MARKETING STRATEGY AND ORGANIZATIONAL CULTURE: A CONCEPTUAL AND EMPIRICAL INTEGRATION

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In recent years there has been a growing interest in the concept of organizational culture. While a few of these studies have explicitly discussed the relationship between organizational culture and strategy, to date no study has been published which empirically investigates the fit between these two variables. This paper presents a discussion of the strategic fit between organizational culture and marketing strategy. It also includes an empirical examination of how combinations of organizational culture and marketing strategy are associated with organizational performance.

INTRODUCTION

Organizational theory researchers have long been interested in the manner in which various aspects of the organization "fit" together in order to provide optimal organizational performance. Moreover, Naman and Slevin (1993, p. 145) have concluded "as environments become more demanding in the future, it appears safe to argue that fit will matter even more." In this context, "fit" refers to the unifying alignment of all relevant internal organizational elements. To date, researchers have investigated the fit between structure and strategy (e.g., Chandler 1962; Egelhoff 1988; Fredrickson 1986; Naman and Slevin 1993), technology and structure (Hoffman, Cullen and Hofacker 1992; Paulson 1980), as well as size and technology (Pugh, Hickson, Hinings, and Turner 1969). Another salient type of fit which influences the firm's overall performance, and one that has received only limited attention in the past, is that of organizational culture and marketing strategy. Organizational culture, like the previously identified variables, is determined by management (Galbraith 1995; Peters and Waterman 1982) and can be manipulated to provide improved financial returns to the organization (Deshpandé, Farley, and Webster 1993). Consequently, gaining a better understanding of how organizational culture can be fit to other organizational properties would appear to be useful to managers.

The Journal of Marketing Management
Volume 9, Issue 2, pages 32-46

Historically, within the marketing literature only a few studies have explicitly acknowledged the importance of organization theory topics (e.g., Ruekert, Walker, and Roering 1985). Since the late 1980s, however, marketers have begun to show a bit more interest in the organizational culture construct (Deshpandé and Parasuraman 1984; Deshpandé and Webster 1989; Deshpandé, Farley, and Webster 1993; Moorman, Deshpandé, and Zaltman 1993; Webster 1993; Williams and Attaway 1996). While these studies have greatly contributed to our understanding of organizational culture, they have not expressly examined the way in which organizational culture should be fit to other aspects of the organization such as marketing strategy or how this fit may be related to organizational performance. Based upon conceptual arguments presented by other researchers regarding the importance of organizational culture and marketing strategy for firm performance (Deshpandé and Parasuraman 1986; Piercy and Peattie 1988; Scholz 1987; Schwartz and Davis 1981; Webster 1992), such an empirical investigation appears warranted.

In the current study, then, two research questions are of interest: (1) Is there an optimal fit between marketing strategy and organizational culture? and (2) How does this fit affect the performance of the firm? We begin the paper with a brief discussion concerning the type of fit to be investigated followed by a brief review of the literature related to organizational culture. Next, in keeping with Fader and Lodish (1990) and as a function of the methodology, preliminary analyses and research hypotheses are presented. The results of the hypothesis tests follow, and finally, a discussion of the findings is presented.

Perspectives on Fit

Venkatraman (1989, p. 423) stated that "fit is central to both theoretical discussion and empirical research." Unfortunately, a number of problems with the way researchers use fit have been identified. For example, Venkatraman (1989) argued that researchers have hampered the impact of fit in organizational research by not appropriately conceptualizing the type of fit to be investigated and then not utilizing the appropriate statistical test. In addition, Van de Ven and Drazin (1985) noted that inadequate conceptualizations of the type of fit to be investigated can impact the meaning of the theory being investigated. To avoid these difficulties, we have tried to more precisely define the nature of fit being investigated in the present research.

Venkatraman (1989) identified various types of fit based on three criteria: (1) degree of specificity of the functional form of the relationship (high to low), (2) number of variables in the equation (few to many), and (3) choice of anchoring the specification of fit-based relationships (criterion-specific to criterion-free). This categorization results in six different types of fit. Three of the types (fit as profile deviation, fit as gestalts, and fit as covariation) are not germane to the present study since all three involve a relatively large number of independent variables. The remaining three types that are of interest in the present study are: (1) fit as moderation, (2) fit as mediation, and (3) fit as matching.

