

ORGANIZATIONAL CULTURE - SOURCE FOR COMPANY COMPETITIVENESS

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Abstract: The culture concept has multiple acceptations and connotations proceeding from more sciences. Productive cultural change will occur if leaders correctly analyze the organization's existing culture, and evaluate it against the cultural attributes needed to achieve strategic objectives. Consequently, leaders must first possess a clear understanding of the strategic objectives for their organization and identify the actions needed to reach those objectives.

Keywords: Organizational culture, Competitiveness, Competitive advantage, Strategy

Scientists have studied the impact of organizational culture on the organizational performance. For example, Akin and Hopelain (1986) have shown that the link between culture and performance is enhanced over time. Denison's research (1990) show that organizational culture influences organizational performance directly.

These studies show that cultural factors lead to increases in the value of the organization and can be an extremely important factor for the success of companies. Studies have shown that organizational culture is a vast composition, a set of values shared by members and it is to influence both the employee behavior, and also the management style and formulating strategies.

The impact of organizational culture on company performance can be analyzed according to the degree to which basic values and beliefs are truly accepted and widespread. There are three aspects that can be analyzed: firstly, the cultural direction - meaning the degree to how much the organizational culture influences the establishment of company objectives. Secondly, cultural permeability refers to the degree of how much organizational culture is shared by all

members. Thirdly, cultural intensity - refers to the degree of how much the employees show respect for culture.

Improving the identity of organizational culture can guarantee the sufficient effort of the company's employees and the knowledge system. Organizational culture will create a positive working atmosphere, mutual values and efficient management/administration mechanisms for the staff. The personnel is more motivated to establish a uniform scope, together with the organization, and keep a balance with the overall objectives of the organization by participation, which will increase the employee's enthusiasm and improve work efficiency and effectively reduce the internal costs of the company. Organizational culture urges the group to study, improves the employee's working skills to increase productivity, thus, the relative values of goods or services will be improve. The staff is the direct creator of the enterprise value. On the other hand, a positive connection and cooperation with the external environment, such as market investigation, survey, inquiry, etc., employees understand customer demand and suggestion and improve or produce new products or services. Consequently, the staff / employees play an important role in the organizational performance.

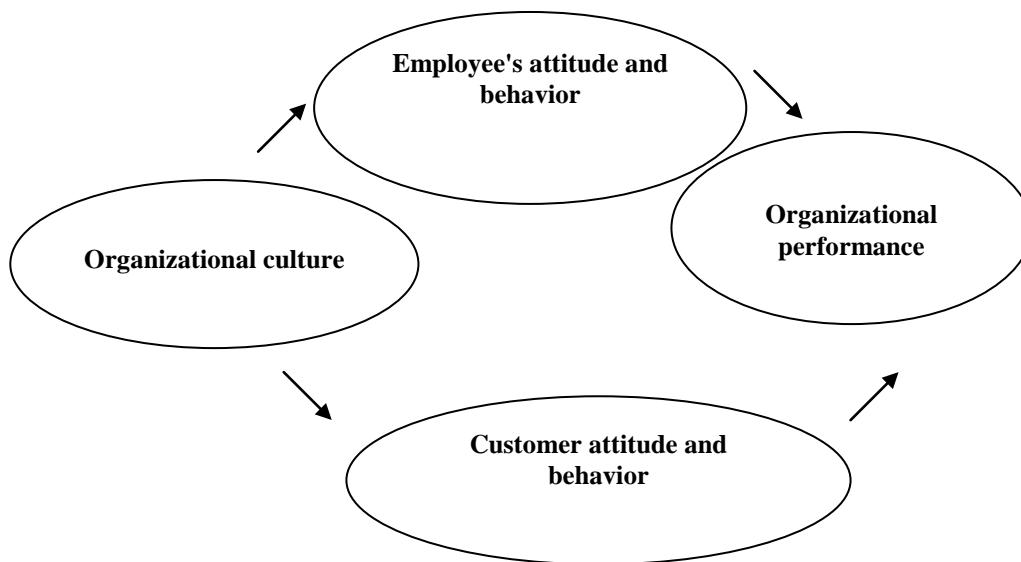


Figure no. 1 The impact of organizational culture on the organizational performance

From the above analysis, organizational culture is a factor that determines whether the organization can effectively achieve a particular performance or not, which leads to the organization's response and attitude on any particular incident or on an external environmental change. Organizational culture can influence organizational performance through the

employees and the customers. Organizational culture takes a status as important as the institutional structure, the tactics or control. Consequently, companies must pay particular

attention to the operation and organizational culture innovation. Three types of capital resources can be identified as sources of a competitive advantage: organizational resources, human resources and physical resources. The organizational planning and control and the organizational structure of the company are examples of organizational resources of a company. Knowledge of a company's employees, together with their knowledge and their skills, intellectual property and tacit knowledge are also human resource types of a company (Barney & Wright, 1998).

