

## The Organizational Culture Roles and Significance within Rail Companies

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### Abstract

*Management culture plays a vital role within organizational culture, channalizing the promotion of certain values and conduct, which serve for the company's objectives and achieved through human resources management instruments. In rail transportation, the concept of organizational culture is highly exhaustive, partially invisible and very difficult to measure. Therefore, any intervention on said culture starts with a diagnosis in its regard, being useful in collecting data on the analyzed organization progress. Such is the purpose of this work, further used to analyze the ascension of theoretical preoccupations and practical approaches on the organizational culture in the state-owned rail companies, the new vision being subsequently echoed over the human resources within modern companies and the new type of management involved*

**Key words:** organizational culture, rail transport, leadership

**J.E.L. classification:** M12, L92

### 1. Introduction

Within the international companies, the national culture through its dimensions strongly influences the success of the multiple management models used. In one country employees get motivated by team work while in another by working alone; in this case the culture impacts the motivation system. In Romania, studying the organizational culture is in an incipient stage. Research results at the companies' level in our country correspond to the transitional state, which put their mark on mentalities, values, attitudes, yet are important through their compliance with the theories included in the international specialty literature as there are culture profiles which are already sketched out based on real authentic situations in Romanian organizations, profiles with which corresponding management types get associated. Organizational culture in rail transport is a very contemporary field, given the fact that rail transport worldwide is under a permanent modernization and adjustment to the requirements of a modern, fast and safe movement of people and goods. The integration of Romania into the European Union has imposed and still imposes new requirements both in terms of technological management and also human resources management.

To improve its overall performance, any company must react to the evolution of all human resources-related aspects and acknowledge their importance. The research in this paper falls under this logic and contributes to the enrichment of information on human resources management and new types of leadership in rail transport. Through human resources management, the organization's management system ensures the most accurate present and future measurement of both economic and managerial performance. The studies performed highlight the best practices in regard to the management activities in the railway transport and the best optimization and competitive development solutions in the railway sector by integrating human resources management in the priorities of the railway management issues.

## 2. Literature review

A traditional definition separates the organizational culture in objective culture and subjective culture (Radu, 2003, p. 122). The former refers to the material aspects, products and facts created by an organization to display its personality or identity, while the second, fundamental, encompasses all belief systems and major hypotheses, which shared by all members of an organization allows them to co-work. Organizational culture through its scope and implications go beyond the strict field of the organizational management. Basically, all processes in the organization regardless of their managing, economic, technical or legal nature are perceptively influenced by the national culture in relation with the content and development methods. Recent studies showed that Romania has similar values with other Balcan countries, such as: huge reserve towards authorities, collectivism, low degree of individuality, high degree of avoiding uncertainties and short-term orientation (State, Popescu, 2008, p.73).

There is great diversity of opinions in regard to describing elements forming the organizational structure. Most authors confess that it consists of more sorts of components, which are not at the same degree of visibility, influence and understanding. The approach of a French expert presents the organizational culture as composed by the following: foundational elements and circumstances around which it was generated; history, occupation, values, signs, beliefs and symbols (Thevenet, 2016, p.54).

In the specialty literature there are some authors who consider that leadership styles coincide with the managerial styles. Still, there are other authors who specify that leadership styles are organically related to the managerial styles they overlap to an appreciable extent, but which simultaneously present certain specific elements. Professor Ovidiu Nicolescu who is also part of this last category, developed a typology of new leadership styles according to several criteria (Nicolescu, 2018, 385).

## 3. Research methodology

The scientific rigor necessary to describe the methodology of socio-human research requires the clarification of the concepts used. In order to evaluate the prospective requirements regarding the organizational culture influence on human resources management activities and to maintain a satisfactory organizational climate, an exploratory and explanatory study was carried out within the "CFR" Constanta Branch, which identified railway staff options regarding the potential threats that the branch management could have faced, in the conditions of personnel restructuring already communicated.

