#### INFLUENCE OF ORGANIZATION CULTURE ON CONTEMPORARY MARKETING PRACTICES: A TEST OF CONVERGENCE THEORY

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#### Abstract

This paper focuses on the study of the influence of the organization culture on contemporary marketing practices in IT industry when national culture acts as a moderating variable. The study has been undertaken in the IT industries in India with a sample size 237. The research makes use of a mixed method approach with qualitative approach including the meta-analysis of the literature and hypothesis building, and quantitative approach making use of Structural Equation Modelling (SEM) using partial least square method. The results have revealed the fact that Clan is significantly influencing collectivism; Confucian dynamic is significantly influencing Transaction marketing; Hierarchy is significantly related to Collectivism, Database marketing, Interaction marketing, Masculinity, Network marketing, Power distance, Transaction marketing, and Uncertainty avoidance; Market transaction is significantly related to Power distance; Masculinity is significantly influencing Interaction marketing, and Uncertainty avoidance is significantly influencing Database marketing. These revelations have led to the development of a contemporary marketing model and drawing of the implications to the managers to strengthen the marketing strategies. The outcome of this research would be useful for the practitioners as well as the theorists of contemporary marketing.

**Key words:** Contemporary marketing, Organization culture, National culture, Structural equation modeling.

### 1. Introduction

What provides a competitive edge in business? This question as such does not have a magic wand solution due to the dynamic and multivariate nature of business complex dynamics. However, there could be some clear parameters such as high quality service/product, distinctive product or service, price competitiveness, technology, and systems. Theorganizationmust have a clear understanding of the human interventions on these strategic imperatives. One such human intervention could be the type of organizational culture. This is because several researchers have established a strong link between this construct and the strategic imperatives (Barbara, 2001; Lund, 2003; Reynoso, 2008; Sato, 2010; Lacey, 2010; Guido et al., 2011; Kriemadis; 2012; Singh, 2013; Pantouvakis&Bouranta, 2013).Researchers have examined many facets of organizations in an attempt to identify the elements thatcontribute to the development of long-term organizational strategies.

National culture is believed to moderate firms' actions via altering itsorganizational culture (Miller, 2005). While there are studies which support this argument there are also studies opposing this view. The complication involved in this kind of studies is the very nature of the national culture as a construct. It is not possible to consider national culture as a general construct which is uniform across nations, while on the contrary the organizational culture can be uniform across the nations irrespective of the geographic location of the organization. So, this kind of studies which deal with the national culture intervening between the organizational culture type and the contemporary marketing strategies can only be limited to the national boundaries. But again, there is an exception to this rule in case of multinational companies as the majority of the workforce could be from different countries in which case the national culture may not influence the organization to a great deal. IT companies are a good set of examples for this kind of a situation. With this point of view, this research has dealt with the moderating effect of national culture between the organization culture type and contemporary marketing practices, which forms the objective of this research.

# 2. The Hypothetical Research Model

An increasingly debated topic in the international literature is the transferability of management and marketing theories and practices across national borders and different cultures (Miller, 2005). Specifically it is the debate between convergence theory

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and cultural specificity. The argument is that while the practices can be embedded in the culture of origin and can be diffused easily into the organizations, the organizational culture is influenced by the national culture and cannot be considered to be absolute.

The hypothetical research model of research considers organization culture as the exogenous variable of the study and contemporary marketing practices as the endogenous variable. National culture becomes the moderating variable between the two. So, this enables the study of the direct influence of the type of organizational culture on national culture, and the direct influence of national culture on the contemporary marketing practices. In addition, it also enables the study of the influence of type of organizational culture on contemporary practices when national culture acts as the moderating variable between the two (Figure1).

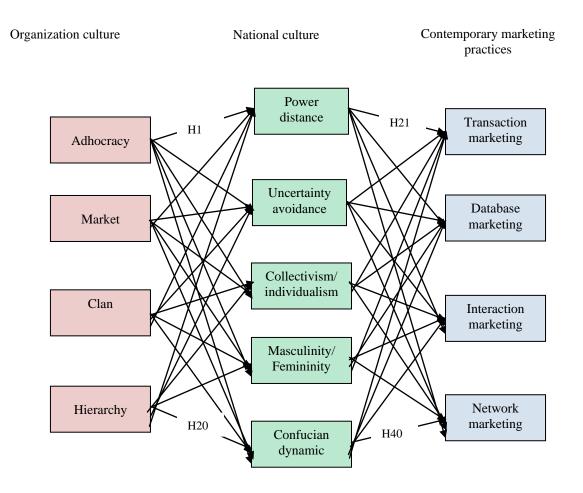


Figure 1: Hypothetical research model of customer experience

## 2.1 The organizational culture

Organizational culture is defined as the pattern of shared values and beliefs thathelp individuals understand organizational functioning and thus provide them with thenorms for behavior in the organization(Deshpande and Webster, 1989).

The adhocracy is informal, decentralized, externally focused and utilizesflexibility and readiness as its means to achieve growth and acquire resources, its ends. They value their competitive position in the external environment. The strength of thisculture is that it fosters adaptability and change. There is a great emphasis on innovation, entrepreneurship, risk and creativity. Characteristics of this culture include, insight, innovation, adaptation, external support, resource acquisition, and growth. This cultureuses the open systems model to process information. The preference is for short time-lines and low certainty, and the need for variation, risk, excitement, and growth. Those in this mode tend to have an idealistic orientation. Decisions are made very quickly, butinformation is gathered and processes continuously. Adjustments are made if necessary;hence the need for flexibility and spontaneity. The leader is an entrepreneur, innovatorand risk taker. The employees bond through the entrepreneurship, flexibility and risk. The strategic emphasis is toward innovation, growth and new resources (Miller, 2005).

The market culture is centralized, formal, has an external focus, and utilizes as itsmeans planning and goal setting to accomplish the ends: productivity and efficiency. This reflects the external orientation and value for formal governance systems. Theorganization is seen as a rational economic tool. The major emphasis is on profit, thebottom line, competitiveness and goal achievement. There is an underlying theory ofrational action. Characteristics of this culture include an emphasis on productivity, accomplishment, profit, goal clarification direction and decisiveness. This cultureapproaches information processing using the rational goal approach. This approach illustrates a preference for short time lines, high certainty, a need for independence and achievement. Those in this mode tend to have a purposeful orientation and rely heavilyon a priori logic. Decisions are made rapidly, and once made, the decision is final. Thestyle of the leader is decisive and achievement oriented (Mller, 2005). The employees bond throughtheir goal orientation, production and competition. The strategic emphasis is towardcompetitive advantage and market superiority.

