

STRATEGIC ANALYSIS IN THE MANAGEMENT OF ORGANIZATIONAL CULTURE

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ABSTRACT: The beginning of this millennium determined a new approach of the firm development due to some significant modification that took place in its environment. The diminution of the negative impact of these modifications, respectively the valuation of the opportunities on the market, conducted to the increase of the importance and role of the strategic analysis in the substantiation of the managerial decisions of the firms acting on the international market. One of the most important resources of the firm playing an essential role in its strategic success is the firm culture. It represents a decisive factor of the firm strategy. By the analysis the culture, we obtain information referring to its components that might determine the success or the failure of the firm on the international market.

The present article presents, together with the theoretical elements referring to the contents and role of organizational culture within the strategic analysis, the strategic analysis of the organizational culture of one of the most important Romanian firm producing and exporting chemical and petrochemical products, an analysis made with the help of the Check List. The firm management considers as main condition of the success on the international market the creation of a quality culture and all the actions taken by the firm had in view the achievement of this desideratum.

The realism of the strategies, the duration and the efficiency of their application are strictly connected to the organizational culture and, as a result, the firm performing management, the Romanian one included, must grant a great importance to the identification of the defining characteristics of the firm culture and to their development by an adequate strategy in view of obtaining performances on the international market.

1. Strategic analysis: Content

The beginning of this millennium determined a new approach of the firm development due to some significant modifications that took place in its environment as a result of the change of the power relation in favor of the consumer, of the existence of a generally much bigger offer than the demand.

The diminution of the negative impact of these modifications, respectively the valuation of the opportunities on the market, conducted to the increase of the importance and role of the strategic analysis in the substantiation of the managerial decisions of the firms acting on the international market.

Any strategic decision taken by the management of the firms with international activity must rely on a deep strategic analysis implying the detailed examination of the firm and of its international environment.

In comparison to a classic analysis, the strategic analysis is characterized by:

- the analyze of the existent situation in the firm represents a support for anticipating the future evolution of the events;
- it is a complex type of analyze, observing the evolution of the firm as a result of the action of different forces of the external environment: clients, suppliers, demand, offer, competition;
- tries to identify solutions to harmonize the contrary actions of the different concurrence forces;

- has as main goal the identification of the solutions by which the firm based on competency (strong and weak points) could value the resources of its environment or/and avoid and minimize the threats of this environment;

The strategic analyse means a particular approach that singularizes it from the ordinary analyses because:

- ✓ it means new hierarchy and new priorities;
- ✓ the obtention of the finalities, of the scopes of the firm is a priority being essential premises of a long term development;
- ✓ it values the relation existing between the need of a client manifested on a market and a certain product of the firm;
- ✓ compares the trumps of the firm to the concurential environment atractivity and respectively to the trumps of the competition in order to identify the future evolution tendencies and the possible strategic actions;

The strategic analyse has a triple scope. In the first place, it has in view the detailed knowledge of the firm internal situation and of outer environment, then it has in view the objective evaluation of the past performances and of the present activities according to the weak and strong points.

Finally, it identifies the occasions and the future threats of the firm.

The information furnished by the strategic analyse must support the identification and the strategic options of the firm and the strategic activity on the international market.

The objectives of the strategic analysis

The main objective of the strategic analyse is represented by the underlining of the mechanisms by means of which the firm might win good positions. It is strongly oriented towards the environment and is formed by a diagnosis of the situation of the firm in its environment. It has the goal to confront the opportunities and the threats of the environment where the firm is operating, with its trumps and weakness, to identify the success factors of the firm and to establish its position as to the main competitors.

Other main objectives of the strategic analysis are:

- segmentation of the different activities of the firm into homogenous components;
- evaluation of the occasions and threats of each identified strategic segments;
- analysis of the rhythm of evolution and raise of the markets;
- identification of the trumps and weaknesses of the firm in different domains of activity;
- identification of the key success and risk factors, of the opportunities and of the threats as well as of the competitors strategies;

The strategic analysis has a very important role in the international marketing and management activity because it influences the firm marketing strategy for the international market, but also the strategic planning.

