

# Developing the Organizational Culture

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## **Abstract**

*In the new economy, organizations face a number of challenges that leaders will have to find answers to and for which the knowledge-based leadership can be an important part of the solutions that are identified.*

*The managerial culture includes the needs and aspirations of the management staff of an organization and reflects the personality of founders or strong leaders. It substantially influences the decisions and actions of managers on different hierarchical levels. They imply that in the process of forming and shaping the organizational culture, managers will discover a powerful source of motivation as "actors" that contribute to it.*

*This paper deals with the connection between leadership and organizational culture and the ways that can be used in order to foster the development of a strong organizational culture.*

**Keywords:** *organizational culture, leadership, managers, values.*

**JEL classification:** M 14, M12.

## **1. The environment of organizational culture**

Many cultures are a stimulating environment for managers and for the recognition of their performance. In performing companies, being a manager is obviously reflected in the image it projects it upon those with whom he comes into contact, either inside or outside the company.

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Managers can help establish rules and standards in accordance with their values – these values shall be used in order to evaluate and motivate themselves and all of their peers.

Current leaders are faced with both a clear need to define the new internal and external coordinates of the organization and how he or she can manage, can use this great resource - the state of our knowledge at individual and organizational levels.

Knowledge-based leadership is based on increasing the level of education that the workforce has. Interactions between the leader and his collaborators are carried out more intensively and constructively.

Connecting leaders and employees takes place in a different way, in the sense that leaders no longer perceive themselves as owners of the absolute truth. The same perception is encountered with their supporters, a fact that creates new prerequisites for the nature of intra and intergroup relations.

In order to enhance the competitiveness of organizations, leadership has a very important role and is a key factor in the process of organizational transformation. This process can explain the transition from one level of competitiveness to another (Radu, 2009).

Ulrich (1999) has focused his research on elements such as values and personal traits (who are the leaders), knowledge, skills and abilities (what do the leaders know), behaviours, habits, styles and skills (what do the leaders do). There are certain characteristics of leadership that allow leaders to achieve greater success. For example, a basic characteristic of a successful leader is credibility, a quality that must be constantly cultivated (Năstase, 2009). In addition to this, leaders are those who animate people and sometimes need to put them in conflict or tense situations, in order to make them generate new ideas. However, leaders must be very careful not to create major tensions and shortcomings in the organization (Leibling, 2005). Other important characteristics of leadership concern purposefulness, optimism, courage and others.

Traditional literature on leadership was clearly dominated by a "single" perspective, which means that leadership is exercised by only one person (Pearce and Manz, 2005). However, there are other specialists who believe that leadership should be viewed in terms of collaboration between two or more persons (Crevani, and Packendorff Lindgren, 2007).

The current competitive environment means more sources of information, rapidly changing technologies, new management practices, increased competition and shorter life cycles; therefore the organizational knowledge is becoming

increasingly important (Tseng, 2009). There are many authors who talk about so-called "knowledge-based leadership." Knowledge-based leaders are those who can successfully combine the roles of manager and leader through the oversight of knowledge management and the creation of environments for the development of knowledge in the workplace (Knights, Seivert and Lee, 2005).

Knowledge is an increasingly important factor that shapes the thinking and actions of the leaders of features, making it an extremely powerful mechanism with effects on organizational changes. Leaders are those who support individuals and groups to share knowledge and learn together (Hicks, 2000; Future, 2004).

## **2. Leaders and organizational culture**

Among these realities of organizational life, there are specific bonds. Successful leaders exert their influence through a managerial and organizational culture. At the same time, they help to shape a culture, to transform. In turn, the organizational culture and the management one will shape the attitudes and behaviours of managers and employees within the company.

This approach is valuable in the economic, social and cultural current environments. Organizations are no longer built with large number of hierarchical levels and a small number of subordinates for a manager, in which the supervisor knew almost any time what each person would do. Increasingly, organizations opt for flat structures with reduced vertical command structures. In those circumstances, the manager cannot follow closely on each person that he or she manages.

In addition to this, the volume of information circulated in and outside the firm is so great that this will require more intensive involvement of an increasing number of employees to face the "avalanche of information" and to take full advantage of their content.

Many organizations seek and choose different ways of cooperation in order to be able to understand and react better to the dynamic environment, looking for innovative solutions (Roja, Nastase, Valimareanu, 2014).

