Organizational Culture in Romanian Retail

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Abstract

This article aims to describe the organizational culture within one of Romania’s biggest retail chain. The organization is a German multinational retailer company that has opened more than 50 discounter stores all over Romania starting 2005. The management is German, but the store’s employees are Romanian. It was very hard to analyse the organizational culture within this company because of this cultural and linguistic difference. I had been working in the sales department and I had been caught in the middle by these two worlds several times. The methodology that has been used is a qualitative one; respectively the study case implies an explanation of the organizational culture’s components from a theoretical and a study case approach. Also, because of the daily activity I had used the participative observation method. By these means it will be raised the awareness and the need of the existence of the organizational culture within the organization.

Keywords: attachment, multinational company, multicultural environment, organizational culture, retail, retention


Introduction

The theme of this article is very present, representing a direct and detailed analysis of the organizational culture within the German retailer. I am a former employee of this multinational retailer company within the sales department for the discounter chain for several years. During the years that I had worked for this company I had been witnessed to multiple internal changes and transformations because of a very strong personnel fluctuation within the discounter stores and the headquarters in key departments, such as acquisitions, sales and logistics due to the fact that the competitors had had offered bigger salaries, a personalized development plan and a smoother career path. These external factors together with a wrong understanding of the real value of this company on the market had led to a decrease of the working quality and a negative working environment. Because of the fact that the organizational culture had not been seen as a must and a necessity within the organization in order to retain the valuable employees, the number of persons who decided to leave had grown considerably.

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This article aims to define the organizational culture, the main types of organizational culture and the concrete aspects of this culture in order to be able to apply the theoretical part to the practical part that is the case study.

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The case study is being completely dedicated to the organizational culture of this German retailer. The organization is a multinational retailer company with a top German management distributed in the key sectors of activity, such as acquisitions, sales and logistics, but with employees in majority Romanians. The company had struggled as the years passed by to handle the increase of employment as the expansion was very fast. Only in two years after the opening of the first store, the company had more than 35 discounter stores all over Romania. Also, the fast expansion of the competitors had influenced the behaviour and the attitude of the employees, leading to changes at the level of the values. The retail world had been facing several transformations in real time, becoming more to look like a jungle where no rules and principles are to be applied. The only facts that really matter are profit, big sales and local supremacy. A very little focus is being put on the employees and their needs. The return on investment policy is to be done with fewer employees in a discounter store, but the profit must be very high. By other means, the normal employee must face a large volume of work, so the employer must not spend much money with the costs of two or three employees for the same position so that the money can enter in its pocket. The store manager and the regional sales managers had not noticed the difficulties and the lacks that these employees had to face every day. The same situation had been manifested at the headquarters within the different departments where the number of employees is fewer than the huge working volume, the pressure and the tight deadlines due to the continuing expansion and the opening of new discounter stores. All these factors occur due the policy that most of the German retailers apply on the Romania market: huge profit but little costs. The effects are notable: fewer employees in a discounter store, overstraining, high personnel fluctuation and poor salaries. But the facts do not limit only to the economic and human level of the organization. They do go further towards the attachment level of the employees towards the organization and the sudden changes that take place in their cultural system. After the company had faced multiple difficult issues such as the departure of qualified and experienced store’s and headquarters’ employees, the company had realized that a process of attachment and motivation of their own employees is mandatory and highly recommended through different methods: Christmas party, contests between the stores on different topics, raffles, gifts, trainings in order to raise their efficiency and job satisfaction and to maximize the degree of belonging to a multinational retailer company. The next chapters will detail the explanation of
the organizational culture’s components from a theoretical and a case study perspective using qualitative methodologies such as the case study and the participative observation so that the we can raise the need of the existence of the organizational culture.

