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National culture, business culture and management practices: consequential relationships?

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Abstract

Purpose – This paper aims to trace the evolution of nationality-based business organisations in Malaysia and review whether national culture, as determined by the nationality-based work values, beliefs and orientations of the owners and managers of organisations, influences the values, orientations and practices of organisations.

Design/methodology/approach – In-depth literature review and "key-informant" surveys, based on which a structured questionnaire was developed. After pre-testing and finalisation, questionnaires were administered by fax on 1,248 Malaysian organisations selected through systematic sampling. The survey generated 376 usable responses. After testing for non-response bias, usable responses were subjected to common factor, reliability and canonical correlation analysis.

Findings – Even though there are significant differences in how business entities (delineated on the basis of the national culture of owners and managers) organise and conduct their operations, these differences cannot be attributed to the beliefs and orientations of the owners and managers of these organisations. Significant "cultural" differences are evident across organisations owned and managed by individuals of one nationality and significant "cultural" similarities are evident across organisations owned and managed by individuals of different nationalities. Many other factors such as the legal, economic and regulatory context of the organisation influence its values, orientations and practices more profoundly than the national culture of its owners and managers.

Practical implications – Interfacing managers should not stereotype the values, orientations and behaviours of organisations with which they interact based on knowledge about nationality-based beliefs, behaviours and orientations of the owners and managers of organisations.

Originality/value – Provides a challengingly different perspective from the conclusions in some of the most authoritative studies on nationality-based organisational beliefs and culture.

Keywords National cultures, Management culture, Business analysis, Selection, Employee behaviour, Malaysia

Paper type Conceptual paper

Background

The underlying thesis in several seminal studies on national and organisational culture is that there are nationality influenced differences in work values, beliefs and orientations of organisations across different countries (Hofstede, 1991, 2001; Inglehart *et al.*, 1998; Trompenaars, 1994; Black and Mendenhall, 1989). Discourses regarding the culture of business entities and how culture influences the behaviour of business entities can often be a complex and contentious. To start with, there are obvious inconsistencies and even contradictions regarding what constitutes a business entity's culture (Menon, 2004). According to Kroeber and Kluckhohn (1952) an entity's culture is the predominant values and behaviours of its members and such values and behaviours are acquired through a common history and experience. Munter (1993) defines culture as the dominant and continuing values, attitudes and behaviours of a group. Schein (1997) canvasses that a group that has shared important experiences would adopt shared views of the world around it and its place in the world. Past studies

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demonstrate an underlying theme of a "dominant culture" with the tacit suggestion of the dominant culture being the culture of the predominant cultural group.

This article canvasses that, in an organisational setting, the culture (work values, beliefs and orientations) of the business entity would tend to be the culture of the group that controls the organisation, for example the founders, leaders and senior managers of the business entity. Based on this proposition, a wholly owned Japanese company operating outside of Japan, for example, would showcase work values, beliefs and orientations of its Japanese parent company because the company is controlled and directed by leaders and managers from or in Japan. The thesis in this article is diametrically opposite to the conclusions of seminal studies such as that by Hofstede and Trompenaars. Hofstede, for example, contends that the work values, beliefs and orientations of the subsidiaries of the multinational company IBM are different in different countries because of the influence of the national culture of its employees in different countries. Thus, a central underpinning of this article is opposed to what are considered to be among the most authoritative studies on national and organisational culture.

