Managerial Culture - Factor of Influence of Performance

Alina Alecse Stanciu[1], Iuliana Camelia Stoenică[2], George Adrian Bîlcan[3], Gina Nuti Ghelțu[4]

[1]1 Decembrie 1918 University, [1]E-mail: alecse.alina@gmail.com
[2,3,4]Valahia University, [2]E-mail: iulianacameliastoenica@gmail.com,
[3]E-mail: g.a.bilcan@gmail.com, [4]E-mail: gina_ghetu@gmail.com

Abstract

Managerial culture directly influences the performance of an entity in both positive and negative ways. A strong managerial culture determines the performance of the entity, the credibility of managers by promoting their values, beliefs, attitudes and behaviours. This article intends to identify and analyse the managerial culture as well as develop a way to measure performance adapted to the Romanian socio-economic reality. The results show that creating an effective performance appraisal system within the organization must be a well-articulated process, with a clear definition of roles and objectives for all stakeholders.

1. Introduction and literature review

The elements of managerial culture that directly influence the performance of the entity are leadership, initiative spirit, risk-taking, innovation and flexibility, values accepted and promoted by influential leaders and top managers (Brown and Mawson, 2016; Kets de Vries, 2003; Taylor, 2014). If we are to reduce performance, then we consider: bureaucracy, conservatism, short-term orientation, selfishness, rigidity (Laumer *et al.*, 2015).

The quality of organizational culture depends, to a large extent, on the degree of identification of the managers with the values of the enterprise, the norms and the planned objectives (Burnes, 2004; Paton and McCalman, 2008; Meuer, 2017). Managerial culture exerts a major role in organizational culture when managers are willing to affect an appreciable share of their time for employee communication and training as regards managerial philosophy and the set of core values of the firm and consequently are aware of their role on which they have in their firm, not only at formal but also informal level (Heckmann *et al.,* 2016).

After the emergence of managerial culture concept literature review focused his attention on the values, attitudes, and behaviours of managers, seen as creators of organizational and managerial culture of an entity (Fenton and Pettigrew, 2000). However, following the approaches, the conclusions have been found to be diverse or contradictory, which suggests different research, the unclear delineation of the elements concerned or the different approach of the theoreticians (Leyer *et al.*, 2017; Jansson, 2013; Wischnevsky, 2004; Zoller and Fairhurst, 2007).

These approaches point to the fact that the core of management culture is the managers' value system, which influences their perceptions, decisions and behaviours with a major impact on the entity's activities. The degree of influence of the managers is even greater as they occupy a superior position in the organizational hierarchy, they manifest these responsible and assumed values, which determine their transmission to the subordinates, and by their attitudes and behaviours adopted directly correlated with these values, he gets performance (Brown and Harvey, 2006). Organizational effectiveness and efficiency, productivity, open, creative and stimulating work environment, entity role in the community, social responsibility are just some of the values shown by top managers (Antoni, 2004; Latham and Pinder, 2005).

On the other hand, the performance depends on the manager's ability to use these tools, to influence and to make the whole entity harmonize, to be responsive to the harmony transmitted by the manager through these tools so that the purpose of the activities carried out is individual performance and consequently entity performance (Pascal *et al.*, 2017).

Achieving entity performance also determines decentralization and delegation to inferior hierarchical levels by tacitly imposing responsibility at all levels of decision and action (Townsend, 2004). This can only be achieved by directly correlating the expected performance and meeting the standards required and communicated by managers with the motivation of human resources to achieve this performance (Pfeffer, 2012). Through managerial culture, leaders create a stimulating, responsive, competitive environment.

On the same line, Denison (1990) has introduced four variables that influence the performance of an organization: involvement, consistency, adaptability and mission. Denison's research is made up of two parts: quantitative research (external) and qualitative (internal) research. The first is done through a comparative study of culture, organizational climate, effectiveness applied to a sample of 34 organizations, and the second one presents five case studies extracted from the sample. The results of the research show the measurable impact of organizational culture on performance and that involvement, consistency, adaptability and mission are significant elements that help predict the future effectiveness of the organization.

In order to cope with the global competition, Romanian enterprises must stimulate and motivate enough the creativity of individuals and foster transformation into creative organizations. Therefore, the initiation of organizational change must be supported, and, in this context, the improvement of organizational culture has an important role to play.

The main aim of this study is to identify and analyse the managerial culture as well as develop a way to measure performance adapted to the Romanian socio-economic reality. In part, the results of the present study suggest that the successful management of change is important for the survival and success of any organization in today's business environment extremely competitive and in a continuous evolution.

