EFFECT OF ORGANIZATIONAL CULTURE ON INDIVIDUAL ABSORPTIVE CAPACITY: EVIDENCE FROM MALAYSIAN ELECTRICAL AND ELECTRONIC SECTOR

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ABSTRACT

The aim of this paper was to investigate the effect of organizational culture on individual absorptive capacity. The study utilized task orientation, risk-orientation, cooperative norms, open communication, and collective rewards dimensions of organizational culture. The study was conducted by using survey among engineers working in the electrical and electronic sector of the Malaysian manufacturing industry and data was gathered from 305 respondents. The engineers in this study are all employed by foreign multinational corporations (MNCs) operating in Malaysia. Partial least square method was used to analyze the data collected. The findings indicated that there was partial support for certain aspects of organizational culture in influencing individual absorptive capacity.

Keywords: Organizational culture, absorptive capacity, engineers, manufacturing.

INTRODUCTION:

The presence of multinational corporations (MNC) in Malaysia hasbenefitted the nation's human capital development through the implementation of training and knowledge transfer programs. Training programshave affected almost all levels of local employees in MNCs; from production operators to high-level executives (Blomstrom & Kokko, 1998). Similarly,MNCs also expect these local workers or host-country national workers (HCN) who are employed by the MNCs to be able to absorb knowledge and apply that knowledge to increase their technical and managerial ability in order to improve their job performance. In other words, these HCN workers are expected to upgrade their skills to become skilled and knowledgeable workers. Therefore, the empirical investigation into the ability of local workforces to absorb new knowledge, information and skill from the training and exposure from the presence of these MNCs is something worth delving into since it can reveal the current state of local employees' abilities to absorb knowledge in MNCs. This information will provide guideline for the government to design relevant policy than can strengthen the human capital development in Malaysia by utilizing MNCs' technology and expertise. Furthermore, empirical studies in this subject matter are scarce.

Besides utilizing the benefit from the presence of MNCs, another important concern is about the ability of talented people in Malaysia to augment their skills to become highly-skilled labor and have the ability to be innovative and creative. This concern is much related to the learning capabilities of local workers to absorb knowledge and apply that knowledge. Since MNCs are always involved in knowledge transfer activities from headquarters to subsidiaries local workers must have sufficient level of learning capabilities in order to absorb the transferred knowledge(Gupta & Govindarajan, 2000). Therefore, investigating the absorptive capacity among local workforces in MNCs is a crucial issue as it has been identified as benefitting to the nation's human capital development. This study is expected to empirically reveal the level of learning ability of local workforces in MNCs to absorb foreign knowledge or technologies through their employment in MNCs.

Currently, there is a growing interest in MNCs' administration and management of the knowledge flow process within organization, besides their daily routine such as production, innovation, and marketing activities (Gupta & Govindarajan, 2000). Their operations are 'no longer seen as repositories of their national imprint but rather as instrument whereby knowledge is transferred to subsidiaries, thereby contributing to further knowledge development' (Minbaeva, Pedersen, Bjorkman, Fey, & Park, 2003, p. 587). Hence, there is a need to investigate the above phenomena by focusing on the absorptive capacity of HCN workers who work with MNCs. Even though Cohen and Levinthal (1990) have clearly claimed that firm's absorptive capacity is built on individual absorptive capacity, that capacity actually is not equally possessed by all individuals inside the firm (Hamel, 1991). By having the ability to absorb knowledge, HCN workers can take the opportunity from the intra-MNC knowledge transfer process to enhance their skills through knowledge acquisition activities.

However, the influence of the employees' immediate environment in influencing the absorptive capacity cannot be ignored. According to the social cognitive theory, the changes in human behavior are affected by the changes in environmental and personal factors. Bandura (1977) classifies environmental factors into two categories, social and physical environment. Social environment is defined as the socio-relationship environment, such as the environment of relationship between the administrative body and the workers, among family members, relationship between peers, and the policy of an organization. Meanwhile, physical environment refers to the physical setting surrounding a person such as the temperature, infrastructure, and size of the room. Bandura(1977) also stressed that with the interaction that exist between environment and individual factors which involves human beliefs and cognitive capabilities, there will be behavioral development and modification based on changes in individual personal factors. The social cognitive theory also elucidates that human being are actually the product of a social system in an environment with a strong bond with the social-cultural network that is embedded with human self-development, adaptation, and change (Pajeras, 2002).

