Particularities of the Organisational Culture in the Companies from the Republic of Moldova

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Abstract

As for now, the concept of organisational culture is a highly debated topic in the academic environment, developing with rapid ascent from defining the term to being the subject of various studies that investigate the correlation between organisational culture and organisational performance, as well as ways to improve the financial indicators by changing the culture at the enterprise level. Speaking of enterprise management in the Republic of Moldova, the organisational culture is not regarded as a technique to improve organisational performance yet. Therefore, a study was conducted in order to identify methods to improve the organisational culture of autochthonous enterprises. The results made it obvious that within the organisations from the Republic of Moldova, while employees would prefer a clan type organisational culture, the hierarchical culture prevails. Consequently, the need to address this problem and come with solutions to facilitate the development of adhocracy and clan organisational culture elements arises, which contribute to increasing organisational commitment and civic behaviour, encouraging creative thinking and innovation.

Key words: Organizational Culture, Competing Values Framework, Dominant Culture, Cultural Dimensions, Cultural Types **J.E.L. classification:** M12, M14, M21

1. Introduction

Although the term "organisational culture" has been largely used only in the last decades, it became soon afterwards an important organisational element to increase competitiveness and efficiency. The organisational culture can be treated as a powerful strategic tool that allows orienting all the subdivisions of an organisation and individuals towards reaching common goals, mobilizing employees, ensuring organisational commitment and improving communication. The organisational culture is a key factor not only in reaching corporate goals, but also in attracting and maintaining valuable employees, building a positive public image, as well as building reliable and respectful relationships with the stakeholders. A strong culture has a positive impact on team performance. The top management's policies, actions and set goals are viable only if the team's attitude towards their work and towards the company where they activate is taken into account.

The importance of creating a strong organisational culture, that is capable of sustaining performance, is still underappreciated between managers from the Republic of Moldova. In order to identify particular viable recommendations for perfecting the organisational culture was conducted a study aimed at determining the particularities of the organisational culture within the companies from the Republic of Moldova.

Quantitative research based on the method of questionnaire was applied to a number of 300 employees from 28 companies. The organization culture was analysed according to the Competing Values Framework (CVF) by Cameron and Quinn (2011), which is one of the most objective and extensively used models in the area of organizational culture research.

The study was focussed on three scientific research assumptions:

Hypothesis 1. The companies from the Republic of Moldova are characterized by a hierarchical organisational culture, resulting in an environment based on formality, control and orientation towards internal causes;

Hypothesis 2. The staff at companies of Moldova would prefer to work in an environment typical of clan cultures, characterised by engaging the employees in making decisions, organising team-building activities and enterprising actions aimed at personal development;

Hypothesis 3. Comparative analysis of the current state regarding the organisational culture within the companies taking the survey and the preferred state shows a significant discrepancy.

2. Literature review

The rapidly changing economic, technical and social environment highlights the need for economic entities to find answers regarding market forces. The high competition and technological revolution has two effects on organizations: the problems faced by organizations by number and complexity are on the rise, whereas the time available for managers to consider and analyse these issues is declining (Bratian, 2010). Under these circumstances, only companies that are rapidly adapting to changes in the external environment of the economic entity have a stable development. Facilitating the creation of such an organizational environment is possible only by promoting a flexible organizational culture, oriented towards change and innovation.

Therefore, regarding an organisation as a socio-cultural system is one of the essential aspects of the new management paradigm. The management centred on control, focused on rationalising the organisation and personalising tasks and expecting results is replaced with participative management, where effective leadership entails the manager's capacity to integrate the effort of each employee of an organisation to obtain the desired results (Cîrnu & Boncea, 2010). Similarly, Dygert & Jacobs (2006, p. 18) stated that within thousands of organisations, autocratic management styles are replaced with supervising and management techniques that focus on coordination and counselling. Lawson & Samson, 2001 (apud Yesil & Kaya, 2012) claim that comparing the 90's and 80's of the last century "modern organisations have to deal with an addittional challange – the requirement to be, not only ocassionaly, but even very frequently innovative, while also rapid and with a high success rate". This imperative compels companies to be continuously searching for new methods to ensure creativity and innovation at organisational level. Also, one of the most important sources that can contribute to creating a favourable environment to stimulate creativity is the adapting the organisational culture.

