

## THE IMPORTANCE OF ORGANIZATIONAL CULTURE BASED ON CULTURE TRANSFER

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### ABSTRACT

*The objective of this paper is to understand the importance of the organizational culture. The research concluded that organizational culture is an important condition that operates in every organization, though mostly invisible to the members of the organization or external environment. This paper reflects on the organizational culture characteristics and importance that assist in promoting a healthy and successful organization. Values of culture that help shape organizational success and statute are discussed in addition to how the culture can change the way of activity evolution. Organizational culture is an issue of escalating importance if we take in consideration the structural changes of organizations which are downsizing, merging and restructuring and also the increasing complexity and unpredictability of the fast changing external environment. Understanding, assessing and managing organizational culture can help the organizations to achieve both stability and adaptability.*

**KEYWORDS:** *Adaptability, change, culture transfer, organizational culture.*

**JEL CLASSIFICATION:** *A1, F6, M2, Z1.*

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### 1. INTRODUCTION

Change is generally a response to some significant threat or opportunity arising outside of the organization (Gilgeous, 1997). In the current economy, its operation bases are made by private organizations and public institutions that through human resources create a stable environment for this work to be undertaken. Of course, every organization or institution is itself based on its own rules, values, perceptions and beliefs by which they operate. These basic criteria can be outlined and defined as a fundamental group, which guides people towards a common goal. Business environment can be described today in two short words, these are fast changing. This means that the fast changes that take place in technology, mostly regarding e-commerce and speed of data communication and work process, submit the business environment to respond as quickly as possible. Organizations must be prepared to keep up with the fast changes in the business dynamics since today momentum is defined by globalization and liberalization of trade so that they can submit to the new coming demands. This is why over the last years organizational culture became more and more important. For an organization to work well and to complete its objective it must adapt to the external environment but it has to do so by having solid criteria, standings, beliefs and values as an internal structure, internal structure that is implemented by leaders.

### 2. THE IMPORTANCE OF ORGANIZATIONAL CULTURE VALUES

Anything that can be defined in life has a certain value. Since organizational culture can be defined in many forms it means that it also has many values. When a fonder “builds” an organization from

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scratch it does so through his knowledge and experiences that he cumulated until that moment. These two parts will be the bases of the culture that he will implement into the company. The cultural structure that takes shape now will be defined by values, symbols, certain ways of working process, principles and methods, all of these can be defined as the invisible part of the company," organizational culture is considered to be the invisible force from behind readily observable and tangible things in an organization being also the social energy causing people to act". (Popa 2004)

The presumption is that by following the structure the company's target will be achieved. The employees that will work in the company are supposed to understand and follow this cultural structure so that the process can go as smooth as possible without interference that can delay the output. Of course, over a period of time, the leaders could consider that not all of the starting beliefs are useful for the company, therefore they may choose to eliminate some of them so that only the few and important ones compile the structure on which the company basically works.

Therefore, the organizational culture structure can have as components the following:

**Symbols** - A symbol may be the way of an organization to differentiate or associate itself from or with other similar companies. A symbol, even if it is a material object or not, takes place of the complex relationships within the organization that cannot be easily spoken of, but are very important and meaningful for the organization.

**Ideology** - ideology can be defined as the set of beliefs about the company and how it operates and evolves. These are beliefs, moral principles and values that form the basis for organizational culture. It contains the actions that its members must undertake to fulfill the goal. A strong ideology helps to define the external and internal relationships. Since value is important in a organizational culture, representative authors have defined the dominant beliefs and values. Thomas Peters and Robert Waterman have concluded in one of their major papers, *In Search of Excellence*, these following dominant values: Belief in being the best; Belief in doing things right; Belief in the importance that everyone has as a individual; Belief in quality; Belief that most of organization members must be inventive; Belief in the importance of communication; Belief in the importance of economic growth and profit.

For this type of values and beliefs to be followed by employees, the company must always remained and underline them this being an undergoing process.

Therefore, values must be chosen from the many variety existent, must be in compliance one with other, must be realistic and not to many and to be attractive towards the employees.

**Rituals and history** –these two parts come from the genesis of the organization. For a employee to integrate into a company it must know the rituals that take place, what are the meanings of them, when and why are they done, the history behind them and the reason why they are still important and used in present time. These elements give certain and specific values in every organization.

**Internal behavior** – of course, for all of these above to be implemented and respected by employees, there must be an internal behavior conduct. By this, standards are made and put into actions so that everyone knows how to behave in any situation. Usually internal behavior is formal, meaning that is stipulated by an official act or informal, meaning that it is only an internal unofficial establishment of rules.

Taking into account G. Hofstede's research we can affirm that any culture can be defined through these cultural dimensions: hierarchic distance large/small, control of uncertainties intense/reduced, individualism/collectivism and masculinity/femininity. (Hofstede 1980)

Also, if we take into account the research regarding the different solutions chosen by different cultures for the 3 main universal problems (human relationships, time outlook and human relations with nature) made by author F. Trompenaars, any culture can be characterized through seven main cultural dimensions: universalism/particularism, individualism/collectivism, affective/neutral, specific/diffuse, obtained status/assigned status, attitude towards time-lapse and human relations with nature. (Trompenaars 1993)

### **3. WHAT MAKES ORGANIZATIONAL CULTURE SO IMPORTANT?**

Organizational culture is, most of the time, the element that drives the organization. It creates an operational environment in which every employee strives to achieve the goal that was set by the company. The standards based on which the employees are measured and assessed are also defined by this environment. Most of the time, the culture that exist in a company is deeply rooted, meaning a difficult process of changing it. The result of a well structured culture within the organizations environment is a dynamic team upon which every employee is held accountable while at the same time all members respect themselves and the company as an entity. Basically the organizational culture is the element that can make the organization to achieve success or to fail.

