Organisational Culture and Marketing Efficiency

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SUMMARY

This paper discusses the significance of various theoretical and methodological approaches to the concept of organizational culture with respect to the marketing activities of a company. Emphasis is placed on the marketing staff's function as a link between the cultures within and outside of the organization. The currently popular view of organizational culture as a new management tool is criticized; it is shown that the assumptions which underly this research practice do not meet scientific standards. The reason for this is that culture is assumed to be different for every organization; this would imply that cross-organizational and even cross-situational comparisons could not be made and results could never be generalized. Alternative methodological approaches are discussed with respect to their practicability in today's markets.

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1. INTRODUCTION

The purpose of research on organizations is to explain the efficiency of organizational structures and management procedures and to give well-founded recommendations as to their improvement. Research is conducted to discover which variables (as, for instance, technology or the nature of the economic environment) affect certain output factors of the organization (e.g. productivity rates of employees, monetary indices etc.). In spite of tremendous efforts, these paths do not seem to lead to clear results. The research output produced in the past few years is rather modest, there seems to be little progress. Attempts to develop theoretically sound organizational models have not been successful, and the empirical work that has been done has not lead to any comprehensive theory. The more factors were included in the analysis, the more inconsistent and confusing became the results. A typical dilemma can be outlined by the following findings:

- How can it be that in the same line of business two companies with totally different organizational structures can be equally successful?
- How can it be that two very similarly structured organizations can differ substantially in efficiency?

The emphasis that is now being placed on process aspects of organizational development can be seen as a reaction of disillusionment: if it is not possible to give a theoretically satisfying explanation of organizational structures, then it might be reasonable to focus one's attention on the process of organizational change. This is based on the plausible assumption that all organizations are capable of change, and that there is a need for change on account of the numerous instabilities affecting organizational efficiency (e.g. changes in environment and technology). Exaggerating, one could say that the only constant thing about an organization is that it is constantly changing.

Recently, organizational culture has been named an explanatory variable by researchers from the structure-oriented as well as from the process-oriented tradition. The echo it has received from scientists, consultants and managers is quite remarkable - talking about organizational culture is en vogue. We will now give some thought to the question how research on organizational culture could help explain the marketing efficiency of organizations.
2. THE CONCEPT OF ORGANIZATIONAL CULTURE

2.1. About_the_Background_of_this_new_Paradigm

Research on organizational culture has developed as a counter-reaction to contingency-based approaches. As the number of structural variables supposedly responsible for organizational processes grew and grew, researchers became more and more uncomfortable with this type of work. It became clear that this kind of knowledge about an organization - its size, technology, and structure - would never be sufficient to explain everything that is important about it (see EBERS, 1985). Textbook on organizations (for instance, KIESER & KUBICEK, 1985) usually discuss more or less likely relations between certain influential factors and organizational structure, and their relevance in specific situations. This is all contingency research can do.

Scientific thirst for knowledge is not the only reason for the enthusiasm with which the new research domain has been received. Various mostly popular science publications have proposed a direct connection between organizational culture and organizational success. The best-known example is the bestseller "In Search of Excellence" by PETERS & WATERMAN (1982). They and other authors assume that it is just what cannot be explained by structural variables, "that certain something" about an organization, which is crucial for its success. In addition to the "hard" components of

- formal organization ("Structure"),
- product-market strategies ("Strategy"),
- planning, management, and control systems ("Systems"),

several "soft" factors are named, such as "leadership Style", professional "Skills", and "Staff". These hardware and software components come into effect through the way the company and its members see themselves. These notions can be conceived as an intervening variable between the hard factors and organizational success. In this context, research on organizational culture means to relate it to other organizational and environmental features in order to find out under which conditions it will change in which ways. From the results one should be able to develop rules by which a culture could be changed to enhance a company's productivity. Management is seen to stand somewhere "above" the culture; their task is to develop a "strong" corporate
motivation is not directly linked to external rewards, it is expected to remain high even in times of trouble. The employees' pride and satisfaction will also enhance the company's public image. A myth underlying this line of thought could be the picture of the easy-to-handle Japanese workforce who will sing the company song every morning with pride and confidence.

