IMPACT OF ORGANIZATIONAL VALUES ON ORGANIZATIONAL CULTURAL PRACTICES AND ITS IMPACT ON ORGANIZATIONAL PERFORMANCE

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degree of Doctor of Business Administration
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Dedicated to:

The Loving Memory of my Beloved Father

Mr Cheng Chye Foo

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ABSTRAK

Dalam era globalisasi, kajian mengenai budaya organisasi semakin penting kerana pengurus terpaksa berurusan dengan organisasi dari seluruh pelusuk dunia. Tujuan kajian ini ialah untuk mengkaji impak nilai-nilai organisasi (sebagai anteseden) ke atas amalan budaya organisasi dan impak seterusnya amalan budaya ke atas pencapaian organisasi (pencapaian organisasi bertindak sebagai padah amalan budaya organisasi dalam kajian ini). Sampel kajian terdiri daripada 102 buah syarikat perkilangan di semenanjung Malaysia. Dapatan regressi kajian menunjukkan bahawa nilai-nilai organisasi mempengaruhi amalan budaya organisasi pada tahap yang tertentu. Contohnya nilai orientasi pencapaian, nilai orientasi masa depan dan nilai kelelakian/ kewanitaan mempunyai pengaruh yang signifikan ke atas amalan budaya profesionalisma dan amalan budaya kualiti syarikat. Nilai kelelakian/ kewanitaan dan nilai orientasi masa depan mempunyai pengaruh yang signifikan ke atas amalan budaya profesionalisma organisasi manakala nilai pencapaian mempengaruhi amalan budaya kualiti secara signifikan. Di samping itu, amalan budaya organisasi pula didapati mempunyai pengaruh yang signifikan ke atas pencapaian kewangan organisasi. Amalan budaya kualiti dan professionalisma mempunyai pengaruhi yang paling signifikan ke atas pencapaian kewangan organisasi manakala amalan budaya orientasi kerja tidak mempunyai pengaruh signifikan ke atas pencapaian kewangan organisasi. Kajian perbandingan seterusnya ke atas organisasi asing (luar negara) dan organisasi tempatan mendapati tidak terdapat perbezaan dari segi amalan budaya organisasi di antara organisasi tempatan dengan organisasi luar negara yang berasal dari Barat atau organisasi luar negara yang berasal dari Timur.

ABSTRACT

In the era of globalization, studies on organizational culture has become increasingly important because managers have to deal with organizations and people from all parts of the world. The purpose of this research was to examine the impact of organizational values (as an antecedent) on organizational cultural practice and the impact on organizational cultural practice on organizational performance (organizational performance is a consequence of organizational cultural practice) . The sample of the study consisted of 102 manufacturing firms in Peninsular Malaysia. The regression results revealed that organizational values did influence organizational cultural practices to a certain extent for example performance orientation values, future orientation values and masculinity/femininity values were found to significantly influenced organizational cultural professionalism and quality practices. Masculinity /femininity and future orientation values were found to significantly influenced organizational cultural professionalism practices while performance orientation values were found to significantly influenced organizational quality practices. On the other hand, organizational practices were found to significantly influenced organizational financial performance. Organizational quality and professionalism practices were the most significant in influencing organizational performance while task orientation practices did not influence organizational performance. Tests on local versus foreign – owned firms revealed that there were no significant difference in terms of organizational cultural practices between Malaysian-owned firms and western –owned firms and between Malaysian –owned and eastern- owned firms .

Chapter 1

INTRODUCTION

1.1   Background of the Study

The essence of management is that it is about people, which is part of the culture of the society in which it takes place. Culture is the "collective programming of the mind that distinguished the members of one group or category of people from another" (Hofstede, 1980). Managers and employees in different cultures bring to their workplace the codes of behavior and norms of their own cultures (Erez, 2004). The norms and values will shape the organizational culture practices in the organizations (Hofstede, 1991). Therefore different cultural practices are implemented in organizations in different parts of the world.

The process of globalization has further created new challenges for today's managers. Competition and differences between local and foreign companies called for attention to the cultural factors (Lim & Firkola, 2000). Many studies have shown that there are organizational culture differences between Malaysian-owned firms and foreign-owned firms (Lee, 2006; Loh, 2000; Lim, 1998; Zabid, 1997; Abdullah, 1992; Hadi, 1991; Ezhar et al., 1990; Thong & Jain 1988; Akita, 1988). As organizational culture affects performance (Denison, 1990; Gordon & DiTomaso,1992; Kotter & Heskett, 1992; Sin & Tze, 2000; Thomas & Au; 2002; Lok & Crawford, 2004) this is an area of concern because local firms need to compete with foreign firms for sales, profits and market shares in the era of globalization.

According to an article in Bernama, April 27, 2006, no other sector feels the competitive pressure like the manufacturing sector. The sector is currently faced with the challenges of lowering the cost of labor and production, the need for more intense

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research and innovation, better quality management systems and higher productivity and capital intensity (Economic Report, 2006).

Statistics from The Department of Statistics (2006) showed that the performance of manufacturing sector in terms of sales and export decreased from the third quarter of 2004 to the third quarter of 2006 (Economic Report, 2006). In terms of performance, manufacturing sector's productivity level was also been reported as relatively lower compared to Asian countries like the Republic of Korea, Taiwan, Japan and Singapore. (Annual Report Malaysia International Trade & Industry, (MITI), 2006).

