

# The Effects of Denison's Model of Organizational Culture on Customer Relationship Management (CRM): Case Study of Ministry of Sports and Youth in Iran

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## Abstract

The term "Customer Relationship Management" occupied a major place in recent studies in the field of sport because of the important role it appears to play in business competitions. The purpose of this study was to analyze the effects of Denison's model of organizational culture on customer relationship management in ministry of sports and youth in Iran. Data on organizational culture, dimensions of organizational culture (involvement, consistency, adaptability, and mission) and customer relationship management were gathered through two questionnaires that have been distributed among the employees of the department. Data analysis was performed using SPSS and Amos software. The analysis of the findings revealed that involvement ( $\beta=0.54$ ) and consistency ( $\beta=0.22$ ) had the highest and the least impact on organizational culture, respectively. On the other hand, the positive and significant effect of moderating role of organizational culture on customer relationship management was 99%. Therefore, it was concluded that organizational culture improves the overall performance of an organization and customer relationship management can be helpful to organize the existing customers based on their priority to the organization. Based on the findings, it is suggested that officials and

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administrators of the sports and youth departments should give their employees freedom to accept and perform their responsibilities. They are also supposed to set up standards of desirable performance in the organization, pay attention to the coordination of activities, and accept mistakes and consider them as opportunities for learning and acquiring skills.

**Keywords:** Customer Relationship Management, Organizational Culture, Denison's model, Ministry of Sports and Youth.

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## Introduction

The continued growth of Internet and related technologies and the urgent need for advanced services are part of the requirements of the modern life. After transition from traditional economy, the customer is considered to be the main pillar of all activities of the organizations. From the competitive view, the survival and maintenance of the organizations lie in the process of identifying and attracting new customers and maintaining existing customers. In the last few decades, the term "Customer Relationship Management "(CRM) has attracted a lot of attention in the field of marketing and business. Sport marketing in the 21st century has started with an emphasis on customer relationship management. With growing interest in business competitions, knowledge about this seemingly simple yet complex phenomenon continues to grow. Efficient customer relationship management is an important challenge in business competitions so, private and public organizations and companies as well as business advisers were assiduous in their attention to this category. It has also been attempted to expand the concept of customer relationship management, which means the organization's efforts to create and deliver higher value to the customers.

Organizations have completely recognized that customers are their most important assets. In this regard, their relationships with customers as well as the quality of these relationships have been considered as mutually beneficial exchanges as well as opportunities that need to be carefully managed. The application of a customer relationship management system, which has been acknowledged as a concept and an approach in the science of system management, leads to the redesign of customer-oriented processes. Customer relationship management requires an organizational approach at all levels of business. Customer relationship management covers all functions of the organization (marketing, production, customer service, etc.) that require direct or indirect contact with customers.

Customer relationship management is a set of methods that provides a solid, integrated, and cohesive approach to customers across the entire business to ensure that each customer receives the highest level of service (Karakostas et al., 2005). Various investigations have probed the principles and processes of CRM and provided valuable insights. For example, Sin et al. (2005) described the elements of customer relationship

management. They focused on customers that involved a widespread focus on the main customer and a continuous supply of value added to selected customers through personalized and customized supplies. This dimension includes: customer marketing, the recognition of the value of the life cycle of the customer, customization (personalization), and interactive marketing. Also, they emphasized organization and communication management that means major changes in the way of organizing and managing customer relationships in the business processes of the companies. In this regard, companies need to pay more attention to the main challenges that face the organization in relation to starting customer relationship management. This dimension also includes: organizational structure, the resources of organizations, and human resources management.

On the other hand, culture determines the behavior, thought and deeds of man and his ideology and philosophy of life in the society in which he lives. It also represents the worldview, attitudes, and the way of thinking and behaving. Organizational culture also, in the same way influences all aspects of the organization. Based on shared beliefs and values, it empowers organizations and affects individual behavior, motivation, job satisfaction, and the level of commitment of human resources, the design of organizational structures and systems, targeting, and designation and implementation of strategies. Also, organizational culture is an effective factor in promoting creativity and innovation by acknowledging hard work, focused and purposeful performance, perseverance, and commitment. A strong and innovative culture that faces a dynamic environment, becomes adapted to it, and guides the internal forces of the organization to follow the goals.

