

The Application of Organisational Culture in Influencing between National Culture and Competitive Advantage

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Abstract:- This study aims to explore the crucial role of organisational culture in mediating the relationship between national culture and an organisation's competitive advantage. A strong national culture can provide identity and fundamental values, but can pose challenges when faced with a dynamic global business environment. In this context, organisational culture emerges as a significant mediator to link and adapt national culture to the demands of competitive advantage.

The research method used is a combination of literature study and empirical research. An in-depth literature analysis was conducted to understand the concepts of national culture, organisational culture, and competitive advantage. Furthermore, empirical research involved surveys and interviews with a number of organisations in various sectors to collect data on the implementation of organisational culture and its impact on competitive advantage.

The results show that organisational culture has a crucial role as a mediator between national culture and competitive advantage. Organisations that are able to integrate national cultural values with their organisational culture are able to create a unique and adaptive work environment. This provides a strong foundation for the development of competitive advantage through innovation, collaboration and adaptation to market changes.

The findings have strategic implications for organisational leaders and decision-makers in designing cultural policies. They need to understand that organisational culture is not a separate entity, but a bridge that connects national culture with organisational sustainability and success in global competition. Therefore, investing in the development of an organisational culture that is in line with national values can be a strategic asset that differentiates organisations in an increasingly complex and changing global marketplace.

Keywords:- *Organisational Culture, National Culture, Competitive Advantage.*

I. INTRODUCTION

Organisational culture and national culture are two interrelated dimensions that play a crucial role in shaping the identity and performance of an entity, be it a company or any other organisation. National culture encompasses the values, norms and beliefs inherent in a nation or society, while organisational culture reflects the values, norms and policies adopted and practised within an organization (Kwarteng & Aveh, 2018; Kraśnicka, Głód & Wronka-Pośpiech, 2018; Aggarwal & Agarwala, 2023; Tarba et al, 2019; Kassem, Ajmal, Gunasekaran & Helo, 2019).

In the context of globalisation and intensifying business competition, the role of organisational culture is becoming increasingly important. Organisational culture can be considered as a mediator that mediates the relationship between national culture and an organisation's competitive advantage. This mediation involves how national cultural values and norms are absorbed, interpreted and translated into the context of organisational culture (Khan & Mir, 2019; Viltard & Acebo, 2018; Naradda Gamage et al, 2020; Kustiyadi et al, 2023; Scaliza et al, 2022).

An organisational culture that is able to adopt and merge with national cultural values can create a strong sense of identity among organisational members. This can increase employee engagement and motivation, and create a solid foundation for the achievement of common goals (Kustiyadi et al, 2023; Saad & Abbas, 2018; Lee, Chiang, Van Esch & Cai, 2018; Raharjo et al, 2018; Asatiani et al, 2021).

An organisational culture that encourages innovation and flexibility can create an environment that is responsive to changes in national culture and the global business environment. The ability to adapt and incorporate positive elements from national cultures can be a competitive resource (Chen et al, 2018; Zeb et al, 2021; Lam et al, 2021; Azeem et al, 2021).

The role of leaders in shaping organisational culture is crucial. Leaders who are able to understand and integrate national cultural values well can create a clear and consistent direction, which helps steer the organisation's efforts towards competitive advantage (Meng & Berger, 2019; Roscoe et al, 2019).

Effective communication and openness in organisational culture can help overcome cultural differences and create an environment where different walks of life can interact and collaborate. This can strengthen internal solidarity and support the achievement of competitive goals (Kustyadi, & Wijayanti, 2021; Martínez-Caro, Cegarra-Navarro & Alfonso-Ruiz, 2020).

By understanding the role of organisational culture as a mediator, organisations can optimise their competitive advantage by leveraging the richness of national culture as a strategic asset. A wise fusion of national culture and organisational culture can create synergies that strengthen an organisation's competitiveness at both local and global levels.

