

**THE IMPACT OF ORGANIZATIONAL CULTURE ON COMPETITIVENESS,
EFFECTIVENESS AND EFFICIENCY IN SPANISH-MOROCCAN INTERNATIONAL JOINT
VENTURES**

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Abstract

Purpose - The characteristics of a particular organizational culture may affect performance in achieving the objectives of international joint ventures (IJVs), a type of partnership that is often used in international business relations between developed and emerging countries. The main aim of this paper is to analyse whether the underlying dimensions that characterize organizational culture in these countries may affect firms' performance, specifically their competitiveness, effectiveness and efficiency.

Design/methodology/approach - The survey conducted for this study was addressed to Spanish-Moroccan IJVs trading in Morocco. The research hypotheses were tested using multivariate analysis techniques (exploratory factor analysis and linear regression model).

Findings - Based on information provided by the CEOs of Spanish-Moroccan IJVs between small to medium-sized firms, the present study shows that levels of competitiveness, effectiveness and/or efficiency in these organizations are influenced by the involvement of staff in management, the degree of centralization of decision taking and the firms' emphasis on results or on procedures.

Practical implications - This research contributes to the knowledge of the main factors related to the organizational culture of joint ventures that influence competitiveness, effectiveness and efficiency achieved.

Originality/value - The value provided by this research lies in the sample examined, in its focus on a very common type of partnership between SMEs, which has been little studied previously, and in the fact that the results obtained are extensible to other realities, such as partnerships between European companies and those from countries with similar characteristics (located in Africa or in countries where an Arab culture prevails).

Keywords: *International joint ventures, organizational culture, competitiveness, effectiveness, efficiency*

Paper type - Research paper

Introduction

In recent decades, the number of international joint ventures (IJVs) has risen considerably, but this business form is associated with high rates of failure (Tjemkes *et al.*, 2012), together with other undesirable effects such as reduced earnings, operational problems or disagreements between partners (Margalit, 2002). The success of an IJV depends largely on the level of management performance achieved (Cui *et al.*, 2002; Sluyts *et al.*, 2011; Hagen *et al.*, 2012). The cultural factor is a fundamental aspect in the management of international business (Sluyts *et al.*, 2011; Li *et al.*, 2012), because the partners' cultural differences could affect their cooperation, the development of their activities and their respective management styles (Rodríguez, 2005; Das and Kumar, 2010; Ito *et al.*, 2012).

Traditionally, the question of culture has been studied in terms of two main dimensions: national and organizational. According to Hofstede *et al.* (1990), national culture is shaped by a set of country-specific characteristics, such as the language, education, values and beliefs of the population (Markoczy, 1997; Hofstede and Hofstede, 2005; Bhaskaran and Gligorovska, 2009; Migliore, 2011; Chan and Cheung, 2012; Ho *et al.*, 2012), and is therefore a broad categorization of a complex reality. On the other hand, as indicated by Schein (1992), organizational culture assumes the existence of a common pattern in how problems related to basic aspects such as the business environment, human capital and social relationships are addressed and solved; consequently, it may influence the development of an IJV's activity (Cartwright and Cooper, 1993; Dong and Liu, 2010). The two notions are different and usually studied independently, but of course there are strong correlations between them (Weber *et al.*, 1996).

Although numerous studies have examined different aspects of culture, few have focused on clarifying the relationship between culture and performance (Kim *et al.*, 2004). Most research has considered how cultural differences between partners can influence the performance of the IJV, but not the influence of the IJV's own organizational culture on its performance (Lavie *et al.*, 2012; Christoffersen, 2013). Although most studies in recent years have

focused on analysing IJVs between large firms (Ren *et al.*, 2009), there are considerable differences between small and large firms as regards their background and results (Álvarez and Barney, 2001; Kirby and Kaiser, 2005). Other authors have studied the relationship between different factors and performance in the internationalization of SMEs. Thus, O’Cass and Weerawardena (2009) examined how entrepreneurship and innovation affect the performance of the SME, while Smolarski and Kut (2011) considered the impact of the venture capital financing method on the performance of the SME. However, very few studies have addressed SMEs in the context of this research (Fillis, 2001; Lu and Beamish, 2009), and we believe a detailed study of IJVs formed between SMEs would be very useful. In addition, few studies in this regard have been made in developing countries. Therefore, it would seem to be necessary to explore and better understand the relationship between the two concepts (Yesil and Kaya, 2013).

Due to the geographical proximity between Spain and Morocco, as well as the important trade relations that have been cultivated over several decades, many Spanish companies have entered this emerging market by forming IJVs with Moroccan companies (Economic and Commercial Office of Spain in Rabat, 2010). This type of association is mainly formed between SMEs. This pattern is reflected in the business context in Morocco, where small-sized enterprises represent 95% of the manufacturing base and make a significant contribution to job creation (representing over 50% of employment in the private sector) and to economic growth (40% of local production and 51% of local private investment) (OECD, 2005).