The primary difference between these latter three categories is that fit as moderation and fit as mediation both require the fit relationship between the variables of interest to be posited relative to a specific criterion variable (e.g., performance). Fit as matching does not require this constraint; in proposing fit as matching, researchers are free to propose fit relationships between variables based on theoretically defined matches between two variables without necessarily having to take into account the impact of the variables on an outcome variable. However, this does not mean that at some point the fit cannot be tested relative to a criterion variable (e.g., performance). In this study, we choose to investigate fit as matching utilizing the typologies specified by Joyce, Slocum, and Von Glinow (1982).

Joyce, Slocum and Von Glinow (1982) were interested in providing a better understanding of person-situation fit as it related to an individual's work performance or satisfaction. In order to provide a more rigorous and robust test of person-situation effects, the authors identified three types of fits based upon the "matching" perspective: (1) effect congruency, (2) general congruency, and (3) functional congruency (see Figure 1). While Joyce, Slocum, and Von Glinow (1982) acknowledged that much of the person-situation fit assumed an interactive relationship between the person and the situation (i.e., fit as moderation), their effect congruency model proposes that the *main* effects are more important than the interaction effects. In other words, the interaction of personal and situational factors may not necessarily lead to higher levels of satisfaction/performance. Instead, "increases" in both personal and situational factors may individually enhance satisfaction/performance (see Figure 1b). In the context of the present study, the effect congruency model would predict that strategy and culture do not interact, but that marketing strategy and culture impact performance independently of one another.

Unlike the effect congruency model, both the general congruency and the functional congruency models posit significant interactions. General congruency is closest to what one would consider a "traditional" interaction model in that high levels of a criterion variable would occur when the appropriate levels of two variables fit together (see Figure 1c). Likewise, lower levels of a criterion variable would occur when the variables "misfit." In the current study, the general congruency model would propose that optimal performance would be expected to occur when certain types of marketing strategies correspond with certain types of organizational cultures while lower levels of performance would occur if a misfit between certain types of strategies and cultures existed.

The functional congruency model suggests that either of two explanatory variables may produce high performance and that the joint occurrence of both (i.e., interaction) may do little to improve performance. Joyce, Slocum, and Von Glinow (1982) stated that "[f]unctional congruence represents a more general model combining both an emphasis on statistical interaction and consideration of particular criteria" (p. 267) (see Figures 1d and 1e).

In adopting the matching perspective proposed by Joyce, Slocum, and Von Glinow (1982) as the conceptualization of fit to be utilized in the present research, we derive at least two potential advantages. First, fit as matching is consistent with much of the research which has investigated how organizational properties should be fit together (e.g., Bourgeois 1985; Chakravarthy 1987; Chandler 1962; Grinyer, Al-Bazzaz, and Yasai-Ardekani 1980; Rumelt 1974). Second, the framework provided by Joyce, Slocum, and Von Glinow (1982) allows competing conceptualizations of fit to be tested within the same analytical framework. Thus, if the hypothesized type of fit is not supported, it allows other related types of fit to be investigated.

Organizational Culture

The organizational culture construct has been delineated in a number of recent review articles (Allaire and Firsirotu 1984; Barney 1986; Deal and Kennedy 1982; Denison 1996; Deshpandé and Webster 1989; Ouchi and Wilkins 1985; Smircich 1983). Consequently, only a brief discussion of the organizational culture construct which focuses on the perspective taken in this research effort will be presented here.