Several studies (Hofstede, 2001; Hall, 1990; Harris and Moran, 1996; Rosseau, 1990) also tend to use the term culture and nationality interchangeably, thus implying that nation states comprise populations with a shared history and experience and, therefore, have homogeneous cultures. Further, where ethnic and religious sub-groups are discussed in a cultural context, several studies (Hofstede, 2001; Fang, 2003; Munter, 1993; Hofstede and Bond, 1988) show somewhat contradicting perspectives as to whether national culture is a nationality (*sic* ethnicity) dimension or whether it is a religious dimension or a mix of both nationality and religion. Studies on national culture (Hofstede, 1991, 2001; Hofstede and Bond, 1988) suggest that Chinese, and to some extent all East Asians, have Confucian values and ethos with little, if any, consideration to other significant religious (Buddhism, Islam, Judaism, Christianity) and historical influences. In contrast, when discussing other nationalities religious beliefs and norms dominate discourses on "national" culture. The contradictions between a nationality/ethnic and religion based perspective is evident, for example, in the following observations by Munter (1993, p. 69):

> . . . suppose you are trying to communicate in an Islamic culture – anywhere from North Africa to the Middle East to Indonesia (the largest Islamic nation) what an American might see as a perfectly reasonable goal, such as "construct the new building on schedule", a Muslim might see as irreligious, because Muslims believe that human efforts are determined by the will of Allah, not by a schedule.

Generally, studies on nationality influenced business behaviour and orientations do not discuss sub-cultures within countries. In many countries, the ethnic and religious backgrounds of the owners and managers of business entities could become an important issue because the role and power of ethnic and religious minorities may be completely disproportionate to their population size. The power and influence of Chinese and Indian minorities, that too, ethnic communities from specific parts of China and India (example, the Hokkien and Cantonese community from China and the Gujaratis and Sindhis from India) are evident in many countries throughout Asia and Africa. Further, because of the historical role and power of ethnic and religious minorities, many countries have introduced policies and programs to assist the mainstream indigenous communities. Such policies and programs tacitly or by design restrict the economic endeavours of minority communities. In Malaysia, for example, the economic power and position of the Chinese minority has fostered nationality-based affirmative economic policies to assist the Malays. These affirmative policies and programs provide a wide range of generous incentives to the Malays and are designed to increase the role and position of the Malays in the national economy.

The article canvasses that sub-nationalities within a country and the business values, beliefs, behaviour and orientations of sub-nationalities, historical influences, government policies and government programs can foster the growth of business entities with distinct cultures and management practices. Based on this proposition, the article analyses whether national culture based business entities can be delineated and whether national culture influences the beliefs, values, behaviours and orientations of the business entities.

The first part of the article analyses the evolution of nationality-based business entities in Malaysia. After this, the research methodology is presented. Following this, analysis and findings of the empirical research are presented. The final part of the article discusses the findings and conclusions of the study.

The study makes a significant theoretical contribution to the thesis on national culture, organisational culture and the influence of culture on management practices. The article provides an in-depth review of the development, evolution and management practices of business entities in Malaysia. As the business environment in Malaysia would mirror the business environment in many countries in Asia and Africa with somewhat similar historical, colonial and post-colonial economic and social development policies and programs, the findings and conclusions are an useful foundation for conceptualising further research on the topic of the interrelationships between national culture, organisational culture and management practices.

Study context

Malaysia has a multi-ethnic and multi-religious population. Approximately 60 per cent of the population is of Malay-Muslim background, 32 per cent is of Southern Chinese origin and predominantly of Confucian and Buddhist backgrounds and 8 per cent of the population is of South Indian and particularly of Tamil-Hindu background. British colonization in mid-1800s led to the growth of large British owned companies. British colonization attracted migrants from Southern China and South India. The Chinese and Indians became prominent in retail and wholesale trades (Dixon, 1991). In the post-colonial era Malaya experienced rapid economic development and with economic development a predominantly Chinese urban middle class emerged (Tan, 1982). The emergence of the middle class created demand for housing and consequently the growth of industries to support the rapidly growing housing construction industry in urban areas.