The bond between the organization and the employees will also be strengthened through the fact that the organizational culture offers interpretations and rules for behavior in ambiguous situations. If an employee left the organization he could no longer rely on these rules and would experience some insecurity. The application of these well-established rules and routines should also lead to greater work efficiency. The basis of any organizational culture is a set of deeply rooted patterns of thought and behavior which are not questioned by its members. It is assumed that these rules and values form a different pattern in every single organization.

However, an organizational culture cannot develop independently from the culture to which the organization belongs. For one thing, the organization's members come from this surrounding culture: The culture within an family or a school, professional norms, even the laws of a country affect the way the organization's members think. Therefore, one can expect similar patterns of thought only for a very limited number of situations. WILKINS & OUCHI (1983, p.479) emphasize that an organizational culture can never have as much influence on behavior as the culture into which the organization's members are born.

Also, the organization itself is constantly in contact with its market partners and the public. Patterns of thought inside and outside of the organization have mutual influence on one another. Granting the possibility of autonomous subcultures within an organization and in the environment implies that these cultures could not only be different but could have contradicting rules and norms which could lead to conflicts between these cultures or for individual members.
2.2. Organizational Culture and Marketing

The marketing department - whether formally organized or not - can be seen as the system linking the organization to its environment. Here, the outward relations are shaped, and its members inevitably come into contact with different patterns of thought and behavior. Thus, they fulfill several functions:

a) They bring the environmental culture into the organization: consciously, as systematic market research, and unconsciously, as they adopt attitudes, or, on the behavioral level, as they adjust their timetable or their manner of dress to that of their business partners. What they take on from the environmental culture, and how they pass this on to the organization, depends on their personal background, their patterns of perceiving and thinking which are shaped not only by the organizational culture but even more by their individual history.

b) They carry the organizational culture outside: again unconsciously, and consciously as strategies for "Corporate Communications". Projecting a specific corporate image must be seen as an organizational goal, whose realization must be assessed for each organization individually. How the marketing staff portray the organization is again influenced by their personal perception of the organizational culture.

c) However, marketing has not only gatekeeping functions, transmitting and filtering information, it is also the point where different, contradictory cultures "clash" and conflicts arise. How these conflicts are handled, whether the staff experience personal role conflicts, whether they pass the conflict on into the organization or back to the environment, has a critical influence on the culture within the organization (cf. the concept of the "Boundary Role Person" by ADAMS, 1983).

Thus the marketing staff are requested to represent the unique specific culture to the environment while at the same time they are the organizational members who are most likely to reflect upon and question its basic values and thought patterns. According to a study by PRUDEN & PETERSON (1971), they manage these role tasks best if they see themselves in a position right in the middle between the organization and the external business partners.
For marketing people, it seems particularly advisable to take the cultural dimensions of their own behavior into account. They should recognize, for instance, how their methods of data collecting and processing or the means applied to influence the market (contacting customers through advertising or sales promotion as well as the sales force's manner of conduct) are determined by cultural elements within the organization. They should think of alternatives to the present situation and make predictions about conflicts with other parts of the organization that could arise if these alternatives were put into effect.

Questions like these can only be answered for a single organization, there is no general solution. If one assumes that each organizational culture is unique and cannot be compared to other organizations, specific questions can only be answered from detailed knowledge about the respective organization. At this point, a basic dilemma of research on organizational culture becomes evident: on one hand, there is the claim for uniqueness of every organization, on the other hand, research tries to find systematic contingencies between cultural features and organizational success.

