CORPORATE CULTURE – AS A BARRIER OF MARKET ORIENTATION IMPLEMENTATION

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Abstract

The culture, supporting effectiveness of marketing activities, is most frequently designated by two basic terms in the literature: as the marketing culture or as the market culture. If the corporate culture shall be of marketing or market character, which in both cases means figuratively market-oriented, then the basic prerequisites shared by the members of the company should incorporate for instance that the company is affected by the environment in which it exists, that the company is able to establish and analyze impacts of the environment and react to them; that the company is able to satisfy needs of the key stakeholders (customers, suppliers, intermediaries, etc.). And the basic values accepted by the company and shared by the members of the company should accommodate such values like: team work, highly competitive and result orientation, high internal and external orientation, market aggressiveness, success, flexibility, interfunctional cooperation, etc.; norms of behavior in the company (continuous market success monitoring and measuring, market-related innovativeness and flexibility - non-bureaucratic solution of problems, openness and sincerity in market-related communication - interfunctional coordination, market-related quality orientation, market-related velocity, market-related staff appreciation, etc.) must conform to these values. The content corporate culture characteristics indicated above are of key character for the market-oriented company. The relevant method of thinking shall be shared in the whole company and reflected at all corporate levels. The market orientation should become the dominant culture pulling the company together. On the other hand, when the above noted basic values don’t accepted by company and don’t shared by members of company then corporate culture should be an important barrier of market orientation implementation.

Aim of the article and research questions: Paper is focused to the problem of corporate culture as a barrier of market orientation implementation. The paper includes theoretical insight of market orientation implementation in companies from the corporate culture point of view. Contemporary cognition implicates the fact, that implementation of marketing concept depends on sharing degree of corporate culture by members of company. These facts and others are starting points for notification of importance corporate culture for corporate market orientation implementation and designing the research methodology.

Methods used in research: Setting out from an analysis of theoretical resources dealing with market orientation concepts, a theoretical framework of empiric research was developed based on the triangulation method. Conclusions of theoretical and empirical insights are summarized in several selected results of the research made that deal primarily with the identification of key barriers of market orientation implementation in high-tech companies in Czech Republic.

Conclusions: Though the marketing concept principles are accepted widely by the companies, continuous development of managerial skills in the current dynamic environment requests effective marketing planning, which still remains the problematic sector in many companies. The researches point out that only very few business entities do really understand this sector and apply sophisticated marketing activities. Existence of organizational barriers, preventing implementation of marketing programmes and customer-oriented strategies, is on the one side considered one of the main reasons of failed marketing in the companies. On the other side, there is an objection claiming that low level of marketing activities should be rather linked with the human element playing an important role in the course of implementation of the marketing strategies or the market culture level of the company. The paper is written in the framework of research project “Research of implementation of market orientation in high-tech firms” supported by Grant Agency Czech Republic (GA 402/07/1493).

Keywords: corporate culture, market orientation, barriers, research agenda, high-tech firms, Czech Republic, preliminary research

Introduction

Contemporary authors may give similar interpretation to the term corporate culture, but their content definitions are relatively varied (Lukášová, R., Nový, I. et al., 2004). According to Lukášová, Nový et al. (2004) most of the definitions of these authors are lists of structural elements, or they underscore a specific function of a corporate culture. The problems encountered in defining corporate culture come from the ambiguity of the term itself. "When discussing cultural aspects of organisations, three different terms are used in the Czech specialist literature, i.e. podniková kultura (Bedrnová and Nový, 1994, Nový et al. 1996), firemní kultura (Pfeifer and Umlaufová, 1993) and organizační kultura (Bělohlávek, 1996, Vláčil et al., 1997). Their contents, however, are identical. In foreign literature, the most frequently used term is organizational culture (i.e. organizační kultura), while the term corporate culture (i.e. podniková kultura or
Organizational culture can be defined as a set of basic assumptions, values, attitudes and standards of behaviour that are shared within the organisation and are expressed in the thinking, feeling and behaviour of the members of the organisation and in the artefacts of tangible and intangible nature.” These authors also note that authors agree mainly in that organisational culture needs to be viewed as a multidimensional phenomenon, elements of the organisational culture representing its basic structural and functional elements are structured into several mutually dependent layers, and the artefacts and behaviour need to be considered as the external perceptible layer of the organisational structure, which is determined by the internal, invisible layers of the organisational structure. "The principal parameters of culture that determine its functionality in an organisation are the content and strength of the organisational culture” (Lukášová, Nový, 2004, p. 32). The content of culture is represented by basic levels (assumptions, values and standards of behaviour shared in the firm and outwardly represented by means of behaviour and artefacts. Corporate culture strength defines the extent to which these elements of individual levels are being shared by members of the firm, which significantly influences the firm's operation. The content determines whether this influence will be a positive or a negative influence. Weak corporate culture means that there is very little sharing of common assumptions, values and standards of behaviour among members of the firm, and their behaviour is more influenced by their individual characteristics, i.e. personal characteristics, values and standards of behaviour.

