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JUDUL : Faktor Dalaman yang Berkaitan dengan Pelaksanaan Berasaskan Budaya Korporat Perusahaan Kecil-kecilan & Besar-besaran Dari Segi Perspektif Pekerja di Daerah Haidian, Berjing

IJAZAH : Sarjana Pengurusan Modal Manusia

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INTERNAL FACTORS RELATED TO PERCEIVED PERFORMANCE-BASED CORPORATE CULTURE OF LARGE AND MEDIUM-SIZED ENTERPRISES FROM EMPLOYEE PERSPECTIVE IN HAIDIAN DISTRICT, BEIJING

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2007
DECLARATION

The materials in this thesis are original except for quotations, excerpts, summaries and references, which have been duly acknowledgement.

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ABSTRACT

The objective of this study is to identify the factors related to performance-based corporate culture and find the relationship between these factors and performance-based corporate culture in large and medium-sized companies in Beijing. Four of these factors are leadership, employee motivation, innovation and market orientation through previous scholars’ research and they should positively be related to performance-based corporate culture according to hypotheses. This study also wants to test whether moderate variables (age, gender and education) can slightly impact the relationship between independent variables and dependent variable. For this purpose, 188 questionnaires were collected and analyzed by statistical tool. The results shows that leadership, employee motivation, innovation and market orientation can significantly be related to performance-based corporate culture and this relationship is not able to be influenced moderately by age, gender and education referred to respondents. As a result, this research suggests that companies or organizations should concentrate on leadership, employee motivation, innovation and market orientation these four aspects of internal management in order to build strong performance-based corporate culture.
ABSTRAK

Faktor Dalaman yang Berkaitan dengan Pelaksanaan Berasaskan Budaya Korporat Perusahaan Kecil-kecilan & Besar-besaran Dari Segi Perspektif Pekerja di Daerah Haidian, Berjing

Objektif kajian ini adalah untuk mengenalpasti faktor-faktor yang berhubung kait kepada budaya korporat berasaskan perlaksanaan dan mengkaji hubungan di antara faktor-faktor tersebut dengan budaya korporat berasaskan perlaksanaan terhadap syarikat berskala besar dan medium di Beijing. Keempat-emmpat faktor tersebut adalah kepimpinan, motivasi pekerja, inovasi, dan orientasi pasaran berdasarkan kepada kajian lepas. Kajian ini juga ingin menentukan sama ada pembolehubah (umur, jantina, dan pendidikan) boleh memberi kesan terhadap hubungan di antara pembolehubah-pembolehubah. Untuk tujuan ini, 188 borang soal selidik telah dikumpul dan dianalisis melalui kaedah statistik. Keputusan kajian ini menunjukkan kepimpinan, motivasi pekerja, inovasi, dan orientasi pasaran dapat mempengaruhi budaya korporat berasaskan perlaksanaan secara langsung dan perhubungan ini tidak dapat dipengaruhi oleh umur, jantina dan pendidikan. Sebagai keputusan, syarikat atau organisasi sepatutnya menumpukan perhatian terhadap keempat-empat aspek pengurusan dalaman iaitu kepimpinan, motivasi pekerja, inovasi dan orientasi pasaran, supaya dapat membina budaya korporat berasaskan perlaksanaan yang kukuh.
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CHAPTER 1

INTRODUCTION

1.1 Overview

Corporate culture or organizational culture has been introduced about two decades ago and become a critical topic in the global business gradually. It is defined as a cognitive framework consisting of attitudes, values, behavioral norms, and expectations (Greenberg and Baron, 1997), and the specific collection of values and norms that are shared by people and groups in an organization and that control the way they interact with each other and with stakeholders outside the organization (Charles and Gareth, 2001) as the accepted way of solving problems (Ahmed et al., 1999). This concept can influence performance and profitability of enterprises positively. Denison (1990) discovered that certain types of culture could enhance organizational performance, while Van der Post et al (1998) found significant relationships between organizational culture and performance, and these types of culture can be defined as performance-based culture or performance culture.