Finally, our findings are relevant for creating an effective performance appraisal system within the organization must be a well-articulated process, with a clear definition of roles and objectives for all stakeholders.

The rest of the article is organised as follows: first, we details the methodology and hypotheses development; in Section 2 we present our results and discusses our findings; Section 3 provides concludes and suggests same recommendations as possible ways to improve practical implications.

2. Methodology of research

The research methodology is used in achieving the stated objectives of this study. We used Yards Formula for sample size determination to select 122 Romanian enterprises that constitute our samples (confidence level is 95% and error tolerance is 5%). The research design used in this study is survey research method. This is a data collection method that involves the collection of primary data from respondents chosen from a given population through well-structured questionnaire. The decision to structure the questionnaire is predicated on the need to reduce variability in the meanings possessed by the questions as a way of ensuring comparability of responses. The involved sectors in the investigation are: agriculture, environmental and IT. Data collected from the questionnaire were analysed, summarised, and interpreted accordingly with the aid of descriptive statistical techniques such as total score and simple percentage. While inferential statistics such as correlation coefficients was used to proof the level of significance in testing stated hypothesis. There are various statistical tools that can be used for testing of hypotheses but this research work will be limited to the use of correlation coefficient analysis. The value of the Pearson can range from 1.00 to +1.00. These values indicate the strength of relationship between two variables. We seek to determine the relationship between the components of managerial culture and business performance.

For the present research, we formulate the following hypotheses:

H_0: *There is no relationship between the components of managerial culture and business performance.*

H_1: *There is a relationship between the components of managerial culture and business performance.*

3. Result and discussion

Table 1 presents respondents feedback to the effect of the components of managerial culture to business performance. 45% of the respondents believe to a very high extent that the components of managerial culture determines business performance, 35% of the respondents believe to a high extent that the components of managerial culture determines business performance, 18% of the respondents believe to an average extent that the components of managerial culture determines business performance, while the remaining 2% of the respondents believes to a low extent that the components of managerial culture determines business performance. Generally, all respondents believe at different degree levels that the components of managerial culture determines business performance.

From the Pearson product moment correlation coefficient analysis, correlation table were obtained as shown below. Table 2 summarises the relationship between the components of managerial culture and business performance. The simple coefficient correlation between business performance and the components of managerial culture (strategies) recorded a 0.351 value indicating a medium relationship with a 0.01 level of significance, (organization structure) recorded a 0.414 value indicating a medium relationship to business performance with a 0.01 level of significance, (process management)

recorded a 0.401 value also indicating a medium relationship to business performance with a 0.01 level of significance, (management control methods) recorded a 0.288 value indicating a medium relationship to business performance with a 0.01 level of significance.

Table 1. The components of managerial culture determines business performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Low Extent	2	2.0	2.0	2.0
	Average Extent	18	17.8	18.0	20.0
	High extent	35	34.7	35.0	55.0
	Very High Extent	45	44.6	45.0	100.0
Total		100	99.0	100.0	

Source: Field Survey, 2017

Table 2. Correlations of the components of managerial culture and business performance

		Strategies	Organization structure	Process management	Management control methods	Employee incentive system
Strategies	Pearson Correlation	1	.528(**)	.414(**)	.344(**)	.351(**)
	Sig. (2-tailed)		.000	.000	.000	.000
	N	100	100	100	100	100
Organization structure	Pearson Correlation	.528(**)	1	.503(**)	.321(**)	.269(**)
	Sig. (2-tailed)	.000		.000	.000	.000
	N	100	100	100	100	100
Process management	Pearson Correlation	.414(**)	.503(**)	1	.477(**)	.401(**)
	Sig. (2-tailed)	.000	.000		.000	.000
	N	100	100	100	100	100
Management control methods	Pearson Correlation	.344(**)	.321(**)	.477(**)	1	.288(**)
	Sig. (2-tailed)	.000	.000	.000		.001
	N	100	100	100	100	100
Employee incentive system	Pearson Correlation	.451(**)	.269(**)	.401(**)	.288(**)	1
	Sig. (2-tailed)	.000	.000	.000	.001	
	N	100	100	100	100	100

Since all the components of the components of managerial culture are positively related to business performance, we therefore accept the alternative hypothesis and reject the null hypothesis. This implies that there is a positive relationship between the components of managerial culture and business performance.

4. Conclusions

Due to the many threats that come from the outside of the company and due to the high level of competition, management culture must constantly seek to protect the organization and its employees. The cultural protection provided by the managerial culture is one of the causes of the companies' competitiveness, which is harder to be perceived by those outside the organization.