2.3. The instrumentalistic view of organizational culture

Principally, supporters of the instrumentalistic approach outlined above assume that research results are comparable across organizations and can be applied outside the context in which they were produced. They see culture as a "hard fact" which manifests itself in tangible data and about which true and false statements can be made. Actually, the huge success of books like "In Search of Excellence" would not have been possible if there had not been close similarities in the readers' patterns of interpretation. Meanwhile, some consensus about the ways in which organizational culture manifests itself has been established (see KIESER, 1986; SACKMANN, 1983; DEAL & KENNEDY, 1982; PETERS & WATERMAN, 1982; SCHEIN, 1984). PUMPIN et al. (1985) have even published a comprehensive research design to help diagnose the culture of an organization. In typical publications, managers or consultants report how they made a company successful through an efficient cultural management. The reader who wants to apply these secrets of success to his own company, however, is confronted with a number of problems:
a) For well-understood reasons, the methods of research and management are hardly ever outlined in detail. Neither managers nor consultants would want to reveal their "professional secrets". Therefore, it is not possible to assess if and in what respects the given picture of the culture is an adequate representation of the "real" culture: is it the way all members see the organization at all times or is it a view that is shared only by a few members (e.g. the marketing department) in a specific situation (e.g. during a process of innovation)?

The problem of objectivity also becomes evident in the light of the following thought: Hardly any company would allow an independent researcher to burrow deep down to the roots of the cultural philosophy. EBERS (1985), for instance, claims that this activity will always lead to a demystification and questioning of the basic values. Instead, companies will turn to a reliable consultant or a similar person of confidence who might be closely dependent on the company. A person like that, however, will not be able to uncover the assumptions and values that are typical for the organization, for he will have internalized them just like the members have.

b) Reports on failures are strikingly rare, even though all authors emphasize that cultural management is a very arduous and difficult task (see DEAL & KENNEDY, 1982; ALTSCHUL, 1986).

c) Even extensive empirical studies employ a vast number of case studies instead of a systematic analysis of the relations between cultural and other organizational phenomena (including success). Partly this is done for methodological reasons. These studies certainly give an overview of the most important problem domains in the field. Whether a reader can correctly recognize himself and his problems in one of the portrayed cases, is mostly left to chance.

d) Even authors who offer explicit advice how to investigate and control an organization's culture warn against routine applications (e.g. PUMPIN et al., 1985, BLEICHER, 1984). The manager should use his intuition and sensitivity to sense relevant themes, and to uncover and control them skillfully and tactfully. Thus, the claim for uniqueness of each organization not only helps the organization to achieve a positive image, but also it helps the consultants and managers to secure their positions as experts.
e) So, on the one hand organizational culture is seen as observable and controllable - cross-organizational comparisons are therefore possible. One can discriminate between strong and weak cultures, or between the actual and the ideal state of a culture. On the other hand, there is a reluctance to make explicit statements about relevant cultural features and their ideal state. The assumption of uniqueness can serve as an explanation any time inconsistencies and discrepancies arise. Therefore, statements about the culture cannot be falsified. As a matter of fact, one cannot even be sure how long the statements will be true for the company under investigation.

There are several other points of criticism brought up against the instrumentalistic view. One is the ethical side of the matter: the argument is that management does not have the right to manipulate patterns of thought which are stored in the unconscious of the employees. As a reply, the classical counter-argument known from the discussion about advertising and consumer manipulation is brought forth: any type of interaction between people entails interpersonal influence of some kind.

Another criticism is expressed by researchers with a sociological or anthropological background: they decidedly resent the notion that a culture could be changed by a few members taking "appropriate measures". Cultures are not something one creates but something that evolves over a long period of time. The concept of a homogeneous organizational culture is neither realistic nor desirable, and managers are seen as part of the culture just like the other members; they have internalized the basic assumptions and values just like them. No immediate connection is seen between the sense-giving function of the culture and the members' motivation. Supporters of this approach favor qualitative methods: by participant observation, depth interviews and introspection they try to understand the cultural elements in their complete and natural context (see WHITLEY, 1984). They do not try to measure objective facts.

