

Intangible Resources and Internationalization: The Crucial Role of Organizational Culture

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Abstract:

This study aims to investigate the role of organizational culture in accessing international markets. To achieve this objective, the researchers employed the Organizational Culture Assessment Tool (OCAI) to gather primary data from a study community consisting of both international and local Algerian firms.

The collected data were subjected to analysis, and hypotheses were tested using structural equation modeling with the least squares method. The researchers utilized Smart PLS 3.2 software for this purpose.

The study findings indicate that international Algerian firms exhibit a high Market Culture, as well as some inclination towards Adhocracy culture, when compared to local Algerian firms. Conversely, local Algerian firms display a strong presence of Clan Culture and some aspects of Adhocracy culture.

Keywords: internationalization, organizational culture, foreign market entry

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I- Introduction:

Since the 1970s, numerous field studies have emerged that have addressed the key variables involved in the process of internationalization. These studies form the cornerstone for building a theoretical framework that provides an explanation of this phenomenon, despite its ambiguity. Some of these studies have focused on the selection of international markets, forms of presence in these markets, the speed and timing of internationalization, as well as the major obstacles and incentives that contribute to this process, providing explanations related to these variables (Johanson & Mattsson, 1987; Johanson & Wiedersheim-Paul, 1975; Phillips McDougall, Shane, & Oviatt, 1994). On the other hand, some argue that the process of internationalization is influenced by the resources possessed by the firm itself, as emphasized by the resource-based view (Barney, 1991; Dhanaraj & Beamish, 2003; İpek, 2018). These resources can be tangible (physical assets) or intangible (creativity, human capital, brand, organizational culture, etc.), and they are crucial inputs for achieving competitive advantage for the firm, enabling it to withstand the fierce competition imposed by the international business environment. From the perspective of this approach, the differentiation in the intangible resources possessed by the firm, which are semi-permanent and not easily imitable, allows it to design and implement strategies for international ventures.

Organizational culture is considered one of the most important intangible resources with unique qualities that cannot be replicated or imitated. It represents the primary driver of energies and capabilities and serves as a guide for desirable and undesirable behaviors within the organization, illustrating how business operations are performed and tasks are executed. This, in turn, positively influences the firm's decisions in international markets and helps achieve competitive superiority in these markets. Thus, organizational culture becomes a potential and powerful resource. Large multinational companies possess a strong organizational culture that has contributed to increased profitability and competitiveness, surpassing many variables encountered during international business operations. Undoubtedly, the changes brought about by globalization have also increased the role of small and medium-sized enterprises (SMEs), which have become major players in expanding international trade volume and driving economic growth through exports.

The internationalization of small and medium-sized enterprises (SMEs) has become increasingly prevalent in the Algerian context. However, the influence of organizational culture on the international operations of these firms remains understudied. This paper aims to bridge this research gap by exploring the role of organizational culture in the international engagement of Algerian SMEs. Understanding the prevailing culture within these firms and its impact on internationalization is crucial for enhancing their competitiveness in global markets.

Despite the increasing prevalence of internationalization among Algerian SMEs, there is a lack of research investigating the specific role of organizational culture in their international operations., its impact on the international engagement of Algerian SMEs remains understudied. Therefore, there is a research gap in understanding how the prevailing organizational culture within Algerian SMEs influences their internationalization strategies, decision-making processes, and overall competitive advantage in global markets.

2. Literature Review

2.1 Facts about Internationalization: Historically, internationalization began with the start of travel and cross-border trade. However, as a term in international business and international marketing, it began to be used at the end of World War II, coinciding with the emergence of globalization on the international stage. Globalization was driven by various forces that rapidly facilitated its spread, including advancements in information and communication technology, transportation and logistics, international trade agreements, international alliances, and global governance. The term "internationalization" has evolved significantly, starting as an ambiguous term with its definition varying based on the phenomenon under study and the associated variables (such as small and medium-sized enterprise management, international marketing and business management, internationalization factors, organizational theories, and decision-making). However, its definition still remains somewhat obscure and controversial, lacking a specific definition despite the abundance of studies on the subject (Ruzzier, Hisrich, & Antoncic, 2006; Welch & Luostarinen, 1988). Internationalization, as defined by (Welch & Luostarinen, 1988), refers to an increase in participation and commitment to international business activities through gradual international expansion. Meanwhile, (Johanson & Vahlne, 1990) define internationalization as the process through which a firm gradually increases its international expansion while maintaining commitment within international markets. (Crick & Crick, 2014) also present internationalization as a process of gradually increasing international expansion alongside commitment within international markets.

