

Chapter XIX

The Role of Organizational Culture to the Management of Telecommunication Companies:

I. Background and Motivation

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ABSTRACT

This chapter explains what organizational culture is and analyzes its importance for the management of any company. Organizational culture must not be ignored during the decision-making process and managers must understand the existing culture of their organization in order to achieve their targets and to meet their goals. This chapter presents the theoretical link between organizational culture and a variety of variables, which affect organizational performance and efficiency, directly and indirectly. Such variables are knowledge management, organizational climate, leadership, quality, innovation and entrepreneurship, human resource management, and employee behavior. This chapter creates the starting point to study the link between culture and organizational strategy, enterprising practices and change management.

1.0 INTRODUCTION

During the last few years, a lot of different events, like the dominance of Japanese industry over the

U.S. (Pascal & Athos, 1982), the fall of communism in Eastern Europe and China's economic reform (Dimitriades, 2005), have changed the shape of national economies and have formed a

new global economy. At the same time, the technological, financial and political conditions have changed dramatically, as well as legislation and regulation in national and global level. All these have changed the traditional sources of competitive advantage (Jacome, Lisboa & Yasin, 2002), given rise to the risks undertaken, moved the core of research from the tangible to the intangible assets (Dimitriadis, 2005) and demonstrated the role of **organizational culture** (Evans, Pucik and Barsourx, 2002).

Particularly, in order for every organization to succeed in its own national environment or abroad, it should be aware of its own culture (in order to recognize its strengths and weaknesses), the culture of the market (national or foreign) in which the organization wants to compete, and, of course, its competitors' cultures. Nowadays the managers not only need to know the existence of organizational culture, but they need to define its parameters which will allow them to deal with and manage culture, in order to succeed in areas such as organizational strategy and performance. So there is a growing interest towards the direction of finding out whether there is a relationship between management of organizational culture and the effective management of an organization. Despite the growing interest for organizational culture, as a means for achieving competitive advantage and superior performance (Evans, Pucik & Barsourx, 2002), there is still confusion about the way it affects organizations' management.

This chapter will present in a comprehensive way, some of the most important aspects of the role of organizational culture to the management of companies in general. In Section 2, the most important definitions of organizational culture and its general importance for the understanding of any organization will be presented, while in Section 3 we will try to define the theoretical link between organizational culture and organizational variables, which are critical for the decision making process and the overall organizational management. Section 3 presents the indirect link between

culture and organizational performance and efficiency, while in Section 4, the direct theoretical link between these elements will be presented. In the final section (Section 5) the conclusions of this chapter will be pointed out.

2.0 THE MEANING OF ORGANIZATIONAL CULTURE

Researchers with different academic and business backgrounds have come up with a lot of different theories about what organizational culture really is and how it has been formed over time. The variety of definitions is partly the result of the efforts of different researchers to explain organizational culture through their personal experience. So, they have used different data from different nations, societies, geographic locations and industries, aiming to explain organizational culture from their point of view. Also, many have been influenced by their personal and corporate history, the personalities of their employees, and their patterns of interaction.

The procedure of collecting data from different environments in order to describe and define a widely used term, like organizational culture, is acceptable. That is due to the fact that organizational culture is part of a whole system of cultures that affect the way the organization performs. It is part of what Straub *et al.* (2002) call "**virtual onion**".

This is not the only model trying to present the complex environment in which **organizational culture** is cultivated but is one of the most representative examples. The onion has seven layers and each one affects the employer through his everyday working process. The closer a layer is to the onion's core, the more it affects people and organizational culture is third in the row. Internal or external factors, such as the type of industry, the organizational structures, the national environment, are determining the influence that each layer has on the individuals of an organization. Virtual onion has been analytically presented by Karahanna *et al.* (2005).

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