The Perceived Importance of Cultural Priority for Global Business Operations: A Study of Malaysian Managers

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Abstract
The importance of understanding culture is vital for establishing effective business practices in the global arena. This study explored the perceived importance of cultural priority for global business operations among 132 Malaysian managers, who were attending the executive managerial development programme at Murdoch University, Perth, Western Australia. The empirical evidence shows that managerial perceptions and behaviours are affected by the cultural priority, but there is a transition towards a crossvergence management practice. These results are discussed in terms of the convergence – divergence – crossvergence debate against a backdrop of substantial transformation of the external environment of globalisation and advanced information technologies, that are fast changing the traditional and contemporary business practices.

Introduction
The importance of culture to an organisation’s operation and management has been acknowledged (Bond 1991, Lo 1997, Su, Zhang & Hulpke 1998, Watt 1999, Pun, Chin & Lau 2000, McDermott & O’Dell 2001, Muhammad & Isa 2009). According to McDermott and O’Dell (2001) culture, which can be referred as a system of beliefs, are deeply rooted within a society, and is likely to be reflected in the behaviours of people and the organisation in which they work. A predominant view was held by some cross cultural theorists including Hofstede (1980, 1991), and Adler (2002), who proposed that culture is deeply rooted, and all management practices are in large part culturally determined. Furthermore, companies may lose their national characteristics due to the forces of globalisation (Pauly & Reich 1997), which may create a homogenised culture of business systems nationwide to affect the pursuit of globalisation. Often this phenomenon has been challenged by several scholars (Sanyal & Guvenli 2004,
Friedman 2005) who argued that a homogenised culture is likely be impacted by several economic phenomena such as the advent of the Internet, and relatively cheaper telecommunication costs. Nevertheless, researchers (Farh, et al. 2000) have demonstrated Asian traditional management practices are entrenched in social values. Indeed, Neelankavil, Mathur and Zhang (2000) have presented arguments based on the historical background differences, such as management behaviours exist in Asian cultures, and such differences may lead to diversities in managerial orientations. Consequently, different philosophical perspectives and understandings may have different impacts on the development of a firm’s strategic orientations, and this study examines how the perceived importance of cultural values affects the studied Malaysian organisations to reach their global ambitions.

The rapid economic development along with the increased globalisation has created a new set of cultural values, which are likely to shape the managerial philosophies in the contemporary organisations. Accompanied by increased overseas investments, rapid economic development and industrialisation, Jaegar (1993) argued that the globalisation processes extended the introduction of Western management practices, such as cultural values to other developing countries. Initially, the management literature has originated from Western countries, and particularly from the Unites States (US), and Europe (Taylor 1911, Weber 1978, Fayol 1984, Guest, 1990; Brewster & Bournois, 1993; Brewster, 1995), which has contributed significantly to the economic achievements of many industrialised countries. Indeed, an endeavour to understand different cultural values and management practices can be traced back to the 1960s by Kluckhorn and Strodtbeck (1961). Thereafter several scholars, such as Hofstede (1983), Trompenaars (1993) as well as Schwartz (1994) used different approaches to understand different national cultural values in Western contexts. Despite the argument that homogenising economy ideology pervades a country managerial values will remain largely unchanged (Shaw, Fisher & Randolph 1991), and consequently, cultural differences between the East and the West lead to different management practices (Hofstede 1980). For example, Pearson, Entrekin and Krasnostein (2000) contended there is compelling evidence to suggest some Eastern nations are unlikely to align work relevant values toward those held in free market capitalistic countries. The pragmatic interest in facilitating effective business encounters enhance the need to gain further understanding of the Eastern business practices. Bond and colleagues (The Chinese Culture Connection 1987) tried to gain an appreciation of the indigenous cultural values to the Chinese culture. It is widely recognised that differences exist in managerial practices between countries.