The strategic analysis characteristics in the international management and marketing are the following:

- has a large character because it covers all the problems of the firm with international activity and the aspects of the fields it is interested in;
- is sistematic, treating accordingly the corresponding methods for each element being its object;
- has an analitic and sinthetic character because it is achieved in a detailed manner and, at the same time puts in evidence the major aspects illustrating the firm situation, the context, the opportunities and the threats of the international environment;
- has a strategic character covering a long period of time;
- it is at the base of the strategies and plans of international marketing;

- the strategic analysis has a descriptive character putting in evidence and explaining the basic mechanisms of the firm competitiveness;
- it is objective and impartial being done by mixed groups formed by specialists from all the compartments of the firm or from the exterior;

The strategic analysis is needed in frequent situations as the loss of rentability, the decrease of the market quota, the drop of one of the main markets of the firm, the fear of the firm of being overwhelmed by the new technologies, the preoccupation to get and develop on new markets, the necessity of some strategic choices in case of the existence of specialized competitors, etc.

From the point of view of the content, the strategic analysis means two big types of analysis. **The internal analysis of the situation of the firm** has in view the resources, the capacities and competences of the firm, the identification of the weak and strong points, the analysis of the firm performances, with an accent on the market and marketing and the degree of detaliation. This type of analysis has as main objective the identification and the valuation of the resources, of its own potential and then the reporting to the existent situation in the external environment for discovering and evaluation of the strong and weak points of the firm. The analyse of the situation of the firm is an internal audit that has in view the controlable variables of the firm.

The analysis of the external firm environment has in view the observation and evaluation of the firm links with the external environments factors in order to identify the existent opportunities and threats. During this analyse it is very important to identify and valuate correctly the previsible opportunities and threats, first of all on the markets of the firm. In the analysis of the external environment it is important to observe the maximization of the firm strong points.

The analysis of the external firm environment **is an external audit** covering the analysis of the **macroenvironment** (political, economical, sociocultural, ecological, tehnological) and the **microenvironment** (clients, suppliers, competitors, public, vendors, etc) and is concentrated on the international environment and target markets variables.

By passing through this stages, one obtains information linked to the firm results and inner capacities, the situation of the competition and of the environment where it develops its activity.

Analysing this information, you can put a diagnosis, thus appreciating the position of the firm as to the competitors and one may valuate its potential for the domains conditioning its future development.

The results of the internal and external audit are concentrated in SWOT analyse showing the strong and weak points of the firm obtained from the internal audit and identifies the existence of the occasions and threats from the external environment, on the basis of the external audit .

The results of the SWOT analysis suggest the ways and modalities of developing the strong points and the minimization of the firm weak points, the necessary resources for the superior valuation of the opportunities offered by the studied market, as well as the costs of these actions. On the basis of the results of the strategic analysis, the firm management may identify the objectives that have to be retained with priority, the markets and the activities that have to be included in the plans of the firm, the strategies that have to be elaborated and the key factors for the success of the firm.

The strategic analysis, by its results, suggests the options concerning the strategic decisions and influences the choice of the most important options. It supports the decisions concerning the choice of the firm strategies, the raise and the maintenance of the strategic competitive trump and the strategic planification by identifying the most

important tendencies and future events on the international environment on the target markets.

The final results of the strategic analysis are materialized in a strategic plan by means of which they precisely define all the fundamental options of the firm on long and mid term, that is the objectives, the markets, the means and the resources having to be used.

2. Organizational culture: content and role in the strategic analyse

The culture of a firm is considered one of the most important resources of the firm and play an important role in its strategic success. This is defined as „a set of values, norms, knowledge, opinions of partners concerning the firm and influencing the shares of the firm and in the relation with the environment, clients, competitors and its public (Victor Danciu, 2004, p. 184). The organizational culture is valued by the behaviour of the human resources (language, clothes, rituals, innovation), by the organizational structure but also by the firm history and development. Another definition of the organizational culture is: “a set of distinct characteristics of the organization generated by the philosophy, attitudes and beliefs and the system of values at the base of the activity and actions of the firm (Bogdan Bacanu, 1997, p.70)

From the analyze of the culture, you may obtain information concerning its components determining the success or the failure of the firm activities on the internal and international markets, you may identify the strategy best supported by the firm culture, strategy needing a change of culture or management and which of the culture elements have to be changed or supported in the future. At the same time, you may decide if it is better to adapt the culture to the strategy or it is better to choose a strategy according to the existing culture. The culture of a firm may be analysed by many methods like: poll questionnaires, individual discussions with the colaboratorii, analysis of documents, researches and observations during the meetings, analysis of the marketing activities in view of the values promoted by the firm and forming its culture.

An analysis of the organizational culture must observe the origin of the culture, the existent problems at a given time and the way the organizational culture influences the persons and their behaviour into the organization. The analysis of the organizational culture is obligatory in the moment of making a strategy in order to determine the difference between the existent one and the one to be achieved.

