THE ANALYSIS OF ORGANIZATIONAL CULTURE WITH THE DENISON MODEL
(The Case Study of Latvian Municipality)

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Abstract

The article is devoted to the study of organizational culture, this is being considered as a problematic topic in management but it requires a wise management.

Culture should not be considered as an obstacle in business. In time of competitiveness and changes it has some advantages (Hoecklin, 1994). The culture of a particular organization determines the image of organization as a social institution, and a belonging of human resources to it. This is particularly significant for the state governance and is a source of stability. It can be viewed as a source of inspiration for the employees.

Cross-cultural management is a part of international management system that separates itself from the usual (anthropological) view toward culture and can be viewed in the context of practical management. It allows viewing culture as a multi cultural management in all environments. This new approach allows *knowledge transfer and organizational learning.*

The main task of a cross-cultural management is to coordinate professional activity and a professional development of coworkers at the workplace, when knowledge, values and the experience are significant aspects that are to be considered in a multicultural society. Research indicates that culture is seen as a tool that allows describing diverse socio cultural systems. This article is aimed to describe organizational culture in one of the Municipalities with the help of Denison model.

The authors analyze organizational culture based on answers of respondents, by taking into account Denison model's factors and indices that influence organizational culture as relevant for Latvia. This allows reevaluating the quality of culture as a substantial essence, and to determine organizational coherence, integrity and team work. The authors explored the strategy of an organization and how it reacts to changes and integration issues. The number of involved respondents comprises 63 Municipality workers.

Keywords: Organizational culture, the quality of organizational culture, factors and indices determining organizational culture

Introduction

A lot of specialists underline that culture is a problematic field of management, however it is definitely manageable and has to be managed. The question is – How is it to be done? The question is not simple to answer, because how and what to manage depend not only on parties involved in cross-cultural relationships, but also on viewpoints and theoretical positions used in the process of management.

Culture should not be perceived only as an obstacle creating difficulties for a business and management process, since in the face of tough competition it may offer several advantages as well (Hoecklin, 1994). In order we should be able to use cultural diversity as an economic tool, the cultural diversity and its influence should be looked at from a different angle.

It is essential to properly understand the concept of culture, because its definitions are many and various. The most common one is the assertion that culture is a wholeness which incorporates knowledge, convictions, art, virtues, laws, habits and many other skills and abilities which a human, being a representative of the society, acquires. According to Vichansky and Naumov (Виханский, Наумов, 2006), culture is a sophisticated mechanism, and the principal potential of organization life is its organizational culture: why people become members of the organization; how the relations between them are developed; what stable norms and principles of organization life and activities they observe; what in their opinion is good or bad, and all the rest that can be counted as norms and values.

Many authors have looked at the aspects of culture in organizations as:
managing across borders (Ghsohal and Barlett, 1989);
management through cultures (Joynt and Warner, 1996);
international managing across borders and cultures (Deresky, 2006);
resistance of cultures (Dupriez, 2002);
contradictions of cultures (Seelye and Seelye-James, 1995);
culture wars (Viney, 1997);
when cultures collide: managing successfully across cultures (Lewis, 1996) etc.

In the research on management, culture is understood as a summarization which can be used as a measuring instrument allowing us to characterize (obligatory stereotyping them) various socio-cultural systems: national cultures or cultures of a "smaller scope" – companies, various teams, political parties or informal group cultures. In any case the concept "culture" is to be related to the product of human activity – whether material or spiritual, therefore it can be observed and analyzed at a different level of abstraction and from different ontological aspects. E. Holl and E. Schein maintain that there are the visible and the invisible cultures. Management of culture includes 3 aspects:

national and ethnic associations with a body of characterizations which relate to a distinct (culture specific) style of management or organization of interviews;

specific qualities of the organization (corporate culture);

mind activity, way of thinking.

The definition of organizational culture provided by E. Schein is as follows: the culture of organization is a body of basic convictions which have been created by a definite group or acquired/ developed over the time, when the group is learning to resolve problems of adapting to the external environment and to the internal integration – the convictions which have appeared to be effective enough to be considered valuable (Шейн, 2002).

