Cope with its problems of external adaptation and internal integration

2. 1 CORPORATE CULTURE

(Shein 1996), defined culture as: ……. ‘ a pattern of basic assumptions that a group has invented, discovered or developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid, and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.’ This he said is evident in the approach that members of the organizations use to perform their given tasks and the manner that key decisions about important issues of the organization are executed. The manner this is done, buttresses the organisations’ policy, strategy and procedures.

Other shared definitions by learned scholars refer to organisational culture as “ pattern of shared values and beliefs that help individuals understand organizational functioning and thus provide them with the norms for behavior in the organization”(Deshpande and Webster 1989), “ a set of cognitions shared by members of a social unit” (O’Reilly et al., 1991). According to (Laurie 2008), organisational culture is a combination of traditions, values, policies, beliefs, and attitude that establishes a general framework for everything done in an organisation. It can also refer to the form of beliefs, values, and ways of managing experience that have developed during the course of the organization’s history, and becomes noticeable in its material arrangements and the behavior of its members. (Brown 1998). (Gupta 2009), in his write up, stated that organisational culture is a set of unwritten rules meant to guide the employees towards an standardardised and rewarding behaviour.

Despite the differing definitions of corporate culture by many researchers and authors, some of them have collectively agreed that corporate culture entails combining the pattern of behavior, beliefs, procedures and values that make up the organization’s identity; and also to assist in the structuring of the user’s behavior. It is very significant to view how people perform within the context of the group, sharing with a group of people in an organization is the main definition of corporate culture that most authors agreed on. (Deshpande and Farley, 1999).

Many studies demonstrate that organizational culture is one of the most important factors with a significant role in determining how an organization performs (Chatman and John, 1994, Hofstede et al, 1990, Schein, 1990, Denison, 1990, Gillespie et al, 2007). According to Lewis (2002) organizational culture has been confirmed to be a lasting theory in the prediction of the organizations’ performance.

In addition, many researchers such as (Denison, 1990; Ambro`, 2004; Ouchi, 1981; Kwantes and Boglarsky, 2007; Berry and Parasuraman, 1992; Stein and Bowen, 2003) have confirmed the relationship between organisational culture and effectiveness. Some other authors have investigated culture from a strategic point of view and have presented culture as a basis of competitive advantage (Wilkins and Ouchi, 1983; O’Neill et al, 2001; Hasmi and Asaari, 2007). Choe (1993) establish a strong relationship between corporate strategy and culture. He found that firms that practice the business strategy tends to have a culture that develops over time and those that apply defensive strategy tend to have hierarchical culture. According to (Deshpandé 1999), investigations into market orientation suggest that the existence of an innovative and entrepreneurial culture is strongly associated with exceptional business performance. Collectively, these reports suggest that an organizational culture that puts more importance on customer-oriented behaviours, cross-functional teams, performance-based rewards, adjustment and reactive attitudes to change, and a higher degree of risk taking and improvement, is likely to contribute to have successful customer relations management system implementations.

Detert (2000) was responsible for alerting other organisational researchers on the importance of the relationship between organisational culture and quality of services. His research shows that there is a close relationship between a quality service system and organisational culture. Starkey and Woodcock (2002) reiterated the importance of a customer oriented service system. They stressed that organizations that are less customer oriented are more likely to perform poorly in terms of sales output as against those that are customer oriented. To survive in the highly competitive retail service markets, organisations need to provide products and services that will produce highly satisfied and loyal customers (Westbrook and Oliver, 1991). According to (Asif and Sargeant, 2000), several benefits accrue to the organisation via customer loyalty such as generation of profit, costs related to promotions, advertising and start-up costs are limited. More so, chances of increase in customers will be high, as satisfied customers will recommend the organisations' products and services to others. As a result, customer satisfaction can be the key factor to the growth of the business, in term of market share and profit.

Service organizations were investigated by Gilbert and Parhizgari (2000) who established that different service organization cultures are successful in different contexts. Researches into the relationship between organizational culture and performance in organizations have confirmed that their culture characteristically and uniquely affected their performance Ambro (2004). Trice and Beyer (1993: 174) warn that though organizations may have unique cultures, they should not be considered to have a single, homogeneous culture. Curry and Kkolou (2004) identify customer focus, participation, and teamwork as important cultural issues influencing customer relations outcomes. They suggested that empowering employees to excel at customer service and ensuring their job security also contribute to customer relation success.

