The Impact of the Organizational Culture on the Romanian Companies’ Competitiveness on the Global Market

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Abstract: - Our paper emphasizes the results of a survey that we undertaken on a representative sample of Romanian organizations in view to reveal the differences between the real cultural climate and the ideal one, which assure the achievement of the objectives and implicitly the competitiveness on the global market. The culture as it is perceived in the Romanian organizations is far from the ideal culture desired by the organizations’ employees. The cultural profile audit resulted after the research outlines defensive organizations, dominated by hyper-competitiveness and managed under pressure in the conditions of the global crisis. Taking into account the realities of the cultural influences on the organizational performances, we designed an ideal cultural profile for the Romanian organizations based on the professional accomplishment, creativity and quality, teamwork and openness towards the customers’ needs.

Keywords: - Organizational culture, Values system, Performance, Competitiveness, Cultural standards, Ideal cultural profile

1 Introduction
The transition from a current state to a desired one is called transformation. One of the most frequently-encountered signals when business owners decide that there is a need for cultural transformation in their organization is grasping that even though they have great results the strain needed is unreasonably big. Managing an organization is a subject for analysis and strategic planning and so is business strategy also. It is not sufficient to understand what your goals are within a business, you must also understand what king of organization you need in order to achieve those goals. Taking the above-said into consideration we can state that leading people is a part of the complex process of managing a business. It is the responsibility of each manager to lead his/her people though delegating this to the Human Resources Department is very tempting. Strategically speaking, leading people implies defining and building an organizational culture that would serve the purpose of achieving the business strategy’s targets.

2 The importance of the cultural transformations
A company can attain planned results without actively building a constructive culture. Organizational culture helps businesses in the same way as wind helps sailboats advance. A sailboat can sail the seas no matter what conditions, but the wind is the main factor that decides whether the boat will be late or arrive in time, will sail easy to reach its destination point or not and so on. An organizational culture that is also a constructive culture helps organizations reach their goals. Furthermore, an organizational culture that has an aggressive approach may result in a short-term success. Finally, a passive way of acting leads the organizational culture towards certain failure. In most cases, organizations promote rather defensive attitudes (which are highly contraproductive) and therefore it is necessary to define the organizational culture type which best suits them. This action will allow them to understand the current state they are in and finish their strategic plans in order to accomplish them. For an organization to have a culture similar to the desired one, it needs a set of values that are well aligned with the aspirations of the members, and it also needs concrete management actions that are in line with the aspirations the organization has. Often, the culture of an organization drifts away from its stated aspirations and values because, on a daily basis, that managers do not implement their own philosophy. This is called cultural discount. The causes of cultural discount are multiple and profound, but not fundamentally different from those that make every one of us, individually, do things we state and also know that they are not good.

3 Analysis of the organizational culture features?
Organizational culture has a direct impact on the effectiveness of an organization. Understanding the causal relationship between how things happen in an organization and why they happen that way will lead to designing and obtaining impact changes with
long-term beneficial effects. Most research in the field of organization development has revealed the existence of strong links between the culture of an organization and its performance. Therefore, identifying the causal relationship between organizational culture and the organization’s effectiveness is part of the overall performance. The effectiveness of an organization can be measured according to the number of parameters at individual, group, and organization level. These parameters are highly influenced by the degree to which people’s expectations are satisfied by the reality of the organization. This is the reason why these parameters are defined as consequences of the organizational culture. For example, culture is associated with satisfaction, motivation and stress at the individual level, with teamwork and coordination between departments at group level and with quality of products/services and external adaptation at the organizational level.

Figure 1 – How does culture work?

The concept that people’s expectations are measured against is called the **ideal culture**, and the one that measures how things actually happen inside organizations is called the **current culture**. Organizational culture, however, is a profound phenomenon. It can be measured and observed but cannot be managed directly, because it is not determined by allegations but by action and how the organization is run. A number of factors can thus be identified relating to all facets of the organization’s management and also having direct impact on creating the culture of the organization, which are known as **causal factors**.

