# KEY CONTEXTUAL DETERMINANTS OF QUALITY OF WORK LIFE IN MULTINATIONAL ENTERPRISES: A CONTINGENCY APPROACH

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Dedicated

to

our loving children

Jonathan and Josephine

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# PENENTU-PENENTU KONTEKS UTAMA BAGI KUALITI KEHIDUPAN KERJA DALAM SYARIKAT MULTINASIONAL: SATU PENDEKATAN KONTINJEN

#### ABSTRAK

Keupayaan yang lebih baik untuk mengurus kepelbagaian memang diperlukan oleh syarikat multinasional (MNEs) bagi mencapai prestasi optimum. Salah satu cara ialah dengan mengurus kualiti kehidupan kerja (QWL) pekerjanya. Seiringan dengan ini, pekerja MNEs perlu melibatkan diri dalam pengurusan situasi kerja mereka demi meningkatkan motivasi dan komitmen mereka. Kajian ini telah meneliti kesan-kesan budaya korporat dan ciri-ciri kumpulan kerja, serta pengaruh, kedudukan kakitangan, persekitaran kepimpinan dan negara asal MNEs sebagai penyederhana ke atas QWL.

Ukuran diperolehi menggunakan soalselidik terdiri daripada 59 item. Item dibina daripada skala-skala sedia ada yang telah diubahsuai dalam sorotan karya. Setelah analisis komponen prinsipal (PCA), didapati budaya korporat mempunyai tiga dimensi, ciri-ciri kumpulan dan persekitaran kepimpinan mempunyai dua dimensi and QWL mempunyai satu dimensi. Maklumat demografi berkaitan dengan pangkat pekerja di kalangan rakan sejawat dikutip melalui satu item soalan. Lapan hipotesis umum telah diuji ke atas pekerja (N = 353) daripada MNEs petrokimia Amerika, Eropah dan Malaysia menggunakan kaedah kajian keratan lintang. Hasil kajian menunjukkan bahawa budaya korporat and ciri-ciri kumpulan kerja adalah peramal tak bersandar bagi QWL. Kedudukan pekerja, persekitaran kepimpinan dan negara asal MNEs didapati menyederhanakan hubungan diantara kedua-dua peramal tak bersandar dan QWL.

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Namun begitu, kedudukan pekerja dan persekitaran kepimpinan pula didapati tidak menyederhanakan hubungan antara ciri-ciri kumpulan kerja dan QWL. Di antara implikasi praktikal yang didapati adalah pengesahan ke atas kewujudan subbudaya berasaskan posisi, mengaris lakaran peta budaya korporat yang berguna untuk meningkatkan pengurusan QWL dan rangka kontingensi yang boleh diterima untuk digeneralisasikan kepada lain-lain industri.

#### ABSTRACT

Multinational enterprises (MNEs) have always been in need of better ability to manage through diversity for optimal performance. One such way has been to manage the quality of work life (QWL) of their employees. Concomitantly, employees of MNEs too, need to be able to participate satisfactorily in the management of their immediate work situation as a means to enhance their motivation and commitment. This study examined the effects of corporate culture and workgroup characteristics, together with the moderating influences of employee position, leadership climate, and MNE country of origin, on QWL.

Measures were obtained using a 59-item questionnaire, constructed from modified scales existing in the literature. After a series of Principal Components Analyses (PCA), corporate culture was found to vary along three dimensions. Workgroup characteristics and leadership climate were found to contain two dimensions, and a single dimension was found for QWL. Demographic information pertaining to employee position, among others, were also collected through direct single-item questions. Eight broad hypotheses were tested on employees (N = 353) from American, European, and Malaysian petrochemical MNEs, in a cross-sectional field study. Results show corporate culture and workgroup characteristics to be predictors of QWL. Positions of the employees, leadership climate, and country of origin of the MNE were found to moderate the relationships between these independent predictors and QWL with the exception of employee position and leadership climate which did not moderate the relationship

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between workgroup characteristics and QWL. Practical implications include the confirmation of the existence of subcultures, the drawing of useful corporate culture maps that will enhance the management of QWL, and a feasible contingency framework that can be generalised to other industries.

#### CHAPTER ONE

#### 1.1 Introduction

This chapter introduces the research agenda of this study. A background is given, followed by a problem statement and the specific research questions and the purpose, significance, and scope of the study. In addition, a description of key terms is given as well as a road map to the remaining chapters.

