

## DOES NATIONAL CULTURE SIGNIFICANTLY IMPACT ORGANIZATIONAL CULTURE AT SMEs

Renata Korsakienė<sup>1</sup>, Olesia Gurina<sup>2</sup>

<sup>1,2</sup>Vilnius Gediminas Technical University, Saulėtekio Av. 11, LT-10223 Vilnius, Lithuania

Email: <sup>1</sup>renata.korsakiene@vgtu.lt, <sup>2</sup>olgurina@gmail.com

Received 5 October 2011; accepted 5 December 2011

**Abstract.** The paper presents research which investigates the implications of national culture and organizational culture in the Lithuanian and Russian SMEs. While much of the attention has been given to organizational culture in large companies, little research has been focused on organizational and national culture in SMEs. The research is based on the main ideas of Hofstede's framework of seven cultural dimensions and Denison's cultural model, which measures culture in organizations with four major traits, such as involvement, consistency, adaptability, and mission. The quantitative research is based on responses to a questionnaire embracing various aspects of national and organizational culture. The authors of the research have elaborated proposals for further research.

**Keywords:** National Culture, Organisational Culture, SMEs, Lithuania, Russia.

**Reference** to this paper should be made as follows: Korsakienė, R.; Gurina, O. 2012. Does National Culture Significantly impact Organizational Culture at SMEs, *Journal of Security and Sustainability Issues* 1(3): 219–228.

**JEL Classification:** M10, M14, M19.

### 1. Introduction

The focus of scholars on culture has been vast over the past decades. The scientific researches have explored the impact of culture at the national and organisational levels. Obviously, the different layers of culture interact and impact each other.

The impact of national culture on organizational culture in large companies has been widely addressed by researchers from various countries. On the other hand, little research has been focused on organizational and national culture in small and medium enterprises (SMEs). SMEs, playing a significant role in the growth and change of economy, are confronted with international competition and are forced to compete in international markets. The managers of SMEs are forced to understand peculiarities of various countries and the impact of culture on the firm's success.

The paper aims to reveal the implications of national culture and organizational culture in Lithuanian and Russian SMEs. The research is based on the main

ideas of Hofstede's framework and Denison's cultural model, which measure involvement, consistency, adaptability, and mission. The paper is based on quantitative research.

### 2. Culture

The scientific literature linked to culture is seen as vast and extensive. Notably, a lot of attempts were made in order to clarify the concept of culture. The researchers have proposed to define culture as the shared patterns of behaviours and the meanings that are attributed to these behaviours (Schneider, Barsoux 2003). Therefore, culture consists of language, ideas, beliefs, customs, taboos, codes, institutions, tools, techniques, works of art, rituals, ceremonies, and other related components.

Kroeber and Kluckhohn (1954) have provided 164 definitions of culture and have come to the conclusions that usually the word culture is used in three basic assumptions:

1. Different expressions of art also known as high culture.
2. Human beliefs, behavior and knowledge gained through social learning.
3. Shared values, goals, practices and attitudes within a specific organization, institution or group.

Culture is seen as the shared system of meanings (guides how the world is perceived and culture is organized), relative (there is no cultural absolute and there is no set standards for perceiving culture), learned (it is derived from social environment and not from genetics) and about groups (it is a collective phenomenon and about shared values and meanings). On the other hand, culture could not be right or wrong, inherited or about individual behavior (Hoecklin 1995; McKenna, Beech 1995).

Trompenaars and Hampden-Turner (1998) are stating that culture of one country could not ever be understood by other cultures. Even people of the same culture can never say that they fully understand even people of their own culture. On the other hand, the discussions in scientific literature predict that internationalization will create a common culture worldwide and it should make the life of international managers much easier. According to Ohmae (1994), the impact of national cultures on organisational cultures appears likely to continue to decline.

Despite the debate related with convergence of cultures, other scholars adopt different approach (Hofstede 2001; Tayeb 1996). They state that organisations need to be aware of differences in national cultures and the influence of these differences upon the organisation's culture. Cultural differences exist not only in respect to distant and exotic countries. Neighboring countries and even regions within the same country can also have significant differences. For example, European Union is a symbol of unification of many countries. Apart from legal problems, there is a whole layer of different problems, as nowhere cultures do differ as much as inside Europe (Kaarna 2010; Korsakienė 2009; Ruzier *et al.* 2006; Adekola *et al.* 2008; Trompenaars and Hampden-Turner 1998; Hoecklin 1995).