The significantly different managerial values identified are likely to affect business operations both nationally and internationally. Indeed, managers and employees in different cultures often bring to their workplace a different set of codes of behaviour and norms that are aligned with their own cultures (Erez 2000). These norms and cultural values have the potential to shape the
organisational processes and managerial practices, and ultimately different managerial practices are implemented in organisations across the globe. In addition, the external and internal environment constantly influences organisations, and arguably, the unprecedented political framework within Malaysia enabled their organisations to form distinctive development strategies, which are different from other nations, to reach global strategic orientations. An important underpinning of the managerial values is bounded by the cultural forces within Malaysia, and consequently, this study investigated a number of business practitioners from Malaysian organisations with a purpose of gaining a more dynamic picture of how the cultural values affect their organisations business strategies in pursuing global ambition.

**Theoretical Framework**

The controversial debate about the underpinning management philosophies of the Asian miracle has been associated by the concepts of convergence, divergence as well as crossvergence (Ralston, et al. 1993). The central pillar of the debate was that the deeply rooted traditional cultural values of Confucianism and family ties would be shifted towards a more Westernised managerial practices and structures due to the wide exposure to education, and advanced technology (Pearson, Entrekin & Girardi 1997). The convergence perspective has been a dominant management concept in the organisations of the US, the United Kingdom and Western Europe. In the incident of the Asian miracle, Lasserre (1997) argued the religious traditions such as Confucianism, and Buddhism in Asian contexts are likely to transmit a legacy of behaviours, attitudes and beliefs within organisations. Therefore, it is reasonable to assume that these religious traditions have a deep and constantly evolving influence on an organisation’s management practices.

The concept of divergence is a counter viewpoint to convergence. In this framework, it is argued that individuals will retain their diverse and culturally determined values regardless of the economic ideology (Evans 1970, Cole 1973). In other words, the proponents of the divergence approach believe that organisations throughout the world tend to employ strikingly distinctive ways to achieve goals even if they are similar in size, or from the same industry (Dore 1973, Maurice, et al. 1980). Despite companies across national borders shaping their management processes to be standardised, individual behaviours within these companies are maintaining elements of their own cultural specificity. Accordingly, in developing the crossvergence approach, Ralston, et al. (1993) argued a hybridisation of management systems would occur when two cultures meet. Indeed, this hybrid condition would result when individuals incorporate an economic ideology that synergistically influences the national culture, forming a value system that significantly differs “... from the value set supported by either national culture or economic ideology.” (Ralston, Holt, Terpstra & Yu 1997: 183). This notion presented over a decade earlier by Child (1981), who has indicated that convergence studies tended to pay attention to macro level
variables (e.g., structure, technology), whereas divergence studies have emphasised on micro level variables (i.e., behaviour of people in organisation). Consequently, to understand the cultural values of a particular nation, there is a need to incorporate the three distinctive perspectives.

**Methodology**

**Respondents and Site**
A total of 132 executive managers from Malaysian organisations were the study respondents. These managers were attending the executive managerial development programme at Murdoch University, Perth, Western Australia. The executive development programme aims at reshaping managerial perceptions of work values. The key objective for selecting this group of managers is they are involved in strategic decision making processes. The perceptual data captured from these business practitioners were used to determine how cultural dimensions affect global orientations of the study Malaysian organisations.

**Procedure**
The questionnaires were personally administered by the guest lecturer who taught three modules for the Murdoch University at different time frames. Prior to administering the questionnaires all participants were briefly explained how their perceptual responses were related to the managerial development programme content, while assurance was made that participation was voluntary and the respondent anonymity were ensured. In addition, a set of paper based questionnaires were distributed at the first module and the completed questionnaires were collected by the guest lecturer at the end of the session. However, the second and third parts of the independent data collection were assisted by the unit coordinator, who distributed the questionnaire via email to every managerial development programme participants. The participants were asked to complete the questionnaire at a time that was suitable to their own convenience and return the completed survey directly to the guest lecturer with a time frame. Approximately two weeks after the distribution of questionnaires, the completed questions were returned to the guest lecturer. This procedure enabled high response rates, which suggesting that electronic based questionnaire were more favourable for data collection.