Still, this approach is also confronted with the problems connected with the assumption of uniqueness. Research on organizational culture is troubled by the dilemma of destroying its own basis for any theory building as long as the uniqueness assumption is maintained. Even everyday events are not stored independently of each other but are interpreted within a system of past experiences. The purpose of any scientific investigation is to produce
generalizable statements; uniqueness of a result and scientific usefulness are mutually exclusive.

3. MEASURING "MARKETING CULTURE"

From the intermediate position of marketing it seems evident that cultural elements have to be considered. If a body of systematic knowledge is to be gathered, a minimum of comparability of results must be guaranteed. From our point of view, it is quite possible to give up the assumption of uniqueness and measure, for instance, the "closeness to the market" of an organization in the traditional way. Compared to the organizational research conducted up to now, rather less numbers (e.g. number of employees, number of levels in hierarchy, turnover rates etc.) and more qualitative data would be collected. A wide range of criteria could be developed:

- elements of organizational structure:
  - the existence of a marketing research department;
  - the existence of a customer complaints department;
  - the budgets and hierarchical positions of these departments;

- results from analyses of relevant documents:
  - task descriptions etc. for the marketing staff (the bonus system for the sales force, for instance, can have considerable influence on their behavior towards the customers);
  - analysis of business mail; either on the linguistic level (e.g. the wording of reminders) or by placing them into a wider context of outward relations (e.g. investigating order time or reaction speed to complaints);
  - survey results, e.g. the ranking of handling customer requests in a hierarchy of importance of various other tasks, or asking the organization's members to describe the "typical customer";

- results from systematic observation, e.g. of conferences or sales talks (for instance, with the system developed by MORLEY & STEPHENSON, 1977). PUMPIN et al. (1985) also advise to make a tour of investigation through the company building(s), observing the members' behavior as well as physical manifestations of the
culture, e.g. the relative locations and furnishing of offices, production halls etc.

Even experiments can be thought of: researchers could act as potential customers of several firms and vary their behavior systematically.

From this list, it is clear that we do not enter new grounds with this type of research. ALBERS & EGGERT (1988) have shown that all features that PETERS & WATERMAN (1982) claim to account for the customer-orientation of an organization, have already been recognized and examined elsewhere. The same can be shown for other basic orientations – PUMPIN et al. (1985) propose that there are seven altogether. The employee orientation, for example, has been emphasized by the Human Relations research tradition, the technological vs. business administrative orientation is a central factor in WITTE’s (1976) model of organizational buying behavior, the feasibility of organizational and individual goals has been named a critical motivational factor by MARCH & SIMON (1958).

Many of the cultural elements have also been researched upon under the heading of "Corporate Identity". This approach, instead of describing and analyzing the present culture, places more emphasis on a controlled development of an ideal self-image of the corporation which is shared by all members.

![Diagram of Corporate Identity Model](image-url)

**Fig. 1: Central Aspects of CI-Strategy (WIEDMANN, 1988, p. 238)**
Parallels to the successful culture depicted by Peters & Waterman cannot be overlooked; "Corporate Identity" is a synonym for those aspects of the culture which are desired and fostered by management – the "stage version" of the organization, so to say (see Wiedmann, 1983, p.237pp.). The focus of research on organizational culture, however, is more on unconscious and/or unwanted aspects of the culture, assuming that attempts at cultural change can only be successful if the knowledge of the status quo is detailed enough (see Figure 1).

Both models, however, place basic assumptions and values at the root of all organizational processes. This means that there is no domain of research in the organizational culture paradigm which could not also be viewed from the corporate identity perspective and vice versa.

