

The Effect of the Degree of Misfit Between Human Resources Management Practices and the Types of Organizational Culture on Organizational Performance

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Abstract: “Fit model” argues that the level of misfit between human resources management (HRM) practices and the type of organizational culture negatively influences organizational performance. However, the lack of empirical research to support that contention can be problematic. Utilizing the concept of fit, this study aims to examine empirically the effect of the degree of misfit between HRM practices and the types of organizational cultures on organizational performance. Data were collected from a sample comprising of 128 respondents representing 64 companies in Indonesia, from nine industrial sectors. The hypothetical model was developed based on four types of HRM practices (human relations, internal process, rational goals, and open systems) and four types of organizational cultures (clan, hierarchy, market, and adhocracy). Euclidean distance scores were calculated to describe the misfit between the HRM practices and the types of organizational culture variables. Subsequently, the effect of the misfit scores on organizational performance was determined. The results show that the degree of misfit between HRM practices and the type of organizational culture has a significant and negative effect on organizational performance. This empirical research supports the concept of fit, in which the type of organizational culture that is supported by suitable HRM practices will result in a more positive organizational performance. Then, it is deemed necessary for companies to adapt their HRM practices to their culture, in order to improve their performance.

Keywords: HRM management practices, types of organizational culture, organizational performance, Euclidean distance, the degree of misfit.

GEL Classification: O15

Introduction

The current business environment is more competitive and dynamic, which makes it increasingly difficult for companies to maintain their competitiveness. To survive, they must be able to strengthen their competitive advantage by developing appropriate long-term strategies (Hossain et al., 2019; Khatri, 2000). According to Delery and Roumpi (2017), high quality human resources (HR) may play a significant role in supporting a sustainable competitive advantage. Each human resource has a unique nature which, if properly managed, can meet the four conditions needed to form a sustainable competitive advantage, namely high value, rare, imperfectly imitable, and irreplaceable (Wright et al., 1994; Khatri, 2000; Nyberg and Wright, 2015). Therefore, the role of HR is crucial in supporting organizational performance and success.

Previous research has found that human resource management (HRM) practices have a close relationship with organizational performance (Sonnenfeld and Peiperl, 1988; Huselid, 1995; Delaney and Huselid, 1996; Huselid et al., 1997; Khatri, 2000; Wright et al., 2005; Katou and Budhwar, 2006; Loo-See and Leap-Han, 2013). Many of these studies suggest that, in order to improve performance, organizations need to apply what is called “best practices” (universalistic approaches) in their HRM (Sonnenfeld and Peiperl, 1988; Boxall and Purcell, 2000; Apospori et al., 2008). However, the universalistic approach faces challenges from academics who use a contingency approach in explaining the relationship between HRM practices and organizational performance. They assume that the relationship between “best practices” in human resource management and organizational performance is not always

linear (Chang and Huang, 2005; Delery and Doty, 1996; DeSarbo et al., 2005; Drazin and de Ven, 1985; El-Amadi and Schwabendland, 2015; Venkatraman, 1989;).

Research using a contingency approach assumes each organization has a different contingency factor that can affect the relationship between the variables for HRM practice and the variables for organizational performance (Apospori et al., 2008). One contingency factor that influences performance is organizational culture. Several studies have explained how organizational culture relates to HRM practices. For example, Aycan et al., (1999) found that organizational culture influences human resource management practices. Research by Chan et al., (2004) showed that organizational culture moderates the impact of high-performance human resource practices on firm performance. Meanwhile, Chow (2012) found that organizational culture is a mediator that connects the practice of high performance work systems to organizational performance. Therefore, as proposed by Harrison and Bazzzy (2017), the linkage between strategy, human resource management practices, and organizational culture should be obtained to facilitate organizations in achieving their desired level of performance more effectively. Harrison and Bazzzy (2017) suggestion associated with the concept of fit or “fit model” (Huselid, 1995; Venkatraman, 1989). Fit model describes that two variables (such as type of organizational culture and HRM practices) should be congruence in order to optimally affect a criterion (organizational performance). Some empirical research also supports the statement that HRM practices are related to the type of organizational culture in supporting organizational performance (Fareed, et al., 2017; Kosiorek and Szczepanska, 2016; Trehan and Setia, 2014; Ozcelik et al., 2016). However, those

studies did not analyze the impact of HRM practices and the types of organizational cultures on organizational performance, based on the contingency approach as part of the fit model.

Fit model argues that a high degree of fit between HRM and organizational contexts, including HRM practices and the types of organizational culture, is associated with high levels of organizational performance (Boon, 2008). So, it is strategic to achieve a high level of fit between HRM practices and the types of organizational cultures. Unfortunately, to date, it is still difficult to find studies that examine how the level of fit between culture types and HRM practices can affect organizational performance. This study fills the gap by analyzing how organizational performance can be affected by the level of fit between cultural typologies and HR management practices. In fact, the literature shows that the model of human resource practices should align with the types of organizational cultures. The culture of an organization can strengthen or weaken the effectiveness of its human resource practices, in relation to its organizational performance (Kosiorek and Szczepanska, 2016).

This research uses a typology of culture based on the theory of the competing values framework (CVF) developed by Cameron and Quinn (2006), which divides culture into four quadrants, namely clan culture (internal-flexibility), hierarchy culture (internal-stability), market culture (external-stability) and adhocracy culture (external-flexibility). The CVF concept has previously been widely used to examine the relationship between culture and organizational performance (Cameron and Freeman, 1991; Boggs and Fields, 2010; Hartnell et al., 2011; Acar and Acar, 2014). Panayatopoulou et al (2003) developed a

HRM system model based on the CVF that explains the different types of HRM practices associated with several aspects of organizational performance. This research found that HRM practices which align with the types of organizational cultures associated positively with organizational performance. Even when utilizing the fit model concept, Panayatopoulou et al., (2003) did not evaluate scores that reflected the level of fit between the types of organizational cultures and HRM practices. The level of fit was assumed, based on the conceptual framework. Thus, the effect of the level of fit between the types of organizational cultures and HRM practices has not been clearly understood.