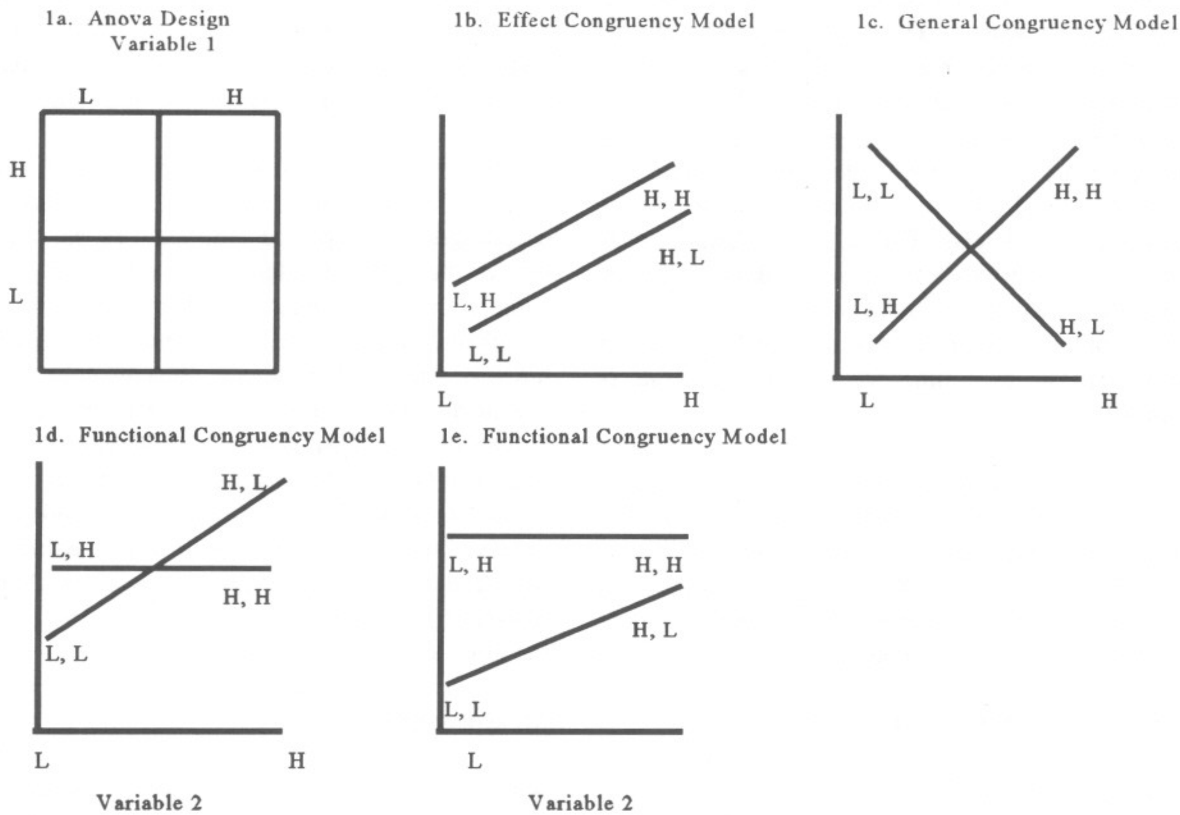
Defining Organizational Culture. Organizational culture has been formally defined in the marketing literature by Deshpandé and Webster (1989, p. 4) as:

> the pattern of shared values and beliefs that help individuals understand organizational functioning and thus provide them norms for behavior in the organization.

Organizational culture is generally seen as the unwritten rules permeating a firm which may have a great deal of impact on the behavior and productivity of employees (Webster 1993). In fact, Smircich (1983) argued that organizational culture may be the critical key which a manager can use to direct the course of the firm. Indeed, the now classic *In Search of Excellence* by Peters and Waterman (1982) emphasized the important role of managers in shaping values and creating a culture in which change is embraced in order to achieve financial success.

In their comprehensive review of the organizational culture literature, Deshpandé and Webster (1989) built on the work of Smircich (1983) to develop five different paradigms related to the study of organizational culture: (1) comparative management,(2) contingency management, (3) organizational cognition, (4) organizational symbolism, and (5) the structural/psycho dynamic perspective. While each of these has the potential to greatly contribute to our understanding of how organizational culture affects the organization, the research presented here is conducted within the contingency management paradigm.

FIGURE 1
Joyce, Slocum and Von Glinow's (1982)
Perspective on "Fit as Matching"



Within the contingency management paradigm, culture is viewed as an endogenous variable to the firm. Accordingly, culture is a "lever or tool to be used by managers to implement strategy and to direct the course of their organizations more effectively" (Deshpandé and Webster 1989, p. 7). This view is consistent with much of the contingency research cited earlier in the paper relative to structure, technology, and strategy. In addition, the contingency cultural perspective is consistent with much of the previous research conducted relative to the impact of organizational variables on marketing strategy (Zeithaml, Varadarajan, and Zeithaml 1988).

Types of Organizational Cultures. As the research regarding organizational culture has evolved, a number of different "models" of organizational culture have been presented. For instance, Ansoff (1979) proposed an "evolutionary" model which includes the following five culture types: (1) stable, (2) reactive, (3) anticipating, (4) exploring, and (5) creative. Deal and Kennedy (1982), using the degree of risk associated with a company's activities and the speed of feedback on these activities, proposed an "externally" focused model which includes the following four culture types: (1) tough guy/macho, (2) work hard/play hard, (3) bet your company, and (4) process.

A third organizational culture model, and the one to be used in the current research, was developed by Quinn (1988) based on two dimensions: (1) organizational process (organic vs. mechanistic) and (2) organizational orientation (internal vs. external).

