Assessing the Organizational Culture of Local Organizations

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Abstract

Within this paper, we aim at presenting some of the results of an extensive research conducted during the Doctoral School, on the analysis of the impact that the knowledge-based economy has on organizational performance.

The quantitative investigation was conducted based on an assessment questionnaire addressed to the employees from all hierarchical levels, in Romanian companies, mostly from the South-East of the country. The questionnaire's statements were aimed at the assessment of the extent to which local organizations apply the features of the knowledge-based economy and organization.

Within this work, we will disseminate the research results regarding the extent to which Romanian companies practice an organizational culture focused on creating a pleasant working environment. In a subsequent paper, we will also present the impact of the application of such a culture on organizational performance.

Key words: knowledge-based organization, organizational culture, organizational performance
J.E.L. classification: D83

1. Introduction

The concept of organizational culture refers to everything related to the standards of collective thinking, attitudes, values, beliefs, rules and habits that develop within the organization and guide its members' conduct, in order to fulfill their tasks and to achieve the organization's objectives. In fact, the organizational culture is an important part of management culture, and the latter refers to the system of values, beliefs, aspirations, management styles and managers' behaviors practiced within the organization (Collins, 2007, p.57).

In knowledge-based organizations, there is shaped an organizational culture specific to the treatment of knowledge, namely the knowledge-based organizational culture (Nicolescu *et. all*, 2005, p. 381.), which represents all values, beliefs, aspirations and behaviors whose common denominator is the treatment of knowledge that influence directly and indirectly the functionality and performance of the knowledge-based organization.

The knowledge-based organizational culture has several defining features ((Nicolescu *et. all*, 2011, pp.383-384.):
- ➢ places people and knowledge (and not the material elements) in the foreground;
- ➢ focuses on the employees' intense participation in decision-making;
- ➢ focuses on collaboration and cooperation among knowledge-based specialists;
- ➢ focuses on customer satisfaction;
- ➢ is receptive to news and favors innovation in all the company's activity areas;
- ➢ is incentive to risk-taking and tolerant to errors and failures, particularly in innovation processes;
- ➢ is centered on individual and organizational learning and supports knowledge sharing.

2. Research methodology

In order to assess organizational culture, we made a number of statements, as shown in Table 2, with the intention to analyze the extent to which local employees know and identify themselves with the vision and values of company they work for, the extent to which they are respected and trusted by their leaders.

The items have five possible answers, using the Likert scale, i.e. the attitude scale used in a survey. The Likert scale is an ordinal scale; it has five gradations (strongly disagree, disagree, indifferent, agree, strongly agree) and indicates the intensity of the subject's agreement or disagreement on a particular statement or characteristic.

In order to ensure a proper representation of the organizations investigated, their selection was random, on a voluntary basis. 350 questionnaires have been distributed, both electronically and in printed format. This sample size allowed the establishment of a statistically relevant database.

The data were organized into a *database* for processing and analysis. Incomplete or wrongly filled in questionnaires (i.e. 17 questionnaires) were eliminated; in the end, there were 318 valid questionnaires, wherefrom we retrieved and interpreted the data.

The items that made up the survey had been formulated in order to meet the variables that constituted the characteristics of the organization, namely of the knowledge-based economy. The items were formulated as statements describing the opinions of the employees from all hierarchical levels, on matters pertaining to their organizations. Each statement contributed to the calculation of the variable to which it belongs. For example, statements A1, A2, A3, A4, A5, A6, A7 and A26 from the questionnaire contributed to the calculation of the variable "organizational culture, focused on creating a pleasant working environment, characterized by a relaxed atmosphere".