The review of the concept of culture implies that there is no single interpretation of the meaning (Stankevičienė *et al.* 2009). Nevertheless, most scholars agree that culture concept is a multifaceted notion that plays an important role on various levels, such

as community, organizations and firms, and nation. In order to set consistent basis for further course of current research, Hofstede's interpretation of cultural concept and its application is chosen as the basis for current research.

### **3. Hofstede's Dimensions of Culture**

Cultural differences at the country level reside mostly in values, less in practices. At the organizational level, cultural differences are considered mostly of different practices, not of different values. Using one word culture for speaking about organizational culture and national culture is a mistake as nation is not an organization and there are two types of cultures of different kinds (Hofstede 2001). Social behavior is embedded in a particular content of the country and is connected to others deeply held values and beliefs. Mismanaging cultural differences can lead to inability to motivate employees, increase rotation and fail to build competitive advantage. On the other hand, when successfully managed, differences in cultures can lead to increasing innovations in business practices, faster and better learning within the organization and sustainable growth (Hoecklin 1995).

Geert Hofstede is the Dutch sociologist and anthropologist best known for his research in the field of cross-cultural organizations. The research of Hofstede focuses on the differences and similarities between national cultures. Hofstede (1991) has proposed several cultural dimensions: power distance (PDI), individualism vs. collectivism (IND), masculinity vs. femininity (MAS), uncertainty avoidance (UAI). With conducting new research Hofstede has introduced new dimension – long term orientation (LTO), which originally was named Confucian dynamism and was identified only when Hofstede's research was restructured with the involvement of Chinese researchers to deliberately create a non western bias (Hofstede 2001). Later on, based on the work of Minkov (2007), Hofstede has added two dimensions more: indulgence vs. restraint and monumentalism vs. self-effacement (Hofstede 2009).

Power distance is the extent of inequality in a society - less powerful members of institutions and organizations within a country are expecting and accepting that power is distributed unequally. Power and inequality are fundamental factors of any society and any person with international experience has to know that "all societies are unequal but some are

more unequal than others cultures (Hofstede 2001). In countries where power distance is low, inequities between people are more likely to be minimised and leading to consultative management style as power distance between the hierarchy levels is small and encourages more communication between the boss and his or her subordinates. However, in the countries where power distance is high, there is more dependence between the boss and subordinates, where subordinates prefer dependence and more authoritarian boss (Hofstede 2001; Machado, Carvalho 2008).

Notably, individualism vs. collectivism refers to the extent to which individuals are oriented to themselves and their immediate family, rather than groups (Millmore *et al.* 2007). This dimension is the only one of all other dimensions for which worldwide shifts have been noticeable in the past. According to the observations, there is a relationship between cultural individualism and economic wealth. For instance, wealthier countries score more individualist and countries which recently started to become wealthier start to become individualist. Nevertheless, while wealth increases individualism, it does not make those countries as individualist as Western countries. Therefore, increasing or decreasing wealth reduces but does not eliminate differences in individualism/collectivism among parts of the world (Hofstede 2001).

The dimension of masculinity vs. femininity refers to the extent to which assertiveness and decisiveness are prioritized over more caring values. Notably, this dimension refers to the division of emotional roles between the genders which is another fundamental issue for any society. The research discovered that women's values vary less among societies than men's values (Hofstede 2001). However, what behaviors are supposed to be feminine or masculine is the subject of discussion among modern societies. According to Hofstede (1991), masculine societies have established clear roles of males, meaning that males have to be confident and oriented towards the material success. In such societies where gender roles overlap are supposed to be feminine (Hofstede 1991, 2001; Machado, Carvalho 2008).