Therefore, culture represents the fundamental perceptions, shared values and beliefs that guide the way members of an organization interact with each other and the way they work. Culture is determined by behavior and it expresses the way employees should act to fit in the group and be successful (or, at least, avoid problems).

4 Survey on the organizational cultures features perceived in the Romanian organizations

Organizational climate is a combination of how employees perceive that the organization operates and how they feel because of this perception. It can be defined as: attitudes, emotions and perceptions of the employees at work.

Elements belonging to the organizational climate are:
- Consequences of organizational culture
- Causal factors

A. Consequences of organizational culture

I. Consequences at the individual level

a) Positive indicators: is the extent to which members report personal status and pleasant and productive attitudes. Refers to:
- Clarity of roles
- Motivation
- Satisfaction
- Intention to remain (in the organization)

Negative indicators: concerns the extent to which organization members feel the existence of excess demand, pressures and/or adverse conditions (stress factors) and psychological reactions to these conditions (stress or tension). Negative results at the individual level are:
- Role conflict
- Job uncertainty
- Stress

II. Consequences at group level relates to organization effectiveness in managing the interdependence of its members and of its departments and also managing the quality of services provided by them:
- Teamwork and cooperation within departments
- Coordination between departments
- Quality of services within departments

III. Consequences at organizational level:
- Quality of services at organizational level
- Adaptation to the external environment

B. Causal factors
I. Mission and philosophy refers to the extent that the organization has successfully defined its identity and values to employees. Mission and philosophy are examined depending on the clarity with which they are presented to members of the organization and the importance that customers have for the organization, as follows:

- Emphasizing mission
- Organizing towards customer serving

II. Structures relate to the ways that roles, activities and human resources are ordered and combined such as to give birth to the organization. Structures can be examined depending on the extent that they allow (or not) influence, empowerment and involvement of the employees. They are:

- Total influence
- Distribution of influence
- Empowerment
- Employee involvement

III. Systems represent interrelated sets of procedures that an organization uses for key activities and troubleshooting. There can be examined aspects of human resources management systems, evaluation/incentive and goal setting for the organization, as shown below:

a) Human resources management:
- Recruitment and selection
- Training and development
- Respect for the members

b) Assessing and sustaining:
- Accuracy of the assessment
- Using rewards
- Using punishments

c) Goal setting
- Clarity of the objectives
- Goal difficulty
- Participatory establishing of the objectives

I. Technology refers to the methods that are used by the organization for changing resources into results. Technology can be examined depending on the various job characteristics and on the degree of interdependence between members of the organization, and there is:

- Self-government
- Variety
- Feedback
- Task identity
- Significance
- Interdependence

II. Skills/qualities are skills and qualities displayed by members of the organization – especially by those in management positions. Skills and qualities can be:

a) Communication:
- Communication with lower levels (top-down)
- Communication with higher levels (bottom to top)
- Communication for learning

b) Leadership:
- Interaction facilities
- Task facilities
- Emphasizing of the objectives
- Consideration

c) Superiors' sources of power:
- Personal power bases (positive)
- Organizational power bases (neuter - negative)

Culture-climate relationship shows that the perception of certain climate factors, such as structures or systems, determines employees to understand what the organization expects from them (culture). These rules and expectations, in turn, generate consequences and attitudes such as motivation and teamwork. To diagnose the current culture of companies in Romania we have analyzed the results of the first national research of organizational culture made by Human Synergistics Romania.

Figure 2 – Current culture of organizations in Romania
Source: Human Synergistics România
The research took place from July to September 2008 and final results were published in February 2009. The study was a quantitative investigation based on questionnaires and was held on two coordinates: climate and culture of the organization. The two dimensions – climate and culture – have been investigated with two quantitative instruments:

- **The organizational culture study** - quantifies "what is expected" from the members of the organization, or, in a more technical language, the standards and the behavioral expectancies which reflect more abstract aspects of culture such as values and beliefs shared in an organization.
- **Organizational efficiency study** – which measures causal factors that drive and shape culture as well as the impact that culture has on the employees, groups/teams, and the organization itself as a whole.