**The clan** is informal, decentralized, internally focused, and utilizes cohesion andmorale. The means that this culture uses to achieve its goals is by placing value on human esources

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and on training. There is a great emphasis on human resources and thedevelopment of commitment. The philosophy is that a happy employee leads to a goodworker. A good worker is high performing. Inaddition, information sharing, cohesiveness, teamwork, and participative decision makingis highly valued. The approach to information process is the consensual or teamapproach. The preference is for low time lines and low certainty, and the need foraffiliation and mutual dependence. It is a process-oriented view (Miller, 2005). When makingdecisions, time is taken to seek out diverse opinions, yet the emphasis is on harmony. The style of the leader is a mentor, facilitator, and parent figure. The employees bondthrough their loyalty, tradition, and interpersonal cohesion. The strategic emphasis istoward developing human resources, commitment and morale.

The hierarchyis formal, centralized, internally focused and utilizes information management and communication as its meansto achieve the ends of stability and control. The strength of this model is that it provides stability and predictability. People have well defined roles and are expected to followrules and policies that outline what they should do and procedures. The hierarchy uses the internal process approach to information processing. The preference is for long timelines and high certainty and the need for predictability and security. When making decisions, a long time is taken to gather and analyze facts in order to achieve the singlebest solution. The perspective is oriented toward security, order, and routinization. Themajor focus is on the internal processes. The leader style is that of coordinator and administrator. The employees bond through the rules, policies and procedures. Thestrategic emphasis is toward stability, predictability, and smooth operations.

# 2.2 The National Culture

National culture is defined as the values, beliefs, and assumptions learned in earlychildhood that distinguishes one group of people from another (Hofstede 1999). It isembedded deeply in everyday life and is relatively resistant to change. The nationalculture of the country within which an organization is based will impact how a companyoperates. The home country is a significant environmental factor for the company. Thisposes unique problems for multi-national companies. When a multinational companyattempts to bring its corporate culture to a new country that is clearly different from thenational culture of the host country, problems may result.

The Power Distance is the extent to which social inequalities are accepted by a society. Inaddition, it is the extent to which people believe that power and status aredistributed unequally and accept an unequal distribution of power as theproper way for social systems to be organized (Hofstede 1980). Power distance has to do with the degree to which unequal distribution of power andwealth is accepted. In large power distance societies, there is a greater degree of dependence on those in positions of power, while in small power distance societies; there is a higher degree of interdependence between bosses and subordinates.

Individualism/Collectivismis the extent to which group interests prevailed over those ofindividuals or vice-versa. It is the extent to which identity derives from the self versus the collectivity. Individuals are expected to look out forthemselves and their immediate families. Status derives from individualaccomplishment. Collective cultures rely on membership in groups (socialclasses, communities, religions, or extended families) for identity andstatus. Examples of individual countries include: US, Britain, Australia, New Zealand, Ireland, Canada. Taiwan, Korea, Singapore, and HongKong are characterized as being collective countries. India can also be considered more of a collectivism based country. The degree of individualism or collectivism in the larger culture has importantimplications with the distribution of status and power in organizations. In addition, individualism/collectivism refers to the degree of integration between members of societyand the extent to which it value individual over collective needs. In collectivist cultures, group interests supersede individual interests, and one's sense of identity is defined by the relationship to the group. Individualist cultures, on the other hand, place greateremphasis on self-sufficiency and individual identity. Group harmony and loyalty are lessimportant than individual achievement and autonomy. The good of the group and the good of the identical are seen as identical. As a result, a primary value of collectivecultures is striving to bring about the greatest harmony and collective good whilehonouring the freedom and autonomy of oneself and others. Individuals who acquirewealth is expected to be shared for the collective good.

**Masculinity/Femininity**is how much a society is characterized by their assertiveness, competition and materialism (masculinity) versus their caring and nurturance (femininity) Masculine cultures value achievement and failure while feminine cultures value affiliation and view failure as muchless important. Feminine characteristics

according to Hofstede includesharing, helping, emphasis on personal relationships, the value placed onmodesty rather than aggressive or assertive behavior, sympathy for theweak, and preference for compromise over conflict. (Hofsted 1984).U.S., Japan and Germanic countries are considered masculine. Nordic countries such asDenmark, Norway and Sweden typify feminine countries. Masculinity/Femininity has todo with the degree to which cultures stress aggressiveness, achievement, and pursuit ofmaterial things versus relationships, harmony, and preservation of the quality of life.

Uncertainty Avoidance is the extent to which members of a culture are threatened by uncertain, unknown, or unstructured situations. This dimension reflects the waydifferent societies deal with the uncertainty of the future. Do they believe that they have considerable control over future events, or do they tend toattribute things to fate or God's will? Cultures with high uncertainty avoidance tend to try to control their environment by creating laws, rules, and institutions; developing technology; nominating experts; or adoptingreligious or secular dogma. A culture will rely on structures, institutions, and rules to reduce ambiguity and uncertainty (Hofstede and Bond 1984). In organizations, uncertainty avoidance is manifested by the clarity of plans, policies, procedures, and systems. Organizations in cultures with high uncertainty avoidance aremore likely to be bound by formality and rules. People are often hurried and preoccupied with work. Reliance on clear procedures, well-known strategies, and well understoodrules helps employees reduce uncertainty and cope with their discomfort with unknownsituations. This dimension has probably been criticized more than any other ofHofstede's dimensions. There is a tendency to seek absolutetruth and be less tolerant of deviant beliefs and behaviors. Cultures with low uncertaintyavoidance are often more tolerant, even curious about those who are different. They areless anxious about the future and more willing to accept ambiguity. Cultures with lowuncertainty-avoidance view themselves as being as competent as and empowered tovoice protest against authorities. Members of this culture tend to be more relaxed andless structured in their approach to work and life.

**Confucian Dynamism (Time Orientation**) determines whether cultures were short-term or long-termoriented (Hofstede and Bond1998). This refers to a country's time orientation. This dimension was added after Hofstede'soriginal research on IBM. Confucian dynamism (or time orientation) distinguishes between a long-term and short-term orientation toward lifeand work. Many of the values associated with long-term and short-termorientation bear

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resemblance to Confucian teachings. Cultures orientedtoward the long term emphasize thrift, saving, persistence with slow results, adaptation of traditions to a modern context, acceptance of unequalrelationships, respect for one's elders and ancestors and a concern for virtue rather than truth. Cultures oriented toward the short term respecttraditions and social status regardless of cost, are concerned with savingface, and are less likely to save for the future. They tend to see things interms of right and wrong and expect quick results. This value manifests itself in organizations in terms of their methods of decision makingand management practices. Short term orientation is associated with respect for tradition, small savings with little for investment, maintaining face, and reciprocal favors. It is an orientation to the past and the present. For example, a too traditional approach may slow innovation, or a concern for quick results may undermine relationships.