II. LITERATURE REVIEW

The theoretical foundation of the role of organisational culture in mediating the relationship between national culture and competitive advantage involves concepts from various fields such as management, organisational anthropology, and organisational behavioural science. Some of the relevant theories and concepts involve:

➤ *Edgar Schein's Organisational Culture Theory*

Schein views organisational culture as a set of shared basic assumptions, values, and beliefs that guide behaviour within the organisation. According to Schein, organisational culture plays an important role in shaping the identity of the organisation and influences the way the organisation adapts to the external environment (Schein, 2020).

➤ *Geert Hofstede's National Culture Theory*

Hofstede identified dimensions of national culture such as individuality vs. collectivism, power distance, uncertainty avoidance, future vs. past orientation, and masculinity vs. femininity. National culture can influence the values and norms in organisational culture, creating a context in which competitive advantage can grow or be hindered (Hofstede, 1984).

➤ *Organisational and National Culture Integration Models*

Some researchers develop models that integrate organisational and national cultures to understand the role of organisational culture as a mediator. These models often try to identify the extent to which national cultural values and norms are reflected in organisational culture, and how it can mediate the relationship between national culture and competitive advantage (Paz et al, 2020; Alassaf et al, 2020; Upadhaya,

Munir, Blount & Su, 2018; Arabeche et al, 2022; Hilman, Ali & Gorondutse, 2020).

➤ *Resource-Based View (RBV) Theory*

In the context of competitive advantage, RBV theory emphasises the importance of resources and unique capabilities as organisational resources that contribute to competitive advantage. Organisational culture can be considered as one of the resources that can provide competitive advantage if it can be well integrated with business strategy and national cultural values.

➤ *Organisational Development Theory*

This theory highlights the importance of organisational adaptation to environmental changes and market needs. An organisational culture that is able to adapt well to changes in national culture or the external environment can be a strategic resource that supports competitive advantage. In practice, the role of organisational culture as a mediator between national culture and competitive advantage may vary depending on the industry context, organisational characteristics, and the business strategy adopted. The integration of organisational culture with national culture is important to achieve a balance that supports the achievement of business objectives and competitive advantage (Carvalho et al, 2019; Joseph & Kibera, 2019).

III. RESEARCH METHOD

Research on the role of organisational culture in mediating the relationship between national culture and competitive advantage can involve various research methods of Path Analysis or Structural Equation Models. Using statistical analysis to examine the extent to which organisational culture acts as a mediator between national culture and competitive advantage. Modelling the relationship between variables and analysing the path of effects. A combination of the above methods can provide a holistic understanding of the role of organisational culture in mediating the relationship between national culture and competitive advantage.

IV. RESULT

➤ *Descriptive Analysis*

Based on the research result which has been carried out to 180 respondents, the characteristics of respondents can be identified as follows: male respondents is 90%, female respondents is 10%; age of respondents 21 — 30 years old is 26%, 31 — 40 years old is 27%, > 40 years old is 42%; working time within 5 — 10 years is 10%, 11 — 20 years 15 26%, 21 — 30 years is 8%, >30 years is 56%. The results of the descriptive analysis show that the level of managers in 3 cement companies in Indonesia is dominated by men with more than 40 years of age and have worked more than 30 years in the company.

➤ *Validity Test*

Loading factor can be used to measure construct validity, in which a questionnaire is declared valid if the question or statement in the questionnaire is able to reveal something that is measured by the questionnaire. The Loading Factor is shown on the following table:

Table 1. Loading Factors

	Loading Factors
BN14 ← BN	,770
BN13 ← BN	,835
BN12 ← BN	,630
BN11 ← BN	,802
BN10 ← BN	,805
BN9 ← BN	,805
BN8 ← BN	,768
BN7 ← BN	,782
BN6 ← BN	,712
BN5 ← BN	,731
BN4 ← BN	,829
BN3 ← BN	,754
BN2 ← BN	,739
BN1 ← BN	,748
BO1 ← BO	,636
BO2 ← BO	,680
BO3 ← BO	,959
BO4 ← BO	,968
BO5 ← BO	,604
KB1 ← KB	,732
KB2 ← KB	,650
KB3 ← KB	,664
KB4 ← KB	,741
KB5 ← KB	,751
KB6 ← KB	,756

From the results of loading factor analysis in Table 1, there is no indicator with the loading factor value below 0.5 which must be removed from the study. After 2 invalid indicators are eliminated, it can be concluded that all indicators can explain the variables in this study.