The **"clan"** culture (organic, internal) is characterized by an emphasis on cohesiveness, teamwork, and commitment to the organization whereas the **"market"** culture (mechanistic, external) is characterized by competitiveness and goal achievement. The **"adhocracy"** culture (organic, external) has as its focus creativity, entrepreneurship, and dynamism. Finally, the **"hierarchy"** culture (mechanistic, internal) is characterized by order, rules and regulations, uniformity, and efficiency. It should be noted that according to Deshpandé, Farley, and Webster (1989) "these culture types are modal or dominant ones rather than mutually exclusive ones." In other words, while it may be true that a firm may have elements of each of these, over time one type will emerge as dominant.

These four culture "types" will be used in the current research to address the research questions of whether fit between organizational culture and marketing strategy matters. If the fit has an impact on performance, the preferred combination of these constructs will be determined.

METHODOLOGY

Sampling Procedure

The sample consisted of randomly selected firms operating in a large state in the Midwest. Only firms classified in SIC codes 33-37 and having greater than 100 employees were included in the study. The mailing list including the names and addresses of firms meeting these criteria was purchased from Dun and Bradstreet, a nationally recognized research organization. The SIC codes 33-37 were selected since this research was part of a larger study which focused on firms involved in high technology.

A total of 735 surveys, along with a cover letter and a return envelope, were mailed to firms in the sample. One week following the initial mailing a post-card was mailed to again request cooperation from these firms. A second cover letter, return envelope, and a replacement questionnaire were sent to non-respondents after approximately four weeks. This procedure was repeated with a third mailing after an additional four weeks. Ultimately, 173 usable surveys were returned for a response rate of 22.88%. This response rate is considerably higher than the 10-12 percent cited in the literature as the norm for mailings to top executives (Hambrick, Geletkanycz, and Fredrickson 1993). A test of early to late respondents was able to rule out any potential problems associated with non-response bias.

While the survey was addressed to the CEO or President of each firm, and their participation was encouraged, we expected that some of the surveys would be passed along to subordinates for completion. In order to determine who had completed the survey, each respondent was asked to indicate his or her title. Seventy-four (43%) indicated CEO/President, thirty-four (20%) specified Director or Vice-President, and thirty-two (18%) indicated General Manager or Manager level. The remaining twenty-five respondents (14%) indicated a variety of titles, all of which placed them within "top management." This evidence suggests that all respondents were in a position to accurately provide the information required for the study.

Measurement

All constructs of interest in this research were assessed by measures that have been previously reported in the literature. The scale validation procedure will be discussed later in the Results section.

Organizational Culture. Organizational culture was operationalized using a scale developed by Cameron and Freeman (1991) and Quinn (1988) and introduced into the marketing literature by Deshpandé, Farley, and Webster (1993) and Moorman, Deshpandé, and Zaltman (1993). The scale provides the respondent with four scenarios for each of the following four areas of the firm: (1) kind of organization, (2) leadership, (3) what holds the organization together, and (4) what is important. The respondent is asked to distribute 100 points across each of the four scenarios in each area, depending upon which scenario best describes his/her firm. Each of the four scenarios within the four areas represents a different type of the four organizational culture types (i.e., clan, hierarchy, market, adhocracy). Thus, each type of organizational culture is measured by four items. By adding up the scores for the appropriate four scenarios across the four areas, one is able to determine the extent to which the respondent feels that a particular organizational culture exists within his/her firm.

Marketing Strategy. The marketing strategy of the firm was measured using a scale adapted from Lusch and Laczniak (1989) which reflects the four elements of the marketing mix. Five items were used for each marketing mix element with the exception of promotion strategy which had six. Respondents rated each item on a five-point Likert scale to indicate their level of agreement/disagreement regarding the extent to which each of the marketing mix items was used in his or her firm.

Performance. Due to the documented problems with objective performance measures (Naman and Slevin 1993), a subjective performance scale adapted from Naman and Slevin (1993) and Gupta and Govindarajan (1984) was utilized. Respondents were instructed to indicate the extent of their satisfaction/dissatisfaction for each of nine performance items using a five-point scale.

