



UNIVERSITI PUTRA MALAYSIA

**CORPORATE CULTURE IN
BUMIPUTRA AND NON-BUMIPUTRA
DOMINANT ORGANIZATION**

RUBEE GAN HUI CHENG

GSM 1999 3

**CORPORATE CULTURE IN
BUMIPUTRA AND NON-BUMIPUTRA DOMINANT ORGANIZATION**

**BY
RUBEE GAN HUI CHENG**

**A RESEARCH IN FULFILLMENT OF
THE MASTERS DEGREE
(MBA)**

**MASTER OF BUSINESS ADMINISTRATION
MALAYSIAN GRADUATE SCHOOL OF MANAGEMENT
UNIVERSITI PUTRA MALAYSIA
SEPTEMBER 1999**



TABLE OF CONTENTS

	PAGE
ACKNOWLEDGEMENT	i
TABLE OF CONTENTS	ii
TABLE OF TABLES	v
ABSTRACT	vi
ABSTRAK	vii
CHAPTER I INTRODUCTION	
Cultural Concepts in Malaysia	2
Socio-Cultural Values	3
Malay Values	3
Chinese and Indian Values	5
Problem Statement	5
Purpose and Significance of Study	6
Limitations of Study	7
CHAPTER II LITERATURE REVIEW	
Introduction	8
Beliefs	8
Values	9
Corporate Culture	11
Relevant Studies Conducted	11
CHAPTER III FRAMEWORK	
Introduction	16
Power Distance Index	17



Uncertainty Avoidance Index	18
Individuality Index	18
Masculinity Index	19
Implications of Culture on Management Theories and Practice	20
Motivation	20
Leadership	21
Quality of Working Life	21
 CHAPTER IV RESEARCH DESIGN AND METHODOLOGY	
Method and Data Collection Strategy	23
Profile of Data Sample	24
Research Instrument	24
Methods of Analysis	26
PDI	27
UAI	27
IDV	28
MAS	28
 CHAPTER V FINDINGS	
Demographic Data	29
PDI	33
UAI	36
IDV	40
MAS	45
CHAPTER VI CONCLUSION	50



BIBLIOGRAPHY	54
APPENDICES	
APPENDIX A : Consequences of National Power Distance Index Differences	56
APPENDIX B : Consequences of National Uncertainty Avoidance Index Differences	57
APPENDIX C : Consequences of National Individualism Index Differences	58
APPENDIX D : Consequences of National Masculinity Index Differences	59
APPENDIX E : Questionnaire	60



TABLE OF TABLES

	PAGE
TABLE 1 : Value of the 4 dimensions across 50 countries and 3 regions	13
TABLE 2 : Age groups of samples data	30
TABLE 3 : Number of years of service	31
TABLE 4 : Number of years of formal education	32
TABLE 5 : PDI scores by categories	34
TABLE 6 : PDI scores by operating units	36
TABLE 7 : UAI scores by categories	39
TABLE 8 : UAI scores by operating units	40
TABLE 9 : UAI scores by number of years of service	40
TABLE 10 : IDV scores by categories	42
TABLE 11 : IDV scores by operating units	43
TABLE 12 : IDV scores by number of years of service	45
TABLE 13 : MAS scores by categories	46
TABLE 14 : MAS scores by operating units	48
TABLE 15 : MAS scores by number of years of service	49



ABSTRACT

The study attempts to explain the effects and consequences of organizational motivations, decision making, leadership, communication, management and the quality of working life. This study is expected to determine if there are similarities and differences between non-bumiputra and bumiputra dominant organizations' corporate culture. A total of 65 participants were randomly chosen. A 65 numbered questionnaire were used to gather the data required and tabulated using statistical package analyzing the 4 dimension (Hofstede's). The findings show that (i) bumiputra dominant organizations has low Power Distance, strong Uncertainty Avoidance, Individualism and Masculinity; (ii) non-bumiputra dominant organizations have low Power Distance, weak Uncertainty Avoidance, Individualism and Feminism and (iii) bumiputra dominant organizations and non-bumiputra dominant organization both has low Power Distance, Individualism but differs in terms of Uncertainty Avoidance and Masculinity. Bumiputra dominant organizations are collective than non-bumiputra organizations.



