

Defining the Importance of Organizational Culture and Its Evolution in Romania

Sari Yavuz Koray

“Valahia” University of Târgoviște

sergiu.stan14@gmail.com

Abstract

Defining the importance of organizational culture is linked with either its visible part (surface, immediately accessible perception and observation including products artificial actors, heroes and related perspectives members of the organization) or its invisible part (which holds the most important role in its establishment, promotion change of real culture – is given by the rules and the values promoted de facto within the organization). The current article aims to identify the different determinants of organizational culture and to see how these determinants have affected the evolution of organizational culture within the Romanian organizations. We have to understand that the Romanian society has mainly 4 historical timeframes in which organizational culture has evolved.

Key words: organizational culture, determinants, evolution

J.E.L. classification: D23, M10, M14, O15

1. Introduction

In a company, organizational culture talks about the distinctions that occur in the life of an organization when it comes to the things its members identify with. With this concept, rules, procedures or anything that is related to the life of the organization is interpreted and creates consequences. Moreover, besides the formal elements that attempt to establish an attitude and behavior in a centralized way for the members of the organization, the organizational culture itself enlarges certain behavioral patterns that may be in accordance (or not) with what the organization promotes.

Corina Ionescu believes that “*the organizational culture resides in the totality of values, beliefs, aspirations, expectations and behaviors outlined over time in each organization, which predominate in its framework and which directly and indirectly condition its functionality and performance*”. (Ionescu, 2014)

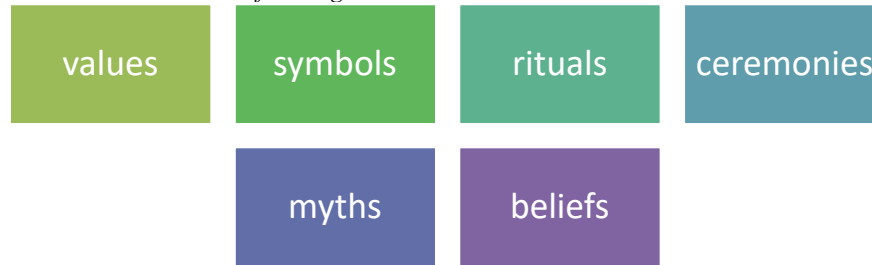
2. Literature review

Edgar Schein sees organizational culture as “*a model of basic assumptions learned, discovered, or developed by a particular group, a particular community, in learning how to successfully solve their problems of external adaptation and internal integration. Organizational culture has worked well enough for a certain period to be validated and is to be passed on to new members as the proper way of perceiving, thinking and feeling about those issues.*” (Björkman & John, 2011)

One of the leading representatives of national and international culture research, Geert Hofstede, defines culture as “*a collective mental programming that differentiates members of a group or a particular social category from members of other groups or social categories.*” (Nickerson, 2022)

Analyzing these definition we can conclude that organizational culture has certain common elements that are underlined by all of these definitions:

Figure no. 1. Common values of the organizational culture



Source: self-processing

3. Research methodology

Despite so many definitions, it is noted that there are a number of common features:

- all definitions refer to a set of meanings and values belonging to the individuals in the organization.
- the elements of organizational culture take a relatively long time to form;
- the meanings and values that form the basis of organizational culture are a synthesis of the individual and the national ones, appearing at the intersection of the two main categories of elements;
- values, beliefs are reflected in symbols, attitudes, behaviors and various structures, formal or informal.
- organizational culture is a reference framework for the members of the organization;
- the forms of manifestation of organizational culture significantly influence the evolution and performance of the organization

This Article aims to identify how these common features have manifested and evolved in relation to Romanian organizations.

4. Findings

4.1. The determinants of organizational culture

a. Influence of the founder or of a dominant leader – a dominant leader/founder has the advantage of being able to project his/hers beliefs over the life of the organization and is able to influence the values the organization accepts and promotes.

b. History and tradition of the company – it is natural that people would want to leave their mark over the life of the organization, and project their beliefs and the way they function and think within the organization they work. Thus the history and tradition of a company is made by the way people manage to compromise and function together within large periods of time in an organization.

c. The expectations of the company's staff – the expectations of the company's staff have a major influence on the way employees behave. Expectations, both from owners, managers of the company and other employees, are born and made known by the psychological contract that is established between the company and the employee.

d. Characteristics of labor force - characteristics of labor force considering the differentiation of labor force in certain categories, according to a number of criteria, such as: age, gender, race, physical capacities, etc.

e. Evaluation and motivation system - companies assess what is important to them, what they consider to bring them value and make them attractive (example: Sales, profits, profit/share, etc.). Many companies present the figures of their achievements in a time frame and compare them with the expected level or with the achievements of previous periods. This ensures permanent feedback for managers and other employees, who can relate from the point of view of performances of the proposed expectations.

