ORGANIZATIONAL CULTURE, AS GROUNDS FOR ACCEPTING THE PRINCIPLE OF "SUBSTANCE AGAINST FORM"

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Abstract: *Accounting "is a very specific instrument of a national culture". In the author's opinion the cultural variables are of economic, political, social, juridical and religious nature*
Psychological studies have pointed out certain characteristics and drawbacks of the Romanian people. For accounting, these characteristics are important from the point of view of the way in which they are perceived within the culture of an organization (company). Starting from the definition and manifestations of organizational culture, first of all it has to be mentioned the fact that in Romania organizational culture is a rather new issue and not yet fully shaped, the development of a real culture being inhibited by the shortcomings of the totalitarian system.

1.NATIONAL CULTURE. CHARACTERISTICS OF NATIONAL CULTURE

Culture means the knowledge or information that people use in order to interpret experience and to generate a social behavior. This knowledge consists of values, generated attitudes and behavioral influences.

The idea of cultural diversity develops from this definition of culture. We can speak about a national culture or a culture at an organizational level: company, non-governmental organization, institution, local community etc.

National culture reflects traditions, attitudes, norms of behavior, beliefs, values that characterize a certain country and influences organizational level cultures. According to E. Schein, organizations exist within a mother-culture and they contain elements derived from mother-culture assumptions. Thus "punctuality" is a well-known label for Germans, "the cult of work" for Japanese etc.

Starting from the premise that every society and époque is characterized by a certain culture, which is reflected in business organizations, we have considered appropriate to present, synthetically, the cultural characteristics that shape the psychological profile of the Romanian people and the way in which national characteristics influence the cultures of organizations.

Constantin Radulescu-Motru, Dimitrie Draghicescu and Lucian Blaga shown great interest in studying Romanian people's psychology. For a better understanding, the studies of these great personalities of our national culture, must not be understood exhaustively, they should rather be analyzed from the point of view of the époque in which they were analyzed and taking into account that particular personality. Beside these masterpieces in this field, there is also a number of foreign travelers' writings (records), that might be considered relevant for the description of national culture characteristics.

Constantin Radulescu-Motru conditions the people's spiritual attributes on three main factors: biological inheritance, geographical environment and the institutional characteristics a population a population acquires throughout its evolution in time.

The biological inheritance is responsible for the states that regulate the functions of vegetative and spiritual life of a population, showing great interest for the psychological

study of the abnormal, as it can not be controlled by any education, while the normal can be controlled.

All forms of energy that surrounds and causes reactions to a population's spirit, i.e. the nature of the borders, the climate, the flora or fauna etc, may be considered geographical environment.

Institutional characteristics are reactions to the historical experience of a population and they consist of: speaking, moral and juridical customs, favourite conceptions for valuing universe and life.

These factors do no influence equally the spiritual reality of a population. Thus, the institutional character rules over the spirit of the population that has an historical background, while young populations' spiritual reality finds its origin in the biological inheritance and in the geographical environment. According to C. Radulescu-Motru, populations that have an ancient, original culture, are able to shape their historical experience into spiritual institutions that once deeply rooted, they take over their spiritual life. The spirit of these populations, called "cultivated populations" by the author, contains "super biological realities" that must be explained in terms of spiritual finalities, that are unique in comparison to other cultures. In other words, there isn't only one social psychology for the cultivated peoples, there are different social psychologies for each cultivated people: the psychology of the German people, the psychology of the French people etc.

In what concerns the Romanian people, the author argues that the Romanian's people spiritual life lacks a certain spiritual finality, due to the fact that spiritual finality manifests itself only in precise and complete institutions.