Independent Malaya adopted a laissez-faire economic model that encouraged foreign trade and investment (Lim and Canak, 1981; Toh, 1982). Chinese became intermediaries to foreign companies and several Chinese enterprises grew from small-scale family owned trading firms into large and diversified business conglomerates with interests in construction, plantation, trading, finance and other sectors. The growing economic position of the Chinese perpetuated debate and concern among the predominant Malay community groups and politicians regarding the increasing disparity in wealth distribution between the Chinese and Malays, the two major ethnic groups in Malaysia (Sundaram, 1986, 1990). Inter-ethnic discontent and tensions finally culminated in widespread race riots in 1969. Immediately following the race riots, the Malaysian government promulgated an affirmative program called the new economic policy (NEP) aimed at increasing the economic role and position of Malays (Second Malaysia Plan, 1991). Under the NEP, the Malaysian government adopted a highly interventionist stance and invoked wide-ranging programs that gave substantial preference to Malays in business, employment, housing, education and other areas. The government established large "trust" companies with the longer term vision of transferring these companies to Malay entrepreneurs. The senior managers of these "trust companies" were almost exclusively highly educated Malays who were seconded to the positions from various government agencies. The "trust companies" were awarded preferential licenses and contracts and in-turn gave preferential contracts to Malay suppliers and service providers. The "trust companies" also acquired foreign companies, established joint-venture operations with foreign companies and purchased shares in public listed companies. From the mid-1980s the government initiated an aggressive privatisation program under which "trust companies" were "sold" to Malay entrepreneurs. The privatisation program was facilitated through generous support including low interest loans, official sponsorship and "management buy-out".

Faced with the changing political, economic and social environment, some Chinese business groups transformed their operations. From the early 1980s, Chinese family enterprises such as Kuok, Yeo Heap Seng, Lam Soon and See Hoy Chan started to modernize their businesses including employing managers who were not family or clan members. Notwithstanding the transformation, the management team in most Chinese companies was almost exclusively made-up of individuals from Chinese background. Chinese intellectuals and business groups expressed fears that the Chinese were loosing their economic position in Malaysia. The following statement from the Associated Chinese Chambers of Commerce and Industry Malaysia captures the growing sentiment within segments of the Chinese community (Chin, 1978; Jesudason, 1989, p. 132):

> . . . [the Chinese business community is] terribly "sick", like a patient suffering from "economic diabetes", which if not diagnosed timely and cured speedily would culminate in disastrous consequences endangering substantially national economic development

The modernization initiatives of Chinese enterprises appear to have been motivated by competitive threats from the "new generation" of Malay and government corporations. Chinese firms entered into partnerships with foreign companies. The management changes (engaging professional managers from outside the family) and changes to the stakeholders in the companies impacted on the traditional beliefs, values and orientations of the "new age" Chinese enterprises, perhaps, often taking-on a hybrid-culture. The dominant Chinese political party in Malaysia, the Malaysian Chinese association (MCA), too became active in business. The MCA established a business arm. Originally incorporated as Multi-Purpose Holdings Berhad and later changing its name to Mulpha International Berhad, the company set-up a national chain of supermarkets and departmental stores. Mulpha also acquired some British trading companies and, over time, became a diversified corporation with interests in trading, construction and infrastructure development both in Malaysia and overseas.

Some Chinese family companies transformed even more and incorporated as public listed companies. However, in most instances the management control of these public companies continued to be in the hands of the family members of the founders. For example, Yeo Hiap Seng (Malaysia) Berhad became a public listed company in 1975. However, Yeo Hiap Seng (Singapore) Pty Ltd, the family company, has 61 per cent equity in the company and, therefore, effectively controls Yeo Hiap Seng (Malaysia)

Berhad (Annual Report, 2003). Government corporations and Malay trust agencies such as Lembaga Tabung Angkatan Tentera and Lembaga Tabung Haji acquired sizeable but minority shareholding in these public listed Chinese companies. It appears that the traditional Chinese family business accommodated to the changing business environment and pressure to offer shares to Malay entities but continued to control the business because of its majority shareholding. The growth strategies of MBf, a large public listed company in which the Loy family has controlling interests, mirrors the organisational structure and management controls that are evident in Yeo Heap Seng (Malaysia) Berhad. When Loy Hean Heong, the founder of the group died in 1998, his son, Loy Teik Ngan, became the executive officer of MBf Holdings. Another son, Loy Teik Hok, is the executive director of MBf Holdings. Loy Teik Ngan is also the executive officer of two other subsidiaries, MBf Capital and MBf Finance. It is evident that because of its 27.2 per cent equity in the public listed MBf Holdings, the Loy family effectively controls the management of the company (Oorjitham, 1998).

