

THE STRONGER IMPACT OF NATIONAL CULTURE OVER ORGANIZATIONAL CULTURE ON SUPPLY CHAIN OPERATIONS

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ABSTRACT

The proponents of national culture have a strong belief that national culture has an impact on the performance of a firm. They also believe that national culture influences team work and the ability to innovate. They consider the impact of national culture on behavior and relationships to be longer lasting than cultural influences that tend to diminish as a company changes. On the other hand, the supporters of organizational culture have a strong conviction that well-defined and widely used organizational practices throughout the organization will help an organization become excellent and capable of achieving high levels of performance. Both the partisans of organizational culture and the supporters of national culture have their own reasons as to why each side is more impactful when compared to the other. This paper attempts to answer which side has a stronger impact by reviewing the literature on the effect of national culture or organizational culture on the supply chain operations of MNCs in Japan and the US. It appears that national culture is more impactful than organizational culture when it comes to supply chain operations.

Keywords: Organizational culture, national culture, corporate culture, supply chain operations

Background

A well-defined organizational culture that is used in the entire organization has become the hallmark of a successful organization. Therefore, prestigious and successful MNCs usually prefer employees that suit their needs and company culture¹. However, when this organizational culture travels across countries and even more across continents, sometimes it does not work as well as when it is applied in the home country of the MNC. This would incite scholars to raise question whether national cultures would hold back organizational culture². Moreover, Hofstede argues that national culture is an essential factor an organization has to pay attention to enact great performance³. On the other hand, the proponents of organizational culture

believe that organizational culture affects organization performance, employee satisfaction and organizational effectiveness⁴.

Each proponent of national culture and organizational culture has convincing arguments that their side has stronger influence over another. This paper attempts to investigate which among national culture and corporate culture has the stronger impact particularly on supply chain operations. The exploration of the impact of national and organizational cultures will also be used to point out whether the consequences of these two cultures are universal around the world.

¹ Gerhart, B. (2008). How much does national culture constrain organizational culture? *Management and Organization Review*, 241-259

² Gerhart, B. (2008)

³ Hofstede, G. (2001). *Culture's consequences: Comparing values, behaviors, institutions and organizations across nations*. Thousand Oaks, CA: Sage Publications.

⁴ Nazarian, A., Atkinson, P., & Greaves, L. (2014). The relationship between national culture and organizational culture: A case of medium and a large size organizations in Iran. *The Macrotheme Review*, 3(6), 66-78.

Problem Statement

The partisan of the organizational culture would argue that organizational culture induce the achievement of organization performance and sustainability; yet, the supporters of national culture believe that national cultures can play a more prominent role in achieving organization performance and responsible either for softening or strengthening the organizational culture to shape the organization.

Since both sides have reasons and arguments to back up it claims and all the arguments, claims and reasons are solid so that it would be hard to decide which side that is, organizational cultures or national cultures that have much stronger impact. Therefore, the review of various works of literature on the effects of national culture and organizational culture on supply chain operations of MNCs in Japan and US will be used to highlight the culture that is more impactful and strong.

Organizational and National Cultures

Cultures

Culture is defined in various ways. However, one of its universally accepted definitions is that it is the shared programming of the thinking patterns of the members of a group that distinguishes them from non-members.⁵ The variations from one culture to another are evident from the differences in the views of the members from those of the members of other groups, because of differences in the collective programming. Culture is a universal concept explored when talking about organizations, particularly when the issues of discussion are management or sociology. When referring to nations, it is used to refer to differences in management, sociological

⁵ Hofstede, G. (2001)

views, and political issues. However, culture is wider than its common usage; it can be applied to the areas of gender, generations, or social classes when it is used to study national or organizational characteristics.⁶

Hofstede used the layer of an onion's skin to describe the manifestations of culture. There are different depths in the manifestations of culture, from only superficial as represented by symbols to the deepest expressions of culture that are represented by values. And between those two layers reside heroes and rituals.⁷ Symbols refer to words, dress, flags, etc. which mean something only to those who share the culture. Heroes denote person whether dead or alive, real or imaginary, which considered as the model because they possess characteristics that are highly regarded in the particular culture. Rituals such as greetings, daily interaction, and religious ceremonies that are collectively done to reach desired results are used within a culture. Values are preferences of something over other things.⁸

Individual that belongs to certain group carries the common mental program, and this individual throughout their lives belongs to many different groups at the same time. Therefore this individual gets some layers of mental programming. The layers of mental programming are at the national, ethnic/religious, gender, generation, social strata, and organizational level.⁹

The in-depth understanding of the impact of national and organizational

⁶ Krumbholz, M., & Maidne, N. (2001). The implementation of enterprise resource planning packages in different organizational and national cultures. *Informational systems*, 26(3), 12-23.