According to previous research, the organizational culture of IJVs can be characterized by various independent dimensions (Hofstede *et al.*, 1990, Denison and Spreitzer, 1991; Pothukuchi *et al.*, 2002; Minkov and Hofstede, 2011). Within an IJV the national culture of the partners can influence organizational culture (Ito *et al.*, 2012), and in turn the choice of a particular organizational culture may influence its essential management practices (Pothukuchi *et al.*, 2002; Ozorhon *et al.*, 2010; Damanpour *et al.*, 2012). Previous research

has highlighted the impact of organizational and national cultural fit on the success or otherwise of these organizations (Swoboda *et al.*, 2011; Tey and Idris, 2012). However, the impact of organizational culture on IJV performance has received limited attention in the case of participation by a firm from a developing-economy country (Jacob *et al.*, 2013), especially one as important as Morocco (Mayer-Haug *et al.*, 2013). It is therefore of great interest to characterize the organizational culture of Spanish-Moroccan IJVs, as this may affect their management style and, consequently, their performance.

From this premise, in the present study we analyse the organizational culture of Spanish-Moroccan IJVs and their relations with various measures of performance, in the field of relations between companies in emerging and in developed economies. Specifically, we focus on determining the extent to which a particular organizational culture can affect a firm's competitiveness, effectiveness and efficiency.

We believe that the aim of this study is especially relevant because international cooperation through IJVs is becoming increasingly common and national economies are integrating and interconnecting globally (Kornecki and Rhoades, 2007). Furthermore, we believe that the results of this study, focused on the Spanish-Moroccan context, could be extrapolated to business relations between developed countries and countries with emerging economies in North Africa and in other Arab countries, thus contributing to clarify an issue of some significance in professional and academic circles. In our opinion, the aim of this work is especially significant for SMEs seeking growth opportunities in foreign markets. Increasing numbers of SMEs have undertaken a process of internationalization to accelerate their growth, and in the coming years the number of countries in which they are present is expected to increase dramatically (Oxford Economics, 2013).

The rest of this paper is organized as follows: first, we present the research context; then we review the existing literature, the research hypotheses, and describe the methodology followed to test them. The next section sets out the results obtained, after which we discuss the findings of this study and the main conclusions drawn.

The research context

Morocco is located at the north-western tip of the African continent and is part of the Maghreb. This country has been colony of France and Spain and reached its political independence in 1956, it is ethnically diverse and has a rich historical and cultural heritage.

Morocco is strategically well placed for foreign trade, due to its geographic location and as a result of the trade agreements entered into. It maintains good international relations both with the West (the EU, the USA, Canada and Japan) and with the Islamic world (Turkey, the Arab League, etc.). Morocco's main trading partner is the EU, with which it enjoys privileged relations in political, economic, commercial and financial spheres. Within the EU, France has traditionally been the main trading partner of Morocco. However, in 2012, it was overtaken by Spain, which became Morocco's leading supplier and main customer. As regards the Spanish economy, Morocco is the principal destination for Spanish investment in Africa. Meanwhile, Morocco's economy has been significantly affected by Spanish investment, much of which has been made through the creation of joint ventures with local partners.

Morocco has specific and characteristic management values that can be attributed to the French colonial heritage (Ali and Wahabi, 1995). Studies of the cultural factors that influence organizations' behaviour have shown that with respect to power distance and collectivism Morocco scores higher than the world average; in other words, its structures are more hierarchic and group achievements are valued more highly than are those by individuals (Hofstede, 2001; House et al., 2004). In a related field, the GLOBE study (House et al., 2004) reported that Morocco scores comparatively poorly for gender egalitarianism, uncertainty avoidance and future orientation; thus, it presents greater inequality between the genders, less effort is made to reduce the likelihood of unpredictable future events that could adversely affect the operation of organizations, and there is a lower degree of planning and investment for the future. This study also shows that Morocco achieves intermediate scores for performance orientation and humane orientation, parameters that are directly related to the degree to which an organization encourages and rewards group members for

performance improvement, excellence, and being fair, altruistic, generous, caring and pleasant to others. Finally, the GLOBE study scores Morocco highly on assertiveness, which means that, comparatively, Moroccan organizations are more assertive, confrontational and aggressive in social relationships.

Literature review and hypotheses

An understanding of social and cultural aspects is especially important to business operations in Africa. This continent contains great cultural diversity (Newenham-Kahindi, 2011; Horwitz, 2012), which to some extent is related to the earlier colonial period, which had a profound impact on the political, economic and social course of the continent (Nkomo and Kriek, 2011). In this sense, Kamoche and Newenham-Kahindi (2012) examined the risk of assuming the existence of homogeneity in the culture of the African continent.

Numerous studies have been conducted, in different countries and from different perspectives, to examine management practices in Africa, with special reference to human resource management (HRM). In this respect, several journals have dedicated special issues. For example, International Journal of Human Resource Management, Journal of World Business, Journal of Occupational and Organizational Psychology or Thunderbird International Business Review-.

Various research topics have been considered, including the internationalisation of companies in different African countries (Ibeh et al., 2012; Jekanjika, 2012; Boojihawon and Acholonu, 2013), foreign direct investment in these countries (Seetanah and Rojid, 2011), leadership (Kuada, 2010; Nkomo and Kriek, 2011) and people management (Dimba, 2010; Idiabon-Oke and Oke, 2011; Wang et al., 2011).