Uncertainty avoidance is the extent to which the members of a culture feel threatened by uncertain or unknown situations and opposes toughness and is towards more flexible cultures. Weak uncertainty avoidance stands for citizen competence - that is the

belief that ordinary person is able to influence the authorities and shares some degree of mutual trust among them. Strong uncertainty avoidance implies that decisions should be left to experts – citizens and authorities mutually distrust each other (Hofstede 2001). Cultures which are avoiding uncertainty are trying to control it by installing laws and regulations, various safety measures, or by emphasizing the philosophical and religious taboos. On the opposite type, uncertainty accepting cultures are more tolerant towards the change and different opinions compared to what they are used to. They have very few rules and laws and their philosophical and religious views are relative and could be openly discussed and contradicted (Hofstede 2001).

Long-term vs. short-term orientation originally was called Confucian dynamism. Later renamed to long-term vs. short-term orientation this dimension was added as a fifth dimension to the original four ones to distinguish thinking between the East and West (Draguns 2007). Long-term orientation means focusing on the future. It implies a cultural trend towards delaying immediate result by practicing persistence and thriftiness. On the opposite, short-term orientation means focusing on the past and present by respecting tradition and by a need to follow trends in spending even if this means borrowing money. Long-term oriented societies encourage virtues of orientation towards rewards, holding savings and fast adaptation to changes in situations. Short-term oriented societies are more related to valuing past and present it as national pride, respects traditions and fulfilling obligations to the society of being an obedient citizen environment (Hofstede 2001).

Indulgence vs. restraint dimension is based on Minkov's (2007) World Survey data analysis for 93 countries. Notably, indulgence stands for society which allows relatively free display of basic human desires, enjoying life and having fun. High indulgence culture will emphasize generous spending which can be caused by self-enhancing attempts to be proud and successful individuals who are not saving their money to get satisfaction or limit themselves in their desires and feelings. On the opposite, restraint stands for a society that suppresses the display of human desire of having fun and regulates it by introducing strict social norms and taboos environment. Minkov (2007) specified that happiness is linked to the perception of the control of personal life, with life representing a source of freedom and leisure.

Minkov (2007) explained that in monumentalist cultures people will have a tendency to have a positive self-regard and seek for positive information about themselves. In such culture, interpersonal competition is valued as it provides an opportunity to demonstrate personal superiority. Because of the interpersonal competition, the large differences in income will be present. According to Heine (2003), such individuals will not be interested in self-improvement as they will not see the need to improve what is already good enough. Moreover, as they don't view individuals being flexible, they would not be easily convinced that self-improvement will bring positive results. Representatives of such culture will view cultural adaptation as a kind of betrayal as they are proud of who they are and view their values and beliefs indispensable (Minkov 2007). On the other side, self-effacement cultures will be more flexible and obedient. People will view themselves as adaptive individuals who can adjust to any situation and view self-improvement activities as the way of coping with deficiencies (Heine 2003). In such cultures, failure would not be perceived as a problem and task at which one has failed will not be dismissed as unimportant, as they will view failure as a lesson and they will admit their mistakes and will try to learn from them in order to avoid repeating them in the future (Minkov 2007).

The researches of Hofstede have influenced works of other scholars. For instance, Trompenaars and Hampden-Turner (1998) have identified seven dimensions of culture, which are conceptually related to Hofstede's dimensions. On the other hand, McSweeney has argued that Hofstede's research fails to show a causal link between the dimensions of a particular culture and specific actions (McSweeney 2002). However, despite the prevailing critics, the analysis of culture based on Hofstede's dimensions can not be ignored.

#### **4. Denison's Model**

Fey and Denison (2003) argue that organizational culture is a multifaceted phenomenon, scoping from deeper layers like beliefs and assumptions to visible layers like structures and practices. Notably, Denison and his colleagues have developed an organizational culture model based on four traits of organizational cultures: involvement, consistency, adaptability and mission (Denison, Mishra 1995). Each trait breaks down into three more specific areas for a total of 12 indices (Hooijberg, Denison, 2002).