**Measures**
Two types of quantitative data were obtained. The demographic dimensions that incorporated both affiliation attributes and personal attributes were collected with ordinal and nominal data. For example, the affiliation attributes in terms of organisation size, managerial level and international involvement were obtained. In addition, personal attributes such as age, gender, and qualification were assessed. Moreover, interval data with regard to societal values in the work
setting were gathered with seven point Likert scales. Such information has potential to provide valuable insights for extending the knowledge about the global performance of the Asian organisations in general, and Malaysian organisations in particular.

The construct of cultural priority was assessed with 17 items, which was an adaptation of a scale that was redefined by Pearson and Entrekin (2001) from an earlier study that was conducted by Bond and his colleagues (1987). According to Bond and colleagues (1987), the Chinese cultural values could be divided into four dimensions, including 1) integration, 2) Confucian work dynamism, 3) human heartedness, and 4) moral discipline. In their study, these 40 items were reduced by Pearson and Entrekin (2001) to form a 17 item scale of factors with loadings of 0.50 or greater. These 17 items consists of four subscales. For integration, five items were employed, four for Confucian work dynamism, four for human heartedness, and four for moral discipline. Respondents were asked to report their perceptions on a seven point Likert scale (1 = Extremely unimportant to 7 = Extremely important) how important each of the 17 items were relevant to an organisation’s global operation. The items that were evaluated (are presented in Table 2).

Analysis

The quantitative data captured with the survey questionnaire were examined with three main types of statistical tests. Firstly, the responses captured through the questionnaire survey were examined for outliers. This process allows the researcher to carefully examine that no data entries exceed their interval range. Secondly, exploratory factor analysis employing the Varimax option was conducted to ensure the interval validity of the study data. Finally, reliability assessments were performed to further determine the consistency of the investigated variables. These statistical procedures were conducted with SPSS software version 20.

RESULTS

Table 1 that presents a summary of the demographic information of the study respondents has a number of key attributes. The first attribute was that although the participants were from both large and small organisations, their market direction was driven by having a global reach. A second attribute of the sample was that a large proportion of the study respondents were from private organisations suggesting that foreign investment made by private firms plays a significant role toward the economic growth of Malaysia. A third attribute of the sample was that a large number of the study respondents were males, and a majority of the respondent’s age fall into the age category of 30 to 50 years. In addition, two thirds of the study respondents held a university degree, and more than half of them have been in their current position for less than six years. This feature was a characteristic of the importance the contemporary Malaysian
organisations placed on developing young and well educated global managers to gain a stance in the global marketplace. Arguably, these findings provide underpinning to the claim there was a shift in demographic dimensions (both organisational and personal attributes), and such change is likely to have an important impact on the level of international engagement. Presumably, a greater participation in the global arena may be associated with a large amount of outbound foreign investment, and, therefore, surge more cross border business activities.

**Table 1**

Demographics % (N = 132)