Uniformality of Organizational Culture

Though organizational culture is basically termed to be the existence of shared value system and beliefs, this does not however imply that there is no sub-culture within an organization (Jermier et al., 1991). In arguing their case, researchers commented that most organisations have multiple cultures ingrained within the basic corporate culture, and these are known as sub-cultures (Ouchi, 1980; Ashforth and Mael, 1989). According to (Bellou, 2007) sub-groups in organizations can generate sub-cultures that build specific networks of meaning and meanwhile still remain associated with the ideologies and values of the organization’s leadership. However, the inherent culture mutual to the generality of the organization is known as the dominant culture. In fact, when talking about the organizational culture absolutely the dominant culture is meant.

Originally, it was assumed for a long period that the organizational culture is static (Schein, 1983). However, according to (Barely, 1983) many other researchers have challenged this assumption, claiming that the organizational culture is dynamic and is evolving to suit the organization growth stage. Researching the dynamic nature of organizational culture, Zheng, Yang, and McLean (2010) argued that as the organization develops through different growth stages i. e. start-up, growth, maturity, and revival, so also does the dominant organizational culture follows many stages i. e. inspiration, implantation, negotiation, and transformation.

On the relationship between the perceptions of the function of the organizational culture of the employees and the customers of the particular organization, Parasuraman et al. (1985) proposed that employees can correctly forecast customer perceptions of many determinants of service quality and are mainly accurate in service quality areas such as courtesy and responsiveness.

Concerning customer attitudes about service quality, Schneider, Parkington & Buxton (1980) and Schneider and Bowen (1985) remarked that customer attitudes regarding service quality were significantly correlated how employees view the issue of customer service. Furthermore, Conduit and Mavondo (2001) found that the combined effects of customer orientation and market orientation have a considerably strong infuence on an organization’s performance. Subramony, Beehr and Johnson (2004) confirmed positive links between employee and customer perceptions on service effectiveness, group maturity, and service quality. However, other studies do not support their conclusions. A study by Shahani-Denning (2000) disagreed by revealing that customers and employees often perceive organizational effectiveness from different perspectives.

Identification of the Organizational Culture

For the rationale of identifying the organizational culture system, Allaire and Firsirotu (1984) suggested that three interconnected sets of systems can assist in identifying organizational culture. Following Schein's (1990) write-up on culture, the first is the socio-cultural system, which covers organizational structures, strategies, policies, and other associated management practices. According to (Mackenzie, 1986; Thompson, 1967), this sub-system of organizational culture follows the classic theory of management that centers on attaining set organizational goals through task-oriented management. Conventionally, leaders have the prevailing role in deciding how tasks apportionment is structures within the organization. Towards this end, leaders tend to manage the core technology of the organization through clarifying the goals of the organisation, structuring the procedures that would lead to achievement of these goals, and develop strategies that convert these goals into outcomes (Bossert et al. 1982; Mackenzie 1986).

However, scholars have suggested that the development of the cultural aspects of any organization is a powerful function of the top management, meaning that it is the duty of leaders in the organization to set the organizational goals and purposes and channel their decisions effectively to all those involved (Heck, Larsen, & Marcoulides, 1990; Reynolds, 1986). In developing the organizational culture, Bolman and Deal (1984) and Owens (1987) emphasized that it is the role of leaders of organizations to teach organizational values and promote organizational missions.

Strong versus Weak Culture

(Sorensen, 2002; Rosenthal & Masarech, 2003) have argued that there is a clear demarcation between strong and weak organizational culture and the way they influence organizational performance and employees behaviors. Furthermore, it has been extensively debated by academics and practitioners that a strong culture, the measure of belief and acceptance of shared culture, is the overriding determinant of the performance of any organisation (Deal & Kennedy, 1982; Peters & Waterman, 1982). The strength or weakness of a culture according to (Peters & Waterman, 1982) is determined by firstly, the economic value it adds to the organization in order to create competitive advantage for the organization. Secondly by the uniqueness and how valuable the organizational culture is as this will help the organization to behave differently from their rivals. Finally, the structure organizational culture of an organization must not be easy to imitate and not be transferable in order to create competitive advantage for the organization. There is a general argument that strong cultures have a greater impact on employee behavior and are more directly linked to reduction in staff turnover, the organization’s core values are both intensely held and widely shared and that a lofty conformity concerning what the organization stands for, builds cohesiveness, loyalty, and organizational commitment.

