

## THE ROLE OF THE ORGANIZATIONAL CULTURE IN ENSURING THE EFFECTIVENESS OF THE MANAGEMENT SYSTEM

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### ABSTRACT

*The worldwide economy is nowadays revolving around multinational corporations whose activity evolved around declared organizational values, which influences the decision-making process. The values are the essence of the companies' identity, the core their vision is built on; they give shape and consistency to the organizational culture and guide their functioning principles. The results presented in this study are part of an extended research, whose purpose is to determine the assessment and analysis model of the organizational culture in order to identify and implement good management practices within an IT&C company in Romania. As a result, this article aims to present the respective role, the influence of the organizational culture over the effectiveness of the management system of the company. The study approaches the analysis of the influence of the organizational culture dimensions (adaptability, mission, consistency and involvement) over the effectiveness of the management system with its component elements: leadership, general management practices and management practices of human resources. The results of our research emphasize the direct and active role of the organizational culture over the effectiveness of the company's management system, the object of this study. Moreover, it is proven that a strong culture that has a clear direction and purpose, together with a system of fundamental values shared by the members of the company, facilitates the fulfilment of the general and individual objectives to its performance standards representing not only a strong stability source and internal integration, but also ensuring the competitive advantage.*

**KEYWORDS:** *Effectiveness, Human Resources Management, Leadership, Management System, Organizational Culture.*

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### 1. INTRODUCTION

The culture is a concept with common signification, it is very complex and hard to define. An important challenge for researchers in the study of the culture is due to the multitude of definitions, conceptualizations and dimensions used to describe this concept (Scholz, 1995). Therefore, Leung & Horwitz (2010) define the culture as values, beliefs, standards and behaviour models of a group of people or society.

Hall (1993) states that beliefs and values dictate the way people think, act, solve problems, make decisions, plan or organize their economic, political system, etc.

The organizational culture is one of the best known concepts in the practice and management theory, having a continuous upward trend. An adequate organizational culture, with values consolidated and shared by all the members of the organization, ensures the effectiveness of change strategies, employees' satisfaction and performance.

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Each organization from the business environment has its own peculiarities, its own way of reaching its objectives, based on adequate standards and procedures, a fact that imposes the existence of an organizational culture that provides a working climate based on trust and involvement, stimulating performance. An adequate organizational culture facilitates the satisfaction of employees' expectations, an important requisite in ensuring the satisfaction of the employees at their workplace, which, in turn influences the individual and team performances.

The organizational culture was defined in various ways, without there being a large acceptance regarding the way of defining the concept or its dimensions, respectively the existence of a theoretical unique model for the organizational culture (Deal & Kennedy, 1982; Schneider et. al., 2013; Sackmann, 1991). Lim (1995) sees in the organizational culture a set of standards, beliefs, principles and behaviours that together confer each organization a distinct character. As in the case of the national culture, the organizational culture is formed and transformed in time.

According to Schein (2011) the organizational culture is a philosophy, a system of standards, supporting the policy of the organization, the internal regulation of the organization and the organizational climate. Culture is the factor that gives flexibility to the organization, it is based on beliefs, common values and behaviour rules accepted and is transmitted to the members of an organization through socialization and training, rituals, communication networks and symbols.

Robbins and Judge (2013) consider that organizational culture refers to a common system, hold by the members of the organization, to give a meaning to the things, which differentiates the organization from the others.

According to Myers and Tan (2002), the stronger the culture is, the stronger its influence is. The organizational culture is strong when the members of the organization answer to the stimuli due to their adherence to the organizational values. On the other side it is the weak organizational culture, where adherence to the organizational values is low and bureaucratic control procedures must be applied.

The assessment and analysis of the organizational culture subject to the research are based on the Denison's model to assess the organizational culture effectiveness, presenting the interrelations within an organization between culture, its management practices, performance and organizational effectiveness, underlying the importance of associating management practices with the values and beliefs when studying the organizational culture and its impact over the organizational effectiveness, and the fact that this is a function of values and beliefs the members of a company have (Denison, 1990; Denison et. al., 2004).

## **2. RESEARCH METHODOLOGY**

This study aims to present a series of results and conclusions obtained from an extended research that had as purpose the drawing up of an assessment and analysis model of the organizational culture with the purpose of identifying and implementing the good practices of leadership, management and human resources management within an IT&C company in Romania. Therefore, in this study we aim to present the way of assessing the impact of the organizational culture with its dimensions: adaptability, mission, consistency and involvement, over the effectiveness of the management system with its component elements: leadership, general management practices and management practices of human resources.

The research is based on quantitative models of data analysis based on the survey method and the questionnaire as an instrument, by means of which the perception of the respondents to the organizational culture was measured, which determines the effectiveness of the management system within the analysed company.

Regarding the analysed statistical population, it is represented by the members of an IT&C company from Romania. The research was based on a representative sample at the level of the

investigated population, made of 87 employees (managers and employees holding non-management positions).