In addition, practical problems can arise: for one thing, qualitative studies require much more effort than simple surveys. Also, for many interesting questions the samples available may not be large enough for statistical testing – for instance, if the effect of legislation in different countries on the advertising activities were to be investigated. Although the number of statistical models for even multivariate analyses of qualitative data is steadily increasing (e.g. configuration-frequency analysis, latent class models etc.), these often require quite large sample sizes.

Finally, it can be argued that the criteria proposed above are no valid indicators for certain cultural elements at all – they can be interpreted only if one knows their meaning within the organizational context, the way they are "filled with life". Behavioral observation seems to be the method that could meet these requirements to a degree. Another solution would be to turn to the phenomenological approach. Instead of using means and frequency distributions gathered from large samples, one would base decisions of detailed case studies.

These alternative approaches are quite similar to the dichotomy of clinical vs. statistical prediction known from clinical psychology (see Sarbin, Taft & Bailey, 1960). The statistician bases his diagnosis on test results and other empirically well-founded hypotheses; the clinician relies on his personal experience, his sensitivity and a body of knowledge about many, many case studies conducted by himself or by people he regards as authorities. Whether this is a feasible solution for marketing, must be doubted:
Marketing often requires quick reactions. Since quick changes in behavior patterns through fashion and trends are even supported by the companies themselves, it seems unlikely that a substantial body of useful applicable knowledge - comparable to that which exists for psychoanalysis today - can ever be accumulated.

A study by MEEHL (1954) showed that diagnoses based on statistical data were, all in all, more valid than clinical predictions. Therefore, the confidence in case-study results in marketing should also not be overstressed.

To take up research on cultural variables in marketing is desirable and necessary. For industrial marketing, this has already been practiced for quite a long time - consider, for instance, the non-task variables in WEBSTER & WIND's model of industrial buying behavior (1972) or WITTE's promotor concept (1976). Research on organizational culture in its present prevailing form, however, has nothing new to offer.
SUMMARY

This paper describes an approach towards measuring the existence and effect of marketing culture. Marketing culture is a part of corporate culture and has an effect on marketing efficiency. The author suggests a 5-step model for the understanding of marketing culture.
A model for analyzing marketing culture in work

After literature research and the first pilot interviews we decided to formulate a procedure, best called model to analyze marketing culture by a given company. The model consists 5 steps, which represent a logical flow, and is considered as an "ideal model". It means that we do not expect to find a majority of companies at stage 5, but some examples /see: Deal-Kennedy, Peters-Waterman/ suggest it could be a successful solution.

Stage 1. Marketing /market/ orientation of the company
Stage 2. A consistent set of objectives, procedures and standards within the company
Stage 3. Appropriate knowledge and interpretation of the objectives and standards by the company personnel
Stage 4. Passive use of marketing culture
Stage 5. Active use of marketing culture

The model's philosophy suggests that cognitive, emotional and conative forces each important are.
Market and marketing orientation

There is a slight distinction between both types. Marketing orientation is pounded to marketing policy, a transparent marketing funcion and therefore - in the most cases - to a marketing organization. Thouth marketing literature shows that often the most innovative companies or rather small enterpreneurs tend to deliver a higher degree of market sensitivity. Large companies - with a functioning marketing organization - sometimes suffer from marketing "inertia or overmarketing". From our point of view market orientation is equally valuable as marketing orientation. Though one cannat expect all the signs of a marketing culture as shared values, heroes etc.

Besides market and marketing orientation one has to discover, that some of the companies do not follow either way. It can depend on the economical system /in shortage economy companies tend to be production oriented, see: Bauer-Berács /1985/ /, but often on the type of business alone. /See by Lawrence and Lorsch/

If the company takes its aims from the marketplace, considering being a future alternative at the same time it is relevant to speak about market orientation /which is basic to a marketing culture/.
Marketing orientation itself makes little advantage. Company objectives, the structure of the goals is a deciding fact and it seems to be necessary being consistent with the marketplace. Without a consistent system of objectives/standards/procedures no company is successful in the market.