When delineating corporate culture, it is also important to take into account what functions it performs in the firm. According to Lukášová, Nový et al. (2004), the functions can be summarized as follows:

- to reduce conflicts in the firm
- to provide continuity, to mediate and facilitate coordination and control
- to reduce workers' uncertainty and to enhance their satisfaction and feeling of emotional well-being
- to provide incentives (i.e. serves as a source of motivation) and, if it is sufficiently
  - intensive and contextually relevant, it is a competitive advantage.

Through the functions it performs in the firm, it influences the behaviour of people within the firm as well as the firm's behaviour towards its external environment. With respect to the implementation of market orientation in the firm, it is also important to mention the relationship between corporate culture, strategy and the environment. Corporate culture greatly influences the setting up of strategies as well as their implementation. The content of corporate culture is expressed in the workers' everyday behaviour, and it may be a major positive factor for strategy implementation or, on the contrary, a potential hindrance to it. If the firm's strategy is clearly and precisely formulated and in line with the content of strong corporate culture, then the culture will act in support of strategy implementation. In its turn, strategy influences the content of corporate culture. It is expected that strategy will be communicated by means of the mission, detailed into a system of objectives and procedures for their attainment. If successfully implemented, it will produce the results expected, people will identify themselves with it, and it will transform itself into an approved pattern of behaviour which will be passed on as "the way things are done in this firm". The ideal situation is not a complete harmony between the strategy content and the culture content. A certain level of conflict creates space for new strategies. The source of the conflict is the adaptation of culture to the environment.

**Strong culture: its pros and cons**

The pros and cons of a strong corporate culture are best characterized with respect to their impact on the company's performance. The most important advantages include the fact that a strong culture produces harmony in the workers' perception and way of thinking, regulates their behaviour and provides for the sharing of common values and objectives. Corporate culture thus becomes a major source of coherence in the company, and a source of motivation for its workers. With respect to disadvantages, the authors emphasize mainly the focus of such firms on their past history, their disregard of signals from the environment, lack of ability to think in alternatives, and resistance to change.

**Corporate culture content adequacy**

Corporate culture can, to a larger or smaller extent, activate and steer workers. The question is whether it can also help improve the firm's performance. To put the question more precisely, what is the adequate content of corporate culture that will enhance the firm's performance. Many authors (Scholz, 1987,
Kotter and Heskett, 1992, Brown, 1995, Cameron and Quinn, 1999 and others) agree that corporate culture must be contextually and strategically adequate. That means that it is in harmony with the requirements of the environment in which it exists, and that it is in harmony with the firm's strategy content. **If the firm's strategy is strong and in line with the content of strong corporate strategy, then by supporting the implementation of that strategy it also supports the firm's performance.** From this we may deduce that the most important for implementation is the harmony (identification) between strategy and culture. The extent to which the identification has taken place will then influence the success of implementation and overall business performance. In different types of culture, different procedures, methods, types of organisation and management styles may be effective (Cameron, Quinn, 1999). The contextual and strategic adequacy of corporate culture is also reflected in the managerial practices and company management styles used. Among the multitude of models that have been produced in an attempt to describe the contents and strengths of corporate cultures, the most detailed and frequently cited in specialists literature is the Competing Values Model (CVM), which incorporates the extent of the organisation's (external or internal) orientation to the requirements of the environment, and also the degree of flexibility and stability **vis-à-vis** the environment. It is the model that best responds to the latest theoretical postulates of market orientation with respect to its targeting to both internal and external elements and activities that affect the firm's operation and thus help enhance its performance.