In the frame of the analysis of the organizational culture you must have in view the **multiple cultures** existing in all the firms. After the researching, the specialists identified three types of secondary cultures:

- **The managerial culture** with values like efficiency, profit, growth, competitiveness, quality and services. The managers want a tight control, especially a financial one, clear structures, sistematic formal procedures, quantifications, certitudes and the acceptance of the authority. The managers love money, power and the possibility to climb in the hierarchy. They respect the analitical capacity, the planification one, of communication and elaboration of decisions.

- **The marketing culture:** its values are linked to competitiveness, growth and personal achievements. Among the managers of this sector, the formal procedures and the financial control are less popular, they not being interested in the quantitative analysis. The abilities they respect are necessary for the vendors, especially the communication, negotiation and interpersonal capacities. Like the managers of the managerial culture they are motivated by money and statute. The marketing culture is special by its strong points consisting in focussing on the market and clients, the recetivity for the market behaviour.

- **The professional, scientific and technical culture:** the values are determined by those of the professional group of the firm. The money and the position in the hierarchy

are less important in comparison with the challenge of the occupation and the sense of liberty and that of the profession.

An evaluation of the defintory elements of the culture of a firm may be achieved with the help of the information obtained by examining the orientation of the firm and acts strategically and operatively.

3. The analysis of the organizational culture of the firm Oltchim S.A. Ramnicu Valcea.

Presentation of the firm

S.C. OLTCHIM S.A. Rm. Vâlcea was founded in 1991 as a share company having as main object of activity the design and production of clorosodic products, plastic, oxoalcohools, chlorate solvents, pesticides, petrochemical products, termic energy, other chemical products, food of animal and vedegetal origin, technical assistance and services and the commercialisation of on the internal and external market, according to the provisions of the society Constitutive Document. The firm is registered to the Registry of Commerce with the number J38/219.18.04.2001, having the unique code of registration 147526 from 04.12.1992. The social capital is of 3.546.956.001 shares with a nominal value of 1.10 lei..

The legal basis of the firm foundation was represented by the Government decision no. 1213/20.11.1990 and the law 15/1990, the society undertaking integrally the patrimony of the Chemical Factory Rm. Valcea that was founded in 1966. Presently, the society works under the influence of the law 137/1998 concerning the acceleration of the privatisation, the main shareholder being A.V.A.S.. The social headquarters is in Rm. Valcea, 1 Uzinei Street, Valcea county.

The society shares are quoted as Cathegory I and the volume of their transaction is taken into consideration in the calculation of the BET and BET-C indice. The transaction of the shares issued by OLTCHIM SA is done at the Stock exchange of Bucharest on the basis of the decision of inscription at the quota no. 21/26.11.196, starting with 18.02.1997.

Presently the structure of the share holders is :

- AVAS, holds a number of 172.337.817 shares representing 53,25830% of the firm capital;
- Petro Carbo Chem SE Germany, holds a number of 41.754.862 shares representing 12,90369% of the firm capital;
- Natural person, holds a number of 58.373.059 shares representing 18,03928% of the firm capital;
- Legal person, holds a number of 51.122.903 shares representing 15,79873% of the firm capital;
- The value of a share is of 0,10 lei.

The slogan of the company is „*Perfection in quality and affairs*”, on the interal and external market Oltchim representing quality, seriousness, performance, vision and care for the environment.

Defintory elements of the organisational culture of the firm SC Oltchim S.A

The firm management considered that the main condition to assure succes both on the internal market and on the international one, where more than 80% of the production is exported is a creation of a culture of quality. All the actions of the firm were concerned with the achievment of this desideratum, by the instruction of all the personel to understand, to get implied and to be motivated by the quality. The firm detains the certification by TUV SUDDEUTSCHLAND since 1997 for the Management of the quality system according to ISO 9001 and since 1999 for the system of management of the environment according to ISO 14001. Since 2000 the two certified systems of management were integrated in a

single one – The Quality Integrated System– Environment. In 2002, Oltchim was recertificated. The firm follows the evolutive trend of the management of quality systems, having as future target the adoption of the philosophy The Management of Toatal Quality. The preoccupation of the managerial team of Oltchim S.A. for the application of the newest concepts of management continues, presently being in course of implementation the concept TQM – The Toatal Management of Quality according to the model EFQM for excellency.

The products bearing the trademark OLTCHIM represent the guarantee of quality, a fact recognized in 2000 with the price JM JURAN, for the cathegory great enterprises, and in 2001 with the Trophyof quality J.M. JURAN. In 2005,the firm received the certificate “Recognised for Excellence in Europe” from UAQ –EFQM, this representing an important step in obtaining the European Price of Quality.