⁷ Hofstede, G., Hofstede, G. J., & Minkov, M. (2010). *Cultures and organizations: Software of the mind: Intercultural cooperation and its importance for survival*. New York, NY: McGraw Hill.

⁸ Hofstede, G., Hofstede, G. J., & Minkov, M. (2010)

⁹ Hofstede, G., Hofstede, G. J., & Minkov, M. (2010)

cultures is crucial in providing information about the role that culture plays in organizations and in influencing organizational outcomes. The members of society gain gender and nation-related cultural views since childhood up to adulthood, and therefore are in many cases more deep-rooted than the other cultural models developed next.¹⁰ The cultural models developed later in life include the occupational culture acquired in learning institutions and the workplace. For instance, the change of job from one organization to other organization resulted in the change of organizational culture; this makes the previous one less relevant and less impactful.¹¹ For comparison between national and organizational culture, the national cultural models reside in the unconscious values that are acquired during childhood and young adulthood; it will provide directions and broad tendencies on preferences for various states of affairs over others.¹² Whereas, organizational cultures are built upon conscious and visible practices, particularly about the ways that people regard what takes place in the organizational environment.

To find out the culture that is more impactful and stronger, the review of various studies on the impact of national culture and organizational culture will be used. The exploration of the impact of national and organizational cultures will also be used to point out whether the consequences of these two cultures are universal around the world.

¹⁰ Hofstede, G. (2001).

¹¹ Rose, G. M., Evaristo, R., & Straub, D. (2003). Culture and consumer responses to web download time: A four-continent study of mono and polychronism. *Engineering Management, IEEE Transactions* 50(1), 31-44.

¹² Hofstede, G. (2001).

Background on Organizational Culture and National Culture

Definition of culture is broader and more complex than it is initially considered because it is also included on shared processes such as socially constructed systems, styles of using technology, language, origin, and shared history. The indication of the description of the depth of culture is that it affects every aspect of organizational life, whether the dominant culture is the organizational culture or the national culture.¹³ Czinkota and Ronkainen is also widened the definition of culture after stressing that it extends the behavioral styles and patterns that are learned, and which distinguish the particular society.¹⁴ There are a wide variety of perceptions related to national culture that has led to the development of a distinctive culture framework and dimension for national culture, for example, Hall's and Hofstede's dimensions.¹⁵ The distinguishing factors shared by the various culture dimensions used to explain national culture is that people experience culture from an early age, and culture can be split into different layers, starting from the individual to the societal level.¹⁶ According to Ford, national or societal culture occupies the top level because it comes with primary socialization.¹⁷

¹³ Hofstede, G. (2001).

¹⁴ Czinkota, M. R., & Ronkainen, I. A. (2007). *International marketing* (8th ed.). Mason, OH: Thomson South-Western.

¹⁵ Park, J., & Abele, E. G. (2010). *Interpersonal relations and social pattern in communication technologies: Discourse norms, language structure and cultural variables*. Hershey, PA: Information Science Reference.

¹⁶ Park, J., & Abele, E. G. (2010).

¹⁷ Ford, D. P., Connelly, C. E., & Meister, D. B. (2003). Information systems research and Hofstede's culture's consequences: an uneasy and incomplete partnership. *IEEE Transactions on Engineering Management*, 50(1) 8-25.