Using the first instrument, “Organizational culture study”, measurements were made for twelve different styles that define the culture of an organization in terms of how they expect the employees to approach tasks and interact with each other. Results for these cultural rules were collected for the whole organization and distributed on a circular chart (figure 2).

The cultural norms are arranged on the chart so that the ones which are pointing towards the top would reflect expectations of growth and satisfaction oriented behaviors. The styles placed at the bottom highlight presumptive conducts that are focused on meeting the security needs. The norms from the right side of the circle show the human interaction expectancies, whether those from the left side emphasize task-oriented behaviors.

Differences between satisfaction and security and between people and their tasks define three categories of cultural standards measured by the circular diagram. Each category includes four types of cultures:

**A. Constructive cultural standards:**
- Result-based culture
- Self-development oriented culture
- Humanist – encouraging type of culture
- Affiliation type of culture

**B. Passive/Defensive cultural standards:**
- Approving type of culture
- Conventional type of culture
- Subordination type of culture
- Avoidance type of culture

**C. Aggressive/Defensive cultural standards:**
- Opposition type of culture
- Power based culture
- Competition type of culture
- Perfectionist type of culture

The results of the research that Human Synergetics conducted, as far as the Romanian organizations’ cultural distinctiveness is concerned, show three predominant cultures, one for each cultural standard:

- **Competitive**
- **Self-development**
- **Conventional**

and also a secondary culture:

- **Opposition**

The main feature of the Romanian organizations’ culture is excessive competitiveness. The firms in which this type of culture prevails, value success and all that surrounds it, like “winning” or “losing”. Employees are constantly trying to prove that they are better than their peers, and not necessarily meet the objectives of the organization. This need to prove something often exceeds the priority tasks and becomes present in any situation no matter how insignificant it may be: that person needs to win any debate, any polemics and any dispute. Every idea, once expressed becomes sacred and that person is willing to fight tooth and claw to protect it. If the dispute is lost, retirement is preferred to admitting defeat. In other words, individuals within such organizations are working in an environment of “wining or losing” and consider that in order for them to be noticed at work, they should work (rather) against their colleagues than together. In these organizations the rewards for performance are always given after comparison between employees. This behavior is not at all useful. At the individual level, it generates stress and conflicts, and at organizational level it causes dissolution of the organization, dividing it into camps and even creates polarization towards exclusively personal interests. Also, the exaggeration of competitiveness can hinder the efficacy, reducing cooperation and encouraging unrealistic performance standards (either too weak, or too high). Another predominant feature reflected on the chart is self-development. Self-development oriented culture is specific for organizations that exploit the creativity and quality rather than quantity, and also sustain the completion of tasks and individual development. This dimension shows that the Romanian organizations have a high level of orientation to the future, for the better, for quality, for creative overcoming of obstacles. That comes, not only from the proverbial capacity of Romanians “to manage”, but also from a sincere concern of members to make something of good quality. Employees of these organizations are encouraged to obtain satisfaction from their work, to self-develop, and to always seek new and exciting activities. This trend is evident in all the top organizations and shows the highly importance that the organizational environment of Romania in developing consciousnesses and working practices. They have a missionary role that is not listed in stable economies. Even if organizations that have self-development as a specific can be quite difficult to understand and monitor, they tend to be
innovative, to offer quality products and services, and to attract and develop employees who stand out. Conventionalism is the third predominant feature that the research highlighted. There are Romanian organizations that are highly conventional, which means respecting, sometimes only in appearance, of rules and procedures. This act is the human response to the increased aggressiveness of the organization and is a loophole to escape from the individual responsibility. Conventional culture is specific to conservative, traditional and bureaucratically controlled organizations. In this kind of organizations rules become more important than ideas and the employees are expected to follow rules and make a good impression. A traditionalist culture can become an obstacle to performance, by deterring innovation and initiative and by preventing the organization to adapt to changes. The lack of conventions does not necessarily mean repeated violation of the rules, but the knowledge that rules are created to help the work, and when they do not, they must be changed. Opposition oriented culture is a secondary culture in Romanian organizations. In organizations defined by this culture confrontation is dominant and negative attitude is rewarded. Employees gain status and influence by being critical and thus are encouraged to oppose the ideas of others. Although only decisions which are safe are adopted, they are not effective. Even if a certain level of criticism is good, increasing criticism can cause unnecessary conflicts, a poor capacity to solve problems within the group and adoption of minimum risk solutions which are, mostly, ineffective. As the chart shows (Figure 2) Romanian organizations are:

- encouraging task-oriented conducts
- are concentrated towards meeting the security needs

5 Design of an ideal cultural profile for the Romanian organizations

Romanian organizations aspire to a culture in which constructive styles prevail and conduct is pointing towards growth and satisfaction.
The chart shows us that the ideal profile of firms in Romania involves combining the four behavioral rules from the category of constructive styles:

- results oriented style
- self-development oriented style
- humanist – encouraging style
- affiliation style

Such organizations are those that tend to get things right, being focused on results. These organizations value employees who set and reach their goals, creativity and quality more than quantity. The ideal profile for the Romanian organizations also refers to participatory management, focusing on individuals. Employees in such organizations are constructive, friendly, open to relating with one another, loyal to the organization. They collaborate, support each other and shape their activities, as necessary, to facilitate achieving group tasks. Organizations with such a profile solve their problems accordingly. They are oriented to innovation and attain performance by increasing employee involvement.

In these organizations members at all levels are involved in carrying out the organization’s mission and have the authority to perform their tasks independently, which encourages personal development.

As can be seen from the diagram the ideal profile of the organizations in Romania involves an extension to the aggressive styles, especially to the competitive one. The tendency is to encourage the negativist attitudes, emphasizing the hierarchical positions, performance evaluation using comparison with the achievements of other individuals. This side of the ideal culture also reflects the fact that employees tend to be influenced by the control exercised by managers on the desirable results (reward power), on the official position (legitimated power) and on the ability to punish those who do not comply (coercive power).

**Conclusions**

![Figure 5 – Ideal culture vs. current culture in Romania – the way people work](source: own contribution)

![Figure 6 – Ideal culture vs. current culture in Romania – the way people interact with each other](source: own contribution)

The current culture promotes the encouragement of employees in order for them to set and achieve their own goals based on previously established plans. This fact reflects a results-oriented culture. We can
observe a trend towards self-development. The organizations are supporting creative and innovative activities which lead to a diversification of skills that the employees possess and to a humanistic-encouraging orientation. This last aspect is emphasized by the participatory management. Furthermore these actions also lead to an affiliation orientation revealed by constructive human relationships. In the ideal culture these constructive styles are more prevalent. They seek the top limit, which could be a first gap between how things work in an organization and how they should. Another discrepancy between current and ideal culture refers to approving and perfectionist styles. In the current culture the two styles tend to be increased while ideal culture maintains them at an average level. Also in the current culture, unlike in the ideal one there is a greater preponderance of the conventional style, which indicates that currently, the rules are more important than they should be. It can be observed a different prevalence of the competitive style, which is considered at a lower level today than it should be. This aspiration reflects primarily the desire to add value and rewards to success. Adapting to cultural ideal Romania should take into account the consolidation of behaviors considered ideal for both cultures and minimize potential manifestation of those behaviors that fall outside the vision of an ideal culture. As a last instance these cultural competences must be sustained by a consolidation program. Such a program can contain actions such as:

- The identification of the promoting activities for the new cultural values.
- The organization of courses and programs for retraining or further professional training.
- Find staff that meets the new requirements.
- Linking performance required in the new culture with appropriate moral and material rewards.

References