2.2 Internationalization of Small and Medium Enterprises (SMEs): Globalization has brought numerous opportunities for small and medium enterprises, similar to what was previously exclusive to multinational corporations and larger companies. Technologies, which were once limited to these big players, have now become accessible to SMEs. These technologies have facilitated communication, connectivity, and reduced research and development costs. Additionally, the decrease in transportation and logistics costs, along with the participation of many countries in economic blocs, bilateral and multilateral trade agreements, and joining the World Trade Organization, have all contributed to the emerging role of SMEs on the international stage (Imran, Aziz, & Abdul Hamid, 2017; Lu & Beamish, 2002).

These enterprises are considered a solution to many crises and problems faced by economies, such as unemployment, and serve as a vital engine for economic growth and increasing export value. This is due to their dynamism and agility, which enable them to adapt quickly to rapid transformations. Furthermore, SMEs have the ability to serve markets that do not attract large corporations and can easily adjust, modify, or completely change their activities. However, despite these advantages, SMEs still face resource constraints, which make them vulnerable to sudden exits from international markets (Awadi, 2013).

2. 3 Intangible resources and internationalization:

Intangible resources play a crucial role in the internationalization process, particularly when it comes to accessing international markets. These resources, which are not physically tangible but hold significant value, can include a company's brand reputation, intellectual property, knowledge base, and organizational culture. Among these,

organizational culture emerges as a key determinant of success in the internationalization process. An organization's culture encompasses its shared values, beliefs, and norms, shaping how employees think and behave. A strong, adaptable, and internationally-oriented culture can foster innovation, collaboration, and a customer-centric approach, enabling firms to understand and respond effectively to the diverse needs and preferences of international markets. Organizational culture acts as a source of competitive advantage, providing a cohesive framework for strategic decision-making, market adaptation, and building relationships with stakeholders across different cultural contexts. It influences everything from communication styles to decision-making processes, allowing companies to navigate the complexities of international business environments more efficiently. By embracing cultural diversity, promoting cross-cultural learning, and fostering a global mindset, organizations can leverage their intangible resources and effectively expand into international markets.

2. 4 Organizational Culture:

The importance of organizational culture has gained significant attention as researchers seek to understand the relationship between cultural factors held by employees and decision-makers and their organizational behavior. It has a profound impact on the life of businesses and organizations, as it plays a crucial role in determining their efficiency and effectiveness, thus influencing the quality and significance of the decisions made. Therefore, studying organizational culture focuses on the complex and intangible aspects such as values, concepts, work methods, and behavioral patterns that are shared by everyone within the organization, rather than solely examining the material and structural aspects of firms (Barka, 2017).

There is no specific or unified definition for organizational culture. (Morgan, 1994) view it as a collection of knowledge, concepts, values, and rituals that enable individuals to be members of the organization. (Deshpandé, Farley, & Webster Jr, 1993) define it as a system of shared values and beliefs among employees within the organization, providing them with behavioral guidelines within it, which continues to evolve and grow. (Schein, 1984) offers a somewhat different and more comprehensive definition, stating that it is "a set of basic assumptions and values that the group has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel."

2.5 Approaches to Measuring Organizational Culture: Since culture is an intangible resource, the process of measuring it has been a subject of scientific debate among experts. In the literature, there are two main approaches to measuring organizational culture:

A. Qualitative Approach: This approach reflects the internal perspective of organizational members. Researchers using this approach immerse themselves in the culture, focusing on deep observations and gaining an insider's perspective rich in details. Despite the benefits offered by this approach, there are some limitations, including:

- The cultural dimensions identified within this approach are specific to a particular context and may not necessarily be applicable to other environments.

- This approach does not provide information about the cohesive and interconnected organizational culture that can be linked to key outcomes such as organizational performance and individual behavior.
- It is limited in generalizing the results across different organizations.
- It requires significant time, cost, and effort in data collection, processing, and analysis.

B. Quantitative Approach: This approach relies on survey questionnaires as a primary tool for evaluating specific dimensions of organizational culture. It allows for multiple comparisons across organizations and facilitates the study of relationships between organizational culture and other organizational variables. The primary purpose of this approach is to generalize the results. Some key points about the quantitative approach include:

- It provides standardized measures that can be used across different organizations.
- It allows for statistical analysis and the examination of correlations and relationships.
- It facilitates data generalization and the ability to draw conclusions about broader populations.

