Does organizational culture improve market orientation behavior: A case study of cement companies in Iran

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The purpose of this paper is to examine the relationships between organizational culture and export market orientation behavior in cement companies. The Data were collected via a questionnaire survey of 260 employees in three cement companies (called: Saman Gharb, Ilam and Dorud) in Iran. The Denison Organizational Culture Survey (DOCS) were used to measure organizational culture and in order to measure of export market orientation behavior, the Cadogan and colleagues questionnaire were used. The results of structural equation modeling (SEM) reveal that there is a positive relationship between organizational culture and its traits (Involvement, Consistency, Adaptability and Mission) and export market orientation behavior in cement companies.

Key words: Adaptability, Cement companies, Consistency, Export market orientation behavior, Involvement, Mission, Organizational culture.

INTRODUCTION

The organizations attempt for improving firm performance and organizational culture has been recognized as one of the important drivers of better firm performance (Morone, 1989; Porter, 1985; Stace and Ashton, 1990). Previous studies revealed importance of organizational culture and its influence on company performance and firms gain sustained competitive advantages (Peters and Waterman, 1982). Organizational culture can enhance organizational performance by encouraging and motivating employees, unifying people around and shaping and guiding employee behaviors (Daft, 2007). Organizational culture may help the organization to adjust itself with the changing market conditions, particularly when its strategic focus is on the external environment instead of internal functioning. As such, the organization can respond promptly to customer needs and the moves of its competitors, and this improves organizational effectiveness (Daft, 2007). The studies show that organizational culture can provide a solid foundation for effectiveness, business competition and excellence of organizations (Kriemadis et al., 2012). Exporting is a very important part of business because it can have positive impact on nations through improvement in standards of living, increasing job offerings, and economic growth. Therefore, understanding the export behavior of firms is essential and vital for all major parties which are seeking profit (Aaby and Stanley, 1982). It has been suggested that the only way to superior export performance is to adjust firm’s export activities with market orientation (Cadogan et al., 2001). As globalization and rapid growth of international trade have made it imperative for firms, especially for those from emerging economies, to seek expansion opportunities, the application of market orientation in the export context has increasingly played a critical role in firms survival and success in international markets (Murray et al., 2007). Previous studies have indicated that export market orientation behavior is significantly correlated with export success (Cadogan et al., 1999). In addition, export market orientation behavior gives the firms the capability to create superior value for export customers, if a firm consistently identifies and responds to customer’s current needs and preferences, it will be in a better position to satisfy customers and perform well against competitors (Cadogan et al., 2002).
Furthermore, previous studies have revealed that there is a positive relationship between organizational culture and market orientation (Mcclure, 2010; Leisen et al., 2002). Those studies that examined the relationship between organizational culture and firm performance have found support for the effects of organizational culture on firm performance (Daft, 2007; Denison and Mishra, 1995; Ngo and Loi 2008, Uz Kurt et al., 2013). Some of the previous studies have examined the connection between export market orientation behavior and export performance (Akyol and Akehurst, 2003; Cadogan et al., 2003, 2009; Murray et al., 2007). While some other studies have focused on the antecedents to export market orientation behavior, Cadogan et al. (2001, 2006); Chi and Sun (2013) suggested that organizational culture can inhibit the development of a firm’s export market orientation behavior.

Based on the above studies the purpose of this study is to examine the relationship between organizational culture and export market orientation behavior. We test this relationship using samples of three cement companies. This study revealed importance organizational culture and export market orientation behavior, and the impacts that these phenomenon can have on improving cement companies export performance.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Export market orientation behavior

As an intangible property of a firm, Export market orientation behavior enable it to be more effectively gather and manage export market information and deliver value to its customers (Hunt and Lambe, 2000). Export market orientation (EMO) behavior is the terminology we use to describe a firm’s level of market orientation in its export markets (Cadogan et al., 2001, p.263). Export market orientation behavior consist of three generic information processing-related components: export intelligence generation, dissemination and responsiveness activities. Export intelligence generation refer to all activities in creating export market information. Export intelligence dissemination includes the formal and informal activities in the sharing export market intelligence with the firm. Export intelligence responsiveness refer to the degree to which a firm responds to its customers, competitors, or environment as a result of gaining export market intelligence (Cadogan et al., 2001, 2006). In this regard, export market orientation behaviors facilitate organizational learning and market knowledge (Chi and Sun, 2013).