Regarding the management of organizations composed of local African partners and foreign partners, studies have highlighted the importance of adapting management practices to the characteristics of the environment in which the business activity takes place (Anakwe, 2002; Yousfi, 2014). The organizational culture that is in these organizations must be taken into

account (Gomes et al., 2011), in addition how these practices may influence business performance (Dimba, 2010). Both aspects are presented below.

Organizational culture

By organizational culture, we refer to the interaction between members of the organization (Smircich, 1983; Ito *et al.*, 2012) and, as indicated by Cheung *et al.* (2012), its following functions: to convey a sense of identity among the organization's members, to facilitate the generation of commitment to something beyond oneself, to improve the stability of the system, and to constitute a sense-making device that can guide and shape its members' behaviour. From this standpoint, organizational culture influences the behaviour and performance of the organization's members, and therefore constitutes a means or an object of management (Ito *et al.*, 2012).

In this respect, a question of some interest is whether the organizational culture prevailing in IJVs is a basic aspect of their operations, i.e. one determining essential aspects of the management of their activities. Taking into account that, according to Kandula (2006), the key to good organizational performance is the existence of a strong culture, it would seem to be necessary to establish the relationship between the components of organizational culture and the performance achieved. Previous studies have examined, from an empirical perspective, the existence of independent dimensions that differentiate the organizational culture of this type of association (Hofstede *et al.*, 1990; Denison and Spreitzer, 1991; Pothukuchi *et al.*, 2002; Ozorhon *et al.*, 2010; Ozorhon *et al.*, 2011; Damanpour *et al.*, 2012). Ginevičius and Vaitkūnaite (2006) reported that studies of organizational culture have identified different numbers of dimensions, although some are very similar in terms of their content; therefore it is unclear whether they are actually the same or constitute different dimensions.

Previous studies have observed a clear relationship between culture and organizational performance (Awadh and Alyahya, 2013). Our own research is focused on the question of how organizational culture can affect the performance of their joint venture. Although

previous studies related to the effect of organizational culture on performance outcomes are fairly extensive, they do not appear to be conclusive (Yesil and Kaya, 2013). Furthermore, most prior research has focused on developed countries, and many researchers have highlighted the need to consider the issue of organizational culture in a different cultural context, particularly in non-Western countries (Ul et al., 2011).

Performance: Competitiveness, Effectiveness and Efficiency

To determine the level of organizational performance, previous studies have used various objective and subjective measures. In particular, most studies investigating the relationship between culture and performance make use of diverse performance measures (Yesil and Kaya, 2013).

One of the main objectives of an IJV is to achieve certain performance levels to ensure its survival or to increase its competitiveness (Mohr and Puck, 2005). Although there is no universally accepted definition of performance in such partnerships, it has often been linked to the achievement of the goals set (Beamish, 1988; Anderson, 1990; Beamish and Delios, 1997; Lin and Germain, 1998). Most studies of large companies have focused on objective measures of financial performance, such as profitability, growth and costs (Geringer and Herbert, 1991; Ren *et al.*, 2009; Damanpour *et al.*, 2012). However, these magnitudes are difficult to determine in IJVs between SMEs because, on the one hand, the financial data are usually published in the companies' consolidated information, not for the IJV, and on the other hand, this type of organization tends not to publish information on a regular basis (Pothukuchi *et al.*, 2002; Oxley, 2009; Ren *et al.*, 2009). Finally, in institutional contexts such as those of emerging countries (as is the case of Morocco), in which there is generally no legal obligation to disclose financial information, this problem is exacerbated.

For this reason, in order to compensate for the absence of objective data, and to ensure that the stated research goals are actually achieved (Geringer and Herbert, 1991; Yan and Zeng, 1999, Wang and Suh, 2009), subjective measures, such as perceptions, are often used to evaluate the performance of IJVs (Woodcock *et al.*, 1994; Merchant and Schendel, 2000;

Brouthers, 2002; Ariño, 2003; Beamish and Lupton, 2009; Hult *et al.*, 2008). Moreover, since financial measures assess only one dimension of IJV performance, qualitative information must also be included in order to properly evaluate the results obtained by these organizations (Anderson, 1990).

Various subjective measures of performance are often used (Beamish and Lupton, 2009), to obtain information on firms' achievement or otherwise of their overall objectives (Geringer and Herbert, 1991; Woodcock *et al.*, 1994; Brouthers, 2002; Wang and Suh, 2009). Among these measures, one of the most frequently adopted is that of assessments of overall satisfaction with the IJV (Boateng and Glaister, 2002; Luo and Park, 2004; Hult *et al.*, 2008; Nakos and Brouthers, 2008; Chow and Yau, 2010; Damanpour *et al.*, 2012). Other subjective measures of performance that have been used include competitiveness, effectiveness and efficiency (Gawande and Wheeler, 1999; Yeheskel *et al.*, 2001; Pothukuchi *et al.*, 2002; Ariño, 2003; Arenas and García, 2007; Ozorhon *et al.*, 2011). Data for this type of measure are usually compiled through surveys and therefore may present certain deficiencies (Ren *et al.*, 2009). Nevertheless, it is accepted as a valid research tool for contexts such as our current study (Geringer and Herbert, 1991; Kale *et al.*, 2002).

