The Interrelationship of the Market-Driving Approach and the Organizational Culture

A qualitative study of the market-driving companies

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Abstract

The market-driving approach has been cited by several business academic scholars (Jaworski, Kohli, & Sahay, 2000; Carpenter, Glazer, & Nakamoto, 2000; Kumar, Scheer, & Kotler, 2000; Harris & Cai, 2002; Hills & Sarin, 2003; Carrillat, Jaramillo, & Locander, 2004; Schindehutte, Morris, & Kocak, 2008) as a significant approach of the market-oriented company that can provide a sustainable competitive advantage. Moreover, the organizational cultures developed by the transformational leadership behavioral style are likely to play an important role in the market-driving approach (Carrillat et al., 2004). Hence, it is necessary for the market-oriented firm to understand the interrelationship between these two elements in order to develop a successful competitive position in the long-run.

The main purpose of our thesis is to create a framework for understanding the interrelationship between the market-driving approach and the organizational culture, which is applicable for a market-oriented firm. To achieve this objective, we have to identify the types of organizational cultures and leadership behavioral styles, which are occupied in a market-driving company. Furthermore, we also have to define the relationship between the market-driving approach and the organizational culture; whether the market-driving approach or the organizational culture is the origin of effect to the other.

To answer our research question, a qualitative approach was applied by conducting semi-structured interviews with two case studies, which are well-known market-driving companies operating in Thailand, IKEA Thailand and Land and Houses. We scope the area of study only in Thailand according to our ability of understanding, analyze and access the sources of information regarding Thai companies.

From the research findings, both IKEA and Land and Houses share a similarity of their organizational culture, adhocracy and market cultures, and their leadership behavioral style, transformational leaderships. The relationship between the organizational culture and the market-driving approach within these two companies reveals only one direction; their organizational cultures led by transformational leadership stimulate their market-driving approach. Moreover, we also found that transformational leadership itself can directly generate the market-driving approach.

Hence, this result provided us with a new conceptual framework that indicates the transformational leadership as the main factor, which directly and indirectly develops the market-driving approach.

Keywords: Market-orientation, Market-driving approach, Organizational culture, Transformational leadership, IKEA Thailand, Land and Houses
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1. INTRODUCTION

This chapter introduces a general idea of the topic of study. The problem background, key concepts and knowledge gap are firstly introduced. Accordingly, the research question is defined to response to the purpose of this study. Then, the research contribution and the theoretical limitations are discussed.

1.1 Problem Background

Recently, globalization and technology invention causes the business environment to become dynamic. This then creates an intensive business competition and a boundless competitive perimeter. Many firms, therefore, endeavor to create a sustainable competitive advantage in order to be able to uphold their market position in long-term perspective. According to our literature research, the market orientation concept has been recommended by several researchers (Day, 1998; Vorhies, Harker, & Rao, 1999; Kumar, Jones, Venkatesan, & Leone, 2011) as a significiation approach for a firm to achieve the competitive advantage in long-run. The earlier a firm implements a market orientation approach, the more sustainable competitive advantage is generated (Kumar et al., 2011).

Under the market orientation concept, the market-driving approach has been developed and widely discussed among business development scholars as it is the better way to create the long-term competitive advantage in comparison to the market-driven approach (Jaworski, Kohli, & Sahay, 2000; Carpenter, Glazer, & Nakamoto, 2000; Kumar, Scheer, & Kotler, 2000; Harris & Cai, 2002; Hills & Sarin, 2003; Carrillat, Jaramillo, & Locander, 2004; Schindehutte, Morris, & Kocak, 2008). Furthermore, according to a study from Gotteland, Haon, & Gauthier (2007), it is implied that the market orientation approach is influenced by the firm’s organizational culture. This means that the firm, whose culture focuses on creating superior value proposal to consumer, is likely to transfer this value to its strategic implementation, via market orientation approach. Nevertheless, from the Pyramid of Organization Development framework (Flamholtz & Kurland, 2005), we found an argument towards this relationship pattern. It presents that not only organizational culture effects to the selection and implementation of a business strategic approach such as market-driving, but the business strategic approach itself could also shape firm’s organizational culture. This model will be further explained in our literature review chapter.

Hence, through this conflict, we found that there is a knowledge gap to examine the relationship between the market-driving approach and the organizational culture; whether it influences or is influenced by another. As a result, the finding from this research can be used as a framework for a firm which aims to develop market-driving approach and sustainable competitive advantage. The content in the section below provides the explanation about the key words of our research framework.

1.2 Key Concepts

A sustained competitive advantage can be defined as a strategic orientation that aims to provide a superior value to consumers. It is differentiated and cannot be duplicated by the current and
potential competitors. Thus, several of strategic approaches have been implemented to create the superb competitive capability in long-term. For example, first is a technology orientation. (Barney, 1991, p. 102; Schindehutte et al., 2008, p. 11) This approach is referred to the ability and intention to develop a significant technological background and utilize in a new product development process regarding to the needs of users (Gotteland et al., 2007, p. 49). It has been introduced and implemented in several of the technology-driven industries such as an automobile industry; BMW is an example. However, the focusing only on technological improvement by overlooking the changes of consumer demands and market structure might lead to a business failure.

A market orientation approach is another strategic approach which aims to exploit consumers and market information (Hills & Sarin, 2003, p. 14) through an organization culture (Narver & Slater, 1990, p. 21) in order to provide the superior value to consumers; then finally it affects to the superior business performance of a firm (Vorhies, Harker, & Rao, 1999, p. 1196). In an execution of market orientation, Jaworski et al. (2000) categorized the market orientation approach into two sub-approaches; market-driven and market-driving.

A market-driven firm aims to understand, define and respond to the transformation of stakeholders’ needs and behaviors by adapting internal capabilities (Schindehutte et al., 2008, p. 6) to the existing market structure, without trying to change their behaviors and roles of existing industry players (Jaworski et al., 2000, p. 46). In fact, this approach is relied on a traditional perspective of market orientation contributing on three areas; customer orientation - the firm’s understanding of the target market, competitor orientation - the firm's understanding of current and future capabilities of present and potential competitors, and inter-function collaboration – the cooperation in exploiting firm resources intended to create greater value to customers (Narver & Slater, 1990, p. 26).

A market driving firm, in contrast, aims to actively influence the market via changing the existing condition; by developing unique business processes, shaping the market structure, and leading stakeholders, in offering the completely new value proposition (Tarnovskaya, Ghauri, & Elg, 2008). These firms challenge themselves to discover the customers’ latent needs. Then they directly/indirectly shape the market behavior, eliminate/add market players, or shift the functions they perform (Jaworski et al., 2000, p. 48).

Accordingly, in comparison, it can be clearly seen that the market-driving is likely to create new innovations in all business aspects which enable the firm to capture potential market demands. Conversely, in a market-driven firm, the value creation process is restricted only to consumer, competitor and internal-capability perspectives, by overlooking other stakeholders in the value chain. Hence, it can provide only incremental innovations which are able to maintain current customers. As a result, in underlining market-orientation perspective, only focusing on the market-driven approach might be insufficient. The firm might have to emphasize on market-driving approach which helps it to create the superior competitive value in long-run. After defining these key concepts, we are then confident to narrow down to our specific knowledge gap in the next section.
1.3 Knowledge gap

Furthermore, as we extend our research under the market driving approach, we found that the leadership behavior style and organizational culture are likely to influence a firm to generate the market driving approach (Bass & Avolio, 1994; Gotteland et al., 2007). The leadership has been argued as one of the factors in directing the organization into different cultures (Bass & Avolio, 1994) while an organizational culture refers to the way a firm shares the same values and beliefs through its members and coaching them to behave under the norms of firm (Deshpandé & Webster, 1989, p. 4). Hence, the leadership which leads the firm to generate the organizational behavior aiming to build the innovation through the entrepreneurial, creative and adaptive employees is likely to outperform in creating the market driving strategy (Carrillat et al., 2004).

However, as we mentioned before, the organizational culture can also be influenced by an application of market orientation (Flamholtz & Kurland, 2005; Kumar et al., 2011). This argument is implicated from the Pyramid of Organization Development framework (Flamholtz & Kurland, 2005). It shows that the strategic approach is the fundamental element of the firm to develop further stages in the pyramid such as product development level, operational system level, and finally the organizational culture level (Flamholtz & Kurland, 2005).

In summary, from the literature research, we found a knowledge gap of the current research studies according to the existing of the interrelationship between the market-driving approach and the organizational culture in a market-oriented company. Accordingly, our theoretical framework is developed and examined through our empirical findings. The research area will be focused only on the market-driving companies operating in Thailand since we have background and prior professional experiences in working for companies in Thailand, providing us the rich knowledge of how the companies in Thailand function and also giving us the benefits in terms of the data assessment. Finally, the contribution of this research will be useful for a firm, which aims to develop a market-driving approach and sustainable competitive advantage.

1.4 Research Objective

This research aims to study as following states:--

- *Explore how the market-driving approach is implemented in a market-oriented firm*

- *Identify the types of organizational cultures that stimulate the market-driving approach*

- *Identify the market-driving approach that can stimulate organization cultures*

- *Identify the relationship direction between the market-driving approach and the organizational culture*

The main objective of our thesis is to create a framework for understanding the interrelation between the market-driving approach and the organizational culture, which is applicable for a market-oriented firm. To achieve this objective, we have to identify the characteristics of a market-driving firm, the types of the organizational cultures which are employed in a market-driving company and finally, the interrelation between the market-driving approach and the
organizational culture; whether the organizational culture can generate the market-driving approach or vice versa.

1.5 Research Question

Research questions of this thesis are classified to be main research question and sub research question as following.

1.5.1 Main Research Question

**How could the relationship between the market-driving approach and the organizational culture be developed in a market-oriented firm?**

1.5.2 Sub Research Questions

- Which types of organizational cultures stimulate the market-driving approach?
- How can the market-driving approach stimulate the organizational cultures?
- How can the leadership in a market-driving firm stimulate its organizational culture?

According to the main research question, we aim to understand the relationship between the market-driving approach and the organizational culture which could be developed in a market-oriented firm by studying market-driving companies. Hence, the three sub-research questions have to be examined in order to gather the important information regarding the directions of the relationship between these two elements, and the significant factors influencing each particular direction of the relationship. Then, finally, we are able to utilize this research result to suggest an appropriate guideline for a market-driving manager.

1.6 Research Contribution

This research is based on the assumption that the market-driving approach and its relationship to the organizational culture could help a firm to create a sustainable competitive advantage.

Therefore, these results are important to managers who aim to exploit the market-driving approach and through that approach gain a competitive advantage. Moreover, under the generic-perspective framework, which is shown in the literature review, the various types of market-oriented managers can utilize this knowledge through their organizations; either they come from a private or public firm or from a various position in the industry value chain – suppliers, distributors, retailers and so on.

Furthermore our research might provide ideas for managers regarding how to align the organizational culture in order to facilitate the market-driving approach.
1.7 Theoretical Limitation

This research investigates and examines the companies operating in Thailand. This excludes any other geographical locations. The samples of this study are focused on market-driving companies, which are not restricted to a specific industry or to a specific position in the industry value chain. In addition, the result of this research is mainly contributed to the organizational culture level, which is the signification level in developing a successful organization, according to the Pyramid of Organization Development framework (Flamholtz & Kurland, 2005). In explanation, it does not aim to explore in other organization development levels such as product and services development, or operational systems development.

Furthermore, this study is relied on a case study method conducting with a small numbers of case which aims to provide the rational justification to the established conceptual framework rather than providing a specific conclusion of the result. Additionally, the methodology of this research is conducted on qualitative research, via the semi-structured interview; thus this is mainly analyzed by researchers’ perception. In addition to the limited financial budget and timing, the research interview is conducted via online media, Skype and e-mail.

1.8 Research Outline

This research is composed of six chapters. After this introduction chapter, the second chapter presents the literature review focusing on two significant aspects in developing a sustained competitive advantage; market-driving approach and organizational culture. Next, the research methodology will be introduced to explain the research philosophy, research approach, research design, and data collection method. In chapter four, it includes the findings which provide the results of our interviews. Then, this result is analyzed and discussed in chapter five. Finally, the last chapter provides the conclusion, the implications, the critical review and the suggestions for future research.
2. THEORETICAL FRAMEWORK

This chapter examines the more specifically to the research question. The Market Orientation and its two main approaches: Market-Driven and Market-Driving, are firstly reviewed. Then the organization cultures and leadership styles are discussed, followed by the Pyramid of Organizational Development and the developed conceptual framework.

2.1 Market Orientation

The market orientation has been determined as a significant strategic point of view in gaining superior and sustainable competitive advantage. The successful market-oriented firms such as P&G, Nokia, Starbucks and IKEA (Schindehutte et al., 2008, p. 6) have been studied in order to develop the typical market-orientation model. Currently, the globalization and technological changes form intensive dynamic market conditions. In order to gain superior competitive advantage, an exploiting market orientation concept enables firms to enhance the effectiveness of its performance. Regarding to the empirical research of Vorhies et al. (1999, p. 1194), the market-oriented firms, which are capable to gain and utilize consumer and market information, are able to outperform in comparison to non market-oriented firms; in terms of adaptability, customer satisfaction, growth, and profitability.

Since this concept has gained attention and implicated for past twenty years, Schindehutte et al. (2008, p.6) created a definition of the market orientation theory in various aspects which can be divided into a conventional definition and a new definition.

Under conventional definition, the market orientation was grouped into three aspects.

- First, the market orientation concept is relied on the organizational culture which affects to firms’ performance in regarding to these three characteristics; customer orientation, competitor orientation, and cross-functional coordination. Hence, the firm that creates the behavior that in turn creates value for the customer, effectively and efficiently, will achieve superior long-term business performance compared to those who not.

- A second aspect focuses on the firm’s resource capabilities. This refers to the firm’s capability enabling to provide the long-lasting relationship with customers and other supply network members. By connecting this capability to the external environments, as a result, it enables the firm to anticipate the significant market requirements.

- The organization behavioral in nature is the third aspect. This denotes the organizational behavior of the firm which enabling to generate the market intelligence. This market intelligence term is the characteristics of the firm concerning to the current and future customer needs, dissemination of the intelligence across departments, and organization-wide responsiveness those customer needs.

Hence, from the above conventional definitions, the market orientation is related to the capabilities of the firm in “acquiring, processing and disseminating customer and competitor information throughout organization and act upon this information in the market”. (Hills &
Moreover, it should execute better than their less market oriented competitors (Vorhies et al., 1999, p. 1196).

Regarding to the above conventional definition of market orientation, there is an argument that it is insufficient to establish the enduring superior competitive advantage of the firm because it diminishes the firm’s capability in developing innovativeness. In explanation, the conventional market orientation focally concerns only on the present market information, by overlooking to anticipate the future trend. (Narver et al., 2004, p. 344) Therefore, a new approach of market orientation was presented.

