UNIVERSITY OF DERBY

INTEGRATED CULTURES, PERCEIVED MANAGERIAL COMPETENCIES AND ORGANISATIONAL PERFORMANCE: A MALAYSIAN CONTEXT

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GLOSSARY

BM	-Bursa Malaysia (Formerly known as Kuala Lumpur Stock Exchange)
IJV	-International Joint Ventures
M	-Mean
MIM	-Malaysia Institute of Management
MNC	-Multinational Companies
OCI	-Organisational Culture Inventory
RM	-Ringgit Malaysia
ROA	-Return on Assets
ROE	-Return on Equity
ROI	-Return on Investment
ROS	-Return on Sales
S.E.A.	-South East Asia
SD	-Standard Deviation
TAR	-Tunku Abdul Rahman
U.S.	-United States
WOS	-Wholly-Owned Subsidiaries

ABSTRACT

Understanding 'culture' has become an essential mantra of organisational activities. Managers today are facing this challenge of how to bring about changes in the way they manage, leading to sustainability and growth of organisations. The magnitude of effectiveness relies greatly on managers' skills and competencies. Hence, this study takes on a new dimension of integrating a more complex contingency linkage of cultures and competencies of managers with corporate performance, in a Malaysian context.

Little is known about the synthesis of using these two components from evidence of previous research. This gap is filled in this research by embarking on two phases of empirical study. A mixed methodology was employed to triangulate the two approaches (qualitative and quantitative). This method allows researcher to be more confident of their results, provides new ways of capturing a problem to balance with conventional data-collection methods as well as counter-balances strengths and weaknesses of one approach with another.

The first phase using a case study method aimed to get a feel for the key issues before embarking on a survey, which is the second phase of the study. It involved two cases based on public listed companies in Malaysia using in-depth interview with managers. The interview results revealed characteristics of strong cultures, variations in Hofstede's four dimensional cultures and perceived managerial competencies required for managers. The second phase based on positivist approach using survey instrument to collect data from a sample of 276 managers. The survey was carried out to elicit data on the perception of managers gathered from ten public listed companies (five locally controlled and five multinationals) in relation to cultures and the competency level of managers.

Results of the second phase indicate that cultures, using Hofstede's (1980, 1990) classifications at both national and organisational perspectives, correlate significantly with managerial competencies and organisational performance. However, findings also revealed that companies having strong cultures as indicated by high consistency drawn from the

perception of managers appear to have a profound impact on managerial competencies and were predictive of organisational performance. It is also interesting to note that the factorised components of key-value and hardwork; emotional involvement and build (*i.e.* ability to build frameworks/models/forms on the basis of information) orientations; participative decision and interpersonal respect as well as work goals have significant influence over performance. Evidence from the case studies implied that these elements reflect culture strength of organisation and therefore, contribute to positive organisational performance. The congruent effect on organisational performance was more apparent between organisational culture and managerial competencies than cross-cultural construct. By establishing an empirical linkage between cultures, managerial competencies and performance, the research provides fresh support for human capital requirements in the Malaysian's public and private enterprises.

ACKNOWLEDGEMENTS

CHAPTER ONE

INTRODUCTION

1.0   Introduction

In the globalisation era, different cultural frameworks of managers from various level of hierarchy require specific managerial competencies. Some multinational enterprises can succeed in this blending of cultures, but most cannot succeed in different cultural milieus (Rodsutti and Swierczek, 2002). Interestingly, one question may be posed here: do cultures and managerial competencies affect performance outcome in Malaysian local or multinational conglomerates?

Perhaps, it is appropriate to urge researchers to focus attention on the cultural-competencies-performance outcome from diverse contexts other than the United States (U.S.) and Western Europe which account for the preponderance of studies. The authors and the subjects of prior studies of culture and performance studies, in particular, are largely from developed countries.

While managers globally may share some universal traits and competences, it is reasonable to argue that there are other competency elements that might be more culture-determined. Research on national culture by Newman and Nollen (1996) seems to indicate that culture-specific dimensions exist. Accordingly, the relevance and transferability of some of the western theories to vastly different contexts such as developing countries (*e.g.* Malaysia) is debatable (Adler, 2002; Thomas and Mueller, 2000).

It may be of special interest to researchers and practitioners, then, to study the phenomenon of Malaysian firms, given the popular view that the Malaysian economy is dominated by most of the large diversified firms having their shares listed on Bursa Malaysia (formerly known as Kuala Lumpur Stock Exchange).

1.1　Statement of the Problem

From the review of past studies in the literature, it was noted that generally, cultural studies in the last two decades focused either on a qualitative or quantitative approach. Both tended to have involved considerable methodological problems. Part of the reasons for these problems can be attributed to the lack of a commonly-agreed definition and model of organisational culture (Furnham and Gunter, 1993). Serious doubts also exist with regard to the relationship between 'strong' cultures and organisational performance, which is clearly refuted by Kotter and Heskett's (1992) study.

Two cross-sectional studies using idiographic nomothetic approaches (Lewis, 1994; Rousseau, 1990) failed consistently to find any relationship between culture and performance. While some evidences exist for a correlation between culture and long-term economic performance in Kotter and Heskett's (1992) study, it is evident that the nature of this relationship is not well established, in the absence of objective data. Replications of the Kotter and Heskett's (1992) findings using more quantitative methods are therefore warranted (Lim, 1995).

Further literature review also revealed that a major obstacle to investigations of the relationship between performance and culture appears to be related to the application of the term 'organisational culture'. Definitional problems, as well as difficulties in their measurement of organisational cultures, seem to have contributed to the inconclusiveness of the research. Clearly, the issue of national culture and organisational link can be found in Hofstede's findings (1980a, b, 1985, 1991, 1993, 2000).

Culture is multidimensional, comprising several levels of interrelated variations. As society and organisations are continuously evolving, there is no theory of culture valid at all times and locations. Organisation culture emerges from some common assumptions about the organisation, which the members share as a result of their experiences in that organisation. Organisational culture provides accepted solutions to known problems, which the members learn and feel about and forms a set of shared philosophies,

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expectations, norms and behaviour patterns which promote higher level of achievements (Kilmann, Saxton and Serpa, 1985; Marcoulides and Heck, 1993; Schein, 1997).

Perhaps, a triangulation of data collection methods for indices of culture could be employed, so as to reduce problems associated with the limitation of using singular measures (Glaser, Zamanou and Hacker, 1987; Lewis, 1994). It was not unexpected that the case studies found on culture and performances were conducted in the context of organisational change interventions. Three of the studies (Frame, Nielsen and Pate, 1989; Quick, 1992; Lewis, 1994) reported successful outcome data, but as yet none had found a firm relationship between culture and performance.

From the findings of these case studies, it was clearly indicted that the results do not point to the presence of a positive relationship between culture and organisational performance. Some of the problems encountered centre upon the rigour of the methodology employed (Frame *et al.*, 1989), as well as the influence of other intervening variables (Quick, 1992). The most rigorous case study examined here (Lewis, 1994) also suggested problems in relating to the observed aspects of culture to underlying cultural values, as well as having shown a lack of empirical correlation between culture and performance. However, it may be argued that these findings lack generalisability and would need to be replicated before they can be accepted as refuting the claims of a culture-performance link.

As opposed to the idiographic studies, one of the earliest quantitative studies examining the relationship between culture and performance conducted by Denison (1984) was subjected to strong criticisms. Although his study relating to perceptions of work organisation and participation in decision-making were correlated to returns on investment and sales, the use of employee perception suggested that the study had obtained a good measure of organisational climate (Payne and Pugh, 1976) rather than of organisational culture.

A rapidly changing environment will make the existing culture obsolete. Thus, there is no single cultural formula for long-run effectiveness. As Siehl and Martin (1984) have observed, culture may serve as a filter for factors that influence the performance of organisation. These factors are different for different organisations. Thus, a thorough analysis regarding the relation between culture and performance is essential. Although Hofstede (1980b, 1991) examined multinational firms, he was not interested in the relationship between culture and performance. Hence, it may be more interesting to show how multinational firms transmit their organisational cultures to a different nation and with what consequences on their performance.

The potential void created as a result of these shortcomings have to be filled by integrating cultures, competencies and performance using both qualitative and quantitative approaches, and carefully examining the methodological as well as contextual aspects, while mitigating the pitfalls of past research, such as generalisability and correlations of variables.

Putting all the above issues together, the problem statement being investigated in this study can be epistemologically expressed as: to what extent culture of organisation and competencies of managers impact the organisational performance, from the viewpoint of Malaysian listed companies?

1.2   Purpose of the Study

The purpose of the study is to examine how cultures, inclusive of national and corporate culture, affect the competency level of managers and their impact on performances of ten diversified public listed companies in Malaysia. Specifically, it aims to meet the following objectives:

a) To critically assess the literature on the linkage between national culture, organisational culture and managerial competencies and their effect on organisational performance, in a Malaysian context.

b) On a basis of a sample of Malaysian enterprises of different cultural mixes, i) to determine the effect of national and organisational cultures on managerial competencies and ii) to determine the effect of managerial competencies on organisational performance.

c) On the basis of a) and b) to make recommendations on improving organisational performance in Malaysian enterprises.

1.3 Why Study Public Listed Companies in Malaysia?

Malaysia has a population of 22 million, comprising an estimated 60 percent Malay, 27 percent Chinese, 7 percent Indians, and 6 percent "others". According to Lim (2001) and Westwood and Everett (1995), Malaysia is not a homogeneous country. From economic, social and political points of view, each of the ethnic groups in Malaysia tries to co-operate and compete with each other for a bigger slice of the 'proverbial pie'.

"Only 10 percent of Malaysia's 900 publicly traded companies are well-researched." said Bursa Malaysia Chief Executive Yusli Mohamed. He further added that Malaysian companies represent more than a third of the 100 largest companies in Asean. They are in a very strong position to grow regionally within Asean, and use that as a springboard to move to greater Asia and further offshore (The Star dated Oct 9, 2004).

Interestingly, in the Malaysian context, apart from Hofstede (1980a), there have been very few attempts at studying Malaysian national culture. In most cases, researchers are still heavily relying on Hofstede's model (for example, Lim, 2001). From his opinion survey, he ended up with four dimensions: Power-Distance, Uncertainty-Avoidance, Individualism, and Masculinity. Hence, this study adapts the model to reinforce its reliability and validity rigour.

Past researches suggested that if managers paid more attention to organisational culture, including an organisation's ideals, norms and values, and recognised the symbolic

aspects of management, they would have powerful tools for enhancing organisational effectiveness (Gummer, 1990). A firm that ignores the importance of organisational culture may develop several competing sets of values with conflicting interests, or a weak culture that does not contribute to its effectiveness (Smith and Kleiner, 1987). Kotter and Heskett (1992) found that firms with cultures that valued the key stakeholders (customers, stockholders and employees) and leadership from managers at all levels significantly outperform firms that did not have those cultural values. Sheridan (1992) discovered that an interpersonal relationship-oriented culture highly influences the retention of executives. Professionals in companies that emphasised interpersonal relationship remained 14 months longer than those in firms emphasising only task-related values. Other proponents like Petty, Beadles and Lowery (1995) indicated that measures of organisational cultures were also significantly related to objective measures of performances. A more appropriate organisational culture can improve organisational performance.

Rodsutti and Swierczek (2002) in their studies in multinational enterprises in South East Asia (S.E.A.) posited that organisational culture in every organisation is determined mainly by the top management team and through their management style could influence the values of their subordinates. A multicultural management style is one of the key factors for success in working with professionals from varied background and culture, as is cross-cultural management. Rashid (1988) studied the behaviour of Malay managers and found that their values were at odds with the "normal" values of Malay culture, suggesting that this was in order to adapt to Malaysian organisational culture. With the development of a diverse workforce, traditional management approaches need to be adapted and become more concerned with cultural issues. Multicultural employees with different national and cultural backgrounds are best managed by international executives with special cross-cultural skills and approaches.

Ng and Tung (1998) found that managers of culturally heterogeneous branches of international banks, compared to culturally homogeneous branches, proved to have lower absenteeism and achieved higher productivity and financial results. Newman and Nollen

(1996) found that the financial performance of the European and Asian work units of a multinational company was higher when management practices were adapted to the local cultures. Furthermore, Malaysia cultures are not frequently represented in cross-cultural studies (Yukl, 1998). Malaysia is more ethically diverse than other countries suggesting more sub-cultures that may tolerate a wide variety of management practices (Shipper, Kincaid, Rotondo and Hoffman, 2003).

In this study, ten companies[1] listed on the Bursa Malaysia (BM) were identified, of which five have equity structures represented by a certain percentage of foreign ownership and the remaining five companies are purely locally controlled. The group with foreign ownership also traded in other parts of the world and they were classified as multinational companies. There are many definitions of multinational business. Farmer and Richman (1966) define it as "business operations of any sort by one form, which takes place within or between two or more independent countries." Frayerweather (1978) says that multinational business has "only one central distinguishing characteristics - it is business, involving two or more nations."

Another proponent views multinational business as a more complex form that usually has fully autonomous units operating in multiple countries (Miroshnik, 2002). These companies have traditionally given their foreign subsidiaries a great deal of latitude to address local issues such as consumer preferences, political pressures and economic trends in different regions of the world. However, frequently these subsidiaries are run as independent companies, without integration.

As quoted from Adler (2002:15) "To successfully manage the geographical dispersion and multiculturalism of multinational organisation, managers must develop a global mindset. It is the mindsets of key managers that shape business strategy and ultimately determine the success of the firm."

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[1] Ten listed companies on the Main Board of BM have been identified. Five companies are locally owned such as KFC, Sunway, Berjaya, IOI, SP Setia and the another five companies which have foreign ownership are Sime, Nestle, YTL, Guthrie and Guinness.

1.4   Multinational versus Domestic Organisations

Companies which are labeled as multinational are more complex than any other types of organisations. Businesses are operated abroad using autonomous units in multiple countries. These companies have traditionally given this foreign subsidiaries a great deal of latitude to address local issues such as consumers' preferences, political pressures, and economic trends in different regions of the world (Miroshnik 2002: 521) Multinational organisations differ from domestic organisations in terms of geographic dispersion and multiculturalism. Geographic dispersion confronts organisations with foreign currency, taxation, customs regulations and many others on understanding global and other issues involving distance and national boundaries.

In the wake of infinite cultural changes, modern managers are therefore expected to equip themselves with relevant skills and competencies which prepare them to face all new challenges well ahead of them. They are also getting ready to pave the way towards greater harmony and achievement in the country in which a multinational business operates. Furthermore, the multinational businesses have brought modern managers in face-to-face contact with the cultures of different nations, many of which seem very strange. The importance of understanding cultures of countries in which a multinational company operates - as well as similarities and differences among those cultures - becomes very clear when we look at a multitude of modern managers' blunders in multinational businesses. For example, many companies in the U.S. have Hispanic, black and Anglo-Saxon employees; multinational companies in Malaysia have Indonesian, Philipinos and Burmese employees; domestic companies in Japan have Korean as well as Japanese employees. In employing all these different nationalities, managers must not think and feel the way they do. For instance, the old Japanese parable about the monkey's and fish's management styles have dramatised the consequences of ignorance of the cultural factor. Multiculturalism adds to the complexity of international firms by increasing the number of perspectives and business methods.

Domestic organisations, on the other hand, have been constantly reminded of the onslaught of globalisation and the need not to remain status quo or rather be overwhelmed with complacency. Clearly, these managers are exhorted to behave more vigilant, sensitive and adaptive to changes in the environment. Henceforth, to understand the differences between domestic and global management, it is necessary to understand the ways in which cultures vary, in addition to garner the required competencies. This seems to have become more eminent in the competitive business world.

To further analyse the background of the ten conglomerates identified in this study, their financial data are presented in Table 1.1 showing the fundamental financial standing of each company in the financial year of 2003.

Table 1.1 Companies' Fundamental Financial Data and Ratios 2003

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[2] Using Worldscope as a benchmark, operating income is treated as equivalent to operating profit.

[3] The current ratio (CUR) measures the liquidity of a company by calculating the ratio between all current assets and all current liabilities. It is an indicator of a company ability to pay short-term obligations. The ratio is also known as the working capital ratio and real ratio and is the standard measure of a business' financial health. It will tell us whether a business is able to meet its current obligation by measuring if it has enough assets to cover its liabilities. Current ratio=current assets/current liabilities. 1.5 is an acceptable CUR.

[4] The Quick ratio (QUR) is to measure the liquidity of a company by calculating the ratio between all assets quickly convertible into cash an all current liabilities. It specifically excludes inventory. It is an indicator of the extent to which a company can pay current liabilities without relying on the Sales of inventory. A QUR of 1:1 or higher is good and indicates a company does not have to rely on the sale of inventory to pay the bills. QUR=Cash+Accounts Receivable/Current Liabilities (Source: Value Based Management.net).

1.5   Organisation of the Thesis

The various chapters including chapter 1 of the thesis are arranged in the following manner:

Chapter 1

This chapter deals with the discussion of problem statement, background and justification of the study, research objectives, research question and organisation of thesis.

Chapter 2

Chapter 2 reviews past and extant research findings in terms of relevant models, principles, practices and performance outcomes of cultures and managerial competencies. Various controversial issues such as inconclusiveness of the research findings, methodological, empirical and contexture shortcomings are reviewed.

Chapter 3

This chapter describes and discusses the research design and methodology. It also includes the research model, sampling procedure, data collection, population frame, sample size as well as formulation of hypothesis testing. A brief account of accessibility into the various sampled companies is described in this chapter.

Chapter 4

This chapter analyses and discusses overall findings of two case studies which were public listed companies on the BM. Mainly, results of pilot studies, data collection, data analysis as well as findings and discussion of the two case studies are extensively covered. It should be noted that the background of two public listed companies surveyed are unveiled in this chapter.

Chapter 5

Broadly, this chapter covers the results and discussion of national culture, organisational culture and managerial competencies examined. In addition, it also explains the moderating influences of demographic factors affecting the cultures.

Chapter 6

This chapter presents the data analysis and discussion of culture-managerial competencies-performance link. The chapter illustrates the relationship of each main construct (cultures and competencies) and performance outcome. Confounding variables such as age, gender, experience, position and level of management are discussed in this chapter.

Chapter 7

The final chapter presents the conclusion, managerial implications, and limitations of the study, as well as recommendations for improving future organisational performance in Malaysian enterprises.

CHAPTER TWO

LITERATURE REVIEW

2.0   Introduction

The globalisation of firms' commerce and operations has manifold in the past due to the mobility and interaction of people from multiple cultural backgrounds. Malaysia, being one of the South-East Asia developing countries has a rich diverse cultural tradition, arising from the multi-ethnic and multi-racial society.

Based on a contemporary Malaysian perspective, this study aims to discover the link between cultural influences, managerial competencies and organisational performance. In an effort to set the stage for this study, the literature review summarises two major areas of research comprising both national and organisational cultures and competencies of managers. In addition, it encompasses elements of relevance to inform the primary data collection.

Schein (1984:14) observes that:

> The large diversified organisations probably contain many functional, geographic, and other groups that have cultures of their own - some of which will conflict with each other. Whether the organisation needs to enhance the diversity to remain flexible in the face of environmental turbulence or to create a more homogeneous "strong" culture (as some advocate) became one of the toughest strategy decisions management confronts, especially if senior management is unaware of its own cultural assumptions.

The concept, dimensions, convergence and divergence of national culture as well as criticism on Hofstede's culture are discussed in Section 2.1. A review and examination of organisational culture, its concept and dimensions are presented in Section 2.2. Section

2.3 describes measurement of organisational cultures. Section 2.4 explains the measurement of organisational performance. It is then followed by Section 2.5 on high and low performance cultures. Section 2.6 examines strong cultures versus weak cultures. Section 2.7 discusses the organisational culture and performance link. Section 2.8 discusses national cultures and performance link. Section 2.9 and 2.10 explain linking cultures to competencies as well as the concept of competency. The final section concludes the Chapter.

2.1 National Culture

Culture has been variously defined. Tayeb (1994) defines national culture as shared feelings, thinking and norms and values that guide people's behaviour, while Hofstede (1980a:21) defines cultures as "the collective programming of the mind which distinguishes the members of one human group from another". Hofstede (1980b) posits that culture develops from an individual's repeated exposure to certain customs, practices and behaviour which lead to the internalisation of certain attitudes and values.

2.1.1 The Concept of National Culture

Kroeber and Kluckhohn's (1952: 357) compiled over 160 different definitions of culture before postulating their own comprehensive view.

> Culture consists of patterns, explicit and implicit, of and for behaviour acquired and transmitted by symbols, constituting the distinctive achievements of human groups, including their embodiment in artifacts: the essential core of culture consists of traditional (*i.e.* historically derived and selected) ideas and especially their attached values; culture systems may, on the one hand, be considered as products of action, on the other as conditioning elements of further action.

Following the development of the above definition, novel and different ways to define culture continue to surface. However, they all share the elements with that of Kroeber and Kluckhohn (1952).

Hofstede (1980a) also found striking cultural differences within a single multinational corporation. In this study, national culture explained 50 percent of the differences in employees' attitudes and behaviours. Triandis (1994) views culture as part of the environment that is man-made, consisting of objective (roads, tools *etc.*) and subjective elements (values, norms, attitudes *etc.*).

At this point, we are still lacking a universally accepted definition of culture (Adler, 1983; Triandis, 1994). With no clear definition for the concept of culture, it would be natural to perceive that very few robust theories or conclusions have been achieved out of the cross-cultural research thus far. While managers globally may share some universal traits, it is reasonable to argue that there are other characteristics that might be more culturally-determined. Research on national culture by Newman and Nollen (1996) seems to indicate that a culture-specific dimension exists.

The transferability of some of the western theories to vastly different contexts such as developing countries (*e.g.* Malaysia) is debatable (Adler, 1991; Thomas and Mueller, 2000; Saffu, 2003). For instance, in their evaluation of the applicability of North American management theories to developing countries, Kiggundu, Jorgenson and Hafsi (1983) found the differences in culture or economic and political systems made conventional theories inapplicable. Culture scholars (Hofstede, 1980a; Trompenaars, 1993; Tayeb, 2001) contend that national cultural differences have an important impact on individual values and world views. Osland and Bird (2000) have urged researchers to shift from grand theories and concentrate on research in which specific cultural contexts receive attention.

Whilst there were differences in how the concept was defined, there are a number of common elements that permeate most definitions of culture. These common elements are summarised here to provide clarity to the concept of culture and should not be construed as yet another definition of it. Culture seems to include the notion that there are assumptions, values, and beliefs that are shared among the group, that some parts of culture are observable and other parts exists beneath the surface.

2.1.2 Dimensions of National Culture

With a general understanding of the concept of culture assumed, this section provides a description of some of the models that have been proposed to explain cultural differences at a national level. According to Dahl (2004), the work of Hofstede is probably the most popular work in the arena of culture research. His culture classifications are particularly useful, as they are less complex and easily understood. In the case of Trompenaars and Hampden-Turner (1998), their data were collected from among a large number of executives and professionals. Both research approaches used are very practical. Triandis (1982), for instance, has presented a unique and interesting interpretation of cultural typology through his syndromes drawn from deep knowledge of cultural-history (Chanchani and Theivanathampillai, 2004). Each of these models has its own uniqueness in the cultural taxonomy.

One of the first large-scale studies of cultural differences was conducted by McClelland (1961). His multi-faceted research attempted to determine whether the needs for achievement, affiliation, and power are different across cultures and whether cultures high on these dimensions are more economically developed. He employed a number of different methodologies and a diverse subject pool. Interviews and questionnaires were administered to a group of mothers to assess the relationship between their attitudes and the effect on the 'need for achievement' in their sons. In addition, he assessed the strength of the three needs in businessmen and entrepreneurs via questionnaires and interviews. The compiled results of these approaches do indeed point to a positive correlation between the needs for achievement, affiliation and power in a given society and economic development. Although this considerable body of research did not result in a specific model of cultural differences, it significantly influenced much of the cross-cultural research and models that follow.

The first description of cultural differences that can be viewed as a true model was proposed by anthropologists Kluckhohn and Strodtbeck (1961). They posit that differences in value-orientation can serve as a framework for researching and explaining

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cultural differences. They believe that five basic problems are shared by all humans, and suggest that differences lie in the preferred solutions or "value-orientation" that a particular culture chooses to solve these problems. The five problems and their associated value orientations are:

1. What is the character of human nature (human nature orientation)?

    Human nature may be perceived by a particular culture as good, evil, or a mixture of both;

2. What is man's relationship to nature (man/nature orientation)?

    Man's relationship to the nature may be man as slave to nature, man in harmony with nature, or man as master of nature;

3. What is the temporal focus of human life (time orientation)?

    A culture's time orientation may be focus on the past, present, or future;

4. What is the modality of human activity (activity orientation)?

    Individuals in a culture may be concerned with being, being in becoming, or doing;

5. What is man's relationship to others (relational orientation)?

    Individuals in a culture may be concerned with the hierarchy, a collective group concern, or individual needs.

Since Kluckhohn and Srodtbeck's publication, these value orientations have been referenced and adapted by numerous authors in their own cross-cultural researches (Lane and DiStefano, 1992; Schein, 1997; Adler, 2002).

Schein (1997) proposed a six dimension model which incorporates four dimensions in the above model, excepting man/nature orientation, and adds the dimensions of space (intimacy vs. privacy) and reality and truth (how a culture defines what is real and what is not, and how truth is determined).

Lane and DiStefano (1992) maintain the original five dimensions and also add the dimension of space as the sixth component of their model. They propose that space can be viewed as private, public or a mixture of both. Adler (2002) adopts the Lane and

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DiStefano (1992) model and provides numerous anecdotal examples of where different cultural groups stand on each of these value orientations, in an attempt to explain cultural differences in light of them.

Hall and Hall (1990) proposed a model as a result of extensive interviews conducted with managers in several different countries. Their model includes three dimensions, communication, space and time, with each consisting of two parts. Communication is made up of speed and context. Speed of communication can be fast or slow, and context refers to whether communication is very detailed (low context) or very general (high context). Space includes territoriality and personal space. Time can be perceived as mono chronic, meaning people generally focus on one task at a time and view time as fixed, or polychronic where people engage in multiple tasks simultaneously and view time as fluid. People's orientation to time also varies according to whether they are primarily focused on the past, present, or future. In a similar vein, Triandis (1994) suggested differentiating culture along the lines of language, time and place.

One of the most well known, often referenced models of cultural differences is the one proposed by Hofstede (1980a). His model was the result of extensive research conducted within the IBM Corporation during the 1960's and 1970's. He analysed attitude survey data from 116,000 employees located in 40 different countries and matched by occupation, age, and sex. His research resulted in the identification of four dimensions as described in the following:

The first dimension, 'power-distance', deals with the concepts of equality and inequality and whether inequality is viewed as desirable or undesirable. In high power-distance cultures, there is a great deal of inequality between those in power and the rest of the population, but people view this inequality as simple fact. Organisation in high power-distance countries is typically hierarchical and centralised. Conversely, in low power-distance cultures, people expect to be treated equally and prefer a more democratic approach, while organisations tend to be flatter and more decentralised. Titles, status and formality command less importance in low power-distance countries.

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The second dimension, 'uncertainty-avoidance', refers to how well people in a given culture tolerate uncertainty and their preference for a structured versus unstructured environment. Low uncertainty-avoidance cultures are more open to change, more likely to take risks, and have a high tolerance for ambiguity. Organisations in such cultures would most likely have a loose structure, with few rules and regulations. High uncertainty-avoidance culture demonstrates resistance to change, fear of failure, and a low tolerance for ambiguity, tending to result in structured organisations that rely on written rules to specify appropriate behaviour.

The third dimension, 'individualism versus collectivism' is concerned with the relationship of individuals to the larger group or society. In collectivist cultures where people belong to large extended families or groups with whom they identify, belongingness is important, and group decisions are the norm. Members of the collectivist cultures place more importance on fitting in harmoniously and saving face. Within an organisation, employees expect to be taken care of and have a high degree of loyalty. Individualistic cultures, on the other hand, are concerned primarily with themselves and their immediate family, privacy is valued, and decisions are generally made individually. Employees in individualistic organisations are expected to look after and defend themselves.

The fourth dimension, 'masculinity and femininity' refers to how strongly a culture differentiates individuals based on sex. Masculine cultures tend to be male-dominated and are described as more assertive and tough, valuing achievement and decisiveness. Organisations in such a culture are male dominated, and tend to foster more stress and conflict. Feminine cultures are described as caring, nurturing, valuing interdependence and service. Organisational characteristics include more women holding higher paying positions and low levels of stress and conflict.

After identifying the first four dimensions, Hofstede and Bond (1988) conducted the first global management survey ever developed with Chinese managers and employees. The finding produced a fifth dimension, Confucian Dynamism, which measures employees'

devotion to the work ethic and their respect for tradition. Arising from this, many observers attribute the rapid economic growth in the 1990s of Asia to the strong work ethics and commitment to tradition of Confucian values. 'Long-term' countries are found in Asia, including Hong Kong, Singapore, Taiwan and Japan. Long-term oriented cultures are characterised by patience, perseverance, respect for one's elders and ancestors, and a sense of obedience and duty toward the larger good (Hofstede, 1991). This dimension is similar to the 'time orientation' culture dimension identified by Kluckhohn and Strodtbeck (1961).

Another model of cultural differences to be discussed was proposed by Trompenaars (1993) and Trompenaars and Hampden-Turner (1998). Their database includes approximately 30,000 individuals in 55 different countries and is made up of responses to questionnaires designed specifically to measure cultural differences. Trompenaars (1993:6) views culture as 'a way in which a group of people solve problems'. This is based directly on Schein's (1983) definition of organisation culture. His definition is generic across national and organisational cultures and therefore often confounds the two (Chanchani and Theivanathampillai, 2004). Their research led them to propose seven fundamental dimensions of cultures. Five of these dimensions are identical to Parsons's (1951). The Social System: 'affectivity versus affective neutrality'; 'self-orientation versus collective-orientation', 'universalism versus particularism'; 'ascription versus achievement'; and 'specificity versus diffuseness'. The seven dimensions are:

(a) Universalism versus Particularism

Universalist cultures stand for rather strictly implied rule-based behaviour reflecting a general mistrust in humanity, while particularist cultures tend to focus more on the exceptional nature of present circumstances, proposing that relationship and obligations can change the meaning of good and right in different situations. This dimension finds applications in various aspects of international businesses, including contracts, timing business trips, role of head office and job evaluation and rewards (Trompenaars, 1993:40).

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(b) Individualism versus Collectivism (Communitarianism)

Individualist cultures view individualism as prime orientation to the self and collectivist cultures view collectivism as a prime orientation to common goals and objectives. In international management, negotiations, decision-making and motivation are affected by individualistic or collectivistic preferences.

(c) Neutral versus Emotional (Affective)

This dimension includes the range of feelings expressed. Members of neutral cultures keep their feelings and expressions carefully subdued and controlled. People in affective culture tend to be demonstrative.

(d) Diffuse versus Specific

Diffuse (low-context) and specific (high-context) culture explore the way in which individuals are engaged in specific areas of communication (high level of shared knowledge is required). Specific cultures predominantly focus on task-relationships than any other relationship. In diffuse cultures, focus is on relationship, viewing the goal or task as secondary.

(e) Achievement versus Ascription

Achievement oriented cultures view others by what they have done or accomplished while ascription oriented cultures view others by their family origins and connection. The former is labeled 'achieved status' and the latter as 'ascribed status' which respectively refers to *doing* and *being*. The dimension which recognises ascribing status seems to be very similar to Hofstede's construct of Power-Distance. Fiske's (1990) 'Authority Ranking' would also seem to include aspects of ascription.

(f) Attitude to Time

This orientation of time from past, present and future is a central dimension of culture enabling members to co-ordinate activities. This construct has implications for both individuals and groups since an agreed meeting time may be precise or approximate. Time allocated to complete a task may be critical or merely a guide.

(g) Attitude to Environment

This orientation is similar to the man/nature orientation. It varies according to a culture's desire to control nature or go along with nature. The former kinds of culture tends to identify with mechanisms, that is, the organisation is conceived of as a machine that obeys the will if its operators and may be described as 'inner-directed'. The latter or 'outer-directed' cultures tend to see an organisation as a product of nature, owing its development to the nutrients in its environment and a favourable ecological balance. This idea is based upon Rotter's (1969) 'locus of control' and in some ways seems to overlap Hofstede's cultural dimension of uncertainty-avoidance.

According to Triandis (1994) cultural syndromes, cultures can be distinguished from objective elements to that of subjective elements. Objective aspects of culture include tools, roads, and radio stations while subjective aspects include categorisations, associations, norms, roles and values which form some of basic elements affecting social behaviour. He identified four elements that apply to all cultures: cultural complexity, cultural tightness; individualism and collectivism.

(a) Cultural Complexity

In complex culture, people make large numbers of distinctions among objects and events in their environment. The ecology and history of a society determines its complexity. Different societies offer different level of complexity. The contrast between simple and complex cultures is the most important factor of cultural variation in social behaviour. However, Triandis (1994) does not offer any objective method of measuring and rating cultural complexity.

(b) Tight and Loose Cultures

People in the 'tight' cultures are expected to behave according to clear norms and deviations are likely to be punished with sanction. In tight cultures, if one does what everyone is doing, one is protected from criticism. Tightness is more likely when norms are clear and this requires a relatively homogeneous culture. Loose cultures either have unclear norms or tolerate deviance from norms. Cultural heterogeneity, strong influence

from other cultures and physical space between people can lead to looseness. Urban environments are usually more loose than rural ones. Looseness is caused by conflicting norms or is traceable to norms that are not especially functional.

(c) Individualism and Collectivism

Individualists are emotionally detached from their in-groups and emphasise self-reliance, independence, pleasure, affluence and the pursuit of happiness. The behaviour of individualists tends to be friendly but non-intimate toward a wide range of people outside the family. Triandis (1994) further recognises a correlation between cultural complexity and individualism: the more complex the culture, the more individualistic it is, because in complex cultures a person has the choice of becoming a member of any various groups.

There are two kinds of collectivism: horizontal (interdependence and oneness) and vertical (serving the group), which are correlated in the .3-.4 range (Triandis, 1994:164). Collectivists are often, but not always organised hierarchally and tend to be concerned about the results of their actions on members of their in-groups, share resources with in-group members, feel interdependent with in-group members, and feel involved in the lives of in-group members (Hui and Triandis, 1986). They also feel strongly about the integrity of their in-groups (Triandis *et al.*, 1986). If an individual is an in-group member, the behaviour is very associative, and may reflect self-sacrifice. If the individual is an out-group member, the behaviour is indifferent or disassociative.

Triandis (1994) identified individualism and collectivism as distinct but related constructs. But Hofstede's (1980a) views individualism and collectivism as a continuum, implying that collective culture may not possess individualism.

One cultural framework worthy of mentioning here is Fiske's (1990) forms of social reality. He proposed a theory of elementary forms of social behaviour which postulates that people in all cultures use just four elementary mental modes of relational models: communal sharing (CS), authority ranking (AR), equality matching (EM) and market pricing (MP).

From a review of the model listed above, one can see that the difficulties of defining culture are carried over to the task of identifying national cultural differences. In fact, many authors have questioned the validity of the underlying research employed to arrive at each of these models. McClelland's research has been criticised for using a traditional U.S. definition of achievement, one of the material successes that may not be subscribed to or even adequately understood by other cultures (Hofstede, 1980a; Child and Tayeb, 1983; Triandis, 1994). Kluckhohn and Strodtbeck (1961) have been criticised for suggesting that there are only five universal human problems (Child and Tayeb, 1983). Hofstede's studies failed to include any formal communist nations, as well as management level employees, and were conducted entirely within one multinational corporation (Smith, Dugan and Trompenaars, 1996; Sanchez, 2000).

2.1.3   Criticism of Hofstede's Dimension of Culture

Hofstede's cultural classification scores high on simplicity criteria (Chanchani and Theivanathampillai, 2004). This is because the dimensions are relatively straightforward concepts and rich in meaning in relation to forms. With regard to substance, the classification is neither exhaustive nor exclusive for two reasons:

1) Uncertainty-Avoidance faces criticism for not validly capturing oriental values, thereby not being exhaustive. 2) The late inclusion of Confucianism (Hofstede and Bond, 1988) or long-term orientation (Hofstede, 1991) demonstrates lack of exclusivity. Hofstede does not exclude the possibility of finding new dimension. His classification rates are moderate in substance and high in form.

In terms of levels of analysis, Hofstede argued that his classification could only be applied at national level. Although the precise arguments building up to this are unclear, Hofstede asserts that applying these dimensions to any other level is incorrect and is an ecology fallacy. This severely restricts the use of his scheme and receives a low rating for the criterion of levels of analysis.

In examining the criterion of different research methods, the application to any other methods other than that specified by Hofstede (using Values Survey Module to compare mean-differences between countries) is considered incorrect. While Hofstede's data has been used widely, there appears to be little application of these dimensions in other research methods (*e.g.* experimental, quasi-experimental, field research, case study). Thus, this receives a rating of low on the research method criterion.

In relation to the ability to identify dominant themes, the dimension may be used in identifying dominant themes both within a specific culture as well as across cultures on one or more dimensions. Hofstede's classification, however, fails to indicate which of his four dimensions, if any, is likely to provide deeper insights for a specific culture.

Hofstede's use of questionnaire was also critiqued (McSweeney, 2002). According to Bryman (1988), a large number of respondents do not in itself guarantee representativeness. The number of questionnaires used by Hofstede revealed that the average number per country was small and that for some countries it was minuscule.

Hofstede (1980a, 1999) claimed that he used "national samples", where the respondents were exclusively from a single company, IBM, which covered all employees. Furthermore, the data used to construct national cultural comparison was largely limited to responses from marketing-plus-sales employees (McSweeney, 2002). Nonetheless, his contention was that IBM respondents shared a single monopolistic "organisation culture" common between and within every IBM subsidiary. Ironically, against this argument, ten years after his initial publication of the IBM survey, he began to acknowledge that there is cultural variety within and between units of the same organisation (Hofstede, 1991:193; 1998:11). Research projects which he directed on organisational cultures revealed 'considerable differences' (Hofstede, 1991:182). This appears to have brought nearer to the assumptions of his methodological flaws which have been widely contested (McSweeney, 2002).

Despite the growing criticism of Hofstede's work, five reasons are identified for the extensive adoption of his classification.

(a) Hofstede was the first study to integrate previously fragmented constructs and ideas from the literature and present a coherent framework for classifying different cultures.

(b) He was the first author to offer an extensive data set for empirical analysis, which is extensively appealing to researchers.

(c) His classification was widely adopted due to the simplicity of his dimensions.

(d) He offers an instrument to measure values.

(e) His dimension is straightforward and intuitively appealing to both the academic researches and business readers across disciplines.

2.1.4 Cultural Convergence versus Divergence

Researchers from the convergence perspective proposed that national cultures do not lead to significant behaviour or attitude differences across cultures. This could have probably stemmed from the result of globalisation and internationalisation of corporations (Child and Tayeb, 1983; Hickson and Pugh, 1995). Conversely, the divergence proponents concurred that there were significant attitude and behaviour differences between national cultures. Divergence theorists proposed that these differences were so strong that they were significant and observable in spite of sub-culture influence and the globalisation that is taking place (Hofstede, 1980a; Schneider and Barsoux, 1997; Trompenaars and Hampden-Turner, 1998).

Child (1981) discovered that most studies concluding convergence focused on macrolevel issues - such as the organisation's structure and its technology - whereas most studies concluding divergence focused on microlevel issues - in particular, the behaviour of people within organisations. In his myriad cross-cultural studies, he found that a group of highly reputable management scholars repeatedly concluding that the world is becoming more similar and another equally reputable group of scholars concluding the opposite - that the world's organisations are maintaining their dissimilarity.

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2.1.4.1 Cultural Divergence

Hoppe (1998) attempted to replicate Hofstede's findings by instituting a survey with a group of international leaders in Europe and the U.S. She found support for national differences on all four dimensions in Hofstede's model and concluded that the beliefs of leaders in organisations parallel those of lower-level employees and did differ across cultures.

In a study of French, British, Canadian and Japanese low and mid-level managers in many different companies, Kanungo and Wright (1983) also found significant differences between cultures in what employees expect from their employers, as well as differences with respect to what motivate employees. They found that the British and Canadian groups were similar along these dimensions, but that they differed a great deal from their counterparts in both France and Japan.

In another study, Lincoln, Hanada and Olson (1981) provided support for cultural divergence in their study of 28 Japanese owned businesses operating in the United States. They surveyed the expectations, satisfaction levels, and work relationships of 522 employees in 3 groups, Japanese, Japanese-American, and Americans. Their results indicated significant differences regarding what employees expect from the company they work for, and their levels of job satisfaction. Specifically, Japanese employees look for a more paternalistic company and exhibit lower levels of job satisfaction than their American counterparts.

Smith, Dugan and Trompenaars (1996) also replicated Hofstede's findings by studying the values of over 8,000 employees at different organisational levels, in 43 different countries, including several ex-communist countries. The outcome of their research provided strong support for Hofstede's individualism dimension, moderate support for the power-distance dimension and no direct confirmation for the remaining two dimensions of masculinity and uncertainty-avoidance.

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While research of these authors may lead one to believe that cross-cultural differences are the only explanation for individual and organisational behaviour, many empirical studies have also been conducted that support the notion of convergence. While the focus and findings of each study is somewhat unique, each results in a discussion pointing to cultural similarities rather than differences.

2.1.4.2 Cultural Convergence

Massie and Luytjes (1972) compiled a series of descriptive studies by 16 different authors operating in 14 different countries in the regions of Eastern Europe, Western Europe, Asia, Africa, and the U.S. This compilation surfaced a number of similarities regarding management processes and concepts in these diverse countries. Striking results were found in all the countries surveyed regarding management functions of organising, directing, planning and controlling which were viewed as necessary components of management. The goals and objectives of managers were markedly similar in many of the countries and where differences were found, countries aligned according to their stage of economic development rather than along geographic or national borders. It was also noted there was a common trend toward increased decentralisation of authority.

Luthans and Welsh (1993) studied 66 managers at various levels in a Russian textile factory to determine whether the typical activities they performed were similar to or different from the typical activities of the U.S. managers. The data obtained from the Russian sample were compared with data from studies of the U.S. managers previously conducted by Luthans using the same methodology. The four management activities they studied were:

(a) Traditional management activities - planning, decision making, monitoring performance.

(b) Communication activities - exchanging information, paperwork.

(c) Human resource activities - hiring, training, motivating, resolving conflict.

(d) Networking activities - interacting with outsiders, politicking.

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Their results show that the percentage of time Russian managers spend on each of these activities followed the same descending order as the time percentages spent by U.S. managers. Both groups of managers spend most of their time on traditional management followed by communication, human resources, and finally, networking.

Eccher (2000) interviewed a group of 34 senior level executives in a large U.S. based multinational companies (MNCs). The executives included in the study represented three diverse geographic locations, the U.S., France, and Japan. An in-depth, structured interview designed to assess the leadership competencies of the executives was utilised in this study. Eccher hypothesised that the executives would demonstrate similar competency scores on the interview and that the interview would successfully identify top performing executives regardless of their national cultures. His findings support the notion of general convergence when looking at the competency results across cultures. While some differences in leader competencies were identified, the majority of the competency scores were remarkably consistent. When looking at the interview's ability to successfully identify top performers, even stronger support for convergence was noted. The interview consistently identified top performers based on their competency scores regardless of their country of origin.

The research discussed thus far has pointed to support for either cultural divergence or cultural convergence. There is, however, a third camp whose studies have offered more ambiguous results suggesting that perhaps the convergence/divergence dichotomy is not as clear cut as many researchers would like to believe.

2.1.4.3 Mixed Cultural Convergence-Divergence Dichotomies

Early cross-cultural research on managerial attitudes by Haire, Ghiselli, and Porter (1966) is an example of a study that continues to fuel both sides of the debate. They utilised a questionnaire to survey the attitudes of over 3,500 managers from 14 different countries. Results indicated a high level of similarity among managerial attitudes across the fourteen countries, but where differences were found; twenty-five percent of those differences were associated with national culture. Convergence theories tend to cite the

fact that there was considerable similarity in the manager's responses and suggest that a manager is a manager, regardless of country of origin (Al-Jafary and Hollingsworth, 1983). Divergence theorists, on the other hand, point to the fact that there were some cultural differences identified in the research that led to a grouping of similar versus dissimilar cultures (Hofstede, 1980a; England, 1983). Ronen and Kraut (1977) replicated this study, also finding some similarities across cultures and country clusters very similar to those discussed above.

Ferner, Quintanilla and Varul (2001) found ambiguous results in their study of cultural differences. Their study of international subsidiaries of German multinational's attempted to determine whether a dominant German style would be found in these subsidiaries, as opposed to a different management style influenced by the local culture in which the subsidiary is located. The location for the study was Britain, Spain and Germany, and the method of study was in-depth interviews with 93 managers at various levels, to determine the specific human resource policies and practices in use at each location. An analysis of the interview results concluded that while many of the policies and practices in use were clearly German in nature, specific policies and practices from the host country were incorporated and adapted by the German MNC's as well. They viewed the operation of the subsidiaries as a 'hybrid approach' incorporating aspects of both cultures.

With numerous studies and findings in the literature to support both convergence and divergence positions, it would appear that the convergence/divergence debate is not likely to be resolved in the near future. However, when convergence is found among employees within an MNC, several authors have ascribed it to the homogeneity of a strong organisational culture (Bass, 1981; Hickson and Pugh, 1995; Eccher, 2000). It is then appropriate at this juncture to take a closer look at the concept of organisational culture and how it influences employee behaviour. Having looked at "culture", we now turn our attention to organisational culture.

2.2 Organisational Culture

Lewin, Lippitt and White (1939) in their well-known study of the influence of leadership style (autocratic versus democratic versus laissez-faire) on aggressive behaviour in boys participating in after-school clubs, were the first to mention the concept of social climate. Over time this concept has evolved into the separate but related issues of organisational climate and organisational culture. There is a good deal of discussion and debate in the literature surrounding the differences between the concepts of climate and culture (James, James and Ashe, 1990; Reichers and Schneider, 1990; Rousseau, 1990; Schein, 1997). For the purpose of this review and research, the focus is on the concept of organisational culture which, upon a review of the climate/culture literature appears to be the more inclusive concept (Pettigrew, 1990).

Corporate culture consists of a framework of basic assumptions, value and artifacts which are often taken for granted and shared by members of an organisation. (Schein, 1984, 1997). It is often seen as an important factor in most organisations as it can serve to heighten employees' identification and emotional commitment to organisational objectives (Sathe, 1983), while enabling them to act in a similar and predictable way in ambiguous situations (Trice and Beyer, 1993).

Handy (1994) propounded that cultures have been described in impressionistic and imprecise ways. They have not been rigorously defined. A culture cannot be precisely defined, for it is something that is perceived, something felt. Not all cultures suit all purposes or people: cultures are founded and built over the years by the dominant groups in an organisation.

2.2.1 The Concept of Organisational Culture

Much of the literature concerning organisational culture resides in the definition and elaboration stage, as it is partially or wholly concerned with defining and elaborating on the concept (Reichers and Schneider, 1990). As culture is a difficult concept to define, there seems to have been a number of definitions put forth to explain organisational culture. It is also expected that these definitions are often markedly similar to those

provided for the more general concept of culture. Lewin, Lippitt and White (1939) did not even attempt to define their concept of social climate, but definitions for organisational culture have abounded in the year since. It is useful here to provide the point of view of several authors that, taken together, can provide a better understanding of what organisational culture is.

Hofstede, Neuijen, Ohayv, and Sanders (1990) believe that organisational culture is holistic, determined by history, related to anthropological constructs, socially constructed, soft, and hard to change.

Katz and Kahn (1978:50) see it as "distinctive patterns of collective feelings and beliefs passed along to new group members". Pettigrew (1979:574) proposes that it is "the system of such publicly and collectively accepted meanings operating for a given group at a given time". Schein (1990) provides a definition that effectively summarises those above and provides a comprehensive description of organisational culture. He actually distinguishes three different levels of organisational cultures, "artifacts", "espoused values" and "basic underlying assumptions". These assumptions are the essence of culture, the unconscious mental models and patterns that manifest themselves in observable artifacts and shared values, norms and behaviour.

Hofstede *et al.* (1990) take a slightly different view, suggesting that the observable aspects of culture are the symbols, heroes, and rituals that comprise the practices of the organisation. The organisation's values, on the other hand, are the hidden aspect of its culture and cannot be measured quantitatively.

McShane and Von Glinow (2000) concern themselves with two general levels of culture, each make up the several components. Artifacts are above the surface and consist of an organisation's physical structures, rituals, ceremonies, stories, and languages. Organisational culture is below the surface and consists of beliefs, values and assumptions.