Therefore, this paper posits that the organizational culture of a firm, representing the environmental factor, will influencean individual absorptive capacity. The empirical evidence from the study will help researchers to identify inter-relationship between both variables which is very crucial in learning activities. The evidence will also highlight the intensity of absorptive capacity among HCN workers who serves with MNCs. Thus, the study will examine the linkages between the firms' organizational culture and an individual's absorptive capacity.

LITERATURE REVIEW:

ORGANIZATIONAL CULTURE:

According to Lucas and Ogilvie (2006) organizational culture can be defined as "a system of shared values and assumptions" that is important for organizations because it involves the way employees behave to each other and thisinfluences the decision making process.Organizational culture has also been defined as a system of shared meaning and value based on collective characteristics (Schein, 1985). Organizational culture has also been described as ideologies, norms and shared values that influences the pattern of behavior of individuals and cognitive development within organizations (Argyris&Schon, 1978; Schein, 1983).Based on the abovementioned definitions, organizational culture is capable of indoctrinating a core set of values that can shape the values, attitudes and norms of the employees towards accepting change introduced in organizations (Lucas &Ogilve, 2006).

Specifically, organizational culture has the ability to influence the behavior of the organizational members in many aspects. Therefore, the introduction a specific value in line with the strategic goal of an organization will significantly assist the organizational members to have a betterunderstanding aboutthe company's goal and objective (Bierly, Kessler, & Christensen, 2000). Any cultural misunderstanding within that context can impede the knowledge flow activities inside the firm (Fiol& Lyles, 1985).

Studies in organizational culture have taken place in multiple forms and contexts such as levels (referring to levels of cultural visibility, expressed values, and underlying assumption), strength (the strength of bonding culture inside organization, either weak or strong), and adaptiveness (the adaptation of individual members in organization, either it is adapted or not properly being adapted) (Yiing & Kamarul Zaman, 2009). However, there is a concern on the level of analysis to be used in measuring organizational culture, as organizational culture is widely known as a collective measure of a group that represents the organizational characteristics, yet, it is somehow dependent on individual cumulative perception towards the organizational shared values and norms (Hofstede, Bond, & Luk, 1993). This presents organizational culture from the individuals'perspective, how it effects their working environment and this is reflectedin their personal attitudes towards their workplace (Sarros, Cooper, & Santora, 2008).

According to Kwastes and Boglarsky (2007) an individual's personal values towards the workplace environment will influence the employees' desire to enhance their ability to gain intrinsic satisfaction from their works. Previous studies had integrated organizational culture constructs with individual level constructs such as organizational culture and leadership effectiveness, in addition to personal effectiveness (Kwastes&Boglarsky, 2007); organizational culture and employee job performance (Ojo, 2009); organizational culture and psychological contracts (Richard, McMillan-Capehart, Bhuian, & Taylor, 2009); organizational culture and job stress (Joiner, 2001) and organizational culture and worker's performance (Pyoria, 2007). Thus, the current study intends to investigate the relationship between organizational culture and individual absorptive capacity. There is a pressing need to confirm the relationship between both variables due to the diversity of MNCs organizational culture practices that will potentially affect the host-country national (HCN) workers' absorptive capacity, as the outcome will indirectly affect national human capital development.