The alignment between HRM practices and the types organizational cultures may reflect the concept of fit as matching (Venkatraman, 1989). According to this concept, the fit between related variables should be measured. High levels of matching should be obtained to ensure optimum organizational performance. Does the level of fit between HRM practices and the types of organizational cultures empirically support this theoretical concept?

Literature Review

Organizational performance

Spangenberg and Theron (2004) defined organizational performance as an evaluation of the efficiencies achieved to meet organizational goals and stakeholder expectations, in terms of quality, quantity and distribution. Organizational performance may include sales, profitability, customer services, the efficiency of business processes, employee productivity and innovation. Moreover, Spangenberg and Theron (2004) specified that organizational performance comprises of

several dimensions, namely: (1) production and efficiency, (2) HR process management or core people's processes, (3) work unit climate, (4) employee satisfaction, (5) adaptability, (6) capacity, (7) market share/scope/standing, and (8) business growth (future growth). This research applies this concept to measure organizational performance.

Different types of organizational performances may be achieved by implementing a specific strategy or a combination of strategies. Conversely, a strategy may be implemented to achieve several organizational performances. However, organizational performance will be more effectively achieved if organizational factors/policies that fit each other are implemented (Lee et al., 2016). Therefore, in pursuing organizational performance, HRM practices should also be designed so that they fit with the company's type of organizational culture.

Organizational culture

Organizational culture may be conceptualized differently by many scholars (Hartnell et al., 2011). Basically, it refers to shared norms, beliefs, values, and assumptions. Organizational culture influences the attitudes and behavior of employees. It helps organizations to pursue efficiency and effectivity by improving the employees' commitment, job satisfaction, and productivity (Marcoulides and Heck, 1993; Shin and Park, 2019).

Cameron and Quinn (2006) defined organizational culture as a set of values, assumptions, interpretations, and approaches that characterize an organization and its members. It is expected to associate with the dimensions of organizational performance, as mentioned by Spangenberg and Theron (2004).

The theory of organizational culture used in this study is the competing values framework (CVF) where the two main dimensions of organizational structure and organizational focus are divided into four different types of cultures, namely hierarchy, clan, adhocracy and market. Research conducted by Boggs and Fields (2010), using the same theoretical framework, has shown that the dimensions of organizational culture are related to organizational performance. This research finding is supported by a recent meta-analytic study performed by Beus et al., (2020).

HRM practices

HRM practices are critical for any business looking to achieve a sustainable competitive advantage. These practices include acquiring qualified candidates, developing and utilizing their skills, improving their motivation, managing the employees' contribution, and managing the employees' careers (Delaney and Huselid, 1996; Ozcelik et al., 2016). HRM practices contribute to the effectiveness of a business by providing the appropriate skills and behavior needed for the company's strategy.

Previous studies have demonstrated the relationship between HRM practices and organizational performance. Delery and Doty (1996) concluded that there was a relationship between the characteristics of a HRM system and financial performance. Other researchers have also stated that HRM systems and practices have a positive impact on organizational performance in general (Delaney and Huselid, 1996; Katou and Budhwar, 2006; Syed and Jamal, 2012).

An empirical study by Ali et al., (2018) supported the notion that the implementation

of the bundling of strategic human resource management positively and significantly affect operational performance. In terms of the aspects of HRM, research conducted by Akhtar et al., (2008) revealed that different HRM practices have different effects on the types of organizational performance. Training, assessment and career development have an impact on product performance and financial performance. Job guarantees and job descriptions only contribute to product performance. Meanwhile, profit sharing contributes to financial performance. Several studies also explain how human resource management practices more specifically affect organizational performance, including: job design (Wood et al., 2012); recruitment and selection (Greenberg and Greenberg, 1980; Martins and Lima, 2006); performance appraisals (Lawler et al., 2012); training and development (Sheehan, 2012; Úbeda-García et al., 2013); career planning (Friedman, 1986; Gong and Chang, 2008), compensation (Chiu and Vivienne, 2002), and employee relations (Wang et al., 2003; Ngo et al., 2008).

Relationship Matching Approach

This study examines the effect of the degree of matching between HRM practices and organizational culture on organizational

performance using a systems approach developed by Drazin and de Ven (1985). This approach evaluates the effect of the matching of the relationship of the ideal type of HRM practice variables and the types of organizational cultures on organizational performance. The ideal relationship matching testing method refers to the concept of relationship conformity, as matching or being a fit from Venkatraman (1989). When the match between the variable of HRM practices and types of organizational cultures is obtained, organizational performance is expected to be optimized. Conversely, a higher degree of deviations existing between those variables will result in lower levels of organizational performance.

This study used the analysis of deviation scores to test the matching of the relationship as fit (fit as matching). This method is in line with the configurational HRM approach model developed by Delery and Doty (1996) by considering organizational culture variables as contingency factors. One of the advantages of the configurational method in the relationship matching test is the use of the Euclidean distance formula, which finds the deviation of the ideal relationship (misfit) between the two variables and then puts it into the fit equation. The concept of CVF is

Variable	Types of Organizational culture			
	<i>Clan</i>	<i>Hierarchy</i>	<i>Market</i>	<i>Adhocracy</i>
HRM Practice	<i>Human Relations</i>	<i>Internal Process</i>	<i>Rational Goal</i>	<i>Open Systems</i>
	↓	↓	↓	↓
Organizational Performance	High	High	High	High

Figure 1. Effect of Matching of Ideal HRM Practices and Types of Organizational Cultures on Organizational Performance

used as a basis for developing HRM practice models. Referring to CVF and its application to HRM, an HRM practice framework can be developed into four models, namely: human relations, open systems, internal processes, and rational goal models (Panayotopoulou et al., 2003). The matching of the relationship between HRM practices and organizational culture forms the ideal type of relationship design and influences organizational performance, such as the pattern shown in Figure 1.