Involvement describes the empowerment and teamwork which are necessary to address competitive environment. Indices which measure involvement are: empowerment, teamwork and capability development. Consistency measures the unified approach to goal achievement and problem resolution that allow dealing with various challenges (Denison *et al.* 2004). Consistency creates a "strong" culture based on beliefs, values and symbols that are widely and commonly understood by all people in organization (Guidroz *et al.* 2005). Indices which measure consistency are: core values, agreement and coordination. The trait of adaptability assumes translating the demands of business environment into action. This trait describes organization's efforts to balance internal identity with external events and impetus to change (Denison *et al.* 2004). Indices which measure adaptability are: creating change, customer focus and organizational learning. The mission trait emphasizes defining a meaningful long-term direction for the organization. The indices of mission consist of: strategic direction and intent, goals and objectives, and vision.

The scholars emphasise that the model focuses on the contradictions involved in simultaneously achieving internal integration and external adaptation (Fey, Denison, 2003). Hence, the authors of this paper agree with the main ideas and insight proposed by Denison and his colleagues. Therefore, the above discussion leads to several research questions which are related to dimensions of national and organizational culture.

#### **5. Methodology**

Current research is developed to investigate the impact of national culture on organizational culture in the Lithuanian and Russian SMEs. For present exploratory research a convenience sample was chosen as this sampling method is less costly in time and monetary terms than random sampling (Marshall 1996).

In order to determine and evaluate difference of national culture impact on organizational culture, the decision was made to conduct the research in two stages. During the first stage questionnaires on national culture dimensions were distributed to the managers of the Lithuanian and Russian SMEs. The second stage of the research included distribution of questionnaire on organizational culture dimensions to the participants from the same sample.

The review of the relevant literature has allowed formulating hypothesis:

Hypothesis 1: In the Lithuanian SMEs participants of Lithuanian nationality will score less on power distance (PDI) and monumentalism (MON) than participants of Russian nationality.

Hypothesis 2: In the Lithuanian SMEs participants of Lithuanian nationality will score more on mission, adaptability, consistency and involvement traits of organizational culture than participants of Russian nationality.

Hypothesis 3: the higher Power Distance (PDI), Long-Term Orientation (LTO), Indulgence vs. Restraint (IVR) and Monumentalism (MON), the lower Involvement trait of organizational culture in the Lithuanian and Russian SMEs.

Hypothesis 4: the higher Individualism, Masculinity (MAS) and Uncertainty Avoidance (UAI), the higher organizational trait Involvement in the Lithuanian and Russian SMEs.

Hypothesis 5: the higher Power Distance (PDI), Individualism (IDV), Uncertainty Avoidance (UAI) and Long-Term Orientation (LTO), the higher organizational culture trait Consistency in Lithuanian and Russian SMEs.

Hypothesis 6: the higher Masculinity (MAS), Indulgence (IVR) and Monumentalism (MON), the lower organizational culture trait Consistency in the Lithuanian and Russian SMEs.

SMEs were selected from tourism, recruitment agencies, transportation and logistics industries. The online questionnaire was distributed to the respondents through personal e-mail invitations followed by personal phone calls. The e-mails of managers and directors were obtained upon personal referral in Russia and Lithuania as well as retrieved from the database of SMEs in Lithuania - Creditreform database or on company's website, where it possible.

The ideal size of a homogeneous sample, as indicated by Hofstede, is 50 respondents though a heterogeneous sample of 20 respondents in one country is considered to be yet sufficient for statistical analysis (Hofstede *et al.*, 2008). Therefore, the ideal target sample of present research is 50 respondents in each of both countries - Lithuania and Russia. A total of 29 and 26 usable questionnaires were returned from the Lithuanian and Russian samples respectively.

## 6. Discussion of Results

In order to check the reliability of data, the Cronbach Alpha analysis was applied. A reliability test like Cronbach's Alpha should not be based on individual scores but on country mean scores. Obviously this presupposes data from a sufficient number of countries, in practice at least ten. For comparison, across fewer countries the reliability of the VSM at the country level has to be taken for granted. Since current research observed only two countries, the Cronbach Alpha analysis was used to check reliability of dependent variables of organizational culture.

**Table 1.** Reliability Statistics

Scale	Cronbach's Alpha	Number of valid cased	% of valid
Involvement	0,926	55	100,0
Consistency	0,741	55	100,0
Adaptability	0,429	55	100,0
Mission	0,686	55	100,0

Reliability analysis showed that the data obtained from the survey questionnaires provides well-designed measures that accepted internal consistency of data only for two organizational culture traits, such as involvement and consistency. The data for adaptability and mission organizational traits have not passed reliability test for data consistency. Consequently, adaptability and mission organizational traits could not be considered well-designed constructs and measures within the scope of current research (Table 1).

