

## The Relation Organizational Culture-Firm Competitiveness and Ways of its Improvement

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### Abstract

Throughout the paper, we followed the development of a methodology to assess the competitiveness at company level, shaping organizational culture, competitive relationship and outlining possible ways to improve it.

**Keywords:** Organizational culture, competitive advantage, metrics of organizational culture, business performance measurement systems

### Introduction

The nature of competitiveness had changed in time. The static competition in which success or failure were determined by the endowment with production factors, had become a dynamic competition whose determinant factors are the technologic process, the new openings of the markets and the modern methods of management.

Often is being associated the competitive factor with the increase of financial or productive power of a firm, but this means much more than the economic aspects, because it also includes education, security or life quality.

A more often presumption encountered at the managers from different firms is that there is a direct and positive relation between a powerful organizational culture and the performances of the firm that are seen from the profit, productiveness and creativeness point of view. This fact determined many firms to initiate the program of "remodelling of the organizational culture", "development of the organizational culture", "cultural revolutions".

### Indicators proposed for the organizational culture of a firm

The organizational culture is an efficient factor that determines if the organization can obtain or not remarkable performances that determines the response of the organization and

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its attitude concerning a particular incident or to an external change of the environment. In consequence, firms must give a special importance to the functioning and innovation of the organizational culture.

From the possible indicators for reflecting the organizational culture, the ones that we mentioned in order to determine their influence upon competitiveness, performances registered by the firm, are the following:

**1. The number of hours of professional training/ employee.** Professional training is a continuous attribute and preoccupation of successful firms. Therefore, the investment in continuous formation, in the increase of the employees' performances will have a positive effect upon the accomplishment of the general objectives of the firm;

**2. The degree of stability of the staff.** For a firm, the maintenance and the staff's loyalty in the conditions of work force mobility are primary. An employee already trained holds and knows the processes, technologies, internal communication, he has assimilated the organizational culture of the firm. This is why a high degree of stability of the staff assures the premises of a remarkable performance.

**3. The medium level of qualification of the staff.** The qualification of the staff represents the necessary support in order to assure increased productivity of the firm's activity. It can be said that a high level of the staff's qualification is a starting point in the development of ulterior competences and skills.

**4. Expenses with social responsibility actions.** Firms must find the equilibrium between social responsibility and profit. The assuming by the firm of the social responsibility creates a series of opportunities for the development of business through the cultivation of some harmonious social relationships and the improvement of the firm's image in the social plan. The social responsibility of the firm can be viewed from two levels: the general one, with implications in the local, national society, and the internal one, that has in view the support and implication in the life of its employees. Both levels create the feeling of appurtenance to the firm, of awareness and overlapping of personal image with the firm's image and its products.

**5. The degree of risk accepted in the firm.** Risk and perturbed, dynamic external environment, are definitive for the activity of contemporary firms. A high risk, accepted in the firm, has in view investments in innovation, development of new products, in the continuous training of the employees. All these will create the support of some increasing performances.

**6. The number of work litigations.** The assurance of harmony, understanding with the employees generates the organizational climate favourable to the development and competitiveness of the firm. The existence of some materialized conflicts in work litigations leads to negative effects on the firm's image that can be regained in a considerable period.

**7. The degree of absenteeism.** Absenteeism is a product of the non-commitment of the staff, of the lack of identification with the firm that has negative effects upon the assurance of a superior productivity and the firm's image.

### **Indicators proposed for the firm's competitiveness**

The measurement and the evaluation of the performance are effectuated using criteria and objective and/or subjective instruments, invoking a large range of quantitative (volume) and qualitative (efficiency) indicators.

The volume indicators are: profit, turnover, market quota, physical production, production costs, the liquid in account, the number of the staff, the fund of salaries, social share, permanent share, assets, added values, volume of credits, the sum of debits.

From the efficiency indicators we are mentioning the work productivity, the rotation speed of the circulating assets, the medium salary, the rate of the productivity of the consumed funds, the rate of economic productivity, solvability, the value of the deliveries that are under the standards of supplying, the quality of the products, the image of the firm (the last one expressed as attribute – good, bad) etc.

Taking into account the fact that the taking into consideration of a bigger number of indicators that can reflect the firm's competitiveness would have done almost insurmountably the step that we proposed, to model the relationship between the organizational culture and the firm's performances, and would have complicated in a useless way the calculations, we considered that the following 6 variables are sufficiently relevant for the evaluation of a firm's competitiveness:

turnover

profit rate

the medium  
productivity of work

market quota

quality of products and of  
achieved services

firm's image

In our opinion, the most judicious relationships, from the perspective of the approached theme, between the variables of the organizational culture and those of the firm's competitiveness are:

- ❖ the number of hours of professional training/ employee- directly proportional correlated with the medium work productivity and turnover;
- ❖ the degree of stability of the staff- directly proportional correlated with the quality of products and the firm's image;
- ❖ the medium level of qualification of the staff- directly proportional correlated with the medium productivity, the firm's image, the quality of products and market quota;
- ❖ expenses with social responsibility- directly proportional correlated with the firm's image and inversely proportional with the profit rate;
- ❖ the degree of risk accepted- directly proportional correlated with the profit rate, market quota and firm's image;
- ❖ the number of work litigations - inversely proportional with the firm's image;
- ❖ the rate of absenteeism - inversely proportional correlated with the turnover,
- ❖ medium work productivity and firm's image.

