

## The Importance of Cultural Components in the Analysis of an Organization

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### Abstract

*Organizational culture is a representative topic in the literature nowadays but also in the private environment, as managers are evaluating their companies not only with financial indicators, but also with non-financial ones. As a consequence, culture analysis tools can be used successfully in any company diagnosis process. In this respect, the paper aims to provide an analysis model by coupling a qualitative and quantitative method. The study was conducted on the model of a well-known private company, which relies on the importance of the type of culture in defining success.*

**Key words:** artifacts, culture, assumptions, beliefs.

**J.E.L. classification:** M00

### 1. Introduction

Business managers have the tendency of simplifying and ignoring the sense of the organizational culture, but Edgar Schein draws the attention to this tradition, mentioning that each and every organization has to undergo a three level analysis: the main hypotheses, the espoused values and the artifacts. Once the three levels become clear, any organization will be easier to decrypt, both by the ones working for the company, as well as by those who are not. This paper aims at drawing a parallel between these three levels, illustrating the organizational culture within a private company.

### 2. Literature review

The concept of organizational culture defines an abstract reality, which is evidenced by the multitude of definitions found in the specialty literature. Schein defines organizational culture as a deeper level of fundamental assumptions and beliefs shared by members of an organization. Deal & Kennedy simply stated, that organizational culture is “the way things are done around here” while Cameron and Quinn assert that organizational culture refers to the values taken as such, the fundamental assumptions and expectations in an organization. Culture also includes the organization’s vision, values, norms, systems, symbols, language, assumptions, beliefs, and habits (Needle, 2004).

### 3. Research Method

The study was based on the use of quantitative and qualitative research methods as follows: in the first phase, we tried to identify the type of culture applying Schein's model and in the second stage we validated this model by applying a questionnaire designed to identify the type of culture found at Toyota company. Schein distinguishes between 3 levels of culture namely: artifacts, espoused values (which were identified by the observation method) and assumptions and beliefs level (identified with the help of questionnaires). In this respect, we have used the OCAI (Organizational Culture Assessment Instrument) questionnaire, made by Kim Cameron and Robert

E. Quinn, an instrument that identifies 4 types of culture: clan oriented culture, hierarchy oriented culture, adhocracy oriented culture and the market culture. Each type of culture has a series of characteristics, among which:

**The clan oriented culture:** it stands for family like organizations, the freedom of speech in what the employees are concerned.

**The hierarchy oriented culture:** it is based on control, the procedures are standard, it implies numerous hierarchy levels.

**The adhocracy oriented culture:** it is an organization of the future, always striving for change, it does not imply power based relationships, the organizational chart is continuously changing.

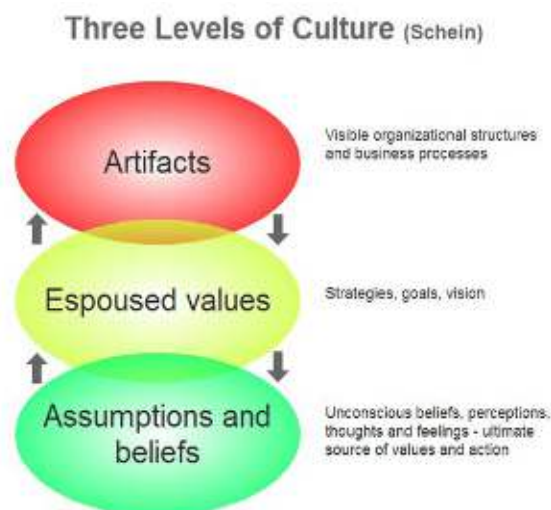
**The market culture:** oriented towards the outer environment, customer oriented. Specific to this type of culture are the market machineries.

40 respondents (actual customers, ex-customers) participated in the survey in order to assess organizational culture. The aim of the study is to also identify the relation between Schein's model and the instrument proposed by Cameron and Quinn and see whether the two instruments correlate.

#### 4. Organizational Culture at the level of a private company

Therefore, the first level that Schein has identified refers to **artifacts**, because they point to the visible and identity related components, which define an organization. Artifacts may refer to certain cultural elements that have an immediate impact on the senses, such as the way the building looks like, the dressing code or certain symbols with the help of which the organization is recognized (they validate the visual part), whereas the language validates the auditive part. Thus, by having the above mentioned company undergo an analysis according to these criteria, we may say that Toyota promotes an environment based on communication, a client-oriented one, as the reception area is open, and the employees' desks are in the same area as the reception area. Moreover, if we refer to the building's setup, there can be seen that it is a modern one, by setting the same pattern also in what the culture is concerned, which is flexible and prone to change. The employees wear casual outfits, the language is adapted to each type of client, the feeling that defines the company is a relaxed one and it is a proper environment for the wage earners and the clients to plainly express what they think. In this way, there will be interpersonal relationships, that go beyond the work environment, leading to true friendship bondings.