According to previous research, the performance of IJVs may be influenced by their organizational culture (Denison and Mishra, 1995; Fey and Beamish, 2001; Pothukuchi *et al.*, 2002; Ozorhon *et al.*, 2010). López-Navarro and Molina-Morales (2002) suggested that the subjective measures normally used examine different phenomena and, consequently, impact on the variables that determine performance. Therefore, the results obtained may vary depending on the magnitude used to measure IJV performance, since not all performance indicators are influenced in the same way by certain determinant factors (Mohr, 2006).

Specifically, organizational culture has been identified as one of the essential factors that determine a firm's efficiency and productivity (Alas *et al.*, 2009). It has been argued that organizational culture plays a positive role in an organization's effectiveness (Zheng *et al.*, 2010), generates competitive advantages (Martins and Martins, 2002) and impacts on

business efficiency by hindering or facilitating the achievement of the firm's goals (Yilmaz and Ergun, 2008). Pothukuchi *et al.* (2002) reported that while the competitiveness of IJVs and their partners' satisfaction are significantly related to organizational culture, this is not the case as regards efficiency. Referring to the dimensions of organizational culture that affect performance, Fekete and Böcskei (2011) concluded that a hierarchic orientation is negatively related to various performance outcomes, and that commitment to the organization, loyalty and tradition are positively related to companies' financial performance; moreover, the market culture, when it is results-oriented, will focus on effectiveness, efficiency and competitiveness, which in turn will have a positive effect on the firm's financial performance. However, the empirical study conducted by Yesil and Kaya (2013) found no relationship between the dimensions of organizational culture (including hierarchy and results-oriented outlook) and the results of financial performance, and recommended further study of the relationship between culture and performance in different contexts and with different measures and research designs.

In view of the above considerations, in this study we examine whether the choice of a certain culture may positively influence other subjective measures of performance in this type of organization, such as competitiveness, effectiveness and efficiency. Therefore, in this study we examine whether in IJVs between Spanish and Moroccan firms, the organizational culture that governs their actions actually improves their competitiveness, their success in achieving strategic objectives and their greater or lesser use of available resources. Accordingly, the following hypotheses are proposed:

H₁: The competitiveness of Spanish-Moroccan IJVs is influenced positively by the underlying dimensions of organizational culture.

H₂: The effectiveness of Spanish-Moroccan IJVs is influenced positively by the underlying dimensions of organizational culture.

H₃: The efficiency of Spanish-Moroccan IJVs is influenced positively by the underlying dimensions of organizational culture.

Finally, theoretical arguments point to other characteristics of IJVs that could affect their performance (Dickson and Weaver, 2011; Damanpour *et al.*, 2012), such as the age of the business, from the point of view that, given time, work processes and relationships between company personnel may become consolidated. Furthermore, the size of the IJV may be another key factor in determining the structure and processes of organizations, influencing their management capabilities and the challenges to be faced. Finally, the sector to which the company belongs may be significant, influencing its style of management and, consequently, its performance. In view of these considerations, previous studies have incorporated these three characteristics as explanatory variables of IJV performance (Swoboda *et al.*, 2011; Hagen *et al.*, 2012; Li *et al.*, 2012; Yesil and Kaya, 2013).

Research methodology

Objective information on IJVs between SMEs is often insufficient, and so data must be obtained using surveys (Huse, 2000). The survey conducted for this study was addressed to Spanish-Moroccan IJVs trading in Morocco. For this study, during November 2009, a structured questionnaire was sent to the CEOs of SMEs constituted as capital IJVs by Moroccan and Spanish companies. CEOs were addressed on the assumption that they would be able to provide a reliable view of the position of the company (Ghobadian and O'Regan, 2006).

The number of valid surveys obtained was 80, a response rate of 38.1%. Although the sample was not very large, it was of sufficient size for reliable statistical analysis to be performed. In this regard, previous studies of IJVs from different perspectives have been made with similar numbers of firms (Sim and Ali, 2000; Child and Yan, 2003; Choi and Beamish, 2004; Ozorhon *et al.*, 2010). In addition, 26 respondents who had declined to answer the full questionnaire did agree to respond to selected questions. We compared the differences between the means of the main sample for these items and those corresponding to the respondents who answered only a selection of the questions, and found that the

differences were not statistically significant; therefore, we conclude that non-response bias in this survey was not a serious problem and did not affect the conclusions drawn.

The survey consisted of 50 questions, of which 19 were found to be useful in the analysis made in this study. Ten questions referred to organizational culture and nine to the performance of the Spanish-Moroccan IJV. Table 1 lists and describes the questions initially considered. These variables were measured in terms of the CEOs' perceptions of the above aspects, expressed by means of scales similar to those used in other studies (Pothukuchi *et al.*, 2002; Arenas and Garcia, 2007). These items were measured on a 5-point Likert scale, where 1 means total disagreement and 5 means total agreement with the question.