However, adjusting the organisational culture to market demands entails a series of difficulties. The fact that the culture is not as easy to observe makes identifying and understanding it harder (Moldovan & Macarie, 2016). Managers and the most influential people in an organisation always dictate its culture, highlighting the priorities or rather secondary goals and how the organisation's mission should be understood (Alvesson, 2002, p. 12)(apud Hudrea 2015). Cercel (2012, p. 20) expressed a similar point of view saying that it is extremely difficult to tell apart the management practices derived from fundamental values from those driven by the values shared by the organisation members. Because of that, some researchers regard the organisational culture as "mystical and practical at the same time" (Cercel, 2012). Even if managers do not give enough importance compared to other problems within the organisation, or think this concept is too ambiguous to be worth much time, the subject is not losing any importance.

3. Research methodology

Particularities of the organisational culture characterising the environment within the companies of the Republic of Moldova were brought out by conducting a survey in 28 companies from our country chosen through the probabilistic method stratified sampling. The main criterion for choosing the companies was belonging to different fields of activity, as well as company size diversity. This diversity is necessary for the objectivity and relevance of the study because it is important to analyse the model's applicability in various activity sectors.

Therefore, out of the total number of companies taking the survey 46% were big companies, whereas the remaining 54% are small or medium-sized companies. The analysed companies are specialised in 10 different fields, a higher number activating in industries like manufacturing, wholesale and retail commerce, transport and storage, hospitality industry, etc. Also, it was taken into account that the analysed enterprises were located in all three territorial areas of the republic.

The key-characteristics of the companies from Moldova were identified using the method of questionnaire based survey. Previous studies have shown that respondents from different organisational levels perceive the organisational culture differently (Gordon & Di Tomaso, 1992), which led to the necessity to seek the opinion of employees from different levels of the organisational structure. The questionnaires were spread proportionally to the size of each enterprise. Initially, 340 questionnaires were given away, but when returned only 300 were validated.

The questionnaire was structured in two parts. The first part contained questions regarding personal traits of the respondents. The second part was adapted according to the organisational culture analysis methodology by Kim S. Cameron and Robert E. Quinn (2011) "Organizational Culture Assessment Instrument" (OCAI).

The Competing Values Model is considered a very representative one from both the perspective of applicability and forming a vision. Nica (2008, p. 68) mentioned that this model is designed to promote successful management, organisational efficiency improvement creating more value for the company.

This method allows identifying the six dimensions of organisational culture (dominant characteristics, organizational leadership, management of employees, organizational glue, strategic emphases and criteria of success), as well as highlighting the four prevailing organisational culture types (hierarchy, market, clan, adhocracy). Each organisation is characterised by a particular mix of these four culture types.

Figure no. 1. Competing Values Framework

FlexibilityandDiscretion



Stability and Control

Source: Author's adaptation of Kim S. Cameron and Robert E. Quinn, 2011model

According to the model mentioned above, the organisations closer to the left end are oriented towards inside problems (what is important for **us**, how **we** want to work), while the ones closer to the right end are focused on external issues (what is important for our **external stakeholders**: clients, partners, etc.). The upper a company is placed the more of priority flexibility and spontaneity are. On the other hand, the ones placed lower value stability and control (OCAI, 2012).

As can be observed from the model by Cameron and Queen (2011) the *hierarchical* organisation *culture* is a good example of bureaucracy being oriented towards control and formalism:" Procedures govern what people do. The leaders pride themselves on being good coordinators and organizers." (Cameron and Quinn, 2011, p. 42). The work environment in such organisations is rigid, formal and the activity is regulated by rules and norms. The hierarchical culture shows orientation towards the internal environment of the organization. According to

Barley and Kunda, 1992 (apud Gutterman, 2010) the culture of these organisations corresponds to the ideology of scientific management, which is geared towards maximising economic benefits by rationalising production processes. Analysing the correlation between organisational culture and work satisfaction, organisational commitment and group cohesion, Odomed et al, 1990 (apud Bellou, 2010) reached the conclusion that bureaucratic cultures have the lowest probability to have a positive impact on the three employee attitudes. It was proved efficient only when the external environment is relatively stable.

The *market* organisational *culture* is based on competition both on company level to secure a top position in the industry, as well as between employees in order to increase productivity. According to Cameron and Quinn (2011) the market culture is treated as an environment oriented towards results, productivity, efficiency and extremely high competition. This culture places special emphasis on external issues while still promoting stability and control. Such organisations are based on planning, anticipation, control and elaborating organisational structures and adapting the decision making process to the demands of the external environment.

