Regional Corporate Culture, Motivation and Technology Impacts on Performance of Quality Certified Firms: A Malaysian Perspective

Probir Kumar Banerjee, Indian Institute of Management, Kashipur, India
Che Ruhana Isa, University of Malaya, Kuala Lumpur, Malaysia
Suria Zainuddin, Faculty of Business and Accountancy, University of Malaya, Kuala Lumpur, Malaysia

ABSTRACT

Prior research provides inconclusive evidence of the link between quality certification and firm performance. This research revisits the issue in the context of Malaysia where employers find it difficult to motivate employees due to corporate culture. Tenets of the motivation theory, stakeholder theory and Business/IT alignment form the theoretical basis for this investigation. Contrary to expectations, Malaysian quality certified firms showed high operational performance, attributed primarily to the qualities of aligned IT systems and business processes driven by high internal motivation of IT stakeholders. Business stakeholders had high external motivation focused on exploitation of the ISO logo, which had insignificant impact on operational performance but had significant influence on business performance. Theoretical and practical implications are discussed.

KEYWORDS

Business/IT Alignment, Employee Motivation, Firm Performance, ISO Certification, Motivation Theory, Regional Corporate Culture, Stakeholder Theory

INTRODUCTION

In-spite of extensive research, the impact of quality certification on firm performance is still not well understood. Boiral and Roy (2007) and Koc (2007) refer to the inconclusive findings from prior research which has affected understanding of the phenomenon. In respect of ISO quality certified firms, researchers seem to disagree on which one or more of performance indicators such as ‘organizational operations’ (Papps, 1995; Reimann and Hertz, 1996; Caro and Garcia, 2009), ‘operational performance’ (Terziovski et al, 2003; Naveh and Marcus, 2005), ‘business performance’ (Yahya and Goh, 2001; Arauz and Suzuki, 2004), market performance (Jang and Lin, 2008) or ‘productivity’ (Kristal et al., 2010) are influenced by ISO certification. Some studies also fail to detect a direct correlation between ISO certification per se and firm performance (Papps, 1995; Reimann and Hertz, 1996; Jang and Lin, 2008). Thus, there is a need for further theoretical investigation and

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better understanding of the impact that quality certification has on firm performance. There is also scant research on the manner in which regional corporate culture influences performance of quality certified firms, especially when the regional corporate culture in the region is found to be challenging in terms of creating employee motivation. In this research, the authors investigate the issue in the context of Malaysian ISO certified firms to understand whether the regional work culture in Malaysia, characterized as challenging for employers in terms of fostering employee motivation (Soon and Wee, 2013), also permeates and influences the performance of quality certified firms in the region.

Three theories – the Business/IT alignment theory (Henderson & Venkatraman, 1993), motivation theory (Vroom, 1964; Proctor & Lawler, 1968), and stakeholder theory (Freeman, 1984) form the basis of this inquiry. The Business/IT alignment theory (Henderson & Venkatraman, 1993) suggests that aligned IT and business strategy, infrastructure and processes contribute significantly to firm performance. It is therefore necessary to understand how the co-presence of high qualities of IT systems and business processes, signifying their alignment with each other (Banerjee, 2014), influences the performance of quality certified firms. Thus, the first research question is:

- How do qualities of IT systems and business processes influence performance of Malaysian ISO certified firms?

The Motivation theory (Vroom, 1964; Proctor & Lawler, 1968) suggests that motivation drives actions leading to achievement of individual/team specific goals.

In the ISO context two types of motivations – internal and external are stated to be present (Martinez-Costa et al. 2008), the former directed towards internal processes and systems and the latter towards external aspects of firm performance such as revenues and profits. Per tenets of the stakeholder theory (Freeman, 1984), these two types of motivations may be viewed as the motivation of IT stakeholders who focus on delivery of IT systems to support internal business processes, and motivation of business stakeholders who focus primarily on leveraging the ISO logo for improving business performance. In the ISO context, however, it is argued that business stakeholders are also likely to have internal motivation towards developing business processes, especially those that help them to leverage the ISO logo, thus enabling IT teams to develop and deploy appropriate IT systems to support the business processes. Thus a direct impact from external motivation of business stakeholders, and an indirect impact from a mix of internal and external motivations of IT and business stakeholders, through their influence on the qualities of IT systems and business processes, may be visualised. Prior research only mentions of direct impacts of internal and external motivations on firm performance, with greater impact of the former compared to the latter on operational performance of ISO firms (Martinez-Costa et al., 2008). The indirect impact as gleaned from an integrated perspective of the motivation and stakeholder theories, has not received serious academic attention and is therefore worthy of deeper investigation. Thus the the second research question:

- How do motivations of IT and Business stakeholders influence the qualities of IT systems and business processes in Malaysian ISO certified firms?

The authors also argue that the stakeholder theory provides the theoretical perspective for addressing the lack of consensus on which one or more of indicators such as ‘organizational operations’ (Papps, 1995; Reimann and Hertz, 1996; Caro and Garcia, 2009), ‘operational performance’ (Terzirovski et al, 2003; Naveh and Marcus, 2005), ‘business performance’ (Yahya and Goh, 2001; Arauz and Suzuki, 2004), market performance (Jang and Lin, 2008) or ‘productivity’ (Kristal et al., 2010) are appropriate in the evaluation of ISO firm performance. This research argues that appropriate indicators are those that relate to the goals of internal stakeholders such as IT and business stakeholders, as well as the expectations of external stakeholders such as the customers. Firms perform well when
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