Correlation Analysis Between Organizational Culture and Organizational Performance in the Context of Globalization in Grid Enterprises—Take Organizational Learning as Moderators

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Abstract. The paper discusses the impact of organizational culture and organizational performance in the context of globalization. The survey from local enterprises shows that organizational culture can significantly affect innovation performance. This paper takes organizational learning as intermediary variables to study the relationship between organizational culture and organizational performance. The survey from local state grid corporations shows that organizational culture can have significant predictive power on performance and organizational learning acts as a significant moderator. This research provides useful tools for organizational performance management in the context of globalization.

Introduction

With implement the “Going Out” strategy, China's industry has undergone an unprecedented development with international development process. Taking State Grid Corporation of China as an example, it have already ventured overseas, and offer engineering services in about 40 countries, such as in the Philippines, Brazil, Portugal, Australia and Italy, etc with good performance. The performance of large enterprises in overseas generally experiences “decline—rise—fall” with deepening internationalization of the enterprises[1].This paper attempts to study the impacts of organizational culture on organizational performance in the course development of globalization, then to reveal the relationship among organizational culture and organizational performance, globalization development, organizational learning, and to find out the way to improve organizational performance[2].

Literature Review and Statement of Hypothesis

International businesses are seen to present opportunities to combine resources such as capability and knowledge to develop new products or services and thus innovate, as the result, the number of such international business continues to increase. However, Tidd and Izumimoto argued that not all of these overseas businesses are successful [3]. A number of studies have noted problems, which seem to be inevitably associated with these alliances, in cooperating with a partner from a different national culture. But Barkema and Vermeulen pointed to issues about cultural differences [4]. Beamish showed that there was significant dissatisfaction with their performance, which may be attributable to these cultural differences [5]. Culture is a difficult concept to grasp and measure. Harrington, for example, found that corporate cultural differences were partly responsible for the short duration of international joint business [6]. Madhok suggested that literature has tended to overlook human relations core
concepts such as integrity, trust, reciprocity and forbearance in joint business. These concepts, which
are interrelated, encompass behavioral variables at the heart [7].

H1: Organizational culture among different nationalities with the consistency has positive effects on
organization performance.

The accumulation of experience and research becomes the source of knowledge, learning is a means
of access to knowledge, the more widely we study, the more efficient personal and organizational
knowledge acquisition, and knowledge is the basis of innovation. Organizational learning theory [8-9],
theory of dynamic capabilities, organizational performance effectively is the key to construct and
maintain competitive advantages to face changing environment. There are some researches to examine
the relationship between organizational learning and organizational performance. So we assume:

H2: organizational learning has positive effects on organization performance.

Organization learning within the organization is of great importance to improve organization
atmosphere, to form a satisfied corporate cultural. Anderson and Narus (1986:326) found that the firm's
belief that another side will perform actions that will result in positive outcomes for the firm, as well as
not take unexpected actions that would result in negative outcomes for the firm. The strength of this
belief may lead the firm to make a trusting response or action, and further share their learning
knowledge. Otherwise, Anderson and Narus’s account indicates that obstacles on organizational
learning would deepen cultural differences. So, we assume:

H3: Interaction of organizational culture and organization learning on organization performance.

Data Analysis

Questionnaire design and data collection

To ensure reliability and validity of research tools, this study adopts scale as used in the existing
literature, and carries through appropriate modification in aim of present study. Organizational learning
is comprised 5 dimensions: experimentation, risk taking, interaction with the external environment,
dialogue and participative decision making. The paper adopted organizational learning measurement
instrument with 14 items which developed by Alegre and Chiva. The sample items include “People
here receive support and encouragement when presenting new ideas”, “People are encouraged to take
risks in this organization”, “It is part of the work of all staff to collect, bring back and report
information about what is going on outside the company”. The Cronbach’s α is 0.89, above 0.7.

Organizational culture is the common core beliefs, values, behavior patterns, norms, etc, rooted in
the enterprise organization, process, system, daily work. It affects organization strategy, arrangement of
organizational structure, process, and system specification. The formation and evolution of
Organizational culture, can be divided into the following four spiral phase of interaction and mutual
influence ascension: unconscious cultural creativity, consciousness of cultural refinement and
summary, culture implementation and conflict management, culture remodeling [10].Chen Hongwei put
forward that organizational culture construction was divided into direction management, strength
management, permeation management, and verified positive relationship between organizational
culture construction and performance [11]. Lu argued that unconscious culture had influenced on
organization’s performance. Kotter studied the relationship between organizational culture and
organization performance, and pointed out that organizational culture had a great impact on its long
organization’s performance. With these literatures, this study divides organizational culture into
cultural compatibility, cultural heritage and assimilation and culture update. The internal consistency
coefficient is 0.94.

Organization performance scale mainly uses for reference of WangHui Tsui’ research in domestic
enterprises and designs items, such as “addition to net profits”, “addition to sales”, “addition to asset”,
“employee morale” and “market share” etc. Respondents fill out questionnaire after comparing their
own enterprise and competitive enterprise. The all item uses Likert7 scale except for enterprise basic situation. The internal consistency coefficient is 0.93. In this study, we use Likert seven evaluation criteria to test the variables.

**Reliability and Validity**

The standardized coefficients of each observed variable are more than 0.70, the AVE value of each variable is than 0.5, and the square root of AVE variables are greater than the correlation coefficient of the variable with other variables, which indicates the variables have good introverted validity and discriminate validity.

**Hypothesis Testing**

The paper uses the LISREL 8.70 software for data analysis. We can read the results in Table 1 and Table 2.

<table>
<thead>
<tr>
<th>Table 1. Reliability and Validity Analysis.</th>
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<tbody>
<tr>
<td>Variable</td>
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<tr>
<td>Organizational Culture</td>
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<tr>
<td>Organizational Learning</td>
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<tr>
<td>Organizational Performance</td>
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<tr>
<td>Cronch(α)</td>
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<th>Table 2. The Results of Assumptions.</th>
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<tr>
<td>Assumption</td>
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<tr>
<td>------------------------------------</td>
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<tr>
<td>H1 Organizational performance ← Organizational culture</td>
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<tr>
<td>H2 Organizational performance ← Organizational learning</td>
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<tr>
<td>H3 Organizational performance ← Organizational culture*Organizational learning</td>
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<td>Chi-Square=132.45, df=81, RMSEA=0.052, NFI = 0.92, NNFI = 0.97, CFI = 0.96, IFI = 0.96, GFI= 0.90, AGFI = 0.85</td>
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**Conclusion and Discussion**

Organizational culture has significant positive effects on organizational performance in the context of globalization in grid Enterprises. Organizational learning has significant positive effects on organizational performance. Organizational learning from state grid enterprise among multi-country, multi-sector can not only effectively increase their knowledge reserves, but also promote culture identity and universal. Further this research examines the relationships between organizational learning and organizational performance and the moderator impact of organizational learning on organizational culture. Created three hypotheses, the result is organizational learning exerts a partly mediating effect on organization innovation through organization culture. The author expressed their contribution; they offered new directions of exploration and widened the scope of organizational culture building, knowledge management and organization performance studies.
References