➤ *Goodness of Fit Model (GoF) Test*

Furthermore, Goodness of Fit analysis is carried out. From the test results, it is found that the value of GoF shows that all criteria is fit as shown on Table 2 below:

Table 2 Goodness of Fit Test Results

Fit Index	Goodness of Fit	Criteria	Cut-off value	Information
Absolute Fit	RMSEA	≤ 0.08	0,060	Fit
	CMIN/DF	≤ 2.00	1,654	Fit
Incremental Fit	TLI	≥ 0.90	0.946	Fit
	CFI	≥ 0.90	0.940	Fit
Parsimony Fit	PGFI	≥ 0.60	0.694	Fit
	PNFI	≥ 0.60	0.792	Fit

➤ *Reliability Test*

A good construct reliability is when the value of construct reliability is >0.7 and the value of variance extracted is 0.5. The result of reliability test in this study is as shown in Table 3.

Table 3 The result of reliability test

Variable	Indicator	Standard Loading	Standard Loading	Measurement	CR	VE
BN	BN14	0,77	0,59	0,41	0,95	0,59
	BN13	0,84	0,70	0,30		
	BN12	0,63	0,40	0,60		
	BN11	0,80	0,64	0,36		
	BN10	0,81	0,65	0,35		
	BN9	0,81	0,65	0,35		
	BN8	0,77	0,59	0,41		
	BN7	0,78	0,61	0,39		
	BN6	0,71	0,51	0,49		
	BN5	0,73	0,53	0,47		
	BN4	0,83	0,69	0,31		
	BN3	0,75	0,57	0,43		
	BN2	0,74	0,55	0,45		
	BN1	0,75	0,56	0,44		
BO	BO1	0,64	0,40	0,60	0,89	0,62
	BO2	0,68	0,46	0,54		
	BO3	0,96	0,92	0,08		
	BO4	0,97	0,94	0,06		
	BO5	0,60	0,36	0,64		
KB	KB1	0,73	0,54	0,46	0,86	0,51
	KB2	0,65	0,42	0,58		
	KB3	0,66	0,44	0,56		
	KB4	0,74	0,55	0,45		
	KB5	0,75	0,56	0,44		
	KB6	0,76	0,57	0,43		

From the table above, it can be known that the value of construct reliability of all variable is 20.7. As for the value of variance extracted in this study, each variable also has the value above 0.5. Thus, it can be concluded that the data used for this research is reliable.

➤ *Hypothesis Test*

Structural Equation Model (SEM) analysis in full model is carried out to examine the hypotheses developed in this study. The test result of regression weight in this study is in Figure 1:

Table 4. Hypothesis Test

			Estimate	SE	C.R.	P	Conclusion
BO	<---	BN	,593	,085	6,972	***	H1 Accepted
KB	<---	BN	,607	,083	7,311	***	H2 Accepted
KB	<---	BO	,574	,093	6,141	***	H3 Accepted

If the test results show the CR value above 1,96 and probability (P) value below 0.05/594, then the research

hypothesis that is proposed is accepted. From the table of hypothesis test result, the result of this study is;

- National Culture has a significant positive influence on Organizational Culture. It is proven by the CR value which is greater than 1.96 that is 6.972 and the P value which is below 0.05 that is .000.
- National Culture has a significant positive influence on Competitive Advantage. It is proven by the CR value which is greater than 1.96 that is 7.311 and the P value which is below 0.05 that is 0.000.
- Organizational Culture has a significant positive influence on Competitive Advantage. It is proven by the CR value which is greater than 1.96 that is 6.141 and the P value which is below 0.05 that is 0.000.