These issues are a major concern to practitioners because decreased in sales, export and productivity will affect organization profits and performance of the organization.

Table 1.1
Productivity Level and Growth for (Manufacturing Sector) in Selected Countries, 2005

Country	Productivity Growth (%)	Productivity Level (at 2000 constant price) USD
PRC (China)	7.1	2,272
India	6.6	1,242
Hong Kong	5.0	60,299
Indonesia	4.4	1,952
Malaysia	3.0	11,300
Thailand	3.0	4,305
Taiwan	2.7	35,856
Republic of Korea	2.6	27,909
Japan	1.9	77,061
Singapore	1.9	52,426

(*Source: Economic Report, 2005, Ministry of Finance, Malaysia, December 2005)*

To further improve the performance and enhance the productivity level of this sector, the report from MITI (2006) suggested that benchmarking, total quality management, and practices should be emphasized (MITI Annual Report, 2006).

The above scenario had prompted the current study to probe further into the issue of organizational cultural practice and performance in the manufacturing sector. As norms and values will shape practices (Hofstede, 1991); it will be interesting to know how is the relationship between organizational values and cultural practices? How is the relationship between organizational practices and organizational performance, and are there cultural practice differences between Malaysian owned firms and foreign-owned firms?

Although there are many studies that relate to organizational culture and performance (Deal & Kennedy, 1982; Kotter & Heskett, 1992; Gordon diTomaso, 1992; Bardley & Parker, 2001; Thomas & Au, 2002; Lee, 2006) and practices (Enez, 2004; Lee & Ng, 2000; Nahm & Vonderembse, 2004); Ashkanansy (2000) suggested that future multilevel organizational culture and performance analyses are essential.

Previous research at the postgraduate level on organizational culture has focused exclusively on the impact of organizational culture on organizational commitment (Salzaina, 2004); ethical behavior (Mazula, 2003; Geethancali, 2003); leadership (Zila, 2001); innovation (Fitriah, 2001; Chew, 2000); management decision making (Markkanen,2001); socialization process of culture (Tan, 2000); performance management systems (Rozita, 2004) and organizational values and performance (Lee, 2006). So far there is no research done to look into the antecedent and consequences relationship on organizational values, practice and organizational performance and this has been identified as the literature gap.

The growing interest in the study of organizational culture is also supported by Barker and Cog (2004) who stressed that organizational culture is one of the hottest topics around and should be studied due to its importance to organizations. Therefore, a study on organizational culture seems warranted.

The Resource-Based Theory of the firm also suggests that the firm's organizational culture patterns have significant impact on the firm's unique organizational performance and hence competitive advantage (Barney, 1991).

Organizational culture or corporate culture or "the way things are done" in an organization hence is an important factor or predictor of organizational performance and the issue warrants a research study as there is no doubt that organizational culture is a sustainable factor of competitive advantage for firms to complete in the global economy that we are facing today (Barker & Cog, 2004).

1.2   Problem Statement

The above background indicates the importance of organizational culture practice that can lead to organizational performance. However, organizational cultural practice can be influenced by organizational values. Therefore this study intends to identify the impact of organizational values in influencing organizational cultural practices which lead to organizational performance.

1.3   Research Objectives

Therefore, the present study has the following objectives:

   i.   To investigate whether organizational values (as an antecedent to organizational cultural practices) influence organizational cultural practices

  ii.   To examine whether organizational cultural practices influence organizational performance (as consequence to organizational practices)

 iii.   To identify if there are any cultural practice differences between Malaysian-owned firms and foreign owned firms.

1.4   Research Questions

Following the line of thought of the above, the research questions can be formulated as follows:-

i.   How is the relationship between organizational values and organizational cultural practices?

ii.   How is the relationship between organizational cultural practices and organizational performance in terms financial performance?

iii. Are there any organizational cultural practices differences among Malaysian owned firms and foreign owned firms?

1.5   Significance of the Study

The study is significantly important from the theoretical perspective because it will help to extend the growing body of literature in Organizational Behavior and Strategic Management. Specifically it helps to bridge the gap in literature by examining organizational culture through a more comprehensive model involving both its antecedent (organizational values) and consequence (organizational performance). Another contribution is the inclusion of the newly developed dimension of cultural values from the Global Leadership and Organizational Behavior Effectiveness (GLOBE) study. The GLOBE is a study on organizational Leadership and Culture. It is a longitudinal research program that has expanded Hofstede's dimensions on national culture. The GLOBE project was carried out in 895 firms world-wide in 62 countries from 1992 to 2000.

From the practical perspective, the study contributes to manager's insights on how organizational culture works. It can also help managers to utilize appropriate values to influence organizational cultural practice. Foreign-owned firm's

managers can be more sensitive when dealing with staff from other cultures to succeed in their job. The findings provide guidelines for managers to build on and sustain the resources that are important for an organization's performance and hence competitive advantage. Managers can also concentrate their efforts in adopting organizational cultural practices that have been found to significantly impact on organization performance.