Review and analysis of the socio-economic and political environment in Malaysia suggests that externalities (colonial heritage, the economic policies of the British colonial government, the economic position of the Chinese minority, The NEP and other national policies in the post independence era) could have influenced the growth and development of "national culture" based business entities. Other influences such as the educational background of the key decision makers, reference group influence, business orientations etc could also have impacted on the "culture" of these business entities. The exploratory phase of the study (pursued through reviewing trade literature, newspapers, periodicals, scholarly articles and completing face-to-face, in-depth, unstructured interviews with key informants) identified nine classes of distinct "national" culture based business entities. The nine business entities and the differentiating characteristics of these entities are as follows.

Chinese family enterprise

Strong ethnic and clan affiliations; managers principally educated in Chinese; reference group primarily trade associations, cultural groups and clan associations; owner-managers are generally more than 60 years of age; extensive experience in trading and construction sectors; generally small-to-medium scale businesses; high power distance and the owner-manager is usually the sole decision maker; control processes are not very rigorous or systematic; owner-manager tends to make decisions based on "gut feeling"; strong relationship based exchanges with customers and banks; long-term orientation and vision to develop a family business; business ideals influenced by Confucian and Buddhist ethics.

Malay family enterprise

Strong Islamic affiliations; managers primarily educated in Malay; reference groups comprise of local politicians, religious leaders and bureaucrats; owner-managers in their mid-40s; recent business experience with management training from government institutions; collectivist decision-making with adult children being involved in business decisions; strong nationalistic tendencies and strong desire to improve the business and position of Malays.

Chinese family company

Ethnic and clan affiliations strong but less so than in Chinese enterprises; managers educated in English; reference group primarily trade associations, cultural groups and clan associations but increasingly political parties such as the MCA; owner-managers generally about 45-55 years; experience in trading and construction oriented family companies; generally medium-to-large scale businesses; more collectivist decision-making; control processes stronger than in family enterprises; relationship-based exchanges with customers and banks.

Malay family company
Strong Islamic affiliations; managers professionally qualified and Western educated; Reference group comprises of politicians and bureaucrats; age class of managers 45-55 years; recent business experience with management training from government institutions; collectivist decision-making with adult children being involved in business decisions; strong nationalistic tendencies and desire to improve the business and position of Malays.

Chinese company (public)
Control of the major shareholding Chinese family company is strong; because of business expertise and also control of the business through large shareholding in the company; some tensions in management because of differences in the values and visions of other shareholders; greater control and use of systematic management process because of public accountability; shareholder value and profits are substantially more important considerations than in Chinese family company; business tend to be very diverse with subsidiaries and associate companies engaged in business activities that have little in common, for example banking, hotel operations and plantations.

Government company
Large and bureaucratic organisations but tampered by the personal collectivist culture of the predominantly Malay-Muslim senior managers and the socio-economic policies of the government which impacts on business values and visions–preferential treatment to Malay suppliers, preferential recruitment of Malay managers etc; business tend to be very diverse with subsidiaries and associate companies engaged in business activities that have little in common, for example banking, hotel operations, plantations, manufacturing etc and also operating joint venture and associate companies in partnership with companies from countries such as USA, Japan, Europe and Korea.

Malay/government company (public)
Somewhat similar characteristics to government company except that shareholder value and profitability assume great importance and socio-economic values of the government do not influence corporate values and mission as much as in government company; Malay-Islamic values are less evident among senior managers who tend to demonstrate more secular beliefs and behaviors; Being public listed, more rigorous controls with stringent accounting procedures and standards being enforced.