#### 1.1.1 Background

The world we live in today is a highly dynamic and rapidly changing one. What holds at one point in time is history at another time. As a result, at every level of human endeavour there seems to be an unending cycle of innovation, adaptation, change, and innovation again, such that the whole existence of humankind revolves around coping with, and getting the best out of their environment. In the world of work, a worker's main question is "what's in it for me?" just as employers and managers the world over are asking, "how can we get more out of him or her?" Enhancing the quality of work life is one such way through which both questions can be answered. However, there is the need to know how to enhance quality of work life given that there are many variables that can potentially contribute to the levels of quality of work life that workers perceive. With the globalisation of the world economy, new challenges have increasingly been placed on managers to forge not only a new approach to the task of managing but also sustaining the effectiveness of the human potential and the optimal utilisation of other inputs of

production. Many traditional ways of managing have thus given way to more modern, even sometimes conflicting methods. Women are finding themselves more and more in the male dominated world of leadership and decision-making; many more decision processes are getting increasingly multilateral in nature. The whole academia and indeed the corporate world are having to deal with concepts that were hitherto left for a select group of anthropologists and sociologists to contend with. As witnessed in the continuing integration of the economies of Europe, including the launching recently of the new continental currency, the Euro, and other events in other parts of the world, national borders are fast vanishing.

With the mega-growth witnessed in the world economy after WW II, many managers have come to realise that exploring the markets outside their immediate environment is not an optional extra, but an imperative strategy for continuing profitability and leadership in their various areas of calling. It is therefore necessary that as market place and economies of the world merge ever closer, it is increasingly important that we come to understand more about cultural variations as they affect our world of work. It is not uncommon these days to hear business managers talk of going global or pursuing a global approach to operations. This is because some partially incompatible objectives must be taken into account when trying to assess the effectiveness of an organisation or its leadership thrust (Quinn & Rohrbaugh, 1983). It was believed that the United States had an overwhelming management expertise that would see it leading the world (Servan-Schreiber, 1967) but the boom in Japan that started from the 1950s to the late 1980s quelled such speculation. Soon the Japanese products in many industries became the standards for excellence in quality and innovation before their economy went into a

tailspin in the early 1990s. During these periods, what the world learned simply was that. there was no best way of managing. However, because leaders in organisations today are confronted with the reality of continuing reinvention, they have realised the imperative to globalising their operations and need to start managing diversity (Servan-Schreiber, 1967). The wild swings noticeable in the global market place reeks of the instability inherent in global competition. At the societal level, issues of cultural assimilation and the melting pot syndrome seem relevant. In the place of work, however, at the organisational level, managers are learning to build on the strengths of differences among their employees and customers. At the individual level, the concern is how to make innovations to managing last, while also permeating the various subgroups within organisations. Managing has become more complex as multinational corporations, for instance, have had to contend with the fact that many of their employees may not necessarily be born in the countries in which they will be employed. Moreover, their managers will have to make decisions about customers and employees in countries other than the ones in which they themselves have been born. Indeed, contemporary management demands the introduction of progressive practices for taking advantage of diversity as a stimulus to innovation and market segment understanding. Pressures arising from international competition and accelerating diversity increase the complexities of organisational behaviour. Today as before, people do not work in vacuums, the characteristics of the workgroup in which they find themselves play a significant role in how they perceive themselves; the leadership situation, and finally their quality of work life are equally indispensable. It is pertinent to note that cultural

diversity can be investigated by comparing cultural diversity within one country or company, or even across units (Hofstede, 1980a; Steers, Shin, & Ungson, 1989).

Organizational researchers take four perspectives on culture (Klein, Bigley, & Roberts 1995). Some focus on its manifestations through myths, stories and language (Martin, 1992; Martin, Feldman, Hatch, & Sitkin, 1983), while others (e.g., Trice & Beyer, 1984) focus on rites and ceremonials. Yet, others (Glaser & Strauss, 1967; Hatch, 1993) look at the symbolic interactions. The fourth set of researchers look at shared norms and beliefs about behaviour (Cook & Rousseau, 1988; Schein, 1983). It is this last group that the present study is aligned with; as such, culture will be examined with a focus on the norms and beliefs, which the various positional groupings in the organisation have fashioned over time.