1.6   Definitions of Key Terms

i   ***Culture -*** Culture consists of patterned ways of thinking, feeling and reacting, acquired and transmitted mainly by symbols, constituting the distinctive achievements of human groups, including their embodiments in artifacts; the essential core of culture consists of tradition (i.e historically derived and selected, ideas) and especially their attached values. (Kluckhohn, 1951)

ii   ***Values -*** A broad tendency to prefer certain states of affairs over others (Hofstede, 1984)

iii   ***Organizational Culture -*** The collective programming of the mind that distinguishes the members of one organization from another. This includes shared beliefs, values and practice that distinguish one organization from another (Hofstede, (1980).

iv   ***Organization values*** - Refers to the enduring belief that a specific mode of conduct or end-state of existence is personally and socially preferable to alternative modes of conduct or end-state existence (Rokeach, 1973).

The concept, explicit or implicit provides distinctive characteristics of the organization. Organizational cultural values are operationalized as values like Power Distance, Uncertainty Avoidance, Masculinity/ Femininity,

Individualism/ Collectivism values by Hofstede (1980) and extended values by House (2004) in the GLOBE research (1992-2000). The extended values include Performance Orientation, Future Orientation, Assertiveness and Humanitarian.

v   *Organization cultural practice* – refers to the way managers do things in the organization that represents a certain ideological or philosophy framework (Erez, 2004). For example: Top-down communication that reflects high power distance and formal rules and regulations that reflects high uncertainty avoidance values. Practices are operationalised as consisting of heroes, ritual and symbols.

vi   *Organizational Performance* - the ability of the organization to achieve its goals and objectives (Ricardo, 2001). For this purpose, performance of the organization is measured in terms of financial performance.

i)   *Financial Performance* - refers to the financial performance of the firm measured in terms of (i) The firm's sales growth over the past three years (2003 to 2005) and the (ii) The average annual rate of profit (net profit over sales) over the past three years (2003 to 2005).

vii   *Foreign-owned Firms* - Firms where their country of origin is not from Malaysia. This is operationalized as Foreign East and Foreign West firms.

i) *Foreign East-* *Firms* where their country of origin is not from Malaysia but is from Asia.

ii) *Foreign West –* Firms where their country of origin is in Europe and USA

iii) *Local –owned Firms* – Firms where their country of origin is Malaysia .

1.7   Organization of Research Report

The subsequent chapters are arranged as follows: First, Chapter 2 presents a literature review that is mainly focused on the organizational performance, organizational culture and other variables of interest in the study. The literature review highlights the previous studies and their findings on organizational culture-performance relationships. Second, Chapter 3 outlines the theoretical framework and hypotheses of this study. This chapter presents the research methodology used, and details of the research in sampling, data collection procedure, questionnaire design and data analysis techniques. Third, Chapter 4 presents the findings of the research. The descriptive statistics, reliability of measure, the measure of central tendency and dispersion, correlation analysis and the results of the hypotheses are presented in this chapter. Finally, Chapter 5 recapitulates the findings and discusses the implications of the research on organizations, the limitations of the research and suggestions on future research.

Chapter 2

LITERATURE REVIEW

2.1   Introduction

This chapter reviews the previous studies carried out in the fields that are related to the topic of the present research. Firstly, the researcher will elaborate on organizational culture. Secondly, relevant theories of organizational culture, performance, and firms characteristics will be discussed. These reviews would then form the basis for the study's theoretical framework and hypotheses.

2.1.1   *An Overview of Organizational Culture*

There are many terms used by different researchers to denote organizational culture. Similarly, there are many definitions of organizational culture. Organizational culture has been characterized by many authors as "something to do with people and the unique quality and style of the organization" (Kilman et al; 1985), and "the way we do things around here" (Deal & Kennedy, 1982). Sometimes, organizational culture is also known as "corporate culture" "Corporate culture" is used to denote the more "commercialized" meaning of organizational culture (Deal & Kennedy, 1982).

The beginning of formal writing in an organizational culture started with Petigrew (1979). He introduced the anthropologist concept like "symbolism, myths," and "rituals" that could be used in organizational analysis. Although there was no consensus on the definition of organizational culture, most authors agreed that organizational/ corporate culture referred to something that is:-

(i)   holistic

(ii)   historically determined (by founders or leaders)

(iii) related to things anthropologists study (like rituals and symbols)

(iv) socially constructed (created and preserved by the group of people who together

form the organization)

(v) soft

(vi) difficult to change

Table 2.1 below showed some earlier definitions of organizational culture.