Even a consistent, faultless strategy cannot work without the cooperation of the company personnel. Since we consider corporate culture as

1/ a system of shared values /what is important/
2/ beliefs /how things work/ that interact with
3/ a company's people, organizational structures and control systems to produce
4/ behavioral norms /the way we do things around here/

/Uttal 1983/

it is clear that stage 3 is an important step in the model.

Passive use of marketing culture means recognition and tolerance of the living marketing procedures and values. Company management cannot manage a culture but makes no bureaucratic obstacles to the marketing procedures.

Active use is widely connected with several company functions from strategic planning to communication within the firm. In this stage marketing culture becomes an institution, company management takes it into account, and suggests to the company personnel. It becomes evident in the communication process, but more in the everyday marketing work and behaviour.
Organizational subcultures influence company work in several ways. Kendall, Buffington, and Kendall (1987) identified 3 types of subcultures, each characteristic to a marketing decision system. From our point of interest it bears significance, that subcultures by Kendall et al. have more correlation with demographics, than with functional aspects.

They identified "loyalists", "crusaders" and "malcontents" as basic subculture types. Methodologically first they collected 48 statements of corporate culture, by interviewing functional areas in the company. This has been followed by a Q-methodology, which contains Q-sorting and a grouping procedure by factor analysis, which led to the identification of the above subculture types.

Unfortunately Q-methodology appeared in an unpublished paper, so we decided first to make a list of statements, and the type of analysis will be settled only after the pilot interviews.
Statements

1. Type of corporate culture
   - Type of environment /technical-market/
   - Type of competition /price - non-price/
   - Type of innovation /demand pull - technology push/
   - Type of government control /existing - non-existing/
   - Importance of the consumer in the company's development, future /important - non-important/
   - Milestones of the R+D within the company /technical - market/
   - Dominance of marketing aspects within the company /dominant - non-dominant/
   - Dominance of the marketing organization /dominant - non-dominant/

2. Objectives, standards, procedures
   - Consistency of priorities /consistent - non-consistent/
   - Consistency of objectives and priorities /consistent - non-consistent/
   - Consistency of objectives and resources /consistent - non-consistent/
   - Consistency of objectives and standards /consistent - non-consistent/
   - Harmonization /of objectives and company strategy /harmonically - non-harmonically/
   - Harmonization of strategy and strengths and weaknesses /harmonically fit - non-harmonically fit/
   - Harmonization of strategy and marketplace /harmonically fit non-harmonically-fit/
   - Harmonization of resources and marketplace /harmonically fit non harmonically fit/
   - Harmonization of objectives and competitors /harmonically fit non-harmonically fit/
Statements 2

3. Appropriate knowledge

Knowledge of company objectives /well-known - unknown/
Knowledge of company corporate identity work /agree-dont agree/
Satisfaction with company objectives /satisfied - not satisfied/
Preference of company objectives /preference - no preference/
Knowledge of company standards /known-unknown/
Satisfaction with company standards /satisfied - not satisfied/
Acceptance of company standards /accepted - not accepted/
Satisfaction with declared unique selling points, values /satisfied - unsatisfied/

4. Passive use of marketing culture

Tolerance of everyday marketing standards and procedures /tolerated - not tolerated/
Fit of everyday practices to company objectives /fit - dont fit/
Undeclared USP’s in selling /lot of them - none/
Undeclared USP’s in marketing /lot of them - none/
Acceptance of marketing personnel by the company management /accepted - unaccepted/
Leading personalities in marketing management /lot of them - none/

5. Active use of marketing culture

Existence of marketing slogan’s, and messages /exist - dont exist/
Existence of a marketing mission /exist - dont exist/
Satisfaction with marketing standards /satisfied-unsatisfied/
Satisfaction with corporate identity program /satisfied - unsatisfied/
Identification with marketing standards /identify - dont identify/
Identification with marketing values /identify - dont identify/
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