

# ORGANIZATIONAL CULTURE AND ITS INFLUENCE ON THE EFFECTIVENESS OF THE COMPANY

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## Abstract

*Not so long ago, the crucial factor on the road to success was believed to be found within the perfect understanding and application of organizational strategies. This turned out to be incomplete when the influence of the organizational culture came to daylight. Today this force constitutes the core of the present organization. It determines the unwritten rules and values, which allow stakeholders to better comprehend the way the company works, what it stands and aims for. Understanding and accepting the above enables creating a 'member-company' relationship, bringing benefit in form of involved employees, and a company which provides confidence and security.*

**Key words:** *organizational culture, strong and weak organizational culture, company, management of the company*

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## Introduction

The concept of organizational culture has recently become the subject of many discussions and analyses. It arises, among other things, from the fact that culture is an equivocal concept, and it is also the subject of interest for many different scientific domains such as psychology, law, management or sociology. Each of those domains considers the definition of culture in a different way, inserting in it the elements essential for this particular domain. Due to this fact it is impossible to formulate the universal definition of culture, because there will always be some inaccuracies.

The purpose of this consideration is to present the role of organizational culture in the lifetime of each enterprise and also to answer the question: How does organizational culture affect the effectiveness of particular enterprise? The answer to this question is neither simple nor unambiguous, and that is why I consider it necessary to look closer into this issue.

## The essence of organizational culture

Not so long ago, the representatives of the traditional approach to management claimed that the main factor deciding on the company's success is the perfect knowledge of the organization's strategy and structure on each of its levels. After some time, it was noticed that even the perfect strategy and structure are not enough to affect the effectiveness of the company to a truly satisfying extent. We are taking here into consideration the factors belonging to so called "soft management issues" [Peters , Waterman (2000; quoted after Potocki, 2005, p.163)] including attributes such as people, skills, managing styles, values and the crucial for this analysis – organizational culture. We are dealing here with a social category where the people's behaviours in their working place are subordinated to common models and patterns, including role models. In a sense, organizational culture can be treated as a personality of the company, which manifests itself in behaviours, attitude, the way of solving problems, organizing work-place, etc. In other words, organizational culture provides

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some behaviour models, which are more or less shared by all members of the company (Wajda, 2003, p.253). New employees have to face the challenge of learning and accepting at least a part of *principles* of the company, making possible the mutual acceptance in the worker – company relation.

To sum up, organizational culture is a set of values which substantially make it easier for workers to understand how the company works, what it is subscribed to and what is valuable for it. Thanks to such orientation, employees are working more efficiently, because the culture improves the communication, which is conducive to faster decision making. What is more, it allows to decrease the staff supervision and lets the workers show themselves at work. Organizational culture is therefore a living formation moulded by workers. It undergoes changes and modifications while the organization is learning how to deal with problems connected with internal and external adjustment.

### **Focusing the company's organizational culture**

It is time to ask: How come even in large organizations all workers know and understand the organizational culture of their company? Majority of the companies have one dominant culture with many subcultures operating within. The dominant culture establishes some standards, thanks to which it is known which behaviours are considered proper and praiseworthy, and which are considered unacceptable and punishable. Those standards are followed and accepted by the majority of workers, and that is why talking about organizational culture, we bear in mind the dominant culture. The subcultures arising around it are the reflection of common problems, experiences and situations encountered by particular workers. They include only the basic values of the dominant culture and additional values typical of a specific group of workers e.g. marketing or production department. So if the organization did not have an organizational culture and consisted only of many subcultures, would the value of the culture in the organization decrease? Probably yes, because there would be a lack of the uniform interpretation of which behaviours are appropriate and which are not. Organizational culture is then a powerful tool facilitating the management and moulding behaviours (Robbins, 2000, p.245).

