

# The Influence of Societal Values on Organizational Culture at Company Level –the Romanian Case

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## *Abstract*

*The present study aims to analyze the influence of societal values in modelling the organizational culture at company level. Studies conducted by different researchers highlighted the differences of perception between peoples' values in their society in relation with the values of their colleagues of different nationalities. Finally, these values influence the importance that people grants to work, leisure, family and social status. The purpose of this paper is to draw the highlights of a new instrument for assessing the organizational culture at company level, a tool better adapted to the Romanian business and social environment, by measuring simultaneously the cultural values rooted from society values and behaviours and the cultural dimensions at company level. The assessment instrument has to be able to determine the employee's societal values and the organizational culture of the company providing the link between those behaviours and attitudes which increase the social and economic performance of the organization and those that demotivate the Romanian employees.*

**Keywords:** *organizational behaviors, organizational culture and climate, societal values, cultural styles and dimensions, assessment instruments.*

**JEL classification:** A13, D23, M14

## 1. Introduction

Research conducted worldwide shows that there are cultural patterns specific to each nation. These cultural patterns are determined by history, culture, education, but also by religion or beliefs and will be reflected in the thinking and acting of people, stressing their perceptions on the values of the society they belong to (Hofstede, 2001).

Studies conducted by Geert Hofstede among more than 100 IBM subsidiaries all over the world as well as the worldwide project GLOBE (Global Leadership and Behavior Effectiveness) highlighted differences between peoples' perceptions about their the societal values, in relation with the values of their colleagues from different nationalities. Finally, these values influence the importance that people grants to work, leisure, family, social status, etc. A certain pattern which was identified allowed the definition of a series of cultural dimensions that characterize individual companies. These cultural dimensions

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relate to: the degree of accepting inequality among people, aversion or tolerance to situations of uncertainty, the existence of differences between male and female roles in society, the role of the individual within the group where he/she belongs, the degree to which the society rewards collective action and reallocation of resources, the perception of present and future. Gerry Johnson believes that "history, religion and even the climate can explain these differences" (Johnson, 2008).

Professor Geert Hofstede gives us an explanation in his book "Software of the Mind - Management of Multicultural Structures" (1996): "Each individual is the bearer of patterns of thinking, feelings and actions acquired during lifetime. Many of them have been acquired during childhood, when the individual is able to learn and assimilate. [...] Because some thinking patterns were deeply embedded in a person's mind, he/she has to give them up before learning something different, and this is more difficult than the initial learning" (translation from Romanian edition, Hofstede, 1996).

In this article we intend to present the theoretical framework of a new tool for assessing the organizational culture of a company, an instrument better adapted to the Romanian business and social environment, by proposing a framework for a tool that could simultaneously evaluate the cultural values rooted from society and the cultural dimensions at company level. Such a model will provide an easy understanding of societal values' influence on the organizational culture of the company, and of the discreet way in which organizational culture positively or negatively affects employee performance and, ultimately, the company itself.

## **2. Characteristics of organizational culture in Romania**

### ***2.1 Society level***

As mentioned previously, national cultures are different, mainly at the level of unconscious values of its members. Hofstede emphasized that each organization creates its own cultural system, where remaining structures of national culture can be found (Hofstede, 1996). Professor Dumitru Constantinescu states that "the organizations are reproducing at micro level the social system that is allowed at macro-level, the level of societal values" (Constantinescu, 2008). Changing the values that are characteristic to a certain society can occur only over after several generations (some experts consider that it takes at least two generations for a society to register significant changes for these values).

The GLOBE research (Global Leadership and Organizational Behavior Effectiveness) was a sophisticated project on a global scale, which involved substantial human and material resources. The project lasted 10 years and included 62 companies, aiming to measure the nine so-called fundamental attributes or dimensions of organizational culture, and then evaluate how they shape the leadership in analyzed companies (Bibu & Brancu, 2008).

For an easier interpretation of the results of this study, researchers grouped the countries in ten "clusters", based on cultural proximity. The following clusters were identified: British Europe, Eastern Europe, German Europe, Latin Europe, Northern Europe, Latin America, Sub-Saharan Africa, Middle East, South Asia and Confucian Asia (Grove, 2005).

As regards our space, namely the European continent, GLOBE study results showed that, in terms of organizational culture, Europe can be cut into two areas: the Northern area, which includes states that are above an imaginary line joining the UK and Austria, and Southern area which includes the entire South of the continent, from Portugal to Georgia, including Central and Eastern European countries in this subspace. (House et al., 2004)

A significant difference compared to Hofstede model for example, is that each of these dimensions was measured in two ways: how the society looks like at a certain moment in time (called "societal practices" aspect by GLOBE scientists) and how the society wishes to be (called "societal values" aspect by GLOBE researchers). Research conducted in different countries showed that the most difficult to change is societal culture, stressing the obvious differences between the values that society seeks and the current, real values of society at a certain moment.