Figure no. 1 The three levels of culture according to Schein



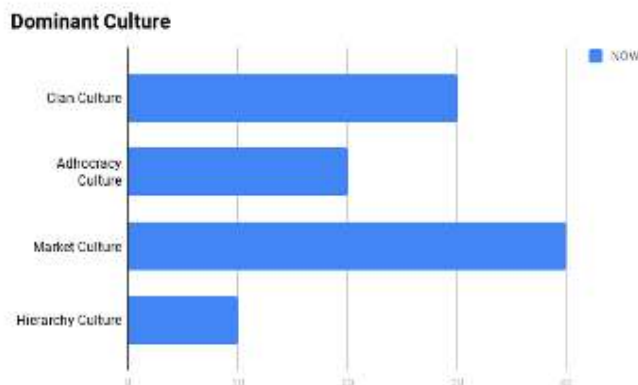
Source: Schein E.H., 2009, 21

The next level refers to the **espoused values**, and they can be found at the border between the visible and the invisible elements. A company's values are usually stated by the leader or by the founder and they get spread in time, thus defining the company's strategic direction. These values can be diffused as presentations, commercials, slogans and leaflets. In time, Toyota has had various slogans which were meant to state the company's strategy. *Moving forward* is one of the slogans that best represents Toyota even since 2004, by expressing the company's wish to improve, to adapt to the market's requirements in order to best fit the employees' needs. At the same time, it stands for the company's commitment to come up with products that best fit these requirements, ensuring their customers that they will be a part of this new strategy. Ghosn, Nissan's CEO always tries to encourage members to make decision in terms of customer satisfaction and profit (Ghosn, 2001b).

*Let's go places* is a new slogan which launches an invitation to the clients. Again, the direct approach, the message that is meant for the clients points out a market oriented culture and thus also a client oriented culture. The customer orientation is the company's main preoccupation. *Today Tomorrow Toyota* is another espoused proof that stands for the idea of continuity, because the future is regarded as an important source in what the development of new products is concerned. The products are adapted, transformed and modern. The slogan counts here with a consecutive logic, because Toyota is the future by bonding with the idea of innovation, change, experience. Hence, apart from the slogan that promotes Toyota's whole image, each model has a different promotion and different slogans, the presentations and the commercials are specific to each type of buyer: Prius. Mean but green.- a slogan that was meant for the customers who care for the surrounding environment, *The 7 seat Verso. Have kids. Keep your style* - a message meant for all the buyers with many family members, *Get the Feeling. Toyota.*- a message meant especially for young people, who want to try new things. In this way, the company comes up with a large variety of products, but what matters most refers to making messages specific to each type of customer. Nissan's CEO Carlos Ghosn commented: "The firm can continue to exist by getting rid of barriers between departments and acting from customer's point of view (Ghosn, 2001a)."

It should be said that many of these espoused values do not necessarily match the company's reality. In order to precisely identify the type of culture that an organization may have, we must have a closer look at its last level, i.e. the **beliefs that are mutually shared**. This level is dense, hard to identify and to decrypt because of the abundance of invisible elements. Therefore, each organization should be analyzed starting from the 3 instances in order to achieve a realistic profile. A way of identifying this last level refers to applying questionnaires in order to determine if the third level of analysis confirms the data that have been registered in the first two cases. Some of Toyota's customers have filled in questionnaires in order for us to establish if the company's perception or attitude matches the one that the customers have pointed to. After getting the subjects to fill in the questionnaires, we have obtained the following results:

Figure no.2 Dominant Culture



Source: own contribution

By analyzing the graphics that we have obtained, there can be seen that the market culture has registered the highest score, 40 points, followed by the clan oriented culture (30 points). Also in what the shared beliefs are concerned, the dominant type of culture is the market culture. We can say hence that the organization that underwent the analysis is completely congruent within the organization, and it is the same type of culture that can be found in the case of each of the three levels analyzed that have been proposed by Schein. The organization fits the description of the market culture, the significance of the outer environment and thus the significance of the customer are decisive. Atuahene-Gima (1996) has claimed that market orientation provides various components of a firm with common assumptions and beliefs about customer needs.

## 5. Conclusions

According to the characteristics of this type of culture, we may say that Toyota is a company that aims at obtaining results and the employees are motivated by the selection of the objectives. The leaders have high expectations, whereas the organizational bond is based on the wish to obtain profit. The organization has long term strategies, the reputation and the fact of being successful are the most important aspects. Success is obtained when the objectives are achieved, they are usually established as a market quota. The competitive prices and the market leadership are important. The strategy regarding the quality improvement aims at identifying the customers' preferences and at creating external partnerships by involving both the customers and the providers. Customer orientation is defined as "the set of beliefs that puts the customer's interest first" (Desphande et al., 1993, p.27)

As a final conclusion, we can say that Toyota is characterized by a certain coherency within the organization in what the culture is concerned, therefore what the company wishes to show visually speaking is harmoniously combined with the values that the company regards as espoused, but also with the beliefs that the customers mutually assume. In this respect, in the company there is a market culture, which has been validated throughout all of the 3 analysis phases.

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