In relation to culture, previous research has tested the existence of factors revealing the underlying dimensions by which the organizational culture of IJVs may be characterized (Hofstede *et al.*, 1990; Pothukuchi *et al.*, 2002; Ozorhon *et al.*, 2010; Damanpour *et al.*, 2012). To develop this research, ten questions were selected, which had previously been part of the factors obtained by Hofstede *et al.* (1990) and Pothukuchi *et al.* (2002) and addressed the most significant aspects of the peculiarities of the Spanish-Moroccan IJVs. Table 1 lists the questions used in this study.

Following the approach adopted in previous studies (Geringer and Herbert, 1991; Parkhe, 1993; Mohr and Spekman, 1994; Sarkar *et al.*, 2001; Pothukuchi *et al.*, 2002; Arenas and Garcia, 2007; Damanpour *et al.*, 2012), we measured IJV performance by subjective measures: competitiveness, effectiveness and efficiency. In this respect, the questions used were those proposed by Pothukuchi *et al.* (2002) and Arenas and García (2007), as shown in Table 1.

Insert Table 1

To test the hypotheses proposed, multivariate analysis techniques (linear regression) were applied to the database.

Results and discussion

Table 2 shows descriptive statistics of the questions used for this study. On average, the respondents were in good agreement concerning the different aspects of organizational culture, especially with respect to the centralization of decision management, the degree of secrecy and closure of the organization and the initiative presented by the workforce. The respondents were also in relatively good agreement on the different aspects of competitiveness. The CEOs of the Spanish-Moroccan IJVs between SMEs who responded to the survey awarded average scores of over 3 to issues concerning effectiveness; thus, in general, they agree with the actions taken by the IJV in international markets, that it has achieved its strategic objectives and that it has increased their knowledge of technology (in this respect, it should be noted that knowledge does not necessarily translate into revenues). With respect to efficiency, while the extent to which the IJV has enabled a diversification of the product portfolio and provided access to capital and other resources is only scored moderately highly, there is a higher level of agreement regarding the achievement of greater economies of scale.

Insert Table 2

To determine the dimensions that characterize the organizational culture governing strategic alliances between Spanish-Moroccan SMEs, exploratory factor analysis was applied to the questions relating to organizational culture.

There are four components whose eigenvalues are greater than 1, reaching a cumulative variance percentage close to 72%. The observation of the factor loadings matrix confirms the existence of four cultural dimensions within the Spanish-Moroccan strategic alliances

between SMEs. In a similar way to prior studies (Hofstede *et al.*, 1990; Denison and Spreitzer, 1991; Pothukuchi *et al.*, 2002; Ozorhon *et al.*, 2010; Ozorhon *et al.*, 2011; Damanpour *et al.*, 2012), these dimensions are related to the orientation of the organizational management, the method of decision making and to different perspectives of human resource management, such as how recruitment is conducted or the degree of involvement in the activity of the company. Table 3 presents the variables that have an acceptable level of correlation with the factors selected and the name given to each of them.

The first factor, identified as ‘Staff involvement’, is positively correlated with four variables, which from different perspectives measure personal involvement with the firm’s management. Thus, a Spanish-Moroccan IJV where the workforce is involved is one in which the employees take initiative, work quickly, speak seriously of the organization and its work and are aware of the costs of the IJV.

The second factor, termed ‘Interest in results or in procedures’, is correlated with three variables concerning the orientation of the organizational management. A Spanish-Moroccan IJV in which most interest is focused on results might be considered a more closed, reticent organization, one interested only in the staff’s work, where the results are judged to be more important than the procedures employed.

The third factor, described as ‘Selective or non-selective hiring’ is a positive correlation with two variables, which refer to the type of people that adapt well to the organization and to the hiring criteria. Selective hiring would refer to an organization where only a particular class of person would fit well, and where the recruitment takes place on the basis of workers’ competence.

Finally, the fourth factor, called ‘Centralized or decentralized decision taking’ is positively correlated with the variable on the method of decision making. Thus, when decisions are mainly taken by the managers, the process is said to be centralized.

Insert Table 3

Cronbach's alpha was used to assess the internal consistency of the measures related to the competitiveness, effectiveness and efficiency of the Spanish-Moroccan IJVs listed in Table 1, and results of 0.579, 0.727 and 0.641, respectively, were obtained. According to the scale proposed by George and Mallery (1995), only the value higher than 0.7 can be considered acceptable.

Therefore, in order to determine the possible dimensions that would characterize IJV performance, exploratory factor analysis was applied to the nine questions in this respect, using principal component analysis with varimax rotation as the main statistical tool for this purpose. Bartlett's test of sphericity produced a significance level of 0.000 and the Kaiser–Meyer–Olkin index was higher than 0.5 (0.636), which confirmed the existence of a correlation between the original variables, and suggested that of an underlying structure and consequently the applicability of this multivariate analysis technique.