RESULTS

Analytical Framework

The primary purpose of this research effort is to investigate the performance implications of the fit between marketing strategy and organizational culture. Most research efforts which have focused on the fit between organizational characteristics have utilized regression-based procedures; however, the scale used here to measure organizational culture results in ipsative data which is not suitable for regression based techniques (Quinn and Spreitzer 1991). Therefore, an alternative analytical framework was utilized which closely parallels that used by Fader and Lodish (1990) and Kim and Lim (1988). The framework consists of the following steps: (1) scale validation via factor analysis, item-total correlations, and reliability analysis, (2) submission of the scales to a multistage cluster analysis (hierarchical followed by non-hierarchical) to determine groups, first based on marketing strategy and then on the basis of organizational culture, and (3) integration of the two variables to determine their impact on the criterion variable of interest, which is satisfaction with the firm's performance.

Step One – Scale Validation

Organizational Culture. Since the organizational culture scale results in ipsative data, factor analysis could not be used to assess unidimensionality. Reliability was assessed, however, by computing coefficient alpha for the four culture types. The results were within the acceptable range: Clan: α = .71, Adhocracy: α = .77, Market: α = .71, and Hierarchy: α = .65. Furthermore, the alpha values for these constructs were comparable to the respective coefficient alphas reported by Deshpandé, Farley, and Webster (1993) -- .82, .66, .82, and .71.

Marketing Strategy. To assess dimensionality, the entire marketing strategy scale (21 items) was submitted to an exploratory factor analysis with a varimax rotation, resulting in a six-factor solution. As is shown in Table 1, the first factor included four items with relatively high loadings that appear to primarily measure product strategy. The second factor included four items emphasizing promotion strategy. The items designed to measure distribution strategy loaded on two separate factors. The first factor was labeled "distribution management strategy" with the second being labeled "physical distribution strategy." The pricing items also loaded on two factors with the first being labeled "flexible pricing strategy" and the second "demand pricing strategy." These six factors accounted for 62.7% of the total variance. As evidence of the stability of the factor structure, only six of the cross-factor loadings exceeded .30. The values for items that loaded highly on an individual factor were averaged to create a score for that factor. The coefficient alphas are presented in Table 1.

Performance. The results of an exploratory factor analysis with a varimax rotation for the nine performance items resulted in a two-factor solution with seven items loading on the first factor and two items loading on the second. Since the first factor accounted for 64.2% of the variance and adequately accounted for various types of performance, only these items were used to create a unidimensional performance scale. Each of the factor loadings for this factor was above .73 with the highest cross-loading being only .21. These results, along with the high coefficient alpha of .95, suggest that the seven-item performance scale has a satisfactory level of internal reliability.

Step Two – Cluster Analysis

A two-stage cluster analysis procedure was conducted using the SPSS statistical package. First, the data were submitted to a hierarchial clustering method in order to gain an initial understanding of the number of clusters. Ward's method was chosen as the clustering algorithm and squared Euclidean distance was chosen as the similarity measure. A primary issue associated with cluster analysis is determining the appropriate number of clusters to use. The clustering procedure utilized in this study provides a coefficient that represents the degree to which clusters that are combined in each step of the clustering procedure are homogenous. Smaller coefficient values indicate more homogenous clusters being combined while larger coefficient values represent the joining of clusters that are heterogeneous. Thus, by looking for large increases in the coefficient, it is possible to select an appropriate number of clusters. Upon the conclusion of this step, the centroids of the clusters found in the hierarchical clustering procedure were used as a starting point for a nonhierarchical clustering procedure in order to refine the initial result. Finally, discriminant analysis was used to assess the stability of the clusters.

Organizational Culture. For each respondent, the sum of the score for each of the four culture types was submitted to the two-stage cluster analysis discussed above. Table 2 shows the percentage change in the clustering coefficient from a five-cluster solution to a one-cluster solution. As can be seen, the greatest percentage change occurs when going from two clusters to one cluster. Therefore, a two-cluster solution was chosen. The means of the clusters were then used as a starting point in the non-hierarchical clustering procedure which produced the cluster means as well as the univariate F-tests of the difference between the mean scores for each cluster (see Table 2). The results indicate that the means for each of the four culture types are significantly different across the clusters. The first cluster appears to incorporate the "clan" and "adhocracy" culture types with the second cluster incorporating the "market" and "hierarchy" cluster types. As a final test of the stability of the clusters, a discriminant analysis accurately classified 97% of the sample of the respondents.

Marketing Strategy. The responses to the collection of items with high loadings on a particular factor were averaged to form a score for each respondent on that factor. These values were then submitted to the two-stage clustering procedure discussed earlier. Based on the percentage change in the clustering coefficient (see Table 3), the responding firms could parsimoniously be placed into one of two clusters. The cluster means (see Table 3) are significantly different for each of the six marketing strategy variables, leading to a rather straightforward interpretation of the cluster groups. Since the means for the marketing strategy variables are considerably lower for Cluster 1 than for Cluster 2, each firm can be categorized into a "low marketing strategy" group or a "high marketing strategy" group. As a final test of the stability of the clusters, a discriminant analysis accurately classified 96% of the respondents into the correct group.