ABSTRAK

Kajian ini ingin cuba menerangkan kesan and akibat daripada motivasi organisasi, pembuatan keputusan, kepimpinan, komunikasi, pengurusan and kualiti kerja harian. Kajian ini dijalankan untuk mengetahui samada terdapatnya sebarang perbezaan atau persamaan di antara organisasi bumiputra dan organisasi bukan bumiputra. Sebanyak 65 peserta dipilih secara rawak. Sebanyak 65 soalan kajian telah digunakan untuk mendapatkan data yang diperlukan. Ia kemudiannya di analisa dengan menggunakan pakej statistik ke atas 4 dimensi (Hofstede). Dapatan kajian menunjukkan bahawa (i) organisasi bumiputra menunjukkan "Power Distance" yang rendah, "Uncertainty Avoidance" yang tinggi, "Individualism" dan "Masculinity"; (ii) organisasi bukan bumiputra menunjukkan "Power Distance" yang rendah, "Uncertainty Avoidance" yang rendah, "Individualism" dan "Feminism" serta (iii) kedua-dua organisasi bumiputra dan bukan bumiputra menunjukkan "Power Distance" yang rendah, menunjukkan "Individualism", tetapi berbeza dari segi "Uncertainty Avoidance" dan "Masculinity". Organisasi bumiputra lebih "Collective" berbanding dengan organisasi bukan bumiputra.

CORPORATE CULTURE IN BUMIPUTRA AND NON-BUMIPUTRA DOMINANT ORGANIZATION

CHAPTER 1 INTRODUCTION

The concept of corporate culture came into the spotlight in the early eighties. It is one of those concepts that had always been around until Thomas Peters and Robert Waterman (1982), provided the catalyst for the sudden fascination with the topic. They defined corporate culture as shared values that must be as crystal clear to the CEO as they are to the production-line workers.

Schein (1984) defines organizational culture as a problem of basic assumptions which a given group has invented, discovered or developed in learning to cope with its problems of external adaptation and internal integration. These assumptions have worked well enough to be considered valid and therefore taught to new members as the correct way to perceive, think and feel in reaction to those problems.

Shepard (1989) on the other hand, assumed that cultural differences are found not only from country to country, race to race or profession to profession, but in organization and group to group within the same organization.

In a broader sense, culture is defined as:

The symbolic... expressive aspect of human behavior (taking into account the verbal utterances, gestures, ceremonial behavior, religions and philosophical systems that are generally associated with the term culture) (Wuthnow et.al., 1984, p.3).

CULTURAL CONCEPTS IN MALAYSIA

Religion plays an important role in shaping of individual values, culture, society and nation. There are three major ethnic groups and religions in Malaysia: The Malays--Islam, the Chinese--Buddhist and the Indians--predominantly Hindus.

Historically besides the fundamental aspects of "management" that were practiced in (the then) Malay peninsular by chieftains and sultans (kings), Syed Adam Aljafri (1982) recounted, "Indigenous Malaysian management, centuries ago was primarily motivated to firstly, establish and nurture a peaceful social organization and social order and secondly, protect, build up and cherish a heritage as the basis for survival, growth and some selective development". Besides that, according to Chatterjee (1987), the typical Malays were living in the rural areas engaged in fishing and small scale agriculture, while the urban Malays are generally in the government and its service sectors.

The bulk of the Chinese population normally live in the urban areas and have substantial control of the Malaysian economy, while the rural Chinese are

characterized as fully engaged in mining and small scale farming. Indians are partly rural agricultural and plantation based with their urban counterparts active in professional field.

The return of Malaysians educated and trained overseas further brought their understanding of modern management practices. The adoption of management philosophies and values is not confined only to the west, but with the success of the Japanese and their highly regarded work values and ethics, the government introduced the "Look East Policy" in the early 80's, then the privatization policy and then the "Malaysia Boleh" concept.

SOCIAL-CULTURAL VALUES

Although Malaysia is significantly affected by modernization and represents one of the most developed countries in South East Asia, it is strongly influenced by traditional practices and beliefs. Apart from ethnic differences, traditional customs and religious beliefs such as Islam, Buddhism and Hinduism interact and affect the values of the Malays, Chinese and the Indians respectively.

Malay Values

Malay societal values with respect to governance are based on the foundation of customary leadership of the Sultans based on strong "adat" (traditional value system), feudalism and patronage. The Malay society has a

well-established deference for traditional leaders and elders. The elderly are more considerately treated than younger subordinates are. Thus, there is a tendency in the Malay leadership style to endorse authoritarianism (Mano, 1986). The high regard for authorities is embedded in Malays because of their upbringing. The father is seen as an authoritarian figure that is to be respected, obeyed and feared by the child.