#### **2.3 Contemporary Marketing Practices**

The contemporary marketing practices deal with the importance of the role of environmental factors, the buyer and seller's perception of it, and the impact of the environmental factor on the exchange. The focus of this study area is on the different ways marketing is practiced in the contemporary environment. The main premise of contemporary marketing practices is that both transactional (focus on exchange) and relationalmarketing (focus on processes involved in maintaining relationships) can be practiced together. It has the following dimensions:

**Transaction Marketing** is described as having aneconomic transaction focus. It is categorized as a transactional exchange. The parties involved are the firm and the buyers in the general market. The pattern of communication is firm to market. The best way to describe the contact is arms-lengthand impersonal. The relationship is discrete in terms of duration and formal. An active seller and passive buyers describes the balance of power. Transaction Marketing involves a firm attracting and satisfying potential buyers by managing the elements in themarketing mix. This approach involves creating discrete economic transactions that aregenerally treated in isolation, at arms-length, and in the context of a formal, impersonal process. Following from this, buyers in the market are passive in the communication buyers in the mass market. At a managerial level, managers focus on marketing a Product/brand to an identified group of customers. Marketing activities are usually relegated to customers. Marketing activities are usually relegated to

functional marketingareas, and manager's focus on developing internal capabilities related to the marketingmix. Co-ordination with other functions in the firm is limited, and the planning horizonfor this type of marketing is generally short-term.

Database Marketing has focus on information and economic transaction. A firm and buyers in a specific target marketare the parties involved. The communication pattern is firm to individual. The contactis personalized yet distant. The duration is both discrete and over time. Although the relationship is formal, it is personalized via the use of technology. The balance of powercan be described as an active seller and passive buyers. Database Marketing involvesbusinesses using a variety of information management tools or techniques to develop andmanage longer-term exchanges between the company and its targeted customers. In thistype of marketing, the focus is still on the market transaction, but now involves botheconomic and informational exchange. A marketing specialist relies on information technology to form a type of relationship, thus allowing firms to compete in a mannerdifferent from mass marketing. More specifically, the intent is to retain identifiedcustomers over time. Communication patterns are generally driven and managed by the seller. Marketing is still to the customer rather than with the customer. Exchanges are not close, and are both facilitated and personalized with technology. They do not generally involve on-going interpersonal communication and interaction between individuals. The exchange is discrete, although they endure over time. Managerial investment for Database Marketing is in the tool or technique, and supporting technology and information. In this type of marketing, the managerial focus widens to include both the product/brand and specifically targeted customers.

**Interaction Marketing** refers to the interactive relationship between a buyer and seller. The individual buyers and sellers form a dyadic relationship. The communication pattern can be described as individuals with individuals across organizations. The duration of the relationship is continuous, on-going and mutually adaptive. This duration may be short or long term. There are both formal and informal exchanges at both business and social level. The balance of power between the buyer and the seller can be described as mutually active and adaptive. Another way to describe it is as interdependent and reciprocal. While Database Marketing involves a certain type of

Relationship that is distant and personalized, Interaction Marketing implies face to face interaction within relationships. Marketing occurs at the individual level based on social

processes and personal interactions. Relationships are established between individuals, and can occur in both a formal and informal manner, with the parties being mutuallyactive and adaptive. Interaction Marketing is truly with the customer in both a formaland informal manner. Both parties are mutually active and adaptive. InteractionMarketing is truly with the customer since both parties in the dyad invest resources todevelop a mutually beneficial and interpersonal relationship. Interaction Marketing is notthe responsibility of only the marketer, nor are those that engage in Interaction Marketingnecessarily in the position of seller. Rather, this approach can involve a number of individuals across functions and levels in the firm, and may encompass both buying andselling activities.

Network Marketing can be described as the connected relationships betweenfirms. There are multiple parties involved. These include the seller, buyers and otherfirms that have an impact (directly, or indirectly) on the relationship. Firms communicate with firms involving individuals. The contact can range from impersonal to interpersonal and distant to close. The relationship is continuous and can be described as stable yetdynamic. This relationship can also be short or long term. Network marketing can beformal and informal at both a business and social level. In terms of the balance of power, all firms are active and adaptive. Finally, the framework describes Network Marketing as occurring across organizations, where firms commit resources to develop a position in anetwork of relationships. This is generally accomplished through business and social transactions overtime resulting from the development and maintenance of individual, interaction-based relationships (Miller, 2005). Therefore, Network Marketing encompasses relationships at both the individual and firm level. Because the relationships are part of alarger network, there is much variety. They can range from interpersonal to impersonal; have varying levels of power and dependence, as well as degrees of communication. This approach may be conducted at a general management level by members of otherfunctional areas in the organization performing marketing duties, or from outside theorganization. Relationships may be with customers, distributors, suppliers, competitors, and so on.

The purpose of this research is to seek empirical relationships between all the aforementioned dimensions of the study. So, this calls for the testing of the following hypotheses:

# Direct influences

H<sub>1a</sub>: Adhocracy has significant influence on power distance.

H<sub>10</sub>: Adhocracy has no significant influence on power distance.

H<sub>2a</sub>: Adhocracy has significant influence on uncertainty avoidance.

H<sub>20</sub>: Adhocracy has no significant influence on uncertainty avoidance.

H<sub>3a</sub>: Adhocracy has significant influence on collectivism/individualism.

H<sub>30</sub>: Adhocracy has no significant influence on collectivism/individualism.

H<sub>4a</sub>: Adhocracy has significant influence on masculinity/femininity.

H<sub>40</sub>: Adhocracy has no significant influence on masculinity/femininity.

H<sub>5a</sub>: Adhocracy has significant influence on confusion dynamic.

H<sub>50</sub>: Adhocracy has no significant influence on confusion dynamic.

H<sub>6a</sub>: Market has significant influence on power distance.

H<sub>60</sub>: Market has no significant influence on power distance.

H<sub>7a</sub>: Market has significant influence on uncertainty avoidance.

H<sub>70</sub>: Market has no significant influence on uncertainty avoidance.

H<sub>8a</sub>: Market has significant influence on collectivism/individualism.

H<sub>80</sub>: Market has no significant influence on collectivism/individualism.

H<sub>9a</sub>: Market has significant influence on masculinity/femininity.

H<sub>90</sub>: Market has no significant influence on masculinity/femininity.

H<sub>10a</sub>: Market has significant influence on confusion dynamic.

 $H_{100}$ : Market has no significant influence on confusion dynamic.

H<sub>11a</sub>: Clan has a significant influence on power distance.

H<sub>110</sub>: Clan has no significant influence on power distance.