Multinational company
Somewhat similar characteristics to Malay/government company (public) but tend to demonstrate even greater shareholder value and profit orientation; Tend to adopt strict control, operating and reporting systems with CEO's being generally from parent company in USA, Europe or Japan; Usually high level of control by overseas based parent company.

Chinese–Malay joint venture company

High level of control and systematic management procedures but culture of business entity also varies because of size and reasons for the strategic partnership. In several cases, the strategic objective of the business is to access government business that is preferentially awarded to Malay companies. In such cases, the power of the Malay partner can be disproportionately greater than the partner's equity in the business. Tensions tend to be evident in management values, vision and orientation because of the hybrid culture.

Based on the discussions, observations and analysis above, the following hypotheses are presented:

- *H1*. There are significant differences in the management practices of different "nationality" based business entities.
- *H2*. The differences in management practices across the business entities are the outcome of the "nationality" of the owners, leaders and senior managers of the entities.

Research methods and techniques

Exploratory study and questionnaire development

The draft research questionnaire was developed through review of extant studies, information in trade literature and in-depth, unstructured and informal discussions with business and government representatives in Malaysia. The first part of the questionnaire comprised of statements drawn verbatim from studies on national and organisational culture (Trompenaars, 1994; Hofstede, 1991, 2001) or questions that were drawn from these studies that were then recast as statements. The statements were anchored in a multi-range five-point Likert scale with scales ranging from "Strongly agree" to "Strongly disagree". Response to the statements was designed to be self-reports (all statements began with the words "My business . . .") of the respondent's beliefs, perceptions and orientations regarding their organisation's management styles, practices and orientations. The second part of the questionnaire was designed to capture the characteristics (national cultural classification, sales level, employee numbers, industry sector, number of years in business etc) of the business. Based on findings in the exploratory study, the business entity's national cultural identity was delineated into nine groups. An additional entry described as "Other" was incorporated to capture cases where respondents were of the opinion that their business entity could not be classed within the nine cultural classes delineated in the questionnaire.

Sampling frame and questionnaire administration

The sampling frame for the study was developed from information in trade and business directories. A database was created with about 5,000 businesses being listed in alphabetical order. The survey questionnaire and an introductory letter were faxed to the CEO's of 1,248 businesses identified through systematically selecting every fourth business in the database. Four weeks after administering the questionnaires for the first time, follow-up action was initiated through faxing a reminder letter and a copy of the questionnaire to all 1,248 businesses targeted initially. Within eight weeks after the questionnaires were first administered, 421 responses were received. After eliminating 27 multiple responses and 18 incomplete questionnaires, 376 fully completed questionnaires were available for data analysis. The response rate of 30.1 per cent is consistent with responses recorded in other studies using survey research methodology (Weiss and Anderson, 1992; Pearce and Zahara, 1991).

Data reduction and data analysis

The data was subjected to common factor analysis using the Varimax with Kaiser Normalization rotation method. Factor loadings of less than 0.30 and items that loaded significantly on more than one factor were excluded from further analysis. The data loaded on to three factors and review of the items in each factor suggested that the factors could be appropriately labeled as control process, staff relationships and management selection.

Items that yielded factor loading of more than 0.30 were subjected to reliability analysis using the internal consistency method (Cronbach's alpha). Internal consistency analysis was performed independently for each item. Where reliability coefficients exceeded 0.70 the items were considered adequate for testing the hypotheses. The results of factor and reliability analysis are summarized in Table I.

