

The Effect of Organisational Culture on Business-to-Business Relationship Management Practice and Performance

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Abstract

While an individual at an organisational interface can display effective supportive, normative relationship behaviour, it is the shared presence of this normative behaviour within organisations that will support effective relationship management practice and performance outcomes. Organisational culture, and its underpinning values, influences behaviour and expectations of individual managers within a business. Further, it shapes the employees' shared perceptions of how other organisations should be treated, correct modes of behaviour and basic attitudes towards activities of the business.

This research identifies organisational cultural dimensions that underpin successful relationship management practice, and that lead to relationship outcomes of equality, satisfaction and performance. The importance of organisations looking inwards and evaluating their own culture as a critical starting point for relationship development is highlighted.

Keywords: Organisational culture, relationship management, relationship outcomes

1. Introduction

Organisational culture has been a major area of academic research and theoretical debate by organisational behaviourists over the last two decades, and has captured the interest of practitioners through a number of popular management publications (for example, Jelninek, Smircich and Hirsch 1983; Ouchi 1985; Peters and Waterman 1982). While it has become an important area of research in management, prominent marketing scholars have noted the scant attention given to organisational culture in the marketing literature (Deshpandé and Webster Jr 1989). More recently, 'market orientation' has been described as a 'culture' (Narver and Slater 1990; Slater and Narver 1995), providing employees with norms for learning about the market, critical for the creation of superior value and leading to organisational performance outcomes.

Although it has been confirmed that an organisation's culture will influence all management practice (Kabanoff 1993), and that shared adherence to standards of honesty and fairness is fundamental to building trust and maintaining long-term business relationships (Morgan and Hunt 1994), no research to date has linked cultural

dimensions directly to relationship management practice. Successful business-to-business relationships display characteristics of trust and commitment, measured through constructs such as benevolence, communication openness, investment, control reduction, collaboration and constructive conflict resolution (Morgan and Hunt 1994; Ganesan 1994; Zinn and Parasuraman 1997). This body of research would be enriched through understanding individual manager and organisational cultural dimensions that support trust and commitment behaviours necessary to build successful business relationships.

The objective of this research is to identify organisational cultural dimensions and moral integrity values that support successful relationship management practice, and lead to relationship outcomes of equality, satisfaction and performance. It is postulated that when individual standards of honesty and fairness underpin an organisational culture that supports information and knowledge exchange processes, more efficient and effective relationships with other organisations will emerge. Thus, hypotheses will be tested to support the relationships in Figure 1.

This paper will first examine organisational culture and moral integrity within a relationship context (i.e. in terms

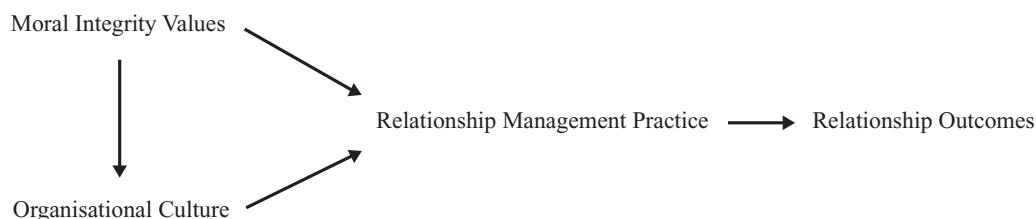


Figure 1: Relationships Investigated in this Paper

of assumptions, values, norms and other relationship relevant dimensions). Evidence will be presented, linking culture to relationship management practice and organisational performance, and the contribution of moral integrity values to a ‘collaborative’ culture supporting relationship management practice will be established. Secondly, relationship management practice will be examined within an organisation-wide context, and linked to outcomes of relationship equality, satisfaction and performance.

2. Organisational Culture and Moral Integrity: Definitions and Relationships

There is little consensus regarding the meaning of the term organisational culture (for example, Alvesson 1993; Deal and Kennedy 1983; Deshpandé and Webster 1989; Deshpandé, Farley and Webster 1993; Denison 1990; Hatch 1993; Homburg and Pflesser 2000; Kanter 1983; Schein, 1991; and Smircich 1983). This divergence in definition reflects the lack of consensus that exists within the disciplines of anthropology, sociology, and psychology regarding culture (Archer 1988), and the effects that these and other disciplinary and philosophical differences have on the variety of styles and purposes of organisational culture research (Smircich 1983; Deshpandé and Webster 1989).

Considerable agreement does exist on the notion that organisational culture refers to a shared and learned realm of assumptions, values, beliefs, ideas, and practices (Alvesson 1993), a collective self-awareness within the organisation that provides norms for behaviour (Deshpandé and Webster 1989). This perspective involves viewing organisations as social entities to which people belong, and in which they are socialised. It is also generally accepted that the constituent elements of organisational culture are not equally observable nor do they have equal effect (Alvesson 1993; Denison

1990; Homburg and Pflesser 2000; and Schein 1991). Assumptions and values tend to be less readily visible but are more enduring than beliefs and behavioural norms. Indeed, shared assumptions and values tend to ground organisational beliefs and norms (Schein 1991).

Harris (1998) provides examples of organisational values; orientations towards teams, outcomes and details and cultural artifacts of structure, strategies and systems that shape employee behaviour. He also refers to the assumptions about the interaction between an organisation and its environment contained in mental models that managers embrace to make sense of their environment (Day and Nedungadi 1994). Assumptions, Harris argues, ‘are the most cerebral level of culture.... which determine the more explicit systems of meaning’ (p. 356).

While it would be wrong to assume the existence of cultural uniformity within an organisation (i.e. uniformity in: assumptions, values, beliefs, perceptions, practices, norms, roles, rituals, symbols, structures, and priorities; the meanings people attach to the elements of organisational culture; and the effects these elements have on them), we can appropriately speak of the presence and effects of an organisational culture, just as we can speak of ‘national cultures’ and their effects despite the presence of notable ‘sub-cultures’ (Hofstede 1980).

In the qualitative phase of this research, managers described relationships between their organisation and other organisations, identifying cultural aspects of behaviour (e.g. ‘risk adverse’, ‘technology driven’) and intra-organisational shared assumptions (‘quality’, ‘integrity of solution’, ‘moving from a product to a service mentality’) that shaped the nature of those relationships. Importantly, they implied that their perception of these behavioral norms and values in client organisations determined the level of effort they were willing to invest in a relationship.

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