Based on this important relationship between corporate culture and performance and profitability, it is pretty essential to analyze the status quo of performance-based corporate culture arising from Chinese local companies, especially as China has been affiliated to WTO and become more competitive than before. There is a new opportunity and a venture emerging in front of those CEO or general managers of Chinese local companies. What they would do and how to do are the issues they should carefully consider to contend with those aggressive gurus or leading foreign companies in the same field.

This research commences on analyzing the internal managerial factors related to the perceived performance-based corporate culture of large and medium enterprises
from employee perspective in Beijing in order to draw the universal conclusion which can be applied in the modern Chinese companies.

According to this, I try to survey a certain couple of companies of Beijing and collect related data and analyze them with SPSS to support my hypotheses. I hope this conclusion can help these Chinese companies more or less and provide some suggestions which can be applied in the process of the establishment of strong performance-based corporate culture.

1.2 Problem Statement

A great number of Chinese companies have been already realized the importance of corporate culture toward performance, and they more and more attach the importance to the building and management of performance-based corporate culture which has gradually been affirmed and developed. Nowadays, most large and medium-sized companies embark on building, create their own corporate culture. In majority of industries, state-owned and private enterprises advance in unison, and already emerged the extremely individuality and outstanding representatives, like HuaWei, lenovo, Haier and so on.

However, in the process of corporate culture construction, very many enterprises actually discovered employees do not approve of the corporate culture manifesto or the guiding principle which has been certainly formed after launching the corporate culture construction on a grand scale, and are also unable to transfer enterprise's core values to the concrete action of enterprise and all staff. Even if words encourage people with enthusiasm and tugged at people's heartstrings, it is unable or impossible to make a company fulfill a long-range accomplishment just to depend on these fine words. On the contrary, this manager should exactly take tangible actions to build adaptive and strong corporate culture, because this adaptive value is strongly
associated with superior performance (Kotter & Heskett, 1992).

Nevertheless, which kinds of factors are related to the performance-based corporate culture and further impact the performance and effectiveness of the company from employee perspective, especially for those large and medium-sized companies in Beijing of China? That is the question we want to know and discuss.

Based on this problem, the purpose of this study is confirmed to try to identify the independent variables of the perceived performance-based corporate culture from employee perspective (dependent variable) and clarify the relationship between them.

1.3 Objectives of Study

1) The first aim of this study is to identify the independent variables of the perceived performance-based corporate culture (dependent variable) from employee perspective respectively and definitely.

2) To find the relationship between the independent variables and the dependent variable.

3) To find how these factors are related to the dependent variable (performance-based corporate culture)?

1.4 Significance of Study

This study is extremely important due to exploring a new research orientation differential from the previous works, which focuses on the factors relating to corporate culture toward from performance perspective. In terms of the antecedent academia, most scholars seem to be more interested in the effects resulted in by corporate culture and the similar research is particularly scarce.

Further, this study should conduce to those companies which can not recognize the clear culture and make this culture be the tangible actions. Every company knows
the culture is very important toward performance, but which aspects should they focus on to build the strong culture. This study is written to seek the solutions to resolve this problem.

Third, I locate my research in Beijing and the objects are the large and medium-sized companies. This study is determined to help these companies to cope with complicated competitions under specific business environment.

1.5 Key Variables
This research is conducted and organized by several crucial outlines including the following key variables. They are explained simply here, and discussed further and amply in chapter 2.

1.5.1 Performance-Based Corporate Culture
Pettigrew (1979) started the concept of organizational culture. He introduced the anthropological concept of culture and demonstrated the relationship among "symbolism", "myth" and "rituals" in organizational analysis and defined corporate culture as the system of shared meaning based on a cluster of key concepts which are interrelated: Symbol, myth, ritual, ideology, belief, and language (Pettigrew 1979). Many recent researchers think corporate culture reflects the values, beliefs and attitudes of members which strongly effect performance. Webster's Dictionary defines corporate culture as the shared values, traditions, customers, philosophy, and policies of a corporation; also, the professional atmosphere that grows from this and affects behavior and performance. In essence, corporate culture is personality of your organization. It's the way your company does business and how it conducts itself. It's employees' beliefs and expectations of work (Ceridian, 2005).