Following this, discriminant function analysis was invoked. Pooled within-group correlation matrices of the constructs indicate whether multi-collinearity could be an

Constructs	Measurement items	Factor loadings	Scale mean[a]	Cronbach alpha
Control process	Hierarchical top-down management	0.43	15.70	
	Conflicts resolved by intervention of manager	0.65	15.71	
	Guidelines on authorities for all executives	0.71	15.47	
	Job descriptions and lines of reporting for senior and middle executives	0.56	15.31	
	Performance against target/budget as criterion for staff appraisal	0.69	15.41	0.741
Staff relationships	Promotes friendly and caring work environment	0.61	9.99	
	Emphasizes promotion from within	0.63	9.93	
	Encourages social interaction between executives and subordinates	0.48	9.75	
	Committed to "family-like" relationship with employees	0.81	9.46	
	Maintains "business-like" relationship with employees	0.38	8.69	0.749
Management selection	Emphasizes academic qualifications as an important criterion for filling senior management positions	0.58	10.52	
	Undertakes various initiatives ("head/hunting", scholarships etc.) to attract good candidates from outside the organisation for senior management positions	0.82	10.43	
	Emphasis on attracting young professional managers from outside	0.79	10.25	
	Management–staff relationship based on a sense of loyalty to the organisation	0.64	10.15	0.803

Note: [a]Scale mean if measurement item is deleted

Table I.
Summary results, factor and reliability analyses

issue. If multi-collinearity was not observed to be an issue, the most important predictors that discriminate between the groups were identified through examining standardized canonical discriminant function coefficients. The significance of the standardized canonical discriminant functions (Wilks' λ), the capacity of functions to account for group differences (eigenvalues), and functions at group centroids for the different business entities were then systematically examined.

Findings and discussions

The survey respondents delineated their businesses into ten classes (Table II). The main difference from the findings in the exploratory study was that no respondents categorized their business as a Malay family enterprise. Respondents indicated two additional classes of business, privatised government company and Indian–Malay joint venture company. There were a large number of respondents (13.3 per cent) that classed their business as privatised government company.

As shown in Table I, findings of the factor and reliability analyses suggest that the management culture of the business entities could be grouped into three factors, internal control processes, management of staff relationships and management selection systems. Examination of the pooled within-groups correlation matrix for the three factors suggests that there is little multi-collinearity across the three factors. Management selection and control process show negative correlation (-0.481 and -0.346) to staff relationship. Positive correlation would imply that attributes such as education and experience of candidates as opposed to attributes such as loyalty, clan/ethnic ties and long service are the basis of control and management selection. Negative correlation between staff relationship and management selection and control process suggests that the business use arms-length executive search and recruiting methods rather than using referrals from family members or ethnic/clan groups. Arms-length methods would be purely merit-based and would incorporate techniques such as "head-hunting", press advertisements and selection interviews rather than identifying suitable family or clan members through word-of-mouth referrals. The negative correlation of management selection and control process to staff relationship seems logical as formal, systematic and impersonal staff relationships would mesh with a management process that adopts formal, systematic and impersonal management selection and control processes.

Next, the means of the functions were tested successively. Firstly, all means were tested together and then functions were excluded sequentially and the means of the

Business entity	N	%
Government company	12	3.2
Privatized government company	50	13.3
Malay family company	84	22.3
Chinese family company	33	8.8
Chinese family enterprise	14	3.7
Chinese–Malay joint venture company	23	6.1
Indian–Malay joint venture company	12	3.2
Multinational company	90	23.9
Malay/government company (public)	24	6.4
Chinese company (public)	34	9.0
Total	376	100.0

Table II. Classes of business entities identified by survey respondents remaining functions were tested. The results indicate that three functions (staff relationships, management selection and control process) significantly explain group differences. The significance of the observed Wilks' λ can be based on a χ^2 transformation of the statistic. The value of Wilks' λ for all functions was 0.296. This transforms to a χ^2 of 448.68 with 27 degrees of freedom, significant beyond the 0.01 levels. After removing the first function, the value of Wilks' λ for the remaining functions is 0.538. This transforms to a χ^2 of 228.34 with 16 degrees of freedom, significant beyond the 0.01 levels. When the first two functions were removed the value of Wilks' λ for the remaining function was 0.827. This transforms to a χ^2 of 69.90 with seven degrees of freedom, significant beyond the 0.01 levels. The Wilks' λ progressively increased as functions were eliminated. Function 3 revealed the highest Wilks' λ values, thus indicating that functions 1 and 2 are most important causes for group differences. As all three functions are significant beyond the 0.01 levels across the business entities, it can be inferred that control process, management selection and staff relationships are significantly different across the ten business entities. Thus, *H1* is supported. There are significant differences in how national culture based business entities organise, manage work and conduct their business.