H<sub>12a</sub>: Clan has significant influence on uncertainty avoidance.

H<sub>120</sub>: Clan has no significant influence on uncertainty avoidance.

H<sub>13a</sub>: Clan has significant influence on collectivism/individualism.

H<sub>130</sub>: Clan has no significant influence on collectivism/individualism.

H<sub>14a</sub>: Clan has significant influence on masculinity/femininity.

H<sub>140</sub>: Clan has no significant influence on masculinity/femininity.

H<sub>15a</sub>: Clan has significant influence on confusion dynamic.

H<sub>150</sub>: Clan has no significant influence on confusion dynamic.

H<sub>16a</sub>: Hierarchy has a significant influence on power distance.

H<sub>160</sub>: Hierarchy has no significant influence on power distance.

H<sub>17a</sub>: Hierarchy has significant influence on uncertainty avoidance.

H<sub>170</sub>: Hierarchy has no significant influence on uncertainty avoidance.

H<sub>18a</sub>: Hierarchy has significant influence on collectivism/individualism.

H<sub>180</sub>: Hierarchy has no significant influence on collectivism/individualism.

H<sub>19a</sub>: Hierarchy has significant influence on masculinity/femininity.

H<sub>190</sub>: Hierarchy has no significant influence on masculinity/femininity.

H<sub>20a</sub>: Hierarchy has significant influence on confusion dynamic.

H<sub>200</sub>: Hierarchy has no significant influence on confusion dynamic.

H<sub>21a</sub>: Power distance has a significant influence on transaction marketing.

H<sub>210</sub>: Power distance has no significant influence on transaction marketing.

H<sub>22a</sub>: Power distance has significant influence on database marketing.

H<sub>220</sub>: Power distance has no significant influence on database marketing.

H<sub>23a</sub>: Power distance has significant influence on interaction marketing.

H<sub>230</sub>: Power distance has no significant influence interaction marketing.

H<sub>24a</sub>: Power distance has significant influence on network marketing.

 $H_{240}$ : Power distance has no significant influence on network marketing.

H<sub>25a</sub>: Uncertainty avoidance has significant influence on transaction marketing.

H<sub>250</sub>: Uncertainty avoidance has no significant influence on transaction marketing.

H<sub>26a</sub>: Uncertainty avoidance has a significant influence on database marketing.

H<sub>260</sub>: Uncertainty avoidance no significant influence on database marketing.

H<sub>27a</sub>: Uncertainty avoidance has significant influence on interaction marketing.

H<sub>270</sub>: Uncertainty avoidance has no significant influence on interaction marketing.

H<sub>28a</sub>: Uncertainty avoidance has significant influence on network marketing.

H<sub>280</sub>: Uncertainty avoidance has no significant influence on network marketing.

H<sub>29a</sub>: collectivism/individualism has significant influence on transaction marketing.

# H<sub>290</sub>: collectivism/individualism has no significant influence on transaction marketing. H<sub>30a</sub>: collectivism/individualism has significant influence on database marketing. H<sub>300</sub>: collectivism/individualism has no significant influence on database marketing. H<sub>31a</sub>: collectivism/individualism has significant influence on interaction marketing. H<sub>310</sub>: collectivism/individualism has no significant influence interaction marketing. H<sub>32a</sub>: collectivism/individualism has significant influence on network marketing. H<sub>320</sub>: collectivism/individualism has no significant influence on network marketing. $H_{33a}$ : masculinity/femininity has significant influence on transaction marketing. H<sub>30</sub>: masculinity/femininity has no significant influence on transaction marketing. $H_{34a}$ : masculinity/femininity has significant influence on database marketing. H<sub>340</sub>: masculinity/femininity has no significant influence on database marketing. H<sub>35a</sub>: masculinity/femininity has significant influence on interaction marketing. H<sub>350</sub>: masculinity/femininity has no significant influence on interaction marketing. H<sub>36a</sub>: masculinity/femininity has significant influence on network marketing. H<sub>360</sub>: masculinity/femininity has no significant influence on confusion dynamic. H<sub>37a</sub>confusion dynamic has significant influence transaction marketing. H<sub>370</sub>: confusion dynamic has no significant influence on transaction marketing. H<sub>38a</sub>: confusion dynamic has significant influence on database marketing. $H_{380}$ : confusion dynamic has no significant influence on database marketing. $H_{39a}$ : confusion dynamic has significant influence on interaction marketing. H<sub>390</sub>: confusion dynamic has no significant influence on interaction marketing

 $H_{40a}$ : confusion dynamic has significant influence on network marketing.  $H_{40o}$ : confusion dynamic has no significant influence on network marketing.

# Moderating influence of National Culture

The influence of the Organization culture dimensions on the contemporary marketing practices were studied when national culture acts as the moderator. So, that gives another 16 hypotheses to be tested.

# 3. Research Methodology

# **3.1 Sample characteristics**

The respondents are the professionals from the IT industries. The approach used for calculating sample size was based on specifying the precision of estimation desired first, and then determining the sample size necessary to ensure it (Kothari, 2004) is adopted, according to which, the minimum sample size necessary is 184 (eqn. 1).

 $N = (z2. p. q. N_U) / (e^2 (N_U - 1) + z^2 . p. q) ------(1)$ 

Where,

p = Proportion of defectives in the universe (Based on the pilot study, a 2% defect is assumed).

q = (1-p).

z = 1.96 (as per table of scores in a normal distribution within a selected range of z for a

Confidence level of 95%).

e = Acceptable Error (an error of 2% of the true value is assumed).

 $N_U = Size of Universe = 8000$ 

The final questionnaires were distributed to about 600respondents and 246 questionnaireswere returned (41% return rate)were received, out of which the incomplete questionnaires were excluded and finally, 237 completed questionnaires were used for this study as samples.

The optimum size of the sample in management/social research is based on the nature of the empirical study, time and resources available, and various other considerations such as size of questionnaire, size of universe, nature of classes proposed etc. In practice, the complexity of the competing factors of resources and accuracy means that the decision regarding a sample size tends to be based on experience and good judgment, rather than relying on a strict mathematical formula (Hoinville et. al. 1978). Also the use of surveys in social research does not necessarily have to involve samples of 1000 or 2000 people or events. Instead, research involving a number between 30 and 250 cases is adequate (Denscombe, 1999). So, the sample size of 238 taken in research stands justified to a considerable extent and is a reasonably good estimate of the perception of the knowledge workers.

Among the respondents, 72% were male and 28% female, 74% in the age group of 25 to 35 years, 12% in the age group of 35 to 45 years, 9% in the age group of 45 to 55 years and the rest 5% were above 55 years of age. About 22% had PG and professional qualifications and the rest were UG and Diploma holders. Majority were in the income group of Rs. 30,000 to Rs. 60,000 (52%), the second large in Rs. 20,000 to Rs. 30,000 (18%). The group was considered to be fit to respond to the questions related to marketing as they had exposure to management subjects in general.