The traditional Malays family is governed by customs, norms and village-centered community organizations (ummah). The ummah or Islamic community provides the frame of reference for individual values whereby the Malay is expected to help his fellow members (Farid, 1980). Individual actions are thus normally governed by collective community interest. It is felt however that with increasing Western influence, industrialization and urbanization tend to gradually erode indigenous collectivistic values.

After transition came the implementation of the government's National Economic Policy in the early 70's and the redistribution of wealth through education, economic opportunities and incentives. The Malays were given the opportunity to shed their culture based belief and assumptions to come up with "hybrid" Malay managers who are capable of being reverent, loyal, soft-spoken, image conscious, peace-loving and male authority oriented on the cultural scale (Mano, 1986).

Chinese and Indian Values

The Chinese are associated with such traits as having initiative, stamina, resistance, frugality and thrift, power, vitality, common sense and the will to survive (Mano, 1986). With their intense business acumen, which is inherent to their culture and philosophy, and with the mutual interest of both the Chinese and the colonial administrators, they have established and made inroads into the local economic infrastructures.

In terms of job description and responsibilities, Tiggos (1978) claim that Chinese managers tend to be rigid and subscribe to clearly established lines of authority, departmental responsibilities and position descriptions. Encroachment is not tolerated. However, there is high value placed on the subordinate's independence within the framework of structured authority with decisions generally consulted on (Chatterjee, 1987). Whereas the Indians, value the extended family with hierarchically structured authority. They are characterized for their loyalty, hard work, egalitarianism and organizational abilities-- seen in their leadership of trade unions, prominence in charitable organizations and the urban professions (Mano, 1986).

PROBLEM STATEMENT

According to Hofstede (1985), organizations have value systems that are part of their organizational or corporate culture. An organization's value system has its basis in the nationality of the organization's founder and the privileged

few that initiated the organization. Malaysia, a multi racial and multi cultural society has diverse culture and values. This has a direct impact on the existence of a corporate culture in Malaysia.

Workforce in Malaysia comprises the three different ethnic groups, the Malay or the Bumiputra , the Chinese and the Indians. In some Malaysian organizations, the workforce is dominated by a single ethnic group, be it bumiputra or non-bumiputra. The culture in each of these organizations at the micro level may differ when compared to the macro level Malaysian culture. The issue here is whether the corporate culture in bumiputra dominated organization and non-bumiputra dominated organization has any difference or similarities between them.

PURPOSE AND SIGNIFICANCE OF THE STUDY

The study attempts to explain the effects and consequences of organizational motivations, decision making, leadership, communication, organizational design, management and organizational development and the quality of working life (Hofstede, 1980a). Subsequently through identifying baseline data, the values and beliefs of organization members, we can better understand and predict with high probability why they behave the way they do.

Shared values and beliefs ease and economize communication and moderate higher levels of cooperation and commitment in the organization to

facilitate its efficiency, and presumably its effectiveness. This study is expected to:

- ◆ Determine if there are similarities and differences between non-bumiputra and bumiputra dominant organizations' corporate culture.

For the purpose of this study, some 42 respondents from organizations in responded to the 65 questionnaires that were distributed over a 3-month period.

But, for a wider or national look, replicating this research in government agencies and private sectors will provide an invaluable input for government/private sector based organizations regarding human resource development programs as well as the programs for educational policies abroad.

LIMITATIONS OF THE STUDY

The limited time frame in conducting a study such as this forms the basis of its limitations. The survey was conducted during a time frame of less than 3 months and was completed by late September 1999.

Assessing the level of productivity and efficiency of non-bumiputra and bumiputra dominant organizations in Malaysia, although very desirable, are beyond the scope of this study and will not be pursued.

CHAPTER II

LITERATURE REVIEW

INTRODUCTION

Many managers now will agree that corporate cultures have a dramatic impact on innovation, productivity and not forgetting morale, even though culture was virtually unheard of some 25 years ago. For several years now, corporate culture has received numerous and increasing attention in both literature and business circle. Many researchers and practitioners are certain that the key to improving organizational performance and innovation is through proper management of cultures.

However, the subject of culture is both complex and sensitive and is often misunderstood. This researcher will attempt to define and explain the dynamics involved in culture. This chapter is divided into several areas, namely: beliefs, values, corporate culture, corporate culture defined, the role of corporate culture, and the need for effective leadership and change.