1. Conceptual specifications

An organization is born in a certain country and is being defined by the national culture and civilization of that country. The organization either inherits or takes over, in the case of multinational retailer companies, all the features and characteristics of that specific culture because it is part of that culture. The people’s cultures are so different therefore these differences are notable also in the organizational culture. By these means, we could portrait the German employee who is expert in his area of activity, is direct, independent, systematic, flexible, respects the work life balance principle while the Romanian employee tends to be obedient, to execute all the tasks without questioning whether they are good for the company or not, to work a lot, to meet all the deadlines and to be available all the time. A single national culture has the capacity to generate multiple types of cultures, based on the regional and local differences that could be influenced and determined by the economic, expansion and historical factors. The differences within the frame of the same national culture occur also due to the organization’s profile and field of activity. The most notable cultural, managerial and mentality difference can be noticed between the public sector and the private sector organizations. The organization is a living system that is growing continuously and is evolving rapidly. Its cultural profile varies due to the elder and the new employees. The organizational culture is easy to be taught if the right methods and mechanisms are being applied. The organizational culture is formed due to the repetitive interactions between the members of the organization and the bringing in common the beliefs and the values of the individuals of the organization. According to Elfconsulting (2017), the organizational culture is being determined by strong shaping factors such as: the leading style, the decision making method, the level of formalism, the organizational structure, the policies and know-how, the systems that offer support to a specific type of work or behaviour.

The culture could be seen as being the core of an entire organizational network that is influencing and is being influenced by strategy, structure, system, human resources and habits. The culture is the main identification element of an organization because as the organizations have a culture also the people have personality. Also, each organization has an individualized culture.

Most of the anthropologists from the American School had defined the culture as being a system of beliefs, ideas and behavioural methods that are being taught because of the social experience and are being transmitted through socialization and acculturation. By these means, the American anthropologists, according to Georgiu (2001, p.37), the theoreticians Kroeber and Kluckhohn had built the following definition: “Culture consists of patterns, explicit and implicit, of
and for behaviour acquired and transmitted by symbols, constituting the distinctive achievements of human groups, including their embodiment in artefacts; the essential core of culture consists of traditional (i.e. Historically derived and selected) ideas and especially their attached values; culture systems may, on the one hand, be considered as products of action, on the other, as conditional elements of future action.”

From a semiotic perspective, according to Georgiu (2001, p. 195) the culture represents an ensemble of signs and languages that are coding and treasuring the experience in order to transmit it from one generation to another, from one group to another, from one organization to another, assuring the continuity of the historic process. Through culture, the human being is exceeding his immediate existence medium and gives sense to his life. In this way, the individual accesses the organization and adapts easily to the organizational medium where he activates.

Georgiu (2001, p. 34) had researched Abraham Moles who had proposed a reinterpretation of the culture from a social communication and socio-cultural cycle’s perspective that the messages need to cover in order to structure the “spiritual picture” and the “knowledge screen”. Each of us is carrying in its own physical structure a “picture of the world” that is being formed of knowledge, ideas, opinions, beliefs, representations, values, norms, and attitudes. All these elements are composing our image towards the world and the organization.

Dumitru Iacob (2001, p. 86) has stated that the organization culture is composed from its collection of values and instinctive organic reactions, its collection of heroes and negative characters, and its collection of achievements, interdictions and bids. The organizational culture could be seen as an expression of norms and values, representing that pattern of values and norms that are distinguishing one organization from another, determining what is being important for that specific organization and designating the norms or the system of beliefs and the specific values of the organization’s members (Iacob, 2001, p. 87).

The majority of the specialists had defined the organizational culture as being “a philosophy, an ideology, values, beliefs, liabilities, hopes, attitudes and norms (accepted and shared)”. The main important aspect of the organizational culture refers to the fact that the people could better familiarize with the organization and even to anticipate the behavioural method if they succeed to understand the “chemistry” of its composition. The organizational cultures is existing on multiple levels: the exterior level of the culture is being constituted og symbols such as words that are composed of dialect and colloquial language, gestures, figures, physical objects; at the next level there can be found the culture’s heroes (persons that are still alive or already dead, real or imaginary but they serves as raw patterns for the culture); at another level there can be found the organizational rituals and ceremonies; at the deepest level or the “culture’s heart” there can be found the cultural values (beliefs, answers, collective feelings). (Iacob, 2001, p. 87)
Starting with the ’80s, the corporate culture is representing a very special research domain especially since she started to be associated with the organization’s performances. There are several definitions for the term of “corporate culture”, some of them are being vague and some of them are being very concise. According to Rao and Swaminathan (2017), from an anthropological viewpoint culture refers to the values and beliefs shared by members in a society and include patterns of behaving, feeling and reacting, and the premises underlying behaviour. In other words, culture consists of man-made aspects of an environment. As a matter of fact, culture consists of all the aspects realized by the individual in the medium he lives in.

