

Corporate culture in relationship marketing assignment

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Abstract Objective : To study and review an article that focuses on the corporate culture in relationship marketing. (The role of corporate culture in relationship marketing ??? Iglesias. O et. al, 2009) **Methodology :** The paper used a qualitative methodology involving interviews of related personnel. The interviews were then analyzed through the grounded theory method. **Conclusion :** It was learnt that there are two key values that are needed to put relationship marketing in effect, which are client orientation and high degree of concern for employees.

It was also found that there are six other values named trust, commitment, teamwork, innovation, flexibility and results orientation that also help facilitate the instillation of relationship marketing. **Research**

limitations/implications : The research paper provided insights into the role of corporate culture in relationship marketing. It did not actually have a statistical study but had a qualitative approach. **Paper type :** Literature

Review Introduction The Relationship Marketing concept was one of the most popular concepts during the 1980's and 1990's (Little and Marandi, 2003).

This concept provided a paradigm shift in marketing theory and practice from the traditional transactional approach (Iglesias. O et al, 2009; Buttle, 1996; Gronroos, 1997). According to the literature, it states that to successfully implement and execute a relationship marketing orientation, it is necessary to first instill and develop a corporate culture (Gronroos, 1997; Iglesias. O et. al; 2009). The paper is an in depth analysis of the corporate culture of a relationship marketing oriented company. The methodology is qualitative and fieldwork is done by 58 in-depth interviews on three case studies. **Literature Review Relationship Marketing**
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Previous marketing concepts were traditional and based upon a transactional type of approach. Using the marketing mix concept, more useful tools were brought in to market the mass consumer goods, but this approach failed when dealing with services and business between companies (Gronroos, 1994; Coviello et al, 1997; Iglesias. O et al, 2009). Current trends have shown the emergence of a new approach named relationship marketing, which emphasises the importance of establishing and maintaining relationships between customers and buyers. The term Relationship Marketing was first used by Berry (1983) 20 years ago (Little and Marandi, 2003).

The concept was also studied before by Culliton (1948) who used the term “customer marketing”. Relationship marketing is offered as an alternative strategy to the traditional marketing mix approach, that provides a means of obtaining sustainable competitive advantage and the best way to retain customers (Little and Marandi, 2003). Relationship of this sort is defined as a series of voluntary repeat business between a supplier and a customer where the behaviour is planned, cooperative, intended to continue for mutual benefit and is perceived by both parties as a relationship (Little and Marandi, 2003).

According to the paper reviewed, for this new relationship marketing to be developed successfully, a basic requirement would be the creation and development of a corporate culture which supports the new approach (Hunt and Morgan, 1994; Gronroos, 1997; Gummesson, 1997; Iglesias. O, 2009).

Corporate Culture Culture consists of the beliefs, behaviors, objects, and

other characteristics common to the members of a particular group or society (Cliff, 2011). Management scholars began to get interested in the concept during the 1980's. In 1979, Andrew Pettigrew was one of the first to study the topic of organizational cultures.

The studies prior to the reviewed paper focused mainly on the influence of corporate culture on companies' performance. Schein (1992) was the first to create a model for analysing and intervening in the culture of an organisations. Geertz (2000), Smircich (1983), Louis (1985), Shultz (1995) and Alvesson (2002) have also considered other elements that were not in Schein's (1992) work, such as the meanings and symbols created within an organization and holds it together, these meanings and symbols need to be deciphered and interpreted.

Research problem and methodology Very little academic research has been done to study the relationship between corporate culture and relationship marketing empirically (Jarrat and O'Neil, 2002; Igelsias. O, 2009). According to Winklhofer et al. (2006), there has been no study anchored in the cultural definition of relationship marketing, even though there has been increasing attention towards the concept. Despite this, there are some scholars such as Wilson (1995), Yau et al. (1999) and Sin et al. (2002) that have incorporated studies of corporate culture in the concept of relationship marketing. Wilson (1995) focused on some core relationship building variables which can be understood from a cultural standpoint, Yau et al. (1999) also adopted a construct based on relationship-marketing-orientation which comprised four components named bonding, empathy, reciprocity and trust and how these

components influenced the business performance of three industries. Sin et al. (2002) also adopted the same approach as Yau et al (1999) but included two more components named communications and shared values on top of the other four components described by Yau et al. (1999). Problems faced by this research paper was that most of the studies before this focused mainly on measuring the strength of a relationship and on the impact of relationship marketing on business performance but did not explore in detail the corporate culture of business oriented towards relationship marketing.

A previous study by Jarrat and O'Neill (2002) identified four organisational cultural dimensions (broad consultation, communication, innovation and flexibility) that support successful relationship management practices. Jarrat and O'Neill (2002) were one of the first academicians to develop approaches to relationship marketing through its cultural dimensions and lend empirical support towards this paper's study between corporate culture and relationship marketing. Methodology

The paper's research was based on a qualitative method. Out of all the qualitative methodologies, the grounded theory was chosen because it is a method which allows a theory to emerge from the fieldwork and this would be most useful for the formulation of new theoretical models in cases which little empirical research exists, such as the case with corporate culture's role in relationship marketing (Iglesias, O et al. 2009). Sample and data collection
The research is focused on a service industry, which is hospitality.

The hotels were chosen based on the feedback of five professionals in which they were asked to name the hotel chains operating in Spain which in their

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opinion had the best relationship marketing strategy. The top company (A) in the list was selected to conduct an in depth exploratory study involving 35 in-depth interviews. The following listed company (B), was selected to conduct a second case study as required by the grounded theory proposal which advocates the use of constant comparisons. A third company (Z) which did not implement any relationship marketing strategy was also included in the sample to contrast the findings.