# **3.2 Procedure**

Two types of data collection procedure were used in this research. The first was through electronic means and the second was the conventional hard copy based. While in the former method the respondents were contacted through emails and the link was given to them for the filing of the questionnaire. In the latter case the respondentswere contacted through the HR manager and the purpose as well as the importance of the research was explained, and also, the anonymity of respondents was guaranteed to ensure that there would be no bias in their response. The questionnaire used was the combination of the questionnaires for the three constructs of the study with three indicators each. The questionnaire was validated by standard techniques.

# 3.3 Method

The analysis of data employed the partial least square (PLS) approach to structural equation modelling (SEM). The reason for this choice is the simple fact that partial least square path modelling (PLSPM) is an analytic technique that runs principal component analysis (PCA) and regression analysis simultaneously. Thus, PLSPM is considered to be a more efficient analytic technique than the conventional method, in which, PCA and regression analysis are performed separately. Further PLSPM successfully avoids multicollinearity and measurement errors, while addressing the cause-effect relationships among the research constructs. There are two approaches, namely, covariance and PLS based approach. The covariance – based approach for SEM needs a larger sample (the definition of large size varies from one author to another viz. some define it as sample having more than 100 subjects and some others define it as a sample having more than 200 subjects, at least three indicators and typically requires reflective mode). PLS path modelling (PLS-PM) is generally meant as a component based approach to SEM that privileges a prediction

oriented discovery process to the statistical testing of causal hypotheses. Further, PLS does not make assumptions about the population or scale of measurement and there are no distributional requirements (Fornell and Bookstein, 1982). Another benefit of PLS over other SEM techniques such as AMOS, LISREL is that it allows both formularize and reflective indicators to be used in the model. Therefore, this study used PLS technique using SmartPLS® software. The PLS analysis pursued here is a two-stage approach by first assessing the measurement model (validity and reliability), and then assessing the structural model by an estimate of the paths between the latent variables in the model and its predictive power.

# **3.4 Measurement Model**

This study investigated the internal consistency of the metric and used three validity assessments viz., content validity, convergent validity, and discriminant validity, and also, the construct reliability and goodness of fit through R-square. Considering the exploratory nature of this study, the reliability of the study in terms of internal consistency is acceptable in terms of Cronbach's Alpha (range of 0.6 to 0.9, cut-off 0.6) (Table 1) (Nunnally, 1994). Composite reliability values were all above the suggested value of 0.7 (Dillon-Goldstein's rho), indicating acceptable internal consistency. Content validity is mainly judgemental based on the meta-analysis of literature and discussion with the experts. In this research for each construct the relevant literature has been analysed for its suitability and during the pilot run the content has been validated by the experts. Convergent validity is by calculating the item-to-total correlations; that is, the correlation of each item to the sum of the remaining items within a variable. Convergent validity measures the extent to which the items truly represent the intended latent construct. Convergent validity is assessed by factor loading and composite reliability measures (Hair et al., 2010). Only factor loading above 0.6 have been considered in this research (Table 3), which are adequately high (suggested cut-off value 0.5). The composite reliability measures the extent to which items in the construct measures the latent concept. A commonly acceptable threshold value for composite reliability is 0.7 or more, although values slightly below 0.7 have been considered acceptable (Haire et al, 2010). The composite reliability in this research is above 0.8, which indicates reasonably high construct reliability.

The average variance extracted (AVE) values (Table 1), in the present research are all above the suggested values of 0.5 and the metric has relatively high discriminant validity (Fornell&Larcker, 1981). Another method used for testing the discriminant validity is, the square root of the AVE of each construct needs to be much larger, although there are no guidelines about how much larger, than any correlation between this construct and any other construct (Gefen&Straub, 2000). In this research this holds good for most of the constructs as the values are adequately large. Further, the highest correlation is between Database marketing and Interactive marketing, which sounds very logical (Table 2).

Finally, R-square (Table 1) is the measure of goodness of fit, is basically one minus the square of unexplained variance. The larger the R-square value better is the fitness of the model. In the present research, R-square values for most of the endogenous variables are above 0.5 (0.1 and above indicate good dependence.

		Composite	R	Cronbachs		
	AVE	Reliability	Square	Alpha	Communality	Redundancy
ADH	0.5943	0.8135	0	0.6843	0.5943	0
CLN	0.6695	0.8587	0	0.7548	0.6695	0
COL	0.5694	0.7968	0.6061	0.6301	0.5694	0.041
CND	0.6426	0.8426	0.1828	0.7189	0.6426	0.079
HRC	0.7826	0.9151	0	0.8669	0.7826	0
INM	0.5794	0.8051	0.5415	0.6379	0.5794	0.1636
MRK	0.7081	0.8761	0	0.7834	0.7081	0
MSC	0.5289	0.6831	0.6418	0.6017	0.4289	0.017
NTM	0.5896	0.8114	0.4429	0.652	0.5896	0.1286
PDS	0.6424	0.8364	0.7831	0.6974	0.6424	-0.0364
TNM	0.6323	0.8364	0.6659	0.7143	0.6323	0.0529
UNA	0.5743	0.8015	0.3263	0.6298	0.5743	0.0857
DBM	0.5554	0.7889	0.4988	0.6034	0.5554	0.0449

Table 1: The reliability of the study

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# Table 2: Inter-item correlations

	ADH	CLN	COL	CND	HRC	INM	MKT	MSC	NTM	PDS	TNM	UNA	DBM
ADH	1	0	0	0	0	0	0	0	0	0	0	0	0
CLN	0.5293	1	0	0	0	0	0	0	0	0	0	0	0
COL	0.5569	0.455	1	0	0	0	0	0	0	0	0	0	0
CND	0.3685	0.2536	0.4238	1	0	0	0	0	0	0	0	0	0
HRC	0.5776	0.3636	0.7489	0.3796	1	0	0	0	0	0	0	0	0
INM	0.4329	0.3262	0.6578	0.4417	0.8017	1	0	0	0	0	0	0	0
MKT	0.8182	0.4813	0.6004	0.3258	0.6678	0.462	1	0	0	0	0	0	0
MSC	0.5623	0.382	0.7484	0.4325	0.7842	0.6725	0.6372	1	0	0	0	0	0
NTM	0.3779	0.2708	0.5892	0.4091	0.5958	0.6554	0.3819	0.5862	1	0	0	0	0
PDS	0.6683	0.4609	0.8192	0.4424	0.8099	0.6152	0.8017	0.8243	0.5426	1	0	0	0
TNM	0.4136	0.2614	0.4348	0.8095	0.3531	0.4216	0.3783	0.4234	0.3539	0.4287	1	0	0
UNA	0.4336	0.3496	0.5823	0.4346	0.5301	0.5498	0.3939	0.5309	0.5321	0.4825	0.3951	1	0
DBM	0.4406	0.2961	0.5927	0.4565	0.7927	0.8826	0.4841	0.6383	0.5725	0.6065	0.4376	0.5474	1