In light of the above, the question arises as to which approach is better for diagnosing organizational culture. In reality, both approaches have strengths and weaknesses, and the choice of the appropriate approach depends on the study's objectives and the type of data that can be collected. A review of the literature shows a common use of the quantitative approach, considering it suitable for research purposes.

2.6 Organizational Culture Assessment Tool: When considering the relationship between organizational culture and firms, it is important to examine the psychometric properties of the tool used for measurement. (Cameron & Quinn, 2000) introduced the Organizational Culture Assessment Instrument (OCAI), which is widely recognized and widely applied in research related to organizational culture. Searching for this tool on Google Scholar yielded over 6,460 results, and there are more than 1,630 articles on Scopus. Based on this, this study relied on the OCAI to diagnose the prevailing organizational culture in the studied firms.

The OCAI was developed by American researchers Cameron and Quinn, who defined organizational culture as a set of specific organizational values that are explicit, as well as a set of underlying assumptions that are not necessarily communicated verbally, along with shared interpretations, expectations, and contextual memories (Cameron & Quinn, 2000). Among the roles played by organizational culture, the researchers indicate the following: organizing and shaping prevailing mindsets, maintaining social system stability, and defining behavioral guidelines that operate within an organization, even if the employees are not consciously aware of them.

The theoretical assumptions of the OCAI tool are based on the authors proposed framework of competitive values. According to this framework, there are two primary dimensions in

the face of environmental complexity within the organizational environment: flexibility and discretion versus stability and control, and internal focus and integration versus external focus and differentiation. The relationship between these competitive dimensions is theoretically conflicting. The outcome of the interactions between these dimensions is the process that leads to the following four potential types of organizational cultures: clan culture, adhocracy culture, market culture, and hierarchy culture.

A. Adhocracy Culture: This culture is characterized by informality, decentralization, and an outward focus. Its strength lies in its ability to adapt quickly to external changes and its emphasis on innovation, risk-taking, and creativity to address uncertainty, ambiguity, and increased information load. The leadership style in this culture is innovative, risk-taking, and open to change, with a commitment to experimentation and creativity (Oney-Yazici, Giritli, Topcu-Oraz, & Acar, 2007).

B. Market Culture: Market culture is known for its strong emphasis on production, achievement, and goal attainment. The dominant values in this culture are productivity, efficiency, competitive ability, and improving production processes. These organizations usually prioritize their position and main purpose in completing transactions. They also emphasize market share and its maintenance, with an outward focus (Sánchez Marín, Carrasco Hernández, Danvila del Valle, & Sastre Castillo, 2017).

C. Clan Culture: This type of culture is characterized by formality, decentralization, and an inward focus. It emphasizes cohesiveness and collaborative work, fostering a team spirit and a sense of a unified family. The managerial style in this culture is paternalistic, advisory, and supportive, providing necessary facilitation for employees. This culture is also characterized by loyalty, commitment, traditions, and relational cohesion. Regarding strategic focus, it is oriented towards human resource development, commitment, and ethics. Institutions that focus on this type of culture use cohesion, unity, and organic factors as motivational drivers (Jaeger & Adair, 2013).

D. Hierarchy Culture: Hierarchy culture is more formal and centralized compared to the previous cultures, with an inward focus and a quest for balance and control. The leadership style in this culture is coordinated, organized, and more orderly. The relationships between employees are characterized by formal rules, procedures, and clear expectations, with a strategic focus on processes and budgeting. Communication is vertical, and decision-making processes are centralized (Heritage, Pollock, & Roberts, 2014).

There is a vast amount of research that highlights the importance of organizational culture in firms and links their success to cultural characteristics. However, these studies have paid little attention to firm operating in international markets. The studies that connect organizational culture with firms in this context are very limited (Dosoglu-Guner, 2001; Dosoglu- Guner, 2008; Ocai, 2000). Considering the dimensions of organizational culture, it can be said that firm operating in international markets may have a high market and adhocracy culture since these cultures focus on external orientation. On the other hand, hierarchical and clan cultures may hinder institutions from seeking opportunities in international markets due to their internal focus and strong emphasis on preferential procedures. This is in contrast to institutions with a more outward-oriented culture that actively seeks market share and international competitive advantage. Based on the above, the following hypotheses can be proposed:

The formulated hypotheses for the study are as follows:

Hypothesis 1 (Hierarchical Culture and Internationalization): Hierarchical culture tends to prioritize formalities and task delineation within organizations. Stability is a major concern in such institutions, and risk-taking is generally not encouraged. In these types of organizations dominated by hierarchical culture, the predictability of outcomes is high. It can be argued that this culture hinders export operations, international expansion, and even compliance within international markets. Based on this, the following hypotheses can be constructed:

H1: Algerian international enterprises have a low hierarchical culture.

