

The different effects of the cultural determinants management essay

[Business](#), [Management](#)



As already noted by Hofstede (1990) and Gordon (1985), cultural values of the whole society where all the companies operate have a big and profound impact on the culture of those companies. As also asserted by Hofstede (1990), individuals enter organizations as adults carrying all the values they acquired in their early youth; and this is where the role of the national culture resides. Therefore, the societal culture factors those individuals bring along with them to the company have a major role in the evolution of the company's specific culture, and more particularly where all members will share one common sub cultural background inside the organization. In 1980, Hofstede identified societal culture dimensions – collectivism and power distance – to explain the differences across nations. Each one of those dimensions is a characteristic of how work is conducted inside organizations and therefore exerts an influence on customer orientation and learning orientation. The main focus was on collectivism and power distance because of their direct effect on internal integration inside firms. The emergence of customer orientation and learning orientation relates to the internal organizational dynamics such as freedom of expression of views, sharing information, cooperation and quality on interpersonal interactions.

3. 1. 1- Collectivism

Wagner and Moch (1986) stated that the cultural trait of collectivism captures the importance people give to the interests of a larger workgroup like coworkers opposing it to the personal interests. Yilmaz and Hunt (2001) noted that collectivist cultures encourage the subordination of personal interests to the interests of a large workgroup and highlights on sharing and cooperation unlike individualistic cultures that value independence and

competition. Doney et al. (1998) and Newman and Nollen (1996) stated that collectivist cultures prioritize supportive organizational practices, interpersonal connectedness, joint responsibility, harmony and group solidarity. Therefore, a great tendency to exchange information and ideas, support and assist each others, develop commitment to the organization and discuss problems openly arises. The utilization of knowledge and ideas like those related to customers are very easy in collectivist cultures than individualistic ones. In individualistic cultures, employees strive to learning and have a responsibility towards market information and customers needs but others view this behavior as instrumental because those employees behave in that way to reach their own personal goals. And more than that, the observation of such behaviors in individualistic cultures depends on how much they are rewarded. As a result, customer orientation and learning orientation are more likely to be observed in collectivist cultures than in individualistic ones.

H1: the greater the degree of collectivism, the greater is the level of customer orientation and learning orientation.

3. 1. 2- Power distance

Hofstede (1980) noted that " power distance is the extent to which less powerful members of an organization accept and expect as much as their superiors that power is distributed unequally across hierarchical levels".

When the degree of power distance is high, people will participate less in decision making and will rely more on rules and procedures. In such companies, employees will barely take responsibilities outside the scope of

their work and will fairly act on urgent marketplace information or provide individual input into strategy and planning. More than that, power relationships that will be characterized by a lack of informal communication will delay or prevent the acquisition of knowledge through learning and inhibit the diffusion of this knowledge within the organization. Therefore, and as a result, a high level of power distance will have many negative implications for both customer orientation and learning orientation.

H2: the greater the degree of power distance, the less is the level of customer orientation and learning orientation.

3. 1. 3- Interrelationship of Customer orientation and learning orientation and its effects on firm performance

While Slater and Narver (1995) and Hurley and Hult (1998) have noted the strong association between customer orientation and learning orientation, the question remains of whether customer orientation is a driver of learning orientation and vice versa. Both systems give importance to the use of information processing and the difference between those two cultural value systems is obvious. A customer oriented system has an influence on information and activities related to customers and prioritize its use in all strategic processes. Therefore, customer orientation facilitates learning orientation. As Baker and Sinkula (1999) noted, learning orientation is more inclusive than customer orientation in terms of both the scope of the information processed like learning from mistakes and the high examination of this activity like the long held challenging norms and assumptions that are held inside the organization. Therefore, learning orientation contributes positively to customer orientation.

H3: a positive relationship exists between a customer orientation and a learning orientation.

Regarding the effects of customer orientation and learning orientation on firm performance, we distinguish between the performances components that relate to external organizational outcomes like financial and market performance and internal organizational processes like qualitative firm performance. In 1990, Schein noted that companies need to cope with problems related to external adaptation and internal integration. Therefore, customer orientation and learning orientation have a positive effect on the performance of the company. These two systems provide customer value, respond to opportunities effectively and improve internal processes.

H4: the greater the level of a customer orientation and learning orientation, the greater is the level of financial performance and qualitative firm performance.

Customer orientation and learning orientation complement each other in terms of facilitating organizational success. Customer orientation has a stronger effect on the financial and market performance than learning orientation and learning orientation has a stronger effect on qualitative performance than customer orientation. A high level of customer orientation should have an immediate effect on the speed of the firm's response to external events like those related to customer expectations and therefore facilitates sales and financial earnings. On the other side, learning orientation organizations should also have an external emphasis through its information acquisition processes where learning is an internally driven process because it requires that information is utilized by all units. Therefore,

the properties of learning orientation will make it a stronger predictor of qualitative performance than customer orientation like quality improvements, innovativeness and employee attitudes.

3. 2- The role of cultural strength

Schein (1985) asserts that one of the qualities of organizational culture is its degree of strength. For building customer orientation and learning orientation systems and in order to effectively transform these systems into collective actions, one should understand the dominant values in the firm and their strength. In strong cultures, members inside organizations share a common set of values and the dominant values are held so deeply that individuals adhere to them with great commitment. Therefore, a strong culture may or may not be consistent with the specific set of values that are suitable for the emergence of customer orientation and learning orientation, but it certainly connotes a solid agreement with regard to what is important or not, appropriate or inappropriate and right or wrong. The relationship between cultural strength, customer orientation and learning orientation is contingent upon the dominant value set. A strong culture should facilitate customer orientation and learning orientation if the dominant elements fit the aspects of those orientations and inhibits customer orientation and learning orientation if it fails to exhibit such a fit. We develop hypotheses regarding the effects of cultural strength on customer orientation and learning orientation relationships. In order for a company's culture to influence performance outcomes, it needs to be strong and must possess distinctive traits. When values are strongly shared, an improvement of the

coordination of activities and goal alignment across all departments is highlighted. Therefore, the effects of customer orientation and learning orientation on firm performance will grow stronger as cultural strength increases. In order to transform customer and learning oriented values into strategies, we should have a strong culture that will allow agreement across all organizational units or departments. Where there is no cohesiveness, it will be much difficult to implement and utilize customer and learning orientation information in operations and procedures. When groups are cohesive, a greater employee commitment is highlighted and reduced job stress and ethical behavior is put into account. Firms that share a minimal experiences show stronger effects of customer orientation and learning orientation on effective information processing, innovativeness and firm performance.

H5: the positive effect of a customer orientation and learning orientation on qualitative firm performance and financial and market performance is stronger when cultural strength is high than when cultural strength is low.

3. 3- Method

For the purpose of this study and in order to better understand the effects of the cultural determinants of customer orientation and learning orientation on the firm performance, we have created a questionnaire. The data was collected via face to face interviews (using the questionnaire) or via contacting the designated key person of the company and sending the questionnaire to be filled and returned in hard or soft copy. The informants were top level managers and at least two employees from different

hierarchical level in each of the 50 sampled organizations located in Lebanon. Medium and large sized companies were included in the sampling. After a series of contacts, some firms were visited in order to explain to them the purpose of this questionnaire and assist them in its answers. Some of the employees were not able to answer the questions related to the market dynamism as they do not have sufficient knowledge. Those were mainly collected from the general manager or the chief executive officer. The informants were selected from different departments and levels in order to obtain sincere responses and views from different positions inside the company. To sum up, the employees having managerial positions answered all questions but the lower level positions