

# Organizational Culture: Functions, Dimensions and Influence Over Products And Services

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## Abstract

*A role that is important in the formation and change of organizational culture has been held by the leaders of the organization who accept certain values. Each organization is a structural and technological, but mostly a mini-cultural universe. It expresses itself in a different way. The present article aims to understand the internal-external factors of the life of the organization, the functions of organizational culture, the influence on the market price of products and services. The role of innovation in the added value of products and services can only be achieved through understanding the dimensions of organizational culture.*

**Key words:** organizational culture, functions, dimensions

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

## 1. Introduction

In the early 1970s, explorations began in the field of organizational culture: the climate, belief system, values, and myths and legends of the organization.

For the manager, the idea of organizational culture can be a particularly powerful tool. By successfully socializing people in the desired culture, managers can achieve two important objectives:

*a)* they can establish the basis of widely shared attitudes, beliefs and values throughout the organization, thus a sense of unity, common purpose and mutual commitment;

*b)* they can establish and cultivate a sense of a common destiny, shared equally by manager and worker, according to which what is good for all is good for everyone. In a world where tradition was bringing mostly adversity between manager and worker, an idea that promises a new approach and greater unity and cooperation deserves full attention.

The stronger and more distinctive the culture, the easier it is to see its characteristics. This is confirmed in both organizational and national cultures. The culture of an organization includes (Cercel, 2013):

- its philosophy and its dominant values;*
- its the rules applied for the performance and continuation of the activity;*
- the general climate and company style (for example, “open” offices and informal atmosphere, clothing, etc.)*

## 2. Literature review

Valerica Anghelache defines organizational culture as “*a modus vivendi, a way of being of the school, reflecting its organizational temperament.*” What makes the difference between the temperament of the organization and the human temperament (taken individually) is precisely the possibility of modelling, of rebuilding the first one. Organizational culture is not a given, but is more like a dynamic dimension, one that is nurtured by its leaders. It reflects and is reflected in the performance of the organization, in its capacity to relate to social culture. (Dănciulescu, 2017)

Alois Gherguț believes that “*organizational culture refers to a gathering of collective standards of thought, attitudes, values, beliefs, norms and habits that exist in an organization and that constitute its ethos*”, and that a strong organizational culture is “*one in which there is a strong attachment to the values and principles of the organization from the members who compose it (...), yet people don't need extra incentives, they unconditionally accept the rules of the game.*” (Ionescu, 2014)

Georgeta Pânișoara highlights the following characteristics of organizational culture (Stoica, 2013):

- it defines organizational boundaries;
- it makes the organization distinct from other organizations;
- it gives a sense of identity and solidarity among employees;
- it brings people together to cooperate, generates organizational involvement;
- it increases the stability of employees in their positions by appropriating the values of the organization;
- it helps to direct the individual within the organization;
- it resolves contradictions that may arise in its absence;
- it structures behaviours, attitudes within the organization, developing the system of norms and ensuring their applicability.

Understanding all of the opinions above, we can note the following limits of organizational culture:

- predisposing to conformism and obedience from individuals to be accepted at the organization level;
- cancels/diminishes the personality of the individual in favour of the personality of the organization;
- if, between the visible, displayed aspects of the organization's culture and its invisible aspects, the discrepancies are large, then we can speak of a low degree of “maturity” of the organization

### **3. Research methodology**

The present article aims to understand the internal-external factors of the life of the organization, the functions of organizational culture, the influence on the market price of products and services. The role of innovation in the added value of products and services can only be achieved through understanding the dimension of organizational culture. In order to do that, we must first learn to ask the most important questions that identify the dimensions of the organization. Thus, the main research point of the article is to gather the theoretical base needed to identify the dimensions of organizational culture in the present times we find ourselves in.

Organizational culture is not formed artificially or accidentally, but is the result of practical activity, interaction between the members of the organization and as a response to problems arising in the internal and external environment. An important role in the formation and change of organizational culture is played by the leaders of the organization, who accept certain values promote them collectively. Each organization represents both a structural and technological universe and a cultural universe. Each organization has its elements and expresses its components differently.

