

# The Effect of Organizational Culture in International Business Performance

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To investigate the effect of organizational culture on international business performance through (Involvement, Consistency, Adaptability, and Mission). A survey was handled on 327 employees in Jordan Sweden Medical and Sterilization Company. Hierarchical regression model was used to study the effect of organizational culture on international business performance through studied the effect of involvement, consistency, adaptability, and mission on international business performance. The results show that improving organizational culture leads to improve the international business performance in Jordan Sweden Medical and Sterilization company. The selected elements of organizational culture (involvement, consistency, adaptability, and mission) improved international business performance also. Moreover, the company should be interested in involving their employees in the decision-making, the managers should be recognized the ability of the employees to do their jobs, the managers should be encouraging the employees to do their jobs, the company must have a long-term purpose and direction, and the company must have a clear mission to give meaning and direction to their works. To the best of our knowledge, we are not aware of any study that has previously investigated effects of organizational culture on international business performance through selected elements; involvement, consistency, adaptability, and mission. Organizational culture and its elements are positively related with international business performance.

**Keywords** – *Organizational culture; International business performance; Involvement; Consistency; Adaptability; and Mission*

**JEL Classifications codes** – *Administration, Business Administration, Firm Administration, and Management.*

## **1 INTRODUCTION**

More global business interests create a requirement for international management who are skilled in working with different people from different countries. International cultural management studies people's behavior around the world and learns people how to work with other employees from different countries. (Gudykunst and Kim, 1984) define culture as an interpretation the world and knowing the behavior (p.13). In contrast, (Brislin, 1993) define it as a composed from ideals, values, and assumptions that shared between peoples.

Organizational culture can be derived from various sources, mainly from the founders' beliefs (Ruiz-Palomino and Martínez-Cañas, 2014, Schein, 2010). (Uddin et al., 2013) showed that the organizational culture source contains the experience of group members and the new beliefs and presumptions of new members and managers. Organizational culture composed from values, beliefs, and behavior patterns (Ortega-Parra and Sastre-Castillo, 2013). The difficulty with leadership is the dealing of human resources in the organizational culture (Waterman and Peters, 1982). (Yirdaw, 2014) noted that organizational culture combines nonhuman resources with the human resources to establish teamwork and high performance.

## **2 DENISON ORGANIZATIONAL CULTURE MODEL**

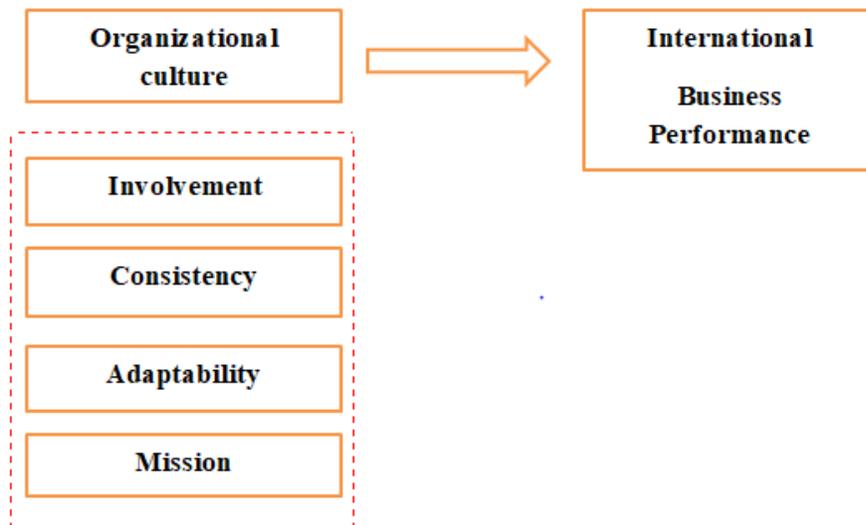
(Denison, 1990) defined four elements of the organizational culture, involvement, consistency, adaptability, and mission. These elements are crucial to develop and maintain an influential organizational culture (Kotrba et al., 2012). Denison illustrated that involvement and consistency are internal elements in organizational culture. While, adaptability and mission are external elements.