There is a direct link between the need for an entity of change, having as its rationale its evolution, development, the gaining of new markets, or sometimes the staying in the competitive market and the influence of a strong managerial culture. Under the pressure of the external and internal influences, managerial culture comes with a substantial contribution that guides the processes of change of entities through decisions and actions of managers.

The results of this study show a direct link between achievement and leadership in entities where managers have leadership. Through the managerial culture promoted, the leader is able to harmonize the entity's objectives and the nature of the activities carried out with the capabilities the entity offers and with the individual capabilities of the human resources involved so as to successfully respond to the environment in which it operates.

It is even more productive and evolutionary if this managerial culture meets individual values of the members of the entity that resonates with it or remodels behaviours in order to obtain the same positive microclimate.

This study suffers from a number of limitations. First, we associated the mechanisms for performance with Romanian business environment based on prior literature. Future research should study how the type and quality of the components of managerial culture are associated with performance. Second, to ensure anonymity and ease of filling out the questionnaire, it did not measure the change source directly. This could have resulted in a finer grained image of relationships studied. However, this likely would have led to a lower response and less reliable measurements.

In conclusion, managerial culture and organizational culture act as paradigms, as emotional and intellectual prototypes. They lead to the creation of an identity for an individual or collectivises that generates a sense of membership, membership of a particular society.

References

Antoni, C. (2004). A motivational perspective on change processes and outcomes. *European Journal of Work and Organizational Psychology*, 13(2), 197–216.

Brown, D.R., & Harvey, D. (2006). *An Experimental approach to Organization development*. New Jearsey, Pearson Education.

Brown, R., & Mawson, S. (2016). Targeted support for high growth firms: Theoretical constraints, unintended consequences and future policy challenges. *Environment and Planning C: Government and Policy,* 34, 816–836.

Burnes, B. (2004). *Managing Change: A Strategic Approach to Organisational Dynamics*. Harlow, Prentice Hall.

Denison, D. R. (1990). *Corporate Culture and Organizational Effectiveness*. John Wiley & Sons.

Fenton, E. M., & Pettigrew, A. M. (2000). *Theoretical Perspectives on New Forms of Organizing*. London, SAGE Publications.

Heckmann, N., Steger, T., & Dowling, M. (2016). Organizational capacity for change, change experience, and change project performance. *Journal of Business Research*, 69(2), 777-784.

Kets de Vries, M. (2003). *Organizations on the couch: A Clinical Perspective on Organizational Dynamics*. John Wiley & Sons Ltd, UK.

Latham, G. P., & Pinder, C. C. (2005). Work motivation theory and research at the dawn of the twenty-first century. *Annual Review of Psychology*, 56, 485-516.

Laumer, S., Maier, C. & Eckhardt, A. (2015). The impact of business process management and applicant tracking systems on recruiting process performance: an empirical study. *Journal of Business Economics*, 85(4), 421-453.

Leyer, M., Stumpf-Wollersheim, J., & Kronsbein, D. (2017). Stains on the bright side of process-oriented organizational design: an empirical investigation of advantages and disadvantages. *Schmalenbach Business Review*, 17(1), 29-47.

Paton, R. A., & McCalman, J. (2008). *Change Management: A Guide to Effective Implementation*. London, SAGE Publications.

Pascal, D., Mersland, R., & Mori, N. (2017). The influence of the CEO's business education on the performance of hybrid organizations: the case of the global microfinance industry. *Small Business Economics*, 49(2), 339-354.

Pfeffer, J. (2012). The economic evaluation of time: Organizational causes and individual consequences. *Research in organizational behaviour*, 32, 1-15.

Meuer, J. (2017). Exploring the Complementarities within High-Performance Work Systems: A Set-Theoretic Analysis of UK Firms. *Human Resource Management*, 56(4), 651-672.

Jansson, N. (2013). Organizational change as practice: a critical analysis. *Journal of Organizational Change Management*, 26(6), 1003-1019.

Taylor, J. (2014). Organizational Culture and the Paradox of Performance Management. *Public Performance & Management Review*, 39(1), 7-22.

Townsend, K. (2004). Management culture and employee resistance: investigating the management of leisure service employees. *Managing Leisure*, 9(1), 47-58.

Wischnevsky, J.D. (2004). Change as the winds change: the impact of organizational transforming on firm survival in a shifting environment. Organizational Analysis, 12(4), 361-377.

Zoller, H.M. & Fairhurst, G.T. (2007). Resistance leadership: the overlooked potential in critical organization and leadership studies. *Human Relations*, 60(9), 1331-1360.