In the present study, the thrust of the approach is a correlational one in which a typical American firm will be compared on the quality of work life dimension with Asian and European firms of similar status vis-à-vis the co-issues of corporate culture, leadership and workgroup characteristics. Johnson (1993) suggests that the Japanese and more significantly most of Asia, practice a very different form of capitalism from the West, that is, in contrast to the Anglo-American model. To the Asians, the real issues are managerial autonomy from the point of view of the stockholders and employees, economic priorities that emphasise producers over consumers, industrial policy in which government acts as the guiding hand, and a strong state ethic made legitimate more by the obvious economic accomplishments than by public consent. In the Japanese model, for instance, the manager discusses and consults informally with all those who may be

affected by a certain decision. Soon afterwards, when all seem familiar with the proposal, he or she then makes a formal request for a decision to be made, and because of the previous informal preparations, it is always almost ratified. The important issue is not as much as an agreement with a decision as it is for those concerned to have been advised about it and to have had their views heard, at least theoretically.

### 1.2 Problem Statement

It is widely accepted that constructs usually employed in research in organisational culture are generally wide and perhaps non-specific (Frost, Moore, Lewis, Lundberg, & Martin, 1991). Distinct from the concept of national or regional culture, this research is looking at subcultures from the viewpoint of the multinational enterprises (MNEs) that operate through those national or regional classifications. Research has gone very quickly into formulation of endless abstractions in the name of measurement-for example, power distance, differentiation, centralisation, and so on. The result is that programmes of organisational development and enhancement that were launched with so much pomp have seemed not to survive. On those occasions that they have survived, they have not diffused across hierarchical or functional boundaries within organisations, and certainly not across organisations within broad industrial sectors. This shows that for decades, perhaps the wrong prescriptions have been made for the right ailments. The subcultures involved might also be positional differentiation, not only occupational, geographical, product, technological, or functional differentiation as have been previously suggested (Hofstede, Neuijen, Daval-Ohavy, & Sanders, 1990; Van Maanen & Barley, 1984). It will therefore be instructive to study the phenomenon of corporate

culture from the perspective subcultures—which, basically, is delineated roughly by proxy in the categorisation, based on the levels of employee position. MNEs are usually the turf where new management techniques are worked out, as will be shown later, they have the wherewithal, the experience and the will, to put in place the best fit of managerial competence in line with their goals and aspirations. For the individual employees the bottom line is always, after all said and done, their total emoluments. Perhaps, then, quality of work life (QWL) should have been included in all the multinational studies of corporate culture, to explore the needed extension between corporate culture and QWL.

Although the diverse human needs of the employees of the average MNE are understood, we also know that to have a productive and effective worker we need a happy workforce, or so the cliché goes. Assuming that human beings are rational, it follows therefore, that understanding the QWL of such workers is essential. An examination of what the culture really is, under the particular leadership impetus and the workgroup characteristics are also commanding. The preponderance of corporate culture research is directed at organisational effectiveness using criteria that are mainly germane to the understanding of the individual manager or organisational individual, as they do not relate to the totality of his or her perception in the employment situation.

The present study, based on the foregoing discussion therefore, attempts to explore the effects of corporate culture and workgroup characteristics on the QWL in selected MNEs. Moderating effects of leadership climate, hierarchical levels of position and corporate nationality are to be simultaneously assessed. By understanding how these variables are

related, for instance, the hierarchical levels of employee position, and workgroup characteristics, corporate resistance to innovation (Schein, 1996) can be better understood. MNEs need to find a balance, an explanation, and a clear strategy to cope with different cultural backgrounds through which they do business and from which they poll their workers. It has not been surprising that considering all these factors, the pragmatic interest in terms of understanding the differences and similarities across national boundaries, in both the content and manifestation of work cultures has lately been growing. All these are geared at facilitating better cross-cultural business encounters (Adler, 1991; Harris & Moran, 1991; Lane & Di Stefano, 1992). MNEs need to develop a world perspective such that they may immediately understand, for instance, that what might optimise the world-wide position may not in fact have the same effects on their home bases, and vice versa. Thinking globally and acting locally will encourage the exchange of people and different ways of solving the same problems.