Step Three – Integrating the Groups

Conceptual Integration. By combining the two-group organizational culture cluster solution on the horizontal axis with the two-group marketing strategy cluster solution on the vertical axis, a 2 x 2 matrix with four quadrants evolves. This conceptual integration enables each firm in the sample to be placed into one of the four cells shown in the bottom part of Table 4. A discussion of this classification of firms follows.

TABLE 1
Factor Analysis of Marketing Strategy Items

	Factor Loading	Coefficient Alpha
Product Strategy		.78
Technical research, development, and laboratory testing of new products and improvements of existing products	.81	
Product research relating to the development of product styles	.80	
Pre-sale service such as product application engineering	.70	
Market research relating to product planning and development, and product testing	.65	
Promotion Strategy		.75
Public relations, public affairs, and community relations	.73	
Special promotional activities such as promotional warranties, trade shows, dealer aids, and product displays	.73	
Media advertising in trade journals/magazines	.64	
The packaging of the product as a promotional aid	.60	
Distribution Management Strategy		.78
Control when selecting the individual establishments with the basic channel(s)	.78	
Influence in developing the channel of distribution	.77	
Sales training for employees.	.64	
Physical Distribution Strategy		.69
Warehousing and inventory control	.79	
Forward vertical integration	.68	
Control over transporting the product	.61	
Flexible Pricing Strategy		.65
Frequent price changes based on perceived demand.	.81	
Pricing flexibility	.81	
Demand Pricing Strategy		.53
Policies designed to increase the frequency with which our product is purchased by our current customers	.79	
Quantity discounts	.59	
Policies designed to increase the total number of customers for our product	.55	

TABLE 2
Cluster Coefficients, Cluster Means, and Univariate F-tests for Organizational Culture

Cluster Coefficients	
Number of Clusters	**Percentage Change in Agglomeration Coefficient to Next Level**
5	14.4
4	15.3
3	27.1
2	43.5
1	-----

Cluster Means and Univariate F-tests				
Culture Construct	**1**	**2**	**F Ratio**	**Significance**
Clan	137.89[a]	71.02	101.81	.000
Adhocracy	112.87	75.52	26.29	.000
Hierarchy	61.03	90.90	27.93	.000
Market	86.83	161.63	147.18	.000

[a] Values are the means for the cluster for that particular organizational culture construct.

TABLE 3
Cluster Coefficients, Cluster Means, and Univariate F-tests for Marketing Strategy

Cluster Coefficients	
Number of Clusters	**Percentage Change in Agglomeration Coefficient to Next Level**
5	7.2
4	10.6
3	10.3
2	26.8
1	-----

Cluster Means and Univariate F-tests			
Marketing Strategy Construct	**1**	**2**	**F Ratio Significance**
Product Strategy	3.03[a]	3.78	41.48 .000
Promotion Strategy	2.12	3.16	124.53 .000
Channel Management Strategy	2.63	3.70	125.18 .000
Physical Distribution Strategy	2.80	3.47	45.81 .000
Flexible Pricing Strategy	2.78	3.02	3.22 .074
Demand Pricing Strategy	2.93	3.44	30.46 .000

[a] Values are the means for the cluster for that particular organizational culture construct.

The first cluster formed from the organizational culture data seems to be dominated by the characteristics of both the "clan" and "adhocracy" cultures. Both of these culture types fall on the organic process end of the organic-mechanistic continuum. Covin and Slevin (1989, p. 76) explained that:

> 'organic' structures permit rapid organizational responses to changing external environments, while 'mechanistic' structures are better suited to predictable environments where rapid organizational responses are not typically required.

Accordingly, firms in this organizational culture cluster seem to emphasize a culture in which the organization changes quickly when new environmental conditions are present. Deshpandé, Farley, and Webster (1993) indicate that the "adhocracy" culture has entrepreneurship, creativity, and innovation as its dominant characteristics. The "clan" culture is characterized by cohesiveness, participation, and teamwork.

The primary focus of the second cluster, dominated by the "hierarchy" and "market" cultures, is its mechanistic structure. Indeed, the "hierarchy" culture is characterized by order, rules and regulations. The "market" culture, although having competitive advantage as a strategic focus, is also dominated by formalized procedures.