Therefore, it is expected that strong culture will increase the productivity of employees and reduce the likelihood of resistance to organizational change. It is obvious that the weak culture will work in the opposite direction (Robbins, 2001). If there is a culture to be considered and analyzed, then there must be certain dimensions that can be defined and measured (Robbins, 2006). There are different models and attitudes about organizational culture. Daniel Denison has conducted a research on organizational culture and change in the organization. In his model, he considers four dimensions for culture in organizations namely, involvement, consistency, adaptability, and mission; each dimension being measured by three indicators (Denison, 2000).

The lack of organizational culture leads to the elimination of organizational boundaries and organizational commitment, and individual commitment to the organization, which in turn leads to the change in employees' attitudes and behaviors (Robbins, 2001). Martins & Terblanche (2003) noted that the role that organizational culture plays in an organization is twofold: the function of organizational culture and the impact of organizational culture on the various trends in the organization. These researchers consider the important role for co-operation and coherence in the functions of organizational culture. According to the scientific studies of the functions of organizational culture, internal cohesion can be described as the socialization of new members in the organization, the creation of boundaries of the organization, the existence of justice among employees, and commitment to the organization. The ability to create harmony lies in the capability to create a competitive view, to understand the meaning of

the environment within the framework of acceptable behavior, and the stability of the social system (Martins & Terblanche, 2003).

The results of study conducted by Moreno & Melendez (2011) revealed that investment is a necessary but not sufficient condition for the success of customer relationship management. Alshawi et al. (2011), concluded that organizational, technical, and data quality factors for CRM adoption in small and medium-sized businesses are largely similar to those affecting CRM acceptance in other organizations. The results of study conducted by Garnett (2005) showed that there is a relationship between organizational culture and communication function of the organization. Previous studies show that communication management with customers has a significant effect on the success of customer relationship management. The results of the study conducted by Bokharayian et al. (2013) revealed a significant and positive relationship between organizational culture and quality of work life and customer relationship management in urban government organizations.

The results of the study of Denison's model showed that engagement in work and mission dimensions gained the highest score and adaptability dimension, had the lowest score in the construction industry. Yilmaz and Ergan (2008) also, studied the impact of Denison's organizational culture model on organizational performance. In this study, the dimension of adaptability got the highest score and compatibility dimension obtained the lowest score. Similarly, the results of study conducted by Ardalan et al. (2008) revealed that the dimension of mission showed the highest correlation with the criteria of individual-organization unity, and engagement in the work, had the lowest correlation with the individual-organizational unity criteria. The results of the research by Monavarian and Bakhtayi (2007) indicted that the status of industrial management organization in four dimensions of engagement in work, adaptability, compatibility, and mission, was average and above average.

Regarding the above mentioned points, it can be concluded that when we become able to carefully implement CRM, it will increase customer satisfaction and has many benefits for the organizations. However, there is a remarkable gap regarding the impact of organizational culture on customer relationship management in Iran's sport. On the other hand, organizational culture in each organization creates norms of behavior for the members in the organization that these norms should be in line with the objectives of the organization to lead to more effort in the organization and, as a result, to success in the work. Otherwise, the organization will face with inactive, uninterested, and indolent staff. So, it would be of interest to find if there is a relationship between organizational culture and customer relationship management. Therefore, in order to reduce the risk of their efforts in managing customer relationships, sports organizations need to find answer to this question: how much can organizational culture affect customer relationship management?

With reference to the existing literature, the present study seeks to fully cover the subject. The purpose of this study in particular is to contribute to existing body of work by investigating the impact of organizational culture on the quality of customer relationship management at the general office of sports and youth in East Azarbaijan in

Iran. The results of the study will be useful for authorities and planners in the organization to make their endeavors more meaningful, reasonable, and pre-planned.