Thus, those studies showed that the Romanian society tolerates unequal distribution of power easily, is rather collectivist, it encourages individualism and aggressive attitude in social relationships, with male and female values that interpenetrate and with a high level of tolerance leading to uncertainty, great resistance to change and avoiding risk by non taking responsibilities. In terms of orientation, the Romanian society is poorly oriented towards future and mainly focused on present time rather than the future, on short or medium term rather than long term. Regarding indulgence versus restraint, Romania is characterized by low to medium degree of indulgence, which shows that Romanians allocated, often constrained by the need to meet security needs, more work and less time for leisure. As regards the last indicator, Monumentalism, Romania is characterized by average scores, showing flexibility and a certain inclination towards modesty.

It is also worth noting that significant differences in societal values are found even in different regions of Romania (Neculăesei, et al., 2008), which can be explained knowing the way in which the three provinces have evolved in time. Also, if we continue segmentation, one can see that there are differences within the same region between village and city, between individuals with different degrees of education or training, etc.

This last remark leads us to claim that within each company there is a *sui generis* mix of individual organizational culture, influenced blend of education at home and at school, nationality, grade and type of training, the career paths of each individual.

These differences of organizational culture at society level are translated at the level of the organization in a cultural conditioning of values, attitudes, perceptions, behaviors and rules specific to each individual. Furthermore, over these societal cultural differences overlap each individual characteristic values

(regional specificities, education, training, experience, etc.) and values and norms imposed to the organization by its leaders. The result of these interactions is a sui generis mixture, specific to each organization, of values, beliefs, attitudes, norms and rules, rituals and symbols that form the organizational culture. Thus we can explain why an organization's culture differs from another similar culture in terms of industry, ethnic composition of employees, size of turnover, number of employees, capabilities, etc.

## *2.2 The organization level*

Each company is a social group by itself, with its own values derived from both the mission and vision of stakeholders, and the interactions among employees. Thus, each company will have an organizational culture driven by both leaders and employees. Education at home and at school, geographic area, urban-rural differences, previous work experience, age, etc. are all factors that determine individual variations in organizational culture. These differences, sometimes major ones, other times relatively minor, ultimately modulate the organizational culture of each company. All these values, learned or acquired during lifetime, shape the individual behaviors and further on, the behaviors of the organization or even the society (Năstase, 2004)

On the international plan, there are several tools for evaluating organizational culture, but they are focused on organizational culture at society level (Hofstede, GLOBE, ETC.), or organizational culture at company level (Human Synergetics OIC, Denison, OCAI, etc.).

According to research<sup>1</sup> conducted by Human Synergetics<sup>2</sup> in Romania, the organizations culture in our country is dominated by the Constructive styles, with a tendency towards Self-actualizing and Achievement styles.

Regarding secondary dominant styles, we note the tendency towards Aggressive Defensive styles, especially Competitive and Power orientations, as well as Passive Defensive styles such as Dependent and Avoidance orientations. In our opinion, these secondary dominant sides can be explained by the influence of cultural features at society level on the culture of the organization. We appreciate that high scores for Dependence index found in many of the Romanian companies are caused by the influence of high power distance traits, a cultural dimension specific to Romanian society.

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<sup>1</sup> The study "The Romanian Organizational Culture" is available online (in Romanian only) at [www.humansynergetics.ro](http://www.humansynergetics.ro)

<sup>2</sup> The Human Synergetics OCI<sup>®</sup> measures 12 styles that are defined by two dimensions: orientation for task versus orientation toward people and orientation toward needs for growth and satisfaction versus orientation toward needs for security and safety. These dimensions define the three styles: Constructive Styles (which includes orientation towards Achievement, Self-actualizing, Humanistic-encouraging and Affiliation), Passive-Defensive Styles (which includes orientation towards Approval, Conventional, Dependent and Avoidance) and Aggressive-Defensive Styles (which includes orientation towards Oppositional, Power, Competitive and Perfectionistic).

Regarding negative orientations, we note the effects determined by the secondary dominant orientation such as fight power and internal competition over resources, subordination and responsibilities avoidance. These traits determine a hierarchical and non-participating organization and a structure that is influenced by the positions occupied by employees and their status. In such an organization decisions are taken centrally and the fight power is a common behavior for achieving higher positions and status. The competitiveness of the company is negatively affected and employees are determined to do just what they are told and check every decision with their superiors. The performance is diminished by the lack of individual initiative, spontaneity, and flexibility and by non taking necessary decisions in due time. These organizations, while rewarding success (the influence of Constructive styles, as well as orientation towards competitiveness), penalize mistakes more than necessary, which causes employees to transfer their responsibilities to others. Also, in these organizations employees are rewarded for competition between themselves. People are working in a "win-lose" environment and consider that in order to be noticed it is better to work (rather) against their colleagues than together. (Human Synergistics Romania)