Organizational culture

Organizational culture is a complex set of values, beliefs, assumptions and symbols that define the way in which a firm conducts its business (Schine, 1985). Organizational culture is a sample of common value and ideas that help the organization's members to understand the organizational performance and create norms for staff behaviors in the organization (Dwyer et al., 2003). Organizational culture emphasis on responsibility and competition and refer to lock of nonprofessional conflict and straggle and sharing the aims referred to an equal task (Cadogan et al., 2001). Denison and others describe four dimension of organizational culture that causes organizational effectiveness as following: involvement, adaptability, consistency and mission. Therefore, it is reasonable to propose Hypothesis 1 (H1) as follows:

H1: There is a positive relationship between organizational culture (involvement, adaptability, consistency and mission) and export market orientation behavior in cement companies.

Involvement

The research literature has shown that effective organizations empower people, organize around team and continuously develop the capacity of their employees (Becker, 1964; Block, 1991; Buckingham and Coffman, 1999; Denison, 2000; Fey and Denison, 2003; Katazenbach and Smith, 1993; Likert, 1961). The Involvement trait focuses on employees commitment and sense of ownership, involvement in decisions that affect it, and team orientation (Becker, 1964; Deal and Kennedy, 1982; Denison, 2000; Fey and Denison, 2003; Likert, 1961; Peters and Waterman, 1982). This trait is measured with three indexes: empowerment, team orientation and capability development (Denison, 2000). Involvement has a high organizational importance in configuration of staff capabilities (Weseman, 2006). Culture organizational as component of coordination plays a key role in unifying a firm capabilities into a cohesive whole, driving its learningprocesses, and directing its organizational activities (Cadogan et al., 2002).Thus, it is reasonable to propose Hypothesis 2(H2) as follows.

H2: There is a positive relationship between involvement and export market orientation behavior in cement companies.

Consistency

The research literature has shown that organizations are effective when they are consistent and well integrated (Saffold, 1988). Consistency refers to the existence of organizational systems and processes that promote real alignment and efficiency over time. It is the focus on a
common set of management principles, consensus regarding right and wrong ways to do things, and coordination and integration across the organization (Denison, 1990, p.9). Consistency is a source of stability and internal integration resulting from a common mindset (Senge, 1990). Existing and resources need to be integrated to achieve internal consistency between the firm’s resources and strategy, and to allow the firm to flexibly react to change in the environment and take advantage of specific market opportunities (Hitt et al., 1990; Milgrom and Roberts, 1995). Milgrom and Roberts (1990) argue that as firms establish modern manufacturing methods, strategic, organizational, and marketing variables have to be adapted as well for the firm to be fully efficient. Cement companies often need to make substantial changes throughout the organization in order to adapt to significant in the market. Therefore, it is reasonable to propose Hypothesis 3 (H₃) as follows.

H₃: There is positive relationship between consistency and export market orientation behavior in cement companies.

Adaptability

Adaptability is the organization’s capacity for internal change in response to external conditions (Denison and Mishra, 1995). Despite some of the natural advantages of well-integrated organizations, they can also be the least adaptive and the most difficult to change. Internal integration and external adaptation can be at odds (Lawrence and Lorsch, 1976). Adaptable organizations translate the demands of the organizational environment into action. They take risks, and learn from their mistakes, and have capability and experience at creating change (Katz and Kahn, 1978; Kotter, 1996; Senge, 1990). It is important to ensure a capacity for creating change, understanding the customer and meeting their needs, and continuing to learn as an organization (Fey and Denison, 2003). Organizations that are strong in adaptability usually experience sales growth and increase market share (Denison and Mishra, 1995). Export market orientation of firms are more informed about the needs and wants of their target markets and will be positioned more strategically than their less market-oriented competitors to tailor products and services for those markets. The export market orientation behavior in a stable environment leads to effective adaptation with quick changes and also the efficiency increases (Cadogan et al., 2009). Therefore it’s necessary for Cement companies to improve export market oriented behavior, for being adapted to the market changes, and provide the customer’s needs. Thus, it is reasonable to propose hypothesis 4 (H₄) as following:

H₄: There is positive relationship between adaptability and export market orientation behavior in cement companies.

Mission

Mission trait defines the organization’s sense of purpose and direction that shapes and forms goals and strategic objectives and expresses a vision of what the organization will look in the future (Hamel and Prahalad, 1994; Selznick, 1957). Mission refers to the degree to which an organization is clear on why it exists and where it is headed. Effective organizations pursue a mission containing economic and noneconomic objectives that provide meaning and direction for their employees (Denison and Mishra, 1995). Management’s emphasis on export market orientation behavior refers to the extent to which a firm’s management shows a clear signal to employees about the importance of being responsive to customer needs in its export markets (Cadogan et al., 2001; Rose and Shoham, 2002). Whatever the staff’s perception from the aims is higher, vision of the company increases. They attempt more to attract the export market customers. Therefore, hypothesis 5 (H₅) is proposed as:

H₅: There is a positive relationship between mission and export market orientation behavior in cement companies.