### 1.3 Purpose of Study

A lot of efforts have been expended in studying the concept of organisational culture; however, not enough attention has been paid to studying it in the context of the individual workers as one of the most important units of the organisation. Hofstede (1998) admits that though the interest in organisational culture has matured, it is just recently that the real importance is being grasped. In fact, he suggests that organisational culture to the MNE is as important as other issues like planning and strategy. Hitherto, research in this area has been conducted to highlight the new fad that was in vogue. Today, more important and real issues are being considered. For instance, how can we use knowledge

of corporate cultures to enhance quality of work life? Alternatively, how can what we know of corporate subcultures enhance our appreciation of, and enhancement of QWL? The present study therefore, purports to make QWL better understood through the better management of the diversity inherent in corporate culture, workgroup characteristics, and the complementary leadership climate.

The main purpose of this research is to develop a sound model for the practitioner as well as for the researcher that has direct bearing on the MNEs and the terrain in which they operate. It is hoped that the model will provide answers as to why all modern management theories need not be construed as recycled concepts, as such fashion or fad, which almost invariably wane over time.

### 1.4 Research Objective

Overall, this research aims to explore the effects of moderators on the relationship between corporate culture, workgroup characteristics, and quality of work life in multinational enterprises. The specific research questions to be answered by this research are listed separately in Chapter Three (see, Theoretical Framework and Hypotheses).

### 1.5 Scope of Study

In the previous sections, we discussed how MNEs operate across national and cultural boundaries to the effect that employees born into one culture may find themselves working with employees from another. As the international playing field becomes more integrated and specialized, an increasing number of employees will come to be engaged in cultures different from those into which they have been born. Management will have to

make decisions sometimes for employees in cultures probably that they may never meet in their life times. It is feasible to understand a manager as operating within a vision but not the leadership that needs to create the vision and goals. The concept of transformational leadership can be credited to James Burns (1987) who maintained that the ultimate test of practical leadership is the realisation of intended, real change that meet people's enduring needs. However, traditionally, corporate visions have reflected the values and goals of the society in which they were conceived. Today, with the dominating presence of multinational corporations and the global firms, corporate visions are in themselves common property, trans-national, rather than private or domestic.

The scope of this study covers employees in selected MNEs that will capture the delimitation imposed by the researcher. A limited scope is expected to provide better control. Since data are required from the perceptions of employees themselves, such subjective data will be rationalised (as promoted by Fowler, 1988) and applied to the other variables of interest. To this end, all categories of employees will be included. This comprises the top and upper middle management personnel, the middle level personnel and the professional management workers, and the rank and file or the lower level operatives in the MNEs.

Since there are tens of thousands of businesses that operate across national borders, the inclusion process imposes several compelling criteria. Based on the criteria used in <u>The World Directory of Multinational Enterprises</u> (Stopford, Dunning, & Haberich, 1997), the pool of selected MNEs consists of the largest worldwide petrochemical firms (in order to establish equivalence in technology, capital and other resources) that have significant

international investments. Included are firms worth more than US\$ 2 billion, and have operations in at least six other countries spread in at least four continents including Africa. Excluded from the list are those firms whose international involvement is primarily conceived for exports like McDonnell-Douglas. Also excluded were family owned enterprises and those engaged in specialised services like banks, insurance companies and special consultancies where there is huge returns on paper but with minimal interaction in human terms at the work level.

#### 1.6 Significance of Study

The subject area of organisational culture has its roots deep in the traditional discipline of anthropology. Lately other disciplines have lent some contribution to the field such that today the concept is finally getting the attention of management professionals and other academicians. Organisational culture is generally believed to be widely held (Bate, 1984; Broms & Ghamberg, 1983; Lorsch, 1985; Posner, Kouzes, & Schmidt, 1985; Schein, 1985; Schwartz & Davis, 1981; Trice, 1985). Perhaps the first person to officially coin the phrase, trait approach to organisational culture was Saffold (1988) mostly as a parallel to the trait approach to leadership (as discussed in Gibson, Ivancevich, & Donnelly 1988). The most widely circulated discussion of the trait approach to culture was undertaken by Peters and Waterman (1982) while identifying eight characteristics of "excellent" organisations. However, Kilmann (1985) in yet another attempt at justifying the trait approach has suggested that, to perform well, companies must have adaptive cultures that involve a high, risk taking, trusting, and proactive approach. Hofstede (1991) found conventions, customs, habits, mores, traditions, and usage to be the core of an organisations culture. These findings fit Saffold's (1988) characterisation of cultural traits and largely that of Peters and Waterman (1982), as all of them strain to emphasise the significance of the organisational culture concept.