# Table 3: The factor loadings

			Ioaum	0~									
	ADH	CLN	COL	CND	HRC	INM	MKT	MSC	NTM	PDS	TNM	UNA	DBM
ADH1	0.6896	0	0	0	0	0	0	0	0	0	0	0	0
ADH2	0.8488	0	0	0	0	0	0	0	0	0	0	0	0
ADH3	0.7661	0	0	0	0	0	0	0	0	0	0	0	0
CLN1	0	0.8141	0	0	0	0	0	0	0	0	0	0	0
CLN2	0	0.8241	0	0	0	0	0	0	0	0	0	0	0
CLN3	0	0.8164	0	0	0	0	0	0	0	0	0	0	0
CND1	0	0	0	0.8671	0	0	0	0	0	0	0	0	0
CND2	0	0	0	0.7045	0	0	0	0	0	0	0	0	0
CND3	0	0	0	0.8243	0	0	0	0	0	0	0	0	0
COL1	0	0	0.6801	0	0	0	0	0	0	0	0	0	0
COL2	0	0	0.8649	0	0	0	0	0	0	0	0	0	0
COL3	0	0	0.7055	0	0	0	0	0	0	0	0	0	0
DBM1	0	0	0	0	0	0	0	0	0	0	0	0	0.7738
DBM2	0	0	0	0	0	0	0	0	0	0	0	0	0.6917
DBM3	0	0	0	0	0	0	0	0	0	0	0	0	0.7673
HRC1	0	0	0	0	0.9097	0	0	0	0	0	0	0	0
HRC2	0	0	0	0	0.9097	0	0	0	0	0	0	0	0
HRC3	0	0	0	0	0.8323	0	0	0	0	0	0	0	0
INM1	0	0	0	0	0	0.7608	0	0	0	0	0	0	0
INM2	0	0	0	0	0	0.7542	0	0	0	0	0	0	0
INM3	0	0	0	0	0	0.7684	0	0	0	0	0	0	0
MKT1	0	0	0	0	0	0	0.9376	0	0	0	0	0	0
MKT2	0	0	0	0	0	0	0.9222	0	0	0	0	0	0

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												1	
MKT3	0	0	0	0	0	0	0.6282	0	0	0	0	0	0
MSC1	0	0	0	0	0	0	0	0.6469	0	0	0	0	0
MSC2	0	0	0	0	0	0	0	0.833	0	0	0	0	0
MSC3	0	0	0	0	0	0	0	0.642	0	0	0	0	0
NTM1	0	0	0	0	0	0	0	0	0.7753	0	0	0	0
NTM2	0	0	0	0	0	0	0	0	0.804	0	0	0	0
NTM3	0	0	0	0	0	0	0	0	0.7222	0	0	0	0
PDS1	0	0	0	0	0	0	0	0	0.7222	0.8856	0	0	0
PDS2	0	0	0	0	0	0	0	0	0	0.7257	0	0	0
PDS3	0	0	0	0	0	0	0	0	0	0.9309	0	0	0
TNM1	0	0	0	0	0	0	0	0	0	0	0.8876	0	0
TNM2	0	0	0	0	0	0	0	0	0	0	0.7023	0	0
TNM3	0	0	0	0	0	0	0	0	0	0	0.7848	0	0
UNA1	0	0	0	0	0	0	0	0	0	0	0	0.7365	0
UNA2	0	0	0	0	0	0	0	0	0	0	0	0.7226	0
UNA3	0	0	0	0	0	0	0	0	0	0	0	0.8114	0

#### **3.5 Structural Model**

The path coefficients for the model vary from 0.01 to 0.7 which basically show the strength of the relationship between the variables. Some of the variables have also negative path coefficients which indicate that the relation is reciprocal. Path coefficients are not of much significance unless the null hypothesis stand rejected.

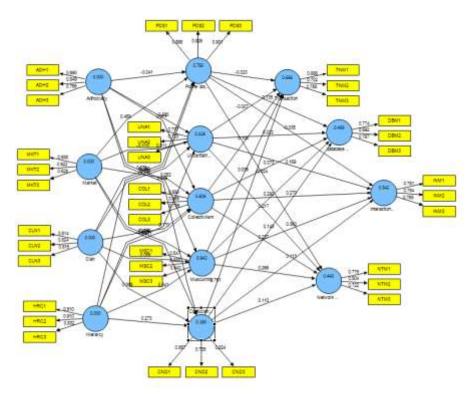


Figure 2: The path coefficients and the factor loadings

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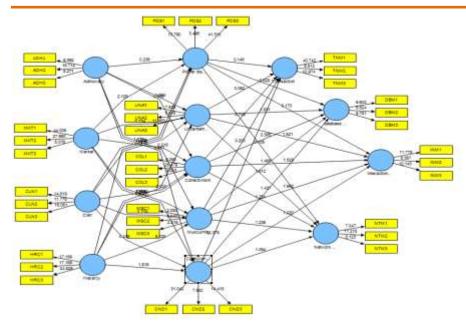


Figure 3: The t-statistic of the hypothetical model

The path coefficients basically show the strength of association between the latent variables of study and hypothesis testing basically performed based on the t-statistic. The t-values and the structural model with the t-values are given in table 4 and figure 3. The following hypotheses stand supported:

- Clan has significant influence on collectivism/individualism.
- Confusion dynamic has significant influence on network marketing.
- Confusion dynamic has significant influence transaction marketing.
- Hierarchy has significant influence on collectivism/individualism.
- Hierarchy has significant influenceon database marketing.
- Hierarchy has significant influence on interaction marketing.
- Hierarchy has significant influence on masculinity/femininity.
- Hierarchy has significant influence on network marketing.
- Hierarchy has significant influence on power distance.
- Hierarchy has significant influence on transaction marketing.
- Hierarchy has significant influence on uncertainty avoidance.
- Hierarchy has significant influence on Confucian dynamic.
- Market has significant influence on power distance.
- Masculinity/femininity has significant influence on interaction marketing.
- Uncertainty avoidance has a significant influence on database marketing.