Table 2.1
Organizational Culture Definitions

Kroeber & Kluckhohn (1952)	Transmitted patterns of values, ideas, and other symbolic systems that shape behavior of an organization
Martin & Siehl (1983)	Glue that holds together an organization through shared patterns of meaning. Three component systems: context or core values, forms (process of communication, e.g., Jargon), strategies to reinforce content (e.g., rewards, training programs)
Swartz & Jordon (1980)	Pattern of beliefs and expectations shared by members that produce norms shaping behavior
Ouchi (1981)	Set of symbols, ceremonies and myths that communicate the underlying values and beliefs of the organization to its employees
Uttal (1983)	Shared values (what is important) and beliefs (how things work) that interact with an organization's structures and control systems to produce behavioral norms (the way we do things around here)
Adler (1986)	(a) Refers to something that is shared by all or almost all members of some social groups (b) Something that the older members of the group try to pass on to the younger members and (c) Something that shapes behavior or structures of the organization
Denison (1990)	Refers to the underlying values, beliefs and principles that serve as a foundation for an organization's management system as well as the set of management practices and behaviors that both exemplify and reinforce those basic principles
Trompenaars (1993)	Is the way in which people solved problem. It is a shared system of meanings. It dictates what we pay attention to, how we act and what we value.
Goffee (1996)	Is an outcome of how people relate to one another
Schneider (1997)	Shared patterns of behavior and the meaning of that behavior.
Cameron & Quinn (1999)	What is valued , the dominant leadership styles, the language and symbols, the procedures and routines and definitions of success that make an organization unique
Sullivan (2001)	Refers to the total lifestyle of a people, including all the values, ideas, knowledge, behaviors and material objects that they share
Wood (2001)	The systems of shared beliefs and values that develops within an organization or within its sub-units and that guides the behavior of its members

Wiesner (2002)	A way of looking at organizations by its shared values and behavior
Thomas & Tung (2003)	Refers to evolving set shared beliefs, values, attitudes and logical processes which provides cognitive maps for people within a given societal group to perceive, think, reason, act, react and interact
Anthon (2004)	Is the set of values, beliefs and understanding shared by an organization's employees and it ranks among an organization's most powerful
Taylor (2004)	Refers to what is created from the messages that are received about how people are expected to behave in the organization
Wagner (2005)	An informal, shared way of perceiving life and membership in the organization that binds members together and influences what they think about themselves and their work

For the purpose of this research, organizational culture is defined as "The collective programming of the mind that distinguishes the members of one organization from another. This included shared belief, values and practices that distinguished one organization to another" (Hofstede, 1980).

Researchers (Budde et.al., (1982), Bhagar & McQuiad, (1982) found that there was a need to understand and to organize the pieces of the organizational culture puzzle. The work of Schein (1984), an anthropologist and Hofstede (1980) had been central to bringing the concept of culture to the stage of organizational development. What constitutes organizational culture? Are we able to observe and measure the patterns of beliefs, rules and behavior or practices of the members in the organization? How visible is organizational culture?

Two major frameworks had been identified by Hofstede (1980) and Schein (1984) to provide an excellent way of viewing organizational culture in terms of different levels or depth. According to Schein (1984), organizational culture was represented at three levels:

(i)   Behaviors and artifacts

(ii)   Beliefs and values

(iii)   Underlying assumptions

These three levels were ranked according to their visibility, such as behavior and artifacts were the easiest to observe and most visible, while the underlying assumptions and values can be articulated but not easily comprehensible because it was deeply and strongly rooted in the individual's subconscious. However, values reflected "the core of culture" and have a high impact on the organizational culture. On the other extreme was the more visible part of organizational culture such as behaviors and artifacts which consisted of symbols, heroes and rituals. The figure below showed the three levels of culture according to Schein (1984).
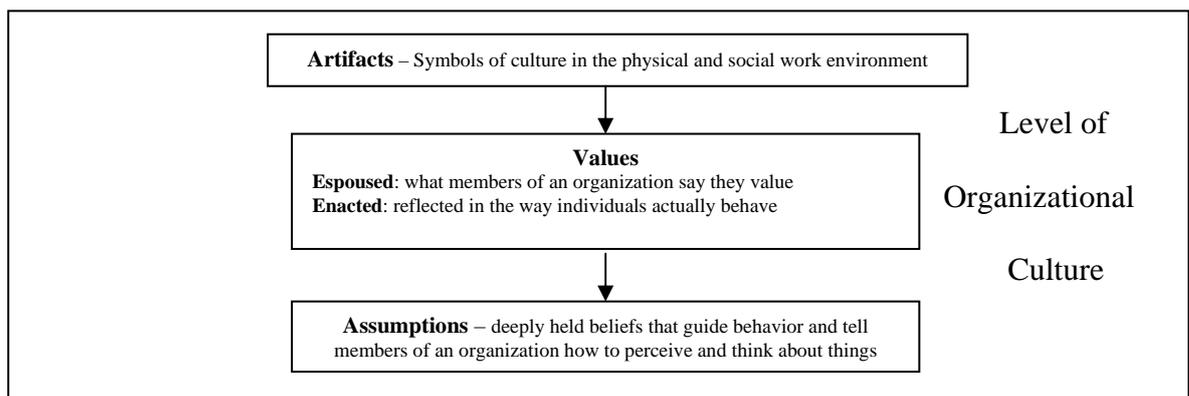
Figure 2.1.   **Level of Organizational Culture.**
(Source: Organizational Culture and Leadership: A Dynamic view)

Hofstede (1980), however, provided another framework to represent organizational culture. The elements of organizational culture were divided into values and practices. Practices were a combination of rituals, symbols and heroes. According to Hofstede (1980) there was a distinction between practices and values.

2.2   Differences Between Practice & Values

According to Hofstede (1980), when studying organizational culture, it is useful to distinguish between values from practices. Values are the broad tendencies to prefer

certain states of affairs over others. There are invisible aspects in their effects on people's behavior. Values are difficult to change as they are shaped early in our lives, through family, school and peers. National cultures affect mainly people's values (Hofstede, 1980) which are considerably different from one country to another.

