

Is There a Positive Correlation between the Organizational Culture, Focused on Creating a Pleasant Working Environment and Organizational Performance?

Dorinela Nancu
"Ovidius" University of Constanta
cusudorinela@yahoo.com

Abstract

This paper is a continuation of a previous work, where we analyzed the extent to which Romanian companies practice an organizational culture, focused on creating a pleasant working environment. Thus, continuing the dissemination of the research results conducted during the Doctoral School, within this paper, we will check if there is a positive correlation between the organizational culture focused on creating a pleasant working environment and organizational performance.

Before confirming or rejecting this hypothesis, we will assess, as in the previous work, the organizational performance by processing the data gathered within the quantitative investigations conducted based on the questionnaire addressed to the employees from all hierarchical levels, in Romanian companies, mainly from the South-East of the country. The questionnaire's statements aim at the assessment of the extent to which local organizations comply with the characteristics of the knowledge-based economy and organization.

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

1. Introduction

Performance is a state of the entity's competitiveness, reached through a level of effectiveness - efficiency - economy, which ensures a sustainable market presence. (Albu, 2008, p.64). In order to achieve performance, we must establish, from the beginning, what we want to achieve and in what circumstances, a clear definition of the route to be followed and of the necessary resources, as well as a strong motivation to achieve performance. (Collins *et al.* 2006, p. 46)

Studying the organizations' performance implies analyzing its behavior; moreover, it is noteworthy that performance improvement can be triggered only by behavior improvement. It is clear that a key role in achieving performance is played by the entity's management. (Collins, 2007, p. 67) The performance of the knowledge-based organization is underlined by all the knowledge-based employees plus the knowledge-based specialists from outside the company, who are strongly integrated in the company's activities of sales, distribution and supply.

2. Research methodology

The research methodology of organizational performance is similar to the one used for the assessment of organizational culture, presented in the previous work. In this respect, there were formulated a number of statements in the questionnaire, in order to assess the performance of Romanian organizations, using the Likert scale. We introduced and centralized the valid questionnaires into a database that has accumulated 318 valid answers.

We chose to analyze the organizational performance through a series of statements on three basic parameters: customer satisfaction (statements 43-45 of the questionnaire), the employees' fulfillment and dedication to work (statements 46-49 of the questionnaire) and financial

performance (statements 50-52 of the questionnaire).

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 one. 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, i.e. 318, achieving a weighted mean.

Following this calculation method, in terms of the statements for assessing organizational performance, we obtained the following situation, presented in table no. 1.

Table no. 1 – Assessing the performance of local organizations

STATEMENT	Statement mean
43. The organization offers its clients services of high quality standards, because their satisfaction is a major concern of the organization.	1.283019
44. The organization carries out market research activities in order to become acquainted with the clients' needs and to improve the quality of its services and products.	0.792453
45. The organization manages rapidly and efficiently the customers' complaints.	0.962264
46. The employees' satisfaction with their job (activities, responsibilities, relationships, incentives) is a major concern of the organization.	0.301887
47. All employees are concerned with the organization's profitability/ effectiveness and cooperate in order to achieve the organization's objectives.	0.603774
48. You feel fulfilled at your present workplace.	0.811321
49. There is respect and trust between employees and managers.	1
50. The company's financial evolution is positive.	0.849057
51. Te number of clients and of the contracts concluded with them is increasing.	0.773585
52. Recently, the organization has made significant investments (for example, in renewing the portfolio of fixed tangible assets, i.e. buildings, lands, equipment etc., and intangible assets, i.e. patents, software, licenses etc.)	0.264151
SCORE OF THE VARIABLE ORGANIZATIONAL PERFORMANCE	0.764151

Source: Own processing

3. Research results

Customer satisfaction requires knowledge of the customer's wishes and their satisfaction, acquiring customers' loyalty through the quality of products or services and their superiority over those of the competitors, the organization's responsiveness to the ever-changing customer needs. Statements 43, 44, 45, related to the assessment of the customer satisfaction, for the organizations studied, achieved high scores.

By analyzing the score of statement 43, i.e. 1.283 out of maximum 2, we can say that the Romanian entrepreneurs acknowledge that the main method to keep their current customers and to attract new ones is to offer them top quality services and products. Customers today expect a lot from those providing services, and if they do not think that they are offered high quality services, the providing organization will soon be affected.