Research Hypothesis

Several previous studies have looked for a relationship between CVF dimensions and performance dimensions (Cameron and Freeman, 1991; Boggs and Fields, 2010; Hartnell et al., 2011). These studies concluded that each type of culture mainly affects certain performance criteria. Based on this previous research, a hypothetical model was developed that links the matching of HRM practices and organizational culture with the dimensions of organizational performance.

The clan culture type focuses on open communication, collaboration, work groups, participation, employee involvement, loyalty, and tradition (Cameron and Quinn, 2006; Cameron et al., 2014). This type of culture also emphasizes the company's long-term benefits generated through employee development programs, especially those related to loyalty, and the warmth of the relationships between employees. However, this type encourages employees to be careful, and conservative, or tend to avoid risk. Although Ogbonna and Haris (2000) have found insignificant relationships between company performance and community cultures such as clans, organizational performance can logically come from cooperation, loyalty, and mutual assistance between employees. Thus,

Hypothesis 1 was constructed as follows:

Hypothesis 1: the matching of HRM practices and dominant clan culture positively affect employee satisfaction performance criteria, commitment, organizational climate and HRM processes.

The hierarchy culture type focuses on regularity, standard procedures, and detailed processes that are followed (Cameron and Quinn, 2006; Cameron et al., 2014). Employee behavior in this culture is characterized by a clear hierarchical structure, compliance with regulations, and formalization of the activities oriented to efficiency. Ogbonna and Harris (2000) have demonstrated that the influence of a hierarchy culture on organizational performance is not significant. However, Cameron et.al, (2014) argue that formalization, standard procedures, and detailed processes will make management easier to control, meaning that organizational performance is more easily achieved. Based on the arguments, Hypothesis 2 was developed as follows:

Hypothesis 2: the matching of HRM practices and a dominant hierarchy culture positively influence efficiency, control and effective performance criteria.

The market culture type focuses on aggressiveness, competition, and task completion (Patterson et al., 1997; Cameron and Quinn, 2006; Cameron et al., 2014). The matching of HRM practices and a dominant market culture is positively related to the criteria of profit performance, market share, product quality and productivity. Market culture is practiced through gathering information related to competitors and consumers, setting goals, and careful planning. Companies, through their employees, focus on tasks and are aggressive and competitive. With the

orientation of this culture and activity, the expected outcome is good production and efficiency, capacity and market share. Therefore, Hypothesis 3 was formulated:

Hypothesis 3: the matching of HRM practices and market culture has a positive effect on organizational performance in the form of production and efficiency, organizational capacity, and market share.

The adhocracy type of culture focuses on creativity and the courage to take risks (Cameron and Quinn, 2006; Cameron et al., 2014). The matching of HRM practices and a dominant adhocracy culture is positively related to innovations in performance, adaptability, and business growth. Adhocracy culture shapes employee activities and behavior which are characterized as risk taking, high creativity, and adaptable (Hartnell et al.,

2011). The organization provides autonomy, stimulation, variations in work, and opportunities for progress. The culture and practice of HRM adhocracy fosters a strong intrinsic motivation, and encouragement to find new opportunities to produce products, improve processes and simplify bureaucracy, even though it carries high risks. The arguments yielded Hypothesis 4:

Hypothesis 4: the matching of an adhocracy culture and HRM practices positively impacts innovation performance, adaptability, and business growth.

The hypotheses of this study are summarized in Figure 2. The matching between clan culture and human relations (Hypothesis 1 or model fit 1) is expected to positively influence HRM processes, the organizational climate, and employee satisfaction. Model fit