**Competing Values Model – starting point for corporate culture measuring**

The Competing Values Model has been developed by Bob Quinn and John Rohrbaugh (1983) a developed fully by Cameron and Quinn (1999). The original intentions to prove relation and link between the corporate culture and corporate performance have lead to the unplanned outlet: to the corporate culture content through research of the organizational effectiveness criteria (Lukášová, Nový et all., 2004). Within the framework of this research the authors have established two core dimensions, creating axes of their model of corporate effectiveness: flexibility versus control and internal versus external focus. The developed Cameron’s and Quinn’s model of four cultural corporate orientations has been based on it Afterwards. Each of four model quadrants represents a certain set of corporate effectiveness indicators. The model axes are based on the model of cultural types (Quinn (1988) and Cameron and Freeman (1991) and are described as follows: 1. organic processes (characterized by flexibility and spontaneity) versus mechanical processes (characterized by control, stability and order) and 2. internal focus (characterized by integration and maintaining activities) versus external focus (characterized by differentiation and competitiveness). Four quadrants, reflecting four cultural types, are created in the point of intersection of these axes. Cameron and Quinn (1999) have elaborated this scheme into the competing values model of four cultural types (see Fig. 1). Singh (2004) has used this model in her research of market orientation of the machine tool industry firms in Great Britain; Singh has applied the premise that these cultural orientations are content-related with the level of market orientation of the companies. According to her hypothesis the level of market orientation of these companies differs individually from the highest to the lowest one, depending on the corporate culture types (market, adhocratic, clan and hierarchic), which the companies are governed by. The hypothesis has not been confirmed in the examined branch, but the research has proved that there is the positive association between the adhocratic culture, market culture and high market orientation level. It might be evident (and Singh’s research has been based on it) that in relation to the higher market orientation level the market culture will be significant. But the results have revealed that adhocratic culture is most significant and the market culture only follows. Consequently, the differences have been found even in the sequence of individual cultural types (adhocratic, market, hierarchic and clan). The hierarchic culture, followed by the clan culture, represent the next dominant cultures. Both cultures have shown rather negative relation to the market orientation of the companies, which conforms to our considerations that the corporate culture can in certain cases even impede implementation of the market orientation of the company. Results of the research have failed to prove unambiguously that the clan and hierarchic cultures hinder market orientation of the company. The author herself has indicated that under certain circumstances they can rather determine market orientation of the company. Further significant variables, affecting relation of the culture type and the level of market orientation of the company, which a great attention has to be paid to in the researches, are mainly as follows: the so called variable environment, i.e. market turbulences, technological turbulences, intensity of competition, etc.
Flexibility and discretion

![Diagram of cultural types](image)

**Figure 1.** Model of cultural types: competing values of management, effectiveness and organizational theory types (Cameron, Quinn, 1999, p.41), tools and objectives (Quinn, Rohrbaugh, 1983)

**Competing Values Model content, individual cultural types and effectiveness of companies**

The first model dimension (flexibility and discretion versus stability and control) reflects that certain companies are effective by being flexible, reflecting change and dynamics of the environment and, on the other side, some other companies are effective by being stable, reflecting strict order and providing control. The second dimension (internal versus external orientation) differentiates the effectiveness criteria emphasizing the internal orientation, integration and uniformity from those, stressing external orientation, differentiation and competition (Lukášová, Nový et al. 2004). Individual quadrants are characterized by specific objectives which the company tries to reach and by the tools for their reach. The latter represent the third dimension included in the culture content of individual types (Lukášová, Nový et al., 2004, p.83). Individual quadrants include in particular certain basic elements (assumptions and values) creating the core of the corporate culture. Effectiveness of the companies can be based on different corporate culture contents, provided they conform to the conditions. Homogeneity of the corporate culture content means that the people in the company share the same basic prerequisites, values and behaviour norms. In this case the corporate culture has a strong orientating impact, reflected by conflict-free decision-taking and by smooth communication. In practice such status is unique and rare, culture of mainly the medium-sized and large companies is characterized by existence of subcultures having their specific content. In case of the Competing Values Model we can assume that the corporate culture will become a certain combination of all four cultural types. The Cameron’s and Quinn’s typology describes the prevailing corporate values, and the related strategic priorities are incorporated in individual cultural types which are also reflected in the prevailing atmosphere, in the style of management and in the criteria of corporate success. This is most probably caused by the fact (Lukášová, Nový et al., 2004) that it has been formulated in relation to search for conditions of corporate effectiveness and that identification of the level of representation of individual cultural types in the corporate culture enables to assess the implicit strategic corporate orientation. Contents of individual cultural types are characterized according to the authors above as follows:
The clan culture is characterized by a very friendly working environment. Shared values and objectives, “we” consciousness, team thinking are typical for it. It has rather the character of an extended family than of a business entity. The managers play the role of the “parents” and loyalty or tradition pull the company together. Long-time benefit of development of each individual is stressed here. A great importance is vested to solidarity, moral, working environment. The customers are considered the partners. Success is connected with the character of the internal climate and care for the employees.