ABSORPTIVE CAPACITY:

Since it was introduced by Cohen and Levinthal (1989; 1990), the definition of the construct has evolved according to different context and scope of studies. Cohen and Levinthal (1990) define absorptive capacity as the capability to value, assimilate, and apply the knowledge from external sources. However, during the process of developing the absorptive capacity construct, the individual cognitive structures and knowledge acquisition capabilities are applied, mainly referring to a part of the organizational learning process in an organization. Cohen and Levinthal (1990) have also claimed that absorptive capacity of a firm is basically derived from individual absorptive capacity because organization will never learn but individual will. Even though organizational absorptive capacity is a not a cumulative of individual absorptive capacity in a firm, but individual absorptive capacity still plays a dominant role in overall firm's absorptive capacity.

Zahra and George (2002) had re-conceptualized the definition of the construct into a new dimension of absorptive capacity, stating that absorptive capacity is a set of capabilities to acquire, assimilate, transform, and exploit knowledge. Tu et al., (2006) relate the refinement of absorptive capacity by Zahra and George

(2002) as the organizational mechanism that facilitates the process to identify, communicate, and assimilate the relevant external and internal knowledge.

Absorptive capacity is unique as it is applicable in multiple-level construct, either at individual, organization, or intra-firm level. However, initially, absorptive capacity started at the individual level that emerged with the prior related knowledge of individuals and the diversity of their background (Cohen and Levinthal, 1990). They argued that the firm's ability to absorb knowledge will strongly depend on the ability of the individuals in organization to absorb knowledge, in addition to the characteristics of individual members in that organization.

Cohen and Levinthal (1990) clearly stressed that the organization's absorptive capacity always rely on the individual absorptive capacity of their employees. In brief, the individual absorptive capacity can provide significant impact to the firm's learning process especially when that particular firm is involved in knowledge transfer activities (Tang, Mu, & MacLachlan, 2010). So, it is important to extend the concept of absorptive capacity to the individual level especially in cognitive domain because it can reflect the organizational competitive advantage and performance. Due to the importance of individual absorptive capacity to the organization, prior investment to develop the individual absorptive capacity is necessary in order to improve the firm's performance and competitive advantage.

With regard to the concept of individual absorptive capacity, Hamel (1991) argues that in an organization, the individual capacity to absorb knowledge is not equally distributed. Everybody has different capability to absorb knowledge because individual capabilities rely on prior related knowledge such as prior educational background and exposure to that particular field, and the motivation of the individual workers. Under certain condition, the compulsory skill to observe, interpret, apply, and improve the knowledge only belong to certain employees, while others might not possess those skills (Hamel, 1991). When this occurs, the effectiveness of knowledge transfer activities in either inter or intra-firm knowledge transfer will be lower in view of the fact that individual employees in a firm play a vital role in overall knowledge transfer process (Tang et al., 2010). This statement is supported by Kwok and Gao (2006) stating that individuals who possess better absorptive capacity will be more competent in learning, assimilating, and utilizing knowledge. Hence, the initiative to strengthen the individual absorptive capacity in organization is important in order to stimulate the organizational absorptive capacity that results in better outcome for the organization such as better organizational performance and the-state-of-the-art of innovation (Park, Suh& Yang, 2007; Lichtenthaler, 2009; Vinding, 2006; Arbussa&Coenders, 2007).

ORGANIZATIONAL CULTURE AND INDIVIDUAL ABSORPTIVE CAPACITY:

Fundamentally, organizational culture is defined as a stable belief, attitudes, and values that become custom and practices among organizational members that is closely interconnected to a group of people that share the same norms and values and through these interconnectedness,it is transformed into a cumulative cultural values that has been disseminated and practiced among the employees(Williams, Dobson, & Walters, 1993). From the above conceptual definition, apparently, the application of organizational culture is largely a group-level phenomenon. However, that does not discount the fact that it is based on an individual-level phenomenon that is reflected in the individual action within that given organization (Kwantes&Boglarsky, 2007). Within this context, individual action that is derived from organizational culture adaptation is derived from the interpretation of their experience and cognitive abilities of the organizational members within that culture (Fiske & Taylor, 1991). The action performed by individuals when they are influenced by their immediate environment, become the organizational culture. In behavioral studies, the individual behavior in an organization is proven to have a direct link and influenced by organizational culture (O'Driscoll, et al., 1998). Thistranspires when the interaction between organizational culture and employees occurs during the employees' day-to-day relationship with organization that influences them to behave and perform the required tasks within their workplace.