Summarizing the research issue was achieved by applying the following *hypotheses*:

- the human resources policy developed by the management of the railway company is deficient when it comes to work relationships improvement;
- the remuneration and reward system targeting human resources in the state railway transport is inflexible and rigid;

The hypotheses testing, preliminary analysis of the organizational climate and work relations within the "CREIR CF" Constanta Branch of CFR SA National Company, were conducted by means of a questionnaire and the method of direct observation during August and September 2020, of both employees with execution functions in all railway stations on the Constanta - Mangalia segment, and part of the managers from the central management apparatus of the branch.

The questions in the questionnaire followed **two areas** of further examination:

- the existing work climate within the social group in the stations and regional center;
- the importance of communication in organizing the work process;

The analysis of the survey data was carried out between October 1<sup>st</sup> and 31<sup>st</sup>, 2020. Out of the 230 questionnaires handed out, 210 questionnaires were collected. The study was conducted on a representative sample of 210 employees of the "CREIR CF" Constanta Branch, consisting of 150 people equaling 94.7% of all staff in the Constanta-Mangalia traffic department and 60 people, representing 30% of employees with management positions from the central apparatus of the branch.

In order to gather additional information and clarify some questions that the respondents could not answer due to the limited nature of the questionnaire, the unofficial interview was used only for the management staff at the branch office. The informal interview gave the operator the freedom to reorder the questions, explain their meaning, add additional questions and even adapt the wording to the circumstances and person to whom it was addressed.

The diagnosis of the socio-professional climate as a result of analyzing the data obtained from the interpretation of the questionnaire results followed the collection of general information and stressed the positive or dysfunctional aspects related to work organization, interpersonal relationships, leadership styles, motivation system in the railway company. The interpretation of the results was achieved by ranking the items in the questionnaire, based on the frequency of answers and by reporting global impressions on the reactions to the questions asked, in the case of interviews.

During the meetings with the heads of departments and the regional director, the recommendations offered were validated as suggestions to improve the activity in the field where a major issue was found.

#### **4. Organizational culture influence on human resources management activities**

Organizational culture allowed the identification and description of numerous real elements of human nature within the organization's life with major implications over the integrated activities development and results, which were not considered through classic management approaches; moreover, its nature implies a very concrete human-management approach which has in view all employees in the organization. That is why, knowing the organizational culture functions lay the foundation for noticing and capitalizing on the essential importance it conveys for each organization, regardless of its profile, size, economic potential or belonging to a certain national culture. At the organization level, the intervention on the culture is conducted via the main human resources management elements: foreknowledge on the staff structure, career promotion and administration, human resources management principles and systems.

*Foreknowledge on the staff structure* is of strategic importance and indispensable even though it refers to an internal promotion, because the employees remain loyal to a company where they know they have promotion chances. Estimation of the required human resources is done in relation with the strategic and cultural needs, but also according to the professional performances of the existing personnel. The influence of the organizational culture on the recruitment and selection activities demonstrate in the form of the advantage gained by the organization from internal recruitment, those selected from within an organization being already familiar with the culture of said company become motivated at the idea of getting professionally promoted.

*Through selection of human resources* appropriate to its own culture, the organization sets the foundation for its future in this respect being difficult to right already committed wrongs. The selection does not allow only for the technical skills, but also for the person's mood and character, which needs to be open and realistic towards the organization's culture and mentality. In relation to *personnel integration*, first experiences in a company make an impression on every new collaborator. Receiving employees in an organization is achieved at informal level – values, reactions and behaviors they observe, and formally – by presenting the group they will collaborate with.

The influence of the organizational culture on the personnel promotion and career management is major when employees wish to leave the organization due to a lack of possibilities to hone their skills or get promoted. The changes arisen during the activity, namely: project management, jobs rotation, delegation of additional responsibilities, competence development or trainings abroad translate into continuous training possibilities, achieved according to the organization's strategy and culture.

*Employees motivation* theories and applied practices to motivate human resources are related to the individualism-collectivism dimension. The dominant theme in the American culture of the last 20 years is that employees get fundamentally motivated by the desire to be successful, therefore they are challenged by their managers by diversification in their activity when they fail to show deeper involvement in the activities unfolded.