C. Radulescu-Motru's studies of spiritual characteristics (characteristics that are below his social and economic life) of the Romanian people are based on comparison between the Romanian's common spiritual displays and the ones found in the western cultivated peoples. The following are of great interest for the study:

- *The Individualism of the Romanian Spirit.* The Romanian does not like to associate, he "wants to be on his own", he prefers to be the owner of a small part, that he knows it belongs to him and does not have to share it with anybody. He lacks economic initiative, the fear of losing his possession prevents him from enterprising something through "he might put at risk his peace and possessions in order to gain wealth by new means". Unlike the Romanian individualism, the western one produces institutions;

- *The lack of perseverance for an action.* For the Romanians, the lack of perseverance is real, but it can not be generalized. Land owners are an exception to this, as they are the most perseverant agricultural workers. For the Romanian, property itself is much more important than the profit it produces. It is inconceivable for him not to farm his piece of land, even if it produces small profit in opposition to giving up his infertile land in favour of leasing a fertile land, that would produce higher profits than his own.

Beside these characteristics, there are also others like: undisciplined in what concerns economic work (he does not work methodically, he does it in gaps), he wastes time and the lack of commercial spirit. Beside these characteristics that are considered to be drawbacks, the author also identifies positive characteristics like: hospitable, tolerant, he is fond of justice, religious.

In his work, "Din psichologia poporului roman", that was published for the first time in 1907, Dimitrie Draghicescu points out that "the Romanian people has a clever and vivid intelligence and imagination, but it has a slow, weak and changing character". The author

also points out other characteristics like: patience, tolerance, shy modesty, prudence beyond limit.

Lucian Blaga stands out through his "mioritic space" theory, a defining element for the Romanian ethnicity. Blaga is concerned about insomuch precise achievements of the Romanian spirit are detected in the "ondulated structure" of his space mioritic space). According to Blaga's philosophical conception, the creative powers of the Romanian spirit are: an "ondulated" spatial horizon (mioritic space) and a temporal horizon (of advancing in time). Then, these horizons merge with a sense of destiny, perceived as an "undulation", as an alternative of rising and falling, as an oscillation between trust, hope and optimism on one hand, and quiet and obedient resignation, on the other.

Psychological studies of the Romanian people have often pointed out divergent opinions. Beyond this diversity of opinions, we can still identify the positive characteristics and drawbacks of the Romanians, that exist independent of the political regime and that can not be ignored.

Among the positive characteristics we can enumerate: religiousness, patience, tolerance, intelligence, sense of humor, hospitality, imagination. Among the negative ones, we can mention: lack of practical spirit (lack of economic spirit caused by individualism), corruption (confirmed even by foreign travelers' records), passivity, laziness (characteristics that must not be generalized).

2.ORGANIZATIONAL CULTURE

Phenomena like globalization of economy, the alert rhythm of technological changes, the computer based society, have imposed new requirements towards organizations' practices and the persons who work within these organizations. The whole set of values, norms of behavior, action policies, accepted by an organization, determines the development of a collective thinking of the personnel within that organization.

2.1.Historical perspective on organizational culture

The focus on the study of organizational culture and its role within the organization is rather recent. The notion behind the expression itself is older than the word. Starting with the 18th century, a new concept shapes up, that is "way of doing things" within a factory. The following references are to be found at 19th century economy experts, who describe a certain psychological behavior of people within an economic system.

Developing this interest in the behavioral side of the members of an organization, American expert I. Szelnic, tackles the issue of the company as a "social organism" in 1957.

In 1967, in his paper "Management and Machiavelli", Anthony Jay states: " *it is known for some time that corporations are social institutions with habits and taboos […] and that many sociologists have studied and written about them. But they are also political, authoritarian and democratic, pacifist and warlike, liberal and paternalist institutions*". Without actually using the term, Anthony Jay was in fact talking about organizational culture.

The term "organizational culture" began to be frequently used during the 80's of the 20th century, when papers concerning corporation culture have appeared: "In the search of Excellence" written by Thomas Peters and Robert H. Waterman, "Theory Z" by William Ouchi, Corporate Culture", by Terrence E. Deal and Allen A. Kennedy. Organizational culture has made a fast growing career in the USA and then in Western Europe. Moreover,

it has become study discipline since 1981 when Harvard University introduced the first course related to corporate culture.

In Romania, Gh. Gh. Ionescu, A. Toma, O. Nicolescu, M. Popescu-Nistor, G. Caprarescu, R. Ganovici have greatly contributed to the study of organizational culture.