f. Information technology - the content of work has changed, due to technological changes, for many positions, including more and more information and increasing the degree of work intellectualization. This factor makes people more rigid towards changing their beliefs, because they are more convinced about the things they believe in. Its also the factor behind their political radicalization or religious radicalization.

g. Technology and products / services of the company - is a factor that puts its considerable mark on the organizational culture. Depending on the technology used, the machines and equipment available, the workforce is dispersed into different organizational components, certain interactions are established, etc. the characteristics of the technologies, their degree of danger, determine the specific outline of some elements both at the level of organizational culture and subcultures.

h. Company resources - for a company plays an important role in creating a specific type of organizational climate. Where resources are limited, a competitive attitude develops within the firm, with each sector trying to show that it has better performance and prospects in order to attract more. Sometimes, however, the situation can get out of control, harsh reactions occur and manifest between the company's components, which can generate destructive conflicts for it.

i. Legislation - the legislation is reflected both in the way the company is organized and in the nature of the activities carried out. In most countries, the law provides for participatory management bodies with well-defined roles for their functionality. Also, the existence of organizational documents, work procedures (e.g. for labor protection), etc. are mandatory

j. Customers – these are taken into account more by firms whose sales are largely dependent on a small number of customers. The attention given to customers varies greatly depending on their bargaining power. When customers are numerous and dissipated, it is easier for the firm to impose its point of view.

k. Economic environment - the economic environment is an important factor in the construction and evolution of an organization's culture. Favorable conditions offered, reflected in the number of existing and potential customers, access to economic resources on favorable terms supports the process of developing a healthy, competitive organizational culture. Given the abolition of important barriers between different states (customs controls, phyto-sanitary controls, customs duties, etc.), the economic environment is likely to provide a greater range of opportunities for companies and threats, which generates a certain attitude from managers, other employees, with direct repercussions in the way the company culture manifests.

l. Social conditions - we are currently witnessing a rapid growth of the global population, which places new conditions on the way of organizing activities, the way of employment. One aspect that is not recommended to be overlooked is the phenomenon of the aging of the labor force, which causes the working-age population to bear an increasing number of inactive people.

m. National culture – studies conducted in recent years by renowned specialists (Hofstede, Trompenaars) have highlighted the fact that there are certain cultural “models” that characterize the different nations. The way of thinking, decision and action takes various forms that reflect the history and recent developments of the members of this community. These models are made up of a true cultural heritage that organizations hold, but which take specific forms that also reflect the particular conditions of the respective field of activity. National culture is one of the most powerful determinants of an organization's culture.

n. Globalization – Is usually an ever-increasing phenomenon that forces companies to consider a larger complex of factors in an international vision. Whether actively or passively, the activities of an organization are influenced by the various trade agreements concluded with different countries, by the appearance of directly competing products or by substitution, delivered by foreign companies, etc. (Goldbach, 2015)

Figure no. 2. Determinants of Organizational Cultures



Source: self-processing

4.2. The evolution of organizational culture values in Romania and their particularities

A summary analysis of the present organizational culture in Romania suggests the possibility of an important field of work at the level of cultural artifacts. They present an important gap to current standards, even in the case of foreign companies represented in Romania and those created in recent years, supposed to be designed with the adoption of cultural elements. The number of companies where a modern and integrated treatment of cultural elements can be observed is still low, but these can be guiding elements for the rest of the organizational population. A massive process of modernization of these cultural elements is expected for most of the organizations that aim to develop Romania's image in the European Union within the next decade.

Romanian companies, which before 1990 were state owned, are divided into two main categories by reference to the historical moment of the communist nationalization in June 1948.

A) Organizations developed on the back of a company existing in 1948: the organizational culture associated with the old company was eliminated in almost all cases and replaced with a product "adapted to the communist political conditions". It started with replacing the original name of the organization with one that had a revolutionary communist symbolism and eliminating the old managers and leaders, then it continued with the elimination of all significant artifacts, including the removal of the people who served as their support. Today, cultural artifacts existing in 1948 can be partially recovered and used for differentiation. The ones that appeared between '48 and '89 portrait a sad image of what the old regime deemed to be necessary to make them compatible with the new type of communist economy. (Dănciulescu, 2017)

B) Organizations created after 1948 and until 1989. The organizational culture of this category of companies shows the strongest communist influences of that period of time. A number of elements can be easily transformed – name, slogan, emblem – but most intangible elements – histories, heroes, values, etc. – have been used most of the time in a context from which economic rationality was excluded, and firms were political rather than economic instruments. More complicated is the situation of some components, such as, for example, the brand, that cannot be changed, although they are no longer suitable for the moment.

The situation of the organizational culture is much more complex at a deeper level, and the logic of the current situation shows the need for an intervention at the level of the collective mindset and the public mentalities. Those who know the phenomenon of organizational culture consider that there is a discrepancy between the type of mentality, essentially anti-competitive, cultivated by the communists and the new economic system promoted after the '90s.