In relation to the social cognitive theory, this explains how individuals are influenced by their environment. In this context, organizational culture has become the potential environmental factor that possibly influences the individual abilities in an organization. Kwantes and Boglarsky (2007) assert that certain aspects of organizational culture maximize the employees' abilities that augment their personal effectiveness. This situation is closely related to the increase in performance level in organization. It ensues when personal effectiveness stimulated by employee abilities is boosted by the competency level of the

individual workers leading to their better performance in any task that they performed (Denison, 1996). In social science studies, absorptive capacity is considered as an important employee ability to acquire any related knowledge that can assist them to perform better in their daily work. When organizational culture is found to influence employee abilities it could also possibly influence individual absorptive capacity since individual absorptive capacity is essential employees' abilitysince it enables them to capture, learn and disseminate new knowledge.

Based on the above review, it is observed that organizational culture is able to influence one's ability at their workplace, and within this context the ability of individual workers refer to individual absorptive capacity. Hence, it is proposed that organizational culture will significantly influence the individual absorptive capacity of individual workers in organization and related hypothesis has been generated as stated below.

H: Organizational culture will significantly influence the individual absorptive capacity of HCN workers.
H1: Organizational culture will significantly influence the ability to identify knowledge by HCN workers.
H1a: The culture of task orientation will significantly influence the ability to identify knowledge by HCN workers.
H1b: The culture of risk-orientation will significantly influence the ability to identify knowledge by HCN workers.
H1c: The culture of cooperative norms will significantly influence the ability to identify knowledge by HCN workers.
H1d:The culture of open communication will significantly influence the ability to identify knowledge by HCN workers.
H1e: The culture of collective rewards will significantly influence the ability to identify knowledge by HCN workers.
H2: Organizational culture will significantly influence the ability to assimilate knowledge by HCN workers.
H2a: The culture of task orientation will significantly influence the ability to assimilate knowledge by HCN workers.
H2b: The culture of risk-orientation will significantly influence the ability to assimilate knowledge by HCN workers.
H2c: The culture of cooperative norms will significantly influence the ability to assimilate knowledge by HCN workers.
H2d: The culture of open communication will significantly influence the ability to assimilate knowledge by HCN workers.
H2e: The culture of collective rewards will significantly influence the ability to assimilate knowledge by HCN workers.
H3: Organizational culture will significantly influence the ability to apply knowledge by HCN workers.
H3a: The culture of task orientation will significantly influence the ability to apply knowledge by HCN workers.
H3b: The culture of risk-orientation will significantly influence the ability to apply knowledge by HCN workers.
H3c: The culture of cooperative norms will significantly influence the ability to apply knowledge by HCN workers.
H3d: The culture of open communication will significantly influence the ability to apply knowledge by HCN workers.
H3e: The culture of collective rewards will significantly influence the ability to apply knowledgeby HCN workers.

METHODOLOGY:

DATA COLLECTION METHOD:

In the sample selection process, the researcher began with identifying the MNCs that operate in electrical and electronic (E&E) sector. A master list that contained 334 MNC companies that actively operate in E&E sector was obtained from Malaysian Investment Development Authority (MIDA). Out of 334 MNCs, the sample companies are randomly chosen based on systematic sampling technique. All odd numbered firms from the list were chosen as sample companies for data collection process. Out of 334 companies from MIDA directory, 169 companies were chosen. For each company, five questionnaires were distributed to the engineers via the human resource manager, which involves a total of 845 set of questionnaires distributed.

In this study, the data was collected via survey method. The survey questionnaires were distributed through mail survey and 'drop and collect' approach. The reason for the selection of these two methods is due to the ability to obtain the data in a wider geographical area with lower costs compared to interview and phone call approaches (Hochstim & Athanasopoulos, 1970), respondents can answer the questionnaire conveniently, the identity of the respondents are kept confidential, and the data is able to portray the population accurately (Zikmund, 2003; Bryman& Bell, 2011).