The role of a manager is more complex now, as he or she will not only act as a person who has "absolute truth", adopting decisions that impose them then others, but will rather act as a facilitator, a mediator, who will enable the manifestation of the personality and of the knowledge of workers. On this basis, he will take the best course of action.

An organization develops when leaders succeed to convey values and they are accepted and appropriated by other employees as the correct way of thinking and acting. It is important that the leaders and their supporters to establish sincere

ties, trustworthy, based on a series of mutually shared values. Leadership is the result of collaboration between the leader and its stakeholders, considering that he or she succeeds to establish a vision to motivate stakeholders to accept their views, to appropriate them and support them. One question that someone may raise is that of causes, reasons for which one or more persons to do what someone else wants. The answer could take at least two forms:

- because people share the same needs, they believe or are convinced that following the path proposed by the leader will achieve their objectives;
- people are forced to move in different forms in the desired direction of leadership.

This is a dangerous area because it is based mainly on negative motivation, on punitive aspects; the staff does not believe in the leader, but can also perceive the actions proposed by the leader as a threat to their interests and statuses. In addition, all items introduced last through the organization as long as the authoritarian leader is in a position of power; after his departure, many of the newly created items are repudiated or destroyed.

### **3. Culture and performances**

Culture is a powerful force and a leader knows this and will try to use it. The managerial culture and the organizational culture act as paradigms, as intellectual and emotional patterns. These models lead to the creation of the identity of individuals or groups that generate a sense of belonging, membership of a particular society.

Previous elements should not lead us to the idea that managers will generate a levelling of expectations and behaviours of employees, because it would mean stagnation and even decline in certain situations. They must rather provide a climate that encourages acceptance of individual differences, stimulate creativity and initiative. All this shall be supported by ongoing communication, at all levels, so call the form of explicit messages and defaults. Creating and maintaining a competitive corporate culture and management is a matter of leadership, which has its origin in the very founders of companies and their successors in the later period. They have to create that physical, psychological and emotional environment that shall determine employees to follow them and to enrol on the desired direction, participating with all available resources.

The influence of founders and of "charismatic" leaders is felt primarily on the managerial culture that acquires and preserves cultural heritage forward, as a combination of values, attitudes and behaviours considered to be ethically correct, as well as performance generating. In this regard, it is advisable that the leaders have a high capacity for empathy with their supporters, to be able to understand and make themselves understood. An important source of the persuasion capacity of the leader, his power, is his own cultural base; the system of beliefs, values, attitudes and behaviours he powerfully believes and which mark his decisive actions.

An additional source of support comes from coalitions that he or she creates rapidly and uses them as a platform for promoting his or hers vision. It is evident that between leadership, management and organizational culture there are a number of mutual influences, influences that make all of them progress.

It has been long discussed the powerful impact that culture has on targeting potential managerial human resources to achieve business objectives and achieving the expected performance. While developing and implementing competitive strategies, the management staff of companies must consider as an important component the following issue: creating and/or developing of managerial and organizational cultures that support achieving the competitive advantage for them.

Creating a participatory culture with high involvement of employees represents an important way to improve the company's results. In such a climate, organization members feel more responsible for their actions and the degree of attachment to the managers and to the organization is amplified.

According to Schein, in order to change management and organizational culture, we must change their constituent elements, the most difficult change being in the values of the company. Values are key to understanding a culture and to introduce major changes.

The phenomenon of change and realignment of values to the new requirements of managers are closely linked to the ability of managers or leaders to develop a strong organizational vision, attractive to members of their organization. Vision is thus a well individualized set of values that is intended to be adopted and implemented in the organization, in a certain time, reflecting and reflected in the strong managerial culture content.

#### **4. Conclusions**

There is also a number of disputes - especially in the theoretical plan - about who should generate new values, so as to support the process of change. Opinions are divided, ranging from senior managers to employees.

It is argued that greater participation of employees in decision-making processes that affect them, will lead not only to a higher staff satisfaction, but will also lead to increases in productivity and performance. In these circumstances, it is advisable that employees participate in analysing and redesigning the company values, so that they find their personal values to a very large extent in the ones of the organization.

Some experts believe that the most important element in a community is the involvement and commitment of its members to a common vision of the future. For sure, however, the organizational culture represents a factor that is of a major influence to the company's development or, conversely, a destructive factor to its future. And this is depending to a large extent by leaders' capacity to work in a stimulating way with the people.

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