The structure matrix in Table III reveals large coefficients for management selection (0.653) on function 1 and the largest absolute correlation for staff relationships (0.854) on function 2. The structure matrix also indicates high negative correlation for management selection (−0.744) on function 2. The largest absolute correlation for control process (0.969) is on function 3. All characteristics demonstrated in the structure matrix were mirrored by the standardized coefficients, thus indicating that the results are stable. Thus, function 1 primarily captures management selection, function 2 is positively related to staff relationships but inversely related to the management selection and function 3 primarily corresponds to control process. These findings together with the result that all functions generated significance indicate that control process, management selection and staff relationship varied across the different business entities. The eigenvalues for the first function was 0.818, for the second function 0.537 and for the third function 0.209. The first function accounts for 52.3 per cent of the variance in the data, the second function accounts for 34.3 per cent of the variance in the data and the third function accounts for 13.4 per cent of the variance in the data.

Examination of the functions at group centroids in Table IV reveals the following:

- Malay–Chinese joint-venture (2.07), Chinese family enterprise (1.11), Malay/government corporation (public) (0.69) and Chinese family company (0.66) demonstrate characteristics resembling varying aspects of function 1. Function 1 exemplifies highly formal management selection process and moderately formal staff relationships and moderate control process to varying degrees.
- Government corporation (−2.73), Malay–Indian joint-venture (−1.68) and Chinese family controlled corporation (public) (−0.57) demonstrate diametrically

Construct	Function 1	2	3
Staff relationships	0.324	0.854	−0.407
Management selection	0.653	−0.744	0.142
Control process	0.244	−0.036	0.969

Table III.
Structure matrix

Table IV.
Functions at group centroids

Organisational type	Function 1	2	3
Government corporation	−2.783	−0.375	0.364
Malay family company	0.217	−0.234	0.297
Chinese family enterprises	1.114	−0.274	−0.847
Government company (privatised)	−0.420	1.569	−0.397
Chinese family controlled corporation (public)	−0.569	−0.659	0.239
Chinese family company	0.660	−0.957	−0.968
Malay–Chinese joint-venture	2.068	0.545	0.840
Multinational	−0.287	−0.274	4.970E-02
Malay–Indian joint-venture	−1.677	0.244	0.108
Malay/government (public)	0.692	0.535	4.564E-02

opposite positions in regard to function 1, thus suggesting that these business entities use informal management selection, staff relationship and control process to varying degrees.

- Government company (privatised) show high scores on function 2 (1.57), characterising formal staff relationships and highly informal management selection process.
- Chinese family company reveal characteristics that are opposite to that of function 3, thus suggesting that these companies have fairly formal staff relationships but informal control process.
- Malay–Chinese joint-venture reveal high and positive scores (0.84) on function 3 suggesting that these business entities are highly control oriented.

The findings show that differences in management practices cannot be attributed to the nationality of the owners, founders or leaders of the business entities. For example, although Chinese family enterprise, Chinese family controlled corporation (public) and Chinese family company are founded and headed by ethnic Chinese, the functions at group centroids are different across these three business entities. Thus, it seems that Chinese family enterprise, Chinese family controlled corporation (public) and Chinese family company adopt dissimilar management selection, staff relationships and control process. Similarly, government corporation and government company (privatised), although founded and headed by Malays revel diametrically opposite group centroid readings thus suggesting that management selection and staff relationship in these two business entities are dissimilar. Thus, *H2* is not supported. It seems that differences in management practices across the business entities cannot be attributed to differences in the nationality of the owners, leaders and senior managers of these businesses.