According to Jaworski et al. (2000), the new approach of market orientation is classified into two sub approaches; the market-driven and the market-driving. The market-driven is defined as an action based on “understanding and reacting to the references and behaviors of players within a given market structure”, while the market-driving is an attempt to influence “the structure of the market and/or the behavior(s) of market players in a direction that enhances the competitive position of the business” (Jaworski et al., 2000, p. 45).

This new concept has been supported by Narver et al., (2004). They explained that the new market orientation is related to the responsive market orientation and proactive market orientation. The responsive market orientation firm refers to the firm that emphasizes on responding to the consumer’s expressed need, which is realized and mentioned by the consumers. However, this firm is no longer able to provide the superior value to its target customer since the competitors also are able to identify this need by asking the consumer. Hence, there is no differentiation of products and services and then the price competition begins. (Narver et al., 2004, p. 334) This approach is related to the market-driven approach since both of them focuses on responding under the current market requirement. Hence it could be said that they both aim to provide incremental innovation to the consumer.

On the other hand, the proactive market orientation firm focuses on searching the consumer’s latent need which either consumer or competitor still cannot discover. Therefore, this firm tends to be a proactive type which acts beyond the customer’s expectation. It will have the capability to develop the innovative solutions for its target customers. Narver et al., (2004, p.336) As a result, the proactive market orientation can be referred to the market driving approach since both of them relies on the creating of the radical innovation ahead of consumers, competitors and other stakeholders.

After having reviewed the concept of market orientation in general, we will now look more closely into the more recently developed market orientation approaches, namely market-driven and market-driving.
2.1.1 Market-Driven Approach

From the conventional research about the market-driven approach, it was understood as the definition of market orientation concept (Vorhies et al., 1999, p. 1173; Day, 1998, p. 11; Day, 1994, p. 37); in terms of gathering, interpreting and distribution of customer and competitor information all over the organization, and performing in the market according to this information (Hills & Sarin, 2003, pp. 13-14). However, as we mentioned, in this research will focus on the more recent definition of Jaworski et al., (2000) which better classifies the meaning of the market-driven approach.

According to a market-driven definition by Jaworski et al., (2000), a market-driven firm attempts to learn, understand and respond to the preferences or behaviors of the stakeholders under a given market structure. The firm accepts the current behaviors and roles of each player without eradicating and changing. Therefore, the market-driven firm emphasizes on a response to current market conditions by understanding and providing superior values to satisfy its customers. This characteristic basically requires the firm to be efficient in developing skills in the market sensing and in adapting internal capabilities, in order to meet the express requirements of customers. The market-driven firm that has a capability in the market sensing is able to “be aware of changes in its market, and to forecast accurately responses to marketing actions.” (Foley & Fahy, 2004, p. 220)

In explanation, according to Day (1994), to successfully create capabilities under this market orientation concept, the firm is required to perform the three coherent dimensions. First, the outside-in dimension indicates that the firm has an ability to explore and utilize the external environment information in order to foresee market requirements, competitive challenges, and external opportunities. This ability refers to the capability in market sensing, customer preference, channel bonding and technology monitoring. In contrast, the inside-out dimension presents that the firm should be able to actively apply the knowledge from external environments; market requirements, competitive challenges, and exterior opportunities, into internal value-created functions; such as manufacturing, logistic and human resource management. This market knowledge, then, is utilized to stimulate understandings and commitments through the firm via cross-functional collaborations. Lastly, the spanning capabilities identify as the ability to integrate the inside-out and outside-in capabilities generating new market offerings, so as to respond changes of market. This means the firm is able to utilize information flow from both sides in order to develop integrated-strategies in business processes. (Day, 1994, p.41)

Moreover, the customer value is the heart of the market-driven firm (Day, 1998). The firm should perform superior compared to competitors in understanding, attracting, and retaining valuable customers. Regarding to Day’s (1998) framework, to successfully obtain and sustain this ability, the firm is required to thoroughly acting along the significant elements contributed to the market-driven process. These elements, which will be explained in the below paragraph, are composed of the understanding of customer and competitor culture, the firm’s capability in market sensing and customer linking, the firm’s strategic thinking process and abilities, and the organization structure, systems and controls. (Day, 1998, p.11)
According to Day’s (1998) framework, the market-driven firm should firstly be able to generate and assess the customer and market value by an understanding of consumer’s and competitor’s culture. This means that the firm should learn and make assumptions towards the industry’s norms, mind-sets, and behaviors related to consumer’s preferences, competitor’s business cultures, and competitor’s assumptions to the industry and the market. Then, the firm utilizes and forms its knowledge to become the source of the firm’s capabilities in market sensing and customer linking. These capabilities enable the market-driven firm to identify the potential markets and discovering customer’s preferences through market segmentation and targeting process. As a result, the firm is able to craft superior competitive strategies in regarding to what customers value; combining information from external sources, such as customer and competitor culture, and the firm’s market sensing and targeting capabilities. This, then, enhances the firm to foresee opportunities and threats from the future emerging technologies and markets. Finally, the reflection of these superior competitive strategies has to be communicated and reflected through the firm’s organizational structures. Passing through the effective dissemination of customer and market value, the market-driven organization systems are created to support the strategic implementation and the measurements for controlling overall processes. (Day, 1998, p.11)

To successfully apply this market-driven approach, Day (1998) recommended, first, the competitive performance is the most significant aspect which the firm should not disregard. Thus the market-driven firm should perform at least equal or superior than competitors. Moreover, all these market-driven processes should be linked and reinforced. To illustrate, all functions of the firm are strongly collaborated in sharing their knowledge based on establishing the understanding on market behaves and structures, and crafting activities to add value. Lastly, the market-driven firm should generate profound commitments of a customer-oriented concept throughout the inter-firm value added functions. (Day, 1998, p.12)

Nevertheless, under the market-driven concept, recently, many researchers argue that even though it is adequate to respond to market changes, it lacks a constant innovation to compete in dynamic market situations and intensive market competitions. As a result, it is difficult for the firm to maintain a competitive advantage and long-term superior performances by using the market-driven approach. Thus, in order to create customer value solutions, the firm should consider not only the market-driven approach but also the market-driving approach. (Hadcroft & Jarratt, 2007, pp. 28-29; Narver et al., 2004, p. 344)

2.1.2 Market-Driving Approach

There are many recent researches and reviews in the marketing and management literatures about the market-driving approach as it is not enough for firms to enhance their business performance by just looking for the available resources and then responding inactively to the changes of environments (Hunt, 2002; Carrillat et al., 2004). This is supported by Kumar (1997), who claims that today’s successful retailers tend to be market-driving by changing shopping behaviors of customers, different from previously that retailers were forced to be market-driven as per the small size, flexibility and closeness to customers, otherwise they had to get out of the business.
Although many different dimensions in the concept of market-driving approach are discussed, they all share some of the key features together (Carrillat et al., 2004; Harris & Cai, 2002), which are changing the existing condition by developing unique business processes, shaping the market structure, and leading stakeholders by offering completely new value proposition (Tarnovskaya et al., 2008). The well-known successful companies that base on market-driving approach are, for example, Body Shop, Amazon.com, eBay, CNN, IKEA, Dell, Swatch, Starbucks, Tetra Pak, just to name of a few companies (Schindehutte et al., 2008, p. 9; Kumar et al., 2000, p. 129).

According to Jaworski et al. (2000), market-driving approach focuses on changing of the market structure and market behaviors. As both market structure and market behaviors often move together in the real practice, companies need to focus on changing both perspectives in order to be successful in the market-driving approach. This aligns with how Kumar et al. (2000) define about the behaviors of the market-driving firms that they involve building new markets, creating new channels, increasing service to unprecedented levels, producing discontinuous leap in customer value and basically making a change in the competitive game’s rules.

In terms of driving the market structure, it refers to the changing of the composition and/or roles of players (customers, competitors, suppliers and other stakeholders) in a market, which can be described into three basic approaches as follow (Jaworski et al., 2000, pp. 48-50).

- **The deconstruction approach**

  This approach refers to the industry value chain reengineering, which can normally seen in the elimination of market players. The purpose is mainly to better deliver or operate with more efficient. Hence, players with low value-adding are often eliminated from the industry value chain. For example, the retail channel elimination of DELL created a business model and customer value by offering a low price and value-added services in order to persuade customers to abandon the in-store services.

- **The constructionist approach**

  This approach refers to the addition of market players into the industry value chain, which can be the whole revision or just the small addition. Therefore, it can be done either by building a new web or adding some players into the market. For example Apple made a revision in a set of wholesale players to be different from previously for competing with Wintel, the computers that used Microsoft Windows running on Intel’s CPUs.

- **The functional modification approach**

  This approach refers to the shift of functions performed by market players. It can be both forward and backward integration/de-integration of a firm or a group of firms in order to have more potential in business. For example, the forward integration of Virgin Megastores by offering the unique retail store environment that involves music, kiosks and a more contemporary surrounding in-store.
In terms of shaping the market behaviors, it refers to the changing of the way players in the market act, which can be done by two approaches as follow (Jaworski et al., 2000, pp. 51-53).

- **Shaping market behaviors directly**

  This approach involves building and/or removing constraints of stakeholders, who can be customers, competitors or other stakeholders in the market. For example, IKEA set up the particular path in the store for customers to follow in order to force them to walk through all showrooms before entering the main shopping area. This is a way IKEA builds constraints for customers to enhance the customers’ time spending and maximize purchases as the result.

- **Shaping market behaviors indirectly**

  This approach involves creating new preferences and/or reversing existing preferences of customers, competitors or other stakeholders in the market. For example, the decision to use everyday’s low pricing (EDLP) policy of Proctor and Gamble made competitors quit their present high/low pricing policy and follow the EDLP policy instead.

Furthermore, from above approaches in both shaping market structure and market behaviors, it can be clearly seen that market-driving firms tend to create new innovation. This is supported by Schindehutte et al. (2008, p. 7), who argue that market-driving firms radically innovate in products, business models and/or value creation networks, differently from the market-driven firms that are good in creating incremental innovation. Moreover, by shaping the market structure and exploiting the weaknesses of competitors, the market-driving firms may achieve better business performance, comparing to the market-driven firms (Carrillat et al., 2004, p. 2).

### 2.1.3 Interplay between Market-Driven and Market-Driving Approaches

The Interaction between market-driven and market-driving approaches can be seen in different viewpoints, according to existing researches and reviews, which can be summarized into four perspectives as below.

- **As substitutes of each other**

  This refers that a firm operates by employing just one approach, either the market-driven or market-driving (Carpenter, Glazer, & Nakamoto, 2000).

- **As complementary**

  Jaworski et al. (2000, pp. 53-54) argue that a very successful company operates by engaging in both market-driven and market-driving approach at the same time. However, they predict that dealing with both approaches concurrently is challenging for a company to find the balance position.
• As consecutive behaviors

Kumar et al. (2000) propose that a firm can start from using market-driven approach and then change to market-driving approach afterwards or the other way around.

• As two extreme position on a continuum

As per Schindehutte et al. (2008, p. 7), companies can act in four forms related to the market-driven and market-driving approaches. Firstly, there is no involvement in both approaches. Secondly, it is just one approach engaged. Thirdly, a firm starts from being market-driving and then market-driven, respectively. Lastly, a firm begins with being infrequently market-driven before changing into market-driving.

Nevertheless, in our opinion, though there are differences in the interrelationship between the market-driven approach and the market-driving approach as reviewed above, the characteristics of them are unchanged. Thus we have then identified the market-driving approach as a separate and different approach compared to the market-driven approach. Hence, as introduced in our first chapter, market-driving is the market orientation approach to be further studied in this thesis.

2.2 Organizational Cultures

There are many authors give the definition of organization culture. Deshpandé and Webster (1989) also give one definition, which is “the pattern of shared values and beliefs that help members of an organization understand why things happen and thus teach them the behavioral norms in the organization” (p. 4).

As per the cultural types of the organization, from a marketing perspective, they can be categorized by two different key dimensions as described below (Deshpandé, Farley, & Webster, 1993, pp. 25-26).

• Organic/Mechanistic Process

This dimension refers to the structure of the organization. If the organization focuses on the flexibility, spontaneity, and individuality, it tends to be more organic. However, if it gives more significant to the control, stability, and order, it is categorized as mechanistic.

• Internal Maintenance/ External Positioning

This dimension refers to the internal and external focuses of the organization. The organization is in the internal maintenance position if it emphasizes on smoothing activities and integration. Differently, in the external position, the organization keeps on the competition and differential atmosphere.

From above dimensions, four organization cultures; clan, adhocracy, hierarchy, and market are classified as follow (Deshpandé et al., 1993, pp. 25-26).
• **Clan (Organic/Internal)**

The main characteristics of this culture are cohesiveness, participation, teamwork and sense of family. It is also clearly seen in the strategic style, which is toward the human resource management. In terms of the leadership, in this culture, leaders seem to have a role as advisors and treat employees as family members.

• **Adhocracy (Organic/External)**

This culture mainly highlights the entrepreneurship, creativity and adaptability, which is noted in the types of strategies that aim to create innovation. Therefore, basically, a leader in this culture has the style of an entrepreneur, innovator and risk-taker.

• **Hierarchy (Mechanic/Internal)**

Generally, this culture is the complete opposite to the adhocracy culture. It focuses on order, rules and regulations, and uniformity. The strategic style tends to be consistent, predictable, which results in smooth performance. Leaders in this organization culture do not have to be innovative like leaders in the adhocracy culture, but coordinate. Therefore it is claimed to be the culture that generate the lowest level of business growth and innovation.

• **Market (Mechanic/External)**

The focal attributes of the market cultural style are to compete and achieve the goals, which reflect in the strategic aim in having a competitive advantage and the market superiority. Hence, leaders, who match with this culture, need to have the decisiveness and focus on the achievements.

Based on the argument of Carrillat et al. (2004), the adhocracy organization culture simplifies the market-driving approach creation as it supports in generating the innovation, which is the focal point of market-driving, through the entrepreneurial, creative and adaptive employees. Moreover, market-driving companies are also likely to have the market culture, as they then aim to gain or sustain a competitive advantage in the market and hence adopt the market-driving approach. (Carrillat et al., 2004)

2.3 **Leadership Behavior Styles**

From the discussion about the cultural styles previously, one of the factors in shaping the organization into different characteristics or cultures is the leader. Bass and Avolio (1994) cited about the interrelationship between the organizational culture and leadership that the culture’s characteristics are educated by the leadership of its organization. Moreover, the norms of the organizational culture can be originated or changed by the focus, reaction and behavior of leaders (Bass & Avolio, 1994). Hence, the two distinct leadership behavior styles; transaction and transformation, are discussed as below.
- **Transactional Leadership**

Based on Bass (1990) and Deluga (1990), the transactional leadership is the leadership ground on transactions between leaders and followers. They also support that there are two characteristics that involves in this kind of leadership. Firstly, a leader uses the reward system in accomplishing tasks by motivating inferiors to focus on their job and achieve successfully for getting higher salary, bonus or other preferred rewards. Secondly, a leader uses the punishment system in monitoring inferiors by punishing those who have negative performances.