### **4. Findings**

#### **4.1. Defining organizational culture and its factors**

Analyzing the most significant *definitions* of organizational culture, we concluded the following:

- culture is actively created through the actions of the people in the organization and is not “given”;
- culture is implicit in the mind of the members of the organization and exists as a socially accepted perception or definition.
- culture is shared, it refers to agreed and accepted standards of behavior, values and beliefs, it is the -social glue that holds the organization together;
- culture is an atmosphere and refers to “what it's like to work in this organization”; [Goldbach, 2017]

- culture is a pattern of behavior that refers to how things are done within the organization.  
One organization is distinguished from another by the organizational culture, the appearance and development of which is influenced by the following factors:

**a) external factors are generated by the social context:**

- national culture includes the way of thinking, education, religion;
- technologies require deeper employee specialization;
- legal factors generate values or non-values related to fairness;
- the environment receives the organization according to its type.

**b) internal factors are generated by the internal life of the organization:**

- the history and tradition of the organization influence the existence of the organization through the values and concepts that have been promoted over time;
- the larger the size of the organization, the more conflicts arise between existing subcultures;
- the ways of integrating and recruiting staff ensure an efficient integration of the newly hired staff;
- the members of the organization being different develop different behaviors.

The nominated factors influence in a unitary way the organizational culture, so we cannot highlight the importance of one over the other.

## 4.2. Functions of organizational culture

Valerica Anghelache identifies 3 functions of organizational culture:

- 1) **The normative function** - regulating behaviors and attitudes, being in a possible grid for assessing them and resolving conflicts;
- 2) **Motivational function** - supporting cooperation and interpersonal relations;
- 3) **Psycho-social function** - whereby individuals and organizations build their own identity in relation to others or the environment

In another opinion (Taylor, 2022), the functions of organizational culture are:

**a) Organizational culture performs several functions within the organization, how they are performed depends in a significant way on the organization's functionality and performance.** Organizational culture contributes to the development of the company's relationships with its stakeholders. Elements of organizational culture convey significant messages both formal and informal about what is important to the organization.

**b) Organizational culture is the interface between national and individual culture.** The members of the organization adapt the elements of national culture to the specific activities carried out, the organizational culture thus appearing at the interface between the individual cultural elements and those prevailing at the national level. The result of this interpenetration offers the company the opportunity to develop its own cultural model, but at the same time to develop a cultural network, based on cultural elements common to those of other stakeholders.

**c) Organizational culture shapes individual and group identity.** Through the values displayed, through the actions carried out, the organizational culture places great pressure on a newcomer within it, causing changes of some depth in its perception, thinking and action. In order to be accepted, the individual will "redesign" certain personality traits so as to integrate as best as possible into the group in which he wants to carry out his activity. Organizational culture in turn undergoes transformations under the influence of internal or external factors.

**d) Organizational culture is a major determinant of the behavior of members of an organization.** In organizations with a high developed organizational culture, their members understand what is expected from them and what are the ways of acting that are accepted. As a result, they will have a fast way of decision making, focusing their actions on achieving the objectives set.

**e) Organizational culture provides a sense of belonging to a specific community.** The employees of the company shape and are shaped by the organizational culture. As time passes, they develop a multitude of connections, professional and personal, with the environment in which they operate. Gradually, they arrive and consider the organization as a second home. The mutual cultural influences have been acquired to such an extent that they are no longer perceived.

**f) Organizational culture protects its components.** Organizational culture provides a sense of stability and security for its members. Its role is all the more important as the speed of change is higher and the business environment is experiencing changing dynamics. Consequently, it is the organizational culture that has the power to provide “psychological safety” to its components, providing them with a familiar framework in which to manifest their personality.

**g) cultural and organizational changes.** There is a strong connection between organizational change and the development of an organization. Organizational development is a planned process of change in the culture of the organization through the use of behavioral theories and practices.

The change of organizational culture in the context of modern organizational approaches is achieved by the internationalization of economic activities which is one of the strongest trends in the contemporary economy, with a rapid expansion and re-engineering which is another managerial organizational approach that is particularly emphasized lately. In essence, re-engineering means of the fundamental rethinking and radically new redesign of the organization’s activities in order to achieve major improvements in cost, quality, service and speed of response. This reengineering focuses on relevant activities within the organization and not on specific components. Thus, priorities are reintegrated into positions, the work processes in compartments reshaping the employees’ knowledge.