According to Donnoly (2017), the organizational culture refers to the impact on the medium that has resulted not only from group’s norms, values and philosophy, but also from the informal activities. This definition specifies the fact that the corporate culture is similar to the existing culture within a society because has norms, values, beliefs and behavioural patterns. Also, the definition underlines the fact that the values and the norms create the culture. Therefore it may be said that the culture is for the society or the organization what the personality is for an individual. The corporate culture represents a pattern for the shared and stable beliefs and the values that are being developed within an organization over time. This definition brings the “time” factor on the front page. The longer an organization exists, the more its culture will develop over time. The more the organizational culture is developed, the more it will be more difficult to change or to influence it. Van der Erve (2017) reviewed many definitions of corporate culture and summarized it as follows: “Culture is the shared values and behaviour that knit a community together. It is the rules of the game: the unseen meaning between the line in the rulebook that assures unity.” This implies that culture maintains order and regularity in the lives of community members and only assumes importance in people’s minds when it is threatened or disturbed. Kotter and Heskett (2017) have found it helpful to think of organizational culture as having two levels that differ in terms of visibility and their resistance to change. At the deeper and less visible level, culture refers to the values that are shared by the people in a group and that tend to persist over time even when group membership changes. At this level, culture can be extremely difficult to change, partly because group members are often unaware of many of the values that bind them together.

The organizations express their culture through declarations of principles, success stories, slogans, emblematic characters, ceremonies, symbols, climate and physical environment. No matter what kind of culture exists in the organization, it is shared to reality. When a person enters an organization as an employee, he passes in the organization’s cultural barriers and becomes acculturated. Each organization has its own culture and set of values. Most organizations do not consciously try to create a particular culture. Corporate culture is created unconsciously, based on the values of top management and founders of an organization.
2. Organizational culture’s components

The concept of organizational culture refers to the collective standards of thinking, attitudes, values, beliefs, norms and habits that exist within an organization and at the mental level of its employees. Analysing the cultural component we can distinguish several visible elements: behaviours, attitudes and common language, rituals and symbols. The less visible components of the organizational culture could be: perceptions and representations of what “the value” represents within the organizations, myths, and empirical standards regarding what means to work efficient and good and to behave properly or just simply said “how things are being done around here”. The organizational or the corporate culture is that eel of values, norms, beliefs, attitudes and suppositions, that, even if they had not been properly formulated, determine the behaving individuals’ modes and the problem solving. The norms are unwritten behaving rules of the employees within an organization. The values refer to what is being considered to be important towards the mode in which the employees and the organizations act. The organizational culture has as main study object abstract notions, such as values and norms that are being present and manifest in all the departments of an organization or in a part of it. The organizational culture can influence people’s behaving significantly and represents the subjective part of the organization’s life. As such, the corporate culture could be understood as “…the whole consistent of values, norms and symbols that have emerged and developed over the history of the company in response to external requests and needs of the people working in the enterprise, which are transmitted consciously or unconsciously to new employees especially through the symbolic behaviour patterns (dominant culture carriers), and marking the thinking and behaviour of workers in unmistakable fashion.” (Gareis, 2006, p. 133)