Based on these there have been numerous efforts by scholars to give details of the performance supremacy of some very big organizations based on their organizational cultures (Deal & Kennedy, 1982; Peters & Waterman, 1982). However, based on their findings, they concluded that the better performance of these companies can be attributed basically to their core value sets such as human resource management practices, customers and suppliers' relationships established and maintained by their leaders. These management practices promote innovativeness of these organizations, improved the employees' self-esteem and quality of work life and consequently led to competitive advantage (Peters & Waterman, 1982). Notwithstanding the fact that profit is the main goal of most organization, most research efforts are spent on customer satisfaction and experiences gained within a service organization (Anderson et al., 1997). Bowen et al (2000) and Gupta et al (2005) studied organisational culture and customer satisfaction and established the strong link between these two factors that have great influence on the conditions of organizational effectiveness.

Organizational Culture Theories

Daniel R. Denison, who is a Professor at IMD in Lausanne, Switzerland has done many researches on cultural impact on organizational effectiveness. He established that there are four basic cultural traits that can have impact on positive performance and these which are adaptability, involvement, mission and consistency. The effectiveness and culture model for (Denison 1990) as this is known, represents the relationship between management, corporate culture, effectiveness and finally the performance of the organization. This model is structured to lay emphasis on the significance of association in management practices with the beliefs and principles when investigating the effectiveness and culture of the organization in relation to its performance.

The Adaptability Theory

According to (Denison, 1990), the adaptation theory lays emphasis on an organization's ability to accept, interpret and translate interference from the external environment into internal norms that could be the organization's goals that lead to survival or success. The three key aspects of adaptability; perception and response to the external environment, the ability to respond to internal customers and prompt reaction to either internal and external customer, are likely to have an strong effect on an organization's effectiveness (Denison, 1989), and requires the capacity to reorganize and a laid down set of behaviours and processes that allow for organizational adaptation.

The Involvement Theory

This theory whose feature includes constructing the individual ability, responsibility, duty and ownership proposes that a high level of involvement and participation increases a sense of ownership and responsibility (Denison, 1989). Here, employees are meant to be involved in decision making and have a reasonable degree of autonomy, and this could lead to higher performance.

The Mission Theory

The mission of the organization provides rationale and meaning by defining a social responsibility. Provided the organization's purpose is understood and used to guide the behaviour, discussions and decisions of the members, it leads to greater commitment and effective performance (Denison, 1989). A second major influence that mission affected on organization performance is the direction and clarity. It is the long term development for the corporation. Evidently, mission gives a clear trend and objectives for the members and organization that is provided to identify the appropriate course of action. Success according to Denison (1995) is more likely when it is goal directed. The definition of common goal shall coordinate well with the structured a positive organizational behaviour.

The Consistency Theory

Positive culture such as a shared beliefs, values and symbols among the organizations members will allow them to coordinate their actions, but this must be done continually.

The basic concept of this theory is that inherent control systems based upon internalized values are a more successful means of achieving coordination than external controls systems which are based on explicit rules and regulations (Denison, 1995). Consistency is the necessary basis of power, direction, formation and integration and can generate an internal system depending on the support of all involved. Most effective organization seems to merge the consistency and involvement principles in continual cycles. (Denison, 1995)

2. 5 MEASURING CORPORATE CULTURE

Organizations are meant to understand their existing corporate culture before deciding to develop or make changes to their organizations strategy. Measuring corporate culture in the organization is the greatest technique to develop the understanding.

Qualitative method can be used to study the corporate culture (Siehl and Martin 1988); however, the benefits may possibly be purchased at a cost while typically the gathered data cannot structure the basics for systematic contrasts. Corporate culture can be examined theoretically through contrasts among the departments in the organization, it is also very important to contrast the memberâ€Ÿs reply with the organization to understand the feature of culture. Data can be gathered from various departments in the same corporation which will assist in the contrast.

There are a variety of ways of measuring corporate culture depending on the cultures makeup. The culture's elements can be observable, for instance quantitative methods or conscious like behaviors and values. Corporate culture was defined in previous sections as behaviors, norms and values, which lay emphasis on the conscious elements.

It can also be measured using the combination of qualitative and quantitative methods, which includes interviews, questionnaire and surveys, to examine and the cultural trend (Rosseau 1990).

According to (Xenikou and furnham 1996), the questionnaires must be used in order to measure organizational culture. Learned scholars, Researchers and also managers are using questionnaire in measuring corporate culture, since they are keen on understanding and amending corporate culture where necessary. Several empirical studies have been conducted to measure quantitatively corporate culture which was done by various researchers; for instance (Cooke and Lafferty's 1989) developed a culture questionnaire in " Organizational Culture Inventory", while (O'Reilly et al, 1991) developed " Organizational Culture Profile".