The questionnaire used within the research comprises a set of items that measure the perception of the respondents regarding aspects, practices and factors considered important in assessing the effectiveness of leadership and management practices and the extent they are influenced by the organizational culture of the analysed company. The items were assessed on the Likert scale from 1 to 5 (1 - total disagreement, 2 - disagreement, 3 - indecision, 4 - agreement, 5 - total agreement).

In order to determine the impact of the organizational culture over the effectiveness of the management system, an analysis model was drawn up including the items represented by primary variables, plus the aggregate variables corresponding to the analysed dimensions. Thus, the construct is made up of the following variables:

- A. *Organizational culture (OC)*:
  - a.1. Adaptability (ADP)
  - a.2. Mission (MIS)
  - a.3. Consistency (CS)
  - a.4. Involvement (INVL).
- B. *The effectiveness of the management system (MSE)*:
  - b.1. The effectiveness of leadership (LD)
  - b.2. The effectiveness of the general management (GMP)
  - b.3. The effectiveness of the human resources management (HRM).

The variable aggregate organizational culture is based on Denison's model with its four dimensions.

### 3. RESULTS

In table 1, one can see the main descriptive data of the analysed factors determining the effectiveness of the management system, respectively the effectiveness of leadership and management practices.

**Table 1. Summary statistics**

Variable	Obs	Mean	Std. Dev.
OC	87	4.19069	.4854841
INVL	87	4.15	.5013865
CS	87	4.214368	.5081583
ADP	87	4.035977	.6420995
MIS	87	4.361609	.4256373
MSE	87	4.221888	.5103337
LD	87	4.409795	.5097904
GMP	87	4.15931	.4694772
HRM	87	4.096559	.5201882

Source: Own research

The OC variable reflects the global dimension of the organizational culture within the analysed company, being an aggregated type variable, comprising the four dimensions: adaptability, mission, consistency and involvement. These dimensions synthesize the aggregated variables expressing the organizational features of the analysed company. Therefore, the OC variable registers an average of 4.19 indicating a generally positive perception of the respondents towards the organizational culture of the analysed company, with its dimensions.

The INVL variable, as dimension of the organizational culture, highlights the extent the employees, established as work teams, at all organizational levels, get involved in the performance of the

activities and processes, in order to fulfil the objectives and missions of the company. The INVL variable registers an average of 4.15 indicating a generally positive perception of the respondents.

The CS variable refers to the extent in which the beliefs, values and expectations are consistently supported (constantly, unchanged, stable) by the members of the company. It registers an average of 4.21 indicating a generally positive perception of the respondents.

The ADP variable refers to the extent the company has the capacity to change the behaviour, structures and systems in order to survive the environment changes. It registers an average of 4.03 indicating a generally positive perception of the respondents.

The MIS variable refers to the existence of a common purpose of the organization and shows the direction the company and its members are heading for, the way it intends to get where they proposed and the modalities by which the employees may contribute to its success. The MIS variable registers an average of 4.36 indicating a generally positive perception of the respondents.

As regards the MSE variable, we should mention that in order to analyse the effectiveness of the management system of the analysed company, we assumed that the effectiveness refers to the assessment of the results obtained, respectively the degree that the management system of the company ensures the fulfilment of its strategic and operational objectives. Therefore, the MSE variable includes aspects related to the effectiveness of the leadership, the general management practices, as well as human resources management practices. The MSE variable registers an average of 4.22 indicating a very positive perception of respondents regarding the effectiveness of the existing management practices within the company.

The LD variable, on which the analysis of the management system effectiveness is based on and that investigates the perception of respondents regarding the company's management concerns for the improvement of the performance and for ensuring the competitive advantage by increasing the awareness among the employees concerning the importance of this functional field of management and the drawing up and implementation of strategies, policies and adequate and efficient practices. The LD variable registers an average of 4.40, a fact indicating a very good perception of the respondents regarding the effectiveness of the company's management.

The GMP variable refers to the effectiveness of the general management practices within the analysed company and registers an average of 4.15 indicating a positive perception of the respondents.

The HRM variable expresses the extent the objectives of the human resources functions are met, and its contribution to the fulfilment of the company's objectives. It registers an average of 4.09 indicating a positive perception of the respondents.

If we analyse the correlations between the analysed variables (table 2) we may see the existence of strong connections between the analysed variables. The strongest connection is registered between the effectiveness of the management system and the effectiveness of the general management practices existing within the company ( $r = 0.9657$ ). Also, there are very strong correlations between the organizational culture and the involvement of the employees ( $r = 0.9620$ ). One may notice the existence of strong and very strong correlations between the dimensions of the organizational culture and the components of the management system effectiveness ( $r > 0.7$ ).

As regards the direct connection between the organizational culture and the effectiveness of the management system, one may notice a very strong correlation ( $r = 0.8820$ ), fact proving that the organizational culture influences the effectiveness of the management system.

This result makes us assess the dimension and sense of the impact that the organizational culture with its dimensions has over the effectiveness of the management system with its components.

