Mediation Role of Organizational Culture on Transport Costing

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Abstract—The culture of an organization is influenced as the organization faces and learns how to cope with external and internal encounters. Those principles are maintained as the organization's way of doing business offers an effective adaptation to environmental problems and maintains success. The study sought to ascertain the importance of organizational culture in road freight transport sector in Zimbabwe. The road freight sector has been characterized by unprofessional behaviour and incompetent management. Organizational culture is key to defining the uniqueness of an organization, brand, philosophy, and how it relates to business ethics and all other stakeholders. Globally organizational culture has been given great eminence and priority as strategy followed culture in business performance. This was a quantitative study of road freight transport sector across Zimbabwe with a population of 1256 registered companies and a randomly picked sample size of 384 registered road freight companies out of 1256 companies from which data were collected. A total of 384 questionnaires were distributed and 291 were retrieved giving a response rate of 75.6%. Structured questionnaires were used to collect data. Reliability was checked using Cronbach’s alpha (α). Before conducting structural equation modelling, data were validated using exploratory factor analysis, convergent validity, and discriminant validity. SPSS® version 21 and AMOS® version 21 were used to analyse the data. The findings showed that organizational culture can help to mediate the relationship between transportation costs and firm competitiveness. The findings suggest that organizational culture has a significant impact on the relationship between transportation costs and firm competitiveness. The study also found out that all the registered companies that took part in the research confirmed that the value of time phenomenon was alien to their business organisational culture practices as they worked on assumptions. They also indicated loss of business due to customer complaints. The study recommends policy formulation for companies that emphasizes standard operating procedures and good time management as organisational culture for firms to be competitive.

Keywords—Organizational Culture, Performance, Business Ethics Competitiveness, Road Freight Sector, Customer Satisfaction

1. Introduction

The objective of the organizational culture is to encourage union, interconnection and to stimulate the passion and innovation of employees to improve the competitiveness of a firm. Organisational culture is one of the key pillars in building a sound relationship between transport costing and firm competitiveness in the road freight sector. Organizational culture is positively linked to firm competitiveness [1]. Organizational culture and firm competitiveness are related although evidence regarding the exact nature of this relationship is mixed [2]. Knowing the culture of an organization allows employees to understand both the organization’s history and current methods of
operation. This insight provides guidance about expected future behaviours. In addition, organizational culture can foster commitment to the organization’s philosophy and values. This commitment generates shared feelings of working toward common goals. Organizations can achieve effectiveness only when employees share values. Ref [3] used data from 34 American firms on cultural performance over a period of five years and scrutinized the characteristics of organizational culture and tracked their competitiveness over time. It is in this vein that the study sought to assess how the aspect of organizational culture was fused in the road freight sector business in Zimbabwe with the objective of improving performance and resilience.

2. Literature Review
Organizational culture is an intangible yet strong force among a community of people who work together that influences the behaviour of the members of that group. Suitable behavioural modes become essentially self-evident to its members when an organization takes on structural permanence. Ref [1] investigate the relationship between long-term organizational culture and firm competitiveness across more than 200 organizations. They established that the relationship between culture and firm competitiveness is forceful. This supported by [4] Pratono et al., (2019) who asserts that organizational culture is attached to performance is initiated on the apparent role that culture can play in caused competitive advantage. Conversely, [5] found that there is no positive correlation between culture and firm performance Theorists also argue that sustainable competitive advantage arises from the formation of organizational competencies which are both superior and incorrectly imitable by competitors [6]. Practitioners and academics suggested that the firm competitiveness is dependent on the degree to which the values of the culture are comprehensively shared [3].

According to [7] culture can give a shape to the organizational processes which again helps to create and modify culture. In addition, organizational culture is extremely fixed with the social control that may cause to make influence on the employee’s decisions and behaviour. Organizational culture works as social glue to bond the employees together and make them feel a strong part of the corporate experience, which is useful to attract new staff and retain the best performers. Organizational culture is very useful to assist the sense making process, helps the employees to understand the organizational events and objectives, which enhance the efficiency and effectiveness of the employees. Strong culture has almost considered as a driven force to improve the firm competitiveness. It enhances self-confidence and commitment of employees and reduces job stress and improves the ethical behavior of the employees [7].

Ref [8] Deal and Kennedy’s (1982), point of view both strong and weak culture have a great impact on the organizational behavior but in the strong culture, employee’s goals are side with the goal of management and helpful to increase the overall firm competitiveness. According to [9], organizational provide sustainable aggressive advantage. He added that culture must be viable, rare and have attributes and must be imperfectly imitable. These can provide assistance to superior firm competitiveness that can be temporary or continue for long term. Long term increase in organizational performance may cause to get the competitive advantage under long run [10]. Cultural values and assumptions build the mental frame for reasoning and responding to stimulus from the business environment. The values and assumptions determine organizational members’ perception of time, nature of human activities, and horizontal as well as vertical relationships at the various levels within the organization [11].
Strong cultures are viewed as powerful mediums for signalling employees regarding desirable behaviors and organizational outcomes [12]. Therefore, organizational culture is conceived to determine better deployment of the firm’s resources that lead to desirable performance outcome. Performance outcomes indicate the degree of success in addressing the competing interests of key stakeholders consisting of customers, employees, and shareholders. Majority of the studies [13]; [14] demonstrate that outward looking culture orientations are inclined to impact on performance positively, other scholars [15]; [16] found positive influence of internally focused cultures on financial performance. Therefore, the empirical evidence adduced in literature linking organizational culture with performance does not unequivocally rule out context dependence results.