#### **4.3. The influence of organizational culture on the market price of products and services and the role of innovation**

*The influence of organizational culture on the market price of products and services.* In order to be able to appreciate the influence of organizational culture, and its evolution over time, but especially its effects over the prices of a company’s products, it is necessary to make a brief presentation of the notions of physical product and cultural product. *The physical product* is a material reality and its value decreases from being used. For example, a car decreases its value the more it is used. The cultural product is a non-material reality whose value increases the more it is used. For example, the value of a book, as a conceptual entity, not as a physical specimen, and it is all the greater the more it is read by many. Organizational culture also provides a company with a cultural content that is added to all the material values that such a structure implies. To the price of all the products of a company is added a cultural component whose value increases over time and thus compensates for the decrease of its physical value. The history, the tradition of a company is a cultural product. If we go back to the example with the car, its physical value decreases after 5-10 years of use, but if we preserve it, after 50 years (or even more) its value increases again, only through its cultural component. This is the reason why cars produced by well-known companies better preserve their market value and make better use of second-hand, third-hand resale (over time), etc. (Dănciulescu, 2017)

*The role of innovation in the added value of products and services.* The added value of products and services is that part that adds to the standard and is accepted by the market, by increasing the selling price, due to additional options. From the point of view of the type of activities, the following categories are distinguished:

- production;
- functional services within the organization;
- research, development and innovation services;
- commercial services;
- financial services.

The higher this scale, the higher the added value will be. When we talk about innovation as an activity, it is present in all these types of activities (mentioned above) and in each of them it allows for a higher market price and therefore a higher profit margin. Within this profit margin is included a share related to the organizational culture, the organization’s training, the novelty content of the product or service. Innovation contributes to increasing market prices by increasing added value.

#### 4.4. Identifying the dimensions of organizational culture

Identifying the dimensions of organizational culture is a process that understands the ways in which different characteristics of organizational culture may affect the concept from within. In essence, each dimension of organizational culture has its own questions regarding the concerns one might experience when researching them.

*Table no. 1. The dimensions of organizational culture*

<b>Dimensions of organizational culture</b>	<b>Important questions to ask</b>
1. The ties of the organization with the environment in which it operates.	<i>How an organization acts to be dominant, in harmony, how do we find the way to escape/impose the domination of the organization?</i>
2. The nature of human activity	<i>It is right for people to act to be dominant/proactive, harmonizing or passive/fatalistic?</i>
3. The nature of reality/ truth	<i>How to define what is true and what is not true; and how does truth determine, ultimately, the psychical and social world?</i>
4. The nature of time	<i>What is our orientation in analysing the past, the present and the future, what kind of time units are relevant to lead the everyday life?</i>
5. The human nature	<i>What is the basis of man's existence: kindness, neutrality or evil? Is human nature perfectible?</i>
6. The nature of human relationships	<i>Which is the right way for people to get along with each other, to share their strengths and affection? Is life a competition or cooperation? Is it good for us to organize our lives on principle of individualism or on group cooperation? The best authority is the autocratic/paternal system or the collegial/ participatory one?</i>
7. Homogeneity vs diversity	<i>It is good for the group to be composed of various or homogeneous elements? can an individual be the encouraged one within the group in order for him to be creative?</i>

*Source:* self-processing

#### 5. Conclusions

Organizational culture is not artificially formed or accidentally, but is the result of practical work, interaction between members of the organization and as a response to problems that arise in the internal and external environment. A role that is important in the formation and change of organizational culture has been held by the leaders of the organization who accept certain values. Each organization is a structural and technological mini-universe, and mostly a mini-cultural universe. Each organization has its elements and expresses itself in a different way.

Organizational culture is about dimensions and this translates into profound aspects of the "personality" of an organization, conditioned by long-term vision and policy of each organization, aspects that can offer stability over time. By opposition, the term organizational climate refers to the contextual aspects, the dimensions associated with it depending on "ad hoc" ("here and now") assessments by employees. These elements are specific to each collectivity, and it quickly changes over time around some core values. These core values are sensitive to minor changes in communication, relationships, or organizational procedures.

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