The *clan culture* is oriented towards the company's human resource, largely involving team work, active participation and mutual respect. The work environment is relaxed, often compared to the interactions within a family. Leaders are assigned with mentor roles. The clan culture promotes and encourages loyalty, commitment, collaboration, delegation, individual development. This culture type implies orientation towards the company's internal environment. Gutterman, 2010 mentioned that such organisations are not based on formal control procedures like rules and regulations, but rather on motivating the members through vision, shared values, positive consolidation. Such organisational structures are relatively flat and emphasis is placed on teamwork, social interaction and working conditions.

The adhocracy culture is also centred on entrepreneurial spirit, innovation, flexibility and dynamism. Developing new products and services, growth, change and experimenting are top priorities. Leaders are characterised as entrepreneurs oriented towards innovation and finding original ideas. This culture type promotes values from the external environment. They are treated as organisations of the future, capable to modify their structure, strategy and identify fluctuations in the economic environment as well as its tendencies and to integrate them as essential elements in achieving success (Marcu et al., 2017).

The Competing Values Model evaluates the organisational culture at the moment when the survey was taken (current organisational culture) and, at the same time, ascertains the culture that the employees would want to develop (preferred culture).

All the data was processed afterwards though the statistical analysis program SPSS.

4. Findings

The method (OCAI) used to determine the characteristics or the surveyed companies from the Republic of Moldova allowed us to recognise some particularities.

As can be observed in Figure 2, regarding the <u>current culture</u> no single type of organisational culture can be declared predominant. However, data shows that between the four types of organisational culture the *hierarchical culture type* prevails (29,08 points out of 100), characterised by formalism, control and orientation towards the internal environment. At the same time, the values typical of the *clan and market culture type* are appreciated at the same level (24,57 out of 100) and (24,95 of 100 possible). This means that in the said companies emphasis is placed on cooperation, teamwork, promoting values like competence, efficiency and productivity.



Figure no. 2. The organisational culture within the analysed companies

Source: (Authors' own research)

Amongst the analysed companies the least common are elements of the *adhocracy culture*, only (21,40 out of 100). Therefore, entrepreneurial spirit, dynamism and creativity are valued the least in the analysed companies.

Culture type	Result type Desired result		Ecart
Clan	24,57	26,92	2,35
Adhocracy	21,40	22,64	1,24
Market	24,95	24,43	-0,53
Hierarchy	29,08	26,02	-3,06
	100	100	

Table no. 1. Cultural profile of the analysed enterprises

Source: (Authors' own research)

The results of the study regarding the respondents' preferences regarding the existent culture are presented in Table 1. Each culture type registered discrepancies between the current state and preferred state. The staff of the analysed companies would like the share of the hierarchy culture to be reduced with 3,06 points and of the market type with 0,53 points. At the same time the respondents would prefer to integrate in their company more elements of the clan culture, the difference between preferred and current state being 2,35 points and of the adhocracy culture with 1,24 more. The employees also reported that they would like the work environment resemble more the interactions within a family where they would take part in the decision making process and with more team building and consolidation activities as well as a more dynamic and creative work climate.

An interesting subject is the analysis of the organisational culture from our country on different dimensions. As mentioned above, the OCAI method makes it possible to identify how employees of the companies taking the survey perceive the current state of the six dimensions: dominant characteristics, organisational leadership, management of employees, organizational glue, strategic emphases and criteria of success.

The final score of the cultural profile of each company was obtained by calculating the average of their answers to the six dimensions.

Dimensions	Clan	Adhocracy	Market	Hierarchy
Dominant characteristics	25,77	21,58	25,14	27,51
Organizational Leadership	23,08	20,90	25,62	30,39
Management of Employees	25,89	20,51	23,66	29,94
Organizational Glue	25,38	20,74	24,50	29,37
Strategic emphases	23,37	22,57	25,25	28,81
Criteria of success	23,94	22,07	25,55	28,44
Cultural profile of the analysed company	24,57	21,40	24,95	29,08

Table no. 2. Cultural profile of the analysed companies by dimension (current situation)

Source: (Authors' own research)

1. Dominant characteristics: the first dimension analysed by the respondents. This dimension identifies the perception of the employees regarding their life within the organisation illustrating how they appreciate the organisational climate (Figure no. 3).

The current situation: *The hierarchy culture* prevails with a score of 27.51 points, being followed by market and clan culture, obtaining similar results (25.77 and 25.77 points). The *adhocracy culture* obtained the lowest score with only 21.58 points. It suggests that employees think the organisational environment is strictly controlled and structured. At the same time, they appreciate the current competitiveness in their activity and the importance of interpersonal relationships. On the other side, elements of innovation and change are less prioritised.