H1a: Algerian local enterprises have a dominant hierarchical culture.

Hypothesis 2 (Market Culture and Internationalization): Market culture is characterized by goal achievement, exchange, and competition within diverse and homogeneous environments. It emphasizes external orientations, productivity, and maximum efficiency. The external orientations of market culture reflect the values of official institutions, with a primary focus on profit through competition and achievement. From this perspective, it can be assumed that enterprises active in international markets have a strong market culture compared to local enterprises. The following hypotheses can be formulated:

H2: Algerian international enterprises have a dominant market culture.

H2a: Algerian local enterprises have a low market culture.

Hypothesis 3 (Adhocracy Culture and Internationalization): Adhocracy culture is characterized by decentralization, informality, and a focus on external orientations. Its strength lies in its ability to adapt to rapid change, innovation, risk-taking, and creativity. Key features of Adhocracy culture include growth (i.e., increasing market share) and acquiring new resources to enhance innovation and creativity. In terms of leadership style, an Adhocracy culture embraces risk and change. It emphasizes experimentation, openness, and creativity. Therefore, it can be hypothesized that enterprises marketing their products internationally and aiming to enter international markets have a dominant Adhocracy culture. The following hypotheses can be proposed:

H3: Algerian international enterprises have a dominant Adhocracy culture.

H3a: Algerian local enterprises have a low Adhocracy culture.

Hypothesis 4 (Clan Culture and Internationalization): clan culture, also known as group culture, is characterized by friendliness and a sense of being part of a large family. In organizations with clan culture dominance, cohesion, participation, and teamwork are emphasized. The leadership style in clan culture plays a role similar to that of a nurturing parent, providing necessary support to subordinates. Relationships in this culture are characterized by loyalty, commitment, traditions, and relational cohesion. The strategic focus is on human resource development, commitment, and ethics. Communication methods within these cultures are relationship-oriented and horizontal in nature. Operational focus is internal, with a minimized level of risk-taking. Based on these characteristics, the following hypotheses can be formulated:

H4: Algerian international enterprises have a low clan culture.

H4a: Algerian local enterprises have a dominant clan culture.

3. Results and Discussion

3.1 Methodology: This study aims to determine the compatibility between the Organizational Culture Assessment Instrument (OCAI) model, with its four dimensions, and Algerian firms operating in international markets. Data from the firms were collected based on the database provided by the National Agency for the Promotion of Exports (Algex) and the Algerian Chamber of Commerce and Industry (CACI). The data collection also involved participation in the Second International Exhibition for Investment and Export of Agricultural Products and Food Industries in Southern Algeria, known as Agro Sud Export, held in the province of Ouargla from December 16th to 19th, 2018, and the Fourth International Date Exhibition in the province of Biskra from December 15th to 17th, 2018. Additionally, data were collected from the 27th edition of the Algerian Production Exhibition in Algiers from December 20th to 26th, 2018. Contributions from members of the Algerian Association for the Export of Vegetables and Fruits (Caflex) were also included. Forty-eight small and medium-sized exporting enterprises from the agricultural and industrial sectors were selected for the study. The questionnaires were directed towards the entities responsible for internationalization within the participating firms. The Likert five-point scale was employed to answer the components of organizational culture. The data were analyzed using the SPSS, Excel, and SmartPLS software.

The data for this study was collected using the database provided by the National Agency for Export Promotion Algex and the Algerian Chamber of Commerce and Industry CACI. Additionally, data was gathered from the participation in various events, namely the Second International Salon for Investment and Export of Agricultural Products and Food Industries in Southern Algeria, Agro Sud Export, organized in El Oued Province from December 16 to 19, 2018; the Fourth Festival of Dates in Biskra Province from December 15 to 17, 2018; and the Algerian Production Exhibition in its 27th edition in Algiers from December 20 to 26, 2018.

In total, 100 firms were selected for the study, with 52 firms not currently engaged in any international activities at the time of answering the questionnaire. The electronic form was created using Google Forms and distributed electronically via email. Over 620 emails were sent out, but only 12 responses were received.

At the aforementioned events, the questionnaire was distributed to both international firms and local firms. From this, 48 forms were retrieved from firms with international activities, while 52 forms were retrieved from firms operating solely at the local level.