In this study, a total of 1245 questionnaires were distributed using mail survey and drop-and-collect approach. The reason for applying various techniques in data collection procedure is due to the ability of the

combination techniques to gain higher response rate (Parker, 1992; Schaefer & Dillman, 1998). In this study, the questionnaires' distribution was broken-up into 845 questionnaires for mail survey and 400 questionnaires for drop-and-collect approach. Of 400 questionnaires distributed via 'drop-and-collect' approach, there were 111 responses from this method and there were 194 responses from the mail survey method. In total there were 305 (24.5%) responses.

To test thehypothesesof this study,PLS (Partial Least Square) analysis was utilized as it isthe most appropriate method to meet the research objectivesand to adapt to the research data conditions.Conceptually, the partialleastsquare (PLS)is similar tomultiple regressionanalysisbecausebothobjectivesareto maximize theexplainedvarianceinthedependentconstructs (Marcoulidesetal., 2009).

MEASURES OF ORGANIZATIONAL CULTURE:

Studies in organizational culture diversify from multiple contextual forms. It is derived from different stream with different focus and constructs. For the purpose of this study, the organizational culture instrument was adopted from Khoja and Miranville (2010). The justification prior to the selection of thisinstrument is due the suitability of the instrument to meet the research objectives.

These cultural dimensions are measured using five-point Likert scale was adopted from Khoja and Miranville (2010). The scale represents by '1=Strongly Disagree to 5= Strongly Agree'. In this study, five dimensions of organizational culture utilized. It consists of task orientation, risk-orientation, cooperative norms, open communication, and collective rewards.

MEASURES OF INDIVIDUAL ABSORPTIVE CAPACITY:

The measurement for individual absorptive capacity in this study was adapted from the work of Wall et al. (2011), Pedrosa and Jasmand (2011), Whangthomkum et al. (2006), Kwok and Gao (2006), and Flatten et al. (2011). The justification behind the selection of the instruments from these authors is due to the inability of the instrument from a single individual author to properly capture the concept of absorptive capacity. The combination of instruments from different authors into specific dimensions is essential in order to match it to the central conceptualization of absorptive capacity based on Cohen and Levinthal (1989; 1990). They conceptualized the absorptive capacity as the capability to identify, assimilate, and apply knowledge. In this study, the instrument of individual absorptive capacity is divided into three dimensions, which involve the ability to identify, assimilate, and apply. All of the items apply five-point scale, ranging from very low (1) to very high (5).

FINDINGS:

DESCRIPTIVE ANALYSIS OF ORGANIZATIONAL CULTURE (OC):

The composite mean score for organizational culture is 3.89 with standard deviation of 0.45 and standard error for mean at 0.02. This result implies that the mean score is representative of the majority of the respondents since the standard error of mean is very small. The mean value of 3.89 for organizational culture indicates that the current environment of the organizational culture in MNCs is encouraging

Table 1: Descriptive statistics for organizational culture

Construct	Number of Items	N Statistics	Minimum	Maximum	Mean		Std. Deviation
			Statistic	Statistic	Statistic	Std. Error	Statistic
OC1	3	305	2.00	5.00	3.9694	.03401	.59402
OC2	4	305	2.00	5.00	3.9710	.03467	.60557
OC3	3	305	2.00	5.00	4.1246	.03539	.61813
OC4	2	305	1.00	5.00	3.4443	.04382	.76531
OC5	3	305	1.00	5.00	3.7399	.03751	.65513