## Methodology

This survey study is an applied research in terms of its objectives and uses a descriptive method. In this research it was attempted to analyze the effects of Denison's organizational culture model (involvement, consistency, adaptability and mission) on customer relationship management in sports and youth department of Iran. The statistical population of the present study included 55 employees (male and female) of the department of sports and youth of Iran in 2016. In this research, data was collected in two parts. First, theoretical information and research background were obtained and then two questionnaires were used to collect information about the hypotheses. The first research questionnaire included demographic characteristics, organizational culture and Denison's (2000) dimensions affecting organizational culture and the second one was a researcher-made questionnaire for customer relationship management. The content and face validity of the questionnaires were confirmed by the experts in the field. The reliability of the questionnaires was also calculated and their Cronbach Alpha coefficients were 0.89 and 0.92, respectively. To analyze the obtained data, they were transferred to SPSS and AMOS software and descriptive and inferential statistics namely, structural equation model (SEM) were applied.

In the path analysis, the coefficient of determination ( $R^2$ ) is used to evaluate the suitability of the model and by using the beta weight, the value of the effect of each variable is determined. In addition, our path analysis enables us to understand the effect of the variables on each other. The path analysis determines the direct and indirect effects of each variable. The path analysis method requires the existence of a theoretical model that is developed according to the previous research, theoretical foundations and the reasoning of the researcher. Then this conceptual model is tested (Fig.1). In this research we developed a hypothesized model and we intended to test it. In this model, factors affecting organizational inertia are observed (Fig.1). The model includes adaptability, involvement, consistency, and mission dimensions (independent variables), organizational culture (moderate dependent variable), and customer relationship management (the final dependent variable). The model implies that the dimensions and indicators that affect the organizational culture directly and indirectly are effective on customer relationship management.

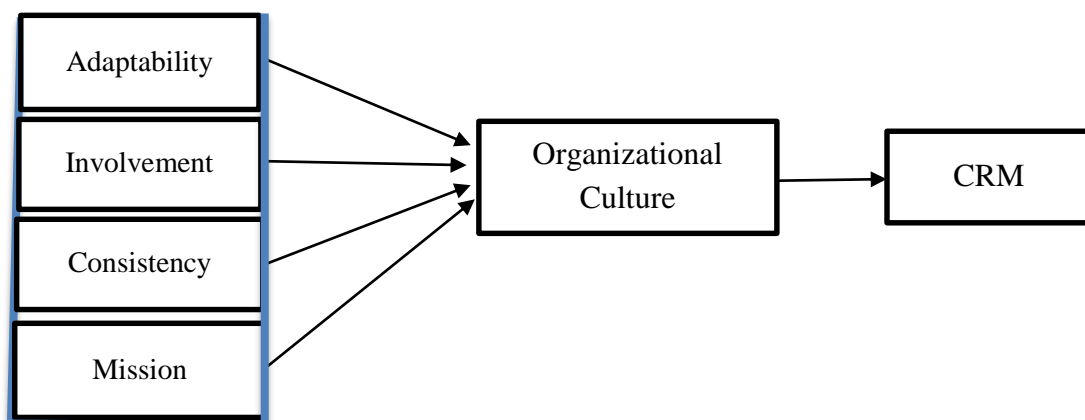


Figure1. Conceptual Model of the Study

## Results

### *Fitness Test of the Model*

To examine the fitness of the model, the indicators used by Gefen, Straub, and Boudreau (2000) were used. These indicators include:  $X^2 / df$  that values less than 3 are acceptable, Fitness Index (GFI) and Adaptive Adherence Index (CFI) that values greater than 0.9, indicates fitness, modified Adjusted Fitness Index (AGFI), in which values greater than 0.8 are acceptable, PNFI indexes in which values greater than 0.6 represent the appropriate fitness, and the Mean Squared Error Approximation (RMSEA) in which values less than 0.5, represent fitness of the model. Thus, the AMOS20 software provided a series of indicators for fitness of the model, which is shown in Table 1.