The two levels of culture that are highly recognized and used as reference are organizational and national culture. As a result of the attention and focus towards the two levels of culture, cultural issues are known at the organizational and national culture levels, which indicate that those originating at other levels such as the individual level are ignored.¹⁸ Over the years, different studies have explored the impact of organizational and national cultures on organizations, but there is an insufficient study done on the impact of national culture on organizations and organizational cultures.¹⁹ Rose also highlighted that little study had been done to explore the impact of national culture on the culture of an organization, which would provide information about the culture that is more influential among the two.²⁰ The influence and impact of national culture on organizations and organizational culture was highlighted by Browaeyns and Price, after stressing that it has various levels, ranging from explicit to implicit. The most precise level of the culture there is cultural artifacts, which includes things such as food, language, fashion, and architecture.²¹

The second level of national cultures is more impactful on organizations and their cultures than organizational culture. The second level is comprised of values and norms, which gives the society guidance on what is appropriate and what should not be done.²² The indication of the various levels

¹⁸ Ford, D. P., Connelly, C. E., & Meister, D. B. (2003).

¹⁹ Loch, K. D., Straub, D. W., & Kamel, S. (2003). Diffusing the internet in the Arab world: The role of social norm and technological cultivation. *IEEE Transactions on Engineering Management*, I(1), 45-63.

²⁰ Rose, G. M., Evaristo, R., & Straub, D. (2003).

²¹ Browaeyns, M. J., & Price, R. (2008). *Understanding cross-cultural management*. Harlow, England: Financial Times/Prentice Hall.

²² Ford, D. P., Connelly, C. E., & Meister, D. B. (2003).

of national culture is that it overlaps with organizational culture in some areas, which makes it impactful on organizations. The impact of national culture was explored by Ali and Amirshahi, through a study examining the impact of the Iranian culture, where the conclusions included that the culture of centralized authority and power has influenced organizations in many ways.²³ The effects evident on Iranian organizations and their respective cultures includes that the culture of centralized power has rendered many organizations to be inefficient and also created a lack of motivation.²⁴ The impact of Iran's national culture on organizational culture and organizational effectiveness are highly noticeable in public organizations; the same is also reported among private sector organizations.²⁵ In particular, the evidence of the impact of national culture on organizational culture includes that private organizations suppress stakeholder participation, and show a tendency towards the centralization of managerial power.²⁶

The Comparative Impact of National and Organizational Culture

The impact of national and organizational culture have been studied in numerous and various studies. The study by Ali and Amirshahi explored the effects of culture on Iranian organizations and noted that the national cultural values of centralization of authority have been very impactful. Ali and Amirshahi also pointed out the national culture of centralizing power has rendered many organizational cultures of both public and private organizations to be ineffective, by sidelining

²³ Ali, A. J., & Amirshahi, M. (2002). The Iranian managers: Work value and orientation. *Journal of Business Ethic*, 40, 133-143.

²⁴ Ali, A. J., & Amirshahi, M. (2002).

²⁵ Ali, A. J., & Amirshahi, M. (2002).

²⁶ Ali, A. J., & Amirshahi, M. (2002).

the value of employee engagement, and reviewing management practices.²⁷ And also study by Javidan and Dastmalchian pointed out that the managerial approach of Arab and Iranian organizations are similar in a variety of ways,²⁸ including that they stress obedience and control, and orientation towards making insufficient plans about the future.²⁹ Hofstede accentuated the influence of national culture over organizational culture in the case of Iranian. Hofstede classified Iran as a high collectivist society. Therefore, it affects organizational cultures. The national cultures affect the values and the principal managerial stress by the managers of the organization.³⁰

Similarly, in the case of Iranian, Javidan and Dastmalchian looked at the different dimension of national culture, power distance. This dimension of national culture is impactful on Iranian organizations and their respective cultures.³¹ According to Hofstede classification, the Iranian is considered as high power distance society where there is the unequal distribution of power in the society.³² In a similar vein, Metcalfe and Mimouni found out that many reports of high power imbalances between staffs occupying different levels.³³ This is evidence that the national culture of high power distance has major impact on organizations and their cultures. When it is examined a lot deeper, the cultural value of power imbalance can be traced back to the

family structure of Iran. It is the usual case in Iran that the father had the ultimate power and authority as the leader of the power. The impact of Iran's culture has been reported over the years, which indicates that national cultures are indeed more stable and influential as compared to organizational cultures.³⁴

