

THE IMPORTANCE OF ORGANIZATIONAL VALUES AND THE CAPABILITIES OF MANAGERS FOR THE PERFORMANCE OF AN ENTERPRISE

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Abstract

The present paper aims to present the importance of organizational values and the capabilities of managers for the performance on an enterprise. The first part of the paper consists in a presentation of the conceptual framework, an overview of the literature, while the second part consists in a study conducted on two different enterprises, with the purpose of studying them in paralel, for identifying the main issues that concern a SME in comparison to a large enterprise, in terms of relationship between organizational values and performance.

Keywords: *organizational values, performance, manager, enterprise, employee*

JEL Classification: *D23, M12, M54*

1. Conceptual framework

Over the past few years, the business environment has become increasingly unstable due to the overall economic and political conjuncture, which is confirmed by the specialists in the field, the element that plays a very important role in maintaining the welfare of an economic entity being the organizational climate, inspired by the management of the organization by setting achievable goals rather targets that can not be accomplished.

Organizational culture is defined as a way to characterize, evaluate, and even share a particular action by the entire community, and is passed on to other generations. Some authors view organizational culture as a "product of subconscious relational models among members of the organization" (Diamond), while others regard it as a problem-solving instrument (Geert Hofstede, Edgar Schein) [11, 20] or "a dominant and coherent set of values shared by members of the organization, induced by symbolic means" (Peters, Watterman in Ganescu, 2011) [9]. We can, however, speak of a "organizational citizenship" as a desideratum for the stability of an enterprise within a company, a concept defined by identifying the employee with the organization where he/she works and assuming an "insider" status (Akerlof, Kranton, 2011) [2].

Organizations are constantly subject to complex challenges [17], so the issue of organizational culture has captured the attention of numerous authors since the 1980s (Otwori, Juma, 2015) [16], convinced that the relationship between organizational culture as a concept and employee performance is a direct and permanent one, although the characteristics may differ from one domain or branch of activity to another. Regardless of the scientific source submitted to the analysis, the conclusion found in the literature is that the notion of organizational culture is an important determinant of the success of the enterprise [13, 15].

A study by Hudrea (2015) [12] indicates that Romanian organizations have a culture characterized by:

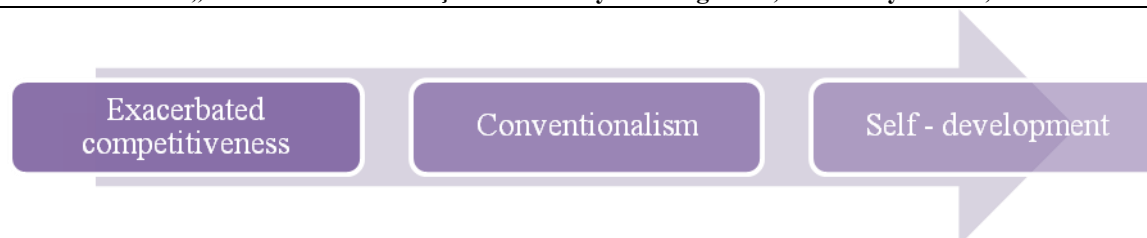


Fig. 1. Characteristics of organizational culture in Romania

Source: Hudrea (2015) [12]

2. The organization values – motivation – performance triangle

The definition of performance can be stated as the "sum of effectiveness and efficiency" [22], which means measuring the proposed objective, ie determining the ratio between the results obtained and the means used to achieve the objective at a given time.

According to the Explanatory Dictionary of the Romanian Language, performance is defined as: "a particularly good achievement in a field of practical activity, which is susceptible to a high return" [23]. From an economic point of view, the potential of human resources as well as endogenous and exogenous factors, socio-cultural factors, demographic factors and political factors, contribute to the creation of performance.

In the literature, performance is defined as a factor that "contributes to improving the cost-value couple, not just what contributes to lowering the cost or increasing value" (Chirila) [5].

However, there is a direct link between organizational culture, employee motivation, the level of satisfaction and the level of performance achieved by an enterprise. Motivation is defined as "the sum of motives or mobiles (whether or not contentions) that cause someone to perform a certain action or to pursue certain purposes" (Bibu et al., 2008) [3], while the organizational culture is presented both as an "essential part of the organization's internal environment" (Ricky, 2007) [21], as well as a means of studying and understanding human behavior as a whole, also the determinants and relationships between inputs and outputs in terms of human resources.