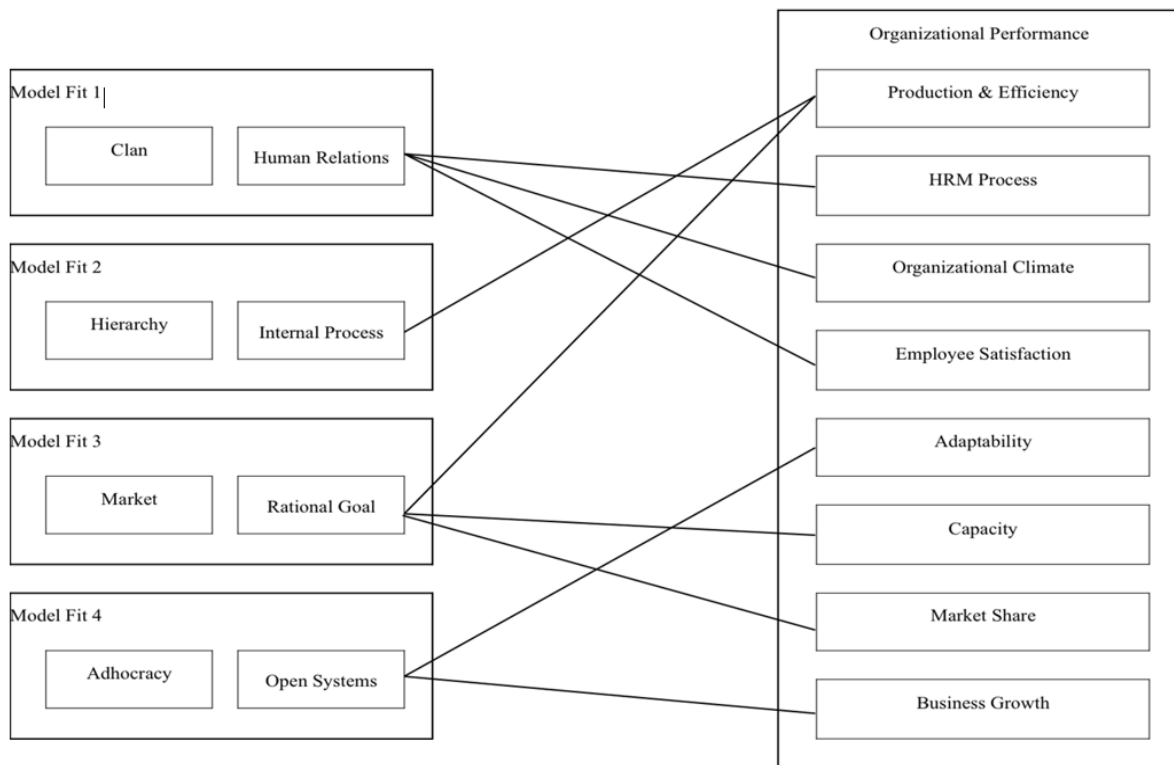


Figure 2. Hypothesis Model of the Matching of HRM Practices and Types of Organizational Culture with Organizational Performance

2 reflects the matching between a hierarchy culture and internal processes. It is anticipated to positively affect production and efficiency (Hypothesis 2). The matching between market culture and rational goals is hypothesized to have a positive effect on production and efficiency, capacity, and market share. This relationship is formulated in Hypothesis 3 or model fit 3. Lastly, Hypothesis 4 or model fit 4 describes that the matching between adhocracy and open systems positively influences adaptability and business growth.

Methods

Research design

The level of analysis of this research is organization. Figure 3 describes the research design utilized in this study, reflecting the model fit between the types of organizational cultures and HRM practices. The impact of the level of fit on the dimensions of organizational performance was then analyzed. The sample in this study consisted of companies

The explanatory variable in this study was the matching between HRM practices and organizational cultures whereas the dimensions of organizational performance were the response variables. Measurement of the matching of the relationship between HRM practices and organizational cultures was carried out using the Euclidean distance formula.

To control the bias that can occur with research conducted at the organizational level, where subjectivity and individual judgment are needed, multi-respondent assessments are used in each organization (Becker, 1996; Panayotopoulou et al., 2003). Two managers, each with at least one year's experience in their current positions, from different areas representing each company, were tasked with responding to a self-administered questionnaire. One respondent held a managerial role in human resources, and the other held a managerial role in a different business function. The responses from the managers were then averaged to get a mean score for every item in the questionnaire.

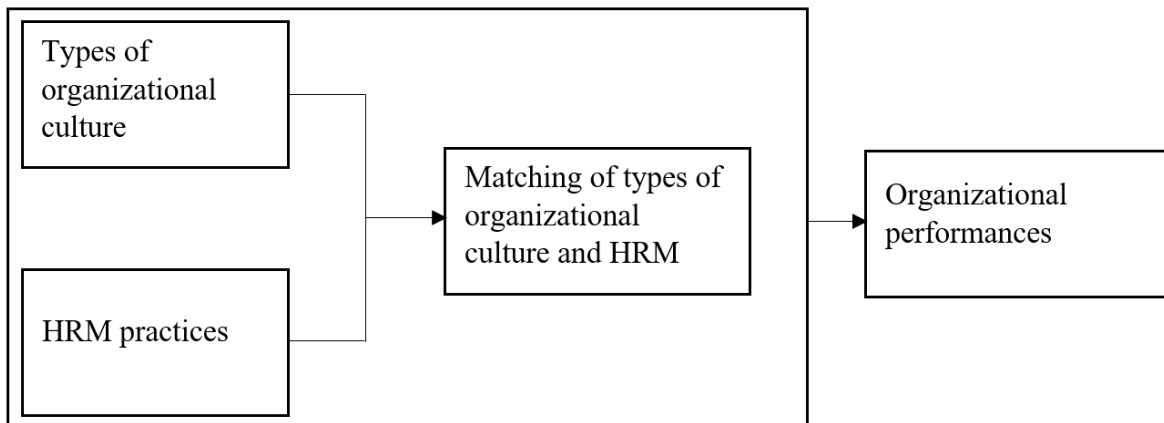


Figure 3. Research Design

operating in Indonesia. The companies chosen for this research had a minimum of 30 permanent employees and had been operating for at least two years.

Data collection procedures

This research included 64 companies from different industrial sectors. Those companies were registered in the Jakarta Industri-

al Classification (Indonesia Stock Exchange, 2010). The classification of the industries the companies were involved in is as follows: (1) agriculture, (2) mining, (3) basic industries and chemicals, (4) miscellaneous industries, (5) consumer goods industry, (6) property, real estate, and construction industry, (7) infrastructure, utilities, and transportation, (8) finance, serta (9) trade, services, and investment.

Measurements

The measurement of HRM practice variables used a questionnaire with a Likert rating scale selected and modified from several previous studies (Delery and Doty, 1996; Panayotopoulou et al., 2003; Loo-See and Leap-Han, 2013). The questionnaire consisted of 64 statements and the Likert ratings had seven points. The internal consistency of

Table 1. Reliability of HRM Practice Variables

No	Type of HRM Practice	Number of Questions	Cronbach's Alpha Coefficient
1	Human Relations Practice	16	0.800
2	Internal Process Practice	16	0.803
3	Rational Goal Practice	16	0.767
4	Open Systems Practice	16	0.712

The companies should have operated for at least two years and have more than 30 employees. These criteria are applied to ensure that the companies involved in this study have a formal human resource management function. Companies with less than 30 employees may be too small to have a formal business function to manage their human resources (Khatri, 2000). The consideration related to the length of a business's operations is that the age of the organization affects the process of forming its organizational culture (Cameron and Quinn, 2006).