James M. Higgins considers that the components of the organizational culture are the: myths and the beliefs (include the history of the facts that had determine the behaviour, success stories from the past, loyal employees of the organization); metaphoric system and specific language (refers to the core values of the organization and the slogans that the organization uses in order to attract the listener’s attention and to remain in the mind of the customer); symbols, ceremonies and rituals (show what it is mandatory to be respected within the organization; the flags, company’s logo, advertising panels, organization’s specific colours reveal the importance and the place that certain ideas or events occupy); mottoes are very important for the organization’s members and must transmit and promote the organization’s philosophy); values and norms are being reflected by strategies, structure, political systems, rules, policies and procedures showing what it is allowed or not to be done). (Iacob, 2001, pp. 87-88). Michael Armstrong (2003, p.185).adds as a component of the organizational culture the artefacts (elements that resulted from the way a procedure had been applied) besides values and norms).
Therefore, organizational culture is considered a framework of unwritten rules that guides employees’ behavior within organizations. Sulkowski (2012) mention that through organizational history, in-house training, customs, taboo, symbols, stories, narratives, metaphors and myths, senior members transfer aspects of organizational culture to new employees.

Alvesson (2012) opinions that “culture is not primarily “inside” people’s heads, but somewhere between the “the heads of a group of people where symbols and meanings are publicly expressed – in work group interactions, in board meetings, but also in material objects. It is the meaning aspect of what is being socially expressed and it is thus visible and invisible at the same time.”

Theoretically, we have identified and analysed briefly which are the components of the organizational culture. In practice, these elements can take various forms, being very hard to be identified and analysed.

3. Organizational culture in Romanian retail

3.1 Methodology and data

In this article we aim to analyse the organizational culture in Romania retail by determining how the German organizational culture elements impact the Romanian one. The quantitative methodology that had been used is the participative observation method due to the fact of the previous employment within this retail organization. In order to recognize the German organizational culture elements we considered a 30 days’ timeframe starting from 1st of June until 30th of June 2006. The participative observation took place at the retailers’ headquarter within the sales, purchasing, expansion, logistics, accounting and IT departments and the 35 discounter stores. The sample had been composed on 15 people. This method had helped to notice the behaviour of the Romanian employees towards their German colleagues and which their degree of ability to adapt to an organizational change and work in a multicultural environment being determined to mix the Romanian values with the German ones.

We had also used the quantitative methodology of the case study and we focused on the analysis of the nonmaterial elements ((values, norms, myths, legends) and material elements ((symbols, rituals, language) of the organizational culture within the Romanian retail.

3.2 The results

The results of the researches had offered a better understanding of how a multicultural environment is able to function properly and where there is the need of improvement. In the next two chapters we will introduce these nonmaterial elements ((values, norms, myths, legends) and material elements ((symbols, rituals, language) of the organizational culture within the Romanian retail.
3.2.1. Nonmaterial elements (values, norms, myths, legends)

The values of the German retailer that are being applicable for his daily activity are: success, quality, expansion. The discounter chain is one of the firsts retail chains that had appeared on the Romanian market and had succeeded to become, in a very short period of time, the favourite store of the middle class, to register huge sales and a large number of customers at each store opening and not only. The quality of the services consists of a better management of the assortment for each commodity group (beverage, fruits and vegetables, bakery products, staple food, frozen products, detergents, cosmetics, hygiene and cleaning, sweets and non-food products) and also the low prices and the promotions.

The German retailer had applied a very dynamic and strong expansion policy, being interested in acquiring lands in small to medium towns, and most recently also in bigger cities by becoming the only owner. The investments for each location are between 1.5 and 2 million euro, but that had not been a problem that prevented from opening the discounter stores in most of Romania’s regions, such as Dobrogea, Moldova, Oltenia, Transylvania and Bucharest, the capital of Romania since 2005 until now. The German retailer had risked and won: loyal customers, huge sales, fame and identity on Romanian retail market. The situation has changed throughout the years do the presence of the direct competition in the same cities.

The norms of the multinational retailer company are: responsibility, professionalism, adaptability to each medium and to several types of customers. These elements had been included in the norms’ category because characterize and guide the organization’s and its members’ activity. The professionalism is being exemplified through the quality of products on the shelves (around 1.500 products in one store) and the services offered by the store’s employees.