## **3 CONCEPTUAL FRAMEWORK AND HYPOTHESES**

According to (Denison, 1990) model, there are four elements of organizational culture which are involvement, consistency, adaptability, and mission, which consider necessary for developing and conserve an influential organizational culture in the deferent organizations. In this study, the effect of organizational culture in international business performance were investigated through studying the effect on many variables, such as involvement, consistency, adaptability, and mission, as independent variables while international business performance as a dependent variable. As shown in Figure 1. (Pathirana, 2019) has been investigated the relationship between organizational culture and business performance, while (Rajendran and Keerthipati, 2020) have been investigate the impact of cultural differences in cross border merging and acquisition of an international business, and (uergen Moormann and Grau, 2017) have been

investigated the effect of organizational culture on business process investigation in the financial services industry. Therefore, we propose the main hypothesis:

**“Organizational culture has a positive significant effect on international business performance.”**



**Figure 1:** A research framework.

Involvement considers a crucial factor for organizational culture effectiveness (Mousavi et al., 2015). Involvement includes many parameters, such as, transparent communication, employee-focused leadership, and strong interpersonal relationships (Engelen et al., 2014). Business managers encourage employee involvement and participation (O’Reilly III et al., 2014). The employee involvement in the organizations means to participate the decision-making process, which can be contributed to the organizational culture's effectiveness (Denison, 1990). Moreover, (Pathiranga, 2019) shows that there is a positive relationship between high employee involvement in the decision-making process and performance. However, (Givens, 2012) show that a high level of involvement in various activities creates a lack of specialization, therefore, we hypothesize:

*H1: “Involvement has a positive significant effect on International Business Performance.”*

Consistency means the time to understand the different culture people in the organization before fixing anything. Consequently, set up processes that support everyone in the organization to consistently put it into practice (Dekker, 2018). Cultural consistency will help to reap the benefits of company culture (Johansson, 2016). To the best of our knowledge, we are not aware of any study investigating the effect of consistency on international business performance. Therefore, we hypothesize:

*H2: “consistency has a positive significant effect on International Business Performance.”*

There are common traits between the adaptability organizations, such as, well-defined expectations, goals, corporate culture, forward-thinking, recognize the change importance, and expected to seek it actively. Literature showed that adaptive organizational cultures effect on organizational performance (Chatman et al., 2014). Cultural adaptability empowers employees to work around challenges to reach the best outcome (Costanza et al., 2016b). An adaptive culture in the organizations is a crucial resource to treat threats in the manage change and consequently organizational survival (Aldrich, 1999). Therefore, we hypothesize:

*H3: “Adaptability has a positive significant effect on International Business Performance.”*

The mission in the cultural perspective contains the organization’s philosophy, identity, and values, meaning its goals, norms, decisions, actions, and everyday behavior (Bartkus and Glassman, 2008, Khalifa, 2011). (Babnik et al., 2014) confirms missions’ role in communicating the declared organizational culture. The mission statement refers a communicational tool through which management beliefs, perspectives, and approaches are passed to employees and other stakeholders (Hirota et al., 2010). The mission is main aspects in any organization, which can provide the function guidelines (Lang and Lopers-Sweetman, 1991, Morphey and Hartley, 2006). The mission influenced by stakeholders and institutional culture (Zenk, 2014). Therefore, we hypothesize:

*H4: “Mission has a positive significant effect on International Business Performance.”*

#### **4 OBJECTIVES OF THE STUDY**

In this research, we investigate the effect of organizational culture on international business performance, through these sub-objectives:

1. To explore the effect of involvement on international business performance.
2. To explore the effect of consistency on international business performance.
3. To explore the effect of adaptability on international business performance.
4. To explore the effect of mission on international business performance.