Hierarchical culture is connected with formalized and structured working environment, where procedures and regulations are pointed out. Formal rules represent the unifying element. The managers are good coordinators and organizers focused on effectiveness. Smooth running of the company is the most important factor. Stability and effectiveness is the supreme objective. Success is characterized as reliability of deliveries, smooth fulfilment of time schedules, low costs.

Adhocratic culture is characterized by dynamic business and creative environment. Experiments, innovative approach, thinking and uniqueness put the company together. The managers are charged with support to individual initiative, freedom and creativeness. Innovativeness and capability of adaptation to the turbulent environment is considered success.

Market culture characterizes the result-oriented company. Environment of the company is very competitive. Victory orientation is the unifying element. The managers request high performance, they are challenging and measurable objective-oriented. Success is defined by acquisition of the market share and by market penetration.

The market orientation should become the dominant culture pulling the company together. Cultural type to corporate effectiveness relation: the best effectiveness has been established (by relevant researches) in the companies having the prevailing market culture, followed by the companies with adhocratic, clan and hierarchical culture dominance. Thanks to its focus on entrepreneurial spirit, innovativeness and risk, the company with adhocratic culture has a good prerequisite for higher market orientation level, compared with the clan and hierarchic cultures. The clan culture emphasizing tradition, loyalty and internal cohesion leads to inadequate attention paid to the changing market needs and therefore it is possible to draw the conclusion that such company will have a low market orientation level. The company with hierarchic culture, focused on smooth course of operation and foresight of bureaucratic organizing, will also be characterized by a low market orientation level. The facts above have lead us to identifying the hypothesis that the level of corporate market orientation – from the top to the lowest level – is determined by the cultural types in the following sequence: market, adhocratic, clan and hierarchical (see graphic hypothesis interpretation, Fig. 2).

![Figure 2. Graphic hypothesis interpretation](image-url)
Research of implementation of market orientation in high-tech firms - selected results

Within the framework of the research project GA 402/07/1493, during the first six months 2008, the preliminary research, the research team tested the hypotheses by the prepared methods of measurement of the implementation degree of market orientation: by the TO questionnaire and by the OCAI questionnaire. The TO questionnaire has been created for purpose of market orientation degree measurement in the high-tech firms and the typological OCAI questionnaire - for purpose of corporate culture content measurement in the selected companies. The data were acquired from 16 persons of 12 small companies with the number of employees ranging from 1 to 50. The questionnaires were filled in by the members of the top and medium-level management.

Results concerning cultural types as follows from the OCAI (Organisational Culture Assessment Instrument) questionnaire

The OCAI questionnaire was filled in by 16 managers; average values of individual cultural type contents were established by the arithmetic mean. The average level of representation of individual cultural types in the investigated companies is shown by solid black line in the Fig. 3. The preliminary conclusions show, as perceived by the managers of these companies, that the clan culture prevails in them; the clan culture is typical for smaller companies characterized by friendly working environment. A great importance is vested to togetherness, solidarity, moral and working environment. It is characterized by sharing common values. The customer is perceived as the partner and care for the employees is considered the priority and necessary prerequisite for success. The managers’ ideas concerning change of the corporate culture do not differ materially. From their point of view it is desirable to increase the degree of the already dominating clan culture, to increase the degree of adhocratic and market culture moderately and to reduce the hierarchic culture. The preliminary results do not confirm the assumption described in the literature source (Singh, 2004) that the adhocratic culture should prevail in the high-tech firms. Testing of validity and reliability of the prepared methods was the main objective of the preliminary research. The preliminary research limits consist in particular in small size of the set and in its focus on small companies only.