One of the HRM actions most susceptible to cultural influence is *performance assessment* most often than not attracting the employees' resentments if such influence is ignored. Organizational culture study has become greater proportionally with the transnational societies emergence, going from general management to international and then global management. Along with the continuous expansion of global organization, the demand in experienced international managers increased and hiring the right foreign managers and potential managers became an important task for the human resources management.

## 5. Practical considerations on the organizational culture in the rail transport sector

Within rail companies in Romania, cultures display certain specific traits, considering that a significant percentage of professions impose a special technical expertise (Daneci-Patrau, D., 2019, p.103):

- The values are directed towards maximizing the degree of meeting client's needs, whether it is freight or passenger transport.
- The behavior of the commercial railway worker complies with his position as a contact person with the client, especially during the journey.
- Direct control of employees by managers at the level of basic subunits - railway stations, traffic regulators, wagon revisions - by meeting standards, rules and procedures envisioning train traffic and goods and passengers safety.
- The departments are organized as to allow an easy, fast and efficient intercommunication.
- Salaries are low, so it is necessary to activate other motivational factors: working atmosphere, working conditions offered, awards and incentive rewards.

The history of the Romanian railway companies is not particularly related to their founder or managers such as it occurs in the large international companies; the history is not correlated with the company's management, but rather with its results - what category of travelers it attracted, the type of infrastructure it has, the traveling conditions. The directors of the three public railway, freight, passenger and infrastructure companies, as well as the regional directors are appointed in positions mainly based on political criteria, which makes the personalization of each company, which was conveyed by staff and especially management, to fragment continuously. This aspect is also confirmed by the migration of experienced rail personnel, who is familiar with the cultural values of the organization, to the private railway transport operators or to the BPO-type of companies created. Strong cultures often have a degree of rigidity and inflexibility and are threatened by the loss of sensitivity to internal or external changes, which endangers the smooth running of the organization.

However, it takes time, trust and perseverance to change a bureaucratic Romanian railway company, protected and isolated by its customers into a flexible and available company. No transformation program solves anything if not accompanied by structural changes. More often than not, it takes a lot of courage to enforce drastic personal and organizational measures related to change. Sometimes a management close to the human resources of the company is beneficial, hence cultural cells being able to stimulate the desired change form at the lower hierarchical levels. The entire process of intervention on culture is supported by a behavior in accordance with the desired culture and rewarding those abiding by it, although it is true that many leaders of the railway subunits fail to manipulate symbolic actions and indirect means. It is also essential to periodically redefine position, note the changes occurred and possibly spur new impetus. As it is impossible for a manager to objectively analyze the culture of their own organization, it is preferable that this be done by outside specialists.

The culture of the railway organization becomes a support for the decision-makers' orienting when new organizational strategies changes are foreseen, such as the railway transport restructuring and reorganization measures, initiated in 1998 and continued thus far. The cultural context, essential for management and employees during normal business, becomes unstable and creates a sense of insecurity in times of personnel sacking. As in most organizations, the effects the organizational culture has within railway companies are not directly quantifiable, but they do create a framework for improving productivity.

## 6. New types of leadership applied within rail companies

A first classification establishes, according to the managerial and psychological characteristics involved, three leadership styles:

- Autocratic, characterized by a strict supervision of subordinates by the boss, information flowing mainly downwards, fear acting as a means of control.
- Liberal, through which, within some general action directions established by the superior management, subordinates are given great freedom of action, control being almost null.
- Democratic, whose main dimensions are sociability, flexibility, cooperation, smooth upward, downward and horizontal communication, the spirit of openness and friendly atmosphere in the organization.

Being consistent with the leadership and managerial style characteristics presented and adopting the conclusions of the latest studies in the field, out of the three styles, only the latter, the democratic one we consider both a managerial and leadership style.