2.2. Defining organizational culture. Manifestations of organizational culture

Gh. Gh. Ionescu describes organizational culture as the personality of an organization, extrapolating the notion of personality from an individual level to an organizational one.

Two important aspects have to be taken into account in defining the notion of organizational culture: the first refers to the fact that culture is a *perception*, perceived not on an individual level, but within the organization. Thus we can notice the tendency of individuals to describe culture according to their own education standards and depending on the level on which they stand within the company. The second aspect refers to culture's characteristic of being a *descriptive notion*, because organizational culture is interested in the way in which the members perceive the organization and the way in which culture has a rather descriptive function than an assessing one.

Romanian literature in the field admits the difficulty of defining organizational culture, fact that is also emphasized in foreign literature, which has tried to define and delimitate it many times. Among the definitions of organizational culture, we can enumerate the following:

- "a coherent and dominant set of shared values (by the members of the organization", induced by symbolical means";
- "symbols, beliefs and patterns of behavior, experienced, produced and recreated by people who dedicate their energy and work to an organization. It is expressed in the projection of the organization and of work, in the created manifestations of culture and in the services the organization offers";
- " a pattern of fundamental assumptions a group invented, discovered or developed, by learning to overcome external adapting and internal integration problems, assumptions that have functioned rather well so that they are considered valid and transmitted to new members, as the right way to perceive, think and feel about these issues";
- "a system of values, beliefs and habits shared within an organization, that interact with the formal structure in order to produce behavioral norms";
- "the whole set of values, beliefs, aspirations, expectations and behaviors shaped in time within the organization, which prevails within it and conditions directly and indirectly its function and efficiency";
- "the whole set of artificial products, values and ground concepts, of ways of thinking and behaving, generally accepted within an organization, as common action ground";
- "a system of values, assumptions, beliefs and norms shared by the members of an organization, which unites them";

From the definitions above, we can infer the way in which organizational culture manifests itself within an organization (company). Organizational culture manifests itself in values, symbols, statuses, jargon, physical environment, heroes, traditions, histories, histories and myths, rituals and ceremonies and they can be classified into;

- visible manifestations (physical environment, rituals, ceremonies, myths, heroes) for example the influences of a mother-culture on a subsidiary;

- invisible manifestations (conceptions, beliefs, values, norms) – for example the influence of national culture on the organizational culture of a foreign branch.

Schematically, the manifestations of organizational culture can be represented in the following way:
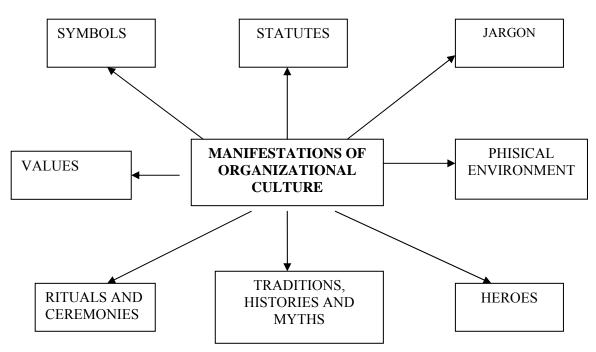
Table1: Manifestations of organizational culture.

(Source: Gh.Gh. Ionescu, A. Toma, 2001: 163)

By analyzing this scheme, we can determine the elements that make up organizational culture.

Values, in the opinion of most experts, represent the essence of organizational culture. For Edgar Schein, the values that raise interest for the study of organizational culture, are the ones that influence behavior. According to him, a value leads to a behavior and, as behavior begins to solve the problem that caused it, the value is gradually turned into an assumption on how true things are.

Cultural symbols are meant for promoting certain values within the organization and for expressing ideas. The high reputation some firms earn in the economic environment determines the fact that the name of the company itself becomes a symbol. Other companies use certain objects or even persons in order to express efficiency or other characteristics of the company.

Statuses refer to the position and acknowledgement an individual has within the organization. People with higher statuses tend to have greater influence within the company.