Managers from the HR function were then contacted to get permission to involve them in this study. All the questionnaires were distributed through the human resource managers. They are asked to circulate another bundle of questionnaires to their colleagues in the different business functions.

the HRM practice variables varied but were generally included in the acceptable category (Table 1).

Organizational culture variables were measured by modifying the Organizational Culture Assessment Instrument (OCAI) questionnaire developed by Cameron and Quinn (2006). The original OCAI questionnaire used an ipsative rating scale, while the questionnaire in this study used a Likert rating scale that was modified to have seven points. One of the advantages of using a Likert rating scale, compared to an ipsative one, is that the resulting response is an independent response and is in accordance with the statistical testing method used (Cameron and Quinn, 2006). This questionnaire consisted of 48 statements. The reliability of the organizational culture variables is presented in Table 2.

Table 2. Reliability of Organizational Culture Variables

No	Organizational Culture Type	Number of Questions	Cronbach's Alpha Coefficient
1	Clan Culture	12	0.904
2	Adhocracy Culture	12	0.907
3	Market Culture	12	0.881
4	Hierarchy Culture	12	0.813

The dependent variable in this study was organizational performance. Measurement of the organizational performance variables also used a questionnaire with a Likert rating scale that was modified to have seven points. This questionnaire was an adaptation of the Performance Index tool created by Spangenberg and Theron (2004). Thus, organizational performance used subjective measurements, that is to say they were based on the respondents' perceptions. Reliability of the organizational performance variables in general were also classified as good or excellent, as shown in Table 3.

organizational cultures in each clan, hierarchy, market and adhocracy group. The ideal relationship between HRM practice variables and organizational cultures was developed with a theoretical approach. The ideal total score of each culture type group is the highest number of scores from answers about the theoretically matching HRM practice variables, namely clan culture with human relations, hierarchy with internal processes, markets with rational goals, and adhocracy with open systems.

The second step was to calculate and add up the amount of deviation or misfit scores, which are known as the Euclidean distance

Table 3. Reliability of Organizational Performance Variables

No	Organizational Performance Dimensions	Number of Questions	Cronbach's Alpha Coefficient
1	Production and Efficiency	5	0.858
2	HR Management Process	9	0.905
3	Organizational Climate	7	0.896
4	Employee Satisfaction	9	0.942
5	Adaptability	7	0.783
6	Capacity	7	0.853
7	Market share	7	0.878
8	Business growth	5	0.920
	Organizational Performance	56	0.973

Method of analysis

Hypotheses testing was carried out through the calculation of the bivarial fit linear regression coefficient. When testing a hypothesis, if the coefficient on a simple linear regression equation has a negative and significant value, then the hypothesis is supported. The following are the operational steps taken to test this research's hypotheses.

The first step was to determine the value of the type of matching of the ideal relationship between HRM practice variables and organizational culture variables. The matching of the ideal relationship referred to here was the fit of HRM practice variables with or-

(Dist), which is the ideal score difference for each HRM practice variable and organizational culture categories. These were formulated as follows: $Dist = \sum \sqrt{(x_{id} - x_{ac})^2}$ where, x_{id} = ideal core of HRM practice variables according to the culture category (ideal score of HRM practice, and ideal score of organizational culture); the ideal score is the maximum value of each variable. x_{ac} = actual score of HRM practice variables in accordance with organizational culture categories (empirical scores of HRM practices, and empirical scores of organizational culture).

Figure 4 describes an example of a misfit calculation using Euclidean distance. The ideal score (the maximum value) for organi-

izational culture is 84, and the HRM practices score is 112. The empirical score (the score obtained from the respondents' answers) for organizational culture was 60, and for HRM practices it was 80. Thus, the misfit for organizational culture was 24 (84-60), and for HRM practices it was 32 (112-80). Furthermore, the Euclidean distance formula returned a score of 40.

sented each company. The questionnaire was sent to 167 companies, and the data that were returned in full, in pairs (HR and non-HR functions), came from 64 companies, giving a response rate of 38.3%, meaning there were 128 responses used in this study. The average tenure of the respondents was six years, and all the respondents held a managerial role, consisting of 13.3% who were line managers, 78.9% who were middle managers, and 7.8%