Denison and William Neale has developed the " Denison Organizational Culture Survey" which is used in testing the link among corporate culture and financial performance measures such as profitability, improvement, market share, growth of sales, values and the satisfaction of employees. This research will be based on Denison's questionnaire, and will be used to find the relation between corporate culture and customer satisfaction in the retail sector using (………………………)

2. 6 IMPACT OF CORPORATE CULTURE ON ANY ORGANIZATION

In recent times, corporate culture has captured the attention of many organizations due to its effect on the organization's achievement. Researchers such as (kotter and heskett 1992) believed that there is a long lasting effect of corporate culture on the performance of the organizations. (Schwartz and davis 1981, choe 1993, Rashid and ananthararaman 1997) supposed that there a relationship between organizational strategy and corporate culture, especially in the application in an organization of a particular strategy.

Corporate culture is one of the most significant elements in the range of the behavior performance in any organization, particularly in understanding the structure of the organization. This means that the success or otherwise of the organization in accomplishing its objectives and target was influenced by the corporate culture.

2. 2 Customer satisfaction

Survival in today's highly competitive markets means that it is imperative that organisations have to provide services that lead to highly satisfied and loyal customers (Westbrook and Oliver, 1991). Customer satisfaction is currently " the new standard by which customers are measuring business performance" Nagel and Cilliers (1990, p. 4).

Customer satisfaction is an organization's capacity to create awareness, attention and retain customers and also to develop customer relationship over a certain period of time. Most at times, it is often seen as the satisfaction benefited from the products or services of an organization. In addition, it is considered to be the key to a successful and long-term competitiveness. The understanding of customer satisfaction is the means of realizing the customer's expectations, a source for gaining, retaining and studying organizational effectiveness in the course of service delivery. All organisations are confronted with the challenge of discovering the critical factors that influences customer satisfaction and loyalty (McDougall and Levesque, 1992) and can decide on the actions necessary in meeting customer desires if it understands perceptions.

In Deshpande et al.'s (1993, p. 27) definition, customer orientation is: . . . the set of beliefs that put the customer's interest first, while not excluding those of other stakeholders such as owners, managers and employees, in order to develop a long-term profitable enterprise.

(Slater and Narver, 1994) sees customer orientation as basically associated with customers welfare, listening to the voice of the customers and delivering service and solutions based on their best interest and wants. In recent years, several researchers have opined that organisations centering their activities on the needs of their customers perform better than those companies that do not, will more likely to meet long-term goals and increased financial performance (Homburg et al., 2002; Lytle and Timmerman, 2006; Narver and Slater, 1990). According to Darby et al.'s (1997), the level of customer satisfaction can be measured through the extent to which employees show customer service orientation.

Fornell et al. (1996, p96) highlight the significance of the relationship between customer satisfaction and perceived value. They identified three backgrounds of customer satisfaction as perceived value, perceived quality, and customer expectations. Some other literature also supports the relationship between customers' perceived value and customer satisfaction (Hellier et al., 2003). According to (Eggert and Ulaga, 2002), perceived value can either be pre- or post-purchased as customers seek additional benefit in contrast to the cost at the time of purchase of a product or service.

(Ambro and Praprotnik, 2008), argued that customer satisfaction is a concept that cannot be universally used as its meaning is based on different conditions and different points of view and is the result of individual customer judgments. Several other researchers of customer satisfaction have introduced different concepts and different views of organizational performance outcome. In Rust et al.'s (1996) opinion, customer service is seen to be all about perceptions. This is more so since service cannot be tested before it is sold, and can neither be stored, returned nor exchanged. Based on this, customers' understanding of service experience and interpretation of it is the crux of the matter (Gro¨nroos, 2001; Ross, 1995).

Wilson (2002) opined that customer satisfaction is vague and complex in nature, and is generally comprised of various components measured with different methods under different conditions. O'Neill and Palmer (2004) see customer satisfaction as a cognitive concept and as a state of the mind. Edvardsson (1996) argues that customer satisfaction is an individualistic concept which is uniquely understood by individual customers. This paves way for the assumption that customer satisfaction can be understood to be a web of psychological, social and physical variables, which is associated with the perceptions of a satisfied customer. Anderson, Fornell, and Lehman (1994) argue that customer satisfaction is first and foremost an emotional state of mind and the outcome of the long-term relationship between customers and service providers.

