

## **CHAPTER 5**

### **CONCLUSION**

#### **5.0 Introduction**

All the results that was previously presented and analyzed in chapter 4 will be discuss and conclude in this chapter. From the findings and discussion, numbers of conclusions were drawn down together with some managerial practical implications. The chapter will also provide the suggestions and recommendations for future research.

#### **5.1 Recapitulation Of The Study**

To recap, this study was conducted to determine whether the organizational culture based on Hofstede's four culture dimensions being practice among Japanese MNC's in Malaysia contribute towards company business performance. A regression model of four organizational culture (individualism vs collectivism, power distance, uncertainty avoidance and masculinity vs femininity) was proposed (see chapter 3 research framework) to investigate relationship with business performance among Japanese MNCs in Malaysia.

Previous research has showed that these cultures widely practices among organizational in Malaysia from various MNCs background such as US MNCs, European MNCs as well as Japanese MNCs and the similarity and differences being discuss especially the contribution towards the company performance, leadership and adaptability. Interesting field of research but limited reference on

Malaysia context which require further and more focus research. The findings of the research which conclude;

1. The organizational culture in Malaysia that practice combination of individualism vs collectivism does contribute towards Japanese MNCs business performance.
2. The organizational culture in Malaysia that practice high power distance does contribute towards Japanese MNCs business performance.
3. The organizational culture in Malaysia that practice high uncertainty avoidance does contribute towards Japanese MNCs business performance.
4. The organizational culture in Malaysia that practice combination of masculinity vs femininity does contribute towards Japanese MNCs business performance.

Besides, the SPSS was used to analyze the data gathered from the respondents and the standard multiple regression was applied to study the relationships between each other.

## **5.2 Discussion on the Results and Contribution of the Study**

The purpose of this paper is to assess the relationship between the four main organizational cultures according to Hofstede theory with the business performance among Japanese MNCs in Malaysia. The relationship of these four variables with the business performance suggest the best way for managerial

impose business approach to ensure company performance. The findings on individualism vs collectivism shown majority of Malaysian workers within the sample size believe in collectivism where most of the business decision and strategy was surround this behavior.

It is tricky for multinationals operating globally as it is involving several national jurisdictions and many participants in the drama, MNCs themselves, the host countries, home countries and international community. The mixtures directly and indirectly influence the behavior of the management direction which will shape the workers behavior. Malaysian still scores high power distance level compared to ever assume on highly traditional Japanese practice. Supported by Geert Hofstede graph findings that the level acceptable inequality among workers in Malaysia (score: 104) is very much higher compared to the host country, Japan (score:54). Although the specific level of power distance index does not tested in this research, this research finding shows that workers especially executives to be told what to be expected of them and too afraid to express idea or disagreement on certain extend.

Previous research has been expanded through this current study which is more focus on organizational culture in Japanese MNCs in Malaysia within Hofstede four cultural dimensions. As hypothesized, all four cultural dimensions being practice in organizational selected shows there are relationship with the company

performance with different degree on influence. These results will provide an insight of organizational culture of Malaysian and support to the idea that understanding culture at organizational or regional level is important as well as acknowledge the uniqueness.

Previous research by Zheng Xiong Chen (2000) suggests that an individual's cultural values may have a greater influence on attitudinal outcomes, rather than performance. The implication for practice is that organizations need to be sensitive to individual differences in cultural values that may influence important outcomes. In this case, even in Malaysia, a high power distance country, individuals with relatively low power distance values responded more favorably to participation. Thus, a manager who is sensitive to subordinate differences in this respect can provide greater opportunity to individuals with lower power distance values to participate, as the outcome variables measured in this study varied positively with the level of participation. However, somewhat contrary to expectation, participation as a main effect was positively associated with all four outcomes. Thus, giving employees with higher power distance values the chance to participate does not seem to have any negative impact.

### **5.3 Managerial Implication**

One of the unique questions in business has been why some organizations succeeded while others failed. Other reasons for the common popularity and interest in the study of organizational culture is due to the argument or assumption that certain organizational cultures lead to superior organizational

performance. Therefore understanding culture and business performance to be able to identify which factors the effect towards business performance in order for managers to take appropriate steps to initiate them, be it profit or non-profit issues.