Although this research does not explicitly examine the impact of the environment, the general consensus is that firms now face increasingly turbulent environments (Achrol 1991). Accordingly, one would expect that firms such as those in Cluster 1 which have highly organic cultures emphasizing values, innovativeness, and loyalty to the firm would be more successful than firms having an organizational culture which impedes their ability to respond to a changing environment.

The other variable of interest, marketing strategy, clustered into two groups. The first group consisted of firms that were relatively low users of marketing strategies while the second group had higher usage levels. Given recent research which indicates that greater levels of market orientation lead to higher profits (e.g., Ruekert 1992; Slater and Narver 1994; Webster 1993), one would expect firms exhibiting a higher use of marketing strategy to also have better performance. It should be pointed out that our measure of marketing strategy should not be confused with that of market orientation (e.g., Kohli and Jaworski 1990; Narver and Slater 1990). Our measure of marketing strategy, and in particular the two clusters identified, should be interpreted as a more and less proactive use of marketing tools. Consequently, firms adopting the strategies endorsed by market-oriented behaviors – responding to customer needs by providing competitively superior products and services on an organization wide basis – would be expected to express greater satisfaction with performance.

The question now becomes what is the nature of the fit between organizational culture and marketing strategy? As previously noted, the framework developed by Joyce, Slocum, and Von Glinow (1982) presents three different types of matching fit (see Figure 1). The first of these three typologies is the *effect congruency model*. It implies that there is just one optimal type of organizational culture *and* one optimal type of marketing strategy. As such, no interaction between culture and strategy would be hypothesized.

Secondly, there is the *general congruency model*. It implies that there is no one best type of marketing strategy or organizational culture. Instead, the effect of one variable on performance is a function of the level of the other variable. In other words, while no single type of strategy or culture is deemed best, organizations must match the appropriate type of organizational culture with the appropriate type of marketing strategy to achieve highly satisfactory levels of performance. Interaction among the two variables is a key issue in the general congruency model.

Thirdly, there is the *functional congruency model* which indicates that the highest levels of performance will accrue to those firms that utilize either: (1) the *one* optimal type of culture or strategy *or* (2) the optimal combination of organizational culture and marketing strategy. In other words, the functional congruency model posits that either the main effects **or** the interaction effects could yield better performance.

Deshpandé and Webster (1988) described organizational culture as a lever to be used by managers to implement marketing strategy, implying that the culture of the organization should be fit or matched to the particular strategy being pursued in order to achieve optimal performance. Therefore, in order for a firm to successfully implement a high level of marketing strategy relative to its competitors, the firm would need to have a culture that rewards innovativeness and the ability to quickly adapt to changing conditions. In the current study, optimal performance would be expected by matching the "high marketing strategy" cluster with the "adhocracy/clan" culture cluster. Some conceptual support for this was found by Deshpandé and Parasuraman (1986) when they proposed that the "tough guy/macho" culture (which is characterized by the ability to respond quickly to high risk conditions) be matched with the introduction stage of the Product

Life Cycle as well as the "question mark" quadrant of the Boston Consulting Group Market Growth Share Matrix. Based upon this discussion, the following performance-oriented hypotheses are presented:

H_1: The greatest satisfaction with firm performance will occur when firms employ a "clan/adhocracy" culture.

H_2: The greatest satisfaction with firm performance will occur when firms employ a relatively high level of marketing strategy.

H_3: Firms which match a "clan/adhocracy" culture with relatively high levels of marketing strategy will exhibit the greatest satisfaction with performance.

TABLE 4
Tests of the Research Hypotheses

Effects	DF	Mean Square	F	Significance
Organizational Culture	1	6.304	8.63	.013
Marketing Strategy	1	2.952	4.04	.031
Interaction	1	.080	.11	.832

Group Means			
		Organizational Culture	
		Clan/ Adhocracy	Market/ Hierarchy
Marketing Strategy	Low Marketing Strategy	3.05[a] (n=32)	2.61 (n=29)
	High Marketing Strategy	3.37 (n=59)	3.00 (n=38)

[a] Values are the mean performance scores for the firms falling into a particular culture/strategy quadrant.