The evaluation of the organizational culture of the firm S.C. OLTCHIM S.A. by means of the Check list

To analyse the organizational culture we used the Check List, presented bellow.

The results of the analysis made with the help of the seven criteria on the basis of the realitis of S.C. OLTCHIM S.A. and using a scale of 1-5 are presented bellow.

Check List for the analysis of the organizational culture of S.C. OLTCHIM S.A.

Criteria	Intensity (marks between 1 and 5)				
	Weak				Strong
	1	2	3	4	5
1.Orientation towards clients					5
2. Orientation towards employees			3		
3. Orientation towards innovation				4	
4. Orientation towards performance			3		
5. Orientation towards flexibility			3		
6.Relations between the culture of the firm and of the market		2			
7.Ecological orientation			3		

1. Orientation towards clients: Points 5

During the 40 years of existence, the politics of the firm was based on satisfying the clients request in order to maintain the trust in Oltchim products and the Oltchim management. The firm main objective is the growth of the satisfaction and the maintenance of the trust of the clients obtained by the concentration on their request by:

- The growth of the degree of satisfaction of the employees, by the implication, team work, the creation and the maintenance of the competences based on the employees aptitudes and experience for the continuous improvement of the system functioning;
- The assurance of the human resources, materials and the infrastructure necessary for the continuous improvement of the system efficiency, the preservation of the working environment that has to be according to the clients requests.;

The great majority of the Oltchim clients are clients having commercial links with the firm for 10 years.

2. Orientation towards employees: Points 3

The Oltchim employees are organized on production divisions, departments and services. The collaboration of the personnell in these divisions, departments is generally

very good. The current decisions are taken by the chief of department after consultation with the chief of the direction or service, who, in his turn, analyses together with the worker all the possibilities and propose the best option. Of the OLTCHIM employees, only a little part benefit of courses of specialization in the field of production and marketing. Normally, the courses have a short duration, from 2-3 days to maximum 1 month. This may be explained by the fact that being a state company, the budget allocated for training is very small. At the same time, the financial stimulents and of other nature of which the employees benefit during a year are small enough..

3. Orientation towards inovation: Points 4

In the Research Division, the specialists try to obtain products and new technologies. Oltchim has many invention brevets for the products and technologies achieved in its research department. The last products are poliols for poliurethan, the firm being the single producer and exporter of Central and Eastern Europe. Being a company where the major shareholder id the Romania state, the main problem is linked to the insufficient fonds necessary for the research activity.

4. Orientation towards performance: Points 4

The objectives of the firm are the same for the management and for the personnel, namely the growth of the satisfaction of the clients and the achievement of competitive products on the international market having as effect the consolidation of the position on the international market. Another important objective of the firm is the alignment to the directions of the European Union concerning the protection of the environment. Even if Oltchim encourages the performance, the firm is engaged in performant actions in the limit of the budget.

5. Orientation towards flexibility : Points 3

The firm employees are willing to learn, to improve and to change. A part of the firm employees with a long experience in chemistry and petrochemistry succeded to improve in the production activity of the construction materials and agroalimentary, a field totally different of the past activity. At the same time, a great part of the young employees continued their studies, being graduates of faculties of technical and economic profile. .

6. Relations between the culture of the firm and of the market: Points 2

Having in view the specificity of the products of the firm, the raw materials for different other processing industries, it is not necessary to adapt the firm products according to the cultural model of the target market and the learning of the cultural values of the markets in view of the consolidation of the position on the international markets.

7. Ecological orientation: Points 3.

One of the basic preoccupations of the company is the care for the environment. The firm detains certificates for the System of Management of the Environment according to ISO 14001 from 1999 and since 2000 for the Integrated System of Quality – Environment. The company made important investments for the integration to the EU directions for the protection of environment and the investition program in view of the conformity with the provisions for the protection of environment will continue untill 2010, one of the main preoccupations of Oltchim management being the transformation in a „green firm”.

Conclusions

The organizational culture represents a component of the strategic analysis being a major determining factor of the firm strategy. In the establishment of the strategic options, its parameters are very important. The realism of the strategies, the duration and the efficiency of their application often depend of the organization culture and, as a result, the management of the performing firms, the management of Oltchim S.A. Ramnicu Valcea included, give a great importance to the identification of the important characteristics of the

firm culture and to their valuing by an adequate strategy in view of obtaining special performances on the internal and international market.

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