



Exploring organizational culture difference in relationship dyads

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ABSTRACT

This exploratory study develops relationship marketing theory by analysing the effect of organizational culture difference on business-to-business relationships. The dyadic data demonstrate three influential dimensions of organizational culture difference in the context of university–industry relationships: Differences in both time orientation and corporate flexibility impact commitment negatively, whereas market orientation difference negatively affects intention to renew. This study also confirms a positive effect of trust, commitment and integration on university–industry relationship success based on a dyadic data set. While trust appears highly influential in relationships with an uncertain future, commitment appears to be of stronger consequence in certain relationships.

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1. Introduction

The relationship marketing (RM) literature continues to develop with a large number of studies examining business relationships from a marketing perspective (Rauyruen and Miller, 2007; Coviello et al., 2002; Abratt and Kelly, 2002; Cannon and Homburg, 2001). In particular, a fundamental research stream has developed around the relationship constructs of interaction, trust, commitment and satisfaction (Van Bruggen et al., 2005; Seppänen et al., 2007). However, in their analysis of relationship influence factors, researchers have so far largely ignored differences between partners' organizational cultures and environments, although studies confirm the negative effect of such difference in the context of mergers and acquisitions (M&As hereafter) (Chatterje et al., 1992). M&As imply an extremely high contact, which is likely to reveal the full potential of cultural differences (Weber, 1996) and lead to a higher risk than in a relationship situation (Davis, 1968). However, given the close contact between organisations and groups even in business relationships, findings drawn from the M&A literature should be tested in the RM area to further our understanding of factors underlying relationship success and failure.

Given inherent differences of organisational cultures amongst organisations (Reynolds, 1986), this research may enhance our appreciation of the influence of such differences on relationships and provide theoretical and managerial guidelines on how to respond to the differences to ensure relationship development. The primary aim of this research is thus to gain insight into the impact of organisational culture difference (OCD hereafter) on business relationships.

A few authors have studied OCD in a strategic alliances context (e.g. Smith and Barclay, 1997), providing some confirmation of a negative impact of difference in a relationship setting. However, a number of questions remain. This study answers calls for further research into the effect of OCD on relationships (Hewett et al., 2002; Sarkar et al., 2001), aiming to answer the research question “Does organisational culture difference impact relationships?” To further contribute to the literature, this study seeks to overcome some limitations of earlier studies. First, rather than studying similarity as a broad concept (Sarkar et al., 2001) or in relation to cultural types (Leisen et al., 2002), this study examines individual dimensions of culture, hence allowing an in-depth insight into the area under study. Second, the majority of studies use data based on one relationship actor (Desphandé et al., 1993; Hewett et al., 2002). Such approach might not only limit their findings (Medlin et al., 2001) but also limit the opportunity to study difference, as only the view of one side is taken. In comparison, this study adopts a dyadic approach, allowing for a more accurate reflection of reality.

The structure of this paper is as follows. The first section introduces the parent theory for this paper, namely RM. A principal focus of this brief literature review lies on relationship characteristics and outcomes. A discussion of the concepts of organizational culture and OCD follows. The third section argues for university–industry relationships (UIR hereafter) as a relevant research context, leading to the development of hypotheses. While all organizations differ in terms of their organizational culture (Reynolds, 1986), the cultural gap between organizations operating in the same sector and thus under environmental influences and pressures may be less distinct. Hence, this exploratory study of OCD in a RM context utilizes relationships between fundamentally different organizations, namely between universities and private sector organizations.

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The presentation and discussion of the results of a three-step analysis follows. After providing managerial implications, this paper concludes with limitations and research directions.

2. Relationship marketing

RM is an integrated and dominant sub-field of the marketing literature (Ballantyne et al., 2003; Sheth and Parvatiyar, 2002), with research continuing to advance the area. Studies encapsulate a large range of relationship characteristics and dynamics. These characteristics fall into three main categories of RM concern, namely relationship development, relationship characteristics (interactive, long-term and emotional) and relationship output (Harker, 1999). This paper focuses on relationship characteristics and output. While these are likely to relate to relationship development, insight into such link can be found in other papers (e.g. Andersen and Kumar, 2006).

First, relationships display several characteristics, such as interactivity and emotional content (Harker, 1999). Interaction between parties is the base for relationship development (Tikkanen and Tuominen, 2000). Hence, interactivity and connectedness are some of the main determining factors of RM, with dialogical communication as well as a united and integrated effort of particular importance (Varey and Ballantyne, 2005; Song and Parry, 1997; Conway and Swift, 2000). Hence, this study considers the concept of integration, which entails the sharing of information as well as involvement and participation in the overall processes (Gomes et al., 2003; Gupta et al., 1986).