Schein thought that organizational culture helps to cope with the problems of external adaptation and internal integration. It is vital that the complex of the basic proposals and basic positions, which have been worked out and accepted by the respective organization, would function long enough and maintain its independence, and therefore this complex should be handed over to the new members of the organization, too, as a model of "correct" thinking and feelings.

Recently, under the impact of globalization, cross-cultural management is being spoken about more frequently. It is a component/branch of the international management which lately is trying to separate itself from the usual (anthropological) view on culture and more frequently is looking at it in the context of a constructive activity. In relation to this, the contribution of several authors is to be mentioned here:

G. Hofstede (Hofstede, Hofstede, Minkov, 2010);

F. Trompenaars (Trompenaars, 1998);

N. Holden (Holden, 2002).

Cross-cultural management studies human behavior in organizations located in different places and countries, and teaches to work and cooperate with colleagues and costumers. It is concerned with organizational behavior in different countries and cultures,

compares this behavior, tries to understand it and improve the interaction and communication between employees, costumers, suppliers, partners etc.

Cross-cultural management is a part of a multi–cultural management in both internal and external environment of the organization. A new approach to this assumption is knowledge transfer and organizational learning. The main task of a cross-cultural management is to coordinate the professional activity and learning activity in a constructive communication, when knowledge, values and experience are incorporated in a common multi-cultural cooperation.

Methodology

Depending on the approach to the organizational culture studies and the aim of these studies, the scientists have developed essentially different techniques and methods for the analysis and evaluation of organizational culture. The typology worked out by Quinn and Cameron can be mentioned as ranking among the most complete and elaborated ones. It includes core characteristics of cultures and allows identifying their quantitative and qualitative values as well as following the changes which are taking place in the organization (Камерон, Куинн, 2001).

In his turn, Denison has developed a popular and practically applicable model which explicitly shows the link existing between organizational culture and efficiency. The model is based on four basic features of organizational culture: involvement, consistency, adaptability and mission, each of them having three sub-groups. In the result, the model showing the linkage between organizational culture and efficiency with 12 different features of organizational culture has been created. The efficiency of organization's activity in this model is measured with such indicators as the increase in trade volume, market share, profitability, development of new services and products, quality of services and products, employees' satisfaction and general efficiency of the organization.

As a result, the Denison model of organizational culture has become one of the most popular models for the analysis of organizational culture (see Figure 1).
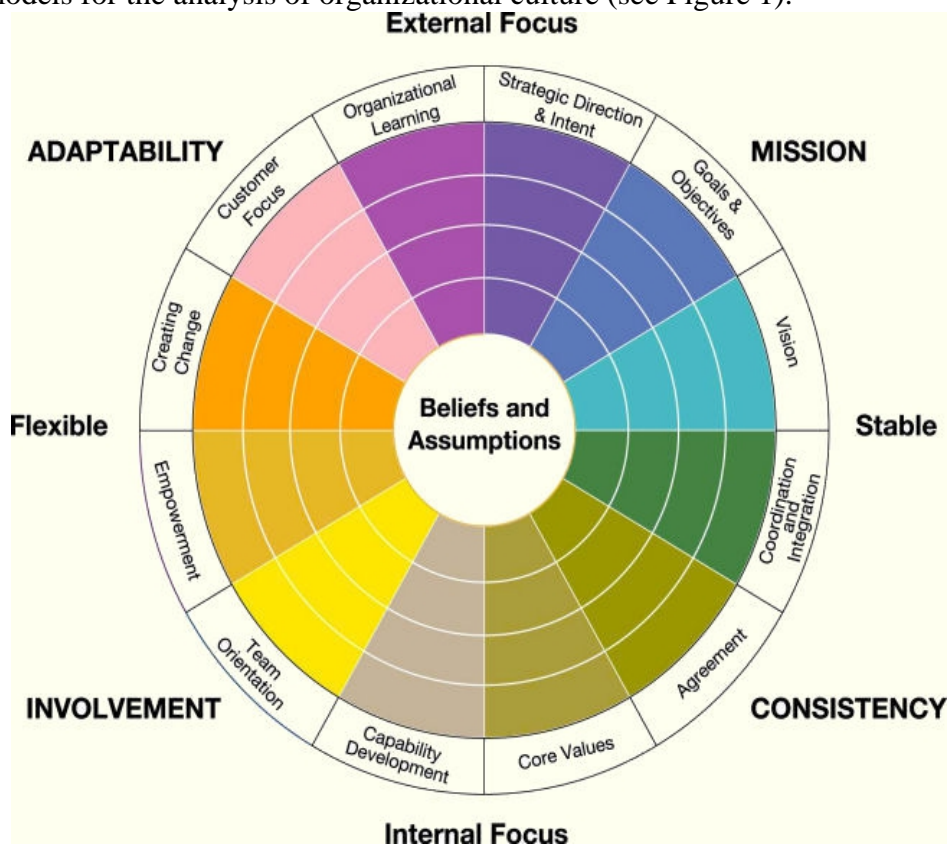