The research also recognises the possibility of the existence of subcultures (Martin and Siehl, 1983) or ambiguous interpretations of this culture, thus several in-depth interviews were held with middle managers, and front line employees. A total of 58 in-depth interviews were conducted in eight hotels and corporate offices throughout Spain. Data Analysis and Interpretation The data of this research was interpreted using the grounded theory method. The NVivo software was also used to define codes and to carry out constant comparisons which are the core of the grounded theory.

Throughout the open, axial and selective coding process, several shared values appeared among the relationship marketing oriented companies which determines the corporate culture of relational organisation. During the process, two main categories or key shared values were found. These values are “ client orientation” and “ concern for employees”. These key values shared a high profile and were shared quite uniformly across all organisational levels of relationship marketing oriented organisations.

Findings

Key Shared Values i) Client Orientation The employees of company A and B are fully aware that client orientation is important and crucial for the positive and successful implementation of a relation marketing strategy. Managers stress the importance of customer orientation and the importance of knowing clients, also to provide the customers with a personalized and excellent service. This is conveyed to all parts of the workforce through managers and they convey it through ongoing reminders to the staff.

This is an ongoing reminder or memory work that managers have to do all the time to remind all staff especially the front liners. Even the room maids and waiters have stated that the customer was king and they have to always anticipate the customers needs. As for the contrasting company Z, the management is extremely aware that customer satisfaction is of great importance but client orientation operates at different levels in the different strata of the company. Not as A and B where all levels share the mutual understanding of client orientation. i) Concern for employees This is the second key value of a company that operates within a relationship marketing orientation manner. The management has to have a high level of concern for the employees. Management in company A and B is able to see employees as an internal client and therefore as a resource that has to be carefully managed and not a cost that has to be absorbed. Management of both A and B recognise that their employees are to be looked after and kept satisfied so that their employees can convey the same philosophy to their end users or customers.

They also recognise that their employees are the ones who create the perception to clients regarding their service and they take their employees as internal clients that have to be managed. The employees also perceive that the company looks after them and their needs. This is made possible by implementing meetings and bottom-up mechanisms to gather employees opinions and thoughts. Training on customer orientation and promotion also helps. The management also instills constant closeness and approachability which induces the thought that the management is looking after them.

As for company Z, the level of concern for the employees is much lower, with more concern on middle management and less on frontline employees.

Shared values i) Trust Both company A and B trust their workers and give them a high level of empowerment. Even if there is a corporate hierarchy, managers often give their staff trust and give them ample scope in carrying out their jobs. Both companies maintain this trust through training, communication and promotion policies which in turn will ensure that employees will respond efficiently and satisfactorily to their customers.

As for company Z, trust is given to top management and middle management but lower level employees get substantially low level of trust.

ii) Commitment For company A and B, strong commitment is seen on all levels of the workforce. This is seen in particular to the hotel directors of company A which have spent all their professional careers in A and have grown with the company. As company B has been multinational for years, not all workers have been involved in the expansion, but here is clear

visibility that there is relation between growing development and increasing commitment to the company project.

All employees of company B are also aware that the company demands their fullest commitment. Both company A and B realize that there is lack of commitment at the lower levels of the workforce but agree that it is crucial that this problem is dealt with immediately as this will affect the level of service given to their clients. As for company Z, there is a high level of difference in commitment between middle management and front line employees, this is said to be mostly because of the high turnover rate of the lower level employees. iii) Teamwork Teamwork is crucial for company A and B.

Most of the staff understand and stress that it is extremely important to work as a team in order for the client to receive the best of its service. A relationship marketing strategy would not be successful without teamwork, thus teamwork needs to be set up properly. Both companies A and B use courses to integrate teamwork into their workforce. Other activities such as conflict resolution teams are also set up for this purpose. The study shows that when employees feel that they are contributors to a team, it is more likely that they will work together to meet the customer's needs and provide an excellent service.

Company Z also sees that teamwork is important due to the fact that in any service company involving multiple interactions with the client. iv)

Innovation Both company A and B promote innovation as a stimulus behind continual improvement in customer satisfaction. There are constant revisions

of strategies and and relationship policies. These innovations appear to be value creation for their customers. Most of the workforce perceive their company as being innovative and are able to highlight the innovations done by their company. As for company Z, innovation is not a shared value. v)

Flexibility

Employees that are flexible is essential when adopting a relationship marketing strategy, as the road from a traditional marketing to relationship customer oriented marketing is long and winding. It seems that both companies A and B, have difficulties in change but despite that, the flexibility of the employees helps in the change. Also flexibility is seen more with the younger workforce compared to the older ones. Company Z on the other hand does not have flexibility on its workforce. vi) Results Orientation All workers should share certain standards and they have to be aware that the company will be watching that the standards are met.

In both company A and B, results orientation is extremely relevant and has a direct consequence on salary. Limitations of the Research The research was done only in hotels in Spain. It could have been conducted over a greater geographical span. Interviews were also limited to Spain, there could be more differences found if it was conducted worldwide. Also, the research findings of the present research cannot be generalised. Conclusion and Propositions The research paper is the first empirical study to present a corporate culture model for a relationship marketing oriented company.

It is found that the main findings of this study are consistent with existing relationship marketing literature. There is high amount of similarity in the

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emerging values of company A and B especially regarding the key shared value. A clear contrasting difference is witnessed with company Z. Future studies may include other service oriented companies such as banking for example. We may be able to study the different corporate culture values between different branches of the bank but within the same organisation and how this relationship marketing within the branch helps in the increment of sales and revenue.