

RELATIONSHIP OF ORGANIZATIONAL CULTURE TO SIZE AND INDUSTRY SECTOR: A STUDY OF ANDALUSIAN COMPANIES (SPAIN)

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1. INTRODUCTION

The managers of many organizations have begun to design and implement programs for cultural change among their employees as a consequence of the need for new models as well as new styles of behavior and thought. Whether they seek to adjust better to a changing environment, to new strategies or simply to the idea of organizational improvement, the fact remains that we live in an era in which the majority of organizations are in the process of change, in most cases not by personal decision, but by necessity. The situations which describe the reality of the organizational environment are considered transitory, brief, uncertain and slippery. Organizations and their employees have to change to compete successfully and to survive in this end to the century, changing environment.

All cultural change within an organization begins with an important preliminary stage to study or audit the existing culture (see Leal, 1991) so that a foundation, in the form of a predominate cultural model, can be built and later used as the basis from which to manage change.

Our experience tells us that the Knowledge and interpretation of organizational culture and its mechanism for change help managers, executives and employees to detect signs of alarm and risks implicit in certain attitudes and values within the organization. The fact is that these help them to understand their organization better and to appreciate the cultural basis from which they interpret reality, make decisions and act. That is, they facilitate a better understanding of themselves as well as their cultural differences and similarities with other cultures.

Although it is true that organizational cultures have a strong internal component in that it is the founders and leaders who make their values, it is also true that these organizations do not operate in a closed system, but in wider social systems from which they receive their influence. This focus gives rise to a functionalist interpretation according to which the organizational culture attempts to personify the system of values necessary to be successful in its environment or react to factors in that environment.

Some interesting studies on influence of the environment on organizational cultures can be found in the works of Hofstede (1985), Janieson (1985), White (1985), Gordon (1985), etc. In all of them one reaches the conclusion that organizations create and have their own cultures. However, they also reflect the surrounding society or country where their activity develops.

2. CULTURAL VALUES OF COMPANIES: OBJECTIVES AND METHODOLOGY

The majority of definitions of culture differ mainly with respect to what is "shared"

by the members of an organization. Is it their rules, their norms, their beliefs and expectations, their values, their philosophies, or is it a combination of all of these?. In fact, the discrepancy is apparent rather than real, since all these "intangibles" are interconnected, and intimately interrelated to that which strongly determines the behaviour of individuals and groups within an organization and hence the differences between that and other organizations. This difference is connected to the influence which the culture of a company, or any organization can receive from the broader external social and economic environment in which it operates. The culture of the organization endeavours to personify the system of values which it needs to succeed in its environment.

Although each company's culture is different from that of others, it is always possible to identify certain traits common to all of them, and to recognise cultural profiles which characterise sectors and groups of companies in function of certain continual adaptations to exogenous agents and variables which are common to certain business organizations. And it is a fact that, as a large number of authors have commented in their publications, culture are "open systems" with respect to their milieus (Malinowski, 1977 and 1984; Parsons, 1970; Hofstede, 1980; Hugonnier, 1982; Everett, Stening and Longton, 1982; etc..).

Our aim has been to discover these cultural profiles and analyse whether the differences in traits are significant with regard to the size of the companies and the industrial sector or activity to which they belong. These can be of use to executives in order to compare the culture of their organization with that of the group or sector to which it belongs.

Analyses of business cultures show that the culture in question is primarily determined

by the attitudes, values and behaviour of the higher levels of management. The behaviour of the executives who are on the highest echelon has most influence, and, as indicated by Rensis Likert (1986, pp.11), their managerial behaviour is reflected, and often magnified, on the successively lower echelons of the organization. Hence we have chosen to carry out our culture study through groups of high level executives working in the companies analyzed in our sample. By focussing on these top executives we have obtained a fairly clear picture of some of the most important values which pervade the companies under examination.

For this purpose, using a questionnaire of twelve traits or items measured in a scale from 1 to 5 as a base, it is possible to construct six basic cultural values, which have been adapted from those used by Gordon (1985, p.103-125). They are as follows: risk orientation (the degree to which the company establishes daring objectives and considers their business transactions to be risky or innovating), individual initiative (the degree to which the company encourages freedom of action, innovation and individual risk taking. This is an indicator of the emphasis placed on the value of individuality or personal nature), performance orientation (the degree to which the company establishes and demands high performance levels and expectations from its employees and makes them personally responsible for results), action orientation (the degree to which employees are given the opportunity to carry out or implement their decisions, a feeling of urgency to obtain results is stressed and quick action is encouraged), compensation orientation (the degree to which employees perceive that their company pays competitively and that they are well paid, as well as the belief that they are paid according to their performance), and human resource development orientation (the degree to which the company provides the employees with opportunities for growth, promotion and development within the company).

The size of a sample of 475 firms with more than 6 employees taken in Andalusia (the biggest region in Spain with regard to area and population), ensures a level of reliability of 97%, with an acceptable margin of error of 5%. The extraction of sample elements was carried out by means of systematic random sampling.

The size of the company variable has been stratified into three groups depending on the number of employees: small companies (6-20 employees), medium-sized companies (21-250) and big companies (over 250). Three other groups have been identified regarding the activity sector variable: industry, building trade and services.

The average scores obtained in each of the six cultural values give rise to the profiles shown in Table 1.