In the case of sustainability of the effects, Myers and Tan indicated that national culture and its impact on organizations are more long lasting and steady as compared to organizational cultures. It is because of the higher stability of national cultures, that is, national cultures are more deeply rooted. As a result, national cultures effects are reported on organizations and its employee over the years.³⁵ Myers and Tan reasoned that the profound effects on national cultures over organizational cultures were based on the fact that national cultures influence the organizational culture mode that is adopted. McCoy supported the same view. They pointed out that national cultures have a more profound effect on organizations, as compared to organizational cultures on the basis that national cultures have influence in the process of forming organizational culture. The national culture also influences the effectiveness of an organization's culture for the reason that it affects the relationship that exists between different people in the organization. The national culture dimensions such as masculinity or femininity, individualism or collectivism, uncertainty avoidance, and time orientation that have been cultivated in society as a whole, when traced back, were responsible for impacting the organizational cultures in the organizations. It indicates that effects of national culture on organizational cultures are more impactful than organizational

²⁷ Ali, A. J., & Amirshahi, M. (2002).

²⁸ Javidan, M., & Dastmalchian, A. (2003). Culture and leadership in Iran: The land of individual achievers, strong family ties, and powerful elita. *Academy of Management Executive*, 1(4), 127-142.

²⁹ Metcalfe, B., & Mimouni, F. (2011). *Leadership Development in the Middle East*. Cheltenham, England: Edward Elgar Pub.

³⁰ Park, J., & Abele, E. G. (2010).

³¹ Javidan, M., & Dastmalchian, A. (2003).

³² Hofstede, G., Hofstede, G. J., & Minkov, M. (2010).

³³ Metcalfe, B., & Mimouni, F. (2011).

³⁴ Nazarian, A., Atkinson, P., & Greaves, L. (2014).

³⁵ Myers, M. D., & Tan, F. B. (2002).

culture, and the impact can be experienced in the long term.³⁶

As for organizational culture, according to Schein, the process of defining organizational culture is the most challenging part in measuring progress, during the planning and executing of organizational change programs. The difficulty of defining as a result from the fact that organizational culture is vary from one organization to others organizations, which in many cases, it is impossible to give distinctive explanations for the differences (Schein, 2010).³⁷ Regarding the variation of organizational culture from organization to organization, Nazarian explain that the organizational culture of a private for-profit enterprise is different than that of a public sector healthcare organization such as a hospital.³⁸

The complexity of organizational culture can be seen from the various layers it possesses. The outermost-layer is apparent to all, in the form of physical features such as building, furniture layout, and the people engaged in the operations of the enterprise. The other two layers are not easily seen by the outsider. The two inner layers comprise of the beliefs and the values that are embedded into the culture of the organization. In many instances, members do not consciously aware of it. Therefore it is also impossible for general public to know.³⁹

The similar view about how hard it is for non-members to understand

organizational culture of an organization is mentioned by Hofstede. He gave an analogy that trying to understand the inner layers of an organization's culture is similar to developing an intuitive explanation about the personality of another person. In principle, the values, beliefs, and principles that made the organizational culture of an organization are highly hidden that it is almost impossible to understand them.⁴⁰

The culture of an organization is comparable to the glue that ties the organization together and offers the workers a sense of belonging to the organization; this is what made commitment levels soar and performance to. Hofstede shares the same view, where the highlight made is that organizational culture shapes everything, including the sense of belonging shared among employees, and the willingness of employees to pursue the goals of the organization.⁴¹ Further, the explanation of organizational culture was expanded by Schein stressing that the organizational culture is mainly the pattern of shared assumptions, values, meaning, and beliefs that are fashioned or adopted by employees in an organization.⁴² The integration of these various concepts into the definition of organizational culture came to point that it includes the identity of the organization as well as its employees, organization initiative and commitment.⁴³ Nazarian et al. (2014) pointed out that from a broad scope of organizational culture indicates that it is borrowed a lot from the national culture of the people, considering that more general culture offers the basis for values, beliefs, moral, and guiding principles.⁴⁴ This would indicate that about the relationship between

³⁶ McCoy, S., Galletta, D. F., & King, W. R. (2005). Integrating national culture into IS research: The need for individual-level measures. *Communication of the AIS*, 15, 211-224.

³⁷ Schein, E. H. (2010). *Organizational culture and leadership* (4th ed.). San Fransisco, CA: Jossey-Bass.