Jargon refers to a certain type of language the personnel in the company uses in daily activity. The jargon within a company is not unique, its diversity stands in the different vocabulary that various professional categories within the organization use. For example accountants may have a different jargon from the ones in the juridical department or in the sales department.

Physical environment refers to the way in which the offices and the production areas are placed and equipped. The physical environment may suggest many characteristics of the company: the company's desire of reputation may be suggested by the luxurious design of the offices, participative style may be suggested by oval or round desks or tables etc.

The heroes of the company offer models to which persons can aspire. Heroes come from company promoters, managers and employees and they are formed within the company. A common practice in many companies is to form heroes out of common people, inducing the idea that the company's success depends on the potential of all its employees.

Traditions, histories and myths. Within a company traditions may take many shapes: a certain way of dressing, organizing events etc. if traditions are to be found in relatively young companies, histories and myths can only be found in devoted firms. Myth denotes a type of organizational history, whose level of acceptance and retention is very high among the employees.

Rituals and ceremonies. Rituals and ceremonies are to be usually found on the religious level. Within a company rituals consist of planned actions, with a dramatic appearance, through which certain values are invested with a cultural expression. Rituals are paid higher attention in companies with powerful cultures, where managers seek to bring people near and encourage a creative thinking environment.

The manifestations of organizational culture do not exist independently, they are inter conditioned. Still, in practice, the identification and examination of these mutual interactive relations calls for a complex and difficult process.

2.3.Characteristics and influences of organizational culture

Organizational culture differentiates from the other cultures through the following characteristics:

- Organizational culture has a history. Even if some aspects change in time, most of the behavioral and value means are passed on from one generation to another;
- Organizational culture is social, as it is not shaped due to only one person (even if that is the company's promoter). Organizational culture is subject to alterations from all the social elements within it;
- Organizational culture regulates company members' behavior. It consists of directory principles, norm of behavior, norms of conduct etc that are meant to influence team work;
- Organizational culture has to be flexible. A rigid culture will not be able to successfully intervene if ethical or conflict issues appear among the members of the organization.

Starting from the characteristics of organizational culture, we can shape the ways this can influence the members of the organization. Not all cults have the same influence on the group's individuals. Gh. Gh. Ionescu argues that the power of organizational culture (that is if it is strong or weak, or in between) depends mainly on factors like: the size of the organization, its age, the fluctuation of the employees and the intensity with which organizational culture was initiated.

Smaller companies usually have a more homogenous culture as compared to larger ones, where subcultures appear more visibly. Subcultures might have different levels of dependence towards organizational culture. A very powerful subculture might cause difficulties in finalizing a project, indecision and lack of initiative. On the other hand, a less

dependent culture might encourage the company's members to become more preoccupied with finding opportunities and solving problems rapidly.

If a company's promoter can not create the organizational culture, he plays an important part in inducing his philosophy on culture. There are various examples in this sense. Company promoters like Werner von Siemens and Harley Procter at "Procter&Gamble" marked the companies they created with their personality. Company promoters establish an "early culture" by defining what an organization should be, acting without "ideological" constraints.

The culture of an organization is very important for the managers. It establishes restrictions as to what they can and can not do.

Culture controls managers with the help of filters that automatically incline, influence the manager's perceptions, thinking and feelings. Gh. Gh. Ionescu and A. Toma establish a directly proportional relationship between the power of organizational culture and its influence on the manager. According to them, "managerial decisions reflect the history of the organization, and the ways in which tasks are fulfilled is determined by this history". Thus, powerful organizational cultures, mostly met in big companies, may restrict management opinions concerning decision taking. On the other hand, managers can also greatly influence culture. A "top" manager, in order to accomplish company's strategies, directs the organization towards his vision and builds a strong organizational culture to sustain his systems, structures and processes required in reaching objectives.

3.THE INFLUENCES OF THE NATIONAL CULTURE ON ORGANIZATIONAL CULTURE

Many experts and scientists consider organizational culture to be a subculture of the national culture. Starting from this hypothesis, a company will primarily reflect the culture of its originating country.