Although the followers and leaders can leverage power by exchanging the advantageous operation together (Deluga, 1990), the transactional leadership seems to be ineffectual and unproductive in the long term perspective (Bass, 1990). This transactional leadership is effective only when leaders are able to manage and control the reward and punishment system and inferiors like rewards or be frightened by the punishment. For example, leaders in many organizations do not have a power to increase the salary payment of subordinates as it depends on the seniority, qualifications and procedures of organizations. (Bass, 1990)

- **Transformational Leadership**

The transformational leadership is the leadership which takes place when leaders widen and persuade their subordinates to be interested in increasing the group or organization’s benefits, instead of individual’s advantages. (Bass, 1990)

In terms of the characteristics of this kind of leadership, Bass (1990, pp. 21-22) referred to four of them: charisma, inspiration, individual consideration, and intellectual stimulation. First of all, the charismatic leaders create the power and influence. This increases the trust and confidence level that followers have in their leaders. Second of all, leaders are able to inspire their followers to achieve significant tasks by giving them an emotional support so that they can finish their tasks with extra effort. The individual consideration is the third characteristic of this kind of leaders. It refers that leaders are like advisers who attend to the differences among followers and help them grow and develop. The last attribute is the intellectual stimulation. This involves the leaders who encourage followers to look at the old problems as the new ways and see all disadvantages as the problems to be overcome. In the other word, leaders introduce creative ways for their followers in order to enhance their operations (Podsakoff, Mackenzie, Moorman, & Fetter, 1990).

As per intellectual stimulation, which is one of the transformational leadership attributes as discussed above, there are six ways that leaders can apply in generating the creativity in the organization. First of all, serendipity should be allowed in the organization. Second of all, creative employees should be employed. Third of all, leaders should empower subordinates and support them to create innovations. Fourth of all, the competitive teams should be set up, to compete against other teams internally as well as externally. Fifth of all, the leaders should encourage new ideas or plans that provide the organization with
Therefore, we propose regarding the relationship between the market-driving approach and the organizational culture from the literature review above that:

**Proposition 1.** The organizational cultures, both adhocracy and market, created by the transformational leaders could generate the market-driving approach as shown in Figure 1 below.

![Figure 1: Proposition 1](image)
2.4 The Pyramid of Organizational Development

Although it is reviewed previously that the organizational cultures: adhocracy and market, which are generated by the transformational leaders, are essential in creating market-driving approach (Carrillat et al., 2004), it could also be vice versa. There is an implicit argument from the Pyramid of Organizational Development (Figure 2) that the market-driving approach can also originate the organizational culture as explained further in this section.

![Pyramid of Organizational Development](image)

**Figure 2: The Pyramid of Organizational Development**  
*Source: Adapted from Flamholtz, 1995, p. 44*

According to Flamholtz (1995), the organizational effectiveness model or the Pyramid of Organizational Development is the model that offers the management to better understand the nature of the existing organizations and the core building elements of what the new companies must be. The pyramid suggests six main factors companies should complete in order to succeed as discussed below (Flamholtz E., 1995, pp. 41-43).

- **Identification of a Market Segment and Niche.**

  The basic task or prerequisite in order to create a successful organization is to identify a market segment and a market niche, if possible. As per the definition of a market segment and a market niche, the current and potential target to that a company plans to sell products and services is a market segment, while a place in a market that a company can develop a competitive advantage in offering products and services is called a market niche. This factor is a basic challenge that all new business need to face and overcome. In addition, a company can increase its chance to succeed when it can identify a market
need, which is not sufficiently met, or a place, where there is less competitive environment. Therefore, this first task also involves the planning of market strategies to identify the target customers, including their needs, and create strategies for competing in the target market. For example, the founders, who identified a personal computer as the market, made Apple Computers grow from a small company within a few years.

From above review, we imply that the market-driving approach is generated in this first prerequisite; identification of a market segment and a market niche, including the strategic market planning. This is because the market-driving approach is one of the market orientation approaches, which focuses on the expressed and latent needs of customers in order to create new customers and/or markets by proactively change market structure and behaviors (Jaworski et al., 2000; Kumar et al., 2000; Schindehutte et al., 2008).

- **Development of Products or Services**

  This second prerequisite in developing the organization includes productization, which is “a process of analyzing the needs of current and potential customers in order to design the products or services that will satisfy their needs” (Flamholtz E., 1995, p. 42). In this case, the productization also engages the capability to produce, which refers to the delivery system in a service company. Moreover, all companies, both new and well-established, have to face this challenge, which can be more effective if firms succeed in identifying market needs. For example, the US automobile industry failed in productizing to meet the customer needs for vehicles, which were economical, fuel-efficient and reliable, allowing the Japanese and German automobile companies to invade its market during the 1970s.

- **Acquisition and Development of Resources**

  The acquisition and development of additional resources for current and future growth is the third prerequisite organizations have to overcome. Although a company can be able to identify a market segment and market niche, which is the first tasks, and also develop the products and services, which is the second task, it may not have enough resources to complete these first two tasks effectively and efficiently. One of the reasons is because the success in the first two key tasks will increase the products and services requirement, which affects in the resource limitation. For example, a soft drink producer, who has a small size, needs to focus on the low cost production in order to compete. However, it requires the advance technology to improve the production process, which a small business might not be able to afford. Furthermore, the additional resources a company requires are not limited to the financial resources and physical resources only, but also involve human resources, especially on management levels as they can lead the whole organization to complete the goal.

  Therefore it could be implied that a growing, market-driving, company in this stage of its development, recognizes the need for improved leadership at the management level and starts to implement a transformational leadership style. This because transformational
leadership could motivate the employees to reach the set objectives and employ a unique shared vision across the organization.

- **Development of Operational Systems**

This fourth prerequisite involves the development of operational systems for daily operations, including accounting system; recruiting and training system, production system, sales system and other business-related systems. This is because a successful organization can not generate from just only a successful production, it also needs the effective day-to-day performance in running the company.

The problems about the operational systems are varied depend on the size of the business. If it is a small company, it tends to have unconstructive day-to-day operations as it focuses mainly on developing the market niche and production. Therefore, there are problems on the daily operational systems when the company grows. For example, a company is not able to deliver goods on time making customers unsatisfied because there is an incorrect inventory record.

On the other hand, a large well-established company can also encounter in this problem in terms of the complex operational systems, which are time-consuming in completing tasks. Hence, the reengineering of daily operational systems may also be required in a large organization.

- **Development of Management Systems**

To create a successful firm for the long term perspective, the fifth prerequisite, which is the development of management systems, is required. These management systems involve the planning system, the organization structure, the management development system and the control system as discussed further.

First of all, the planning system refers to the process of operational planning, strategic planning and also contingency planning, for the whole organizational development.

Second of all, the organization structure refers to how all activities in the organization are correlated and how people inside are organized. The organization structure that a firm has may not be appropriate to its needs. Therefore, the new structure, which is based on the basic strategies of the organization, is required.

Third of all, the management development system involves the process of the developmental planning of the people required to operate the organization in the long term growth perspective.

Last of all, the control system involves the processes and tools in motivating people to achieve their tasks in order to reach the organizational goals.
In conclusion, an organization needs to develop all management systems for it to perform effectively. The developmental capacity is also varied in each firm, which refers to the source of competitive advantage.

- **Developing the Corporate Culture**

The top of the Pyramid of Organizational Development is the developing of the corporate culture, which includes shared norms, values, and beliefs. In terms of the definitions, norms define “the unwritten rules that guide day-to-day interactions and behavior, including language, dress and humor”, values define “what the organization believes to be important in product quality, customer service, treatment of people and so on”, and beliefs define “the ideas that people in the corporation hold about themselves as individuals and about the firm as an entity” (Flamholtz E., 1995, p. 43). It is essential that people in the organization are governed by the corporate culture, which for instance could be cultures such as the adhocracy and market culture, previously mentioned in this chapter, in operating their daily tasks.

According to the Pyramid of Organizational Development as reviewed previously, it can be implied that the corporate culture, which is the sixth task in the pyramid, is developed based on the market-driving approach, which is generated in the most basic prerequisite in the pyramid. Moreover, in order to shape the organizational culture to be the adhocracy or market culture, which is suitable to the market-driving company, the organization needs to complete the third task in the pyramid by developing required resources, including the transformational leaders. This is supported by Kumar, et al. (2011) that the organizational culture, which has the focal point at generating a new innovation and improving a company’s performance, can be encouraged by a market orientation.

Hence, we propose about the relationship between the market-driving approach and the organizational culture based on the Pyramid of Organizational Development that:

*Proposition 2.* The market-driving approach is the basic foundation in building the successful organizational cultures; adhocracy and market, by previously developing the transformational leaders to function effectively as shown in Figure 3 below.

![Figure 3: Proposition 2](image-url)
2.5 Conceptual Framework

According to the proposition 1 and the proposition 2 mentioned earlier, we propose that there is a two-way relationship between the market-driving approach and the organizational cultures as shown below in Figure 4.

As per the first way of the association, the market-driving approach can be able to build the organization culture, which can be the adhocracy culture or market culture in the market-driving firms through the effective management of the transformational leaders. On the other hand, the adhocracy or market organizational culture can also be able to create the market-driving approach as it allows the implementation of this approach. However, in this case, the transformational leaders still involve in the relationship as they generate the specific cultures, adhocracy and market, in the organization at the beginning. In the framework, the two-way relationship is symbolized by the arrows, going both to and from the box of the market-driving approach.

It means that we suggest that a market-driving approach could influence the company’s culture and leadership or vice versa, being that the culture and leadership creates the market-driving approach, as explained in the previous paragraph.
3. RESEARCH METHODOLOGY

This chapter aims to provide the causal explanation about how we design our research methodology in order to reach our research objectives. Firstly, we provide a source of initiation of this research, under the preconceptions section. Then, research philosophy, research approach, research strategy and research design are discussed. Accordingly, the data collection method is explained and followed by the quality assurance of this research as well as ethical considerations.

3.1 Preconceptions

This part presents reasons why we are interested in studying this research topic, the relationship between the market-driving approach and the organizational culture. First of all, since both of us are master students in the Business Development and Internationalization program, our area of interest is studying and searching for the way to develop a successful business under today’s vibrant environment. Our concept was inspired from one of our core courses, after we attended the special lecture from Professor Eric Romero. From that lecture, we discussed about how a firm is able to create the sustainable competitive advantage. In the end of discussion, the organizational culture and strategic approach appear to be the crucial sources which are likely to relate to each other; either the organizational culture influences or causes of the strategic approach.

In addition, regarding to the work in our courses which we read and analyzed various case studies of the well-known successful firms, we found that there is a connection of the strategic approach among these firms. They are distinctive in establishing innovative strategies which enable them to shape consumer behaviors and roles of other market players, which afterward, we found from the literature review that these strategies are referred to the market-driving approach. IKEA is an outstanding example. Hence, we assumed that the firm which pursues this strategic approach is able to better perform in changing business environments compared to the other firms.

As a result, this initial idea formed our research area which extended our understanding on the market driving approach; how the market driving firm can sustain its competitive advantage by their outstanding strategic approach and organizational culture. Hence, this research result might be able to contribute the conceptual framework to a firm which aims to develop the superior competitive advantage in long-term. Before we present the research strategy and our research design of this study, we will discuss about our consideration towards the research philosophy.

3.2 Research Philosophy

The research philosophy is related to sources and developments of knowledge which are gathered from assumptions aiming to understand the world phenomena. An understanding of the research philosophy helps researchers to develop a basic knowledge before designing the research methodology. (Saunders, Lewis, & Thornhill, 2009, p. 108) A consideration of the research philosophy will guide researchers to develop research strategy, research process and data collection. Therefore, in this section, we present our assumptions about the social phenomena which we studied, the relationship between the market-driving approach and the
organizational culture. Then we use these assumptions to further create the platform of our research strategy and research design.

The main considerations of the research philosophy in this study are relied on epistemological and ontological considerations. Saunders et al., (2007, p. 102) defined the epistemology as the consideration about “what constitutes the acceptable knowledge in the field of study”. It questions to the way in which social research should or should not be able to be studied by applying the same concept as the natural sciences (Bryman & Bell, 2007, p. 16). The two different perspectives are selected to explain this question; the positivism which has realism as a sub-content and the interpretivism (Bryman & Bell, 2007, pp. 16-19; Sauder et al., 2007, pp. 102-106). The former, positivism, suggests the researcher to apply the natural sciences method - observing, collecting data, and establishing theories - as a tool in explaining human behavior and the social phenomena. Realism scholars further argued that the social structures/relations not only come from observing and collecting data but also come from understanding the cause of them (May, 1997, p. 12). Accordingly, critical realism scholars further suggested that a social researcher should step back and view the social world in a big picture - as the social structure (May, 1997, p. 12; Bryman & Bell, 2007, p. 18). In opposite to positivism, interpretivism claimed that social sciences require a subjective explanation rather than objects of natural sciences. Because of in some aspects, there is no specific reason to explain people action. It is depended on people’s point of view on understanding and interpreting their actions and environments. (Bryman & Bell, 2007, p. 18) Hence, this concept has been widely recommended to apply in a studying of organizational culture, leadership concept as well as human resources management (Bryman & Bell, 2007, p. 18; Sauder et al., 2009, p. 116).