³⁸ Nazarian, A., Atkinson, P., & Greaves, L. (2014).

³⁹ Fang, T. (2010). Asian Management research needs more self-confidence: Reflection on Hofstede (2007) and beyond. *Asia Pacific Journal of Management*, 27(1), 155-170.

⁴⁰ Hofstede, G. (2007). A European in Asia. *Asian Journal of Social Psychology*, 10, 16-21.

⁴¹ Hofstede, G., Hofstede, G. J., & Minkov, M. (2010).

⁴² Schein, E. H. (2010).

⁴³ McCoy, S., Galletta, D. F., & King, W. R. (2005).

⁴⁴ Nazarian, A., Atkinson, P., & Greaves, L. (2014).

national culture and organizational culture, is that national culture is more impactful on the organization with the rationale that apparently national culture is the foundation of other cultures, i.e. organizational culture.

The Impact of National Culture on Organizational Supply Chain Operations

The review of the various dimensions of national cultures shows that it is more impactful than organizational cultures, taking into account that the national culture influences the formation of the organizational culture (Park & Abele, 2010).⁴⁵ For example, the US and the countries in Asia differ greatly, in the ways that they approach cultural values and attitudes. The differences for instance in focus on long-term objectives and a collectivist attitude possess by Asian countries such as Japan.⁴⁶ Moreover, the employees of an organization with Japanese workers are usually having higher levels of collectiveness, as compared to employees working in an individualistic society such as the US. The differences in national culture will influence the ways that the members of society regard to power and authority, the Asian workers who are coming from high power distance culture, in a Japanese organization will be just fine with the present of power imbalances, and hierarchical power distribution. In contrast, the employees of a company based in the US are more likely to challenge the power structure, and will be less likely to accept the unequal power allocated to those that are higher in the organizational structure.

In the organizational context where business is the primary goal, the group-centred cultural outlook is crucial to the success of organizations. The 2000s and 2010s are characterized by the call for the formation of organizational networks that

rely on trust and cooperation, which is not supported by the individualistic organizational cultures of many Western countries.⁴⁷ One of the proof the success of national culture to the success of organizations is evident in the Far East, particularly in the car industry. The experts in the motor industry of the Far East have claimed that American car manufacturers need to adopt the Japanese model of networked suppliers.⁴⁸ The value of taking such a cultural outlook is that the contractors to companies not only maintain close ties but will also grow and learn from the parent company, which will improve the business outcomes for either side.⁴⁹ The differences in the cultural models of the East and the West demonstrate the impact of national culture, which seems to dominate that of organizational cultures.

The impact of national culture on the organization and organizational culture is evident from the changes that taking place in the corporate cultures of American companies.⁵⁰ In the recent years, American corporations have been shifting towards the Japanese model of forming strong partnerships with contractors, although the changes have not achieved significant results yet.⁵¹ According to Zhi, the 2003 survey done by Planning Perspective, a market research institute, showed that Toyota and Honda Motors are the leaders in the creation of partnership relationships with affiliate companies. The most surprising part

⁴⁵ Park, J., & Abele, E. G. (2010).

⁴⁶ Schein, E. H. (2010).

⁴⁷ Zhi, C., Baofeng, H., Yuan, L., & Xiande, Z. (2015). The impact of organizational culture on supply chain integration: A contingency and configuration approach. *Supply chain management: An International Journal*, 20(1), 24-41.

⁴⁸ Park, J., & Abele, E. G. (2010).

⁴⁹ Zhi, C., Baofeng, H., Yuan, L., & Xiande, Z. (2015).

⁵⁰ Zhi, C., Baofeng, H., Yuan, L., & Xiande, Z. (2015).