The preferred situation: As can be observed, the employees from the analysed companies would prefer *the clan culture*, having obtained the highest score of 27.81 points. *The market culture* is on the second position with 25.92, followed by *the adhocracy culture* – 23.37 and *the hierarchy culture* with only 23 points.

Figure no. 3. Graphical representation of the scores obtained for the dimension Dominant Characteristics within the analysed companies



Source: (Authors' own research)

On this note, the most obvious discrepancies between the current and preferred situation registers *the hierarchy culture* (-4.51puncte). The staff would like the work environment not to be reigned by bureaucracy and to be less formal. At the same time, the increase obtained by *the clan culture* (+2.04 points) is a sign that employees want the companies to focus on human relationships and personal development. Summing up the opinions expressed by those taking the survey regarding dominant characteristics, we can conclude that employees would prefer increasing the flexibility level and more orientation towards the external environment.

2. Organisational Leadership. This dimension is focused on evaluating how employees perceive the leadership style practiced within the organisation.



Figure no. 4. Graphical representation of the scores obtained for the dimension Organizational Leadership within the analysed companies

Source: (Authors' own research)

The current situation: *The hierarchy culture* was appreciated with the highest score -30.39 points which is a good indicator of how employees appreciate the leadership style in the companies. It is followed by *the market culture* (25.62 points) and *the clan culture* (25.23 points). The lowest score was registered by *the adhocracy culture* -22.28 points. The obtained scores prove the fact that leaders are most often perceived as too strict and competition oriented, being focused coordination and organisation. Leaders are regarded as beneficiaries and low-risk entrepreneurs.

The preferred situation: *The hierarchy culture* is given the highest score again (27.74 points). We believe that this result means that leaders in autochthonous organisations are regarded as a person that would direct, instruct and control as opposed to being a mentor. The following is *the clan and market cultures* evaluated with 25.23 and 24.75 points. The employees of the analysed companies gave less importance to the *adhocracy culture* scoring only 22.28 points.

Comparing the two current situations with the preferred situation highlights the fact that they would prefer a decrease the elements of leadership characterising the *hierarchy and market culture* types with 2.65 and 0.88 points and a significant increase of the elements of the *clan and adhocracy culture* with 2.15 and 1.38 points. This means the employees would prefer the leader not to be as oriented on results and to pay more attention to human resource issues, motivating the members through vision, shared views and positive consolidation. Similarly, they appreciate the importance of leaders as entrepreneurs oriented towards innovation and finding original ideas.

3. Management of Employees. This dimension quantifies the opinion employees have regarding human resource treatment within the company.



Figure no. 5. Graphical representation of the scores for the dimension Management of Employees within the analysed companies

Source: (Authors' own research)

The current situation: When it comes to their attitude towards human resource management, employees think that currently elements of *the hierarchy culture* prevail, with a score of 29.94 points, followed by *the clan culture* with 25.89 points. Lower in the ranking are the *market culture* with 23.66 and *adhocracy* – 20.51 points. Thus, the staff appreciates the existence of aspects related to involvement, team work, but without placing emphasis on assumptions. Less valued are risk and innovation.

The preferred situation: As can be observed from their answers, they want to work in an environment where teamwork, social interactions and work conditions are prioritised, *the clan culture* obtaining 27.80 points. At the same time, it is considered that in interactions with the human resource, it is important to maintain *the hierarchy culture* type at a high enough level – 26.67 points. *The market and adhocracy* culture were ranked as third and fourth most important with 23.66 and 24.64 points.

Although *the hierarchy culture* elements are highly popular amongst the preferences of employees, there is still a desire to reduce conformity and security of human resource management with 3.28 points and to increase the integration of *the clan and adhocracy* culture with 1.91 and 1.13 points.

4. Organisational Glue. It is a dimension that measures and identifies the nature of the interactions and cohesion inside the company (Figure no.6).

The current situation: Employees of the analysed companies considered the organisational glue was mainly sustained by existing norms and rules (*the hierarchy culture* gained the highest score -29.37). *The clan culture* was ranked second with 25.38 points, which is a sign of loyalty and mutual support, followed by *the market culture* -24.50 which means focusing on organisational goals. A lower score was obtained by *the adhocracy culture* with only 20.74 points out of 100 possible.



Figure no. 6. Graphical representation of the scores for the dimension Organisational Glue within the analysed companies

Source: (Authors' own research)

The preferred situation: Again, it can be observed that the employees would prefer *the clan culture* to prevail, giving 28.38 points, being followed by *the hierarchy culture* with 26.01 points. *The market culture* garnered 23.44 points and *the adhocracy culture* – 20.74 points.