2.2.2 Dimensions of Organisational Culture

Cooke and Rousseau (1988) utilised an organisational culture inventory (OCI) to assess the norms and expectations of behaviour of numerous employees working in a variety of organisations. As an outcome of the fifteen years of research with the OCI, they propose three underlying dimensions or types of organisational cultures that tend to differentiate organisations: 1) the people/security culture, 2) the satisfaction culture and 3) the task/security culture.

In a similar vein, Hofstede *et al.* (1990) also conducted a rare quantitative study designed to measure culture differences among 10 different organisations in Denmark and the Netherlands. Their results led to the development of a six-dimension model of organisational culture: 1) process-oriented vs. results-oriented, 2) employee-oriented vs. job-oriented, 3) parochial vs. professional, 4) open system vs. closed system, 5) loose control vs. tight control and 6) normative vs. pragmatic.

Neither of these models is universally accepted by organisational culture researchers, suggesting that additional studies can and should be attempted in this area. Furthermore, there is considerable overlap in the dimensions found in discussion of organisational culture (Harrison, 1978; Ansoff, 1979; Hofstede, 1980a; Deal and Kennedy, 1982; Peters and Waterman, 1982). Further research may shed more light on the link between an organisation's culture, hence, leading to a more consistent and meaningful comparisons of such cultures.

2.3 Measurement of Organisational Culture

The ways to measure organisational culture is an important issue. Cameron and Quinn (1999) have mentioned that the most competitive advantage of a company is its organisational culture. They found that it is possible to characterise firms into four separate organisational types with different criteria for leadership, effectiveness and basic management philosophy. According to their model of "competing value framework", these dimensions are 1) clan 2) adhocracy 3) hierarchy and 4) market.

In the 'Clan' type of organisation leaders are facilitator, mentor and parents. The effectiveness criteria are a combination of cohesion and proper development of human resource. The basic philosophy is: participation fosters commitments.

In the 'Adhocracy' type of organisation, the leaders are innovator, entrepreneurs and visionaries. The effectiveness criteria are creativity, growth of the company with cutting-edge technology. The philosophy is: innovation fosters new resources.

In the 'Hierarchy' organisations, the leaders are coordinators, monitors and organisers. The effectiveness criteria are efficiency, timeliness and smooth functioning of the organisation. The management philosophy is: control fosters efficiency.

In the 'Market' type of organisations, the leaders are hard driver, competitors and producers. The effectiveness criteria are market share, goal involvement and defeat of the competitors. The management philosophy is: competition foster productivity.

Miroshnik (2002), and Ashkanasy, *et al.* (2000a, b) put forward a series of dimensions to characterise 'organisational-culture profile'. These are:

- Leadership to direct the organisation derives goals, strategies on how to achieve goal, organise the workforce to achieve these goals, maintain its cultures and provide the role model.
- The limitations imposed by an organisation on its members regarding their actions, behaviour and power displays.
- The innovation, creativity and the degree of risk aversion or acceptances.
- Reward system for job performance.
- Goal-orientation and implementation of plans.
- Communications and information sharing.
- Degree of client-orientation and external influences.
- Respect for individuals.
- Scope and opportunities for self-development of workers within the organisation.

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- Friendliness and socialisation process in the organisation.

Not all factors are important for all organisations, but most of these factors can provide basic characteristics to classify organisational cultures. Nonetheless, a rapidly changing environment will make the existing culture obsolete. Thus, there is no single cultural formula for long-run effectiveness.

2.4   Measuring Organisational Performance

Over the years, the method of measuring an organisation's performance seems to be a persistent controversial issue. The use of financial ratios (*e.g.* Gordon and DiTomaso, 1992; Denison, 1982) including return on investment, equity and sales to measure effectiveness has been subjected to strong criticism and yet it is still being used widely not limiting to cultural studies. According to Denison (1982), although financial ratios are not the only, or even the best, indicators of organisational performance, effectiveness does imply that an organisation can successfully meet the demands of a broad set of stakeholders. Of course, complete reliance on financial indicators of business performance often can bias a measure of effectiveness toward particular stakeholders.

2.5   High and Low Performance Cultures

High-performance cultures were adaptive and tend to have managers who 1) care deeply about customers, employees and stockholders and 2) strongly value people and processes that created useful change. It also had triple the average annual income growth of low performance firms (47.26% versus 14.15%) and industry analyses were nine times more likely to identify culture as helping performance in the high performance cultures (Kotter and Heskett, 1992).

On the contrary, both Kotter and Heskett (1992) found that low-performance cultures tend to have arrogant managers, who do not value customers, employees, and stockholders, and tend to be hostile toward leadership and change values. They developed

unadaptive, change-resistant cultures characterised by arrogance, insularity, bureaucracy and self-interest. To establish and maintain a healthy, high-performance culture, organisations need to cope with their dilemmas, preferably by fostering synergy and collaboration (Hampden-Turner, 1990; Kotter and Heskett, 1992; Schein, 1997).

2.6 Strong Cultures versus Weak Cultures

A growing body of research concerns itself with the strength of an organisation's culture and how this impacts various aspects of the organisation. Siehl and Martin (1990:251) have defined a strong organisational culture as "one where espoused values are consistent with behaviour and where all (or most) employees share the same view of the firm". Common themes when defining strong organisational cultures are agreement among employees regarding the content of the culture, agreement regarding values, ideologies and homogeneity (Arogyaswamy and Byles, 1987; Cooke and Rousseau, 1988; Hofstede *et al.*, 1990; Rousseau, 1990). Bartlett and Ghoshal (1989) add that employees in an organisation with a strong culture would also identify with key goals, objectives and the strategy of the organisation.

Strong, powerful culture has been hailed as a key to improved performance. Deal and Kennedy (1982:5) asserted that "strong cultures have almost always been the driving force behind continued success in American business". Strong culture firms are said to generate an almost tangible social force held of energy (Mitroff and Kilmann, 1984) that "empowers" employees (Pascale, 1985) and drives the organisation toward superior performance. Posner, Kouzes and Schmidt (1985) connected strongly shared values with commitment, self-confidence, ethical behaviour, and reduced job stress.

Characteristics of strong organisational culture include a strong leader who helped shape the culture, a clear vision, a strong connection between certain behaviour and rewards, low turnover, a formal orientation/training program for new employees, and a strong informal communication network (Cooke and Rousseau, 1988; Rousseau, 1990; Schneider and Barsoux, 1997; Bartlett and Ghoshal, 1998; McShane and Von Glinow,

2000). Other authors defined strength in various ways: as coherence (Deal and Kennedy, 1982; Weick, 1985); as homogeneity (Ouchi and Price, 1978); as thickness (Sathe, 1983); as penetration (Louis, 1985); as internalised control (DiTomaso, 1987). While these authors define cultural strength, they do not try to operationalise it. These various authors seem to consider cultural strength as a function of some combination of the following: who and how many accept the dominant value set; how strongly, deeply or intensely the values are held; and how long the values have been dominant (Louis, 1985).

Organisations with weak cultures on the other hand, tend to be very large, geographically dispersed, have high turnover, are made up of many sub-units with unique subcultures, and have often undergone multiple mergers or acquisitions (Katz and Kahn, 1978; Schein, 1997; McShane and Von Glinow, 2000).

In order for a firm's culture to be strong and have sustained competitive advantages, three conditions must be met (Barney, 1985). First, the culture must be valuable; it must enable a firm to do things and behave in ways that lead to high sales, low costs, high margins, or in other ways add financial value to the firm. Second, the culture must be rare; it must have attributes and characteristics that are not common to the cultures of a large number of firms. Finally, such culture must be imperfectly imitable; firms without these cultures cannot engage in activities that will change their cultures to include the required characteristics, and if they try to imitate these cultures, they will be some disadvantages (reputation, experience *etc*) compared to the firm they are trying to imitate.

Despite numerous contentions about complexities in defining the concept of 'rare', many authors have noted that firms are idiosyncratic social inventions, reflecting the unique personalities and experiences of those who work there (Barley, 1983; Polanyi, 1958). Firms are also historically bound, partially reflecting the unique circumstances of their founding (Selznick, 1957; Pettigrew, 1979), the unique personalities of their founders (Zucker, 1977; Schein, 1983), and the unique circumstances of their growth (Chamberlin, 1933; Clark, 1970, 1972). Often, these unique experiences of firm are reflected in a firm's culture. If these cultures are also valuable, then they hold the potential for

generating sustained competitive advantages. These attributes appear to have also met the criteria of core competences/ strategic assets, which are rare, imperfectly substitute and imperfectly imitable (Prahalad and Hamel, 1990).

In trying to describe how inimitable the organisational culture is, it might be useful to note that values, symbols, beliefs, and the like are notoriously difficult to describe and categorise (Barley, 1983; Gregory, 1983). The valuable and rare aspects of an organisation's cultures often become part of the unspoken, unperceived common sense of the firm. Many have argued that culture is a powerful force in explaining the behaviour of individuals and groups within organisations precisely because it is unspoken and taken for granted (Polanyi, 1958; Goffman, 1959; Berger and Luckman, 1967). Contemporary researchers have also posited the power of corporate culture in influencing organisational performance (Zabid, Sambasivan, and Johari, 2003; Chow, Haddad, and Wu, 2003; Lee and Yu, 2004).

The literature on the role of organisational culture and firm performance supports the view that firms with strong values, shared beliefs and visions will outperform firms that are weak in these aspects (Denison, 1984; Barney, 1986; Kotter and Heskett, 1992). For instance, Kotter and Heskett (1992) found that culture can enhance business performance if an organisation has a strong culture, a business strategy that fits its industry and environment, and cultural norms and values that help adapt to environmental changes.

Deal and Kennedy (1982:4) stated that cultures, both weak and strong, have a powerful influence on organisational behaviour, but in strong cultures "everyone knows the goals of the corporation, and they are working for them". Thus, in a strong culture employees' goals are aligned with management goals: in a weak culture members' goals are counter to management's direction or perhaps simply scattered and divergent.

2.6.1 Cultural Trait Approach

During the 1980s, studies of cultural traits proliferated. The profiles of 'excellent' cultures advanced by Peters and Waterman (1982) have been widely discussed. Wilkins (1984) wrote about positive cultures companies, a notion similar to Theory Z popularised by Ouchi (1981). Denison (1984) claimed that corporations in which cultural values favour participation generate a return on investment almost twice as great as corporations with less participative values. Vaill (1984) described traits of high-performing systems, endorsed by Akin and Hopelain (1986), who found that three highly diverse companies which had common traits were characterised by a culture of high productivity.

Louis (1985:87) cautioned that one must carefully analyse the 'framework of conceptual/analytic facets embedded in the logic and conduct of inquiries on cultures.' Indeed, it appears that many strong cultures studies share a common conceptual framework. This framework is shown in Figure 2.1 which relates cultural traits profiles to enhanced organisational performance in proportion to the strength, with which particular cultural traits are manifested. However, despite the wide application of this framework, the unelaborated trait strength framework suffers from significant weaknesses. Thus, its continued use is likely to disappoint those interested in generating sound theory and conducting valid research.

Saffold (1988) highlighted some five weaknesses frequently limit its findings. These five weaknesses include the assumptions of unitary culture, the ambiguity of strength as a measure of culture, dependence upon composite culture profiles, insufficient attention to culture-performance links and the use of inadequate methodologies.

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Figure 2.1 The Trait-Strength Framework

Following this section, Table 2.1 presents some of the summarised findings from the past research highlighting the linkages between national culture, organisational cultures, managerial competencies, and organisational performance. The contents showing the linkages between the variable are explained in the following various sections.

2.7 Organisational Culture and Performance Link

If an organisation has a "strong culture" with a "well integrated and effective" set of values, beliefs and behaviour, it actually demonstrates a high level of corporate performance (Ouchi, 1981; Owen, 1987; Kotter and Heskett, 1992; Cameron and Ouinn, 1999). Calori and Sarnin (1991) found that there is a significant relationship between a firm's growth over a short period and cultural intensity and cultural homogeneity.

Denison and Mishra (1995) have attempted to relate organisational culture and performance based on four different characteristics of the organisational cultures, such as adaptability and missions of the future; involvement of the leadership and consistency of the culture and has explained under what circumstances these generate effective

performances, while Jenster and Bigler (1986) found a significant relationship between cultural pattern and the pursuit of particular strategies.

Table 2.1 Evidence from Prior Studies Pertaining to Cultures, Competencies and Performance Links

Study	Sample	Time Period	Methodology	Findings
Shipper, Kincaid, Rotondo and Hoffman (2003)	3785 managers of a multinational firm in US, UK and Malaysia	One-shot (Cross sectional)	Quantitative using -Polynomial Regression -Contour Plots, -Correlations -Factor Analysis	Linking culture-skills-managerial effectiveness - supported
Newmen and Nollen (1996)	Employees from 170 work units of one large US-based corporation	One-Shot (Cross sectional)	Quantitative using -Descriptive -Analysis of Covariance -ANOVA	Linking national culture-skills-organisational performance -Partially supported
Cockerill, Hunt and Schroder (1995)	150 Senior managers from 5 organisations	Nine-years research (Longitudinal study)	Qualitative & quantitative Content analysis LISREL	Linking Managerial competencies-organisational performance
Gordon and DiTomaso (1992)	Managers from 11 US Insurance Companies	1982-1987 (Longitudinal study)	Quantitative using -Correlation -Mean, Standard Deviation	Linking Organisational culture-performance -Supported
Denison (1982)	Employees from 34 companies	Five years (Longitudinal study)	Quantitative using -Correlation -Mean, Standard Deviation	Linking Organisational culture-performance -Supported
Ogbonna and Harris (2002)	2 case studies	1987-1989 1996-1998 (Longitudinal study)	Qualitative using -transcript-based data analysis	Linking National culture-Organisational culture -Supported
Sorensen (2002)	A sample of large publicly traded firms in 18 markets	1979-1987	Quantitative using Linear Regression	Linking Organisational Culture-Performance-supported

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Hofstede *et al.* (1990)	20 companies, 10 from Denmark, 10 from Netherlands	One shot	Triangulation -Content analysis -multivariate analysis	Linking national culture-organisational culture -supported
Reynolds (1986)	<u>First phase</u> Random individuals from three international advanced technology industrial firms <u>Second phase</u> Employees from one of the 14 restaurants in an international chain of franchise restaurants	One shot	Quantitative -ANOVA	Linking Organisational Culture-Performance
Saffu (2003)	Entrepreneurs from five South Pacific Island Countries	One shot	Quantitative	Linking national culture-characteristics of entrepreneurs
Pegels and Yang. (2000)	Top management team in domestic airline industry	One shot	Quantitative using -correlation -multiple regression	Linking managerial characteristics-performance -partially supported

Source: Review of past researches from 1986-2003.

In a widely celebrated essay, Hayes and Abernathy (1980) argued that the failure to embrace the 'non-rational' qualities of organisation was the major reasons for the demise of many North American companies. More specifically, other commentators forwarded the concept of culture as the key to improving organisational effectiveness (Pascale and Athos, 1981; Deal and Kennedy, 1982; Peters and Waterman, 1982). Dunn, Norburn, and Birley (1985) found a correlation between a marketing effectiveness scale and customer-oriented cultures, as described by Peters and Waterman (1982). Sapienza (1985) found that contrasts in shared beliefs about the importance of people versus the importance of performance, led two companies to adopt different strategies to cope with a change in laws affecting their industry.

Amsa (1986) reported that loitering behaviour in work groups was related to company beliefs about the desirability of discipline. On the other hand, Gordon (1985) contrasted companies in dynamic industries, where industries, where technologies, participants and products changed frequently, with companies in the more static utilities industry, where few such changes occurred. He further found that the same values differentiated the fastest growing and most profitable companies within each type of industry from the less successful ones. One striking result found by Reynolds (1986) was that employees' response to a culture questionnaire in a company identified as "excellent" by Peters and Waterman (1982) did not differ from those in two other companies with less impressive performance.

Denison (1984) related two characteristics from the Survey of Organisations, 'organisation of work' and 'decision-making practices' to subsequent returns on sales and investment (see Table 2.1). He found higher returns for companies above the average on each measure than for companies below, with differences tending to be wider across the five years following the survey. This is also the only study which, in addition to examining the impact of cultural traits, attempted to determine the impact of cultural strength (conceptualised as consistency) on organisational performance.

Denison (1982) defined consistency as the inverse of the variance in questionnaire responses across work groups within companies. Denison (1984; 1990) found low variances on four different traits - organisation of work, emphasis on human resources, decision-making processes and co-ordination - significantly correlated with companies' standardised Return on Investment (ROI) for the subsequent two years. This latter study gives tentative support to the notion that a firm's culture strength, as defined by the degree of agreement on cultural characteristics across respondents, relates to subsequent financial performance.

Kilmann, Saxton and Serpa (1986) pointed out the need for researchers to take into account the direction, pervasiveness, and strength of cultures when predicting its impact outcomes. Weick (1985) speculated that the contribution of strong culture to performance

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is conditioned by the nature of the industry, organisational size and the grain of the environment.

Saffold (1988) proposed three important correctives that enhance the validity of cultures/performance studies. Firstly, the use of appropriate measures of culture's impact can be categorised into two general groups: measure of cultural dispersion and measures of cultural potency. Secondly, the use of contextual rather than modal analysis. Saffold (1988) also highlighted that in the culture literature, there is frequent reference to culture impact on at least the seven critical performance-related processes. This includes 'climate formation', 'behavioural control', 'strategy formulation', 'social efficiency', 'organisational learning', 'integration and differentiation' and 'leadership'. He further suggested that although these seven processes is not an exhaustive list, some of these areas would be useful for researchers who seek an understanding of the culture-performance link.

Ogbonna and Harris (2002) highlighted two factors which seem to have an impact on the topic of organisational cultures and caused much concern among practitioners and researchers. Firstly, performance of organisation is dependent on the extent to which employees' values are aligned to company strategy (Blackler and Brown, 1981; Denison, 1990; Gordon and DiTomaso, 1992). The second is that organisational culture is subject to conscious manipulations by management who are perceived to be capable of directing cultures to their desired end (Pascale and Athos, 1981; Deal and Kennedy, 1982; Peters and Waterman, 1982).

More recently, studies into organisational culture-performance links have utilised methodologies that are more sophisticated and have been more cautious in interpreting findings. Hence, although some researchers still defend direct culture-performance links, such claims are often tempered by a series of provisos and caveats. For example, Denison (1990) and Gordon and DiTomaso (1992), proposed that the link between cultures and performance is contingent on the adaptability of culture traits (see Table 2.1). Thus, it is argued that for organisational culture to generate sustainable competitive advantage,

strong adaptable culture traits are necessary (Barney, 1986; Kotter and Heskett, 1992; Fiol, 1995). Hence, if culture is to represent a genuine source of competitive advantage, the culture must be rare, adaptable and non-imitable as indicated by Barney (1985, 1986).

Studies in the early 1980s frequently claimed that the overall performance of an organisation is dependent on the strength of existing cultural characteristics or traits. (Ouchi and Price, 1978; Ouchi, 1981; Pascale and Athos, 1981; Peters and Waterman, 1982; Deal and Kennedy, 1982; Denison, 1984; Vaill, 1984; Wilkins, 1984; Pascale, 1985; Stevenson and Gumpert, 1985; Akin and Hopelain, 1986). These authors generally labeled as 'trait writers' each proposed and espoused a raft of universally appropriate cultural characteristics ranging from "closeness to the customers" to "constant innovation".

This view is typified by the work of Peters and Waterman (1982:145) who extolled 'eight attributes of excellence' as a prescriptive list applicable to all organisations; in all contingencies. Such prescriptions were praised widely by practitioners for their simplicity, attractiveness and apparent solution to poor performance.

By the late 1980s, academic studies into organisational culture concept were not sceptical about a culture-performance link, but also subjected the trait studies to extensive criticism. In particular, concern was raised as to the theoretical validity and practical utility of such claims (Carroll, 1983; Mitchell, 1985; Hitt and Ireland, 1987; Saffold, 1988).

Other criticisms centered on the ways in which trait writers frequently assumed the existence of cultural unity and universality and the underplaying of the important differences which are found across societies, industries and even organisations (Smircich and Morgan, 1983; Moore, 1985; Martin, 1992). Whether culture as an organisational variable can be susceptible to either complete or partial control is again subject to criticisms. The trait writers who view culture as a tool can be controlled according to the

whims of management (Pascale and Athos, 1981; Deal and Kennedy, 1982; Peters and Waterman, 1982).

In contrast, an attractive, and less extreme position is adopted by those who propose that culture may not be completely controlled by management but may be manipulated in some circumstances. Martin (1985) who contends that culture may be manipulated under specific but rare organisational contingencies typifies this realistic view. Examples of such a situation include during the formation of organisations and during leadership turnover.

2.8   National Culture and Performance Link

To recapitulate, national culture is defined as the values, beliefs and assumptions learned in early childhood that distinguish one group of people from another (Beck and Moore, 1985; Hofstede, 1991). Child (1981) observes that national culture was woefully underdeveloped conceptually for comparative research has been addressed in recent years with several attempts to conceptualise and measure differences in cultures among nations and to relate cultural differences to differences in management practice.

Newman and Nollen (1996) argued that differences among management practices and national cultures matter to work place performance (see Table 2.1). They agreed that national culture is a central organisational principle of employees' understanding of work, their approach to it, and the way in which they expected to be treated. When management practices are inconsistent with these deeply held values, employees are likely to feel dissatisfied, distracted, uncomfortable, uncommitted. As a result, they may be less willing to perform well. No single management practice is superior to another with respect to performance outcomes. Instead, the congruence between management practice and the characteristics of national culture produce better performance outcomes (Wilkins and Ouchi, 1983; Denison, 1990; Kotter and Heskett, 1992).

Hofstede (1980a) and Hofstede and Bond (1988) have identified how work-related dimensions along with national cultures vary: power-distance, uncertainty-avoidance, individualism, masculinity and long-term orientation. Despite criticism, Hofstede's empirical results have been replicated and accepted as important for describing differences among nations (Triandis, 1982). In view of this, it is worth noting that little empirical research has used the Hofstede's dimensions to investigate the relationship with competencies of managers and their impact on performance outcome.

Using the classifications of Hofstede's findings, Newman and Nollen (1996) were able to examine the effectiveness of management practices which help drive organisations' forward and perform better. Participation is an important dimension of work unit management. In low power-distance countries, like firms in the U.S., 'involvement' was one of the four cultural dimensions that delineated organisation and that those organisations with more employees' involvement were more efficient and faster growing than others (Denison and Mishra, 1995). Similar results were found in other large-scale studies of management practices and financial performance among U.S. firms. (Hensen and Wernerfelt, 1989; Denison, 1990).

Jaeger (1986) argued that management initiatives such as team-building are not effective in high power-distance cultures because employees from different levels in the organisation were not comfortable interacting face-to-face in a group. Work units in low-power-distance cultures were higher performing if they were more participative. Conversely, work units in high power-distance cultures were higher performing if they were less participative.

Uncertainty-avoidance is probably one of the Hofstede's findings most subject to strong criticism. Some argued that it may be an artifact of the time during which it was developed (1960s and 1970s). Laurent (1983) found that managers from the high uncertainty-avoidance countries of Latin Europe were more likely to see the organisation as an authority structure than others. Denison and Mishra's (1995) 'consistency' and 'mission' dimensions of corporate cultures are related to uncertainty-avoidance. The

former with respect to predictability and the latter with respect to vision and direction. However, they reported a weak but positive relationship between consistency and performance in U.S. firms and a strong positive relationship between mission and performance in U.S. firms, contrary to the expected congruence effect. (U.S is a low uncertainty-avoidance country).

In France, Crozier (1964) found that French firms were more hierarchical and more rule-governed than American firms, yet no more or less effective. Rules, as integrating and control mechanisms, are more efficacious in France than in the U.S. (Slocum and Lei, 1993). While French employees prefer the certainty of rules, Americans prefer the discretion that goes with ambiguity. Newman and Nollen (1996) found that work units in high uncertainty-avoidance cultures whose employees report a more clear sense of direction or more clear policies have better financial performance than work units in these cultures with a less clear sense of direction.

The individualism-collectivism dimension is an important way of differentiating among national cultures (Kluckhohn and Strodtbeck, 1961; Triandis, 1989). In organisations, individualism is manifested as autonomy, individual responsibility for results, and individual-level rewards. Collective management practices emphasise work unit solidarity and team-based rewards. There are some empirical supports for the importance of this dimension at work. Individualism and collectivism is the dimension most likely to be replicated in studies by people other than Hofstede (Sondergaard 1994). Earley's (1994) study of training and performance is particularly instructive. Comparing the U.S., Hong Kong and China, he found that individually based training led to improved self-efficacy and higher performance for U.S. managers while group-based training led to improved self-efficacy and higher performance for Chinese managers. In this instance, Newman and Nollen (1996) also found that among individualistic national culture, performance was higher when managers emphasised individual employees' contribution. In collectivist cultures, however, performance was higher in work unit with less individual employees' emphasis.

Masculine countries include Japan, the U.S. and the Germanic countries. Feminine cultures are typified by Nordic countries such as Denmark, Norway and Sweden. In the workplace, this dimension is reflected in merit-based opportunities for high earnings, recognition, advancement, and rewards, characteristics almost taken for granted in the U.S. More feminine management practices emphasise the quality of interpersonal relations and quality of working life issues commonly associated with Scandinavian companies. Newman and Nollen (1996) agreed that work units in more masculine cultures were higher performing if they made more use of merit-based rewards for pay and promotions and conversely, work units in more feminine cultures had higher performance if they made less use of merit-based rewards.

In short-term-oriented cultures, work units that stressed 'quick fixes' to problems outperformed work units that adopted a more permanent solution to problems. Conversely, long-term oriented cultures were better performing if they had the permanent solutions to problems and if they stress on employment security.

Having gone through the national and organisational cultures and its performance links, the following section highlights the managerial competencies domain and its linkages to cultures as well as organisational performance.

2.9   Linking Culture to Competencies

There is a degree of confusion and a lack of common agreement as to the meaning of the term "competencies" when it is applied to individuals. McChelland (1961) was quite vague about its definition when he developed the idea of testing for it, often interchanging it with "skills". Other authors have described it as behaviour cognitions, corporate culture and personal disposition. There is a level of commonality between these varied explanations.

While there has been voluminous research focusing on the skills, abilities and characteristics of 'effective' managers at the level of the individual, the organisation and

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the nation (Boyatzis, 1982; Page, Wilson, and Kolb, 1994; Grugulis, 1998; Dulewicz and Higgs, 2000), considerably less attention has been afforded to the environment in which effective managers accomplish their results.

In fact, most research on managerial competences focuses upon personal attributes of the individuals. This understates the impact of context, which can assist or hinder job performance (Page, Wilson, Meyer, and Inkson, 2003). The emphasis on the characteristics of managers rather than their environment, with little note that environment will play a role in their actions, seems to be a "fundamental attribution from error" (Reeder, 1982). That is, by consistently and exclusively focusing on the skills and competencies of managers, researchers over-emphasised their personal contribution.

In contrast to the approach of the management competency literature, writers on quality (e.g. Deming, 1982) as well as job design theorists within human resource management (HRM) have emphasised the structural and cultural supports for work as key determinants of effectiveness (Reigle, 2001).

It is a gross oversimplification to suggest that there are clearly identifiable and universal behavioural competencies that fit all situations (Page et al., 2003). The situation, the other people in the situation, the group involved in the situation and the web of interpersonal complexity that this produces, are all relevant variables...in a context of "power", "culture", "norms and values" (McKenna, 1999: 98).

Kilcourse (1994) once said that whether in the commercial or the public sector, managers have a purpose to pursue. A company must attract and select the people most suitable to work in that firm's culture, and most fitted to achieve that organisation's objectives.

Attempts to outline the characteristics, skills and attitudes for global success (Ferguson, 1988) and even compared managers' work-related values across different cultures (Hofstede, 1980a; Child and Tayeb, 1983; Elizur, Borg, Hunt, and Beck, 1991) conclude that cultural factors play a considerable role in the formulation of acceptance levels of

performance as well as behaviour specifics within different culture contexts. Such cultural influences, which set different levels of requirement for individual performance, could equally influence the ultimate results. The concept of competency is presented in the following section.

2.10   The Concept of Competency

Many definitions of the term "competency" have emerged over the years. Most of these definitions encompassed inter-related terms such as: underlying characteristics, ability, skill, behaviour, motive, trait, and capacity (Klemp, 1980; Boyatzis, 1982; Randell, 1989; Woodruffe, 1991; Boam and Sparrow, 1992; Spencer and Spencer, 1993).

According to Bradley (1991), our way of thinking of describing competence are "primitive" and "clumsy"; for all the definitions and articles, "few are certain in their own minds what it means" (Woodruffe, 1991:29). Heffernan and Flood (2000) in their research also found that variations in the definition of this term.

According to Collin (1989), there is an unexplained variation in the terms used by contemporary writers in the field. 'Competency' is used by Boyatzis (1982), Klemp (1980), Mangham and Silver (1986), and Morgan (1988). Kolb, Lublin, Spoth, and Baker (1986) and Raven (1986) refer to both 'competency' and 'competence'. The Training Commission (1988) used 'competence/competences'.

Klemp (1980) for instance, described a job competency as "an underlying characteristic of a person which results in effective and/or superior performance in a job." Similarly, Woodruffe (1991) referred to "competency' as certain characteristics that a person exhibits which resulted in effective job performance. A more specific definition was given by Nordhaug and Gronhaug (1994), where a competence was defined as "work-related knowledge, skills and abilities." As Woodruffe (1991) further suggested, the term was used by different people to mean different things.

According to Boyatzis (1982), "competency" was an underlying characteristic of a person that it may be a motive, trait, skill, aspect of one's self-image or social role, or a body of knowledge that he or she uses. Boyatzis went on to regard these characteristics as generic though they do receive different emphasis depending, for example, on managerial level or on the sector within which the organisation in question was located, *i.e.* public or private. Hunt and Wallace (1997), on the other hand, provided a different emphasis on the extent of personal capacity. Accordingly, they defined competency as the ability to perform in a given context and the capacity to transfer knowledge and skills to a new task and situation.

The lack of clarity in the terminology is further complicated by a diversity of purposes (Antonacopoulou and FitzGerald, 1996). They further propounded that competency is perceived to have the following purposes and to be capable of being:

1) A device for looking at organisational performance and ways to improve competitiveness *i.e.* a tool in the pursuit of quality, cost reduction and profitability through 'excellence';

2) A communication tool and a key mechanism which helps energise corporate vision and translate it into reality;

3) A key to engineering, creating and shaping organisational change and, in particular, a lever for establishing and managing cultural change;

4) A basis for developing and operating an integrated HRM system that would cover recruitment and selection, training and development, manpower and succession planning and remuneration and reward. A system which draws input from organisational plans and delivers outputs in the form of concomitant performance in staff.

Hellriegel, Jackson and Slocum (1999) refer to managerial competencies as combination of knowledge, skills, behaviours, and attitudes that a person needs to be effective in a wide range of managerial jobs and various types of organisations. They also referred the term "competency" to combination of knowledge, skills, behaviours, and attributes that

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contribute to personal effectiveness. Six specific competencies have been identified as particularly important - communication, planning and administration, teamwork, strategic action, global awareness, and self-management. Accordingly, these competencies are transferable from one organisation to the next.

Given that differences in the interpretation of what constitutes competencies, competences and the competency throughout this thesis, the author has taken the following stance: perceived competence(s)/competency(ies) could be used interchangeably and the term is referred to as 'a person's ability to effectively perform a given task which is transferable, based on his/her skills, traits, knowledge and experience'. The line of reasoning is also based on the fact that in the UK, National Vacational Qualifications have redressed the balance of what he/she *can do* but what he or she *does*. In other words, these 'competence'-based qualifications have helped publicise the importance of both technical and behaviour competencies, to ensure that an individual employee's whole performance is given equal attention. On the other hand, the behaviour 'competencies' which have been greeted by many researchers in the US over the past three decades also realised that technical, output-related competencies are important too. The recent trend where employers are introducing lists of technical competences alongside their behavioural ones is testimony to this (Rankin, 2004).

In view of the complication involved in defining competency, a clarification of the definitions in use and the objectives of adopting a competency approach may provide a clearer appreciation of the actions required. At present, it is assumed that the majority of managers might understand the concept of competency and could therefore apply it meaningfully in their organisational context. The assumption was made on the basis that almost 77 percent of the managers surveyed have been a manager for more than five years. Furthermore, at least 63 percent of them have a minimum degree qualification. Antonacopoulou and FitzGerald (1996) had also in their research on competency assumed managers to understand the concept of competency. Their research presented comparative data on the way three banks adopted and used the competency framework.

2.10.1 Proponent of Generic Competencies

Despite all the contentions against the use of a list of generic competencies, the Higher Education Council (1991) and the National Training Board (1991) in Australia claimed that generic competencies could be developed regardless of discipline or field or study and could be transferred between contexts. Similarly, for Hunt and Wallace (1997), their findings have shown that generic competencies were transferable between organisations.

2.10.2 Proponent of Specific Competencies

Baker (1991) observed that a number of companies have in fact rejected the notion of a single generic list of competencies and argued that only competencies which have derived from the organisation context could possibly be appropriate. This view lent weight to the early views of Edmonds (1989), and latterly others, that a single set of generic competencies purporting to reflect 'best practice' might not be appropriate.

Skalpinker (1989) described the approach adopted by a number of large companies in endeavouring to define competent management. What was significant, was that they have rejected the comprehensive list of competencies and agreed that managerial success and failure was situational, they have developed their own set of competences which owed their coherence and logic to the very important fact that they were developed within the organisation, with its unique culture and operating environment.

Canning (1990) and Donnelly (1991) advocated that competences should be contextually based, reflecting the needs of the organisation and the market in which it operated. Some other researchers also agreed that context played a key role in determining competence (Barrow, 1991; Bowden and Masters, 1993; Marginson, 1993).

2.11   Dimensions of Competencies

2.11.1 Corporate Specific Competencies

New (1996) found that corporate specific performance was so powerful that individuals' performance within a given culture could be impaired should they be unable to adapt the necessary corporate specific competencies. Unlike general management competencies and job specific competency, corporate specific competencies commensurate with the culture of a firm; their success in terms of career will transcend whatever role they occupy. New (1996) identified 31 significant corporate specific competencies which were grouped into four bands as follows:

1)   Boundary - the need to identify, act and respond within the defined boundaries associated with a job. Individuals should focus their attention on the tasks contained within those limits and should not overstep them.

2)   System - a knowledge of how to "work the system" of the corporation, including how to network and facilitate.

3)   Intellect - the ability to grasp, put into context, and respond to relevant issues efficiently and quickly. This generally requires an understanding of the business and an ability to filter data.

4)   Attitude - responsive style required by the organisation. An employee who is tense and risk-taking by nature is unlikely to succeed in a company which is cautious and easy-going.

Corporate specific competencies are more likely to play a major part of the work of senior managers. This is especially true in the case of larger firms, where a senior executive's responsibilities will extend across a range of organisational functions. New (1996) has highlighted the three broad categories of competencies that employees across levels might have, but, no empirical evidence was found and hence, future research on the issue of contextual and methodology may be worth considering.

2.11.2 Emotional Competencies

Many researchers steadfastly support the general claim that emotional intelligence is critical to personal career success as well as leadership effectiveness and organisational performance (Mayer and Salovey, 1993, 1995; Goleman, 1995, 1998; Sosik and Megerian, 1999). Emotional intelligences represent a construct that reflect personal characteristics and how they interact with and affect situations to impact behaviour (Shipper *et al.*, 2003). It holds the promise of capturing an elusive set of personal characteristics important to understanding the psychological and emotional growth necessary for personal success.

There is considerable disagreement about how emotional intelligence should be measured and serious questions about the respective psychometric properties of emotional measures (Davies, Stankov, and Roberts, 1998; Jordon, 2000; Rozell, Pettihohn, and Parker, 2000).

Is emotional intelligence a culturally relevant concept? Cultures vary on uncertainty-avoidance or tolerance for ambiguity. Lynn and Martin (1995) found that low uncertainty-avoidance (having a tolerance for ambiguity) is more strongly associated with emotional stability and subjective well-being.

Emotional intelligence may not be the same in cultures that do not focus on 'self' and do not exhibit some of the personality traits that seem to support emotional intelligence. Hartzing (1999) observed that people from low power-distance cultures were more likely to provide information to someone who is not a superior. High power-distance cultures have a strong respect for authority and are not likely to question or criticise a superior (Hofstede, 1980a). This may suggest that culture may influence both the concept and measurement of emotional intelligence and this is likely to produce differing results regarding the relationship between a manager's emotional intelligence and effectiveness.

There is a considerable body of research suggesting that preferences for using certain managerial behaviour or skills vary by culture, thus providing further evidence that the competencies-performance relationship is likely to differ among cultures (Shipper *et al.*,

2003). Interesting findings were revealed by Shipper *et al.* (2003). with regard to comparison of self-awareness in relation to interactive skills and controlling skills in three different cultures - U.S., UK and Malaysia. It appears that in low power-distance cultures such as the U.S. and the UK, self-awareness of interactive skills may be crucial relative to effectiveness whereas in high power-distance cultures such as Malaysia, self-awareness of controlling skills may be crucial relative to effectiveness. These findings follow from Hofstede's (1980a) suggestion that different cultures values different managerial behaviours. Thus, the need for self-awareness of different managerial skills varies by cultures. The most striking point worthy of mentioning is that they found differences in the emotional intelligence-effectiveness relationship between the U.S. and the UK which was not captured by Hofstede's (1980a) broad cultural dimensions.

Dorfman, Howell, Hibino, Lee, Tate, and Bautista (1997) found that certain interactive skills such as supporting, recognition by contingent reward and charismatic behaviour seem to be universal across cultures, other skills such as participation and the use of contingent punishment are not. Participative planning and problem-solving skills appear to be contingent upon one's culture. Pavett and Morris (1995) found that higher power-distance values within a culture were associated with less participative management. Haire, Ghiselli and Porter (1966) found national variations on the use of this behaviour.

Culture with collective and more feminine values is associated with group decisions and seeking consensus (Hofstede, 1980a), both of which are conducive to more participative decision managerial behaviours. High uncertainty-avoidance cultures favour schedules and the control of details to reduce the uncertainty of tasks. Goal pressure to produce results is a characteristic of masculine culture (Hofstede, 1980a). Different cultural orientation affects the choice of preferred managerial skills likely to be effective in the cultural milieu. Shipper *et al.* (2003) found that low self-awareness for interactive skills as associated with higher effectiveness. High self-awareness for controlling skills was positively related to managerial effectiveness.

In short, emotional intelligence or emotional competencies have distinct features which reflect very much on the psychological aspect of employees. It is invariably inherent in every human creature thereby affecting employees' behaviour - the way they react, their attributes and traits. Nonetheless, it contains substantial elements which appear to be identical with notion of competency from all perspectives.

2.11.3 Competency Clusters

The growing body of knowledge in the area of competency study has emerged from efforts to identify competency elements that are specific, observable and verifiable, and that can be reliably grouped into logical clusters or units (Thornton and Byham, 1982; Gonczi, Hager and Athanasou, 1993). From the past research, several competencies clusters have been meaningfully grouped (Boyatzis, 1982; Schroder, 1989; Sandwith, 1993; Hunt and Wallace, 1997).

Cannon (1995) observed that for management development to be truly business-driven, management competences that drive business performance has a central role to play. He further accentuates that to deliver the strategic priorities, focus is require around critical skills at all levels. This focus is provided through thirteen (13) management competencies translated into different behaviours for each level in the business. These competences drive individual performance and development through the development cycle. Some of these competency elements are replicated in the subsequent research that followed (see Table 2.2). Figure 2.2 depicts the 13 business-driven competencies.

Cannon highlighted three pertinent points based on his consulting experience. Firstly, there was a general observation that management competences were becoming a 'minefield'. A number of organisations were beginning to complain of "competency clutter" which puts questionable value on the level of effort involved.

Second, observations were split around the generic versus organisation-specific approaches. Cannon was of the view that both have a place and the process of identifying

and developing company-specific competences adds very significant value. And thirdly, there was a need to distinguish between job-based competences from strategic or organisation-wide competences. However, this was evidenced in the finding of New (1996) where he broadly categorised competency into three main categories.

Figure 2.2   Thirteen Business-Driven Competencies

Dulewicz (1989) developed twelve (12) supra-competencies which were grouped under four main headings "Intellectual", "Interpersonal", "Adaptability", and "Result-Orientation" as shown in Figure 2.3. On the basis of the inevitably superficial descriptions in other models, there do appear to be significant areas of agreement. (see Table 2.2.)

Dulewicz observed that if agreement can be reached on a universal competency model, very clearly defined standards of acceptable and unacceptable behaviour will need to be agreed for each competency. A common variance would be seen for different level of management. Having opined with different emphasis on competency model, one controversial issue still exist as to how subjective the measurement is due to personal hunches, prejudices and the use of invalid tools.

Figure 2.3   Twelve Supra-Competencies

Schroder (1989) identified and conducted the first validation of eleven high performance managerial competencies (HPMC) and these were replicated in the findings of Cockerill (1989) and Cockerill, Hunt, and Schroder (1995). Figure 2.4 presents these competencies. The study revealed that 'Scientists' used indices of organisational performance and found that HPMC consistently predict superior organisational performance. An important outcome of this finding is that the eleven HPMC constitute a generalisable set of competencies which appear to distinguish high-performing from average-performing managers regardless of their organisation, industry or country. It was worth noting here that the eleven competencies elicited by Shroder for high performers carry many of Peters and Waterman's (1982) requirements. Subsequent research by Murray (2003) also revealed competencies are more likely to lead to superior performance.

Using 7 steps to achieve reliable measures, Cockerill *et al.* (1995) found HPMC' to be discrete, stable and 'valid' dimension of managerial behaviour. Over the nine years of studies, he concluded:

> These studies...demonstrate the eleven HPMC's to be observable dimensions of managerial behaviour which can be measured reliably and, which correlates positively and significantly with organisational performance (Cockerill *et al.*, 1995:9).

The outcomes from the research conducted by Cockerill *et al.* (1995) provide some useful pointers for future research on competency. Increasingly, the question of whether it constitutes a fact or a fiction is another area of subjectivity. Notwithstanding this, it has, at best, added little value to the performance of organisations, presented as scientifically derived, reliable and valid predictors of superior performance. If any manager is to take such a model seriously s/he has to believe that there is some evidence to support the list of approved competencies in the first place. Furthermore, Human Resource function learned out of this the power of numeracy for job assessment.

Figure 2.4   Eleven High Performance Managerial Competencies

Bergenhenegouwen, Horn, and Mooijman (1997) have developed six competencies as a result of panel discussion with experts in the petrol chemicals industry. He was trying to link core competencies to individual competencies and hence, posed a challenge to human resource management (HRM) professionals. Figure 2.5 illustrates the six competencies which have some commonalities with other competency models such as Schroder's (1989) and Dulewicz's (1989). (see Table 2.2).

The research gives rise to a competence-based organisation and a new challenge for HRM professionals. The conventional fields of work, recruitment and selection, appraisal and remuneration, training and development and career guidance have to be adapted to working with competences.

Figure 2.5 Six Individual Competencies

Morden (1997) developed eleven leadership competencies and reviewed a variety of the components of this competence. These competencies include components such as identifying and developing potential, maintaining best fit, time span of discretion, personal traits and qualities, leadership as intelligence, relevant contingencies, motivating and providing inspiration, paying attention to detail, managing core competencies, leadership as management by wandering around (MBWA) and accessory leadership functions. Some of these competencies were replicated in other studies (see Table 2.2).

Maurik (1997) found in his leadership study, that twelve competencies stood out as being used by the respondents as well as being considered as vital for success. These are 1) having the vision, 2) being energetic, 3) having a sense of purpose, 4) able to handle organisational politics, 5) understanding teams and facilitative in approach, 6) being intuitive, 7) tending to welcome change, 8) communicating, 9) able to handle stress, 10) ambitious, 11) awarding paramount important to integrity 12) keenly interested in their organisation.

Another school of thought which focused on managers' attributes or rather skills was Goleman's (2000) findings. He developed four fundamental capabilities comprising of 'self-awareness', 'self-management', 'social awareness' and 'social skills'. Each

capability, in turn, is composed of specific sets of competencies as shown in Figure 2.6. In fact, most of these capabilities are also found in other studies although much emphasis is played on emotional viewpoint (See Table 2.2).

Much of the debate on competency studies have centered around distinctive trait features. Over the years, a plethora of competency domains have flourished resulting in more usage and applicability of such models for appraising or assessing job performance. On the same contention, it was also highlighted in the literature the inclusiveness of an objective measurement particularly the issue of 'soft' competencies such as creativity, initiative and confidence. A more meaningful linkage to other possible constructs and an integrative framework seem worth exploring.

It is widely accepted that organisational culture, structure and system influence organisational member perceptions, behaviour and effectiveness (Reigle, 2001). Interestingly, these findings support increasing attention being paid to organisational culture as a major influence on individuals' attitude and behaviour (Chen, Chen, and Meindi, 1998; Reigle, 2001).

Figure 2.6   Twenty-One Emotional Competencies

Table 2.2 Commonly Used Constructs in Competency Studies

Construct	Morden (1997)	Cannon (1995)	Schroder (1989)	Dulewicz (1989)	Bergenhenegouwen et al. (1997)	Maurik (1997)	Goleman (2000)
Team Building				✓	✓	✓	
Identifying & Developing Potential*	✓	✓					✓
Influencing & Negotiating*		✓					✓
Business Sense		✓		✓	✓		
Achievement Motivation*	✓	✓	✓	✓			✓
Energy & Initiative	✓			✓	✓	✓	✓
Adaptability & Resilience*		✓		✓		✓	✓
Interpersonal Sensitivity*		✓	✓	✓			✓
Oral Communication*			✓	✓		✓	✓
Self Confidence*	✓	✓	✓		✓		✓
Service Orientation*	✓	✓					✓
Handling Complexity/Judgement*		✓					✓
Conceptual Flexibility*			✓		✓		✓
Conscientious*	✓	✓					✓
Visionary leadership*	✓	✓	✓			✓	✓

* Common with Goleman's (2000) Emotional Competencies

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2.12 Conclusion

Interest in the concept of national and organisational cultures has been exploded over the last two decades. Many researchers have approached the topics with wide array of theoretical interests, methodological tools and definition of the concept itself (Sorensen, 2002).

From past studies, it appears that there is a plethora of literature examining the relationships between culture strength (organisational culture) and performance, national culture and performance, culture and competencies as well as managerial competencies and financial performance. However, each of these relationships had been viewed as an independent component rather than an integrated one. As such, this has yet to be examined in the current study.

This study began by looking into the 'national culture' research conducted by Hofstede (1980a), who began his investigation in a large multinational business corporation (IBM), covering matched population of employees in national subsidiaries in 64 countries. Hofstede's study has, undoubtedly, gain popularity ever since. Many researchers (*e.g.*, Hofstede, *et al.*, 1990; Newman and Nollen, 1996; Ogbonna and Harris, 2002; Shipper, *et al.*, 2003) had replicated his study and linked it with performance outcome.

The term 'organisational culture' entered the U.S. academic literature with an article in Administrative Science Quarterly by Pettigrew (1979). Consequently, other researchers (*e.g.*, Deal and Kennedy, 1982; Denison, 1990; Kotter and Heskette, 1992; Van der Post, *et al.*, 1998; Zabid, *et al.*, 2003; Lee and Yu, 2004) also studied organisational cultures and its linkage to corporate performance. For instances, Denison (1984) and Deal and Kennedy (1982) found that the strength of the culture (*e.g.* adaptability) was predictive of short-term performance, when performance was defined with broad indicators like return on assets (ROA), return on investment (ROI) and return on sales (ROS). Lee and Yu (2004) also found that cultural strength (*e.g.* team oriented) was related to organisational performance, using ROA and net profitability as performance indicators. Zabid *et al.*

(2003) used survey instrument and self-administered to managers in Malaysian companies. They found that both corporate culture (*e.g.* entrepreneurial, bureaucratic and competitive) and organisational commitment have an influence on the financial performance of the companies surveyed.

Over the last two decades, much attention has been focused on the ability of managers to perform his/her tasks. Since then, many definitions of the term 'competency' have emerged. Most of these definitions encompassed inter-related terms such as: underlying characteristics, ability, skill, behaviour, trait, motive and capacity (*e.g.*, Boyatzis, 1982; Woodruffe, 1992; Boam and Sparrow, 1993; Spencer and Spencer, 1993; Hunt and Wallace, 1997). The relationship between competency and its environment (Culture, organisational structure *etc.*) was subsequently explored and hence, its linkage to corporate performance (*e.g.* McClelland, 1961; Boyatzis, 1982; Peters and Waterman, 1982; Grugulis, 1998; Reigle, 2001; Page, *et al.*, 2003).