Table 1. Indicators of Fitness Test of the Model

RMSEA	PNFI	AGFI	CFI	GFI	X2	Df
0.03	0.70	0.93	0.91	0.91	2.80	1

According to Table 1, the GFI, AGFI, CFI, and PNFI indices are more than the values provided by Gefen et al. (2000). The values of RMSEA and  $X^2 / df$  are also lower than the values listed above. According to these findings, it can be said that the suggested model possesses suitable fitness.

### *Testing the Model*

According to the data obtained and the analysis of the path indicated in the model (Fig. 2), the results provided in Table 3. In route analysis, the path coefficients above 0.6 indicate that there is a strong correlation between two variables. If it is between 0.3 and 0.6, there is a moderate relationship and if it is less than 0.3, there is a weak relationship. In the model of path analysis, the amount of numbers obtained for adaptability, involvement, mission (independent variable), organizational culture (moderate dependent variable), and customer relationship management (final dependent variables) are greater than 0.3. So, it indicates a positive and moderate relationship between the variables. Consistency variable was below 0.3. The value of "T" also indicates the meaningfulness of the effects of the variables. If the T value is greater than 1.96, then there is a positive and meaningful effect. If it is between +1.96 and -1.96, there is no significant effect, and if it is smaller than -1/96, it has a negative effect, but it is significant. The value of the T statistic is actually the main criterion for confirming or rejecting assumptions. If this statistic is greater than 1.64, 1.96, and 2.58, we conclude that the hypothesis is confirmed at 90%, 95% and 99% confidence level respectively. Given that the amount of T obtained for the relationships between adaptability, involvement, consistency and, mission with moderating role of organizational culture on customer relationship management is greater than 2.58, it can be concluded that these relationship are statistically significant at 99% confidence level.

In standard estimation of path analysis, after determining the existence of a significant relationship between dependent and independent variables, the effect of each independent variable on the dependent is calculated that is shown in Table 2.

Table 2. Standard Size of Regression between Hidden Variables of the Model

			Estimate	S.E.	C.R.	P	Label
Organizational culture	<---	adaptability	0.35	0.22	25.88	***	par_2
Organizational culture	<---	involvement	0.54	0.12	18.22	***	par_1
Organizational culture	<---	consistency	0.22	0.17	21.20	***	par_3
Organizational culture	<---	mission	0.39	0.15	10.85	***	par_3
CRM	<---	organizational culture	0.34	0.13	11.75	***	par_3

According to the regression sizes, that is provided in Table 2, all direct and indirect paths defined in the model (the relationships defined between the variables of the model) are meaningful.

Now, considering the significance of the relationship between the variables of the research hypotheses, the final model of research can be suggested. The results of the test of research hypotheses, suggested paths along with the regression coefficients, and the values of the relevant indexes are shown in Fig. 2. As shown in this figure, all research hypotheses are confirmed at 99% confidence level and are significant at 0.01.