While epistemology focuses on how the social research should be conducted by applying natural sciences method or interpreting method, ontology contributes to the assumption of researchers in finding how the world is operated and the agreement held to a specific view (Saunders et al., 2009, p. 108). It can be classified to objectivism and constructionism or subjectivism positions (Bryman & Bell, 2007, p. 22). Objectivism asserts that the social phenomena and the categories we usually discuss about “have an existence that is independent or separate from social actors (Bryman et al., 2007, p. 22)”. To illustrate, the organization has an objective reality. Each organization has its own rules and regulations, and adopts standardized practices to achieve its tasks. In contrast, constructionism or subjectivism stresses that the social phenomenon are created by an interaction between social actors. They are also able to be revised all the time. Culture can be an example of this case. People creates culture and they reconstruct it time after time, because there is no set of the culture understandings that can provide a perfect answer to any social research question. (Bryman & Bell, 2007, p. 23)

In implication to our research, even though the business strategic approach such as the market-driving approach is viewed in objective term influencing the firm in forming of processes and strategies under the market-driving concept, however, we assumed that interpretivism and subjectivism perspectives are more suitable with our study. Since this research aims to develop a framework related to the organizational culture and the leadership concept, it is necessary for researchers to understand and interpret the complex context related to individual perceptions of people in an organization (Gummesson, 2006, p. 173).
3.3 Research Approach

To identify our research approach, two research theories were recommended; deduction and induction (May, 1997, p. 30; Bryman & Bell, 2007, p. 11; Saunders et al., 2007, pp. 124-126). First, the deductive approach is conducted by the sequence that the theorizing comes before the research conducting. Researchers develop theories start from setting up hypothesis, designing research strategies, data collection and analysis, summary results, confirming/ rejecting hypotheses, and finally revising theories. (Bryman & Bell, 2007, p. 11) From these processes, we can perceive that the deductive approach presents the same process of natural sciences research (May, 1997, p. 32). The other, the inductive approach is the opposite sequence of the deductive approach. It explains that theory is the result of research. Researchers firstly conduct researches and then attempt to create the theoretical proposals related the social phenomena, according to outcomes of the research data (May, 1997, p. 30). In comparison between these two approached, even though Saunders et al., (2007, p. 126) discussed that the inductive approach is better to provide alternative explanations of the social phenomena rather than the deductive approach because it provides researchers larger space in developing research questions and research hypotheses, however inductive research might spend long time to gain the evocative outcome.

According to our thesis, we decided to apply the deductive approach to guide our research design. The main reason is because our research objective is based on an examination of the established conceptual framework. In addition, it is more suitable for our study which has a time constraint. From this deductive approach, we will then combine this concept with our research strategy to design our research process and data collection method.

3.4 Research Strategy

A consideration of research strategy is a selection of tactics in designing research methodologies which allow researchers to respond to research questions and objectives. A research strategy is the result of a combination between researchers’ perspectives on the research philosophy, epistemology and ontology, and the research approach, deductive and inductive (Bryman & Bell, 2007, p. 28; Saund er et al., 2009, p. 108). Bryman et al., (2007, p. 28) presented there are two directions of research strategy; quantitative method and qualitative method. A quantitative research focuses on a quantification of data collection and analysis, whereas a qualitative research highlights on the description rather than the quantification of data collection and analysis. In reality, a selection of research strategy is complicated. There is less possibility to provide a specific recommendation to pair up the qualitative research with the inductive or the deductive approach. This is because even though the qualitative research is normally related to the process of creating theories, it can be applied to the process of examination theories as well. (Bryman & Bell, 2007, pp. 28-29)

In implication, to collect the data using to test our conceptual framework, we applied the qualitative method by using the case study of the market driving firms to explore our research question. The using of qualitative method is relied on our argument in the research philosophy section that our research objectives are based on subjective and interpretivism aspects. Hence, our study requires the descriptive function of qualitative method to explain and interpret the social realities, which are the perspectives of people in our studied firms and the relationship
between the organizational culture and the strategic approach. The reason for using the case study method is further explained in the research design section.

3.5 Research Design

After decisions on research approach and research strategy were made, the research design was established in order to create the principle outline of how the data is collected and analyzed (Bryman & Bell, 2007, p. 40). Saunders et al., (2007, p. 126) stated a research design should align with the research theory, research questions and research objectives. It should also suit with the set of criteria entailing sources of data collection, visions of the possibility limitation and ethical issues. According to Bryman & Bell (2007, p. 44), the research design was classified to five different types; experimental design, cross-sectional design/survey design, longitudinal design, case study design and comparative design.

In this study, we selected a case study design to be the guideline in our research. This is because a case study design aims to study and justify the complexity and particular nature (Bryman & Bell, 2007, p. 62) from one or a few particular firms in order to gain the insight which cannot find the other firms (Siggelkow, 2007, p. 20). Therefore, this is a suitable way to explore theory which requires explaining the detailed and intensive analysis (Bryman & Bell, 2007, p. 62). Accordingly, our research objectives are in line with this explanation of case study design. First, a market-driving firm is also a specific type of organization which creates a particular phenomenon. Second, a study of the organizational culture and the leadership behavioral style also requires in-depth and rigorous explication as well as interpretation. Furthermore, the benefit of the case study pursues to the close interaction with the participants and handles real management situations (Gibbert, Ruigrok, & Wicki, 2008, p. 1465). Thus, it leads the researchers to get closer to the conceptual construction and be able to illustrate causal relationships more directly, compare to the large-sample of empirical study (Siggelkow, 2007, p. 22).

To design the case study, Yin (2003, p. 5) categorized the case study in 6 types (2x3 matrix), according to numbers of the case and how it works; single case, multiple case, exploratory case, explanatory case and descriptive case. According to our research questions, we designed the case study in accordance with two significant types: the multiple case study and exploratory case study. As our research attempted to find out the pattern of the relationship between the market-driving approach and the organizational cultures, thus multiple case study, a study of more than one case in order to find generalization (Yin, 2003, p. 12), helps us seek for the pattern of relationship. Furthermore, exploratory case study, a study exploring new insights into phenomena (Yin, 2003, p. 7), is more suitable to reach our research objectives, which aim to explore from the implicit knowledge related to market-driving approach; how the market-driving approach implements in the market-oriented firm, and how the relationship between the market-driving approach, leadership style and the organizational culture could be developed in this firm.

In summary, to achieve the research objective, we designed our research methodology by using the multiple and explanatory case studies. Our cases are the market-driving firms which were examined their phenomena regarding to the relationship between the market-driving approach and the organizational cultures. The study in the selected cases is based on deductive approach by conducting the qualitative method which is suit to explain and interpret the rich and complex...
answers. Next, this research design will direct the data collection method and the research processes.

3.6 Data Collection Method

As mentioned earlier, the qualitative research, which is appropriate with the research question and objectives, is used in this research. In order to collect data, this qualitative research relies on four methods, which are questionnaires, interviews, observations and documents, and researchers should consider the most suitable method in practice as each one suits to the different conditions (Denscombe, 2003; Blaxter, Christina, & Malcolm, 2006; Glenn, 2010). Moreover, the triangulation (Bryman & Bell, 2007, p. 412) or multi-method which is the combination of at least two methods together can also be the alternative method generating different kind of data in the same topic (Denscombe, 2003, pp. 131-134).

To answer our research question under time and budget constraints, even though observations are appropriate to study in real situation by researchers themselves instead of depending on what people say, but it requires a lot of time and cost to go observation on-site. Hence, interviews are an alternative of our research to study the social reality incorporating with time and budget limitation. According to Denscombe (2003, pp. 163-165), the interview is argued as the appropriate method for researchers who have the specific objectives in mind and would like to get the materials in depth by fewer informers. In this case, the researchers need to consider carefully whether or not they require the detailed information and it is reasonable to rely on the information from the small number of informers. Mostly, the justification of the decision to go for depth in materials is that the researchers have to investigate the data based on the emotions, experiences and feelings, data based on the sensitive issue and data based on privileged information. Based on Saunders et al., (2007), the primary data involves the new data collected for the specific purpose. Hence, the data from the interview method can be considered as a primary data.

Documents are also another alternative for data collection method. Although there are different types of documents for research such as in the visual form and sound form, the form of written documents like books and journals is the first call for most researchers (Denscombe, 2003, p. 212). According Saunders, et al. (2007), the secondary data involves raw data and published summaries, which are collected for some other purposes, but can help the researchers answer the research questions. Therefore, it can be seen that the data we collected from the document method can be considered as the secondary data. The secondary data gathered for this study served mainly as support to our primate data in regards to defining the company as market-driving and identifying their organizational culture.

Accordingly, we decided to use the triangulation or multi-method in our research; by combining between the secondary data in form of documents, and the primary data in form of interviews. In the early stage of our case studies, we researched and screened our potential cases by using secondary data. The written document form, such as companies’ annual reports, companies’ websites and other public websites, provides us the basic information about their strategic approach which helps us screen for the market-driving firms. Next stage, in the process of data finding, we conducted interviews with our selected cases in order to gain the significant primary
data. The reason we selected this interview method is because it is suitable for our research, which needs the privileged information from the management level. Moreover, it also offers us the in-depth and detailed data related to our research (Denscombe, 2003).

In conclusion, from the discussion earlier, we gathered both the primary data and secondary data in order to screen our case studies and answer our research question, through the document method and the interview method, respectively. This method of triangulation also allows the secondary data to support the primary data, which instance means that we are not solely relying on one interviewee’s assessment of a company’s organizational culture for instance. Thus, we believe that the triangulation strongly contributes to making our study more scientifically robust.

3.6.1 Types of Interview

The interview method is a method we will use in this research, however there are three main types of interviews; the structured interviews, the semi-structured interviews and the unstructured interviews, which we have to concern about and select the best appropriate type to use in our research. According to Denscombe (2003), the structured interviews are like the questionnaire method as the respondents give limited answers to the questions predetermined by researchers. On the contrary, the unstructured interviews are the interview, which emphasizes mainly on the idea or thoughts of the informants. The researchers try to interfere in the interview as little as possible. Alternatively, the semi-structured interviews involve the interview, which the researchers have the clear list of questions. Nevertheless, the researchers are ready to be flexible in the order of questions for developing the ideas of informants and allow them to answer widely to the topics, which are raised by the researchers. (Denscombe, 2003, pp. 166-167) However, the additional questions can prompt to informants if they do not deal spontaneously with a sub-area of interest (Gillham, 2005, p. 70). Moreover, there are the open-ended answers and more stress on the informants elaborating points of interests (Denscombe, 2003).

From the review of the three main types of interviews above, we considered to use the semi-structured interview because it is the flexible interview that balances between the structure and the openness (Gillham, 2005, p. 79). Each interview can be achieved equally towards the research question due to the questions prompted and the analysis of the data can be simplified by the level of structure (Gillham, 2005, p. 79). Moreover, the semi-structured interview also allows us to collect the rich and detailed data (Saunders, Lewis, & Thornhill, 2007, p. 316), in providing an explanation of the relationship between the market-driving approach and organizational culture of small numbers of our case studies.

However, as per the argument from Gillham (2005, p. 79), the semi-structured interviews require the long time-spending in developing the questions and also require the skill and practice to conduct the interview smoothly. Therefore, to smoothen the interview, we studied the background information about the companies before the interviews and developed the interview guide for both interviewees and interviewers as discussed further in the next section.
3.6.2 The Interview Guide

For the semi-structured interview, the interview guide is “the somewhat more structured list of issues to be addressed or questions to be asked” (Bryman & Bell, 2007, p. 482). Moreover we also took some advices of the basic elements in how to prepare the interview guide, according to Bryman and Bell (2007, p. 483), as below.

- Generate the order of topics or questions raised in order to create the smooth interview, but be ready to change during the actual interview.
- Try to use the understandable language and relevant to the interviewees.
- Invent the non-specific topics or questions, which assist in answering the research questions.
- Do not ask leading questions.
- Ask the personal information, both general (name, age, etc.) and specific (position, years employed in the company, et c.)

The interview guide we prepared focuses on two aspects, the market-driving approach and the organizational culture, which are the main areas of our research. The set of open questions based on the literature review is included in the interview guide in order to accomplish the research questions. In addition, we started the interview with the opening questions to find out the background of interviewees for example, how long they are employed in the companies and the current positions. This background information is useful for us to have the data analysis as it shows how well the interviewees recognize the strategic approach and the culture of the companies.

As per the question development, we started searching from the literature review to see the relevant and possible questions, which lead us to find the answer of the research question, and then had the discussion with our supervisor to complete the whole set of questions, including the proper order of questions.

Moreover, in order to make the interview flow smoothly, we also developed the interview guide for us, who are interviewers (see Appendix 3), separately from the one for interviewees, which is enclosed with the cover letter as mentioned in the next section. The interview guide for interviewers give us the purpose of each question and also the prompt questions, which can be raised to the interviewees if their answers are not spontaneously related to our interest. (Gillham, 2005, p. 70)

3.6.3 Access to Data

At the same time as developing the questions, we started to find out the potential case studies by firstly looking for the companies, which seem to use the market-driving approach in running the companies. As previously mentioned in the data collection method, we used the secondary data from the company’s own document; such as company’s website and annual report, and published articles to define and screen our potential case studies. The market-driving companies are our target in order to be accordant to our research question, which is finding out the relationship between the market-driving approach and the organizational culture. The characteristics of the
market-driving approach are discussed previously in the literature review chapter. Moreover, the companies operating in Thailand is our criteria because our background and previous professional working experiences provide us with rich knowledge about how the business in Thailand functions.

After having the list of potential companies, which then are selected to be our case studies, we went into the next step by searching for the personal connection in order to invite the management levels of the companies to be our interviewees. As the result, two potential interviewees, who are in the management levels from varied market-driving companies operating in Thailand, are successfully invited informally. Hence our selection criteria for our interviews could be summarized as employees in what that could be defined as market-driving companies in Thailand and that said employees should be in a management position of the market-driving company. Furthermore, as said above, we needed a personal connection inside the companies to provide us access to the interviews.

To formally communicate with the interviewees about our research and interview details, we sent out the cover letter (see Appendix 1) to clearly state our purpose, including the interview guide (see Appendix 2), to all two interviewees. Moreover, we also involved the interview time schedule and the method used for the distance interview in the cover letter.

As per the method to conduct the interview, we used Skype calling from Sweden to the phone contacts of interviewees in Thailand during the 6th to 10th of May, 2011. Each interview spent approximately 30 minutes to 45 minute to complete. According to the permission from the interviewees, all personal information related to the interviewees is exhibited in the Table 1, which we used for the data analysis further, as follow.

Table 1: The Personal Information of the Interviewees

<table>
<thead>
<tr>
<th>Name</th>
<th>Lars Svensson</th>
<th>Chairat Kittivarapong</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company</td>
<td>Ikano (Thailand) Limited (IKEA Thailand)</td>
<td>Land and Houses Public Company Limited</td>
</tr>
<tr>
<td>Industry</td>
<td>Retail Home Furnishing Industry</td>
<td>Real Estate Industry</td>
</tr>
<tr>
<td>Current Position</td>
<td>Country Marketing Manager</td>
<td>Assistant Vice President</td>
</tr>
<tr>
<td>Total Years Employed in the Current Position</td>
<td>1.5 Years</td>
<td>N/A</td>
</tr>
<tr>
<td>Total Years Employed in the Company</td>
<td>7 Years</td>
<td>Over 10 years</td>
</tr>
<tr>
<td>Time Spent in the Interview</td>
<td>30 minutes</td>
<td>45 minutes</td>
</tr>
<tr>
<td>Personal Contact</td>
<td><a href="mailto:lars.svensson@ikano.asia">lars.svensson@ikano.asia</a></td>
<td><a href="mailto:chairat_k@hotmail.com">chairat_k@hotmail.com</a></td>
</tr>
</tbody>
</table>
3.7 Quality Assurance of the Research

According to Bryman & Bell (2007, p. 40), the evaluation of research quality is related to the measurement of reliability and validity of research results generated from the data collection methods or analysis processes. **Reliability** relates to the data collection and analysis processes. It refers to the concern towards the consistency of research results (Saunders et al., 2007, p. 150). Another, **validity** refers to the concern whether the research results can present what they are supposed to be (Punch, 2005, p. 29; Bryman & Bell, 2007, p. 41). According to Saunders et al., (2007), they argued threats regarding to the quality of qualitative research might come from the bias and/or error from participants and/or observers which lead to results which are discrepancy and inability to generalize. Furthermore, in relation to the case study design, the small numbers of case also makes it difficult to generalize the result. Therefore, to assure the quality of this qualitative case study research, there are four criteria; creditability, transferability, dependability, and confirmability, to be further discussed in regarding to the criteria for qualitative research evaluation of Bryman & Bell (2007, p. 411).

