

ORGANIZATION-CULTURE FIT: LOCAL CULTURE'S IMPACT ON MNC SUBSIDIARIES

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ABSTRACT

This study draws upon the concept of person-culture fit as explored in previous research (O'Reilly et al., 1991) and introduces a new dimension of fit: organization-culture fit. This dimension refers to the characteristic fit between an organization and its local culture. It is proposed that the organization-culture fit is influenced by both the cultural dimensions of the business' location, and the strategic characteristics of the organization per se. It is proposed that organization-culture fit influences the performance of an organization. For a foreign subsidiary, the influence is mediated by two effects - the within-organization effect and the inter-organization effect. The former refers to the impact within the subsidiary, such as turnover rate, employee satisfaction, etc. The latter indicates the impact on a subsidiary's interaction with its external environment, e.g. subsidiary local embeddedness.

Keywords: *Organization-culture, fit, subsidiary performance*