In order to calculate the score for each statement, there were given scores in the range [-2, +2], depending on the answer, -2 representing the minimum value and +2 – the maximum value. In order to get scores (means) for each statement, we weighted each answer to the statement (from -2 to +2) with the number of the respondents for each answer, and then we divided it by the total number of respondents, resulting in a weighted mean, as in the following example:

Table no. 1 - Example of calculating the mean for each statement, and the score calculation

1. You are acquainted with the vision and the values of the organization to which you belong and they are in harmony with your vision and values.	-2 strongly disagree	-1 disagree	0 indifferent	1 agree	2 strongly agree	Average of the assessment
Number of respondents	0	6	72	120	120	1,113208

Source: Own processing

Calculation method of the score:

$$[(-2) * 0 + (-1) * 6 + (0) * 72 + (1) * 120 + (2) * 120] / 318 = 1,1132$$

According to this calculation method, for the statements on organizational culture assessment, we obtained the following situation, presented in table no. 2.

Table no. 2 - Assessment of the organizational culture in local organizations.

STATEMENT	Statement mean
1. You are acquainted with the vision and the values of the organization to which you belong and they are in harmony with your vision and values.	1.113208
2. You are guided in the company's procedures and regulations (e.g. Rules of procedure, rules of organization and operation etc.) and order and discipline are its core values.	1.207547
3. Top managers respect the employees and trust them and they are involved in the decision-making process across the organization.	0.886792
4. The organization treats employees as "workforce" whose time and energy are available to those with higher positions in the hierarchy.	-0.0566
5. My work environment is pleasant, characterized by a relaxed atmosphere.	1.188679
6. The attention paid by managers to fairness and ethical behavior is stronger than the concern for reducing costs and increasing revenues.	0.207547
7. Honesty, fairness, integrity and transparency are values promoted by the organization.	1.056604
26. Mistakes are tolerated by managers, being considered inherent during learning.	0.00
SCORE OF THE VARIABLE ORGANIZATIONAL CULTURE	**0.700472**

Source: Own processing

3. Research results

Analyzing the variable organizational culture, we notice that the highest score was obtained by the statement on the knowledge of the organization's rules and values, i.e. 1.207 out of maximum 2. This score reveals the fact that the employees are acquainted with the rules for the organization and operation of their company, they comply with the provisions of these regulations, and the managers are responsible for the order and discipline within the organization.

A score close to that outlined above, namely 1.113 was obtained by the statement on the employees' knowledge about the organization's vision and values. This score shows two aspects: first, those surveyed believe that the company's vision and values are identified largely with their own system of values; second, the organization's management believes that it is important for employees to know and be reflected in the company's vision and values, in order to achieve the organizational objectives, promoting values such as honesty, fairness, integrity and transparency. This situation is also supported by the score of statement 7, i.e. 1.056.

Local managers are oriented towards performance achievement, in the same way that they are interested in adopting an ethical behavior within the organization and they are not very tolerant of faults, fact revealed by the score of statement 6, i.e. -0.207, and of statement 26.

It is evident from the scores of statements 3, 4, and 5 that, between management and the executive, there is a minimum of respect and trust, which leads to a working atmosphere favorable to the achievement of organizational goals. However, the involvement of the executive in decision-making, a feature of the knowledge-based organization, is relatively low if we look at the score of statement 3, i.e. 0.886. Although efforts are being made in the direction of change, the characteristics of traditional management forms are still deeply rooted.

The total score of the variable organizational culture is 0.700, above the neutral value. It is a positive result, which shows the small but important steps made by the managers of local organizations towards inculcating within the organization an open culture, where the employee is reflected in the organizational values, goals and decisions.

For the data series related to the studied variables, we used the descriptive statistical analysis and we calculated the following indicators (Codirlaşu *et. all*, 2008, pp.5-6):

➢ Mean (the arithmetic mean calculated as the sum of the observations divided by the number of observations). If the data series related to the variable is normally distributed, the mean indicates the middle of the range between minimum and maximum (the distribution range of data).

➢ Standard Deviation (it is a measure of the dispersion of observations) shows the root mean square deviation from the arithmetic mean of variable values. If it has a low value, then the data vary slightly around the mean.