Therefore, cultural differences at the country level resided most in values, less in practices. At the organizational level "culture" differences consisted mostly of different practices, not of different values. Peters and Waterman's (1982). *In Search of Excellence* advocated that shared values represented the core of organizational culture. Hofstede (1980) opposed this idea and argued that empirically the shared (perceptions) of practices should be considered the core of organizational culture.

Organizational cultures shaped by management or culture practices suggest that cultures changes are manageable. (This is because practices are easier to change than values). This is because employers cannot change the values of their employees in a short time (Hofstede, 1980). Practices are visible to an observer. They are ways of behaving as well as reflection. They are easier to change than values.

Table 2.2 summarized the differences between the two constructs.

Level of culture   Place of Socialization

Gender   Family
Nation
            Values
Class

Occupation   School

Business
                        Practices
Organization   Workplace
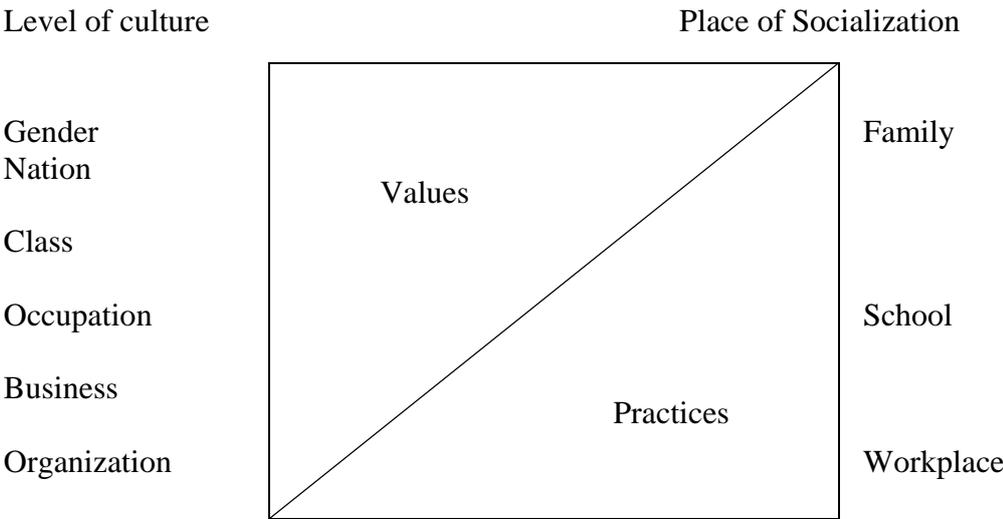
Figure 2.2. **Values and Practices in Culture.**
(*Source: The IEBM Handbook of Principles of Organizational Behavior,2004*)

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Table 2.2
Differences between Values and Practices

Values	Practices
• Defined as tendencies to prefer certain states of affairs over others	• Defined as ways of behaving as well as artifacts
• Invisible except through effects on behavior	• Visible through behavior, heros, symbols and rituals
• Difficult to change	• Easier to change
• Shaped early in our lives	• Shaped through socialization process at the workplace
• Cultural differences in country level resides in values	• Cultural differences in organizational level resides in practice
• Difficult to manage	• Can be easily managed

Therefore, to summarize, practices (e.g. the way people dress and use fashionable words) were manifestation of culture. They were directly observable aspects of culture. Values represented a more basic part of culture as they were learned in childhood and in the organization. Values were programmed in our minds during these years while organization practices were learned through socialization at the work place. Following Hofstede's (1980) suggestions, one could argue that, within a country, organizations differ mostly in their practices. The organizational values are mainly determined by the dominant values within a given society.

Based on these two frameworks, Schein (1984) and Hofstede (1980) organizational culture can be operationalized and measured in this study in terms of: -

(i)   what members prescribed as important which will reflect their values and beliefs/ assumptions

(ii)   what is being practiced in the organization

2.2.1   Are Values and Practices Mutually Exclusive?

The dimensions of values and practices are mutually exclusive. This is based on the arguments by Dickson (2000) that (a) values and practices both serve to

differentiate between societies and organizations, (b) values and practices each account for unique variance, (c) values and practices scales can interact and (d) the dimension of value and practices can be meaningfully applied at both levels (without confusing the respondents).

For example, Dickson (2000) used data on both practices and values at both the society and organizational analysis. Values questions are designed as the "should be" questions while practice questions are designed as the "is" or "what" questions. The values questions are the "should be" (what employees think should be) to differentiate them from the "is" question (what is practiced) in the organization.

Hence, even if the dimension of performance (for example) is mentioned in both values and practices they are differentiated by the use of "should be" and what "is" in the questionnaire. In general values are individually based while practiced are influenced by the external factors like economic, competitors and even shared values.

2.2.2 Dimensions of Organizational Culture

Although there were many dimensions of organizational culture, two major ones that have been widely recognized are Schein's (1985) and Hofstede (1980). These dimensions of organizational culture are a useful way of comparing the basic properties of organizational culture in general.