Figure 1. Denison model (Denison, Hooijberg, Lane, Lief, 2012)

Denison characterizes the mutual influence of the four cultural factors upon the organization's efficiency: mission and consistency, adaptability and involvement:

Mission is a characterization of organization's aims and directions of a strategic development, based on the concept which has been developed by the organization and is future-oriented;

Involvement is a state during which the employees feel that their activity is tightly linked with the goals of organization, that they have been empowered, that team work is to be valued and the priority is given to the development of employees' capabilities;

Consistency is the high level of integration and coordination;

Adaptability is a state within the frame of which the organization flexibly responds to costumers' requirements, takes risks, learns from their own mistakes and is ready for changes.

Each of the four organizational culture factors has three variables – indices. Thus, involvement is characterized by such indices as empowerment, team orientation, capability development; consistency – by core values, coordination and integration, agreement; adaptability – by organizational learning, focus on the customer, creating change; mission – by vision, goals and objectives, and strategy (Denison, Hooijberg, Lane, Lief 2012)

Like Cameron and Quinn, Denison, too, has studied organizational culture within the frame of two dimensions:

Dimension 1: *internal focus* when attention is given to what is going on inside the organization and *external focus* when the attention is devoted to what is happening outside the organization;

Dimension 2: *stability and control,* namely, interest in maintaining the existing situation and *flexibility and freedom of action*, namely, interest in changes and development.

Sample

Within the frame of this research, the organizational culture of the X region municipality was analyzed. The data were obtained by a questionnaire survey, based on the questionnaire designed by Denison *online* in the Internet (a special system for conducting surveys- www.surveymonkey.com was used). The questionnaire comprised 60 questions which were combined into 4 factors (organizational culture characteristics) and 12 indices (forces affecting the organizational culture), each factor including 3 indices. In the offered questionnaire, each index had 5 statements.

63 employees working in the X region Council were involved in the survey. Among them were employees from both the administration and its structural units.

The research aim was: to determine factors that affect the organizational culture of X region municipality. Before determining the impact of these four factors – consistency, adaptability, mission and involvement – upon the organizational culture of the municipality, the author made the analysis of the answers provided by the respondents, applying several statistic methods.

Research results

In the result of the analysis of the questionnaire survey data, all statements (questions), according to Denison, were combined into indices, and the mean significance as well as percent significance of each index was calculated in correspondence with the Denison scale.

Table 1. Results obtained from the X municipality questionnaire survey: assessment of factors and indices affecting organizational culture

Factor/index	Assessment according	to the scale by Denison
	Mean significance	%
Adaptability		
Creating change	3.9	73
Customer focus	3.8	70
Organizational learning	3.6	65
Mission		
Strategic direction & intent	3.9	73

Goals & objectives	3.7	68
Vision	3.6	65
Consistency		
Coordination and integration	3.6	65
Agreement	3.6	65
Core values	3.7	68
Involvement		
Empowerment	3.8	70
Capability Development	3.8	70
Team orientation	3.6	65