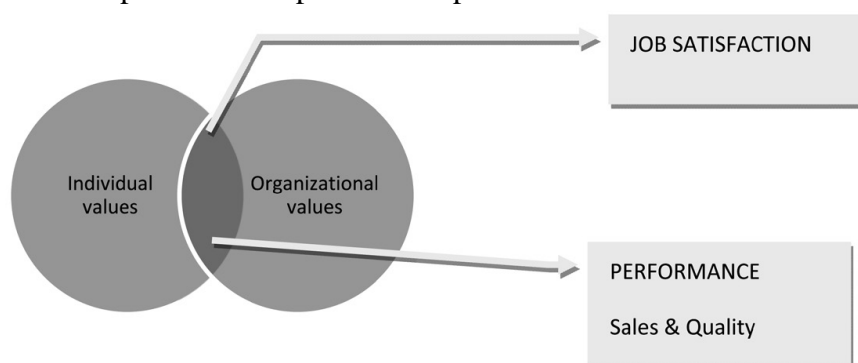


Fig. 2. Hypothetical model of the impact of individual and organizational values' fit on employees performance and job satisfaction

Source: Diskiene, Gostautas (2013)[7]

Sokro believes that "organizational culture can either encourage an employee to give his or her best for organizational goals, or can discourage or demoralize people that can be dangerous for the performance of the organization" (Sokro, 2012) [18]. However, the issue of human resource performance is much more complex, the factors of influence at the enterprise level being much more numerous.

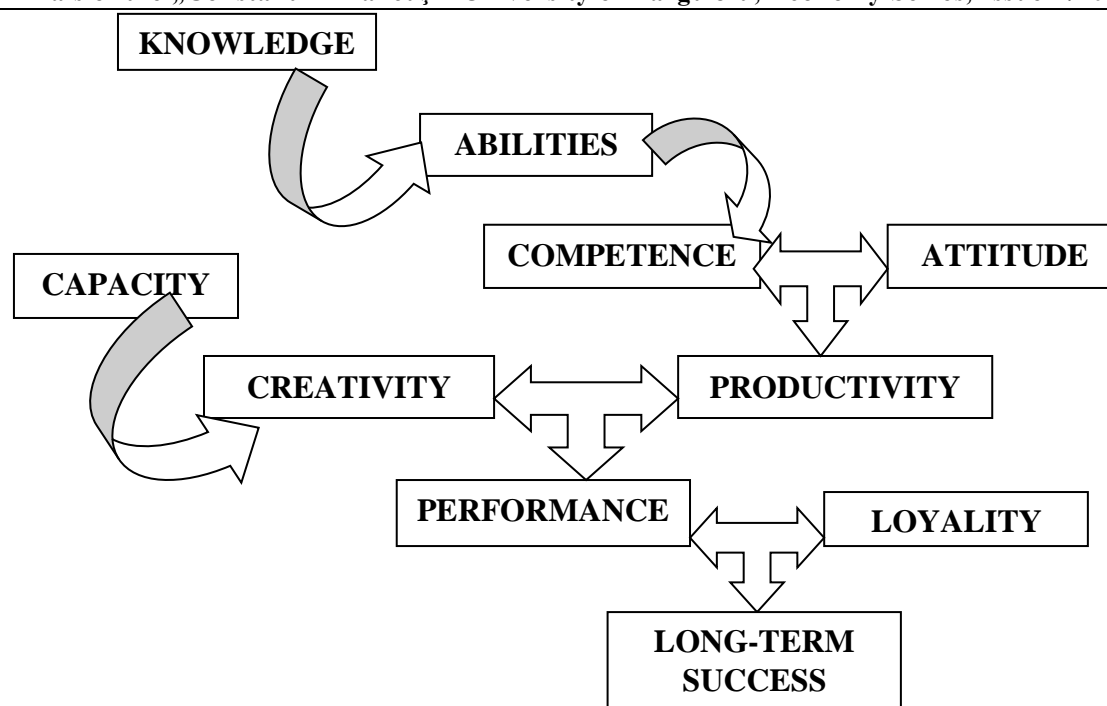


Fig. 3 Determinants of human resource performance

source: designed by authors, after Demyen, 2015 [6]

Beyond the classical characteristics of an enterprise, the business environment requires the organization to be flexible, which is why organizational culture plays a key role in creating performance through the complexity of human nature. Since each individual is different, the organization's value system will be largely defined by the individual values of the employees. However, "employees' work values change from generation to generation" (Lin, Shen, Hsu, 2015) [14], and the manager needs to understand and adapt in turn (Dorkenoo, 2015) [8].

Organizational success can not, however, be achieved in the absence of a correlation between individual and organizational values, both of which need to be in relation to the objectives proposed at entity level (Gorenak, Kosir, 2012) [10].