### **Managers' personality**

In literature on our subject, authors very often enumerate the factors affecting organizational culture of the company. One of them is the culture of the nation, which even though is a far different phenomenon, it surely affects the creation and structure of an organizational culture. Standards, models and values in different ranges or regions are interpenetrating and they are an internal part of *life* in the company. Main rules, principles of behaviour, customs or communication system are established and imposed by founders of the company, who are the primary source of the organizational culture. Their personality, charisma and temperament have definite influence on the vision of what organization should be; for instance, if we have to deal with an enterprising and aggressive founder, the company is willing to risk and it is able to take advantage of ideas and resources unnoticeable for others. If on the other hand, there is a bureaucrat in front of the organization, the relations inside it are formalized, routine and the development is limited. Management chooses the branch the company is operating within and the workers who bring to it their own values. Outstanding managers should be aware of the relation between the company's success on the market and its organizational culture being "the peculiar core of the company's activity, that almost all strategic moves result from" (Nogalski, 2001, p. 586).

## **Determination of strength of organizational culture**

Management has to face a really difficult challenge. It has to find the connection between their own goals and the nature of the organization, and to decide which culture will be conducive to the company's effectiveness.

If one wanted to show the force of organization's culture graphically, one would have a spectrum, where one end shows the weak culture, while the other strong. The first range of created set of workers is presenting too much loosened bonds, because workers do not have a clearly specified image of the company – what is desirable and what is not – and preferred values are not deeply ingrained. The second range is presenting the exaggerated constraint resulting from the ease of absorbing workers by the company, affecting their decisions and behaviour, which does not give them much freedom. Organizations with strong culture are not willing to accept other opinions, because they are afraid of destroying the company's identity. Such attitude makes the development and making changes in the company difficult, because even the most objective criticism will not be assessed properly and discussed. In such a situation workers are not analyzing performed activities, they fall into a rut and they stop searching for new and more profitable solutions. They know that the key to obtaining a promotion is the complete subordination to their company's culture and not the creativity or innovativeness. Performing the activities mechanically decreases the vigilance of all workers and, what follows, the whole organization, which stops noticing the necessity of implementing inevitable changes in the fast developing environment. Does this mean that strong organizational culture of the company should just be the subject of theoretical considerations, because it is a serious threat for a real company?

Management in general aims at moulding the organizational culture with deeply ingrained and commonly recognized values by workers. Such behaviour allows to create a peculiar *climate*, thanks to which subordinates identify with the organization and its goals. Mutual agreement in pursuing a goal and the acceptance of standards and opinions lead to the increase of the engagement and coherence, which weakens worker's susceptibility to changing a job. It should be stressed that low personnel rotation is a desirable factor in every organization. There is nothing more important for the employer than a loyal worker who is sharing his experience and identifies with the company. It should be thought over what benefits for the company can be brought by one or a group of such workers. Organizational culture omits individualism in favour of the team work, which is conducive to the creation of synergy effect. A set of various personalities with different experience, temperaments and characters helps the creativity and group cooperation. It manifests, among other things, in increased effects in broadened market range or the possibility of lowering the costs in the field of research and development. It should be remembered that achieving the desirable result is only possible when a group consists of suitable workers and the whole team has the right leader.

Strong culture and tradition of the organisation is conducive to searching for new employees. Very often college or university graduates put attention to the company's reputation, because most of them think that organizational culture based on the history and tradition gives the feeling of safety, and also augurs well for the future. The company is then presented with the possibility of hiring a young employee who can bring not only some fresh ideas, but also dynamism, more susceptibility to risk, a new look at the present situation and willingness to change.