The adaptability is being reflected in the cases of the store’s employees because each of them needs to participate to a three up to six months internal training in another experienced store and then to implement in its own store what he had been taught in the other store. Due to these internal trainings, they have the opportunity to get in contact with the other colleagues, to socialize, to learn from them, to manifest flexibility and availability to do overtime, to integrate in very different mediums and to act in various situations that suddenly occur. The responsibility of each employee is being presented in the job description, but this occurs also in the daily activities in the store or in relation to suppliers, distributors and the several departments from headquarter.

The myths and the legends exist in each new created organization, and usually, the founding hero is being labelled by the employees as being a myth for them. The formal leader of the organization plays also the role of the informal leader and is getting transformed in an emblematic figure that takes over the organization from zero and makes it known on the market due to his professionalism and experience. In this case, this myth of the organization is the former German general manager that had ruled the company for eight years with a
special devotion and professionalism having networking skills and a very good communication with his employees, succeeding to form a very solid and trustful nucleus. Having very much know-how for the expansion phase (when lands for the stores are being searched, viewed, the sales prices are negotiated, the areas with expansion and profit potential are being identified, are being acquired and then starts the building of these stores). When this general manager had left the company in 2006, the company had opened over 20 stores, and other 40 stores and a deposit where planned to be opened by that time in the years to come. His and the sales managers experience had been firstly notable once the discounter markets had been opened and unique concepts had been thought in order to arrange the store and to place the products on the shelves. So, when you enter for the first time in such a store, it is very easy to find what you need, because all the products are being placed according to the respectively commodity group (the landing with fruits and vegetables, the detergents island, the palettes with staple food, the cashier are with sweets, flowers and cigarettes etc.). Also these concepts, once implemented in the store and imprinted in the mind of each store manager and each chief inspector of the area, had remained as “last words” for those who succeeded them at the management, department and store level of the organization. There are numerous stories and all of them have on the front page the founding members of this company, our heroes so to say, but also the ones who followed. The stories have various subjects and are related to very funny events from the stores openings or to sad ones (when the stores had received penalties from the local authorities because some legally conditions were not met). The individuals that have lived all these events are talking about them gladly, and the narration takes place in informal places (lunch, coffee break, on the way home) most of the times. All these facts keep the history of the organization alive, since it’s very beginnings in Romania until now, determining each member of the organization to be proud that he is working for this company.

3.2.2 Material elements (symbols, rituals, language)

The organization’s symbols and the distinctive signs in the mental of its own employees, the supplier and its customers are the logo, the store’s image and the leaflet’s mottoes. The image of the discounter stores in Romania is being characterized through squares units with a sales area of 750 sq., with 1,500 products in assortment and parking place for 30 cars. The discounter store’s logo is being dominated by the colours red (the background) and yellow (the writing). The promotional articles such as cups, pens, lighters, agendas, calendars, trinkets are imprinted with the logo. These gits are being offered to the customer when raffles are being organized or to suppliers on special events (Christmas, Easter, anniversary of the discounter store on the Romanian market). Also, the discounter’s logo is being present on the bags, on advertising panels on the street, on street signs, badges on employees’ T-shirts, on the employees’ E-mail signature and leaflets. Also, all the store’s employees wear T-shirts, shirts and vests with this
logo. In the symbols category must be integrated the various stickers that are pasted it in the store, on the price rails, on the shelves or the panels from the landing site with fruits and vegetables. The motto is very suggestive and persuasive: “In your advantage!”, being present one ach leaflet and on the employees’ E-mail signature attracting by the force of its words the potential and the current customers raising the commitment to the company and its values, but also generating huge sales. By this mean, the customer is being attracted by the various assortment based on cheap Bio qualitative products which are the own brand, but also by the special offers.