**Table 2. Correlations**

	CO	INVL	CS	ADP	MIS	MSE	LD	GMP	HRM
CO	1.0000								
INVL	0.9620	1.0000							
CS	0.9543	0.9124	1.0000						
ADP	0.9405	0.8921	0.8425	1.0000					
MIS	0.8732	0.7773	0.8163	0.7274	1.0000				
MSE	0.8820	0.8659	0.8564	0.8380	0.7184	1.0000			
LD	0.8893	0.8631	0.8600	0.8813	0.6839	0.8941	1.0000		
GMP	0.8979	0.8913	0.8441	0.8683	0.7298	0.9657	0.8856	1.0000	
HRM	0.8903	0.9146	0.8461	0.8508	0.6929	0.8874	0.8548	0.8934	1.0000

Source: Own research

Therefore, a series of econometric models have been chosen in order to study the impact of the organizational culture and its dimensions, over the effectiveness of the management system and its components. In table 3 one can notice the most relevant information generated by applied econometric models. Thus, one can see that the value of the impact coefficient of the organizational culture over the effectiveness of the management system is positive and very high, 0.9270 ( $p = 0.000$ ), which means that at an improvement with one unit of the organizational culture the effectiveness of the management system will improve by 0.9270 units. This result proves a very strong impact of the organizational culture over the effectiveness of the management system, fact that imposes the decision-making factors within the analysed company to pay attention to the consolidation and sharing of the organizational culture within the company.

**Table 3. Data analysis**

Variables	N	F	Prob > F	R <sup>2</sup>	Coef.	t	P> t
OC - MSE	87	374.23	0.0000	0.7778	.9270988	19.34	0.000
OC - LD	87	429.34	0.0000	0.7909	.9338488	20.72	0.000
OC - GMP	87	350.74	0.0000	0.8062	.8682611	18.73	0.000
OC - HRM	87	238.08	0.0000	0.7926	.9539185	15.43	0.000
INVL - MSE	87	265.96	0.0000	0.7498	.881375	16.31	0.000
INVL - LD	87	278.52	0.0000	0.7450	.8775933	16.69	0.000
INVL - GMP	87	337.69	0.0000	0.7945	.8346023	18.38	0.000
INVL - HRM	87	469.55	0.0000	0.8365	.9488869	21.67	0.000
CS - MSE	87	352.61	0.0000	0.7335	.8600836	18.78	0.000
CS - LD	87	455.92	0.0000	0.7396	.8627746	21.35	0.000
CS - GMP	87	247.39	0.0000	0.7124	.7798126	15.73	0.000
CS - HRM	87	179.86	0.0000	0.7158	.8661002	13.41	0.000
ADP - MSE	87	160.05	0.0000	0.7023	.6660548	12.65	0.000
ADP - LD	87	273.47	0.0000	0.7767	.699693	16.54	0.000
ADP - GMP	87	177.80	0.0000	0.7539	.634831	13.33	0.000
ADP - HRM	87	137.27	0.0000	0.7238	.6892339	11.72	0.000
MIS - MSE	87	113.06	0.0000	0.5161	.8613717	10.63	0.000
MIS - LD	87	117.09	0.0000	0.4678	.8191477	10.82	0.000
MIS - GMP	87	121.16	0.0000	0.5325	.8049227	11.01	0.000
MIS - HRM	87	59.85	0.0000	0.4801	.8468221	7.74	0.000

Source: Own research

Also, one may notice that, the organizational culture has a very strong impact over: the effectiveness of the leadership 0.9338 ( $p = 0.000$ ); the general management practices 0.8682 ( $p = 0.000$ ); the management practices of human resources 0.9539 ( $p = 0.000$ ).

We can also notice the fact that, the dimensions of the organizational culture have a significant impact over the effectiveness of the management system and its components.

#### 4. CONCLUSIONS

Given the results obtained following the study, it results that the organizational culture with its four dimensions directly influences the effectiveness of the management system of the company and its components, thus we may state that, organizational culture is a strong predictor in ensuring the effectiveness of the management system, an important condition for the continuous improvement of the performance of the organization, fact confirmed by a series of studies done at an international level (Denison, 1990; Denison & Mishra, 1995; Bae & Lawler, 2000; Balthazard et. al., 2006; Schein, 2010; Aguinis, 2013; Al-Tit, 2017).

The results of the research emphasize the direct and active role of the organizational culture in facilitating the understanding of practices of the company for the improvement of the organizational effectiveness. Also, it is proved that a strong culture, based on a purpose and clear direction, with a strong approach towards the clients, together with a system of fundamental values, shared by the members of the company (managers and employees without management position), facilitate the fulfilment of the strategic objectives at high standards of performance, thus representing a strong source of stability and internal integration.

The results of our study highlighted the fact that there is a clear and coherent set of values within the company, governing the way businesses are conducted. Also, the organizational culture of the company is formed around its fundamental values, based on high ethical standards and a strong approach towards clients and innovation.

We consider that, the management of the company should keep focusing on monitoring and analysing the behaviours, attitudes and results of the company and the way they are aligned with the strategic directions.

Although a strong organisational culture is difficult to consolidate and keep, we consider that a constructive approach of the internal problems, generated by the management practices or the resistance of the employees to change, facilitates the founding of adequate and efficient solutions that ensure the success of the company.

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