BELIEFS

Davidson and Thomson (1980) refer to beliefs as "the cognitive element" of a person's attitude. Each belief represents a piece of information that a person has about some object. Beliefs include basic assumptions about the world and

how it actually works. A person acquires beliefs about an object on the basis of his experiences and those beliefs are constantly reinforced by experiences which might differ or similar between non-bumiputra and bumiputra dominant organization. However, since some of the physical and social world cannot be experienced or verified directly by any one person, individuals also rely to a certain degree on the judgement and expertise of others; whom they trust or can identify with, to help them decide what to believe or not to believe (Sathe, 1985). Investigations on the effects of age differences on attitudes and beliefs imply that as individuals grow older, they acquire and retain more information that leads to greater accuracy and or diversity of beliefs (Davidson and Thomson, 1980). Education, occupation/ job title and social class is usually highly inter-correlated and associated with the concept of "modernity".

If we are referring to culture and its related concepts, there is an abundance of literature on the differences and similarities between attitudes and beliefs. Attitudes are how people feel toward objects and situations. Culture is considered as internalized beliefs, and is more central to the personality than attitudes. Although attitudes affect behavior, internalized beliefs and values in a particular type of organization affect both attitudes and behavior (Sathe, 1985).

VALUES

Much research is focused on values and culture. One of the classic definition of values, Kluckhohn (1951a) stated that, "A value is a conception,

explicit or implicit, distinctive of an individual or characteristic of a group, of the desirable which influences the selection from available modes, means and ends of action".

Hofstede (1980a) defined values as, "a broad tendency to prefer certain states of affairs over others" whereas Rokeach (1973) and others believe that values are in essence specific mental programs. During the process of socialization, the value orientation patterns are internalized and become basic features of the actor's personality. Values are attributed of individuals as well as of collectives; while culture is considered to relate to collectivities.

In the definitions above, we do not say what people's values and beliefs are but rather the beliefs and values they actually hold, whether consciously or otherwise. Example, Sathe (1985) mentioned that a person might not want to admit to peer-pressure. He may not even be aware of his internalized values or beliefs and will only become aware when they are violated or challenged. It is difficult to change the values and beliefs that one holds. But as in the case of an organization being a non-bumiputra or bumiputra dominant, there might be a possibility they can be altered and even changed because of the above dynamics.

CORPORATE CULTURE.

Corporate culture is the pattern of basic assumptions that a given group has invented, discovered or developed in learning to cope with its problems of external adaptation and internal integration (Schein, E., 1985). But because culture is such a common term, most of us believe we 'know' what it means. To academicians, culture provides a conceptual bridge between organizational behavior at the operational level and strategic management. Whereas, for practitioners, it provides a more human way of understanding organizational worlds, by matching daily experiences with real and changing world of business (Morgan, M.J., 1993). This was further supported by Kilman, R.H.(1986), that said that corporate cultural assessment and understanding is clearly a key tool.

Many researchers assume that corporate culture is an important consideration for understanding and effectively managing organizations. They often fail, however to validate their assumptions (Saffold III, .S., 1988; Reimann, B.C. and Weiner, Y., 1988).

RELEVANT STUDIES CONDUCTED

Andre Laurent (1986) in his research based on 56 different statements of inquiry and the responses obtained, ascertained that nationality had three time more influence on shaping the managers assumptions than age, education, function and types of company they come from.

Hofstede too has done some relevant studies. His (1980a) studies on the differences in employee motivation, management styles and organizational structures of companies throughout the world indicates these differences are in different national cultures. In one of the largest surveys ever obtained by a single questionnaire (over 116,000 respondents) conducted in IBM in 40 countries around the world, Hofstede identified four dimensions of value systems of national cultures. The derived dimensions were labeled: *POWER DISTANCE*, *UNCERTAINTY AVOIDANCE*, *INDIVIDUALISM/ COLLECTIVISM* and *MASCULINITY/ FEMINITY*.

Table 1 summarizes the findings of this study, in terms of power distance, Malaysia ranks the highest and Austria ranks the lowest. Which means the level of inequality among the Malaysian society is high. A hierarchical structure is widely acceptable without question. The society accepts that some members have greater power than others do. In uncertainty avoidance dimension, Greece has the highest score and Singapore has the lowest score, showing that the Greece society has a strong belief on certainty and conformity. They insist on rigid codes of beliefs and behavior. They are intolerant towards deviant individuals or ideas. The society in Singapore maintains a more relaxed atmosphere in which practice count more than principles and deviance is more easily tolerated.