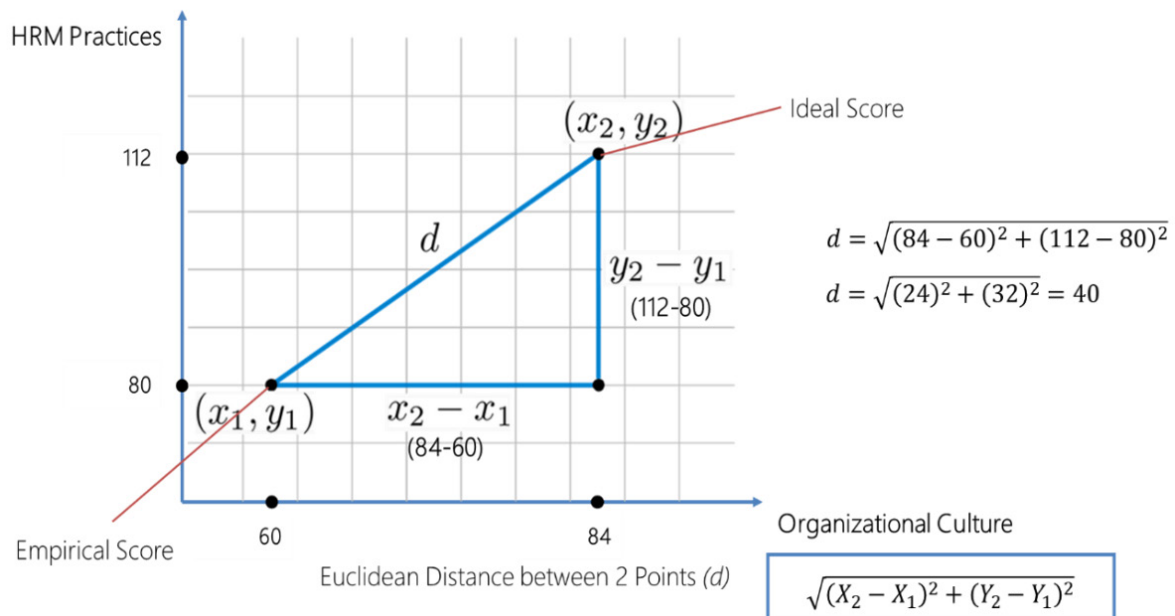


Figure 4. Example of misfit calculation using Euclidean distance.

The third step was testing the hypotheses through linear regression coefficients. The hypotheses in this study were tested using a bivariate fit linear regression. The equation used to test the research's hypotheses was: $Y = a + bDist_{x1x2} + e$ where, Y = organizational performance as the dependent variable; a = constant; b = slope or regression coefficient; $Dist_{x1x2}$ = Euclidean distance in HRM practices and organizational culture.

Results

Data were collected using a questionnaire distributed to respondents who repre-

who were senior managers. Companies that were sampled in this study can be grouped according to their majority ownership, company's age, number of workers, and the industrial sector in which the company operates, as shown in Table 4.

Hypotheses testing in this study used the concept of the relationship fit as matching, based on a configurational perspective (Venkatraman, 1989; Delery and Doty, 1996) by using the results of the Euclidean distance calculations (Drazin and de Ven, 1985). Table 5 presents a statistical description of the Euclidean distance or the misfit of the organi-

Table 4. Descriptive Statistics of Research Respondents

Characteristic	Percentage and Average
Majority Ownership	Government: 12.5% Foreign Investment: 39.1% Public: 18.8% Individuals: 29.7%
Industrial Sector	Agriculture: 6.3% Mining: 14.1% Basic and Chemical Industries: 6.3% Other Industries: 10.9% Consumer Goods: 10.9% Property and Real Estate: 4.7% Transportation and Infrastructure: 10.9% Finance: 15.6% Trade, Services and Investment: 20.3%
Company Age	Average: 24 years
Number of Employees	Average: 6.431

zational culture variables and HRM practices for each type.

A misfit between clan organizational culture and human relations HR practices had a negative effect, which was statistically sig-

nizational performance in the dimensions of the HR management process, organizational climate, and employee satisfaction (Table 6).

Table 7 shows the results of testing the effect of a misfit hierarchy and internal pro-

Table 5. Descriptive Statistics of Misfit (Euclidean distance) of organizational culture and HRM practices.

Organizational Performance Dimension	N	Min	Max	Ave	SD
<i>Euclidean Distance</i> Clan/Human Relations	64	23.32	78.32	43.91	11.01
<i>Euclidean Distance</i> Hierarchy/Internal Process	64	20.16	70.66	41.44	9.35
<i>Euclidean Distance</i> Market/Rational Goal	64	21.51	73.34	41.78	8.69
<i>Euclidean Distance</i> Adhocracy/Open Systems	64	23.69	64.40	46.05	8.81

nificant, on the performance dimensions of HR management processes, organizational

cesses on production and efficiency. These effects were negative and significant. That

Table 6. Effect of Misfit of Clan/Human Relations on Organizational Performance Dimensions: HR Management Process, Organizational Climate, Employee Satisfaction

Work Dimension	Regression Equation Model	R ²	Constant (a)	Coefficient (b)	Sig.
HRM Process	$Y_2 = a + b_1 \text{Dist}_{x_1x_2} + e$	0.547	61.395	-0.428	0.001
Organizational Climate	$Y_3 = a + b_1 \text{Dist}_{x_1x_2} + e$	0.523	46.891	-0,308	0.001
Employee Satisfaction	$Y_4 = a + b_1 \text{Dist}_{x_1x_2} + e$	0.511	62.660	-0.453	0.001

climate, and job satisfaction. In other words, the degree of matching between the HRM practice variables and organizational cultures on the clan type had a positive effect on orga-

is to say, the degree of matching between a hierarchy culture organizational type and an internal process type of HRM practices had a

Table 7. Effects of Misfit of Hierarchy/Internal Process and Organizational Performance Dimensions: Production and Efficiency

Work Dimension	Regression Equation Model	R ²	Constant (a)	Coefficient (b)	Sig.
Production and Efficiency	$Y_1 = a + b_2 \text{Dist}_{x_1x_2} + e$	0.131	31.199	-0.129	0.003

positive effect on organizational performance in its production dimensions and efficiency. The hypothesis related to the relationship between these variables is supported.

influence was only significant on the performance dimension of adaptability. Thus, the degree of matching between the organizational culture variables of the adhocracy type

Table 8. Effect of Misfit of Market/Rational Goal on Organizational Performance Dimensions: Production and Efficiency, Capacity, Market Share

Work Dimension	Regression Equation Model	R ²	Constant (a)	Coefficient (b)	Sig.
Production and Efficiency	$Y_1 = a + b_3 \text{Dist}_{x_1x_2} + e$	0.042	29.135	-0.079	0.104
Capacity	$Y_6 = a + b_3 \text{Dist}_{x_1x_2} + e$	0.073	41.628	-0.136	0.031
Market Share	$Y_7 = a + b_3 \text{Dist}_{x_1x_2} + e$	0.070	43.277	-0.154	0.035