3. Case study on determining the influence of the manager's capabilities on the progress of the organization

3.1. The overall framework, the objectives and the hypothesis of the study

In order to study the influence of the manager's capabilities on the organization's overall progress, we have conducted a case study on two commercial enterprises, in order to observe the similarities and differences that arise from this point of view between small organizations and the large ones.

The main objective of the study was to identify the role that the manager's capabilities play in the coordination of the enterprise's activity, as well as the impact of the managerial style, on the attitude of the employees in the company.

The secondary goals were:

OS1 - determining employees' satisfaction level with regard to working conditions in the enterprise;

OS2 - Determining the relationship between the management strategy applied in the firm and the level of customer satisfaction;

OS3 - Determining the level of legitimacy of the manager’s decision-making power, in accordance with its own set of capabilities.

The two analyzed companies will be kept in anonymity, being further referred to as LD and MLC, however it is necessary to present their overall evolution in order to better understand the results of the study.

LD is part of a chain of retail stores, with a tradition of more than 90 years, working at European as well as American level since 2017. Worldwide, the total number of employees exceeds 215,000 people, with over 200 stores in Romania.

The second company, on the other hand, is a local enterprise, classified as SME, being established in 1993, with its main activity the production, distribution and sale of meat products.

Both companies have had a positive development during the last few years.

In order to achieve the above mentioned objectives, a questionnaire consisting of 14 questions was applied at the level of both companies, of which 8 were closed content questions with predefined responses and 6 questions had a 1 to 5 scalar response. At the end of the questionnaire were added 3 identification questions referring to age, studies and seniority in the company. From LD enterprise, a total of 15 employees participated in this study, as well as 8 employees from MLC, including the manager of the business. The timeframe for which the study was conducted for both enterprises is 02.12.2018 - 15.04.2019.

From the structure of the sample point of view, the educational level of respondents is presented according to the following graph. We note that for LD, most respondents (47%) graduated university studies, 46% - high school and 7% professional studies. In the case of MLC, 44% of respondents have professional studies and 56% - high school.

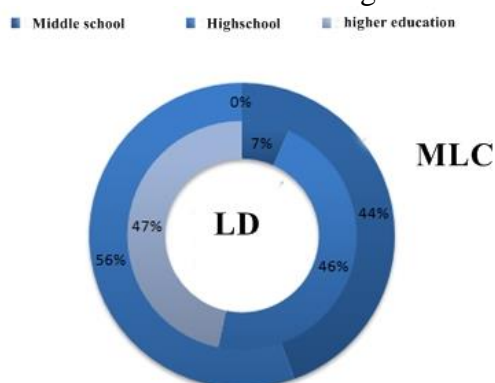


Fig. 4 The educational level of employees
source: designed by authors

Depending on the years of employment in the commercial field, the situation is as follows:

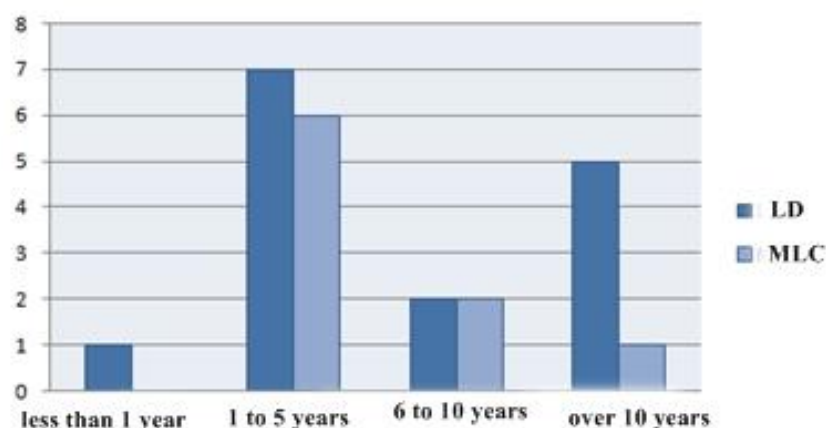


Fig. 5 The years of employment in the commercial field
source: designed by authors

To begin with, the following hypotheses were proposed:

H1: The attitude of the manager towards the hired personnel is one that promotes equity;

H2: The motivation methods used to determine the loyalty of employees are effective, but there are disadvantages of the method used in relation to the results obtained;

H3: The manager’s level of knowledge in the commercial field and also in management is in line with the results obtained;

H4: The way the manager is perceived by the hired personnel, from the point of view of communication, is a direct and correct one.

3.2 The methodology of the study

Below are the responses of the individuals, in the light of the grades given to each item of the 6 criteria. In accordance with the responses and in order to determine the representativeness of the obtained results, the coefficient of variation was determined for each of the criteria subject to observation.