Hofstede's findings have been widely adopted due to the simplicity of his dimension. His dimension is straightforward and intuitively appealing to both academic research and business readers. It is also the first study to integrate previously fragmented constructs and ideas from the literature and present a coherent framework for classifying different cultures. Furthermore, little empirical research has used the Hofstede's dimensions to integrate with competencies of managers which might lead to better business performance (Chaisrakeo and Speece, 2004). In addition, his cultural framework has been accepted as important and reasonable for describing differences between nations (Triandis, 1982).

The thesis of this research is that multinational enterprises need to adapt their managerial competencies to the national culture in which they operate in order to achieve high business performance. In this connection, some local companies which trade locally at the moment might probably be contemplating to look for business opportunities outside the country and as a result, it would be essential for them to equip staff with appropriate managerial competencies and learn about others' cultures and practices. Thus, there is

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seemingly a need for both multinational and local enterprises in Malaysia to really accentuate on a framework that integrates cultures, competencies and organisational success, so that their managers would be well prepared for such a challenge.

In summary, this Chapter has examined several aspects of the links between cultures (national and corporate), managerial competencies and organisational performance, also highlighting some theoretical and methodological shortcomings. The current research described in the following chapters is intended to fill the gap.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.0   Introduction

After reviewing the literature in Chapter Two, this study intends to adopt a mixed-methodology approach on cultures, competencies and performance, taking into consideration all possible pitfalls of the research in terms of ontological and epistemological stance such as construct definitions, methodological rigour, contextual dilemma and the inconclusiveness of findings, which is commonly found in most cultural and competency studies.

For years, researchers have argued about the impact of culture on organisational effectiveness. One interesting point that emerged out of their contentions was that they realised the importance of the cultural context of the organisation and the interest created in carrying out comparative cultural studies, and strategically, to devise appropriate research designs and adopt suitable methodological tools to accomplish the task.

The Chapter begins with Section 3.1 and Section 3.2 presenting research philosophy and research methods respectively; Section 3.3 explains the quality of triangulation, followed by Section 3.4 explaining the sampling technique. Section 3.5 presents data collection and accessibility into the companies surveyed. Variables, measures and analysis are discussed in Section 3.6, and Section 3.7 explains the theoretical framework showing the interconnection of variables. Section 3.8 states the limitations of the study and finally Section 3.9 concludes the Chapter.

3.1 Research Philosophy or Stance

From the ontological perspective, this study assumes that cultural traces and certain perceived managerial competences exist, which lead to variation in performance outcome. The author with a bit of ingenuity through observation, contact, and association with surrounding people/colleagues, and also based on her fifteen-years of working experience as manager and head of department in the corporate sector, with both listed and non-listed public companies, was able to feel and experience such cultures and perceived managerial competencies in the course of discharging her duties. Furthermore, past research findings revealing these concepts and its linkage are abundant, and these informed the research. Organisation culture is one such concept that has received much attention in organisational behaviour (*e.g.* Chatman and Jehn, 1994; Hofstede, *et al.*, 1990; Marcoulides and Heck, 1993; Schein, 1990; Trice and Beyer, 1984), because of its key role it plays in determining the levels of organisational outcomes. A common hypothesis about the role of organisational culture is that, if an organisation possesses a "strong" culture by exhibiting a well-integrated and effective set of specific values, beliefs and behaviours, then it will perform at a higher level of productivity (Denison, 1984).

The findings of past researches revealed that some authors (*e.g.* Hofstede, 1980a; Peters and Waterman, 1982; Saffold, 1988; Hofstede, *et al.*, 1990) perceived 'culture' and 'competences' made up of traits, attributes and mores and the ability to undertake an activity to a pre-determined standard, respectively. Other authors see 'culture' as being very amorphous (*e.g.* Denison, 1982; Barney, 1986). In the light of the above, the author took the viewpoint that in a Malaysian context, cultural traces and certain perceived managerial competencies have a 'reality'; mainly because Malaysia is made up of different cultures (Chinese, Malay, Indian) that appear to have different cultural characteristics. Therefore, the ontological stance taken by the author was that an organisational culture and managerial competencies exist and could be described. Moreover, the author was keen to find out how the culture of the organisations in the survey affected managerial competencies and hence performance.

From an epistemological viewpoint, the assumptions of social constructionism focus on the ways that people make sense of the world especially through sharing their experience with others via the medium of language (Berger and Luckman, 1967; Watzlawick, 1984; Shotter, 1993). The epistemological position suggests that a legitimate way to generate data on these ontological properties is to interact with people, to talk to them, to listen to them, and to gain access to their accounts and articulations (Mason, 1996). This meant that it was essential to find out how the managers interviewed made sense of 'their world', that is, the relationship between organisational culture and managerial competencies and how this affected performance. So, the author adopted a stance that the 'reality' described earlier could be discovered and described. The author's epistemological stance was that, using a social constructionist approach, the element and attribute of this 'reality' could be uncovered. This was achieved by in-depth interviews. The past authors believed that this 'mixed methodology' incorporating an 'interpretivist' and 'positivist' approach (e.g. Hofstede, et al., 1990; Cockerill, et al., 1995; Page, et al., 2003) were justified, and this would also be used to triangulate the research.

Positivists, on the other hand, believe that the social world exists externally, and that its properties should be measured through objective method, rather than being inferred subjectivity through sensation, reflection or intuition (Easterby-Smith et al., 2002). The results of the interviews were then used for the subsequent survey via structured questionnaire. One of the past researches, notably, Hofstede's finding (1991) into organisational cultures used both qualitative and quantitative methods to compare data across two countries.

However, reality exists independently of us and our knowledge and/or perception of it. Failure to distinguish between reality and our conception of it is referred to as the epistemic fallacy (Kaboub, 2001). The so-called epistemic fallacy assumes that statements about being (ontological statements) can be analysed in terms of statements about knowledge of that being (epistemological statements). In this light, Mingers (2000) suggests that 'critical realism' can be useful as the underpinning philosophy for

operations research and management science and systems. Its recognition of a transitive and intransitive dimension to reality provides a useful basis for bridging the dualism between subjective and objective views of reality; real objects are subject to value-laden observation. In this respect, Bhaskar (1978) also distinguished the transitive or epistemological dimension of reality from its intransitive dimension. The transitive dimension is essentially our perception of reality, whereas the intransitive dimension is the actual underlying structure of reality. Furthermore, according to Dobson (2000), critical realism can provide useful guidance in the selection of methodological approaches and is useful in providing consistency in research approach. In view of the above arguments, therefore, critical realism seems more appropriate for this research on cultures and perceived managerial competencies. Figure 3.1 shows an illustration of such a relationship.

Easterby-Smith *et al.* (2002:37) exhort authors that "different methods will provide different perspectives on what is being studied, and therefore it is worth 'triangulating', where possible, by using a combination of both quantitative and qualitative methods." Many management authors have adopted a pragmatic view by deliberately combining methods drawn from both traditions.

As a result, having considered the strengths and weaknesses of the social constructionist and the positivist perspectives; in addition to the highly complex nature of the concepts 'cultures' and 'managerial competencies' and their relationship with corporate performance, the 'critical realist' stance, employing a mixed methodology, seemed to suit the research purposes. In order to obtain a deeper understanding of the mixed methods, the following section explains the critical realist approach to organisation and management studies, in particular, the study of cultures and managerial competencies.

Figure 3.1 Research Paradigms of the Study
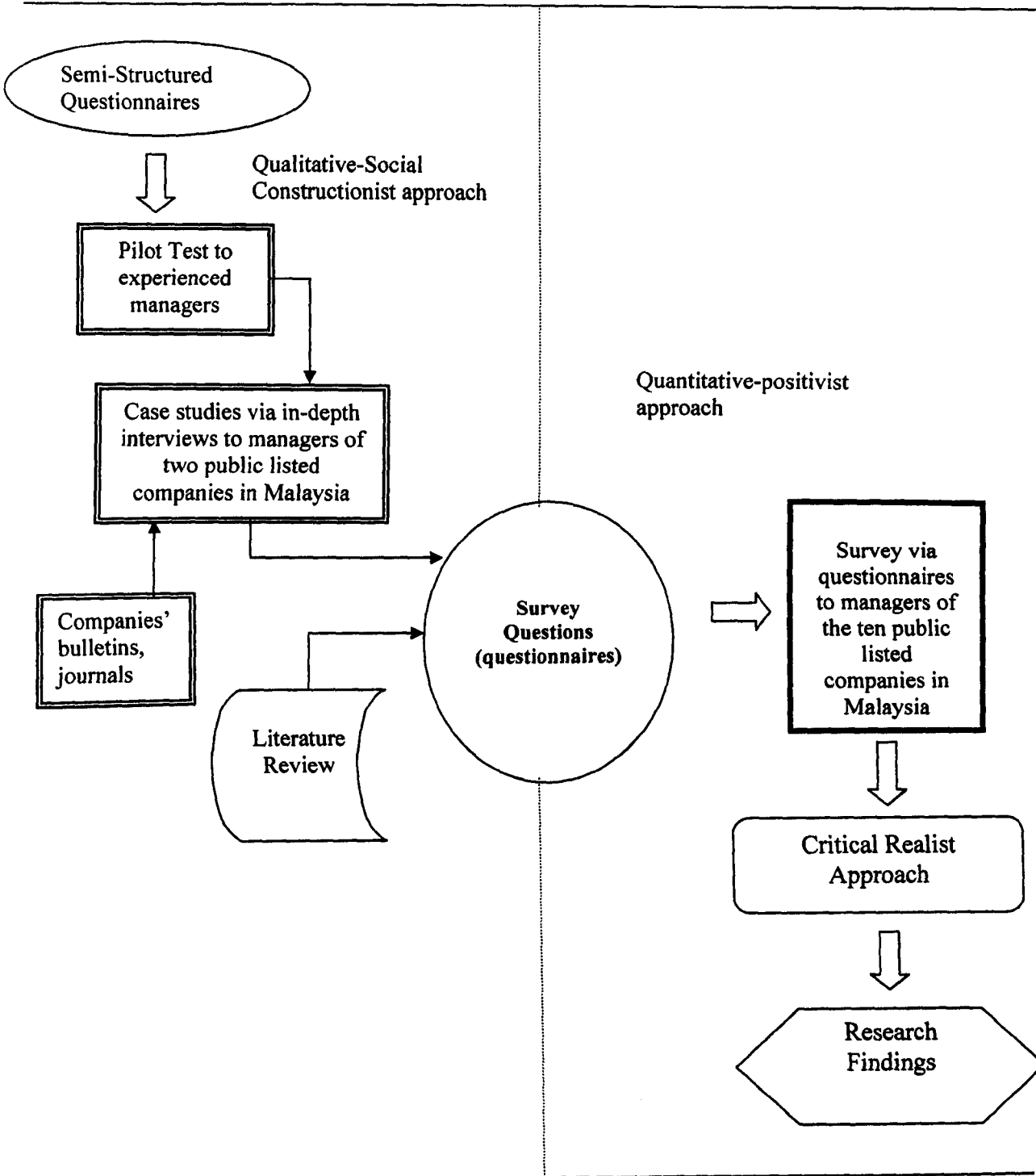
3.1.1 The Critical Realist Approach

According to Wikgren (2005), other than information system research, in organisation and economics, the philosophical approach of critical realist has been an object of growing interest (Dobson, 2002; Willmott, 1997; Reed, 2001; Mingers, 2004), although it has also been subject to severe criticism (*e.g.* Klein, 2004). On the other hand, Contu and Willmott (2005) believe that critical realist could be deployed to enhance the philosophical literacy of management and organisation studies (MOS), with respect to central question of ontology and epistemology, and to inform empirical studies with this awareness. In Reed's (2005, cited in Contu and Willmont, 2005:1657) advocacy of critical realism, the new direction is commended as a 'third way', or phase, that learns from, and avoids, the excesses of positivism and constructionism/postmodernism (or substitute your own favourite categories).

Critical realism suggests that we see sensations, the image of the things in the real world, not the things directly. What we really see are sensations, which are representation of what is real. Critical realists point out how often our eyes (and other senses) deceive us (Boeree, 1999).

Ontologically, the basis understanding of the critical realism is that reality exists and that it is possible to conceptualise it and make theories in order to describe it (Jeppesen, 2005). The critical realist perspective regards all knowledge as fallible, in the sense that a scientific account of a phenomenon is a partial account of certain aspects, deliberately chosen and due to change. A central point of the critical realist ontology is the division of reality into different domains with specific propensities. At the domain of the empirical we can make observations of 'experience', meaning the visible observations of the phenomena we study. These experiences constitute parts of the 'events' which we can identify at the domain of the actual (*i.e.* the task is to explain why such connections or relationships occur), which in turn is the outcome of mechanism or structures, at the domain of the real (*i.e.* if exists, would explain the relationship). Epistemologically, the aim of the critical realism is to explain the relationships between experiences, events and

mechanisms. The perspective emphasises questions of 'how and why' a particular phenomenon came into being, got its specific character and so on. The emphasis is on the explanation of the constitution of empirical phenomenon and not to give predictions.

Danermark, Ekstrom, Jakobsen and Karlsson (2002) propounded that authors need different kinds of reasoning; inductive; deductive; abductive; and even retroductive in order to make analysis of the various domains of reality and identify the relationship between experiences, events and mechanisms.

The 'critical realist' perspective provides a kind of scientific platform, which needs to be extended on a number of accounts when one is going to conduct fieldwork. Different applications of the critical realist perspective have elaborated on this, and especially Sayer's work (Sayer, 1992) is a contribution to the development of critical realism, called a '(Critical) Realist Approach'. Sayer outlines two different kinds of research designs that are relevant when doing fieldwork - the intensive and the extensive research designs. The intensive research mainly applies qualitative methods and analysis, whereas the extensive research typically uses more quantitative methods and analysis. Jeppesen (2005) appears to have replicated this approach by supplementing with the exploratory design. Such application of research design seems relevant to the current study.

According to William (2002), positivists are also realists. One of the most common forms of post-positivism is a philosophy called critical realism. Critical realism is critical of our ability to know reality with certainty. Most post-positivists are constructionists who believe that we each construct our view of the world based on our perception of it. Because perception and observation are fallible, our construction must be imperfect. Positivists believed that objectivity was a characteristic that resided in the individual scientist. Scientists are responsible for putting aside their biases and beliefs and seeing the world as it 'really' is. Our best hope for achieving objectivity is to triangulate across multiple fallible perspectives!

Critical realism as one of the forms of post-positivism, emphasises the importance of multiple measures and observations, each of which may possess different types of error, and the need to use triangulation across these multiple errorful sources to try to get a better perspective on what's happening in reality.

Easterby-Smith *et al.* (2002), advocate that critical realism makes a conscious compromise between the extreme positions of social constructionism and positivism: it recognises social conditions (*e.g.* class/wealth) as having real consequences whether or not they are observed and labelled by social scientists; but it also recognises that concepts are human constructions.

Philosophers have been debating these issues for thousands of years and there is every reason to believe that they will continue to debate them for thousands of years more (William, 2002). Notwithstanding that different schools of thought generate different viewpoints and different research methods yield different results, the author of this study felt that the 'critical realist' approach (with a mixed methodology) fulfilled the purposes of the research undertaken. This allowed the taking of 'the best from both worlds' (paradigms) and, together, allowing what the author believes the best method for capturing the 'reality' in the research situation.

3.2   Research Methods

As presented in Figure 3.2, this study consisted of two main phases, preceded by a pilot study, the first phase of the study involved conducting a case study in the two public listed companies, one of which was a locally-owned and the other a local conglomerate with MNC status. The informants consisted of top managers and managers of the key functional areas. The second phase of the study involved conducting a survey using questionnaires on managers of the ten identified listed companies. The following sub-sections present the various stages of the study.

Figure 3.2: The Research Design

Data Analysis

First Phase
- Content Analysis → Case Studies Report

Second Phase
- Inferential & Multivariate Analysis → Survey Report

Data Collection

Data Collection Methods

(Exploratory)
- In-depth Interview (face-to-face)
- Secondary Data (Annual Reports, Newspaper Reports & Company Bulletins)

(Main study)
- Survey (using Questionnaire)

Pre-Data Collection

Measurement & Measures
- categorising (for two case studies)
- Operational definition
- Items (measure) Using 5 likert scale

Sampling Design

Two case studies (exploratory) and the ten public listed companies on Bursa Malaysia

Purpose of the Study

To determine the relationship between culture, competencies and performance in the Malaysian context

Time Horizon

One-shot (Cross-Sectional)

Unit of Analysis

Lower, Middle & Upper Managers

Research Problems

3.2.1 Pilot Study

A pilot study using the instrument (see Appendix 5) was conducted with a view of ensuring that constructs used by Western authors are applicable to the Malaysian context. In addition, another reason for the pilot study was that informants at the pilot site are unusually congenial and accessible and the site is geographically convenient (Yin, 1994). The pilot study was conducted at the TAR College's premises where five interviewees were carefully selected among the senior teaching staff who had worked as a manager in the various industries prior to joining the institution. Since the data collected was based on the five informants only, it was manually analysed by comparing the answers of the five informants. The semi-structured questionnaire was revised after the pilot test and subsequently used for the two case studies. A full report for the pilot study and the two cases are covered in Chapter 4.

3.2.2 First Phase – Case Study

In the first phase, the two public listed companies were identified. The selection of the two cases was based on the judgment of the author by examining the companies' annual reports, audited accounts, ownership and managerial structures. The author through her personal contact was able to access the companies and interview the managers.

A case study method is used to get a feel for the key issues before embarking on a survey (Saunders *et al.*, 2000). An interview protocol was developed beforehand using the revised semi-structured questionnaires to collect data about the cultures, managerial characteristics (competences) and their relationship with organisational performance. Qualitative research persuades through rich depiction and strategic comparison across cases which helps to overcome the "abstraction inherent in quantitative studies" (Firestone, 1987). Miles and Huberman (1994) concurred that qualitative data can help the quantitative side of a study during design by aiding with conceptual development and instrumentation.

The qualitative method is able to provide a deeper understanding (Berg, 1998) and fuller contextual information of the phenomena studied, in addition to enabling the foundation for more complete theory development (Berg, 1998; Eisenhardt, 1989; Yin, 1994; Tashakkori and Teddlie, 1998). Nonetheless, this was not evident in the managerial competencies study carried out by Kenworthy and Wong (2003). In this study, the authors used qualitative method (*e.g.* research forum) inviting participants already known to them through previous business contact. The facilitation and interpretation of the discussions were undertaken by the authors, who are directly involved in the business of training managers and may therefore, assumed to have personal bias that they have influenced the objectivity of the findings. Similarly, using two case studies, Ogbonna and Harris (2002) explore the organisation cultures in two different food companies which limit its generalisability to other sectors or industries.

Ratner (1997) also argues strongly that too many cross-cultural studies are influenced by logical positivism. Positivists assume that concepts can be operationalised in such a way that they will be properly understood by respondents from a different culture. Ratner (1997) is very critical of this approach, arguing that it only allows for a limited understanding of human behaviour and does not allow for an in-depth understanding of the role of culture. Ratner (1997) strongly advocates the use of qualitative research methods in order to understand the depth of cross-cultural studies. Interviews conducted in this study would be used to explore a linkage of culture with managerial competencies and organisational performance.

Unlike respondents in the Hofstede (1980a) survey, this research involved in-depth interviews of two to three hours duration each with managers from three levels of management in holding and related companies (subsidiaries and associated companies). A criterion in the selection was that they were assumed to be sufficiently knowledgeable and communicative to be valuable discussion partners. Therefore, informants would be chosen randomly based on seniority, age, experience, ethnicity and gender. Interviews were taped and reports written in prescribed sequence, using respondents' actual words.

The checklist in the revised semi-structured questionnaire (see Appendix 6) used for the in-depth interviews was based on a survey of the literature on the ways in which organisational cultures are supposed to manifest themselves. These manifestations of culture were divided into 4 categories: symbols, heroes, rituals and values (Hofstede, 1991). These four terms were selected as they are mutually exclusive and reasonably comprehensive and thus covering the field rather neatly.

Symbols are words, gestures, pictures, or objects that carry a particular meaning within a culture. Heroes are persons, alive or dead, real or imaginary, who possess characteristics highly prized in the culture and who thus serve as models for behaviour (Wilkins, 1984). Rituals are collective activities that are technically superfluous but are socially essential within a culture they are therefore carried out for their own sake. Symbols, heroes, and rituals can be subsumed under the term "practices" because they are visible to an observer although their cultural meaning lies in the way they are perceived by insiders. The core of culture is formed by values, in the sense of broad, nonspecific feelings of good and evil, beautiful and ugly, normal and abnormal, rational and irrational-feelings that are often unconscious and rarely discussable, that cannot be observed as such but are manifested in alternatives of behaviour.

Schein (1990) proposed seven dimensions that may be used to enquire into organisational culture. He employed a qualitative method using interview where meaning rather than frequency of occurrence is of relevance. Such an approach provides much in-depth information about an organisation.

The intimacy of an in-depth interview which required self-revelation and reflection on the part of both the authors and interviewee created a sense of anticipation (Kram, 1986). The interview sequence was semi-structured in an effort to cover a number of issues, yet retained a more conversational style to build rapport with the interviewee (Malhotra, Hall, Shaw and Crisp, 1996; Clulow, Gerstman, and Barry, 2003).

It was important to build trust early in the interview, to encourage authentic commentary and self-revelation. The interviewees were reassured of the confidential nature of the material and the author's undertaking to maintain anonymity.

Gummesson (2000) exhorted that close attention must be paid to the body language - posture, gestures, facial expression and dress - of the person interviewed which is equally significant as the verbal statements. The interviewer made rapid notes or used shorthand and conversations which were recorded on tape. This was enhanced by supplementing notes with reference to the available documents such as bulleting, brochures and annual reports.

Analysis was based on data collected from interviews of senior, middle and lower managers from several common key departments, such as production/operation, marketing, accounting and finance, informational technology (IT), customer service and human resource and also secondary sources, such as internal documents and newspaper reports (See Section 3.8 for the data analysis).

Gummesson (2000) commented that access to the organisation and individual informants is the problem in qualitative research. Furthermore, there are problems of subjectivity, time consumption, cost, and neatness, as well as the analysis and interpretation of data which may be very difficult.

In Malaysia, similar to many other Asian countries, undertaking case-study research is always difficult as data collection via lengthy interviews is frowned upon by most companies; even those that are foreign owned (Muthaly, Ratnatunga, and Schroder, 1999). Their research used food companies both local and foreign which had floated their shares on the Kuala Lumpur Stock Exchange.

Hagg and Hedlund (1978) and Sackman (1991), posited that case studies can be used to generate hypotheses but not to test them, as they lack statistical reliability and validity and that generalisations cannot be made. In order for general principles to be drawn from

such approaches, a large number of case studies will first need to be completed (Schein, 1990). Approaches using classification (*e.g.* Hofstede, 1980a, 1991) therefore, provide an alternative and sometimes more useful approach to the study of national and organisational cultures.

Qualitative approaches, however, are not likely to facilitate systematic comparison between studies, because of likely variation that will exist between investigations (Sackman, 1991). This first phase informed the second phase of the study.

3.2.3 Second Phase - Survey

The second phase of the study involved conducting a survey in ten well-diversified public listed companies on the Bursa Malaysia (BM). Five are locally-owned conglomerates and the other five are multinational companies with foreign ownership. (See Section 3.5 for the selection of sample). The author administered a standardised survey questionnaire consisting of 105 precoded questions to a random sample from the five key units of the ten companies.

An important consideration during the research design was to keep the completion time of the survey instrument to between fifteen and twenty minutes. Since most of the respondents to the survey were senior executives, it was felt that keeping the survey short would increase the participation rate. This proved to be supported during the face-to-face interviews when managers expressed concern over the time the survey might take.

It is not uncommon for authors in Malaysia to receive less than 10 percent of the total survey instruments distributed (Lim, 1998, 2001; Rashid, 1988; Zabid, *et al.*, 2003, 2004). This appears to be more critical if respondents/informants are managers of companies probably due to their nature of works. The difficulty of getting a satisfactory return rate suggested the author used self-administered questionnaires in the ten companies identified. All managers in the ten companies were respondents of this study. Another reason for the low return rate is probably companies' reticence about

confidentiality and hence, managers are aware of their ethical stance not to release any information.

The quantitative approach has potential to overcome the limitations of the more qualitative approach, able to cover large samples at less cost. Comparisons between studies are also neater and the level of objectivity involved is generally higher (Sackman, 1991). However, there is also the issue of a author imposing his/her own cultural perspective on the organisation, rather than attempting to uncover its actual culture (Evered and Louis, 1981). Assumptions about the dimension to be tapped may not be sufficiently relevant or comprehensive in relation to the organisations (Sackman, 1991). This approach undeniably also suffers from an inability to go beyond the superficial aspects of organisational culture, while also fractionalising a concept whose strength lies in bringing attention to the holistic nature of organisational phenomena (Saffold, 1988; Schein, 1990). Heffernan and Flood (2000), for instance, have used quantitative method via survey instruments to 114-company respondents. Although the results indicated that organisations which are performing well are more likely to adopt competencies, the findings did not seem to allow the authors to make this assertion with full confidence. Chow, Haddad and Wu (2003), used a similar approach to find out the relationship between corporate cultures and performance in Taiwan and the U.S., but failed to uncover any widespread effects of 'environmental uncertainty' on Taiwanese firms' corporate cultures. The authors expressed concern with this shortcoming and hence, admonished future researches to explore other research approaches.

Hofstede's (1980a) cross-cultural studies have these weaknesses. He recognises that different methods will provide different perspectives on what is being studied, and therefore, it is worth 'triangulating' where possible, by using a combination of both quantitative and qualitative methods. Creswell (2003) defined two-phase studies as sequential studies. Ott (1989) also shared the similar view on this perspective as he suggested that a combination of approaches could give more reliable measures of organisational culture. Siehl and Martin (1984) examined the processes of transmitting and learning about organisational culture by employing both quantitative and qualitative

methods, while Lewis (1994) makes use of a triangulation of methods in her study of organisational culture and change at a learning institution.

3.3   The Quality of Triangulation

Triangulation is broadly defined by Denzin (1978:291), as "the combination of methodologies in the study of the same phenomenon". Having examined and balanced the pros and cons of both quantitative and qualitative strategies, it is the intention of this study to triangulate the two approaches for cross validation and hopefully yield comparable data. The concept of the "triangulation method" was the intellectual wedge that eventually broke the methodological hegemony of the monomethod purists (Tashakkori and Teddlie, 1998).

The effectiveness of triangulation designs rests on the premise that weaknesses in each stage method will be compensated by the counter-balancing strength of another (Jick, 1979). Although it has always been observed that each method has assets and liabilities, triangulation purports to exploit the assets and neutralize, rather than compound, the liabilities.

It is worthy to note that the method used in this study provides several important opportunities to authors. Firstly, it allows authors to be more confident of their results. Jick (1979) concurred that this is the overall strength of multi-method design. It can also stimulate the creation of inventive methods, new ways of capturing a problem to balance with conventional data-collection methods.

Secondly, the use of multi methods can lead to a synthesis or integration of theories. In this sense, methodological triangulation closely parallels theoretical triangulation (Denzin, 1978:295).

Thirdly, divergent results from multimethods can lead to an enriched explanation of the research problem and finally, triangulation may serve as the critical test, by virtue of its

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comprehensiveness, for competing theories. Above all, triangulation demands creativity from its user. Phillips (1971:175) propounded:

"We simply cannot afford to continue to engage in the same kinds of sterile, unproductive, unimaginative investigations which have long characterised most...research"

3.4   Sampling

The ten well-diversified public listed companies were selected from the Bursa Malaysia (BM)'s list of quoted companies and varied in assets from RM200 million to RM7 billion (details of each company's profile are shown in Appendix 4). Out of these ten companies, five are wholly local-controlled and the remaining five are foreign-owned companies. These companies are; KFC, Sunway, Berjaya, IOI, SP Setia (local-controlled) and SIME, Nestle, YTL, Guthrie, Guinness (partially foreign-owned).

The author used her own judgment to select the cases (judgmental or purposive sampling) by examining the companies' audited accounts, capital structures and other published data relevant to these companies. More importantly, through personal connection and contacts with some of the senior managers in these companies, it also allowed the author to gain access with the purpose of getting a higher response rate from the respondents (managers). This pragmatic approach also allowed more data to be collected which was large enough to permit statistical analysis of comparative of quantitative data across all cases. The sample was randomly chosen from the five key common departments (units). This sampling approach was consistent with Hofstede *et al.*, (1990)'s research into the organisational culture whereby 20 units in the 10 different organisations were identified. The study also employed qualitative and quantitative methods. However, unlike the current study, the sample consisted of managers and non-managers of the 20 units.

This study adapts a similar study by Eccher (2000) and Ide (2003) respectively, focusing on top-level executives within the same corporation. Results of both studies indicated

convergence of managerial competencies at the executive level regardless of national culture. On the other hand, Gordon and DiTomaso (1992) used both middle and upper managers as their respondents based on eleven U.S. insurance companies. Using 202 managers from public listed companies in Malaysia, Zabid *et al.* (2003) found both corporate culture and organisational commitment have an influence on performance. This study therefore, focused on the three different level of management ranging from lower to top managers. The inclusion of lower level managers would certainly enhance the sample size. It would also produce a more reflective view and perception of their culture. The sample collected in this study constituted 65 per cent of those surveyed and ranged from 14 to 60 participants per company with a mean of 28. The participants were from five key common departments such as Production/Operation, Accounting & Finance, Marketing, Customer Service, Human Resource and other ancillary departments.

The fact that respondents were limited to managers had both strengths and weaknesses. Although the sample chosen is clearly not a representative sample of the employees in the companies studied, it endeavoured to cover as many sub-levels as possible to cover the whole range of lower to top management staff. Previous research has shown that management is considerably more positive about their companies than people at lower levels (Hay Group, 1986). Previous studies also have shown that different levels in a company may represent different sub-cultures (Martin and Siehl, 1983; Riley, 1983; Davis, 1985). On the other hand, it is the management, especially senior management that must support, if not initiate, any major efforts on the part of their companies. As Schein (1990:111) claims, '...culture origin and dynamics can sometimes be observed only in the power centers where elements of the culture are created and changed by founders, leaders, and powerful persons'. Following the same argument, cultural measurement at this level will be most appropriate to determine the level of competencies and performance of the firm. Also, because each survey included only middle and upper management, the samples are much more comparable across companies than if, as is often done in comparative studies; different employee groups had been sampled.

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3.5   Data Collection

According to Hussey and Hussey (1997:151), 'whether you are following a broadly positivist or phenomenological paradigm, there will always be a combination of quantitative and qualitative inputs into your data generating activities'. In this section, a full description of survey procedure and accessibility into the surveyed companies is presented.

3.5.1   Survey Procedures

First of all, a letter describing the study's purpose and requesting permission for conducting of questionnaire was sent to either CEO or Human Resource Director/Senior Managers of the selected public listed companies in Kuala Lumpur Stock Exchange.

This was followed up by phone calls to them one week later to answer their queries. In most cases, repeated calls were made and messages left before the person could be contacted. Faxes clarifying some sensitive issues were sent immediately if any queries were unanswered over the phones. There were some companies that requested to be reminded through email with an attachment following, while others ignored the letters and reminders entirely for one reason or another.

After several attempts, ten companies were identified and they have given their consent to participate in the study. Eisenhardt (1989) argued that a number between four and ten cases usually works well. Five companies are locally owned while the remaining five companies have shareholdings owned by foreign investors. Once the permission was granted, the author delivered by hand a covering letter (see Appendix 7) together with fifty survey instruments to the Human Resource Managers of the eight companies except two companies, which agreed to accept up to seventy survey forms. This was because the author has close former colleagues who worked as one of the executive directors or general managers respectively of the group.

The self-administered survey commenced on 15th June 2004 and completed on 31st August 2004 when the last survey response was received. The deadline given to all managers ranged from two to three weeks. For those who exceeded the timeframe, several phone reminders were made to these companies.

3.5.2 Accessibility into the Ten Well-Diversified Public Listed Companies

Having had the ten companies selected for the study, the survey then took one and a half months to administer until the final reply form was received. The whole process of surveying appeared interesting but occasionally, it was quite frustrating due to complex interpersonal relationship, and of course, for most cases, with the assistance of the Human Resource Executive/Officer who helped to draft the internal memorandum for circulation to managers. Also bearing in mind that different companies set different policies and procedures and hence, there were slight variations in the process of administering the questionnaires. However, albeit the author's earnest request for a copy of the specimen of memo, only two companies were prepared to provide it while the remaining chose to remain anonymous. As a result, the author was unable to produce such a memo to form part of the appendices.

3.5.2.1 Berjaya

The Group's headquater is located at the City hub, also known as the Golden Triangle of Federal Territory in Malaysia. The offices occupy several floors where all departments are centralised. Upon getting the permission to distribute the questionnaires, the author discussed with the Human Resource Manager about the purpose of the survey and was briefed about the procedures for administering the survey forms. Out of the 32 targeted senior managers in this building, only 15 have given their consent to participate, while the rest were either not available or for some personal reasons did not wish to be involved. All duly completed questionnaires were returned on the 2nd August 2004.

3.5.2.2 Sunway

The main building of the group is located at Bandar Sunway which is adjacent to Sunway Lagoon and Sunway Hotel. The author did not meet the Human Resource Manager but instead passed the survey form to a Human Resource Executive and met her for a short while to brief her about the purpose of the study. Unexpectedly, the majority of the middle level managers were either not available or on secondment to other subsidiaries out of the City. At the end of the deadline, only 14 questionnaires were returned after two weeks upon depositing with them, constituting less than 50 per cent of the total targeted sample.

3.5.2.3 KFC

The locality of the firm is also at the Golden Triangle. It has its own corporate building occupying 12 floors where all departments are centralised. An appointment was made to meet the Human Resource Manager of the Group. It was only after three phone attempts that the appointment was finally fixed on a Saturday afternoon. He assigned an assistant to coordinate the distribution of the questionnaires. A two week deadline was given to return the survey. A total of 21 questionnaires was collected which is equal to 30 per cent of the middle to senior level of management. The majority of the managers were unable to assist due to their busy work schedules.

3.5.2.4 SP Setia

The Group's headquarters is located out of the City, in vicinity known as the "Multimedia Super Corridor". Unlike other companies, one of the Executive Directors of the company is the author's personal associate and hence all questionnaires were handled through his personal assistance. Due to his influential position, a total of 60 questionnaires were received two weeks after depositing such forms with him.

3.5.2.5 IOI

The corporate headquarters is located next to Putrajaya, the administrative centre of Malaysia. Two phone attempts were made to visit the office to meet with the relevant personnel. It was unsuccessful despite several reminders and knocking at the main door but to no avail. The personnel were rather strict and skeptical entertaining a survey of such nature. However, but fortunately, the author through a colleague who knew the Director of the Property Division managed to distribute 50 sets of questionnaires with a time frame of three weeks to return. Finally, a total of 40 questionnaires were collected from the company.

3.5.2.6 Guthrie

Guthrie's office is located in Petaling Jaya. Although consent had been obtained from the Company, several phone calls were made to arrange a date for discussion of administering the questionnaires. Finally, with the assistance of Human Resource personnel, 50 sets of questionnaires were distributed to the managers. Only 32 participants completed and returned the questionnaires to the author constituting 52 per cent of the total targeted respondents.

3.5.2.7 SIME

Sime's headquarters is located in the hub of Kuala Lumpur. There was no problem in accessing the Company as the General Manager's division had already agreed to allow such a survey to be conducted. The author met him personally to discuss the procedures and requirements of getting the managers to respond. The survey forms were administered through his Personnel Officer. 60 copies of questionnaires with three weeks timeframe were given for completion. A total 20 questionnaires were received. Despite the fact that the company has a large number of managers, many of them were reluctant to participate due to some personal reasons.

3.5.2.8 YTL

YTL group is located in the hub of Kuala Lumpur. The Headquarters itself is now occupying 13 floors of the Plaza Yeoh Tiong Lay. Having obtained permission from the Human Resource Director, the author met and briefed him about the purpose of conducting the survey and also assured him of anonymity. On the other hand, he provided the author a useful insight into the Group vis-à-vis the culture and competencies of their managers. It was a very fruitful and informative session which lasted for almost four hours. 50 copies of the questionnaires were given but only 22 returned two weeks later. The reason for the low return rate was known before hand, as the Human Resource Director did not wish to get all managers involved probably due to the perceived sensitivity of the matter.

3.5.2.9 Guinness

Guinness's office is situated in Petaling Jaya. Permission to conduct the survey was granted only after several phone calls and email reminders. The Human Resource Manager was quite reluctant to allow self-administering of research questionnaires, perhaps due to the company policies. About 50 copies of the survey forms were circulated to all the participating managers which were coordinated by the internal staff. At the end of three weeks, a total of 16 questionnaires were returned.

3.5.2.10 Nestle

The office is located in Petaling Jaya. There are, however, several other offices and plants in other localities. The author was unable to administer the questionnaires due to the Company's policies. The Human Resource executives helped to coordinate with those targeted respondents. Following the consent to carry out such survey, a total of 50 copies of questionnaires were given and after a period of three weeks, 36 copies were returned constituting about 30 per cent of the total lower-upper managers of the company.

3.6   Variables, Measures and Analysis

3.6.1   Instrument

In addition to extensive literature search on culture and competencies, the instrument is developed based on the in-depth interviews in two diversified public listed companies, where respondents were asked to describe the way in which the organisation operated, its objectives, the means used to accomplish them, and the influences they perceived to be at work. For each of the early surveys, these interviews became the basis of questionnaires customised to the organisation. A standardised questionnaire (see Appendix 8) was developed after it was determined that similar issues were emerging repeatedly across organisations.

In this study, the design of instrument, therefore, not only developed based on the type of qualitative fieldwork frequently employed in current studies of organisational culture, and the procedure that was similar to that used by Hofstede *et al.* (1990), and Gordon and DiTomaso (1992), in developing their measures of organisational culture, it also has its uniqueness in corroborating with past research findings by re-examining some variables in the Malaysian context. In contrast to Hofstede *et al.* (1990), but consistent with Gordon and DiTomaso (1992), the instrument is more consistently organisationally than individually oriented. It measures managers' perceptions of how their organisations operate, and by extension, the values that drive the behaviour of those in the organisation. The instrument was divided into six parts (see Table 3.1) comprising:

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Table 3.1: Content of Survey Instrument

Part	Component	Item
One	Respondent's Profile	9
Two	Company Background	6
Three	Culture Strength Inventory	21
Four	Managerial Competencies Elements	34
Five	Cross Cultural Dimensions	21
Six	Work Goals	14
	Total	105

The instrument was pre-tested to help identify potential sources of ambiguity, ensure ease of completion and determine the length of time to complete the questionnaire. This helped establish content validity (Mitchell, 1996) or at least the face validity of the questionnaire (Saunders *et al.*, 2000). The pre-testing included friends who are currently managers or who might have had held a senior position in the past. In addition, the pre-test on the same instrument was also carried out in three companies identified for the actual survey. This was to ensure that the responses were correctly captured and that the constructed database could be analysed using a statistical package. Saunders *et al.*, (2000) also admonished that pre-testing is essential to obtain some assessment of the questions' validity and the likely reliability of the data collected.

After pre-testing which consists of 15 respondents in this study, [the minimum number for pilot is ten (Fink, 1995)], pre-selected measures items were summed into representative scale and tested for reliability using Cronbach's coefficient alpha. If the alpha was accepted (*e.g.* greater than or equal to 0.7 as suggested by Nunnally, 1978), all items were included in the scale. The result of coefficient alpha is shown in Table 3.2

Table 3.2: Reliability Analysis of Four Components

Variables	Number of Items	Cronbach's Coefficient Alpha-α
Cultural Strength	21 items	0.8945
Managerial Competencies	34 items	0.9590
Cross Culture	21 items	0.7338
Work Goals	14 items	0.7922

3.6.2 Culture Strength Measures

The organisational culture literature lacks an accepted, reliable method for empirically measuring the construct (Cooke and Rousseau, 1988; Hofstede, *et al.*, 1990; Triandis, 1994). Several authors have proposed inventories or questionnaires to measure organisational culture, but none to date are widely accepted.

Most authors' measure culture strength through specific methods of analysing data from questionnaires designed to target the broader concept of organisational culture (Arogyaswamy and Byles, 1987; Hofstede, *et al.,* 1990). This component consists of 21 items designed to measure the strength of an organisation's cultures by incorporating the characteristics of strong culture found in the literatures, as well as in-depth knowledge regarding the specific culture of the corporation studied. Response choices are same for all items and consist of a five-point Likert scale ranging from "Strongly Agree" to "Strongly Disagree".

The 21 items fall into four categories. The first 5 items encompass several of the characteristics of strong organisational cultures as found in the literature (Cooke and Rousseau, 1988; Bartlett and Ghoshal, 1998; Schneider and Barsoux, 1997; McShane and Von Glinow, 2000). Items 6-8 are statements that describe the values espoused by the management arising from the in-depth interviews. Item 9-15 focus on value for managerial competencies (Ide, 2003) and the remaining 6 items are strong cultural characteristics found in Barney's (1986) work on organisational culture (see Table 3.3).

Table 3.3   Measure Items Comprising Variable: Culture Strength

	Measure Items	Variable Symbol	References
CONSTRUCT NAME : CULTURE STRENGTH	The corporate culture within your Company is strong, effectively binding all the **diverse** businesses into one cohesive organisation	DIVERSEB	Bartlett and Ghoshal, 1998
	Employees in your Company are well versed in the **key value**s espoused by top management	KEYVALUE	Cooke and Rousseau, 1988
	Your Company has a **uniform** set of values that serve to focus employee efforts	UNIFORM	McShane and
	Your Company employees share a common **language** that facilitates communication among members of the diverse businesses and functions within the corporation.	LANGUAGE	VonGlinow, 2000 Scheneider and Barsoux, 1997
	Employees are **reward**ed for their ability to act in accordance with the Company's value	REWARD	
	Your Company employees are encouraged to act in the best interest of the **customer**s	CUSTOMER	In-depth interviews with managers Ide, 2003
	Your Company fosters an environment of **change** and innovation	CHANGE	
	Your Company encourage collaboration and **teamwork** regardless of geographic or functional distance	TEAMWORK	
	Your Company values employees who **work hard** and have a high energy level	WORKHARD	In-depth interviews with managers Ide, 2003
	Your Company values employees who quickly and confidently make difficult **decision**s	DECISION	
	Your Company values employees who actively **listen** to others and hear them out before sharing their own ideas	LISTEN	
	Your Company values employees who are **goal-focu**sed and committed to delivery results	GOALFOCU	
	Your Company values employees who **devote time** and energy to celebrating team and individual accomplishments	DEVOTETI	
	Your Company values employees who utilized **quality** processes and metrics in their work	QUALITY	
	Your Company values employees who demonstrates high level of **care** and concern for others	CARE	
	To do things and **behave** in ways that lead to high sales, low costs and high margin	BEHAVE	Barney, 1986
	Your Company must have **attribute**s and characteristics that are not known to the culture of a large number of other firms	ATTRIBUT	
	The way things are being done are imperfectly **imitable**	IMITATE	
	Your Company is **obsessed** with customer services and satisfaction	OBSESSED	
	Your Company value the unique personalities of **founder**s and history of the Company	FOUNDER	
	Your Company obtain productivity through **supports** and values the worth of employees	SUPPORTS	

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3.6.3 Measure of Managerial Competencies

According to Cockerill *et al.* (1995:9), 'the competencies that many organisations are using currently are not competencies, as defined scientifically, at all'. Although their finding was well established in the academic literature, it appears to have had little influence in practice which continues to seek and use competencies whose existence is chimerical. Hunt *et al.* (1997), investigated into national cultures across the U.S., Germany and Australia used managers' perception on managerial competencies. It would worth noting here that middle managers are likely to have differing perceptions to senior managers (King, Fowler, and Zeithmal, 2001; Moss, 2000). This construct is contested in the literature; each respondent would have had their perception (Page *et al.*, 2003). They investigated into the relationship between managerial competencies with personal and contextual factors by measuring perceived managers' ability to be effective.

Antonacopoulou and FitzGerald (1996) interviewed managers in three banks and discovered that there were diverse definitions of competence and competencies provided by managers across the three organisations. This, therefore, shaped the way competency is being perceived and defined.

Consistent with the Hunt and Wallace's (1997) study of the atomisation of modern management, this research employed perceived validity of competencies because:-

1) Organisation and management practice are constantly evolving. Indeed the very concept of management is currently undergoing what may come to be recognised in the future as profound and significant change.

2) The second difficulty is that there is inevitably going to be a trade-off between the perceived utility of a competency framework, and its capacity to accurately account for the enormous variety of relevance to modern managerial activity.

3) Increase impact of technological change.

4) Awareness of the need to be competitive at the global rather than the national level.

5) Profound shift in organisational structure are a consequence of the move away from labour-intensive jobs and towards k-based organisations and provision of services. Each change not only contributes to the development of new forms of organisation, though, it also extends the expectations placed upon the modern managers.

6) Pressing need to develop the right caliber of people particularly managers.

7) Managerial competencies might be generic, specific or context-bound depend on the type of jobs or organisations.

8) In recent years, there has been a focus on the skills, abilities and characteristics of 'effective' managers at the level of the individual, the organisation, and the nation (Boyatzis, 1982; Page *et al.*, 1994).

The competency scale is represented by a list of managerial skills which are essential to be associated with superior job performance. Based on the above rationales, in this study, respondents were then asked to indicate how important they *perceived* competencies to be core on a five-point Likert-scale ranging from 'not at all important' to 'very important'(see Table 3.4).

According to Brown (2000), Likert-scale items are useful for gathering respondents' feelings, opinions, and attitudes. Typically, the numbered categories are on continuum like the following: very serious to not at all serious, very important to very unimportant, strongly agree to strongly disagree. Similarly, Saunders *et al.* (2000) also found that the most common approach in scaling is the Likert-style rating scale and is used to collect attitude and belief data usually in the a four- or five-point scale. This scaling method is extremely popular for measuring attitudes because the method is simple to administer (Sekaran, 1992; Zikmund, 2003).

Table 3.4 Measure Items Comprising Variable: Managerial Competencies

Measure Items	Variable Symbol	Reference
Express **confiden**ce in the future success of the action to be taken, a strong and positive sense of self-worth	CONFIDEN	Cockerill, Hunt and Schroder (1995)
Present **ide**as **clear**ly with ease and interest so that other person understands what is being communicated	CLEARIDE	
Proactive in task structuring, responsibility and implementation of plans and ideas	PROACTIV	
Possesses high internal work **standard**s and set ambition, risky and yet achievable goals	STANDARD	
Create a positive **climate**, provide coaching, training and developmental resources to improve performance	CLIMATE	
Involves others and able to build co-operative teams	INVOLVE	
Understand ideas, concepts and feelings of another	UNDERSTA	
Gathers different kinds of information and sources to build rich information environment	GATHER	
Build framework or models or forms, concepts, hypotheses or ideas on the basis of information	BUILD	
Use of variety of **metho**ds to gain support for ideas, strategies and values	USEMETHO	
Ability to **read** and understand emotions and recognise impact on work performance and relationship	READ	Goleman (2000)
Ability to **evaluate** your strengths and weaknesses	EVALUATE	
Ability to **keep** disruptive emotion and impulse under control	KEEP	
Ability to consistently **display ho**nesty and integrity	DISPLAYHO	
Ability to **mana**ge **you**rself and your responsibilities	MANAYOU	
Ability to **adjust** to changing situation and overcoming obstacles	ADJUSTCH	
Ability to **recog**nise **com**petition and exploit opportunities	RECOGCOM	
Ability to **sense** other people's **emo**tion, understanding their perspective, and taking an active interest of their concerns	SENSEEMO	
Ability to **read** the **curr**ents of organisational life, build decision networks, and navigate politics	READCURR	
Ability to **recog**nise and meet **cus**tomers' needs	RECOGCUS	
Ability to take change and **inspire** with a compelling vision	INSPIRE	
Propensity to **bolster** the abilities of others through feedback and guidance	BOLSTER	
Skills at **listen**ing and at sending clear, convincing and well-tune message	LISTENSK	

Construct Name: Managerial Competencies

	Measure Items	Variable Symbol	Reference
MANAGERIAL COMPETENCIES	Proficiency in **ini**tiating new ideas and leading people in a new direction	PROFIINI	Goleman (2000)
	Ability to **de-escala**te disagreements and orchestrate resolutions	DEESCALA	
	Proficiency at **cult**ivating and maintaining a web of relationship	PROFCULT	
	Competence at **promo**ting **coo**peration and building teams	PROMCOO	
	Identifies **fea**sible alternatives or multiple option in planning and decision making	IDENTIFE	Interviews' Results
	Ability to **enhance** knowledge and experience shared within boundaries and beyond	ENHANCEK	
	Ability to **secure** and store **k**nowledge against loss and theft	SECUREK	
	Ability to **wield** a range of persuasive **tac**tics	WIELDTAC	
	Possesses **exter**nal **vi**sion to learn from the environment in which the business operates	EXTERVI	
	Capable of being **c**reative, risk taking and tolerance of mistake	CAPABLEC	
	Encourage **qu**estioning and experimentation through empowerment and individuals	ENCOUQU	

Some past researchers used Likert-scale for attitudinal measurements. For instances, Jaffar, Abdullah, Seddek, Yatim and Husen (2002) used five-point Likert-scale to measure the perception of women and men internal auditors on successful characteristics in internal-audit profession. The same scaling was used to measure the perceived importance of emotional competencies (Cavallo and Brienza, 2004) and managerial skills Faris, MacKinnon and MacKinnon (2005). Hunt and Wallace (1997), used five-point Likert-scale with the anchors: (1) not at all necessary (2) occasionally necessary (3) moderately necessary (4) considerably necessary and (5) absolutely necessary in measuring the degree of the perceived importance of the managerial competency elements. The instrument has been tested in Australia, Germany and the U.S.