Ning-jun Zhang et al (2007) show that employees are to an extent emotionally dependent on the organization and this encourages their efforts to satisfy customers. Parasuraman, Zeithaml & Berry (1988) see customer satisfaction in terms of qualitative and quantitative elements of the service. Zeithaml & Bitner (2000) suggested a simpler definition of customer satisfaction based on the level of customer needs and expected satisfaction, which directly affects the degree of customer dissatisfaction.

(Bolton and Drew 1991; Parasuraman; Zeithaml, and Berry 1988) opined that customer satisfaction is used to measure future customer expectations while quality measures future customer service expectation, the outcome they say is this they say is the relation between expectations and performance.

According to (Ambro and Praprotnik, 2008), there has been the emergence of two definitions of customer satisfaction. The first type defines customer satisfaction as an outcome of a buying experience (Westbrook and Reilly, 1983), while the second definition sees customer satisfaction as a benchmark between the actual purchase and the purchase expectations of the customer (Hunt, 1977).

Researchers have found a strong and positive relationship between customer satisfaction and intentions to repurchase (Anderson and Sullivan, 1993; Mittal and Kamakura, 2001; Oliver, 1980). Nonetheless, the connection between satisfaction and actual loyalty behavior is still ambiguous, and the relationships that occur between satisfaction, intentions and actual behavior is still confusing (Rust et al, 1995)

Regardless of its complexity, customers do not have any problems with the definition of satisfaction even if it is not deliberately explained (Gupta and Zeithaml, 2007). This is the reason it is so important that the management of a service organization primarily sees the customer's point of view of the organisation's strength that results in delivering the service that fulfils the customer's social, personal and physical expectations regarding service quality. Service organizations must consider customer satisfaction as a key leverage point to differentiate themselves from other organisations (Gillespie et al, 2007).

Customer satisfaction is the outcome of his or her needs and expectations which influence the interaction with service providers and other customers. The quality of this interaction impacts customer decisions to repurchase the service, his retention and the intention of the customer to recommend to other potential customers and finally to pass on useful information about the service quality and delivery. Customer satisfaction is related to different ways of interacting with the environment. A positive recommendation is a social interaction, which is positively related to customer retention, reduces transaction costs and increases long-term profitability (Jamieson, 1994, Mackey, 2005). Word of mouth has great communication power because it is a direct transmission of customer satisfaction to other potential customers. Weinberger, Allen and Dillon (1981) and Herr et al (1991), are convinced that word of mouth is more important than information about service generated by marketing activities. The communication power of word of mouth is manifested when the service provider fails to meet the complaints of the customer or his reactions are not congruent with the customer demands. The highest importance of word of mouth is when customer reaction to the service provider is negative (Richins, 1983).

The result of negative perceptions is a dissatisfied customer, who rarely decides to repurchase the service from the same provider (Newman and Werbel, 1973). The worst case is when a customer refuses to buy another service from the same provider (Fitzgibbon and White, 2007). Word of mouth is closely related to the customer intentions to repurchase the service (Gupta and Zeithaml, 2007).

Customer satisfaction in service industries

To survive in highly competitive markets, organisations need to provide services that yield highly satisfied and loyal customers (Westbrook and Oliver, 1991). As Nagel and Cilliers (1990, p. 4) claimed, customer satisfaction is currently “ the new standard by which customers are measuring business performance”.

Satisfied customers are more inclined to be loyal, producing several benefits for organisations (Asif and Sargeant, 2000; Hansemark and Albinsson, 2004; Reichheld and Sasser, 1990). First, repeat business generates income. Second, it limits costs related to acquiring new customers, such as advertising, promotion and start-up activities. Third, satisfied customers often “ spread the good news” and recommend products and services to others. Consequently, customer satisfaction is considered to be a key to organisational survival (Jones and Sasser, 1995), as well as increased market share (Rust et al., 1992) and profitability (Heskett et al., 1994).

All organisations are faced with the challenge of identifying the critical factors that determine customer satisfaction and loyalty (McDougall and Levesque, 1992). Nevertheless, the service industry has several particularities that need to be taken into account. Services are more or less intangible, their production and consumption are inseparable, and customers are – at least to some extent – active participants in their production process while service production and consumption are simultaneous (Gro¨nroos, 1982, 1988). Moreover, due to the fact that the " production process" of services involves employee-customer interaction, it is hard to ensure consistency and reliability (Haysa and Hill, 2000; Jun et al., 1998). For all these reasons, customers' perception of the service experience is frequently the only way accurately to estimate quality level of services provided (Babakus and Mangold, 1992).

This is probably the reason why the argument that customers are greatly influenced by their interaction with employees when assessing services provided is gaining increased recognition within the services industry (Boshoff and Tait, 1996).