More so, organizational culture, through its norms, serves as a control mechanism to channel behaviours toward desired and accepted behaviours. This can also be accomplished by recruiting, selecting, and retaining employees whose values best fit the values of the organization. Ref [17] found that that consistency and adaptability are some of the cultural attributes which significantly influence firm competitiveness. Ref [18] established a link between organizational cultures and firm competitiveness. Ref [19] indicated that there is a strong association between the cultural variables and level of commitment, staff attrition, and positive attitude towards work. Ref [20] studied the effect of organization culture on organizational performance and established that organizational culture significantly influenced performance.

3. Research Methodology
The study was guided by a positivism philosophy to spot patterns and make logical deductions. Positivism is based on measurement, control, and systematic observation [21]; [22]. The researchers’ main objective was to establish the influence of transport costing on competitiveness of firms in the road freight sector in Zimbabwe. This was a case study of 1256 registered road freight companies in Zimbabwe with Harare as the main hub for their operations. Quantitative research strategy helped researchers in analysing data in a formal and systematic manner [23]. To obtain a deep understanding of current reality, researchers constructed a model or prototype depicting the requirements, activities, parameters, costs, and organisational processes desirable for the success of the transport costing philosophy in road freight transport sector [24]; [23]. The study adopted a cross-sectional survey design because it allowed researchers to use large samples hence the study’s sample size was 384 large enough for cross-sectional survey to be employed. Additionally, cross-sectional design allowed for a large amount of data to be collected once over a short period of time giving room for the measurement of relationships grounded on the study’s hypotheses [23] ; [25]. Sample size was randomly determined from a population of 1256 registered road freight companies in Zimbabwe. The sample size for this study was determined using the formulae proposed by Krejcie and Morgan (1970):

\[
S = \frac{X^2NP(1-P)}{d^2(N-1) + X^2P(1-P)}
\]

Where:
- \(X^2\) = the table value of chi-square for one degree of freedom at the desired confidence level (3.841);
- \(N\) = the population size.
- \(P\) = the population proportion (assumed to be 0.50 since this would be the maximum sample size); and
- \(d\) = the degree of accuracy expressed as a proportion (0.05)
Conferring to Krejcie and Morgan’s (1970) formula the sample size for this study was 384 households at 95% confidence level. The sample size obtained was consistent with the principle that the sample should be at least 200 to meet the requirements of Maximum Likelihood Estimation [26]. Additionally, the sample size of 384 was also justified following the recommendations by [27] that a minimum sample size of 200 is required to allow statistical analyses such as factor extraction which was performed in this study. Furthermore, the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) was done, and the sample was found to be statistically significant for each of the construct under investigation in the study [27]. Data was analyzed using SPSS and results presented in tabular form. All research ethics were complied with.

4. Results and Discussions

Table 1 presents a summary of the descriptive analysis of the responses for organizational culture. There are 5 items that were used to measure organizational culture.

<table>
<thead>
<tr>
<th>Codes</th>
<th>Items</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>OGC1</td>
<td>The company’s culture does not allow it to understand the needs of its customers</td>
<td>3.80</td>
<td>1.057</td>
</tr>
<tr>
<td>OGC2</td>
<td>The company’s culture provides working conditions which motivate employees</td>
<td>3.87</td>
<td>1.006</td>
</tr>
<tr>
<td>OGC3</td>
<td>The company culture does not hold employees accountable for their actions</td>
<td>4.05</td>
<td>.825</td>
</tr>
<tr>
<td>OGC4</td>
<td>The company has not made noteworthy changes to its organizational culture to facilitate coordination between functional areas</td>
<td>4.14</td>
<td>.729</td>
</tr>
<tr>
<td>OGC5</td>
<td>Employees have no platform to bring innovative ideas</td>
<td>4.05</td>
<td>1.036</td>
</tr>
<tr>
<td>Averages</td>
<td>3.98</td>
<td>0.931</td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey data (2022)

Results in Table 1 above showed that the mean responses ranged between 3.80, SD = 0.1.057 (item OGC1) and 4.14, SD = 0.729 (item OGC4). The mean score was calculated and it averaged (overall mean = 3.98; SD = 0.931) agreed out of a possible score of 5 (strongly agree). This implied that firms in the road freight sector agreed that they have weak organizational cultures. The objective of the study was to determine if organizational culture influences firm competitiveness. Thus, it was hypothesised that,

H1: Organizational Culture has a positive influence on organizational competitiveness.

