

# [Effect of organisational culture on customer satisfaction](https://assignbuster.com/effect-of-organisational-culture-on-customer-satisfaction/)

Researches by some academics have made it known that a company’s culture is closely linked to its effectiveness and efficiency (Kotter & Heskett, 1992). In addition, according to (Morgeson, & Krishnan, 2006) customer satisfaction is an increasingly significant factor of an effective organization in today’s competitive business setting. Prospects arising from increase in globalization by companies, advancement in technology, and outsourcing have meant that companies are increasingly turning their attention to laying greater emphasis on customer service across national borders in order to reduce costs, while at the same time trying to increase customer user-friendliness through day-to-day activities of the firm.

## ORGANISATIONAL 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.’

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 organisation’s history, and becomes noticeable in its material arrangements and the behaviour of its members. (Brown 1998). (Gupta 2009), in his write up, opined that organisational culture is a set of unwritten rules meant to guide the employees towards an standardardised and rewarding behaviour.

## TYPES AND MODELS OF ORGANISATIONAL CULTURE

In order to appreciate the incorporation of organisational culture, it is very important to examine and search for different models to improve the understanding of the concept of organizational culture.

## I. Schein’s Three Layer Organizational Model

These three layers as explained by (Shein 1996) below are stages of organisational culture that should be categorized carefully with the purpose of avoiding any theoretical misperception.

Artefacts and Creations – the Artefact and Creation layer is the observable stage of corporate culture, it includes the social environment. Usually researchers study the artistic productions, technological output, physical space in the artefacts and Creations stage.

Values – usually values symbolize the significant things for individuals, they are affective wants or needs and conscious. The existence of values is very important for the organization in order to function competently and share ideals among staff.

Basic Assumptions – a specific group of individuals study how to manage and handle the difficulties of internal integration and external adaptation through developing and discovering the assumptions.

## II. Denison’s Effectiveness and Culture Model

The effectiveness and culture model for (Denison 1990) represents the relationship between management, corporate culture, effectiveness and finally the performance of the organization. This model is equipped to stress the important association in management practices with the beliefs and principles when examining the effectiveness and culture of the organization and its performance.

Involvement – this feature includes constructing the individual ability, responsibility, duty and ownership. Corporate culture is described as “ highly involved” strongly support participation and generate a sense of responsibility.

Adaptability – the adaptability feature means translating the environmental business demands into action.

Consistency – is the vital source of power, course, formation and integration.

Mission -is the long-term trend for the corporation.

According to (Laurie 2008) organisational culture can be grouped into four main classes namely power culture, role culture, task culture, and person culture.

Power Culture- entirely dependent on central power source and control is excercised by key individuals. Role Culture – this type of culture is characretised by bureacracy and is based on rationalisation of all aspects of the organisation with role and job description more important than the individual. Emphasis is laid on position as the main source of power. Task Culture – job or project oriented. Person Culture – here, the individual is the central focus and every resource available is there to serve the individuals within it. (Laurie 2008). The type of culture inherent in an organisation may be decisive for organisation’s ability to serve its customers effectively. For example, organisations with a culture with respect for the interest of people value their members by displaying concern for their well-being, growth, and development and lay emphasis on the need for cooperation. Such a culture is more effective than one that emphasizes power, control.

(Gupta 2009) went further by suggest the existence of two levels in organisational culture; The visible aspect of the organization which he said is reflected in artifacts, symbols and visible behavior of employees, and the hidden aspect which is related to fundamental values and assumptions that employees make regarding the acceptable and unacceptable behaviors in the organisation. Organisational culture in its entirety consists of traditions, values, norms and physical signs (artefacts) of organisation members and their activities. Practically speaking, the members of an organisation will eventually come to understand the particular culture of their organisation. Then, although the culture is one of those factors that are difficult to express definitely, nevertheless everyone knows it when they sense it. Hidden rules and assumptions become an organisational culture as these rules are implemented over time. A strong culture shapes the behaviour pattern members of the organisation in the absence of policies, procedures or advice from supervisors and managers.

## CUSTOMER SATISFACTION

Satisfaction is a general customer attitude by a consumer towards a service provider and an emotional reaction to the difference between what customers anticipate and what they receive in terms of service and or product. When customers are satisfied, they are more likely to return, while dissatisfied customers are more likely to go elsewhere (Levesque and McDougall, 1996, Zineldin, 2000). Customer satisfaction is an important constituent of a successful and thriving organization and can be directly associated to increased profit margins and greater employee satisfaction, customer retention, and repeat purchases to organisations that consider customer satisfaction a key factor in its marketing strategy. An organizations social setting-whether it is called ” culture” or ” climate”-is an important driver of customer satisfaction. As stated by, (Ferris et al., 1998) organizational climate can facilitate a positive relationship between human resource practices and customer satisfaction, supporting a social context model for predicting customer satisfaction. Against this background, this paper aims to explore the way organisational culture affects customer satisfaction in the automobile industry setting, based on the general perceptions of front-line employees. However, according to Darby et al.’s (1997) the customer service positioning show a positive relationship with different procedures of measuring customer satisfaction, and consequently it is assumed in this paper that the degree to which front-line employees are oriented towards customer satisfaction is an revealing measure of customer satisfaction.