A significant score was obtained by the statement on the company's speed in managing customer complaints. In a turbulent business environment, the time wasted amid technical problems involving additional expenditure, the rapid execution of after-sales services is one of the most effective ways to promote an organization, as people will praise those who solve problems in a short term.

From the triad of the statements related to the assessment of customer satisfaction, the lowest score was obtained by the statement on the extent to which the organization conducts market research in order to become acquainted to customer needs and to improve the quality of services and products, namely 0.792 of maximum 2. This score shows that local organizations make moderate investments in the research on customer needs. The motivation is represented by the financial expenses triggered by those steps, involving a market study conducted by an external company, if there is no right person within the company etc.

Customer satisfaction is closely connected to employee satisfaction; between the two there is a

positive relationship. Thus, if the employees are satisfied at work, they will be more careful and nicer with customers; they will be willing to listen to them, which triggers a behavior appreciated by customers. Moreover, the employees satisfied with their jobs are less tempted to leave their jobs; therefore, close ties based on trust form between them and their customers.

The employee's fulfillment and commitment (questions 46-49) implies people's affiliation to the organization's vision and values, satisfaction with the work done and maintaining their morale at high levels, resulting in voluntary cooperation for the achievement of the objectives.(Pfeffer, 2010, p.135).

If those in power involve the executive party in decision making, they entrust it with activities involving a high difficulty level, encourage it to work in a team, to cooperate in tasks. The employees will thus realize that their work and effort bring added value to the company. Finally, employees become more motivated, more faithful and, therefore, more satisfied because they are responsible for their own decisions in the achievement of their tasks.

The fulfillment and dedication of the surveyed employees come from a workplace climate based on respect, trust and mutual cooperation between employees and their managers, as evidenced by the score of statements 48 and 49. The propagation of such a climate is the managers' responsibility. If the latter removes the obstacles, making an individual feel fulfilled and respected at work, they create an environment conducive to achieving employee satisfaction.

The surveyed employees are concerned about the profitability of their company because their job security depends on it. However, this time, we also notice the hierarchical barriers and the hampered communication of the responsibilities to employees, which hinder teamwork and the inter-departmental cooperation for the achievement of tasks, if we look at the scores of statements 48, i.e. 0.603, and 46, i.e. 0.301, from maximum 2.

Financial performance (questions 50-52). The statements from this questionnaire are general and the employees' assessments are based on their perception; there is no detailed financial analysis of financial performance, but one based on the subjects' answers.

If we looked at the scores of statements 50, 51 and 52, we could say that the surveyed employees place their organization in the maturity stage, where the company's financial performance is positive and the number of customers and of the contracts concluded with them grow in a slow pace; there is felt the lack of advertising, promotion and investment actions in tangible and intangible assets, in order to boost them.

The assessment of the organizational performance was achieved through the employees' perception, under subjectivity and lack of evidence of the actual financial performance of the organizations studied.

The total score obtained by the organizational performance, through the series of statements concerning three parameters – i.e. customer satisfaction, employee fulfillment and dedication to the workplace and financial performance – is 0.764 of maximum 2. The scores obtained in the organizations studied indicate a performance located at a medium level. The excellence of Romanian organizations and the achievement of a maximum performance score depend on the increase in the scores of the three parameters studied.

This is a score obtained mostly on the account of the local organization's interest and efforts oriented towards acquiring the loyalty of current customers and attracting new customers by offering pre and post sale services of high quality standards. It is also a score derived from a working climate based on respect, trust and mutual cooperation between employees and their managers, and less on the investment in tangible and intangible assets, made by local organizations.

A people-centered management strategy facilitates higher quality levels of customer service and greater labor productivity, resulting in high financial performance (Whitmore, 2011, p.83). The research shows that the three performance parameters interact with each other. Positive changes in the employee's fulfillment and dedication lead to customer satisfaction, which turns into sales, i.e. financial performance. It is difficult for the organization to have excellent financial results in the long term without offering qualitative services to customers. Moreover, the qualitative services offered to customers depend on the employees' commitment and dedication to the organization.

4. Is there a positive correlation between the organizational culture focused on creating a pleasant working environment and organizational performance?