<table>
<thead>
<tr>
<th>Organisational size</th>
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</thead>
<tbody>
<tr>
<td>Less than 500</td>
<td>47.7</td>
</tr>
<tr>
<td>500-1,000</td>
<td>12.9</td>
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<tr>
<td>1,001-1,500</td>
<td>11.4</td>
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<td>More than 1,500</td>
<td>28.0</td>
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<table>
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<tr>
<th>Managerial level</th>
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<tbody>
<tr>
<td>Strategic</td>
<td>15.2</td>
</tr>
<tr>
<td>Functional</td>
<td>27.3</td>
</tr>
<tr>
<td>Operational</td>
<td>56.7</td>
</tr>
<tr>
<td>Other</td>
<td>0.8</td>
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<table>
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<th>Organisational type</th>
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<tbody>
<tr>
<td>Private</td>
<td>85.6</td>
</tr>
<tr>
<td>State owned</td>
<td>2.3</td>
</tr>
<tr>
<td>Government</td>
<td>6.8</td>
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<tr>
<td>Other</td>
<td>5.3</td>
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<table>
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<tr>
<th>Market direction</th>
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<tbody>
<tr>
<td>Local</td>
<td>26.5</td>
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<tr>
<td>Regional</td>
<td>25.0</td>
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<tr>
<td>Global</td>
<td>48.5</td>
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<table>
<thead>
<tr>
<th>Age (in years)</th>
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<tr>
<td>Under 30</td>
<td>4.5</td>
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<tr>
<td>30-39</td>
<td>54.5</td>
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<tr>
<td>40-49</td>
<td>34.2</td>
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<tr>
<td>Above 50</td>
<td>6.8</td>
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<table>
<thead>
<tr>
<th>Gender</th>
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<tbody>
<tr>
<td>Female</td>
<td>29.5</td>
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<tr>
<td>Male</td>
<td>70.5</td>
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<td>University</td>
<td>66.7</td>
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<tr>
<td>Non university</td>
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<tr>
<td>Other</td>
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<table>
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<th>Tenure (in years)</th>
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<tr>
<td>Less than 6</td>
<td>58.3</td>
</tr>
<tr>
<td>6-10</td>
<td>19.7</td>
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Table 2 reports the results of factor analysis for the cultural priority for the 17 items among the studied Malaysian managers. Three factors emerged named macro, personal as well as kinsmanship. These results express significant differences in the perceived importance of the 17 items compared to the study findings observed by Pearson and Entrekin (2001). It is contended that these differences reflect the impact of indigenous cultural factors, the level of government influences to economic development, and the pursuit of global ambition. These variances provide fruitful foundation for discussion.

<table>
<thead>
<tr>
<th>Variables</th>
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<tr>
<td></td>
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<td>1</td>
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<tr>
<td>Eigenvalue</td>
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<td>3.109</td>
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<tr>
<td>Percentage of variance explained</td>
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<td>19.799</td>
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<tr>
<td>Cumulative percentage of variance explained</td>
<td>22.210</td>
<td>42.009</td>
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<tr>
<td>Cronbach alpha</td>
<td>0.83</td>
<td>0.79</td>
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<tr>
<td>Macro</td>
<td>Courtesy</td>
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<tr>
<td></td>
<td>Harmony</td>
<td>.776</td>
</tr>
<tr>
<td></td>
<td>Patriotism</td>
<td>.721</td>
</tr>
<tr>
<td></td>
<td>Patience</td>
<td>.713</td>
</tr>
<tr>
<td></td>
<td>Tolerance</td>
<td>.604</td>
</tr>
<tr>
<td></td>
<td>Ordering</td>
<td>.109</td>
</tr>
<tr>
<td></td>
<td>Protecting</td>
<td>.116</td>
</tr>
<tr>
<td>Personal</td>
<td>Personal</td>
<td>.441</td>
</tr>
<tr>
<td></td>
<td>Thrift</td>
<td>.240</td>
</tr>
<tr>
<td></td>
<td>Prudence</td>
<td>.258</td>
</tr>
<tr>
<td></td>
<td>Relationship</td>
<td>.215</td>
</tr>
<tr>
<td>Kinsmanship</td>
<td>Few desires</td>
<td>.080</td>
</tr>
<tr>
<td></td>
<td>Filial piety</td>
<td>.215</td>
</tr>
<tr>
<td></td>
<td>Non competing</td>
<td>.172</td>
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</table>

**DISCUSSION**

The study analysed managers' perceived importance of cultural priority for the pursuit of global ambition in the Malaysian organisations. An analysis of the data revealed the core values of the cultural priority identified by The Chinese Cultural Connection (1987) tend to support the notion of crossvergence, and this observation was also reported by Pearson, Entrekin and Krasnostein (2000) as well as Pearson and Entrikin (2001). This finding provides foundation for the claim that the increasing complexity and globalisation of contemporary businesses have shaped the managerial value systems of the studied Malaysian managers. Indeed, in a world that is experiencing rapid globalisation the
business arena has signalled the advent of a ‘no – border’ managerial mindsets. Although from a macro perspective the competencies and values of managers (e.g., harmony, patience, and tolerance) remain substantially embedded in the cultural context (Dorfman, et al. 1997, Adler & Gunderson 2008), the contemporary globalisation along with the advanced information technology may create more crossvergence in terms of managerial practices. Arguably, the exposure to the competitive global marketplace is likely to increase the chances of learning Western management practices while preserving the context specific Malaysian managerial philosophies.