In order to check the compatibility of the data from the two samples, the *t-test* analysis ( $\alpha=.05$ ) was conducted to compare sample means and reveal if there are significant differences in variance of the two samples. The *t-test* ( $\alpha=.05$ ) failed to reveal any significant variance in samples. Consequently, the means for dependent and independent variables can be compared to identify differences in national culture and organizational culture dimensions in both samples (Table 2).

The comparison of means of variables suggests that there is slightly significant difference in power distance (PDI), whereas all other dimensions of national culture differ significantly in both samples. Despite slightly significant difference in power distance (PDI) between the Lithuanian and Russian participants, the mean value for Lithuania (mean=47,241) and mean

value for Russia (mean=43,269) suggest that namely Lithuanian managers are more willing to accept in-

equality and unequal power in the organization than Russian managers.

**Table 2.** Independent Samples Test and Group Statistics

	Lithuania	Russia	<i>t</i>	Sig.
N	29	26		
Power Distance (PDI)	47,241	43,269	0,240	0,873
Individualism vs. Collectivism (IDV)	38,621	59,231	-1,278	0,447
Masculinity vs. Femininity (MAS)	21,724	6,731	0,953	0,354
Uncertainty Avoidance (UAI)	-22,931	-53,654	1,964	0,255
Long-Term Orientation vs. Short-Term Orientation (LTO)	27,759	5,769	1,503	0,897
Indulgence vs. Restraint (IVR)	25,000	79,231	-2,834	0,987
Monumentalism vs. Self-effacement (MON)	13,103	38,654	1,493	0,294
Involvement	3,566	3,217	1,949	0,344
Consistency	3,515	3,500	0,126	0,888
Adaptability	3,903	3,664	3,700	0,140
Mission	3,586	3,408	1,496	0,608

The mean value for individualism vs. collectivism (IDV) dimension is (mean=38,621) for the Lithuanian managers and (mean=59,231) for the Russian managers imply that the Russian managers tend to be more independent and self-reliant than the Lithuanian managers.

Masculinity vs. femininity (MAS) mean value is (mean=21,724) for Lithuanian managers, while for Russian managers it is (mean=6,731). The comparison of MAS means implies that the Lithuanian managers are more assertive, focused on performance and material success, whereas the Russian managers tend to focus more on relationships and quality of life.

Uncertainty avoidance (UAI) mean value is negative due to subtraction in the formulas when no adjustment constant was applied. However, the Lithuanian participants score higher than the Russian participants with mean values (mean= -22,931) and (mean= -53,654) respectively. This implies that the Lithuanian managers perceive the ambiguity more stressful and avoid unknown situations and uncertainty more than the Russian managers.

Long-term orientation vs. short-term orientation (LTO) dimension mean values imply that the Lithuanian managers are more focused on future and tend to delay immediate results by thriftiness as their mean score is (mean=27,759). On the contrary, the Russian managers focused more on present and

immediate results since mean value for the Russian sample is (mean=5,769).

Indulgence vs. restraint (IVR) mean value for the Lithuanian sample is (mean=25,000), whereas for the Russian sample it is (mean=79,231). High mean value for the Russian sample implies that the Russian managers tend to display human desires more, to enjoy life and to spend generously to approve their success. On the contrary the Lithuanian managers tend to introduce strict norms and taboos as well as have more control over life.

Monumentalism vs. self-effacement (MON) mean value is (mean=13,103) for the Lithuanian sample and (mean=38,654) for Russian sample, which implies that the Russian managers tend to be more self-enhancers and reject the change more than the Lithuanian managers.

In regard to organizational culture traits, mean values (mean=3,515) for the Lithuanian sample and (mean=3,500) for the Russian sample imply that there is no significant difference for consistency in both countries. Therefore, managers in both countries perceive “strong” culture based on beliefs, values and symbols that are commonly understood in their organizations.