The analysis of the difference between the current and preferred culture shows that the staff of the companies taking the survey would like to work in a more comfortable climate, resembling the interactions within a family (+3.00 points) and less formal, rigid and bureaucratic (-3.36 points). It is noteworthy that the desires expressed by the employees imply an even stronger orientation towards the intrinsic environment, whereas *the market culture* (-1.07) and especially *the adhocracy culture* (+1.43), both being oriented towards the external environment, are rather neglected.

5. Strategic emphases. Represents a dimension that identifies the employees' perception regarding the most important elements within an organisation.





Source: (Authors' own research)

The current situation: The hierarchy culture prevails when it comes to strategic elements just as well with 28.81 points. On the second place is the market culture with 25.25 points and on the third the clan culture – 23.37 points. The adhocracy culture was appreciated with 25.57 points. These scores indicate that employees are aware the emphasis is placed on stability, efficiency and control of the realised operations with an orientation towards the demands of the external environment. According to the employees, within the analysed companies developing the human resource, exploring new challenges and opportunities are not as prioritised in the organisational strategies.

The preferred culture: An interesting fact is that the preferences of the staff don't differ too much from the current situation. It is considered that the *hierarchy culture* should prevail – 26.85 points with a small decrease (-1.96 points). *The clan culture* follows with 25.90 points, *the market culture* with 24.05 points and the *adhocracy culture* with 23.20 points.

The comparative analysis of the current and preferred situation shows that in the organisational strategies employees would like paying more attention to human resource (+2.53 points) and a less challenging, strictly results-oriented environment (-1.20 points).

6. Criteria of success. Represents a dimension that identifies which criteria are used to define whether a company is successful.

Figure no. 8. Graphical representation of the scores obtained in the dimension Criteria of Success within the analysed companies.



Source: (Authors' own research)

The current situation: Regarding employee perception of what the success criteria are in the said companies, the same tendencies as above can be observed. *The hierarchy culture* prevails with 28.44 points, followed by *the market culture* with 25.55 points, *the clan culture* – 23.94 points and *the adhocracy culture* – 22.07 points.

This evaluation indicates the fact that employees perceive success as offering high quality services, strict planning of activities and maintaining low prices, as according to market demands. Performance is less defined from the perspective of human resource, implication, care towards employees, innovation, advanced technology and maintaining a leading role in the industry.

The preferred situation: The preferences of the staff regarding criteria of success differ from the current situation. The clan culture prevails with 26.84 points, followed by the hierarchy culture – 25.83 points. A lower score was obtained by the market and adhocracy culture, 24.51 points and respectively 23.27 points. Therefore, in employees' preferences there is a considerable reduction of results orientation typical of *the hierarchy culture* (-2.61) and an increase in orientation towards people, which characterises *the clan culture* (+2.46 points)

This evaluation suggests that employees think it would be better to have performance criteria that would be focused on personal development, team work and organisational commitment, while also prioritising time efficiency and organisational safety.

5. Conclusions

Validation of scientific research hypotheses: Analysing the organisational culture of the companies from the Republic of Moldova, both at the level of companies and dimensions indicates that the hierarchy culture prevails, therefore validating the hypothesis number 1.

The employees' preferences show that they would like to work in a less formal environment, with emphasis placed on people, not tasks, in other words, the clan culture. This proves the *hypothesis number 2*.

Analysing the results of the study on each dimension of organisational culture, we can state that the respondents do not have high aspirations regarding changing the management style of the analysed companies. According to Cameron & Quinn (apud OCAI, 2012), if the difference between the current score of the organisational culture and the state preferred by the employees is smaller than 10 points, it is important to implement changes. In the study conducted, no discrepancy was higher than 10 points between the current and preferred state, the highest being 4.51 points. However, we think it is not necessarily an indicator that the situation is favourable and requires no change, but rather that employees do not claim to other types of organisational cultures. Thus, the *hypothesis number 3* was not validated.

We can conclude that managers of the analysed companies must take measures to develop specific elements typical of the clan and adhocracy culture, which encourage organisational commitment, civic behaviour and facilitate creativity and innovation.

The limitations of this research are about the number of respondents, as the primary data were collected from employees working in 28 companies from the Republic of Moldova. I intend to extend my future researches to investigate the organizational culture in other companies of the republic. The tested and presented methodology can be easily adapted to future organisational culture research.

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