While Western management practices are widely adapted in the investigated Malaysian organisations in varying degrees, the country origin of the specific business practices is still a dominant factor that shaped the platform to determine how a firm can strategically develop tactics to reach globality. Indeed, from a personal level several factors, such as ordered relationships by status, protecting your face as well as thrift have been previously identified as fundamental principles (The Chinese Culture Connection 1987, Redding 1990), which govern business practitioners to follow certain managerial attitudes and behaviours. However, a significant consequence of the global financial meltdown has transformed how managers view the competitive global arena. In addition, there is a compelling evidence to suggest the vulnerability of the world economies and their dependence on strong international business linkages require the extension of management practices beyond their home market boundaries to embrace different values, religions and cultures. Consequently, there is a need to blend cultural and ideological differences when conducting cross border business activities.

The significant values identified by the studied Malaysian managers indicated that kinsmanship has a considerable influence on managerial practices. According to the Central Intelligence Agency (2010), 23.7 per cent of the Malaysian population are of Chinese descent, and historically the Chinese have been dominant in the business and commerce community. Arguably, a common set of Chinese cultural values within the business communities still influence management practices in the Malaysian context. The traditional emphasis on the Confucian cultural values in terms of relationships and filial piety can be viewed as the underpinning forces for maintaining long term business sustainability. These residual values are deeply rooted in many of the Malaysian organisations, which are still upheld by the investigated business managers. Presumably, those traditional values, such as having few desires and non competiveness have been passed on by family members to guide how individuals conduct themselves in the context of the business operations. These behaviours represent a range of traditional themes such as paternalism, mutual obligation, and familialism that are still being practiced in the investigated Malaysian organisations. A strong inference of these observations is that contemporary business practitioners are required to balance with the traditional business ideologies in order to
incorporate the changing foreign managerial values to better prepare in the rapidly transforming millennium.

**CONCLUSION**

The study data show that the investigated Malaysian organisations exhibit crossvergent management practices. To a considerable extent the fundamental and traditional managerial philosophies are entrenched in the specific cultural context, which are attributes toward convergence management practices. Nevertheless, the divergence perspective of management practices may be influenced by the commonness in business education, advanced information technology, the increased social, political as well as economic forces from local business communities, different levels of governments and globally orientated quality of service and production. Arguably, these unprecedented occurrences are likely to transform business practices on a global scale. Consequently, the blending of divergence and convergence clearly indicated the need for the perspective of crossvergence, which requires the business practitioners to learn to adapt Western management practices.

The findings of this study reveal the growing importance of culture in understanding management behaviours and organisational systems in a global marketplace. Indeed, the empirical evidence of this study provides further support for the continuous exposure of culturally indigenous management practices. Despite the quantitative results of this study providing a robust understanding of the importance of cultural priority in the development of global business strategies more considerations about the management practices in terms of etic and emic dimensions are needed. Paradoxically, the rapid globalisation, the increased business complexity and diversity along with the ever changing information technologies are likely to impact managerial attitudes and behaviours, which is an area yet to be expressed, but the new platforms will provide challenges for future research to comprehensively examine these managerial philosophies in a wider context.

**AUTHOR**

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**ACKNOWLEDGEMENT**

The author is grateful to Dr Cecil Pearson for his valuable suggestions and guidance in the development of this paper. The author also would like to take
this opportunity to acknowledge the contribution and generous support of the study Malaysian managers in making this study meaningful, and sincere thanks also go toward Professor Samir Ranjan Chatterjee, who assisted the author collecting the survey data.

REFERENCES