Table 2: Hypothesis test results for organizational culture variable.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Hypothesized Relationship</th>
<th>SRW</th>
<th>CR</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Organizational culture → competitiveness</td>
<td>0.305</td>
<td>10.245***</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Notes: SRW standardized regression weight, CR critical ratio, "" significant at p < 0.05, "***" significant at p < 0.001

Table 2 above indicated that H1 were statistically supported. The implication of these findings is that there is sufficient statistical support for direct relationships between organizational culture and firm competitiveness. This suggested that the various components of organizational culture provide some degree of uniqueness to the organization as it competes on the market lead to meeting desired levels of customer satisfaction. The study found that organizational culture positively impacts firm competitiveness. These similar sentiments were echoed by [28]; [29]; [30] in their studies which found that there is a positive effect between organizational culture and firm
competitiveness. More so, [31] stressed that organizational culture can foster commitment to the organization’s philosophy and values which generates shared feelings of working toward common goals. Organizations can achieve effectiveness only when employees share values. Ref [32] opined that to ensure profitability is the goal of any organization, and one of the best places to start improvements is with an examination of the organization's work culture. The strongest component of the work culture is the beliefs and attitudes of the employees. An organization's cultural norms are assumed to affect all who are involved with the organization.

Strong, powerful cultures have been hailed as keys to improved performance and as almost always being the driving force behind continued success in businesses. Firms with strong culture are said to generate an almost tangible social force field of energy that empowers employees and drives the organization toward superior performance. According to [9] for a firm’s culture to provide sustained competitive advantages, and thus, by implication, be a source of sustained superior financial performance when the culture is valuable, rare, and imperfectly imitable. Ref [8] Deal and Kennedy (1982) state that firms with sustained superior financial performance typically are characterized by a strong set of core managerial values that define the ways they conduct business. It is these core values (about how to treat employees, customers, suppliers, and others) that foster innovativeness and flexibility in firms; when they are linked with management control, they are thought to lead to sustained superior financial performance.

Furthermore, [7] stated that culture can shape organizational processes, but processes also act to create and modify culture. Culture’s contribution to performance is a consequence of this ever-evolving interaction. According to [33], when a firm’s strong culture is misaligned with its environment, it is unable to effectively serve customers and other dominant stakeholders. Hence, a large amount of empirical evidence suggests that there are positive correlations between organizational culture and market performance [34], financial performance [34] employee attitudes [35], knowledge management and organizational effectiveness [36] (as cited in [37]).

More so, organizational culture, through its norms, serves as a control mechanism to channel behaviours toward desired and accepted behaviours. This can also be accomplished by recruiting, selecting, and retaining employees whose values best fit the values of the organization. Ref [38] found that that consistency and adaptability are some of the cultural attributes which significantly influence firm competitiveness. Ref [18] established a link between organizational cultures and firm competitiveness. Ref [19] indicated that there is a strong association between the cultural variables and level of commitment, staff attrition, and positive attitude towards work. Ref [20] studied the effect of organization culture on organizational performance and established that organizational culture significantly influenced performance. Ref [39] and [40], both said that drivers should be given the necessary training to care for the cars as well as be able to attend to problems that develop while driving. Similarly, Ref [41] observed that driver training improves drivers’ abilities and knowledge in providing quality service. The strongest component of the work culture is the beliefs and attitudes of the employees. An organization's cultural norms are assumed to affect all who are involved with the organization. Organizational culture, contains an organization’s potentials, experiences, attitude, as well as the standards that leads a member’ conduct, and is articulated by the employee’s self-repute,
internal workings, communication with the external world, and upcoming prospects [42]. Conversely, [43] explained that there is no sound evidence that either advanced or defensive driving courses reduce the crash involvement of experienced drivers who attend. Ref [44] argue that beyond imparting basic car control and road law knowledge skills, driver training programs contribute little to performance of an organization, but a holistic approach to organizational culture helped in building sound performance. Ref [42] further concludes that culture is centered on shared attitudes, beliefs, customs, and printed and oral rules that have been industrialized over time and are considered valid.

4. Conclusion and Implications
Culture is the “social glue” which provides a “we-feeling”, thus combating distinction mechanisms that are an inevitable part of an organisation. Organizational culture provides the foundation for contact and understanding a common framework of meanings. If these tasks are not satisfactorily carried out, culture will dramatically reduce an organization’s competitiveness.

The study findings and interpretation suggest that organizational culture positively impacts on firm competitiveness. The findings of the study imply that if road freight uses a strong organizational culture, they are able to remain competitive. The study found that organizational culture positively influences firm competitiveness. These similar sentiments were echoed by [45];[46]; [30]; in their studies which found that there is a positive effect between organizational culture and firm competitiveness. More so, [47] stressed that organizational culture can foster commitment to the organization’s philosophy and values which generates shared feelings of working toward common goals. Organizations can achieve effectiveness only when employees share values. Ref [32] opined that to ensure profitability is the goal of any organization, and one of the best places to start improvements is with an examination of the organization’s work culture.

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