## Balance is the key

As it can be seen, it is hard to give an unequivocal verdict on strong or weak organizational culture. A situation when the worker's beliefs are equal to the organization's requirements is comfortable, because without any problems he can react to various information and events so that he can successfully plan his future actions. This relationship brings mutual benefits. The organization gives the worker the feeling of safety and certainty, and he responds with full engagement. When the worker's cultural models differ significantly from the values represented by the organization, reaching an agreement and achieving higher effectiveness of the organization is almost impossible. The worker feels alienation, dissatisfaction and mental discomfort, which very often leads to leaving work. The greater the unanimity between the worker's beliefs and values imposed by the organization, the greater the chance for efficient functioning of the organization. This state of agreement is called the balance occurring between an organization and its culture. It is worth stressing that this balance is often upset, due to the fact that both culture and organization are dynamic and constantly developing systems. As we mentioned before, culture is a living formation moulded by workers, so that its changes are connected to the organization's social life affected by new workers with new experience, new models or new behaviours. The organization should constantly react to changes occurring in innovativeness, technology and also in economical, legal or market environment. Keeping the organizational culture balanced is a difficult challenge for management. On one hand they are aiming at the balance in organization and culture and trying to keep it as long as possible, but on the other hand, the necessity of development and adjustment to the environment forces them to introduce changes, which are destructive for the balance (Sikorski, 2008, p. 39- 40). Weak culture, which is helpful when implementing desirable changes, as well as strong culture, which helps to make use of the state of balance, have a number of advantages and disadvantages. One thing is certain. Each organization has its own specific organizational culture, whose intensity depends on the leaders of an organization. That is why it is worth thinking (from theoretical and practical point of view) about *striking a balance* between the strong and the weak organizational culture, which is certainly a very challenging activity.

## Conclusions

At present, authors of many books more often present the positive aspect of the organizational culture in management emphasizing the fact that it is going to be one of the most valuable management techniques as it is an important ingredient, crucial for the proper functioning of every institution. Organizational culture minimizes the misunderstandings of complex commands and expressions often used by managers as it offers a common language and conceptual apparatus specific for a particular company. It is an integral bond between workers or particular subcultures who have got a peculiar expressions making the communication among them significantly easier; it is the slang, which characterizes the company or its part. According to Nogalski (2001, p.592), "a basic condition for communication is the existence of common language, which is understood and used by all members of the organization". It is similar to the people applying for a job in a specific company. From the beginning *new* people are informed about the expectations of the job, and then they are introduced to the organizational culture through many professional trainings. Companies do not stint on such actions, because trainings and integration trips are connecting people and increase the productivity. Even the recruitment process is based on detailed selection, which gives the candidates information about the company. The criteria of effectiveness assessment, system of promotion, rewarding or punishing, make a potential worker accept or refuse the job offer. Only people who fit to the specific culture and will

easily adjust to it can be employed. Workers who question the company's organizational culture are punished or in extreme situations fired. Thanks to it the company does not have to be afraid of shaking its own values.

### **Issue complexity**

The presented considerations show that the organizational culture is an intangible, but undoubtedly, extremely valuable asset of the company. Developing the organizational culture which is deeply ingrained and also easily adjusting to environment, is a difficult and sometimes even impossible task. Everything depends on the people who create it. There are many cases when companies consisted of very talented and intelligent people have not succeeded, because it came out that for a long time the organizational culture was slowing down the effectiveness. So can the intangibility of the organizational culture lower the company's effectiveness? Why do the management very often forget about it or what is more, disregard it?

There is no one specific answer to these and many other questions. The fact is that managers will be interested in the issue of organizational culture as long as it will be considered the way to the creation of a perfect company with a perfect organizational culture, which will work beyond reproach in every conditions.

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### **Abstrakt**

*Jeszcze całkiem niedawno sądzono, iż głównym czynnikiem decydującym o sukcesie firmy jest doskonała znajomość strategii oraz struktury organizacyjnej. Pogląd ten szybko uległ zmianie, kiedy zaczęto dostrzegać siłę kultury organizacyjnej, która bez wątpienia stanowi sedno istnienia współczesnej organizacji. To właśnie ona ustanawia niepisany zestaw wartości, który w dużym stopniu ułatwia pracownikom firmy zrozumienie jak organizacja pracuje, za czym się opowiada i co jest dla niej wartościowe. Zrozumienie i przede wszystkim zaakceptowanie powyższych założeń umożliwia stworzenie wzajemnej relacji pracownik-firma, co daje obopólną korzyść w postaci zaangażowanych pracowników, chętnie dzielących się własnymi doświadczeniami oraz firmy, która to docenia i nagradza, a także daje poczucie pewności i bezpieczeństwa.*