The data in Table 1 show that the indices "Creating change" and "Strategic direction" have received the highest assessment. This can be attributed to the fact that the municipality is comparatively young and it has been reorganized from another administrative unit. Thus, during recent two years this municipality has been working under conditions of constant changes which, in respondents' opinion, are important for the development of organizational culture. The index "Strategic direction" has been assessed by a higher mark than other indices, because, to respondents' mind, the employees are aware of the municipality's mission. Besides, all other indices relating to goals and vision of the municipality have also been assessed high, although the analysis of the basic elements of organizational culture revealed that the goals and mission of X region municipality are still being in the process of development. The authors attribute this to the fact that the employees are well aware of the developmental programs of Latvia and Latgale regions, of their mission and goals and are informed about the place the X region municipality takes in the development of the Latgale region, as well as know the principal directions of its development.

Two statements received the highest arithmetic mean significance (4.1): "Organization constantly employs new, improved methods of work" and "Information is widely spread in the organization, each employee has access to the needed information". From this we can infer that the employees are aware of the fact that the municipality is constantly making improvements in their work and is using new standards and methods of work. Besides, the employees are mostly satisfied with the information accessible to them and consider it to be an essential factor for the development of culture, which also deserves a positive assessment. This shows that the staff wants to avoid errors and misunderstandings in their work. But the lowest arithmetic means were given to such statements as: "Customer's viewpoint directly affects the decisions of the organization" (3.3) and "Organization relies on the horizontal control and coordination rather than on the position in hierarchy" (3.1).

The assessment of the first statement by the arithmetic mean 3.3 implies that, compared to factors included in all other statements, to the respondents' mind, customers' viewpoint is the least influential factor concerning the municipality organizational culture. Thus, the assumption that the municipality customers (population) do not essentially influence the organizational culture of the municipality has proved to be true.

A comparatively low assessment of the second statement:"Organization relies on the horizontal control and coordination rather than on the position in hierarchy" implies that in this organization greater significance is attached to vertical control and hierarchy.

The graphic Denison model of organizational culture in X region municipality allows concluding that all respondents (employees of X region municipality) consider all factors, offered by Denison, as forces affecting organizational culture, are important for the municipality's work and make an impact on its efficiency. Though the factors did not receive the maximal assessment, the force they affect the organizational culture of the municipality with was assessed higher than the mean significance. Besides, all factor assessments approach a maximal mark and are in between 3.5 and 4.1. The respondents consider that both the external factors (adaptability and mission) and internal factors (involvement and consistency) are significant for the development of organizational culture. Consequently, at implementing

the strategic management of X region municipality, it is indispensable to take into consideration the impact of these factors upon the development of organizational culture.

The use of the Denison model allowed determining in the research those forces (12 indices) affecting the organizational culture of X region municipality which make an impact on the efficiency of organization work. In the result, recommendations for orienting these forces towards enhancing the efficiency of X region municipality's work were produced.

Conclusion

There are three basic approaches to organizational culture: symbolic, when the organization is examined as a system with an indefinite internal environment; cognitive, when the organization is examined as a multitude of knowledge, beliefs and regulations which the organization members have comprehended; and systematic which, at creating the organization climate, functions as the basic determinant of culture which is being formed under the influence of organization's objective qualities and is characterized by the situation of a psychological environment.

Achievements of some enterprises and organizations are to be related to the values of these enterprises (including organizational culture) rather than to economic conditions.
There are several approaches to organizational culture research: starting from the unique approach, which is characterized by a description of culture and non-structured observation, and ending with the universal one, which is characterized by the use of normative models.

Organizational culture can be assessed both qualitatively and quantitatively.

The results obtained from the questionnaire survey of X region municipality showed that the most influential factors affecting the organizational culture of X region municipality are to be related to such factors as constant employment of new, improved methods, accessibility to the information necessary for each employee. Whereas factors that affect organizational culture least of all relate to customers' viewpoint and to the fact that the organization relies more on the horizontal control and coordination rather than on the position in hierarchy. Among the indices characterizing the organizational culture of X region municipality the highest assessment was given to the indices "capability development" and "strategic direction".

All factors, which Denison offers as external and internal factors affecting organizational culture, are important for the work of X region municipality and essentially affect its efficiency.

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