A multivariate statistical model, specifically the "factor analysis" (the subprogram "principal-components analysis" and "orthogonal rotation: varimax" from SPSS), was used to find the intercorrelations in the group of the twelve cultural traits and in order to explain the correlations among them. This gives an indication as to which measures belong to the same group and which measure the same. This also has enabled the number of variables or traits to be reduced to two principal factors: Factor 1 (performance orientation) and Factor 2 (action and individual initiative orientation). The latter explain the 48.7% of the variance. The "rotated factor matrix" is shown in Table 2 and the "graphical presentation of rotated orthogonal factors" in Figure 1.

Using the size of the company and the activity sector as independent variables (both with three levels of treatment) and as dependent variables factors F1 and F2, an analysis of

variance (ANOVA) was carried out separately for each dependent variable. The size of the company came out as a significant predictor of factor F2 with a Fisher coefficient of $F_c = 3.7$, statistically significant at $p < 0.05$ level. The other results were insignificant, therefore causality is non-existent.

3. CONCLUSIONS

The most important conclusion reached in this study is that size appears to have a significant influence on some cultural traits of companies, specially on the action orientation and individual initiative orientation (the extent to which the company allows its employees to make their own decisions, emphasizing urgency in action). The greater the size the greater the influence of this trait or cultural value.

Other findings reached are: a) the most outstanding trait in Andalusian companies is "performance orientation" followed by the "compensation orientation"; b) in general, Andalusian companies are very little risk and action orientated; c) the activity sector to which the firm belongs does not seem to have a significant influence on the differences in the cultural traits.

Finally, other possible independent variables (such as environmental characteristics, the age of the company, etc.) have not been taken into account for practical reasons. It would however seem that some of these variables could be important. The findings emerging from the study should be interpreted bearing this in mind.

TABLE 1
CULTURAL PROFILES OF HUNGARIAN COMPANIES

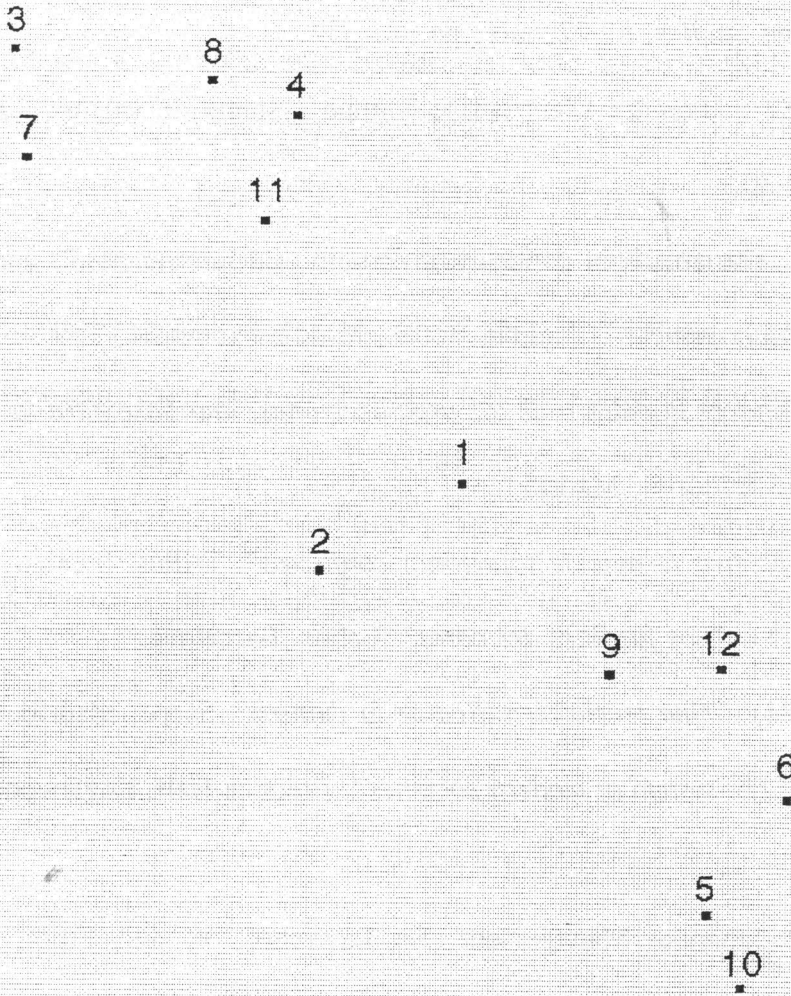
COMPANY	INDUSTRIAL	COMMERCIAL	FINANCIAL	TECHNOLOGICAL	AGRICULTURAL	CONSUMER
1	0.85	0.15	0.00	0.00	0.00	0.00
2	0.70	0.30	0.00	0.00	0.00	0.00
3	0.60	0.40	0.00	0.00	0.00	0.00
4	0.50	0.50	0.00	0.00	0.00	0.00
5	0.40	0.60	0.00	0.00	0.00	0.00
6	0.30	0.70	0.00	0.00	0.00	0.00
7	0.20	0.80	0.00	0.00	0.00	0.00
8	0.10	0.90	0.00	0.00	0.00	0.00
9	0.00	1.00	0.00	0.00	0.00	0.00

ROTATED FACTOR MATRIX
(Varimax converged in 3 iterations)

	FACTOR 1	FACTOR 2
V1	0,46767	0,42895
V2	0,34242	0,36841
V3	0,07895	0,73244
V4	0,32312	0,68680
V5	0,67905	0,12747
V6	0,74812	0,20879
V7	0,08934	0,65663
V8	0,24976	0,71107
V9	0,59473	0,29643
V10	0,70920	0,07642
V11	0,29603	0,61258
V12	0,69148	0,30016

FIGURE 1
GRAPHICAL PRESENTATION OF
ROTATED ORTHOGONAL FACTORS

F2



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