The misfit of market/rational goal satisfaction theoretically influences the dimensions of production performance and efficiency, organizational capacity, and market share. Statistical analysis showed the degree of misfit between the organizational culture of the market type and the HRM practices variable rational goals, had a negative effect

and the practice of open HRM systems only had a positive and significant effect on the organizational performance dimensions of adaptability. Although it was positive, the influence of the degree of matching between adhocracy and open systems on business growth was not significant. The theoretical relationship that underlies the hypothesis re-

Table 9. Effect of Misfit of Adhocracy/Open Systems on Organizational Performance Dimensions: Adaptability, Business Growth

Type	Regression Equation Model	R ²	Constant (a)	Coefficient (b)	Sig.
Adaptability	$Y_5 = a + b_4 \text{Dist}_{x_1x_2} + e$	0.304	45.397	-0.267	0.000
Business Growth	$Y_8 = a + b_4 \text{Dist}_{x_1x_2} + e$	0.044	30.940	-0.096	0.096

on organizational performance for the production dimensions and efficiency, capacity, and market share. However, the effect of the misfit of market/rational goals on production and efficiency was not significant. Thus, the degree of matching of the market/rational goal only significantly affected the capacity and market share. These effects were positive (Table 8).

Table 9 shows the negative effect of the misfit of adhocracy/open systems on adaptability, and business growth. However, this

related to the influence of the adhocracy and open systems matching variables on adaptability and business growth was only partially supported.

Discussion

The results of this study demonstrate that, in general, the misfit between the types of organizational cultures and the relevant HRM practices negatively influenced the dimensions of organizational performance. In other words, the degree of match between

the types of organizational cultures and HRM practices positively influenced organizational performance.

Based on the statistical analysis, the matching between HRM practices variables and the clan type organizational culture had a significant effect on the organizational climate and employee satisfaction. This is in line with the theoretical relationship mechanism that underlies the hypothesis model. Clan culture is closely related to the practice of human relations. The clan culture type focuses on open communication, collaboration, participation, and employee involvement (Cameron and Quinn, 2006; Cameron et al., 2014). The findings of this study support several previous studies. In one of them, as mentioned by Hartnell et al., (2011), the employees tended to have higher organizational satisfaction and commitment due to the clan culture. Muchinsky (1977) had already demonstrated that communication in organizations is based on trust, and openness is related to the organizational climate, and employee job satisfaction. It is supported by a recent study done by Cho and Park (2011), and Fard and Karimi (2015) that organizational trust and a positive attitude by management toward employees positively affected job satisfaction. Openness, involvement and mutual trust foster a conducive and cohesive work atmosphere which is one of the main factors underlying employee satisfaction.

The significant influence of the matching between clan culture and human relations on organizational performance is also shown. Companies with a dominant clan culture define employee attention as organizational success. Each activity is directed toward empowerment, individual development and communication. According to Cameron et al., (2014), contrary to market culture types,

clan culture types emphasize development and change that is long-term and sustainable, including in terms of their HR management. One of them is reflected in how an organization manages and develops its human resources internally, in accordance with the values of trust, involvement and cooperation.

Matching between the hierarchy type of organizational culture and HRM practices variables has been shown to be significantly correlated with production performance and efficiency. According to Cameron and Quinn (2006), the basic assumptions of culture hierarchy are stability and control. Performance and efficiency are long-term goals. The matching of HRM practices and a hierarchy type culture has a positive effect on efficient performance, control and process. This argument is in line with Ho et al., (2011). By implementing control over employee behavior, decision making, and developing a culture of control, an organization will be more efficient. People behave according to this type when they have clear roles and formal procedures that are regulated by their job descriptions and by company regulations.

The results of the study provide support for the proposition that the matching between a market type organizational culture and HRM practices (rational goals) has a significant effect on market share performance, and organizational capacity. Market share includes the scope or position of the company compared to its competitors. Meanwhile, capacity means the strength of the organizational resources. The main values of market culture are competitiveness, aggressiveness and being results orientated. Companies with a dominant type of market culture have a strong competitive spirit and strive to always outperform their competitors. This, in general, affects the standing or position of

the company compared to their competitors. Likewise, HRM practices, such as the supply of labor coming from outside and being ready, setting targets and individual incentives based on performance, as well as practical or on-the-job training are in line with the market culture. The results of this study are supported by the research of Hartnell et al., (2011) who found that market culture is associated with positive organizational outputs, including reputation and customer satisfaction.

Another interesting finding from this study is that the matching of market culture types and HRM practices that are relevant to these cultures does not significantly affect organizational performance, in terms of production and efficiency. A good understanding of consumers and competitors, a focus on tasks, and aggressiveness are not followed by activities that encourage increased production and operational efficiency. Knowledge of external environmental conditions may not be properly converted into knowledge that encourages the type of internal behavior that increases production and efficiency (Yesil and Kaya, 2013).

Finally, the findings of this study also prove that the matching between an adhocracy-type organizational culture and open systems practices is strongly correlated with adaptability. Adaptability reflects the organization's capacity to react appropriately and change rapidly. Companies with a dominant adhocracy culture are characterized by a dynamic and creative work environment. According to Cameron and Quinn (2006), the approach to change used by the adhocracy culture emphasizes new, innovative and unique things that are extremely different from the hierarchy culture that focuses on things that are efficient, sustainable and predictable. However, the effect of match-

ing between an adhocracy culture and open HRM practices does not significantly influence business growth. These findings are not in line with expectations. However, they are similar to the findings of Yesil and Kaya (2013). Probably, the insignificant influence of the matching of an adhocracy culture and related HR practices is due to the effect of culture on organizational performance, not directly but through mediating variables, such as innovativeness.