To view corporate culture in the light of subcultures, or more boldly, subcultures is not entirely new to research. Many researchers have pursued the trait approach to culture with their own content (see, e.g., Akin & Hopelain, 1986; Denison, 1984; Ouchi, 1981; Ouchi & Price, 1978; Stevenson & Gumpert, 1985; Vaill, 1985; Wilkins, 1984). Most, however, have been consistently criticised for their lack of a credible comparison group to justify that companies with certain traits are indeed statistically different from those who do not exhibit them (Saffold, 1988). In the present research, our position is that, in MNEs, corporate culture can be better understood as composed of subcultures. These subcultures are defined on the basis of the positions that these employees occupy on the organisational hierarchy. For ease of comparison and analytical sense making, these rough employee categorisations of positions are taken as three subcultures present in all MNEs. All three subcultures are presumed to be present in all MNEs, as such; there is no real need for a comparison group. This is particularly useful because MNEs tend to develop cultures that are more suited to their immediate environment (Gordon, 1985). Research has demonstrated that component parts of MNEs too, develop cultures that are more suited to the positions they occupy and the kinds of activities they engage in, on a daily basis, while at those positions (Hofstede, 1998; Schein, 1998).

This is the first study to our knowledge, which will integrate the concept of corporate subcultures in a positional, all-inclusive perspective, with a consideration of the actual work relevant groupings in which the workers operate, against a complementary model of leadership effectiveness. The individual workers will then express their perceptions of how much or less of their quality of work life that they experience. The genesis of the so-called ecological concepts starts from the individuals and therefore should be measured at that level before ecological or group abstractions can be made. This approach may be novel, but obviously, a richer source of information for the practitioner as well as for the management scholar. Managers all over the world are wont to assume that through their managerial expertise, they can shape, and even dictate the culture prevalent in their various MNEs. Unfortunately, as Hofstede (1980a) and others (e.g., Peters, 1987), have shown, they have always been wrong. The national cultures indeed explained half of the cultural differences noticed in MNEs; more than did the organisational context variables like technology, professional role; and the more enduring variables, like race and organisational culture. The present study is an attempt to contribute to this 25 year-old controversy concerning whether the world of work is converging or diverging and also determine along which dimensions these situations are most prevalent. There is the need to further explain, so as to be able to make predictions of performance and organisational synergism from corporate culture.

This study was undertaken in MNEs that have different nationalities, regarding their countries of origin. No particular interactions can be attributed to their immediate environment because they all operate in the same general Malaysian environment. They also deploy roughly the same technology, capital and advanced managerial competencies.

Although the importance of national cultures has been demonstrated through seminal studies by Hofstede (1980b) and organisational cultures by Peters and Waterman (1982), the time has come to look at these manifestations within other cultures to see the effects of the interaction, at the individual level of analysis. The other cultures in this study will be highlighted from the standpoint of where the MNE is founded. MNEs need this approach as their future competitiveness depends on their ability to manage through such issues. The present study is providing the opportunity for the concerned MNEs to manage through the effects of these interactions. Wilkins (1984) asserts that no matter what situation a given enterprise faces, understanding the culture and the sub- or counter-cultures within it can be crucial to the success and even the survival of such entities.

Many studies on QWL have produced contradictory results. Many have based their findings on abstractions that were derived from their own little perspectives of organisations and the QWL components. They have been at best, limited in the task of clarifying our understanding of this phenomenon. Most of these works have limited themselves to particular abstractions like profitability (Deal & Kennedy, 1982) and job satisfaction (England, 1975). The present study is expected to bridge this gap in research, by integrating some of the various approaches that have returned contradictory results, and through consideration of QWL because of its robustness in capturing the needs of the individual workers in an employment situation. For this reason, the present work does not depend on typologies, which have led to these abstractions in the first place.

Workgroups in any organisation have structural properties in the same way as organisations have forms and shapes. When these properties are better understood,

managers, especially those in MNEs, can expect to design groups that are more cohesive and better performing, more stable and perhaps more flexible and ready to deal with external or unknown threats. This approach at studying MNEs has not been undertaken before to the best of our knowledge, in the light of QWL.