![Figure 3. Reflection of perception of the current and desirable degree of cultural types in small high-tech firms by the management](image-url)
Results concerning market orientation degree in high-tech firms

The market orientation degree in the investigated companies has reached the average value of 4.94 (of the 7-point Likert scale), which indicates the higher average degree of market orientation in the invested companies. The highest average values have been revealed in the internal environment elements (in particular interfunctional coordination and reflecting the knowledge in the decision-making process) and in the sector environment elements (in particular concerning the final customer).

Table 1. Average values of market orientation degree by individual elements of measurement

<table>
<thead>
<tr>
<th>Elements of measurement</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. External environment (4 items)</td>
<td>4.3</td>
</tr>
<tr>
<td>II. Aa Final customers (7 items)</td>
<td>4.96</td>
</tr>
<tr>
<td>II. Ab Distributors (7 items)</td>
<td>4.62</td>
</tr>
<tr>
<td>II. B Competitors (5 items)</td>
<td>4.26</td>
</tr>
<tr>
<td>II. C Suppliers (5 items)</td>
<td>4.27</td>
</tr>
<tr>
<td>III. A Reflecting the knowledge on the decision-making process (5)</td>
<td>5.29</td>
</tr>
<tr>
<td>III. B Inter-functional co-ordination (14)</td>
<td>5.74</td>
</tr>
<tr>
<td>III. C Methods of management of the contacts with customers (5)</td>
<td>4.26</td>
</tr>
<tr>
<td><strong>Total MO</strong></td>
<td><strong>4.94</strong></td>
</tr>
</tbody>
</table>

Company performance

| Market information (3)                        | 4.84 |
| Financial information (2)                     | 4.39 |

Average values of results point out to higher level at following items of external, sector and internal environment. They indicate, mainly with respect to external environment, that in spite of the fact that reviewed companies regularly monitor changes in environment and use tools of strategic management, the values of these items oscillate only in the average around the value (5.0), and only at two following items analyzing changes, opportunities and threats in macroeconomic environment. In sector environment higher average value (6.0) occurred in the area of final customers, only at one item, which analyze the application of individual approach to customers. The highest average values occurred at more items of individual field of internal environment. In consideration of the fact that reviewed sample contained small companies (measured by number of employees), there was high prerequisite for higher values in the area of the analysis of interfunctional coordination. Positive is the fact that items from this field point out to professional approach to employees. Employees in these companies are paid the attention (their comments are analyzed, attention is paid to their development and education. Each employee knows his/her competence and responsibilities, objectives supporting strategic plans of the company are discussed with them; there is a positive approach to innovations, flexibility is appreciated, the effort in ethical aspect of business can be seen etc.).

On the other side the results showed us very low average value as regards following items of external, sectoral and internal environment: Low level of cooperation with universities and research institutions was noted in external environment. Furthermore, companies participate too little on projects referring to their economic usefulness towards society. In sector environment the sum of average values shows on large reserves in the area of behavior of companies towards customers (especially in the field of monitoring and analyzing of existing and potential customers, i.e. factors influencing their purchasing process, monitoring of order, level of customer satisfaction etc.). The same can be stated on other subjects from sector environments. The weakness is the area of the mapping of competitors and suppliers.