3.7.1 Creditability

The credible research results should come from the good research practice and provide the acceptable and reliable outcomes from the external view, such as from participants (Bryman & Bell, 2007, p. 411). In another word, it reduces possibilities in getting the wrong answers by providing sufficient casual argument, which is powerful and convincing enough to support the conclusion of research (Gibbert et al., 2008, p. 1466). Hence, to ensure creditability of this research, we have to focus on the quality of data collection and data analysis phases. First, we designed interview processes which provide neutral conditions for either with interviewers or interviewees in order to avoid research bias and errors. For example, since we interviewed with managers whose most concern is their valuable time spending, we allowed interviewees to select their suitable interview schedule. The interview questionnaire and its flow were also designed and examined to consume appropriate length of time; while the results could answer all research questions. Second, in the process of data evaluation, we assured the quality of our finding by using triangulation method which gathers data from both primary and secondary sources in order to cross check against each other (Bryman & Bell, 2007, p. 413). Lastly, we interpreted the finding by relying on the knowledge from our theoretical framework and literature review.

3.7.2 Transferability

Transferability refers to the degree of which the research results are able to be generalized and transferred to apply to other researches. Even though the qualitative research and case study design can support our research objectives by providing the rich knowledge and intensive analysis from studied cases, however there is an argument that a small study group might be weak in providing transferable outcomes (Gibbert et al., 2008, p. 1468). Thus, to enhance transferability aspects in this research, we firstly specific area of interest into market driving firms. Second, we conducted cross-case analysis to find the common pattern of our multiple cases (Gibbert et al., 2008, p. 1468). Furthermore, we provided rationale reasons in selecting case based on our literature review in order to assure that the sampling choice of our case study could represent the market-driving firm. Moreover, according to Siggelkow’s (2007, p. 23) argument,
the result from a few cases is not supposed to provide a strong conclusion but is supposed to provide the justification of the conceptual framework, which comes from the reasonable argument from studied cases. Thus, the result of this research can be used as a reference for further research study in the same area.

3.7.3 Dependability

Regarding to Shenton (2004, p. 71), dependability refers to the concern about the repetition of the research work. This means that the research study should provide information about research methodology in detail in order to be a prototype for a future researcher to duplicate the work. Shenton (2004) suggested that to create dependability of qualitative research, researchers should overtly explain the planning of research design, the detail of data collection, and evaluation / limitation of this method.

In this research, as it was presented in the previous section of this chapter, we firstly provide logically and thoroughly elucidation about how we develop our research design. In explanation, the reason of selection the case study design was clearly shown from the consideration about the research assumption; interpretivism and subjectivism positions, leading to the selection of qualitative research strategy, and about the research objective which emphasizes on studying the particular phenomena of the market-driving companies. Second, the detail of our research operation in terms of data collecting method via semi-structure interview, how we select participants, and how we get the data was also clearly discussed in the this chapter, section 3.6. Finally, we also provided the limitation of our research in chapter 6 in order to make sure that the readers understand the perimeter of our search before they decide to repeat our work.

3.7.3 Confirmability

The confirmability of qualitative research is related to the concern about the research method which should not rely on human skill and perception. The interviewers’ personal belief and favorable should not influence to the research result. (Shenton, 2004, p. 72)

In order to enhance the confirmability of this research, we considered the triangulation or multiple data collection method to cross-check the result for reducing the effect of interviewers’ bias (Shenton, 2004, p. 72). Furthermore, before we made a final decision and started our field work, we also implied the auditing approach (Shenton, 2004, p. 72) by asking our supervisor to criticize and suggest about our determination of the research strategy and data collecting method, to ensure that we selected the proper technique to answer our research questions.

3.8 Ethical Considerations

In social research, ethical issues might be able to appear to each or several of the research processes. Therefore, research ethic is a necessary consideration when researchers design their research processes and questions. They are required to “maintain public confidence and to protect participants from the illegitimate use of research finding” (May, 1997, p. 61). According to ethical principle, participants are protected from these ethical issues; harm to participants, lack of informed consent, invasion of privacy, and research deception or miss interpretation (Bryman & Bell, 2007, p. 132; Adler & Clark, 2011, pp. 51-58).
Therefore in this thesis, we carefully designed our research procedures to provide necessary information to participants, which can ensure that they are able to understand the objective of our study as well as the type and quantity of information required from them. Under this concern, before conducting interview, every participant was received our official letter of invitation which provides researchers information and clarify research objective. Furthermore, the confidentiality agreement between researchers and participants were made; in order to confirm degree of information which we could or could not disclose on our research. In this research, according to our agreement with interviewees before conducting the interview, we were allowed to expose their information in our research such as name, e-mail and position. We were also allowed to record the conversation during the interview.

After we explained our research methodology in this chapter, in the next chapter we will present the data findings from the interviews with our selected cases.
4. FINDINGS

4.1 IKEA

4.1.1 Background

IKEA is a home furnishing company which was established in 1943 in the small village of Agunnaryd of Sweden, by Ingvar Kamprad. With its unique business model, IKEA way, the IKEA group has grown up from a company selling basic household goods to the world leading furniture retailer. Nowadays, the IKEA group is the company which owns IKEA’s retail stores. It includes its own industrial companies, Swedwood and Swedspan. INGKA Holding B.V. is the IKEA group’s parent company which owned by Stichting INGKA, founded by IKEA founder, Ingvar Kamprad. (The IKEA Group, 2010)

According to the IKEA website (2011), IKEA stores are located all over the world, with presences on every major continent. In detail, IKEA stores are established in 38 countries/territories with over 135,000 people in 43 countries around the world. In 2009 fiscal year, the IKEA group announced that it reached 23 billion euro, a 1.4% growth rate comparing to the previous year. Germany, USA, France, UK and Italy are indicated as the top five countries which create highest sales for IKEA. The sales are derived from 9,500 home furnishing articles under various product lines of IKEA. They are created to offer the functional and unique Scandinavian design by spending the minimum target cost.

Thus, the incessant successful story of IKEA is not created by the unique business idea only, but also the distinct and well-implemented of IKEA’s organizational culture. IKEA adopted the culture of Swedish people in Småland, in southern Sweden, where is the homeland of Kampard. There, people have their distinct characters as working hard, humbling, and making things happen by using their own limited resources. This is the heart of the IKEA approach to keep products’ prices low while the good design, function and quality of products are not eliminated by the limited pricing. Throughout the past 10 years, IKEA has reduced product prices by 2% to 3% per year, on average. (The IKEA Group, 2010)

Since Asia is presently a potential growth market, IKEA prepares to open a new store in Thailand. It is the joint venture among three companies; Siam Future Development Plc – Thai real estate company, IKANO Pte. Ltd – the family Kamprad company operating as the franchisee in Singapore and Malaysia (Li, Guo, Skibniewski, & Skitmore, 2008), and S.P.S. – Thai furniture company. Both Siam Future Development and IKANO hold 49% each while S.P.S owns 2% share (Bangkok Post, 2009). The first store of IKEA Thailand will open in Bangkok in November, 2011 (IKEA Thailand, 2011). The capital investment and management will be operated by Siam Future Development while IKANO, as IKEA’s representative, will support in merchandise and trading services such as marketing, administrative systems as well as employee education and training (Warnaby, 1999).
4.1.2 Market-Driving Approach of IKEA

Before IKEA was established, traditional home furnishing companies normally maximized their profit by selling high price furniture with well-designed and inclusive customer services. However, these products were afforded by only a small group of people who has large pockets. According to Kamprad’s leadership and entrepreneurial foresight, he thought differently. He introduced the concept that IKEA’s products are for mainstream people. Everyone can enjoy furnishing their own household. Hence, IKEA’s products are not only affordable, but also well-designed and have good quality. (Edvardsson & Enquist, 2002, p. 163)

Accordingly, many articles related to market-driving approach have raised IKEA as an example of a market-driving company as it has directly and indirectly shaped the role of market players in the retail home furnishing industry (Ghauri et al., 2008; Schindehutte et al., 2008, p. 8-9; Kumar et al., 2000, p. 129). Under the market-driving approach we discussed, IKEA also relies on the concept of the functional modification because it directly shifts the functions performed by market players, customers, competitors and suppliers, rather than eliminates or adds them in the industry value chain (Jaworski et al., 2000, p. 50).

To combine good design and good function with the right quality, at an affordable price, cost controlling is the hallmark of IKEA management concept. Thus, this initially forces IKEA to reconsider the role and the relationship with its stakeholders. IKEA provokes both customers and suppliers to become co-producers of IKEA’s value offering so as to eliminate unnecessary costs in all stages of its value chain; from the early stage of product development until those products are reached to the consumers’ households. (Edvardsson & Enquist, 2002, p. 173; IKEA Thailand, 2011)

Regarding customers, IKEA has directly shaped customer behaviors by requiring them for self-service; in locating, collecting, delivery and installing their purchased products on their own. To support these tasks, IKEA provides customers with a convenient shopping experience. IKEA catalogue is as a guidebook for customers to explore its wide range of product line along with all necessary information; such as product name, price, dimension and installation guide. IKEA showroom also provides customers an alternative decorating idea. Customers easily pick up desired items on the showroom site (Li et al., 2008, p. 992). Besides, all IKEA products are packed in flat-package boxes, which are not only easier for customers to deliver the furniture at home, but also saves the company a transportation cost (Moon, 2004, p. 4).

Furthermore, competitors in the retail home furnishing market have been indirectly shaped in their behaviors by IKEA. The IKEA store concept, which controls the customer’s shopping path, displays products in a simulation showroom and provides an appealing experience with its Swedish restaurant and children fun park, turns to be the template for other home furnishing retailers (Moon, 2004, pp. 8-9).

In regards to suppliers, IKEA has directly shifted their role in the industry value chain; from the traditional perspective as the material supplier to become IKEA’s co-producer (Edvardsson & Enquist, 2002, p. 173). Accordingly, IKEA designers are assigned to work together with suppliers in developing technical innovations from the beginning of the product development
process. The objective is not only to create the best possible design, but also to significantly minimize the cost of production and raw materials. (IKEA Thailand, 2011)

4.1.3 The Global Organizational Culture of IKEA

According to Tarnovskaya, Elg and Burt (2008, p. 948), IKEA’s overall vision and values includes key points such as “Constant desire for renewal”, “Daring to be different”, “Constantly being on the way” and “Allowing people to get things wrong now and again”. All of these points could be implied as being a part of an adhocracy and/or market organizational culture, as presented earlier in our literature review chapter.

Those values mentioned above form a culture, which is known internally in the company as the “IKEA Way”. The “IKEA Way” is thus a representation of everything the company would like to stand for and be associated with, in terms of branding, history, management, supply chain management, human resource practices and so forth. (Tarnovskaya, Elg, & Burt, 2008, p. 950)

As mentioned regarding the adhocracy culture in the literature review, the adhocracy culture as to a substantial part about involving the employees and utilizing the creative talents of the employees in order to grow and develop the business. This is also in line with what IKEA wants from their employees, as could be seen in the below paragraph.

It is mentioned in literature that IKEA’s culture is related to the national culture of Sweden and in particularly to Swedish management styles in general, which is said to have contributed to the overall success of IKEA over the years as “being Swedish” is associated with being healthy, good and solid. In business practice, the IKEA culture could be said to come down to being informal, have a strong sense of cost consciousness and allowing people in the organization to have responsibility and to be creative. (Kling & Goteman, 2003)

IKEA also aims to have a tie between their organizational culture and the actual everyday business of the company as the values ingrained in the culture should affect how the company does its business, which could be seen for instance through the emphasis on cost consciousness. (Kling & Goteman, 2003) This tie between the culture and the actual business of IKEA is also supported by Jonsson (2008), who argues that the internationalization strategy of IKEA is about replication of the organizational culture in new markets, which is exemplified by the importance of cost efficiency in the organization, in order to keep the prices low to maintain IKEA’s market position as a low-cost retailer. (Jonsson, 2008, p. 26)

The emphasis of cost consciousness could also be implied as being a part of the market organizational culture as cost consciousness is about reaching a certain goal and through that goal gain a competitive advantage in the market place, as discussed previously in the literature review.

Furthermore, it is mentioned that the culture of IKEA is not always something tangible, but more abstract, such as the way employees in the company communicate, shares knowledge with each other and interact with each other and that forms the organizational culture as well. (Jonsson, 2008) It could then be argued based on the reviewed literature that good communication and sharing of knowledge forms an adaptive and creative environment, which are all foundations of the adhocracy organizational culture.
4.1.4 Interview

Name: Mr. Lars Svensson

Position: Country Marketing Manager, Ikano (Thailand) Limited (IKEA Thailand)

Job Description: Currently working with the launch of IKEA in Thailand and being in charge of hiring key personnel to the store, including human resource manager, sales manager and a store manager. Once the store manager starts working, he will be moving on the focusing on developing the market campaigns for the launch and building up the marketing department.

- Organizational Culture

Based on the interview with the manager of IKEA, the company has a very strong organizational culture as shown surrounding all activities in the company like an underlying principle.

The Interviewee mentioned that IKEA’s culture was, basically, good for business. It starts with the “Gnosjö spirit”, a well-known entrepreneurial characteristic and cultural network of a southern part of Sweden, which is about surviving and developing under limited means. In order to be in line with the overall culture, the company needs to allow employees to think differently in the organization. However, the difficult part is how to assure that the company’s concept stays the same and the core values are delivered globally. Therefore, IKEA finds the solution by providing manuals to serve as guidance for the IKEA’s concept. In conclusion, the company needs to accept new and creative ways of thinking, but also have to be aware of the consequences of going too much out of the box as IKEA is a global brand.