The lessons in the Hawthorne experiments of more than seven decades ago seem to be well digested. Yet, the results are coming out today in new approaches under whitewashed names like empowerment, quality circles, and organisational justice, to name but a few. The present attempt will further extend these many new approaches and put them into direct relevance in the perspective of the MNE. Lowe (1996) has suggested that intellectual stimulation of subordinates may be differentially effective across cultures and organisational settings. The present work is in the position to extend and apply the suspicion in a wider scope, and in complex organisational setting, namely MNEs.

The ethical issues involved in the differential stimulation of subordinates, which produces a situation in which managers misinterpret the divergent cultural signals will be highlighted in this study. As emphasised by Trompenaars (1993), this interdependence is inevitable in MNEs and therefore needs to be addressed urgently, through further related research.

Since it is easier to classify our environment into taxonomies, it has been easier for researchers to veer from the concentration on the individuals in an organisational setting resulting in the attendant group-like abstractions. Perhaps because of the history of the research area, and the background of the various disciplines from which culture studies grew, the preponderance of original work have concentrated on things like national

cultures, ethnic and other "group" areas of study. This study, therefore, focuses on individual workers as the real sources of the "cultural phenomenon." Results there-from, will equally be so applied in relation to the MNEs studied. For management practitioners to enjoy the immense benefits of understanding culture, and working through the advantages of the plurality of inputs that diversity offers, research into MNEs has been begging for the individual worker focus (Ondrack & Evans, 1982, 1986). The present study is rising up to the call.

Since the 1970s there has been a systematic development in the improvement of life at work for the participants. This was not surprising as the world was just getting into a spiral of inflation and recession and productive workers were sought after. However, the interrelationships that individual workers have amongst themselves vis-à-vis their workgroups, began to be of interest. The present study will help to focus staff development programmes, as QWL is aimed at, and studied at, the individual level of analysis.

#### 1.7 Definition of Terms

"A construct is not directly accessible to observation, but inferable from verbal statements and other behaviours and useful still in predicting other observable and measurable verbal and non-verbal behaviour" (Litwin, 1973, p. 492). Constructs are therefore defined into existence.

### 1.7.1 Corporate Culture

The term "corporate culture" often times referred to in the research literature as "organisational culture" has been defined in many different ways. In this research, however, the following definition shall be adopted for the remainder of the dissertation. "The pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems" (Schein, 1992, p. 12).

# 1.7.2 Employee Workgroup Characteristics

In this study, a working definition of employee workgroup characteristics is adopted to mean knowledge and skill, psychological arousal, effort, and strategy of a formal workgroup that affect the individual worker and success of the group in fulfilling their goals.

### 1.7.3 Leadership Climate

The definition of leadership climate is adopted to mean the individual and shared perceptions including the attitudes of organisation's members regarding the process of influencing their activities towards goal achievement.

# 1.7.4 Quality of Work Life (QWL)

QWL is a generic phrase that covers individuals' feelings about every facet of their work experience; it is the degree to which members of a workgroup satisfy their personal

needs. Specifically, QWL will be viewed as the degree of excellence in work and working conditions, which contributes to the satisfaction of the individual and enhances individual as well as organisational effectiveness (Sayeed & Sinha, 1981).

### 1.7.5 Multinational Enterprise (MNE)

MNE shall refer to large business organisation that operates across national boundaries, with some significant international investment and some level of ownership involved in the foreign affiliates, and headquartered in their home countries, or countries of origin.

#### 1.8 Summary

The strategy to tackle the change wrought on the expertise of management of MNEs, by the contemporary changes in human wants, population and motivation, technological super-advancement, information processing and communication, and the emergence of a more intensely competitive and diverse world, make it imperative for both practitioners and research scholars to see how corporate culture determines all these changes. Frost et al. (1985) concludes that we still have a lot to learn from culture. Because culture is usually approached from an anecdotal perspective when it is measured against the dependent variable of performance, the measures themselves end up as varied as the concepts measured. Some (e.g., Deal & Kennedy, 1982; Gordon & Di-Tomaso, 1992) have focused on financial returns, while others (e.g., Amsa, 1986; Dunn, Norburn, & Birley, 1985) have focused on marketing effectiveness and employee discipline. Yet, in MNEs, these approaches inform the adoption of different strategies to cope with the

findings related to their industries. However, workplace culture is not independent of the labour process. Even if culture is to be seen as management strategy, it has to be within the plurality of cultures and interest groups within the workplace.