Note that regardless of the size of the organization, its turnover, field of activity, degree of education or human resources capabilities, there is a certain pattern of behavior and attitudes of the organizations that we find, in varying proportions, within all companies in a given society. According to the of Human Synergistics Romania research - "The Romanian Organizational Culture" - we can observe that unlike the internationally ideal culture, where Constructive styles are dominant, in the case of Romanian companies the ideal organizational culture is a balance of Constructive and Aggressive Defensive style (with higher scores for the Opposition, Competitive and Power orientations) and Passive Defensive styles (mainly Dependent and Approval styles). In our opinion, these differences regarding the organizational culture of Romanian companies determine different behaviors, perceptions and attitudes of the Romanian employees. These differences can be explained by taking into account the influence of the societal values in modeling the organization culture at company level.

For this reason, a full analysis of organizational culture at company level must determine all these influences that shape the organizational culture of each individual, based on the values of the society in which the respective individual was raised and educated and reaching to the values of the company where he operates. (Cercel, 2011)

In our opinion, in the case of Romania there are some societal values whose features play an important role in managing employee performance and building an organizational culture focused on performance. These are: power distance, masculine vs. feminine values, individualism versus collectivism and, respectively, uncertainty avoidance.

A high index of distance to power determines a poor communication within the organization, withholding information, finding subterfuge in the procedures.

A high degree of tolerance to uncertainty determines aversion towards the structures, rules, clear norms and procedures, staff always looking to avoid them. A typical Romanian employee feels comfortable in situations of uncertainty, "is resourceful," refuses to take responsibility thus not being sanctioned, formally respects hierarchy, but informally applies the principle "say as the boss says and do as you like".

Although masculinity index vs. femininity is not directly associated with economic and financial performance of the organization, there are indirect influences. A high index value for feminine values contribute to increasing employees satisfaction, by improving the workplace climate and organization's involvement in CSR projects and therefore a high degree of motivation and loyalty, while a high index of masculinity is associated with rewarding results, recognition of merit, challenge and competition.

Also, a high degree of collectivism, Romanians' strong attachment to the group to which they belong (family in the broad sense) leads to a weak connection with the organization, lack of loyalty and responsibility. Experimental studies have shown that rich countries consistently record high values of individualism index, collectivism being associated with rather low developed states.

We believe that for companies operating in the business environment in Romania, it is essential to quantitatively diminish the influence of these factors on the organization's culture, to encourage the establishment of a true dialogue between management and employees, in order to increase accountability of employees and to foster the development of thinking "outside the box".

### **3. Conclusions**

A full analysis of organizational culture at company level must determine not only the organization's climate and staff behaviors and attitudes, but must investigate in depth, trying to highlight the societal values of all members of the organization (especially when we are in a multicultural environment). Quantitative research should be pursued through a type of qualitative research, with in-depth interviews and focus groups, in order to determine all interactions and influences on the culture of the organization.

Thus, an organizational culture assessment model adapted to the business environment in Romania should be able to meet the following requirements:

1. To determine the societal values of a company's employees, especially those that may negatively affect the working environment and individual/group performance;
2. To link the selected societal values and their influence on the culture of the organization;
3. To determine individual and organizational culture throughout the organization, emphasizing those behaviors and attitudes which increase social and economic performance of the organization and those that demotivate Romanian employees, make them less responsible and eventually cause a decrease in individual&group performance;

4. To be a starting point in qualitative, in depth research of the culture of the organization;

5. To be a starting tool in defining a strategy for cultural transformation.

The model uses a bottom-up approach, respectively from organizational culture values of individuals to determine organizational culture of the whole, as a result of individual societal values and organizational behavior existing at the company level.

The model must be able to provide a quantitative assessment (based on survey, by interviewing a representative population, selected on the basis of probability) of employee perceptions about societal values of individuals and groups and the organizational culture of the respondents.

To meet these requirements, the model aims to measure separately societal values and indicators present in the organizational culture of the organization.

Thus, the societal values that we consider relevant to be measured quantitatively are as follows: distance to power, tolerance to uncertainty, reporting to the group / family values, male vs. feminine values.

In terms of cultural indices, we consider that the following have the ability to capture those details relevant to the organizational climate in Romania: Subordination, Avoiding responsibility, Empowerment, Organizational learning, Resistance to change, Customer orientation, Team orientation, Skills development, Mission, Participatory democratic attitude, Competitiveness, and Fundamental values.

The graphical representation of results can be built as a circumplex in such a way so as to bring societal values of employees and the climate of the organization under the same picture. Such an image becomes a tool that provides an overview of organizational culture, easily interpreted by managers, so that they can understand the influences of organizational culture on performance and quickly discern levers on which action must be taken within a cultural transformation process.

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