In order to be able to express conclusions based on the results of the study, the following indicators were used [4]: weighted arithmetic mean, dispersion, standard deviation and variation coefficient.

Table 1

$\sigma^2 = \frac{\sum_{i=1}^k (x_i - \bar{x})^2 * n_i}{n}$	$\sigma = \sqrt{\frac{\sum_{i=1}^k (x_i - \bar{x})^2 * n_i}{n}} = \sqrt{\sigma^2}$	$v = \frac{\sigma}{\bar{x}} * 100$
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source: designed by authors, based on information in Șipos, Preda (2004) [19]

The values that the coefficient of variation can take are indicated differently in the literature. It can record values between 0 and 100%, with the following interpretations (Șipos, Preda) [19]:

$v \in [0\%; 35\%]$ - the series is homogeneous, representative, edifying, and the mean is usable;

$v \in [35\%, 50\%]$ - the series is relatively homogeneous, relatively unrepresentative and the average is relatively unusable, the final conclusions being determined by the specificity of the activity or other criteria.

$v \in [50\%, 100\%]$ - the series is heterogeneous, unrepresentative and unusable.

The three areas were therefore delineated in the central table by the green, yellow and red color respectively, the first corresponding to an optimum level of homogeneity, the yellow marking the relative homogeneity, and red - the cases of unrepresentativity [4].

3.3 Results and conclusions of the case study

Initially, the intention was to conduct the case study only for a SME enterprise, namely MCL, but due to the high degree of completeness errors made by the company's staff, the second questionnaire was applied, at a large company, LD, belonging to the commercial domain as well, thus establishing the possibility of parallel comparative research between an SME firm and one representing a chain of Supermarkets with a subsidiary open in Resita.

3.3.1. Conclusions regarding MLC enterprise

MLC employees have provided incomplete answers to about 6 questions, and this incident may well mean that employees are not accustomed to such studies, becoming reticent when they have to express their opinion in front of the manager, fearing that what they say could be misinterpreted and they to be dismissed or to face other repercussions.

The staff were asked about the type of their activity, if they developed a particular job, and the majority responded that there was no job clearly defined, which can make it harder to achieve performance. A factor that has led them to work within this company was the environment, which is confirmed by the majority of employees.

When they were asked to characterize their manager, 4 employees claimed that the manager is a tough person, while a few responded saying he was a dedicated person, which could be correlated with the fact that no employee had stated that the the relationship between manager and hired personnel is one of friendship. Most of them say that there is more collegiality relationship, communication between the two hierarchical levels being done directly, honestly and respectfully.

Employees have a very good opinion about the person who runs the entire business, claiming that he is capable, fair with regard to the employees of the firm, and has vast knowledge in the commercial field. Working conditions may be among the most important aspects for the company's employees, which most people working in this company can confirm.

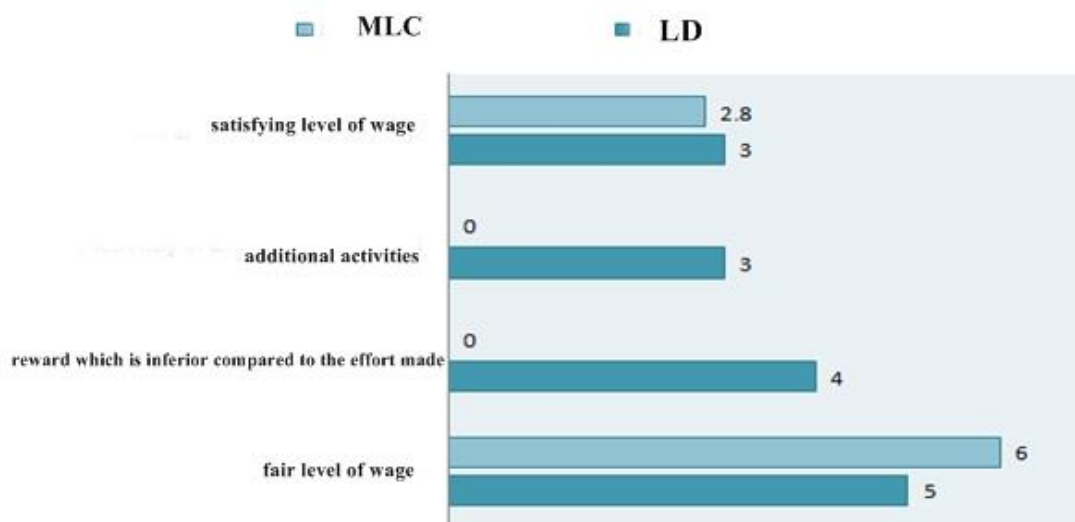


Fig. 6 Employee perception regarding remuneration

source: designed by author

One aspect that may influence the way in which the activity is carried out is that the manager leaves it to each employee to choose the task he / she wishes to achieve on that day, which may lead to some tensions between employees, but the manager claims that the distribution of tasks is done according to their importance. It seems that the company's objectives are not very well known by the employees of the enterprise, because most have claimed that the company wants to achieve local performance, and the manager of the enterprise states that the main objective is to expand at the county level.