Discussion and Conclusion

Results referring to market orientation are rather low in overall evaluation with respect to maximally achievable value. Overall value of market orientation of reviewed companies makes it evident (4.33). Indicators of financial situation of these companies also show low average value (3.84). For the interpretation of results further, more detail analysis shall be necessary, analyzing individual items fulfilling the content of elements and their analyzing to individual types of company culture and their contents. With respect to the size of the sample, these selected results can be considered as orientational and they are discussed in this paper mainly because of the fact that just these contents of individual items, areas and

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elements point out to typical patterns of behavior of reviewed companies. They are outer, visible demonstration of the behavior of the company in the market. Respondents, representatives of companies, by their attitude to individual statements refer to the fact in what level they share the contents of these statements, by which can be subsequently measured the strength of company culture. For the evaluation of the strength of company culture (this sharing by employees) it is necessary to collect, analyze and compare data from more employees of one company (their number depends on the number of employees, i.e. company size). Premise is valid - the more employees from one company, the more accurate picture can be achieved on the level of implementation of market orientation in the company. Market orientation of the company is nowadays considered as the concept of the approach of the company to the market, and is the matter of the whole company how such concept shall be adopted by its employees. Company management, being the bearer of strategic ideas and their implementation in the company, plays the key role with establishment and implementation of strategic concepts. Based on this reason it would be advisable to focus the data collection on this target group in the companies. By analyzing of the share of the patterns of behavior of company representatives towards environment (expressed by the models of market orientation) can be searched mutual relations and links between implementation of market orientation and content of individual types of company culture.

The basis of effectiveness of companies can be various contents of company culture, shall they comply with conditions. Homogeneity of the contents of company culture means that people in the company share identical basic pre-requisites, values and behavioral standards. In such case, the company culture has strong directing influence, demonstrated by smooth communication and decision-making without conflicts. Such status is rare in reality, especially in medium and large companies are the company culture characteristic by the existence of sub-cultures, having their specific contents. With respect to model of competing values we can assume that company culture shall be a certain combination of all four cultural types. Should the company culture be market one, i.e. oriented to market, then among basic pre-requisites shared by company members should belong f.e. that company is influenced by environment, in which it operates; is able to detect, analyze and respond to environmental influences; is able to satisfy needs of key stakeholders (customers, suppliers, agents etc.). Among basic, by company acknowledged and by company members shared values should belong values such as: team work, highly competitive and result orientation, high internal and external orientation, aggression in relation to market, success, flexibility, intra-functional cooperation etc., with these values should then correspond standards of behavior in the company (continuous monitoring and measurement of market success, innovativeness and flexibility in relation to the market- non-bureaucratic problem solving, openness in communication related to the market - interfunctional coordination, orientation to quality with respect to market, speed in respect to market, acknowledgement of employees with respect to market etc.). Above indicated content characteristics of company culture are key ones for the company to be oriented to the market. It is important so as corresponding method of thinking is shared in the whole company, projected in all company levels. Shall not this be the case, or if the level of sharing is low, then the contents of individual statements can be considered as barriers of successful implementation of marketing orientation in the company. Analyzing of links between represented types of company culture in the companies with individual elements, fields and components of market orientation are the way for revealing of barriers of successful implementation of market orientation in companies. Preliminary results show that clan company culture prevails in reviewed companies, which - according to theoretical starting points - can negatively influence the implementation of market orientation. It is characterized by very friendly working environment. Typical is the sharing of values and objectives, the awareness of “we”, team thinking. It has rather a feature of larger family than business subject. Managers play the role of “parents” and the glue of the company is loyalty or tradition. Long-term benefit of development of every individual is stressed. The importance is attributed to solidarity, moral, working environment. Customers are viewed as partners. Success is linked with the character of internal climate and care for employees. Strong emphasis on internal focus can be in many cases the barrier, preventing the receiving of information from changing environment and necessary changes, resulting from them. The same can be applied to the contents of hierarchical culture, which was the second dominant type. Formalized procedures and structured working environment, in which procedures and instructions are stressed, are characteristic content of hierarchical culture. Formal rules are cementing element. Managers are good coordinators and organizers, focusing on effectiveness. The most important is trouble-free operation of the company. The objective is stability and effectiveness. Success is characterized as the reliability of deliveries, smooth fulfillment of schedules, low costs. Confirmation of negative influence of both types to the
implementation of market orientation (thus also confirmation or refutation of defined hypotheses) at reviewed companies shall be the inseparable part of made research, containing over 800 companies from the Czech Republic in the area of high tech. Limits of pre-research are given by the selection of research file and its composition. On the other hand, it is far easier to monitor the degree of the sharing of the content of corporate culture and their types and by that also evaluate in what level they represent the barrier for the implementation of company market orientation.

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