(Schneider et al., 1998) reiterated that there are different dimensions to employees understanding of the appropriate form of organisational culture, based on whether they are managers or not. Such differences in perception are linked to their different positions within the organisation. In addition, since the front-line employees (managers) deal with more pressure, managerial demands, and are responsible for their subordinates, they will be more likely able to understand the possible effects of organisational culture on customers.

## RESEARCH AIMS AND OBJECTIVES

After a critical analysis of the research, the following aims and objectives established for this research are:

To analyse the effect of organisational culture on the effectiveness of the organisation.

To study the organisational culture of Ford Motors.

To understand the relationship between Ford Motors’ organisational culture and customer satisfaction.

## RESEARCH QUESTIONS

Does organisational culture have any effect on customer satisfaction?

What sort of corporate culture does Ford Motors possess?

What is the effect of Ford Motors’ organisational culture on customer satisfaction?

## LITERATURE REVIEW:

A number of academic researchers have studied various elements of organizational culture and customers’ satisfaction. However, only a few experimental studies have studied the link between the characteristics of an organization’s work environment (organisational culture) and this important aspect of organizational effectiveness (customer satisfaction) e. g., Conrad, Brown, & Harmon, 1997. Most of the studies that have observed this impact have focused on the relationship between service-oriented climates and customer satisfaction. These studies, while making a very important contribution, have lean towards emphasising on the impact of a ” climate for service” or ” service climate” on customer satisfaction. In doing so, they may run the risk of neglecting some general organizational characteristics that can affect a wider range of organizational outcomes.

Starkey and Woodcock (2002) opined 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 automobile 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, 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. A popular supposition about the role of organizational culture as it relates to customer satisfaction is that if an organization possesses a “ strong” culture by demonstrating that it has a well-integrated and effective set of defined values, beliefs, and behaviors, then it will achieve a higher level of efficiency.

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. According to (Deshpandé 1999), investigation into market orientation suggests 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.

Every organisation has to face the task of ascertaining the critical factors in their organisational culture that will ensure customer satisfaction and loyalty (McDougall and Levesque, 1992). For all these reasons, customers’ perception of the service experience is frequently the only way accurately to estimate quality level of services and product provided. Within many organizations, identifying these issues may be easy or complex depending on the type of culture involved. In either case, the development of a fitting solution is difficult and the application and maintenance on a long run complex, time-consuming and costly. However, an effective organizational culture is one of the key components influencing an organization’s capacity to elicit customer satisfaction and to thrive in the long term.

## RESEARCH METHODOLOGY:

Research methodology is basically the procedures and processes of collecting and analysing data. There are two types of research methodology – positivist and interpretive. In this study, we would use positivist approach in order to collect and analyse data. According to Comte (1971), researchers that demonstrate the use of real life, data is known as positivist approach. Conversely, when researchers have a set of assumption about the outcome of the research, it is known to use interpretive approach (Malhotra 2003). As mentioned in the objectives, we aim to find the effect of organisational culture on the effectiveness of the organization and to do so, we would have to use factual data from Ford motors, and therefore, positivist approach will be used in this study.

## Research Strategy

According to Brymen and Bell (2007: 135), a researcher can follow five research strategies in conducting his research. They are: 1) longitudinal 2) experimental 3) cross sectional 4) case study and 5) comparative. For this study, case study approach will be used in order to accomplish the research objective. This is because the effect of organisational culture would be analysed in this research in order to figure out its effect on the customer relations of the company.

## Research Approach

A set of methods researchers use in order to achieve the concluding remark on the research objective of the subject matter is known as research approach. According to Saunders (2003), there are two types of research approaches available to conduct a research and they are Inductive and deductive approach Deductive approach is mostly used when researchers needs to find a causal relationship between the variables while inductive approach is a widely used method for qualitative researches. Since the primary aim of this research is to find out the effect of organisational culture on customer satisfaction, the researcher will employ inductive approach for the research.

## RESEARCH METHOD:

Different types of primary and secondary sources would be used in order to collect data regarding organizational culture and customer satisfaction.

Primary Data is the vital data gathered by researchers via interviews, surveys or questionnaires (Anderson 2005). In this report, interviews and questionnaire will be used to provide the study a better understanding of corporate culture and the financial performance from all level of employees. The source that will be used in primary data is a survey and separate interview sessions with managers, executives and even temporary employees in Ford Motors.

Secondary Data: Secondary data will be collected through researchers who are conducting the research. This data will be sourced from many departments and the web site in Zain Company, along with published and academic journals, articles, books, online resources and many other data from previous authors.

Interviews: Interview is one of the most effective ways of conducting qualitative research. In this study, interviewing method will acquire a clear knowledge about the organisational culture of Ford Motors. There are many types of interviews such as structured, semi structured, focused group, in depth and so on. In this study, semi structured interview will be used since it is well known method to clear the doubts and misunderstandings that might arise from the interviews. It should be mentioned here that the primary feature of semi structured interview is flexibility from both interviewees and interviewers side.

## ANTICIPATED METHOD OF ANALYSIS AND FINDINGS:

## Data Analyses

This study will involve both qualitative and quantitative data analysis techniques in order to establish its objectives. A qualitative approach will be used while in order to demonstrate the relationship between organisational culture and overall performance of the company. Conversely, quantitative approach will be adopted to create a relationship between organisational culture and customer satisfaction.

## CONCLUSION:

This research will focus on the organisational culture factors inherent in Ford Motors and the individual effects these factors have on customer satisfaction.