Involvement mean values are (mean=3,566) for the Lithuanian sample and (mean=3,217) for the Russian

sample, implying that the Lithuanian managers encourage sense of responsibility and nurture commitment to organization more than the Russian managers.

The mean values for adaptability organizational culture trait are (mean=3,903) and (mean=3,664) for the Lithuanian and Russian samples respectively. Higher mean for the Lithuanian sample implies that the Lithuanian managers favor organizational change in response to customers and the marketplace more than the Russian managers do.

The mean values for mission organizational trait are

(mean=3,586) and (mean=3,408) for the Lithuanian and Russian samples respectively, which implies that defining long-term direction for the organization and shaping current behaviors by envisioning a desired future state are more pursued by the Lithuanian managers than the Russian managers.

Multiple regression analysis during which dependent variables of organizational culture traits Involvement and Consistency were regressed against independent variables of national culture dimensions, was used to test hypotheses 3-6.

**Table 3.** Multiple Regression Coefficients of National Culture Dimensions Impact on Organizational Trait Involvement<sup>a</sup>

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4,379	0,417		10,490	0,000
PDI	0,000	0,002	-0,026	-0,187	0,853
IDV	0,003	0,002	0,294	2,152	0,037
MAS	0,001	0,002	0,071	0,488	0,628
UAI	-0,002	0,002	-0,156	-1,023	0,312
LTO	-0,001	0,002	-0,096	-0,736	0,466
IVR	-0,003	0,001	-0,304	-2,016	0,050
MON	0,000	0,001	0,027	0,193	0,848
What is your country of residence?	-0,092	0,225	-0,069	-0,410	0,684
What is your nationality?	-0,525	0,255	-0,340	-2,058	0,045

a. Dependent Variable: Involvement, R=0,570, R<sup>2</sup>=0,325, F=2,405, p<0.05, Sig.=0,025, df=55, α=0,05

Initial multiple regression analysis for Involvement organizational culture trait as dependent variable and nationality and country of residence as control variables revealed significant relationship of Involvement with Individualism (IDV) and Indulgence vs. Restraint (IVR) national culture dimensions. Consequently, Hypothesis 3 “*The higher Power Distance (PDI), Long-Term Orientation (LTO), Indulgence vs. Restraint (IVR) and Monumentalism (MON) are, the lower Involvement trait of organizational culture will be in Lithuanian and Russian SMEs*” and Hypothesis 4 “*The higher Individualism, Masculinity (MAS) and Uncertainty Avoidance (UAI) are, the higher organizational trait Involvement will be in the Lithuanian and*

*Russian SMEs*” are partially accepted for independent variables of Individualism (IDV) and Indulgence vs. Restraint (IVR) significant relationship.

Therefore, decision has been made to modify hypothesis to reflect the impact of national culture dimensions that have shown significant influence on organizational culture traits. Thus, modified hypothesis are:

Hypothesis 3a: *The higher Power Indulgence vs. Restraint (IVR), the lower Involvement trait of organizational culture in the Lithuanian and Russian SMEs.*

Hypothesis 4a: *The higher Individualism (IDV), the higher organizational trait Involvement in the Lithuanian and Russian SMEs*

Summary of significant relationships revealed by multiple regression analysis for impact of Individual-

ism and Indulgence vs. Restraint national culture dimensions on organizational trait Involvement is presented in the Table 4.

**Table 4.** Multiple Regression Coefficients of Individualism and Indulgence National Culture Dimensions Impact on Organizational Trait Involvement<sup>a</sup>

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4,389	0,346		12,703	0,000
IDV	0,003	0,001	0,276	2,246	0,029
IVR	-0,002	0,001	-0,220	-1,709	0,094
What is your country of residence?	-0,031	0,211	-0,023	-0,146	0,885
What is your nationality?	-0,569	0,225	-0,368	-2,527	0,015

a. Dependent Variable: Involvement,  $R=0,537$ ,  $R^2=0,288$ ,  $F=5,056$ ,  $p<0.05$ ,  $Sig.=0,002$ ,  $df=55$ ,  $\alpha=0,05$

Hypothesis 3a is accepted as there is negative relationship between Indulgence national culture dimension and organizational trait Involvement.