On the grounds of this thesis, a large number of the national culture characteristics should coincide with the ones of the company's organizational culture. If a national company does not have reasons not to display its national influences within that company's organizational culture, one problem that might raise debates would be the way in which national culture influences organizational culture of a transnational company.

The concept of organizational culture seen prom a trans cultural perspective within transnational companies has been analyzed by Andreia-Teodora Tolciu in an empirical research that took place at Siemens (both in Berlin and in Bucharest) , and it has been published in Oeconomica magazine no.3/2005.

The research studied the fact that if a company sets in a foreign market by opening subsidiaries, the organizational culture in the host country, will be significantly influenced by the culture of that country. In order to sustain this thesis, three major aspects have been taken into account, that have to be reflected in a cross cultural culture and those are: the mother organization (the headquarters of the mother company), the subsidiary (the organization in the host country) and the individual (personnel, manager) who work at the subsidiary. If traces of these three elements can not be found in a subsidiary, in relatively equal proportions, then we can not speak about a trans cultural organizational culture, but it is rather an extensive subculture of the country the transnational company originates from.

The results of the research have pointed out that the studied firm possesses a trans cultural organizational culture, which is adapted to the requirements of the country in which the company established, exactly through the inclusion (desired or not) of the specific national culture of that country. Various forms of interfingering and interdependence have

been identified between the national and the organizational culture, that generate complex cultural patterns.

Another aspect is that within organizational culture there are elements that can not be standardized. These refer to the values, attitudes and behavior of individuals towards the external environment and it represents that part of the organizational culture influenced by national culture and individual's personality.

The opinion according to which national culture influences organizational culture is not entirely agreed upon. There are opinions according to which organizational culture reduces or annihilates the influence of national culture.

From the globalization phenomenon point of view, a great number of researches have stated that we witness the reduction of national culture impact due to corporate culture arising. Empirical studies did not confirm this hypothesis, they only highlightened the importance of national culture in the influence of organizational culture.

The same opinion related to the importance of national culture in shaping organizational culture is shared by both Gh. Gh. Ionescu and A. Toma: "…, *due to the labor force, which is primarily national and to national and pragmatic legislative orientations, the most suitable unit for analysis within multinational corporations remains the nation. Naturally, there is a justification concerning individual or group variation, most certainly, anyone would begin his analysis with national characteristics as a whole, and then, accordingly, organizational characteristics would take their turn"*.

Conclusions: Organizational culture, as part of the national culture, is a very important element when it comes to putting into practice the prevalence of the economic over the juridical principle.

According to J.-C. Scheid' thesis, accounting "*is a very specific instrument of a national culture*". In the author's opinion the cultural variables are of economic, political, social, juridical and religious nature. I would add the nation's personality in general and organizational culture, in a narrower sense.

The cultural profile of an active company in Romania is influenced by the origin of the capital invested, by the field in which it activates and by the manager's objectives. Thus organizational culture is shaped depending on the manager's beliefs and priorities.

If the invested capital comes from a country where the prevalence of the economic over the juridical is a main principle for carrying out financial statements, then applying this principle in that particular entity should not raise any problems, at least from the point of view of management. Still, subjective issues concerning the application of the principle might be found in accounting personnel, due to the fact that *there are elements in organizational culture that can not be standardized (values, attitudes etc).* These elements are in fact characteristics borrowed to a great extent from the national culture.

Two characteristics are relevant for the thesis of this paper, characteristics that reflect the perception on property: the individualism of the Romanian spirit and its perseverance for farming.

The Romanian's individualism determines his lack of economic spirit, while the western individualism creates institutions. The attachment to property does not allow him to undertake more than the property allows. From this perspective, *only the goods in his possession may ensure income*, the other forms of using good being excluded.

In organizational culture, the property right as a "sacred" notion, may determine *an application at least hesitating* of the prevalence of economic reality over the juridical form principle.

In the future, the study of organizational culture should be given greater importance, as it allows the identification and description of a large number of real facts and situations, of human nature, whit large implications in what concerns the company's activity.

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