Rigid business practice and procedures will certainly limiting the flexibility and creativity of the employees. Company direction and protocol should be adjusted to embrace new idea especially in manufacturing and technology based company. Supportive management and embracing creativity should be the essence at every level decision making. The indication retrieved from this research plays many important roles which can be use by an organization in translating strategy into desired behavior. Japanese MNCs may use these findings to shape and re-shape by communication company expectations, monitoring progress, providing feedback and motivating employees. This study is important especially for Japanese MNCs that currently operated in Malaysia or about to. It may provide some insights into the organizational culture and how it might assist in increasing organizational performance. Therefore, proper suggestion can be made to fine tune business strategies, which comprise marketing strategy to tackle these culture dimension issues.

#### **5.4 Research Limitation**

Common research limitation does occur during this study such as time constrained to manage proper questionnaire respondents and assist respondents towards better understanding of the questions. Besides common limitation, there are several limitations to be noted, first, the study was conducted in only four organizations with a limited sample of employees. Since the companies located in Kuala Lumpur, the capital city of Malaysia, subjects' attitudes and behaviors may not represent total Malaysian typical workers in general. Nevertheless most of FDI's in Malaysia located at the central of Kuala Lumpur, therefore it is relevant to use the four samples to minimize the random sampling error.

Second, in the current study, all variables were rated by the employee of the Japanese MNCs at executives and managerial level, not top management that may contribute directly in making business decision that might affect business performance. This may result in a problem of common method variance.

Limitation came from the Hofstede model of cultural dimensions itself where it can be of great use when it comes to analyzing a country's culture but the averages of a country do not relate to individuals of that country. According to Hofstede, when a country being rank as high power distance such as most Asian countries, the mould may not fit at individuals or even regions level. Nevertheless, this model has proven to be quite often correct when applied to the general population. It is meant to be used as a guide to understanding the

difference in culture between countries, but not as general law. The accuracy of the data can be questionable as it has been collected through questionnaires, which have their own limitations. In this study, although Malaysian grouped as collectivism in culture but there are acceptance where individualism does exist among employee. For example, for group-oriented cultures, individuals might tend to answer questions as if they were addressed to the group he/she belongs to. While on the other hand some respondents that practice and believe individualistic culture, the answers will most likely be answered and perceived through the eyes of that individual.

### **5.5 Recommendation For Future Research**

Generalization exist in research community where most scholars would reject the idea that Japanese are generally more individualistic the Americans. The relevant of this finding on the current research is when Japanese MNCs currently operated in Malaysia being judged in terms of their home culture and how does this company tolerate and adapt to host culture where individualism and collectivism may exist at a mixture level. Osland & Bird (2000) quite correctly warned that cross-cultural management theories often ignore the context of a cultural experience and can lead to sophisticated stereotyping. In the Malaysian context, apart from Hofstede (1980), there have been very few attempts at studying Malaysian national culture. In most cases, researchers are still heavily relying on Hofstede's model (Lim, 2001). Therefore further research on specific

ethnic culture and the adaptability towards national level and the relationship between local organizational culture in different type or background of MNCs can be done

Since the individual's culture values translated on how he or she reacts to different organizational practices, within this ever changing culture, to what extent should these taken into consideration and whether the issue of relevancy can withstand over time. The non-stop interest among researchers pertaining organizational behaviors has raised interesting questions for future research. Although many researchers believe that cultural values are enduring (Hofstede, 1980), they are influenced by socialization processes. This particular research can be expand to answer the question of whether people choose to work for a global company whose values vary from their own national cultural values, over time will the individuals' values change to be more congruent with the organizations.

There was a study by Annie Marie Francesco (2000) found that those with higher power distance values had more positive attitudes such as greater organizational commitment, job satisfaction, and intention to stay which may lead to higher efficiency and business overall performance. Nevertheless further study needs to be done to carefully analyze whether it is the level of power distance per se or individual culture that lead to this relationship.



## **5.6 Summary**

This research was pursued with the principal objective of understanding the organizational culture based on Hofstede four cultural dimensions that contributed towards better business performance among Japanese MNCs in Malaysia.

This research revealed that all four of the organizational culture i) individualism vs collectivism ii) Power distance iii) Uncertainty avoidance iii) Masculinity vs femininity that was surveyed among Malaysian employees at these Japanese MNCs does related and contributed towards better company performance. More detail and thorough research need to be done in Malaysian context due to existence of multi ethnic, beliefs and religious that might shape individual and group culture and how they perceive things. All of these independent variables were supported by business performance achievement at the Japanese MNCs selected.