Organizational culture is so important because it is the most rooted element that defines the organization. This is way for many of them, changing it can turn to be the most difficult process ever to encounter. Now days, business environment is very difficult with fast changing demands, that lead to many mergers and corporate restructuring, leaving often the employees to feel unimportant in the chain management process. A well organized organization, with a strong culture can make the employees feel like they take part of the process.

A deeply rooted culture is as important as the knowledge of when the moment of changing is needed. For a smooth and successful change of organizational culture to take place, every employee needs to have a proactive approach and to work side by side with the other. By doing so, proper solutions can be found that will help the organization to change as planed and also to sustain the new expected growth period that comes along with the change.

The purpose of all of this is that the organization to prosper and achieve its target and this is possible most of the time by following the rules and values that are established within the company. By this we understand the importance of values that exist in organizational culture.

#### **3.1. Transfer of culture**

Although many things change during the time due to evolution of modern world, many other things repeat them self as history repeats itself. Even if organizational culture is a new process in managerial terms, the word culture and its basic meaning and roots are on the contrary old as time. Earth has seen the transfer and migration of culture throughout time and different parts of land in repeated number of times. It is only in the last period that culture as part of organization not as basic significance is subject of transfer.

Now days, multinational companies implement their culture in different parts of world in look to obtain profit margin by adapting to external environment and request. The headquarters try through its leaders to control its subsidiaries by imposing a well defined structure of organizational culture.

A big company most of the time will sustain that its basic values refer to client focus and feedback, consideration towards people, team work, development of strategic and visionary way of thinking and diversity approach. The leaders have to analyze how to make the best out of the input they have on hands by adapting to external environment. This may not be a problem in their mother land, but how about when the company expands in a new foreign place? How will the company compete with existing companies that already have a background there? The answer for these questions is the key to success and only by a well defined culture will there be possible a long term win. An example of a big company that tried to expand its business in other country but turned out to be unsuccessful is Royal Dutch Shell (simply known as Shell). Shell was created over 100 years ago, in the year 1907, since then it became one of the biggest companies on Earth. It is the 4<sup>th</sup> company in terms of revenue as of 2014 and one of the 6 top players on the oil and gas market having over 90.000 employees. Although these number speak from them self of what Shell represents, this does not mean that everything goes as desired. In 1992, Shell entered Romanian market having big plans on long term, investing over 100 million dollars. After only 10 years, Shell became the second player on the local market after Petrom, having in its portfolio 81 gas stations. The background image for these impressive numbers is that the company could not adapt as planned in the local environment

and culture. It was forced due to inefficient yield to sell its assets and leave the country as of 2005. Shell was and is a company that has a market economy based tradition, it has values based on a society that has democratic fundamentals, ethic code towards the laws of the countries in which it operates, business integrity based on honesty and integrity. Despite all of these, Shell assumed that their culture could integrate in a country that had only 2 years of democratic stand. The result was that even after 10 years they could not reach that goal, in a satisfactory way, due to the environment and culture existing in Romania. (Mirsanu, 2005).

This is way organizational culture is so important in an organization. We can define it as a balance tool between success and failure. Now day's companies confront themselves with other issues. Although most of them sustain globalization seeking an easier way to expand the business and profit, a problem may occur. Until now, companies new exactly what to expect and find when going into a different part of the world, for instance in Europe. Making an analysis based on their internal culture and the existing one in the target place of activity, companies could elaborate a plan on which to decide if the investment is worth making. Since globalization is an ongoing process, people come and go from different places making this a cultural transfer that could have impact into the place where the transfer takes place. Europe could on long term transform its culture in a positive or negative way based on the fact that the majority proportions changes during globalization. A specific example is in Germany, over the years the percentage of native Germans, leaving in Germany decreased in comparison with other nationalities that came to leave there. This also means that the native culture of Germany is somehow changing in time with the new culture that came along with the new citizens, creating basically a mix culture until the process of transfer is completed. Taking into account these changes, organizational culture has an even more important role for the companies that seek goal achievement. Basically, companies have to adapt their culture to the ongoing process of globalization and to choose carefully their strategy when expanding the business. A company can either go in a new country with a rigid culture that worked until that moment in other places trying to implement it there or it can go taking into account what the local culture is and try to adapt its own organizational culture based on what the local environment requires. Either way, the anticipation of effects that can occur towards organizational management from the cultural differences of nations can be done only by underlining a *national profile* for each country or culture, this meaning that a *cultural map* must be established by grouping the countries by taking into account their cultural dimensions. Based on the *cultural profiles* that are going to be made, a comparison between the countries will take place, this way achieving the needed information. (Burdus 2012)

"Essentially, organizational transformation lies in a holistic approach, focusing on the human dimension of the organization, which considers simultaneously changes the purposes of assembly, structure, culture and strategy, which are based on new perceptions, ways of thinking and type's behavior". (Nicolescu, Verboncu 2008)

The transfer of both organizational culture and basic people culture will be a difficult process that will probably increase the competitiveness competition among companies.

#### 4. CONCLUSIONS

The findings of this paper showed that organizational culture is linked with attitudes towards change in organization. Since there are different types of organizational culture there are also different levels of acceptance regarding the change of organization. The importance of organizational culture and its values are discussed and analyzed in this paper. The findings of this paper underlined how an organizational culture can encounter problems in a new environment forcing the organization to adapt or to fail in achieving its goal. Also, this paper puts in matter the problem of culture transfer that occurs with the ongoing process of globalization. This process brings obviously advantages but also disadvantages for companies and people. Nevertheless, this

paper only covered a few of the many theories that can explain how organizational culture can influence the activity of an organization and how change occurs.

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