Thus, corporate culture talked about in this research only means
performance-based culture or performance culture referred to company.

1.5.2 Leadership

Leadership is a process or an ability by which a person influences others to achieve an objective and makes this organization more cohesive and coherent. Leadership is defined as the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organizations of which they are members organizationally (House, 2004).

1.5.3 Employee Motivation

Motivation means the factors or forces with which can arouse, maintain, drive, and channel behavior of individual towards a goal, which has been defined as: the psychological process that gives behavior purpose and direction (Kreitner, 1995).

Historically, Hawthorne Studies conducted by Elton Mayo from 1924 to 1932 begin a new way about employees (Dickson, 1973). This study found employees are not motivated solely by money and employee behavior, it is also linked to their attitudes (Dickson, 1973). It also began the human relations approach to management, whereby the needs and motivation of employees become the primary focus of managers (Bedeian, 1993).

1.5.4 Innovation

Innovation indicates the creation of the new product or service based on the new knowledge. Peter F. Drucker defined innovation as: the process of equipping in new, improved capabilities or increased utility. It is worth saying that innovation is not a science or technology but a value which can be measured with environmental impact (Drucker, 1974).
Previously, the theory of Economic Development written by Joseph Schumpeter used the innovation term for the first time in 1911 (Schumpeter, 1934). Although it was not well defined by that time, he thought the motor of the development as the innovation itself.

1.5.5 Market Orientation

Market orientation means the business reactions aimed at customers' needs and wants. It is a fundamental part of organizational culture focused on delivering superior customer value (Narver & Slater, 1990; Homburg & Pflesser, 2000; Day, 1999).

It is originally from marketing concept which identified earliest by Adam Smith in the 1700s. After arguing that customer satisfaction should be the first business objective for about a half century, market orientation has been developed as the antecedents and performance consequences of the marketing concept (Deshpande and Webster 1989, Jaworski and Kohli 1993, Narver and Slater 1990).

Market orientation is an aspect of organizational culture that is believed to have far-reaching effects on the firm. According to Deshpande and Webster (1989), the most relevant aspect of organizational culture from a marketing perspective is the marketing concept, which includes a fundamental shared set of beliefs and values that puts the customer in the center of the firm's thinking about strategy and operations (Heiens, 2000).
CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter is supposed to be organized to elaborate the researches done by former scholars on performance corporate culture and its determinants. To understand the basic definition of each variable, the latter parts will be discussed in detailed, especially about the relationship between independent variables and dependent variables recognized by these scholars (see Table 2.1).
<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Performance-Based Corporate Culture</th>
<th>Independent Variables</th>
<th>Leadership</th>
<th>Employee Motivation</th>
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<tr>
<td>2. <strong>Corporate culture categories</strong>: the academy, the club, the baseball team and the fortress (Sonnenfeld, 1988); or networked, mercenary, fragmented, and communal (Goffee &amp; Jones, 1996)</td>
<td>2. <strong>Relationship between leadership and culture</strong>: Sergiovanni (1996); Mayer (2004); Hulsmans; Ogbonna and Harris (2000); ennessey, (1998); Lok and Crawford, (1999); Brooks, (1996); Chodkowski, (1999); Schein, (1985)</td>
<td>2. <strong>Three factors of intrinsic motivation methods</strong>: attitude, expectancy, harmony</td>
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<td>2. <strong>Three factors of intrinsic motivation methods</strong>: attitude, expectancy, harmony</td>
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<td>3. <strong>Strong cultures enhance firm performance</strong>: intuitively powerful idea (Peters and Waterman, 1982; Deal and Kennedy, 1982; Kotter and Heskett, 1992), and quantitative analyses (Kotter and Heskett, 1992; Gordon and DiTomaso, 1992; Burt et al., 1994).</td>
<td>3. <strong>Motivation theories</strong>: Maslow's need-hierarchy theory (Maslow, 1943); Herzberg's two-factor theory (Herzberg, Mausner, &amp; Snyderman, 1959); Vroom's expectancy theory (Vroom, 1964); Adams' equity theory (Adams, 1965); and Skinner's reinforcement theory (Skinner, 1953).</td>
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2.2 Definition of Key Concepts

The following contents are the majority statements of each variable appeared in the previous works, including independent variables (Leadership, Employee motivation, Innovation, Market orientation), dependent variable (Performance-Based Corporate culture) and moderate variable (age, gender, educational).