The application of the principal component method generated three factors with eigenvalues greater than 1, while the cumulative percentage of the variance was close to 70%. The first factor, 'Competitiveness', refers to the IJV's degree of competitiveness against its competitors. This factor is positively correlated with the degree to which the IJV has reduced competition and increased its knowledge of international markets and sales in them. The second, 'Effectiveness', refers to the IJV's achieving and improving certain strategic aspects. It is positively correlated with the degree to which the IJV achieves its strategic objectives and obtains greater knowledge of the technology. The third, 'Efficiency', is related to the IJV's contribution to the firm's financial efficiency and its product portfolio. It is positively correlated with the degree to which the IJV has diversified its product portfolio, facilitated access to resources and capital, achieved economies of scale and increased the costs incurred by other companies. Thus, the existence is confirmed of three dimensions that measure the performance of Spanish-Moroccan IJVs between SMEs.

Cronbach's alpha was used to assess the internal consistency of the factors of competitiveness, effectiveness and efficiency obtained, and produced results of 0.777, 0.813 and 0.767, respectively. All these results exceed 0.7, and so, according to George and Mallery (1995), the values reflected are acceptable.

The next step in this study was to determine whether one or more dimensions of the organizational culture of Spanish-Moroccan IJVs affects the performance of their partners because, if so, IJVs between firms in developed and emerging countries could address their management organization efforts toward improving their competitiveness, effectiveness and efficiency. This is the question we seek to resolve in our tests of the hypotheses proposed, and thus the following linear regression models are proposed:

Model 1:

$$\text{COMPETITIVENESS} = \beta_0 + \beta_1 \text{OC1} + \beta_2 \text{OC2} + \beta_3 \text{OC3} + \beta_4 \text{OC4} + \beta_5 \text{SECTOR} + \beta_6 \text{SIZE} + \beta_7 \text{AGE} + \varepsilon_i$$

Model 2:

$$\text{EFFECTIVENESS} = \beta_0 + \beta_1 \text{OC1} + \beta_2 \text{OC2} + \beta_3 \text{OC3} + \beta_4 \text{OC4} + \beta_5 \text{SECTOR} + \beta_6 \text{SIZE} + \beta_7 \text{AGE} + \varepsilon_i$$

Model 3:

$$\text{EFFICIENCY} = \beta_0 + \beta_1 \text{OC1} + \beta_2 \text{OC2} + \beta_3 \text{OC3} + \beta_4 \text{OC4} + \beta_5 \text{SECTOR} + \beta_6 \text{SIZE} + \beta_7 \text{AGE} + \varepsilon_i$$

OC = ORGANIZATION CULTURE

The dependent variables of the models relate to the competitiveness, effectiveness and efficiency, respectively, of the Spanish-Moroccan IJVs. These variables are measured by the factors obtained previously, in order to determine the dimensions related to performance.

The independent variables are common to all three models and refer to factors concerning the organizational culture of Spanish-Moroccan IJVs between SMEs. These factors are incorporated in the regression analysis as the variables OC1, OC2, OC3 and OC4, respectively.

The analysis also includes three control variables, which are common to all three models, related to the general characteristics of IJVs: sector, size and age. The first variable (SECTOR) was measured via a discrete variable determined according to the Spanish national classification of economic activity sectors (CNAE), in which the first sectors referred to are those which are most labour-intensive (agriculture, manufacturing, etc.) and the last are those which are least labour-intensive (administration, education, etc.) (Chen *et al.*, 2009; Hagen *et al.*, 2012). The size of the IJV (SIZE) was measured by the number of full-time employees (Muthusamy and White, 2005; Swoboda *et al.*, 2011; Hagen *et al.*, 2012). The age of the IJV (AGE) was measured by the number of years the company had been operating from its creation until the date of the questionnaire (Chen *et al.*, 2009; Pak *et al.*, 2009).

A regression analysis was applied to the variables considered. Because this procedure is sensitive to problems of multicollinearity in the explanatory variables, the Spearman correlation coefficient was calculated in order to determine the degree of correlation between the variables used in the study. Table 4 shows the correlation coefficients for the variables considered; although in general the pairwise variables were not correlated, there was some correlation, significant at 1% and 5%, between some pairs of variables. To assess the degree of multicollinearity, we analysed the variance inflation factor (VIF) for all the variables and no such problem was observed. Specifically, whereas VIF values below 10 are acceptable (Gujarati, 2004) and, in general, values below 5 are recommended (Hair *et al.*, 1999), in our sample these values were below 2, and tolerance levels, in general, were located close to 0.9. Therefore, the sample problems were unaffected by collinearity problems.

Insert Table 4

Tables 5, 6 and 7 show the results of the linear regression applied to our sample. Each model was obtained in two steps: firstly, incorporating only the independent variables related to organizational culture (Models 1A, 2A and 3A) and then after adding the control variables (Models 1B, 2B and 3B).

Table 5 shows the results obtained when competitiveness was taken as the dependent variable in Spanish-Moroccan IJVs between SMEs. In Model 1A, 'Decision taking' (OC4) is statistically significant at 5%. Its sign is positive, meaning that the more centralized the decision process, the greater the competitiveness of the IJV. When the control variables are also included (Model 1B), as well as OC4, the variable 'Workforce' (OC1) is incorporated. In this case, too, the sign is positive, indicating that the greater the staff's involvement in management, the greater the competitiveness achieved by the IJV.

Insert Table 5

These results show that competitiveness, in the organizations considered, is not influenced by the form of recruitment (OC3), by the management's focus on either results or procedures (OC2) or by the size, sector or age of the IJV.