Conclusions

Business entities in Malaysia that were classed into "national culture" groups based on constructs drawn from extant studies on national culture demonstrate significant group differences across various "functions" that capture management values, beliefs, orientations and practices. Each "function" represents varying degrees of correlations between variables used to measure organisational culture in regards to management values, beliefs, orientations and practices. The finding concurs with that of Triandis (2001) who argues that differences in national cultures are often blurred. According to

Trandis "... there are many varieties of collectivism as there are collectivistic cultures". In sum, although there are significant differences in the culture across different nationality-based business entities, the differences are not readily apparent because the cultural differences represent a seamless mixing and matching of different values, beliefs, orientations and practices.

The findings also suggest that even though the senior managers, leaders and founders of the business entities come from different "national" backgrounds, the nationality of the founders, leaders and managers do not significantly influence the culture of the business entities. There are significant differences across different business entities (for example, Chinese enterprise, Chinese family company etc) that are founded, led and managed primarily by individuals from one nationality. There are also similarities in culture across business entities founded, led and managed by individuals from different nationalities. The finding supports the conclusions in other recent studies that national culture based analysis are at best sophisticated stereotyping models (Osland and Bird, 2000) and that contextual issues such as economic and legal matters may influence business beliefs, behaviour and orientations far more than would national culture (Pressey and Selasie, 2003).

However, in some instances, the nationality of the founders, leaders and managers can influence the culture of the business. As revealed by the discriminant function analysis, Malay–Chinese joint-venture have strong orientation to systematic management selection and control process whereas Chinese family enterprise and Chinese family company are less control oriented and adopt less formal management selection process. The differences between Chinese family business and Malay–Chinese joint venture may arise because of the structural differences of the two groups of business entities. A family business in which management and control are in the hands of family members would probably be less hierarchical and may not use formal control process. However, when Chinese businesses establish joint-enterprises with individuals or groups outside the family, control process and management selection could assume importance. In joint ventures, especially where this may have evolved out of economic necessity (government policies and preferential awarding of tenders to Malay companies), checks and balances become necessary. This could explain why more formal management selection and control process are used in Malay–Chinese joint-venture.

Chinese family controlled corporation (public) reveals some level of negative relationship to management selection and staff relationship. The negative relationship probably arises because of the role that family members of the founders have in the management of these organisations. Information in annual reports and trade literature suggest that public-listed companies such as Yeo Heap Seng, MBf Holdings and the Kuok Group that started-up as family enterprises and then became privately owned family companies before being listed as public companies are effectively controlled by the privately owned family companies of the founders of the businesses. Senior management positions in the public companies tend to be occupied by family members of the founders of the companies. As a result, as with Malay–Chinese joint-venture, where a Chinese family-owned private company has controlling interest in a public company, the family's control of the operations is maintained through appointing family members to key senior management positions.

Government corporation and government company (privatised) reveal low scores for management selection. In fact, among all the business entities, government corporation showed the lowest score for management selection. This could probably be attributed to the policies and practices of the only shareholder, the Malaysian government. Many government companies were established as part of the national strategy to create a Malay capitalist class. Under this strategy, politically well-connected senior bureaucrats or other individuals of Malay background were appointed to senior management positions in government companies. When these companies were privatised, the senior managers or their families acquired the companies. In contrast to government company (privatised), Malay/government corporation (public) indicate positive scores for management selection. This could be because of the public accountability and corporate governance protocols of the Stock Exchange and other bodies that govern practices of public listed companies.

The study shows that distinct business entities based on the nationality of the owners, founders, leaders and senior managers can be delineated and that management practices in areas such as internal control processes, staff relationships and management selection can be significantly different across the business entities. As such, there can be significant differences in the culture of business entities within a country. However, even though ethnic/nationality issues dominate the cultural, social, economic and political environment in Malaysia, the ethnic/national background of the owners, founders, leaders and senior managers do not significantly influence the management practices of the different business entities. It appears that several other factors have a greater influence on management culture and practices of businesses.

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