Overall, the study focused on 48 firms with international activity and 52 firms with local activity only.

3.2 Analysis and Results:

The research model was tested using Partial Least Squares Structural Equation Modeling (PLS-SEM) technique with Smart-PLS 3.2 software to evaluate the measurement model and the structural model. This statistical software evaluates the psychometric properties of the measurement model and estimates the parameters of the structural model.

3.2.1 Evaluation of the Measurement Model

Table (1): Results of Measurements Model – original and modified (internationalization).

Results of Measurements Model – original and modified.								
Internationalization								
Modified Model				Original Model				
Items	Loading	AVE	CR	Items	Loading	AVE	CR	OCAI
		0.670	0.858	DC	0.639	0.496	0.853	Clan Culture
OL	0.911			OL	0.847			
				ME	0.684			
OG	0.751			OG	0.748			
SE	0.786			SE	0.750			
				CS	0.511			
DC		0.829	0.948	DC	0.584	0.735	0.942	Market culture
OL	0.888			OL	0.888			
ME	0.943			ME	0.923			
OG	0.961			OG	0.938			
SE	0.966			SE	0.945			
CS	0.783			CS	0.806			
DC	0.811	0.815	0.946	DC	0.790	0.607	0.888	Adhocracy Culture
OL	0.933			OL	0.937			
				ME	0.665			
OG	0.951			OG	0.947			
				SE	0.101			
CS	0.910			CS	0.887			
		0.715	0.909	DC	0.530	0.565	0.882	Hierarchical Culture
OL	0.791			OL	0.791			
ME	0.883			ME	0.885			
				OG	0.533			
SE	0.915			SE	0.899			
CS	0.784			CS	0.780			

Firstly, convergent validity was assessed for both international active organizations and local active organizations. In Table (1), seven items were deleted from the measurement model for international active organizations due to their outer loadings falling between 0.4 and 0.7. This step was necessary to increase composite reliability and average variance extracted. The same procedure was applied to the second model for local active organizations, where five items were deleted. Table (1) for international active organizations and Table (2) for local active organizations provide further details.

Upon examining the modified model in both cases, it can be observed that the composite reliability of the constructs exceeded the minimum required value of 0.7. Furthermore, the convergent validity of the constructs was higher than the suggested value of 0.5.

Table (2): Results of Measurements Model – original and modified (non – internationalization)

Results of Measurements Model – original and modified.								
Non – INTERNATIONALIZATION								
Modified Model				Original Model				
Items	Loading	AVE	Items	Loading	AVE	Items	Loading	OCAI
		0.679	0.926	DC	0.690	0.679	0.927	Clan Culture
OL	0.870			OL	0.888			
ME	0.956			ME	0.944			
OG	0.968			OG	0.954			
SE	0.957			SE	0.933			
CS	0.797			CS	0.974			
DC	0.723	0.538	0.822	DC	0.702	0.489	0.851	Market culture
OL	0.831			OL	0.826			
				ME	0.667			
OG	0.739			OG	0.753			
SE	0.820			SE	0.787			
CS				CS	0.680			
DC	0.802	0.710	0.936	DC	0.830	0.710	0.936	Adhocracy Culture
OL	0.897			OL	0.918			
				ME	0.581			
OG	0.855			OG	0.878			
				SE	0.413			
CS	0.780			CS	0.727			
		0.813	0.963	DC	0.641	0.813	0.963	Hierarchical Culture
OL	0.873			OL	0.831			
ME	0.830			ME	0.899			
				OG	0.694			
SE	0.789			SE	0.877			
CS	0.876			CS	0.837			

In the original model, it can be observed that some items had loadings below 0.5, and the Average Variance Extracted (AVE) for the Clan Culture construct was also below 0.5. However, the Composite Reliability (CR) was acceptable. Therefore, it was necessary to remove the non-significant items and recheck the results. As shown in the modified model from the same table, all item loadings were above 0.5. Similarly, the extracted variance was also higher, and the CR values remained significant. The following figures illustrate the values of composite reliability and extracted variance.

Discriminant validity: After confirming the validity of the model and making the necessary modifications, we proceeded to assess the discriminant validity using the method proposed by (Fornell & Larcker, 1981). Discriminant validity refers to the degree of

distinction among the dimensions of organizational culture, which represents the values that connect each latent variable with itself. As shown in Table (3) and Table (4), each dimension of organizational culture has a higher correlation with itself compared to the other dimensions.