We find thus, and in agreement with previous studies (Pothukuchi *et al.*, 2002; Ozorhon *et al.*, 2010), that in the field of Spanish-Moroccan IJVs some of the underlying dimensions that characterize the organizational culture of the IJVs affects their competitiveness. Consequently, hypothesis 1 is accepted; the competitiveness of these Spanish-Moroccan IJVs is influenced positively by two cultural factors, namely the degree of involvement by the staff in management, and the centralization of the decision-taking process.

Insert Table 6

Table 6 shows that in Models 2A and 2B the effectiveness of Spanish-Moroccan IJVs between SMEs is influenced by the factors 'Workforce' and 'Interest' (OC1 and OC2), and that these are both statistically significant at 1%. Enhancing the involvement of staff in management would achieve greater effectiveness in this type of organization. Furthermore, strengthening management emphasis on results, rather than procedures, would also increase the effectiveness of these IJVs.

The results for the second model show that selective or non-selective hiring (OC3) and the degree of centralization of decision taking (OC4) are not significant issues regarding the IJV's level of effectiveness. Neither was there any significant relationship between effectiveness and the sector, the number of employees or the age of the IJV.

Finally, hypothesis 2 is accepted, since the effectiveness of the Spanish-Moroccan IJVs between SMEs depends on two of the four underlying dimensions that characterize their organizational culture, namely the involvement of staff in the management of the company and management's emphasis on results or procedures. These findings are in line with those obtained in previous research (Gawande and Wheeler, 1999; Ariño, 2003; Zheng *et al.*, 2010), which reported the influence of organizational culture on the effectiveness of IJVs.

With respect to the OC variables that influence the degree of efficiency achieved by these Spanish-Moroccan IJVs, Table 7 shows that in both models (3A and 3B) 'Workforce' and 'Decision taking' have a positive impact. Thus, increased involvement by staff in management would lead to greater efficiency. Moreover, the fact that decision taking is centralised has a positive impact, one that is statistically significant at 1%, on the efficiency of Spanish-Moroccan IJVs between SMEs. The variable 'Workforce' is also significant at 1%, which leads us to conclude that the smaller the workforce, the greater the efficiency of the IJV.

Neither 'Interest in results or procedures' nor 'Selective or non-selective hiring' (OC2 and OC3), nor the sector or age of the IJV present any statistically significant relationship with the efficiency of the IJV.

In agreement with Pothukuchi *et al.* (2002), we found that the efficiency of IJVs is influenced by their organizational culture. Hypothesis 3 is accepted because, like competitiveness, the efficiency of these Spanish-Moroccan IJVs is influenced positively by the OC factors 'Workforce' and 'Decision taking'. According to previous studies (Yilmaz and Ergun, 2008; Alas et al., 2009), organizational culture is a determinant factor in business efficiency. Our research results highlight this relationship in the case of IJVs formed between Spanish and Moroccan companies, and underline that it should be taken into consideration in the management and development of such organizations.

Insert Table 7

In short, organizational culture is a multidimensional phenomenon that affects the success of the company (Ginevičius and Vaitkūnaite, 2006) but, as suggested in previous research, the determinant factors of performance may vary depending on the indicators used to measure it (López-Navarro and Molina-Morales, 2002; Mohr, 2006). Specifically, for the Spanish-Moroccan IJVs between SMEs examined in this study, it has been found that competitiveness can be enhanced by increasing the participation of staff in corporate governance and by centralizing decision taking. Furthermore, effectiveness is improved by increasing the participation of the workforce in corporate governance and by a stronger management focus on achieving results. Finally, greater efficiency can be achieved through increased workforce participation in corporate governance and through a centralization of the decision-taking process.

For the Spanish-Moroccan IJVs studied, we found that increased staff participation, we found that increased staff participation in management has a positive impact on the competitiveness, efficacy and efficiency of the organization, the centralization of decision making has a positive impact on the competitiveness and efficiency and, moreover, a results-oriented management policy will achieve greater effectiveness. To some extent, these results

differ from those obtained by Fekete and Böcskei (2011), who found a negative relationship between hierarchical orientation and various performance outcomes, and from those of Yesil and Kaya (2013), who found no relationship between hierarchy and result orientation, on the one hand, and financial measures of performance, on the other. These differences with respect to prior research, together with the relationships observed between different aspects of organizational culture and diverse measures of performance of the Spanish-Moroccan IJVs analyzed in our study, could be associated with the effects of cultural factors in Morocco. In this regard, it is important to take into account that Moroccan companies tend to be conservative and hierarchical, with strictly defined roles, and that managers take their decisions only after much discussion with key stakeholders and after obtaining consensus among the group. In addition, these organizations usually encourage and reward team members for improved performance and excellence.

Corroborating previous research (Patterson *et al.*, 1997), we highlight the importance of the human element in company performance, and stress that personnel management does affect the results achieved. Some previous studies have highlighted the importance of the combination of foreign and African HRM practices, and the impact of this combination on variables related to business performance (Anakwe, 2002; Dimba, 2010; Yousfi, 2014). Therefore, the management of human resources in these organizations is particularly relevant, to the extent that it directly affects business success and survival. In this context, personal relationships are especially important, to the extent that a good personal relationship is the most important factor for business success; thus, it is not surprising that within Spanish-Moroccan IJVs, the degree of involvement by the workforce in business management has a direct effect on business success.