Understanding that in group dynamics, the individual is as important as the group, and since we know that the individual that is satisfied can be rationalised as a potentially productive employee (Fowler, 1988), then it follows that programmes like staff development that allow employees to perceive their performance and utility as their responsibility are indispensable to the future of MNEs. The present study has taken this approach and has incorporated QWL as a dependent variable against which to study workgroup characteristics, subcultures, and the influence process at work.

### 1.9 Organisation of Remaining Chapters

The remainder of this dissertation comprises five chapters. Chapter two focuses on a review of the existing literature. The history and evolution of the organisational culture as management area of study is examined from inception. The history of the other variables like leadership and workgroup characteristics as they came to be used in management, are also considered to show an integration of the concepts as they affect QWL in contemporary management of MNEs. A review and evaluation of key studies is undertaken to show the gaps in the literature, and how the experiences of these studies affect the present endeavour.

Chapter three focuses on the theoretical framework development. The subcultures of management, perception of leadership influence, workgroup characteristics, and the

QWL are identified. Through the aid of the schematic diagram of the research framework, an illustration of how these variables work together is given. The research hypotheses are stated after itemising the research questions.

In Chapter four, a full description of the research approach is provided including a description of the population of MNEs, the sample and other demographic manifestations of the sample. Also included in this chapter is a description of the instruments and the scaling methods used. Following this is a description of the administration of the questionnaire, a profile of sample and a general overview of data collected including statistical methods of analyses and a short summary of the chapter.

Chapter five describes the results while documenting the psychometric properties of the instrument. A report of the hypotheses testing in non-evaluative terms is given. A short summary of the chapter is given at the end.

Chapter six hosts the discussion and recapitulation of the whole study. Included here are a brief review of the objectives and the accomplishments. The findings in Chapter five are discussed against the background of the literature reviewed earlier in Chapter two. The research results are explained with a discussion of the implications for research, management, and MNEs. A conclusion follows the discussions of the limitations of research as well as suggestions for future research.

#### CHAPTER TWO

#### LITERATURE REVIEW

#### 2.1 Introduction

In this chapter, the history of the research area is traced followed by a review and evaluation of the relevant literature. The review of the literature comprises mainly four parts; namely, literature relating to Quality of Work Life, Organisational Culture, Work Group Dynamics, and Leadership. A summary of the entire chapter follows at the end.

### 2.2 The Emergence of Quality of Work Life

It is generally agreed that the term Quality of Work Life was initially introduced about 1969 and was the centre of attention for the next five years in the affluent United States of America (USA) to emphasise the prevailing poor quality of life in the workplace (Bowditch & Buono, 1994; Davis & Cherns, 1975; Hackman & Suttle, 1977). As this affluence in the USA waned, and the society became more preoccupied with inflation, energy costs and increasing global competition, QWL related issues were relegated to the background (Starling, 1980). The second wave of interest took root in the 1980s due to the adverse effects of massive internationalisation and competition from abroad (Nadler & Lawler, 1983). The belief was that the competition was doing something different; that their workforces were better remunerated, and involved enough to produce superior effectiveness (Nadler & Lawler, 1983). Apart from an interest in the activities of the

competition, growing attention was also beginning to be given to the results of QWL programmes earlier embarked on in the 1970s. Similar to trends within organisational development (OD), increasing emphasis was placed on the relationship between employee-centred productivity and QWL efforts in small as well as large organisations (Kleim, 1986). The trend of the nineties seems to be continuing today with the huge mergers and acquisitions going on around the globe. Managers, particularly those of MNEs, continue to see a need not only for understanding what cultural synergies can work in their new domains, but also a strong resurgence in the need to have a more effective workforce. Earlier surveys have indicated that organisational members have a far less favourable view of the QWL in their companies, their organisational leaders, and the future prospects for their firms (Fisher, 1992).

#### 2.2.1 Quality of Work Life Studies

The current empirical literature on QWL is scanty, nonetheless, many researchers hold on to its applicability as an outcome variable in management research, as a means of producing a core of more dedicated and productive workforce (Balch, 1989; Barcelona & Hamzah, 1992; Davis & Cherns, 1975; Hackman & Suttle, 1977; Hain & Walter, 1990; Lawler, 1982). Many researchers have always held that QWL can best be ascertained at the perceptual level of the workers concerned (e.g., Andrews and Withley, 1976; Campbell, 1976; 1981; Campbell, Converse, & Rodgers, 1976; Locke, 1969). During the 1980s, at least six major reviews examined the relationship between work and non-work domains of life, or between work and some more specific quality of life indicators, such as, life satisfaction, or health (Champoux, 1981; Kabanoff, 1980; Kahn, 1981; Near,