The presence of this causality was determined by calculating the Pearson correlation coefficient (r). *The correlation coefficient measures the intensity and direction of the connection between the two variables.* The correlation coefficient r can range between **+1** (positive, direct, perfect correlation) and **-1** (negative, inverse, perfect correlation). Between these extremes, a correlation coefficient **0** (zero) indicates the total absence of the correlation, or, in other words, their independence from each other. Thus, we calculated:

- The Pearson correlation coefficient between the mean of each statement related to organizational culture (calculated in previous work) and the mean of each statement related to organizational performance (table no. 2);
- The Pearson correlation coefficient between the mean of the variable organizational culture (calculated in previous work) and the mean of the variable organizational performance (table no. 3).

In order to assess the organizational culture, we have made a number of statements focused mainly on analyzing the extent to which local employees know and identify themselves with their company's vision and values, the extent to which they are respected and trusted by their managers.

The most significant correlations are those between the statements assessing performance and statement 5, which assesses the degree of comfort that the employees feel at work. The medium and strong correlations obtained here highlight how important it is for an employee to benefit from a pleasant working environment, characterized by a relaxed atmosphere. Such an environment triggers an increase in labor productivity, which ultimately leads to the achievement of performance targets.

The way in which the working atmosphere is built within the company noticeably affects the employees' performance. In companies where the organizational culture is based on respect, trust, honesty, fairness, tolerance of the mistakes occurring during learning, and not on the exercise of authority, there is an increase in the employees' performance. As evidence in this direction, we mention the strong and moderate correlations between statements 3, 6, 7, 26 and the statements related to performance.

Tab. no. 2 – Pearson Correlation between statements of organizational culture and organizational performance

Pearson Correlation	A43	A44	A45	A46	A47	A48	A49	A50	A51	A52
A1	0.314	0.269	0.359	0.219	0.366	0.392	0.090	0.215	0.386	0.134
A2	0.275	0.365	0.431	0.150	0.353	0.480	0.450	0.137	0.374	0.203
A3	0.439	0.181	0.220	0.415	0.258	0.423	0.323	0.369	0.219	0.156
A4	-0.148	0.335	0.114	-0.043	0.090	-0.128	-0.132	0.059	0.237	0.091
A5	0.503	0.208	0.405	0.313	0.555	0.664	0.597	0.397	0.386	0.100
A6	0.336	0.209	0.244	0.334	0.342	0.428	0.322	0.419	0.486	0.297
A7	0.245	0.170	0.243	0.174	0.507	0.492	0.556	0.207	0.334	0.060
A26	0.292	0.154	0.015	0.347	0.470	0.449	0.378	0.373	0.296	0.022

Source: Own processing

Tab. no. 3 - Pearson Correlation between organizational culture and organizational performance

	Performanță
Cultură organizațională	0,677

Source: Own processing

The table above clearly reveals that an organization that aligns its members to a common vision leads the entity towards performance, given the very strong correlation between the two variables,

i.e. organizational performance and organizational culture, i.e. 0.677.

5. Conclusion

The organizational culture has a great impact on the employees' morale and productivity. The development of the organization can be achieved by implementing the vision and the organizational strategies in the set of the employees' values, by creating an optimal frame of mind, which makes the employees eager to turn these objectives into reality.

The organizational culture manifests a strong influence on the organization's ability to achieve its performance objectives. Therefore, it requires attention when talking about risk management, change management, customer relations management etc. The organizational culture is central to the successful achievement of the activities undertaken in order to improve the company's long-term functionality.

Every organization has a culture and a unique set of values, which differ more or less from the organizational culture of other companies. For example, there are companies that base their culture on integrity and honesty, on respect, on the concern for customers and business partners. The increase in the organization's advantageous position occurs when these values, which also support performance, are shared by the organization and by its employees.

6. References

1. Albu C. N., 2008, "Măsurarea performanței-indicatori pentru gestiunea capitalului", *Corpului Expertilor Contabili și Contabililor Autorizați from Romania Review*, no. 10/2008.
2. Collins, J., Porras, J.i., *Afaceri clădite să dureze*, 2006, Bucharest, Curtea Veche Publishing.
3. Jim Collins, *Exceleța în afaceri*, Editura Curtea Veche, București, 2007
4. Pfeffer, J., *Resursele umane în ecuația profitului*, 2010, Bucharest, ALL Publishing.
5. Whitmore, J., 2011, *Coaching pentru performanță: formare personală, performanță și scop*, Bucharest, Publica Publishing.