Furthermore, it can also be observed from the two tables that the reliability coefficients of the items related to the Innovation dimension are higher compared to the other dimensions. The same pattern is observed for the reliability coefficients of the items in the remaining dimensions. This indicates the soundness and quality of the modified model.

Table (3): Discriminant Validity (Fornell & Larker Criterion) non – internationalization.

Construct	Adh -	Clan	Hierarchical	Market
Adh -	0.903			
Clan	-0.005	0.819		
Hierarchical	0.110	0.051	0.845	
Market	0.493	0.240	0.177	0.91

Table (4) : Discriminant Validity (Fornell & Larker Criterion) internationalization.

Construct	Adh -	Clan	Hierarchical	Market
Adh -	0.835			
Clan	0.479	0.912		
Hierarchical	0.105	0.266	0.843	
Market	0.010-	0.366	0.234	0.494

The second evaluation of discriminant validity involves examining the loadings of the indicators in relation to all the structural relationships. Table (3) and Table (4) present the results of the loadings between the constructs and indicators.

As observed, all measurement items exhibit higher loadings on their corresponding latent variables compared to other variables. Similarly, the same tables show that each block has higher loadings than any other block in the same rows and columns. This clear separation of loadings confirms that each latent variable is distinct as hypothesized in the model. Therefore, the assessments of discriminant validity are fulfilled.

From these findings, it can be concluded that both measurement models have demonstrated satisfactory discriminant validity.

The evaluation of the structural model after completing the measurement model, the structural model and study hypotheses were tested to evaluate the predictive ability of the model. The adequacy of the structural model is assessed using the coefficient of determination (R^2) and path coefficients to test the study hypotheses. This is done by employing bootstrapping technique with 500 resamples (Hair Jr, Black, Babin, Anderson, & Tatham, 2010).

3.2.2 The coefficient of determination (R^2): R^2 , or the coefficient of determination, indicates the extent to which the independent variable explains the variation in the dependent variables (Hair Jr et al., 2010). If the R^2 value is greater than 67%, it means that

the independent variable has a high ability to explain the dependent variables. If the R² value falls between 33% and 67%, it is considered moderate, and if it is less than 33%, it is considered weak. As shown in Table (5), the ability of organizational culture to explain market culture is high, its ability to explain innovative culture is moderate, and its ability to explain tribal culture and hierarchical culture is very weak in the first model. In the second model, the ability of organizational culture to explain innovation and tribal culture is weak, while it is moderate in explaining market culture and hierarchical culture.

Table (5): Structure Model Evaluation.

/	Non Internationalization	Internationalization
Quality Indices	R ²	R ²
Adh -culture	0.208	0.594
Clan culture	0.202	0.069
Hierarchical culture	0.601	0.122
Market culture	0.368	0.817

3.2.3 Path Coefficients: Within the structural model, each path represents a hypothesized relationship between latent variables. Based on the analysis conducted on the structural model, it allows for the acceptance or rejection of hypotheses and understanding the strength of the relationship between dependent and independent variables using the results from Smart PLS. These results are presented in Table (6).

Table (6) Test the study Hypothesis.

SL	Hypothesis	Std err	Std Beta	T - value	P - value	Decision
Internationalization						
OC*Adh	H 01	0.086	0.771	8.981	0.000	Supported
OC*Clan	H 02	0.196	0.263	1.338	0.181	Rejected
OC*Hier	H 03	0.186	0.349	1.879	0.061	Supported
OC*Market	H 04	0.080	0.904	11.310	0.000	Supported
Non - Internationalization						
OC*Adh	H 01a	0.086	0.086	6.570	0.000	Rejected
OC*Clan	H 02a	0.196	0.196	8.047	0.000	Rejected
OC*Hier	H 03a	0.186	0.186	3.108	0.002	Supported
OC*Market	H 04a	0.080	0.080	2.789	0.005	Supported

3.3 Diagnosis of the Organizational Culture Gap: Diagnosing the organizational culture gap for the researched firms involves three fundamental steps:

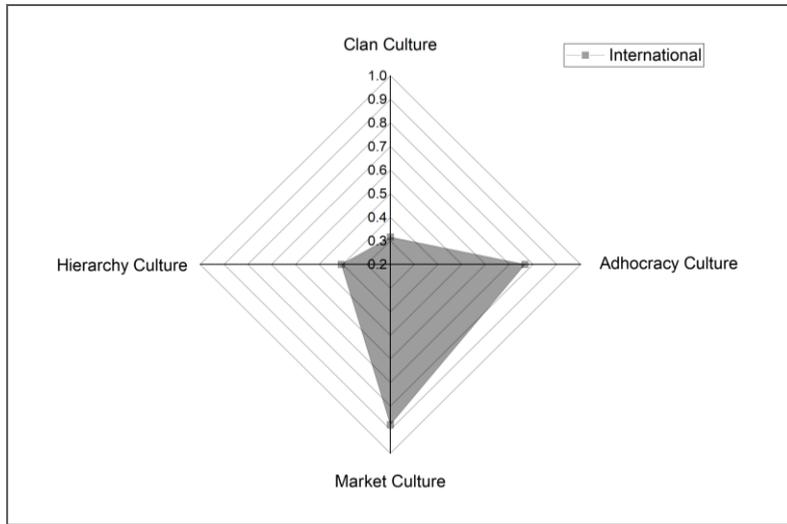
Firstly, measuring the organizational culture in internationally active firms. Secondly, measuring the organizational culture in locally active firms. Thirdly, diagnosing the research gap in the researched firms and deriving the most important results.

3.3.1 Measuring organizational culture in international companies

We draw the statement (1) tribe culture (0.263), market culture (0.904), hierarchical culture (0.349), creative culture (0.771), as we can see from Figure (1), the dominant culture is

market culture and creative culture, given For Figure (1), the dominant area in international companies is (external focus and differentiation).

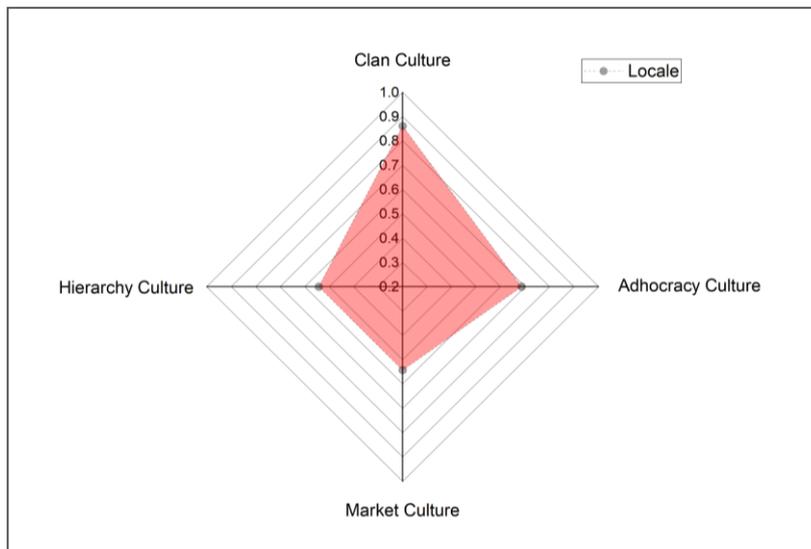
Figure (1): organizational culture in international companies



3.3.2 Measuring the organizational culture in the local activity companies

The same first steps in drawing Figure (2), tribe culture (0.316), market culture (0.879), hierarchical culture (0.406), creative culture (0.766), as we can see through figure determine the gap

Figure (2): organizational culture in the local activity companies

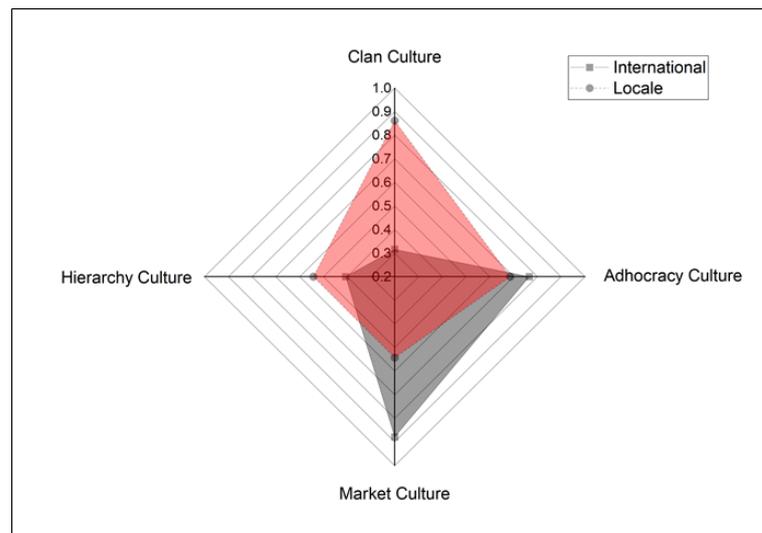


3.3.3 Determine the gap

By measuring the prevailing culture in both samples, the gap can be determined for the companies surveyed by merging the two forms into one form only. Figure (4-12) The