Since there is positive relationship between Individualism national culture dimension and Involvement organizational culture trait, the Hypothesis 4a is accepted.

**Table 5.** Multiple Regression Coefficients of National Culture Dimensions Impact on Organizational Trait Consistency<sup>a</sup>

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3,622	0,308		11,768	0,000
PDI	0,001	0,001	0,168	1,039	0,304
IDV	-2,691	0,001	-0,004	-0,024	0,981
MAS	0,001	0,001	0,106	0,632	0,530
UAI	-0,001	0,001	-0,173	-0,984	0,330
LTO	-0,002	0,001	-0,211	-1,398	0,169
IVR	0,000	0,001	-0,054	-0,309	0,759
MON	0,000	0,001	0,031	0,197	0,845
What is your country of residence?	-0,017	0,166	-0,020	-0,105	0,917
What is your nationality?	-0,092	0,188	-0,094	-0,491	0,626

a. Dependent Variable: Consistency,  $R=0,318$ ,  $R^2=0,101$ ,  $F=0,563$ ,  $Sig. 0,819$ ,  $df=55$ ,  $\alpha=0,05$

The multiple regression analysis does not reveal any significant relationship between national culture dimensions and organizational trait Consistency. Consequently, Hypothesis 5 “The higher Power Distance (PDI), Individualism (IDV), Uncertainty Avoidance (UAI) and Long-Term Orientation (LTO), the higher organizational trait Consistency in the Lithuanian and Russian SMEs” and Hypothesis 6 “The higher Masculinity (MAS), Indulgence (IVR) and Monumentalism (MON), the lower organizational trait consistency in the Lithuanian and Russian SMEs” are both rejected.



## 7. Conclusions

Given the results of current research on the impact of national culture on organizational culture and their implications for HRM, following conclusions were made:

There is slightly significant difference in power distance in both Lithuanian and Russian SMEs, whereas other national culture dimensions of individualism, masculinity, uncertainty avoidance, long-term orientation, indulgence vs. restraint and monumentalism differ significantly.

Organizational culture traits, such as involvement, consistency, adaptability and mission are higher for organizational cultures in the Lithuanian SMEs, providing grounds to conclude that the Lithuanian SMEs have stronger organizational culture and organizational values if compared to the Russian SMEs.

The limitations of the presented study were connected with the small sample size and the fact that SMEs included in the sample represented only some business sectors. Further research should therefore concentrate on a deeper analysis of differences between the countries and business sectors.