⁵¹ Kent, R. (2006). *Research approaches, methods and applications in Europe*. London, England: Cengage Learning EMEA.

of the findings is that the data gathered from the survey was based on the response of US suppliers of car parts to the major vehicle manufacturers operating in the US. The findings as a result of the study are that the national culture of Japan, which is the reference culture underlying the formation of the organizational cultures of Honda and Toyota has widespread effects on the two companies.⁵²

What can be learned from the qualitative benchmark to estimate the formation of partnerships between car companies and their suppliers are trust and the perceived growth prospects from the partnerships. The finding as pointed out by Hofstede is that national culture affects the relationship between people, and also the general approach to corporate relationships. So, despite the hard efforts made by American companies to imitate Japanese model of partnership, the national culture of America remains powerful on organizational cultures that in a way interfere the organizational outcomes.⁵³

Toyota and Honda have been successful in the formation of relationships with their suppliers. The success of the two companies in the creation of strategic partnerships with their suppliers is as a result of their observance of the six principles of the creation of relationships.⁵⁴ The six principles include emphasizing cooperative work, two-way communication, developing the skills of suppliers, supervising their work, using supplier competition to strengthen the partnership, and having an in-depth knowledge of

suppliers.⁵⁵ The six principles, when it is examined deeper, are deeply rooted in the Japanese culture and not evident from the American culture. This lead to the conclusion that when American companies failed to imitate, it is because of the superficial application of the principles is unlikely to be impactful.⁵⁶ The Japanese companies when applying the principles coming from understanding the underlying cultural context behind it and integrating it into their corporate culture and way of life.⁵⁷ The difference results when applying the principles indicates that national culture might be responsible for the successful of the application of the principles by the Japanese companies.

The way Japanese firms develop the bond with their suppliers, for instance, is through visiting suppliers' plant by the managers. That way it helps them to understand the partner better and as a result would develop the better relationship with their suppliers.⁵⁸ Honda is also using the same principle in dealing with their suppliers. Their directors and managers visit and spend time with their suppliers, by doing so it will help them to increase the understanding and familiarity with their business.⁵⁹ The cultural approach is natural to the Japanese companies, due to the cultural orientation that can be traced to their national cultures. In contrast, cooperation between companies is unnatural to American companies, due to the national culture of competitiveness. Hofstede indicated that to the American confrontation is part of the cultural orientation. Therefore,

⁵² Zhi, C., Baofeng, H., Yuan, L., & Xiande, Z. (2015).

⁵³ Hofstede, G. (2007).

⁵⁴ Rutkowska, A. L. (2009). The impact of national and organizational culture on the cooperation of firms- a supply chain perspective. *Journal of Intercultural Management*, 1(2), 5-16.

⁵⁵ Liker, J., & Choi, T. Y. (2004). Building deep supplier relationships. *Harvard Business Review*, December.

⁵⁶ Liker, J., & Choi, T. Y. (2004).

⁵⁷ Zhi, C., Baofeng, H., Yuan, L., & Xiande, Z. (2015).

⁵⁸ Liker, J., & Choi, T. Y. (2004).

⁵⁹ Zhi, C., Baofeng, H., Yuan, L., & Xiande, Z. (2015).

American companies adopt confrontational style also when they conduct business, including the ways that they treat their suppliers. For example, instead of making an effort to cultivate cooperation among its suppliers, US vehicle manufacturers make their suppliers compete against each other and then companies choose which one they think is the best for company's benefit.⁶⁰ The difference in the national cultures between America and Japan affects how they conduct the operation as well as the organizational culture that they practice.

The influence of the national culture of Japan is clearly apparent in the organizational cultures of Japanese companies such as Honda and Toyota. The proof of the influence includes that the spirit of mutual understanding, harmony, and cooperation guides the relationships between the two companies with their respective suppliers, among other stakeholders.⁶¹ The value of the approach to organizational issues includes that it separates the person or institution from the problem in question, and as a result enabling the company to explore for the causes of problems, without blaming to any individuals or groups.⁶² In relating to its suppliers, the specialists of the Japanese companies help them to explore for the root causes to the problems experienced, particularly when the suppliers are not able to identify the problems on their own.⁶³ The approach taken by American vehicle manufacturers is entirely different, noting that they do not emphasize on increasing the cooperation efforts needed to identify the sources of problems.