## **5. METHODOLOGY**

### **5.1 Sample**

Data were collected from the employees in Jordan Sweden Medical and Sterilization Company. In 2001, Jordan Sweden Medical and Sterilization Company started production, the company's products reached more than twenty countries around the world, and the factories of Jordan Sweden Medical and Sterilization Company were opened in countries of the world such as (Jordan, Nigeria, and Sudan).

Questionnaires were sent to 350 employees by mail. The data from employees were collected separately to avoid common source bias (Podsakoff, 2003). 327 valid questionnaires were received from the employees (equivalent to a response rate of 93%). Moreover, males accounted 35% from 327 questionnaires, 81% holds graduate degree or above, 36% percent were above 40 years old, and the average work experience was 18 years. We assessed the potential for nonresponse bias following the procedure proposed by (Armstrong and Overton, 1977).

### **5.2 Construct measurement and development**

The rating scale for all items ranged from 1 “strongly disagree” to 5 “strongly agree.” This study adopted organizational culture, involvement, consistency, adaptability, mission, and international business performance from previous research to ensure the validity and reliability of measurement. Following (Cascio, 2012), Cronbach's  $\alpha$  coefficient was tested the reliability of the measurement.

### **5.3 Independent variable**

Organizational culture was based on assessments of employees of Jordan Sweden Medical and Sterilization Company through four main elements: Involvement, Consistency, Adaptability, and Mission. Involvement was assessed by the employees of Jordan Sweden Medical and Sterilization Company through five items, for example: “My department/team is assigned more work than other departments/teams,” “Our company interested in involved their employees in their decision making,” etc. The Cronbach  $\alpha$  test showed the construct had good reliability (Cronbach's  $\alpha = 0.873$ ). Consistency was assessed by the employees of Jordan Sweden Medical and Sterilization Company through six items, for example: “The leaders and managers practice what they preach,” “Our company consistent and integrated with producing high-quality products and services,” etc. The Cronbach  $\alpha$  test showed the construct had good reliability (Cronbach's  $\alpha = 0.894$ ). Adaptability was assessed by the employees of Jordan Sweden Medical and Sterilization Company through six items, for example: “Cultural adaptability empowers employees to work with challenges,” “The way things are done is very flexible and easy to change,” etc. The Cronbach  $\alpha$  test showed the construct had good reliability (Cronbach's  $\alpha = 0.867$ ). Mission was assessed by the employees of Jordan Sweden Medical and Sterilization Company through five items, for example: “Our company put their goals to achieve in the long

term,” “Our company goals are rational and easy to achieve,” etc. The Cronbach  $\alpha$  test showed the construct had good reliability (Cronbach’s  $\alpha = 0.898$ ).

#### **5.4 Dependent variables**

International business performance was based on assessments of employees of Jordan Sweden Medical and Sterilization Company, which consisted of eight items. For example: “Many tasks of my department/team should be performed efficiently due to cooperation from other departments,” “My manager recognizes my abilities to do my job,” etc. The Cronbach  $\alpha$  test showed the construct had good reliability (Cronbach’s  $\alpha = 0.904$ ).

## **6 RESULTS AND DISCUSSION**

### **6.1 Correlations among study variables**

Table 1 shows the means, standard deviations, and zero-order correlations for all variables regarding our hypothesis based on the rationale that organizational culture affects international business performance. It can be seen that the involvement has moderate significantly and positively correlated with international business performance ( $r = 0.38$ ,  $p < 0.01$ ), which means increased interest in involvement leads to an increase in international business performance. Consistency and mission have high significantly and positively correlated with international business performance ( $r = 0.51$ , and  $r=0.49$  with  $p < .01$ ), which leads us to increase the interest in the consistency and mission inside the organization and consequently increasing in international business performance. However, adaptability has low significantly and positively correlated with international business performance ( $r = 0.27$ ,  $p < 0.01$ ), which leads us to improve and enhance the meaning and the vision in adaptability for employees. Finally, there were significant and positive correlations between the four hypotheses with each other ( $r > 0.24$ ,  $p < .01$ ).