2.2.1.1 Schein's Organizational Cultural Dimensions

Schien (1985) listed seven dimensions of organizational culture after he provided a definition. He argued that these seven dimensions provided the basis for an interview that can reveal some of the more hidden, implicit facets of organizational culture. Table 2.3 listed the dimensions of Schein's organizational culture.

Table 2.3
Seven Dimensions of Organizational Culture According to Schein

Dimensions	Questions to be answered
1. The organization's relation to its environment.	'Does the organization perceive itself to be dominant, submissive, harmonizing and searching out a niche?'
2. The nature of human activity.	'Is it the "correct" way for humans to behave to be dominant/proactive, harmonizing, or passive/fatalistic?'
3. The nature of reality truth.	'How do we define what is true and what is not true; and how is truth ultimately being determined both in the physical and social world?'
4. The nature of time.	'What is our basic orientation in terms of past, present, and future, and what kind of time units are most relevant for the conduct of daily life?'
5. The nature of human nature.	'Are human basically good, neutral or evil, and is human nature predictable or fixed?'
6. The nature of human relationships.	'What is the "correct" way for people to relate to each other, to distribute power and affection? Is life competitive or co-operative? Is the best way to organize society on the basis of individualism or groupism? Is the best authority system autocratic/ paternalistic or collegial/ participative?'
7. Homogeneity vs. diversity.	'Is the group best off if it is highly diverse or if it is highly homogenous, and should individuals in a group be encouraged to innovate?'

Throughout the 1980s, other scholars came out with their own dimensions of basic assumptions of organizational culture as illustrated below:

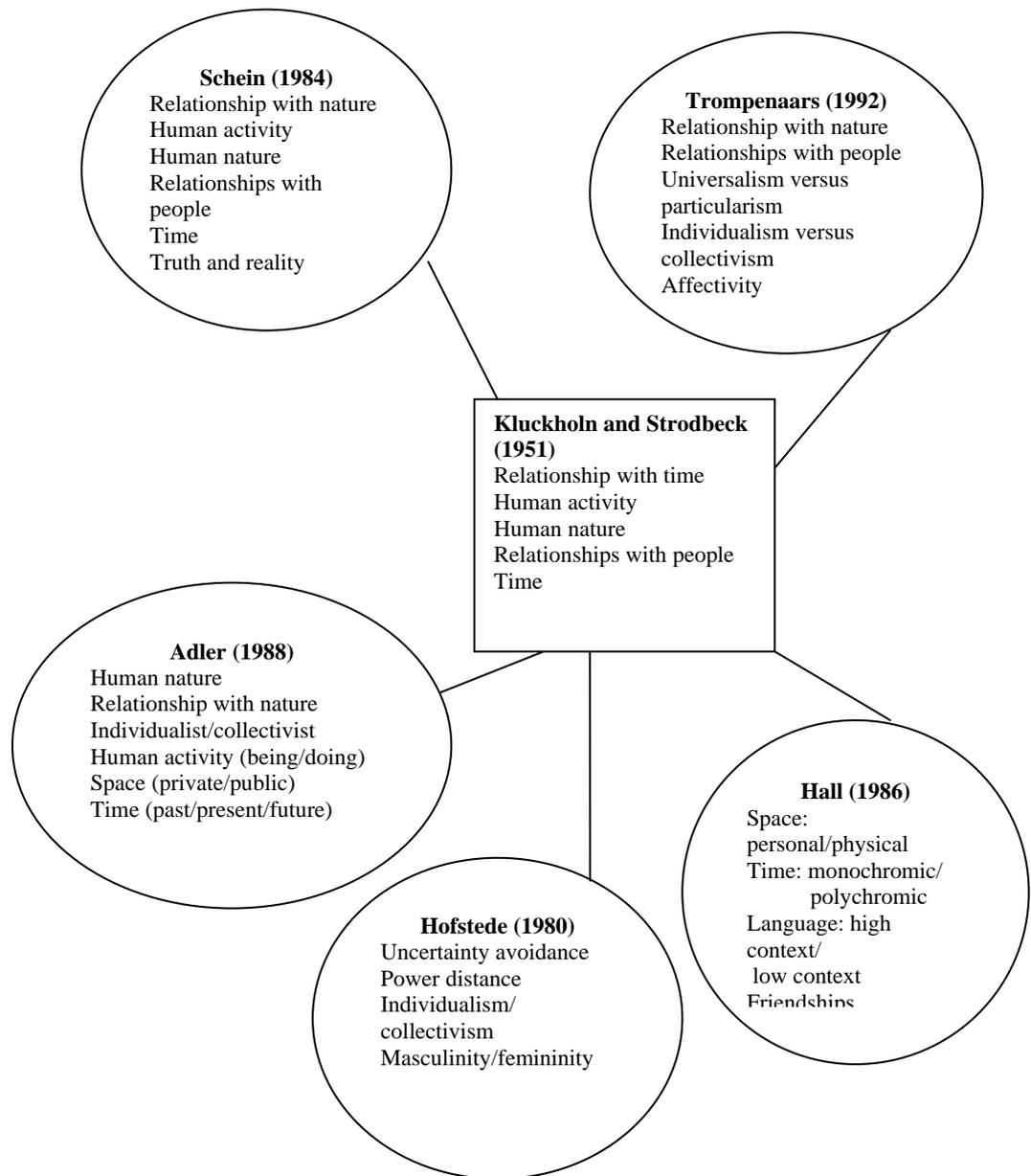*Figure 2.3.* **Some Key Dimensions of Organizational Culture.**
Source: Adopted from Schein (1985) Organizational Culture and Leadership: A Dynamic View

It can be seen from Figure 2.3 that different scholars have provided different assumptions about organizational culture. However, some scholars such as Trompenaars and Adler have dimension like individualism/ collectivism which was similar to Hofstede's.