As per how to motivate employees to achieve the company’s goal, the interviewee said that IKEA was a fun working place, which had a great deal of delegating and encouraging movement in the organization, both vertical and horizontal. Especially, the opportunities for the vertical movement give employees excellent possibilities for trying new things and developing them. Furthermore, there are existing different performance measuring tools, depending on positions in the company, for rewarding performance. But again, the culture comes back here as people working at IKEA believe in what they are doing and enjoy working for a large brand and somewhere where they can see the result of their work.

“It should also be stated that everyone employed believes and buys into the culture, it is not for the money that someone works for IKEA. People like to work here because they feel that they make a difference and that you provide people a better everyday life”, our respondent points out.

About the influence of the IKEA culture as stated above, the interviewees claimed that certainly, Ingvar Kamprad, the founder of IKEA, was the foundation of the culture. He manifests the culture of IKEA in his work every day and that makes the whole
organization follow his example. It could also say that a well-developed strategy in the company comes from the top managements and all the way down for IKEA case.

- **Leadership Behavior**

According to the interview, the IKEA culture and the expected behavior is quite explicitly stated. In the recruitment process, IKEA is looking more at people’s attitude than details in the CV. The retail industry is not necessarily complex, so it is mainly about what kind of people employed in the company. IKEA aims at people that can add new thinking and passion to the company. Through the mentioned recruitment process, people in management positions at IKEA are to have the ability to live up to IKEA’s ideals.

In terms of how to make the employees trust and feel confident in their leaders, the interviewee believes that it is about being themselves and that they live by and believes in the existing values. It is about leading by example and IKEA has various codes of conduct that leaders should live up to. And as the people working at IKEA believe in the overall company culture and values, leaders’ exemplification should provide trust and confidence to the employees.

“I believe it is about being yourself and that you live by and believe in the existing values”, according to Lars Svensson.

About the influence of the leaders’ behavior of IKEA, as mentioned by the interviewee, the leaders are recruited based on their personalities and therefore they are instantly a part of the company culture. Therefore, the IKEA culture influences everything in the company.

“The leaders are recruited based on their personality and therefore they are automatically a part of the company culture, which, as said before, influence everything in the company”, in the words of Mr. Svensson.

The interviewee also claimed that the behavior of the leaders, basically, affects everything in the company, which makes it important to recruit the right leaders, who believe in the company culture and leads by the culture as a guidance. If leaders do not follow the company culture, the culture could be diluted and more about words rather than practice, but that has never been much of a problem at IKEA, due to the recruitment process mentioned earlier.

- **Market-Driving Approach**

Based on the interview, IKEA has an overall business model, which is rather unique and hard to imitate as a whole. When IKEA is entering a new market, the company is “Changing the behavior of both customers and competitors”, according to our respondent. In regards of changing the behavior of the competitors, Mr. Svensson does not however fear a too high degree of imitation of IKEA’s market driving concept.
“It is possible to replicate up until a certain level, but not the whole concept of IKEA, in regards to production and so forth. There are however certain niche markets where the imitation of IKEA has been successful”, Mr. Svensson stated.

In terms of how to create new innovation, the interviewee claimed that the only way to do was to keep working hard. Sometimes, it could be difficult in a large organization to generate new innovation as it can be slow moving at times. However, IKEA tries to have regular meetings and gatherings and make revisions in areas, if needed, in order to stay relevant in the market.

According to the interviewee, IKEA creates an increased interest for home furnishing in the customers. It takes market share from competitors, but also creates a larger total market. Furthermore, IKEA tries to affect its supplier’s operations, in terms of how they treat their labor force, what raw materials and technology they use, and how they manage their environmental impact. In addition, IKEA is moving towards more internal supplying and therefore limit the need of external suppliers.

Moreover, the interviewee added that due to the delivery of good quality to low prices, IKEA created a “do it yourself” type of behavior in the customers. Hence, customers will change their habits and behaviors.

At last, the interviewee thinks that to be the market-driving company is essential for survival for a company such as IKEA, especially when looking at it historically and the actions undertaken by the founder, Ingvar Kamprad, in the early stage of the company’s existence. At the result, IKEA changes how the furniture market worked and by that, carved out a large market for itself.

4.2 Land and Houses

4.2.1 Background

Land and Houses Public Company Limited is the Thai company, which was found in 1973 by Piangjai Hanpanit. The main business of the company is to develop the residential housing, focusing especially on the single detached houses. The first project of the company was the housing project under the name “Moo Baan Srirubsuk”, in Bangkok, the capital city of Thailand. In 1983, the company was officially established as a real estate company in Thailand named Land and Houses Company Limited, before registering into the stock exchange market in five years later. Since 1985, the company has been directed by Mr. Anant Asavabhokhin and has been comprehensively operated in the housing development, including condominiums, in Bangkok, its vicinities and other big cities in Thailand, which are Chiang Mai, Nakhon Ratchasima, Khon Kaen and Phuket. (Land and Houses Plc, 2011)

In 2001 the company decided for a new direction regarding its production of Baan Sabai houses, namely that the company only produced ready-made houses for the customer to order, which canceled the previous strategy of made-to-order houses. Since then, those types of houses have received value-added features included to them as standard, such as kitchen improvements, air conditioning and gardens. (Land and Houses Plc, 2011)
Another major strategic step by Land and Houses was undertaken in 2005. In that year the company received approval from the Thai ministry of Finance to start a banking business, since the company wanted to provide a new financing option to the Thai market, specialized in financing of housing and property development. The following year, as well as in 2007 and 2008, the company was awarded as being the most trusted brand among property developers by Thai consumers. (Land and Houses Plc, 2011)

When it comes to the single house segment in Thailand, Land and Houses today has a market share of almost 20% and a 4% market share of the townhouse segment. Financially, the company has however been somewhat affected by the overall economic downturn in Thailand and its sales revenue slightly decreased in 2010 compared to the year before, from almost 18 billion baht to 17.5 billion baht. Land and Houses net profit increased slightly however, up to almost 4 billion baht and its return on assets was approximately 7% in 2010. Land and Houses is, as previously mentioned, furthermore a public company and is noted on the Bangkok stock exchange in Thailand. By the end of 2010, the share price of Land and Houses was 6.4 baht per share, making the total value of the shares being more than 64 billion baht. (Land and Houses Plc, 2010)

It should also be noted that according to a study made by the business newspaper Wall Street Journal in 2010, Land and Houses was ranked as number six of out of the top ten companies in Thailand. The paper analyzed the companies based on areas such as innovation, quality, vision, reputation and finances. In 2009, Land and Houses finished at 8th place in the same ranking by the Wall Street Journal. (Land and Houses Plc, 2010)

4.2.2 Market-Driving Approach of Land and Houses

As mentioned in the previous section, Land and Houses, together with Quality Houses Plc - a company in the Land and Houses group which runs the real property business in Thailand, established Land and Houses Retail Bank Plc in order to give an alternative to customers in using the financial service from the specialized financial institution (Land and Houses Plc, 2011). Moreover, in 2009, there was the establishment of LH Financial Group Plc, which is hold by Land and Houses (40.95%), Quality Houses (25.71%) and Piangjai Hanpanit (19.04%), the founder of Land and Houses (Land and Houses Retail Bank Plc., 2011). The main purpose of LH Financial Group Plc is to invest in Land and Houses Retail Bank Plc as the holding company and currently hold 99.99% of the bank’s paid-up capital (Land and Houses Retail Bank Plc., 2011).

This bank and financial business of Land and Houses Plc establishment refers that Land and Houses uses the deconstruction approach, which is a market-driving approach in eliminating players in the market in order to offer the better delivery to customers or have the more efficient operation (Jaworski et al., 2000). In this case, the company eliminates the market players, which are the other financial institutions from its industry value chain by offering the specialized financial institution to customers. This means that the company provides a value-added packaged solution to the customers. At the same time, the company also retains the customers for a long period of time by providing financing for the house purchase.
Furthermore, Land and Houses purchased a 49.9% share of Asia Asset Advisory in 2001, which is a company in the business of leasing real estate property (Land and Houses Plc, 2011). That investment could be seen as another deconstruction approach, as explained earlier in this section, move by Land and Houses. By controlling Asia Asset Advisory, Land and Houses has arguably more control of the value chain of real estate property in Thailand and thus of the market as a whole.

In 2000, Land and Houses innovated in its outreach to customers, by being pioneers in Thailand by opening up a website which allowed customers to find out various information about houses available for purchasing, ongoing projects, designs, prices and financing information from eight different financial institutes for financing the house purchase, with mortgage approval available directly online (Land and Houses Plc, 2011). This could also be interpreted as a market-driving approach by Land and Houses, as it involved itself in shaping market behavior directly by removing constraints for stakeholders, which is mentioned by Jaworski et al. (2000), by making it easier for customers to purchase a house for instance. Just as IKEA is setting up a path for customers in its stores (Jaworski et al., 2000), it could here be argued that Land and Houses sets up an online path for its customers.

There could also be the argument that Land and Houses, by provide financing from their own banking business, is shaping market behaviors indirectly, as that strategic move may force competitors to also provide in-house financing options for their customers convenience. Because according to literature, shaping market behaviors indirectly as a market-driving approach, could for instance occur when competitors are following the policies made by a market-driving company. This market-driving approach of indirectly shaping market behaviors could also be argued to occur by the fact that Land and Houses are producing ready-made houses, which just as their innovating financing may force their competitors to follow their policy of producing ready-made houses.

4.2.3 Organizational Culture of Land and Houses

Regarding to our secondary data research from published articles related to Land and Houses, the innovation which comes from the human resources development is the distinctive cultures of Land and Houses. In terms of innovation culture, from past to present, Land and Houses has been publicized as one of the top innovative organizations in Thailand (Land and Houses Plc, 2006; Tongpaiboonkid, 2010). According to a press interview by Mr. Supparach Veerakul, a corporate communication manager, Land and Houses believes that innovation plays an important role to achieve company’s mission; as quality is their most concern, and to response the changing of consumer’s lifestyles (Bangkokbiznews, 2010). With this innovative culture, the continual improving of customer satisfaction’s level also helps Land and Houses to enhance and secure their leading position in the real properties market up until now.

To demonstrate, regarding to Weekly Manager (2006), the working environment in Land and Houses supports their people to freely develop and exchange innovative idea. The innovation contest provides the good evidence, as it stimulates groups of employees composed of various departments to present their innovative ideas, enabling to improve products and/or working processes (Bangkokbiznews, 2010). Second, the ready-made houses concept not only presents Land and Houses’ innovative culture but also presents their adaptability to fast response to
unexpected circumstances (Manager Magazine, 2001). In the Asian Financial crisis, without reluctance, Land Houses took this opportunity to restructure their organization processes (Manager Magazine, 2001) and radically left from the standard practice to the ready-made houses concept. (Bloomberg Businessweek, 2003)

Besides, Land and Houses has also believed that human resources development is the core function for organization growth. To encourage their people to be adaptive and competitive, Land and Houses also motivates the potential employees to extend their higher education level by providing scholarships without pay back conditions. (Bandhitkul, 1993) Furthermore, employees in Land and Houses are also stimulated to study across-function; for example, engineers are motivated to take course in marketing programs, which is the core function in Land and Houses business (Jhantharanimi, 1990).

From the above characteristic of Land and Houses’ cultures, we can imply that their innovative and adaptive cultures are related to the type of the adhocracy culture, and their leadership-focus culture is related to the type of the market culture which we discussed in the literature review. Besides, according to almost articles which we studied (Bandhitkul, 1993, 2001; Jantharanimi, 1988; Bloomberg Businessweek, 2003;The Nation, 2004; Yonokphan & Dinarak, 2009), we also found that the CEO, Mr. Anant, has been much influenced in these organizational culture of Land and Houses.

4.2.4 Interview

Name: Mr. Chairat Kittivarapong

Position: Assistant Vice President (AVP), Land and Houses Public Company Limited

Job Description: Currently working in the marketing department of Land and Houses, controlling all over the single detached houses section. His focal responsibilities are directing marketing strategies of the single detached houses products and motivating subordinates to implement marketing tactics, in order to achieve the company’s goal.

• Organizational Culture

As from our interviewee’s word, “human capability development is the crucial part in Land and Houses. Under the unexpected circumstances, we can set off faster because our people are always ready!”

The result from interviewee is in line with our secondary data research as the human resources are the crucial part in Land and Houses’ culture. They believe that the success in doing the real properties business is not mainly relied on a technology, instead a human resource capability. Thus, the developing of people intelligence, which is capable to have the flexible way to overcome any uncertain circumstances, is the heart of Land and Houses culture. Interviewee supported the Asian financial crisis in 1997 has ensured this organizational culture. While the financial and liquidity problems eliminated many competitors from market, Land and Houses could pass through this crisis with larger
sales because people employed in the company was more flexible and adaptable in generating and implementing the radical innovative idea, the ready-made houses concept.

Thus, low degree of hierarchy is a form of the organizational structure of Land and Houses, as it was explained by the interviewee that “people in Land and Houses are treated like living in a big family lead by Mr. Anant Asavabhokhin”. As a result, there is less distance of the relationship between managers and subordinates. Land and Houses employees are managed by suggestions rather than ordering which liberates them to share opinions with either their colleges or supervisors.

Learning organization is one of the distinctive characters of Land and Houses. Our interviewee provided an example through the annual internal competition program, “the practical innovation contest”. It has been approved by Mr. Anant, since 2009. Candidates of this competition are groups of employees combined from different departments, such as marketing, engineering, production and sales, who aim to create the best practical innovative ideas enhancing values offerings by Land and Houses. “Through this program, employees are stimulated to collaborate and share information across functions in order to leverage capabilities in developing innovative ideas”, Mr. Chairat stated. Apart from the example, employees here have also been encouraged to be modern as shown in the introduction of Facebook, by Mr. Anant to enhance the modernized social trend.

According to the interviewee’s conclusion, Land and Houses is driven by all people employed in the organization, by having the management concepts of the highest management level, Mr. Anant, as guidance. Therefore, the open-minded, adaptable and innovative environment and learning organization, which are found from the interview, are the unique characteristics of the culture of Land and Houses.

- **Leadership Behavior**

From the interview, the leaders of Land and Houses create the employees’ trust and faithfulness. Moreover, the leaders here also have abilities in communicating and motivating subordinates making them feel involved with the leader’s objectives, which are relied on the organizational goals and values. This includes a unique personal behavior, which is creating a leadership charisma. Being a good example in, such as initiative, innovative, and precise decision-making, is also an effective way of leaders to create trust and to establish a guideline for employees’ working behaviors.