organizational culture gap and the difference lies in following an open culture in international companies (the dominance of market culture and creative culture) and a flexible culture (The dominance of the culture of the tribe and the culture of creativity) in local institutions of activity, it can be said that if institutions want access to international markets in the future, they must follow the culture of the market and reduce the culture of the tribe. (), the dominant culture is the culture of creativity and the culture of the tribe, i.e. that local businesses are dominated by the area of flexibility and discretion.

Figure (1): The gap



Conclusion:

It has become clear to us, through what is mentioned in this paper in its theoretical aspect, that intangible resources play an important role in the process of internationalization. Organizational culture is one of the important resources that have been linked to the performance of companies, whether at the local or international level. Despite the limited studies that connect organizational culture to internationalization, whether it is related to the motives for internationalization or the forms of access and selection of international markets.

In this study, we attempted to link organizational culture with market entry to international markets. Since organizational culture is an intangible resource, its measurement relies on studying models that focus on how to measure and diagnose it. We relied on the Organizational Culture Assessment Instrument (OCAI) to determine the prevailing culture in Algerian companies engaged in international activities and compare it with the prevailing culture in local Algerian companies.

Based on this, the practical aspect of the study aimed to shed light on studying the role of organizational culture in market entry to international markets through a field study of a group of Algerian companies active in international markets and others active in local markets. The OCAI tool was used and directed to the top management team members of the companies. The study also used the research tool to address the main problem and sub-

questions and to test the hypotheses. To obtain meaningful results, we relied on structural equation modeling (SEM) using the method of least squares. The study reached a set of results and suggestions that can be summarized as follows:

Testing the study hypotheses:

Through the study and analysis discussed in various sections of this paper, it can be concluded that:

Regarding the first hypothesis (H1), which states that "Algerian companies engaged in international activities have a low hierarchical culture."

As for hypothesis (H1a), which states that "Algerian local companies have a high hierarchical culture."

The study confirmed the validity of hypothesis (H1), which aligns with the theoretical proposition that international companies have a low hierarchical culture. In other words, this type of company has the ability to face high risks and adapt to international environmental variables. As for hypothesis (H1a), the study disproved this hypothesis, as local Algerian companies engaged in business activities do not have a high hierarchical culture.

Regarding the second hypothesis (H2), which states that "Algerian companies engaged in international activities have a high market culture."

As for hypothesis (H2a), which states that "Algerian local companies have a low market culture."

The study confirmed the validity of both hypotheses (H2 and H2a). International companies have a culture oriented towards goal achievement, working in different environments, and focusing on competition and gaining market share, unlike local companies.

Regarding the third hypothesis (H3), which states that "Algerian companies engaged in international activities have a high innovative culture."

As for hypothesis (H3a), which states that "Algerian local companies have a low innovative culture."

Looking at both hypotheses, we find a strong innovative culture in both samples. For international companies, this aligns with the results of previous studies. As for local Algerian companies, their innovative culture is high, which raises several questions. Does this indicate that active Algerian companies in the local markets have the intention to export and enter international markets? However, there may be other factors that prevent them from doing so.

Regarding the fourth hypothesis (H4), which states that "Algerian companies engaged in international activities have a low clan culture."

As for hypothesis (H4a), which states that "Algerian local companies have a high clan culture."

The study confirmed the validity of both hypotheses. This confirms the theoretical and practical alignment regarding this type of culture.

Recommendations

Local companies engaged in international activities should focus on creating an internal climate that is receptive to cultural organizational change.

Raise awareness about the importance of values and principles that contribute to building a strong market culture within local companies.

Emphasize the value of excellence among employees by fostering a more open culture. This can be achieved by analyzing strengths and weaknesses, identifying opportunities, and anticipating potential risks.

Pay attention to local companies and work on promoting a mindset of internationalization among business owners.

Organize conferences, seminars, and training courses that promote methods for cultural change within the organization towards improvement.

The top management of local companies should gradually adopt a more participatory approach that encourages change within the organization. This involves shifting away from the paternalistic, advisory, and constant monitoring approach and gradually encouraging employees to take on more risks. This approach can help employees feel that they are making a valuable contribution to the organization.

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