Trust and commitment receive even more attention than integration or communication (Duncan and Moriarty, 1998; Martín et al., 2004) and clearly emerge as central components in RM theory (Morgan and Hunt, 1994). In consensus with Rousseau et al.'s (1998, p. 395) cross-disciplinary study, this study conceptualizes trust as an underlying psychological condition based on the overall relationship (Young and Wilkinson, 1989) or "a willingness to rely on an exchange partner in whom one has confidence" (Moorman et al., 1992, p. 315), while commitment is defined as "a desire to develop a stable relationship, a willingness to make short-term sacrifices to maintain the relationship, and a confidence in the stability of the relationship" (Anderson and Weitz, 1992, p. 19).

The prominence of trust and commitment in the RM literature relates to their empirically tested positive impact on relationship outcomes (Morgan and Hunt, 1994; Wiley et al., 2005). While relationship outcomes might entail "soft" non-economic and "hard" economic performance components, researchers widely agree on the significance of satisfaction for marketing and RM theory: Satisfaction, defined here as an affective outcome measure resulting from the evaluation of all aspects of a relationship (Bucklin and Sengupta, 1993) presents "one of only a few key building blocks in marketing philosophy, theory and practice" (Babin and Griffin, 1998, p. 128). It owes its prominence mainly to its effect on a range of behavioural constructs (Eggert and Ulaga, 2002) such as purchase intentions (Patterson and Spreng, 1997), loyalty and word-of-mouth (Hennig-Thurau et al., 2002). Another outcome measure complementing satisfaction is intention to renew, and thus the likelihood that the relationship will be renewed at the end of the current contract or episode. While satisfaction reflects the short-term view on relationship outcomes, the concept of intention to renew takes into account the long-term notion of relationships (Geyskens et al., 1998).

3. Organizational culture difference

Although restricted to private sector organizations, the business and marketing literatures show a satisfactory understanding of

organizational cultures, their development and characteristics. Organizational culture, "... the pattern of shared values and beliefs that help individuals understand organizational functioning and thus provides them with norms for behaviour in the organization" (Desphandé and Webster, 1989, p. 4), exists in informal arrangements of people (Leisen et al., 2002). Despite the label 'organizational culture', neither company borders nor geography or functional area restricts this concept. While certain beliefs and principles may occur within an entire organization, multiple cultures and subcultures may also exist (Wilson, 2001).

Given that a culture is distinctive to one organization, unit or group (Buono et al., 1985), relationships imply a meeting of different cultures. Surprisingly, RM research has largely ignored OCD, and its effect on a relationship and relationship performance is yet unknown. The M&A literature, however, recognizes cultural mismatch as a relevant subject matter (Buono et al., 1985), with the failure of a large number of M&As later explained by a cultural clash or incompatibility (Chatterje et al., 1992; Weber, 1996). M&As imply an extremely high contact and the partial or full integration of differing cultures including the development of a post-merger culture. This may reveal the full potential of cultural difference (Weber, 1996) and lead to a higher risk of organizational breakdown than in a relationship situation (Davis, 1968). However, given the close contact between groups in business relationships, findings drawn from the M&A literature should be tested in the RM area, particularly for relationships incorporating organizations with fundamentally different organizational cultures.

The authors dealing with OCD in the M&A literature generally describe negative effects of OCD on relationships, with the harmony of values and styles seen as a key to success (Fralicx and Bolster, 1997). The contact of dissimilar cultures leads to disapproving feelings regarding the other party, which in turn negatively affect the cooperation of employees towards boundary-spanning activities (Chatterje et al., 1992). Weber (1996) also finds a negative relationship between managers' perceptions of culture differences and the effectiveness of company integration. However, varying findings exist regarding the effect of OCD on performance variables, with a significant impact on merger performance in the form of shareholder gains (Chatterje et al., 1992) but not regarding the rate of increase in return on assets (Weber, 1996). Analysing the indirect impact of OCD on mutual satisfaction, Smith and Barclay (1997) report a very weak negative effect, primarily limited to the differences in strategic horizons and goals and/or control systems.

Some researchers even propose a positive effect of difference on relationships, due to greater information diffusion (Rogers, 1983), greater value added (Moorman et al., 1992) and "the creative tension" vital, e.g. for R&D success (Fisher et al., 1997). Hewett et al. (2002, p. 235) encapsulate this suggestion in their proposition that "firms with different corporate cultures might be better suited in terms of their ability to contribute to relationship outcomes". Hence, further research on the effect of cultural difference on relationship outcomes appears vital (Hewett et al., 2002; Sarkar et al., 2001).

Interestingly, researchers to date have opted to study similarity/difference as broad concepts (Sarkar et al., 2001) or in relation to cultural types (Leisen et al., 2002). Such measurement does not take into account the individual facets in which organizational cultures might differ. Hence, this study examines individual dimensions, allowing an in-depth insight into the area under study. A reason for the lack of research on OCD in a relational context may lie in the majority of studies using data from one relationship actor (Desphandé et al., 1993; Hewett et al., 2002). This approach limits the opportunity to study OCD, as only the view of one side is taken. Hence, a need for dyadic research integrating perceptions of each relationship partner is apparent.

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