The relations between the identified variables resulted with sufficient precision from the theoretical and methodological elements and from the own considerations made concerning the ones presented in the previous chapters.

In the next diagram (figure 1) is presented the dependency of the selected variables that define the competitiveness of the firm from the variables considered representative for the organizational culture.

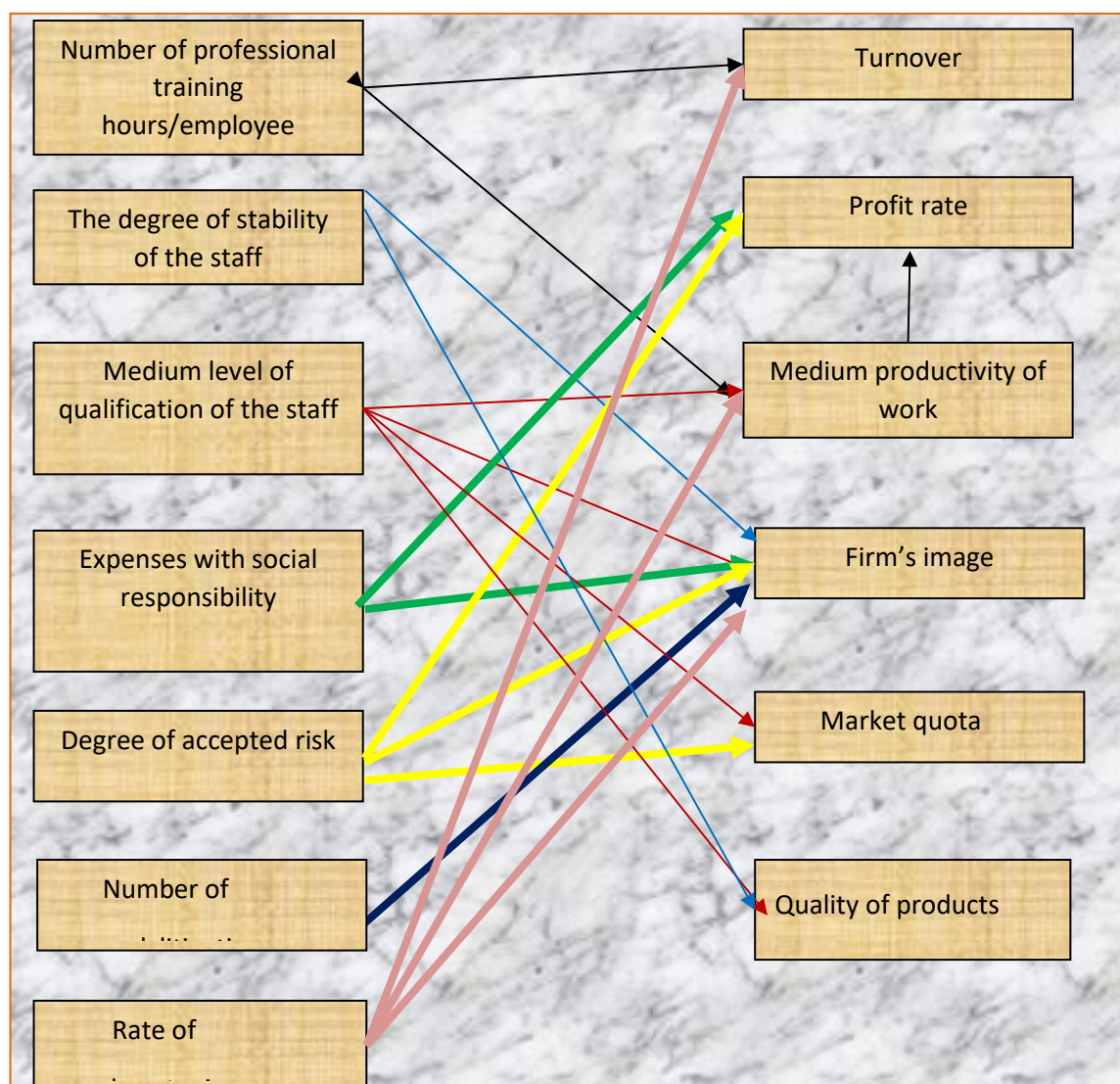


Fig. 1 The variables of organizational culture with direct impact upon the firm's competitiveness

Source: Own conception (Mihaela Otelea' PhD Draft thesis)

### Conclusions

On a dynamic market firms can exist, can perform, if it offers products and/or innovative services at attractive prices/tariffs. A firm becomes competitive on the market only if it holds a powerful and positive organizational culture, capable to mobilize people, energies, in order to accomplish the objectives that it fixes.

Successful forms are defined by a high degree of adaptation of the informational system to the organizational structure, of the existence of some motivational employee systems, of reduced conflicts and embracement of a proactive behaviour.

In the context of the current economic and financial crisis, it is very important to know the factors that generate the success of the firm's activities and the way in which it can be measured.

The conclusions coming off from the undertaken theoretical studies, and, especially, practical ones, can constitute useful suggestions for the firms' improvement.

The improvement of the organizational culture is necessary not only in order to obtain in the future some superior performances of the ones already present, but also in the situation of the registration of some performances in decrease, of some products/ services, so that the so-called "cultural shock" to be easily surpassed. The encounter of two types of organizational cultures with values, rules, beliefs and different rituals presupposes cultural adaptation of the managers and also of the workers. Complex and long process, cultural adaptation must be supported through the application of some efficient and practical measures/methods.

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