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2.2.1.2 Hofstede's Cultural Dimensions

This study has adopted Hofstede's and its dimensions of culture due to the following reasons:

(i)   Hofstede's dimensions have been one of the pioneer in culture studies.

(ii)   Hofstede's dimensions have been used time and time again internationally by many researchers in many countries. (Koene, 1996; Gore, 1999; Sin & Tze, 2000; Joiner, 2000; Thomas & Au, 2002; Damanpour et. al., 2002)

(iii)   Due to its relevance to the managerial world, there has been scholarly development of this construct. For example, the Global Leadership and Organizational Behavior Effectiveness (GLOBE) (a research programme of 825 organizations in 62 countries from (1992-2000) has utilized and expanded Hofstede's cultural dimensions. In view of this, this study has also adopted these new dimensions proposed by the GLOBE study.

(iv)   Using Hofstede's classification approach enables comparisons between studies which can be done neater and the level of objectivity involved is generally higher (Sackman, 1991).

(v)   Its dimensions have appropriate construct validity (Damanpour, Pothukuchi & Choi, 2002).

Hofstede (1980) initially developed four "dimensions" of culture values namely:-

(i)   Power distance – The extent to which the less powerful members of an organization accepts that power is distributed unequally.

(ii)   Uncertainty avoidance – The extent to which people feel threatened by ambiguous situations and have created beliefs and institutions that they try to avoid.

(iii)　Individualism/collectivism – This dimension reflects an ethnic position of the culture in which people are supposed to look after themselves and their immediate family, or a situation in which people belong to groups or collectives which are supposed to look after them in exchange for loyalty.

(iv)　Masculinity/femininity – A situation in which the dominant values are success, money and possessions as opposed to the situation in which the dominant values are caring for others and the quality of life.

Hofstede (1980) identified the above dimensions as national culture values. According to him, national culture was primarily based on differences in values which was learned during early childhood. These values were strong enduring beliefs, which were unlikely to change throughout the person's life. On the other hand, organizational culture was based more on differences in norms and shared practices, which was learned at the workplace and considered as valid within the boundaries of a particular organization. Hence, in the context of organizational culture, cultural differences resided more on practices while in national culture, the differences lies in values.

In addition, according to Hofstede (1980), there were three factors that determined employees' behavior in the workplace, i.e. national culture, occupational culture and organizational culture. Organizational culture practice was the most crucial factor that will determine organization success than national or occupational culture. The study of organizational culture should hence look into the differences in organizational practices which distinguished one organizational culture to another. Table 2.4 showed the four dimensions of national culture values and the consequences of each dimension to organizations.

Table 2.4
Four Values Dimensions According to Hofstede and Their Organizational Consequences.

Dimension

1. The power distance dimension (POW)

LOW (Australia, Israel, Denmark, Sweden, Norway)	HIGH (Phillipines, Mexico, Venezuela, India, Brazil)
• Less centralization • Flatter organization pyramids • Smaller wage differentials • Structure in which manual and clerical workers are in equal jobs.	• Greater centralization • Tall organization pyramids • Large wage differentials • More supervisory personnel • Structure in which white-collar jobs are valued more than blue-collared jobs.

2. The masculinity/femininity dimension (MAS)

LOW (Sweden, Denmark, Thailand, Finland)	HIGH (Japan, Australia, Venezuela, Italy, Mexico)
• Sex roles are minimized. • Organizations do not interfere with people's private lives. • More women in more qualified jobs. • Soft, yielding, intuitive skills are rewarded. • Lower job stress. • Social rewards are valued.	• Sex roles are clearly differentiated. • Organizations may interfere to protect their interest. • Fewer women in qualified jobs. • Aggression, competition, and justice are rewarded. • Higher job stress. • Work is valued as a central life interest.

3. The individualism/collectivism dimension (IND)

LOW	HIGH
• Involvement of individuals with organizations primarily moral. • Employees expect organizations to look after them like a family and can become very alienated if organization dissatisfies them. • Organization has great influence on member's well-being. • Employees expect organization to defend their interests. • Policies and practices based on loyalty and sense if duty and group participation. • Promotion from inside. • Promotion on seniority. • Less concern with fashion in managerial ideas. • Policies and practices vary according to relations.	• Involvement of individuals with organization primarily calculative. • Organizations are not expected to look after employees from the cradle to the grave. • Organization has moderate influence on member's well-being. • Employees are expected to defend their own interests. • Policies and practices should allow individual initiative. • Promotion from inside and outside • Promotion based on market value. • Managers try to be up to date and endorse modern management ideas. • Policies and practices apply to all.