As indicated by items 1-10, there are high performance managerial competencies identified by Cockerill *et al.* (1995), which have been found consistently to predict superior organisational performance. An important outcome of this research is the finding that the eleven high performance managerial competencies which appear to distinguish high performance from average performance managers regardless of their organisation,

industry and country. In a dynamic environment, high performance managerial competencies become a strong predictive value.

Items 11-27 are competency elements derived from four major clusters expounded by Goleman (2000). The higher the score for each competency, the more important it associated with the workplace performance (Boyatzis, 1982; Spencer and Spencer, 1993; Goleman, 1998).

3.6.4 Cross-Culture Measures

Twenty-one questions assessed the five dimension of national culture propounded by Hofstede (1985) like "your company values participative decision making" each rated on a 5-point scale from "not at all relevant" to "very relevant". More than half of the items reconciled with the interviews' results (see Table 3.5). This study covers ten companies, out of which five companies have some forms of foreign equity. It is therefore believed, that research into these companies will yield a desirable result that reflects such cultural components. This would not be consistent with extant theoretical work on this dimension (Hofstede and Bond 1988; Hofstede 1991; Newman and Nollen, 1996). Furthermore, an in-depth interview conducted in two companies (Chapter four) and the pre-test results reaffirmed the fact the variables are valid and appropriate for the study.

3.6.5 Work Goals Measures

Fourteen questions assessed work goals: the characteristics of an ideal job, like "have an opportunity for high earnings" or "have security for employment" were each rated on 5-point scale of importance. These were adapted from the Hofstede's (1980a) cross-national research project. The interviews with the managers revealed no additional goals to add to the list (see Table 3.6).

Table 3.5   Measure Items Comprising Variable: Cross Cultural Dimension

	Measure Items	Variable Symbol	References
CONSTRUCT NAME: CROSS CULTURE	Your Company values **particip**ative decision making	PARTICP	Hofstede (1980)
	Managers who encourage **part**icipation are likely to be seen as **wea**k and incompetent	PARTWEA	Newman and Nollen (1996)
	Organisational structure us **centra**lised	ORGCENTR	Interviews' Results
	Individuals believe in **harmony** and saving face	HARMONY	
	Individual place more emphasis on **self-resp**ect	SELFRESP	
	Team building is constantly encouraged	TEAMBUIL	
	Your employees are expected to **bypass bos**s to get their work done	BYPASBOS	
	Your company values **clarity** of **p**lans, policies, procedures and system	CLARITYP	
	Rules and direction are well-**def**ined	RULEDEF	
	Life time employment is encouraged	LIFETIME	
	Your company values **affiliat**ion and view failure as much less important	AFFILIAT	
	Individuals **resp**onsibility for **resu**lts and rewards	RESPRESU	
	Collective **m**anagement emphasises work unit solidity and team-based rewards	COLLECTM	
	Your company values **achieve**ment and abhor failures	VACHIEVE	
	Your company values **patienc**e, perseverance, respect for one's respect elders and ancestors	VPATIENC	
	Your company provide **long term** employment	LONGTERM	
	Solving **prob**lems for the long term than making "quick fixes"	SOLVPROB	
	Treating **o**thers as one would like to be treated oneself	TREATOT	
	Value employees who **work hard** and committed to a common investment philosophy	VWORKHAR	
	Value virtue of **frugalit**y, not spending mor than necessary	FRUGALT	
	The **junior** partner owes the **se**nior respect and obedience the senior owes the junior partner protection and consideration	JUNIORSE	

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Table 3.6   Measure Items Comprising Variable: Work Goals

	Measure Items	Variable Symbol	Reference
	Have **challen**ging work to do-work from which you can get a personal sense of accomplishment	CHALLEN	Hofstede (1984) page 155
	Live in a area **desirabl**e to you and your family	DESIRABL	
	Have an opportunity for high **earnings**	EARNING	
	Work with people who **cooperat**e well with one another	COOPERAT	
	Have **train**ing **opp**ortunity (to improve your skills or learn new skills)	TRAINOPP	
	Have good **fringe b**enefits	FRINGBE	
	Get the **recogni**tion you deserve when you do a good job	RECOGNI	
	Have a good physical **work**ing **con**ditions (good ventilation and lighting, adequate work space etc)	WORKCON	
	Have considerable **freedom** to adapt your own approach to the job	FREEDOM	
	Have the **security** that you will be able to work for your company as long as you want to	SECURITY	
	Have an opportunity for **advance**ment to higher level jobs	ADVANCE	
	Have a good **work**ing **rela**tionship with your peers	WORKRELA	
	Fully **use** your skills and abilities on the job	FULLUSE	
	Have a job which leaves you sufficient time for your **personal** or family life	PERSONAL	

(Construct Name: Work Goals — shown vertically in leftmost column)

3.6.6   Demographic Components and Company's Background

Nine demographic questions revealed the respondent's sex, age group, seniority with the employers, educational level, marital status, present position, ethnicity and gender, while six items related to the company's background. This included name and year of establishment, company activity, and ownership structure, number of managerial staff and percentage of foreign managers.

3.6.7   Measure of Organisational Performance

Measurement of corporate performance has invariably become a debatable issue unresolved so far. The problem of which performance indicator to use is a subject very much dependant on the situation and the availability of data. For instance, Gordon &

DiTomaso (1992) used growth in assets and premiums as a performance measure while Denison (1990) made use of return on sales (ROS) and return on investment (ROI) as profitability measures in his study. Zabid *et al.* (2003) in their study of corporate cultures and financial performance used return on assets (ROA) and return on investment (ROI).

Past studies also revealed that many researches used ROI and ROS as performance indicators. Pegels and Yang (2000) in their studies of top managerial characteristics used ROI and ROS as firm performance measure. Similarly, Gomez-Mejia (1992) in studying the diversification culture used a five-year average (1982-1986) ROI for performance measure. This performance measure is conventional in the management, finance, economics and accounting literature (*e.g.* Dyle, 1988; Gerhart and Milkovich, 1990; Leonard, 1990). Ansoff (1965:42) asserts that return on investment (ROI) is 'commonly and widely accepted yardstick for measuring business successes'.

Sorensen (2002) in his research on culture strength and firm performance used performance data extracted from COMPUSTAT database. He measured corporate performance using ROI from 1979 to 1984. ROI is computed as yearly net income divided by invested capital – an accounting measure of how profitability the firm's managers put invested capital to use, is commonly used in studies of corporate performance. This approach was also used by Kotter and Heskett (1992). Johnson and Thomas (1987), chose return on equity (ROE) as the primary return or performance measure since it is widely used in the literature and because it was thought to be more reliable than return on assets (ROA).

Denison (1982) in his study of corporate culture used financial ratios, such as ROI, ROE and ROS to measure organisational performance. The financial data were obtained from COMPUTAT and the firms surveyed were listed on the New York Stock Exchange. According to Denison (1982:8), 'financial ratios are not the only, or even the best, indicators of organisational performance, effectiveness does imply that an organisation can successfully meet the demands of a broad set of stakeholders: investors, shareholders, employees, customers, suppliers, and so forth.' Subsequently, Mavondo and Farrell

(2003) also used ROA only as a financial performance in relation to market orientation, innovation and cultures.

Chan (1995) measured the performance of the U.S. parent companies which were engaged either in International Joint Venture (IJVs) in Wholly-Owned Subsidiaries (WOSs) in a foreign country. In this study, the performance indicators used were profitability ratio such as ROA, ROS, ROI and ROE. Chan's study showed that WOSs had a better overall financial performance than IJVs.

Commonly employed measures in the public listed companies in Malaysia are the return of invested capital (ROI) and return of equity (ROE). Both ROI and ROE were obtained from the Thomson Financial Datastream database for the years 1999-2003.[1] A five-year average (1999-2003) was calculated for each performance measure, in a manner similar to Gomez-Mejia (1992). A five-year period is long enough to handle short-term irregularities and provides a reliable estimate of firm performance, yet short enough to give a recent indicator of firm performance (Gomez-Mejia, 1992).[2]

These are financial performance measures, ROE is net income[3] before taxes divided by total share capital, ROI is net income before taxes divided by total invested capital. These are both measures of profitability and efficiency (Newman and Nollen, 1996). Because the study included only ten companies in a single time period, there was no need to standardise performance against multi-industry, multi-period norms, as was found necessary by Denison. Furthermore, in order to produce a more realistic result and at the same time overcoming the shortcoming faced by Gordon and DiTomaso (1992), this

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[1] Thomson Financial Datastream is now part of the Thomson Corporation. The five-year (1999-2003) ROE and ROI were obtained from this database. The figures were keyed-in and averaged out using SPSS and then used it as a performance indicator.

[2] The year 2003 was the most recent year for which complete performance data were available in Thomson Financial Datastream for all companies in the sample prior to the survey mailing (June, 2004). However, given that each of the performance consists of a five-year average (1999-2003), it is unlikely that performance changes in 2004 (for which data were unavailable) would have a dramatic effect on overall results.

[3] According to the Worldscope's benchmark, 'operating profit' is equivalent to 'operating income'. Worldscope provides comprehensive and detailed accounts information on companies worldwide – features include detailed information on over 40,000 public companies in more than 50 developed and emerging markets, up to 20 years of historical data and provide annual, interim and preliminary data.

study used an average figure based on the 5-years ROI and ROE figures obtained from Thomson Financial Datastream database (see Appendix 1).

3.6.8   Data Analysis

Easterby-Smith *et al.* (2002) point out that to be able to capture the richness and fullness associated with qualitative data, they cannot be collected in a standardised way, like that of quantitative data. In the first phase of this study, interviews were transcribed verbatim. Care has been taken to read the transcripts thoroughly and proof read by another colleague.

The data collected were content analysed. In such analysis, the author was careful in interpreting what the interviewees meant with their statements. Any unclear expressions or statements were clarified over e-mailing or telephoning until consensus achieved. During analysis, the non-standardised and complex nature of the data which had been collected needed to be classified into categories before they could be meaningfully analysed. Having done the categorisation, the next activity was to attach relevant 'bits' or 'chunks' of the data to the appropriate category or categories. The data were subsequently processed using a manual approach (Easterby-Smith *et al.*, 2002).

Content analysis of qualitative data is time consuming, often costly and requires either good field notes or verbatim transcripts to be available. However, the method allows the researcher to draw key features out of the data, whilst at the same time allowing the richness of some of the material to remain so it can be used to evidence the conclusion drawn and help to 'let the data speaks' for itself (Full detail of the analysis was reported in Chapter 4).

In the second phase of the research, the surveyed data were analysed using SPSS (Statistical Package for Social Science) software, version 11. Several statistical techniques were applied to meet the research objectives and to test hypotheses. Among others, descriptive analysis was used to determine the mean and standard deviation,

followed by using correlation, multiple regression and factor analysis to explore relationships among the variables. (The details of the analyses were reported in Chapter 5 and Chapter 6 respectively).

3.7   Theoretical Framework

In summary, Figure 3.3 presents the theoretical framework showing a logically developed and elaborated network of association among variables that have been identified through interviews and literature survey. The variables deemed relevant in this study were "cultures", "competencies" and "performance". The interconnection between these variables is further elaborated leading to development of testable hypotheses. Thus, a clear explanation of the scheme depicting the interconnection of the research variables is described in the following manner.

First, the connection between national culture and organisational culture are found in the studies of Hofstede (1980a, 1991) and Laurent (1983). Hofstede found striking cultural differences within a single multinational corporation. In this study, the national culture explained 50 percent of the differences in employee attitudes and behaviours. National culture explained more of the differences than did age, gender, professional role or race. Laurent (1983) uncovered cultural differences among employees from around the world working within the same multinational company than among those working for organisation in their native lands. Subsequently, Laurent replicated his research in two additional multinational corporations, each with subsidiaries in the same nine Western European countries and the U.S. He discovered similar result in which corporate culture did not reduce or eliminate national differences in the second and third corporation. This suggests the following hypothesis:

Hypothesis 1

H_o: National culture has no strong influence on organisational culture

H_A: National culture has a strong influence on organisational culture

Figure 3.3: Integrative Theoretical Framework

National Culture:
- Power Distance
- Masculinity and Femininity
- Uncertainty Avoidance
- Individualism and Collectivism
- Confucian Dynamism

Organisational Culture:
- Strong Culture
- Weak Culture

Education, Working Experience, position, tenure, level of management

Perceived Managerial Competencies
- Skills ● Personal characteristics
- Emotional traits ●Experience

Age, Race and Gender

Organisational Performance

Legend: 1- National Culture and Organisational Link, 2- National Culture, Organisational Culture and Managerial Competencies Link, 3- National Culture, Organisational Culture and Organisational Performance Link, 4- Intervening Factors, 5-Managerial Competencies and Organisational Performance Link.

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Second, according to Hofstede's (1980a) dimensional cultural studies, it was noted that a high power-distance country such as Malaysia discourages participative decision-making and disfavours decentralised structure. However, this did not appear to be always applicable in certain developing countries like South Pacific (SP) Island countries. Surprisingly, from the research conducted by Saffu (2003), a new set of competency elements become apparent which seem to be more inclined to context-specific rather than generic in nature.

Tolerance for ambiguity is the degree to which members of the society are open to change and innovation (Kedia and Bhagat, 1988), while low uncertainty avoidance cultures are inherently more anxious about taking risks than high uncertainty avoidance ones.

Masculinity implies overall toughness and competencies of members of the society. It is the degree to which achievement and aggression are valued (Hofstede, 1980a, 1991). In feminine cultures, assertiveness is not encouraged because of its dysfunctional effect (Hofstede, 1991). In individualist cultures the focus is on individual pursuit, personal goals hold precedence over group goals (Triandis, 1994). The above issues depict the link between national culture, organisational culture and managerial competencies, which suggest key hypotheses for testing. This is formally outlined below:

Hypothesis 2

H_0:   There is no significant correlation between managerial competencies and national culture across the organisations

H_A: There is a strong correlation between competency elements and national culture across the organisations

Hypothesis 3

H_0:   There is no significant relationship between competency elements with organisational culture across the organisations

H$_A$: There is a significant relationship between competency elements with organisational culture across the organisations

Third, Kotter and Heskett (1992) found that firms with strong cultural value outperformed firms that do not have those values. On the other hand, firms with weak culture seem to have a set of values with conflicting interests and hence, do not contribute to its effectiveness (Smith and Kleiner, 1987).

Denison (1984) revealed some striking results, showing firms with a more positive perception of work were found to be constantly better in performance than were firms with less positive views. Specifically, he found that more participating firms have slightly better performance. Denison (1984) and Hensen and Wernerfelt (1989) used data from the survey of organisation (Taylor and Bowers, 1973) to determine relationships between employee perception and attitudes and firm success.

Using Hofstede's (1980a, 1991) five national cultural dimensions, Newman and Nollen (1996) found that work unit financial performance is higher when management practice in the work unit are congruent with the national culture. Similarly, Low and Shi (2002) revealed differences between organisations from Singapore and China and provide a guide for managers to analyse cross-cultural influences within the context of construction projects in China. This suggests the following two hypotheses:

Hypothesis 4

H$_o$: National culture has no influence on organisational performance
H$_A$: National culture has influence on organisational performance

Hypothesis 5

H$_o$: Organisational culture has no influence on organisational performance
H$_A$: Organisational culture has influence on organisational performance

Cockerill *et al.* (1995) unveiled the fact that the eleven high performance managerial competencies constitute a generalisable set of competencies which appear to distinguish high-performing from average-performing managers regardless of organisations, industry and country. The 11 managerial competencies have been found consistently to predict superior organisational performance. Similarly, in Shipper *et al.*'s (2003) study of linkage between emotional intelligence and managerial effectiveness, there were evidences showing the positive effect of interactive and controlling skills on managerial functioning and behaviour. On the other hand, Yousef (1998) found that there are significant relationships between leader's personal characteristics such as age, education, gender, experience and performance.

Page *et al.* (2003) found that competencies of managers depend on contextual factors such as role of supervisors and subordinates, organisational level and organisational size which have impact on organisational effectiveness. In a similar vein, Pegels and Yang (2000) examined top management team's cognitive and demographic characteristics and found that of the 13 top management term's characteristics evaluated about half were statistically significant in relation to performance outcome. Thus, this suggests the following hypothesis:

Hypothesis 6

H_o: Managerial competencies have no strong effect on organisational performance

H_A: Managerial competencies have a strong effect on organisational performance

Subsequent chapters in this thesis explore the testing of these hypotheses.

3.8   Limitations of the Study

The sample used in this study was taken from the different levels of managers in ten listed companies in Malaysia. The results obtained from the study may not, therefore, be

relevant for managers in other listed companies or non-listed companies in Malaysia and/or other countries. This is a question of 'generalisability' or 'external validity'. The author attempted to make the research 'internally valid' as much as possible by, for example, using a large sample in the quantitative phase. As for 'external validity', this was limited due to the qualitative nature of some of the data collected in the survey and the different levels of managers used. Suffice to say that the conclusions can be regarded as indicative, based on this survey.

As for 'reliability', the indicators used in the quantitative survey were consistent, (the Cronbach Alpha score of reliability was greater than 0.7) thus one can conclude that the instrument measured 'what it was supposed to measure' so the measure was relatively stable and could be replicated. The large sample in phase two also provided some measure of confidence. Overall, whilst the author attempted to address the issues of validity and reliability as far as possible, sufficient to say the results are indicative based on the survey chosen.

Accessibility to top managers, in particular, was a difficult task as most of them were quite reluctant to be interviewed or even complete the questionnaire. So the sample obtained from this group of respondents could be non-representative of the population and, hence, might affect the results of the findings.

Easterby-Smith *et al.* (2002) cautioned the authors to be wary of using mixed methods. Although it may help to get a slightly richer picture, the results based on quantitative and qualitative approaches may lead to contradictions and confusions. In this instance, the qualitative results of the two case studies might not have helped to inform the quantitative research which is the survey of the ten listed companies. However, the author was convinced that the first phase did inform the second phase usefully. Furthermore, the reality of what is being investigated may be considerably more complex than the data collection methods are capable of demonstrating.

The use of Critical Realist Approach has met with much criticism. It tries to utilise the best of both paradigms - positivist and interpretative, and yet delicate and confusing. The results achieved might have led to a situation of 'neither-nor paradigm' which appears more complicated. Instead, concentration on one paradigm might generate a more promising result.

3.9   Conclusion

The overarching issues here have centered on interconnection or rather, the relationship between the main variables studied. These relationships are then depicted in the graphical presentation of the framework. Previous researches have shown mixed results adopting various research paradigms and strategies.

Epistemologically, social constructionists believe that interaction with the subject being studied will produce a more humanistic and interesting result. In this respect, therefore, two case studies were conducted using face-to-face interviews with managers which were guided by a set of revised semi-structured questionnaire.

The pilot study using semi-structured questionnaire was also carried out prior to such interviews to provide some conceptual clarification (Yin, 1994). As a result of the pilot test, the variables in the semi-structured questionnaires were revised to add new variable such as managerial competencies which was then used for the two case studies. Subsequent to this, a structured questionnaire was developed out of the results of the case studies.

On the other hand, positivists argue that authors would be independent and distanced from the respondents to the questionnaires. The contention along this line, therefore, is that to do with robustness and reliability of research on the culture, managerial competencies and performance link. A survey using the structured questionnaire was administered to managers of ten well-diversified listed companies in Malaysia.

Taking into consideration the pros and cons of both the author took a position between the two schemes of the research continuum which is the critical realism and, hopefully, therefore, a more solid and reliable finding can be achieved through triangulation by using a combination of both quantitative and qualitative methods. Critical realism makes a conscious compromise between qualitative and quantitative approaches (Easterby-Smith *et al.*, 2002). Thus, a description of the pilot study and the two case studies are reported in Chapter 4 and followed by Chapters 5 and 6 revealing the results of the survey.

CHAPTER FOUR

PILOT CASE STUDIES AND RESULTS

4.0   Introduction

This chapter discusses and analyses the pilot study and case studies of the two identified public listed companies in Malaysia. Section 4.2 contains a brief description of the pilot study, revealing the background of the pilot site, profile of interviewees and the results of the study.   Section 4.3 consists of analysing the results of the case studies in-depth interviews with a culturally diverse group of various levels of managerial positions. The following section 4.4 specifically outlines how the research study was conducted, including a description of the corporation studied, the employees sampled and the specific instruments used. The last section includes the conclusions and summary of the findings.

4.1   Pilot Study

Having gone through the previous research findings by other authors/researchers, the author was concerned by the fact that model and survey instrument used were mainly adapted from western researchers and therefore, some of the questions may be irrelevant to the local Malaysian setting; and others that may be relevant are not included (Hofstede and Bond, 1988). It was with this concern that a pilot study was carried out to actually clarify certain vague and ambiguous constructs, add new dimensions of design or erase questions that may not be applicable to the local environment. This study was based on the semi-structured questionnaire that would be used in the subsequent two case studies.

This research was unique as it triangulated methodology that might not have been used in other parts of the world and it was conducted in a Malaysian context. The reasons being, firstly, it was apparent from cultural studies that research conducted in Malaysia has so far not yet incorporated triangulation methodology (Ong, 1993; Lim, 1998; Kwan, Bond, Boucher, Maslach, and Gan, 2002). Second, Malaysia is a country rich in diverse cultural

traditions as the society comprises a population from different racial and ethnicity background. Third, Saunders *et al.* (2000) also suggest employing multi-methods to get a feel for the key issues before embarking on a survey.

There were altogether several sessions of face-to-face interviews with four former senior managers of the various public listed companies, one former IT manager of a local public listed company and one Human Resource Manager of a five-star Hotel in Kuala Lumpur. The informants are full- time Senior Lecturers and one part-time Lecturer of Tunku Abdul Rahman College (TAR College). Data was obtained through open-ended questions contained in the semi-structured questionnaires as well as relevant contemporary issues which were to be used in the actual case studies. The interviews were conducted at the workplace of the School of Business Studies, TAR College spread over 6 full working days. Each session lasted from 1 to 2 hours and the interviews were planned in between the teaching hours lasting from morning till late evening. This pilot site was chosen due to convenience, geographic proximity and accessibility (Yin, 1994:75).

4.1.1 Profile of Interviewees

The five interviewees were carefully selected based on their age, working experience, knowledge and skills. They were sufficiently communicative and articulate in terms of expounding facts and personal views. Generally, they possessed a positive attitude to work and displayed quality leadership traits. This enabled the interviewer to probe further issues to be explored in the case studies research and ascertain if any adjustments needed to be made in the survey instrument. Furthermore, they were congenial to the notion that this research had no fixed agenda as yet and could be discussed quite freely (Yin, 1994: 57). Table 4.1 below shows the interviewees' profiles demographic characteristics as strong grounds for the selection.

Table 4.1: Profile of Interviewees

No	Name of respondents	Age	Gender	Nationality/ Race	Current Position Held	Previous working experiences
1.	Tho Leong Choy (Mr.)	56	M	Malaysian/Chinese	Senior Lecturer	Manager and Branch Head of a Singaporean's owned Bank
2.	Ho Seng Tuck (Mr.)	50	M	Malaysian/Chinese	Senior Lecturer	Finance Manager of a local Listed Company
3.	Lim Chin Hock (Mr.)	55	M	Malaysian/Chinese	Senior Lecturer	Vice President-Training of a local bank
4.	Lam Meng Choo (Ms)	35	F	Malaysian/Chinese	Human Resource Manager/ Associate Lecturer	Human Resource Manager of a local Hotel
5.	Paul Chan Chit Teng (Mr)	41	M	Malaysian/Chinese	Marketing General Manager/Associate Lecturer	General Manager (Marketing) of a local listed company
6.	Adura binti Samah	38	F	Malaysian/Malay	Senior Lecturer	IT Manager of Avon Cosmetics Co

4.2   Results of the Pilot Study

In this section, the pilot study and its results are analysed and discussed.

4.2.1   Pilot Inquiry

Following Yin's (1994) line of inquiry, the interviews were both substantive and revealed methodological issues. Interviewees were briefed about the purpose of the study and questions to be asked by using semi-structured questionnaires as a guide.

The face-to-face interviews began by asking the pilot study respondents questions such as (1) How did you feel about changing job from the previous employment to the current position? (2) Are there any differences in terms of values and practices?

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Next, the interviewer asked following questions which were adapted from Hofstede *et al.* (1990):

a) What are special terms here that only insiders understand? (to identify organisational symbols)

b) What kind of people are most likely to make a fast career here?

c) Whom do you consider as particularly meaningful persons for this organisation? (to identify organisational heroes)

d) In what periodic meetings do you participate?

e) How do people behave during these meetings?

f) Which events are celebrated in this organisation? (to identify organisational rituals)

g) What things do people very much like to see happening here?

h) What is the biggest mistake one can make?

i) Which work problems can keep you awake at night? (to identify organisational values).

The checklist used was based on the literatures on the ways in which organisation cultures are supposed to manifest themselves and our own culture. The questions types were asked as the objective of the research was to link cultures on shared feelings, norms and values with people's behaviour (Tayeb, 1994). Hofstede (1991) also posited that cultures developed from an individual's repeated exposure to certain customs, practices and behaviour which lead to internalisation of certain attitudes and values.

The final part contained 20 statements relating to strength of culture, using a 5 point Likert's scale ranging from "strongly agree" to "strongly disagree". The inclusion of this section is mainly to validate the concept of strong culture that may have the potential relationship with managerial competencies and hence, the effect on organisational performance.

4.2.2   Pilot Study Report

Generally, the interviewees expressed their views based on past working experiences as managers of a few listed companies. Three out of the five interviewees shared the common understanding of how organisational culture manifested itself in terms of symbol, heroes, rituals and values. Interestingly, one of them commented that in order for the company to have a strong and positive culture, managers must possess the relevant skills and competencies to perform the tasks.

There were some commonalities, amongst others, such as respect for elders and superiors, value hardworking employees, teamwork and criteria for positive reinforcements. The author also discovered vast differences in terms of hierarchical structures, Chinese-dominated versus Malay-dominated working environment, value systems for tolerance for ambiguities and decision-making.

In the main, the questions asked were clear to the interviewees, but slight modifications were done to the survey instrument so that it fitted well in the local scenario while trying to achieve more rigorous findings in the actual qualitative research.

4.2.3   Conclusion of the Pilot Case Study

The pilot study revealed several components which are not reflected in the semi-structured questionnaire. This helped the author to probe further questions, understand the design and procedures involved as well as to make certain adjustments on the real case studies. In sum, the pilot study reinforced the main investigation into organisational culture, competencies managers possess and how this linked to the performance of the organisation.

The result of the pilot study has shown that the constructs contained in the semi-structured questionnaire (see Appendix 5) were clear and appropriate for the two case studies (*i.e.* HB and Sime Lingo) except with an inclusion of managerial competencies

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which was a new element identified during the pilot study. The revised semi-structured questionnaire (see Appendix 6) was then used as a guide to conduct face-to-face interviews with managers of the two companies. Having refined the questionnaire (see Appendix 8), it was then administered to the ten diversified companies, the results of which are reported in the subsequent chapters. The following sections present the results relating to the two case studies (*i.e.* HB and Sime Lingo).

4.3 Background of HB (Case Study I)

The Company was formerly known as Sankimo and controlled by Japanese management. In 1999, the Group took over the company, assumed its present name, and pleasantly realised that it had inherited its consumer electrical products. The company's rich history has contributed to the continuous development of air-conditioners. During the takeover, the group strong Japanese roots in terms of product technology enabled it to cater to the needs of Asian customers.

The Group is also an IT-based company that had established strategic partnerships with Western giants such as Microsoft and Intel. With that, the newly formed HB Berhad had the opportunity and capacity to incorporate the latest digital technology into the air-conditioner and bring out the improved products into the Malaysian market. Since then, the HB products particularly air-conditioners and IT products have created a brand new local image and are now widely accepted by Malaysians. The company has been able to hit a record high in sales since the change of ownership and management, mainly due to its strong and committed team and its aggressive marketing strategies.

The Group's vision is to serve the Smart Home, a new concept that the Company is trying to penetrate into the local and foreign markets and is currently promoting aggressively via its dynamic marketing force. Its mission is to introduce new technologies to Malaysians at the same time launching it elsewhere in the world. This obviously signifies unconventional yet a forward-looking slant indicating the company's commitment to ushering the people into a lifestyle of the future. Wanting to gain

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prominence amidst the masses, bright orange was chosen as the company's corporate colour. The colour is refreshing and vibrant, appealing to the young generation who themselves demand superiority and greater improvements in their lifestyle.

HB believes that in today's environment, meeting the global challenge is about the attitude that is comparable in the global arena. HB recognises that its role as a corporate citizen includes helping to create a global society founded on good principles as well as improving the quality of life of all Malaysians. Furthermore, the company strives to instil the spirit of achieving global success amongst Malaysians. It continues to improve its products to provide more innovative features in line with consumers' needs. HB digital air-conditioner is just one of the ways where consumers can take a significant step towards this digital lifestyle in an affordable manner.

HB has more than 20 related companies, ranging from very active to dormant companies. Its total employee reached nearly 2,500 by year 2004. To date, the CEO holds no share in the company. The HB group's workforce is dominated by Chinese employees with a minority coming from Malay, Indian and other ethnicity. But, so far at managerial level, the group has a good balance of all races except top managerial positions, which are currently dominated by Chinese, as shown in Table 4.2 below. The ownership structure is again predominately held by Malaysian Chinese although 30% of the shareholding is under the required legislation, to be owned by the Bumiputra (Malaysian Malay). Despite the introduction of professional managers into top management, HB remains a family business, with 2 children and several of their nephews or connected persons heading major divisions of the group.

Table 4.2: HB Managerial Level

Managerial level	Chinese	Malay	Others	Total
Top- Level	10	2	0	12
Middle-Level	15	5	6	26
Lower-Level	12	6	4	22
Total	37	13	10	60

Source: HB's statistics on managerial staff as at February, 2004.

The Company is one of the listed companies on the Main Board of Bursa Malaysia. The current stock price stands at RM1.25 per share with a heavy daily transaction of over RM5 million shares as of last week (*i.e.* 5th February, 2004) stock indices.

As at 31st December 2002 and 31st December 2003 respectively, the company's turnover and profit are shown in Figure 4.1.

Figure 4.1: HB Turnover and Profit as at December 2002 and 2003

Though HB has achieved significant success and a high public profile, it continues to embody a true value of frugality- no nonsense in terms of company's expenditures. The firm continues to prefer informal work procedures despite its size, spread and range of businesses, apparently in the belief that reduced bureaucracy fostered the free flow of ideas and encouraged staff loyalty. KH Lim being the majority shareholder and also the Chairman, attributed the success of the firm in large part to the excellent relationship management enjoyed with its staff and the excellent relationships the firm enjoyed with its suppliers. This is evidenced from some of the comments given during the interviews by various functional managers (see Appendix 3).

For example, one of the Marketing Managers interviewed was of the view that:

There are just too much things we could discuss about organisational culture. Right from the beginning till to-date, there are many stories told and retold regarding the founder of the organisation. How he became so successful in building his business empire. His quality traits and attributes enable him to lead the organisation, from a humble beginning to now a big and established conglomerate in Malaysia. Basically, our leader

treasures frugality virtue, saving cost and maximising profits. However, we often celebrate achievement such as promotion rewards and academic awards among employees. We also celebrate birthday parties for colleagues and our leader and so fore.

In this connection, Audit and Finance Manager provided similar view:

Our leader is dynamic and visionary. We are guided by his clear direction. We value customers and all other stakeholders. Employees here are supportive and committed to our shared vision. Our culture is positive, people here are motivating and have a sense of belongingness.

KH Lim demonstrated a high degree of commitment to the markets it entered. Their success is not only confined to the local market but also covered part of the Asian region including countries like Indonesia, Burma, Vietnam and Cambodia. Despite intense and fierce competition, HB has proven to be successful in creating its global products within a span of 5 years since the take-over. By 2004, HB operated in 12 countries is expected to hit its annual sales of RM300 million.

HB's way of doing things is guided by a corporate philosophy as shown below and employees are expected to follow as closely as possible.

- Upholding principles of social responsibility to stakeholders.
- Maintaining prudent financial principles and interests.
- Creating a working environment that encourages employees' loyalty and long-term commitment.
- Entrusting position with high levels of responsibility to internationally recruited professional managers.
- Expanding beyond geographical horizon to sustain growth.
- Understanding customer needs, getting closer to market and adapting quickly to environmental changes.

Though some have attributed HB's success to its fast entrenched philosophy, the success of the firm remains controversial. In fact, there seemed to be speculation on how KH Lim was able to turn around an ailing company so quickly. Many observers could not accept the fact when larger and more established firms of this nature had faced difficulties. Others expected that HB would soon run into difficulties. In particular, observers highlight HB's aggressive expansion into related products such as Smart Home concept would not be appealing to the Malaysian lifestyle. Nonetheless, it has yet to be proven given a steady growth in the country's economy. However, some of the functional managers interviewed were optimistic of the company's future growth due to a strong cohesiveness among their members (See Appendix 3).

Quality Assurance Managers expressed their views that:

Members are always in agreement with what we do. They support our objectives and goals as they are committed to work together. We are constantly reminded of our leader's vision to strike for excellence and frugality.

Many of us believe that cultures glue us together. We have a leader who is our role model. He is often in favour of decentralised decision-making and empowerment. He encourages staff to participate in decision-making, allowing flexibility rather than rigidity to dominate work activities.

4.4 Background of SIME Lingo (Case Study II)

Sime Lingo is one of the subsidiaries of Sime group and is also a listed company on the main board of Bursa Malaysia. Sime group has more than 50 subsidiaries of which three companies are listed on the main board of the Kuala Lumpur Stock Exchange (Bursa Malaysia). Founded in 1910, the group has grown from a single company offering a single product and service in one country into a strong and dynamic international group with a comprehensive range of activities carried out by more than 27,000 employees in

over 260 companies in 19 countries. It is one of the Malaysia's leading multinationals and one of the South East Asia's largest conglomerates.

Sime Lingo main activity is apparel manufacturing in casual wear with sub-activities focusing on distribution and packaging of finished products. It has a total of about 3280 employees throughout the Malay Peninsula. Of this, more than one hundred are managers from different hierarchical level and the workforce is well mixed with Malay, Chinese, India and other ethnicity. The spread of managerial hierarchy is shown in Table 4.3. It adapts and maintains a flat structure and authority is decentralised. Employees appreciate a relaxed management style where management work closely with line staff. There is no corporate office for higher and top management; rather their desks are located close to their staff's, separated only by shoulder-high partitions. The closeness allows easy communication, efficient project management and speedy decision-making which are all critical ingredients to success amidst fast changing customer taste and fashion trends. The Company has five major divisions comprising of Manufacturing division, Human Resource division, Quality Assurance division, Marketing division and Accounting division.

Table 4.3: Sime Lingo Managerial Level

Managerial level	Chinese	Malay	Others	Total
Top- Level	5	17	1	23
Middle-Level	10	21	5	36
Lower-Level	9	15	4	28
Total	24	53	10	87

Source: Sime Lingo's statistics on managerial staff as at February, 2004.

The stock price as of May 2004 stands at RM3.25 per share with a heavy daily transaction of over RM10 million shares. As at 31st December 2002 and 31st December 2003 respectively, the company's turnover and profit are shown in Figure 4.2.

Figure 4.2: Sime Lingo Turnover and Profit as at December 2002 and 2003

The company has 27 subsidiaries and associated companies under its umbrella and all are related to its core activities. Again, out of these companies, 5 of them are dormant companies for several years without any businesses since its incorporation. While the remaining are engaged in a business which has one way or another connected to the parent company. Each of these related companies has its autonomy to operate in their own best approach. Decentralisation of authority is apparent in certain routine tasks and decision- making but not for highly unstructured decisions where decision-making are mostly centralised.

The shareholding of the company is mainly held by several nominee companies and the majority has some connection with the public agencies. Hence, the Board members are representatives of the nominee companies whereas Chief Executive Officer and Chief Operating Officer are head-hunted from outside with proven sound track records. All managers are well qualified in their own respective disciplines and possess relevant working experiences. As opposed to Case I, Sime Lingo in its entirety has no family connection one way or another but forms part of a large conglomerate which follows strictly to a standard rules, procedures and practices.

Sime Lingo believes in using a corporate philosophy to guide its employees working towards a common goal. In practice, the principles of philosophy which have been implicitly entrenched over the past few years are:

- Being entrepreneurial and accepting mistake as learning opportunities.

- Believing strongly in empowerment. If staff are allowed to contribute and participate, mistake can be minimised.

- Treating employees as an asset. Motivate employees mainly through a base salary that matched market rate and additional performance related bonuses. Training resulted in lower staff turnover.

- Establishing good rapport with stakeholders, in particular, customers and suppliers.

- Sensitising to customers' feedbacks, maintaining quality standards, proactive and reactive to changes in the environment.

Sime Lingo's expansion plan continues to flourish and to-date, it has penetrated into most of the Asian regions as well as other parts of the world namely United States, South Africa and Canada. Plans were also underway to undertake a joint venture with a China conglomerate to manufacture garments for US market. In addition, the company also established subsidiaries in Australia and Korea, to access these important Asian markets. Further proposed acquisition in China and India made it imperative that the company raised further capital. In order to differentiate itself from the rest and gain a market niche, the company began to emphasise its brand name, target new customers, expand its retail channel, broaden its product range and build its RandD capabilities.

4.5 Data Collection

Following the pilot case studies design and field procedures (Yin, 1994), data collection for the actual case studies were collected through separate; semi-structured interviews with various level of managers - Chief Executive Officer, Chief Operating Officer, Senior Managers, Departmental Managers, Assistant Managers and other lower management staff. Prior to interviews, all the interviewees were given a copy of the interview questionnaire. Giving questions to interviewees in advance has both pros and cons. It was intended to help them articulate the ideas better and as a result provide more comprehensive answers.

The likely bias arising was checked in two ways: First, by asking probing questions. Second, by cross-checking views of interviewees with other interviewees in the same company (Tashakkori and Teddlie, 1998). The experience and practice of author helped to overcome the bias in replies of interviewees to some degree. The interview questions were the same for all levels of management (See Appendix 6). They were open-ended and were supplemented with appropriate probing questions to gain further insight into the issues. Consistent with Hofstede *et al.* (1990), interviews were tape-recorded and reports were written in a prescribed sequence using interviewees' actual words. Some chose not to be tape-recorded to avoid any untoward remarks. It was then decided to switch on and off for certain sensitive information the interviewees refused to divulge.

Prior arrangement was made to ensure that targeted managers were notified about the date of the interviews. While trying to ensure as much areas as possible are covered, there are many other identified areas that required considerable time and efforts to explore further, and as far as possible a more conducive ambience is necessary to reach a desired outcome. According to Easterly-Smith and Malina (1999), interviews conducted off-site seem to be more effective as managers tend to open up with all kinds of opinions and indiscretions which would be inconceivable at work. Managers who were unable to be interviewed due to their tight schedules had been specially arranged to be interviewed over weekends and holidays. A letter seeking the company's permission was delivered to the office by hand and until permission was granted. The author began contacting the managers to be interviewed.

Before the start of the interview session, managers were assured that their responses were kept strictly confidential. Each interview lasted between 1-2 hours. The interviewer observed certain rules in conducting the interviews keeping to basic interviewing principles and practices (Zikmund, 2003). This method of interview is useful to probe further novel and undiscovered issues, and perhaps, to obtain a more convincing answers for complex issues as well as to gain a sufficient insight into the company's situation.

In spite of the tight duration, interviews were completed within the stipulated timeframe. This is probably due to the fact that lunch and dinner hours were maximised by having interviews stretch over meals and for one or two managers, it was held at their residences in the evening according to their choice. Furthermore, the manner in which such interviews were conducted is partially due to managers' busy schedules and unrelenting pace. Albeit all efforts to access as many managers as the author possibly could, still, there are a few top managers whom the author could not reach not because of their unwillingness to cooperative, but according to their Assistants, they were abroad for investment portfolios.

Although data were collected from February to March 2004, it was intense and vigorous leaving no room for any break in between. There were altogether a total of 15 managers interviewed for HB group (see Appendix 2a). As HB management is dominated by Chinese, more Chinese managers were interviewed compared with Sime Lingo. A list of the interviewees in Sime Lingo was shown in Appendix 2b. In total, 20 managers from various levels were interviewed. Apart from questions in the interview questionnaire, additional questions were asked to explore broader issues such as history of the company, strategy and future direction of the company. Interviewees were also asked to describe their personal history with the company and their job roles and how they feel about the job and relationship with the company *per se*.

Secondary sources such as external sources (*e.g.*, newspaper reports) and internal documents (*e.g.*, organisational chart and annual reports) were part of the data collection process. Yin (1994) admonishes the use of multiple source of evidence increases the construct validity of the research.

Top managers, especially CEOs were very busy people. It was not always possible to reschedule an appointment with them. In the two companies where the CEOs were away or not available for a long period of time, the most senior managers who had been working with the companies for a considerable amount of time were interviewed. Table 4.4 shows the summary of the total managers interviewed.

Table 4.4: Total Managers Interviewed

Status	Department						Total
	Production	Marketing	Human Resource	Audit and Finance	Quality Assurance	IT	
HB	2	3	2	3	3	2	15
Sime Lingo	4	3	4	3	3	3	20
Total:	6	6	6	6	6	5	35

4.6 Data Analysis (Case Study I and Case Study II)

Following Miles and Huberman's (1994), proposal for quality data analysis, the conceptual development was done continuously in a way that followed a process of concurrent data collection and analysis. Interviews were transcribed verbatim. Care has been taken to read the transcripts thoroughly and proof read by another colleague. Qualitative data were content-analysed. In such analysis, the author was careful in interpreting what the interviewees meant with their statements. Any unclear expressions or statements were clarified over emailing or telephoning until consensus achieved. To guard against bias in qualitative data analysis, each manager transcription was content-analysed at least twice, the second analysis served to verify or contrast the initial set of results.

The thematic analysis procedure for grounded theory recommended by Glaser and Strauss (1967) was followed. The same procedure was repeated in Khatri and Budhwar (2002) in their research into human resource issues in Asian context. In this method, there are two steps: categorisation and coding. Categories were developed according to research question to provide labels in order to group the issues and themes identified. The qualitative evidences were systematically content-analysed and sorted under relevant categories (Saunders *et al.* 2000). Key word frequency was also used to supplement the content analysis (Pegels and Yang, 2000).

The categories represent items of common meaning (Cunningham and Debrah, 1995). In this case, under the category "competent managers", respondents may describe a competent manager as "professional people" or "skilful managers" or "experience managers" and so forth. These descriptions were grouped into the same category.

4.7 Analyses and Discussions of the Case Study I and II

The major findings of the study are as follows:

4.7.1 Culture with Strong Characteristics

Known characteristics of the corporation were compared with the characteristics of the strong and weak organisational cultures (Katz and Kahn, 1978; Cooke and Rousseau, 1988; Rousseau, 1990; Kotter and Heskett, 1992; Schein, 1997; Schneider and Barsoux, 1997; Bartlett and Ghoshal, 1998; McShane and Von Glinow, 2000). With respect to the characteristics of a strong organisational culture, the interviewer observed a consistent trend in the companies surveyed as either one or/and both possess the following: (1) presence of a strong leader, (2) strong connection with rewards and behaviour, (3) relatively low turnover, (4) strong informal communication network; (5) formal socialization process for new employees; (6) well-established and long standing company (7) relatively stable corporation. With regards to characteristics of weak cultures, either one and/both also possess the following: (1) Large organisation structure, (2) have been multiple mergers and acquisitions, (3) widely differentiated with respect to geography, product, market and technology. A summary of findings with regards to strong and weak cultures is presented in Figure 4.3.

Figure 4.3: The Corporation's Culture

Characteristics of	
Strong Cultures	Weak Cultures
1) Presence of a strong leader	1) Large organisation structure
2) Strong connection between rewards and behaviours	2) Geographic, product, market, or technology differentiation
3) Relatively stable organisation	3) Mergers and Acquisitions
4) Well established organisation	4) Managers who are arrogant, not value stockholders, hostile towards leaderships and change value
5) Low turnover	
6) Strong, informal communication network	
7) Care deeply about customers, employees and stockholders	

HB Group was originated out of Japanese culture. The new owner is a Chinese entrepreneur who sold his formal listed company to another entity. He received very little formal education but continues to earn the respect particularly from the Chinese community. He is also the symbol of the HB group being the real "Boss" known to all employees in the group. Inherited in him are truly typical Chinese beliefs, customs and traditions bound. In relation to point (1) above (*i.e.*, presence of a strong leader), several senior managers from HB group remarked (see Appendix 3 for transcripts):

The HB leader, KH Lim is basically a man of principles, talking about how to save dollars and cents, how to bring in more profits, and frugality is a way to minimise unnecessary expenditures...realistic and down-to-earth in his character to know the true sense of survival.

While remarks from some of the managers corroborated point (2) above (*i.e.*, strong connection between rewards and behaviour):

Everybody here in the Group look upon him as a Hero and try to emulate him... respect him as a man who value hardworking employees and highly remunerate the employees who produce results, achieve targets and the goals.

The interview data extracted from Sime Lingo group revealed that staff turnover rate is modestly low due to job satisfaction and a favourable reward system. An IT manager remarked:

I have worked for many companies before, the present company has the most reasonable reward system which goes well with contributions from staff in terms of commitment, right attitude to work and must always be proactive.

In the process of interviewing, the author realised that issues pertaining to national culture has a greater impact on managers' behaviour whilst topics relating to organisational cultures were asked. This element was then incorporated into the final survey instrument. As Newman and Nollen (1996:2) observed:

> *"National culture is embedded deeply in everyday life and is relatively impervious to change"*

Some managers interviewed interjected with topics such as authority, hierarchy, formal rules and regulations, Confucian's teaching such as good virtues and hence, the interview results were summarised as follow:

4.7.2   Power-Distance Culture

In organisations, power-distance influences the amount of formal hierarchy, the degree of centralisation, and the amount of participation in decision-making (Newman and Nollen, 1996). In HB case, unequal distribution of power seems to be quite high as the group focuses more on centralisation of authority and decision making. This is particularly apparent where power is highly concentrated in the hand of the founder and a few top

managers who are likely to be members of the family or persons connected with the family. It can be seen that more authoritarian management is a common practice in HB group. Whereas, in Sime Lingo case, the ownership structure varies because the majority shareholders are not controlled by a family members but consists of Government Agencies and other nominee companies. There is a low power-distance and managers are encouraged to be more participative.

4.7.3 Uncertainty-Avoidance Culture

Uncertainty-avoidance is the extent to which people feel threatened by uncertain, unknown, or unstructured situations. In organisations, uncertainty-avoidance is manifested by the clarity of plans, policies, procedures, and systems. Reliance on clear procedures, well-known strategies, and well-understood rules helps employees reduce uncertainty and cope with their discomfort with unknown situations.

HB case seems to be at a higher end of the continuum whereby rules and procedures are still unclear in certain ways. But, managers tend to respond more forcefully and extremely to the environmental uncertainty and threat, and were more likely to respond to such threats with major organisation redesign and large-scale training programs. These findings seem to have similar result with Schneider and DeMeyer (1991). In comparison with Sime Lingo, there is a well-written set of rules and regulations, policies and procedures. Organisational behaviour is properly guided and direction is clear, employees feel sense of belonging and security. This conclusion about the managerial behaviour is supported by Kanungo and Wright (1983), who discovered that many managers in Britain, a weak uncertainty-avoidance culture, placed much greater importance on individual achievement and autonomy than managers in France, a strong uncertainty-avoidance society.