## References

- Adekola, A.; Korsakienė, R.; Tvaronavičienė, M. 2008. Approach to Innovative Activities by Lithuanian Companies in the Current Conditions of Development. *Technological and Economic Development of Economy: Baltic Journal on Sustainability* 14(4): 595-611. DOI: 10.3846/1392-8619.2008.14.595-611.
- Denison, D.; Mishra, A., 1995. Toward a Theory of Organizational Culture and Effectiveness. *Organizational Science*, 6(2): 204-223. DOI: 10.1287/orsc.6.2.204.
- Denison, D.; Lief, C.; Ward, J. L. 2004. Culture in Family-Owned Enterprises: Recognizing and Leveraging Unique Strengths. *Family Business Review* 17(1): 61-70. DOI: 10.1111/j.1741-6248.2004.00004.x
- Draguns, J.G., 2007. Culture's Impact at the Workplace and Beyond. *Reviews in Anthropology*, 36: 43-58. DOI: 10.1080/00938150601177579.
- Erez, M. and Gati, E. 2004. A Dynamic, Multi-level Model of Culture: from the Micro Level of the Individual to the Macro Level of a Global Culture. *Applied Psychology: An International Review*, 53(4): 583-598.
- Fey, C.; Denison, D., 2003. Organizational Culture and Effectiveness: can American Theory be applied in Russia? *Organizational Science*, 14(6): 686-706.
- Guidroz, A. M., Kotrba, L. M.; Denison, D. R., 2005-2009. Is National or Organizational Culture Predominant? *Workplace Diversity: Denison Consulting*, LLC Work paper.
- Heine, S.J. 2003. An Exploration of Cultural Variation in Self-enhancing and Self-improving Motivations. In Murphy-Berman, V.; Berman, J. J. (Eds.), *Nebraska Symposium on Motivation: Cross-cultural differences in perspectives on the self*, 49, Lincoln: University of Nebraska Press, 101-128.
- Hoecklin, L. 1995. *Managing Cultural Differences: Strategies for Competitive Advantage*. Harlow, UK: Pearson Education.
- Hofstede, G. 2001. *Culture's Consequences: Comparing Values, Behaviors, Institutions and Organizations across Nations*. Thousand Oaks, CA: Sage Publications.
- Hofstede, G. 1991. *Cultures and Organizations: Software of the Mind*. New York, NY: McGrath-Hill.
- Hofstede, G., Hofstede, G. J., Minkov, M., Vinken, H. 2008. Announcing a new version of the Values Survey Module: the VSM 08, <http://stuwwww.uvt.nl/~csmeets/VSM08.html>.
- Hofstede, G., 2009. American Culture and the 2008 Financial Crisis. *European Business Review*, 21(4):307-331. DOI: 10.1108/09555340910970418.
- Hooijberg, R., Denison, D. R. 2002. *What makes Leaders Effective? A Stakeholder Approach to Leadership Effectiveness*. Lausanne: International Institute for Management Development, 1-27.
- Kaarna, K. 2010. Understanding Accelerated Internationalization: Integrating Theories for Analyzing Internationalization Paths. *Economics and Management*, 15: 556-561.
- Kroeber, A. L.; Kluckhohn, C. A. 1952. *A Critical Review of Concepts and Definitions*, Peabody Museum 47 Cambridge Mass.
- Korsakienė, Renata. 2009. The Innovative Approach to Relationships with Customers. *Journal of Business Economics and Management* 10(1): 53-60.
- Machado, D.; Carvalho, C. 2008. Cultural Typologies and Organizational Environment: a Conceptual Analysis, *Latin American Business Review* 9(1):1-32.

DOI: 10.1080/10978520802189047.

Marshall, M. N., 1996. Sampling for Qualitative Research, *Family Practice* 13(6): 522-525

McSweeney, B. 2002. Hofstede's Model of National Cultural Differences and Their Consequences: a Triumph of Faith – a Failure of Analysis, *Human Relations* 55(1): 89-118. DOI: 10.1177/0018726702551004.

McSweeney, B. 2002. The Essentials of Scholarship, *Human Relations* 55(11): 1362-1372. DOI: 10.1177/00187267025511005

McKenna, E. and Beech, N., 1995. *The Essence of Human Resource Management*. Herfordshire, UK: Prentice Hall International.

Millmore, M.; Lewis, P; Saunders, M.; Thornhill, A. Morrow, T. 2007. *Strategic Human Resource Management: Contemporary Issues*. Harlow: Pearson Education.

Minkov, M. 2007. *What makes us Different and Similar: a New Interpretation of the World Values Survey and Other Cross-cultural Data*. Bulgaria: Klasika y Stil Publishing House.

Ohmae, K. 1994. *The Borderless World, Power and Strategy in the Interlinked Economy*. London: HarperCollins.

Ruzzier, M., Hisrich, R. D., Antoncic, B., 2006. SME Internationalization Research: Past, Present and Future, *Journal of Small Business and Enterprise Development* 13(4): 476-497. DOI: 10.1108/14626000610705705.

Schneider, S. C.; Barsoux, J. L. 2003. *Managing Across Cultures* 2<sup>nd</sup> ed. Harlow: FT Prentice Hall.

Stankevičienė, A.; Korsakienė, R.; Liučvaitienė, A. Žmogiškųjų išteklių valdymo strategijos rengimo teoriniai ir praktiniai aspektai: Lietuvos telekomunikacijų sektoriaus atvejis, *Verslas: teorija ir praktika* 10(4): 276-284. DOI: 10.3846/1648-0627.2009.10.276-284.

Tayeb, M. H. 1996. *The Management of Multicultural Workforce*. Chichester: John Wiley.

Trompenaars, F; Hampden-Turner, C. 1998. *Riding the Waves of Culture: Understanding Cultural Diversity in Global Business*. New York: McGraw-Hill.