Dimension
4. The uncertainty avoidance dimension (UNC)

LOW	HIGH
(Denmark, Sweden, Great Britain, United States, India)	(Greece, Portugal, Japan, Peru, France)
• Managers are more involved in strategy	• Managers are less involved in strategy
• Managers are more interpersonal oriented and flexible in the styles	• Managers are more task- oriented and consistent in their styles.
• Managers are more willing to make individual and risky decisions.	• Managers are less willing to make individual and risky decisions.
• High labor turnover.	• Lower labor turnover.
• More ambitious employees	• Less ambitious employees.
• Lower satisfaction scores.	• High satisfaction scores.
• Less power through control of uncertainty.	• More power through control of uncertainty.
• Less structuring of activities.	• More structuring of activities.
• Fewer written rules.	• More written rules.
• More generalists.	• More specialists.
• Variability.	• Standardization.
• Greater willingness to take risks.	• Less willingness to take risks.
• Less ritualistic behaviour.	• More ritualistic behaviour.

SOURCE: Adopted from Hofstede (1991)

A fifth dimension had been added to the list (Hofstede,1991) when Hoppe (1990) used the same measure in China.

(v) Confucian dynamism or long term/ short term orientation dimension– The degree to which there is concern for the maintenance of traditional social orders (eg, the family, the society), versus more individualist, liberal social orders based on negotiation, rather than obligation. Countries in the Far East tend to be more traditional than those in Western democracies.

2.2.1.3 Can Hofstede's national culture dimension be used to measure organizational culture?

According to House et. al., (2004) national cultures and organizational culture are linked, for example the power distance structure at the national level can be equated to organizational level of centralization/ decentralization; collectivism/ individualism is

similar to team/ individual focus at the organizational level; tolerance or risk and ambiguity with high/ low uncertainty avoidance and the dimension of masculinity/ femininity with male and female roles at both the societal and organizational levels while long/ short term orientation with time orientation at the organizational level.

Wood and Joseph (2001) argued that it is important to understand that there is a strong connection between organizational culture and national culture. While national culture refers to the culture of a nation and organizational culture refers to culture of an organization; organizational culture is deeply embedded in a national culture. In other words, many shared beliefs and values that develop in organizations can be traced to commonly held assumptions in the society.

Previous researchers who have utilized Hofstede's dimensions of national culture as organization culture dimensions include Zabid (1997); Yusof (1999); Damanpour and Choi (2002).

2.3   The GLOBE Study

Hofstede's pioneering work had been incorporated and updated by the Global Leadership and Organizational Behavior Effectiveness (GLOBE) research programme (1992-2000). This research was a study of leadership and organizational culture of 825 organizations located in 62 countries (House et. al; 2004). The GLOBE research has the following dimensions, which included those five dimensions proposed earlier by Hofstede's (1980). These dimensions were defined as follows:

(i)   Power-distance - Degree to which power is expected to be equally shared.

(ii)   Uncertainty avoidance – Extent to which norms and procedures are relied upon to alleviate the unpredictable future events.

(iii)   Individualism-collectivism – Degree to which individuals are encouraged to be integrated into groups.

(iv)   Gender differentiation – Extent to which gender role differences are maximized or minimized.

(v)   Future orientation – Extent to which future-oriented behaviors such as planning, investing and delaying gratifications are encouraged and rewarded.

(vi)   Performance orientation – Degree to which rewards are encouraged for performance improvement and excellence.

(vii)   Humane orientation – Degree to which individuals are encouraged to be fair, altruistic, generous, friendly and caring towards others.

(viii)   Assertiveness – Degree to which members are encouraged to be tough, confrontational, competitive and assertive, as opposed to modest and tender.

The four new dimensions added to Hofstede's four dimensions were (i) Future Orientation (ii) Performance Orientation (iii) Humane Orientation and (iv) Assertiveness.

2.3.1 Future Orientation

Future orientation was derived from Kluckhohn and Strodtbeck (1961). The past, present, future orientation dimensions focused on the temporal orientation of most people in the society. This dimension was conceptually but marginally similar to Hofstede's (1988) Long-Term Orientation (House et. al., 2004). Tables 2.5 showed the consequences of having higher/ lower future orientation value.

Table 2.5
Higher Future Orientation versus Lower Future Orientation Value

Higher on Future Orientation, Tend to:	Lower on Future Orientation, Tend to:
• Have individuals who are more intrinsically motivated	• Have individuals who are less intrinsically motivated
• Have organizations with a longer strategic orientation	• Have organizations with a shorter strategic orientation
• Have flexible and adaptive organizations and managers	• Have inflexible and maladaptive organizations and managers
• View materialistic success and spiritual fulfillment as an integrated whole	• See materialistic success and spiritual fulfillment as dualities, requiring trade-offs
• Value the deferment of gratification, placing a higher priority on long-term success	Value instant gratification and place higher priorities on immediate rewards
• Emphasize visionary leadership that is capable of seeing patterns in the face of chaos and uncertainty	• Emphasize leadership that focuses on repetition of reproducible and routine sequences

(Source: Adopted from: House et. al., 2004)

2.3.2 Humane Orientation

Humane Orientation had its roots in the work of McClelland's (1985) conceptualization of the affinitive motive. The concept was defined as the degree to which an organization or society encouraged and rewarded individuals for being fair, altruistic, generous, friendly and caring towards others. Table 2.6 showed the major connotations and variations of Humane Orientation values.