Organizational Culture on Organizational Supply Chain Operations

Companies operating in the West, for example as discussed earlier, America vehicle manufacturers do not benefit from the cultural values that make Asian companies more efficient at managing their affairs with suppliers and other players in the supply chain. However, the establishment of the right organizational culture can help in mitigating the initial cultural shortcomings.⁶⁴ According to Masqood, the orientation towards sharing of knowledge and innovation throughout the supply chain is greatly influenced by organizational culture. The aspects of organizational culture that foster the sharing of information and knowledge is that of trust, which is primarily a frame of mind shared by the various members of the organization.⁶⁵ The cultural approach is related to maximizing the efficiency of the various parts of an organization's value chain. The importance of organizational culture is as influential on organizations as a national culture since organizational culture influences the realization of an organization's strategic goals. In reality, the adoption of the right organizational culture can enable organizations to operate more cooperatively with the members of its network.⁶⁶ In particular, the customer orientation of an organization's culture is critical to organizations, as it influences the productivity and outcomes of the supply chain. Further, Masqood continued to point out that institutional trust, which is actualized through regulations, norms, and rules that govern action and responses in the

⁶⁰ Zhi, C., Baofeng, H., Yuan, L., & Xiande, Z. (2015).

⁶¹ Rutkowska, A. L. (2009).

⁶² Hofstede, G. (2007).

⁶³ Zhi, C., Baofeng, H., Yuan, L., & Xiande, Z. (2015).

⁶⁴ Masqood, T., Walker, D., & Finegan, A. (2007). Extending the "knowledge advantage" creating learning chain. *The Learning Organization*, 14(2), 123-141.

⁶⁵ Zhi, C., Baofeng, H., Yuan, L., & Xiande, Z. (2015).

⁶⁶ Masqood, T., Walker, D., & Finegan, A. (2007).

organizational, remains constant for quite long periods of time.

According to Grawe, an organization can expand its organizational culture along with its strategic orientation, for instance, the strategic orientation can focus to the external stakeholder of an organization such as customers and competitors. As the strategic focus widened, the organizational culture is also expanded to accommodate it. As the organizational culture expanded, the behavior of people in the organizational change i.e. focuses toward the needs of customers and regard for the potential of competitors. In essence, organizational culture can be used to foster and help the realization of the strategic of an organization.⁶⁷ In addition to those two aspects, cost orientation which is more inward of the organization, can also expand the organizational culture and change the way people do things in an organization.⁶⁸

The establishment of a strong culture of an organization improves the performance of the employee within the organization, as attitudes, norms, and beliefs affect organizational culture which guides to strong communication among employees which eventually foster employee performance.⁶⁹

Conclusion

Culture is defined in a variety of ways, including the shared thinking patterns of the members of a particular group, which distinguishes them from non-members.

⁶⁷ Grawe, S. J., Chen, H., & Daugherty, P. J. (2009). The relationship between strategic orientation, service, innovation and performance. *International Journal of Physical Distribution & Logistics Management*, 39(4), 282-300.

⁶⁸ Zhi, C., Baofeng, H., Yuan, L., & Xiande, Z. (2015).

⁶⁹ Awadh, A. M., & Alyahya, M. S. (2013). Impact of organizational culture on employee performance. *International Review of Management and Business Research*, 2(1).

Culture is a crucial concept in discussions about organizations, noting that both national culture and organizational culture influence the activities, the use of technology, the relationships in the organization, and the outcomes of organizations.

The review of the literature on the various levels of national culture pointed out its impact, which emphasized the fact that it shapes organizational culture. The study reporting on Iranian companies demonstrated the influence of national culture on the organization. The review of the literature detailing the impact of national and organizational culture pointed out the differences reported, including that it is commonly reported that national culture is more influential. The pointers made included that national culture heavily influences the layers of organizational culture, and the values it endorses. The review of the literature also reporting the impact of organizational and national culture on organizational operations showed that supply chain operations are profoundly affected by national culture.

The review of the literature also pointed out the impact of corporate culture in mitigating initial cultural shortcomings. Corporate culture promotes trust that will eventually promote sharing of knowledge and innovation among employees. Corporate culture helps the realization of an organization's strategic goals. As corporate culture expands to accommodate an organization's orientation toward the consumer, the productivity of an organization is also improved. Corporate culture also fosters the strategic orientation of the firms.

What makes national culture stronger than organizational culture is the fact that national culture influences and forms organizational culture rather than the opposite. Furthermore, the impact of

national culture is more long lasting and stable, as it is deeply rooted. The exploration of the impact of national culture and organizational culture point out that the

consequences of these two cultures are indeed universal.

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