➢ Kurtosis measures the tailedness of a distribution compared to a normal distribution. Kurtosis is zero for a series of data with a normal distribution; it is positive for a series of heavy-

tailed data relative to a normal distribution, and negative for a series of light-tailed data relative to a normal distribution.

➢ Skewness is the asymmetry coefficient measuring the lack of symmetry in the distribution of data series relative to its mean. The asymmetry measures the deviation from the symmetrical layout and the (positive or negative) asymmetry direction relative to the normal curve. Skewness is 0 for a series of data with a normal distribution; it is negative for a number of data asymmetrical on the left (the series has smaller values); it is positive for a data series asymmetrical on the right (the series has higher values).

Tab. nr. 3 - Descriptive statistical analysis of the analized variable

	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic
A1	-1	2	1.113208	0.817638	-0.42068	-0.83864
A2	-1	2	1.207547	0.899179	-0.89265	-0.13257
A3	-1	2	0.886792	0.966186	-0.53159	-0.66465
A4	-2	2	-0.0566	1.252104	-0.24185	-1.11558
A5	-2	2	1.188679	0.954285	-1.17457	1.067414
A6	-2	2	0.207547	1.140455	-0.02902	-0.89613
A7	-2	2	1.056604	1.124689	-0.91522	-0.31381
A26	-2	2	0.00	1.16738	-0.14367	-0.78515

Source: Own processing

In the table above, there are detailed the results of the descriptive statistical analysis of the variable organizational culture. The first two columns show the minimum and, respectively, the maximum values for the statements allocated to the variable analyzed. It is noteworthy that some statements recorded values between -1 and +2 (such as statements 1, 2, 3), while other statements recorded values between -2 and +2 (such as statements 4, 5, 6, 7, 26). The third column of the table shows the mean obtained by weighting the 318 answers to the score given by each respondent to the respective statement. This mean contributed to the score of the variable organizational culture, i.e. 0.700.

The next column shows the standard deviation and it reveals the root mean square deviation from the arithmetic mean of the variable values. If it has a low value, then the data vary slightly around the mean.

All series present a negative asymmetry (or towards the left), due to the Skewness coefficient < 0. The left asymmetry occurs when the variable values – smaller than the average level – have high frequencies.

The data series are light-tailed, as evidenced by the negative kurtosis coefficient, except for the statement on the environment and atmosphere of the workplace, where the kurtosis is positive, which means that the data set is heavy-tailed relative to the normal distribution.

In the performed descriptive statistical analysis, we generated histograms for each variable. Histograms reflect the summary of the descriptive statistical analysis, plotting the distributions of the values of the analyzed variable.

Figure no.1 – Histogram of the variable organizational culture
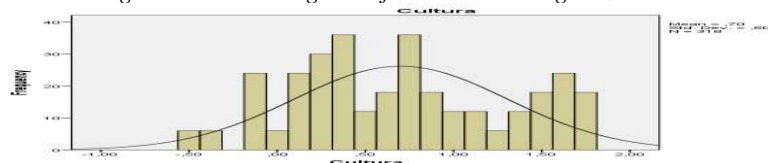
Source: Own processing

4. Conclusion

The total score of the variable organizational culture is 0.700, hovering above the neutral value. This is a positive result, which shows the small but important steps made by the management of local organizations towards inculcating an open culture within the organization, where the employee is reflected in the organizational values, goals and decisions.

The organizational culture is an essential and indispensable element to the organizational progress, one of the factors that determine business performance and organizational success (Blanchard, 2010, 195). The economic globalization and the knowledge revolution triggered new ways of organizing human activity. The fast pace of change in ICT required shaping new practices, methods and action tools within the organization, based predominantly on information and communication rather than on control and administrative hierarchy.

Organizations identify and differentiate from other organizations by their values, beliefs and practices, which lead them to achieve competitive advantage.

5. References

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