The organizational culture dimension was measured by five individual latent variables, namely task-

orientation (OC1), risk-orientation (OC2), cooperation (OC3), collective rewards (OC4), and open communication (OC5). The mean value and standard error of mean for each individual construct are 3.96 (mean) and 0.03 (S.E mean) for 'task-orientation' (OC1), 3.97 (mean) and 0.03 (S.E mean) for 'risk-orientation' (OC2), 4.12 (mean) and 0.03 (S.E mean) for 'cooperation' (OC3), 3.44 (mean) and 0.04 (S.E mean) for 'collective rewards', and 3.73 (mean) and 0.03 (S.E mean) for 'open communication'. In addition, the standard deviation value for individual constructs is 0.59 for 'task-orientation', 0.60 for 'risk-orientation', 0.61 for 'cooperation', 0.46 for 'collective rewards' and 0.65 for 'open communication'. Within the context of the study, it was found that all elements under organizational culture including task-orientation, risk-orientation, cooperation, collective rewards, and open communication are practiced in foreign MNCs in Malaysia. Among the five elements, the cooperation culture was perceived to be the highest among all other organizational culture elements.

DESCRIPTIVE ANALYSIS OF INDIVIDUAL ABSORPTIVE CAPACITY (ABS):

IndividualAbsorptiveCapacity(IAC) consists of three basic components, the abilitytoidentify(ABS1), assimilate(ABS2), andapply(ABS3) knowledge.Basically, individualabsorptive capacityscalemeasures thelevel ofan employee's ability toabsorbknowledgeat their workplaces. The scale used to measure that construct is based on five scales with different levels, at verylow(1),low(2), moderate (3),high(4),andveryhigh(5).

Table 2: Descriptive statistics for individual absorptive capacity

Construct	Number of Items	N Statistics	Minimum	Maximum	Mean		Std. Deviation
			Statistic	Statistic	Statistic	Std. Error	Statistic
ABS 1	4	305	2.67	5.00	3.88	.02644	.46167
ABS 2	4	305	2.75	5.00	3.89	.02825	.49336
ABS 3	6	305	2.50	5.00	3.87	.02840	.49620

Overall, themean value for these three components is3.88, with standard deviation 0.41, implying that the mean score is representative with small differences in the respondents' answer. The individual mean value for these three components is 3.88 for the 'ability to identify knowledge', 3.89 for the 'ability to assimilate knowledge' and 3.87 for the 'ability to apply knowledge'. The mean values of these constructs indicate the level of the capability to absorb knowledge at fairly high level.
Table3below exhibits the results generated from the hypotheses testing on the influence of organizational culture on individual absorptive capacity.

Table 3: The summary of hypothesized structural relationship between organizational culture and individual absorptive capacity

Hypotheses	Relationship	Full Model			Supported
		β	S.E	T	
H1	**OC → ABS1**				**Partially**
H1a	OC 1 →ABS1	0.1593	0.0641	**2.49****	**Yes**
H1b	OC 2 → ABS1	0.1611	0.0664	**2.43****	**Yes**
H1c	OC 3 →ABS1	0.2019	0.0709	**2.85****	**Yes**
H1d	OC 4 →ABS1	-0.0528	0.0741	0.71	No
H1e	OC 5 →ABS1	-0.0362	0.0871	0.42	No
H2	**OC→ABS2**				**Partially**
H2a	OC 1 → ABS2	0.0960	0.0683	1.41	No
H2b	OC 2 → ABS2	0.1667	0.0710	**2.35****	**Yes**

H2c	OC 3 →ABS2	0.1025	0.0645	1.59	No
H2d	OC 4 → ABS2	-0.0034	0.0723	0.05	No
H2e	OC 5 → ABS2	0.0700	0.0728	0.96	No
H3	**OC →ABS3**				**Partially**
H3a	OC 1 → ABS3	0.1282	0.0738	**1.74***	**Yes**
H3b	OC 2 → ABS3	0.1316	0.0734	**1.79***	**Yes**
H3c	OC 3 → ABS3	0.2388	0.0632	**3.78****	**Yes**
H3d	OC 4 → ABS3	0.0168	0.0619	0.27	No
H3e	OC 5 → ABS3	0.0516	0.0762	0.68	No

Note:,(*) Significant at p<0.05, (**) Significant at p<0.01 base on one-tailed t-statistics table, as t-value greater than 1.65, it is significant at p <0.05, while t-value at 2.35 or greater, it is significant at p<0.01.