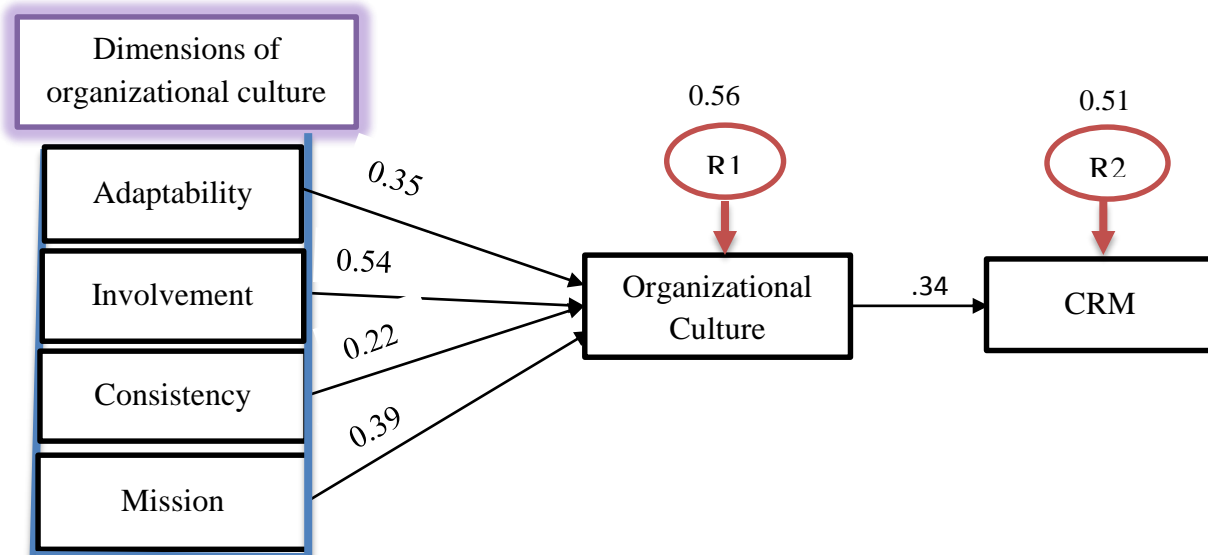


Figure 2. Final Model of the Study

## Discussion

Organizational culture studies show that organizational culture as an important necessity is one of the priorities of managers of sports organizations since it ensures the organization's survival by setting the organization's strategy in the cultural field and creating a strong organizational culture, and providing an idealized organizational reaction for changes. Sports organizations can play an important role in the effective use of customer relationship and organizational communication by paying attention to culture and recognizing the existing culture and analyzing it and creating appropriate values in supporting the desired culture. Therefore, the success of the organization in implementing any strategy, including customer relationship management and customer relationship quality, lies in the support of the organizational culture of that strategy. Considering the importance of identifying organizational culture and managing customer relationship and its functions and its impact on employees of the organization, various models for research related to organizational culture have been designed and presented. The results of the analysis of the path between organizational culture and customer relationship management as well as the dimensions of Denison's organizational culture (involvement, consistency, adaptability and mission) and customer relationship management showed a positive and meaningful relationship. The existence of a positive relationship between organizational culture and customer relationship management suggests that the more powerful the organizational culture is, the more effective is CRM and vice versa. Therefore, improving organizational culture can enhance CRM performance.

The results of the findings showed that adaptability affected organizational culture with a regression coefficient of 0.35 and had positive and significant effect. The results are in line with the findings of Yilmaz and Ergan (2008), Mobley et al. (2005), Ardalan et al. (2008), Rahimnia and Alizadeh (2009), Monavarin and Bakhtayi (2007). On the other hand, regarding the impact of adaptability on customer relationship management, it had a mediating role at 99% confidence level and was considered significant at the level of  $p < .0001$ .

Organizations that are well integrated and coordinated are hard to change. Therefore, internal integrity and external adaptability can be considered as an advantage and superiority for the organization. Given the complexity of the work, the large amount of information, and the rapid changes in sports organizations, it is expected that managers and individuals should be adaptable. Individuals should do their best to adapt to every day changes because adaptability is a managerial requirement. Without the ability to adapt to change, a manager may become stable and inactive in his business position. The results of this part of research are consistent with the results of Iriana et al. (2013), Alduwailah and Ali (2013), Hartnell et al. (2011), Yilmaz and Ergan (2008), and Mobley et al. (2005).

The results of the findings also revealed that involvement affected organizational culture with a regression coefficient of 0.54 and had positive and significant effect. The results are in line with the findings of, Mobley et al. (2005), Ardalan et al. (2008), Rahimnia and Alizadeh (2009), Monavarian and Bakhtayi (2007).



On the other hand, regarding the impact of involvement on customer relationship management, it had a mediating role at 99% confidence level and was considered significant at the level of  $p < .0001$ . The employees, who are involved in the work, are usually energetic and active, communicate positively with their work and try to completely shoulder their responsibility.