Conceptual model

Figure 1 presents the conceptual model of this study. The current conceptual model of this study describes the relationships between organizational culture and export market orientation behavior via of two variables traits and is adapted from export market oriented behavior models of Denison’s organizational culture and Cadogan and others. Therefore the total structure of the research according to the Figure 1, investigates the extent of the following relations:

METHODS

This research is a descriptive study, from objective point of view it is an Applied research, and in terms of data collection it is a survey. We present results for three companies in cement industries in order to understanding the relationship between organizational culture and export market orientation behavior. In this research, organizational culture is considered as independent variable and export market oriented behavior as dependent variable. The required data were collected via a questionnaire survey from three cement companies called: Saman Gharb, Ilam and Dorud which they were located across Iran. These business units were surveyed
in the duration of 2013-2014. Considering 800 members of the employees of these companies as a population of the study, the sampling size based on Morgan schedule come out to be 260 members. Out of 260 delivered questionnaires, total 246 questionnaires were completed and were utilized for analyze.

Measures

Measures of the cultural traits are adopted from Denison Organizational Culture Survey (2000). This instrument encompasses 36 questions, which were modified but not omitted through validation phase. These questions are grouped to four traits main (involvement, consistency, adaptability and mission). Each group has three subgroups which are assessed with 9 items. Export market orientation behavior was measured by 13 items developed by Cadogan et al. (1999, 2006). The export market orientation behavior scale was designed to measure three traits (export intelligence generation, export intelligence dissemination and export intelligence responsiveness). Respondents used a five-point Likert-type scale with anchors (1=strongly disagree; 5=strongly agree).

Reliability and Validity of each organizational culture and export market orientation behavior was assessed using the Cronbach’s $\alpha$. All measures met the minimum criterion of 0.70.

Analytical strategy

We employed structural equation modeling (SEM) to analyze the data. The fit of the measurement and structural models were assessed using LISREL 8.5. Apart from the model’s chi-square ($\chi^2$) value, we calculated the Adjust Goodness of Fit Index (AGFI), Goodness of Fit Index (GFI), and the Root Mean Square Error of Approximation (RMSEA). Following the common practice, a model is said to be acceptable if the $(\frac{\chi^2}{df} < 3)$, (AGFI> 0.85) and (GFI>0.90), and the RMSEA value is below 0.08. The parameter estimates in the structural model were used to test the hypotheses.

RESULTS

Before testing the hypotheses, confirmatory factor analysis was performed to evaluate whether the respondents could distinguish the variables under study. We first assessed the model fit of a five-factor measurement model that includes the four sub-dimensions of organizational culture, and the one measure of export market oriented behavior. The chi-square value for this model was $\chi^2 = 52.85$ with df=13 (p<0.01). The AGFI, GFI and RMSEA were 0.95, 0.91 and 0.025, respectively. Therefore, our finding had reached an acceptable level and could be used to explain our hypotheses. Schematically, the results of SEM are presented in Table 1.

Table 2 presents the means, standard deviations, Cronbach alpha coefficient, and correlation among study variables. The results shows that, among the four traits of organizational culture, mission trait had the highest mean
value (mean=3.28). All of the four organizational culture traits were positively correlated with export market orientation behaviors. Involvement trait had the least correlated ($r = 0.40$), and adaptability trait had the highest correlated ($r=0.56$) with export market orientation behaviors. In brief, the correlation analysis provided initial support to our hypotheses.

Totaling the basic hypotheses return determinant coefficient ($R^2$) equal to (0.57), to the structural research model, these results are compared with the research by Chi and Sun (2013) with determinant coefficient (0.75). Looking at the research hypothesizes that are shown at Table 3, we understand that the hypothesis 1 is supported ($\gamma = 0.75$; $t$-value = 13.08). As it states, involvement is positively related to export market oriented behavior. High level of involvement and partnership leads to feel a strong sense of ownership and responsibility to their work, growth of commitment to the organization and develop capabilities related to personnel performance. Therefore, can conclude that whatever the cement companies moves more toward empower and engage their employees and develop their skills and do the activities around teams, it leads to promoting the position of a firm’s export market orientation behavior and consequently, success of the firm’s export operations.

Hypothesis 3 is also supported ($\gamma = 0.91$; $t$-value = 18.45). There is positive relationship between consistency and export market orientation behavior. Therefore, we conclude that what firms members rooted in a set of core values, leaders and followers are able to reach agreement even with diverse points of view, and the organization’s activities are well coordinated and integrated therefore it will promote the export market oriented behaviors.