“Our leadership is formed by assigning manager the responsibility with freedom on hand. They will grow up by their own success and have self-confident in making a decision and directs the others”, this is mentioned by Mr. Chairat

To stimulate employees to achieve targets, the interviewee presented that employees working at Land and Houses are inspired by the supportive working environments influenced by leaders, such as open-mindedness, freedom of opinion sharing, innovation-orientation, and authorization, which form the confidence and responsibility in employees
and stimulate them to be able to generate their own creative ideas. In addition, the organizational vision of Land and Houses, which is a providing the best quality products to the market, is also penetrated to the whole organization by Mr. Anant; from the management levels to the day-to-day operation levels. Hence, by having the same vision, people in Land and Houses work and collaborate together in order to achieve the company’s goals.

Furthermore, Land and Houses aims to support the individual self-development and career growth of employees, due to the idea of Mr. Anant. For example, employees can take an education leave and receive a financial support from the company to extend their study such as in a MBA program. This supportive strategy as stated gives the apparent result in the low employee’s turnover.

In addition, the interviewee noted that the leadership behavioral styles of Land and Houses were influenced by the leader, Mr. Anant. His distinctive characteristics, which are initiative, innovation-oriented, open-minded and decisive, have been presented and admired by all levels in the company. Moreover, Mr. Anant is a good example that guides the managers and employees working at Land and Houses to develop their own capabilities in order to achieve the company’s goals. His characteristics can be illustrated by our interviewee’s quote, “all of us accept that Mr. Anant is the most admirable in Land and Houses. His visions always amaze us. As same as his speech, it always inspire and touch our hearts....We have never lost our track, as he always reminds us our mission which quality comes at the first.”

- **Market-Driving Approach**

“The ready-made-house is our unique market-driving approach. We believe that in this real properties industry, we cannot only listen to the consumer but we have to lead them”, Mr. Chairat stated.

Regarding to the interview, Land and Houses believes that the real property business is different from consumer-products business; consumers have very little knowledge and experience helping them to make a purchasing decision. It is the task of Land and Houses to guide and lead them. Our interviewee raised the ready-made houses concept of Land and Houses as the main contribution of the market-driving approach. From the Asian financial crisis in 1997, Land and Houses was forced to realize the new business model that could recover the confidence of consumers towards the financial status of the real property companies. That time, Land and Houses turned the crisis to become its opportunity by introducing the ready-made houses concept.

This new business model, the ready-made houses concept, has shaped both consumer behaviors and competitions of the real property business industry. First, it has changed the consumer purchasing and decision processes. To acquire the ready-made houses, consumers have been requested to reduce the various choices of design in customizing their own house. The competitors also have been forced to find a new model to compete Land and Houses. This model provides benefit in terms of a financial and liquidity
management through the supply chain. Land and Houses, constructors and material suppliers can exactly estimate the production quantity and required material volume.

In addition, the interviewee noted that "this market-driving approach is influenced by Mr. Anant, by his intellectual strategic vision, and also our strong culture focusing in developing the capable people." Therefore, we can imply that the capability of human resources and the leadership of Mr. Anant are the key influences in making Land and Houses be able to generate the market-driving approach.
5. ANALYSIS

This chapter analyses the findings from two market-driving companies, IKEA and Land and Houses, comparing with our literature reviews in order to draw a conclusion about our two propositions. The analysis process starts from the identification of the organizational cultures, leadership behavior styles and market-driving approach, respectively, which each company uses, followed by the analysis of our propositions.

5.1 IKEA

5.1.1 Organizational Culture

In this research, it is mentioned earlier that the adhocracy or market organizational culture is likely shown in a market-driving company (Carrillat et al., 2004). According to the empirical findings, IKEA’s culture has an entrepreneurial characteristic as referred from the “Gnosjö spirit” mentioned by the interviewee. Moreover, IKEA has the creativity environment as employees are motivated to think differently and develop new things, which is mentioned both in our secondary data as well as in our interview. As per the innovation, IKEA is working hard to develop new innovation through strategies in order to increase the number of customers for itself and the total home furnishing industry and also gain the market share from the competitors. This refers that IKEA has a focus on creating the competitive advantage and market superiority.

From the literature review, the adhocracy culture aims largely at the entrepreneurship, creativity and strategies in generating innovation, while the market culture focuses on competing and achieving the goal (Deshpandé et al., 1993). Therefore, from the empirical findings, it is obviously seen that IKEA has both Adhocracy and Market organizational cultures, which are cultures that should be found in a market-driving firm.

Largely, it could be said that the interview with Lars Svensson at IKEA confirms much of what has been said in previous studies about the IKEA culture and that is in line with the definitions of adhocracy and market organizational culture, as discussed here and previously in the thesis.

5.1.2 Leadership Behavior Style

As stated previously, the foundation in creating the organizational culture of a market-driving firm is the transformational leadership (Podsakoff et al., 1990; Carrillat et al., 2004). The main characteristics of the transformational leadership are the charismatic, inspiration; individual consideration, intellectual stimulation, and ability in making a firm adopt the shared vision (Bass, 1990; Carrillat et al., 2004).

Based on the interview, leading by examples is how IKEA’s leaders perform, which provides trust and confidence to the employees. Especially, the exemplification by Ingvar Kamprad, which makes all subordinates follow him. This refers that IKEA’s leaders have the influence to the subordinates, which is a characteristic of the charismatic leader mentioned by Bass (1990).

IKEA’s leaders also have the individual consideration as found that they consider the growth or development of subordinates by giving them opportunities to have the vertical and horizontal
movements, which mean the promotion and job rotation at IKEA are allowed for employees who need the support in their careers.

It is obviously seen from the interview that IKEA hold the recruitment process as very significant. The right persons, who are creative and innovative, are employed. This refers that leaders here have the intellectual stimulation as mentioned by Kumar et al. (2000) and Carrillat et al. (2004) that employing the creative employees was an attribute of the intellectual stimulation. Moreover, the intellectual stimulation can also be seen through the findings that IKEA has a great deal of delegating or empowerment, which is another attribute of the intellectual stimulation mentioned by Kumar et al. (2000) and Carrillat et al. (2004).

Therefore, it can be summarized that IKEA’s leadership behavior style is transformational as per the analysis above.

5.1.3 Market-Driving Approach

Although it is described earlier in the previous chapter about the market-driving approach IKEA uses in running its business as our selective criteria for samples is market-driving companies, the interview assures that IKEA is the right sample. It is stated in the interview that IKEA changes customers behaviors by creating a “do it yourself” concept and also shapes the suppliers’ behaviors by affecting their operations related to the labor force, raw materials, technology, and environment management.

Moreover, it can be said from the findings that IKEA uses the deconstruction approach in eliminating the external suppliers by moving toward more internal supplying.

Hence, IKEA is a market-driving firm, which both changes the composition of the market players and shapes their behaviors. It means that this research should be reliable in some extent as we used the right sample for our case studies.

5.1.4 Analysis of Proposition 1

Proposition 1: The organizational cultures, both adhocracy and market, created by the transformational leaders could generate the market-driving approach.

As per the analysis earlier, IKEA has adhocracy and market cultures, transformational leadership behavior style and market-driving approach implementation. Therefore, in this section we will analyze the relationship among them as proposed in the proposition 1.

Based on the interview, the influence and foundation of IKEA’s culture is the founder, Ingvar Kamprad as he creates the culture of IKEA and manifests in his daily operation making the whole company follow his example. Moreover, the founder recruits other management level positions, who believe in the IKEA’s culture and direct by using culture as a guidance making IKEA has the strong culture. In terms of the strategy, it is mentioned that IKEA’s culture influences everything in the company. This refers to the strategies IKEA uses in operating the company.
Therefore, from the findings, it is implied that the IKEA’s founder and leaders, who have the transformational leadership style, create the adhocracy and market organizational cultures, which influence the market-driving approach IKEA uses. Hence, IKEA seems to support our first proposition.

5.1.5 Analysis of Proposition 2

Proposition 2: The market-driving approach is the basic foundation in building the successful organizational cultures; adhocracy and market, by previously developing the transformational leaders to function effectively.

From the interview, there is nothing implied that IKEA uses the market-driving approach to influence the leadership behavior style or the organizational culture. This means that the case of IKEA does not align with our proposition 2.

Instead, we found new knowledge, according to the interview, that the market-driving approach of IKEA can also be created directly from the transformational leaders as it is mentioned that a well-developed strategy in the company comes from the top management and all the way down. Moreover, Ingvar Kamprad is the key influence in creating the market-driving approach. Therefore, the market-driving approach is influenced by the transformational leaders directly and the culture, as stated in the proposition 1, for IKEA.

5.2 Land and Houses

5.2.1 Organizational Culture

In the interview, the interviewees stated many times about the success in overcoming the financial crisis in 1997 by creating the ready-made houses business model. This model was also underlined in our secondary data research, as it reflects Land and Houses culture in terms of the creativity, adaptability and the ability in generating new innovation. This characteristic belongs to the adhocracy organizational culture, mentioned by Deshpandé et al. (1993).

Moreover, the annual internal competition program, “the practical innovation contest”, also shows that Land and Houses aims to create the innovation. In addition, from this example, it can also implied that the company also focuses on having the competitive advantage and market superiority by keep working hard in finding the new innovation. This refers that Land and Houses has the market organizational culture.

From the interview, even though the interviewee claimed that Land and Houses had a sense of family, which is the main characteristic of clan organizational culture, mentioned by Deshpandé et al. (1993), this characteristic might be influenced by the Thai culture, in which family structure influences the Thai social and organizational environment (Warnstam, 2009). As from the analysis above, the characteristics of the adhocracy and market cultures are more distinctive in Land and Houses. Therefore, we summarizes that the organizational cultures of Land and Houses are mainly adhocracy and market.
5.2.2 Leadership Behavior Style

Based on the interview and the published articles about Land and Houses, leaders of Land and Houses have the influence to the employee behaviors as they lead by performing as examples making employees trust and feel confident to follow their behaviors. This refers that the leaders here have charismatic characteristics.

From the secondary sources and along with the statements from our interviewee, it is also clearly shown that Mr. Anant, as the highest management level position of the company, supports the growth and development of employees. This is found in the education support of Land and Houses, for example. Hence, this refers that the leader has the individual consideration characteristic.

According to the annual internal competition mentioned earlier, it is implied that the leaders of Land and Houses have the intellectual stimulation as seen in the competitive teams setup, which is a way to create the intellectual stimulation, based on Kumar et al. (2000) and Carrillat et al. (2004). Moreover, this is also an example that the leaders here encourage new creative ideas, which is also another way to create the intellectual stimulation, according to Kumar et al. (2000) and Carrillat et al. (2004).

Furthermore, Mr Anant, the leader of Land and Houses, makes an organizational vision, which is providing markets with the best quality products, be penetrated to the whole organization. This refers that the leader here has ability in making the organization adopt the shared vision.

In this research, it is reviewed that the main characteristics of the transformational leadership are the charismatic, inspiration; individual consideration, intellectual stimulation, and ability in making a firm adopt the shared vision (Bass, 1990; Carrillat et al., 2004). Therefore, based on the analysis above, it can be concluded that Land and Houses has the transformational leadership style.

5.2.3 Market-Driving Approach

Basically, we explained in the findings chapter earlier of the reason why we treated Land and Houses as a market-driving firm. However, from the many articles about Land and Houses (Bloomberg Businessweek, 2003; Yonokphan & Dinarak, 2009; Bangkokbiznews, 2010) and also from our interview, the result assures our understanding by giving the ready-made houses concept as an example of what the company does in order to change the behaviors of customer and competitors. By forcing customers to limit their various choices of design in the decision-making process is how the company shapes the customers’ behavior. In terms of the competitors, Land and Houses make them find a new business model in order to be competitive in the market.

Therefore, there is no doubt that Land and Houses uses the market-driving approach in operating their business and being successful.
5.2.4 Analysis of Proposition 1

Proposition 1: The organizational cultures, both adhocracy and market, created by the transformational leaders could generate the market-driving approach.

From the interview which in line with the result of our secondary data research, it is derived that the current CEO of Land and Houses, Mr. Anant through his personality and charisma, is the driving force behind the company’s culture, which emphasizes open-mindedness, adaptability and innovation. The culture also encourages the personnel to share the organization’s vision and therefore take pride into delivering quality products to its customers. Furthermore, the culture is also present on every level of the organization, which further enhances collaboration and loyalty within the company.

Thus it can be concluded that the culture is the driving force behind the company’s strategy and that Land and Houses has transformational leadership coming from its CEO, which is a part of shaping the adhocracy and market based culture of the company, which in turn influence the company’s market-driving approach. Hence, proposition 1 is thereby seemingly supported for the case of Land and Houses.

5.2.5 Analysis of Proposition 2

Proposition 2: The market-driving approach is the basic foundation in building the successful organizational cultures; adhocracy and market, by previously developing the transformational leaders to function effectively.

Based on our empirical findings regarding Land and Houses, we were unable to find support for the proposition that the market-driving approach shapes the organizational culture and develops transformational leadership. This means that the case of Land and Houses does not seem to find support for our proposition 2, just as the case of IKEA did not.

As well as in the case of IKEA, we do however create new knowledge here, which goes outside and beyond our conceptual framework. In the case of Land and Houses it could be concluded that the market-driving approach is shaped by and has its foundation in the company’s transformational leadership, which is based on the CEO Mr. Anant, his personality and how he through that manages to shape the company culture and its leadership behavior across all levels of the organization.

5.3 Summary of Empirical Analysis

To briefly summarize the analysis chapter of our thesis, we have found out that our proposition 1 turned out to be aligned with the findings from both IKEA and Land and Houses, as they both have strong adhocracy and market based cultures through their transformational leadership, which in turn is the driving force behind the market-driving approach. Furthermore, our proposition 2, regarding whether the market-driving approach creates the organizational culture, did not find any support in the cases of IKEA and Land and Houses.
The importance of transformational leadership in both companies, for the creation of the culture and the market-driving approach, is however new knowledge in regards to our conceptual framework and thus we create new knowledge based on these empirical findings analyzed in the chapter.
6. CONCLUSION

This chapter explains the summary of our research. Then, the conclusion of our study and the new theoretical framework are presented. Accordingly, we suggest the knowledge from the research to a market-oriented manager in the practical implication section. Lastly, regarding to our research limitations, we explain the critical reviews of this research and suggest for improving in the future research section.

6.1 Summary of the research thesis

Since we have been interested in understanding on how the market-driving firm can sustain their competitive advantage, after we had extended our study on literatures which related to market-driving approach, we found that the organizational culture, which might be affected by the leadership behavioral style, has the relationship to the market-driving approach. However, there has been a shortage of literature in explicitly explaining the direction of relationship between the market-driving approach and the organizational culture; whether it affects the other and vice versa.

As a result, our research propositions and theoretical framework were developed and examined through the exploratory case study by using multi-method of data collection; documents from published articles about IKEA and Land and Houses, and semi-structured interview. Accordingly, we studied two market-driving companies operating in Thailand, IKEA Thailand and Land and Houses, as our cases. This is because we have background and prior professional experiences in working for companies in Thailand, providing us the rich knowledge of how the companies in Thailand function and also giving us the benefits in terms of the data assessment. Finally, the contribution of this research will be useful for a firm, which aims to develop a market-driving approach and a sustainable competitive advantage.