From the above table, the organizational culture was represented by OC1 (task-orientation), OC2 (risk-orientation), OC3 (cooperation), OC4 (collective rewards), and C5 (open communication), while individual absorptive capacity was measured by the ability to identify (ABS1), the ability to assimilate (ABS2), and the ability to apply (ABS3). Referring to table 3 above, there were 15 sub-hypotheses tested. The purpose was to investigate the influence of organizational culture on individual absorptive capacity. From the testing of these sub-hypotheses, it was discovered that seven sub-hypotheses were significant at two different level of significancewhich is at p<0.05 and p<0.01.

In detail, the results revealed that task-orientation, risk-orientation, and cooperation culture provided highly significant influence towards ones' ability to identify knowledge withT value at 2.49, 2.43 and 2.85. The coefficient value of these three variables is 0.159 for the relationship between task-orientation culture and ability to identify knowledge, 0.161 for risk orientation culture and ability to identify knowledge, and 0.202 for cooperation culture with ability to identify knowledge. On the other hand, other cultures in an organization like collective rewards and open communication do not influence ones' ability to identify knowledge. Therefore, hypotheses H1a, H1b, and H1b are supported at significant level p<0.01.

For second sub-hypotheses which involves the influence of organizational culture on the ability to assimilate knowledge, it was found only risk-orientation culture had the influence on ability to assimilate knowledge. The influence of risk-orientation towards the ability to assimilate knowledge was highly significant as represented by the beta value of 0.1616 with T=2.35 and significant at p<0.01. Thus, it shows that H2b is supported while H2a, H2c, H2d and H2e are not supported.

The third sub-hypotheses are related to the testing of the hypotheses on the influence of organizational culture on one's ability to apply knowledge. Amongst allthe organizational culture elements, it was found that theculture of task-orientation, risk-orientation, and cooperationhad significant influenceonthe employee'sabilityto applyknowledgeat the workplace. Statistically, the cooperation culture is seen to have the greatest influenceon theability ofworkers to apply knowledgewithbeta value 23.8 percentat significant level ofp <0.01. As for task-orientation and risk-orientation, they have significant influence towards ones' ability to apply knowledge at significant level p<0.05 with the coefficient value at 12 percent and 13 percent, respectively. As a conclusion, the sub-hypothesis H3a, H3b, and H3c are supported while H3d and H3e are not supported.

DISCUSSION AND CONCLUSION:

Cumulatively, organizational certain aspects of organizational culture do influence anindividual's absorptive capacity. In other words, organizational culture practiced in MNCs has a significant influence on individual absorptive capacity of their HCN workers. Specifically, the ability to identify knowledge is most heavily influenced by the presence of three organizational culture dimensions, namely task-orientation, risk-orientation, and cooperative norms. The result indicating that these three organizational culture elements antecede the ability to identify knowledge highlighted a very significant outcome from the hypothesized relationship. As indicated by the results,when the task-orientation dimension of organizational culture was found to have a significant influenceon the accomplishment of common routine tasks within a specific time span and budget, the pressure from the organization to complete the tasks has driven the workers to seek new

knowledge in their related field that has the potential to help them be more efficient and competitive (Khoja&Maranville, 2010). Similarly, risk-orientation culture deals with a readiness tobearthe risks arising fromchanges in proceduresorproducts of an organization (Gupta &Govindarajan, 2000; Reynolds, 1986), and has a significant influence on the ability to identify knowledge. Driven by the need to nurture innovativeness and creativity among its workers, the MNCs implement this culture so that the employees have up-to-date knowledge which allows them to maneuver in a hostile situation, solve problems and emerge with a good solution. To keep up-to-date, employees must have the ability to quickly identify relevant and important knowledge(Khoja&Maranville, 2010). This is a possible explanation of why the empirical tests show that risk-orientation culture significantly influences the ability to identify knowledge of HCN workers in MNCs.