Rice, & Hunt, 1980; Staines, 1980a, 1980b). There is no theory today that can integrate these diverse activities or serve as a guide for future research, therefore, it is still fruitful to consider QWL in its original formulation, or at least in such direction. Moskal (1989) insists that QWL simply means giving workers a place to work and all else they need to perform well. To attain higher levels of QWL, Moskal says that what is needed are basically three ingredients, namely; evidence that management cares, some level of trust between workers and managers, and the energy to follow up. Thinking along this line, Nirenberg (1986) clearly identifies QWL as a subjective assessment of the condition of the relationship between management and labour, and the overall work environment.

Some researchers have taken the route of just finding out what factors make a particular job good or bad. One such effort was by Jurgensen (1978) who through a period of thirty years collected data from 57,000 job applicants on ten descriptive factors that make their jobs at a public utility company good or bad. The data were analysed according to taxonomies of age, marital status, dependants, education, and occupation. The results indicate statistical significance of Advancement, Benefits, Company, Coworkers, Hours, Pay, Security, Supervisor, Type of work, and Working conditions. Gender made a difference in the order of the variables, although such differences in the ordering were generally inconsequential, and not considered in this study. It was also revealed that over time, the preferences of the workers changed in order of importance, but generally, the variables themselves held ground over the thirty years. These variables that make a job good or bad, Feur (1989) called QWL.

In Malaysia, Barcelona and Mahajar (1996) assessed the level of OWL of selected Japanese executives in Malaysia. Using a descriptive research design, a fifty percent sample of all the 370 registered Japanese members of the Chamber of Commerce and Industry in Kuala Lumpur in 1992 was surveyed yielding a usable analytical pool of 57 respondents. The results identifying six QWL dimensions, differing somewhat to those of Hackman & Suttle (1977), could not confirm a good working relationship amongst workgroups, thus confirming the results from QWL studies can be contradictory. The indicated dimensions of QWL were Employee, Job, Supervision, Management concern and Interest, Workgroup relations, and the Physical work conditions. In evaluation, the selected firms had only been in business for between one and five years. Moreover, the profiles of the selected firms were neither matched nor was any attempt made to make them homogenous for meaningful analysis. The sample size of 57 was equally too small to make meaningful comparison, as the sample would almost invariably over fit the data. Moreover, only means and standard deviations of the responses were presented on the dimensions without any statistical inferences made, nor justifications proposed for their absence.

Several attempts were made by early researchers to demonstrate that workers are complex, rather than just social or rational-economically minded beings. The Hawthorne experiments have come and gone, but a unique study that revolutionised the principle of worker motivation was that by Herzberg (1959). The work concentrated on satisfaction at work. In the initial research, 200 engineers and accountants were interviewed and asked to recall when they had experienced satisfactory or unsatisfactory feelings about their jobs. Again, about ten years later (1968), the other categories of workers were

added. These included clerical and manual workers and the results confirmed the original position that the hygiene factors for example; company policy, supervision, salary, interpersonal relations, working conditions, and so on, accounted for most of the dissatisfaction, while the motivators; comprising factors like achievement, recognition, work itself, responsibility, and advancement can be closely linked with satisfaction. Herzberg concluded that these hygiene factors are related more to the environment of work than work itself, and they could lead to widespread complaints. Hygiene factors therefore only help to prevent psychological ill health at work. Only the motivators can bring about a satisfying experience of work.

The neo-human relations approach to the worker's plight is what the QWL idea further popularised by Walton (1974, 1983) seems to champion. Walton suggests that QWL has come to mean more than just the hour-week workmen's compensation legislation, job guarantees through collective bargaining, equal opportunity, and employee-harassmentfree work environment. He suggests eight conceptual categories that QWL encompasses, namely, adequate and fair compensation; safe and healthy work environment; development of human capacities; growth and security; social integration; constitutionalism; the total life span, and social relevance.

Singh (1984) with a sample of 171 managers from forty-two organisations spread in a large assortment of industry categories, activities and sizes, found a convergence for perceived QWL. The dimensions were, growth opportunities, work as an exciting and creative activity, concern for people, and the democratisation of the work process. All these were found to be poor in the Indian context, against which the study was cast.