4.7.4 Individualism or Collectivism Culture

Individual cultures are loosely coupled. Individuals are expected to look out for themselves and their immediate families. Status derives from individual accomplishment. Collective cultures rely on membership in groups - social classes, communities, religious, or extended families. Both HB case and Sime Lingo cultures seem to be in favour of collectivism. Individuals in high individualism organisation look after primarily after their own interests. Obviously, it was not a strong culture as against employees who are in low individualism. This contention is particularly supported by Jackofsky and Slocum (1988) who argue that in low individualism culture, employees attach more importance to structure than to freedom in their jobs and are more emotionally and morally involved with their organisations than employees in cultures which stress high individualism. Redding and Pugh (1986) also support these contention - they found that organisation in China, a collectivistic society, tend to be less formalised than western organisations.

4.7.5 Masculinity or Femininity Culture

Masculine culture values achievement and abhors failure while feminine cultures value affiliation and view failure as much less important. In organisation such as HB case, managers accentuate on result orientation and intolerant to failure as they perceived it to be damaging to financial capability. In this respect, it is pertinent that the company has a pool of competent managers that spur the direction to positive outcome. As can be seen in HB group, achieving target is a goal that managers strive to achieve. A senior manager from Sime Lingo remarked:

Majority of top manager positions of the company are still held by males. Male managers are expected to carry out the assertive, ambitions, and competitive roles.

Consistent with Hofstede's findings (1980a) two case studies exhibit strong masculinity, and managers strongly valued a profit motive.

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4.7.6   Confucious Dynamism Culture

The findings for both cases were in favour of this dimension. Clearly, there were a high percentage of Chinese occupying managerial positions in the two companies. This dimension is characterised by patience, perseverance, respect for one's elders and ancestors, and a sense obedience and duty towards the larger good (Hofstede, 1991).

Employees in Confucian-based organisations are thus probably strongly committed to group objectives, highly motivated to work, and rely more on informal than on formal controls. And they probably respond better to an authoritative decision-making and leadership style than to a participative one. This is supported by Chung (1978) and Nam (1971), who found that South Korean managers demonstrate the Confucian virtues of loyalty and obedience to authorities, and by England and Lee (1971) who observed that South Korean managers tend not to adopt systems of shared management and power equalisation within organisations.

Consistent with Newman and Nollen (1996) findings, this study also covers the fifth dimension of Hofstede and Bond (1988). Certain elements of Confucian teaching are strongly embedded because of a high percentage of managerial positions being held by Chinese. A collection of virtue such as working hard, perseverance, thrift and patience is commonly found among Chinese managers. Nonetheless, Malay Managers do not seem to demonstrate such virtues; instead, they value a complacent and comfortable lifestyle without having to really take on extra miles to achieve self-actualisation. This also means that Chinese managers value certain virtue which may not be treated as equally important amongst other races, particularly Malay. But, the organisation environment would somehow attune to more of the majority who are in control.   Consensus views were noted from managers as follow:

In this organisation, employees are treated fairly according to the existing system and procedures which have put in place, and that no one has ever challenge the system and procedures are well written to be followed. As long as you are sufficiently competent to

do a job, you would be rewarded and given the chance, but, of course, if you would have possessed interpersonal skills, you would have an edge over the others!

Several quality traits were unveiled among Chinese managers but not among Malay managers. Generally, Chinese are more entrepreneurial, orientation towards education, adventurous, resourceful, good virtue, possession of marketing skills and social skills, adaptability and industrious. Whereas, Malay managers generally may not be that resourceful, good followers, unable to withstand work pressure, weak in networking, lack of sound knowledge, complacency, and lack of entrepreneurial mind. All Malay managers interviewed are of the same views and they expressed that:

As far as Malay cultures are concerned, it is quite natural to say that since inherited from their ancestor, the interest of Malay in Malaysia have been more or less well taken-care-of, and hence, it is sad to say that Malay managers, generally, do not seem to possess characters that are "strong" such as aggressiveness, adventurous, assertiveness, adaptability... compared with Chinese. However, Malay employees per se are said to be more trustworthy.

In the main, the interview results show that most of the managers in both companies were in favour of the characteristics of strong cultures.

4.7.7 Managerial Competencies Domain

Managerial competencies include personal traits and qualities. These include the self-confidence, integrity and initiative. Managers may be expected to demonstrate effective social skills. This includes interpersonal style, personal wisdom and experience with people.

The two companies under study revealed consensus views on competencies required for managers to perform their duties. Consistent with Hamel and Prahalad's (1994) definition, one senior manager interviewed expressed his views that all managers need to

possess a bundle of skills or competencies which are relevant to their work in order for them to discharge their duties and responsibilities.

As Managing Director/Executive Chairman of the HB group which is a Chinese-controlled group of companies, KH Lim has the courage and experience (based on his rule-of-thumb experience) to actually lay down strong principles of how to sustain the competitiveness of the product markets, not only locally but also globally, taking into consideration external forces that are beyond prediction. These unwritten principles are engrained in the company's culture and every manager is expected to know and be able to apply in the course of discharging his/her duties. Hence, at this stage, managers who are perceived to have possessed an idiosyncratic combination of competencies such as inclination towards results-orientation, familiarity of work, cost saving, decision-making skills, proactive and risk-taking will more likely be "spotted" or noticed by the top management.

The style of management varies from one manager to another. Nonetheless, the centre of focus is still guided by a set of rules and regulations of which some have been written and others are invisible. It was with this perception in mind that lower level managers prefer to wait for instructions from the top of hierarchy before their own free style or approach in solving problems. In this context, lower and middle level managers make structured decision makings whilst top managers, in consultation with the Executive Chairman will make non-routine decisions. Two senior managers interviewed express their views that:

Before any decision making is made, be it unstructured or risk bound, I will get my stuff ready, check the background, search and researching, consult relevant experts... be well prepared; then discuss with the big boss,. By so doing, my "rice bowl" or interest will be protected. I might be handsomely rewarded if the decision making helps to close a lucrative deal, but, if not, I will have to face the music and being "cold-storaged" and my future advancement here will be gone!

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However, the HB group pay bonus every year as a form of appreciation in return for the staffs' contributions. Fringe benefits are quite standard covering medical expenses, travelling allowance, retirement gratuity whereas car and golf memberships are for higher management only. The HB group provides job security and life-long employment which it has inherited from the Japanese culture. As a result, the rate of turnover is relatively low and morale is high among the employees. This phenomenon is also an indication of a strong culture the company inherently practises over the past few years (Barlett and Ghoshal, 1998; Cooke and Rousseau, 1988; Katz and Kahn, 1978; McShane and Von Glinow, 2000; Schein, 1992). Interviewees revealed that:

Although in principle, these benefits are clearly spelt out in the company's policies, but again, may I be more prudent to say that such positive reinforcement in kind are quite recession sensitive, and therefore, such benefits can still be withdrawn should it be vulnerable to external forces. Of course, we hope for the best and so far, we have not resolve to any undesirable actions.

One shortcoming noted is that managers must know the trick of "who you know and not what you know". In theory, all managers are required to possess relevant qualifications and competencies to do a good job. Sadly, in the actual environment, working atmosphere is not conducive because the managers do not have the autonomy to exercise their own rights and authorities. Generally, you ought to have the opportunity to work closely with the top management and prove your abilities. This is indicative of the advantage of having social skills to be able to work and mix around with the right people. Managers therefore need not be brilliant but must have good contact, especially if they belong to the informal club that allows them to establish networking, and socialise with people who has power and authorities. Several managers interviewed provide similar opinions:

Working in a multi-cultural environment, one needs to be astute enough to realise the importance of personal contact associating with people who are in power, and hence,

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one who is able to possess interactive and social skills (here, people used to say rub shoulder) will be the one who excel and eventually become a high flyer...

Unlike HB Group, Sime Lingo has an origin from British colonial and that the management approach, organisational system and behaviour are very much influenced by western culture in terms of employee participation and decision making. The ownership is predominantly controlled by local authorities which are state-owned and hence, the composition of the board of directors have Malay (bumiputra) outnumbered all other races.

The organisational structure is decentralised with absolute empowerment given to lower level of management especially on routine and operational nuances. People here tend to be uniformed, discipline, formal and punctual. They seem to be the kind of people who like to work in a discipline structure. The CEO is highly respected and is treated as a "hero" of the company. All key or strategic positions are held by people recruited from outside with an exception of one or two seconded from the State Government. There is no such thing as "controlled by family members" as is more frequently practised in HB group. In such working environment, people are more inclined and motivated to work harder as rewards depend on competency and collegiality. Turnover rate of staff is low among managers of Malay origin. Employees are complacent with their status quo albeit with little career advancement for some of them. Eight out of ten managers interviewed concurred that:

One thing good about this company is that, unlike family-controlled business, here, as long as you are able to prove yourself, your aspiration of trying to accomplish your goal is rather rewarding! Of course, the company expects quality traits and performance along with teamwork spirit that makes a holistic system workable!

Generally, managers who are competent in terms of interpersonal skills, technical skills, proactiveness, willingness to learn and result-orientated, would be more likely to excel and receive attention from the top management. They are also expected to participate in

the meetings routinely held by the company. Members of the meetings are well prepared to avoid being criticised from other members that would probably lead to unfriendly atmosphere.

4.7.8 Competencies and Performance

The HB company values managers who are uniquely competent to work as a team and navigate the future direction of the company. Over the years, the company has been deeply embarking on diversification strategy, expanding into others related products emanating from the core competent managers (strategic assets) that the HB company owns. For instance, The General Manager of Finance Department is assigned to oversee financial matters of other related subsidiaries. General comments given by informants are:

Barring other influences, the company has been successfully tapping on intangible resources such as managerial competencies, knowledge and skills to enable the company to strategise its future direction.

Seven out of ten managers surveyed are of Chinese origin. Comparison was made between Chinese and Malay managers in terms of the diverse cultural background, their personal characteristics and religion. Interviews uncovered that Malay population *per se* tends to be more religious and as a result, their decision makings somehow are guided by their religious teaching. All line departments namely production, customer service, and marketing as well as staff departments (audit and finance) are headed by Chinese.

Since incorporation, Sime Lingo has been quite active in venturing into other related products. After each venture, a new subsidiary is formed to take charge of the business activity. Manpower sharing is not uncommon particularly senior managers who may have to oversee the strategic issues of the new subsidiary. In this context, managers are expected to be competent to handle variety of tasks not only within its domain, but encompass tasks beyond its boundary. Senior managers interviewed revealed that :

Our jobs here go beyond what is expected by the owners, when you are put in this position, you are expected to perform over and above an acceptable level by not only managing your own boundary, but far more than what is expected by the stakeholders. You ought to be someone who are not ordinary but someone who are always above your competitors!

4.8   Conclusion

This Chapter focuses on qualitative approach using two case-studies. One local listed company and a multinational company, also listed on the Bursa Malaysia main board. Though qualitative approach in studying cultures usually provides much in-depth information about the organisation (Ott, 1989), it is not likely to facilitate systematic comparison between studies, because of likely variations that will exist between investigations (Sackman, 1991). Henceforth, this qualitative approach used would then be supplemented by quantitative strategy in the following chapter.

The first part of the interviews revealed characteristics of strong culture the two companies in terms of leadership, structure, staff mobility, organisation stability, communicative channels and interests of stakeholders. Both also inclined to exhibit strong characteristics except Sime Lingo which appear to have applied formal communication channel.

Subsequent interviews unfolded the five dimensions of Hofstede's national cultures. Results pertaining to individualism-collectivism domain seem to be consistent with Hofstede's a finding (1980a) in which Malaysia favours more of collectivism than individualism.   However, one striking result was found between MNC and local-controlled companies showing differences in uncertainty avoidance cultures. In Sime Lingo, well defined rules are structured as against HB where there were no clear policies, rules and practices. The element of national cultures which was not included in the revised semi-structured questionnaire was then incorporated into the final survey instrument used in the ten diversified companies. Finally, interviews also revealed the

skills and competencies required for managers to discharge their duties in a more diligent and professional manner and how such personal attributes could bring forth the performance of organisations as a whole.

CHAPTER FIVE

CASES AND RESULTS LINKING CULTURES AND MANAGERIAL COMPETENCIES

5.0   Introduction

This Chapter presents, specifically, findings of the survey on the respondents' and companies profiles; the relationship between organisational culture strength and managerial competencies; between cross cultural dimension and managerial competencies; and between culture strength and cross culture dimensions.

Ten well-diversified public listed companies based in Malaysia participated in this study, five of which were solely local-controlled diversified groups while the remaining five had its equity held by foreign stakeholders. Respondents consisted of upper, middle and first line managers. Several statistical analyses were compared across the ten groups and the moderating effects of age, education and position were presented in this study.

Overall, this chapter presents the results of the investigation on the relationships between culture, including national and organisational culture and managerial competencies. Section 5.1 presents the results of the respondents' profiles in terms of the mean scores and standard deviation. The companies' characteristics were reported in Section 5.2. Section 5.3 reports the relationship between culture strength and cross cultural components. Section 5.4 discusses the relationships between culture strength and managerial competencies while Section 5.5 depicts the relationships between cross culture components and managerial competencies, and Section 5.6 concludes the overall analyses.

5.1 Respondents' Profiles

This section presents a general profile of the respondents' demographic statistics on age, gender, ethnicity, level of education, position in the company, level of management, working experience as a manager, duration of working in the present company. The overall distribution of frequency was reported in Table 5.1. There was a fair proportion of 166 (60.%) male to 110 (39.9%) female suggesting a representative percentage of female population across the ten companies. In addition, in the Table 5.1, a clear indication of married personnel compared with those who remained single is depicted. The majority of respondents were over 30 years of age (92%).

The slight imbalance of ethnicity ratio seems to confound the proportion of races as indicated by a large percent of both Chinese 157 (56.9%) and Malay 118 (42.8%) respondents only. In the case of the five MNC companies which have a foreign interest, there were an insignificant percentage of foreign managers. These managers were difficult to reach as they were either scattered over branches locally or residing in other countries. The results also show that there was a high concentration of middle (58.2%) and lower (31.9%) managers with an insignificant percentage from higher (9.8) level echelon. It is noted that this scenario is commonly applicable to local industries. Top managers are fewer in number and clearly, they are busy people with tight work schedules.

The survey results show a high proportion of managers (62.7%) holding a basic degree compared to a diploma. This also reflects a well perceived Malaysian scenario whereby managers are generally expected to hold at least a degree qualification. It is also a general recruitment trend where degree job seekers are taken into the workforce as first line managers. A total of 59 (21.4%) of the managers are diploma holders. As quoted by a few Human Resource Managers, this group usually would work through the rank and file to be promoted to managerial level. Only 4% obtained the highest formal education. A handful of them (8.3%) have Masters qualifications. The remaining 7.2% fall under the category of professional education such as ACCA, CIMA, CIM.

The respondents surveyed consist of managers from different functional areas such as production, marketing, audit, human resource and others. The results indicated a fair distribution of population from each department/division. On average, the majority held managerial position for more than one year which is represented by 77% of the total managers who responded. Similarly, it also appears that for those working in the present company, the tenure of which was also above one year (46%) with 35% working for more than 5 years.

5.2   Company's Characteristics

Table 5.2 reports the turnover of companies, local and foreign ownership, percentage of foreign managers and number of managerial staff. Out of the ten companies surveyed, five had some foreign controlling stake. In these companies, there were also a small percentage of non-Malaysian managers indicating about 1%-10%. A substantive number of them hailed from Bangladesh, India, Burma and Indonesia. Further checks via telephone to the Human Resource personnel about the position they held in the organisations, it was revealed that the majority occupied positions such as engineer, technician, plantation supervisor and manager of the various divisions under the Group. They did not respond to the survey probably due to unavailability or deliberately excluded by the coordinators of the survey from the Human Resource department for whatever reasons.

All nine companies (92.8%) surveyed (*i.e.* KFC, IOI, SP, Sunway, Berjaya, SIME, Nestle, Guthrie and YTL) have over 80 managerial staff except Guinness (6.2%). As the ten companies are large conglomerates, all has an annual turnover of RM401 million (£56 million) and above.

Table 5.1: Demographic Characteristics of Respondents of the Ten Well-Diversified Public Listed Companies in Malaysia

Personal factors	Frequency*	Percentage
Gender		
Male	166	60.1
Female	110	39.9
Race		
Malay	118	42.8
Chinese	157	56.9
Indian	1	0.4
Others	0	0
Age		
25-30	13	4.7
31-40	119	43.1
41-50	135	48.9
51 and above	9	3.3
Marital		
Single	34	12.3
Married	242	67.7
Degree		
Diploma	59	21.4
Bachelor	173	62.7
Masters	23	8.3
PhD	1	0.4
Others	20	7.2
Present position		
Chief Executive Officer	3	1.1
Human Resource Manager	41	14.9
Production Managers	74	26.8
Auditing Managers	63	22.8
Marketing Managers	49	17.8
Others	46	16.7
Level		
Higher	27	9.8
Middle	161	58.3
Lower	88	31.9
Duration as manager		
Less than 1 year	29	10.5
1-5 years	111	40.2
6-10 years	104	37.7
More than 10 years	32	11.6
Tenure in present organisation		
Less than 1 year	29	10.5
1-5 years	126	45.7
6-10 years	97	35.1
More than 10 years	24	8.7
*N= 276		

Table 5.2: Frequency Distributions for Foreign Ownership, Foreign Managerial Staff and Annual Turnover of the Ten Well-Diversified Public Listed Companies in Malaysia

Company profile	Frequency*	Percent
Locally owned		
Yes	147	53.3
No	129	46.7
Foreign managers		
Yes	129	46.7
No	147	53.3
Percentage of foreign managers		
5% and Less	92	33.3
6% -10%	37	13.4
11% -15%	-	-
16% -20%	-	-
More than 20%	-	-
Managerial staff		
Below 20	-	-
21 - 40	-	-
41 - 60	-	-
61 - 80	17	6.2
More than 80	259	93.8
Annual Turnover		
Below RM100 million	-	-
RM101 - RM200million	-	-
RM201 - RM300million	-	-
RM301 - RM400million	-	-
RM401 million and above	276	100
* N= 276		

5.3   Test of Normality of dependent variables

The test of Normality was performed on all the transformed interval data, taking into account the 5% trimmed mean and the results were shown below (see Table 5.3):

Table 5.3: Normality of Variables of Culture Strength, Managerial Competencies, Cross Culture and Work Goals

Variables	Culture Strength	Managerial Competencies	Cross Culture	Work Goals
Mean	81	133.2	73.1	58.8
5% Trimmed Mean	81.4	133.7	73.4	59.1
Differences	0.43	0.50	0.30	0.30
Kolmogorov-Smirnov Test				
Male	.000	.000	.000	.000
Female	.004	.000	.001	.000

The results indicated that there was a small difference across all variables after taking into account the extreme scores, which might have a strong influence on the mean. The test using Kolmogorov-Smirnov was significant indicating violation of the assumption of normality (a non-significant result indicates normality). Pallant (2001) admonished that this outcome is quite common in larger samples. In this case, the results were further supported by the Normal Q-Q Plots which shows a reasonably straight line suggesting a normal distribution.

5.4 Results of the Impact of Cross Culture on Organisational Culture Strength

This section presents the outcome of hypothesis 1 concerning the impact of cross culture on organisational culture strength. The effect of the two variables was examined using Pearson product moment correlation. Several other findings such as comparisons of mean scores of culture strength across the ten companies using one-way between group ANOVA, t-test for culture strength score between local-controlled group and the group with foreign ownership. The moderation effect of position, education level and level of management were also included in this section.

HYPOTHESIS 1

H_o: There is no significant impact of cross culture, namely Hofstede's five major classifications, on organisational culture strength. (In relation to this, several other possible relationships are examined as follows):

(a)   There is no significant variation on the perception of culture strength across the organisations.

(b)   There is no significant variation on the perception of culture strength between the local-controlled group and the foreign-owned group.

(c)   Education level does not moderate the relationship between position and culture strength.

(d)   The level of management does not affect the relationship between the companies and cross culture dimensions.

H$_A$: There is a significant impact of cross culture on organisational culture strength

(a)   There is a significant difference on the perception of culture strength across the organisations.

(b)   There is a significant difference on the perception of culture strength between the local-controlled group and the group with foreign ownership.

(c)   Education level moderates the relationship between position and culture strength.

(d)   The level of management affects the relationship between companies and cross culture dimensions

The results were obtained from the ratings of three levels of managers on the culture strength. The total sample size was 276. There were three different levels of managers consisting of 27 top level managers, 161 middle level managers and 88 first line managers respectively from the ten companies (See Table 5.1).

Ratings were considered in terms of strength of mean scores for each item, as recommended by Hofstede (1991), as well as consideration of the variability of responses indicated by standard deviations for each item (see Table 5.4 and 5.5). It is fairly well accepted that strong agreement among employees regarding the content of an organisation's culture (values, ideology, *etc.*) provides evidence of culture strength

(Arogyaswamy and Byles, 1987; Cooke and Rousseau, 1998; Hofstede *et al*, 1990; Rousseau, 1990; Newman and Nollen, 1996).

It was predicted that mean scores for each item would be 3.5 and above for culture strength construct (on a scale from one to five, "strongly agree", being the most favourable response). This should particularly hold true for items one through fourteen as each of these items target specific characteristics of a strong organisational culture including agreement regarding the organisation's core values. Items seventeen to nineteen are concerned with specific management behaviour, while item twenty concerned particularly the worth of founder and employees.

High mean scores of four and above combined with low standard deviation (SD=0.59-0.73) were found for the following items: "encourage collaboration and teamwork regardless of geographic or functional distance" (M=4.24, SD=0.59); "Value employees who are goal-focused and committed to delivering results" (M=4.16, SD=0.59); Foster an environment of change and innovation and creativity" (M=4.07, SD=0.65); "employee are encouraged to act in the best interest of the customers" (M=4.07, SD=0.67); values employees who quickly and confidently make difficult decision" (M=4.00, SD=0.65) and " to do things that lead to high sales, low costs and high margin" (M=4.00, SD=0.73). (see Table 5.4) The low standard deviation indicates a high level of agreement among managers. Particularly striking is the fact that none of the remaining items was below 3.0 pointing to the fact that there is a strong, cohesive organisational culture across the organisations. Managers' high perception of the strong culture is also evident with mean scores concentrating from 3.80 to 3.99.

For instance, mean scores for "employees are rewarded for their ability to act in accordance with the company's value" (REWARD, M=3.99, SD=0.70), "value employees who utilise quality processes and metrics in their work" (QUALITY, M=3.96, SD=.06), "value employees who actively listen to others and hear them out before sharing their own ideas" (LISTEN, M=3.96,SD=.71) and "has a uniform set of values that serve to focus employee efforts" (UNIFORM, M= 3.96, SD=.69) were relatively

high as the majority of them from the ten companies agreed the values of these culture. Furthermore, the small standard deviation in this instance implies greater agreement among managers on the type of values driving the company. This study assumes that such agreement or rather consistency is an indication of the strength of the culture.

On thing worth noting is the "value the unique personality of founders and history of the company" (FOUNDER, M=3.67, SD=0.77). From the qualitative analysis, managers of a local controlled company interviewed were of the opinion that their cultures originated from the founder of the company and this value has been strongly entrenched and permeated throughout the company. On the other hand, managers of another company with foreign equity perceived otherwise, probably due to the fact that such culture has been gradually dissipated as the new recruits were not being briefed about the background of the history. Perhaps the company since its formation has revamped and restructured under different management teams. As predicted, the mean score of this item therefore was rated relatively low. The rating with a moderately high standard deviation indicated the managers from diverse cultural background perceived such culture from a different perspective and hence there was disagreement among them.

On a different note, managers do not seem to be in agreement with the item "value employees who work hard and have high energy level" (SD=1.02). This may probably due to the fact that employees are expected to work hard as they are paid to perform their tasks. It may be a tacit acknowledgement among employees where no additional rewards are reinforced for being hardworking.

Overall, the analysis points to many aspects of the corporation that serve to create a strong and cohesive culture. In addition, none of the items on the culture strength had low mean scores and high standard deviation. These ratings indicate that all level managers demonstrate a high level of agreement regarding the corporation's value and that they perceive the corporate cultures to be strong.

Table 5.4: Mean and Standard Deviation of Culture Strength Variable in Descending Rank Order

	Variables	Mean	SD
TEAMWORK	Encourage collaboration and teamwork regardless of geographic or functional distance	4.24	0.59
GOALFOCU	Values employees who are goal-focused and committed to delivering results	4.16	0.59
CHANGE	Foster an environment of change and innovation and creativity	4.07	0.65
CUSTOMER	Employees are encouraged to act in the best interest of the customer	4.07	0.67
DECISION	Values employees who quickly and confidently make difficult decisions	4.00	0.65
BEHAVE	To do things and behave in ways that leads to high sales, low costs and high margin	4.00	0.73
REWARD	Employees are rewarded for their ability to act in accordance with the Company's value	3.99	0.70
QUALITY	Value employees who utilise quality processes and metrics in their work	3.96	0.60
LISTEN	Value employees who actively listen to others and hear them out before sharing their own ideas	3.96	0.71
UNIFORM	Has a uniform set of values that serve to focus employee efforts	3.96	0.69
DEVOTETI	Value employees who devote time and energy to celebrating team and individual accomplishments	3.95	0.64
SUPPORTS	Obtain productivity through supports and values the worth of employees	3.89	0.59
KEYVALUE	Employees are well versed in he key values espoused by top management	3.89	0.72
LANGUAGE	Employees share a common language that facilitates communications among members of the diverse businesses and function within the corporation	3.88	0.73
DIVERSEB	The corporate culture within your company is strong, effectively binding all the diverse businesses into one cohesive organisation	3.87	0.79
WORKHARD	Value employees who work hard and have a high energy level	3.78	1.02
CARE	Value employees who demonstrates high level of care and concern for others	3.78	0.72
ATTRIBUT	Must have attribute and characteristics that are not known to the culture of a large number of other firms	3.75	0.73
OBSESSED	Is obsessed with customer services and satisfaction	3.68	0.71
FOUNDER	Value the unique personalities of founders and history of the company	3.67	0.77
IMITABLE	The way things are being done are imperfectly imitable	3.06	0.72
			N=276

Note: Respondents are asked to indicate 1 (strongly disagree) to 5 (strongly agree)

Table 5.5 shows the results of mean scores with 'teambuilding' (TEAMBUIL, M=4.07, SD=0.79) rated the highest amongst all other cross culture elements. As expected, all other elements were rated moderately higher indicating acceptable level of relevancy of the national cultures in the Malaysian context, except 'bypassing the boss' (BYPASSBO, M=2.32, SD=0.85), 'managers who encourage participation are likely to be weak and

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incompetent' (PARTWEA, M=2.18,SD=0.87) and 'life time employment' (LIFETIME, M=2.03, SD=0.79).

The three low rating elements seem to reconcile with the results of the interview reported in Chapter four. This also indicate that managers disagreed with 'bypassing the boss' and 'life time employment', while they perceived 'managers who encourage participation' as relevant to the work environment. Conversely, Newman and Nollen (1996) in their study of national culture found that East Asia countries employees have less participation in decision making.

Hofstede (1980a) in the study of the national culture based on IBM world wide found that members of the collectivist cultures place importance on fitting in harmoniously and saving face. As expected, this study appears to be consistent with the Hofstede's collectivist cultures. This is evident from the mean score of managers with element of harmony rated moderately high (M=3.60, SD=0.77). However, contrary to Hofstede's finding who found that members of individualistic cultures place more emphasis in self-respect. In this study, results of "self-respect" (M=3.55, SD=0.72) proved otherwise indicating agreement among managers of the importance of the variable.

Table 5.5 further shows that managers rated moderately low the element of 'by passing the boss' (BYPASSBO) (M=2.32, SD=0.85). Consistent with Hofstede's study, bosses and subordinates consider bypassing as insubordination in high power culture like Malaysia, whereas in low power countries such as the U.S. and Denmark, employees are expected to bypass the boss frequently in order to get work done.

As opposed to Hofstede's finding regarding life time employment, this study revealed a striking result whereby managers viewed lifetime employment (LIFETIME) as unimportant or irrelevant (M=2.03, SD=0.85). As predicted, managers highly agreed that clarity of policies (CLARITYP, M=3.99, SD=0.77) and well defined rules (RULESDEF, M=3.93, SD=0.73) are important as Malaysian tend to tolerate little or no ambiguity.

Table 5.5: Mean and Standard Deviation of Cross Cultural Variable in Descending Rank Order

	Variables	Mean	SD
TEAMBUIL	Team building is constantly encouraged	4.07	0.79
CLARITYP	Your company values clarity of plans, policies, procedure and system	3.99	0.77
RULESDEF	Rules and direction are well-defined	3.93	0.73
VWORKHAR	Value employees who work hard and committed to a common investment philosophy	3.90	0.70
VFRUGALI	Value virtue of frugality, not spending more than necessary	3.87	0.86
RESPRESU	Individuals responsibility for results and rewards	3.84	0.73
VACHIEVE	Your company values achievement and abhor failures	3.84	0.70
COLLECTM	Collective management emphasise work unit solidity and team-based rewards	3.82	0.76
PARTICIP	Your company values participative decision making	3.80	0.80
SOLVPROB	Solving problems for the long term than making 'quick fixes'	3.76	0.83
TREATOTH	Treating others as one would like to be treated oneself	3.74	0.82
VPATIENT	Your company values patience, perseverance, respect for one's elders and ancestors	3.64	0.82
HARMONY	Individuals believe in harmony and saving face	3.60	0.77
SELFRESP	Individuals place more emphasis on self-respect	3.55	0.72
JUNIORSE	The junior owes the senior respect and obedience, the senior owes the junior partner protection and consideration	3.48	0.88
ORGCENTR	Organisation structure is centralized	3.37	0.79
AFFILIAT	Your company values affiliation and view failure as much less important	3.33	0.90
LONGTERM	Your company provides long term employment	3.05	0.99
BYPASSBO	Your employees are expected to bypass the boss to get their work done	2.32	0.85
PARTIWEA	Managers who encourage participation are likely to be weak and incompetent	2.18	0.87
LIFETIME	Life time employment is encouraged	2.03	0.79
		N=276	

Note: Respondents are asked to indicate 1 (Not at all Relevant) to 5 (Very Relevant)

As shown in Table 5.12, there was a strong positive correlation between cross culture and culture strength [r=0.51, n=276, p<.0001] with high level of cross culture associated with high level of culture strength. Hypothesis 1 is therefore supported. Consistent with Hofstede (1980a, 1990) findings, national culture explained 50 percent of the differences in employees' attitude and behavior. Similarly, Laurent (1983) also found more pronounced cultural differences among employees from around the world within the same multinational company than among those working for organisations in their native lands.

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5.4.1 Results of the Comparison of Mean Scores between Ten Well-Diversified Public Listed Companies on Culture Strength Score

Using One-way between-group ANOVA, comparison was done among all the ten companies based on culture strength score. It was found that there was a statistically significant difference at the $p<0.05$ level in the culture strength score for the ten companies $[F=(9, 266)=18.1, P=.000]$ the results of which is presented in Table 5.6. The actual difference in mean scores between the groups was also large. The effect size calculated using eta squared was 0.38[a]

Table 5.6 Comparison between the groups on Culture Strength score

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5192.043	9	576.894	18.119	.000
Within Groups	8469.246	266	31.839		
Total	13661.290	275			

*ANOVA p<0.05 significant level

Post- hoc multiple comparisons using the Tukey HSD test indicated that the mean scores for the ten companies differ among the groups (see Table 5.7 and Figure 5.1). From the results of the mean differences at $p<0.5$ significant level, managers in IOI and SP Setia seemed to have a higher mean ratings compared to Berjaya and Sunway evidencing the

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[a] Calculation of Eta squared= Sum of Squares between groups/Total sum of Squares (5192.043/13661.290)=0.38. which is large effect (0.14) according to Cohen (1988)

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Table 5.7 Post-Hoc Multiple Comparison of Culture Strength Mean Scores across the Ten Public Listed Companies

	KFC	Sunway	Berjaya	IOI	SP Setia	Sime	Nestle	YTL	Guthrie	Guiness
KFC	X	-	-	6.9871*	7.2452*	-	7.9060*	-	7.6104*	7.0952*
Sunway	-	X	-	9.4633*	9.7214*	-	10.3822*	7.7531*	10.0866*	9.5714*
Berjaya	-	-	X	12.0919*	12.3500*	-	13.0108*	10.3818*	12.7152*	12.2000*
IOI	-6.9871*	-9.4633*	-12.0919*	X	-	-10.0910*	-	-	-	-
SP Setia	-7.2452*	-9.7214*	-12.3500*	-	X	-10.3500*	-	-	-	-
Sime	-	-	-	10.0919*	10.3500*	X	11.0108*	8.3818*	10.7152*	10.2000*
Nestle	-7.9060*	-10.3822*	-13.0108*	-	-	-11.0108*	X	-	-	-
YTL	-	-7.7532*	-10.3818*	-	-	-8.3818*	-	X	-	-
Guthrie	-7.6104*	-10.0866*	-12.7152*	-	-	-10.7152*	-	-	X	-
Guinness	-7.0952*	-9.5714*	-12.2000*	-	-	-10.2000*	-	-	-	X

Post-Hoc Multiple comparisons using Tukey HSD
*The mean difference is significant at the $P<0.05$ level

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culture is strong in both companies. Thus, the results supported the Hypothesis 1 (a) indicating that there was a statistically significant variation across the groups.

Figure 5.1: The Ten Companies' Culture Strength Mean Scores
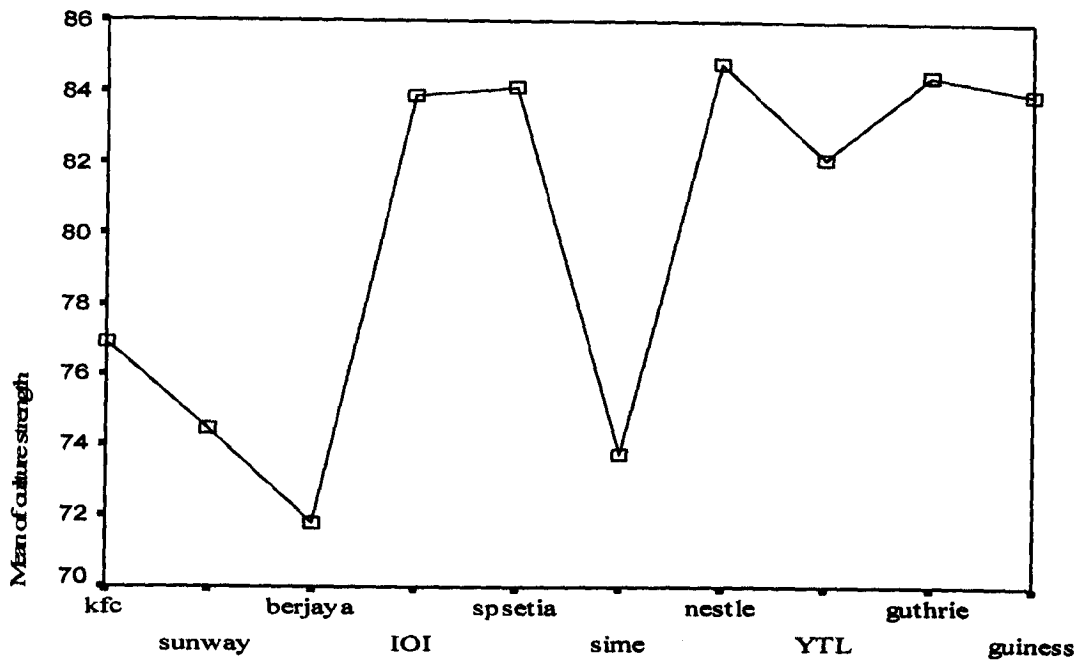
5.4.2 Results of the Comparison of the Two different Groups (Local-Controlled and Foreign Equity) on Culture Strength

The ten companies were computed and recoded into two different groups. One group of five companies represents the local-controlled group, the other five companies with some foreign equity. An independent-samples t-test was conducted to compare the culture strength mean score for the two groups. The results were presented in Table 5.8. There was no significant difference in the mean scores on culture strength for each of the two groups. The local-controlled group (M=80.86, SD=8.04) as well as the group with foreign ownership (M=82.47, SD=5.63; t(261)=-1.94, p=.053). The magnitude of the difference in the means was large (eta squared =.16)[b]. The results therefore did not support hypothesis 1 (b).

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[b] eta squared= $t^2/ t^2+(N1+N2-2)$=.16 Cohen (1988) proposed guidelines, .01=small effect, .06=moderate effect, .14=large effect.

5.4.3 Results of the Moderation effect of Position and Education Level on Culture Strength

Table 5.9 presents the results of the effects of two independent variables (position and education level) on dependent variable culture strength. Using two-ways between-groups ANOVA, the results indicated that there was statistically significant main effect for position [$F_{(5,254)}=2.948$, $p<.013$] and the effect size was medium (eta=.6). However, the main effect for degree [$F_{(3,254)}=1.45$, $p=.23$] did not reach statistical significance. Notwithstanding this effect, the interactive effect [$F_{(13,254)}=2.59$], $p<.002$] indicated that there is a significant difference in the effect of position on culture strength for different education level. Hypothesis 1(c) is thus supported. Unlike Hofstede's (1980a) findings where national culture appears to have more influence over organisational culture compared to professional role, age, gender or race, this result proved otherwise as the research was done in a different context and setting.

5.4.4 Results of the Moderation Effect of Companies and Level of Management on Cross Culture Dimension

A similar approach using two-ways between-groups ANOVA was investigated on two independent variables (companies and level of management) on the cross culture dimension. Referring to Figure 5.2 plot, it presents the mean score of level of management. As presented in Table 5.10, the main effect of coname [$F_{(9,246)}=6.09$, $p<.000$] was statistically significant with eta=.18, which was large. No significant level was found for level of management. However, the interactive effect [$F_{(16,246)}=1.78$, $p<.035$] reached a significant level pointing to the fact that the effect of company on cross culture for the different levels of management. Hypothesis 1 (d) was fully supported.

Table 5.8 Comparison of Culture Strength Mean Score between the Local-Controlled and Foreign Equity Groups

| | | Levene's Test for Equality of Variances | | t-test for Equality of Means | | | | | 95% Confidence Interval of the Difference | |
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
culture strength	Equal variances assumed	17.145	.000	-1.901	274	.058	-1.6089	.8463	-3.2750	5.716E-02
	Equal variances not assumed			-1.944	261.593	.053	-1.6089	.8276	-3.2385	2.063E-02

Independent Samples Test
*Mean score at p<0.05 significant level

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Table 5.9 Tests of Between-Subjects Effects (Position and Degree)
Dependent Variable: Culture Strength

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Eta Squared	Noncent. Parameter	Observed Power
Corrected Model	1887.425	21	89.877	1.939	.009	.138	40.718	.984
Intercept	449458.484	1	449458.484	9696.260	.000	.974	9696.260	1.000
POSITION	683.351	5	136.670	2.948	.013	.055	14.742	.851
DEGREE4	201.123	3	67.041	1.446	.230	.017	4.339	.381
POSITION * DEGREE4	1564.973	13	120.383	2.597	.002	.117	33.761	.983
Error	11773.864	254	46.354					
Total	1852142.000	276						
Corrected Total	13661.290	275						

Main Effect*

Interactive effect*

a *Computed using alpha=P<.05
b R Squared = .138 (Adjusted R Squared = .067)

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Table 5.10 Tests of Between-Subjects Effects (Coname and Level)
Dependent Variable: Cross cultural Dimensions

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Eta Squared	Noncent. Parameter	Observed Power
Corrected Model	3413.043	27	126.409	3.974	.000	.304	107.302	1.000
Intercept	581341.412	1	581341.412	18276.649	.000	.987	18276.649	1.000
CONAME	1743.745	9	193.749	6.091	.000	.182	54.821	1.000
LEVEL	15.469	2	7.734	.243	.784	.002	.486	.088
CONAME * LEVEL	904.087	16	56.505	1.776	.035	.104	28.423	.936
Error	7824.738	246	31.808					
Total	1476352.000	274						
Corrected Total	11237.781	273						

a * Computed using alpha =P< .05
b R Squared = .304 (Adjusted R Squared = .227)

Interactive Effect*

Main Effect*

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Figure 5.2 Cross Cultural Mean Score by Level of Management
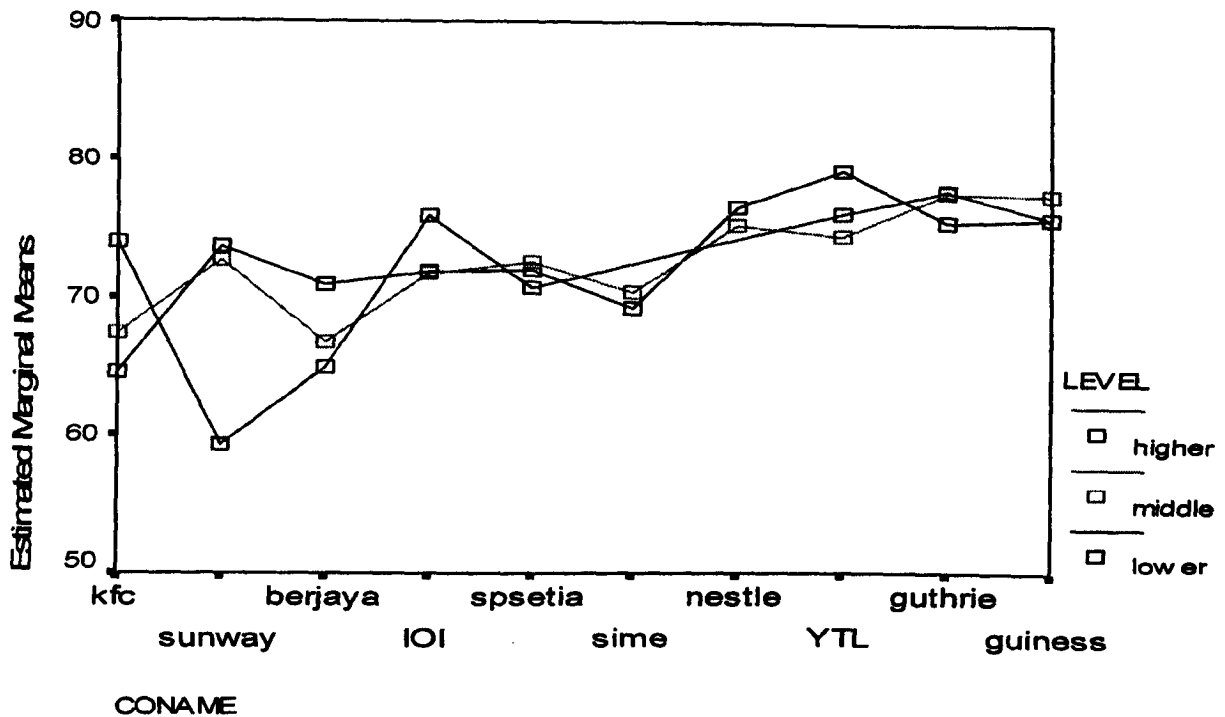
5.5 Results of the Relationship between Competencies and the Organisational Culture Strength

This section examines the main hypothesis on the relationship between competencies and organisational culture strength. Several sub-hypotheses were also investigated to compare the competencies level across the organisations and between the two main groups (local-controlled and foreign equity).

HYPOTHESIS 2

H_o: There is no significant relationship between competency elements with organisational culture strength.

(a) There is no significant variation in perception of competencies elements across the organisations.

(b) There is no significant variation in perception of competencies elements between the local-controlled group and the group with foreign ownership.

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H_A: There is significant relationship between competency elements with organisational culture strength.

(a) There is significant variation in perception of competencies elements across the organisations.

(b) There is significant variation in perception of competencies elements between the local-controlled group and the group with foreign ownership.

As expected, mean scores for managerial competencies are equally high as culture strength, this clearly support the hypothesis two with a combination of high mean score and low standard deviations (see Table 5.11). It is noted from the result that ten out of thirty four competencies items were rated as high as 4.0 points and above. These include ability to manage yourself and your responsibilities (MANAYOUR, M=4.16, SD=0.65); create a positive climate, provide coaching, training and development resource to improve performance (CLIMATE, M=4.11, SD=0.66); proactive in task restructuring, responsibility and implementation of plans and ideas (PROACTIV, M=4.08, SD=0.67); ability to adjust to changing situation and overcoming obstacles (ADJUSTCH, M=4.07, SD=0.71); ability to recognise and meet customers' needs (RECOGCUS, M=4.07, SD=0.67); ability to consistently display honest and integrity (DISPLAHO, M=4.03, SD=0.69), involve others and able to build co-operative teams (INVOLVE, M=4.03, SD=0.69), identifies feasible alternative or multiple option in planning and decision making (IDENTIFE, M=4.00, SD=0.63); ability to enhance knowledge and experience shared within boundaries and beyond (ENHANCEK, M=4.00, SD=0.61) and present ideas clearly with ease and interest so that other person understand what is being communicated (CLEARIDE, M=4., SD=0.63). This suggests that managers across the organisations perceived these competencies as important for them to perform their duties.

Table 5.11: **Mean and Standard Deviation of Managerial Competencies Variable in Descending Rank Order**

Variables		Mean	SD
MANAYOUR	Ability to manage yourself and your responsibilities	4.16	.65
CLIMATE	Create a positive climates, provide coaching, training and development resources to improve performance	4.11	.66
PROACTIV	Proactive in task structuring, responsibility and implementation of plans and ideas	4.08	.67
ADJUSTCH	Ability to adjust to changing situation and overcoming obstacles	4.07	.71
RECOGCUS	Ability to recognise and meet customers' needs	4.07	.67
DISPLAHO	Ability to consistently display honest and integrity	4.03	.69
INVOLVE	Involves others and able to build co-operative teams	4.03	.65
IDENTIFE	Identifies feasible alternatives or multiple option in planning and decision making	4.00	.63
ENHANCEK	Ability to enhance knowledge and experience shared within boundaries and beyond	4.00	.61
CLEARIDE	Present ideas clearly with ease and interest so that other person understand what is being communicated	4.00	.63
PROMOCOO	Competence at promoting cooperation and building teams	3.99	.73
RECOGCOM	Ability to recognise competition and exploit opportunities	3.99	.65
PROFINIT	Proficiency in initiating new ideas and leading people in a new direction	3.99	.72
STANDARD	Processes high internal work standards and sets ambition, risky and yet achievable goals	3.99	.62
UNDERSTA	Understand ideas, concepts and feelings of another	3.98	.72
INSPIRE	Ability to take change and inspire with a compelling vision	3.95	.75
GATHER	Gathers different kinds of information and sources to build rich informational environment	3.93	.64
EVALUATE	Ability to evaluate your strengths and weaknesses	3.90	.74
CONFIDEN	Express confidence in the future success of the action to be taken, a strong and positive sense of self-worth	3.90	.72
ENCOURQN	Encourage questioning and experimentation through empowerment and individuals	3.89	.75
PROFCULT	Proficiency at cultivating and maintaining a web of relationship	3.89	.65
EXTERVIS	Possesses external vision to learn from the environment in which the business operates	3.89	.72
SECUREK	Ability to secure and store knowledge against loss and theft	3.89	.65
LISTENSK	Skill at listening and at sending clear, convincing, and well-tune messages	3.89	.69
SENSEEMO	Ability to sense other people's emotions, understanding their perspective, and taking an active interest of their concerns	3.88	.69
KEEPEMOT	Ability to keep disruptive emotion and impulse under control	3.88	.77
CAPABLEC	Capable of being creative, risk taking and tolerance of mistake	3.87	.73
USEMETHO	Use a variety of methods to gain support for ideas, strategies and values	3.86	.67
READ	Ability to read and understand emotions and recognise impact on work performance and relationship	3.83	.73
BUILD	Build framework or models or forms, concepts, hypotheses or ideas on the basis of information	3.81	.74
BOLSTER	Propensity to bolster the abilities of others through feedback and guidance	3.80	.69
READCURR	Ability to read the currents of organisational life, build decision	3.79	.76

	networks, and navigate politics		
WIELDTAC	Ability to wields a range of persuasive tactics	3.73	.68
DEESCLAT	Ability to de-escalate disagreements and orchestrate resolutions	3.72	.68

Note: Respondents are asked to indicate 1 (Not at all Important) to 5 (Very Important)

While the remaining competencies are rated moderately high indicating a strong congruence of the perceived important, with a high level of perceived culture strength and a high level of perceived competencies.