3.3.2. Conclusions regarding LD enterprise

Within LD, as regards the manager's characterization, homogeneous values are recorded on three of the criteria, and one criterion records values with a low degree of homogeneity, which can be determined by the fact that the manager has to be authoritative to the employees, in order to be able to organize and work in an efficient and productive manner.

The criterion that obtains the highest relatively homogeneous value is transparency, with the value of 47.24%. It happens that the employees do not say what they think and say what the manager wants to hear.

In the case of communication with the manager, things change because only 3 of the criteria obtain homogeneous values ranging from 23.42% to 26.91%.

Table 2 – Characteristics of the manager

Manager characterization	Share
<i>Respectful</i>	28,15%
<i>Optimistic</i>	31,66%
<i>Kind-hearted</i>	33,21%
<i>Receptive to employee problems</i>	35,31%
<i>Correct</i>	35,83%
<i>Creative</i>	45,05%
<i>Tough</i>	56,25%

source: designed by authors

Criteria related to the manager's abilities record only homogeneous and relatively homogeneous values, it seems that all the skills that have a positive nuance. These aspects reach values ranging from 22.52% to 34.68%, being the motivational criteria, respectively the self-control of the manager in tense situations. Employees still claim that the manager sometimes can not manage emotions very well and this is very visible.

Table 3 – The skills of the manager

Skills	Share
<i>Motivation</i>	22,52%
<i>Competence</i>	23,42%
<i>Good communication</i>	24,16%
<i>Calm</i>	24,31%
<i>Stress management</i>	29,70%
<i>Dedication</i>	30,41%
<i>Ability to delegate tasks</i>	33,82%
<i>Sociability</i>	33,93%
<i>Autocontrol</i>	34,68%
<i>Self criticism</i>	37,14%
<i>Emotion management</i>	37,14%

source: designed by authors

From the point of view of the effectiveness of the communication process with the management level, the criterion that obtains the highest relatively homogeneous value is transparency, 47.24%. It happens that the employees do not say what they think and say what the manager wants to hear.

Table 4 - Communication

Communication	Share
<i>Honesty</i>	23,42%
<i>Frankness</i>	25,43%
<i>Apropriate tonality</i>	26,91%
<i>Diplomacy</i>	40,19%
<i>Respect</i>	40,19%
<i>Friendship</i>	40,90%
<i>Transparency</i>	47,24%

source: designed by authors

From the desire to observe what guides a person when choosing their job, a number of criteria were selected. The majority of respondents are guided by the wage level, followed by the

need to work with a percentage of 31.08 %. The lowest degree of homogeneity is a criterion referring to the studies in the field, while it is well known that there are very few who work in the field they studied, and this study confirms this hypothesis.

Table 5 Employee motivation

Motivation	Share
<i>Moral motivation</i>	39,93%
<i>Financial motivation</i>	41,87%
<i>Material motivation</i>	51,07%

Table 5 Choosing the job

Choosing a job	Share
<i>Wage level</i>	25,43%
<i>Necessity of a job</i>	31,08%
<i>Working conditions</i>	37,14%
<i>Studies graduated in the field</i>	65,37%

source: designed by authors

Regarding the way the manager motivates his staff, things change radically because both moral and financial motivation are relatively homogeneous, and material motivation has a low degree of homogeneity.

Stimulation of the employees can also be done by paying attention to employees' concerns, whether they are related to work or private life, in which way the person concerned will feel that he is able to overcome any problem that will arise and will not hesitate to share issues that may affect their ability to work.

As in the previous case, the criteria for work load distribution record both relatively homogeneous values and heterogeneous values.

The assumptions proposed at the beginning of the study were largely confirmed by the calculations, with the possibility to develop the present work by extending the debated issue also upon the perception of the clients of the two companies. For the time being, however, we can say that the skills and capabilities of the manager contribute greatly to shaping an organizational climate favorable to employee development and performance creation.

Organisational culture remains "the pattern of values, norms, beliefs, attitudes and assumptions that may not have been articulated but shape the ways in which people behave and things get done" (Armstrong, 2006) [1].

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