The third sub-hypothesis, the influence of cooperative norms on the ability to identify knowledge, is supported, as the coefficient value in the statistical result is positive and significant, showing that companies who practice the cooperative norms culture tend to increase their workers' ability to identify knowledge. One possible reason for this finding is that the organization that practices the cooperative norms culture encourages workers to support each other, linking workers' personal interest to shared objectives and expecting mutual interests among organizational members as a priority (Chatman & Flynn, 2001). Logically, the by supporting workers directly or indirectly, help their co-workers to identify relevant knowledge to achieve the organizational goals.

The results of the study indicated that the influence of open communication and collective rewards on the ability to identify knowledge, are not supported. In the Malaysian context, open communication culture that encourages face-to-face discussion on any matter is seen as taboo since Malaysians adopt a high context culture that expects communication to be more indirect and informal with flowery language (Lailawati, 2005). This practice helps explain the inability of the open communication culture to influence the ability to identify knowledge.Likewise, the hypothesis examining the effect of collective rewards was not supported and found to have no influence on workers' ability to identify knowledge. This indicates that the collective rewards culture imposed by MNCs was not able to stimulate the workers to identify knowledge. One potential explanation for this finding is related to satisfaction of the workers to the remuneration package that they received from foreign MNCs. More than 50 percent of the respondents felt uncertain about the reasonable collective rewards given to them, which may make them uneasy, and lead to their ignorance of new or interesting activities in the organization. Such ignorance is very hazardous to workers' absorptive capacity since the ability to identify knowledge must begin with the willingness to seek new knowledge, and may ultimately hinder their ability to identify knowledge.

The results indicate that most of the organizational culture elements, task-orientation, cooperative norms, collective rewards, and open communication, do not significantly influence the ability of HCN workers to assimilate knowledge. Only risk-orientation influences the ability to assimilate knowledge. Therefore, organizational culture has been found to influence knowledge absorption, that is the ability to assimilate knowledge by a person blending and integrating knowledge in order to understand the newly acquired knowledge, but the relationship is complex one (Van den Bosch et al., 1999). This would explain why the second sub-hypothesis was only partially supported with only risk-orientation significantly influencing the ability to assimilate knowledge.

The ability to apply knowledge was partially influenced by organizational culture with three supported hypotheses and two unsupported hypotheses. The task-orientation, risk-orientation, and open communication cultures were found to significantly influence the ability to apply knowledge, while open communication and collective rewards were not significant. The organizational culture of task-orientation and risk-orientation successfully influence workers in their application of knowledge, but require significant effort to attain the organizational goals since both cultures are top-down or instructional-based practices. For example, if workers fail to achieve their assigned goals, they may be disciplined or dismissed from their current position. This situation creates an imperative to master the application of knowledge in their related field. In addition, the culture of cooperative norms was also found to have a significant influence on the ability to apply knowledge. Identified as an important element for stewardship behavior, cooperative norms helps workers strengthen their relationships (Macneil, 1980), enhances collaboration between them, and encourages the sharing of knowledge in the workplace. Gaining more knowledge through peer knowledge sharing will indirectly help the workers to increase their ability to apply knowledge.

In contrast to the three supported hypotheses, the cultures of open communication and collective rewards were not supported. This indicates that open communication culture and collective rewards do not help to stimulate workers to apply knowledge at the workplace. These findings are unique since open communication and

collective rewards were initially expected to influence the ability to apply knowledge. However, the findings are somewhat contradictory caused by a small path coefficient value for both variables. The path coefficient value for open communication is 0.0074, while for collective rewards is 0.063. A small path coefficient value is an indicator of weak causal linkages between the predictor and criterion variables in the model. From the descriptive statistics, nearly 10 percent of the respondents rank *disagree and lower* for both constructs, while cumulative percentages for *neither agree nor disagree* and lower scales reached more than 50 percent. The pattern of the respondents' answers shows inconsistency between the lowest and highest values that affected the coefficient value of the variables.Thus, the results suggest that the influence of open communication and collective rewards is irrelevant for workers in MNCs to apply knowledge.

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