Test of the Hypotheses. Analysis of variance was used to test the hypotheses presented above. The model included satisfaction with firm performance as the dependent variable. Organizational culture with two levels (clan/adhocracy or market/hierarchy) as well as marketing strategy, also with two levels (high or low), served as the independent variables. While the test for interaction (H3) was not significant, the main effects for organizational culture (H1) as well as the main effects for marketing strategy (H2) were determined to be statistically significant (see Table 4). Consequently, ANOVA's main effects posited by the effect congruency model were supported. Additionally, a result worth noting is that the performance mean for the firms in the quadrant representing high marketing strategy use *and* the adhocracy/clan is greater than the performance mean for any of the other three quadrants, although the difference is not statistically significant.

DISCUSSION

As markets continue to change at an accelerating pace, it becomes more incumbent on marketing strategists to make sure that the appropriate organizational form is in place which best enables appropriate adaptation in response to this change (Achrol 1991). It would appear that the ability to manipulate the culture of the organization would be of great assistance in responding to changing environments and in reacting to competitive pressures (Webster 1992). The purpose of the research study presented in this paper was to investigate the extent to which an appropriate organizational culture and marketing strategy could be identified that might be associated with organizational performance. The results of the research indicate that specific types of organizational culture and marketing strategy use are significantly and positively related to organizational performance. However, there was no support for the hypothesis that there is a contingency relationship between culture and marketing strategy (i.e., there is a significant interaction effect between the two). This provides important implications for both researchers as well as for managers.

For example, it appears that a specific type of organizational culture is most closely associated with higher organizational performance. This replicates findings by Deshpandé, Farley, and Webster (1993). The cluster formed by combining the adhocracy and clan cultures clearly outperformed the cluster formed by the market and hierarchy cultures. Since both the adhocracy and clan cultures are characterized by an organic organizational structure, these results seem to suggest that managers should create organizational cultures in which information flows freely within the organization, employees are provided some degree of autonomy, and in which creativity and entrepreneurship are rewarded.

Given the relationship found in this study between organizational culture and performance, it would appear that organizational culture is a potentially important construct that deserves more research attention among marketing strategy researchers. Achrol (1991) has pointed out that organizational structure is continuing to evolve in the face of environmental turbulence. He proposed that organizations of the future will by necessity have to be more innovative, efficient, and flexible. To this end, two new organizational forms, the marketing exchange company and the marketing coalition company, were presented. These systems are "norm-driven rather than hierarchy- or contract-driven systems" (Achrol 1991, p. 87). That these systems will be norm-driven, rather than rules driven, implies that employees will be given much more autonomy. Accordingly, identifying and incorporating the appropriate organizational culture could be more important in such norm-driven organizations.

The finding that a greater use of marketing strategy is more highly related to performance is also important to marketing strategists. Essentially, this suggests that a more proactive use of marketing is directly associated with the performance of firms. The contribution to marketing strategy inherent in this finding is that in order to be successful, the marketing strategy pursued by a firm must be clearly differentiated from that of its competitors. This would indicate the need for organizations to do more than simply following the marketing programs already put into place by other firms acting as market leaders.

The lack of support for the hypothesis proposing the interaction between organizational culture and marketing strategy was unexpected. The idea that enhanced organizational performance could be achieved by matching a more proactive use of marketing with an adhocracy/clan culture intuitively makes sense. Given that this is the first study we are aware of to test this hypothesis, our results should not be taken as definitive. Marketing and strategy researchers should continue to investigate, perhaps in other industries, the possibility that organizational culture and market strategy usage might be matched together to lead to optimal organizational performance.

DIRECTIONS FOR FUTURE RESEARCH

In addition to the possible research directions raised in the previous section, the following questions might also prove worthwhile for future research:

- Should the culture of the firm be changed to match the strategy the firm hopes to implement, or vice versa?

- What is the impact of the environment faced by the firm on the nature of the culture/strategy fit? It was implicitly assumed in this study that the environment faced by the firm was turbulent and changing rapidly. However, in some industries this may not be the case. Consequently, some other culture/strategy fit may lead to higher performance.

- What might be the impact of other organizational characteristics (e.g., structure) on the nature of the culture/strategy relationship?

- How might the culture/strategy fit impact interorganizational relations between firms involved in a channel of distribution? If a channel dyad can be considered an "organization," as has been suggested (Anderson and Narus 1991), it would appear logical that traditional intra-organizational constructs (such as organizational culture) could be utilized to understand interorganizational relationships as well (Baker and Hawes 1993).

These questions must be investigated in order for researchers to more fully understand the culture/strategy relationship. Hopefully the present study, along with the others that are cited here constituting the emerging body of literature within the field, can encourage marketing scholars to focus increased research attention on organizational culture in future research projects.

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