We conclude, thus, that a management approach in which the organizational culture seeks to adapt to the local way of doing business will have a positive impact on the chances of the Spanish-Moroccan IJV achieving its goals. As aspect of great importance is the mix of developed and developing countries' management policies that is implemented (Acquaah,

2009), because this question affects management practices within the joint venture and hence the results it obtains (Gomes et al., 2011). Sometimes, complex and varying sets of rules are expected to be applied, and on occasion these are not followed by local organizations and managers (Harvey, 2002). In addition, social and cultural factors influence the implementation of HRM changes (Idiagbon-Oke and Oke, 2011). Considering the great cultural diversity of the African continent (Newenham-Kahindi, 2011; Horwitz, 2012), influenced to some extent by earlier colonial processes (Nkomo and Kriek, 2011), studies focusing on Africa are of particular importance in this field. In the case of Morocco, moreover, the constitution of joint ventures and their subsequent success may underpin the recovery of economic activity and create jobs in the country.

Conclusions

The relation between organizational culture and performance in IJVs is of major importance, both to researchers and in the business world. Since research findings could vary depending on the performance measure considered, it is necessary to test whether each of the dimensions of organizational culture examined has a different influence on the performance measures usually employed.

Accordingly, this study focuses on these two basic aspects of the activity of IJVs: their organizational culture and their performance. According to previous research (Hofstede *et al.*, 1990; Denison and Spreitzer, 1991; Pothukuchi *et al.*, 2002; Ozorhon *et al.*, 2010; Damanpour *et al.*, 2012), the organizational culture of IJVs can be measured by examining the underlying dimensions that characterize their type of management. Specifically, in the area of Spanish-Moroccan IJVs between SMEs, organizational culture is characterized by four related factors: the workforce, the focus of management interest, staff recruitment and the decision-taking process. With regard to performance, taking into account previous studies (Gawande and Wheeler, 1999; Pothukuchi *et al.*, 2002; Ariño, 2003; Arenas and García, 2007), we considered three subjective measures related to an IJV's success in achieving its objectives: competitiveness, effectiveness and efficiency.

As has been done in previous studies in this field, we examined the relations between measures of performance and the factors that characterize organizational culture (Denison and Mishra, 1995; Fey and Beamish, 2001; Pothukuchi *et al.*, 2002; Ozorhon *et al.*, 2010). With respect to IJVs formed between partners in developed and in emerging countries, and in particular in the Spanish-Moroccan context, the results obtained show that the competitiveness of IJVs could be improved by obtaining greater involvement of staff in management and by a greater centralization of decision taking. Furthermore, IJVs could be made more effective by orienting the focus of management attention more toward results than procedures and by enhancing the involvement of the staff in corporate governance. Finally, IJV efficiency is associated significantly and positively with the involvement of staff in its management and with the centralization of decision taking; thus, the existence of a more involved workforce, together with centralized decision taking, would enable the IJV to achieve its goals more efficiently.

We believe the results obtained in this study are of considerable importance in professional and academic spheres because, like Beamish and Lupton (2009), we show that the performance measures used are affected by the prevailing organizational culture in an IJV. Moreover, and in agreement with earlier findings, we show that the underlying dimensions that characterize organizational culture can affect competitiveness (Pothukuchi *et al.*, 2002; Ozorhon *et al.*, 2010), effectiveness (Gawande and Wheeler, 1999; Ariño, 2003) and/or efficiency (Pothukuchi *et al.*, 2002). Specifically, in the area of Spanish-Moroccan IJVs, where personal relations between the partners are of special importance, these performance measures are affected by the following dimensions: the involvement of the workforce, the prevailing management interest in results or procedures and the degree of centralization of decision taking. However, none of the performance measures are influenced by the way in which recruitment procedures are implemented.

Furthermore, the present context makes this research a matter of considerable importance. The economic crisis is encouraging the formation of international business ventures,

especially among SMEs. Thus, it is necessary to study questions such as those addressed in this paper, especially in countries where the Arab culture and its special characteristics make it difficult to extrapolate the results of other studies.

This study presents certain limitations: the results obtained, based on survey data, necessarily contain an element of subjectivity; the use of cross-sectional data prevents us from analysing the evolution of variables over time; moreover, the sample may be considered rather small. However, these limitations have been addressed as far as possible through the use of generally accepted statistical tests, to maximise reliability. Furthermore, our analysis is limited to a specific context, that of Spanish-Moroccan joint ventures. This makes it easier to obtain homogeneous data, but may restrict the generalizability of the results obtained.

Finally, taking into account that IJVs represent an increasingly common means of enabling a firm to enter markets in emerging countries, we believe that further detailed study is needed of other aspects that may impact on the achievement or otherwise of the goals established. Thus, consideration could be given to other factors, such as innovation or the prior experience of one or more IJV partners in this form of association, which could affect the relationship between their organizational culture and the success of the venture.

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