The results shown in Table 5.12 also support the positive correlation between culture strength and competencies [r=.39, n=276, p<.0001]. As suggested by Cohen (1988), the range of r=.30 to r.49 is considered as medium. In this case, r=.39 falls within the range. The r value also suggesting 15.2 (square of r. 39) per cent shared variance. Culture strength helps to explain nearly 15 per cent of the variance in managers' scores on the competencies scale. Thus, hypothesis two is supported.

Table 5.12: Mean, Standard Deviation and Correlations of Culture and Competencies Variables[a]

Variables	Mean	Standard Deviation	1	2	3
1. Culture Strength	81.61	7.04	X		
2. Work Goals	58.69	5.43	0.194***	X	
3. Competencies	133.77	11.97	0.393***	0.343***	X
4. Cross Culture	73.12	6.42	0.505***	0.292***	0.376***

[a] all cases are significant at *** p<0.001 [correlation is significant at the 0.01 level (2-tailed)]
s.d.- standard deviation, N=276

The relationship between the culture strength and cross culture, between competencies and culture strength, between competencies and cross culture, between competencies and work goals were investigated using the Pearson product-moment correlation coefficient. There was a strong positive correlation between culture strength and cross culture [r=.51, n=276, p<.0001] with high level of culture strength associated with high level of cross culture. The same was also evident between competencies and culture strength [r=.39,

n=276, p<.0001] with high level of competencies score with high level of culture strength. Similarly, it was evident between competencies and cross culture [r=.34, n=276, p<.0001]; and between competencies and work goals [r=.19, n=276, p<.0001].

To explore the direction of the relationship, four sets of scatterplots were performed on the four variables between culture strength and cross culture; between competencies and work goals; between competencies and culture strength; as well as between competencies and cross culture dimension. It was noted that there was a positive relationship across all the variables examined. For instance, high score on competencies was associated with high score on culture strength.

5.5.1 Results of the Comparison across the Ten Companies on Managerial Competencies Scores

Using one-way between-group ANOVA, the analysis was conducted to examine the mean scores differences among the ten companies. As predicted, the results presented in Table 5.13 revealed a statistically significant difference at the p<.05 level. [9, 275]=6.09, p<.000]. The actual difference in the mean scores between the groups was large (eta=.17)

Table 5.13 Post-Hoc Multiple Comparison between the groups on Managerial Competencies Score

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	6733.244	9	748.138	6.085	.000
Within Groups	32702.828	266	122.943		
Total	39436.072	275			

* ANOVA, p<.05 significant level

Post- hoc multiple comparisons using the Tukey HSD test indicated that the mean scores for the ten companies differ among the groups (see Table 5.14 and Figure 5.3).

Table 5.14 Post-Hoc Multiple Comparison of Competencies Mean Scores across the Ten Diversified Public Listed Groups

	KFC	Sunway	Berjaya	IOI	SP Setia	Sime	Nestle	YTL	Guthrie	Guiness
KFC	X	-	-19.7333*	-11.1622*	-	-	-	-12.8182*	-	-
Sunway	-	X	-	-	-	-	-	-	-	-
Berjaya	19.7333*	-	X	-	15.7167*	14.8333*	16.8685*	-	15.7333*	17.9686*
IOI	11.1622*	-	-	X	-	-	8.2975*	-	-	-
SP Setia	-	-	-15.7167*	-	X	-	-	-8.8015*	-	-
Sime	-	-	-14.8333*	10.0919*	-	X	-	-	-	-
Nestle	-	-	-16.8685*	-8.2973*	-	-	X	-9.9533*	-	-
YTL	12.8182*	-	-	-	8.8015*	-	9.9533*	X	-	-
Guthrie	-	-	-15.7333*	-	-	-	-	-	X	-
Guinness	-	-	-17,9686*	-	-	-	-	-	-	X

Post-Hoc Multiple comparisons using Tukey HSD
*The mean difference is significant at the P<.05 level

From the results of the mean differences at p<0.5 significant level, managers in all companies except Berjaya seemed to have a higher mean ratings across the companies clearly shown that they perceived competencies to be important in their jobs. Thus, the results supported the Hypothesis 2 (a) indicating that there was a statistically significant variation across the groups.

Figure 5.3: The Ten Companies' Competencies Mean Scores
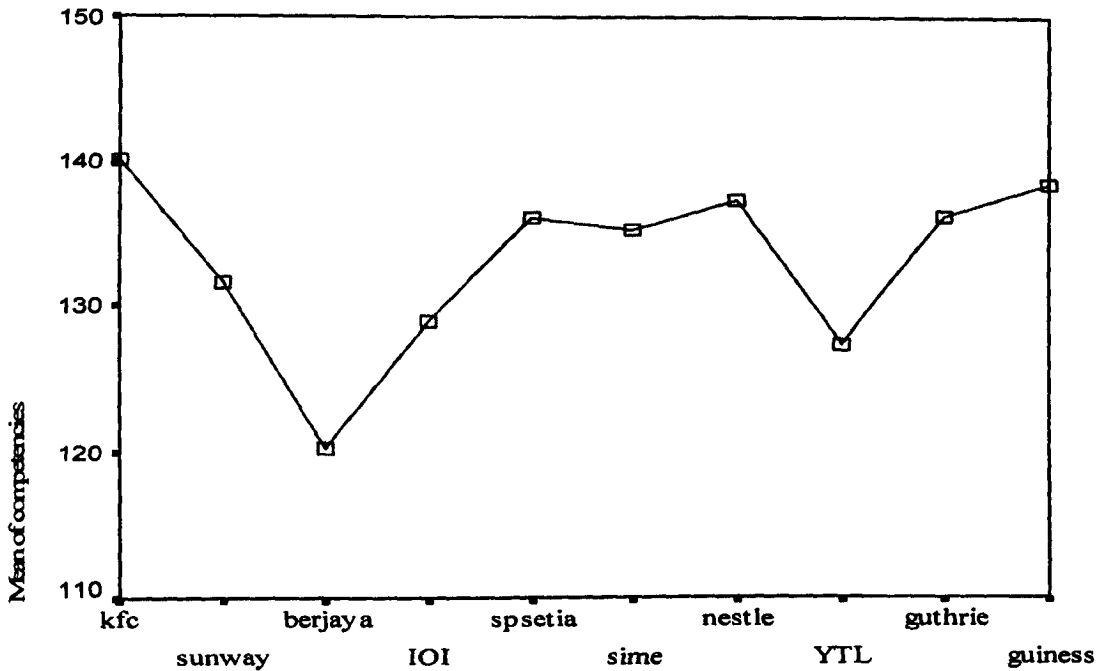
5.5.2 Results of the Comparison of the two different Groups on Competencies

The ten companies were computed and recoded into two different groups. One group of five companies represents the local-controlled group whereas the other five companies were with some foreign equity. An independent-samples t-test was conducted to compare the managerial competencies mean score for the two groups. The results were presented in Table 5.15. There was no significant difference in the mean scores on competencies for each of the two groups. The local-controlled group indicated a mean=132.72, SD=14.17 and the foreign-owned group indicated a mean=134.97, SD=8.72; $t(246)=-1.612$, $p=.11$. The results, therefore, did not support hypothesis 2 (b).

Table 5.15 Comparison of Competencies Mean Score between the Local-Controlled and Foreign Equity Groups

		[c]Levene's Test for Equality of Variances		t-test for Equality of Means					95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
competencies	Equal variances assumed	27.147	.000	-1.565	274	.119	-2.2557	1.4409	-5.0923	.5810
	Equal variances not assumed			-1.612	246.834	.108	-2.2557	1.3991	-5.0113	.5000

Independent Samples Test
*Mean score at p<.05 significant level

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[c] Levene's test- significant value p=.05 or less, the variances for the two groups are not the same. Thus, violate the assumption of the equal variance. t-value for the above result was therefore not taken.

5.6 Results of the relationship between competencies and Cross Culture Elements

This section examines the main hypothesis on the relationship between competencies and cross culture and work goals (as part of cross culture). Several sub-hypotheses were also investigated to compare the cross culture elements across the organisations and between the two main groups (local-controlled and foreign-owned).

HYPOTHESIS 3

H_0: There is no significant relationship between competency elements with perceived cross culture components.

  (a) There is no significant variation in perception of cross culture elements across the organisations.

  (b) There is no significant variation in perception of cross culture between the local-controlled group and the group with foreign ownership.

H_A: There is a significant relationship between competency elements with perceived culture across components within and across organisations.

  (a) There is a significant variation in perception of cross culture elements across the organisations.

  (b) There is a significant variation in perception of cross culture between the local-controlled group and the group with foreign ownership.

The mean scores for the work goals variable presented in Table 5.16 indicated that out of fourteen variables, thirteen variables have a rating above 4.0 with standard deviation less than 1.0. The results are consistent with Hofstede's (1980a) findings. Results of the mean score on the 21 cross culture elements were reported in Section 5.4

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Table 5.16 : Mean and Standard Deviation of Work Goals Variable in Descending Rank Order

	Variables	Mean	SD
WORKRELA	Have a good working relationship with your peers	4.34	.59
FULLUSES	Fully use your skills and abilities on the job	4.32	.63
ADVANCEM	Have an opportunity for advancement to higher level jobs	4.30	.63
RECOGNI	Get recognition you deserve when you do a good job	4.30	.63
FRINGEBE	Have good fringe benefits	4.25	.65
PERSONAL	Have a job which leaves you sufficient time for your personal or family life	4.24	.67
FREEDOM	Have considerable freedom to adapt your own approach to the job	4.22	.67
TRAINOPP	Have training opportunity (to improve your skills or learn new skills)	4.22	.66
COOPERAT	Work with people who cooperate well with one another	4.19	.64
SECURITY	Have the security that you will be able to work for your company as long as you want to	4.14	.77
WORKCON	Have a good physical working conditions (good ventilation and lighting, adequate work space, etc)	4.13	.67
CHALLENG	Have challenging work to do-work from which you can get a personal sense of accomplishment	4.03	.67
HEARNING	Have an opportunity for high earning	4.03	.65
DESIRABL	Live in an area desirable to you and your family	3.99	.72
(N=276)			

Note: Respondents are asked to indicate 1 (Not at all Important) to 5 (Very Important)

5.6.1 Results of the ANOVA Comparison between Companies on Cross Culture Score

Using One-way between-group ANOVA, comparison was done among all the ten companies based on cross culture score. It was found that there was a statistically significant difference at the $p<.05$ level in the cross culture score for the ten companies $[F=(9, 277)=8.39, P=.000]$ the results of which is presented in Table 5.17. The actual difference in mean scores between the groups was also large. The effect size calculated using eta squared was $.22^{d}$

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[d] Calculation of Eta squared= Sum of Squares between groups/Total sum of Squares (2498.88/11237.78)=0.22. which is large effect (0.14) according to Cohen (1988)

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Table 5.17 Comparison between the groups on Cross Culture Score

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2498.877	9	277.653	8.388	.000
Within Groups	8738.904	264	33.102		
Total	11237.781	273			

* ANOVA, p<0.05 significant level

5.6.2 Results of the Post-Hoc Multiple Comparison of Cross Culture Mean Scores among the Ten Well-Diversified Public Listed Groups

Post- hoc multiple comparisons using the Tukey HSD test indicated that the mean scores for the ten companies differ among the groups (see Table 5.18 and Figure 5.4). From the results of the mean differences at p<0.5 significant level, managers in KFC, Berjaya and Sunway seemed to have a high variation in mean ratings compared to Nestle, YTL, Guthrie and Guinness which indicated different mean score towards perception of cross cultural elements. Thus, the results supported the Hypothesis 3 (a) indicating that there was a statistically significant variation across the groups.

Overall, the results indicating variation across the ten diversified companies are shown in Table 5.20(a) and Table 5.20(b) respectively. Of the four variables (culture strength, cross culture, management competencies and work goal), the result did not show significant variation for 'work goal' construct across the corporations studied. The high mean scores (M=3.99-4.34) and low standard deviation (SD=0.59-0.72) for all items in this construct could have explained managers' perception toward these items as important for their performance effectiveness.

Table 5.18 Post Hoc Multiple Comparison of Cross Culture Mean Scores across the Ten Well-Diversified Public Listed Groups

	KFC	Sunway	Berjaya	IOI	SP Setia	Sime	Nestle	YTL	Guthrie	Guinness
KFC	X	-	-	-	-	-	7.1821*	7.4904*	8.1419*	8.3808*
Sunway	-	X	-	-	-	-	5.8475*	-	6.8074*	7.0462*
Berjaya	-	-	X	-	-	-	8.5856*	8.8939*	9.5455*	9.7843*
IOI	-	-	-	X	-	-	-	-	4.7437*	-
SP Setia	-	-	-	-	X	-	-	-	4.6621*	-
Sime	-	-	-	-	-	X	5.7689*	6.0773*	6.7288*	6.9676*
Nestle	-7.1821*	-5.8475*	-8.5856*	-	-	-5.7689*	X	-	-	-
YTL	-7.4904	-	-8.8939*	-	-	-6.0773*	-	X	-	-
Guthrie	-8.1419*	-6.8074*	-9.5455*	-4.7437	-4.6621	-6.7288*	-	-	X	-
Guinness	-8.3808*	-7.0462*	-9.7843*	-	-	-6.9676*	-	-	-	X

Post-Hoc Multiple comparisons using Tukey HSD
*The mean difference is significant at the P<.05 level

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Figure 5.4 The Ten Companies' Cross Culture Mean Scores
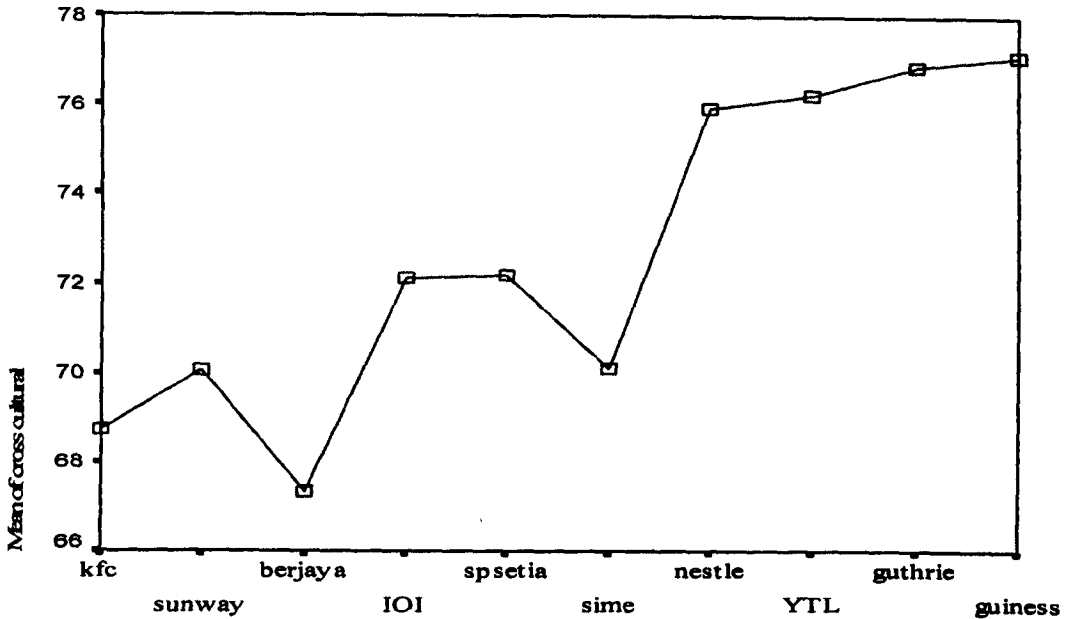
5.6.3 Results of the Comparison of the Local-Controlled and Foreign Equity Groups on Cross Culture Elements

The ten companies were dichotomised into two different groups. One group of five companies represents the local-controlled group, the other five companies with some foreign equity. An independent-samples t-test was conducted to compare the cross culture mean score for the two groups. The results were presented in Table 5.19. There was a significant difference in the mean scores on cross culture elements for each of the two groups. The local-controlled group having Mean=80.86, SD=8.04 and the foreign-owned group having Mean=82.47, SD=5.63; t(243)=6.27, p=.000. The magnitude of the difference in the means was moderate (eta squared =.13). The results, therefore, support hypothesis 3 (b).

Table 5.19: Comparison of Cross Culture Mean Score between the Local-Controlled and Foreign Equity Groups

		Levene's Test for Equality of Variances		t-test for Equality of Means					95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
cross culture	Equal variances assumed	26.036	.000	-6.103	272	.000	-4.4530	.7296	-5.8894	-3.0167
	Equal variances not assumed			-6.268	242.548	.000	-4.4530	.7104	-5.8524	-3.0537

Independent Samples Test

* mean score at p<0.05 significant level.

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Table 5.20(a): Analysis of Variance Results between the Ten Diversified Public Listed Companies

Descriptive Statistics

Variables		KFC (n=21)	Sunway (n=14)	Berjaya (n=15)	IOI (n=37)	SP Setia (n=60)	Sime (n=20)	Nestle (n=37)	YTL (n=22)	Guthrie (n=33)	Guinness (n=17)	Total (n=276)
Culture Strength	Mean	76.90[a]	74.43[a]	71.80[a]	83.89[b]	84.15[b]	73.80[a]	84.81[b]	82.18[b]	84.51[b]	84.00[b]	81.61
	SD	8.44	7.36	5.89	5.04	6.85	7.61	2.27	5.03	2.69	2.74	7.04
Cross Culture	Mean	68.73[c]	70.07[d]	67.33[c]	72.13[d]	72.21[d]	70.15[d]	75.92[d]	76.22[d]	76.87[d]	77.11[d]	73.12
	SD	8.87	9.35	5.55	6.68	6.33	5.62	3.32	4.23	3.14	2.28	6.41
Management Competencies	Mean	140.00[g]	131.42[f]	120.27[e]	128.84[e]	135.98[f]	135.10[f]	137.15[f]	127.18[e]	136.00[f]	138.23[f]	133.77
	SD	14.41	16.07	11.42	8.36	14.74	14.25	3.11	11.97	2.80	5.87	11.97
Work Goal	Mean	59.43	58.21	59.40	59.78	57.55	58.20	58.56	59.82	58.39	59.29	58.69
	SD	6.46	6.07	2.61	2.43	9.25	5.09	2.33	3.69	2.08	2.87	5.43

Note: Mean scores in the same row with different superscripts indicate significant differences at the 0.05 level determined by Tukey post-hoc tests.

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Table 5.20 (b): Analysis of Variance Results between the Ten Diversified Public Listed Companies

Analysis of Variance

Variables	Sum of Squares	df	Mean Square	F	Sig
Culture Strength					
Between Groups	5192.04	9	576.89	18.119	0.00
Within Groups	8469.25	266	31.83		
Total	13661.29	275			
Cross Culture					
Between Groups	2498.88	9	277.65	8.39	0.00
Within Groups	8738.90	264	33.10		
Total	11237.78	273			
Management Competencies					
Between Groups	6733.24	9	748.14	6.09	0.00
Within Groups	32702.83	266	122.94		
Total	39436.07	275			
Work Goal					
Between Groups	186.86	9	20.76	697	0.71
Within Groups	7923.18	266	29.79		
Total	8110.04	275			

The overall findings as presented in Table 5. 21 show the comparison of four variables by two different groups (one locally controlled and group with MNC status). With the exception of cross culture construct (t=-6.27, p<0.01), all other variables were not statistically significant between the two groups indicating there are variation in terms of national culture in two different groups with different ownership structure, which is consistent with Hofstede's findings (1980a, 1991). All managers from the two different groups, irrespective of level view culture strength, demonstrates competencies and work goals as relevant and important as reflected in their agreement and consistency of the mean scores and standard deviation.

This same data was being analysed based on the two different races in Malaysia, Chinese and Malay. As predicted, the result as shown in Table 5.22 did not show any significant variation between the two races, as the majority of the managers perceived values, practices and competences as relevant and important as part of the their managerial roles and responsibilities.

Back in the sixties in Malaysia, there was an acute awareness of the dearth of top and middle-level managers particularly in government to man the plethora of public and private enterprises, which sprung up in the wake of independence and the nation's development plan. Malaysia Institute of Management (MIM) was then established and realised the need to "tap the reservoir of knowledge and experience in scientific management to assist in removing the management obstacle against our country's continued growth".

In 1978, Mara Institute of Technology (MIT) in Malaysia commented that the Malay has a strong reverence for elders and traditional leaders, so much so that the wisdom of the elders can override rational decisions and technological assertions. In supervising employees, the older employees are handled gently and deferentially. The younger subordinates are, on the other hand, dealt with more harshly even if their merit warrants favourable condition. This is further reinforced by an equally strong affirmation on

'God's will'. Conservatism and a propensity to allow the course of events to flow irrespective of its desirability characterise this reverence.

According to Maniam (MIM, accessed on 8/10/05), the Malay is also hospitable, accommodating, forgiving, peace-loving and charitable. This has led to mistaken notions about his ability to be aggressive and decisive, and his diligence and his capacity to work. As a result, some of the contemporary Malay managers until to-date, still, possess such a pre-conceived idea, which might still be entrenched in the Malay culture. In fact, Mohamed (2001) in his book entitled 'Malays Forget Easily' also posited that 'The Malay mindset must change to enable them to face up to the tough challenges that lie ahead. They must make an effort to be hardworking, strive hard to seek knowledge and other essential skills, and to hold on to good values in their conduct. They must not take their special rights for granted and must discard the belief that they will be safe and to start thinking they may no longer be protected by their special rights and privileges.'

However, since then, the Malay society has placed a high priority to leap out of these cultures based assumptions into modernity by developing a new breed of leaders and captains of industry who would assimilate these cultural norms and values to good advantage. Interestingly, this hybrid process has produced Malay managers who are equally capable of being reverent, loyal, soft-spoken, image-conscious, peace-loving and male-authority oriented on the cultural scale, and equally proficient at being assertive, aggressive, technical, and merit-oriented in business.

The process, nonetheless, cannot be over in a single generation and would require time to work itself through. Although there are several instances of failure, the new breed of Malay executives have, in a single generation, taken leadership position in almost every area of enterprise in the country (MIM, accessed on 8/10/2005). Furthermore, the fact that there was no cultural and competency variations between the Malay and the Chinese races found in this study reaffirmed the statement. Mohamed (1982) in his book 'The Malay Dilemma' also highlighted the way of thinking and beliefs of a Malay race as 'modern', 'educated' and 'progressive.

The Chinese, on the other hand, came to Malaysia in large numbers during the last century and brought with them their cultural heritage of absorbing power and practical wisdom. Other traits associated with them are stamina, resistance, frugality, power, vitality, common sense and the will to survive. Business acumen has always been ingrained in Chinese philosophy and culture. The acumen and wealth remain within tight control and regeneration becomes possible, empires are built and traditions are passed on to successive generations.

The situation today in Malaysia is that the dominant cultural traits and values of the two major cultures have influenced the type of business and management practice found in the country. Nevertheless, the dominant position of the British (or Western) administration and the management practice superimposed itself on the various behaviour aspect of the different ethnic groups (Maniam, MIM). The emergence of multinational companies and the later invasion of Japanese management practices have further complicated the picture. Despite the fact that Malay managers interviewed have the pre-conceived idea of Malay races as being less aggressive and resourceful, the perception of the overall respondents (*i.e.* Chinese and Malay) in this study were more in favour of culture which are strong and the relevant perceived competencies that are appropriate for them to keep pace with the turbulent and competitive environment. This finding, therefore, leads to a new dimension of theoretical development which could be replicated in other types of industries or settings.

The implementation of New Economic Policies in Malaysia has also mitigated the disparity of wealth among Malay and Chinese. Over the years, more opportunities have been given to the Malays to pursue their education overseas, learned about cultures and management models of other countries and consequently, their mind-set and perception towards work behaviour have gradually changed to transcend cultural traps to take their places in the forefront of modern management practice.

In spite of the fact that various intrusions have begotten differences in practice and concept, yet, there is a similarity or homogeneity in all these various models. An optimistic trend is nevertheless discernable with more local institutions making this inquiry in places of learning and training. However, much needs to be studied and understood about our various cultural attributes, needs and sentiments before corresponding shifts can be made on the way we do things here.

As is evident in many developing societies, it is the government with all its power of persuasion that is best placed to synthesise these cultural hybrids into a manageable management practice and hence, contributes to a positive performance outcome.

The model may or may not be applicable to other environments where there is a mix of different ethnic groups (*i.e.* Chinese, Malay and Indian). As can been seen from the local scenario, composition of Malay and Chinese may vary from one setting to another. In a Malay-dominant environment, there might have some sub-cultures (*e.g* mandatory 5-times prayers a day) which could have different effect on perceived managerial competencies and in turn, on corporate performance. This model developed out of the ten listed companies, therefore, may not fit the circumstances of all organisations, in particular, the non-listed based organisations and the state-owned enterprises.

On the other hand, the local government's aspiration of achieving vision 2020, coupled with globalised transactions between countries and together with the right attributes and attitude to work, this model may be useful for all other listed companies where HR might consider re-looking into the company's training and development policies. When the disparity between the Malay and Chinese is getting closer in terms of cultural differences, and behavioural competencies, there is always 'food for thought' to re-invent new structure, system and perhaps human capital policies.

Table 5.21: T-Test Results- by Local-Controlled and Foreign Equity Groups

Factors	Group with full local ownership (n=145)		Group with foreign ownership (n=131)		Total (n=276)		t (274)	Sig
	Mean	SD	Mean	SD	Mean	SD		
Culture Strength	80.86	8.04	82.47	5.63	81.61	7.05	-1.94	0.05
Cross Culture	71.02	7.17	75.48	4.39	73.12	6.41	-6.27	0.00**
Management Competencies	132.72	14.17	134.98	8.72	133.77	11.98	-1.61	0.11
Work Goals	58.63	6.83	58.77	3.17	58.69	5.43	-0.22	0.82

Independent Samples Test
*p<0.05, **p<0.01

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Table 5.22: T-Test Results-by Two Different Races (Chinese and Malay)

Factors	Chinese (n=158)		Malay (n=118)		Total (n=276)			
	Mean	SD	Mean	SD	Mean	SD	t (274)	Sig
Culture Strength	81.70	7.78	81.49	5.94	81.61	7.05	-1.94	0.79
Cross Culture	72.66	6.64	73.73	6.07	73.12	6.41	-6.27	0.16
Management Competencies	134.87	12.55	132.30	11.03	133.77	11.98	-1.61	0.07
Work Goals	58.63	5.96	58.78	4.64	58.69	5.43	-0.22	0.81

Independent Samples Test

5.7 Explanations for the Results of the Relationship between Cultures and Managerial Competencies

The approach taken in this study was a survey instrument targeted at determining managers' perceptions about the cultures and management competencies of the corporations within which they work.

The data obtained from this instrument indicate that cultures (national and organisational), and competencies of managers can be measured quantitatively using the survey instrument as described above. This is evident by the low variability among managers' response to the survey items combined with the generally high mean scores (indicating strong agreement with each item's content).

The organisational culture strength effectively serves its purpose in the current study by proving ample evidence of cohesiveness among the perception of different levels of managers regarding the corporation's culture. The high agreement and consistency among managers clearly indicated a belief that corporation culture is strong and unifying and that values espoused by the corporation are well communicated and are operating to influence management behaviour.

The results of the culture strength mean scores which are moderately high are consistent with the findings of Hofstede *et al.* (1990) and Cooke and Rousseau (1988). Similarly, Bartlett and Ghoshal (1998) also found that employees in an organisation with a strong culture would also identify with key goals, objectives and the strategy of the organisation. Ide (2003) on the other hand, also revealed a very high level of agreement and a strong positive response when mid-level managers were asked about their perceptions of the strength of the corporation's cultures, the values the corporation espoused, and the values placed on specific management competencies within the corporation.

Interestingly, from the cross cultural perspective, the results of this study show that participative decision making is highly valued by managers in Malaysia, as opposed to findings revealed by Hofstede (1980a, 1991) and Redding (1993). For instance, Redding

found that employees in Confucian-based organisations are probably strongly committed to group objectives, highly motivated to work and rely more on informal than on formal control and probably respond better to an authoritative decision-making and leadership style than to a participative one. This is supported by Chung (1978) and Nam (1971) who found that South Korean managers demonstrate the Confucian virtues of loyalty and obedience to authorities. The value for participative decision making was also inconsistent with the finding of Pye (1968) who describe Chinese subordinates as passive and as preferring that others make decisions for them. The inconsistency of the findings could have probably arisen from the respondents' background, modern education, training and demographic profiles. One conspicuous point is that respondents of this study also comprise of Malay or Bumiputra (local indigenous) who may not have in-depth knowledge or perhaps ignorant of Confucian philosophy and hence the results are rather mixed in local context. This is further evident from the low agreement among managers of 'bypassing the boss to get work done'. If so practiced, it would have been seen as disloyal and disrespectful of authorities.

In addition, a more striking point is that 'life time employment' was rated low (M=2.30) by managers of all levels indicated that life time jobs are disappearing from the corporate culture in the global market. Clearly, this appears to be a bygone thing these days against the used-to-be-once the most admired Japanese corporate work culture. Hence, a superior work culture is one that allows employees to realise that these days there is no employment, but employability, for life. Such an environment would encourage employees to do their best, add value and standard of performance. There is no room for complacency and taking things for granted.

According to Hofstede and Bond (1988), the key tenet of Confucian teaching is that unequal relationships between people create stability in society. This study corroborates such findings whereby several of these virtues were rated moderately high with perceived agreement among managers (SD=0.70-0.80) such as 'preserving harmony', 'treating others as one would like to be treated oneself', 'not spending more than necessary',

'working hard' and 'being patient and persevering'. This also means that irrespective of ethnicity, Chinese or Malay, they seem to perceive the importance of these virtues.

The correlation between culture strength and management competencies is strong as pointed out in the results section. While positive cultures demonstrate strong values that managers perceived, equally important is the ability and competence to perform a managerial task. Specifically, all level managers in the ten companies surveyed are generally proactive, display honesty and integrity, ability to adjust to changing situation, ability to manage themselves and their responsibilities and highly involved in team work as well as knowledge enhancement. These results were supported by the interview results reported in Chapter 4. While such correlation does exist, the moderation effect of position of managers must not be ignored. Using ANOVA two-ways between-groups statistics, the results further demonstrated that positions that managers hold have impact on organisational culture. It could be that managers from different divisions or departments practise different sub-cultures which are perceived as strong.

One finding worthy of mentioning is that when both local-controlled and foreign controlled groups (MNC) were compared in relation to the four main constructs such as culture strength, cross culture, managerial competencies and work goals, interestingly, only cross culture construct demonstrated significant variation in the mean scores but not for the other constructs (see Table 5.21 and Figure 5.4). It appears quite conspicuous that the current finding based on Hofstede's five dimensions is consistent and supportive of the past research models (Hofstede, 1980a, 1991; Lincoln, Hanada and Olson, 1981; Kanungo and Wright, 1983; Smith, Dugan and Trompenaars, 1996; Hoppe, 1998). This also means that the perception of managers of the MNC group towards elements of power-distance, masculinity and femininity, uncertainty-avoidance, collectivism and individualism, confusion-dynamics were different from managers of the local controlled group.

In the similar vein, another area worth noting is that there was no significant variation between Malaysian Malay and Chinese in terms of their perception upon cultural and

competency influences. Consistent with Rashid's (1988) findings in which behaviour of Malay managers were at odds with the 'normal' values of Malay cultures, suggesting that this was in order to adapt to Malaysian organisational culture. Clearly, this also indicates that there is mixed cultural convergent and divergent elements in as far Malaysian context is concerned. For instance, cultural convergence is found in the cultural strength construct, managerial competency construct and work goals construct, while there is a cultural divergence in cross cultural construct.

The significant positive correlation between the perceived value and the level of competencies can be explained via human resource practices within the companies including selection, training, performance appraisal, and/or retention. It seems that competencies that are highly valued by the companies are assessed during the selection process resulting in the hiring of managers that possess these competencies. However, of the 34 competencies identified it is doubtful that any single individual will possess every one, nor it is likely that there are many jobs which will require all of them (New, 1996). Training programmes and performance appraisal processes are likely to reinforce these competencies and reward managers for demonstrating them. Finally, managers who are not as adept at the competencies valued by the companies are more likely to be terminated or to leave on their own accord. The question of how these four main components are to affect organisational performance will be discussed in Chapter 6.

5.8   Conclusion

This Chapter revealed an overall result evidencing some predicted and unpredicted outcomes based on the previous findings. It uncovered some interesting issues as a result of using Malaysian managers as the respondents. Several statistical analyses were performed on the relationship between culture strength, cross culture elements and competency level of managers.

The finding highlighted a positive correlation between organisational culture and national culture. Consistent with the studies conducted by Hofstede (1980a) and Laurent (1982),

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organisational culture would not erase national culture instead, complement each other to reach a desirable performance outcome. Similarly, there was a significant positive correlation between culture strength and competencies and also between cross culture elements with competencies.

The results also explained the standard deviation of all the variables examined to be favourable as the values tend to be small and hence, an indication of agreement among managers on the types of values and competencies driving the company. While the results of this study tend to be quite similar to Gordon and DiTomaso (1992)'s findings, the findings suggest a more complex explanation. This is further confounded by the moderating effects of age, experience and position of managers.

Clearly, both the issues of consistency and agreement are less clear and required a review on the methodological aspect. Nonetheless, this chapter has covered a substantial link synthesizing the three main components inclusive of culture strength, cross cultural elements and competencies elements.

CHAPTER SIX

RESULTS AND ANALYSIS OF THE RELATIONSHIP BETWEEN CULTURES, MANAGERIAL COMPETENCIES AND ORGANISATIONAL PERFORMANCE

6.0 Introduction

This chapter presents a synthesis of cultures, managerial competencies and organisational performance. The relationship between cultures and managerial competencies has been discussed in Chapter 5. Hence, this chapter focuses mainly on the integrative link between these three main variables of this research.

From the myriad of cultural studies, the most notable empirical research appears to be that of the relationship between national culture and organisational culture as evidenced in Hofstede's findings (1980a, 1985, 1991, 1993, 2000). Furthermore, there is also a plethora of cultural research linking culture with organisational performance (Owen, 1987; Ouchi, 1981; Kotter and Heskett, 1992; Cameron and Quinn, 1999). This study takes a step further by integrating them to examine the relationship and to find out which independent variables (culture and managerial competencies) produces a greater impact on the dependent variable (organisational performance).

Several statistical analyses were conducted to elucidate a more meaningful congruence in terms of the linkage between the three variables. The chapter begins by presenting the outcome of factor analysis (Section 6.1); it is then followed by linking the factors to financial results in Section 6.1.1. Section 6.2 explains the correlations of the factors and in Section 6.3 and 6.4 respectively, analyses on the confounding variables such as age and qualifications; gender and race; as well as position and experience.

6.1 Results of the Link between Culture, Managerial Competencies and Organisational Performance

Three hypotheses as stated below are examined in this section. In addition, some predictive variables such as age and qualifications are also examined to determine the confounding effect on the organisational performance. To test if the measures on the four main components (culture strength, managerial competencies, cross culture and work goals) are independent, factor analysis was used. Each component was factorised individually; and as a result, seven factors emerge (except work goal component).

Using a rotated solution based on principle components and factors, eigenvalue (latent root) greater than one was used. Each factor was examined using standard multiple regression for culture and competencies scores as independent variables and ROI (Return on Investment) and ROE (Return on Equity) as the dependent variables. Mean scores ROI and ROE of the ten different companies are presented in Figure 6.1(a) and Figure 6.1 (b). Pearson correlation analysis was performed on all the factors (1-8) and is presented in Table 6.6 and found to be significant for most of the variables, except Factor 7 and Factor 8 which do not seem to be statistically significant.

Hypothesis 1

H_o: Organisational culture strength has no significant influence on organisational performance

H_A: Organisational culture strength has significant influence on organisational performance.

Hypothesis 2

H_o: Managerial competencies have no positive effect on organisational performance

H_A: Managerial competencies have positive effect on organisational performance.

Hypothesis 3

H_o: Cross culture elements will not be positively associated with organisational performance.

H_A: Cross culture elements will be positively associated with organisational performance

Table 6.1 Culture Strength Variables Rotated Component Matrix

Culture Strength Variables		Component		Com-munality
		1	2	
LISTEN	Actively listen to others	.695		.57
GOALFOCU	Goal-focused and committed to delivering results	.620		.45
CARE	High level of care and concern for others	.600		.48
DECISION	Quickly and confidently make difficult decisions	.597		.70
REWARD	Employees are rewarded for their ability to act	.553		.54
DEVOTETI	Devote time and energy to celebrating team	.548		.39
BEHAVE	Behave in ways that lead to high sales	.515		.38
QUALITY	Utilise quality processes and metrics in their work	.431		.43
CUSTOMER	Encourage to act in accordance with the co' s value	.396		.58
SUPPORTS	Obtain productivity through supports and value	.393		.58
ATTRIBUT	Attributes that are not known to other firms	.384		.53
TEAMWORK	Encourage collaboration and teamwork	.372		.57
CHANGE	Foster an environment of change and innovation	.366		.56
DIVERSEB	Binding diverse businesses into one organisation		.736	.69
KEYVALUE	Well verse in the key value espoused by management		.706	.58
LANGUAGE	Share a common language		.704	.62
UNIFORM	Uniform set of values that focus employee efforts		.542	.44
WORKHARD	Employees who work hard and high energy level		.510	.57
FOUNDER	Unique personalities of founders and history of company		.405	.54
% of variance		17.97%	13.72%	
Eigenvalue		5.06	1.60	

Note: Column 1 is labelled "Factor 1 Teamwork & Reward" and Column 2 is labelled "Factor 2 Key value & Hard work".

Extraction Method: Principal Component Analysis.   Rotation Method: Varimax with Kaiser Normalization.

A Rotation converged in 3 iterations.

6.1.1 Results of Culture Strength with Organisational Performance

Twenty-one items based on the cultural strength were factorised using principal component analysis. The suitability of the factor analysis was examined and were found to meet the criteria. Inspection of the correlation matrix revealed the presence of many coefficients of .3 and above (Pallant, 2001). Kaiser-Meyer-Oklin value was .84 exceeding the recommended value of .6 (Kaiser 1970, 1974). Barlett's Test of Sphericity (Barlett, 1954) reached significant level at p<.05).

Six components with eigenvalue exceeding 1 but only two components were selected using Catell's (1966) scree plot. Varimax rotation was performed with both components showing a number of strong loadings as depicted in Table 6.1. The two factor solution explained a total of 31.69 per cent of the variance, with component 1 contributing 17.97 per cent and component 2 contributing 13.72 percent. There are many contentions on the issue of what is the appropriate size of the variables to a factor. It remains vague on the allowable limit: "unfortunately, nobody has yet worked out what a safe ratio of the number of subjects to variables is." (Gorsuch, 1983: 332).

Results on communality revealed that DECISION item has a value of .70 indicating that it has more in common with the other variables included in the analysis. Similarly, the same analogue applied to DIVERSEB variable reflecting a high communality value of .69.

Further examination on the relationship of variables was investigated to ensure there was no multicolinearity. In this instance, the tolerance value under the collinearity statistics has shown an acceptable value of .713 [see Table 6.3 (a)]. Unless the value goes down to near zero, there would be no imminent problem of multicolinearity. The results therefore appeared to be stable.

The R-squared of 21.1 per cent presented in Table 6.3(a) indicated that the model consisting of Factor 1 and Factor 2 explained 21.1 percent of variance in ROE (Return on Equity). The model reaches a statistical significance results (sig=.000, p<.0005).

Referring to Table 6.3 (b), the R-squared of both Factor 1 and Factor 2 was .16 which is equivalent to 16 percent of variance in ROI (Return on Investment), another measurement of financial performance. The model also reached a statistical significance value (sig=.000, p<.0005) as depicted in the same table.

Table 6.3 (a) and 6.3 (b) present the beta coefficient values of .476 and .383 which is Factor 2 (keyvalue and Hardwork). This means that this variable makes the strongest unique contribution to explaining the ROE and ROI (dependent variables), when the variance explained by all other variables in the model is controlled for. The significance level at p<.05 shows that the variable is making a significant unique contribution to the prediction of the dependent variable (DV). The finding is consistent with findings related to a strong leader (founder) to corporate performance (Miroshnik, 2002). In his study, he found that a strong leader is important to create the vision, which helps the managers to implement complex decision.

In this case, however, Factor 1 (teamwork and reward) has a standardized coefficient beta value of -0.34 and 0.31 and it was not statistically significant. This variable thus did not contribute to the prediction of DV. As expected, Factor 1 also did not contribute to ROI as shown in Table 6.3 (b) .Hence, hypothesis 1 was partially supported.

6.1.2 Results of Managerial Competencies with Organisational Performance

Thirty-four items based on the managerial competencis were factorised using principal component analysis. Suitability of the factor analysis were examined and found to meet the criteria. Inspection of the correlation matrix revealed the presence of many coefficient of .3 and above (Pallant, 2001). Kaiser-Meyer-Oklin value was .91 exceeding the recommended value of .6 (Kaiser 1970, 1974). Barlett's Test of Sphericity (Barlett, 1954) reached significant level at p<.05)

Nine components with eigenvalue exceeding one but only three components were selected using Catell's (1966) scree plot. Varimax rotation was performed with both

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components showing a number of strong loadings as depicted in Table 6.2. The three factor solution explained a total of 36.4 percent of the variance, with component 1 contributing 13.82 percent and component 2 contributing 12.98 percent and component 3 contributing 9.61 percent. Results on communality revealed that items such as READCURR and GATHER have a value of .64 and .65 respectively indicating that the variables have more in common with the other variables included in the analysis.

Further examination on the relationship of variables was investigated to ensure there was no multicolinearity. In this instance, the tolerance value under the collinearity statistics has shown an acceptable values of .466, .529 and .607 [see Table 6.3 (a) & Table 6.3(b)] Unless the value goes down to near zero, there would be no imminent problem of multicolinearity. The results, therefore, appear to be stable.

The R-squared of .076 which is 7.6 percent presented in Table 6.3(a) indicated that the model consisting of Factor 1, Factor 2 and Factor 3 explained 7.6 percent of variance in ROE (Return on Equity). The model reaches statistical significance results (sig=.000, p<.0005) as shown in Table 6.3 (a). The R-squared of both Factor 1, Factor 2 and Factor 3 were .067, which is equivalent to 6.7 per cent of variance in ROI (Return on Investment), another measurement of financial performance. The model also reaches a statistical significance value (sig=.000, p<.0005) as depicted in the same table.

Table 6.2   Managerial Competencies Variables Rotated Component Matrix

Managerial Competencies Variables			Component			Communality
			1	2	3	
READ	Read and understand emotions		.762			.60
BUILD	Build framework/model/forms on info		.642			.61
EVALUATE	Evaluate strengths & weaknesses		.560			.46
READCURR	Read currents of organisational life		.539			.64
DEESCLAT	De-escalate disagreements	Factor 3 Emotional Involvement & Build Orientation	.496			.62
GATHER	Gathers different kinds of info and sources		.485			.65
BOLSTER	Bolster the ability of others		.478			.59
INVOLVE	Involve others and build team		.474			.64
PROFCULT	Proficiency at cultivating relationship		.450			.52
KEEPEMOT	Keep emotion under control		.447			.58
SENSEEMO	Sense people's emotions and perspective		.438			.53
STANDARD	High work standards and goals		.415			.58
USEMETHO	Use variety of methods for ideas		.404			.55
UNDERSTA	Understand others' ideas/concepts/feelings		.388			.52
MANAYOUR	Manage yourself and responsibilities			.647		.57
RECOGCUS	Recognise and meet customers' needs			.629		.57
PROACTIV	Proactive in task structuring			.585		.60
LISTENSK	Skill at listening and send clear messages			.559		.62
DISPLAHO	Display honesty and integrity			.532		.55
CLEARIDE	Present clear ideas with ease	Factor 4 Proactive & Confidence Association		.514		.54
CLIMATE	Create a positive climate			.491		.57
RECOGCOM	Recognise competition			.470		.62
ADJUSTCH	Adjust changing situation			.468		.61
PROFINIT	Proficiency in initiating new ideas			.463		.61
PROMOCOO	Promoting cooperation and build teams			.425		.58
CONFIDEN	Confidence in the future success			.419		.46
INSPIRE	Inspiring with compelling vision			.412		.46
IDENTIFE	Identify feasible alternatives			.354		.60
EXTERVIS	Possesses external vision to learn				.690	.57
ENCOURQN	Encourage questioning and experimentation	Factor 5 Visionary & Creative Focused			.581	.55
WIELDTAC	Wield a range of persuasive tactics				.578	.55
CAPABLEC	Capable of being creative				.574	.63
SECUREK	Secure and store knowledge				.534	.64
ENHANCEK	Enhance knowledge & experience				.525	.45
% of Variance			13.82%	12.98%	9.61%	
Eigenvalue			8.914	1.975	1.487	

Extraction Method: Principal Component Analysis.   Rotation Method: Varimax with Kaiser Normalisation. A Rotation converged in 9 iterations.

Table 6.3 (a) and 6.3 (b) present the beta coefficient values of .276 and .263 which is Factor 3 (Emotional Involvement and Build Orientation). This means that this variable makes the strongest unique contribution to explaining the ROE and ROI (dependent variables), when the variance explained by all other variables in the model is controlled for. The significant level at $p < .05$ shows that the variable is making a significant unique contribution to the prediction of the dependent variable (DV). In this case, however, Factor 4 (Proactive and Confidence Association) and Factor 5 (Visionary & Creative Focused) have a beta value -0.55, 0.52 and 0.43, 0.38 and it was not statistically significant. These variables thus did not contribute to the prediction of DV. As predicted, Factor 4 and Factor 5 also did not contribute to ROI as shown in Table 6.3 (b) .Hence, hypothesis 2 was partially supported.

Table 6.3 (a)

Standard Multiple Regression Predicting Organisational Performance (ROE)[b]

Variables[a]	R square (R^2)	Adjusted R^2	F	Beta (β)	Tolerance
Culture Strength					
F1	0.211	0.205	36.41**	-0.034	0.713
F2	0.211	0.205		0.476**	0.713
Managerial Competencies					
F3	0.076	0.066	7.47**	0.276**	0.046
F4	0.076	0.066		-0.055	0.529
F5	0.076	0.066		0.052	0.607
Cross Culture					
F6	0.103	0.093	10.37**	0.347**	0.852
F7	0.103	0.093		-0.085	0.947
F8	0.103	0.093		-0.125*	0.892

Legend: F1=Teamwork & Reward, F2=Keyvalue & Hardwork, F3=Emotional Involvement & Build Orientation, F4=Proactive & Confidence Association, F5=Visionary & Creative Focused, F6=Participative Decision & Interpersonal respect, F7=Affiliation & Harmony, F8=Work Goals

[a] Predictors: Culture Strength, Managerial Competencies, Cross Culture
[b] Dependent: ROE
*$p < 0.05$, **$p < 0.01$

Table 6.3 (b)

Standard Multiple Regression Predicting Organisational Performance (ROI)[b]

Variables[a]	R square (R^2)	Adjusted R^2	F	Beta (β)	Tolerance
Culture Strength					
F1	0.160	0.154	26.03**	0.031	0.713
F2	0.160	0.154		0.383**	0.713
Managerial Competencies					
F3	0.067	0.057	6.56**	0.263**	0.466
F4	0.067	0.057		-0.043	0.529
F5	0.067	0.057		0.038	0.607
Cross Culture					
F6	0.078	0.068	7.67**	0.302**	0.852
F7	0.078	0.068		-0.075	0.947
F8	0.078	0.068		-0.110	0.892

Legend: F1=Teamwork & Reward, F2=Keyvalue & Hardwork, F3=Emotional Involvement & Build Orientation, F4=Proactive & Confidence Association, F5=Visionary & Creative Focused, F6=Participative Decision & Interpersonal respect, F7=Affiliation & Harmony, F8=Work Goals

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[a] Predictors: Culture Strength, Managerial Competencies, Cross Culture
[b] Dependent: ROI
*$p<0.05$, **$p<0.01$

Table 6.4   Cross Cultural Variables Rotated Component Matrix

Cross Culture Variables			Component		Communality
			1	2	.62
TREATOTH	Treat other s as one would like to be treated	Factor 6 Participative decision and Interpersonal respect	.684		.59
TEAMBUIL	Team building is constantly encouraged		.645		.59
PARTICIP	Value participative decision making		.595		.61
CLARITYP	Value clarity of policies and procedure		.587		.36
VWORKHAR	Value employees who work hard		.505		.49
COLLECTM	Collective management emphasise solidity		.499		.61
RULESDEF	Rules and direction are well defined		.437		.50
VPATIENT	Value patience and perseverance		.412		.43
VACHIEVE	Value achievement and adhor failures		.402		.48
RESPRESU	Responsible for results and rewards		.379		.63
AFFILIAT	Value affiliation	Factor 7 Affiliation & Harmony		.610	.50
SELFRESP	Emphasis on self-respect			.562	.54
HARMONY	Believe in harmony and saving face			.508	.70
PARTIWEA	Manager encourage participation as weak			.503	.54
SOLVPROB	Solving problem for long term			.420	.54
JUNIORSE	Junior partner owes the senior respect			.394	.60
BYPASSBO	Bypass the boss to get results			.332	.62
LIFETIME	Lifetime employment is encouraged			.322	.62

Extraction Method: Principal Component Analysis.   Rotation Method: Varimax
with Kaiser Normalisation., a Rotation converged in 3 iterations.