Moreover, the composite reliability of the variables was found to be in the range of (0.27 to 0.51), suggesting reasonable convergent validity. The mean, standard deviation, and reliability of variables are shown in Table 1. The lower mean (3.87) for hypothesis (2) and the higher mean (4.62) for hypothesis (4).

Table 1: Means, standard deviations and correlations

Variables	Mean	Std	1	2	3	4	5
1. Involvement	4.06	0.68	--				
2. Consistency	3.87	0.73	0.28**	--			
3. Adaptability	4.18	0.59	0.31**	0.24**	--		
4. Mission	4.62	0.71	0.39**	0.41**	0.42*	--	
International Business Performance	4.42	0.82	0.38**	0.51**	0.27**	0.49**	--

Notes:  $n = 273$  \* $p < 0.05$ ; \*\* $p < 0.01$  (two-tailed test)

## 6.2 ANOVA and Linear regression Analysis

In this section, ANOVA and linear regression analysis were used to examine the hypothesis and reach conclusions and recommendations that achieve the goals of this study. SPSS was used to test the hypothesizes (Sekaran and Bougie, 2016). Table 2 shows the results of ANOVA and linear regression analysis of the effect of organizational culture on international business performance through four main elements: involvement, consistency, adaptability, and mission.

Table 2: The results of ANOVA and linear regression analysis of the effect of organizational culture on international business performance.

Independent variables	Model summary		ANOVA			Coefficients			
	R	R <sup>2</sup>	F	DF	Sig. F	B	SD	t	Sig. t
Involvement	0.789	0.623	589.145	1	0.000	0.574	0.031	16.785	0.000
Consistency	0.742	0.551	658.477	1	0.000	0.814	0.027	21.576	0.000
Adaptability	0.659	0.434	576.476	1	0.000	0.647	0.023	18.544	0.000
Mission	0.824	0.679	771.126	1	0.000	0.846	0.029	22.547	0.000

The results (Table 2) indicate the there is a statistically significant effect of all organizational culture elements (Involvement, Consistency, Adaptability, and Mission) due to the high R-values. Moreover, the coefficient R<sup>2</sup> represents the explanation percentage of the organizational culture elements on the international business performance. Consequently, it is can be seen that the mission has explained 67.9% of the variation in international business performance, which is the highest element explains the variation in international business performance, while the lowest element explains the variation in international business performance is consistency of R<sup>2</sup> = 0.551. Also, it can be seen that the variables (F) at (sig. = 0.000) confirms the significance of the regression at the significance level ( $\alpha < 0.05$ ). The coefficients B and t indicates the that the

effect of this dimension is significant. The increasing of coefficient B for each organizational culture elements leads to increase the international business performance. i.e., the increase in mission by one unit leads to increase in international business performance by (0.846), which is considered as the most effective element on the in international business performance. Finally, there is many literature that support our results, such as, (uergen Moormann and Grau, 2017) noted that the organizational culture have a substantial impact on the performance of business processes. (Givens, 2012) which found that the consistency is one of the primary factors to create a strong organizational culture and improve employees' performance in the organization. (Costanza et al., 2016a) where they found that organizations with adaptive cultures were more likely to survive. (Babnik et al., 2014) where they study the mission statement in the organizations.

## 7 CONCLUSIONS

This study investigated the effect of organizational culture on international business performance in Jordan Sweden Medical and Sterilization company through four main elements: involvement, consistency, adaptability, and mission. Our study suggests that improvements in organizational culture led to improve international business performance. Therefore, employees must have the organizational culture to enhance international business performance. Second, the selected elements of organizational culture (involvement, consistency, adaptability, and mission) improved international business performance also. Moreover, the company should be interested in involving their employees in the decision-making, the managers should be recognized the ability of the employees to do their jobs, the managers should be encouraging the employees to do their jobs, the company must have a long-term purpose and direction, and the company must have a clear mission to give meaning and direction to their works.

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