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Table 4: The t-statistic									
	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	t- Statistic ( O/STERR )				
ADH -		(1V1)	(SIDEV)	(SIEKK)	( 0/STEKK )				
>COL	0.0713	0.085	0.1946	0.1946	0.3664				
ADH - >CND	0.2557	0.3036	0.2508	0.2508	1.0196				
ADH -	0.2337	0.3030	0.2308	0.2308	1.0190				
>DBM	0.1003	0.1005	0.1167	0.1167	0.8602				
ADH - >INM	0.104	0.1045	0.1209	0.1200	0.8602				
ADH-	0.104	0.1045	0.1209	0.1209	0.8002				
>MSC	0.0405	0.0478	0.1536	0.1536	0.2634				
ADH -	0.1070	0 1005	0.1000	0.1000	0.0414				
>NTM ADH -	0.1078	0.1205	0.1282	0.1282	0.8414				
>PDS	-0.0408	-0.0304	0.1859	0.1859	0.2196				
ADH-									
>TNM	0.2031	0.2464	0.2009	0.2009	1.011				
ADH - >UNA	0.2354	0.2294	0.2058	0.2058	1.1437				
CLN -									
>COL	0.17	0.1567	0.089	0.089	1.9106				
CLN - >CND	0.0659	0.068	0.1354	0.1354	0.4869				
CLN -	0.0057	0.000	0.1354	0.1554	0.4007				
>DBM	0.0802	0.0736	0.0603	0.0603	1.3294				
CLN - >INM	0.0947	0.0903	0.0596	0.0596	1.5888				
CLN -	0.0947	0.0903	0.0390	0.0390	1.3888				
>MSC	0.0557	0.0471	0.0747	0.0747	0.7456				
CLN -	0.0012	0.0776	0.0575	0.0575	1 5969				
>NMK CLN -	0.0912	0.0776	0.0575	0.0575	1.5868				
>PDS	0.0779	0.0728	0.066	0.066	1.1797				
CLN -	0.0470	0.0770	0.1005	0.1005	0.610.6				
>TNM CLN -	0.0678	0.0669	0.1095	0.1095	0.6196				
>UNA	0.1416	0.1432	0.1123	0.1123	1.2611				
COL -		0.0711							
>DBM COL -	0.0733	0.0711	0.2032	0.2032	0.3608				
>INM	0.2704	0.2496	0.1872	0.1872	1.4444				
COL -									
>NTM COL -	0.2373	0.2309	0.2012	0.2012	1.1799				
>TNM	0.1079	0.1114	0.1556	0.1556	0.6932				
CND -									
>DBM CND -	0.1425	0.13	0.0982	0.0982	1.4523				
>INM	0.1135	0.0955	0.0967	0.0967	1.1735				
CND -									
>NTM	0.1102	0.0951	0.1117	0.1117	1.9862				
CND - >TNM	0.7612	0.7712	0.0649	0.0649	11.7285				
HRC -	5.7612	0.7712	0.0019	0.0017	11,7200				
>COL	0.6112	0.6271	0.1185	0.1185	5.1567				
HRC- >CND	0.2729	0.2733	0.1559	0.1559	1.8513				
HRC -	0.2729	0.2755	0.1337	0.1559	1.0313				
>DBM	0.4394	0.4719	0.0942	0.0942	4.6661				
HRC -	0.4872	0 5102	0.0052	0.0052	5 117				
>INM	0.4672	0.5183	0.0952	0.0952	5.117				

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HRC -					
>MSC	0.6409	0.6485	0.1247	0.1247	5.1379
HRC -	0.4220	0.4504	0.0077	0.0077	4 4000
>NTM	0.4328	0.4584	0.0977	0.0977	4.4282
HRC -	0.4010	0.5101	0 1001	0 1001	4 5000
>PDS	0.4919	0.5101	0.1091	0.1091	4.5086
HRC -	0.2824	0.2768	0 1/10	0.1710	1.9908
>TNM HRC -	0.2824	0.2708	0.1418	0.1418	1.9908
>UNA	0.458	0.4632	0.134	0.134	3.418
MKT -	0.450	0.4052	0.154	0.134	5.410
>COL	0.0521	0.0355	0.2416	0.2416	0.2156
MKT-	0.0321	0.0555	0.2410	0.2410	0.2150
>CND	-0.0974	-0.146	0.293	0.293	0.3323
MKT -	0.0771	01110	0.270	01270	0.00=0
>DBM	0.0585	0.04	0.158	0.158	0.3702
MKT -					
>INM	0.0114	-0.0016	0.1515	0.1515	0.075
MKT -					
>MSC	0.1493	0.1505	0.2124	0.2124	0.7026
MKT -					
>NTM	-0.0075	-0.0223	0.1614	0.1614	0.0465
MKT -					
>PDS	0.4691	0.4458	0.2251	0.2251	2.0836
MKT -					
>TNM	-0.0727	-0.1093	0.2399	0.2399	0.303
MKT -	0 1707	0 1754	0.000	0.0000	0.7410
>UNA	-0.1727	-0.1754	0.2329	0.2329	0.7418
MSC - >DBM	0.2925	0.3012	0.1755	0.1755	1.6669
MSC -	0.2925	0.3012	0.1755	0.1755	1.0009
>INISC -	0.3603	0.3769	0.1583	0.1583	2.2762
MSC-	0.5005	0.5705	0.1505	0.1505	2.2702
>NTM	0.266	0.2787	0.2198	0.2198	1.21
MSC -					
>TNM	0.0356	0.0417	0.1931	0.1931	0.1846
PDS -					
>DBM	0.135	0.1298	0.2089	0.2089	0.6463
PDS -					
>INM	-0.0348	-0.0323	0.1915	0.1915	0.1819
PDS -					
>NTM	-0.0244	-0.0179	0.2109	0.2109	0.1156
PDS -	0.0225	0.000-	0.1.1.0	0.1.4.0	0.1.40-
>TNM	-0.0227	-0.0337	0.1613	0.1613	0.1407
UNA -	0.0004	0.226	0.1169	0.1169	1 0022
>DBM UNA -	0.2224	0.236	0.1169	0.1169	1.9022
>INM	0.1685	0.194	0.1033	0.1033	1.6308
UNA -	0.1005	0.174	0.1055	0.1055	1.0508
>NMK	0.2165	0.2229	0.139	0.139	1.5582
UNA -	0.2105	0.2227	0.157	0.107	1.0002
>TNM	-0.0065	-0.009	0.1142	0.1142	0.0573
=	0.0000		·····	·····	

# 4. Outcome of hypothesis testing

The main purpose of this research was to study the influence of Organization culture onContemporary marketing practices. So, studying the inter-relationships between the variables following model can be developed (Figure4) which link the dimensions of the three constructs under study. Hierarchy has emerged out as the most powerful dimension of the organization culture types which has influence on the dimensions of the national culture and influence on contemporary marketing dimensions through the moderating effect of national culture dimensions. Among the national culture dimensions, uncertainty avoidance, masculinity/femininity, and Confucian dynamic are the dimensions which influence the contemporary marketing.