### 2.2.1 Performance-Based Corporate Culture

There are many ways to define the corporate culture by many researchers because it is very different from one company to another. However, corporate culture can generally be regarded as a set of values, norm, attitude, beliefs, and behavior patterns that form the core identity of organizations, and lead to form and influence the employees' behavior by most related scholars. Corporate culture should act as a cognitive map that influences the way in which the context is defined, for it offers the selection mechanisms or norms and values which people enact events (Jones, 1983), and it is the pattern of arrangement, material or behavior which has been adopted by a society (Ahmed et al., 1999). It is also a pattern of beliefs, symbols, rituals, myths, and
practices that have evolved over time in an organization (Pheysey, 1993).

In addition, corporate culture can also be studied as an interval variable or external variables for companies by former researchers.

Corporate culture can also be divided to several categories in terms of some earlier analysis. One such research done by Sonnenfeld (1988) defined four types of corporate culture: the academy, the club, the baseball team and the fortress. The academy emphasizes the different jobs of employees so that they can move around within the organization. The club refers to the fitness of this job for employees who pursue. The baseball team is concerned with the talent employees who can attain great accomplishment but who can leave the organization readily when a better opportunity comes along. The fortress is a company or organization which attaches importance to survival only.

The other famous and influential categorization theory is invented by Goffee and Jones (1996). They think corporate culture should be determined by levels of sociability defined as a measure of sincere friendliness among members of a community and solidarity defined as a community's ability to pursue shared objectives quickly and effectively. The combination of these dimensions brings categories that they have labeled as networked, mercenary, fragmented, and communal (see Figure 2.1).
A communal dimension of culture has high sociability and high solidarity. This type of companies often means those new and small ones in which staff work very closely together for a long hours and will likely socialize together. Similar to Sonnenfeld’s academy theory, the strong identity with this type of culture makes employees have the same sense of fairness.

A networked culture which is nearly the same as Sonnenfeld’s club theory is recognized by high sociability and low solidarity. Individual in this culture is more close to a small community. The third categorization which corresponds to Sonnenfeld’s base team is a mercenary culture with low sociability and high solidarity. Individuals do not tend to interact socially but they approve of the common objectives of the companies. The last one is the fragmented category with low sociability and low solidarity. People in this organization don’t interact socially and work individually. This category is almost the same as Sonnenfeld’s fortress. The categorization theory of corporate culture may help companies recognize themselves position of culture, motivate employees in a right way and make as correct decision as possible.

From the above model, it is apparent that leadership of managers and employee
motivation are more or less related to the forming and categories of corporate culture.

The hypothesis that strong cultures enhance firm performance is based on the intuitively powerful idea that organizations benefit from having highly motivated employees dedicated to common goals (Peters and Waterman, 1982; Deal and Kennedy, 1982; Kotter and Heskett, 1992). In particular, the performance benefits of a strong corporate culture are thought to derive from three consequences of having widely shared and strongly held norms and values: enhanced coordination and control within the firm, improved goal alignment between the firm and its members, and increased employee effort. In support of this argument, quantitative analyses have shown that firms with strong cultures outperform firms with weak cultures (Kotter and Heskett, 1992; Gordon and DiTomaso, 1992; Burt et al., 1994).

2.2.2 Leadership

Leadership can be defined as a process by which a person influences others to accomplish an objective and directs the organization in a way that makes it cohesive and coherent. There are four major elements comprised in leadership:

Follower

Different subordinates require and fit in with different styles of leadership and can be inspired, motivated by different leaders. The fundamental starting point is having a good understanding of human nature, such as needs, emotions, and motivation. “Leader must know employees' be, know, and do attributes.”

Leader

Leader had better exactly know who you are, what you know, and what you want and can do. “To be successful you have to convince your followers, not yourself or your superiors, that you are worthy of being followed.”
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