In the individualism/ collectivism dimension, USA ranks the highest whereas Guatemala ranks the lowest. The high score of USA indicates that in

this society there is a preference for a loosely knit social framework. In contrast the society in Guatemala prefer a closely-knit social framework.

In the masculinity/ femininity dimension, Japan ranks the highest and Sweden ranks the lowest. The society in Japan is more inclined to the masculinity dimension whereby achievement, assertiveness and material success are their major traits. Whereas the society in Sweden prefer relationships, modesty, caring for the weak and the quality of life.

Table 1: Value of the 4 dimensions across 50 countries and 3 regions.

COUNTRY	PDI	UAI	IDV	MAS
ARGENTINA	49	86	46	56
AUSTRALIA	36	51	90	61
AUSTRIA	11	70	55	79
BELGIUM	65	94	75	54
BRAZIL	69	76	38	49
CANADA	39	48	80	52
CHILE	63	86	23	28
COLUMBIA	67	80	13	64
COSTA RICA	35	86	15	21
DENMARK	18	23	74	16
EQUADOR	78	67	8	63
FINLAND	33	69	63	26
FRANCE	68	86	71	43
G. BRITAIN	35	35	89	66
GERMANY	35	65	67	66
GREECE	60	112	35	57
GUETAMALA	95	101	6	37
HONG KONG	68	29	25	57
INDONESIA	78	48	14	46
INDIA	77	40	48	56

IRAN	58	59	41	43
IRELAND	28	35	70	68
ISRAEL	13	81	754	47
ITALY	50	75	76	70
JAMAICA	45	13	39	68
JAPAN	54	92	46	95
KOREA	60	85	18	39
MALAYSIA	104	36	26	50
MEXICO	81	82	30	69
NETHERLANDS	38	53	80	14
NORWAY	31	50	69	8
NEW ZEALAND	22	49	79	58
PAKISTAN	55	70	14	50
PANAMA	95	86	11	44
PERU	64	87	16	42
PHILIPINES	94	44	32	64
PORTUGAL	63	104	27	31
S. AFRICA	49	49	65	63
SALVADOR	66	94	19	40
SINGAPORE	74	8	20	48
SPAIN	57	86	51	42
SWEDEN	31	29	71	5
SWITZERLAND	34	58	68	70
TAIWAN	58	69	17	45
THAILAND	64	64	20	34
TURKEY	66	85	37	45
URUGUAY	61	100	36	38
USA	40	46	91	62
VENEZUELA	81	76	12	73
YOGOSLAVIA	76	88	27	21
REGIONS:				
EAST AFRICA	64	52	27	41
WEST AFRICA	77	54	20	46
ARAB COUNTRIES	80	68	38	53

Source : G.Hofstede, *Espiscations in cross-cultural psychology*, 1983, p.342.

Zabid Abdul Rashid and Rahim Abdullah (1992) did a study on corporate culture in Malaysian organization whereby the purpose of the study was to describe the organizational culture of a Malaysian organization based on the cultural dimension developed by Hofstede (1980a) and also to determine whether there are any variations in the corporate culture due to differences in job positions, marital status, sex, job specialization, age, qualifications and work experience. The results showed that the organization has more masculinity, collective, strong uncertainty avoidance and lower power distance. This is quite different from what Hofstede concluded on the Malaysian values.

CHAPTER III

FRAMEWORK

INTRODUCTION

In 1983, Smircich in her studies theoretically identified five research topics: corporate culture, comparative management, organizational cognition, organization's symbolism and unconscious processes. When linking organizational and cultural studies some scholars have given much emphasis to the studies of comparative management, where beliefs, attitude patterns and managerial practices are studied. Researchers on corporate culture attempt to depict how these dimensions interrelate, and how they determine decisive organizational processes and outcomes.

This study of the corporate culture is based on the combination of two approaches. Firstly it is the comparative approach used by Hofstede. Culture is treated as an independent variable where it is imported into the organization by individual members and revealed through the value and belief patterns of organizational members in various countries.

Secondly is the approach of corporate culture - where culture is treated as an internal variable and an attempt is made to explore and bring into picture the values, social ideals and beliefs that organizational members share. In the organizational analysis of corporate culture, there is a tendency toward