The rituals are being manifested through the daily activity that takes place in the stores and at headquarter. A working day in a store is being exemplified by the arrival of the tracks with goods in the morning and afternoon, by ordering at specific times the goods for the next delivery, by supplying the shelves with products so that no lacks can occur, by communicating with the local authorities when specific controls may take place etc. On the other hand, a specific working day at headquarter, within the sales department, is also very dynamic, because the sales managers and the stores must be informed about the listing and enlisting of products on a daily basis, about the weekly promotions that are taking place in a store, the current status of the sales plan for each store so that everybody knows what needs to be done in order to achieve the target, establishing the sales plan for the next month and transmit it to the stores, establishing several statistics regarding the productivity (the balance between the achieved sales and the working hours) or the best sold products, analysing and monitoring the competitors by identifying the products that are included in the leaflet and the daily promotional actions, organizing daily and monthly inventory in the stores in order to know the current stocks and which are products are to expire soon. So, it is never boring to work in the retail world because the rhythm is so alert and in a continuous transformation that you can never say that everything is a routine.

The specific language contains special words or terms in German that are being used in the sales are such as: sales plan (Germ. Umsatzplan), placing products on the shelves or pallets (Germ. Artikelplatzierungen ins Regal oder auf dem Palett), meter shelf (Germ. Regalmeter – when a new article is being listed in the system), commodity turnover on the shelf (Germ. Ware ins Regal rollen – the articles that are about to expire soon come in front on the shelves so that they could be sold quickly, and the articles that have a longer validity are put at the back on the shelf), the fruits and vegetables landing (Germ. Obst und Gemüse Podest), the detergents island (Germ. Waschmittelinsel), the articles that are only for the internal usage (Germ. eigenerverbrauch Artikel), inventory (Germ. Inventur), losits (Germ. Abschriften), damaged broken missing articles (Germ. gebrochene, zerstörte, fehlende Artikel), the cashier area (Germ. Kassenzone), goods reception (Germ. Wareeinnahme), cost center (Germ. Kostenstelle) etc. All these words are being imported from German and are being used as such in all the stores because they are such a colloquial language for all the employees that are working for German retailers.
Conclusions

The cultural formation of each individual is beginning from the medium where he grew up, went to school and is working. The cultural formation is being influenced by the following factors: individuals, authorities, religious beliefs, ideologies and scientific theories, social class, sex, generation, mass media, social media, job etc. These differences are visible from one country to another, between the ethnical, linguistic or religious groups within countries where they represent only a national minority, or from one organization to another such the case of multinational retailer companies that has established subsidiaries in countries other than the so called “mother country”.

The organizational culture forms a whole in which each element has a tight connection with the other components. This fact requires an internal coherency with relations between the elements that are composing the organizational culture and with a disparate collection of diverse habits. The organizational cultures could have common features, but each of it is unique in its own way. The organizational culture consists of a set of values and fundamental norms, codes and collective images that result from the history and the patrimony of each organization. Also, the organizational culture consists of dealing with the competitors in the market and the compromise between the management and other key players of the organization. Everything is being accepted by the members of the organization and is being translated through rules, myths, habits, taboos, references and procedures. The organizational culture includes symbolic expressions, being the symbol of cultural identity, a personality, a core of deep configurations. The culture is a very important tool for the management because creates a positive environment in which the employees are motivated and enthusiastic. The culture is being a landmark for each member, and the individuals that are working for a company with a very powerful culture know precisely which the expectations that they need to meet are. The existence of cultural norms is the basis for the personal identification and engagement. The organizational culture supports the social integration and facilitates the assimilation of new comers within the company. The new comers start to know the culture, to act according to its principles, to be integrated in various groups and to be accepted by the other colleagues. This raises the feeling of security and belonging to a community.

The profile of the German multinational retailer company could have been done because of the previous employment experience within this organization. The profile is based on the knowledge brought by the skilled and experienced management and employees. The awareness of the organizational culture is huge because of the good communication between the parties and the equality at employee level that governs the company. Also, the facts that the employees are very proud to wear clothes marked with the company’s logo determine a high degree of identification with the company’s symbols. The image that is being perceived by the customers is the one of a friendly and familiar environment where they could shop with pleasure because the personnel are ready to help any time they are being asked. This fact also indicates the professionalism of the employees. In order to keep alive the actual healthy situation of the organizational culture
within this retailer there must always be remembered and mentioned the heroes and the success stories of the organization that helped to achieve the current status.

References