C) Organizations created after 1990 and before the integration within the EU starting 1st of January 2007. The year 1990 marked a new differentiation with negative effects at the level of organizational culture: commercial companies and autonomous kings. The difference is given by the feeling of vulnerability, existing in the employees of the first category and absent in those of the second category (Allaire and Firsirotu, 1998), with effect on the adaptation to achieve performance. There were many companies created after the collapse of the communist regime, that had a different competitive advantage, in such of manner that made them immune to any outside influences. The other ones, the commercial ones, understood this difference, that there are two sets of distinct values belonging to different historical ranges - before and after the fall of communism.

In Romania the vast majority of companies are in the initial stage of a redefinition of organizational culture. Because the time required to articulate a coherent cultural system is relatively long - in the order of years or decades -, those companies that manage to get rid faster of the ballast represented by the values associated with the period 48-89, and that put in place elements that are in consonance with both the current socio-political and economic environment, as well as with the chosen strategy, will be advantaged. The transition can be accelerated if the process is directed and materialized in specific actions. (Cercel, 2013)]

It is noted that some investors prefer to create new organizations and build everything from scratch – including the physical environment – in order to mitigate the risks associated with preserving some elements of organizational culture specific to the communist system.

The reality shows that cultural inertia is more important than originally thought in the 90's.

If during the communist period cultural remodeling at the organizational level was fixed in a large process of remodeling the state by using an all-encompassing supported by external forces and supported by huge resources, the current reverse transformation occurs with a minor involvement of the state. The consequence is the increase of the period of this transformation, as well as the maintenance of cultural elements specific to the old context, despite the costs it generates.

D) Organizations build after 2007. After the integration in the European Union, organizations from Romania managed to better understand that there are some major advantages related to the possibility of selecting and using the staff with the values most associated with the chosen strategy or with the model conceived by the entrepreneur. Even in the case of tangible elements there is an advantage given by the possibility of taking the best examples or models articulated in a modern and coherent system of symbols designed in accordance with the main product or business - slogan, name (brand), logo, etc. the use of cultural artifacts in an offensive manner, especially with a product promotion role, it seems to be a condition of overeating and differentiation. (Cercel, 2013)

Applying a strategic approach to the design of a new business allows a company from the first moment to correlate its subsystems to achieve the set objectives, being part of a large strategy and making the corrections on actions that involve waste of time and money. Borrowing from the experience of other organizations from a modern European society allow eliminates to correct the errors associated with their day-to-day operations. The disadvantage of these companies is generated by the scarcity of resources, as well as the cultural skills of entrepreneurs or managers. Often, however, intuition or a robust value system of the leader can play the role of a cultural locomotive, which increases the chances of overeating the business. However, the Romanian society is being modernized every day, and adopting the newest processes to manage daily operations and employee interactions. Many of the Romanian cities, Bucharest, cluj-Napoca, Timișoara, Iași, Oradea, Sibiu, Brașov and many others are hubs connecting international companies and the whole of eastern Europe, especially in the last 15 years since the intrance into the EU.

5. Conclusions

Although it is a seemingly abstract element, organizational culture is an extremely broad concept that defines a company or institution through the visions, values, norms, symbols, beliefs or habits assumed, as well as the language used in internal communication or the behavior model adopted by employees. Organizational culture includes a set of things that dictate the course of things in certain situations that the entity may encounter in the course of its operation.

After all, organizational culture should exist in any type of organization, be it traditional educational units, NGOs or government institutions, and not just in companies, companies or corporations. The concept became popular in the business environment in the years 80 – 90, so it is easily understood why it would reach the Romanian market way later than that. It was only after Romania’s admission within the EU that triggered a chain of events that would bring international companies/organizations into this country. Thus, Romanian enterprises found themselves in an competitive environment that involved understanding the concept of organizational culture.

6. References

- Björkman I., John, S., 2011. *The determinants of line management internalisation of practices in MNC subsidiaries*, [online] Available at: <https://psycnet.apa.org/record/2011-10400-004> , [Accessed 23th of May, 20022]
- Cercel M.O., 2013. *Cultura organizațională: concepte, instrumente de evaluare [Organizational Culture: concepts, instruments, evaluation]*, Craiova: Sitech
- Dănciulescu M.M., 2017. *Cultura organizațională [Organizational Culture]*, Caracal: Hoffman
- Goldbach I.R., 2015. *Cultură și management în organizații [Organizational Culture and Management]*, Bucharest: Pro Universitaria
- Ionescu C.E., 2014. *Cultură organizațională [Organizational Culture]*, Tg. Jiu: Excelsior Educațional
- Nickerson C., 2022. *Hofstede’s Cultural Dimensions Theory*, [online] Available at: <https://www.simplypsychology.org/hofstedes-cultural-dimensions-theory.html>, [Accessed 23th of May, 2022]