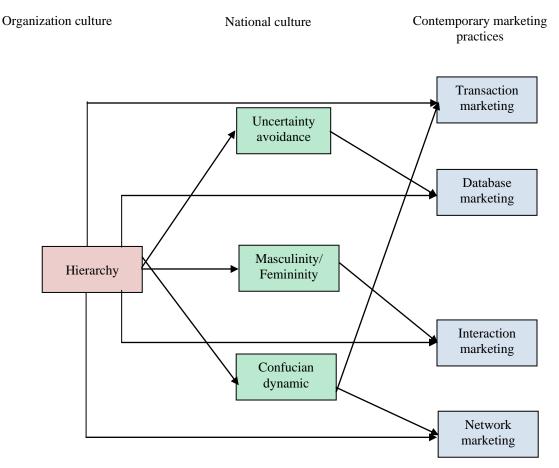


Figure 4: Proposed model showing influence of Hierarchy type organizational culture on contemporary marketing

# 5. Implications of the study and suggestions to marketing managers

Understanding the relationship between managerial strategy and national culture holds two main implications for IT sector business managers. Culture is critical in the strategy process and its role should be examined. Therefore, examining thestrategy to culture fit is essential. In this process, the national culture acts as a moderator and the study of its influence thus becomes important. So, following are the specific implications of the study and the corresponding suggestions for the managers.

- 1. Hierarchy type of organizational culture type can produce an impact on the contemporary marketing dimensions. Weber (1947) proposed seven characteristics that have become known as the classical attributes of bureaucracy (rules, specialization, meritocracy, hierarchy, separate ownership, impersonality, accountability). According to Cameron & Quinn (1998) the organizational culture compatible with this form is characterized by a formalized and structured place to work. The long-term concerns of the organization are stability, predictability and efficiency. Formal rules and policies hold the organization together. Thus, hierarchy as a construct has a significant role to play in the organizational activities. Today's managers must realize that customers' interests are never ignored in decision making of organization. They need to work constantly to improve the methods of work to gain advantages over rivals. Solving the problems quickly and mutually profitably is the need of the hour. Finally, it is very important to feel the market changes and react to it contemporarily and that is the essential feature of contemporary marketing. So, the managers need to be aware of the organization culture type particularly the hierarchy type to succeed in their marketing endeavours.
- 2. Hierarchy type of Organizational culture has influence on the uncertainty avoidance dimension of national culture which in turn has influence on database marketing, as revealed through this empirical research. In the context of contemporary marketing the relationship marketing focuses on the use of technology to acquire, maintain and manage customers (Copulsky and Wolf 1990; Peppers and Rogers 1997). Relationship marketing is in fact an elaborate form of database marketing. It demands cooperation between the buyer and the seller. So, uncertainty avoidance behavior of the seller could influence this factor. The role of the buyers is more involved and is more characteristic of a partner because of their involvement in the development and design of the products and services that are offered by the seller. The relationship in this buyer-seller dyad is based on the relational characteristics of promises, trust and personal interactions(Anderson and Narus 1990; Groonroos 1994). So, the seller behavior does play a role here. The final perspective is an all-inclusive strategic view of relationship marketing which includes databases: loyalty programs, customized services,

personalized relationships, strategic alliances (Kotler 1992; Morganand Hunt 1994). Cooperation between the buyer and seller plays an important role so the Hierarch type of organizational culture influencing the uncertainty avoidance behaviour of the seller which in turn influencing database marketing should be understood by the marketing managers and accordingly formulate their operational procedures to facilitate a smooth flow and dyadic relationship between the buyer and the seller.

- 3. The next interesting implication of the study leading to the suggestions for the managers in the link between hierarchy type of organizational culture influencing the masculinity/femininity of the national culture which in turn influencing the interaction marketing. As mentioned before, the relationship in this buyer-seller dyad is based on the relational characteristics of promises, trust and personal interactions between the two groups. Interaction marketing examines the developing of interpersonal and individual buyer-seller relationships (Miller, 2005). This point clearly highlights the importance of the masculinity/femininity acting as a moderator between the hierarchy type of organizational culture and the influence it can produce on interaction marketing.
- 4. The final link is the relationship established between the hierarchy type of organizational culture, Confucian dynamic dimension of the national culture and the network marketing. Confucian dynamism (or time orientation) distinguishes between a long-term and short-term orientation toward life and work (Hofstede& Bond 1988; Hofstede 1991). According to Hofstede, as adapted from Confucian teachings, cultures oriented toward the long term emphasize thrift, saving, persistence with slow results, adaptation of traditions to a modern context, acceptance of unequal relationships respect for one's elders and ancestors and a concern for virtue rather than truth. Cultures oriented toward the short term respect traditions and social status regardless of cost, are concerned with saving face, and are less likely to save for the future. They tend to see things in terms of right and wrong and expect quick results. So, managers need to have a clear idea about the Confucian dynamic or time-orientation of the company as it anchors the relationship between the hierarchy and the network marketing. The implications are severe as short term orientation is too traditional and is associated with respect for tradition, small savings with little for investment, maintaining face, and reciprocal favours (Miller, 2005). Now, this may hamper

innovation. So, if the strategy is to be innovative then the managers need to inculcate long-term orientation in their company and build the processes, practices and systems to support it and vice-versa.

# 6. Conclusions

Several studies have endorsed the influence of national culture on the organizational culture in its influence on the contemporary marketing practices. What was lacking was the empirical evidence to identify which one among the organizational culture type is significantly influenced by the national culture. This study has identified very clearly that it is the hierarchy type of national culture which is being influenced by the three main dimensions of national culture viz., uncertainty avoidance, masculinity/femininity and Confucian dynamic. This revelation has led to the drawing of the implications to the managers which has resulted in clear-cut suggestions for the managers to make their contemporary marketing strategies more effective. The main suggestion to the marketing mangers is to adopt hierarchy form of organizational culture as it has the highest impact on various dimensions of the contemporary marketing strategies.

The main limitation of the study is the national orientation of the research. So, the outcome is oriented towards the national culture of India and its moderating influence of the type of organizational culture on the contemporary marketing practices and cannot be generalized to any other national culture. This is because every national culture has its uniqueness and all the cultures may not have the same dimensions influencing the particular type of organizational culture in the context of its influence on the contemporary marketing practices. Further, this study is based on the IT industry and may not be applicable for the rest of the service industries and cannot be considered as a generic model for service industry. However, it provides a systematic approach for this kind of research and can be easily duplicated in another service industry.

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