	0.036	-0.065	0.047
	DFM	0.169	-0.404	0.183***	0.132	0.219
	DMM	-0.111	-0.076	-0.027	0.124	0.399**
	MDF1	0.259	-0.879**	-0.549*	0.138	0.549**
	MDF2	0.687**	-0.023	-0.023	-0.090	0.320
	DPN	0.379	-0.548	0.120	0.716	0.070
Super-vision and Control	DFBN	0.349***	0.347***	0.030	-0.015	0.117
	DFM	0.347**	0.346**	-0.053	-0.133	0.175
	DMM	0.283*	0.228	0.340*	0.435**	0.107
	MDF1	-0.304	-0.338	-0.297	0.317	0.432
	MDF2	-0.123	0.088	-0.308	0.088	0.568
	DPN	0.655	0.024	0.372	0.047	0.048
Perform-ance Reward Conting-ency	DFBN	-0.008	0.270**	-0.242*	0.082	-0.098
	DFM	-0.045	0.138	0.094	0.238*	-0.141
	DMM	0.470**	0.142	0.209	0.136	-0.294*
	MDF1	0.290	-0.059	-0.022	-0.556*	-0.170
	MDF2	0.313	-0.108	0.244	0.688*	-0.094
	DPN	-0.442	-0.069	0.772	1.307*	0.192

*p < 0.05, ** p < 0.01, *** p < 0.001

Supervision and control

DFBN (p< 0.001), DFM (p< 0.001), and DMM (p< 0.01) showed statistical significance influence of internal work culture dimension on HRM practices of supervision and control. Aycan et al. [8] assumption is that HRM practices of supervision and control is influence by malleability, proactivity and responsibility seeking. The four variables to assess the dimension of supervision and control are goal setting, empowerment, self-control and supervisory control.

Malleability and obligations towards others make a statistical significance contribution in predicting this dependent variable for DFBN (p< 0.001, p< 0.01 respectively) and DFM (both p< 0.01). Respondents' belief of their ability to change and the need to cooperate with others in the group would encourage them to work together with superiors in setting their goals, seek work delegations and work hard even in the absence of superior.

Proactivity (p< 0.01), participation (p< 0.05) and malleability (p< 0.05) make a statistical significance contribution in predicting the dependent variable for DMM. Belief in the ability to change, preference for delegation at all levels and personal initiative to achieve job objective would influence the extent to which superior and subordinates jointly set specific goals and develop specific plan to achieve the goals, the extent superior encourage and provide support to subordinates to handle difficult assignment on their own, the extent to which subordinates would work hard even in the absence of superior and the extent to which the superior would provide supervision.

Performance reward contingency

DFBN (p< 0.01), DMM (p< 0.01) and MDF2 (p< 0.05) showed statistical significance influence of internal work culture dimension on HRM practices of performance reward contingency. Aycan et al. [8] assumption is that HRM practices of performance reward contingency is influence by malleability, proactivity and responsibility seeking.

Participation (p< 0.05) and obligations towards others (p< 0.01) have statistical significance contribution in predicting this dependent variable for DFBN. Respondents' perception is that reward and recognition should take into consideration their willingness to cooperate with others at the workplace. The work or responsibility delegated to them, which characterized participation, relate negatively with reward and recognition.

Malleability (p< 0.01) and responsibility seeking (p< 0.05) make a statistical significance contribution in predicting this dependent variable for DMM. Respondents' perception is that reward and recognition should take into consideration improvement in terms of skills, knowledge. The willingness to accept and seek responsibility is negatively related to reward and recognition.

Proactivity(p< 0.05) makes a statistical significance contribution in predicting this dependent variable for MDF1, MDF2 and DFM. Respondents' perception is that reward and recognition should take into consideration their personal initiative to achieve their job objectives.

4.8. Uptime as Performance Measurement

Monthly uptime results from January 2007 until July 2007 was used to form the variable uptime which is considered as the manufacturing plants or organization performance. The internal work culture dimensions were correlated with organization performance indicator. Due to small sample size, Spearman's rank correlation coefficient was used.

The results of Spearman's rank correlation coefficient analysis showed that malleability (p< 0.01) was found to be significantly correlated with uptime (Table 6). Employees who always want to improve and willing to change will influence the organization performance.

Table 6.
Correlation between internal work culture and uptime

		Internal Work Culture				
		Malle-ability	Obli-gation Towards Others	Partici-pation	Pro-activity	Respo-nsibility Seeking
Spear-man's rho	Up-time	0.956**	-0.717	-0.359	-0.717	0.598

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

From the earlier discussed multiple regression analysis results, paternalism and fatalism are statistically significant predictor of malleability for DFBN. Therefore, superiors that provide guidance to the subordinates play an important role in encouraging skill and knowledge improvement of employees at DFBN. The role of superior and the willingness of employees to improve would therefore influence the performance of DFBN. Power distance and fatalism were the statistical significant predictor of malleability for DMM. Good working relationship with superior will encourage employees to improve knowledge and skills at DMM which in turn will influence performance.

Malleability not only influenced the performance of organization but it also influenced the HRM practices in some of the manufacturing plants as discussed earlier. Malleability influence the job design for MDF2, supervision and control for DFBN and DFM and for DMM both supervision and control and performance reward contingency. Therefore, the role of superior and employees and the relationship between them would influence the performance of the organization.

5. Conclusion and recommendation

The results from the four cultural dimensions demonstrated that there is culture diversity between the countries and also between the manufacturing plants within the same country. The differences between countries are consistent with Hofstede's earlier studies.

In investigating the relationship between national culture and organizational culture, there are evidences to show that national culture do influence organizational culture. Socio-cultural environments, which are the external factors, demonstrate statistical significance relationship with internal work culture for a few of the manufacturing plants. In addition, through the Model of Culture Fit, the influence of internal work culture on HRM practices showed statistical significance relationship for a few of the manufacturing plants.

In determining correlation of organizational culture and organization performance, it was found that malleability showed some significant. Analysis also showed that paternalism and fatalism were statistically significant predictors of malleability and malleability is statistically a significant predictor of supervision and control, which is a dimension of HRM practices. Ideally, employees who are willing to change and are keen to improve, superior and employee who would be more involved in goal-setting practices, empowerment practices, and opportunity for self control, would influence the organization's performance.

However, this study has not examined other human resource aspects such as resistance to change and failure to adapt to the local organizational culture, for which it is strongly suggested that further study could be conducted on these subjects. In addition, comparisons of data at different time length would be more representative to establish the relationship between national culture, particularly individualism and the organizational culture. It is also recommended that different levels of employees are involved in the survey so that the samples would be better represented. More accurate data on performance would also be helpful to give DWH a better picture of their organizational performance due to culture differences. Thus, steps of improvement can be made more easily in the future.

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