➤ *Mediation Test*

Mediation test is seen from the significance of indirect influence between variable which can be known from Indirect Effect-two Tailed Significance Table. The analysis result of indirect influence can be seen in Table 5.

Table 5. Mediation Test Results

	BN	BO	KB	Conclusion
BN-BO-KB	,008	H4 Accepted

Based on the mediation test in Table 8, it is known that the value of the relationship between National Culture and Competitive Advantage mediated by Organizational Culture has a significance value of 0.008, which is still below 0.05. Therefore, it can be said that Organizational Culture is able to significantly mediate the relationship between National Culture and Competitive Advantage.

V. DISCUSSION

The role of organisational culture in mediating the relationship between national culture and competitive advantage is an important aspect in the context of global business. Organisational culture encompasses the values, norms and behaviours found within a company. Meanwhile, national culture refers to the values and norms generally adopted by the people of a country.

Organisational culture helps define the company's identity in the eyes of employees and externals. This identity can help create a corporate image that is aligned with the national culture. Organisational culture can influence the way a company makes decisions. National culture translated into organisational culture can shape decision-making patterns that are consistent with local values.

Organisational culture can play a role in helping companies adapt to the local business environment. This includes understanding business norms, business ethics, and how to interact with local business partners. An organisational

culture that is linked to the national culture can increase employee motivation as employees will feel more connected to the values they know and understand.

An organisational culture that supports innovation and creativity can be a competitive advantage. The integration of local values that encourage innovation can create a significant difference in the market. Organisational culture can also play a role in diversity management by respecting local values and ensuring diversity within the team works harmoniously.

Organisational culture can be the glue in internal and external communication. Congruence with national culture can improve a company's ability to communicate with various parties, including customers and business partners. An organisational culture that conforms to the national culture can build a good reputation in the eyes of society. This can create customer and business partner trust, which in turn can increase competitive advantage. An organisational culture that is in line with the national culture can also help companies to more easily comply with regulations and laws that apply at the national level.

Through proper understanding and application of organisational culture, companies can leverage the strengths of national culture to create a sustainable competitive advantage in the global market. Thus, organisational culture acts as an important bridge between national culture and corporate success in international business competition.

VI. CONCLUSION

The conclusion on the role of organisational culture in mediating the relationship between national culture and competitive advantage shows that organisational culture has a crucial role in shaping the identity and unique characteristics of a company. It serves as a bridge between national cultural values and firm-level practices.

Organisational culture can serve as an intermediary or mediator that connects national cultural values with concrete actions at the organisational level. This helps direct employees' energies and efforts in a direction that is in line with the cultural values espoused at the national level. An organisational culture that is consistent with national cultural values can provide strong support for the achievement of competitive advantage. Consistency between national culture and organisational culture can create an environment that supports innovation, collaboration and adaptation, which are important factors in achieving competitive advantage.

An organisational culture that is able to adapt to changes in the business environment and national cultural values has an added advantage. This flexibility allows the company to be more responsive to market changes and maintain its competitiveness in the long term. While organisational culture can mediate the relationship between national culture and

competitive advantage, challenges also arise in integrating various values and norms from national cultures that may be diverse. Effective management is required to create harmony between national culture and organisational culture.

Thus, it is important for companies to carefully understand and manage their organisational culture in order to leverage national cultural values as a driver of competitive advantage. The congruence between national culture and organisational culture can be a significant strategic strength for companies in the global market.

➤ *Implication Managerial*

It is important to understand that organisational culture and national culture can have a significant impact on the performance and competitive advantage of an organisation. Managerial implications of the role of organisational culture in mediating the relationship between national culture and competitive advantage. In planning and implementing management policies, leaders need to have a deep understanding of national and organisational culture and the ability to combine these elements to achieve competitive advantage in a changing context.

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