Conclusion

This study aims to analyze the effect of the degree of matching between HRM practices and organizational cultures and its effect on organizational performance. The results reinforce the opinion of academics who believe that HR practices must be consistent with the contingency factors that exist in organizations. More specifically, this study demonstrates that, to achieve optimal performance, the HRM practices system proposed by the organization must fit with the organizational culture types.

The conclusions that can be drawn from this study are as follows: (1) The misfit between a clan type organizational culture and human relations (a type of HR practice) significantly, but negatively, influence the organizational performance of the HR management process dimensions, organizational climate, and employee satisfaction. In other words, companies with clan cultures that practice HRM with a human relations type approach tend to have a higher organizational climate, a higher level of employee satisfaction, and better HR management performance compared to the other three types of HRM practices. (2) The misfit of a hierarchy type culture and the internal process of HRM practices has a significant negative effect on

the organizational performance of production dimensions and efficiency. Accordingly, companies with a hierarchy culture that practice HRM with internal process types tend to have better productivity, compared to the other three types of HRM practices. (3) The misfit between a market type culture and rational goal practices significantly and negatively affect organizational performance in the dimensions of capacity and market share, but this has no significant effect on production and efficiency. Therefore, companies with a market culture that implement HRM practices with the rational goal type approach tend to have better capacity and market share performance, compared to the other three types of HRM practices but they do not differ in term of production and efficiency. (4) The misfit between the organizational culture of the adhocracy type and open systems practices negatively and significantly influences organizational performance in the dimension of adaptability. Hence, companies with the type of adhocracy culture that practices an open system HRM tend to have better adaptability to the business environment, compared to the other three types of HRM practices. In contrast to our initial expectations, the matching of adhocracy and open systems has no significant effect on business growth.

Practical implications

This research makes a significant contribution to business practitioners and academics in several ways. It has demonstrated the positive effect of HRM practices matching and organizational cultures on organizational performance. Although culture is known to have a significant impact on organizational performance, it is relatively stable and requires time to change it. Meanwhile, HRM practices are relatively easier to adapt to orga-

nizational culture types, in order to produce a more optimal performance.

In organizations with the clan culture type, adjusting HRM policies, strategies and practices can facilitate better HR management processes, improve the organizational climate and employee satisfaction. Therefore, companies need to prioritize the development of their HRM practices according to the clan culture type.

Meanwhile, with the hierarchy culture type, adjusting HRM policies, strategies and practices can facilitate improvements in production performance and efficiency. Human resource management must focus more on the control aspects of the practices carried out; for example, in the formulation of strict and binding company regulations, clear career paths, specific job descriptions, and a narrower range of control organizational structures.

In organizations with the market culture type, HRM policies, strategies and practices must be developed with the aim of facilitating the enhancement of a company's resource capacity and position in the market. The end result is the main benchmark for determining practices that are appropriate with this type of culture. Employee retention is not a suitable practice for this type of culture; therefore, there can be a high turnover rate as long as meeting employee needs can be achieved quickly and precisely through the use of various sources of manpower. In this type of culture, it is very important to win the competition in the labor market by creating competitive remuneration schemes and strong corporate brands. In line with this, employee development methods can be in the form of practical work or on-the-job training, so that work and competency development targets can be met simultaneously.

In organizations with the adhocracy type of culture, adjusting HRM policies, strategies and practices can benefit companies as they adapt to changing business environments. This adjustment can be carried out by prioritizing flexibility in their HR practices. For example, job descriptions are made to be flexible and organizational structures to be dynamic. Development methods that are recommended are rotation, job enlargement, job enrichment and so on. Likewise practices such as flexi-benefits or flexi-time work schedules could be considered suitable for this type of organizational culture.

Theoretical implications

This research contributes to the concept of fit as matching in several aspects. Firstly, in general, the findings of this research support the concept of fit as matching in relation to organizational performance. The alignment of organizational culture and HRM practices should be developed based on the characteristics of every aspect of culture and HRM practices. A misfit negatively influences organizational performance.

Secondly, the universal approach may be effective in many cases (Zhang and Morris, 2014; Jeong and Choi, 2016). However, this research shows that when aspects of HRM practices do not fit with the types of organizational cultures, organizational performance will be negatively affected. However, the degree of fit does not significantly affect organizational performance in two cases: market/rational goals of production/efficiency, adhocracy/open systems on business growth. Consequently, a differentiated approach may be relevant to consider when implementing HRM policies (Huselid and Becker, 2011). HRM practices should be developed not only based on their level of fit with the type of organizational culture, but also on their optimal

impact on organizational performance. To be more effective, investments in HRM practices need to emphasize a specific type that shows a stronger influence on a particular dimension of organizational performance (Clinton and Guest, 2013).

Limitation

From an academic point of view, this research provides a new perspective for the study of organizational culture, human resource management practices, and the performance of an organization. However, there are some weaknesses that should be considered for future research.

First, the level of analysis of this research focuses on organizations, but the measurements used are more focused on data drawn from the individual perceptions of two relevant officials. Thus, research with a more objective method involving a panel of experts to measure research variables might improve the accuracy of the results.

The second weakness is also related to the measurement method. This study uses a modified Likert method for the typology of HRM practices and organizational cultures. Unfortunately, the use of such a method makes it difficult for this research to differentiate between the uniqueness of HRM practices and the culture that organizations actually have. Therefore, future research could use a different method in the form of an ipsative assessment scale on the HRM practice questionnaire and organizational culture, to better describe the dynamics of the four types of variables for each respondent. This would enrich the results of research and discussion.

Finally, the low response rate has resulted in relatively little data being collected. This situation might affect the generalization of the research results.

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