It is assumed that companies with a high productivity, low inventory and high sales of new products will also be companies with higher profits and better possibilities of survival over time, these being the final measures of the competitive advantage. Involvement and ownership are key measures in an organizational culture. Membership creates an organizational commitment, a control system less visible and thus improves the business efficiency (Denison, 1990).

These aspects of organizational culture include two competitive advantage sources: human resources and organizational resources.

The competitive advantage represents the performance of a business center in competitive markets (Porter, 1985), however, maintenance of an advantage is difficult (Stalk, 1988) because its sources can be imitated or taken over by new competitors that intentionally imitate distinctive competencies of top industries.

Barney (2008) defines the competitive advantage as sustainable if competitors are unable to mimic the advantage source or if one does not conceive a better deal. For example, Toyota has become the largest automaker in the world in recent years by differentiating itself from its competitors in regards to quality and customer service, while U.S. automakers have had problems with improving operational efficiency and quality, and reducing inventory costs (Palmer, 2007).

Denison (1990) found that increasing the employees' participation is correlated with an increase in the organizational performance.

The phenomenon of a business culture and social complexity plays an important role in defining the competitive advantage and survival of many companies (King, Zeithaml, 2001). Denison concluded that companies holding participating corporate cultures, with employees strongly involved in establishing strong decisions, not only they have high performances than the others, but the performances are increased at the same time.

Therefore, the direct implications of organizational culture are important in business efficiency. Increasing the quality of human resources, efficient exploitation of material resources and financial mean the achievement of provisioned levels of turnover, market share or value added.

Organizational culture, through its forms and manifestations (symbols, rules of behavior, customs, ceremonies, history, prestige and authority of managers and employees), influences and leads to a series of behaviors and attitudes so that employees can tap the full potential for achieving goals. Eliminating fear in an organization is an essential requirement, as it encourages people to take more risks, responsibilities and initiatives. Remarkable results can be achieved if performance will be measured properly and if a direct reward is chosen. Modern management systems try to better intertwine with the interests of the company's

employees, trying to reward team work, thus promoting the values and rules.

Teams made up of motivated employees for business increase productivity. Establishing such a team and creating strong relationships with a particular company could pose real challenges for managers.

„The vitality of a team is an art”, as Herve Bourdais, management consultant and expert in social relations, said at the management training program Copernicus, developed in Romania at the end of 2005. When within a company, decisions and actions revolve around the same objective, the result means competitiveness on all levels, thus ensuring development on the short, medium and long term.

A research in the relationship between the organization and its environmental opportunities and threats, as well as its strengths and weaknesses on the internal perspective, was made until what is today known as the SWOT analysis (Barney, 1993). Other measures of corporate performance measurement and therefore a competitive advantage have also been developed (Brown & Laverick, 1994). Conventional measures developed include financial measures such as capitalization of assets, depreciation and undervalued assets, goodwill, brands and value added (Brown & Laverick, 1994).

Given the above, we should consider also that some researchers have gone a step further, moving from the conventional approaches to measurement and estimation of the organization performance and competitive advantage, including culture as a competitive advantage source (Barney, 1986; Gordon & DiTomaso, 1992; Denison & Mishra, 1995; Duncan, Ginter, & Swayne, 1998). Previous researches have also showed a positive correlation between strong, shifting cultures and future positive performance of the company (Gordon & DiTomaso, 1992).

Theory suggests that organizational culture must contain three distinct features, for the organization to benefit from a competitive advantage. First, organizational culture must be valuable, on the other hand, it must be rare and eventually it must be imperfectly imitable (Barney, 1986).

In a company where there is a strong corporate culture with clear values, well structured, forms of expression directed by the performance, the following directions exist, for capitalizing its potential:

- Design, promotion and implementation of a common vision on the place, role and company performance;
- Increasing awareness of the positive impact values and norms have in a company;
- Improving the work environment and enhance employee performance;
- Promotion and harmonization of individual initiatives with teamwork at all levels;
- Speed up of the decision making process and increasing the assumption level of responsibility by the employees;
- Increase of the competitive advantage and improvement of the performance at all levels due to better motivate stakeholders and by taking into account the high level of cultural elements, at the individual level, group, corporate and business environment level. A strong culture, of positive type, which meets internal and external environment requirements, is a contributing factor to increasing business performance through the beneficial influence that it has on the management system. Culture influences the conception of the centralization-decentralization report, on delegation, risk tolerance, staff involvement in decision-oriented strategic decisions.

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