Managers try to empower employees through improving their occupational and communicational skills. So, one of the most important factors for having a successful business in sports organizations is to know how to engage your employees. When the manager of a business or an organization is familiar with the amount of the interest of his labor force, he is more successful in competing with other organizations. Effective organizations empower their staff, create work-oriented teams, and expand capabilities of their human resource at all levels. As commitment increases among members of the organization, they consider themselves as a part of the body of the organization. They feel that they are involved in decision making, and these decisions are effective in their work, and their work is directly linked to the goals of the organization. Therefore, the results of this part of the research are consistent with the results of the studies conducted by Iriana et al. (2013), Alduwailah and Ali (2013), Hartnell et al. (2011), Yilmaz and Ergan (2008), and Mobley et al. (2005).

In the same way, consistency affected organizational culture with a regression coefficient of 0.22 and had a positive and significant effect. The results are in line with the findings of Mobley et al. (2005), Ardalan et al. (2008), Rahimnia and Alizadeh (2009), and Monavarian and Bakhtayi (2007). Regarding the low impact of this factor, the managers of organizations, including sports organizations that face special challenges, must pay particular attention to this variable and try to improve it in the organization. The organization in which consistency dominates, emphasizes intra-organizational issues, and seeks a stable environment and behaves in a consistent way.

On the other hand, regarding the impact of consistency on customer relationship management, it had a mediating role at 99% confidence level and was considered significant at the level of  $p < .0001$ .

Due to the activities of sports organizations in variable and volatile environments, organizational consistency is one of the key variables that influences organizational culture and CRM. Therefore, managers in sports organizations should regulate employee behavior on the basis of fundamental values and create coordination with organizational activities. Organizations with such characteristics have a strong and distinct culture and totally dominate employees' behavior. The results of this part of the research are consistent with the results of studies conducted Iriana et al. (2013), Alduwailah and Ali (2013), Hartnell et al. (2011), Yilmaz and Ergan (2008), and Mobley et al. (2005).

The results of the findings also indicated that the mission dimension had a positive and significant effect on organizational culture with a regression coefficient of 0.39. The similar results were found by Mobley et al. (2005), Ardalan et al. (2008), Rahimnia and Alizadeh (2009). Regarding the impact of mission on customer relationship management,

it had a mediating role at 99% confidence level and was considered significant at the level of  $p < .0001$ .

It should be mentioned that the most important feature of the organizational culture is its mission. Organizations need a clear picture of their future to fulfill their goals and achieve success. This picture clearly identifies the future orientations of the organization. Successful organizations have a clear understanding of their goals and objectives. They clearly define their organizational and strategic goals and completely visualize the organization's future. The results of this part of the research were consistent with the studies conducted by, Iriana et al. (2013), Alduwailah and Ali (2013), Hartnell et al. (2011), Yilmaz and Ergan (2008), and Mobley et al. (2005).

## Conclusion

Many challenges that face sports organizations are considered to be systematic that do not have transparent solutions. These systematic challenges require the distribution of resources and a program with a proper explanation, such as CRM. As the complexity of organizational challenge increases, the managers need to adopt newer and more effective solutions. Therefore, it seems necessary to have adaptive managers. According to the results of this study, it is suggested that managers of sport departments should try to recognize and improve the organizational culture considering the determining role of CRM. This will not be a high ambition unless individual growth and participation of all members of the organization in decision making and management will be taken into consideration. Since involvement is central to the program, it is highly recommended to increase motivation in various ways and encourage individual and team work. In order to achieve these ambitions, managers should focus on targeting and setting goals without any ambiguity as a top priority, since CRM owes its success to these considerations.

In this study, involvement and consistency had the most and the least impact on organizational culture and CRM respectively. So, based on the findings, it is suggested that officials and administrators of the sports and youth departments should give their employees freedom to accept and perform their responsibilities. They are also supposed to set up standards of desirable performance in the organization, pay attention to the coordination of activities, and accept mistakes and consider them as opportunities for learning and acquiring skills.

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