6.1.3   Results of Cross Culture with Organisational Performance

Twenty-one items based on the cross culture were factorized using principal component analysis. The suitability of the factor analysis was examined and found to meet the criteria. Inspection of the correlation matrix revealed the presence of many coefficient of .3 and above (Pallant, 2001). Kaiser-Meyer-Oklin value was .75 exceeding the recommended value of .6 (Kaiser 1970, 1974). Barlett's Test of Sphericity (Barlett, 1954) reached significant level at p<.05)

Six components with eigenvalue exceeding one but only two components were selected using Catell's (1966) scree plot. Varimax rotation was performed with both components showing a number of strong loadings as depicted in Table 6.4. The two factor solution explained a total of 26.76 per cent of the variance, with component 1 contributing 15.61 per cent and component 2 contributing 11.15 per cent.   Results on communality revealed

that the item such as HARMONY has a value of .70 indicating that the variable has more in common with the other variables included in the analysis. The work goal component was unrotated as only one component was found after factor analysis was performed. All variables in work goal component were taken into one factor as Factor 8.

Further examination on the relationship of variables was investigated to ensure there was no multicolinearity. In this instance, the tolerance value under the collinearity statistics has shown acceptable values of .852, .947 and .892 [see Table 6.3 (a) & Table 6.3(b)] Unless the value goes down to near zero, there would be no imminent problem of multicolinearity. The results therefore appear to be stable.

The R-squared of .103 which is 10.3 per cent presented in Table 6.3(a) indicated that the model consisting of Factor 6 and Factor 7 explained 10.3 per cent of variance in ROE (Return on Equity). The model reaches statistical significance results (sig=.000, p<.0005). Referring to Table 6.3 (b), the R-squared of both Factor 6 and Factor 7 were .078, which is equivalent to 7.8 per cent of variance in ROI (Return on Investment), another measurement of financial performance. The model also reaches a statistical significance value (sig=.000, p<.0005).

Table 6.3 (a) presents the beta coefficient values of .347 for Factor 6 (*Participative Decision and Interpersonal Respect*) and .-125 for Factor 8 (*Work Goals*). This means that this variable makes the strongest unique contribution to explaining the ROE (dependent variables), when the variance explained by all other variables in the model is controlled. The significant level at p<.05 shows that the variable is making a significant unique contribution to the prediction of the dependent variable (DV). In this case, however, Factor 7 (*Affiliation & Harmony*) has a beta value of -0.85 and it was not statistically significant. This variable thus did not contribute to the prediction of DV. As expected, Factor 7 also did not contribute to ROI as shown in Table 6.3 (b).

However, from the results shown in Table 6.3(b), it was noted that only Factor 6 has beta value of .302 and reached a significant level of p<0.05. Factor 8 (p<.077) did not contribute to the prediction of ROI as opposed to ROE as its dependent variable. Clearly,

from the results shown in Table 6.3 (a) to Table 6.3 (b), hypothesis 3 was partially supported.

Hofstede (1980a) revealed that in a high power distance country like Malaysia, participative decision making is not as crucial compared to the U.S. and the UK. Shipper *et al.* (2003) corroborated this point as he found that self-awareness of controlling skills is crucial relative to effectiveness. Conversely, this study is consistent with Newman and Nollen (1996)'s finding which reveal that participation is crucial to performance in Malaysia. Also consistent with findings of Miroshnik (2002) who discovered that high level of participation creates a sense of belonging and responsibility. This could be due to different groups of respondents being surveyed. Factor 7 includes lifetime employment did not seem to be a favorable contributing factor to the performance outcome. Clearly, this has to do with different target respondents who may have different perspectives, behavior, practices and values in terms of judgment and assessment.

In a high uncertainty avoidance culture, managers reported a more clear sense of direction or more clear policies have better financial performance than work units in these cultures with a less sense of direction. In this survey, managers do feel that such factor is important in so far as linkage with performance is concerned, as evidenced in Factor 6, it seems to be a unique contribution to financial performance.

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Table 6.5 Work Goals Variables Rotated Component Matrix

Work Goals		Component
		1
CHALLENG	Have challenging work to do	.447
DESIRABL	Live in an area desirable to you and your family	.528
HEARNING	Have an opportunity to high earning	.617
COOPERAT	Work with people who cooperate well with one another	.594
TRAINOPP	Have training opportunity	.614
FRINGEBE	Have good fringe benefits	.690
RECOGNI	Get the recognition you deserve when you do a good job	.60
WORKCON	Have a good physical working conditions	.661
FREEDOM	Have considerable freedom to adapt your own approach to the job	.600
SECURITY	Have the security that you will be able to work for your company	.395
ADVANCEM	Have an opportunity for advancement to higher level	.676
WORKRELA	Have a good working relationship with your peers	.640
FULLUSES	Fully use your skills and abilities on the job	.620
PERSONAL	Have a job which leave you sufficient time for your personal or family life	.557

Extraction Method: Principal Component Analysis.

a 1 component extracted.

Table 6.6 Pearson Correlations between Factor 1-Factor 8

Variables	FACTOR1	FACTOR2	FACTOR3	FACTOR4	FACTOR5	FACTOR6	FACTOR7	FACTOR8
FACTOR1	X	.535**	.398**	.199**	.310**	.482**	.181**	.230**
	.	000	.000	.001	.000	.000	.003	.000
FACTOR2		X	.336**	.140*	.245**	.537**	.100	.069
			.000	.020	.000	.000	.097	.254
FACTOR3			X	.668**	.604**	.418**	.147*	.255*
				.000	.000	.000	.015	.000
FACTOR4				X	.529**	.273**	-.017	.378*
					.000	.000	.783	.000
FACTOR5					X	.386**	.266**	.228**
						.000	.000	.000
FACTOR6						X	.230**	.329**
							.000	.000
FACTOR7							X	.093
								.122
FACTOR8								X
	276	276	276	276	276	276	276	276

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

* Correlation is significant at the 0.05 level (2-tailed).

Figure 6.1 (a)   Mean Scores of AROE of the Ten Public Listed Companies
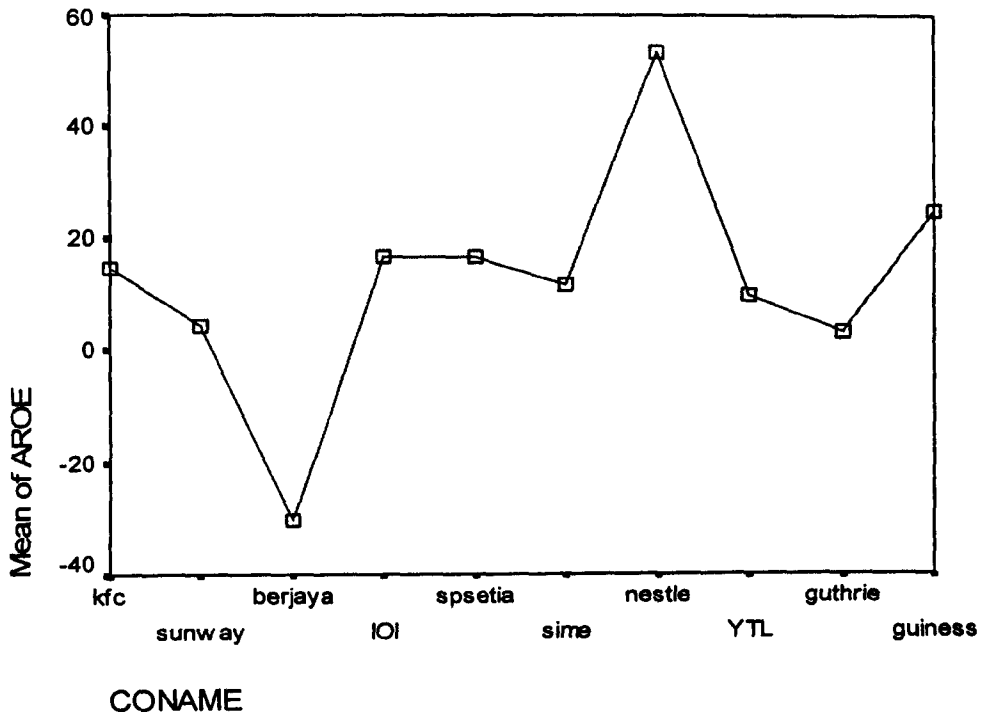
Figure 6.1 (b)   Mean Scores of AROI of the Ten Public Listed Companies
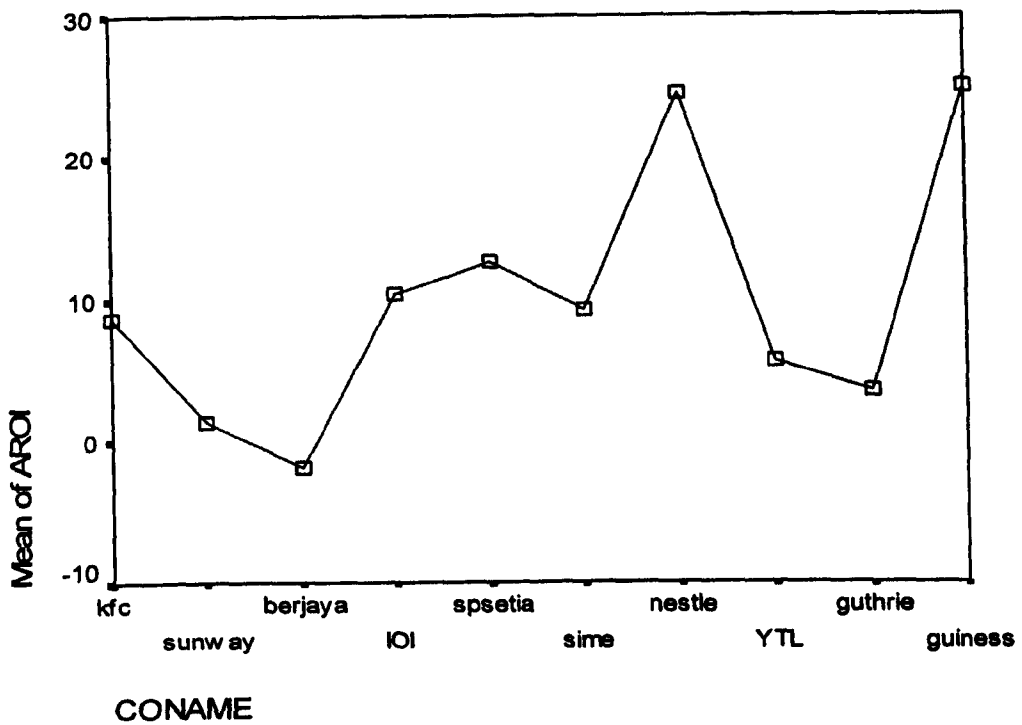
6.2 Results of the Confounding Variables on Organisational Performance

In this section, the four main variables (culture strength, managerial competencies, cross culture and work goals) were examined with ROI and ROE using correlations and hierarchical regression. This is also to determine whether other factors do moderate or confound the variance in the dependent variables. Three main groups of confounding variables were investigated and the results are presented below. The main groups are 1) age and degree, 2) gender and race and 3) position and experience.

Table 6.7 (a) and Table 6.7(b) present the results of the variables that contributed to financial outcome. Except cross cultural elements, other variables such as culture strength, managerial competencies and work goals do influence the financial performance. As shown in the table, culture strength (beta=.278, p<0.0005) appears to be the most contributing factor to ROE and ROI.

Correlation analysis as depicted in Table 6.8 seems to show an overall positive correlation between the variables. Work goals did not show a statistically significant correlation with ROI and ROE.

6.2.1 Results of Confounding Variables – Age and Degree

As shown in Table 6.9 (a), the model as a whole explains 14.6 per cent of the variance. However, the R squared change shows a value of .126 indicating that the four variables explained an additional 12.6 per cent of the variance in ROI even when the effects of age and degree are statistically controlled. The coefficient as shown in Table 6.9 (a) revealed three variables contributing to financial performance in order of importance. Culture strength seems to contribute the most compared to managerial competencies and work goals. (24.4% vs 15.6 % vs 13.1%). Age and degree did not contribute to the performance outcome.

Table 6.7 (a)   Results of Cultures (Cross Culture, Culture Strength, Work Goals) and Competencies link with ROE

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-61.666	16.354		-3.771	.000		
	competencies	.251	.101	.161	2.478	.014	.748	1.337
	cross culture	.199	.195	.069	1.022	.308	.687	1.456
	work goals	-.504	.206	-.148	-2.440	.015	.852	1.174
	culture strength	.728	.176	.278	4.139	.000	.694	1.441

Coefficients
a Dependent Variable: AROE

Table 67(b)   Results of Cultures (Cross Culture, Culture Strength, Work Goals) and Competencies link with ROI

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-19.611	6.963		-2.817	.005		
	competencies	.105	.043	.159	2.435	.016	.748	1.337
	cross cultural	6.431E-02	.083	.053	.775	.439	.687	1.456
	work goals	-.199	.088	-.139	-2.262	.024	.852	1.174
	culture strength	.291	.075	.264	3.883	.000	.694	1.441

Coefficients
a Dependent Variable: AROI

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Table 6.8   Correlation between Culture, Competencies, ROE and ROI

	competencies	cross cultural	work goals	Culture strength	AROE	AROI
competencies	X	.376**	.343**	.393**	.242**	.229**
	.	.000	.000	.000	.000	.000
cross cultural		X	.292**	.505**	.227**	.206**
		.	.000	.000	.000	.001
work goals			X	.194**	-.019	-.018
			.	.001	.756	.771
culture strength				X	.348**	.327**
				.	.000	.000
ROE					X	.896**
					.	.000
ROI						X
						.

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

Table 6.9 (a)

Hierarchical Multiple Regression Predicting Organisational Performance (ROI) – Age and Degree

Variables	(1) R Square (R^2)	(2) Change in R^2	(3) Adjusted R^2	(4) Change in F-ratio	(5) F	(6) Beta (β)
Model 1[a]	0.020	0.020	0.013	2.764	2.764	
Age	-	-	-	-	-	-0.142
Degree	-	-	-	-	-	0.018
Model 2[b]	0.146	0.126	0.127	9.825**	7.591**	
Age	-	-	-	-	-	-0.105
Degree	-	-	-	-	-	0.010
CS	-	-	-	-	-	0.244**
MC	-	-	-	-	-	-0.156*
CC	-	-	-	-	-	0.064
WG	-	-	-	-	-	-0.131*

[a] Predictors: Model 1 (Age, Degree)
[b] Predictors: Model 2 [Age, Degree, Culture Strength (CS), Managerial Competencies (MC), Cross Culture (CC), Work Goals(WG)]
*p<0.05, **p<0.01

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Table 6.9(b)

Hierarchical Multiple Regression Predicting Organisational Performance (ROE) – Age and Degree

Variables	(1) R Square (R^2)	(2) Change in R^2	(3) Adjusted R^2	(4) Change in F-ratio	(5) F	(6) Beta (β)
Model 1[a]	0.010	0.010	0.002	1.319	1.319	
Age	-	-	-	-	-	-0.192
Degree	-	-	-	-	-	-0.025
Model 2[b]	0.158	0.148	0.139	11.746**	8.340**	
Age	-	-	-	-	-	-0.051
Degree	-	-	-	-	-	0.034
CS	-	-	-	-	-	0.272**
MC	-	-	-	-	-	0.158*
CC	-	-	-	-	-	0.071
WG	-	-	-	-	-	-0.143*

[a] Predictors: Model 1 (Age, Degree)
[b] Predictors: Model 2 [Age, Degree, Culture Strength (CS), Managerial Competencies (MC), Cross Culture (CC), Work Goals(WG)]
*p<0.05, **p<0.01

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Similarly, when ROI was replaced with ROE, results for both variance and standardised coefficient revealed a similar trend. As presented in Table 6.9 (b), the model explained 15.8 percent of variance with additional variance of 14.8 per cent after taking into account Age and Degree of the managers. The results were statistically significant at $p < 0.0005$. From the results, it was noted that culture strength contributed the most (27.2 percent) compared to the other variables as depicted in Table 6.9 (b). This also indicated that there is consistency and agreement among the managers responding to the same items *per se.*

6.2.2   Results of Confounding Variables - Gender and Race

As shown in Table 6.10 (b), the model as a whole explains 16.6 percent of the variance. However, the R squared change shows a value of .152 indicating that the four variables explained an additional 15.2 percent of the variance in ROE even when the effects of Gender and Race are statistically controlled. The result was further verified in the ANOVA Table. The coefficient as shown in Table 6.10 (b) revealed three variables contributing to financial performance in order of importance. Culture strength seems to contribute the most compared to managerial competencies and work goals (27.8% vs 17.3 % vs 14.8%). Gender and Race did not confound or contribute to the performance outcome.

Similarly, when ROE was replaced with ROI, results for both variance and standardised coefficient revealed a similar trend. As presented in Table 6.10 (a), the model explained 0.140 percent of variance with additional variance of 14 percent after taking into account Gender and Race of the managers. The results were statistically significant at $p < 0.0005$. From the results, it was noted that culture strength contributed the most (26.2 percent) compared to the other variables as depicted in same table. This also indicated that there is consistency and agreement among the managers responding to the culture and competencies variables.

Table 6.10 (a)

Hierarchical Multiple Regression Predicting Organisational Performance (ROI) - Gender and Race

Variables	(1) R Square (R^2)	(2) Change in R^2	(3) Adjusted R^2	(4) Change in F-ratio	(5) F	(6) Beta (β)
Model 1[a]	0.008	0.008	0.000	1.037	1.037	
Gender	-	-	-	-	-	0.078
Race	-	-	-	-	-	-0.038
Model 2[b]	0.140	0.132	0.120	10.235**	7.216**	
Gender	-	-	-	-	-	0.038
Race	-	-	-	-	-	-0.054
CS	-	-	-	-	-	0.262**
MC	-	-	-	-	-	0.159*
CC	-	-	-	-	-	0.048
WG	-	-	-	-	-	-0.137*

[a] Predictors: Model 1 (Gender, Race)

[b] Predictors: Model 2 [Gender, Race, Culture Strength (CS), Managerial Competencies (MC), Cross Culture (CC), Work Goals(WG)]

*$p<0.05$, **$p<0.01$

Table 6.10 (b)

Hierarchical Multiple Regression Predicting Organisational Performance (ROE) - Gender and Race

Variables	(1) R Square (R^2)	(2) Change in R^2	(3) Adjusted R^2	(4) Change in F-ratio	(5) F	(6) Beta (β)
Model 1[a]	0.015	0.015	0.007	2.029	2.029	-
Gender	-	-	-	-	-	0.080
Race	-	-	-	-	-	-0.090
Model 2[b]	0.166	0.152	0.148	12.150**	8.888**	-
Gender	-	-	-	-	-	0.037
Race	-	-	-	-	-	-0.107
CS	-	-	-	-	-	0.278**
MC	-	-	-	-	-	0.173*
CC	-	-	-	-	-	0.055
WG	-	-	-	-	-	-0.148*

[a] Predictors: Model 1 (Gender, Race)
[b] Predictors: Model 2 [Gender, Race, Culture Strength (CS), Managerial Competencies (MC), Cross Culture (CC), Work Goals(WG)]
*p<0.05, **p<0.01

6.2.3 Results of Confounding Variables - Position and Experience

As shown in Table 6.11 (b), the model as a whole explains 16.2 percent of the variance. However, the R squared change shows a value of .133 indicating that the four variables explained an additional 13.3 per cent of the variance in ROE even when the effects of Position and Experience are statistically controlled. The result was further verified in the ANOVA Table 6.11(b). The coefficient as shown in Table 6.11 (a) revealed three variables contributing to financial performance in order of importance. Culture strength seems to contribute the most compared to managerial competencies and work goals. (26.6% vs 15.4 % vs 13.9%). As predicted, Experience did confound and contribute to the performance outcome (beta=-.154, p<0.01).

Further investigation revealed that when the same variables were examined with ROI, there was a variation in terms of contribution to performance outcome. As shown in Table 6.11 (a), experience seems to confound and contribute to ROI together with culture strength and competencies variables but not cross culture and work goals. This also might mean that managers do perceive experience as an important factor in influencing the financial performance of the company. As presented in Table 6.11 (a), the model explained 0.140 percent of variance with additional variance of 14 percent after taking into account position and experience of the managers. The results were statistically significant at p<0.0005. From the results, it was noted that culture strength contributed the most (24.1 percent) compared to the other variables as depicted in Table 6.11 (a). This also indicated that there is consistency and agreement among the managers responding to the culture and competencies variables.

Table 6.11 (a)

Hierarchical Multiple Regression Predicting Organisational Performance (ROI) - Position and Experience

Variables	(1) R Square (R^2)	(2) Change in R^2	(3) Adjusted R^2	(4) Change in F-ratio	(5) F	(6) Beta (β)
Model 1[a]	0.057	0.057	0.050	8.139**	8.139	
Position	-	-	-	-	-	-0.085
Experience	-	-	-	-	-	-0.222**
Model 2[b]	0.163	0.106	0.144	8.485**	8.669**	
Position	-	-	-	-	-	-0.061
Experience	-	-	-	-	-	-0.159*
CS	-	-	-	-	-	0.241**
MC	-	-	-	-	-	0.148*
CC	-	-	-	-	-	0.036
WG	-	-	-	-	-	-0.120*

[a] Predictors: Model 1 (Position, Experience)
[b] Predictors: Model 2 [Position, Experience, Culture Strength (CS), Managerial Competencies (MC), Cross Culture (CC), Work Goals(WG)]
*$p<0.05$, **$p<0.01$

Table 6.11 (b)

Hierarchical Multiple Regression Predicting Organisational Performance (ROE) - Position and Experience

Variables	(1) R Square (R^2)	(2) Change in R^2	(3) Adjusted R^2	(4) Change in F-ratio	(5) F	(6) Beta (β)
Model 1[a]	0.029	0.029	0.022	4.019*	4.019*	-
Position	-	-	-	-	-	0.080
Experience	-	-	-	-	-	-0.090
Model 2[b]	0.162	0.133	0.143	10.626**	8.614**	-
Position	-	-	-	-	-	-0.045
Experience	-	-	-	-	-	-0.082
CS	-	-	-	-	-	0.266**
MC	-	-	-	-	-	0.154*
CC	-	-	-	-	-	0.060
WG	-	-	-	-	-	-0.139*

[a] Predictors: Model 1 (Position, Experience)
[b] Predictors: Model 2 [Position, Experience, Culture Strength (CS), Managerial Competencies (MC), Cross Culture (CC), Work Goals(WG)]
*p<0.05, **p<0.01

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6.3 Explanations for the Results of the Integrative Link between Cultures, Management Competencies and Organisational Performance

The survey results raise a number of interesting issues. Unlike previous research which mainly investigated into the culture-performance outcome, this study took a different approach by examining culture-competencies-performance linkage and the results were striking. While the results are quite similar to some of the past findings (Denison, 1984; Gordon and DiTomaso, 1992; Peters and Waterman, 1982), the results presented in this Chapter suggest a more complex explanation.

If an organisation has a 'strong culture' with a 'well integrated and effective' set of values, beliefs and behaviour, it normally demonstrates a high level of corporate performance (Owen 1987; Ouchi 1981; Kotter and Heskett, 1992; Cameron and Ouinn 1999; Zabid *et al.* 2003; Lee and Yu, 2004). This finding is evident in the current study in which Factor 2 (Keyvalue and Hardwork) is predictive of organisational performance. For example, 'keyvalue' espoused by top management can be pervasive and ubiquitous within and between organisations in the same group. Similarly, managers also value hard work and high energy among members as such traits are essential for organisational endeavors. In addition, other values which seem to congruent with organisational performance are unique personality of founder and history, a uniform set of values that forms employees' efforts together with a shared common language have thrived to achieve the perceived outcome. The finding is also consistent with the findings of Gordon and DiTomaso (1992) and Denison (1990) whereby strength of culture is predictive of short-term performance.

The study also consistent with the findings of Denison and Mishra (1995) who have attempted to relate organisational culture and performance based on four different characteristics of the organisational culture. These are: external orientation of organisational culture is adaptability, mission or philosophy of the future, and internal aspects of the organisational cultures are involvement of the leadership and consistency of the culture. Adaptability and involvements promote dynamics of change and flexibility

in management system. Mission and consistency promotes stability and direction of the organisations.

The four traits of organisational culture are essential ingredients of a successful firm, however; different types of organisational cultures enhance different types of businesses (Kotter and Heskett, 1992). For instance, a culture that promotes rapid decision making with few bureaucratic obstacles enhancing the performance of a deal making advisory firm. A culture which promotes excellent technology can help a computer manufacturing firm. A culture which values stability and hierarchy is suitable for a slow moving environment but inappropriate for a competitive environment and a strong founder (leader) is important to create the vision, which helps the managers to implement complex decisions.

Siehl and Martin (1988) observed that cultures may serve as a filter for factors that influence the performance of an organisation. These factors are different for different organisations. Thus, a thorough analysis regarding the relationship between the culture and performance is essential.

Factor 3 (Emotional Involvement & Build Orientation) is found to be predictive of organisational performance which is consistent with Cockerill, Hunt and Schroder (1995) findings. The eleven high performance managerial competencies have been found consistently to predict superior organisational performance. These eleven high performance managerial competencies (HPMC) constitute a generalisable set of competencies which appear to distinguish high performing from average-performing managers, regardless of their organisations, industry and country.

The perceived competencies in this study such as sense people's feelings, read, understand and keep emotion under control, involve others and team and proficiency at cultivating relationship, ability to use variety of methods, ability to evaluate strengths and weaknesses are ascribed to Factor 3 thus far, which contributes to organisational performance. In a similar vein, Cockerill et al. (1995) and Chorvat (1994) also have

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demonstrated the eleven HPMC's to be observable dimensions of managerial behaviour which can be measured reliably and which correlates positively and significantly with organisational performance. Other types of competencies are also likely to influence firm performance (Murray, 2003).

Although most managerial competency models suffer from grave short-comings and, at best, add little value to the performance of organisations, they are presented as scientifically derived, reliable and valid predictors of superior performance. If any manager is to take such a model seriously s/he has to believe that there are some evidences to support the list of approved competencies in the first place. Where science has been applied vigorously to identifying managerial competencies that relate to superior organisational performance, a useful and potentially very important tool has been created to aid us in the selection, development and promotion of managers.

Another interesting finding is that Factor 6 (Participative Decision and Interpersonal Respect) and Factor 8 (Work Goal) both cross cultural construct appear to be significantly contributing to performance behaviour. Calori and Sarnin (1991) found that there is a significant relationship between a firm's growth over a short period and cultural intensity and cultural homogeneity. Furthermore, higher level of productivity could be linked with successful administrative practice and positive attitude of the workers (Deal and Kennedy, 1982; Heck and Marcoulides, 1989; Gordon, 1985). High level of participation creates a sense of belonging and responsibility, all in all show that these two components perhaps could be examined in one single country and yet the results are fascinating.

Consistency or high level of shared meanings and a strong base of the "way of doing things" are major sources of integration, coordination and control. Companies which value adaptations are more likely to have ambitious objectives, place emphasis on clients and encourage new ideas. The four predictive factors of organisational performance may have to be re-examined in another setting(s) or context with a view to test its reliability. It

is again a real challenge for managers of other organisations to 'trial run' this model and see if any deviations emerge.

6.4 Conclusion

Overall, despite the fact that empirical researches have been done on the relationship between cultures, competencies and performance which appear to be murky and inconclusive, the results in this Chapter revealed an intriguing discovery from the managerial perspective in the Malaysian context.

Based on the results of the factor analysis performed on culture strength, managerial competencies and cross culture components, results have revealed that keyvalue and hardwork, emotional involvement and build orientation, and participative decision and interpersonal respect do impact profoundly the performance of the company. Previous researches shown that firms with more positive perception of work organisation were found to be constantly better in performance than were firms with less positive views (Denison, 1984).

In addition to examining the above relationships, this study also established a link between the four main components (culture strength, managerial competencies, cross culture and work goal) with the financial performance of the ten companies. Interestingly, the results revealed that strong culture seems to be a prerequisite to successful organisational performance, consistent with claims of Peters and Waterman (1982) and Deal and Kennedy (1982), but contrary to Lewis's (1994) findings.

Further examination on the confounding variables such as age, degree, gender, race, position and experience revealed no positive effect on the performance outcome except experience of managers. Also consistent with findings of Hofstede (1980a, 1993) and Laurent (1983) professional standing, age and gender have little or no influence on organisational performance.

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CHAPTER SEVEN

CONCLUSIONS AND RECOMMENDATIONS

7.0   Introduction

The current study revealed several unexplored promising results with a sole emphasis on the Malaysian perspective. Mainly, it has developed an integrative model synthesising few components such as culture, competencies and performance which have not been previously thought, taking consideration of the fact that it is not possible to achieve a "one size fits all" model.

This chapter begins by presenting the summary of the findings in Section 7.1, followed by managerial implications in Section 7.2. Section 7.3 and Section 7.4 present the recommendations for improving future organisational performance in Malaysian enterprises and the discussion on possible limitations and suggestions for future research respectively and lastly, the conclusion is presented in Section 7.4.

7.1   Summary of the Findings of the Study

Two main findings emerged from this study. The first phase involved qualitative research by conducting in-depth interviews with managers of the two public listed companies in Malaysia. A revised semi-structured questionnaire was used to serve as a guide and to explore issues on culture and competencies of managers from a contemporary Malaysian perspective. Overall, the results seemed to be consistent with past research findings such as strong leadership, connection between rewards and behaviour, care about customers and strong communication networks (Ide, 2003; Hofstede, 1991; Kotter and Heskett, 1992). The findings also revealed some outstanding management competencies embodying the elements of results-orientation, familiarity of works, proactive and risk-taking. Hofstede's classification of cultures was discussed and the results of which have been incorporated into the survey instrument in the next phase of study. Such cultural

taxonomy was built in due to its simplicity and easily understood by all levels of managers. This was evident based on the results of the face-to-face interviews with the two public listed companies (*i.e.*, HB and Sime Lingo). Proceeding from the results of the above study and the review of previous research findings, a survey instrument was developed and used in the second phase of the study. Briefly, the research instrument consisted of four main components including culture strength, managerial competencies, cross culture and work goals. Each of these constructs grew out of interviews in the two public listed companies and literature reviews, except work goals which were adapted from Hofstede's findings (1980a). A sample size of 276 was obtained based on the ten public listed companies in Malaysia, half of which has MNC standard. Respondents were comprised of Malaysian Malay and Chinese only.

The second phase part I of the study used descriptive analysis to examine frequency, mean and standard deviation of the categorical data and interval data. As predicted, mean scores for all the interval data such as culture strength, competencies of managers and cross cultural elements were rated reasonably high (see Table 7.1). Clearly, these results indicated that managers perceived the variables to be important or relevant to the organisation. By virtue of their managerial position, most of them tended to express a positive view which reflected very much their agreement (consistency) to the existence of a strong culture and the competencies required in their jobs. Interestingly, as opposed to findings of Hofstede (1980a) such a high power distance country like Malaysia should have a low participative inclination but this study found that participation in decision making seems to be a practice well accepted in the Malaysian work environment. This could probably due to the different respondents used in variegated settings, timing and contexts.

Another striking result is the statistically significant correlation coefficients between the main variables under study as indicated in Table 7.1. In this result, a fair acceptable shared variance was found pointing to the strong relationship between the variables investigated.

Such relationships between culture strength, competencies of managers, cross culture elements (including work goals) were further examined to determine their predictive nature in relation to a performance indicator (see Figure 7.1).

The results unveiled that strong culture and managerial competencies are good predictors of organisational performance, which are consistent with the findings of Peters and Waterman, 1982; Kotter and Heskett, 1992; Cockerill, Hunt and Schroder, 1995. The four variables were factorised to determine variations. The four factors (shaded : Factor 2-Keyvalue and Hardwork, Factor 3-Emotional Involvement, Factor 6-Participative Decision and Interpersonal Respect and Factor 8-Work Goals) as shown in Figure 7.1 are good predictors of organisational performance. ANOVA shows that the perception of culture strength, managerial competencies and cross culture elements (except work goals) varied across the ten public listed companies. All results shown based on Tukey multiple comparisons were significant.

However, as shown in Table 7.1, when the ten public listed companies were further dichotomized and examined on the same basis using t-tests to determine whether the three variables varied between the two different groups, there was significant variation for cross culture construct only, demonstrating a different perception of managers towards the national cultures between the group controlled by local and the group with MNC status. The interaction effects between position, level of management and education did not reach a significant level.

As presented in Table 7.2, the second phase part II used factor analysis, correlations and multiple regressions to determine which constructs contribute to performance of the organisation. Financial results of the companies based on five years ROI and ROE were used as performance indicators. An average figure AROE and AROI over five financial years was then determined and chosen to be the proxy for financial performance, as opposed to Denison's finding using ROI and ROS and Gordon and DiTomaso (1992) using growth and premium respectively.

Figure 7.1   Revised Integrative Model for Cultures, Managerial Competencies and Organisational Performance

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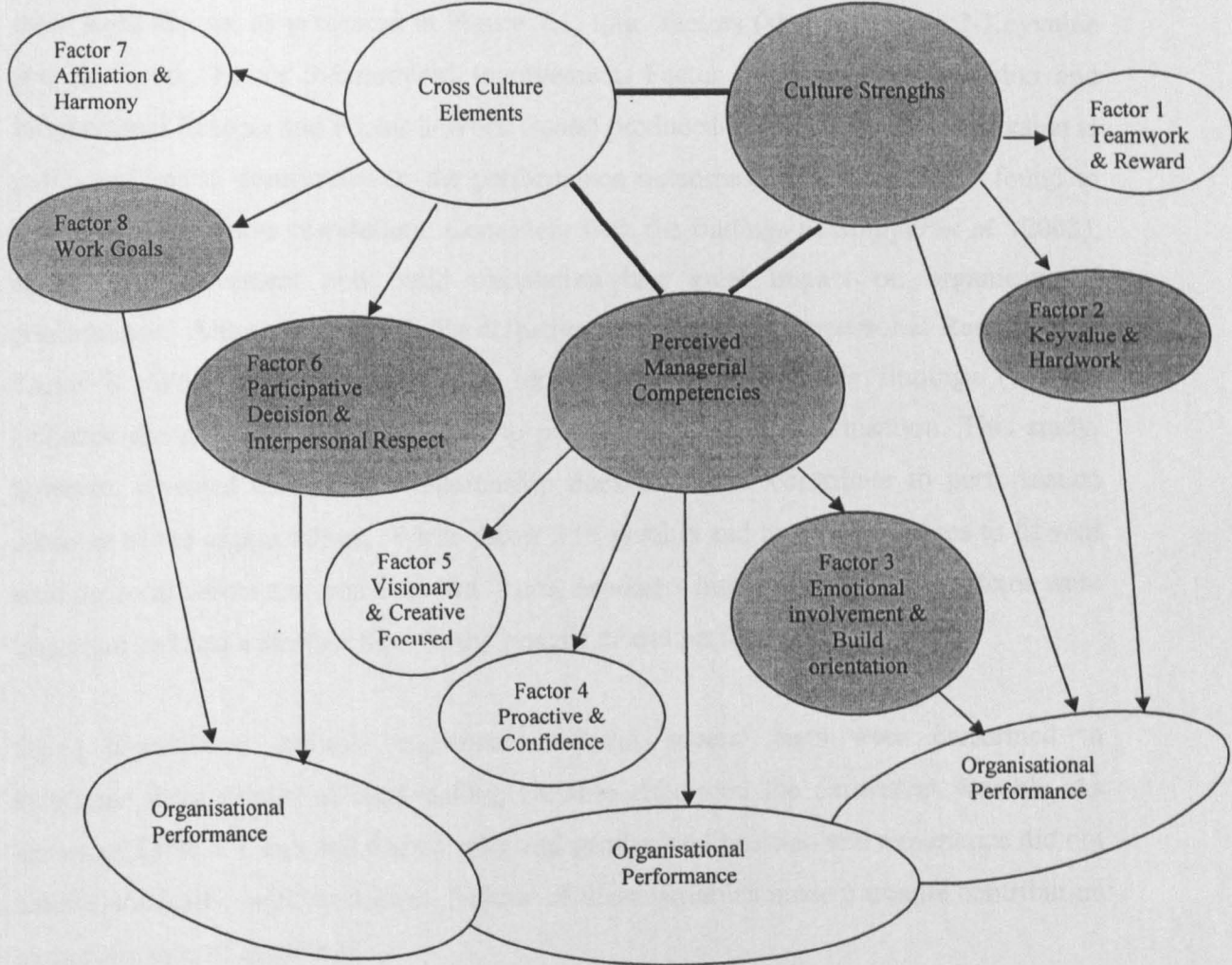
Factor analysis was performed on the four main variables which then produced eight factors as stated in Table 7.2. In this case, care had been taken to make sure that those components having eigenvalue more than one were considered for determination of components. Kaiser and Barlett tests both also satisfied a minimum requirement. Out of these eight factors, as presented in Figure 7.1, four factors (shaded: Factor 2-Keyvalue and Hardwork, Factor 3-Emotional Involvement, Factor 6-Participative Decision and Interpersonal Respect and Factor 8-Work Goals) produced significant coefficient value at $p<0.5$ and hence, contributed to the performance outcomes. All factors were found to have a strong positive correlation. Consistent with the findings of Shipper *et al.* (2003), emotional involvement and build orientation had great impact on organisational performance. Although Factor 6 (Participative Decision and Interpersonal Respect) and Factor 8 (Work Goals) were factors replicated from Hofstede's findings (1980a), Hofstede did not link these constructs to performance of the organisation. This study, however, revealed that such a relationship does exist and contribute to performance outcome of the organisations. While factor 2 (Keyvalue and hardwork) seems to fit well with the local values and practices and hence, managers highly agreed that the items were important and had a strong effect on the organisational performance.

Using hierarchical multiple regression analysis, several tests were performed to determine three groups of confounding variable effects on the dependent variable. As shown in Table 7.2, age and degree, race and gender, and position and experience did not reach statistically significant level. Neither of these variables made a unique contribution to performance of organisation.

Table 7.1 Summary of the Findings (Second Phase Part I-Results of Cultures and Managerial Competencies)

Statistical Analysis	Independent Variables/Non-Matrix (nominal) data	Dependent Variables/Matrix (interval) data	Confounding Variables/Non-Matrix (nominal) data	Hypothesis Testing	Results
Descriptive	Age, gender, race, experience, education position, level of management		-	-	Frequency and percentages
Correlation		Culture strength, Managerial competencies, Cross cultural elements and Work goals	-	H_1, H_2 and H_3	Accepted H_1, H_2 and H_3
T-tests	Two Groups (local/foreign)	Culture strength Competencies Cross Culture	-	$H_1(b)$ $H_2(b)$ $H_3(b)$	Rejected Rejected Accepted
ANOVA (one-way)	Ten Public Listed Companies	Culture strength Competencies Cross Culture	-	$H_1(a)$ $H_2(a)$ $H_3(a)$	Accepted Accepted Accepted
ANOVA (two-way)	Position	Culture strength	Education	$H_1(c)$	Partially supported
	Ten Public Listed Companies	Cross Cultural elements	Level of Management	$H_1(d)$	Partially supported

Table 7.2 Summary of the Findings (Second Phase Part II-Results of the Relationship between Cultures, Managerial Competencies and Organisational Performance)

Statistical Analysis	Independent Variables/Non-Matrix (nominal) data	Dependent Variables/Matrix (interval) data	Confounding Variables/Non-Matrix (nominal) data	Hypothesis Testing	Results
Factor Analysis	-	(a)Culture Strength, (b)Managerial Competencies, (c)Cross Culture	-	-	(a)Two factors (b)Three factors (c)Two factors
Multiple Regression	Factor 1 (Teamwork & Reward) Factor 2 (Keyvalue & Hardwork)	Return on Equity (ROE) Return on Investment (ROI)	-	H_1	Factor 1 rejected Factor 2 for both ROI & ROE accepted Partially supported
	Factor 3 (Emotional Involvement & Build Orientation) Factor 4 (Proactive & Confidence) Factor 5 (Visionary & Creative Focused)	Return on Equity (ROE) Return on Investment (ROI)	-	H_2	Factor 3 accepted for both ROI and ROE Factor 4 and Factor 5 rejected for both ROI and ROE Partially supported
	Factor 6 (Affiliation & Harmony) Factor 7 (Participative Decision & Impersonal Respect) Factor 8 (Work Goals)	Return on Equity (ROE) Return on Investment (ROI)	-	H_3	Factor 6 and Factor 8 accepted for ROE Factor 7 rejected for ROE Factor 6 accepted for ROI Factor 7 and Factor 8 rejected fro ROI Partially supported
Correlation	Factor 1,2,3, 4,5,6,7,8	-			

Table 7.2 Summary of the Findings (Chapter 7)-Continued

Statistical Analysis	Independent Variables/Matrix (interval)data	Dependent Variables/Matrix (interval) data	Confounding Variables/Non-Matrix (nominal) data	Hypothesis Testing	Results
Multiple Regression	Culture Strength, Managerial Competencies, Cross Culture, Work Goals	ROI & ROE	Age & Degree	H_1, H_2 and H_3	Age, Degree and Cross Culture rejected for both ROI and ROE
			Race & Gender		Race, Gender and Cross Culture rejected for both ROI and ROE
			Position & Experience		Position, Experience and Cross Culture rejected for ROE
					Position, Cross Culture and Work Goals rejected for ROI

From the results of the findings, it was discovered that one striking result emerged with regard to some similarities and dissimilarities between Malaysia and the West. The dissimilarities could be found in culture that places emphasis on participative decision making. According to Newman and Nollen (1996), in their study of national culture, they found that East Asia employees have less participation in decision making. In this study, managers rated highly on participative decision-making as essential for their job functions.

Peters and Waterman and many other U.S. authors in their management literatures rarely distinguish between the values of founder and significant leaders and the values of the bulk of the organisation members. Descriptions of organisation cultures are often based only on statements by corporate heroes. Hofstede *et al.* (1990) concluded that the values of founders and key leaders undoubtedly shape organisational cultures but that the way these cultures affect ordinary members is through shared practices. Founders' and leaders' values become members' practices. In this respect, the current finding appears to be more consistent with Hofstede *et al*'s findings where Malaysian managers perceived founders' values as highly important.

Shipper *et al.* (2003) findings revealed that for both the UK and the U.S., self awareness of interactive skills may be crucial relative to effectiveness, whereas in high power distance cultures such as Malaysia, self-awareness of controlling skills may be crucial relative to effectiveness. These findings follow from Hofstede's (2000) suggestions that different cultures have different managerial behaviours. Conversely, in this study, managers perceived team work and solidity more relevant to controlling skills.

According to Miroshnik (2002), members of collectivist cultures place importance on fitting in harmoniously and saving face. Members of individualistic cultures place more emphasis on self-respect. Collectivist countries control their members more through external social pressure - shame. Individualistic countries control their members more through internal pressure - guilt.

However, this study shows that 'self-respect' was rated moderately high as managers generally perceived such culture as relevant although Malaysia is considered having a collectivist culture. Nonetheless, placing emphasis on harmony and saving face is another area managers perceived such cultures to be highly relevant. In high/large power distance countries, such as Venezuela, Japan *etc*, bosses and subordinates consider bypassing as insubordination. A similar finding was also evidenced in the current study. While in low power countries, such as the U.S. and Denmark employees are expected to bypass the boss frequently in order to get their work done (Hofstede, 1980b).

Lifetime employment is more common in high/strong uncertainty avoidance countries such as Japan, Portugal, Greece, Russia *etc*. This was again demonstrated in this study whereby managers generally did not view such culture as relevant. As commented by one of the local Fulbright Professional Exchange scholars that *"lifetime jobs are disappearing for the corporate culture in the global markets. Even the much admired Japanese corporate work culture of 'lifetime employment' is a bygone thing these days"*. High job mobility more commonly occurs in low/weak uncertainty avoidance countries such as the U.S., UK and Denmark.

Multinational companies in countries such as the U.S. and Denmark, that are low on both dimensions, have very little hierarchy, everyone talks to everyone and the risk taking is both expected and encouraged. Employees in high power distance and low uncertainty avoidance countries such as Singapore, think of their organisations as traditional families as head of the family, the father protects family members physically and economically, in exchange, the family expects loyalty from all the members. This seems to be relevant to the current study undertaken in Malaysia. Although due respect is given to the head or founder of the company, as more managers are being trained and educated in the West, such as the U.S., UK and other advanced countries, they have now realised the importance of participative decision-making as a source of motivation for staff and such culture is prevalent in most of the local enterprises.

7.2   Managerial Implications

Globalisation increases the pace of communication resulting in intense mobility of human capital. This has also led to organisation operating in diverse geographic location stimulating the flow of human capital across national borders. It is interesting to note as well that companies are facing numerous challenges and opportunities. Organisations are faced with a myriad of decisions as they 'go global' including the decision regarding whether to 'export' the organisational cultures of the home office to overseas locations or to allow a unique organisation to evolve locally. Business activities began to transcend national boundaries. The very concept of domestic business may have become anachronistic. Today, CEOs and managers view global business as a key factor in their firm's business success. Equally challenging is effectively managing human resource management that is critical to global success.

With increasing access to advanced technology, jobs will shift from workers in rich countries to cheap, educated labour in economically developing countries. The era of unprecedented global economic activity includes worldwide production, distribution, increasing large numbers of international joint ventures, multinational mergers and acquisitions and global strategic alliances. These environmental changes coupled with the current research has led to several implications for managers and practitioners.

Differences between Hofstede *et al.* (1990) and Peters and Waterman (1982) findings on the nature of organisational culture could be that U.S. literature rarely distinguishes between the values of founders and significant leaders and the values of the bulk of the organisation's members.

An integrative model of cultures and competencies for effective managers help organisations to perform better in a Malaysian context became apparent. Managers may have to be more vigilant on aspects to account for performance of the companies, but also depend on their ability to balance the positive culture and the right competencies. Failure to do so will inevitably lead to failure to achieve the desired outcome (performance). The research could help both managers and researchers to decide whether an organisation

should be considered as one single culture or as a multitude of subcultures and to help draw a cultural map of complex organisations.

Managers may need to acquire a new set of competencies to manage their job or activities more professionally and to play a strategic role in achieving organisational goals. They cannot afford to be reactive to today's competitive environment. They ought to be more proactive and strategic in their orientation. Of equal importance is the need for the top management to realise that the job of managers has evolved into a complex and critical function and that it could be used as a tool for competitive advantage. In the light of trying to compose a list of managerial competencies, one must not forget the impending effect of cultures whether it would lend support to allow the identified competencies workable in such a complex working environment. For whatever reasons, it may be noteworthy to examine the linkage of cultural influence together with managerial competencies and its impact on organisational performance.

The better performing multinational enterprises emphasised organisational cultures, which was based on values, such as performance-oriented, long-term employment, collectivism and quality enhancement. Multinational enterprises which are rated higher were characterised by leaders who were good communicators, dealt well with difficult situations, were professional and culturally aware. In fact, the corporations studied attempted to create cohesion and structure for its diverse business and locations via strong organisational cultures, competencies and the communication of a clear set of values. While this corporation attempts to remain sensitive to local needs and issues in the locations in which it operates, policies and procedure tend to be very consistent. The result is clear expectation and standards, the considerable diversity that exists within the corporation would lead to frustration, anxiety and strained relationship among employees. Another decision facing multinational corporations as they globalise is the amount and type of cultural training to provide to increase tolerance and facilitate working relationships among diverse groups of employees.

The individual situation must be assessed. For example, not all individuals in France are high power distance, nor are all Americans individualistic. Hence, managers must be prepared to face such reality, develop and train employees to adapt to idiosyncratic cultures enabling different competencies to flourish which are essential for corporate growth and performance. Nonetheless, many managers do not adhere to the 'culture-specific' theory on which this framework is based. Instead, they adhere to 'culture-free' theory, which assumes that certain situational factors, such as economics and technology, affect managers in all cultures (Hickson, Hinings and Schwitter, 1974). Hence, the trainees must be made aware that while national cultural classifications serve as important guides in determining the appropriate managerial style in a culture, situational factors confronting the enterprise must also be considered.