Hypothesis 4 is supported too ($\gamma = 0.92$; $t$-value = 18.54). As it shows, there is positive relationship between adaptability and export market orientation behavior. Therefore, we can conclude that if firms were able to create adaptive ways to meet changing, read the business environment, understands, reacts to their customers and anticipates their future needs and received,
translate, and interprets signals from the environment into opportunities for encouraging innovation, gaining knowledge, and developing capabilities, will promote export market orientation behavior.

Hypothesis 5 is supported ($R^2 = 0.89; t$-value $= 17.51$). There is positive relationship between mission and export market orientation behavior. So we can conclude that what firms express clearly goals and objectives, strategic direction and intent and vision of what the organization will look in the future, it will promote the export market orientation behavior.

**DISCUSSION**

Export market orientation behavior has become one of the important means for firms to stay competitive and ensure continued good performance. A firm's organizational culture may be an important source of a strategic advantage that allows it to take full advantages of international marketing opportunities. In this study, we investigated the relationships among organizational culture and export market orientation behavior using a data set collected from Cement companies in Iran. Findings indicate the positive relationship between organizational culture and export market orientation behavior. Our conclusions emphasize that organizational culture can be facilitated and improving export market orientation behavior. Our study found positive results for all relationship hypothesized with export market orientation behavior. In terms of correlations, the most positive relationships were adaptability and export market orientation behavior. There was also a significant and positive relationship between organizational culture traits (involvement, consistency, adaptability and mission) and export market orientation behavior. The results demonstrate that constructs of organizational culture traits are internally correlated. In terms of correlations, the most positive relationships were between consistency and adaptability. The results of structural equation modeling (SEM) reveal the positive effects of consistency and adaptability on export market orientation behavior. Furthermore, we found that correlation between organizational culture and export market orientation behavior is 75%. The overall premise of the model tested was that encouraging and increasing export market orientation behavior in the firm can be positively impacted by the organizational culture, which in turn would be related to good firm performance. Our results are strictly applicable to the cement industry in the marketing and export sectors.

**Managerial implication**

Since the adaptability absorbed the most importance and determinant ability in comparison with the other cultural dimensions at cement corporations, the managers of cement corporations should use more effectively the corporations cultural capability and fit the firms structure and technology, in a timing program. It's suggested that the cement managers have a comprehensive study about the situation of cement industry in the country and describe their situation open, by considering tendency and ability of the cement corporations to coincide with changes and achieving better opportunities. So, the managers, members and staffs coordination, cooperation and trustfulness, is the first and basic condition of using this cultural capability. In between organizational culture dimension, the involvement gained the lowest score. This is an indicator of the low level of group work culture, for common aims, at cement companies, and it is not considerably valued. So, it is suggested, that the staffs and workers attend at the corporations planning, and managers of cement companies should try more to strengthen their workers, teaching team working and creating effective work group, in the way to improve their personnel's commitment to their job and work, and they feel themselves as the organizational body and consequently attain better results.

It is suggested to the superior managers of cement companies to do their activities in line with export market orientation behavior. The export market orientation behavior is a part of organizational culture and is accounted as the cement companies values, all the managers and staffs should be undertaken, and focus seriously on collecting and delivering the data about the export customer needs and information about the rivals, that it leads to higher export performance. It is suggested that the organizational structures of cement companies, from a formal and centralized position change in to a structure that is less formal and centralized. Because such structures allows the workers, more being involved in various decision making levels and in times the workers access export markets, create decision making process more flexible and respondent and cause workers and staff take firm decisions, these structures are the export market oriented behavior criterion.

**LIMITATIONS AND FUTURE RESEARCH**

We suggest that researchers in their future researches for the present survey use the other organizational culture models, and compare it's capability with this model, in practice. Since the cultural differences are effective at expanding business between countries, it is suggested to consider the effects of cultural differences on export market orientation behavior, in future researches. In this research study, researcher did not consider any moderating factors influencing organizational culture and export market orientation behavior. Also, only two dependent and independent factors were considered. Therefore, suggest that researchers to
consider impacts intensity of competence, market turbulence in the future studies.

In terms of methodology, this study has several potential limitations. First, this study from the place position is only related to 3 cement companies at Iran, therefore the ideas of the staffs and workers of the staffs ideas and generally speaking, the countries cement companies, and this problem limits the search to universalize the place of research. The second limitations is considering the lock of cooperation from some cement companies and the problems to admit the questionnaire by the preservation of some companies, were effective to limited the research and caused decreasing the universalization. Third, However the research variables were not studied dependently or with other variables, but shortage of or lock of enough research history about the relation of organizational culture with personals of export market orientation behavior at inside or outside sources, limits the theoretical aspect of research model and takes away the compare of this research with the results of the researches, from the researcher to some extent.

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