6.2 Conclusion

The result of this research aims to answer the main research question. In this section we will answer this question first; however, the answer of the main research question is based on and connected to the conclusions drawn from the sub research questions, which will be presented in another sub section of this section.

6.2.1 Main research question

Our main research question in this thesis was stated as below in chapter one:

“How could the relationship between the market-driving approach and the organizational culture be developed in a market-oriented firm?”

In the analysis chapter we tested our two propositions, which were created in order to answer the above research question, with our empirical findings from IKEA and Land and Houses. The analysis of the propositions showed that transformational leadership is the foundation for the organizational culture and that the culture then creates the companies market-driving approach in our study. Not the other way around, as suggested in our proposition 2.
Hence our conclusion is that an adhocracy or market organizational culture is a prerequisite for creating and executing the market-driving approach in a company. Furthermore, the findings of our study also show that the leadership behavior from the company’s founder and/or CEO, through the management level overall, actually sets the organizational culture.

Thereby, based on this answer to our main research question, we have been able to re-construct our conceptual framework to make it fit with our findings and conclusions of this study. The new framework is shown in figure 5 of this thesis, right below:

![New Conceptual Framework](image)

**Figure 5: New Conceptual Framework**

In explanation of the new conceptual framework, in the market-driving firm, the transformational leader is the main factor which generates a market-driving approach both directly and indirectly. The transformational leadership could directly influence the company to a market-driving approach, such as the example of Land and Houses CEO, Mr. Anant, when he created the strategy of ready-made houses. Furthermore, indirectly, the transformational leader stimulates the adhocracy and market organizational cultures, which then create a market-driving approach afterwards.
6.2.2 Sub research questions

In addition to the main research question, we also introduced a set of sub research questions in chapter one. By answering each of following sub research questions, we can make the further conclusions connected to the main research question, which we presented earlier in the previous sub section.

Sub research question 1: Which types of organizational cultures stimulate the market-driving approach?

The adhocracy and market culture are the significant cultures of both IKEA and Land and Houses. These cultures enhance people in both companies to develop creative, adaptive and innovative abilities. Furthermore, both IKEA and Land and Houses, their organization’s vision is shared to their employees which further enhances cooperation and commitment within the company. Hence, we can imply that the adhocracy and market cultures are the significant culture stimulate the market-driving approach.

Sub research question 2: How can the market-driving approach stimulate the organizational cultures?

According to our analysis, it appears that there is no supportive result, from both interviews and secondary data research, to prove that a market-driving approach is the influence in establishing the adhocracy and market organizational cultures. Hence, we can assume that the market-driving approach does not seem to stimulate the organizational cultures, based on our findings.

Sub research question 3: How can the leadership in a market-driving firm stimulate its organizational culture?

From the research analysis, the leaders in both IKEA and Land and Houses share similar characteristics, in terms of the charisma, individual consideration, intellectual stimulation, and ability in making a firm adopt the shared vision, which are the main characters of the transformational leadership (Bass, 1990; Carrillat et al., 2004). This transformation leadership forms the similarity between IKEA and Land and Houses people and working environments in terms of creativity, adaptability and the ability in generating new innovations as well as a competitive advantage which are the explanation of the adhocracy and market cultures (Deshpandé et al., 1993). Therefore, we can conclude that, in a market-driving firm, the leadership behavioral style appears to be transformational leadership which influences to the adhocracy and market organizational culture.

Furthermore we found that, for both IKEA and Land and Houses, their leaders are the main factor creating the market-driving approach. Hence, the transformational leadership is the crucial factor which primarily creates not only the adhocracy and market organizational cultures, but also the market-driving approach.

According to this conclusion, it provides us a new conceptual framework about the relationship of the leadership behavioral style, the organizational culture and the market-driving approach, as previously shown in figure 5.
6.3 Critical Review

The objective of this research was to examine the relationship direction between the market-driving approach and the organizational culture. Based on this concept, we decided to analyze two cases of two market-driving companies operating in Thailand. Thus, within this study, there are certain parts which could be criticized.

- Regarding the theoretical framework, there could be other elements than the leadership behavioral styles and the organizational culture types studied in thesis affecting the market-driving approach, for example outside influences such as the business and competitive environment. These elements may be more important to generate the market-driving approach than those studied in our research.

- The area of this study is restricted due to the research’s time-line, the specific requirement of a market-driving firm, and the requirement of interviewee which have to be people in management-level. Thus, this forced us to conduct this research with a limited number of cases.

- This research investigates and examines only two companies operating in Thailand. The samples of this study are market-driving companies, which are not restricted to a specific industry and to a specific position in the industry value chain. Hence, it can be influenced by the social culture of Thai people and industrial aspects respectively.

- Additionally, since the methodology of this research is conducted on qualitative research, via exploratory case studies by using multi-method of data collection; document and semi-structured interviews; thus this is mainly analyzed by researchers’ perception. The nature of open-ended questions and lack of standardization of questions may lead to interviewer bias and raise the concern of reliability of the study.

6.4 Practical Implications

This research is based on the assumption that the market-driving approach and its relationship to the organizational culture could help a firm to create a sustainable competitive advantage. According to the new conceptual framework, it could suggest a market-oriented manager who aims to exploit the market-driving approach to emphasize on an establishing transformational leadership within the organization. It could lead the firm to create the market-driving approach both directly and indirectly.

The managers themselves should create trust and confidence among the followers as well as stimulate them to work in creative and adaptable ways. The career development of the employee should also be listed as an important task of the leader. These working environments will lead the people in this organization to become adaptive, creative and innovative which enable them to develop the market-driving approach. To further sustain the ability in creating the market-driving approach, the manager should also create the market organizational culture. The organization visions and strategies should be communicated and transferred through organization, across functions. The employee, therefore, will work under the same guideline of the market-driving
perspective. As a result, the firm will be able to sustain its competitive advantages in the long-run.

6.5 Future Research

After we conducted this study, some ideas for future research appeared. Due to the limited amount of time which was provided for this study, there are several constraints in this research, which provide areas for further study.

- **Larger case number and other variables:** Since this study examined only two market-driving companies, increasing the number of cases could enhance this research result to become more reliable. Furthermore, the study could expand or being used in different areas, for instance in doing the same type of research regarding market-driven and transactional leadership as two variables instead of the one’s we used as well as studying other types of organizational cultures.

- **Different location:** According to our finding from Land and Houses, we found that their market-driving approach is also reflected from clan culture. Since Land and Houses is an original Thai company that operating only in Thailand, the organizational environment might be influenced by the Thai social culture which is influenced by family structure (Warnstam, 2009), as we mentioned in Chapter 5. Hence, we recommend conducting a similar study in other countries in order to examine this assumption.

- **Different industry:** The same study on companies in other industries would be interesting to conduct in order to be able to compare those results with the results of this study. Does the same relationship apply to other industries as well? If this is the case, generalizations could also be made.

- **Different aspects:** This research study focused only on the relationship of leadership behavioral style and the organizational culture towards the market-driving approach. However, there are other aspects which could have a relationship that influences to the market-driving approach. Examination of various aspects would help the manager to understand and establish the market-driving approach effectively.
References


Appendix 1

The Cover Letter of the Interview Request

Date: April 26, 2011

Dear Sir,

This letter is an invitation to consider participating in a study we are conducting as part of our Master’s degree in Business Development and Internationalization at Umeå University (Umeå, Sweden) under the supervision of Professor Zsuzsanna Vincze. I would like to provide you with more information about this project and what your involvement would entail if you decide to take part.

Briefly information about our study:

With an attempt to study in a business development field, we are interested in a profoundly study regarding to the relationship between the market-driving approach and the organizational culture within the successful market-driving firms. According to the existing research related to this topic, there is a knowledge gap in the question of whether the market-driving approach or the organizational culture is the origin of effect to the other. Hence, in order to answer this question, we would like to study with the management levels staffs in market-driving firms who can provide the practical information related to this topic.

**Topic:** The Interrelationship between the Market-Driving Approach and the Organizational Culture.

**Research Questions:**

*How could the relationship between the market-driving approach and the organizational culture be developed in a market-oriented firm?*

**Benefit providing from participation in our study:**

Our research study is aimed to provide benefits not only for researchers but also for the other participants. We are pleased to share our thesis report which maintains the conclusion of our study to you by the end of May 2011. This research is based on the assumption that the market-orientation approach could help a firm to create a sustainable competitive advantage; through the developing of the market-driving strategy and its organizational culture. This report will present the framework of the relationship between the market-driving approach and the organizational culture, which is useful for management levels to develop the successful organization.

Thank you for your consideration, we would be grateful if you are interesting in our topic. We understand your precious working time, we therefore plan to organize a short conversation with you approximately 30 minutes to one hour. The interview guide, including interview questions, is also provided to you together with this letter.
Please let us know your most convenience date and time period which we could interview with you; by calling to your phone, or connecting to your Skype.

Having an opportunity to interview with you would be our most appreciative and honored. We hope to hear the feedback from you soon.

Best Regards,

_Athipa Siribunluechai & Phansamon Gansuwan_
Master’s degree in Business Development and Internationalization
Umeå School of Business

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Phansamon Gansuwan p.gansuwan@gmail.com
Appendix 2

Interview Guide – Interviewee

Topic:

The Interrelationship between the Market-Driving Approach and the Organizational Culture

Research Question:

How could the relationship between the market-driving approach and the organizational culture be developed in a market-oriented firm?

Opening Questions:

1. Can we disclose all personal details in the thesis, for example, name, position, email and others?
2. Can you please describe your responsibilities in your current position briefly?
3. How long have you been employed in the current position and company?

Relevant Questions:

1. How would you describe the company’s culture?
2. What do you think is the influence of the creation of the company’s culture? How?
3. How would you describe the leadership or leader behaviors in the company?
4. What do you think is the influence of the leader’s behaviors? How?
5. Which areas in the company do you think are affected by the leader behaviors? How?
6. How would you describe the company in terms of the market-driving approach?
7. What do you think is the influence of the creation of the market-driving approach? How?
8. Is there anything you would like to add?
Definition of Market-Driving Approach:

*Market-Driving Approach* is the approach that focuses on changing of the market structure and market behavior in order to gain the competitive advantage by driving the market. Examples of market driving companies are for instance Body Shop, Amazon.com, eBay, CNN, IKEA, Dell, Swatch and Starbucks.

- **Changing of the market structure** refers to the changing of the composition (add/eliminate) and/or roles of players in a market. For example, the retail channel elimination of DELL created the business model and customer value by offering a low price and value-added services in order to persuade customers to abandon the in-store services.

- **Changing of the market behavior** refers to the changing of the way players in the market act such as For example, IKEA set up the particular path in the store for customers to follow in order to force them to walk through all showrooms before entering the main shopping area. This is a way IKEA builds constraints of customers to enhance the customers’ time spending and maximize purchases as the result.

- **Players in a market** refer to customers, competitors, suppliers and other stakeholders.
Appendix 3

Interview Guide – Interviewer

Topic:
The Interrelationship between the Market-Driving Approach and the Organizational Culture

Research Question:
How could the relationship between the market-driving approach and the organizational culture be developed in a market-oriented firm?

Opening Questions:
1. Can we disclose all personal details in the thesis, for example, name, position, email and others?
2. Can you please describe your responsibilities in your current position briefly?
3. How long have you been employed in the current position and company?

Relevant Questions:
1. How would you describe the company’s culture?
   • How about the creativity behavior in the company? (For instance, does employees are encouraged to think in the new way?)

Objective: To study whether the company has the adhocracy/market culture.

Prompts:
1.1 How does the company deal with the uncertain situation? (For instance, flexibility and adaptability.)
   ( เช่น สามารถการแข็งขันที่ไม่แน่นอน หรือการเปลี่ยนแปลงของพฤติกรรมผู้บริโภค)

1.2 How about organizational cultures which are related to the working behaviors of employees?
   • How about the creativity behavior in the company? (For instance, does employees are encouraged to think in the new way?)
2. What do you think is the influence of the creation of the company’s culture? How?

Objective: To study whether the market-driving approach is a factor in creating the organizational culture or not.

Prompts:

2.1 Strategies? If yes, how
- The market-driving approach? If yes, how?

3. How do you describe the leadership or leader behaviors in the company?

Objective: To study whether or not the company has the transformational leadership.

Prompts:

3.1 How do you create trust and confidence to followers?
3.2 How do you inspire followers to achieve tasks by giving them the emotional support?
3.3 How do you support followers to grow in their career path or develop themselves?
3.4 How do you introduce the followers creative ways to perform successfully?
3.5 How do you make the organization adopt the shared vision?
4. What do you think is the influence of the leader’s behaviors? How?

Objective: To study whether the market-driving approach is a factor in creating the leadership behaviors.

Prompts:

4.1 Strategies? If yes, how?
- The market-driving approach? If yes, how?

5. Which areas in the company do you think are affected by the leader behaviors? How?

Objective: To study whether the leadership behaviors can create the organizational culture.

Prompts:

5.1 The organizational culture? If yes, how?

6. How would you describe the company in terms of the market-driving approach?

Objective: To study whether the company uses the market-driving approach

Prompts:

6.1 How does the company create new innovation in all business aspects for example, products, and business model? (Incremental or radical innovation?)

6.2 Does the company change the composition of the players in the market? If yes, how?

6.3 Does the company change the role of the players in the market? If yes, how?

6.4 Does the company change the market behaviors? If yes, how?

Objective: To study whether market-driving approach
7. What do you think is the influence of the creation of the market-driving approach? How?
    คุณคิดว่ามีอะไรบ้างที่มีสิทธิผลต่อการสร้างกลยุทธ์ market-driving ที่คุณบัญญัติมาข้างต้น

**Objective:** To study whether the organizational culture is a factor in creating the market-driving approach.

**Prompts:**

7.1 The organizational culture? If yes, how?
    คุณคิดว่าคุณคิดว่าวัฒนธรรมองค์กร ส่งผลหรือไม่ อย่างไร

8. Is there anything you would like to add?
    ไม่ทราบว่ามีประเด็นอื่น ๆ ที่ต้องการเพิ่มเติม จากคำถามที่ถามมาจึงเหมาะสมหรือไม่คะ

**Definition of Market-Driving Approach:**

*Market-Driving Approach* is the approach that focuses on changing of the market structure and market behavior in order to gain the competitive advantage by driving the market. Examples of market driving companies are for instance Body Shop, Amazon.com, eBay, CNN, IKEA, Dell, Swatch and Starbucks.

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- **Players in a market** refer to customers, competitors, suppliers and other stakeholders.