Practitioners can use it to create awareness of actual differences, for example, in cases of planned mergers of culturally different units. By allowing comparison to be made with other organisations, it can suggest the cultural constraints that strategic planners will have to respect.

This culture-competencies-performance model should be incorporated in the selection, training and development processes for employees at all levels in a company, so that they would each have the capability to function completely within the corporate cultural environment. In any case, the HRM systems of companies can also be oriented towards the concept that a better fit between the requirement of working in a company and the competencies of a person would result in better employees' performance and greater job satisfaction.

7.3   Theoretical Contributions

This study examined the relationship between cultures (national and organisational), perceived managerial competencies and organisational performance. Previous studies have shown the relationship between national culture and organisational culture (*e.g.* Hofstede *et al.* 1990; Ogbonna and Harris, 2002), or managerial competencies and

performance (*e.g.* Cockerill *et al.*, 1995; Shipper *et al.*, 2003), or culture and performance (*e.g.* Denison, 1990; Kotter and Heskett, 1992; Van der Post, de Coning and Smit, 1998; Zabid *et al.*, 2003), but did not show the potential relationship of these three factors (*i.e.* Cultures, perceived managerial competencies and corporate performance) in an integrated way. This study, therefore, has shown the important relationship of these three dimensions in an organisational setting, particularly in a developing country – Malaysia. This study, therefore, provides a strong theoretical extension to prior research which suggests that the model consisting of three dimensions can be used as a basis for further research in other developing countries such as Indonesia, Thailand, Vietnam, Philippines and any other developing context.

The mixed methodology employed in this study has demonstrated a rigorous finding in which two major components such as cultures and managerial competencies have proven to have a profound impact on the corporate performance. This represents an important extension of prior research that traditionally and predominantly investigated into the area of cultures and performance. In particular, cultures and competencies which emphasised on 'keyvalue & hardwork', 'emotional involvement & build orientation', participative decision & interpersonal respect', and 'work goals' seem to be the strong factors in influencing the corporate performance of the ten diversified companies identified. The uniqueness of these characteristics may or may not generalise to other listed companies in Malaysia. But it has at least served as a framework for all other listed companies to complement and supplement their existing management practices and developments.

This research focused on ten well-diversified quoted companies in Malaysia in which 276 samples were obtained. This represented more than 65 percent of the total managers in the companies identified. Respondents were managers from various levels of management who were mostly Chinese and Malay. Contrary to some prior research (*e.g.* Zabid *et al.*, 2003, Lee and Yu, 2004), a less than 10 per cent response rate was received based on their research in Malaysia and Singapore respectively.

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This study provides a strong theoretical extension to prior research which suggests that there are more cultural similarities between the Chinese and the Malay managers in terms of their perception towards values, behaviour, attitudes and competencies of managers. Clearly, this has a strong implication for researchers interested in the cultural studies to re-consider replicating or extending this study to a different setting, be it listed companies or non-listed companies in Malaysia employing different research paradigms. It might be worth noting that future research may extend to other ethnicity such as 'Indian', 'Kadazan', 'Iban' within the country. Eriksen (2002) proposes that ethnicity may be a better focus of study, involving the examination of similarities and differences between different ethnic groups. In fact, Schneider and Barsoux (1997) suggest that cultural analyses must assess multiple spheres of influence such as gender, race, religion, corporate/professional affiliation, *etc*. They propose a micro rather than macro assessment of culture that incorporates and considers the numerous internal and external forces that influence individual attitudes and behaviour.

While more research remains to be done in this area, this study has at least demonstrated the power of cultures and managerial competencies in influencing organisational performance.

7.4   Recommendations for Improving Future Organisational Performance in Malaysia Enterprises

The current research unravels several mixed and ambiguous past research findings relating to its link between culture and performance. Hence, it has led to some meaningful discoveries which could provide a sound framework enabling managers to use it as a guide for the performance bottomline.

Peters and Waterman (1982) drew attention to the importance of corporate culture as an important ingredient of effective organisational performance. Without exception, the dominance and coherence of culture proved to be an essential quality of the excellent companies. The strong culture that this study proved would aid organisational leaders to

focus more on strategic and performance issues and less on the need for policy manuals, organisational charts, or detailed procedures and rules. With strong culture firmly embedded, people way down the hierarchy know what they are supposed to do in most situations because of the relatively few and uncomplicated guiding values are clear.

This study has enhanced the understanding of using integrative culture, managerial competencies and organisational performance in the Malaysian context. Of particular interest was the robustness of the culture strength. This is an instrument that future researchers should be willing to use readily. Culture was found to impart a variety of organisational processes. Practitioners will be interested to know that strong culture can be a source of competitive advantage under certain conditions. In addition, the instrument might aid organisations which have weak cultures (for example, a persistent high labour turnover) to consider adopting such culture elements in the event of a massive corporate exercise such as restructuring, de-cluttering, revamping or perhaps a change in CEO.

Managers and administrators from both public and private sectors will be more than willing to incorporate into their management development programme the organisational culture strength and appropriate competencies which have been empirically examined and found to have significant influence on organisational performance. In the recent graduate employment statistics released by the Malaysian Ministry of Human Resource, it was unveiled that more than eighteen thousand local fresh graduates each year were not employed due to lack of certain skills and competencies. Therefore, such framework incorporating element of strong culture together with the appropriate competencies is timely and that it should be built into the training programme for these graduates. These are potential candidates who would become a cornerstone of organisations in the future and that they are expected to play a pivotal role in driving organisations towards an ideal performance outcome.

It might be of interest to managers who are currently working for MNC in particular, and other companies in general to learn the different skills and competencies required at

national and international level. This also means that managers must not only learn to cope with their own jobs and working environment but also must be competent and sensitive enough in adapting to different business environment in foreign countries. This in turn would help organisations to gain competitive advantage and to have superior financial performance.

This research has also provided managers with a better understanding of the relationships of these factors in order to enhance the managerial effectiveness and organisational success. This finding could also assist managers in both public and private sectors in several ways. First, managers could determine the type of person or employees required to match with the organisational culture and are appropriate for the assigned managerial works. Second, they would be able to understand the type of culture prevalent in their organisation and then assess the strengths and weaknesses of such cultures in their organisational setting. They could also match this culture with the appropriate competency level of employees that enable them to develop an integrative model that are more conducive to the employees and organisational setting.

As presented in Figure 7.2 four domains of an integrative cultures and managerial competencies as contributing factors to organisational performance serve as a guide for managers in terms of manpower requirements, leadership training, recruitment and selection, induction and orientation as well as formulation of human resource policies and procedures.

Motivating and developing people in modern, complex organisation require a management approach that recognises how organisational decisions affect people. This study is timely for managers to acknowledge the importance of integrating a few concepts to provide a useful framework as a guide to inspire and motivate their staff.

Notwithstanding other possible factors and ingredients that would likely to influence performance outcome, this framework may be used to supplement the existing practices

Figure 7.2 Four Contributing Factors to Organisational Performance

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1: Keyvalue and Hardwork

1. Binding diverse businesses into one organisation
2. Well verse in the key value espoused by management
3. Share a common language
4. Uniform set of values that focus employee efforts
5. Employees who work hard and high energy level
6. Unique personalities of founders and history of company

2: Emotional Involvement and Build Orientation

1. Read and understand emotions
2. Build framework/model/forms on informantion
3. Evaluate strengths and weaknesses
4. Read currents of organisational life
5. De-escalate disagreement
6. Gathers different kinds of info and sources
7. Bolster the ability of others
8. Involve others and build team
9. Proficiency at cultivating relationship
10. Keep emotion under control
11. Sense people's emotions and perspective
12. High work standards and goals
13. Use variety of methods for ideas
14. Understand others' ideas/concepts/feelings

3: Participative Decision Making & Interpersonal Respect

1. Treat others as one would like to be treated
2. Team building is constantly encouraged
3. Value participative decision making
4. Value charity of policies and procedures
5. Value employees who work hard
6. Collective management emphasise solidity
7. Rules and directions are well defined
8. Value patience and perseverance
9. Value achievement and abhor failures
10. Responsible for results and rewards

4: Work Goals

1. Have a challenging work to do
2. Live in an area desirable to you and your family
3. Have an opportunity to high earning
4. Work with people who cooperate well with one another
5. Have training opportunity
6. Have good fringe benefits
7. Get the recognition you deserve you do a good job
8. Have a good physical working conditions
9. Have considerable freedom to adapt your own approach to the job
10. Have the security that you will be able to work for your company
11. Have an opportunity for advancement to higher level
12. Have a good working relationship with your peers
13. Fully use your skills and abilities on the job
14. Have a job which leave you sufficient time for your personal or family life

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or models by synchronising cultures from organisational and national perspectives, in addition to synthesising competencies of managers in the area of emotional involvement and build orientation. However, it may be worth noting that the importance of cultures and competency of managers in organisations are so general as to be unhelpful and perhaps lead to dissatisfaction with what could easily come to be seen as yet one more social science fad. Some organisations' culture will presumably be irrelevant to performance, some forms of cultures will promote and some will inhibit efficient operation, depending on the theoretical linkage one seeks to explore (Ouchi, 1981). Whatever it may be, the development of new insights and theory in the application of not only culture but also skills and competencies of managers or leaders is critical if they are to make use of this concept of understanding organisational performance.

7.5   Limitations of the Study and Suggestions for Future Research

The result of the study would appear more meaningful if managers in the companies surveyed comprise of other nationalities working in Malaysia. However, this would be seemingly be possible provided respondents of the survey come from non-managerial staff such as technicians, supervisors and plant workers from India, Vietnam, Burma and Bangladesh. The number of foreign workers is expected to increase as the Ministry of Human Resources Malaysia has recently signed Memorandum of Understanding (MOU) for the recruitment of workers with six countries, namely, Vietnam, Pakistan, Bangladesh, Sri Lanka and Thailand (Keynote address by Minister of Human Resources Malaysia, dated 16/2/2004). In the light of this, it is therefore suggested that future research on national culture in Malaysia be focused more on respondents from non-managerial level.

In addition, additional geographic comparison studies with samples from non-management level would be of interest. It may be that at the non-managerial level, perception of the organisational values, beliefs, norms and behaviour may differ as a result of different training, education background and working experience. Further research is warranted with respect to determining the strength of an organisation's culture. This study has developed a survey instrument to measure culture strength with promising

results. Research using the same instrument or similar methods with larger sample sizes will shed more light on this concept.

Another possible limitation of the study is the reliance on data from managers of ten public listed companies. While this usefully controls for both company and industry effects, it limits the generalisability of the findings. Such a study could also address Laurent's (1983) surprising finding that cultural differences were more pronounced among foreign employees working in the same multinational company than among employees working for different companies in their home countries. In this regard, a more comprehensive review and analysis of the cultures, competencies and performance link across industries and companies, including non-listed companies appears especially worthy of academic attention. This could be achieved through a replication and extension of the present study in different sectors/industries and contexts.

The fact that this research has used ROI and ROE as performance indicators might have its shortcomings. Other performance measurements such as sales growth, current ratio, quick ratio, ROA, corporate image and goodwill may be employed and compared to see if there are any differences in performance outcomes. Future research may study corporate culture's impact on effectiveness with a more comprehensive set of measures. As there is no comparison of performance over years, perhaps future studies should consider looking at longitudinal design so as to reflect a more meaningful performance measurement.

Another consideration is that although the response rate (*i.e.* 65 per cent) in this study was high based on the ten companies surveyed, the sample size was rather small in relation to the population of managers in the country. Therefore, it might be worth looking into increasing the sampling frame by a wider coverage of listed companies in the Kuala Lumpur Stock Exchange. This would also help to increase the sample size if

one would to use listed companies in Malaysia as one's target population. Taking this as a base, future research may consider examining and comparing other races in Malaysia, for instance, Indian, Kadazan, Iban and other natives in the country.

No model or theory is without its limitations. The universal doctrine of "no one best model/theory" seems quite applicable in this context. For instance, Hayes, Rose-Quirie and Allinson (2000) believed that even if managers are able to master all the managerial elements identified, this mastery will not guarantee overall competence and the ability to perform effectively. Above all, the competency lists produced by systematic studies, no matter how reliable and valid the methods used, may not reflect the competencies that managers may need in the future. Changes within and outside organisations are so rapid that the existing model may no longer be applicable and hence, a new list of competencies may be required. Business leaders will know that they should not assume that one particular type of organisational culture is necessarily the best. Despite the fact that consultant cum professor - Boyatzis has opined that the 'next big thing' as far as competencies are concerned has to be some fusion work – emotional side, spiritual side, and environment (cultures) side, and that this model has such integrative elements which unveils the relationship between cultures, perceived managerial competencies and corporate performance, its extension to other contexts or settings should take into considerations all possible weaknesses highlighted above.

7.6   Conclusion

It is noted that inconclusiveness of research on the link between culture and performance abound but research of this nature continues to grow but focusing on different methodologies.

Strong culture seems to have positive influence on performance but ignoring sub-cultures, suggesting one set of cultural values are superior to others. Even if culture has a strong influence on how well people do their job and how well the aggregate company performs, external forces can sharply affect corporate results. The advent and impact of

globalization, changing in trade legislations, and sanction of trade agreements and a whole myriad of international trade-offs have a profound effect on the financial performance of companies.

Clearly, the composition and effect of both national culture and organisational cultures coupled with competency level of managers are highly complex, and they require a great deal more study to sort out the pieces and the relevant relationships. Perhaps this complex web of relationships needs to be rigorously re-examined paying more attention to methodological and contextual issues.

Indeed, given the gross approaches to the measurements of three very complex phenomena, culture, managerial competencies and performance, and the differences in underlying measurements and contents, yet the overall results appear striking. For instance, a very positive and significant correlation exists between the three main components under study.

The culture, the content of instrument, and the method of measuring competencies of managers can all interplay in determining the strength of relationship found between culture, managerial competencies and performance. Future investigation of this relationship should include all these considerations.

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HB Case: Respondents' profiles

No.	Age	Gender	Ethnicity	Nationality	Position held	Qualification	Department
1.	47	M	Chinese	Malaysian	Senior Manager	Degree	Audit & Finance
2.	36	M	Malay	Malaysian	Manager	Degree	Human Resource
3.	43	M	Chinese	Malaysian	Manager	Degree	Marketing
4.	50	M	Chinese	Malaysian	Manager	Post Degree	Audit & Finance
5.	45	F	Chinese	Malaysian	General Manager	Degree	Production
6.	39	M	Malay	Malaysian	Manager	Degree	IT
7.	40	F	Chinese	Malaysian	Senior Manager	Post Degree	Customer Service
8.	34	F	Chinese	Malaysian	Manager	Diploma	Production
9.	32	M	Chinese	Malaysian	Assistant Manager	Degree	Marketing
10.	44	M	Malay	Malaysian	Assistant Manager	Post Diploma	Quality Assurance
11.	28	M	Chinese	Malaysian	Senior Manager	Degree	Marketing
12.	34	F	Malay	Malaysian	Assistant Manager	Degree	Human Resource
13.	32	M	Malay	Malaysian	Assistant Manager	Degree	IT
14.	43	M	Chinese	Malaysian	Senior Manager	Post Graduates Degree	Quality Assurance
15.	29	F	Chinese	Malaysian	Assistant Manager	Professional	Audit & Finance

Sime Lingo Case : Respondents' profiles

No.	Age	Gender	Ethnicity	Nationality	Position held	Qualification	Department
1.	37	M	Malay	Malaysian	Senior Manager	Degree	Production
2.	46	M	Malay	Malaysian	Senior Manager	Degree	Human Resource
3.	44	M	Chinese	Malaysian	Manager	Degree	Marketing
4.	52	M	Chinese	Malaysian	Manager	Post Degree	Audit & Finance
5.	55	F	Chinese	Malaysian	Manager	Degree	Audit & Finance
6.	34	M	Chinese	Malaysian	Manager	Degree	IT
7.	40	F	Malay	Malaysian	Senior Manager	Post Degree	Quality Assurance
8.	50	F	Malay	Malaysian	Manager	Diploma	Marketing
9.	52	M	Chinese	Malaysian	Assistant Manager	Degree	Marketing
10.	49	M	Malay	Malaysian	Assistant Manager	Post Diploma	IT
11.	29	M	Malay	Malaysian	Manager	Degree	Production
12.	34	M	Chinese	Malaysian	Manager	Degree	Production
13.	47	M	Malay	Malaysian	Senior Manager	Degree	Production
14.	36	F	Malay	Malaysian	Manager	Degree	Human Resource
15.	31	F	Chinese	Malaysian	Assistant Manager	Degree	Human Resource
16.	34	M	Malay	Malaysian	Senior Manager	Degree	Human Resource

No.	Age	Gender	Ethnicity	Nationality	Position held	Qualification	Department
17.	44	F	Chinese	Malaysian	Senior Manager	Professional	Audit & Finance
18.	50	M	Chinese	Malaysian	Senior Manager	Degree	Quality Assurance
19.	37	F	Chinse	Malaysian	Assistant Manager	Degree	IT
20.	33	M	Malay	Malaysian	Assistant Manager	Degree	Quality Assurance

Example of interviews from HB's managers

Interviewer: What do you think constitute your organisational cultures? Do you consider your organisation culture as strong?

Interview Verbatim were transcribed as follows:

OrgCul/Hero, StrCul/strLea	**(1) Manager (Audit & Finance)** "It is the way we do things here. What have been practiced here so far are mainly inherited from generation to generation. We respect the leader who is our Managing Director. We follow his instructions and directives. He is a far-sighted leader who has a strong vision."
OrgCul/Hero, StrCul/strLea	**(2) Manager (Human Resource)** "We work as a team, very cohesive and often have open discussion among us. Our big boss is closed to us and showed us the direction. He is a real boss. Everybody respect him."
OrgCul/Rit, *OrgCul/Hero* *OrgCul/Cer* *OrgCul/StrLea*	**(3)Manager (Marketing)** "There are just too much things we could discuss about organisational cultures. Right from the beginning till to-date, there are many stories told and retold regarding the founder of the organisation. How he became so successful in building his business empire. His quality traits and attributes enable him to lead the organisation, from a humble beginning to now a big and established conglomerate in Malaysia. Basically, our leader treasures frugality virtue, saving cost and maximising profits. However, we often celebrate achievements such as promotion rewards and academic awards among employees. We also celebrate birthday parties for colleagues and our leader and so fore."
OrgCul/ShaVal *StrCul/Ca/Cus*	**(4)Manager (Audit & Finance)** "The culture here values customers. We have a very customers-oriented environment. Our people are aware of their roles in ensuring customers be well taken care of. We often have training programmes which incorporate such component so that new recruits are being educated and oriented to this value."
OrgCul/Hero *StrCul/Rew/Beh* *StrCul/Ca/Em*	**(5)Manager (Production)** "There are just too many things to mention. Basically, the cultures here originated from our founder who values thriftiness, hard work, trustful, obedience and integrity. He planted such virtues since the day he founded the organisation. He is humble and gentle. Willing to listen and accept criticism. We value teamwork among departments and divisions. Those who work hard and produce results will be rewarded. Those against it will be negatively reinforced with penalties. The founder is our role model, many of us try to emulate his behaviours."
OrgCul/ShaMean *StrCul/StrLea*	**(6)Manager (IT)** "There are shared assumptions, beliefs and values governing our activities. We will support and value anything our leader does for the organisation."

StrCul/StrLea	**(7)Manager (Customer Service)** "Our culture encourages creativity and innovation. Constantly generate new ideas to promote new ventures. This spirit is strongly espoused by our leader who values such new creations."
OrgCul/ShaVal	**(8)Manager (Production)** "We share common language, differentiate between good or bad, right or wrong. We are committed to our shared goals and our direction is made known to members. We value team work here."
OrgCul/Hero *StrCul/StrLea* *StrCul/Ca/Em*	**(9)Manager (Marketing)** "Employees here know what is expected from them. *From the day he or she is hired, we have an induction programme instilling in them a culture that value frugality. A spirit of cost saving and eliminates extravagance which is bad habit in the eye of our founder.* We strongly uphold our strong beliefs in hard work, commitment and responsibility. There are just too many things to mention with regards to our cultures. Nonetheless, we still try to provide long term employment to project a good corporate image and identity."
OrgCul/Hero *StrCul/StrLea*	**(10)Manager (Quality Assurance)** "Many of us believe that cultures glue us together. We have a leader who is our role model. He is often in favour of decentralised decision making and empowerment. He encourages staff to participate in decision making allowing flexibility rather than rigidity to dominate work activities."
StrCul/StrLea	**(11)Manager (Marketing)** "We respect our founder who provides us with a clear vision. The good virtues that he practices are still strongly embedded and entrenched."
OrgCul/ShaVal	**(12)Manager (Human Resource)** "Too much to mention about our cultures. In short, we values good practices and our employees are committed to work. We have a shared vision which enables us to work towards that direction."
StrCul/Ca/Cus *StrCul/Ca/Em* *StrCul/Ca/Sto*	**(13)Manager (IT)** "Our people value social responsibilities. We care for our employees and customers as well as our stockholders."
OrgCul/ShaMean *StrCul/StrLea*	**(14)Manager (Quality Assurance)** "Members are always in agreement with what we do. They support our objectives and goals as they are committed to work together. We are constantly reminded of our leader's vision to strike for excellence and frugality."
OrgCul/ShaObj *StrCul/Ca/Cus* *StrCul/Ca/Sto*	**(15)Manager (Audit & Finance)** "Our leader is dynamic and visionary. We are all guided by his clear direction. We value customers and all other stakeholders. Employees here are supportive and committed to our shared vision. Our culture is positive; people here are motivating and have a sense of belongingness."

2

Categorisation and Coding

OrgCul: **Organisational Culture**

OrgCul/ShaObj: Organisational Culture is shared objectives

OrgCul/ShaMean: Organisational Culture is shared meanings

OrgCul/ShaVal: Organisational Culture is shared values

OrgCul/Hero: Organisational Culture is heroes

OrgCul/Cer: Organisational Cultures is ceremonies

OrgCul/Rit: Organisational Culture is rituals

OrgCul/Art: Organisational Culture is artifacts

StrCul: **Strong Culture**

StrCul/StrLea: Strong Culture has strong leader

StrCul/Rew/Beh: Strong Culture has connection between rewards and behaviours

StrCul/StaOrg: Strong Culture has a stable organisation

StrCul/Est: Strong Culture is well established

StrCul/LoTur: Strong Culture has low turnover

StrCul/InfCom: Strong Culture has strong informal communication networks

StrCul/Ca/Cus: Strong Culture cares about customers

StrCul/Ca/Em: Strong Culture cares about employees

StrCul/Ca/Sto: Strong Culture cares about stockholders

Organisational Culture and Strong Cultures identified by HB's Managers (n=15)																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Total	%
Shared meaning						/								/		2	13
Shared objectives															/	1	6
Shared values				/				/				/				3	20
Symbols																-	
Heroes	/	/	/		/				/	/						6	40
Ceremonies			/													1	6
Rituals			/													1	6
Rewards																-	
Presence of strong leaders	/	/	/			/	/		/	/	/			/		9	60
Strong connection between rewards and behaviours					/											1	6
Stable organisation																-	
Well established																-	
Low turnover																-	
Strong internal communication networks																-	
Care about customers				/	/								/		/	4	26
Care about employees									/				/			2	13
Care about stockholders													/		/	2	13

Pilot Study - Semi-Structured Questionnaire

Organisational Cultures

1.	What are **special terms** here that only **insiders understand**? (To identify organisational **symbols)**
2.	What **kind of people** are most likely to make a **fast career** here?
3.	Whom do you consider as particularly **meaningful persons** for this organisation? (to identify organisational **heroes**)
4	In what **periodic meetings** do you participate?
5.	How do **people behave** during these meetings?

6.	Which **events are celebrated** in this organisation? (to identify organisational rituals)
7.	What things do people **very much like to see** happening here?
8.	What is the **biggest mistake** one can make?
9.	Which **work problems** can keep you aware at night? (to identify organisational values?)

Culture Strength Inventory
(To determine how sustainable or strong the culture of an organisation for competitive advantages)

Please read each of the following items carefully and consider the extent to which you agree or disagree with the statement. Using the scale below, indicate your response by writing the appropriate letter in the space provided to the left of the each item.

A	=	Strongly agree
B	=	Agree
C	=	Neutral
D	=	Disagree
E	=	Strongly disagree

*the Company refers to the Company under survey"

_____ 1. The "corporate culture" within the Company is strong, effectively binding all of the *diverse businesses into one cohesive organisation.*

_____ 2. The Company has *a uniform set of values* that serve to focus employer efforts.

_____ 3. Employees of the Company are *well versed in the key values espoused by top management.*

_____ 4. The Company employees *share a common language* that facilitates communication among members of the diverse businesses and functions within the corporation.

_____ 5. Employees are *rewarded* for their ability to act in accordance with the Company's values.

_____ 6. The Company employees are *encouraged* to act in the best interest of the *customers.*

_____ 7. *Six Sigma Quality* is encouraged and rewarded by the Company.

_____ 8. *Ideas are evaluated* based on their inherent merit as opposed to where they originate.

_____ 9. The Company fosters an environment of *change and innovation.*

_____10. The Company focused on *eliminating bureaucracy and streamlining processes.*

_____11. The Company encourages collaboration and *teamwork* regardless of geographic or functional distance.

_____12. Employees are provided with opportunities to improve and stretch their *skills.*

_____13. The Company values employees who *work hard* and have a high energy level

_____14. The Company values employees who passionately sell *ideas* directly to the audience by understanding and appealing to their unique needs and motivations.

_____15. The Company values employees who quickly and confidently make difficult *decisions.*

_____16. The Company values employees who actively listen to other and hear them out before sharing their own ideas.

_____17. The Company values employees who are *goal-focused* and committed to delivering results.

_____18. The Company values employees who devote time and energy to celebrating team and individual accomplishments.

_____19. The Company values employees who utilize *quality* processes and metrics in their work.

_____20. The Company values employees who demonstrate a high level of *care and concern for others.*

<u>Two Case Studies: Revised Semi-Structured Questionnaire</u>

PRELIMINARY STUDY ON TWO PUBLIC LISTED COMPANIES IN MALAYSIA

QUALITATIVE APPROACH

SEMI-STRUCTURED QUESTIONNAIRE

(FACE-TO-FACE INTERVIEWS WITH MANAGERS)

From 15-1-2004 to 28-2-2004

SECTION A: PROFILE OF COMPANY

Name of Company: _____

Business Activities:

Main	Peripherals

1)_____   1)_____

2)_____   2)_____

3)_____   3)_____

4)_____   4)_____

5)_____   5)_____

                                                       6)_____

                                                       7)_____

Date of Incorporation: _____

Location of Business: _____

_____

Number of Employees: _____

Ratio of Ethnicity:

Malay _____%

Chinese _____%

Indian _____%

Others _____%

(If others, please specify_____)

2

Level of Management :

First- Level (   ) Middle- Level (   ) Higher- Level (   )

Organisational Ownership::

　　　Local　　　　　_____%

　　　Foreign　　　　_____%

Organisational Structure:

　　　Attached Chart

1) Subsidiary Companies (   ) 2) Associated Companies (   )

SECTION B: DEMOGRAPHY CHARACTERISTICS
(Informants: Managerial level)

1) Name of Manager: _____

2) Age: _____

3) Gender: _____

4) Race: _____

5) Nationality: _____

6) Job Title: _____

7) Marital Status: _____

8) Number of Children: _____

9) Years with Company: _____

10) Qualifications obtained: _____

11) Department/Division: _____

SECTION C: ORGANISATIONAL CULTURE

1.	What are **special terms** here that only **insiders understand**? (To identify organisational **symbols**)
2.	What **kind of people** are most likely to make a **fast career** here?
3.	Whom do you consider as particularly **meaningful persons** for this organisation? (to identify organisational **heroes**)
4	In what **periodic meetings** do you participate?
5.	How do **people behave** during these meetings?

6.	Which **events are celebrated** in this organisation? (to identify organisational rituals)

7.	What things do people **very much like to see** happening here?

8.	What is the **biggest mistake** one can make?

9.	Which **work problems** can keep you aware at night? (to identify organisational values?)

SECTION D:

Culture Strength Inventory
(To determine how sustainable or strong the culture of an organisation for competitive advantages)

Please read each of the following items carefully and consider the extent to which you agree or disagree with the statement. Using the scale below, indicate your response by writing the appropriate letter in the space provided to the left of the each item.

A	=	Strongly agree
B	=	Agree
C	=	Neutral
D	=	Disagree
E	=	Strongly disagree

*the Company refers to the Company under survey"

_____ 1. The "corporate culture" within the Company is strong, effectively binding all of the *diverse businesses into one cohesive organisation.*

_____ 2. The Company has *a uniform set of values* that serve to focus employer efforts.

_____ 3. Employees of the Company are *well versed in the key values espoused by top management.*

_____ 4. The Company employees *share a common language* that facilitates communication among members of the diverse businesses and functions within the corporation.

_____ 5. Employees are *rewarded* for their ability to act in accordance with the Company's values.

_____ 6. The Company employees are *encouraged* to act in the best interest of the *customers.*

_____ 7. *Six Sigma Quality* is encouraged and rewarded by the Company.

_____ 8. *Ideas are evaluated* based on their inherent merit as opposed to where they originate.

_____9.   The Company fosters an environment of ***change and innovation.***

_____10.   The Company focused on ***eliminating bureaucracy and streamlining processes.***

_____11.   The Company encourages collaboration and ***teamwork*** regardless of geographic or functional distance.

_____12.   Employees are provided with opportunities to improve and stretch their ***skills.***

_____13.   The Company values employees who ***work hard*** and have a high energy level

_____14.   The Company values employees who passionately sell ***ideas*** directly to the audience by understanding and appealing to their unique needs and motivations.

_____15.   The Company values employees who quickly and confidently make difficult ***decisions.***

_____16.   The Company values employees who actively listen to other and hear them out before sharing their own ideas.

_____17.   The Company values employees who are ***goal-focused*** and committed to delivering results.

_____18.   The Company values employees who devote time and energy to celebrating team and individual accomplishments.

_____19.   The Company values employees who utilise ***quality*** processes and metrics in their work.

_____20.   The Company values employees who demonstrate a high level of ***care and concern for others.***

SECTION E: MANAGERIAL COMPETENCIES

Do you perceive that the following competencies are important or necessary for a manager?

1)   Ability to express confidence in the future success of the action to be taken.
2)   Ability to present ideas clearly with ease and interest so that other person understands   what is being communicated.
3)   Ability to identify alternatives or multiple options in decision making
4)   Ability to enhance knowledge and experience shared within boundaries and beyond
5)   Proactive in task structuring and responsibility
6)   Involve others and able to build co-operative team
7)   Understand ideas, concepts and feelings of another
8)   Present ideas clearly with ease and interest so that other person understands what is   being communicated.
9)   Possesses high interest work standards and set ambition, risky and yet achievable goals.
10)   Ability to manager yourself and your responsibility
11)   Ability to evaluate your strengths and weaknesses
12)   Ability to consistently display honesty and integrity
13)   Ability to understand other people's emotion
14)   Ability to adjust to changing situation and overcoming obstacles
15)   Ability to recognise and meet customers' needs.

Letters to Respondents

University of Derby

Dear Sir/Madam

Antecedents to organisational performance abound. This includes voluminous anecdotal research findings which are murky and inconclusive. To fill the void, this study takes on a new dimension by examining the relationship between culture, managerial competences and performance of the company. Specifically, the study aims to obtain perception of managers as to how they would view such relationship based on their past and current working experiences.

Your company is one of the few diversified conglomerates in Malaysia identified to assist us to achieve our intended outcome. The criteria for the selection are based on the size and track records of the company. As your firm's manager, we feel that you are the most qualified person to answer how culture plays its role in influencing competence level of managers, and how it could help your company to expand by venturing into new product areas.

All information provided by you will be treated as confidential and will not in any way divulge to any party outside except for the purpose of this survey. You will also be assured of the ethical clearance from the University of Derby. A copy of the executive summary will be delivered to you upon request.

We would appreciate if you could help us by completing the questionnaire enclosed. In the event that you are not able to complete for one reason or another, please fill and return a note which is attached herewith or a blank questionnaire to us.

Thank you in advance for your time and participation. This study would not be possible without the assistance from people like you.

For any further information please do not hesitate to contact me.

Sincerely

Amy CM Yeo
PhD candidate
University of Derby, United Kingdom
Email Address: yeocm@mail.tarc.edu.my
Contact Nos: 03-41450123(Office) 03-80766814/15 (Resident)
            012-6058707 (Mobile)

University of Derby
Invitation to Participate in Exploratory Research

PhD Research: Survey on the relationship of organisational culture, managerial competences and organisational performance

Thank you for allowing me to write-in to seek permission in conducting a PhD primary survey *vis-à-vis* the above provisional title.

The survey is indeed a larger part of the cultural study based on Malaysian context. Specifically, the aim is to explore how closely cultural element links with managerial competences and the firm's abilities to translate into organisational performance. It is therefore the intention of this study to conduct in-depth interviews with multi-tiered managers of your organisation. The outcome of which will enable this research to garner variables applicable to local scenario and hence, leading to a positivist survey at a later stage, which is expected to enroute by mid-April 2004.

Your firm has been identified and selected for this study. HB uniqueness in believing a global brand entrenches spirit of inspiring people around to think globally, look globally, work globally and live globally is a testimony of a strong culture it has built upon. Coupled with the fact that HB Berhad is able to succeed in the multi-racial environment such as Malaysia is again, a powerful indicator in its foresight to react to culture sensitivity, against this backdrop, the study is anticipated to be the most relevant and challenging.

My Academic Advisor, Professor Dr. Steve Carter is currently the University's M Sc program leader as well as a Director of PhD studies. A copy of the letter from him confirming my status as a Registered PhD student is enclosed for your information. We will be pleased to provide an executive summary of the final research findings to all those who participate in the survey. We are fully aware of your reticence to reveal certain information, rest assure you that all the answer given will be kept strictly confidential and all information collected from participants will be aggregated before reporting. This research has obtained an ethical clearance from the research office of the University.

Thanking in advance for your interest in this project.
Yours sincerely

Amy CM Yeo
PhD candidate
University of Derby, UK.
Office Email:Yeocm@mail.tarc.edu.my
Office Tel: 03-41450237

University of Derby
(Letter to the Human Resource department of the Ten Public Listed Companies)

Re: PhD Survey on Culture and Managerial Competencies

Thank you for allowing me to conduct a survey on the above area of research.

I am a Senior Lecturer at TAR College and currently pursuing my PhD research with University of Derby, UK. My Academic Advisor is Prof. Dr. Steve Carter. This PhD research aims to examine the relationship between culture and managerial competencies of company based on perception of managers. It is hoped that the outcome of the survey would be able to provide insight into a new dimension of how cultural influence affects competency level of managers.

Your Company is one of the few conglomerates in Malaysia identified to assist us to achieve this objective. The criteria for selection of the targeted companies are based on the size and track records of the company. All information provided by your managers (including assistant managers) will be kept confidential and will not in any way divulge to any party outside except for the purpose of this research.

Once again, many thanks for your time and assistance. This study would not be possible without the contribution from people like you.

Thank you

Yours sincerely

Amy CM Yeo
Derby PhD candidate

Survey Instrument

UNIVERSITY OF DERBY

SURVEY ON

NATIONAL CULTURE/ORGANISATIONAL CULTURE/ MANAGERIAL
COMPETENCIES

AMY CM YEO

2004

Part One : Respondent's Profile
(Please TICK in the appropriate box)

1. Are you:
   Male ❑   Female ❑

2. Are you:
   Malay ❑
   Chinese ❑
   Indian ❑
   Other
   Please specify_____

3. How old are you?
   25 - 30 ❑
   31 - 40 ❑
   41 - 50 ❑
   51 and above ❑

4. What is your marital status?
   Single ❑   Married ❑

5. What is your higher degree?
   1. Diploma ❑
   2. Bachelor ❑
   3. Master ❑
   4. PhD ❑
   5. Other
      Please specify _____

6. What is your present position?

   1. Chief Executive Officer ❑
   2. Human Resource Manager ❑
   3. Production Manager ❑
   4. Auditing Manager ❑
   5. Marketing Manager ❑
   6. Other
      Please indicate_____

7. Which level of management do you belong?

   1. Higher ❑
   2. Middle ❑
   3. Lower ❑

8. How long have you been working as Manager?

    1. Less than 1 year ❑
    2. 1 - 5 years ❑
    3. 6 - 10 years ❑
    4. More than 10 years ❑

9. What is your tenure of office in this Company?

    1. Less than 1 year ❑
    2. 1 - 5 years ❑
    3. 6 - 10 years ❑
    4. More than 10 years ❑

Part Two: Company Background
(Please TICK at the box provided)

Name of Company _____

Year Company established _____

1. What is your main area of business? (Please tick one)

    ❑ Building Construction   ❑ Beverage & Tobacco

    ❑ Housing Development   ❑ Computer/Office Machinery
                                              Electronics

    ❑ Agriculture Products   ❑ Textiles & Apparel

    ❑ Food Products   ❑ Printing & Publishing

    ❑ Health & Personal Care Products   ❑ Fuels & Petroleum Products

    ❑ Leisure Goods   ❑ Specialty Chemicals

    ❑ Leather/Rubber/Plastics Materials and Products   ❑ Pharmaceuticals

    ❑ Metal Products   ❑ Industrial, Commercial
                                              Machinery

    ❑ Data Processing & Reproduction Computer Software   ❑ Fast- Food Chain

    ❑ Automobiles   ❑ Instruments & Control
                                              Devices, Medical Equipments
    ❑ Shipbuilding
    Other (Please specify)_____

3

2.   Is your Company locally-owned?

      Yes   ❏   No   ❏

3.   Do you employ managers from other countries? If yes, go to answer Question 4.

      Yes   ❏   No   ❏

4.   What is the percentage of foreign managers?

      1.   5 % and less   ❏
      2.   6 % - 10%   ❏
      3.   11% - 15%   ❏
      4.   16% - 20%   ❏
      5.   More than 20%   ❏

5.   How many managerial staff does your Company have?

      1. Below 20   ❏
      2. 21 - 40   ❏
      3. 41 - 60   ❏
      4. 61 - 80   ❏
      5. More than 80   ❏

6.   What is the annual turnover of the Company?

      1.   Below RM100 million   ❏
      2.   RM101   -   RM200 million   ❏
      3.   RM201   -   RM300 million   ❏
      4.   RM301   -   RM400 million   ❏
      5.   RM401 million and above   ❏

Part Three : Culture Strength Inventory

Directions: Please read each of the following items carefully and consider the extent to which you agree or disagree with the statement. Using the scale below, indicate your response by circling the appropriate number alongside each item.

Strongly Disagree   Disagree   Undecided   Agree   Strongly Agree

1.................2.............3.................4....................5

(Please circle the appropriate number alongside each item)	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
1. The corporate culture within your Company is strong, effectively binding all the diverse businesses into one cohesive organisation	1	2	3	4	5
2. Employees in your Company are well versed in the key values espoused by top management	1	2	3	4	5
3. Your Company has a uniform set of values that serve to focus employee efforts	1	2	3	4	5
4. Your Company employees share a common language that facilitates communication among members of the diverse businesses and functions within the corporation	1	2	3	4	5
5. Employees are rewarded for their ability to act in accordance with the Company's value	1	2	3	4	5
6. Your Company employees are encouraged to act in the best interest of the customer	1	2	3	4	5
7. Your Company fosters an environment of change and innovation, and creativity	1	2	3	4	5
8. Your Company encourages collaboration and teamwork regardless of geographic or functional Distance	1	2	3	4	5

	(Please circle the appropriate number alongside each item)	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
9.	Your Company values employees who work hard and have a high energy level	1	2	3	4	5
10.	Your Company values employees who quickly and confidently make difficult decisions	1	2	3	4	5
11.	Your Company values employees who actively listen to others and hear them out before sharing their own ideas	1	2	3	4	5
12.	Your Company values employees who are goal-focused and committed to delivering results	1	2	3	4	5
13.	Your Company values employees who devote time and energy to celebrating team and individual accomplishments	1	2	3	4	5
14.	Your Company values employees who utilize quality processes and metrics in their work	1	2	3	4	5
15.	Your Company values employees who demonstrates high level of care and concern for others	1	2	3	4	5
16.	To do things and behave in ways that lead to high sales, low costs and high margin	1	2	3	4	5
17.	Your Company must have attributes and characteristics that are not known to the cultures of a large number of other firms	1	2	3	4	5
18.	The way things are being done are imperfectly imitable	1	2	3	4	5
19.	Your Company is obsessed with customer services and satisfaction	1	2	3	4	5
20.	Your Company value the unique personalities of founders and history of the Company	1	2	3	4	5
21.	Your Company obtain productivity through supports and values the worth of employees	1	2	3	4	5

Part Four : Managerial Competence Elements

Directions: Please read each of the following items carefully and consider the extent to which you would <u>perceive</u> the statements to be important or not at all important to your organisation. The degree of important you perceive will determine how "core" is the competences that you possess that enable your Company to expand into other product domain. Your competence is considered as "core" if it is rare, valuable and imperfectly imitable. Using the scale below, indicate your response by circling the appropriate number alongside each item.

Not at all Important	A little Important	Moderately Important	Important	Very Important
1	2	3	4	5

	(Please circle the appropriate number alongside each item)	Not at all Important	Of Little Important	Moderately Important	Important	Very Important
1.	Express confidence in the future success of the action to be taken, a strong and positive sense of self-worth	1	2	3	4	5
2.	Present ideas clearly with ease and interest so that other person understands what is being communicated	1	2	3	4	5
3.	Proactive in task structuring, responsibility and implementation of plans and ideas	1	2	3	4	5
4.	Possesses high internal work standards and sets ambition, risky and yet achievable goals	1	2	3	4	5
5.	Create a positive climate, provides coaching, training and developmental resources to improve performance	1	2	3	4	5
6.	Involves others and able to build co-operative teams	1	2	3	4	5
7.	Understand ideas, concepts and feelings of another	1	2	3	4	5

	(Please circle the appropriate number alongside each item)	Not at all Important	Of Little Important	Moderately Important	Important	Very Important
8.	Gathers different kinds of information and sources to build rich informational environment	1	2	3	4	5
9.	Build framework or models or forms, concepts, hypotheses or ideas on the basis of information	1	2	3	4	5
10.	Use a variety of methods to gain support for ideas, strategies and values	1	2	3	4	5
11.	Ability to read and understand emotions and recognize impact on work performance and relationship	1	2	3	4	5
12.	Ability to evaluate your strengths and weaknesses	1	2	3	4	5
13.	Ability to keep disruptive emotion and impulses under control	1	2	3	4	5
14.	Ability to consistently display honesty and integrity	1	2	3	4	5
15.	Ability to manage yourself and your responsibilities	1	2	3	4	5
16.	Ability to adjust to changing situation and overcoming obstacles	1	2	3	4	5
17.	Ability to recognise competition and exploit opportunities	1	2	3	4	5
18.	Ability to sense other people's emotions, understanding their perspective, and taking an active interest of their concerns	1	2	3	4	5
19.	Ability to read the currents of organisational life, build decision networks, and navigate politics	1	2	3	4	5
20.	Ability to recognise and meet customers' needs	1	2	3	4	5

	(Please circle the appropriate number alongside each item)	Not at all Important	Of Little Important	Moderately Important	Important	Very Important
21.	Ability to take change and inspire with a compelling vision	1	2	3	4	5
22.	Propensity to bolster the abilities of others through feedback and guidance	1	2	3	4	5
23.	Skill at listening and at sending clear, convincing, and well-tune messages	1	2	3	4	5
24.	Proficiency in initiating new ideas and leading people in a new direction	1	2	3	4	5
25.	Ability to de-escalate disagreements and orchestrate resolutions	1	2	3	4	5
26.	Proficiency at cultivating and maintaining a web of relationships	1	2	3	4	5
27.	Competence at promoting cooperation and building teams	1	2	3	4	5
28.	Identifies feasible alternatives or multiple option in planning and decision making	1	2	3	4	5
29.	Ability to enhance knowledge and experience shared within boundaries and beyond	1	2	3	4	5
30.	Ability to secure and store knowledge against loss and theft	1	2	3	4	5
31.	Ability to wield a range of persuasive tactics	1	2	3	4	5
32.	Possesses external vision to learn from the environment in which the business operates	1	2	3	4	5
33.	Capable of being creative, risk taking and tolerance of mistake	1	2	3	4	5
34.	Encourage questioning and experimentation through empowerment and individuals	1	2	3	4	5

Part Five : Cross Cultural Dimensions

Directions: Please read each of the following items carefully and consider the extent to which you would <u>perceive</u> the statements to be relevant or not at all relevant to your organisation. Using the scale below, indicate your response by circling the appropriate number alongside each item.

Not at all Relevant	A little Relevance	Occasionally Relevant	Relevant	Very Relevant

1....................2................ ......3....................4........................5

	(Please circle the appropriate number alongside each item)	Not at all Relevant	Of Little Relevance	Occasionally Relevant	Relevant	Very Relevant
1.	Your Company values participative decision making	1	2	3	4	5
2.	Managers who encourage participation are likely to be seen as weak and incompetent	1	2	3	4	5
3.	Organisational structure is centralised	1	2	3	4	5
4.	Individuals believe in harmony and saving face	1	2	3	4	5
5.	Individuals place more emphasis on self-respect	1	2	3	4	5
6.	Team building is constantly encouraged	1	2	3	4	5
7.	Your employees are expected to bypass the boss to get their work done	1	2	3	4	5
8.	Your Company values clarity of plans, policies, procedures and system	1	2	3	4	5
9.	Rules and direction are well-defined	1	2	3	4	5
10.	Life time employment is encouraged	1	2	3	4	5

	(Please circle the appropriate number alongside each item)	Not at all Relevant	Of Little Relevance	Occasionally Relevant	Relevant	Very Relevant
11.	Your Company values affiliation and view failure as much less important	1	2	3	4	5
12.	Individuals responsibility for results and rewards	1	2	3	4	5
13.	Collective Management emphasise work unit solidity and team-based rewards	1	2	3	4	5
14.	Your Company values achievement and abhor failures	1	2	3	4	5
15.	Your Company values patience, perseverance, respect for one's elders and ancestors	1	2	3	4	5
16.	Your Company provides long term employment	1	2	3	4	5
17.	Solving problems for the long term than making "quick fixes"	1	2	3	4	5
18.	Treating others as one would like to be treated oneself	1	2	3	4	5
19.	Value employees who work hard and committed to a common investment philosophy	1	2	3	4	5
20.	Value virtue of frugality, not spending more than necessary	1	2	3	4	5
21.	The junior partner owes the senior respect and obedience, the senior owes the junior partner protection and consideration	1	2	3	4	5

Part Six : Work Goals

Directions: Please read each of the following items carefully and consider the extent to which you would <u>perceive</u> the statements to be important or not at all important to you as a Manager of the organisation. Using the scale below, indicate your response by circling the appropriate number alongside each item.

Not at all Important	Of little Important	Moderately Important	Important	Very Important

1....................2.............. .....3.................4.......................5

	(Please circle the appropriate number alongside each item)	Not at all Important	Of Little Important	Moderately Important	Important	Very Important
1.	Have challenging work to do-work from which you can get a personal sense of accomplishment	1	2	3	4	5
2.	Live in an area desirable to you and your family	1	2	3	4	5
3.	Have an opportunity for high earnings	1	2	3	4	5
4.	Work with people who cooperate well with one another	1	2	3	4	5
5.	Have training opportunity (to improve your skills or learn new skills)	1	2	3	4	5
6.	Have good fringe benefits	1	2	3	4	5
7.	Get the recognition you deserve when you do a good job	1	2	3	4	5
8.	Have a good physical working conditions (good ventilation and lighting, adequate work space, etc)	1	2	3	4	5
9.	Have considerable freedom to adapt your own approach to the job	1	2	3	4	5

(Please circle the appropriate number alongside each item)	Not at all Important	Of Little Important	Moderately Important	Important	Very Important
10. Have the security that you will be able to work for your company as long as you want to	1	2	3	4	5
11. Have an opportunity for advancement to higher level jobs	1	2	3	4	5
12. Have a good working relationship with your peers	1	2	3	4	5
13. Fully use your skills and abilities on the job	1	2	3	4	5
14. Have a job which leaves you sufficient time for your personal or family life	1	2	3	4	5

If you would like further information on this research or a copy of the executive summary, please complete the details in the box below:

Name: _____

Email Address: _____

Contact No.: _____

Thank you for your contribution