Characteristic for the railway companies is that, between the employees, the collaboration relations at a professional level are relations of administrative hierarchy and operative subordination. Within the relations of administrative hierarchy, each employee is directly subordinated to a single hierarchical supervisor who establishes responsibilities. The other managers, hierarchically higher in ranks, can also communicate orders directly, but in this case, the receiver of the order is obliged to inform his manager directly.

Regarding the type of manager and leadership style existing within the group of railway organizations, based on the results obtained in the research of the labor relations and social climate analysis, undertaken on two distinct and representative groups of the employees pertaining to the “CFR” Constanța branch, the following types were identified (Ipate et.al, 2009, 155):

- In three of the nine railway stations, the existence of an *autocratic management style* was identified, which imposed a *structured* climate, characterized by a severe control of the direct manager; station chiefs demand punctuality, order and superior efficiency; employees perceive the manager as cold, distant, unapproachable; therefore, they fear their superior.
- In the other six stations of the traffic section, the existence of the *permissive climate* was identified, characterized by a style that allows freedom of action; the superior manager of the unit, respectively the station head does not intervene directly in the railway infrastructure operating activity, rarely controls and imposes restrictions.
- Within the group in the central management structure of the branch, the style identified was *democratic*, through which the manager allows the subordinates to express their opinion in connection with the office or job activities; everyone is involved, the head is the leader and all together a member of the group; this creates team spirit.

Establishing such a climate is the goal of most modern managers. A democratic climate is one where employees want to achieve what the manager wants done.

Due to the railway transport activity specificity, the employees of the railway companies concur directly for the safe train traffic, thus they have to prove high discipline, based on the necessity of tasks fulfilling. In the railway transport system, the discipline implies the subordination of each person employed to the hierarchical leaders and requires strict fulfilling and execution of the direct hierarchical superior’s orders, of the specific norms established by railway instructions and regulations.

Given the management style practiced in the railway transport activity, we consider the preservation of the permissive climate a threat to the future activity, this liberal climate becoming dangerous, especially for new inexperienced employees who need discipline. From the survey and direct observation used in the research, we found that the railway staff does not make an efficient use of their working hours and find almost zero motivation to perform tasks specific to the job description, when a leader is missing.

Among the new types of leadership, in the analyzed railway branch a frequently practiced interpersonal leadership was identified. It is characterized by direct relations between the manager and subordinates on a daily basis, especially in the railway subunits in the territory, and in the central management team - the charismatic leadership, practiced by the regional director, who is young and has lead the office for the last eight years and achieved success by using unconventional

problem-solving solutions.

In the railway transport system, the leaders of the trade unions and the managers of the railway companies face more problems that need effective and efficient solutions, but which also generate critical adverse reactions. Massive staff cuts, business restructuring by giving up some traditional operations and the development of new ones, which require other skills and abilities, have proven to be unpopular, generating union movements or adverse reactions from their own staff. In response to these situations, the railway transport management is oriented towards the adoption of new leadership styles that will lead to the increase in the degree of employees' involvement in solving major issues. However, the implementation of these new measures entails a certain adjustment period and the existence of a high assumption potential from the railway managers.

## 7. Conclusions

Organizational culture is an intrinsic side of modern approaches to human resource management. In fact, the rise of theoretical concerns and rational approaches to organizational culture reflects the new vision of human resources in modern business and the new type of management involved. Understanding the content of high performance, however, varies from culture to culture. These contrasts between companies, related to human resource management roles prevent the development of a consistent approach to the human resources use in a global organization.

Awareness of the organizational culture functions is the basis for noticing and capitalizing on the major importance it has for an organization. The significance of the railway culture for a railway transport company, in the context of promoting the professional human resources management, is also given by the approach of the organizational culture in all its complexity. This specific approach facilitates the identification and fighting of illicit organizational conduct, sadly, with relatively high prevalence in railway companies, due to the specificity of the activity;

The culture of the organization tends to be included more often in the study of railway transport companies and become a new variable of their management. In order for organizations to further succeed, we consider in this field necessary to use direct methods, especially strategies and structures adapted to the market, but also indirect methods, which influence behaviors, especially the railway culture systematic enhancement.

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